

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

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**ORIGINAL**

**Bill Number:** HB1954

**Patron:** Rasoul

**Bill Title:** Equity in public school funding and staffing; special education students; at-risk students; English language learner students; support services positions; report.

**Bill Summary:** Requires state-funded add-ons to be provided to support special education students that are calculated by multiplying weights set forth in the general appropriation act by the relevant basic aid per-pupil amount for each such student. The bill establishes the At-Risk Program for the purpose of supporting programs and services for students who are educationally at risk, including prevention, intervention, or remediation activities required pursuant to relevant law, teacher recruitment programs and initiatives, programs for English language learners, the hiring of additional school counselors and other support staff, and other programs relating to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training. The bill also contains provisions relating to certain funding requirements for the At-Risk Program. The bill requires support services positions to be funded based on a calculation of prevailing costs and prohibits support services positions from being subject to any method of funding calculation that caps the number of funded support services positions based on a ratio of such positions to students enrolled the local school division. The bill also requires the Department of Education to develop and implement a data collection process related to English language learner expenditures and student English proficiency levels and identify other options to support English language learners and provide a status report to the Joint Subcommittee on Elementary and Secondary Education Funding on its implementation and data collection efforts by September 1, 2025. Finally, the bill requires the Department of Education, in collaboration with the Department of Behavioral Health and Developmental Services or any other relevant stakeholders with expertise in special education as the Department of Education deems appropriate, to develop a plan for revised special education staffing requirements that addresses the staffing needs of each special education program in each school division as determined by the specific educational and behavioral support needs of students who receive special education and aims to improve special education teacher recruitment and retention and to report its findings to the Joint Subcommittee on Elementary and Secondary Education Funding by November 1, 2025. The bill is a recommendation of the Joint Legislative Audit and Review Commission.

**Budget Amendment Necessary:** Yes

**Items Impacted:** 125

**Explanation:** This bill makes several changes to the calculations of funding provided to local school divisions through Direct Aid to Public Education, which would require additional funding beginning in FY26 and likely additional increased funding in future biennia. Any impact to local school divisions is indeterminate. Additionally, language amendments are necessary in HB1600/SB800 since the support cap currently is in budget language and the special education add-on requires calculations based on student weights set forth in the appropriation act.

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**Fiscal Summary:** The Department of Education (DOE) estimates an additional state cost of \$222.9 million general fund in FY26 under Direct Aid to Public Education to remove the support cap. DOE also estimates that there would be additional costs in FY26 and future biennia for the other changes required in this bill that are indeterminate at this time. DOE would incur costs estimated at \$25,850 in FY26 to develop new special education staffing standards.

For all funding formula changes that provide additional state funding under Direct Aid to Public Education, 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. Additionally, moving the At-Risk Add-On program to the Standards of Quality would require mandatory program participation and local match for all school divisions; participation in the At-Risk Add-On program is currently optional. The actual fiscal impact to local school divisions from all funding formula changes required by this bill is indeterminate at this time.

**General Fund Expenditure Impact:**

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
197 (Direct Aid)	\$0	\$222.9 million +	indeterminate	indeterminate	indeterminate	indeterminate
201 (DOE)	\$0	\$25,850	\$0	\$0	\$0	\$0
720 (DBHDS)	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
<b>TOTAL</b>	<b>\$0</b>	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate

**Fiscal Analysis:** This bill makes several changes to the calculation of Standards of Quality (SOQ) funding for local school divisions calculated by the Department of Education (DOE) and funded through Direct Aid to Public Education.

Support Positions

The bill requires support services positions to be funded based on prevailing costs and not subject to cap on the number of funded support positions. In order to implement this change, a budget language 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.

Special Education

The bill requires that a state-funded add-on shall be provided to support each special education student based on a student weight set forth in the appropriation act based on whether the student is served at a service level I or II. At this time, it is not possible to estimate the additional cost to implement this requirement, as it would be dependent on the actual weight set forth in the appropriation act.

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At-Risk Add-On

The bill removes the At-Risk Add-on program from its existing code section and moves it to the Standards of Quality. This change would not impact the state funding provided for the At-Risk Add-on program provided in the Governor's introduced budget, HB1600/SB800. Moving the At-Risk Add-on program to the Standards of Quality would make the program mandatory for all local school divisions to participate in and provide local matching funds for. Currently the program is optional and two school divisions did not participate in fiscal year 2025.

Local Impact

For all funding formula changes that provide additional state funding under Direct Aid, 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.

English Language Learner Data

The bill requires DOE to collect data from local school divisions related to English language learner expenditures and student proficiency levels. Student proficiency level data is already collected. In order to collect data about expenditures on English language learners, DOE would need to add a schedule to the Annual School Report data collection. The earliest divisions could begin reporting this data is fiscal year 2026. Local school divisions could experience significant impacts if they are not currently tracking all expenditures related to English language learners.

Special Education Staffing

Finally, the bill requires DOE to collaborate with the Department of Behavioral Health and Developmental Services (DBHDS) and other relevant stakeholders to develop a plan for revised special education staffing requirements. DOE estimates that the staff time required to complete this work by November 1, 2025, would cost approximately \$10,850. Additionally, DOE anticipates the need to hold three meetings to convene with DBHDS and other stakeholders at a cost of \$5,000 per meeting or \$15,000 total. At this time, any impact to DBHDS is not known.

**Other:** None.