

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

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ORIGINAL

Bill Number: SB90S1

Patron: Favola

Bill Title: Public schools; Standards of Quality; certain calculations; At-Risk Program established.

Bill Summary: The bill establishes (i) the At-Risk Program for the purpose of supporting programs and services for students who are educationally at-risk, including programs and services of prevention, intervention, or remediation; (ii) a state-funded, flexible per pupil Standards of Quality funding add-on to be applied for each special education student, calculated in accordance with the provisions of the bill, for the purpose of better meeting the educational needs of students with disabilities; and (iii) a state-funded, flexible per-pupil Standards of Quality funding add-on to be provided for each English language learner student, calculated in accordance with the provisions of the bill, for the purpose of better meeting the educational needs of English language learner students. The bill also establishes requirements and conditions for each school division receiving funding pursuant to the At-Risk Program or either of the per pupil Standards of Quality funding add-ons established pursuant to the bill, including a requirement that each such school division annually report to the Department of Education on the uses of such funds for the preceding fiscal year. The bill directs the Department to annually compile and publish on its website a summary of the reports received from each school division on the use of such funds. The bill authorizes the Department, upon providing notice and an opportunity for corrective action, to recover funds provided pursuant to the bill from any school division found to be in noncompliance with the requirements set forth in the bill. The bill also authorizes the Department to provide for a waiver of any local maintenance of effort requirements upon a request from a school division based on extraordinary fiscal circumstance. The bill provides that the above changes shall have a delayed effective date of July 1, 2027. The bill directs the Department of Education to establish local maintenance of effort requirements by January 1, 2027, for school divisions for the At-Risk Program and the two add-on programs. Finally, the bill requires the Department of Education to develop and make available to school divisions by January 1, 2027, requirements for the annual report each school division is required to submit on the uses of funds allocated for the At-Risk program and the two add-on programs.

Budget Amendment Necessary: Yes

Items Impacted: 123, 125

Explanation: This bill makes several changes to funding provided to local school divisions through Direct Aid to Public Education by creating three new add-on programs under the Standards of Quality. One of these programs, the English Language Learner Add-On, is not currently funded and would require additional appropriation. A budget language amendment may also be required to amend or add language related to existing required local expenditure in order to meet the maintenance of effort requirements in the bill. The Department of Education (DOE) also anticipates additional costs to support the additional responsibilities in the bill.

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Fiscal Summary: At this time, it is not possible to estimate the additional state cost to Direct Aid to Public Education for the English Language Learner Add-On, as any cost would depend on the add-on percentage set forth in the appropriation act. Additionally, moving the At-Risk Add-On and the Special Education Add-On programs to the Standards of Quality would require mandatory program participation and local effort (mandatory matching funds) for all school divisions; participation in these programs is currently optional. The actual fiscal impact to local school divisions is indeterminate at this time.

DOE estimates the need for one additional position at a cost of \$154,101 general fund per year beginning in FY27.

General Fund Expenditure Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
197 (Direct Aid)	\$0	\$0	indeterminate	indeterminate	indeterminate	indeterminate
201 (DOE)	\$0	\$154,101	\$154,101	\$154,101	\$154,101	\$154,101
TOTAL	\$0	\$154,101	indeterminate	indeterminate	indeterminate	indeterminate

Position Impact:

Agency	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
201 (DOE)	0	1	1	1	1	1
TOTAL	0	1	1	1	1	1

Fiscal Analysis:

At-Risk Add-On

The bill moves the At-Risk Add-on program from its existing code section to the Standards of Quality. This change would not impact the state funding provided for the At-Risk Add-On program in the Governor's introduced budget, HB/SB30. Moving the At-Risk Add-On program to the Standards of Quality would make the program mandatory for all local school divisions to participate and provide local effort (mandatory matching funds). Currently the program is optional and multiple school divisions did not participate in fiscal year 2026. The bill authorizes DOE to approve a waiver of local effort for a period of one fiscal year due to extraordinary fiscal circumstances.

Special Education Add-On

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. Funding for a Special Education Add-On is provided in HB/SB30. Adding the Special Education Add-On to the Standards of Quality would make the program mandatory for all local school divisions to participate and provide local effort. Currently the program is optional and multiple school divisions did not participate in fiscal

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year 2026. The bill authorizes DOE to approve a waiver of local effort for a period of one fiscal year due to extraordinary fiscal circumstances.

English Language Learner Add-On

The bill requires that a state-funded add-on shall be provided to support each English language learner students based on a student weight set forth in the appropriation act. This funding would be provided in addition to existing funding provided for English Learner Teacher Payments provided in HB/SB30. At this time, it is not possible to estimate the additional cost to implement this requirement, as it would be dependent on the actual add-on percentage set forth in the appropriation act. As a Standards of Quality program, this program would be mandatory for all local school divisions to participate and provide local effort. The bill authorizes DOE to approve a waiver of local effort for a period of one fiscal year due to extraordinary fiscal circumstances.

Delayed Enactment

The first enactment of this bill, which includes the establishment of all three of the above programs, has a delayed effective date of July 1, 2027. Therefore, any impact to Direct Aid to Public Education or to local school divisions would begin in FY28.

Reporting Requirements & DOE Responsibilities

The bill establishes reporting requirements for all three add-on programs. For each add-on program, local school divisions would be required to annually report to DOE on the actual uses of the funds for the preceding fiscal year and ensure that funds are spent per the requirements for each program described in the bill. DOE would be responsible for compiling and publishing an annual summary of the reports. DOE would also have authority to recover from a school division any amounts paid for the preceding fiscal year, including by offsetting future state payments from any school division that is not in compliance with the reporting and spending requirements.

The third enactment of the bill requires DOE to establish local maintenance of effort requirements for school divisions relating to each school division's local appropriation for each program. The bill does not provide guidance on what maintenance of effort requirements should be based on. Depending on the requirements, local school divisions may be required to change how spending is reported or how local appropriations are made to local school divisions. Currently, pursuant to §22.1-94, Code of Virginia, the amount appropriated by localities for public schools shall be not less than the cost required to maintain an educational program meeting the Standards of Quality and shall relate to its total only or to such major classifications prescribed by the Board of Education. It is unclear if maintenance of effort requirements would conflict with this. Additionally, localities are not currently required to expend local funds related to the English Language Learner Add-on, as no state funding is currently provided for this.

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The fourth enactment of the bill requires DOE to develop requirements for the annual report that each school division must submit for each program. DOE anticipates the need for a position to support these requirements at a cost of \$154,101 general fund per year beginning in FY27 including salary, benefits, and technology costs.

Other: This bill is similar to HB92.