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

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ORIGINAL

Bill Number:SB820S1Patron:FavolaBill Title:Public schools; Virginia School Improvement Grant Program established; report.

Bill Summary: Establishes the Virginia School Improvement Grant Program for the purpose of providing additional support to eligible schools, as defined by the bill, by awarding three-year grants to eligible schools for the development and implementation of school improvement plans. The bill (i) provides that the Department of Education shall be responsible for the administration of the Program and that the Office of School Improvement shall be responsible for the implementation and oversight of the Program; (ii) provides that any public school identified as being in one of the bottom two categories or tiers of any statewide system measuring public school accountability is eligible to apply for such three-year grant disbursed in annual installments; and (iii) permits any participating school that is identified as being in one of the bottom two categories or tiers for the school year coinciding with or subsequent to such participating school's final year in the three-year grant period to reapply for another grant pursuant to the Program. The bill requires any eligible school, in order to receive any grant funds pursuant to the Program, to develop and submit a school improvement plan or, in the case of a participating school receiving a grant upon reapplication pursuant to clause (iii), a revised school improvement plan outlining specific strategies for improving academic outcomes and addressing identified performance gaps for such school.

Budget Amendment Necessary:NoItems Impacted:120, 125

Explanation: This bill establishes a grant program with such funds as may be appropriated for such purposes; therefore a budget amendment is necessary only if funds are provided for grants. If funds are appropriated for grants, the Department of Education would require additional funding in order to administer the grant program. Any impact to local school divisions is indeterminate.

Fiscal Summary: Any actual impact would depend on the amount appropriated, however DOE estimates a state cost of \$18,000,000 to \$21,500,000 for the initial three year grant award period based on available data, as described below. If state funds are appropriated for grants, the Department of Education estimates a need for 8 positions at a total cost of \$1,326,768 per year to support the requirements of the bill.

| <u>Agency</u> | FY2025 | <u>FY2026</u> | <u>FY2027</u> | <u>FY2028</u> | <u>FY2029</u> | <u>FY2030</u> |
|------------------|--------|-----------------|-----------------|-----------------|---------------|---------------|
| | | Estimated \$18- | Estimated \$18- | Estimated \$18- | | |
| 197 (Direct Aid) | \$0 | \$21.5M, actual | \$21.5M, actual | \$21.5M, actual | indeterminate | indeterminate |
| | | indeterminate | indeterminate | indeterminate | | |
| 201 (DOE) | \$0 | \$1,326,768 | \$1,326,768 | \$1,326,768 | \$1,326,768 | \$1,326,768 |
| TOTAL | \$0 | indeterminate | indeterminate | indeterminate | indeterminate | indeterminate |

General Fund Expenditure Impact:

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| Position Impact | : | | | | | |
|-----------------|--------|---------------|---------------|--------|---------------|--------|
| Agency | FY2025 | <u>FY2026</u> | <u>FY2027</u> | FY2028 | <u>FY2029</u> | FY2030 |
| 201 (DOE) | 0 | 8 | 8 | 8 | 8 | 8 |
| TOTAL | 0 | 8 | 8 | 8 | 8 | 8 |

Fiscal Analysis: The bill directs that any public school in the Commonwealth that was identified as being in one of the bottom two categories or tiers of any statewide system measuring public school accountability in the preceding school year shall receive an award in an amount equal to no less than \$500 per enrolled student for any school identified as being in the lowest category and \$100 per enrolled student for any school identified as being in the lowest category. This analysis is based on preliminary data for the new School Performance and Support Framework which will take effect in the 2025-2026 school year, with the bottom two categories being "needs intensive support" and "off-track". DOE notes that schools that are federally identified as "needs intensive support" receive additional federal funding to support their school improvement efforts. Therefore, this fiscal impact estimate includes only the state identified "needs intensive support" schools that are not also federally identified. If the intent is to include all state identified and federally identified "needs intensive support" schools, the state cost of the program would be greater.

Based on preliminary predictive data from fall 2024, DOE estimates about 7 schools will be identified as "needs intensive support" (state identified but not federally identified) and 317 schools will be identified as "off track". Awards will be based on actual enrollment in the school year the award is received. DOE estimates that if the average enrollment of all schools is used as a proxy for enrollment in all schools eligible for awards, 611 students, then about \$21.5 million additional state general fund would be required per year beginning in FY26. If the median enrollment of all schools is used as a proxy, 512 students, then about \$18.0 million additional state general fund would be required to provide grant awards will depend on the actual number of schools identified as "off track" and "needs intensive support", the actual enrollment at each school, and the amount provided in the appropriation act for such awards. Any actual impact is indeterminate.

The bill directs that funds be awarded to local school divisions for three years. If funds are first provided for grant awards in FY26, the ability to fund the second and third years of the grants would depend on any funding for these grants being included in the budget for the 2026-2028 biennium. Additionally, if schools are newly identified as "off track" and "needs intensive support" in future years and become eligible for grants, or if student enrollment increases at already identified schools, additional funding would be required and may be required ongoing to support additional three-year grant award periods. Any impact in future years is indeterminate.

The bill directs that the DOE shall be responsible for the administration of the Program if funded and that the Office of School Quality shall be responsible for the implementation and oversight of the Program. DOE would need additional positions to manage grant applications, manage school improvement plans, support school divisions in implementing school improvement plans, and manage data collection and reporting. DOE anticipates that 8 additional positions would be required at an estimated total cost of \$1,326,768 per year

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including salary, benefits, and technology costs. This assumes \$105,000 for salary, \$50,846 for benefits, and \$10,000 for technology and travel support for each position.

Other: None.