

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1544

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Stosch

3. Committee: Finance

4. Title: Autism Tuition Assistance Grant Program established

5. Summary: Establishes a tuition assistance grant program for students with autism. The program provides grants of no more than \$20,000 a year per student to a Virginia nonsectarian private school of choice for students identified as autistic and for whom individual education plans have been written. To receive the grant certain conditions have to be met and the Board of Education is required to promulgate regulations to administer the grant program within 280 days of enactment. The bill also creates a subtraction for any grants included in the federal adjusted gross income of a parent. The bill establishes a voluntary contribution on the individual income tax return for taxpayers wishing to make a donation to the grant program.

6. Fiscal Impact Estimates: Indeterminate. See item 8.

7. Budget Amendment Necessary: Yes, Item 131 and possibly, Item 140.

8. Fiscal Implications: This legislation provides for a tuition assistance grant of up to \$20,000 per year, with a lifetime maximum of \$80,000, for eligible students diagnosed with autism to attend eligible private schools.

As of the December 1, 2007, special education child count, there were approximately 7,576 students with autism being served statewide. According to the data submitted by school divisions in the 2007 - 2008 Annual School Report, the Department of Education (DOE) estimates the average annual cost to educate an autistic child in Virginia is approximately \$32,000. This amount represents all fund sources: state, local and federal. If the child is moved to a private setting, it is unclear what would happen to the local or federal funding sources that are currently received for a child in a local school division.

The fiscal impact of this bill cannot be determined, because it is unknown how many children will be eligible for the grant. Further, the details of the grant award are not stipulated because the bill defers those provisions as pursuant to the appropriation act. Therefore, it is assumed the grant amount required to support a child in a private setting would be new costs, since the bill does not provide for the child to be included in the Average Daily Membership (ADM) of a school division for public school funding.

In addition, this legislation provides flexibility for parents to enroll their child in a public school in an adjacent division and shall not incur charges for tuition by the receiving division. In these instances, the child would remain in the ADM and state funding would follow the child to the receiving division. However, if parents place their child in a division that has a lower composite index value than that of the division of residence, it would increase the cost borne by the state for the student.

Furthermore, DOE anticipates this legislation would generate a substantial increase in administrative workload. The Board of Education is required to establish regulations that: 1. govern the contractual relationships with private schools that enroll in the grant program; 2. create a process for verifying a student's initial admission and continued enrollment and attendance at a private school; and 3. create a process for determining a student's eligibility and approving grants in order to ensure that each participant meets the statutory and regulatory requirements. The process of making the grant payments to private schools and tracking students who are placed in adjacent divisions and adjusting payments accordingly would also require a significant amount of work for the accounting and finance staff of DOE. Given the recent personnel reductions to address the budget shortfall, DOE does not anticipate being able to absorb the additional administrative requirements. For these reasons, DOE has indicated it will need two additional full-time professional positions at an estimated cost of \$206,908 to implement the provisions of this bill.

Tax Implications

This bill also provides an individual income tax subtraction for the income of a parent that comes from a grant received through the Autism Tuition Assistance Grant Program. To qualify for the subtraction, the income from the grant would be required to be included in the federal adjusted gross income of the parent. The Autism Tuition Assistance Grant Program Fund is also to be added to the list of voluntary contributions that may be added to the individual income tax return. All funds received from this voluntary contribution would be used solely for grants awarded under the Program.

The individual income tax subtraction for the grant would be effective for taxable years beginning on or after January 1, 2009. According to the Department of Taxation (TAX), subtraction of the grant income would have an unknown negative impact on general fund revenues. The revenue impact will depend on the number of grants, eligibility criteria and how the grants are distributed by the Superintendent of Public Education.

The addition of the Autism Tuition Assistance Grant Program Fund to the list of voluntary contributions would have no revenue impact, as all contributions come from individual income tax refunds or additional payments made by individual taxpayers and not from general fund revenues. The effective date to add the Fund to the list of voluntary contributions is not specified in the bill.

The voluntary contributions listed under the Code of Virginia §58.1-344.3 are divided between subsection B, which only allows taxpayers to make donations from their income tax refunds, and subsection C, which allows taxpayers to contribute their income tax refund or to make an additional payment. Because the Autism Tuition Assistance Grant Program Fund

would be added to subsection B, it would be restricted to receiving voluntary contributions only from income tax refunds.

In 2004, the General Assembly limited the number of qualifying organizations to 25, and required that organizations receive at least \$10,000 in voluntary contributions annually for at least 3 consecutive years to continue to be included on the individual income tax return. As organizations that do not meet the financial threshold are removed from the list of 25, new ones are added. At this time, there are five organizations waiting to be added to the qualifying list and three bills, introduced this session that if passed, would add three more other organizations to the waiting list.

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to systems and forms. As stand-alone legislation, TAX considers implementation of this bill as “routine,” and does not require additional funding.

9. Specific Agency or Political Subdivisions Affected: Board of Education, local school divisions, Department of Taxation, and private schools.

10. Technical Amendment Necessary: None.

11. Other Comments: Similar to HB2104 and HB1985.

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