

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7884
BILL NUMBER: HB 1891

DATE PREPARED: Mar 27, 2001
BILL AMENDED: Feb 21, 2001

SUBJECT: Discipline in schools.

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FUNDS AFFECTED: <u>X</u>	GENERAL	IMPACT: State & Local
	DEDICATED	
	FEDERAL	

Summary of Legislation: (Amended) This bill requires a school corporation to provide an educational program for students who receive expulsions.

(1) Compensation for Leave- It provides that a teacher who is assaulted while performing the teacher's duties must receive full compensation for any resulting leave that is required by the teacher and that the compensation does not count against the teacher's sick leave or vacation leave benefits.

(2) Education Programs and Funding Grants- It provides that an expelled student's education program may include an assignment to attend various kinds of programs. It provides a funding grant administered by the Department of Education (the Department), establishes the amount of the grant as equal to the amount provided per pupil under current law for alternative education grants, and obtains funding from money appropriated under current law for alternative education grants.

(3) Teacher Consultation- It requires consultation with a teacher acting in an advisory capacity before action is initiated to suspend or expel a student or to take other disciplinary action against a student.

(4) Compulsory School Attendance & Transfer Tuition- It provides that an expelled student's absence from the student's educational program is a violation of the compulsory school attendance laws. It provides for the payment of transfer tuition for transfer students who are expelled.

(5) Intimidation and Parental Declaration of Responsibility- It requires the reporting of a threat or intimidation of a school employee. It requires the Department to establish and seek the adoption as a local school policy of a parental declaration of responsibilities concerning the education of the parent's child.

(6) Student ADM Counts- It includes in the average daily membership (ADM) of a school corporation those expelled students who receive educational services.

(7) *Actionable Offense*- It establishes a specific actionable offense for communicating a threat by using school or other governmental property, including electronic equipment or systems.

(8) *Principal Notification of Adjudication*- It provides for notification of a student's principal by the court if the student is adjudicated to be a delinquent child or if the student is convicted of a criminal offense.

(9) *Declared Emergency*- It provides contingency leave with pay for a teacher who lives in a county in which an emergency is declared.

(10) *Claims Paid*- It requires a school corporation to pay a judgement, compromise, or settlement of a claim against an employee acting within the scope of the employee's employment.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) (**Provisions 2 and 5**) The Department could experience a minimal increase in administrative expenses associated with these provisions of the bill.

Grant Program- This bill does not make an appropriation to fund alternative education programs for expelled students. However, it requires the new grants to be paid from monies appropriated for the existing alternative education programs. For FY 2001, \$7.5 M was appropriated to the Department of Education by P.L. 273-1999 to fund alternative education programs.

Under current law, the Department of Education may provide grants up to a maximum of \$750 per FTE for alternative education programs. For the 2000 school year, approximately 37,000 students (actual headcount) attended alternative education programs in 125 of Indiana's 294 school corporations (representing 300 separate programs).

Although 37,000 actual students participated in alternative education programs, funding distributions for these students were based on a full-time equivalent (FTE) student count of 11,719 resulting in \$614 per FTE [\$639 - \$25 in administrative fees = \$614]. A total of approximately \$7.5 M (minus \$300,000 in administrative fees) was distributed to the 125 school corporations for school year 2000.

Of the 37,000 participating students in alternative education programs, approximately 2,050 had been expelled. (This number represents 22% of 9,263 which is the number of total expulsions for the school year.) This bill would require that the remaining 78% or 7,213 be provided alternative education utilizing existing state alternative education funding.

Assuming that school corporations would include the above 7,213 students in alternative education programs as full-time equivalents (the Department of Education reports that expelled students usually participate in full-time programs), and that expulsion numbers remain constant, school corporations could experience an annual decrease of approximately \$218 in FTE funding which would result in a total FTE funding of \$396.

The specific effects of this bill would depend upon the following: 1) future appropriations for alternative education programs; 2) grant amounts determined by the Department of Education for both alternative education programs and educational programs for expelled students; and 3) the number of expelled students who are already receiving an alternative education.

(Provision 7) A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house

an adult offender was \$20,700 in FY 1999. Individual facility expenditures ranged from \$14,936 to \$37,807. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually or \$5 daily per prisoner. The average length of stay in DOC facilities for all Class D felony offenders is approximately ten months.

Explanation of State Revenues: (Provision 7) If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: (Revised) (Provisions 1 and 5) School corporations would experience an indeterminable increase in administrative expenditures regarding these two provisions. The specific effects would vary between school corporations, and would depend upon the number of teachers assaulted, the number of days in leave that such a teacher would need to take, and the size of school corporations opting to adopt the Department's parental declaration of responsibility.

(Provision 2) In addition to reduced grant levels per FTE that the 125 school corporations currently providing alternative education programs would receive (described in Explanation of Local Revenues), the balance of the 294 school corporations who have expelled students may have to now provide alternative education programs. While these school corporations would be entitled to the Alternative Education Program Grant from the state, there is also an existing requirement in IC 21-3-11-6 requiring a school corporation receiving a grant to "expend on alternative education programs in the school year a matching amount of at least one-third of the amount of the state grant per full-time equivalent student, as determined under the rules adopted by the Indiana State Board of Education."

If all of the 7,213 expelled students not currently participating in an alternative education program were now to be included in the program at an estimated \$396 per FTE grant level (assuming the current level of appropriations), total grant expenditures on behalf of the newly included students would total an estimated \$2.856 M statewide. The corresponding one-third match requirement would result in approximately \$0.952 M in local match associated with the 7,213 students new to the program. Although the aggregate statewide local match would not change (assuming a constant \$7.5 M annual appropriation), the \$0.952 M would represent a new requirement on the school corporations that were not receiving grants prior to passage of the bill. In effect, local match requirements would be shifted from school corporations currently providing programs to those corporations who are not now providing an alternative education program.

The extent of this impact will depend upon the number of expelled students who do not permanently drop out of school. It should also be noted that the amount of new money required to be provided by the school corporations providing new programs could be diverted from other existing programs offered by the school corporation.

(Provision 7) If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

(Provision 8) This provision could result in a minimal increase in administrative expenses for school corporations regarding the dissemination of delinquency adjudication and conviction information made available by trial courts. The specific effects are currently indeterminable, would vary between school corporations, and would depend upon the number of school requests for "statement of fact" information.

Trial Courts- This provision of the bill would result in a minimal increase in administrative expenses for trial courts concerning notification requirements to public and nonpublic schools. In addition, counties could experience similar increases regarding the reporting of delinquency adjudication and conviction information to schools upon request. The specific effects are currently indeterminable, would vary between counties, and would depend upon the number of school requests for “statement of fact” information.

In CY 1999, 26,643 juvenile delinquency cases were filed in Indiana courts of record.

(Provisions 9 and 10) These provisions could result in an increase in administrative expenses for school corporations regarding contingency leave and judgement, compromise, and settlement claims paid. The specific effects are currently indeterminable and would vary between school corporations.

Explanation of Local Revenues: (Revised) **(Provision 2)** All 294 school corporations would be eligible for grants regarding educational programs for expelled students at a maximum of \$750 per student. School corporations would be able to defray their increases in administrative time and cost regarding the provisions of this bill with these grants. However, the specific effects would depend upon the following: 1) future appropriations for alternative education programs; 2) grant amounts determined by the Department for both alternative education programs and educational programs for expelled students; and 3) the number of expelled students who are already receiving an alternative education.

Existing Programs- Currently there are approximately 300 alternative education programs conducted by 125 school corporations in Indiana. This bill would require that all school corporations provide some sort of alternative education to students who receive expulsions.

School corporations could experience a decrease in revenues relating to existing alternative education programs due to the Department scaling back the current alternative education grant amount. The grant reduction per FTE is estimated to be \$218 (from \$614 to \$396) assuming current appropriations.

A complete listing of State alternative education grant awards (received in CY 1999) by the 130 school corporations participating in the current grant program is available at the Legislative Services Agency.

ADM Counts- School corporations would be allowed to include expelled students in their average daily membership (ADM) count taken in September of each year and finalized in December for the purposes of the school funding formula. However, since students would need to be expelled before the count date on or about September 20 of a new school year, it is not likely that suspensions would be of a significant number.

However, students expelled for an extended period of time (such as one year) during the second semester, and included in the following year’s ADM count under the provisions of this bill, could total approximately 2050. Regardless (as is true under current law), school corporations would be able to keep dollars generated by the school funding formula for students expelled after the September count date for the school year.

Expulsion Background- For school years 1996 through 1998, respectively, the number of expulsions was 8,982; 9,340; and 10,229. For school year 1999, the number of expulsions was 9,263. Of this amount, 2,050 students were referred to and attended alternative education programs; 728 were referred to programs but did not attend; and 6,485 were not referred at all.

For the 2000 school year, Indiana’s average daily membership (ADM) consisted of 951,410 students, and public school enrollment totaled 988,065. Approximately 1,900 public schools were in operation within Indiana’s 294 school

corporations during that time.

(Provision 7) If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Department of Education; Department of Correction.

Local Agencies Affected: School Corporations; Trial Courts; Local Law Enforcement Agencies.

Information Sources: Barbara Lucas, Department of Education (317) 232-0579; DOE ORACLE Data Tables; 1999 Indiana Judicial Report; Indiana Sheriffs Association; Department of Correction.