LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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FISCAL IMPACT STATEMENT

LS 6331
BILL NUMBER: SB 97

DATE PREPARED: Nov 15, 1998
BILL AMENDED:

SUBJECT: Public school scholarship program.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a public elementary and secondary school scholarship program. It allows the parent of a public school student to request a scholarship for the student to enroll in: (1) a different public school in the student's base school corporation; or (2) a public school in a different school corporation. It requires the receiving principal and superintendent to jointly agree to enroll a scholarship student. It also allocates public funds for students who select a new school corporation, in a manner that counts a scholarship student in the ADM of the student's base school corporation, gives 50% of the state aid for that student to the receiving school corporation, and makes the parent responsible for costs of attendance that exceed the amount of the scholarship.

It requires the parent to provide student transportation. It requires a school corporation that enrolls a scholarship student to determine whether to continue to enroll the student for the following year. It also provides that the laws concerning transfer students, including court ordered transfer students, do not apply to a student who attends a public school outside the student's base school corporation under the scholarship program. It prohibits enrollment of a scholarship student that negates compliance with certain court orders. It provides for administration of the program by the Department of Education.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Passage of this bill is not likely to affect the amount of funding that is generated by the current school funding formula. This is because students who transfer to another school in a different school corporation will still be counted as a member of the school corporation from which the student originated (the base corporation).

The overall effects of this bill will depend upon the decisions made by the parents of the children who are currently enrolled in the state's public schools. The reported K-12 student enrollment in the 1997 - 98 school year is **985,709.** Each pupil would be eligible, and the number of pupils who participate in this program will depend upon the satisfaction of the parent and the child with the chid's current school experience, the availability of other programs in either the same school corporation or another school corporation, the ability of the parent to pay for any difference in tuition, and the willingness of superintendents and principals of school corporations to accept pupils from other school corporations under this bill.

Passage of this bill could reduce expenditures that the state pays for transportation assistance to local schools. This is because when developing the transportation distribution of the school formula, eligible pupils are defined as "...those counted in the average daily membership (ADM) and transported more than one mile..." (IC 21-3-3.1-2.1). Since the base corporation would no longer be responsible for transporting those pupils who attend a public school in another school corporation, these pupils would no longer appear in the school formula for transportation purposes. The average amount of transportation assistance in 1998 was $53.59 and the highest was $186.29.

Requiring the Department of Education to establish a method of verifying student eligibility for a scholarship and for administering this program is not likely to increase the need for additional staff.

Explanation of State Revenues:

Explanation of Local Expenditures: Passage of this bill could affect both the operations and revenues of school corporations who might lose students and school corporations who gain students. Since transfers of students from one school corporation to another and changes within the school corporation require the approval of both the superintendents and principals, it is possible that no significant changes could occur if they will disrupt current school operations or require significant additions of staff and capital facilities. The following illustrates the possible effects of this bill:

Effects on Base School Corporations: If school children leave the base corporation and enroll in another school corporation, the base school corporation would lose half of the state support that it receives for state regular dollars. Using state aid dollars projected for the 1999 school year, the revenue loss from one student transferring to another school corporation could range between **$75 and $3,790.**

If the school corporation loses sufficient students, it could justify reducing the number of staff and possibly facilities to accommodate fewer students. If a significant number of children remain in the base corporation but move to a different school in that corporation, the school corporation may need to rearrange classroom space, transfer teachers and make other adjustments to accommodate the shift in students.

Effects on Public School Corporations To Which Pupils Transfer: Since each student who transfers would be permitted to receive one half of the state assistance per ADM from their base school corporation, the student's assistance would range from **$75 and $3,790.** The average assistance per student would be an estimated **$1,365,** based **on 1998-99** tuition support. Parents would be responsible for any additional tuition that a school corporation would charge.

Since school corporations receive different levels of state support, the parents of children in school corporations with higher state support may benefit more than others with children in school corporations with lower state support. The average 1997-98 state support per ADM for Indiana's 294 school corporations is **$2,730 and ranges from a low of $150 to a high of $7,581.**

Because parents of the transferring pupils are responsible for the difference between the costs of attending the school and the scholarship, the transfer schools would likely recover the additional costs associated with new students enrolling on scholarship due to passage of this bill. In addition, a transfer would have to be approved by both the superintendents of the two school corporations and the principal of the school to which the student would transfer.

School corporations would also need to meet annually with the parents of the transferred student to discuss the student's progress and to determine whether the student's scholarship may be renewed for the following year.

Explanation of Local Revenues:

State Agencies Affected: Department of Education.

Local Agencies Affected: School corporations.

Information Sources: Department of Education.