

## Fiscal Estimate - 2019 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

<b>LRB Number</b> <b>19-4720/1</b>	<b>Introduction Number</b> <b>SB-589</b>
<b>Description</b> a school district revenue limit adjustment for the cost of employing school nurses	
<b>Fiscal Effect</b>  <b>State:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect  <input type="checkbox"/> Indeterminate  <input type="checkbox"/> Increase Existing Appropriations  <input type="checkbox"/> Decrease Existing Appropriations  <input type="checkbox"/> Create New Appropriations                 </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues  <input type="checkbox"/> Decrease Existing Revenues                 </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget  <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes                         <input type="checkbox"/> No                     </div> <input type="checkbox"/> Decrease Costs                 </div> </div> <b>Local:</b> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs  <input checked="" type="checkbox"/> Indeterminate  <div style="display: flex;"> <div style="width: 50%;">                     1. <input type="checkbox"/> Increase Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                      2. <input type="checkbox"/> Decrease Costs  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                 </div> <div style="width: 50%;">                     3. <input checked="" type="checkbox"/> Increase Revenue  <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                      4. <input type="checkbox"/> Decrease Revenue  <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory                 </div> </div> </div> <div style="width: 33%;"> <b>5. Types of Local Government Units Affected</b>  <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns  <input type="checkbox"/> Counties  <input checked="" type="checkbox"/> School Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Village  <input type="checkbox"/> Others  <input type="checkbox"/> WTCS Districts                         </div> <div style="width: 33%;"> <input type="checkbox"/> Cities                     </div> </div> </div> </div>	
<div style="display: flex; justify-content: space-between;"> <div> <b>Fund Sources Affected</b>  <input type="checkbox"/> GPR   <input type="checkbox"/> FED   <input type="checkbox"/> PRO   <input type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEGS                 </div> <div> <b>Affected Ch. 20 Appropriations</b> </div> </div>	
<b>Agency/Prepared By</b> DPI/ Erin Fath (608) 266-2804	<b>Authorized Signature</b> Erin Fath (608) 266-2804
<b>Date</b> 12/3/2019	

## Fiscal Estimate Narratives

DPI 12/3/2019

LRB Number	19-4720/1	Introduction Number	SB-589	Estimate Type	Original
<b>Description</b> a school district revenue limit adjustment for the cost of employing school nurses					

### Assumptions Used in Arriving at Fiscal Estimate

Current law generally limits the total amount of revenue per pupil that a school district may receive from general school aids and property taxes in a school year to the amount of revenue allowed per pupil in the previous school year plus a per pupil increase, if any, as provided by law. However, current law also includes several adjustments to the general revenue limit. For example, if a school district increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the school district's revenue limit is increased by the cost of that service. A school board can seek additional revenue raising authority for operating costs or to borrow funds for purposes of building construction/remodeling via referendum.

This bill creates a school district revenue limit adjustment for the costs of employing school nurses. Under the bill, if a school board adopts a resolution, the school district's revenue limit is increased by the amount the school district spent during the second previous school year on salaries and benefits for school nurses and/or for the costs of nursing services provided in the school district under a contract with the school board. The bill structures this as a nonrecurring adjustment to a district's revenue limit; thus, the adjustment amount would be removed each year from the district's base revenues. However, a school board could adopt a resolution each year to make use of the adjustment – the practical effect being a continuing adjustment to the district's revenue raising authority, potentially increasing each year to reflect general inflationary pressure on compensation.

The bill does not limit the amount that may be claimed by a school district under the proposed revenue limit adjustment, nor does it require that the increase in revenue generated by the adjustment be used to increase/expand nurse services. It does, however, base the allowable adjustment amount on actual costs incurred in the second previous school year (i.e., the most recent year for which final, audited expenditure data would be available). For example, if the provisions of the bill were to become law before districts set their levies for 2020-21 school year, school boards could adopt a resolution to raise the district's revenue limit for the 2020-21 school year, by the amount of actual school nurse expenditures incurred in the 2018-19 school year (audited expenditure data for the 2018-19 school year will be available in the Spring of 2020).

According to the expenditure data submitted by school districts to the department as part of required annual financial reporting, the total amount spent by all school districts for school nurse salary and fringe benefits and for contracted nursing services was \$54.6 million in 2016-17, \$58.5 million in 2017-18, and \$59.9 million for 2018-19 (preliminary figures, not yet audited). Of the state's 422 school districts (421 as of 2018-19), only 28 districts reported no expenditures during those three school years for school nurse salary and fringe benefits and/or for contracted nurse services. Most of the 394 districts that did report expenditures did incur school nurse related expenses in all three of those years (370 districts); several districts had expenditures in at least one, but not all, of those three school years.

The primary impact of the bill would be the potential for additional revenue raising authority among school districts. The amount would vary depending on the degree to which school boards choose to utilize the revenue raising authority provided under the bill. The department is not able to project the degree of utilization for the adjustment proposed in this bill.

In allowing school boards to raise revenues specifically for school nurse related costs, existing resources in the district's general fund would be freed up for the district to use for general programming (not specific to nurse services). It is possible that the availability of a revenue limit adjustment for school nurse related costs could provide incentive to school districts to expand nurse services, depending on whether the district determines that an expansion of services is needed. Again, the department is not in a position to project whether, or to what degree, school districts would make that decision.

Local Impact: Indeterminate.

Potential for additional revenue raising authority for school districts.

State Impact: No Impact.

The bill does not change state appropriations or otherwise impact the state's general fund.

**Long-Range Fiscal Implications**