

Fiscal Estimate Narratives

DOA 8/18/2017

LRB Number	17-3995/1	Introduction Number	SB-383	Estimate Type	Original
Description the payment of state aid to school districts and payments to operators of independent charter schools and private schools participating in a choice program or the Special Needs Scholarship Program					

Assumptions Used in Arriving at Fiscal Estimate

2017 Senate Bill 383 changes the frequency of school aid payments to school districts, charter schools and private schools participating in a parental choice program or the special needs scholarship program beginning in the 2018-19 school year. Approximately \$6 billion annually in payments is made on the current law payment schedule (for school districts, 15% of general aid in September, 25% in December, 25% in March and 35% in June; other types of schools receive quarterly installments). Under the bill, payments would be made monthly rather than four (4) times per year, which would shift a significant portion of GPR expenditures to the earlier part of the fiscal year.

State investment fund earnings (assuming a rate of 1.5%) are estimated to decrease by \$16,486,034 annually when school aid payments are made monthly rather than under the current payment structure. Additionally, under current law, school aid payments are expected to result in a negative general fund cash balance in August 2018 (state fiscal year 2018-19) only. Under the bill, it is estimated that negative cash balances would occur in the general fund during nine (9) months of FY 2018-19 (July through January, April and May). As a result, the amount of interfund borrowing and therefore interest payable by the general fund to other state funds would increase under the bill by an indeterminate amount. It should be noted that if there is an insufficient amount of cash available through interfund borrowing, an operating note may be necessary to support the general fund which could result in an indeterminate amount of interest cost to the general fund and reduced liquidity. This may be viewed negatively by bond rating agencies.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description
 the payment of state aid to school districts and payments to operators of independent charter schools and private schools participating in a choice program or the Special Needs Scholarship Program

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

It is estimated that negative cash balances would occur in the general fund during nine (9) months of FY 2018-19 (July through January, April and May). As a result, the amount of interfund borrowing and therefore interest payable by the general fund to other state funds would increase under the bill by an indeterminate amount.

II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs

A. State Costs by Category

	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$

B. State Costs by Source of Funds

	Increased Costs	Decreased Costs
GPR		
FED		
PRO/PRS		
SEG/SEG-S		

III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)

	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		-16,486,034
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-16,486,034

NET ANNUALIZED FISCAL IMPACT

	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-16,486,034	\$

Agency/Prepared By	Authorized Signature	Date
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