

Commission on Local Government

Estimate of Local Fiscal Impact
2012 General Assembly Session

Bill: HB 1173 (as introduced) **Patron:** Lingamfelter **Date:** January 31, 2012

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:

I. Bill Summary

HB 1173 provides unsuccessful charter school applicants with an opportunity to testify before the Board of Education. The local school board must submit sufficient documentation as to the rationale for the denial or revocation of the charter school application and a detailed explanation demonstrating that the charter school is not in the public interest or for the welfare of the students eligible to attend the proposed charter school. The Board of Education continues to have no authority to grant or deny a public charter school application or to revoke or fail to renew a charter agreement.

The bill also provides that (i) a local school board shall no longer have the discretion to revoke a charter if it finds the school is no longer in the public interest or for the welfare of the students; (ii) local school boards may elect whether charter school personnel are employees of the charter school or of the local school board granting the charter; (iii) the amount of funds provided to the charter school by the local school board shall not be less than 90 percent of the school division's state and local share of the Standards of Quality per pupil funding; and (iv) the local school board shall allow a public charter school to lease or purchase vacant or unused properties or real estate owned by the school board.

Chapter 748 of the 1998 Acts of Assembly established charter schools in the Commonwealth of Virginia. In 2010, the General Assembly enacted legislation to increase state support and guidance for the development of charter schools. The relevant bills are HB 1390 and SB 737.

II. Fiscal Impact Analysis

The Commission on Local Government did not solicit data from localities in the assessment of this bill, but nonetheless received input from the Counties of Campbell and Rappahannock and the Town of Blacksburg.

Rappahannock County and the Town of Blacksburg indicated that they do not expect a net increase in costs as a result of HB 1173. Rappahannock County noted that they could incur legal fees if they were to deny the application of a charter school and

had to defend their decision to the Department of Education. The Town of Blacksburg does not operate a public school system.

Campbell County indicated that they expect to lose \$150,000 as a result of the provisions of the bill. This is an estimate based upon the possibility of a charter school opening inside the county's borders. The school is expected to enroll approximately 50 students and the loss of funding for Campbell County equates to about \$350,000. They also estimate that loss of staff to the charter school would save them about \$200,000.

III. Conclusion

There are four charter schools in the Commonwealth: two in Albemarle County, one in York County, and one in Richmond City. Those localities are directly impacted by the provisions of HB 1173. Additionally, the legislation will pertain to any locality within which a charter school may submit an application.

HB 1173 allows a public charter school to lease or purchase vacant or unused properties owned by the local school board. It also allows an unsuccessful charter school to testify before the Board of Education; however, the Board does not have authority to grant a charter. Local school boards also lose their authority to revoke a charter if they determine that a charter school is no longer in the public interest to continue with its operation.

Finally, the bill stipulates that per pupil funding to the charter school from the local school board shall not be less than 90% of the local and state share of the Standards of Quality per pupil funding. This provision, which provides a floor for the amount of funding that the local school board must provide to a charter school in its jurisdiction will restrict the flexibility of the local school board to negotiate its agreement with the charter school. Further, whether 90% per pupil funding is excessive or inadequate will vary depending on such factors as the special needs, if any, of the children enrolled in the charter school and transportation. A local school board and a charter school would be permitted to negotiate an amount in excess of 90% per pupil. However, the parties would not be authorized to negotiate an amount less than 90% per pupil, even if the true cost per pupil were less than that threshold.