

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB748

Patron: Runion

Bill Title: Certain school divisions; 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 have 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: Pursuant to the third enactment of Chapter 589 (2008), supplemental basic aid funds cannot be paid unless there is a specific appropriation for the additional funds; this bill does not modify that provision. 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 approximately \$3.9 million general fund in FY27 and \$4.0 million general fund in FY28. Any future impact is indeterminate.

General Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
197 (Direct Aid)	\$0	\$3.9M	\$4.0M	indeterminate	indeterminate	indeterminate
TOTAL	\$0	\$3.9M	\$4.0M	indeterminate	indeterminate	indeterminate

Fiscal Analysis: The bill removes the cap on supplemental basic aid 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 supplemental basic aid payments to Rappahannock County Public Schools. Rappahannock County previously was eligible for supplemental basic aid payments from FY11 through FY25. As of FY26, Rappahannock has not been eligible for such payments based on the calculated amounts for basic aid and supplemental basic aid; however,

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Rappahannock continues a cost-savings agreement with Madison County. The Department of Education estimates \$2.0 million general fund in FY27 and \$2.0 million general fund in FY28 to support supplemental basic aid payments to Rappahannock County.

Additionally, this bill exempts Bath County from a requirement in § 22.1-98.2 of the Code for supplemental basic aid payment eligibility and authorizes the Bath County School Board to enter into a cost-savings agreement with the Augusta County School Board. This exemption, combined with the cap removal, would make Bath County Public Schools eligible for supplemental basic aid payments if Bath establishes the cost-savings agreement with Augusta. The Department of Education estimates \$1.9 million general fund in FY27 and \$2.0 million general fund in FY28 to support these supplemental basic aid payments to Bath County.

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: This bill is identical to HB1059.