

Fiscal Estimate Narratives
DOR 5/20/2005

LRB Number 05-2504/1	Introduction Number AB-417	Estimate Type Original
Subject Additional state aid to certain large-area, declining enrollment school districts		

Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

In a given school year, a school district is eligible for "supplemental aid" of \$350 per pupil (based on the prior year enrollment) if it meets the following criteria: (a) it has an area of at least 200 square miles, (b) its enrolls fewer than 500 pupils, and (c) at least 80% of the real property in its area is exempt from taxation, taxed as forest cropland, or is tribal land. "Supplemental aid" is paid from a separate annual appropriation under which any unspent funds lapse at the end of the fiscal year.

PROPOSED LAW

Any funds remaining in the supplemental aid appropriation after current law payments are disbursed could be used to make additional supplemental aid payments of \$350 per pupil (based on the prior year enrollment). A school district would qualify for this payment if it meets the following criteria: (a) it has an area of at least 475 square miles and (b) its membership for aid purposes declined by more than 12% between the 2000-01 and 2003-04 school years. If sufficient funds are not available to pay the additional aid in full, actual payments are to be prorated.

A new school aid program, called "additional aid", is created. A school district could qualify for "additional aid" of \$500 per pupil (based on the prior year enrollment) if it meets the following criteria: (a) it has an area of at least 475 square miles, (b) its membership for aid purposes declined by more than 12% between the 2000-01 and 2003-04 school years, and (c) its voters have given referendum approval to increase the revenue limit by the amount of the additional aid payment. "Additional aid" would be paid from a separate annual appropriation. If the appropriation is not sufficient to fully fund these payments, actual payments would be prorated. The first "additional aid" payments would be made in the 2005-06 school year.

Based on area and aid membership data, the only school district that could potentially qualify for the proposed aid payments is the Florence School District. Since the Department of Revenue does not administer the "supplemental aid" payment, we are unable to estimate how much "supplemental aid" the Florence School District could have qualified for under the bill. Based on 2003/04 school year data from the Department of Public Instruction, the Florence School District had 770 aid members. Using this figure, if the bill had been in effect for the 2004/05 school year, the Florence School District could have qualified for an "additional aid" payment of \$385,000 (770 X \$500).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Additional state aid to certain large-area, declining enrollment school districts			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance	385,000	
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$385,000	\$
B. State Costs by Source of Funds			
	GPR	385,000	
	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, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$385,000	\$
NET CHANGE IN REVENUE		\$	\$385,000
Agency/Prepared By		Authorized Signature	Date
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