

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2915S.01I
 Bill No.: SB 967
 Subject: Department of Elementary and Secondary Education
 Type: Original
 Date: February 27, 2024

Bill Summary: This proposal modifies the calculation of weighted average daily attendance used to calculate state aid for school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	More or less than (\$22,648,420)	More or less than (\$22,611,457)	More or less than (\$22,611,695)
Total Estimated Net Effect on General Revenue	More or less than (\$22,648,420)	More or less than (\$22,611,457)	More or less than (\$22,611,695)

***Oversight** will show the increased call to the foundation formula to include children who are homeless in the weighted average daily attendance by multiplying the number of such pupils by twenty-five hundredths.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	More or less than \$22,601,926	More or less than \$22,601,926	More or less than \$22,601,926

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state Section 163.011.20 modifies the WADA (Weighted Average Daily Attendance) calculation to now add in a weighting for homeless. It adds the wording “plus the product of twenty-five hundredths multiplied by the number of pupils who are homeless children and youths as defined in 42 U.S.C. 11434a.”

Note: Due to this count not having to exceed a threshold percentage as with FRL, IEP, and LEP count this adds an additional 4,000 to 5,000 WADA to the formula calculation increasing the call by \$22,601,925.60.

Formula Call:

FY 2025 Budget Projection \$3,743,667,660.27

Adding Homeless \$3,766,269,585.87

Difference **\$22,601,925.60**

Note: Figures above do not include additional required payments totaling \$41,763,162 which are also included in the budget for the total formula call.

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)** assume Section 163.011 will require modifications to the Foundation Formula, which is the application that determines/calculates the funding for districts, based on and in part, with the Average Daily Attendance. It's assumed these are feasible changes to include in the Foundation Formula as it is today. It is assumed that the modifications are able to be completed without additional data elements needed within the application and processes.

OA-ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. ITSD estimates the project would require 442.80 hours at a contracted rate of \$105 for a total cost of \$46,494 in FY 2025 with ongoing support costs of \$9,531 in FY 2026, and \$9,769 in FY 2027.

In response to a similar proposal, SB 485 (2023), officials from **DESE** stated Section 163.011.20 modifies the WADA (Weighted Average Daily Attendance) calculation to now add in a weighting for homeless. It adds the wording “plus the product of twenty-five hundredths multiplied by the number of pupils who are homeless children and youths as defined in 42 U.S.C. 11434a.”

Note: Due to this count not having to exceed a threshold percentage as with FRL, IEP, and LEP count this adds an additional 7,000 to 8,000 WADA to the formula calculation increasing the call by \$32,750,892.82.

Formula Call:

FY 2024 Budget Projection \$3,577,378,524.99
Adding Homeless \$3,610,129,417.81
Difference \$32,750,892.82

Note numbers above do not include \$11,638,437.36 (Add FIT Tax Reduction Payment), \$12,750,000.00 (Additional Virtual Instruction for 2023), and \$2,356.00 (Additional Half Day Calendar) which are includes in the budget for the total formula call.

In response to SB 1392, **DESE** provided the average projected FY 2025 payment per FWADA is \$5,519.46.

Upon further inquiry with **DESE**, they provided that the simulation for last year's bill was based on the FY 2024 budget simulation which utilized the pandemic provision which meant the majority of districts were paid on the FY 2020 year's WADA.

The simulation for this year's bill is based on the FY 2025 budget simulation which no longer has the pandemic provision as part of it. Therefore, the Statewide WADA was lower which resulted in lower WADA being used to weight for a homeless add on.

To elaborate further, the count of homeless students provided for the fiscal note are the students reported as homeless on the last Wednesday in September who are also registered with that school district. The payment is based on the point-in-time count for the homeless students registered in that district.

	Number of Homeless Students
FY 2020	22,038
FY 2021	20,188
FY 2022	20,873
FY 2023	21,077
AVERAGE	21,044

Oversight notes the proposal requires the product of twenty-five hundredths multiplied by the number of pupils who are homeless children. Based on the data provided by **DESE** in the above table and using the average number of homeless students over the past four years, the estimated increase to the call would be **\$29,037,879** ($21,044 * .25 * 5,519.46$).

Oversight notes that the number of homeless students can fluctuate and will reflect the fiscal impact as more or less than the estimated impact by **DESE** in the fiscal note with the corresponding revenue to school districts.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs</u> - DESE/ITSD - modifications to the foundation formula	(\$46,494)	(\$9,531)	(\$9,769)
<u>Costs</u> – DESE – increase call to the foundation formula	More or less than (\$22,601,926)	More or less than (\$22,601,926)	More or less than (22,601,926)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (\$22,648,420)	More or less than (\$22,611,457)	More or less than (\$22,611,695)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Revenue</u> - from increased call to the foundation formula	More or less than \$22,601,926	More or less than \$22,601,926	More or less than \$22,601,926
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	More or less than \$22,601,926	More or less than \$22,601,926	More or less than \$22,601,926

FISCAL IMPACT – Small Business

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

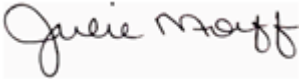
FISCAL DESCRIPTION

This act provides that children who are homeless shall be included in the calculation of a school district's weighted average daily attendance by multiplying the number of such pupils by twenty-five hundredths.


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



Julie Morff
Director
February 27, 2024



Ross Strobe
Assistant Director
February 27, 2024