

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>21-3797/1</b>	<b>Introduction Number</b> <b>SB-436</b>
------------------------------------	--

**Description**  
 counting summer school enrollment for purposes of school district revenue limits

**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 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	<b>5. Types of Local Government Units Affected</b>	
<input checked="" type="checkbox"/> Indeterminate	<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	
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" 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>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/ Erin Fath (608) 266-2804	<b>Authorized Signature</b> Erin Fath (608) 266-2804	<b>Date</b> 7/2/2021
--	---	-------------------------

## Fiscal Estimate Narratives

DPI 7/2/2021

LRB Number	<b>21-3797/1</b>	Introduction Number	<b>SB-436</b>	Estimate Type	<b>Original</b>
<b>Description</b> counting summer school enrollment for purposes of school district revenue limits					

### Assumptions Used in Arriving at Fiscal Estimate

Current law limits the total amount of revenue a school district may receive from general school aids and property taxes in a school year; this is referred to as the school district's revenue limit. Under current law, a school district's allowable controlled school tax levy (for general school operations) is equal to the district's revenue limit minus the district's certified state general/equalization aid.

One factor used to calculate a school district's revenue limit is a three-year rolling average (3YRA) of the school district's revenue limit membership. Revenue limit membership is comprised the full time equivalent (FTE) count of pupils who are residents of the district, as reported to DPI on the 3rd Friday of September, and 40% of the school district's FTE count for summer school enrollment. In school finance, for purposes of revenue limit (and general aid) membership, summer school starts the school year. Thus, enrollments from summer school held in summer 2022 will be part of the pupil counts for the 2022-23 school year.

This bill increases the percentage of a school district's summer school enrollment that is included in the enrollment count to 100% by the 2024-25 school year, phasing the increase in over three years. This is accomplished by including the 100% of the summer school enrollment beginning with summer 2022, for the 2022-23 school year. Because revenue limit membership is a 3YRA, it will take three years for the inclusion of 100% of the summer school FTE count to fully impact the revenue limit membership for school districts:

2022-23 school year = 100% for summer 2022, and 40% for summer 2021 and 2020 ( $180 / 3 = 60\%$ )

2023-24 school year = 100% for summer 2023 and 2022, and 40% for summer 2021 ( $240 / 3 = 80\%$ )

2024-25 school year = 100% for summer 2024, 2023, and 2022 ( $300 / 3 = 100\%$ )

Ultimately, including 100% of a school district's summer school FTE count will increase the district's revenue limit membership, and by extension, its revenue limit, compared to current law. The magnitude of the dollar impact on a district's revenue limit will depend on the individual district's summer school FTE, whether the district is generally experiencing steady, growing, or declining enrollment, and the magnitude of change in the enrollment from year to year.

Not all school districts offer summer school; of the 421 school districts (422 prior to 2019-20), the number of districts reporting summer school enrollments in 2014 through 2019 varied from year to year, ranging from 389 to 396 districts. The total summer FTE count generally increased during those years, from 18,084 in 2014 to 19,905 in 2019 (40 % FTE equal to 7,238 and 7,970, respectively), a change of approximately 10%. The highest summer FTE count was 19,992 FTE in summer 2018. (Just 340 school districts reported summer school enrollments for summer 2020; summer 2020 enrollments were significantly less than the prior years, at 8,506 [40% 3,395 presumably due to COVID-19 pandemic])

Summer school FTE counts generally increased despite the trend of decline in total enrollments (statewide): the 3rd Friday in September FTE for revenue limits decreased steadily each year between fall 2014 and 2019, from 836,849 to 821,979, an overall decline of 1.8%. (Like summer 2020, the fall 2020 enrollments were significantly lower, particularly among 4K and 5K pupils, presumably due to the COVID-19 pandemic). It is unknown whether summer school enrollments are likely to continue to rise or remain relatively constant at pre-2020 levels.

The total controlled revenue limit and school tax levy at the statewide level is the sum of the controlled school levies for each school district, which are the result of individual school district revenue limits and general aid amounts. Estimating the impact of the bill using a statewide figure for revenue limit membership would ignore the factors that go into each district's individual calculations and would likely misstate the impact at the statewide level.

Local Impact: indeterminate, potential for higher revenue

Generally, the bill would result in higher summer FTE counts as used for revenue limit membership and thus school district revenue limit authority, compared to current law. The amount of increase would depend on actual enrollments in summer school and interactions with other elements in the revenue limit calculation, and each school district's general aid payment (for the resulting school levy). Further, while the increasing summer FTE count would tend to raise allowable levies, a school board could choose to levy less than the maximum allowable amount. The department cannot project those factors, so the fiscal impact for each school district and the statewide levy impact is indeterminate.

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