

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

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	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
201 (DOE)	\$0	\$25,850	\$0	\$0	\$0	\$0
720 (DBHDS)	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
TOTAL	\$0	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.

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.

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.

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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.