



FISCAL NOTE

House Bill 295

Committee: Education Policy

Sponsor: Representative Ernie Yarbrough

Analyst: John Friedenreich

Date: 05/02/2023

House Bill 295 as introduced would increase the obligations of the non-reverting Parental Rights in Children’s Education (PRICE) ESA Fund, created by this bill and funded from appropriations from the Education Trust Fund (ETF), by the following estimated amounts for the following fiscal years to annually fund each participating student’s education savings account (ESA) account to cover qualifying educational expenses. This bill would: (1) set the amount to be deposited into each ESA for the 2024-2025 school year at \$6,900 per student, (2) provide for the annual adjustment of this amount based on the percentage change of the ETF’s share of the Foundation Program from the prior year, and (3) phase-in student eligibility over three school years.

FY 2024	FY 2025	FY 2026	FY 2027 and thereafter
\$47 million	\$279 million	\$511 million	\$697 million

This bill could further increase the annual obligations of the ETF by an undetermined amount dependent on the number of homeschool students that participate in this program.

In addition, this bill would increase the obligations of the Alabama Department of Revenue (ADOR) by an undetermined amount to administer this program, to include: (1) periodically auditing ESAs and education service providers to ensure compliance with the provisions of this bill; (2) implementing an ESA payment portal for services provided by participating schools or education service providers; and (3) ensuring that public schools and school districts providing services to a participating student receive the appropriate pro rata share of the students’ ESA based on the percentage of total instruction provided to the student.



These obligations would be offset, in whole or in part, by funding from the PRICE Administration Fund, created by this bill, which would receive annual transfers from the PRICE ESA Fund in amounts equal to the lesser of \$2 million or 3% of the amount appropriated each year to the PRICE ESA Fund, as provided by this bill, to: (1) be used by ADOR to administer the PRICE program; and (2) reimburse members of the Parent Advisory Board, established pursuant to the provisions of this bill, for reasonable and necessary expenses, in the same manner as state employees. This bill would also provide that any monies remaining in this fund at the end of the fiscal year would revert to the PRICE ESA Fund and would allow the Legislature to make additional appropriations to this fund upon documented need of funds to provide for the administration of the program.

This bill would also provide that funds deposited into an ESA do not constitute taxable income.