

## Department of Planning and Budget

### 2024 Session Fiscal Impact Statement

**1. Bill Number:** HB825

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:** Cousins

**3. Committee:** Appropriations

**4. Title:** Public school funding; At-Risk Program established.

**5. Summary:** Establishes the At-Risk Program, defined in the bill as any state funding provided for programs of prevention, intervention, or remediation or pursuant to the at-risk add-on for the purpose of supporting programs for students who are educationally at risk. The bill requires (i) the determination of the amount of state funding for which a school division is eligible pursuant to the At-Risk Program to be based on the school division's identified student percentage, defined in the bill as the fraction, expressed as a percentage, that results from dividing the number of identified students enrolled in a school division by the total number of students enrolled in such school division, weighted by the factor of 1.5, and then adjusted by the addition of a percentage that corrects for undercounting English language learner students as identified students and (ii) such funding to be distributed as follows: 60 percent on a flat per-student rate and 40 percent on a variable rate set out in the general appropriation act based on the concentration of poverty in the school division. The bill provides that any school division that would have received more state funds for the at-risk add-on and programs of prevention, intervention, or remediation than it would pursuant to the consolidation of such state funding sources under the At-Risk Program established in the bill shall be held harmless and shall not have its share of such state funding reduced, effective for the 2024–2025 school year through the 2026–2027 school year.

**6. Budget Amendment Necessary:** Yes, Item 125.

**7. Fiscal Impact Estimates:** Preliminary, see item 8.

**8. Fiscal Implications:** The bill removes the existing At-Risk Add-on and Prevention, Intervention, and Remediation programs and replaces them with a new At-Risk program and formula. The Governor's Introduced Budget, HB/SB 30, 2024 General Assembly Session, includes \$150.0 million general fund in FY25 and \$149.4 million general fund in FY26 for Prevention, Intervention, and Remediation. The introduced budget also includes \$237.8 million general fund and \$202.1 million lottery fund in FY25 and \$243.1 million general fund and \$195.0 million lottery fund in FY26 for the At-Risk Add-on. At this time DOE is not able provide an estimate for the impact of replacing the existing programs with the new At-Risk Program for the 2024-2026 biennium. The bill directs how funding for the At-Risk

Program shall be distributed but does not require a specific funding amount, so an additional impact above the current amounts provided in HB/SB30 is unknown. DOE would require additional direction on funding levels and methodology from the appropriation act, including the flat per-student amount and the variable rate to be used to distribute funding. Any significant changes to methodology or the creation of a new program require time to be programed into the SOQ model and for data and calculation verification. Any actual impact is indeterminate.

The bill requires that any school division that would have received more state funds for the At-Risk Add-on and Prevention, Intervention, and Remediation programs, presumably as funded in HB/SB30, than it would pursuant to the new consolidated program shall be held harmless and not have its share of state funding reduced in FY25, FY26, and FY27. It is not possible to estimate the impact of this hold harmless without additional direction on the calculation of the new At-Risk Program. Calculating the hold harmless for FY27 will require additional work by staff at the DOE budget office during the process of rebenchmarking the Direct Aid to Public Education budget for the 2026-2028 biennium, as DOE will have to maintain a version of the SOQ model and calculate payments for both the old and new programs.

Budget language amendments would be needed in Item 125 to direct DOE to complete the calculations as described in this bill for the current biennium or for future biennia, describe the methodology and amounts that DOE shall use, and to remove any conflicts that are currently in budget language.

Local school divisions would be required to meet the required local effort for any additional state funds received based on local composite index. The actual fiscal impact to local school divisions is indeterminate at this time.

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill is identical to SB609.