

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB1416

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

2. Patron: Loupassi

3. Committee: Education and Health

4. Title: Instructional spending; expenditures and reports.

5. Summary: Requires each local school board to allocate 65 percent of its operating budget to instructional spending. Local school boards must report annually to the Board of Education (BOE) the percentage of their operating budgets allocated to instructional spending. Any school board that fails to meet the 65 percent requirement must present a plan to the BOE to increase instructional spending by 0.5 percent in the following fiscal year. School boards failing to submit such a plan must be audited by the Auditor of Public Accounts, who is required to submit a report to the BOE with any recommendations he deems appropriate concerning how such school boards can increase their instructional spending. In addition, the BOE must report to the House Committee on Appropriations and the Senate Committee on Finance the amount of spending allocated by the local school boards to instructional spending based on the school boards' annual reports to the BOE.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: This legislation establishes the requirement that each local school board must allocate no less than 65 percent of its operating budget to instructional spending, effective July 1, 2012 (fiscal year 2013). This requirement will not result in any additional cost to the state.

In addition, this legislation requires that each school division report annually to the BOE percentage of its operating budget allocated to instructional spending. The BOE shall promulgate regulations to define instructional spending. School divisions that spend less than 65 percent of their operating budget will be required to present a plan to the BOE to increase such expenditures by 0.5 percent in the subsequent year. Any school division that fails to submit a plan under such provisions shall, at the request of the BOE, be audited by the Auditor of Public Accounts pursuant to §15.2-2511. At this time, it is not possible to reliably estimate the additional cost to the Auditor of Public Accounts to perform such audits because it is not known how many school divisions will fail to submit a plan or how many audits will be requested by the BOE.

Finally, this legislation requires the Auditor of Public Accounts, upon completion of such audit, to make recommendations, as the Auditor deems appropriate, to the BOE on how school divisions not meeting the 65 percent requirement can increase their instructional spending. The cost associated with developing such recommendations is also unknown at this time because the number of school divisions impacted and the magnitude of any identified shortfalls are unknown at this time.

Any costs associated with the requirements placed on the Department of Education to promulgate regulations or to submit reports to the General Assembly will be absorbed within existing resources.

9. Specific Agency or Political Subdivisions Affected: Board of Education, Department of Education, local school divisions, and Auditor of Public Accounts.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/25/2011 dpbsbj

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