

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1738

PRINTER'S NO. 2878

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

October 2, 2013

PRIME SPONSOR

Representative O'Neill

DESCRIPTION AND PURPOSE OF BILL

House Bill 1738 establishes a new Section 123 (Basic Education Funding Commission) in the Public School Code of 1949 to review and make recommendations related to basic education funding.

The legislation provides for the commission to consist of 15 members appointed as follows: (1) the chair and minority chair of the Education Committee of the Senate; (2) the chair and minority chair of the Education Committee of the House of Representatives; (3) two legislators from each of the four legislative caucuses appointed by the President pro tempore of the Senate and Speaker of the House of Representatives in consultation with the Majority and Minority Leaders; (4) the Secretary of Education; (5) the Deputy Secretary of Elementary and Secondary Education; and (6) an individual from within the administration appointed by the Governor.

The bill provides for the commission to appoint a member to serve as its chair. Requires the commission hold its first meeting within 45 days of the effective date of the legislation. Provides that members may not be compensated for their services, but shall be reimbursed for necessary travel and other reasonable expenses. Requires the General Assembly provide administrative support, meeting space and any other assistance required by the commission to carry out its duties in cooperation with the Department of Education. Provides for the department provide the commission with data, research and other information upon request.

The bill requires the commission to develop a basic education funding formula and identify factors that may be used to determine the distribution of basic education funding to school districts. The bill specifies that the factors may include the following: (1) market value/personal income aid ratio; (2) equalized millage; (3) geographic price differences; (4) growth; (5); local support; (6) the number of students living in poverty as identified as eligible for free and reduced price meals under the National School Lunch Program; (7) the number of students identified as limited English proficient; (8) population scarcity and density in relation to district size; and, (9) other factors related to basic education funding.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The legislation provides the commission with powers and duties as follows: (1) review and make findings and recommendations regarding basic education funding; (2) consult and utilize experts to assist in carrying out the commission's duties; (3) receive input from interested parties; (4) hold public hearings in different regions of the Commonwealth; (5) review and consider basic education formulas and factors utilized throughout the United States; (6) consider the impact of the factors and the distribution of funds to school districts; (7) review the administration of state and regional basic education programs to determine if any cost savings may be achieved and make recommendations to implement the savings; (8) consider the consequences of a basic education funding formula that does not allocate each school district at least the same level or proportion of funds as in the prior year; (9) consider nationally accepted accounting standards; (10) develop a basic education funding formula and factors; (11) draft proposed legislation and regulations based on the commission's findings; and, (12) issue a report of the commission's findings not later than one year after the effective date of the legislation.

The bill provides that the basic education formula developed by the commission shall not go into effect unless it is approved by an act of the General Assembly and that the annual funding level for basic education shall be determined through the annual appropriations process. Provides that every five years the commission shall be reconstituted to review the operation of the basic education funding provisions and make further reports.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT:

The enactment of House Bill 1738 will have no adverse fiscal impact on Commonwealth funds. The cost to the General Assembly and the Department of Education to assist the commission with staff, meeting space, data, research, other information and necessary travel and expenses should be minimal and can be accomplished within their existing operating budgets.