

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB293

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: Freitas

3. Committee: Education

4. Title: Education Savings Account Program; established.

5. Summary: Establishes the Education Savings Account Program (the Program), to be administered by the Department of Education (the Department) with assistance from each local school board, whereby the parent of any elementary or secondary school student who (i) is a member of a household whose annual income does not exceed two times the annual household income that would qualify the student for free or reduced-price lunch and (ii) was eligible to attend a public school in the Commonwealth in the preceding semester or is starting elementary or secondary school in the Commonwealth for the first time is eligible to receive an education savings account, for as long as the student is of school age and the amount of which is determined pursuant to a calculation set forth in the bill, to cover certain enumerated educational expenses for his child. The bill requires the Department to establish rules and regulations for the Program and contains conditions, limitations, and other requirements for the Program, including provisions relating to the accountability and educational autonomy of individuals and entities receiving account funds to cover qualified expenses.

6. Budget Amendment Necessary: Yes, Items 135, 137, HB/SB 30.

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

8. Fiscal Implications: This bill imparts several new responsibilities on the Department of Education (DOE) to establish procedures and to administer the program. DOE would be required to monitor the types of expenditures to ensure they are permitted under the provisions of this legislation. These responsibilities will generate an administrative cost to DOE. According to DOE, it would require two new positions in order to administer and enforce the program. Accounting for salaries, benefits and technology costs, DOE estimates a cost of \$284,642 annually.

New responsibilities would also be imparted on local school divisions, which likely would increase administrative costs at the local level. Any actual fiscal impact to local school divisions is indeterminate.

This bill requires that all students who participate in the Education Savings Account Program be included in Average Daily Membership (ADM). A language budget amendment may be

necessary to amend the definition of ADM, as defined in Item 137, HB/SB30, to include students who participate in the program. Since students who have never previously attended a public school, and thus been included in ADM, are eligible to participate in the program, this may lead to a large increase in ADM and an increased state cost to Direct Aid to Public Education. Any actual fiscal impact is indeterminate and would be based on actual ADM and future rebenchmarking of the Direct Aid to Public education budget. Local school divisions would have to provide the local share required to match any additional state funds based on each division's 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: Federal payments to school divisions are made on a reimbursement basis, not based on a per pupil share. As such, the federal amounts could not be calculated and distributed as required in the bill.