

Commission on Local Government

Estimate of Local Fiscal Impact

2020 General Assembly Session: Special Session I

Bill: SB5020

Patron: Chase

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:

Provides that, if a school operates a reduced schedule and the school offers online or virtual learning as a substitute for in-person attendance, it shall deposit a portion of unused funds resulting from the reduced schedule in a voucher account for each student, for use on programs operated by the school division or other educational options, whether public, private, or parochial.

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### Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$386,400,000.00. Only one locality provided a cost, and it is worth noting that the locality responded with an amount based on the hypothetical scenario of every student withdrawing and all available funds being withdrawn, which would be unlikely. A majority of localities responded with no cost because the cost of the bill is indeterminate or they are towns and not responsible for schools. Localities also noted that it is entirely possible that there would not be any unused funds as a result of the shift of operations to online because there would be other costs incurred through online operations to monitor school employees and audit student accounts and invoices to determine appropriateness of such expenses in addition to traditional school operation costs that are fixed regardless of student presence.

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### Local Analysis:

**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 Norfolk Public Schools (NPS) would lose approximately \$6,900 per student per year for each student withdrawn by parent.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: \$0.00

It is not presently possible to determine cost impacts of this proposed bill. It is not clear if this bill intends to prohibit funds from being shifted within a school's budget from their intended purpose to other purposes as needs arise. If that is the case, such an action would be an imposition upon local governance and flexibility. Otherwise, it is entirely possible that there will be no "unused funds" as a result of the shift of operations online because there are other costs that must be incurred through online operations and a number of "traditional" school operations costs are fixed, regardless of student presence.

In addition, there would be an undetermined cost on staff time in order to have school division employees monitor and audit each student's account and invoice to "determine appropriateness of such expenses" (VBCPS has over 66,000 enrolled students).

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**Locality:** County of Fauquier

**Estimated Fiscal Impact:** \$0.00

Exact impact is undeterminable given the broad statement of unused funds. This bill notes that unused funds to be ANY funds, which in part could be locality funding. If funding is to be returned, it should be State funding only and not local funds that will be necessary to pay for other needs. Considerations of level of local funding in excess of required State match funding is already provided into the School Divisions' funding model should also be reviewed, and reallocation of such funds first used to offset the local funding higher than required.

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Locality: Town of Ashland

Estimated Fiscal Impact: \$0.00

n/a (town)

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**Locality:** Town of Marion.

**Estimated Fiscal Impact:** \$0.00

Schools are county, not town function

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Locality: Wise County

Estimated Fiscal Impact: \$0.00

This should have zero on the school budget. However, for there to be any unused funds, it will be the result of employees being out of work.

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**Professional and Other Organization**

**Analysis:**

**Organization:** Northern Neck PDC

No impact.

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