

Fiscal Estimate Narratives

DPI 4/12/01

LRB Number	01-2848/1	Introduction Number	SB-124	Estimate Type	Original
Subject					
Revenue limit exemption for health insurance increases					

Assumptions Used in Arriving at Fiscal Estimate

The bill would increase a school district's revenue limit by an amount equal to the costs of health care coverage premiums in the current school year that exceed a certain percentage (12% for districts that subscribe to a private health care coverage plan or are self-insured and 10% for districts that subscribe to a plan offered by a group insurance board) of costs for health care coverage premiums in the previous year. The amount that districts statewide could increase their revenue limits is indeterminate as school districts do not report these costs to the department. However, the Wisconsin Association of School Boards projects that school district health care premiums will increase by 12% to 24% overall in the 2001-02 school year. Therefore, it is likely that under this bill most school districts would receive additional revenue limit authority.

State Fiscal Effect:

The bill would increase the amount needed for the state to meet its commitment to fund two-thirds of partial school revenues by two-thirds of the amount school districts increase their revenue to offset increasing health care premiums as provided under the bill. The exact increase in general school aids necessary to meet the state's two-thirds funding commitment is indeterminate; however, the amount would likely be significant.

The bill would result in additional calculations for school districts revenue limits and, thus, increased workload for staff on the school financial services team. It is assumed that these increases could be absorbed within the agency's operating budget.

Local Fiscal Effect:

Local school districts could realize an increase in revenues as a result of this bill. Local school property taxes statewide would be increased by one-third of the amount school districts increase their revenues to offset increasing health care premiums as provided under the bill. However, since it is unknown how many districts would utilize this additional revenue limit authority, the local fiscal effect of this bill is indeterminate.

Long-Range Fiscal Implications