

Department of Planning and Budget

2023 Fiscal Impact Statement

1. Bill Number: HB2030

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Ballard

3. Committee: Appropriations

4. Title: School boards; interdivision enrollment policies; funding.

5. Summary: Requires that any local school board that accepts for enrollment students who reside outside of the local school division establish and make available to the public policies or regulations that include considerations for the eligibility for such nonresident student enrollment. Such policies may be added or included in existing enrollment procedures for such nonresident students and shall include application procedures and timelines and a transparent and fair method to address enrollment requests beyond capacity. The bill requires the Department of Education to compile and post publicly and prominently on its website a database of each such set of school board policies. The bill provides that each local school board that accepts for enrollment a student who resides outside of the local school division is entitled to receive from the Commonwealth an amount equal to the greater of all applicable Standards of Quality per pupil state funds for the student or the state average of such funding and that each such student shall be excluded from the required local effort and the required local match of the receiving local school division.

6. Budget Amendment Necessary: Yes, Item 135.

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

8. Fiscal Implications: This bill would change the state funding mechanism for students who receive educational services outside their home school divisions. Currently, for students served by a non-resident division, school divisions can enter into an agreement where the responsible (resident) school division is charged tuition by the serving school division, and the divisions set those tuition rates. Either the responsible division or the serving division can claim the student in average daily membership (ADM) depending on the amount of tuition paid or received. If the responsible division pays tuition in excess of the local share of tuition, the responsible division claims the student in ADM. If the responsible division pays tuition less than the local share of tuition, the serving division claims the student in ADM. The local share of tuition is defined as the local share of the total operational cost per pupil based on the composite index of the serving division.

Under the provisions of this bill, a school division that accepts a student from another school division is entitled to the greater of the Standards of Quality state per pupil funds, including sales tax, based on the school division in which the student enrolls, or the statewide average of such funds. At this time, it is not possible to determine an estimated state fiscal impact, as any changes in funding would depend on the number of students who participate and the local composite index of participating divisions. There could be a significant state fiscal impact if there is significant participation from school divisions with high composite index values, as the state share of costs for these divisions are generally smaller than the statewide average.

There would be an increased administrative burden at the Department of Education (DOE) to administer the provisions of this bill. DOE would need to reprogram and test the Student Record Collection to account for these changes related to students that enroll outside their home school divisions. There would also need to be adjustments to both the state funding formulas to account for the students who participate in this program and to the Annual School Report data collection to ensure students are not included in required local effort and required local match. DOE anticipates that it can absorb any costs associated with this work.

DOE is also responsible for publicly posting interdivision enrollment policies on its website. DOE estimates it would need an additional \$20,000 in one-time state support in fiscal year 2024 for the visualization and design costs to add this information to the website.

Any impact to local school divisions is indeterminate.

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

10. Technical Amendment Necessary: No

11. Other Comments: None