

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6564
BILL NUMBER: SB 181

NOTE PREPARED: Dec 27, 2009
BILL AMENDED:

SUBJECT: Virtual Charters and School Scholarship Tax Credit.

FIRST AUTHOR: Sen. Hume
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill eliminates the Virtual Charter School Pilot Program.

The bill eliminates the School Scholarship Tax Credit. It repeals the statutes concerning the program and the tax credit.

The bill makes conforming changes.

Effective Date: January 1, 2010 (retroactive).

Explanation of State Expenditures: *Virtual Charter School Pilot Program:* The bill repeals the Virtual Charter Schools Program. A virtual charter school is defined as a charter school where over 50% of the instruction is provided by virtual distance learning, online technologies, or computer-based instructions. Virtual charter schools would be funded at 80% of the statewide basic tuition support. The per-student aid to virtual charter schools would be about \$4,595 per student for CY 2010 and about \$4,531 per student for CY 2011 under the tuition support formula. There are 107 students enrolled in virtual charter schools for the 2009-2010 school year. The maximum allowable enrollment is 200 students in the 2009-2010 school year and 500 students for the 2010-2011 school year. The reduction in the tuition support for CY 2010 would be about \$492,000 and the maximum savings in CY 2011 would be about \$2.3 M. The savings would depend on if the actual distribution of tuition support was under the calendar year maximum of \$6,458.9 M for CY 2010 and \$6,658.5 M for CY 2011. If the calculated distribution is above the maximum, then the bill would decrease the reductions to schools; if it was below the maximum distribution, then it would reduce state expenditures.

Explanation of State Revenues: *School Scholarship Tax Credit:* This bill repeals the nonrefundable tax credit to individuals and corporations that make contributions to scholarship granting organizations beginning in tax year 2010. The amount of credits that would have been claimed and the resulting fiscal impact on the state General Fund beginning in FY 2011 was indeterminable. However, the maximum amount of credits granted could not exceed \$5 M in any fiscal year. So the potential savings from the repeal of this tax credit is \$5 M annually.

Explanation of Local Expenditures:

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

State Agencies Affected: Department of Education; DOR.

Local Agencies Affected: Virtual charter schools.

Information Sources:

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