

Fiscal Estimate Narratives

DPI 1/12/2024

LRB Number	23-5271/1	Introduction Number	SB-0817	Estimate Type	Original
Description a school district revenue limit adjustment for the cost of unfunded state mandates on school districts					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a non-recurring (non-base building) revenue limit adjustment for costs incurred by school districts to comply with an unfunded mandate, as defined under the bill: a requirement for a school board to take an action or provide a service for which state funding is not provided, enacted into state law after the effective date of the bill.

A school board would be required to submit a request to DPI to identify the unfunded mandate and the costs incurred to comply with the unfunded mandate. Upon approval by DPI, the non-recurring revenue limit adjustment would be granted.

The bill specifies that if a school district receives state funding to comply with an unfunded mandate, the amount of the revenue limit adjustment would be reduced by the amount of state funding received by the district.

This revenue limit adjustment would not be available to a school district for any school year during which the school board receives state funding equal to or greater than the school district's costs incurred to comply with the unfunded mandate.

The addition of revenue limit authority in a given year would impact a school district's ability to raise revenue in that year, via the district tax levy. To actual impact on a given school district's levy would depend entirely on the amount submitted by the school district, and approved by DPI, for the proposed revenue limit adjustment.

Local Impact: indeterminate. The bill has the potential to increase revenue raising authority for a school district, based on identified and approved costs related to unfunded state mandates. It is not possible to project submissions by school districts for such an adjustment or whether a school board would choose to fully utilize the additional revenue authority derived from the proposed revenue limit adjustment.

State impact: the creation of the proposed revenue limit adjustment for unfunded mandates would translate into additional work on the part of DPI staff to establish a reporting infrastructure for districts to submit requests for the revenue limit adjustment and the parameters for determining eligible amounts for a requested adjustment, as well as to determine whether state funding was provided to comply with the mandate (the bill does not distinguish between state general aid and categorical aids), and to provide technical assistance to school districts.

Long-Range Fiscal Implications