

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-2275/1	Introduction Number AB-0383				
Description State aid payments to school districts					
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs					
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts					
<table style="width: 100%;"> <tr> <td style="width: 50%;">Fund Sources Affected</td> <td style="width: 50%;">Affected Ch. 20 Appropriations</td> </tr> <tr> <td> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </td> <td></td> </tr> </table>		Fund Sources Affected	Affected Ch. 20 Appropriations	<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Date 10/15/2015					

Fiscal Estimate Narratives

DPI 10/15/2015

LRB Number	15-2275/1	Introduction Number	AB-0383	Estimate Type	Original
Description State aid payments to school districts					

Assumptions Used in Arriving at Fiscal Estimate

This bill changes the schedule for state general aid payments to school districts.

Under current law, the Department of Public Instruction (department) pays state aid to school districts for each school year in the following four installments: 15 percent in September, 25 percent in December, 25 percent in March and 35 percent in June. Current law also requires the department to make a delayed payment of \$75,000,000 to school districts on the fourth Monday in July of the following school year and to proportionately reduce the percentages described above for the current school year to reflect this delayed aid payment.

Current law provides that the 15 percent aid payment to school districts in September is based on the total aid payment from the previous fiscal year, after accounting for deductions to general aids, such as the payments to independent "2r" and "2x" charter schools. When general aid payments are certified for the current fiscal year on October 15, the payments in December through June are reconciled to account for difference between the previous fiscal year actual aid payments and the current fiscal year certified aid amounts.

School districts have the option under current law to request that the department pay an amount equal to 10 percent of the school district's total aid entitlement monthly from September to June. If a school district chooses this option, it must pay to the department an amount equal to the earnings that the school district's aid entitlement would have accrued, had the school district's aid been distributed under the four installment method, as determined by the Department of Administration.

This bill changes the percentage of state aid paid in each installment to 25 percent.

Local: The bill would not affect the total state aid for which a school district is eligible. The change proposed under this bill would provide an even distribution of state general aid payments, providing more state general aid resources at the beginning of the fiscal year, and fewer at the end of the fiscal year.

Raising the September aid payment from 15 to 25 percent could result in larger adjustments to the December, March and June aid payments, as a result of reconciling payments within a year, because the September payment, which is based on the prior year's actual aid payment, would now comprise a larger portion of the district's total aid payments within a year.

The fiscal impact as a result of this bill would vary by district, based on each district's prior year aid payments and current year aid certification.

State: While this bill does not have an impact on the state's total expenditures, the bill would shift general aid payments to school districts in a way that draws greater amounts of General Program Revenue (GPR) from the state's general fund earlier in the fiscal year. The larger aid payments in September would likely impact cash flow within the state's general fund, which in turn could trigger actions to balance the cash flow (e.g., inter-fund borrowing or short-term borrowing). The Department of Public Instruction is not in a position to assess the impact of this bill on the state's cash flow capabilities.

Long-Range Fiscal Implications