

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6428

BILL NUMBER: SB 448

DATE PREPARED: Nov 19, 2001

BILL AMENDED:

SUBJECT: Education Funding for Expelled Students.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for the distribution of state and local funds to a public or nonpublic school (including a home school) that enrolls a student that a school corporation has expelled.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The Indiana Department of Education (the Department) would have additional administrative costs associated with the implementation of the bill. The bill requires the Department to distribute a proportionate share of state and federal support for an eligible student (a student that has been expelled by a school corporation and has legal settlement in the expelling school corporation) to the school that enrolls an eligible student:

- 1) Tuition support and other state funding for any purpose.
- 2) If disabled, state and federal funds provided for students with disabilities or for staff services for students with disabilities.
- 3) If qualified, funds for federal or state aid under a categorical aid program.

In future years, the state could see an increase in expenditures if additional eligible students are enrolled. The precise impact would depend on the number of students expelled that enroll in another school outside the expelling school district.

Background: For FY 2003, \$3.5 B in dedicated and General Fund monies were appropriated for general support for local schools. \$2.0 B is appropriated from the General Fund, and \$1.5 B is appropriated from dedicated funds.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: As stated above, the bill requires the Department to distribute a proportionate share of state and federal support for an eligible student (a student that has been expelled by a school corporation and has legal settlement in the expelling school corporation) to the school that enrolls an eligible student:

- 1) Tuition support and other state funding for any purpose.
- 2) If disabled, state and federal funds provided for students with disabilities or for staff services for students with disabilities.
- 3) If qualified, funds for federal or state aid under a categorical aid program.

The specific effects of this bill would vary by county, and would depend upon the number of expelled students with legal settlement in the expelling school corporation.

Assuming a normal distribution of eligible students out of the population of regular, special education, and categorical aid program students, approximately \$19.2 M to \$30.7 M could be deducted from expelling school corporations and redistributed to the recipient schools depending on the number of eligible expelled students in school year 2002-2003. The estimate includes regular tuition support and special education students. (The ability to estimate a per-student cost for categorical programs is not feasible.) Therefore, the estimate would exceed the above listed range in order to accommodate expelled categorical program students.

Under the bill, a recipient school is any school that is public or non-public, which would include students taught at home. The impact to state school funding would be the amount of distributed funding as described above that would be transferred to a non-public school, by the number of eligible students enrolled in a non-public school. The specific impact is indeterminable and depends on the number of eligible students enrolling in a private school.

Expulsion Background- The following steps represent the expulsion process of a student who is expelled at the school corporation level under current Indiana law:

- 1) The student is suspended by the principal for not more than 10 days; 2) the principal affords the student “due process” by providing a written or oral statement outlining the charges against the student, by presenting a summary of evidence against the student, and by allowing the student to explain the student’s conduct; 3) the principal notifies the parent of the suspended student; 4) the superintendent conducts an expulsion meeting via an expulsion examiner; 5) the student is expelled by the expulsion examiner; and 6) the superintendent adopts the decision to expel the student.

After the superintendent adopts the decision to expel the student, the parent of the expelled student is allowed to appeal the decision to the school corporation, and then to the local court system. (Under normal expulsion circumstances, such as student misconduct or disobedience, juvenile courts are not typically involved.)

Expulsion and Suspension Data: For the 2000-2001 school year, Indiana’s average daily membership (ADM) consisted of 954,487 students, and public school enrollment totaled 988,691. Approximately 1,960 public schools were in operation within Indiana’s 294 school corporations during that time.

The following table illustrates the number of suspensions and expulsions from school years 1996 through

2000 (data for 2001 are not yet complete).

Suspensions and Expulsions for School Years 1996-2000

YEAR	SUSPENSIONS	EXPULSIONS
2000	293,934	7,313
1999	305,767	9,263
1998	302,593	10,229
1997	306,034	9,340
1996	227,326	8,982

General Fund Levy and Prior Year Auto Excise and Financial Institutions Tax: Under the bill, an expelling school corporation is required to distribute to the receiving school a proportionate share of local support for the eligible student: the sum of revenues obtained by the school corporation's general fund property tax levy and general fund Motor Vehicle Excise and Financial Institutions Tax divided by the total number of students enrolled in the school corporation.

According to the most recent estimate, total general fund property tax levy could be \$1.7 B in CY 2002. The total general fund Motor Vehicle Excise and Financial Institutions Tax is estimated at \$215 M in CY 2002. CY 2003 estimates are respectfully \$1.8 B for general fund property tax levy, and \$220 M for general fund Motor Vehicle Excise and Financial Institutions Tax.

State Agencies Affected: Department of Education.

Local Agencies Affected: School Corporations, Juvenile Courts.

Information Sources: DOE SAS & ORACLE Data Tables; State of Indiana *List of Appropriations July 1, 2001 to June 30, 2003*.