

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL
- CORRECTED
- UPDATED
- SUPPLEMENTAL

LRB # -2866/1

Introduction # 1999 Assembly Bill 367

Admin. Rule #

Subject

Relating to school district open enrollment and tuition waivers and payments

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation
- Decrease Existing Appropriation
- Create New Appropriation
- Increase Existing Revenues
- Decrease Existing Revenues

Decrease Costs

Local: No local government costs

SEE NARRATIVE

- 1. Increase Costs
- Permissive Mandatory
- 2. Decrease Costs
- Permissive Mandatory

- 3. Increase Revenues
- Permissive Mandatory
- 4. Decrease Revenues
- Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
- Counties Others _____
- School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

Tuition waivers for certain pupils

Under current law, a school board must permit a student who was a resident of and enrolled in a school district at the beginning of the school year to complete the school year in the district without payment of tuition, even if the student moves out of the district during the school year and is no longer a resident.

This bill makes the following changes to current law:

1. The bill requires a school district to permit a pupil who was a resident on the third Friday of September or the second Friday in January of the current school year and who was enrolled in the school district for at least 20 days during the school year to complete the current school year at the school district without payment of tuition, even if the student moves out of the district during the school year and is no longer a resident. The school district of attendance would continue to count the student for state aid and revenue limit purposes for the remainder of the school year.
2.
 - a. The bill requires a school district to permit a pupil who was a resident of the state and of the school district on the second Friday in January, was enrolled in the school district continuously from the second Friday in January to the end of the school term and who moved out of the school district after the first Monday in February (the beginning of the open enrollment application period) to attend school in the school district for the following school year without payment of tuition even though the student is no longer a resident.
 - b. The student's attendance in the district would be funded in the same manner as open enrollment. That is, the school district of residence would count the student for state aid and revenue limit purposes. The resident school district's state aid would be negatively adjusted by the open enrollment transfer amount and the nonresident school district's state aid would be positively adjusted by the open enrollment transfer amount (estimated to be \$4,689 in the 1999-2000 school year).

(continued)

Long-Range Fiscal Implications:

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- c. If the student is receiving special education in accordance with an IEP, the resident school district pays tuition (or an amount agreed to by the two school districts) to the nonresident school district. If the resident school board determines that the cost of the special education constitutes an "undue financial burden" to the resident school district, the district may require the student to attend the resident school district.

3. The bill would permit a school district to waive tuition under the circumstances described in current law.

Local Fiscal Effect: The bill is likely to result in an overall increase of the number of students who are eligible for a tuition waiver. The more stringent provision for students to complete the *current* school year after a move may result in fewer students claiming eligibility based on very short-term residency in a district; however, any fiscal effect compared to current law will be minimal. The provision allowing students to continue to attend a school district in a *following* school year will make no difference to either school district with respect to counting the student for state aid and revenue limit purposes, although it will change each district's costs and revenues. The "new" resident district will add the student to its membership and the "old" resident district will subtract the student from its membership. The transfer will cost the resident school district \$4,689 which may be wholly or partially offset by a reduction in the cost the district would otherwise incur to educate the student. The nonresident district will receive a revenue increase of \$4,689 that may be wholly or partially offset by an increase in costs to educate the student.

There is likely to be increased work to school districts to implement procedures to account for transfers that are not open enrollment. There may be increased workload to districts to defend potential appeals of denials due to "undue financial burden."

The bill may also result in a greater number of students participating in open enrollment. This is because under current law a student who moves out of a district after February but before July has missed the open enrollment deadline and must either pay tuition or attend school in the new resident district. It is assumed that most students, once they begin attending school in the "new" resident district will continue to attend there rather than change districts twice. Under the bill, these students would be eligible for tuition waivers and would then be able to apply for open enrollment to attend the desired school district on a continuous basis.

State Fiscal Effect: There will be an increase in workload to the department to implement procedures to account for aid transfer payments that are not open enrollment. This will increase the backlog of work for the open enrollment consultant, although once implemented the increase in work will be minimal.

There may be an increase in workload to the department if the bill results in additional appeals related to a resident school district denying a student's attendance due to the "undue financial burden" of the cost of a student's special education. This, again, will increase the backlog of work for the open enrollment consultant.

Special Education Provisions

Under current law, a nonresident school district must develop a student's IEP "in collaboration with" the resident school district. Under the bill, the IEP team must include a member from the student's resident school district. There may be increased workload to some resident school district special education staff as a result of this provision, although it is not believed that new staff will need to be hired. It is further believed that many resident school districts already have staff participating in the development of IEPs for students who are open enrolled to nonresident districts. There is no state fiscal effect to this provision.

The bill contains provisions to coordinate language in the open enrollment statute with recent state and federal changes in special education laws. There is no state or local fiscal effect to these changes.

Tuition Paid by Parents

Under current law, if a parent wishes a child to attend another school district but is not eligible under open enrollment (this most often happens if the parent missed the deadline for open enrollment), the parent must pay tuition to the nonresident school district. The tuition is calculated according to a statutory formula and includes all fixed and variable, instructional and administrative school district costs. This may range from about \$5,000 to \$10,000 or more, depending on the per pupil costs of the school district of attendance; the state average tuition amount is \$6,800. Under this bill, the amount a parent would pay for regular education would, instead, be the same amount that a resident school district would pay to a nonresident school district for open enrollment, that is, the state average per pupil cost for regular instruction, instructional services, co-curricular activities and instructional support services. This is estimated to be \$4,689 for the 1999-2000 school year. The amount the parent would pay for special education would either be the statutorily-calculated amount or an amount agreed to by the parent and the school district.

Local Fiscal Effect: The fiscal effect for school districts would depend on its per pupil cost compared to the open enrollment transfer amount. The greater the difference between these two numbers, the greater the reduction in revenue. However, it is possible that the smaller payment amount may enable more parents to pay tuition compared to current law, in which case the district would experience an increase in revenue compared to current law. In either case, the potential change in revenue is minimal, in that it would be very rare for any parent to pay tuition for more than one year. It is assumed that the parent would apply for open enrollment in subsequent school years.

State Fiscal Effect: There is no state fiscal effect to this provision.