

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB1924

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: Kilgore

3. Committee: Education

4. Title: Required local effort for basic aid; debt service on projects in certain school divisions.

5. Summary: Permits any local schoolboard that governs a school division (i) in which the locality is designated as fiscally at-risk or fiscally distressed by the Appalachian Regional Commission in the most recent fiscal year or is determined to have above-average fiscal stress or high fiscal stress by the Virginia Commission on Local Government in its most recent "Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia Counties and Cities" and (ii) for which the composite index of local ability to pay is less than or equal to 0.2000 to expend up to 25 percent of the required local effort for basic aid for debt service on school building capital renovation or construction projects. The bill provides that in the event that the school division no longer meets such criteria, the local school board shall develop and implement a plan to readjust expenditures of the required local effort for basic aid over the course of no more than four fiscal years. The bill also provides that in the event that a school division that no longer met such criteria subsequently meets the criteria again after developing a plan, the local school board may seek the approval of the Superintendent of Public Instruction to amend such plan. The bill has an expiration date of July 1, 2033.

6. Budget Amendment Necessary: No

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

8. Fiscal Implications: There is no anticipated state fiscal impact to Direct Aid to Public Education distributed to local school divisions to this bill. The Department of Education can absorb any costs associated with monitoring and administrative responsibilities proposed in this bill.

This bill would allow certain local school divisions to expend up to 25 percent of the required local effort for basic aid on debt service for school building capital renovation or construction projects. The purpose of required local effort is to ensure that each school division has sufficient local operational expenditures to support its local share of the cost of the Standards of Quality (SOQ). The SOQ are the minimum requirements that must be met by all Virginia public schools and school divisions. This bill could reduce the amount of local funds supporting classroom instruction and other school operations required by the SOQ.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Education, local school divisions
- 10. Technical Amendment Necessary:** To clarify intent to only affect the basic aid component of required local effort: Line 19, strike “for”, insert “attributable to”
- 11. Other Comments:** One of the eligibility requirements established by this bill is a locality’s designation in the Virginia Commission on Local Government’s report on the “Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia Counties and Cities”. This report currently is not legislatively mandated, but the provisions of this bill, in effect, could mandate this report.