

Fiscal Note

BILL # HB 2503

TITLE: empowerment scholarship accounts; student victims

SPONSOR: Bolick

STATUS: As Introduced

PREPARED BY: Patrick Moran

Description

The bill expands eligibility for the ESA program to include victims of certain crimes that occurred on school grounds, on a school bus, at a school bus stop or at a school-sponsored event or activity. It also requires the Department of Education (ADE) to conduct additional administrative duties associated with the ESA program.

Estimated Impact

Based on national crime victim statistics from public schools, we estimate that the bill could result in net additional enrollment in the ESA program of approximately 130 students in comparison with current law, which we estimate would increase the General Fund cost of the K-12 Basic State Aid formula by \$67,600 annually.

ADE does not have an estimate of the impact of the bill.

Analysis

The bill expands ESA eligibility to include victims of certain crimes that occurred on school grounds, on a school bus, at a school bus stop or at a school-sponsored event or activity. The crimes include assault, harassment, sexual offenses, threatening, intimidation, fighting, and sex trafficking. School principals would be required to provide a copy of any police or court report of the alleged crime to the parents of the victim, the parent of the alleged perpetrator if the perpetrator is a minor, and the school district superintendent or the chief administrative officer if the school is a charter. Within 15 days of receiving the report, the school district or charter school would be required to investigate the incident and inform the parent of the victim of their eligibility for an ESA.

According to the National Center on Education Statistics' Indicators of School Crime and Safety, during the 2017-2018 school year, the rate of crime incidents that occurred at school and that were reported by the school to the police was 8.6 per 1,000 students. Of the crimes reported to police, 3.9 per 1,000 were classified as "serious violent incidents," which NCES defines to include sexual assault, physical assault (with or without a weapon), robbery, and threat of physical attack (with or without a weapon). Other than "serious violent incidents," the other major categories of crimes reported to police included distribution, possession, and use of drugs, theft/larceny, and weapons possession.

Given that NCES' category of "serious violent incidents" appears to largely align with the categories of crimes that would result in ESA eligibility under the bill, we assume that 3.9 per 1,000 Arizona public school students (0.39%) would meet the eligibility criteria, which translates into approximately 4,395 students annually. ($0.39\% \times 1,127,038$ AZ public school students in FY 2022 = 4,395). The number eligible could be higher if the bill results in a higher percentage of serious violent incidents being reported. In comparison to the 3.9 per 1,000 rate of serious violent incidents reported by public schools and also reported to police, NCES estimates that the total rate serious violent incidents at school is 19.6 per 1,000 students.

The net increase in ESA eligibility under the bill, however, would be lower than the number of students meeting the crime victimization eligibility criteria because some students may already be eligible for the ESA program under existing program eligibility criteria. We estimate that approximately 256,000, or 22.7%, of current public school students are already eligible for the ESA program. If the ESA eligibility rate among crime victims is the same as the general student

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population, an estimated 998 crime victims would already be eligible ($22.7\% \times 4,395 = 998$), resulting in a net ESA eligibility increase of 3,397 students ($4,395 - 998 = 3,397$).

The net impact on K-12 Basic State Aid formula expenses would depend on what share of the 3,397 newly eligible students would decide to participate. In comparison to the 256,000 public school students eligible for the ESA program, current enrollment in the ESA program is approximately 10,200, which would imply a participation rate of 3.83% ($10,200/266,200$ total eligible = 3.83%). If the participation rate is comparable among newly eligible crime victims under the bill, the total new number of ESA recipients would be 130 ($3,397 \times 3.83\% = 130$ new students).

The cost of new ESA enrollee to the state depends on the district or charter of origin of the student. We estimate that every student that switches from a school district receiving state aid into the ESA program generates a cost to the state of \$473, while students switching from a charter school generate a state savings of \$(757) per student. Students switching from non-state aid districts generate a cost equivalent to the full \$6,844 cost of the average ESA because the savings from reduced enrollment in that district accrue to local property taxes instead of the General Fund.

Assuming that the distribution of new ESA enrollees under the bill by district or charter of origin is proportionate to current public school enrollment, the net cost of the 130 new recipients would be approximately \$67,600 annually ($(98 \text{ district students} \times 473) + (6 \text{ non-state aid district students} \times 6,844) + (26 \text{ charter students} \times \$(757)) = \$67,600$).

The bill would also require ADE to conduct additional administrative duties associated with the ESA program. These duties would include cross-checking of public and private school enrollment to avoid duplication, maintaining a list of nationally norm-referenced tests, requiring a nonprofit organization to provide quarterly reporting on ESA participation, and contracting with an independent entity to conduct an annual report that would include a review of public school incident prevention programs, academic performance of ESA holders, and ESA parent surveys. These duties could increase ADE's administrative workload and costs. The Department does not have an estimate of the potential magnitude of such costs.

Local Government Impact

None

2/12/21