

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number SB410 S1

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

2. Patron Hanger

3. Committee Education

4. Title No Child Left Behind; elimination plan

5. Summary/Purpose:

Directs the Board of Education to develop a plan to eliminate initiatives or conditions that are currently being funded by No Child Left Behind (NCLB), unless such initiatives or conditions are an integral and necessary component of the Commonwealth's own Standards of Quality, Standards of Accreditation, or Standards of Learning. This bill also directs the Office of the Attorney General of Virginia to provide the Board and the General Assembly an estimate of the costs for providing legal services in the event that the elimination of any initiatives or conditions results in the withholding of Title I funds.

6. Fiscal Impact Estimates are: See Item 8.

7. Budget amendment necessary: Yes, items 135 and 136.

8. Fiscal implications: The fiscal impact of this bill cannot be determined. It is difficult to isolate initiatives or conditions of the NCLB Act that are not an integral and necessary component of the Standards of Quality (SOQ), Standards of Accreditation (SOA), or Standards of Learning (SOL) that would be eliminated under this bill and the associated federal funding impacts.

If the Board of Education was able to identify NCLB initiatives or conditions that are not an integral or necessary component of state efforts, and withdraw from participating in one or more NCLB titles, this action could result in a significant fiscal impact on the state and local school divisions. The United States Department of Education (USED) has provided guidance on the impact of nonparticipation in NCLB that indicates if a state withdraws from implementing one or more titles of the act, the funding associated with those titles would be withdrawn by USED. The attached table provides a summary of the federal grants related to the NCLB. This table provides an estimate of the amount of NCLB grant funding from state fiscal year 2005 which would potentially be withheld should the Commonwealth withdraw from specific titles of the act.

If the Commonwealth declines to accept federal support offered through NCLB, local school divisions also would not receive formula funds offered through NCLB. In FY 2005, Virginia received approximately \$335 million in federal NCLB funds, with 93 percent of this funding

provided directly to local school divisions. NCLB funding in FY 2006 is estimated to be \$355.0 million. Federal funds related to Title I of the NCLB Act represent the largest portion of NCLB funds received.

| Summary of Federal Grant Awards to Virginia - State Fiscal Year 2005 | | |
|--|-----------------------|-----------------------|
| | Amount | Percent of NCLB Total |
| Federal Grants Directly Related to NCLB | | |
| Title I Part A - Academic Achievement of the Disadvantaged | \$195,588,567 | 58.25% |
| Title I Part B - Reading First | \$16,928,231 | 5.04% |
| Title I Part B - Even Start | \$3,483,029 | 1.04% |
| Title I Part C - Migrant Education | \$ 815,713 | 0.24% |
| Title I Part D - Neglected or Delinquent Children | \$951,488 | 0.28% |
| Title I Part F - Comprehensive School Reform | \$ 5,508,205 | 1.64% |
| Subtotal, Title I Grants | \$223,275,233 | 66.49% |
| Other NCLB Awards | | |
| Title II Part A - Improving Teacher Quality | \$52,577,308 | 15.66% |
| Title III, Part B - Mathematics and Science Partnerships | \$2,388,059 | 0.71% |
| Title II Part D - Enhancing Education Through Technology | \$10,334,465 | 3.08% |
| Title IV Part B – 21st Century Community Learning Centers | \$15,100,777 | 4.50% |
| Title V Part A - Innovative Programs | \$ 6,927,544 | 2.06% |
| Title VI Part A - State Assessments, Improving Academic Achievement | \$8,565,602 | 2.55% |
| Title VI, Part B - Rural & Low-Income Schools | \$1,165,973 | 0.35% |
| Title IV Part A – Safe & Drug-Free Schools & Communities | \$8,174,905 | 2.43% |
| Title III, Part A - English Language Acquisition | \$ 7,273,394 | 2.17% |
| Subtotal, Other NCLB Awards | \$112,508,027 | 33.51% |
| TOTAL NCLB DIRECTLY-RELATED FEDERAL GRANTS | \$ 335,783,260 | |

Source: Virginia Department of Education

This legislation also calls for the Office of the Attorney General to provide the Board and the General Assembly with an estimate of the legal costs for challenging any withholding of Title I funds on the basis of withdrawal from NCLB. The Office has advised that it is not possible to provide an estimate of such costs because there is no way of knowing the full extent of such legal challenges until the federal government has made a decision to withhold funds. However, any such challenge would be a protracted (and costly) action that would be outside of the current budget authority for the Attorney General's Office.

9. Specific agency or political subdivisions affected: Direct Aid to Public Education, local school divisions, Office of the Attorney General.

10. Technical amendment necessary: None.

11. Other comments: None.

Date: 2/16/06 / SHD

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