

FISCAL NOTE

Bill #: SB0065

Title: Revise out of district tuition laws

Primary

Sponsor: Alvin Ellis

Status: House Second Reading

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	\$0	\$900,000
Revenue:		
General Fund	\$0	\$919,352
Net Impact on General Fund Balance:	\$0	\$19,352

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. SB 65 provides for the equitable payment of tuition for students attending school outside their district of residence by eliminating the State's obligation to pay the tuition any time a student crosses a county line.
2. In FY2000 the State's payment for out-of-county tuition charges totaled \$1,357,557.
3. Under SB 65, regardless of whether or not the student resides in another county, the state will pay tuition charges for students who attend school outside their resident district because a state agency or a court, including a tribal court, has placed them in a home or institution outside their resident district.
4. County Superintendents will pay the State's tuition obligation by deducting the State's payment from county equalization funds before the balance of those funds are remitted to the state general fund.

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5. Districts will not waive tuition charges for students whose tuition is a State obligation.
6. The resident district's tuition fund, funded by a non-voted local property tax levy, will be used to pay tuition charged for children who attend school outside their resident district because that district does not provide them transportation services. The provision of transportation includes either bus service or an individual (parent/guardian) contract. All districts provide transportation services.
7. The resident district's tuition fund will pay the tuition obligation for children who attend school outside their resident district because of a geographic barrier between their home and their school.
8. In a given year, there will be 174 elementary students and 165 high school students that were placed by a state agency or a court, including a tribal court, in a home or facility located such that the student must attend school outside their resident district. Eighty-seven students will be in higher than average cost programs subject to the higher tuition rates under 20-5-323(3) and allowing the attended district to charge the maximum tuition rate of \$2,500 per student. The remaining students will be in programs that entitle the attended district to only charge the regular tuition rate. $(46 \text{ elementary} \times \$2,500) + (128 \text{ elementary} \times \$752.60) + (41 \text{ high school} \times \$2,500) + (124 \text{ high school} \times \$1,003) = \$438,205$
9. For purposes of this calculation, "school" as indicated in 20-5-323(1) includes a public school or a specialized program that receives state placements, such as Yellowstone Academy's non-accredited high school program.
10. County superintendents will negotiate the rate of tuition paid under the provisions of 20-5-323(3) for state/court placed students, review and approve attendance agreements for all students whose tuition is paid from county equalization monies, and make the State tuition payments.
11. Tuition charges for students that are attending a school outside their resident district during school year 2001 will be paid in school year 2002 and, in accordance with current law, will be budgeted and used to reduce district BASE levies for FY2002.
12. Tuition charges for students that attend a school outside their resident district during school year 2002 will be paid in school year 2003 and, in accordance with SB 65, will be budgeted and used to reduce district overBASE levies for FY2003. As a result, district BASE mills and state guaranteed tax base (GTB) aid will increase. State guaranteed tax base aid will increase by \$900,000.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
General Fund		\$900,000
<u>Revenues:</u>		
General Fund (01)		\$919,352
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)		\$19,352

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. Districts currently placing students in another school district located within the same county and paying tuition at a rate of 50% or more of the current maximum rates (\$1,909 high school and \$1,364 elementary) will realize a reduction in the number of mills levied in their Tuition Fund or Non-operating Fund.

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2. Unless waived, districts whose students attend school in another county or state because the district places them there or because of a geographic barrier, will begin paying the tuition for their students. Mills levied in the Tuition Fund or Non-operating Fund will increase in these districts.
3. Districts that currently pay tuition for students that are placed by a state agency or court in another district located within the same county will no longer pay those tuition charges. Mills levied in the Tuition Fund will decrease in these districts.
4. Districts that receive tuition will be able to increase their general fund over-BASE budget without a vote, subject to allowable limits, by the amount of any year-to-year increase in tuition revenues.
5. The effect on local property taxes of using tuition to fund the over-BASE budget area, rather than the BASE budget, will vary depending on 1) the district's guaranteed tax base ratio, 2) whether the district is currently budgeting below maximum or at/above maximum and 3) budgeting decisions made by a district's Board of Trustees.

LONG-RANGE IMPACTS:

In FY 2004 and beyond, the districts with students attending out of state due to geographic conditions and pay tuition will be eligible to receive the ANB payment provided for under section 20-5-324 (7). This is not expected to be more than a \$25,000 cost per year.

TECHNICAL NOTES:

The practice of having County Superintendents deduct the State's tuition obligation to school districts from the 55 mill levy revenues, before those revenues are remitted to the State, results in an understatement of revenues and expenditures reported for the State's General Fund.