

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-0561/1</b>	<b>Introduction Number</b> <b>AB-0194</b>
<b>Description</b> state aid for school district consolidation	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input checked="" 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	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 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 5. Types of Local Government Units Affected <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	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <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 20.255 (2) (bt)	
<b>Agency/Prepared By</b> DPI/ Sara Kleinman (608) 266-2804	<b>Authorized Signature</b> Erin Fath (608) 266-2804
<b>Date</b> 4/21/2023	

## Fiscal Estimate Narratives

DPI 4/21/2023

LRB Number	23-0561/1	Introduction Number	AB-0194	Estimate Type	Original
<b>Description</b> state aid for school district consolidation					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, consolidation aid is \$150 per pupil for the first 5 years after consolidation, and then in the 6th year, the district receives 50% of the aid it received in the 5th year, and in the 7th year, it receives 25% of the aid it received in the 5th year. This bill changes the formula for consolidation aid so a consolidated school district receives 9 percent of the statewide average base revenue limit under s. 121.91 (2m) (i) 1., Stats., per pupil in the first 5 years following consolidation. In the 6th year after consolidation, the consolidated school district receives aid in an amount equal to 50 percent of what it received in the 5th year, and in the 7th year it receives aid equal to 25 percent of what it received in the 5th year.

Like current law, under the bill, a consolidated school district may be two or more school districts that have consolidated, or a union high school district that has consolidated with its included elementary school districts. The bill provides a sum certain appropriation of \$1,500,000 beginning in the 2024-25 fiscal year. If the appropriation is insufficient to pay the full amount of aid each school district is entitled to, the Department of Public Instruction (DPI) must prorate each school district's payment.

Under current law and in the bill, consolidation aid is received "outside" of the school district's revenue limit - that is, the consolidation aid does not reduce the school district's tax levy; rather, it provides additional, spendable resources to the district.

#### Local Impact: Increase Revenue

Under the bill, using the 2022-23 school year revenue limit data, the average base revenue per pupil (revenue limit member) is \$10,788; 9% of that amount would be \$971 per pupil. Thus, under the bill, a consolidated school district would receive more in consolidation aid, in this example, \$821 more per pupil, than under current law (though if the total consolidation aid were to exceed the \$1,500,000 appropriation, it would be prorated). In this example, a district with 1,000 pupils would receive \$971,000 in total in consolidation aid, that is, \$821,000 more compared to current law.

If a school district was eligible for this aid in 2022-2023, the appropriation of \$1,500,000 million would support 1,544 pupils. However, this bill would not take effect until the 2024-25 fiscal year, at which time the average revenue limit per pupil is likely to be higher, thus supporting fewer than 1,544 pupils.

Under the bill, the per pupil amount for consolidation aid is indexed against the statewide average revenue limit per pupil; assuming the average increases over time, so too would the consolidation aid per pupil amount (compared to the flat \$150 per pupil under current law) - with the caveat that aid payments would be prorated if total eligibility were to exceed \$1,500,000.

For reference, the most recently school district consolidation was effective in 2018-19 (the 2022-23 school year is its 5th year of consolidation). The district's 2022-23 revenue limit membership is 488. If this bill had been in effect at the time of the consolidation, the consolidation aid payments to that district would have been greater. For example, under current law, the district would be eligible for 488 pupils x \$150 = \$73,200 in the 2022-23 year, compared to 488 x \$971 = \$473,794 under the bill (a difference of \$400,648 compared to current law).

#### State Impact: Indeterminate

DPI cannot accurately project whether districts will consolidate in the future, thus, the amount that will

actually be expended from this appropriation is indeterminate, though there is the potential increased expenditures up to \$1,500,000 GPR, annually.

**Long-Range Fiscal Implications**