

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7059**

**BILL NUMBER:** HB 1812

**NOTE PREPARED:** Feb 28, 2005

**BILL AMENDED:** Feb 8, 2005

**SUBJECT:** Legal settlement.

**FIRST AUTHOR:** Rep. Lehe

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill changes the standard for determining when a student who resides with a person other than the student's parents will be treated as having a legal settlement in the school corporation attendance area where the child resides rather than the school corporation attendance area where a parent resides in cases in which the child is relocated for the purpose of attending a particular school. It requires in certain circumstances the submission of sufficient information for the school corporation to determine whether a child who does not live with a parent has legal settlement in the school corporation.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) The bill would require that if a student is living with someone other than their parent, then that person has to be the student's legal guardian or custodian in order for the student to attend the school in a district other than their parent's district. The bill could have an unknown impact on the school formula calculations. The current school formula uses the ADM of a school corporation in determining state funding. There is no current school formula for CY 2006 or years after. If a version of the current school formula continued, a change in where a student is counted could increase or decrease the state expenditures depending on where the student is counted.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill could increase a school's expenditures or revenue depending on how the student is counted. Students that have legal settlement in another school corporation have to receive transfer tuition from the school where the student has legal settlement. Schools might have to pay increased

transfer tuition costs and some school may receive increase revenue in the form of transfer tuition.

**Explanation of Local Revenues:** See *Explanation of Local Expenditures*.

**State Agencies Affected:**

**Local Agencies Affected:** Local Schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.