



## Fiscal Estimate Narratives

DPI 10/1/2019

LRB Number	19-4173/1	Introduction Number	SB-412	Estimate Type	Original
<b>Description</b> whole grade sharing categorical aid for school boards and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates a new, annual categorical aid for school boards that enter into a whole grade sharing (WGS) agreement and adopt a resolution to consider school district consolidation. This bill creates an annual appropriation of \$750,000 GPR, starting in the 2019-20 school year.

Under the bill, eligible school boards would receive \$150 per pupil enrolled in a grade included in the WGS agreement. School boards may not receive this aid for more than five school years. If the appropriation is less than the total amount of aid eligibility for all eligible districts, the payments to all eligible districts would be prorated.

This new aid would be received outside of the eligible district's revenue limit; thus, the aid would provide additional spending capacity for a district (as opposed to property tax relief).

Currently, no school boards have entered into a WGS agreement; further, DPI has not been made aware of any school boards pursuing a WGS agreement with any other school board at this time.

#### Local:

If a school board enters into a WGS agreement and declares that it will consider school district consolidation, then it would become eligible for this new aid. The amount of aid for which a district would be eligible would depend on the number of pupils who are enrolled in grades that are part of the WGS agreement, with a maximum of \$150 per pupil (aid would be prorated if total eligibility is greater than the appropriation). The amount of aid could vary across the five-years of aid eligibility, based on total enrollments in the applicable grades. The aid payments would not be phased out over the five-year period; thus, a district receiving this aid would have to be prepared to manage the loss of aid after the fifth year.

At \$750,000 annually, the appropriation could fully fund aid payments for a maximum of 5,000 pupils in a given year. Because there are currently no WGS agreements in place, and no indication at this time that any school boards are considering entering into a WGS agreement, the department has no data upon which to assess whether the appropriated amount is sufficient to fully meet potential aid eligibility in future years. It is possible that the aid program proposed in this bill would provide incentive to school boards to consider entering a WGS agreement with another school board. The department cannot predict district behavior on this point or reasonably estimate potential participation in WGS agreements in future years.

Because there is no experience with WGS agreements among school districts in Wisconsin at this time, there is no information available to assess whether districts that do enter into a WGS agreement would incur additional operational costs associated with a WGS agreement. It is unclear whether additional operational costs, if any, would be greater or less than the aid amount proposed under this bill.

Thus the local impact is indeterminate, with potential for additional revenue.

#### State:

While the bill creates a new appropriation, it would not result in actual expenditures (and thus no impact on the state's general fund) from the appropriation until such time as a school board enters into a WGS agreement with another district and adopts a resolution to consider consolidation with another school district. A WGS agreement

must be signed by the participating school boards by February 15 to be effective for the following school year. Thus, if this bill were to become law, the soonest that any school district could be in a WGS agreement is the 2020-21 school year; thus, the soonest the bill could have an impact on state outlays is FY21.

**Long-Range Fiscal Implications**