

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2646

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

2. Patron: Hugo

3. Committee: Education

4. Title: School boards; assignment of teachers; class size limits.

5. Summary: Reduces from 29 to 28 the maximum class size in kindergarten; from 30 to 28 the maximum class size in grades one, two, and three; and from 35 to 29 the maximum class size in grades four, five, and six.

6. Budget Amendment Necessary: Yes, Item 136.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	\$0	0	N/A
2020	\$4.7 million	0	General Fund
2021	\$4.7 million	0	General Fund
2022	\$4.7 million	0	General Fund
2023	\$4.7 million	0	General Fund
2024	\$4.7 million	0	General Fund
2025	\$4.7 million	0	General Fund

8. Fiscal Implications: The Department of Education calculates a net state cost of \$4.7 million in FY 2020 to reduce from 29 to 28 the maximum class size in kindergarten; from 30 to 28 the maximum class size in grades one, two, and three; and from 35 to 29 the maximum class size in grades four, five, and six. This net state costs accounts for an increase of \$12.2 million to reduce the maximum class sizes as required by this bill, which is offset by a reduction of \$7.5 million in the K-3 Primary Class Size Reduction Program.

The K-3 Primary Class Size Reduction Program provides additional state funding to school divisions as an incentive payment for reducing student-teacher ratios and class sizes in grades kindergarten through three. Because this bill reduces class sizes in grades kindergarten through three, state payments to local school divisions would increase under Standards of Quality programs and decrease under the K-3 Primary Class Size Reduction Program. Any actual state cost in future fiscal years is indeterminate and would be based on the Direct Aid to Public Education budget as rebenchmarked for future biennia; however, for the purpose of

this review, the estimated state cost of \$4.7 million is carried forward in outgoing fiscal years.

Local school divisions would be required to provide the local share to match any additional state funds based on each division's local composite index and any additional funding needed to employ teachers based on the new ratios. Because some school divisions may be meeting these requirements currently, any actual cost to localities is indeterminate at this time.

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

10. Technical Amendment Necessary: No

11. Other Comments: None