

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-12711	Introduction Number SB-182
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Description
 school district sparsity aid and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input checked="" 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

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	s. 20.255 (2) (ae), Wis. Stats.

Agency/Prepared By DPI/ Carl Bryan (608) 267-9127	Authorized Signature Erin Fath (608) 266-2804	Date 5/1/2019
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Fiscal Estimate Narratives

DPI 5/1/2019

LRB Number	19-1271/1	Introduction Number	SB-182	Estimate Type	Original
Description school district sparsity aid and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes additional school districts eligible for sparsity aid and provides additional funding for school district sparsity aid.

Under current law, a school district is eligible for sparsity aid in the amount of \$400 per general aid member, if the school district's membership in the previous school year did not exceed 745 members and if the membership divided by the school district's area in square miles (population density of members per square mile) is less than ten.

Beginning in the 2019-20 school year, this bill extends to sparse school districts with a membership not exceeding 1,000 members, rather than 745 members, eligibility for sparsity aid of \$400 per member. The Department estimates that if this bill had been in effect for the computation of 2018-19 Sparsity Aid, 39 additional school districts would have become eligible for sparsity aid at the modified Tier 1 level, in the amount of \$400 per member, which would have generated an additional \$13,229,200 in aid eligibility for those newly eligible school districts.

Additionally, the bill creates a second tier of sparsity aid. Under the bill, a school district is eligible for sparsity aid in the amount of \$100 per member if the school district's membership in the previous school year was greater than 1,000 but not more than 2,700 and if the school district's population density of members per square mile is less than seven. Again, if the bill had been in effect for the 2018-19 school year, the Department estimates that 50 additional school districts would have become eligible for sparsity aid in the second tier amount of \$100 per member. This would have generated an additional \$5,879,700 in aid eligibility as a result of the bill.

Under current law, if the appropriation is insufficient to pay the full amount of eligible aid under this program, the Department must prorate the payments among school districts entitled to aid. The bill increases the appropriation for sparsity aid by \$16,500,000 in FY20 to provide funding for the proposed second tier of aid. Assuming that 2018-19 membership holds constant, the Department estimates that sparsity aid would be prorated among all eligible school districts under the bill, at approximately 94.4 percent, under the bill, because the adjusted appropriation would be insufficient to pay the total aid to all eligible school districts (\$44,179,700 in total aid eligibility versus \$41,713,900 adjusted appropriation).

Finally, the bill makes a change to the "stopgap" provision under the sparsity aid program, whereby the Department must make a sparsity aid payment to each school district that received sparsity aid in the previous school year, but no longer meets the membership criteria for eligibility in the current year. Stop gap aid is equal to 50 percent of the amount received by the school district in the previous school year; it is paid to a district for one year only, and is also prorated if the appropriation is insufficient to cover 100 percent of the combined regular and stop gap aid eligibility. Under the bill, a school district that no longer meets the sparsity or membership criteria for eligibility would be paid in the amount of 50 percent of the amount received by the school district in the previous school year, again, for one year, and prorated if necessary.

There are two school districts that receive this stopgap aid under current law. Under this bill, these two districts would be captured under the first tier of eligibility due to the membership criteria increasing to 1,000 members under the bill. The Department is unable to project how the changes to the stopgap provision may impact eligibility for school districts in the future. However, it can be anticipated that school districts that are eligible under the first tier with a sparsity factor of less than seven members per square mile would receive eligibility under the second tier if their membership increases above the 1,000-member threshold and would not receive stopgap aid. However, a school district with a sparsity factor between seven and ten members per square mile

but whose membership increases above the 1,000-member threshold will receive stopgap aid for one year and will not become eligible in the second tier due to the lower sparsity criteria for eligibility.

The bill would increase eligibility for sparsity aid, and does increase the state appropriations for sparsity aid, though the amount provided under the bill may be insufficient to fully fund aid eligibility, depending on membership changes within eligible school districts.

Long-Range Fiscal Implications

Increases the appropriation for sparsity aid by \$16,500,000 for the 2019-20 school year and each year thereafter.