

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-1279/2</b>	<b>Introduction Number</b> <b>AB-0441</b>
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**Description**  
 A shared services aid program for school districts, granting rule-making authority, and making an appropriation

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input checked="" type="checkbox"/> Increase Revenue	<input type="checkbox"/> Counties
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> School Districts
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> WTCS Districts

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.255 (2) (bt)	

<b>Agency/Prepared By</b> DPI/ Benjamin Kopitzke (608) 266-1344	<b>Authorized Signature</b> Erin Fath (608) 266-2804	<b>Date</b> 9/30/2019
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## Fiscal Estimate Narratives

DPI 9/30/2019

LRB Number	<b>19-1279/2</b>	Introduction Number	<b>AB-0441</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
A shared services aid program for school districts, granting rule-making authority, and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a new categorical aid for school districts that enter into an agreement to share administrative personnel services with other school districts or a local unit of government. This bill creates a new, annual appropriation of \$2,000,000 GPR, starting in FY20, to support the aid program.

Under the bill, a school board participating in a shared services agreement may be eligible to receive specified aid amounts for shared district administrators (\$40,000); human resources directors, informational technology directors, and business managers (\$22,500); and, other non-faculty, administrative positions, excluding principals and assistant principals (\$17,500).

The aid amounts would be paid in full for three years and then half that amount for the fourth and fifth years of a given agreement. No aid would be paid after the fifth year. Aid would be prorated if total eligibility exceeds the appropriated amount.

Under the bill, school boards may be eligible for aid under two types of agreements: 1) an agreement with one or more school board; or 2) an agreement with the governing board of a local unit of government (city, village, town, or cooperative educational services agency [CESA]).

To be eligible for aid under a shared services agreement with other school districts, all participating districts must enter into a shared services agreement and the school boards must pass a resolution to participate in the shared services aid program. Additionally, the participating school boards must jointly submit to the department the shared services agreement with the following information: 1) the position(s) the school districts intend to share; 2) the position(s) that will be eliminated in each school district; 3) the salary and fringe benefit costs of the shared and the eliminated positions; and 4) information demonstrating that the shared services agreement will result in a net reduction in filled administrative positions between the participating school districts.

To be eligible for aid under a shared services agreement with a local unit of government, the participating school district must enter into a shared services agreement and the school board must pass a resolution to participate in the shared services aid program. Additionally, the school board must submit to the department any information required by the department, by rule, to demonstrate that the agreement will result in a net savings to the participating school district. The bill does not make local units of government that are party to the agreement eligible for the shared services aid and does not require the local unit of government to submit any information to the department regarding how the agreement will result in a net reduction in filled administrative positions for the local unit of government.

The bill does not limit the number of shared positions for which school boards may be aided. However, under the bill, aid could not be provided for more than one position held by the same individual.

#### Local:

School districts that choose to share administrative services position with other school districts or other local units of government would be eligible for aid (revenue outside the district's revenue limit, thus additional spending capacity). Because the aid program would require that school districts effectively reduce the number of administrative positions in order to receive the aid, the aid received for the shared services agreement could be used to support other costs (e.g., non-administrative staff, or non-staff costs of general operations). However, because the aid would be time-limited and decrease in years four and five, a district receiving this aid would have to plan to the reduction in aid revenue accordingly. The actual impact on each district would depend on the

number and type of administrative positions shared with the other party (parties) to the shared services agreement.

The bill does not allow non-school district units of local government to receive aid under the shared services aid program.

State:

While the bill appropriates \$2,000,000 GPR annually, beginning in FY20, there would be no expenditures until such time as school districts take action to enter into a shared services agreement and submit the required information to the department for reimbursements. The department does not have any information that would allow for a reasonable estimate of how many positions would be covered under the proposed shared services aid program. Therefore, the impact on the state is indeterminate.

For the department specifically, implementation of the proposed shared services aid program would require dedicated staff time to design the application process for aid, develop information/technical assistance for school districts, and to provide ongoing support for the aid program. The bill does not provide the department with additional resources to administer the proposed aid program; thus, the department would have absorb the additional work with existing staff.

### **Long-Range Fiscal Implications**

If school districts participate in the proposed shared services aid program, there is the potential for operating cost savings at the local level in the long run; however, there is no information available upon which to base an estimate of potential long-term savings to a participating school district. The more districts that choose to participate in the aid program, the greater the state's expenditures (until aid eligibility reaches the \$2,000,000 appropriated under the bill).