

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

Bill: HB5008

Patron: Cole, Mark L.

Date: 8/18/2020

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:

Bill Summary:

School closure; education vouchers; emergency. Requires, in the event that a public school in the Commonwealth is closed for in-person instruction for 30 or more days during a school year, the parent of an enrolled student who withdraws his child from attendance at such school to receive, upon request, an education voucher in an amount equal to a prorated share of the applicable Standards of Quality per-pupil state funds appropriated for public school purposes and apportioned to the school division, including the per-pupil share of state sales tax funding in basic aid and any state per-pupil share of special education funding for which the child is eligible, to cover the expenses of providing home instruction or tuition and fees at a nonpublic school for such student for the remainder of the school year. The bill permits the Department of Education to establish rules, regulations, or procedures for the issuance of such education vouchers. The bill contains an emergency clause.

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### Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$386,400,000.00. The locality that provided the highest estimate noted that their estimated prorated cost is based on their most recent Average Daily Membership (ADM) and 100% withdrawal from their school system, so this would represent the maximum fiscal impact that this bill could impose on their locality. While such a scenario would be unlikely, their cost estimate appears to accurately reflect this scenario. Most localities that responded with a cost noted that their estimated costs are based on a prorated portion per requested education voucher. Various ranges were provided by individual localities on what this cost could be. Overall, localities noted the difficulty in estimating these total costs because it would be difficult to predict how many parents would withdraw their children from school in this hypothetical scenario. One Planning District Commission also noted that the request of a voucher could be triggered regardless of any additional closure due to weather or COVID-19. Of those localities that responded with no fiscal impact noted that the bill would not impact them because they are towns and not responsible for schools but noted that the impact would be significant to their counties. Another locality that responded with no cost, noted that the cost is indeterminate but significant and could be subject to challenges under Article VIII, Section 10 of the constitution of Virginia.

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### Local Analysis:

**Locality:** City of Alexandria

**Estimated Fiscal Impact:** \$2,509.40

Est. above is approximately the prorated portion of the per pupil State SOQ (Standards of Quality) funding (Tier I state revenue) as well as any special education funding if applicable. Should this bill pass it would cost ACPS the prorated portion of roughly \$2,509.40 (based on FY 2021 projected enrollment) per requested education voucher. The ACPS school system serves more than 15,000 students who hail from more than 114 countries and speak 119 languages and encompasses 18 schools, including two middle schools, two K-8 schools, one pre-K school and the internationally recognized T.C. Williams High School. ACPS is committed to ensuring that each and every student succeeds. Needless to say, reducing any funding would handicap the ability to deliver virtual instruction across the division.

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Locality: City of Newport News

Estimated Fiscal Impact: \$200,000.00

\$88,507,584 basic state aid est fy20
\$29,313,076 sales tax est fy20
\$117,820,660 combined total

26,964 mar 31 adm est
\$4,370 annual - 2 state rev per pupil
\$364 monthly - 2 state rev per pupil
100 est enroll lost
\$36,413 per 100
\$109,239 est enroll lost/3 months

Although the amount seems small, the bill does not indicate who would pay the voucher - the locality or the State. If the locality, would be a double hit - lower revenue due to pandemic, especially with Sales Tax, then payment for an unbudgeted expense - the voucher to the parent(s). If paid by the State, it is logical that the State would reduce the final payment to the locality by the amount of the voucher(s) - another double loss to the locality - lower revenue twice - once for pandemic, second for voucher payment.

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**Locality:** City of Norfolk

**Estimated Fiscal Impact:**  
\$386,400,000.00

State funding to the school division is based on March Average Daily Membership. Based on the FY 2019 average daily membership, Norfolk Public Schools (NPS) has approximately 28,000 students. NPS would lose approximately \$6,900 per student per year for each student withdrawn by parent. If NPS has to pay for the educational voucher, then the school division total loss is approximately \$13,800 per student annually. If every student withdrew and NPS has to pay for the educational vouchers, it would cost the NPS approximately \$386,400,000.

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Locality: City of Virginia Beach

Estimated Fiscal Impact: \$0.00

It is not possible to estimate the fiscal impact of this legislation, which is predicated on a series of hypothetical events; however, the expenses could become significant. First, the current policy of the City of Virginia Beach is to evaluate in-person instruction on a regular basis. Therefore, it is possible that all or a portion of schools will return to in-person status prior to the period of time outlined in this proposed bill. Second, the data necessary to calculate the impact is dependent upon individual decision making by parents that would not be tallied by the school system until after it occurs, and after the thirty day window expired. Even if passed by the General Assembly next week, the impact would not be initially quantified until October, and then would be subject to periodic change throughout the school year. Nonetheless, the basic estimated impact of this legislation per student withdrawn would be as follows: Commonwealth's portion of net basic aid per pupil amount: \$2,917. Per Pupil calculation for the portion of the Sales Tax: \$1,223. Therefore, at minimum, \$4,140 per student, divided by the number of school days minus 30, would be reallocated to parents or other schools under this legislation. At the maximum days of 150, this would be approximately \$3,450 per student.

In addition, the program may be subject to challenges under Article VIII, Section 10 of the Constitution of Virginia.

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**Locality:** Prince George County

**Estimated Fiscal Impact:**  
\$2,198,000.00

This legislation could prove extremely detrimental to Virginia public school systems. Most are facing unprecedented challenges attempting to provide a level of in-person instruction coupled with virtual options for parents and students who do not feel comfortable with in-person instruction. Teacher "sick-outs" are also common as employees are not comfortable with the risks of returning to an in-person environment. Many factors are simply beyond the control of public school systems and this legislation is punitive. The potential impact is unknown because parents are faced with making extremely difficult decisions, in an environment that changes daily (and the best decision for them could change frequently). The approximate impact of state revenue loss per child for FY2021 is approximately \$7,000 for Prince George County Public Schools. Potential revenue loss would be devastating, as expenditures are increasing and the school division is still expected to be prepared to receive each child currently enrolled. Expenditures are also being incurred to insure safe environments for students - PPE; cleaning supplies and services; installation of glass partitions; digital devices and "hot-spots" for virtual learning for students who do not have devices or "wi-fi"; to name just a few. The potential impact was calculated at 5% of enrollment (6,292.5 X 5%) X \$7,000. This is just an estimate as there is no way to predict the number of parents who would seek alternate non-public instruction.

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Locality: Richmond County

Estimated Fiscal Impact: \$600,000.00

Pending how the first half of the year goes for local school divisions, this could be an extremely bad bill for local governments.

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**Locality:** Town of Ashland

**Estimated Fiscal Impact:** \$0.00

n/a (town)  
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Locality: Town of Blacksburg

Estimated Fiscal Impact: \$0.00

This is a County and City issue. The Town would not have an impact.

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**Locality:** Town of Christiansburg

**Estimated Fiscal Impact:** \$0.00

The Town of Christiansburg relies on Montgomery County for public schools, so they would be responsible for the voucher.

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Locality: Town of Luray

Estimated Fiscal Impact: \$0.00

The Town is not responsible for school funding
However, potential impact to Page County could be significant

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**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$0.00

Schools are Smyth County, not town of Marion. No direct fiscal impact

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**Professional and Other Organization
Analysis:**

Organization: Accomack-Northampton Planning District
Commission

The bill has language stating “for 30 or more days during a school year” and this complicates the fiscal impact analysis since it appears that this will be triggered regardless of any additional closure days due to weather or COVID-19.

There are 39 weeks in the school year in Accomack County and twelve consecutive days closed for winter break. There are also twenty planned closure days, including holidays, that are not a weekend.

There are 41 full weeks in the school year in Northampton County and sixteen consecutive days closed for winter break. There are also twenty-seven planned closure days, including holidays, that are not a weekend.

Both school districts are also offering two days of in-person instruction in two shifts and all Northampton students are virtual learning on Wednesdays and all Accomack students are virtual learning on Fridays.

It is unclear how many parents would choose to request a voucher so a maximum limit fiscal impact under the earliest closure periods is presented showing the total pupils and state pupil expenditure for the school district. This data is derived from the VDOE FY19 Annual Superintendent’s Report and the published approved school calendars.

As the school year is currently planned, Northampton County will reach 30 days of closure of weekdays (Wednesdays, holidays, teacher workdays) on December 31, 2020.

As currently planned, Northampton will reach 30 days of closure including weekends on November 4, 2020. This leaves 31 weeks of school of 41 weeks. The proration factor (76% of the school year) brings the maximum potential fiscal impact to 1,572 pupils x (\$4,792 + \$1,161) x 0.76 = \$7,112,168.

If the school closes immediately after opening, the 30 days would be reached earlier and the maximum amount would be 36 weeks of 41 weeks. The proration factor (88% of the school year) brings the maximum potential fiscal impact to 1,572 pupils x (\$4,792 + \$1,161) x 0.88 = \$8,235,142.

As the school year is currently planned, Accomack County will reach 30 days of closure of weekdays (Fridays, holidays, teacher workdays) on January 18, 2021. As currently planned, Accomack will reach 30 days of closure including weekends on November 13, 2020. This leaves 30 weeks of school of 39 weeks. The proration factor (77% of the school year) brings the maximum potential fiscal impact to 5,113 pupils x (\$5,562 + \$1,014) x 0.77 = \$25,889,778.

If the school closes immediately after opening, the maximum impact is \$29,252,086.

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**Organization:** Northern Neck PDC

No impact.

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