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FISCAL IMPACT STATEMENT

LS 6964

BILL NUMBER: HB 1189

NOTE PREPARED: Feb 1, 2012

BILL AMENDED: Jan 17, 2012

SUBJECT: Multiple ADM Counts.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR: Sen. Charbonneau

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *School Formula:* This bill provides that: (1) an average daily membership (ADM) count of students enrolled in a public school in Grades K-12 must be taken during the school year after September and February; and (2) state tuition support must be distributed based on the latest count of students.

Distribution Schedule: The bill requires state tuition support distributions to be made every month rather than every 40 days.

Other ADM Count Statutes: The bill makes related changes in various calculations to reflect the change in counting procedure.

Charter Schools: Beginning with the 2013-2014 school year, the bill provides for basic tuition support payments to charter school corporations in the first six months of initial operation. It repeals the Charter School Start-up Grant and Operating Advances Programs.

Definitions: The bill defines the terms "enrolled" and "attending" for purposes of the tuition support formula.

The bill makes technical corrections.

Effective Date: July 1, 2012; January 1, 2013; July 1, 2013.

Explanation of State Expenditures: (Revised) *School Formula:* The bill would change the ADM used in the school formula calculations. Currently, the September 2012 ADM is used for the CY 2013 school formula

calculations.

The bill would change the tuition support calculations for CY 2013. The fall count would be taken sometime after September 2012 and the spring count sometime after February 2013. The previous year's fall count would be used for the first six months of the school formula distributions, and the spring count would be used in the second six months of the school formula distributions. The following chart shows the beginning-of-the-month ADM counts for the 2010-2011 school year.

| Month | Beginning-of-Month Count | Change in Count |
|---------------------|---------------------------------|------------------------|
| October | 995,254.0 | |
| November | 993,045.0 | (2,209.0) |
| December | 990,735.0 | (2,310.0) |
| January | 983,743.5 | (6,991.5) |
| February | 988,848.5 | 5,105.0 |
| March | 986,848.5 | (2,000.0) |
| April | 984,081.5 | (2,767.0) |
| May | 983,523.0 | (558.5) |
| Total Change | | (11,731.0) |

If the formula is continued to CY 2014 and later, then the previous year's ADM will be the corresponding fall or spring count as used in the current-year ADM determination. The ADM used in the primetime calculations would change in a like manner.

The counts used in the school formula for special education, career and technical education, and the honors grants would not change. The special education count date is December 1; the career and technical education count is taken in at the same time as the fall ADM count; and the honors count is the number of honors diplomas granted the previous school year.

The impact on state tuition support would depend on when the count is taken. The later in the year the count is taken, the greater the potential impact on schools. The bill could reduce the CY 2013 tuition support distributions to local schools by \$32 M to \$67 M if ADM counts are reduced. The reduction in tuition support for FY 2013 would range from \$16 M to \$33.5 M.

Distribution Schedule: The requirement that the tuition support distribution be made monthly would currently have no fiscal impact. The distribution is currently about the 15th of each month. The provision would not allow the state to alter the schedule, so there could be only 11 distributions in a fiscal year. In the past for cash flow purposes the state has rolled a monthly distribution from one fiscal year to another.

Other ADM Count Statutes: The bill would require the spring ADM count to be used in determining the

Technology Plan Grant instead of the September ADM. The provision should have minor impact.

The bill would change the transfer tuition calculations to use the most current ADM, either fall or spring, instead of the prior year's September ADM in determining transfer tuition. The provision would probably have minor impact.

The bill would change the calculation of the Choice Scholarship from using the September ADM to the spring ADM for the purposes of determining the amount of the scholarship a student can receive. The provision should have minor state fiscal impact.

Charter Schools: The impact would depend on the number of new charter schools that might open and their enrollment. For the 2011-2012 school year, there were three new charter schools that opened with 305 students. The bill would have provided the schools about \$922,500 in funding for July to December of 2011. The amount in prior years for all new charter schools would have varied between \$3.5 M and \$8.2 M, depending on number of students and location.

Definitions: The definitions of "enrolled" and "attending" for purposes of the tuition support formula should have no fiscal impact.

Background: The 2011 budget bill appropriated \$8 M in FY 2012 and \$9 M in FY 2013 to the Charter School Facilities Assistance Program to fund the New Charter School Startup Grant program. The following shows the number of new charter schools and initial enrollments for the last 5 years.

| School Year | # of Schools | # of Students |
|-------------|--------------|---------------|
| 2011-2012 | 3 | 305 |
| 2010-2011 | 9 | 2,246 |
| 2009-2010 | 5 | 967 |
| 2008-2009 | 9 | 2,203 |
| 2007-2008 | 4 | 1,007 |

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Other ADM Count Statutes:* The bill would change the ADM used in the Lake County and Dearborn County Supplemental County Levy from the September ADM count to the following spring ADM for distribution of the levy. The impact could be a shift between the schools and is probably minor.

(Revised) *School Formula:* The impact on local schools would depend on when the count is taken. The later in the year the count is taken, the greater the potential impact on schools. The bill could reduce revenue to local schools for CY 2013 by \$32 M to \$67 M if the ADM counts are reduced.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education Databases.

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