

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB532

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: Murphy

3. Committee: Education

4. Title: Composite index of local ability to pay; additional factors.

5. Summary: Requires the state and local funding share formula, the composite index of local ability-to-pay, to take into consideration the population of the relevant locality, the number of enrolled English-language learners, and the number of enrolled students who are eligible to receive free or reduced-price lunch.

6. Budget Amendment Necessary: Yes, Item 139.

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: The appropriation act outlines the calculation of the composite index of local ability-to-pay (local composite index). To make changes to the local composite index formula, a corresponding budget amendment would be necessary.

The bill is unclear about how the local composite index formula should account for the population of the relevant locality, the number of enrolled English-language learners, and the number of enrolled students who are eligible for free or reduced-priced lunch, including any weighting applied in the formula. Without this type of direction, the fiscal impact to the state is indeterminate.

Population currently is considered in the composite index calculation; figures are weighted 2/3 by March 31 average daily membership and 1/3 by population. The bill language is unclear about whether this scale should be adjusted.

When changes are made to the local composite index calculation, the state fiscal impact generally is variable; these changes could produce an additional state cost or generate a state savings. The majority of the impact from a change to the local composite index calculation is felt at the local school division level.

Without direction about how the population, English-language learner, and free or reduced-priced lunch data should be implemented as part of the local composite index formula, the state and local impacts are indeterminate.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.