Department of Planning and Budget
2019 Fiscal Impact Statement

1. **Bill Number:** HB1807

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Bell, Richard P.

3. **Committee:** Education

4. **Title:** State share for basic aid; duration of certain agreements.

5. **Summary:** Provides that certain cost-savings agreements between school divisions will remain in effect until terminated by the school divisions. Under current law, such agreements are valid for a period of 15 years.

6. **Budget Amendment Necessary**: No

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

8. **Fiscal Implications:** Under current law, eligible school divisions that enter into cost-savings agreements with contiguous school divisions are entitled to a Supplemental Basic Aid payment for a period of 15 years. The supplemental state payment is based upon the local composite index of the school division with which it partners in the cost-saving agreement. Partnering school divisions annually certify to the Virginia Department of Education that the cost-savings agreement is effective for the upcoming fiscal year.

   Currently, two school divisions are eligible for Supplemental Basic Aid payments in the 2018-2020 biennium. Highland County is eligible for payments due to a cost-savings agreement with August County, which expires after FY 2020. Rappahannock County is eligible for payments due to a cost-savings agreement with Madison County, which expires after FY 2025. In HB1700, 2019 General Assembly Session, Highland County's projected entitlements are $694,634 in FY 2019 and $692,029 in FY 2020, and Rappahannock County's projected entitlements are $242,742 in FY 2019 and $285,322 in FY 2020. Because both agreements remain in effect through the 2018-2020 biennium, there is no immediate state fiscal impact. Any state cost in outgoing fiscal years is indeterminate and would be based on the Direct Aid to Public Education budget as rebenchmarked for future biennia as well as any additional cost-savings agreements between school divisions.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None