

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-4702/1</b>	<b>Introduction Number</b> <b>SB-0653</b>
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**Description**  
 state aid adjustments under the full-time open enrollment program

**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"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input checked="" type="checkbox"/> Indeterminate	1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
	4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" 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> 11/19/2023
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## Fiscal Estimate Narratives

DPI 11/19/2023

LRB Number	23-4702/1	Introduction Number	SB-0653	Estimate Type	Original
<b>Description</b> state aid adjustments under the full-time open enrollment program					

### Assumptions Used in Arriving at Fiscal Estimate

Under the current law open enrollment program (OEP), a pupil may attend a public school in a school district other than the school district in which the pupil resides, if the pupil's application is approved.

Under current law, the OEP full-time transfer payment is adjusted each year by adding to the prior year transfer amount: 1) the increase in the revenue limit per pupil adjustment for school districts (if any) in the current year; 2) the increase in appropriations for school categorical aids divided by total revenue limit membership (i.e., a per-member measure of state aid provided to school districts outside of state-imposed revenue limits); and 3) the change, if any, in the low revenue ceiling applicable to school districts. The third component of the adjustment was added beginning with the 2024-25 school year, under 2023 Act 11 (the low revenue ceiling amount is set at \$11,000 for both the 2023-24 and 2024-25 school years, thus the change is \$0). The individual components of the annual adjustment to the full-time OE transfer amount may not be less than zero.

Under current law, the full-time OEP transfer payment is \$8,618 for the 2023-24 school year and the transfer payment for the 2024-25 school year is estimated to be \$8,962, based on a \$325 revenue limit per pupil adjustment in 2024-25, estimated categorical aid appropriation increase of \$19/pupil from 2023-24 to 2024-25, and a change of \$0 in the low revenue ceiling between 2023-24 and 2024-25.

This bill sets the full-time transfer payment for OEP at \$10,000 per FTE pupil for 2024-25 school year, which would be an increase of \$1,038. The bill does not modify the OEP payment beyond the 2024-25 school year; thus, the current law mechanism for adjusting the full-time OEP transfer payment (described in the paragraph above) would again apply beginning in the 2025-26 school year.

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 calculation that determines a district's allowable revenue authority. The pupil is counted for purposes of determining the district's factors in the general aid formula - i.e., shared cost per member and equalized value per member. The general aid calculation uses prior year membership.

While the resident school district generates revenue authority for pupils who open enroll out of their resident school district, the resident school district incurs a reduction in their state general aid payment equal to the full-time open enrollment transfer payment. 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.

In some school districts, there are more pupils who open enroll into the school district than the number of pupils who open enroll out their resident school district ("net positive OE" districts). In other school districts, there are more pupils who open enroll out of their resident school district than the number of pupils that open enroll into the school district ("net negative OE" districts).

Local impact: indeterminate.

This bill would have the impact of increasing the full-time transfer payment for pupils participating in the OEP in the 2024-25 school year, by \$1,038 per pupil, compared to estimated full-time open enrollment payment for 2024-25 under current law. While the total number of OE transfers nets out to zero on a statewide basis, most districts have either a net positive OE or a net negative OE.

- For net positive OE districts, the total OE transfers in be greater under this bill than under current law, by \$1,038 per pupil.

- For net negative OE districts, the aid reduction incurred for OE-out pupils would be greater than under current law, by \$1,038 per pupil

The impact for specific school districts will depend on the number of pupils who participate in the OE program in each school districts.

State impact: none.

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

The increase in the OE full-time transfer payment provided in 2024-25 school year under the bill would remain in the "base" for the full-time OE payment. That is, the adjustment for the 2025-26 school year will be applied to the \$10,000 transfer payment amount under the bill rather than the \$8,962 transfer payment amount (estimate under current law).