

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

Bill: HB5011

Patron: Webert

Date: 8/20/2020

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:

In-person instruction; education vouchers; emergency. Requires, in the event that any school board does not provide the option of in-person instruction as the sole method of instruction for any enrolled student, the parent of any such student who withdraws his child from attendance 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 in-person instruction in an alternative setting. 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.

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. 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.

Local Analysis:

Locality: City of Alexandria.

Estimated Fiscal Impact: \$2,509.40

Est. above is approximately the prorate portion of the per pupil State SOQ (Standards of Quality) funding. Should this bill pass, it would cost ACPS the prorate 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. Reducing any funding, as proposed in this current House Bill, would handicap the ability to deliver virtual instruction across the division.

Locality: City of Norfolk

Estimated Fiscal Impact:
\$386,400,000.00

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 Norfolk Public Schools (NPS) would lose approximately \$6,900 per student per year for each student withdrawn by parent.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

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**Locality:** City of Virginia Beach

**Estimated Fiscal Impact:** \$4,140.00

The estimated basic per student reallocation from the school system to this voucher would be \$4,140 (\$2,917 in basic Commonwealth aid plus \$1,223 in the sales tax distribution). This is the estimate cited in the box above. The total fiscal impact is unknown, for it is undetermined how many people would qualify; how many of those that do qualify would request such a voucher; any other disqualifying details that would emerge through the rules promulgated by the VDOE subsequent to any bill passage; and how the method of payment is made (is it for the whole year or for a portion, to allow for the school division the ability to return to in-person instruction or if the withdrawn student returns after the first day of the year to the school system, among other items).

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Locality: County of Fauquier

Estimated Fiscal Impact: \$0.00

The impact is undeterminable, given it is unknown how many children would withdraw and why. In addition, review should be completed for the local level of funding that would be in excess of state requirements prior to reduction in State aid for education to the School Division.

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**Locality:** Frederick County

**Estimated Fiscal Impact:** \$5,800.00

HB 5011 creates a negative financial burden on school divisions and inadvertently pressures the local government to fill the gap of lost state dollars during a time when state funding for education has not reached pre-recession levels. Reductions in students attending public schools does not correlate to reduced school expenses because the attrition will occur randomly across various grade levels leaving class sizes marginally reduced and the need for teaching staff the same. In Frederick County the state revenue reduction is approximately \$5,800 for each voucher issued. To help fill the funding loss, support services would have to be cut. These services are needed to help our low-income students be successful.

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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:** Rappahannock County

**Estimated Fiscal Impact:**  
\$3,126,809.00

This bill takes the form of an unfunded mandate in that local schools are at the "mercy" of the state with respect to instructional methods offered. A scenario exists that the state would force localities to move to a fully online instructional method whether that same decision would be made locally or not. In this case, every student could submit for a voucher. Further, "in-person instruction in an alternative setting" is not defined and one could argue that home schooling meets the requirement. Lastly, there are no limits to the rules, regulations, or procedures that could be enacted by the Department of Education, which could impact all state aid. For example, would a one week period of full virtual instruction trip this section and allow a family to receive a voucher valued at the annual proportionate share?

Finally, the provision does not recognize that school expenses are made up of fixed expenses and other per-pupil expenses ... requiring all state funding to be proportionately shared ignores the fact that some state funding supports fixed expenses.

The dollar impact for Rappahannock County could be the entire amount of state funding which in FY2021 is \$3,126,809.

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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

The Town does not provide educational services.

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Locality: Town of Christiansburg

Estimated Fiscal Impact: \$0.00

The Town of Christiansburg does not provide public schools, we rely on Montgomery County Public Schools, so we would not be fiscally impacted at the town level.

Locality: Town of Herndon

Estimated Fiscal Impact: \$0.00

Bill Number HB5011 is not applicable to the Town of Herndon.

Locality: Town of Luray

Estimated Fiscal Impact: \$0.00

The Town does not provide educational service.

Locality: Town of Marion.

Estimated Fiscal Impact: \$0.00

Schools are county, not town function. No impact

Locality: Town of Scottsville

Estimated Fiscal Impact: \$0.00

The bill has no direct fiscal impact upon small towns such as the one I administer. Towns do not fund school divisions, and the Town's budget would not be directly affected by the reduction of County-level education funding described in this bill. There would also not be any administrative impact upon the Town office.

Regrettably, I do not have access to County or school division analysis to provide a more detailed analysis on this bill.

Locality: Wise County

Estimated Fiscal Impact: \$45,000.00

This again is hard to establish a number. Each student will cost the County approximately \$9,000. When your budget is only \$60M, \$9,000 is a significant number.

Professional and Other Organization Analysis:

Organization: Northern Neck PDC

No impact.

