

*Commission on Local Government*

**Estimate of Local Fiscal Impact**  
2012 General Assembly Session

**Bill: HB 250**

**Patron: Cline**

**Date: January 19, 2012**

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

**I. Bill Summary**

Requires each local school board to report annually to the Board of Education (Board) the percentage of its operating budget allocated to instructional spending for each fiscal year. The bill further requires the Board to promulgate regulations to define instructional spending. In addition, HB 250 requires any school board that, according to its annual report, spends less than 67% of its operating budget on instructional spending for the reported fiscal year to present a plan to the Board to increase such expenditures by 0.5 percent in the following fiscal year.

**II. Fiscal Impact Analysis**

The Commission on Local Government (CLG) received fiscal impact statements from 9 localities – the Counties of Campbell, Carroll, Henrico, Rappahannock, and Spotsylvania; the City of Danville; and the Towns of Blacksburg, Christiansburg, and Hillsville. In addition, the Virginia Association of School Superintendents assisted the Commission in obtaining information from local school divisions, including Orange County Public Schools and Chesapeake Public Schools.

Four of the respondents – Henrico County and the Towns of Blacksburg, Christiansburg, and Hillsville – indicated that they would not experience an increase in expenditures.

Henrico County noted that, without a definition of instructional spending, an estimate is difficult to determine. They also indicated that, based upon their definition of the term, Henrico County Public Schools presently allocates 79.5% of their resources toward instructional spending.

The Towns of Blacksburg, Christiansburg, and Hillsville indicated that the provisions of the bill do not apply to them because they do not operate school systems.

Spotsylvania County estimated that they would experience an expenditure increase of less than \$5,000. These costs would be related to the staff time required to complete the mandated report.

The four remaining localities – the Counties of Campbell, Carroll, and Rappahannock and the City of Danville – estimated that it would cost over \$5,000 to comply with the provisions of HB 250. Their estimates assume that they would be required to increase instructional spending by 0.5 percent in the first year. Listed below are the cost estimates:

Campbell County:	\$400,000.00
Carroll County:	1,000,000.00*
Rappahannock County:	unknown
Danville City:	345,980.77

\*It is important to note that the estimate provided by Carroll County represents how much more their public school division would have to allocate to instructional spending in order to spend 67% of the division’s operating budget on instructional spending. The City of Danville estimated this amount for their school division at \$2,879,333.91.

Campbell County indicated that, if the federal definition of “instructional spending” were used, the Standards of Quality (SOQs) would have to change significantly.

Rappahannock County responded that they spend more on transportation and administration than the average school division. They further stated that an increase in instructional spending would force them to sacrifice these costs.

Chesapeake Public Schools believes that their school division currently designates over 70% to instructional spending; however, they expressed concern about the absence of a definition of “instructional spending” in the bill and about how this amount will be computed.

Orange County Public Schools (OCSS) believes that the reporting requirement will have a nominal impact on them if the information is taken from the superintendent’s annual report. Under the state’s current definition of instruction, the school division presently allocates 71.5% of its operating budget to instruction. OCSS notes that the fiscal impact of HB 250 could be substantially greater if the Board were to adopt the United States Department of Education’s definition of “instructional expenses.”

### **III. Conclusion**

The fiscal impact of HB 250 will vary among local public school divisions. The percentage of a given school division’s operating budget that is currently allocated to instructional spending and the definition of “instructional spending” that will be adopted by the Board of Education are the primary variables that will influence the local fiscal impact of this legislation. The fiscal impact will be more significant for school divisions that currently spend less than 67% of their operating budget on instructional spending if

they are required to increase such expenditures by 0.5 percent in the following fiscal year pursuant to the plan that HB 250 requires them to present to the Board. The bill will impose an additional reporting mandate on all school divisions, which will divert staff resources from other responsibilities.