

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

|   |  |
|---|--|
| <b>LRB Number</b> <b>13-4221/1</b>  | <b>Introduction Number</b> <b>SB-614</b>   |
| <b>Description</b><br>School district sparsity aid and making an appropriation  |  |
| <b>Fiscal Effect</b>  |  |
| <b>State:</b>   |  |
| <input type="checkbox"/> No State Fiscal Effect<br><input checked="" type="checkbox"/> Indeterminate  |  |
| <input checked="" type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations   | <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Revenues   |
| <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs   |  |
| <b>Local:</b>   |  |
| <input type="checkbox"/> No Local Government Costs<br><input checked="" type="checkbox"/> Indeterminate   |  |
| 1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory  | 3. <input checked="" type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |
| 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |  |
| <b>Fund Sources Affected</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) (ae)   |  |
| <b>Affected Ch. 20 Appropriations</b>   |  |
| <b>Agency/Prepared By</b>   | <b>Authorized Signature</b>  |
| DPI/ Donald Smith (608) 267-2003  | Michael Bormett (608) 266-2804   |
| <b>Date</b>   |  |
| 2/27/2014   |  |

## Fiscal Estimate Narratives

DPI 2/27/2014

|  |           |                     |        |               |          |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number   | 13-4221/1 | Introduction Number | SB-614 | Estimate Type | Original |
| <b>Description</b><br>School district sparsity aid and making an appropriation |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a school district is eligible to receive sparsity aid if in the previous school year all of the following criteria were satisfied:

1. The number of pupils enrolled in the school district was no more than 725.
2. At least 20 percent of the pupils were eligible for a free or reduced-price lunch under the National School Lunch Program.
3. The number of pupils enrolled in the district divided by the school district's area in square miles is less than ten.

This bill eliminates the first and second criteria, above. The bill also limits the amount of sparsity aid that a school district may receive in any school year to \$750,000. Finally, the bill changes the sparsity appropriation to a sum sufficient appropriation.

#### State:

Under current law 133 school districts were eligible for \$17,001,900 in sparsity payments in FY14. Under current law if the appropriation is not sufficient to pay the full eligible amount, payments are prorated. The actual payments were prorated at 79.12 percent of the eligible amount, down to the appropriated amount of \$13,453,300.

This bill changes the eligibility criteria for school districts to receive sparsity aid. Two of the three existing criteria are removed. In FY14, this would have resulted in an increase in the number of school districts that met the criteria from 133 to 226.

Under this bill, the 226 school districts would have been eligible for \$50,158,500 in sparsity payments in FY14, an increase of \$36,705,200 over current law. This includes five school districts which would have received \$750,000 as they would have exceeded that threshold for the maximum payment under this bill. Because this bill changes the sparsity aid appropriation from an annual to a sum sufficient appropriation, state sparsity aid payments to school districts would increase by \$36,705,200 GPR compared to current law.

#### Local:

Under current law 133 school districts were eligible for \$17,001,900 in sparsity payments in FY14. Under current law if the appropriation is not sufficient to pay the full eligible amount, payments are prorated. The actual payments were prorated at 79.12 percent of the eligible amount, down to the appropriated amount of \$13,453,300.

This bill changes the eligibility criteria for school districts to receive sparsity aid. Two of the three existing criteria are removed. In FY14, this would have resulted in an increase in the number of school districts that met the criteria from 133 to 226.

Under this bill, the 226 school districts would have been eligible for \$50,158,500 in sparsity payments in FY13, an increase of \$36,705,200 over current law. This includes five school districts which would have received \$750,000 as they would have exceeded that threshold for the maximum payment under this bill. Because this bill changes the sparsity aid appropriation from an annual to a sum sufficient appropriation, school districts would receive \$36,705,200 GPR more in sparsity payments than under current law.

### Long-Range Fiscal Implications