

SF2552 - 0 - Debt Service Equalization Aid Modified

Chief Author: **Rob Kupec**  
 Committee: **Education Finance**  
 Date Completed: **3/13/2023 11:58:44 AM**  
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	36,647	38,855	38,141
<b>Total</b>	<b>-</b>	<b>-</b>	<b>36,647</b>	<b>38,855</b>	<b>38,141</b>
<b>Biennial Total</b>			<b>36,647</b>		<b>76,996</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Alyssa Holterman Rosas      **Date:** 3/13/2023 11:58:44 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
General Fund	-	-	-	36,647	38,855	38,141
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,647</b>	<b>38,855</b>	<b>38,141</b>
	<b>Biennial Total</b>			<b>36,647</b>		<b>76,996</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	36,647	38,855	38,141
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,647</b>	<b>38,855</b>	<b>38,141</b>
	<b>Biennial Total</b>			<b>36,647</b>		<b>76,996</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>			<b>-</b>		<b>-</b>

**Bill Description**

The bill makes changes to Debt Service Equalization (MS 123B.53). The current two aid tiers at 15.74% and 26.24% of ANTC would be reduced to a single tier at 10% of ANTC. Equalization remains at 100% of statewide average ANTC. This bill is effective for FY 2025 and thereafter.

**Assumptions**

The current formula has two tiers which are used to calculate the revenue split between local levy and state aid. This bill would increase the aid amount and number of districts eligible for state aid.

**Expenditure and/or Revenue Formula**

The bill was simulated on a February Forecast debt service equalization model.

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>
aid entitlement change	40,717,893	38,648,160	38,085,451
current year 90%	36,647,000	34,784,000	34,277,000
final year 10%		4,070,893	3,864,160
<b>appropriation change</b>	<b>36,647,000</b>	<b>38,854,893</b>	<b>38,141,160</b>
<b>Levy change</b>	<b>(40,717,893)</b>	<b>(38,648,160)</b>	<b>(38,085,451)</b>

**Long-Term Fiscal Considerations**

The provisions in the bill would be in place permanently.

**Local Fiscal Impact**

Local debt service levies would be reduced dollar for dollar by the amount of state aid received. Local school debt levies would decrease by about \$40.7 million in FY 2025, \$38.6 million in FY 2026, and \$38.1 million in FY 2027 as a result of the proposal.

**References/Sources**

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