

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB669H2

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

2. Patron: May

3. Committee: Education and Health

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 second 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 population estimate developed by the Cooper Center.

The bill specifies that such estimates would include individuals ages 5 through 19 and should account for persons who: (1) are domiciled in orphanages or charitable institutions or who are dependents living on any federal military or naval reservation or other federal property within the school division in which the institutions or federal military or naval reservation or other federal property is located; (2) are members of the military services who are under 20 years of age within the school division in which the parents or guardians of such persons legally reside; (3) are confined in state hospitals, state training schools or state training centers for the mentally retarded, mental institutions, or state or federal correctional institutions or who attend the Virginia School for the Deaf and the Blind within the school division in which the parents or guardians of such persons legally reside; and (4) attend institutions of higher education within the school division in which the student's parents or guardians legally reside. In addition, the population of students with disabilities, ages two through four and 20 through 21, would also be added by the Department of Education (DOE) to the Cooper Center estimates. These changes would align the proposed methodology for such estimates with the current triennial census count.

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.

It should also be noted using the Cooper Center data instead of the triennial census results in a distributional change for many school divisions which could result in a state cost or savings. However, since this change would depend on division-level data, DOE cannot estimate the impact at this time.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Education and local school divisions.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** The bill establishes an annual cap of \$115,000 in costs for the Cooper Center to prepare population estimates. The cost of this service is to be deducted from the amount appropriated for state sales and use tax distribution to localities based on school age population prior to disbursement. The Cooper Center will be required to inform DOE of the cost of producing the annual population estimates by June 30 of each year.

The Department of Taxation (TAX) collects the sales and use tax dollars, which is then distributed by the Department of Accounts (DOA) to school divisions based on the triennial census count. It is unclear, which entity would set aside the payment amount. Also, additional language may be required to authorize the transfer of funds to the Cooper Center.

Furthermore, the bill does not establish a date to begin using the Cooper Center population estimates. DOE anticipates the bill would become effective on July 1, 2010. However, it is unclear when the new estimates will be available from the Cooper Center or when the estimates should be incorporated into the budget.

This bill is similar to SB413.

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