



## Fiscal Estimate Narratives

DPI 11/10/2017

LRB Number	17-4521/1	Introduction Number	SB-515	Estimate Type	Original
<b>Description</b> sparsity aid and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill changes the appropriation for Sparsity Aid from a sum certain appropriation to a sum sufficient appropriation and makes additional school districts eligible for Sparsity Aid.

Under current law, a school district is eligible for Sparsity Aid in the amount of \$300 per pupil if the school district's membership in the previous school year did not exceed 745 pupils and if the membership divided by the school district's area in square miles (pupil density) is less than ten. Also under current law, as affected by 2017 Wisconsin Act 59, the 2017 Biennial Budget Act, a school district that was eligible to receive Sparsity Aid in the previous school year but that is not eligible to receive Sparsity Aid in the current school year, due to its membership exceeding the 745 eligibility threshold, will receive up to 50 percent of the aid the school district received in the previous school year. Currently, in any school year in which the amount appropriated to the Sparsity Aid program is insufficient to pay the full amount to all eligible school districts, the Department of Public Instruction must prorate the payments.

Beginning in the 2018-19 school year, the per pupil payment to eligible school districts with a pupil density of less than ten increases to \$400. In addition, the bill makes a school district that has a pupil density of less than ten and a membership of between 745 and 1,000 pupils eligible for Sparsity Aid (at \$400 per pupil). Also under this bill, beginning in the 2018-19 school year, a school district with between 1,001 and 2,700 pupils and a pupil density of less than seven pupils per square mile is eligible for Sparsity Aid in the amount of \$100 per pupil. The bill eliminates the need to prorate payments among eligible school districts.

State:

The bill will have the effect of increasing appropriations under the Sparsity Aid categorical aid program in order to account for: 1) changing the appropriation from a sum certain appropriation to a sum sufficient appropriation; 2) extending eligibility to additional school districts under this categorical aid program; and 3) increasing the per pupil payment to eligible school districts under this categorical aid program. Under current law, eligibility for Sparsity Aid is determined using the school district's membership in the prior year in combination with the current law pupil density of less than 10 pupils per square mile. It is not possible to calculate eligibility for the 2018-19 school year using audited FY18 membership at this time. However, were the bill in effect today using FY17 membership, a total of 203 school districts would become eligible for Sparsity Aid, an increase of 59 school districts over the current law eligibility of 144 school districts in the 2017-18 school year. This is because the bill makes a school district that has a pupil density of less than ten and a membership of between 745 and 1,000 pupils eligible for Sparsity Aid, which brings in 38 additional school districts under the program; the bill also creates a second tier of eligibility for Sparsity Aid, whereby a school district with between 1,001 and 2,700 pupils and a pupil density of less than seven pupils per square mile are eligible to receive Sparsity Aid, which brings in 21 additional school districts under the program.

Further, the bill increases the per pupil payment for eligible school districts with a pupil density of less than ten and a membership of no more than 1,000 pupils from \$300 per pupil to \$400 per pupils, and creates a per pupil payment for eligible school districts with a pupil density of less than seven and a membership of no less than 1,001 pupil and no more than 2,700 pupils in the amount of \$100 per pupil. Because the bill changes the appropriation from sum certain to sum sufficient, proration is no longer necessary in the event that total aid eligibility for all eligible districts exceeds the appropriated amount, and the appropriation must be expended in the amount necessary to pay all eligible districts.

Finally, the bill retains the "stop gap" provision, as affected by 2017 Wisconsin Act 59, which provides that a school district that was eligible to receive Sparsity Aid in the previous school year but that is not eligible to receive Sparsity Aid in the current school year, due to its membership exceeding the 745 eligibility threshold, will receive up to 50 percent of the aid the school district received in the previous school year. It

should be noted that no school district lost eligibility for Sparsity Aid in FY18 and the Department is not able to project how many school districts would lose eligibility and thus receive the stop gap payment in FY19. However, with all other changes to Sparsity Aid taken together, the Department estimates that the appropriation would need to be increased by \$22,780,600 GPR in order to pay all eligible school districts under this bill, were the bill in effect today.

Local:

It is not possible to predict eligibility for Sparsity Aid in the 2018-19 school year without audited FY18 membership, which is not available at this time. However, using FY17 membership data, the Department estimates that 203 school districts would be eligible for Sparsity Aid as a result of this bill, were the bill in effect for the 2017-18 school year. By changing the appropriation from sum certain to sum sufficient, eligible school districts will continue to receive total eligible funding under the program without the possibility of proration. Eligible funding per district would vary depending on the school district's membership, but the changes under this bill would result in additional spending authority for additional districts outside their revenue limits. Therefore, local revenues would increase as a result of this bill.

### **Long-Range Fiscal Implications**