

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB2269

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

2. Patron: Greenhalgh

3. Committee: Appropriations

4. Title: Certain federal pandemic relief funds for public education; certain conditions; emergency.

5. Summary: Requires any local school division that, as of March 1, 2023, has available and unspent or unobligated federal ESSER formula funds exceeding 20% of its total awarded allocations to return unspent or unobligated ESSER or GEER state set-aside funds awarded to the local school division by the Virginia Department of Education (the Department) to the Department no later than March 15, 2023, unless precluded by federal law or regulation. The bill requires the Department to subsequently expend, including awarding such funds to local school divisions, any such returned funds for student instruction and remediation. The bill also requires each local school division to obtain the approval of the local school board for its federal ESSER III spending plan, update such spending plan at least once every six months, and publish such spending plan in an accessible format on a publicly available website. The bill contains an emergency clause.

6. Budget Amendment Necessary: No

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

8. Fiscal Implications: There is no state fiscal impact from this bill. There could potentially be a temporary state savings if pandemic relief funds could be used to fund a project that is expected to use the general fund.

Under federal guidelines, ESSER II and GEER II funds must be obligated by September 30, 2023, and ESSER III funds must be obligated by September 30, 2024. Any funds that the Virginia Department of Education awarded to LEAs from the ESSER or GEER state set-aside were awarded with the understanding that LEAs had until the federal deadlines to obligate and spend funds on the intended purpose. Pursuant to this bill, for any local programs that have planned expenses between March 2023 and September 2023 or 2024, school divisions will have to obligate funds for these programs, consistent with 34 C.F.R. § 76.707, prior to March 1, 2023; otherwise, divisions would have to cancel such programs, or the local school division would have to find another fund source to fund these programs. Any actual impact to local school divisions is indeterminate.

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

10. Technical Amendment Necessary: No

11. Other Comments: No