



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

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calculation of the local composite index is directed in budget language, so a budget language amendment would be necessary to implement any revised formula once approved. The bill directs DOE to submit a formula by December 1, 2026; therefore, a budget amendment is not necessary in the current session and would be required to implement the change during the 2027 session or a later session of the General Assembly.

Any impact to state funding provided through Direct Aid to Public education in the 2028-2030 biennium is indeterminate and would depend on the actual funding formula developed, approval by the General Assembly, and additional rebenchmarking data for the 2028-2030 biennium. If the local composite index is revised, individual local school divisions may experience a change in their local composite index based on the updated calculations, and therefore, may experience a change in the amount of state funding provided through Direct Aid to Public Education.

Additionally, any change to local composite index calculations will impact divisions' local effort and local match requirements since a division's composite index determines the split between state and local responsibility for education costs. Local school divisions would have to provide the local share required to match any additional state funds received based on each division's updated local composite index. The actual fiscal impact to local school divisions in future biennia is indeterminate at this time.

**Other:** The bill directs that DOE submit a revised funding formula by December 1, 2026, for approval in the appropriation act enacted during the 2026 calendar year. It is likely that any revised formula would have to be approved by an appropriation act enacted during the 2027 calendar year.