

## Department of Planning and Budget

### 2007 Fiscal Impact Statement

**1. Bill Number** HB2542

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

**2. Patron** Landes

**3. Committee** Passed Both Houses

**4. Title** No Child Left Behind.

**5. Summary/Purpose:** Requires that the Board of Education continue to seek waivers from compliance with those provisions of No Child Left Behind (NCLB) that are fiscally and programmatically burdensome to school divisions that are not instructionally sound or in the best interest of children. The Board shall report on the status of its waivers from compliance to the chairmen of the Senate Education and Health Committee and the House Education Committee no later than October 1, 2007. If any or all waiver requests are not approved by the United States Department of Education (USED), the Board shall transmit a summary of all requests not approved to the Virginia Congressional delegation for its consideration in the reauthorization of the Elementary and Secondary Education Act (ESEA). If the reauthorization of the ESEA does not provide the necessary revisions in the federal law to grant states and localities the flexibilities requested through waiver requests, the Board shall make a recommendation to the General Assembly on Virginia's continued implementation of NCLB. If the decision is made to withdraw from participating in NCLB, the Board of Education and Office of the Attorney General of Virginia are authorized to bring suit against USED to recover any federal funds withheld from the state that are not directly related to NCLB and that help children from low-income families.

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

**7. Budget amendment necessary:** Indeterminate.

**8. Fiscal implications:** At this time, the impact of this bill cannot be determined. USED provided guidance on the impact of nonparticipation in NCLB that indicates that if a state withdraws from implementing one or more titles of the act the funding associated with those titles would be withdrawn by USED. It is unknown which waiver requests, if any, would be approved by USED. The attached table provides a summary of the federal grants related to NCLB. This table provides an estimate of the amount of NCLB grant funding from state FY 2006 that could potentially be withheld should the Commonwealth withdraw from specific titles of the act.

If the Commonwealth declines to accept all federal support offered through NCLB, local school divisions also would not receive formula funds offered through NCLB. In FY 2006, Virginia received approximately \$375.2 million in federal NCLB funds, with the majority of

this funding provided directly to local school divisions. NCLB funding for FY 2007 is estimated to be \$381.8 million. Federal funds related to Title I of the NCLB Act represent the largest portion of NCLB funds received.

<b>Summary of Federal Grant Awards to Virginia - State Fiscal Year 2006</b>		
	<b>Amount</b>	<b>Percent of NCLB Total</b>
<b>Federal Grants Directly Related to NCLB</b>		
Title I Part A - Academic Achievement of the Disadvantaged	\$208,011,647	62.74%
Title I Part B - Reading First	\$16,695,489	5.04%
Title I Part B - Even Start	\$1,435,601	0.43%
Title I Part C - Migrant Education	\$ 778,696	0.23%
Title I Part D - Neglected or Delinquent Children	\$771,344	0.23%
Title I Part F - Comprehensive School Reform	\$0	0.0%
<b>Subtotal, Title I Grants</b>	<b>\$227,692,777</b>	<b>68.67%</b>
<b>Other NCLB Awards</b>		
Title II Part A - Improving Teacher Quality	\$51,710,156	15.60%
Title III, Part B - Mathematics and Science Partnerships	\$2,887,237	0.87%
Title II Part D - Enhancing Education Through Technology	\$4,217,200	1.27%
Title IV Part B – 21st Century Community Learning Centers	\$16,181,378	4.88%
Title V Part A - Innovative Programs	\$2,312,223	0.70%
Title VI Part A - State Assessments, Improving Academic Achievement	\$8,808,255	2.66%
Title VI, Part B - Rural & Low-Income Schools	\$1,506,250	0.45%
Title IV Part A – Safe & Drug-Free Schools & Communities	\$6,414,756	1.93%
Title III, Part A - English Language Acquisition	\$ 9,823,062	2.96%
<b>Subtotal, Other NCLB Awards</b>	<b>\$103,860,517</b>	<b>31.33%</b>
<b>TOTAL NCLB DIRECTLY-RELATED FEDERAL GRANTS</b>	<b>\$ 331,553,294</b>	

Source: Virginia Department of Education

This legislation also requires the Board of Education to make a recommendation to the General Assembly on Virginia's continued implementation of NCLB if the reauthorization of the ESEA does not provide the necessary revisions in federal law to grant states and localities the flexibilities requested by Virginia. At this time, the Board's recommendation is unknown pending the outcome of the waiver requests; however, it could entail complete withdrawal from NCLB. In that case, this legislation authorizes the Board of Education and the Office of the Attorney General to take legal action against USED if, as a result of the Commonwealth's withdrawal from the voluntary NCLB, federal funds are withheld that are not directly related to NCLB and that help children from low-income families. At this time, it is not possible to provide an estimate of such costs because it is unknown whether such funds will be withheld subsequent to Virginia's withdrawal from NCLB.

It is anticipated that any administrative costs associated with the additional reporting requirements in this legislation would be absorbed within current resources.

**9. Specific agency or political subdivisions affected:** Board of Education, local school divisions, Office of the Attorney General.

**10. Technical amendment necessary:** No.

**11. Other comments:** This bill is similar to SB 1212.

**Date:** 2/16/07 / SHD

**Document:** G:\FIS\2007 Session\HB2542ER.doc

cc: Secretary of Education