

Department of Planning and Budget 2010 Fiscal Impact Statement

1. **Bill Number:** HB669H1

House of Origin ___ Introduced X Substitute ___ Engrossed
Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** May

3. **Committee:** Education

4. **Title:** **Triennial census of school population; sales and use tax distribution**

5. **Summary:** Eliminates the requirement that every three years a census of all school-age persons residing within each school division take place. The bill also amends the procedure regarding sales and use tax distribution to localities so that distribution is based on the data provided by the Weldon Cooper Center for Public Service at the University of Virginia (Cooper Center) rather than the school age population of a school division.

6. **Fiscal Impact Estimates:** Preliminary. See item 8.

7. **Budget Amendment Necessary:** Yes. Item 132 – HB/SB 30.

8. **Fiscal Implications:** The substitute version of this bill modifies the current methodology used to distribute the portion of sales tax revenue dedicated to public education. Sales tax is currently distributed on the basis of a triennial census of school age population. This bill changes that methodology to distribute sales tax based on a March 31 population estimate developed by the Cooper Center.

The Cooper Center estimates currently available include college students in the locality where they attend college, whereas, the triennial census includes them in the locality where the parent(s) reside. This would have a significant impact on localities with colleges and universities (e.g. Radford, Lexington, and Williamsburg). If the intent of this legislation is to treat college students the same way as the triennial census, the methodology for the Cooper Center data would need to be modified before it could be used by the Department of Education (DOE).

The bill also specifies that the population estimate should include the school age population from ages 5 to 19. Current provisions allow the inclusion of special education children ages 2 to 21 to be included in the triennial census count. If this substitute is approved, special education children between the ages of 2-4 and 20-21 years will be excluded from the count. It is unclear if the intent of the legislation is meant to exclude such children from the Cooper Center estimates.

If the intent is to make the Cooper Center data comparable to the triennial census count, changes such as incorporating additional data sources and modifying the current methodology

maintained by the Cooper Center may be needed. Such changes, if desired are estimated by the Cooper Center to cost over \$100,000 per year.

Based on the introduced budget and using the population estimates currently available from the Cooper Center, DOE estimates a savings of approximately \$2.6 million in fiscal year 2011 and \$1.1 million in fiscal year 2012. The large variance between the two years is due to the use of the 2008-2010 composite index in fiscal year 2011 and the 2010-2012 composite index in fiscal year 2012 as assumed in the introduced budget.

It should also be noted using the Cooper Center data instead of the triennial census results in a distributional change for many school divisions. Some divisions would see a large increase in funding from sales tax revenue; whereas, other divisions would experience the inverse. The variance in funding each year ranges from a loss of more than 15 percent to a gain of more than 142 percent, primarily resulting from how college students are currently counted.

Finally, the bill also repeals § 22.1-281 of the Code of Virginia, which requires the census to be taken every three years. It can be assumed local school divisions will experience some cost savings from not conducting the triennial census. However, these savings cannot be determined at this time since the data collection methods vary from locality to locality.

9. Specific Agency or Political Subdivisions Affected: Board of Education and local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: Similar to SB413.

Date: 2/10/2010 dpbsbj

Document: G:\Legislation\2010\Posted\HB669H1.doc