

Fiscal Note

BILL # HB 2149

TITLE: exchange programs; student count

SPONSOR: Pawlik

STATUS: As Introduced

PREPARED BY: Patrick Moran

Description

The bill would authorize school districts and charter schools to include J-1 visa exchange students in their Average Daily Membership (ADM) counts for the purposes of Basic State Aid computations.

Estimated Impact

ADE estimates that there are 324 J-1 exchange students enrolled in Arizona public schools that are not included in ADM counts. If these students were each counted as 1.0 full-time ADM, we estimate that Basic State Aid costs would increase by \$7,900 per student, resulting in additional General Fund costs of \$2.6 million annually beginning in FY 2024.

Analysis

Under current law, the number of J-1 visa exchange students that districts and charter schools may include in their ADM counts is capped at the number of resident students in the school that are participating in a foreign exchange program. In effect, this means that J-1 students are only counted if a school district or charter school experiences a corresponding reduction in their ADM as a result of one or more of their resident students studying abroad, meaning that the effect of J-1 students on net ADM counts is currently neutral on net. In any district or charter without a 1:1 ratio, the J-1 student would not be included in ADM, and the district or charter would have the option of charging the student tuition.

The bill would eliminate the cap on J-1 ADM counts, effectively allowing all J-1 students to be funded via Basic State Aid. ADE reports that there are currently 324 exchange students enrolled in Arizona public schools that are not currently included in ADM counts. Assuming that all such students would be funded on a full-time basis at a cost of \$7,900 per ADM, we estimate Basic State Aid spending would increase by \$2.6 million in FY 2024.

Local Government Impact

To the extent that some J-1 exchange students enroll in non-state aid districts, the bill would increase local property tax expenditures associated with the Basic State Aid formula.

1/24/23

