

Fiscal Estimate Narratives

DPI 11/17/2023

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| LRB Number | 23-4848/1 | Introduction Number | AB-0644 | Estimate Type | Original |
| Description applications for full-time open enrollment | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Under the full-time open enrollment program (OEP), a pupil may attend a public school in a school district other than the pupil's resident school district (nonresident school district). The application period for the OEP occurs in the spring preceding the school year in which the pupil would attend a school in the non-resident school district.

However, current law does provide for the ability of a parent to apply for their child to participate in the OEP at other times outside the general application period, if the pupil/family meet criteria specified in statute, e.g., pupil moved into this state after the OEP application window. These are referred to as alternative applications. One of the permissible criteria is that the pupil's parent, the resident school board, and the nonresident school board agree that attending school in the nonresident school district is in the best interests of the pupil.

This bill creates another criterion under which an alternative application for the OEP: for pupils whose parent is employed as a teacher in a different school district in which the pupil resides. The application procedure created in the bill is available at any time during the school year (as are other alternative applications). Additionally, under the bill, when a pupil is accepted under the proposed alternative application, the pupil may immediately begin attending public school in the nonresident school district. Under the bill, if the pupil's parent is no longer employed by the nonresident school board as a teacher or an administrator, the nonresident school board may require the pupil to reapply using the standard or existing alternative OEP application procedure.

When a pupil participates in the OEP, that pupil is counted by the school district in which that pupil resides (i.e., the resident school district) for revenue limit membership and for state general aid membership. Thus, the pupil is included in the revenue limit calculation that determines a district's allowable revenue authority. The pupil is counted for purposes of determining state general aid factors (shared costs per member and equalized value per member).

However, while the resident school district generates revenue authority for pupils who open enroll out of the school district, the resident school district incurs a reduction in their state general aid payment equal to the full-time open enrollment transfer payment: \$8,618 in FY24 and 8,962 in FY25 (estimated). That amount is transferred to the non-resident school district in which the student is enrolled. This bill does not change the underlying finance mechanism for the OEP.

State impact: Because the OEP is financed with transfers of aid between school districts, there is no net impact on state general aid payments.

Local Impact: Under the bill, more pupils may participate in the OEP due to the alternative application, but DPI cannot reasonably project how many, or from which resident school district to which non-resident school district. Therefore, the impact on individual districts cannot be determined.

Long-Range Fiscal Implications