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FISCAL IMPACT STATEMENT

LS 7125 **NOTE PREPARED:** Mar 24, 2009
BILL NUMBER: HB 1343 **BILL AMENDED:** Mar 19, 2009

SUBJECT: Drop out prevention.

FIRST AUTHOR: Rep. Pryor **BILL STATUS:** As Passed Senate
FIRST SPONSOR: Sen. Lubbers

FUNDS AFFECTED: GENERAL **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: (Amended) This bill creates the dropout prevention fund, to be administered by the Department of Education, to: (1) provide money for school corporation programs that identify students who are at risk of dropping out of school; and (2) provide appropriate interventions for those students.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) The bill establishes the Dropout Prevention Fund to provide funding to the Department of Education (DOE) and school corporations to assist them in identifying students who are at risk of dropping out of school, and to develop strategies and appropriate interventions to prevent those students from doing so. Under this bill, a local non-profit organization representing two or more school corporations would also qualify to receive funding.

Under this bill, the DOE is responsible for administering the fund which consists of gifts, donations and bequests, appropriations from the general assembly, federal and private grants, and income from investments made by the treasurer of state on behalf of the fund. At the end of the fiscal year, any money in the fund from sources other than state appropriations does not revert to the state general fund. The bill also stipulates that any administrative expenses associated with the fund will be paid from the fund.

School corporations would apply to the DOE (on forms provided by the DOE) for a grant from the fund. The application must contain a detailed description of the program, the extent to which the school corporation intends to include appropriate community resources, documented support of the superintendent of each participating school corporation, and the estimated cost of the program. Additionally, each application must include goals for increasing the graduation rate and decreasing the dropout rate, accurate baseline data on the graduation and dropout rates for each participating school corporation for the preceding three (3) consecutive years, accurate program assessment metrics (e.g. the number of students who are still on schedule to graduate high school in 4 years), and other pertinent information the department might require.

Once the grant is approved each participating school corporation has to submit to the DOE a written report, on a form developed by the department, outlining the activities undertaken as part of the school corporation's dropout prevention program. The report has to be submitted not later than June 1 of each school year. The DOE, in turn, has to submit to the governor and the general assembly, not later than November 1 of each year, a comprehensive report on dropout prevention programs. The report, which is to be submitted via electronic format, has to include the department's assessment of the effectiveness of different types of programs in increasing the graduation rate in a school corporation.

Under this bill, the fiscal impact on the DOE and the treasurer of state office is expected to be minimal. The DOE has to design the application forms to be used by school corporations and the forms on which the corporations submit their annual reports. The DOE also has to determine which applications to fund, and compile the annual report on the overall effectiveness of the dropout prevention programs. Additionally, the treasurer of state has to invest the monies in the fund. The bill directs that the resources for accomplishing these tasks be borne by the fund.

There are, however, two fiscal impacts associated with the fund. The immediate impact is the number of grants that would be approved and this depends on the money available in the fund: how much the legislature appropriates, and the amount of grants, gifts and donations acquired by the fund. The long term impact would depend on how successful the funded programs are in reducing the drop out rate and in increasing the graduation rate of those students who, without the resources provided through this fund, would probably drop out and not graduate from high school.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Education, Treasurer of State..

Local Agencies Affected: Participating School Corporations

Information Sources:

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