

Department of Planning and Budget
2020 Special Session I - Fiscal Impact Statement

1. Bill Number: HB5022

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: Davis

3. Committee: Education

4. Title: Certain public elementary and secondary schools; alternative supervision.

5. Summary: Permits any school board to enter into an operating contract with a not-for-profit entity (operating entity) to (i) require the school board to transfer its constitutional authority to supervise a public elementary or secondary school in the local school division in which at least 50 percent of enrolled students are eligible for free or reduced price lunch (qualified school) to the operating entity, including its authority relating to personnel and curriculum, for an initial period of at least two years, provided, however, that the qualified school shall be subject to all federal and state accountability requirements prescribed by law or regulation; (ii) require the operating entity to make available services that contribute to a clean and safe environment for in-person instruction in a qualified school during a pandemic or nutritional support, after-school academic and mentorship services, health care support by licensed nurse practitioners or doctors, and dental care by dental hygienists or dentists to each student enrolled in the qualified school; (iii) permit the operating entity to seek reimbursement under Medicaid for all services described in clause (ii) that are provided to eligible students; (iv) require the operating entity to establish performance metrics for the qualified school and biannually report to the school board its compliance with such metrics; and, (v) require the supervision of the qualified school to be transferred back to the school board if the operating entity breaches the operating contract or fails to meet the performance metrics established in the operating contract. The bill permits any such operating contract to contain provisions for the use of local school division services for the qualified school, including transportation, food services, and extracurricular activities. The bill also provides that each operating entity is entitled to matching state funds pursuant to the general appropriation act in an amount equal to 25 percent of all funds that the operating entity invests to provide services described in clause (ii) in the qualified school. The bill also provides that no operating entity that receives such matching state funds is eligible to receive a Neighborhood Assistance Act Tax Credit.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary, see Item 8.

8. Fiscal Implications: This bill would require the state to provide matching funds equal to 25 percent of all funds that each not-for-profit (operating entity) invests to provide services in each qualified school. Any actual fiscal impact is indeterminate and is dependent on the

number of school boards entering into such operating contracts and funds appropriated by the General Assembly for this purpose. The portion of this bill that precludes operating entities receiving matching state funds from claiming the Neighborhood Assistance Act Tax Credit could have an indeterminate positive general fund revenue impact if any entity that currently receives the tax credit enters into an operating contract with a local school board.

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

10. Technical Amendment Necessary: No

11. Other Comments: None