

# Fiscal Note

**BILL #** HB 2405

**TITLE:** continuing high school program

**SPONSOR:** Udall

**STATUS:** As Introduced

**PREPARED BY:** Patrick Moran

## Description

The bill requires the State Board of Education (SBE) to establish a continuing high school program that provides adult learners with alternative study services and that leads to the issuance of a high school diploma and industry-recognized credentials.

## Estimated Impact

The bill would increase state General Fund costs for Basic State Aid (BSA) by up to \$2.5 million in FY 2023, \$4.9 million in FY 2024, and \$9.8 million in FY 2025 and subsequent years. The actual cost each year would depend on the number of adult learners that would participate in the program, their average annual hours of instruction, whether any of them would be under age 22 and attending a school district or charter school that year apart from the bill, and whether any of them would attend the program through a "non-state aid" school district.

The Arizona Department of Education (ADE) does not have a fiscal impact estimate for the bill.

## 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 \$7.9 billion in BSL and AA funding combined for 1,127,038 Average Daily Membership (ADM) students for FY 2022, or an average of approximately \$7,000 per ADM pupil. The bill therefore would provide an estimated \$7,000 of BSA funding for each full-time ADM pupil enrolled in a continuing high school program under it.

### Number of Pupils

The bill caps program participation at 350 ADM for FY 2023, 700 ADM for FY 2024, and 1,400 ADM for FY 2025 and subsequent years.

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 \$2.5 million in FY 2023 if the capped number of adult learners (350 ADM) participated in the program that year, they all received at least 720 hours of instruction, and none of them would have been under age 22 and attending a school district or charter school in FY 2023 apart from the bill (350 ADM X estimated \$7,000 per ADM = \$2.5 million).

Program participants who are under age 22 and have not graduated from high school could attend a school district or charter school and be included in its ADM count under current law. They would represent a new state cost under the bill,

(Continued)

**JLBC**

however, if they would not have attended a school district or charter school under current law but would participate in a new continuing education program under the bill.

The state fiscal impact of the bill would be less than \$2.5 million in FY 2023 if fewer than 350 adult learners participated, if any participant received fewer than 720 hours of instruction that year, or if any participant was under age 22 and would have been included in the statewide ADM count apart from the bill.

The state fiscal impact of the bill would be up to \$4.9 million in FY 2024 and up to \$9.8 million in FY 2025 and subsequent years if program participation reached capped levels under the bill, if all participating students received at least 720 hours of instruction annually under the program, and if none of the participating students would have been under age 22 during the year and included in the statewide ADM county apart from the bill (700 ADM cap for FY 2024 X assumed \$7,000 per ADM = \$4.9 million; 1,400 ADM cap for FY 2025 X assumed \$7,000 per ADM = \$9.8 million). Program costs would be less than those estimated amounts if program ADM did not reach capped levels, if any participant received fewer than 720 hours of instruction under the program that year, or if any program participant was under age 22 and would have been included in the statewide ADM count apart from the bill.

### **Local Government Impact**

If the program was implemented in a manner that attributed program ADM to partnering school districts, charter schools or CTEDs, the bill would increase K-12 Qualifying Tax Rate (QTR) collections in a participating school district that is not eligible to receive BSA funding (a "non-state aid district"). The increase would be an estimated \$7,000 for each ADM pupil who received instruction from the non-state aid district 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.

2/3/21