

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3413S.01I  
 Bill No.: SB 1022  
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary  
 Education; Appropriations  
 Type: Original  
 Date: February 7, 2024

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
General Revenue	(\$62,427,700)	(\$126,737,112)	(\$192,444,545)	(\$334,377,984)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$62,427,700)</b>	<b>(\$126,737,112)</b>	<b>(\$192,444,545)</b>	<b>(\$334,377,984)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>Local Government</b>	<b>\$62,408,876</b>	<b>\$126,733,253</b>	<b>\$192,440,590</b>	<b>\$334,373,829</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** state section 163.011 (20) and (21) would make significant changes to the calculation of the Foundation Formula. These changes would result in increases to the Foundation Formula Call as follows:

Base Year	Weighting Modifier	Difference
2025	0.30	\$ 62,408,876
2026	0.35	\$ 126,733,253
2027	0.40	\$ 192,440,590
2028	0.45	\$ 259,308,093
2029	0.50	\$ 334,373,829

These increases assume the current department requested NDI for FY 2025 of \$120,599,628 is also funded.

**Oversight** notes the costs for this proposal are substantially higher compared to a similar proposal from last year, SB 251 (2023). Upon further inquiry, DESE stated the increased cost is due to the projected increase in the State Adequacy Target (SAT) from \$6,375 to \$6,760.

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)** assume the new graduated calculation from twenty-five hundredths to fifty hundredths over five years would be best managed through the use of a new maintenance screen. This would require IT programming of the current Foundation Formula System.

OA-ITSD assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. ITSD estimates the project would be a total cost of \$18,824 with on-going support costs.

**Oversight** will reflect the costs provided by DESE and ITSD for fiscal note purposes.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>GENERAL REVENUE</b>				
<u>Costs</u> - DESE/ITSD - for a new maintenance screen	(\$18,824)	(\$3,859)	(\$3,955)	(\$4,155)
<u>Costs</u> – DESE - from increasing the weighting modifier in the foundation formula	(\$62,408,876)	(\$126,733,253)	(\$192,440,590)	(\$334,373,829)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$62,427,700)</b>	<b>(\$126,737,112)</b>	<b>(\$192,444,545)</b>	<b>(\$334,377,984)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2029)
<b>SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>				
<u>Revenue</u> - from increasing the weighting modifier in the foundation formula	\$62,408,876	\$126,733,253	\$192,440,590	\$334,373,829
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>	<b>\$62,408,876</b>	<b>\$126,733,253</b>	<b>\$192,440,590</b>	<b>\$334,373,829</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act modifies the definition of "weighted average daily attendance" as used in the education funding formula to mean the average daily attendance plus the "weighting modifier for free and reduce price lunch pupils", rather than the product of 0.25 multiplied by the free and reduced price lunch pupil count that exceeds the free and reduced price lunch threshold, plus certain other factors set forth in current law.

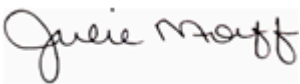
The act defines "weighting modifier for free and reduced price lunch pupils" as the product of the free and reduced price lunch pupil count that exceeds the free and reduced price lunch threshold multiplied by 0.30 for fiscal year 2025, by 0.35 for fiscal year 2026, by 0.40 for fiscal year 2027, by 0.45 for fiscal year 2028, and by 0.50 for fiscal year 2029 and each subsequent fiscal year.

The same modification is made in the calculation of weighted average daily attendance for special school districts.

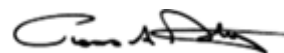
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Julie Morff  
Director  
February 7, 2024



Ross Strobe  
Assistant Director  
February 7, 2024