

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB221

<b>House of Origin</b>	<input checked="" 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 type="checkbox"/> Enrolled

**2. Patron:** Miyares

**3. Committee:** Finance

**4. Title:** Education Improvement Scholarships tax credits; benefits and eligibility requirements for students with a disability.

- 5. Summary:** Broadens eligibility criteria for students with a disability to include students with an Individualized Instructional Plan (IIP) attending a school for students with a disability licensed by the Department of Education and accredited by an agency approved by Virginia Council of Private Education. Under current law, only students who have obtained an Individualized Educational Plan (IEP) pursuant to the federal Individuals with Disabilities Education Act (IDEA) may meet the criteria for the Education Improvement Scholarships tax credits program. The remaining criteria for students with a disability (residence in Virginia and family household income not more than 400 percent of the poverty level) would continue to apply regardless of whether the student had an IIP or an IEP.

The bill increases the scholarship amount available for an eligible student with a disability from 100 percent to 300 percent of the per-pupil amount distributed to the local school division as the state's share of the standards of quality costs.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Indeterminate. See Item 8.

- 8. Fiscal Implications:** This bill could negatively impact general fund revenues. Any actual impact is indeterminate but likely minimal. Such impact would only exist to the extent that scholarship foundations are able to solicit additional donations that would qualify for the Education Improvement Scholarships tax credit due to their ability to offer scholarships to more students and in larger amounts.

Any additional students funded through this program who currently are included in Average Daily Membership (ADM) could reduce the general fund state cost to support students in ADM under Direct Aid to Public Education. Any dollar implications cannot be determined. However, this bill exempts an "eligible student with a disability" from the requirements of "student," which would expand scholarship eligibility to children not currently included in ADM. As a result of this bill, current private school or home school students who currently

are not included in ADM could qualify as scholarship recipients. For such students, there would not be any reduction in the general fund state cost to support students in ADM under Direct Aid to Public Education.

As stand-alone legislation, the Department of Taxation and the Department of Education consider implementation of this bill as routine and can absorb any resulting costs. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that these agencies will require additional resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Taxation, Department of Education

**10. Technical Amendment Necessary:** No

**11. Other Comments:** The total amount of Education Improvement Scholarships tax credits available in any given fiscal year is capped at \$25 million. The Department of Education issued \$9.7 million in tax credits for FY 2017, \$6.8 million in tax credits for FY 2016, \$3.7 million in tax credits for FY 2015, and \$1.5 million in tax credits for FY 2014.

Similar Bills

**Senate Bill 172 and House Bill 1078** would expand the Education Improvement Scholarships Tax Credit so that scholarship foundations would be permitted to award scholarships to eligible pre-kindergarten children for their qualified educational expenses. These bills are very similar to HB 1165, but have a higher poverty guideline than HB 1165.

**Senate Bill 553** would decrease the penalty on Scholarship Foundations for failing to disburse at least 90 percent of the value of the donations it receives for qualified educational expense through scholarships to eligible students to the difference between 90 percent of the value of the tax-credit-derived donation it received and the actual amount disbursed (decreased from 200 percent of this amount).

**House Bill 395** would expand the Education Improvement Scholarship Tax Credit by amending the definition of student and increasing the aggregate scholarship amounts for eligible students with a disability to 400 percent of the per pupil amount and \$26,000 for students that have an autism spectrum disorder.

**House Bill 1165** would expand the Education Improvement Scholarships Tax Credit so that scholarship foundations would be permitted to award scholarships to eligible pre-kindergarten children for their qualified educational expenses. This bill is very similar to SB 172 and HB 1078, but has a lower poverty guideline than SB 172 and HB 1078.

**Senate Bill 579** would allocate 20 percent of any unissued credits in a fiscal year under the Education Improvement Scholarships Tax Credit program to the Neighborhood Assistance Act Tax Credit program during the next fiscal year to be allocated to education proposals.