

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** SB516

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

2. **Patron:** Obenshain

3. **Committee:** Education and Health

4. **Title:** Public schools; regional charter school divisions.

5. **Summary:** Authorizes the Board of Education (the Board) to establish regional charter school divisions consisting of at least two but not more than three existing school divisions in regions in which each underlying school division has (i) an enrollment of more than 3,000 students and (ii) one or more schools that have accreditation denied status for two out of the past three years. The bill requires such regional charter school divisions to be supervised by a school board that consists of eight members appointed by the Board and one member appointed by the localities of each of the underlying divisions. The bill authorizes the school board, after a review by the Board, to review and approve public charter school applications in the regional charter school divisions and to contract with the applicant. The bill requires that the state share of Standards of Quality per pupil funding of the underlying school district in which the student resides be transferred to such school, as well as all federal funds directly associated with any pupil served by the school.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** This bill authorizes the Board of Education to establish regional charter school divisions in regions in which each underlying school division has an enrollment of more than 3,000 students and one or more schools in each underlying school division have accreditation denied status for two out of the past three years. The state share of funding for students enrolled in these regional charter schools would be based on each student's division of residence. For those students currently included in the average daily membership (ADM) of their division of residence, the bill should not have an impact on the per pupil share of state funds currently distributed to localities.

For students not currently included in the ADM of their division of residence, there will be an indeterminate state fiscal impact. Private school and home school students enrolling in the regional charter schools will increase state costs since these students currently are not included in ADM and funded through the Standards of Quality. Additionally, any student served by a non-resident school division is counted in the serving division's ADM unless the

serving division receives tuition for that student in excess of the serving division's local share of tuition. The local share of tuition is the local share of the total operational cost per pupil based on the composite index of the serving division.

With the creation of regional charter schools, students currently served by a non-resident division may instead opt to enroll in the regional charter school through their division of residence. The state cost for such students could increase or decrease depending on whether the student's division of residence has a higher per pupil amount and composite index or lower per pupil amount and composite index than the division currently serving the student. Any state fiscal impact resulting from private school, home school, or students currently served by non-resident divisions is indeterminate at this time.

The bill also includes a provision that a public charter school located in a regional charter school division may receive state funding to replace, in whole or in part, the local share of the Standards of Quality per pupil funding of the underlying school division in which the public charter school is physically located. Any such funding would be subject to appropriation, and any state and local fiscal impact is indeterminate at this time.

It is anticipated that the Board of Education and Department of Education can absorb any additional costs resulting from the provisions of this bill.

Any fiscal impact to local school divisions as a result of this bill is indeterminate.

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

10. Technical Amendment Necessary: Row 209, strike "E" and insert "F".

Row 211, strike "F" and insert "G".

Row 213, strike "G" and insert "H".

Row 220, strike "H" and insert "I".

11. Other Comments: This bill requires the Department of Education to pay state funds directly to any public charter school located in a regional charter school division. At present, all state public school funding is paid to local governments to distribute, and a school division acting as a fiscal agent on behalf of a regional program is responsible for transferring state funds to that regional program. The Department of Education does not have a mechanism for paying funds directly to a school.