

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1529-04
Bill No.: HCS for HB 542
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: March 30, 2009

Bill Summary: Requires the Department of Elementary and Secondary Education to recalculate state school aid for Riverview Gardens School District to correct an error by the district and requires audits and appraisals

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$8,490,350)	(\$1,578,885)	(\$1,957,903)
Total Estimated Net Effect on General Revenue Fund	(\$8,490,350)	(\$1,578,885)	(\$1,957,903)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State School Moneys*	\$0	\$0	\$0
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 6 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	\$8,490,350	\$1,578,885	\$1,807,903

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** state the district impacted by this proposal is Riverview Gardens (096-111). Based on data available for the FY 09 Basic Formula calculation for the district, the estimated increase to the district by year compared to current law is:

FY 07	\$ 2,353,235	
FY 08	\$ 2,400,148	
FY 09	\$ 2,373,930	
FY 10	<u>\$ 1,363,037</u>	
	\$ 8,490,350	FY 07 through FY 10 (estimated payment in FY 10)
FY 11	\$ 1,578,885	
FY 12	\$ 1,807,903	
FY 13	<u>\$ 2,036,921</u>	
	\$13,914,059	Total increase through the phase-in of the formula

DESE assumes the audit and appraisal stipulations will result in costs to the school district. **Oversight** assumes the school district will only be liable for appraisal costs if it decides to sell school property.

According to officials from the **Office of State Auditor (SAU)**, §163.095.2 requires the SAU to audit the Riverview Gardens School District in FY 2012. The audit conducted on this entity by the SAU in FY 2007 cost approximately \$116,000. With the increases in costs since that time, it is estimated that this audit requirement will cost approximately \$150,000.

Officials from Riverview Gardens School District did not respond to a request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost</u> - Office of State Auditor - Follow-up audit of 2007 audit of Riverview Gardens School District	\$0	\$0	(\$150,000)
<u>Cost</u> - Department of Elementary and Secondary Education - Increased state aid	<u>(\$8,490,350)</u>	<u>(\$1,578,885)</u>	<u>(\$1,807,903)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$8,490,350)</u>	<u>(\$1,578,885)</u>	<u>(\$1,957,903)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - Increased state aid	\$8,490,350	\$1,578,885	\$1,807,903
<u>Transfer Out</u> - Distribution to Riverview Gardens School District	<u>(\$8,490,350)</u>	<u>(\$1,578,885)</u>	<u>(\$1,807,903)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
FISCAL IMPACT - Local Government			
	FY 2010 (10 Mo.)	FY 2011	FY 2012
POLITICAL SUBDIVISIONS			
<u>Income</u> - Increased state aid for Riverview Gardens School District	<u>\$8,490,350</u>	<u>\$1,578,885</u>	<u>\$1,807,903</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$8,490,350</u>	<u>\$1,578,885</u>	<u>\$1,807,903</u>
<u>FISCAL IMPACT - Small Business</u>			

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

FISCAL DESCRIPTION

This proposed legislation requires the Department of Elementary and Secondary Education (DESE) to recalculate the state school aid for the Riverview Gardens School District due to the district setting its levy in the capital projects fund instead of the incidental fund in calendar year 2005. DESE must calculate the amount the district would have received in state aid if the levy had been correctly placed and use the revised aid figure to distribute aid for Fiscal Year 2007 and subsequent years.

The proposal contains an emergency clause.

FISCAL DESCRIPTION (continued)

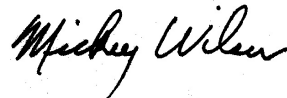
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of State Auditor

NOT RESPONDING

Riverview Gardens School District



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Director
March 30, 2009

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