

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0098-02
Bill No.: HCS for HB 356
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Department
Type: Original
Date: April 7, 2009

Bill Summary: Increases the overall appropriation amount for small school grants from \$15M to \$20M with \$15 being distributed to eligible districts in proportion to their average daily attendance

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$7,705,365)	(\$7,705,365)	(\$7,705,365)
Total Estimated Net Effect on General Revenue Fund	(\$7,705,365)	(\$7,705,365)	(\$7,705,365)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State School Moneys Fund*			
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Out**

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$7,705,365	\$7,705,365	\$7,705,365

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the House Committee Substitute requires the use of regular term Average Daily Attendance (ADA), which excludes summer school ADA, in subsections 1 and 2. However, 163.044.1(2) does not have the addition of "regular term" before the term "average daily attendance". Consequently, it appears that \$15M will be allocated per regular term ADA and \$5M will be allocated per tax rate weighted ADA using ADA that includes summer school. Based on this assumption, DESE calculates the following fiscal impact:

§163.044.1 – Increases General Revenue cost by \$5 million

§163.044.1(2) – No change to the total amount to be distributed (stays at \$5 million).

§163.044.2 – Increases General Revenue cost by approximately \$2,705,365 – This estimate assumes that the distribution to districts with 350 or less regular term ADA is \$15 million. The estimated amount per ADA to use in the calculation described in §163.044.2 is \$413. Using 2007-08 regular term ADA, 36 districts were eligible to receive this funding.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost</u> - DESE - Increased appropriation for small school districts	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - Increased appropriation for small school districts	\$7,705,365	\$7,705,365	\$7,705,365
<u>Disbursements</u> - School Districts - Small school districts	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - School Districts - Specific funding for small school districts	<u>\$7,705,365</u>	<u>\$7,705,365</u>	<u>\$7,705,365</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$7,705,365</u>	<u>\$7,705,365</u>	<u>\$7,705,365</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.


FISCAL DESCRIPTION

This proposed legislation increases the overall specific appropriation amount for small school districts from \$15 million to \$20 million with \$15 million being distributed to eligible districts in proportion to their average daily attendance for the regular school year. Beginning with FY 2010, the proposal also allows schools that have an average daily attendance for the regular school year of 351 and including 449 students to receive a flat amount per student that decreases proportionately as the average daily attendance for the regular school year increases.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



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April 7, 2009