

Fiscal Note

BILL # HB 2307

TITLE: ~~education; federal funds; technical correction~~
S/E: continuing high school; continuing study

SPONSOR: Udall

STATUS: As amended by House ED

PREPARED BY: Steve Schimpp

Description

As amended by House Education, the bill establishes a continuing high school program to provide alternative study services to adult learners leading to the issuance of a high school diploma and workforce skills credentials.

Estimated Impact

The bill would increase state General Fund costs for Basic State Aid (BSA) by up to \$3.2 million in FY 2021 and potentially by larger amounts in subsequent years. If the bill's 2,500 student cap for FY 2023 and beyond is not adjusted by the State Board of Education, as permitted by the bill, and remains in place and is met, the cost would increase to up to \$16 million. The actual cost would depend on implementation factors not specified in the bill and on the number of adult learners that would participate in the program, which does not appear to be capped after FY 2021.

The Arizona Department of Education (ADE) does not have a fiscal impact estimate for the bill but notes that it does not specify some required implementation factors such as how student counts would be derived for participating programs.

Analysis

Cost Per Pupil

The bill provides Base Support Level (BSL) and Additional Assistance (AA) funding for program participants "in the same manner as a school district or charter school." School districts and charter schools statewide will receive an estimated \$7.25 billion in BSL and AA funding combined for 1,132,200 Average Daily Membership (ADM) students for FY 2020, or an average of approximately \$6,400 per ADM pupil. The bill therefore would provide an estimated \$6,400 of BSA funding for each full-time ADM pupil enrolled in a continuing high school program under it.

Number of Pupils

The bill stipulates that program enrollment is not to exceed 500 adult learners for FY 2021, 1,000 for FY 2022, and 2,500 in FY 2023 and every subsequent year thereafter. It allows the State Board of Education, however, to "adjust the enrollment capacity of the program based on the previous year's enrollment, strong demand for new enrollment or changes in the facilities where the program is operated." Based on our discussion with Legislative Council, the latter provision appears to uncapped program enrollment after FY 2021.

BSA funding is based on the number of ADM pupils attending a school district or charter school, but the bill does not specify how ADM would be computed for program participants. We assume that it would be computed in the same manner as currently is used for public high school students, which would classify each adult learner as 1.0 ADM if they received at least 720 hours of instruction annually under the bill.

Total Cost

The bill would increase state General Fund costs by an estimated \$3.2 million in FY 2021 if the capped number of adult learners (500) participated in the program that year and they all received at least 720 hours of instruction (500 ADM X estimated \$6,400 per ADM = \$3.2 million). The cost would be less than \$3.2 million in FY 2021 if fewer than 500 adult learners participated or if any participant received fewer than 720 hours of instruction that year.

(Continued)

JLBC

The estimated program cost could increase after FY 2021 if more than 500 ADM pupils participated in continuing high school programs under the bill for those years.

Local Government Impact

The bill would increase K-12 Qualifying Tax Rate (QTR) collections in a school district that is not eligible to receive BSA funding (a "non-state aid district") by an estimated \$6,400 for every adult learners who received instruction from it under the bill and who was added to its ADM count. Non-state aid districts self-fund their own BSA costs through local QTR collections.

2/27/19