

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

amendment would be required in Item 125 to remove the current cap, which is a ratio of 24 positions per 1,000 students in average daily membership to funded SOQ instructional positions. DOE estimates that implementing this change in FY 2026 would require additional state funding of \$222.9 million general fund. Any additional state cost in outgoing years is indeterminate and would be based on the Direct Aid to Public Education Budget as rebenchmarked for future biennia.

The bill also makes changes to calculations that are completed once biennially during the rebenchmarking process, as explained in more detail below. If passed in the 2025 session, this bill would have an effective date of July 1, 2025, and the earliest that any requirements related to rebenchmarking calculations could be implemented is during the 2025 rebenchmarking process for the 2026-2028 biennium. At this time any costs to implement rebenchmarking calculations for the 2026-2028 biennium and future biennia are indeterminate. Because the bill is not specific about some of the funding calculation changes, budget language amendments would be needed in Item 125 of HB1600/SB800, 2025 Session, to provide additional direction for DOE to complete the calculations as described in this bill for future biennia.

The bill directs DOE to examine actual school division spending on support costs as a percentage of actual school division spending on all public education costs and to remove certain costs from the base in its calculations of the federal deduct in Basic Aid; however, the bill does not specify the certain exceptions other than food service. The calculation of the federal deduct already removes non-recognized costs from the base, such as food services and capital expenditures. At this time any actual state fiscal impact for future years is indeterminate. DOE anticipates that additional state funding may be required if the federal fund deduct calculation is changed for future biennia.

The bill also directs that beginning in fiscal year 2029, DOE shall include all employee benefit costs incurred by a majority of school divisions in the calculation of funding and that DOE shall begin collecting any data relevant to this calculation in FY 2026. At this time, it is not possible to calculate any potential impact for the 2028-2030 biennium and any actual state fiscal impact is indeterminate.

Local school divisions would have to provide the local share required to match any additional state funds received based on each division's local composite index. The actual fiscal impact to local school divisions is indeterminate at this time.

Other: This bill is identical to HB1831 as introduced.