

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: HB1124

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Davis

3. Committee: Education

4. Title: Yellow schools; authorization.

5. Summary: Permits any school board to enter into an operating contract with a not-for-profit entity (operating entity) to designate a public elementary or secondary school in the local school division in which at least 50 percent of enrolled students are eligible for free or reduced price lunch as a yellow school and requires each such contract to (i) require the school board to transfer its constitutional authority to supervise the yellow school to the operating entity, including its authority relating to personnel and curriculum, for an initial period of at least two years, provided, however, that the yellow school shall be subject to all federal and state accountability requirements prescribed by law or regulation; (ii) require the operating entity to make available nutritional support, after school academic and mentorship services, health care support by licensed nurse practitioners or doctors, and dental care by dental hygienists or dentists to each student enrolled in the yellow school; (iii) permit the operating entity to seek reimbursement under Medicaid for all the services described in clause (ii) that are provided to eligible students; (iv) require the operating entity to establish performance metrics for the yellow school and biannually report to the school board on its compliance with such metrics; and (v) require the supervision of the yellow school to be transferred back to the school board if the operating entity breaches the operating contract or fails to meet the performance metrics established in the operating contract. The bill permits any such operating contract to contain provisions for the use of local school division services for a yellow school, including transportation, food services, and extracurricular activities. The bill provides that each operating entity is entitled to matching state funds pursuant to the general appropriation act in an amount equal to 25 percent of all funds that the operating entity invests to provide the services described in clause (ii) in the yellow school. The bill also provides that no operating entity that receives such matching state funds is eligible to receive a Neighborhood Assistance Act Tax Credit pursuant to Article 13.2 (§ 58.1-439.18 et seq.) of Chapter 3 of Title 58.1.

6. Budget Amendment Necessary: No

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

- 8. Fiscal Implications:** This bill would require the state to provide matching funds equal to 25 percent of all funds that each not-for-profit (operating entity) invests to provide qualified services in each yellow school. Any actual fiscal impact is indeterminate and is dependent on funds appropriated by the General Assembly.

The portion of this bill that precludes operating entities receiving matching state funds from claiming the Neighborhood Assistance Act Tax Credit could have an indeterminate positive general fund revenue impact if any entity that currently receives the tax credit enters into an operating contract with a local school board.

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

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None