

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-4318/3	Introduction Number AB-878
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Subject
 Counting kindergarten pupils in school membership for state aid purposes

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes
 No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input checked="" type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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) (ac)	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DPI 3/12/02

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Assumptions Used in Arriving at Fiscal Estimate

Under current law, a pupil enrolled in a five-year-old kindergarten(5K) program is counted for state aid and revenue limit purposes as 0.5 FTE, except that a pupil enrolled in a 5K program requiring full-day attendance for five days a week for an entire school year is counted as 1.0 FTE and a pupil enrolled in a five-year-old kindergarten program requiring full-day attendance for less than five days a week for an entire school year is counted according to the time scheduled for the program.

Under current law, a four-year-old kindergarten (4K) pupil enrolled in a program offering 437 hours of instruction is counted as 0.5 FTE regardless of the hours of instruction offered, unless the program provides at least 87.5 additional hours of outreach activities in which the pupil is counted as 0.6 FTE.

Beginning in 2002-03, this bill provides that all 5K pupils would be counted as 0.6 FTE for school aid and revenue limit purposes. The bill does not modify how 4K pupils are counted.

Furthermore, the bill also provides that a school district may not include any expenditure for a 4K program in its shared cost, or levy a property tax for a 4K program, unless the school board adopts a resolution stating its intention to do so and the resolution is approved at a referendum. Approval of a referendum is valid for five years.

If this bill were in effect in 2001-02, the provision that would require all 5K pupils to be counted as 0.6 FTE for state aid and revenue limit purposes would decrease statewide membership by roughly 18,000 FTE. This membership decrease would provide for a decrease in school districts' revenue limit authority statewide (partial school revenues) by approximately \$45.2 million.

The provision that prohibits a school district from funding a four-year-old kindergarten program unless it holds a successful referendum to do so would also have the effect of reducing statewide membership. The number of districts that would hold successful referenda is indeterminate; however, it is likely that it would reduce statewide revenue limit authority by a significant amount.

State Fiscal Effects:

The statewide membership reduction provided under this bill would require the state to decrease general school aids by roughly \$30.2 million ($2/3 \times \45.2 million) in order to maintain its two-thirds funding commitment.

The provision that prohibits a school district from funding a four-year-old kindergarten program unless it holds a successful referendum to do so would likely reduce the amount of general school aids in order to maintain its two-thirds funding commitment.

Local Fiscal Effects:

The statewide membership reduction provided under this bill, would require school districts statewide to decrease their local school property taxes by roughly \$15.1 million ($1/3 \times \45.2 million). Furthermore, it should be noted that this membership reduction would increase the number of school districts with declining enrollments from 216 to 271.

The provision that prohibits a school district from funding a 4K program unless it holds a successful referendum to do so would likely reduce school district property taxes statewide.

Long-Range Fiscal Implications

The full effect of the membership reduction provisions would be phased in because membership for revenue limit purposes is based on a three-year average. Therefore, in 2003-04, the reduction in school districts' revenue limit statewide (partial school revenues) due to the decreased 4K and 5K membership provided by this bill would double and triple in 2004-05, as the total number of reduced FTE would be phased out and could longer be counted for revenue limit purposes. State and local savings saving would also double in 2003-04 and triple in 2004-05.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			-30,200,000
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$-30,200,000
B. State Costs by Source of Funds			
GPR			-30,200,000
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$-30,200,000	\$-15,100,000
NET CHANGE IN REVENUE		\$	\$-45,300,000
Agency/Prepared By		Authorized Signature	Date
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