

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB2090

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: Glass

3. Committee: Education

4. Title: Standards of Quality; funding to support achievement of at-risk students.

5. Summary: Requires, in addition to the positions supported by basic aid, state funding to be provided to support the achievement of at-risk students, based upon the concentration of students identified as eligible for federal free or reduced lunch, as provided in the general appropriation act, in each school division.

6. Budget Amendment Necessary: Yes, Item 137 though amount currently indeterminate.

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

8. Fiscal Implications: The budget bill (HB1400/SB800, 2023 General Assembly Session) funds an At-Risk Add-on program as an optional incentive program at \$336.6 million in fiscal year 2023 and \$342.6 million in fiscal year 2024 from the general fund and lottery proceeds fund. The existing program provides state payments to school divisions based on the estimated number of federal free lunch program participants only. State funding is provided as a percentage add-on to Basic Aid. If the new Standards of Quality At-Risk program is based on the concentration of students eligible for federal free or reduced lunch, assuming the same percentage add-on rate as the current program, there would be a significant increase in state cost to reflect the additional students eligible for reduced lunch. The actual state fiscal impact to include reduced lunch rates in this funding formula is indeterminate at this time. Any additional state cost in outgoing years is indeterminate at this time and would be based on the Direct Aid to Public Education budget as rebenchmarked for future biennia.

Additionally, this bill would require the At-Risk program to be added to the Standards of Quality. As an SOQ program, all school divisions would be required to participate and provide any required local matching funds. For reference, in FY23, one school division opted not to participate in the currently optional At-Risk program. An increase in state support from including reduced lunch rates also would drive an increase in required local matching funds. Any actual impact to local school divisions is indeterminate at this time.

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

10. Technical Amendment Necessary: No

11. Other Comments: None