

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number:** HB1338

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

**2. Patron:** Farrell

**3. Committee:** Education

**4. Title:** Electronic textbooks; funding.

**5. Summary:** The proposed legislation would require the Standards of Quality (SOQ) basic aid funding to include the costs of the hardware and software necessary to support electronic textbooks. The provisions of the bill are not to limit a school division's ability to apply for grants through the Virginia Public School Educational Technology Grants Program. The Virginia Public School Educational Technology Grants Program provides funding to school divisions for the purchase of tablet computers and related educational technology.

The cost of the SOQ is the amount necessary to meet the constitutional requirement to provide a high quality public school system. The SOQ cost is split between the state and local governments. The local amount required is calculated by the local composite index formula. School divisions routinely spend above the SOQ requirements using local funding sources. Currently, the costs related to the hardware and software needed to support electronic textbooks are outside of the SOQ, meaning localities pay for all related costs. By including the costs within the SOQ, the cost would be shared with the state.

**6. Budget Amendment Necessary:** Yes, Item 136 in FY 2016.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** The inclusion of the hardware and software necessary to support electronic textbooks as an instructional expense under basic aid would increase general fund SOQ costs for the state by approximately \$26.0 million in FY 2016. The annual cost would be similar in the out years, but is difficult to calculate since the cost of the SOQ is rebenchmarked at the start of each biennium.

The bill would make part of the SOQ those purchases school divisions are currently making to support the use of electronic textbooks. The SOQ cost amount will be calculated using a prevailing statewide average expenditure per pupil, which may be higher or lower than the actual amount expended by a particular locality. Since the SOQ cost is required to be matched by school divisions according to the local composite index, the required local effort for some school divisions may exceed their current expenditures for the hardware. As a result, there could be a local fiscal impact associated with this bill, but the cost is indeterminate at this time.

**9. Specific Agency or Political Subdivisions Affected:** Department of Education, local school divisions

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** None.

**Date:** 1/28/2015 dpb/smc

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