

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0335-02  
Bill No.: SB 68  
Subject: Education, Elementary and Secondary: School Aid  
Type: Original  
Date: January 15, 2001

FISCAL SUMMARY

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$14,300,000)	(\$14,300,000)	(\$14,300,000)
State School Moneys	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$14,300,000)</b>	<b>(\$14,300,000)</b>	<b>(\$14,300,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>School Districts</b>	<b>\$14,300,000</b>	<b>\$14,300,000</b>	<b>\$14,300,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** estimated the cost of the proposal had it been in effect for 2000-01 school year by:

- 1) calculating the change in the Consumer Price Index - All Urban Consumers (CPI - U); it increased from 144.4 in June of 1993 to a projected 177.2 in June of 2001, an increase of 22.16%;
- 2) determining the greater of actual December 2000 payments per eligible pupil or the 1992-93 payment per eligible pupil after it was increased by 22.16%;
- 3) multiplying the result of (2) by the number of eligible pupils in December of 2000; and
- 4) comparing the result of (3) with actual December 2000 costs.

The result was an projected increased cost of \$14,309,941 for the 2001-02 school year.

Department of Elementary and Secondary Education officials noted that the computation of the amount per eligible pupil encompasses several variables in the Foundation Formula; therefore, the actual FY 2002 cost could be greater or less than \$14.3 million.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Cost</u> - Increased Transfers to State School Moneys	(\$14,300,000)	(\$14,300,000)	(\$14,300,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$14,300,000)</u></b>	<b><u>(\$14,300,000)</u></b>	<b><u>(\$14,300,000)</u></b>
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Income</u> - Increased Transfers from General Revenue Fund	\$14,300,000	\$14,300,000	\$14,300,000
<u>Cost</u> - Increased Distributions to Hold Harmless School Districts	(\$14,300,000)	(\$14,300,000)	(\$14,300,000)
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>SCHOOL DISTRICTS</b>			
<u>Income - Increased State Aid</u>	\$14,300,000	\$14,300,000	\$14,300,000
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$14,300,000</u></b>	<b><u>\$14,300,000</u></b>	<b><u>\$14,300,000</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Beginning with the 2001-2002 school year, no school district would receive less revenue per eligible pupil than the district received in the 1992-1993 school year times the cumulative change in the general price level as measured by the consumer price index.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



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Director  
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