

**Fiscal Estimate - 2015 Session**

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 15-2321/1	<b>Introduction Number</b> AB-0195	
<b>Description</b> One-year extension of student achievement guarantee in education program contracts		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input checked="" type="checkbox"/> No State Fiscal Effect		
<input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Decrease Costs	
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
<b>5. Types of Local Government Units Affected</b>		
<input type="checkbox"/> Towns	<input type="checkbox"/> Village	<input type="checkbox"/> Cities
<input type="checkbox"/> Counties	<input type="checkbox"/> Others	
<input checked="" type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</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		
<b>Agency/Prepared By</b> DPI/ Grant Huber (608) 266-2003	<b>Authorized Signature</b> Erin Fath (608) 266-2804	<b>Date</b> 5/5/2015

## Fiscal Estimate Narratives

DPI 5/5/2015

LRB Number	15-2321/1	Introduction Number	AB-0195	Estimate Type	Original
<b>Description</b> One-year extension of student achievement guarantee in education program contracts					

### Assumptions Used in Arriving at Fiscal Estimate

The Student Achievement Guarantee in Education (SAGE) program is a categorical state aid program that provides funding to schools for low-income students in primary grades (K-3) if certain statutory requirements are met. Before a school may participate in SAGE, the school board of the district must enter into a contract with the Department of Public Instruction on behalf of individual schools in the district that qualify for participation. SAGE contracts are for 5 years and may be renewed for additional 5-year terms.

AB 195 allows DPI to provide a one-year extension on existing SAGE contracts set to expire at the end of the current 2014-15 school year. The bill also prohibits DPI from renewing 5-year SAGE contracts expiring at the end of the 2014-15 school year or any school year thereafter.

According to the Joint Legislative Council prefatory note, the one-year extension of SAGE contracts under AB 195 allows for legislative changes (separate legislation) to the SAGE program enacted during the 2015-16 school year to be implemented in the 2016-17 school year. Without an extension, the 354 SAGE contracts set to expire at the end of the current 2014-15 school year could be renewed before legislation changing the SAGE program is enacted. If the existing SAGE contracts are renewed, and legislative changes to the SAGE program enacted during the 2015-16 school year, those changes would not apply to SAGE contracts renewed at the end of 2014-15 school year until those (renewed) contracts expire and are renewed again for 2020-21.

#### Local:

If AB 195 passed, no current SAGE contracts that expire at the end of the 2014-15 school year would be renewed under current law provisions. Under separate legislation (AB 196), a new program would be created, called the "Achievement Gap Reduction" (AGR) program that is similar in some respects, and different in others, to the current law SAGE program. Under AB 196, only those schools currently under SAGE contract could enter into a contract under the proposed AGR program. As the requirements under the proposed AGR program differ from those of the current law SAGE program, schools currently under a SAGE contract may choose not to participate in the proposed AGR program.

Alone, AB 195 would have the impact of eliminating the possibility that a school district with (a) school(s) participating in SAGE would continue to receive SAGE state aid payments as under current law beyond the 2014-15 school year. State aid payments to a school district under SAGE are equal to a maximum of \$2,250 multiplied by the number of low-income pupils served in the SAGE classrooms in the schools within the school district (state aid was prorated in 2013-14 at 90.1%, or \$2,027.25 per low income pupil).

Under AB 196, a district would enter into a contract under the proposed AGR program and receive state aid as specified under that program. One potential impact of AB 195 (even assuming AB 196 is enacted into law) is that some districts may choose to not participate under the AGR program and thereby no longer receive state aid for class size reduction as under the current law SAGE program. As SAGE state aid is received outside the state-imposed revenue limits for school districts, the loss of such aid could not be made up through the school levy; thus, loss of SAGE aid would result in loss of spending capacity for such a district.

It is not possible to predict how many of the school districts that currently have a SAGE contract would choose to not enter into an AGR contract in 2015-16. Therefore, the cost to school districts is indeterminate at this time.

#### State:

AB 195 allows DPI to provide a one-year extension on existing SAGE contracts set to expire at the end of the current 2014-15 school year (and prohibits any 5-year renewals to existing contracts). It is anticipated that this change alone would not have a direct fiscal impact on the Department.

## Long-Range Fiscal Implications