



## Fiscal Estimate Narratives

DOR 1/27/2010

LRB Number	<b>09-2400/3</b>	Introduction Number	<b>AB-0593</b>	Estimate Type	<b>Original</b>
<b>Description</b> Special adjustment aid to school districts					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Department of Revenue (DOR) annually certifies an inflation figure to the Department of Public Instruction (DPI) that is used to adjust the per pupil adjustment to the revenue limit for school districts. The inflation factor equals the percentage change, if not negative, in the consumer price index for all urban consumers, U. S. city average, between the preceding March 31 and the 2nd preceding March 31, as computed by the U. S. Department of Labor.

Under current law, a school district is eligible for special adjustment aid if its equalization aid in a given year is less than 85% of its equalization aid in the prior year.

Under the bill, beginning in the 2010/11 school year, special adjustment aid will also be paid to a district whose equalization aid is less than \$1,000 per pupil in an amount sufficient to increase this aid to \$1,000 per pupil. Beginning in the 2011/12 school year, the \$1,000 per pupil figure is to be adjusted annually for inflation, as certified by DOR to DPI. The inflation adjustment certified by DOR under the bill is the same as that currently used by DPI for the per pupil adjustment under the school district revenue limit.

Special adjustment aids are funded from within the appropriation for equalization aids. Thus, to the extent that special adjustment aids could increase under the bill, equalization aids for the remaining districts would decrease. Since the DOR does not make calculate school aids, the DOR is unable to estimate the shift in school aids the bill would engender.

Since DOR is currently certifying the inflation rate utilized in the bill, the bill has no effect on DOR costs.

### Long-Range Fiscal Implications