

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: SB598

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

2. Patron: Pillion

3. Committee: Education

4. Title: College partnership laboratory schools; application and establishment.

5. Summary: Permits any public institution of higher education or private institution of higher education to apply to the Board of Education (the Board) to establish a college partnership laboratory school as a new school or through the conversion of all or part of an existing school. Under current law, only public and private institutions of higher education that operate approved teacher education programs are permitted to apply to the Board to establish such a school and no explicit provision is made for the conversion of an existing school. The bill permits college partnership laboratory schools to enter into a memorandum of understanding with any individual or entity to provide apprenticeships, career training, and curriculum support. The bill requires the Board, in reviewing college partnership laboratory school applications, to give substantial preference to any application from a historically black college or university and any application to establish a college partnership laboratory school in an underserved community, which the bill defines as a geographical area that is served by public schools in which a high percentage of students are eligible to receive free or reduced-price lunch, as determined by the Board.

6. Budget Amendment Necessary: Yes, a language amendment under Item 137 of HB/SB 30 if the intent is for college partnership laboratory schools to receive Standards of Quality per pupil funding and other Direct Aid formula funding; and, under Item 136 of HB/SB 30 if funding is provided by the General Assembly for the College Partnership Laboratory School Fund.

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

8. Fiscal Implications:

Department of Education & Board of Education: The Department of Education anticipates that the additional requirements of the Department and the Board of Education resulting from this bill can be supported with existing agency resources.

Direct Aid to Public Education: The state fiscal impact under Direct Aid to Public Education (Direct Aid) is indeterminate at this time.

Pursuant to this legislation, a college partnership laboratory school (lab school) is a public school established by a public or private institution of higher education. The lab school is governed by its own board, and that governing board is under the control of the institution of higher education that establishes the school. Pursuant to § 22.1-349.3, Code of Virginia, a lab school is a local education agency, but a lab school is not a school division. Further, a lab school is not a charter school as defined by the Code of Virginia. Pursuant to §§ 22.1-212.5-22.1-212.7 of the Code, a charter school is a public school established by contract between a local school board and the management committee of the charter school. Public charter schools are located within a school division and under the authority of a local school board. Alternatively, a lab school is under the authority of the institution of higher education, and a lab school is not affiliated with a school division unless the lab school elects to form a collaborative partnership with a local school division.

While each school division in Virginia is a local education agency, not all local education agencies are school divisions. Under existing law, school divisions are supported by the state Standards of Quality (SOQ) per pupil funding and other Direct Aid formula funding appropriated under State Education Assistance Programs in Item 137 of HB/SB 30, 2022 General Assembly Session; however, local education agencies that are not school divisions do not receive such funding unless otherwise permitted by law.

Paragraph A of § 22.1-349.10 states that each college partnership laboratory school shall receive such funds as may be appropriated by the General Assembly in accordance with the general appropriation act. Paragraph D of § 22.1-349.10 states that college partnership laboratory schools are eligible to apply for and receive any state funds otherwise allocated for such schools.

If the intent of this legislation is to provide state funding for lab schools only from funds appropriated to the College Partnership Laboratory School Fund (§ 22.1-349.2, Code of Virginia), then the state fiscal impact depends on the amount of funding appropriated by the General Assembly to this Fund each year and whether the funding provided is intended for one-time startup costs, ongoing costs, or both.

If the intent of this legislation is for a lab school to receive the same state SOQ per pupil funding and other Direct Aid formula funding that is appropriated to school divisions, a language budget amendment is necessary to identify and allocate such funds. In this instance, the state fiscal impact under Direct Aid would be indeterminate, as the population of students attending lab schools may come from the existing average daily membership (ADM) enrollment base or from students not currently accounted for in ADM, such as home school and private school students. Additionally, in this instance, it is not clear how or if any funds provided to a lab school from the College Partnership Laboratory School Fund, from the institution of higher education, or from any other sources would be expected to supplement or supplant the state share of funding provided under the SOQ per pupil funding and other Direct Aid formula funding.

Public Institutions of Higher Education: Any fiscal impact to public institutions of higher education is indeterminate at this time and would depend on the terms of the college partnership laboratory school agreement. Existing language in § 22.1-349.9 states that lab school personnel are employees of the institution of higher education that establishes the school. It is not clear what funding sources would support these lab school employees.

9. Specific Agency or Political Subdivisions Affected: Department of Education, Board of Education, public institutions of higher education, local school divisions/local governments

10. Technical Amendment Necessary: No

11. Other Comments: This bill is identical to HB346H1.

The Virginia Retirement System (VRS) notes that the structure of these schools will determine whether or not staff meet federal Internal Revenue Service requirements to be eligible for VRS benefits. Since § 22.1-349.9, Code of Virginia states that lab school personnel are employees of the institution of higher education that establishes the school, their benefits likely would be the same as those of other employees at the same institution of higher education. Therefore, employees of lab schools established by private institutions of higher education would not be eligible for VRS benefits since private institutions of higher education are not public employers eligible for VRS benefits. However, there are other factors that must be considered on a case by case basis. Whether employees of lab schools established by public institutions of higher education are eligible for the same retirement benefits available to other employees of the institution of higher education would have to be examined in more detail, since that may only reflect one of several factors that would be considered.