

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB607-H1

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

2. Patron Amundson

3. Committee Appropriations

4. Title Department of Planning and Budget; school efficiency review program.

5. Summary/Purpose:

Prior to this bill, there was conflict between Chapter 620 § 2.2-1502.1 and Chapter 951, the 2005 Appropriation Act, Item 283.E.2. To alleviate this, the original bill HB607 was intended to conform relevant provisions of the Code of Virginia to language in the current Appropriations Act. The Substitute adopted by the House Appropriations Committee (coupled with a pending legislative amendment to the caboose bill and budget bill) effectively does the opposite, as these actions conform the language in the budget bill to much of what exists in the Code at Chapter 620 § 2.2-1502.1.

Beginning with reviews completed in fiscal year 2007, HB607-H1 reaffirms the Code requirement for a school division to pay 25% of the cost of a school efficiency review in the fiscal year immediately following the release of its final school efficiency review report. Also, partial recovery of the cost may be made the fiscal year beginning not less than 12 months and not more than 24 months after the release of the final school efficiency review report, in the event the school division superintendent fails to certify either that at least half of the review's recommendations have been initiated or that half the savings have been achieved.

Because many recommendations in school efficiency reviews require local budgetary adjustments in the local budget cycle following the release of the report, many of these recommendations cannot be fully implemented within 12 months as required by language included as part of Chapter 620 § 2.2-1502.1. HB607-H1 does provide limited relief in that the recommendations would have to be *initiated* rather than completely *implemented* within the timeframe proscribed.

6. Fiscal Impact: For the Commonwealth there will be limited impact. Since the Commonwealth initially pays for the studies and the school divisions would now reimburse the Commonwealth the following fiscal year for 25% of the cost, there will be an impact in terms of timing. Using the cost of the 2005-2006 studies as an example, approximately \$220,000 of the \$880,000 expended to date would be reimbursed the following year.

This same \$220,000 represents an adverse impact for local school divisions under this bill, as they will now pay at least 25% of the cost of the study should they choose to participate. However, divisions are not required to participate in the program (it is voluntary) and they will be made aware of the provisions of the Code of Virginia prior to entering the program.

7. Budget amendment necessary: no

8. Fiscal implications: none except as mentioned above

9. Specific agency or political subdivisions affected: Department of Planning and Budget; local school divisions across the Commonwealth that voluntarily participate in this program

10. Technical amendment necessary: none

11. Other comments: none

Date: 02/09/06 / kms

Document: H:\BMP\SERVE\Legislation\HB607H1.DOC Mike Shook

cc: Secretary of Finance
Secretary of Education