

## Department of Planning and Budget 2005 Fiscal Impact Statement

**1. Bill Number:** HB1967

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Amundson

**3. Committee:** S. General Laws

**4. Title:** Department of Planning and Budget; powers and duties related to school efficiency review program

**5. Summary/Purpose:** The bill expands the powers and duties of the Department of Planning and Budget to include development, coordination, and management of a school efficiency review program. The proposed changes codify the school efficiency review program and set out the parameters of the program to exclude the effectiveness of the educational services being delivered by the school division. The Code changes set out that the program includes noninstructional expenditures and that the review is to identify opportunities to improve operational efficiencies and reduce costs for the school division. The engrossed version of the bill provides for a 25 percent cost recovery from school divisions, sets out times for the recovery, and sets out certification requirements from the school division concerning the review recommendations.

**6. Fiscal Impact Estimates:** See Item 8.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The Governor's introduced budget, HB 1500/SB 700, 2005 Session of the General Assembly, includes in the Department of Planning and Budget's appropriation \$1,382,500 for FY 2006 for support of the continuation of the school efficiency reviews program. Proposed House amendments reduce the funding to \$985,000. The Senate leaves the funding at \$1,382,500.

Item 283, Paragraph E. of HB 1500/SB 700 sets out specific reporting criteria and cost recovery provisions if certain review recommendations have not been implemented in future years. This appropriation contemplates that external consultants will perform the reviews with limited advice and support provided by the Department of Planning and Budget staff. In addition, one new position was provided for oversight responsibilities for the efficiency reviews.

Cost recoveries cannot be estimated at this time.

**9. Specific agency or political subdivisions affected:** Department of Planning and Budget, local school divisions.

**10. Technical amendment necessary:** Yes. The current language proposed in HB 1500/SB 700 (the budget bill) in Item 283, Paragraph E. appears to be in conflict with the language in the engrossed bill in Section 2.2-1502.1 Paragraph B. The language concerns school division payment for the cost of the school efficiency reviews. The budget bill language contemplates repayment in the fiscal year beginning not less than 24 months and not more than 36 months following the release of a final efficiency review report. The language in the engrossed bill conflicts with the budget bill by providing for repayment in the fiscal year beginning not less than 12 months and not more than 24 months. If the budget bill language is not amended it will override the Code amendment.

**11. Other comments:** None.

**Date:** 2/9/05 / jwe

**Document:** G:\2005 Fis\Hb1967E.Doc

cc: Secretary of Education  
Secretary of Finance