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

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Bill Number: HB1604 Patron: Runion

Bill Title: Bath County and Augusta County School Boards; cost-savings agreements, requirements.

Bill Summary: Removes the limitation on any school board that enters into certain cost-savings agreements with a school board that governs a contiguous school division for the consolidation or sharing of educational, administrative, or support services and thus qualifies for adjustment of state share of basic aid computed annually on the basis of the composite index of local ability-to-pay of such contiguous school division that caps such adjusted basic aid payment at an amount equal to the basic aid payment appropriated to such locality by the 2007 Session of the General Assembly. The bill also permits, notwithstanding the requirement set forth in relevant law that a school division has 65 percent or more of its local taxes coming from real estate taxes in order for the school board that governs such school division to be eligible to enter into such cost-savings agreements with a contiguous school division, the Bath County School Board to enter into such cost-savings agreements with the Augusta County School Board, provided that all other conditions and limitations set forth in relevant law apply to any such agreement.

Budget Amendment Necessary: Yes **Items Impacted:** 125

Explanation: The bill directs that funds shall not be paid unless there is a specific appropriation for the

additional funds; therefore a budget amendment is only required if the action is funded. If funded, there will be an additional state fiscal impact under Direct Aid to Public Education.

Fiscal Summary: The Department of Education estimates that if funded, there will be a state fiscal impact of \$3.4 million general fund in FY26. Any future impact is indeterminate.

General Fund Expenditure Impact:

<u>Agency</u>	FY2025	<u>FY2026</u>	FY2027	<u>FY2028</u>	<u>FY2029</u>	FY2030
197 (Direct Aid)	\$0	\$3,400,000	indeterminate	indeterminate	indeterminate	indeterminate
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TOTAL	\$0	\$3,400,000	indeterminate	indeterminate	indeterminate	indeterminate

Fiscal Analysis: This bill allows Bath County Public Schools to enter into a cost-savings agreement with Augusta County Public Schools, which would make Bath County Public Schools eligible for supplemental basic aid payments. The bill also removes the cap on supplemental basic payments that limits the sum of basic aid payments and supplemental basic aid payments to the amount of the basic aid payment that the locality received pursuant to Chapter 847, 2007 Acts of Assembly. The removal of this cap would drive additional supplemental basic aid payments to Rappahannock County Public Schools. The Department of Education estimates that an additional \$1.7 million general fund would be funded for both Bath County Public Schools and Rappahannock County Public Schools for a total state fiscal impact of \$3.4 million general fund in FY26.

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Any impact in future years is indeterminate and would depend on the Direct Aid to Public Education budget as rebenchmarked for future biennia.

Supplemental basic aid state payments do not require a local match.

Other: None.