

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB1991

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: Webert

3. Committee: Education

4. Title: Local composite index; supplemental basic aid payments.

5. Summary: Repeals a provision that caps the sum of basic aid payments and supplemental basic aid payments received by certain eligible school divisions at a certain historical level of basic aid payments received by the relevant locality.

6. Budget Amendment Necessary: Yes, Item 139.

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

8. Fiscal Implications: Pursuant to §22.1-98.2, Code of Virginia, a school division in which fewer than 1,100 students were included in average daily membership (ADM) for the preceding school year, in a locality that has a local composite index of 0.6000 or greater, and has 65 percent or more of its local taxes coming from real estate taxes shall receive additional state funding, or supplemental basic aid, for a period of 15 years upon entering into a cost-saving or service-sharing agreement with a contiguous school division that meets criteria established by the Board of Education. Pursuant to Chapter 589 and Chapter 705 of the Acts of Assembly of 2008, for a division that qualifies to receive supplemental basic aid payments under these criteria as of July 1, 2010, the sum of the basic aid and supplemental basic aid payments cannot exceed the basic aid payment that the locality received pursuant to Chapter 847 of the Acts of Assembly of 2007.

Repealing the provision that caps the sum of basic aid and supplemental basic aid payments would impact Rappahannock County in the 2016-2018 biennium. Rappahannock County currently is entitled to such payments not to exceed the division's FY 2007 basic aid payment of \$1,129,280, based on the per pupil amounts established in Chapter 847, 2007 Acts of Assembly, and actual FY 2007 ADM. If the funding cap is removed, the Department of Education estimates an additional state cost of \$1.3 million general fund in FY 2018 for the supplemental basic aid payment to Rappahannock County. Any additional state cost in outgoing fiscal years is indeterminate at this time and would be based on the Direct Aid to Public Education budget as rebenchmarked for future biennia. Under current provisions, Rappahannock County is eligible to receive supplemental basic aid payments through FY

2025. Any impact to other local school divisions would be contingent on additional divisions qualifying for supplemental basic aid payments pursuant to §22.1-98.2, Code of Virginia.

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

10. Technical Amendment Necessary: No

11. Other Comments: Highland County also receives supplemental basic aid in the 2016-2018 biennium pursuant to §22.1-98.2, Code of Virginia; however, Highland County qualified to receive such payments prior to the enactment of Chapter 589 and Chapter 705 of the Acts of Assembly of 2008 and, therefore, is not subject to the funding cap.