



## Fiscal Estimate Narratives

DPI 10/18/01

LRB Number	<b>01-1660/1</b>	Introduction Number	<b>SB-280</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Revenue limit adjustment for special education costs					

### Assumptions Used in Arriving at Fiscal Estimate

Current law limits the annual increase in a school district's revenue derived from general school aids and property taxes. Currently, a school district is eligible to receive categorical state aid for certain special education costs. If funding is insufficient to pay the full amount of aid, payments are prorated.

In 2002-03, this bill would provide that, if special education categorical aid payments would be prorated, a school district's revenue limit would be increased by an amount equal to the difference between the amount that the school district would be eligible to receive and the amount that the school district actually would receive.

In 2000-01, school districts reported over \$888.6 million in eligible prior year special education costs. The department estimates (assuming a 6% annual growth rate) eligible special education costs would increase from about \$888.6 million in 2000-01 to roughly \$1.1 billion dollars in 2002-03. Wisconsin Act 16, the biennial budget bill, appropriates about \$315.7 million in 2002-03. Since school districts' eligible special education costs are estimated to be significantly higher than the aid appropriated in 2002-03, it is assumed that categorical aid payment to districts would be prorated.

Under this bill, school districts' revenue limits statewide would increase by an amount equal to the difference between the amount that school districts would be eligible to receive (\$1.1 billion) and the amount that districts actually would receive (\$315.7 million). Under this bill, revenue limits statewide or partial school revenues would increase by a maximum of approximately \$737.9 million (\$1.1 billion less \$315.7 million).

#### State fiscal effect:

If all school districts increased their levies by the maximum amount provided by this bill, general school aids would be increased by roughly \$492.0 million ( $\frac{2}{3}$  x about \$737.9 million) in order to maintain the state's two-thirds funding commitment.

#### Local fiscal effect:

School districts could increase their local school property tax levies by approximately \$246.0 million ( $\frac{1}{3}$  x about \$737.9 million).

### Long-Range Fiscal Implications