

FISCAL NOTE

Bill #: SB0239

Title: Amend basic entitlement definition
to increase the entitlement

**Primary
Sponsor:** Don Ryan

Status: As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

| | <u>FY2002 Difference</u> | <u>FY2003 Difference</u> |
|--|-------------------------------------|-------------------------------------|
| Expenditures: | | |
| General Fund | \$22,004,851 | \$21,480,940 |
| Net Impact on General Fund Balance: | (\$22,004,851) | (\$21,480,940) |

| <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. The average number belonging (ANB) in K-12 public schools will be as follows:

| | <u>FY2001</u> | <u>FY2002</u> | <u>FY2003</u> |
|-----------|----------------------|----------------------|----------------------|
| K-6 ANB | 79,901 | 78,169 | 76,405 |
| 7-8 ANB | 26,113 | 25,459 | 25,147 |
| 9-12 ANB | <u>51,524</u> | <u>51,046</u> | <u>50,795</u> |
| Total ANB | 157,538 | 154,673 | 152,347 |

(continued)

2. SB 239 provides a basic entitlement for each school as follows:
Elementary school: \$50,000
High school: \$250,000
3. As drafted SB 239 allows only one entitlement of \$100,000 per **district** for a Middle school, 7-8 school, or junior high: \$100,000
4. The statewide taxable valuation will increase by 2.96% in FY 2002 and by 2.59% in FY 2003.
5. Under current law, direct state aid will be \$316.325 million in FY 2002 and \$312.304 million in FY 2003. Special education payments will be \$33,899,850 in FY 2002 and FY 2003. Guaranteed tax base aid paid to schools will be \$95.820 million in FY 2002 and \$94.362 million in FY 2003.
6. HB31 does not affect the state special education appropriation.
7. There are presently 480 public elementary schools, 220 public middle schools and 173 public high schools operating in Montana.

FISCAL IMPACT:

| | <u>FY2002 Difference</u> | <u>FY2003 Difference</u> |
|--|------------------------------|------------------------------|
| <u>Expenditures:</u> | | |
| Local Assistance DSA | \$16,674,875 | \$16,636,412 |
| Local Assistance GTB | <u>5,329,976</u> | <u>4,844,528</u> |
| Total | \$22,004,851 | \$21,480,940 |
| <u>Funding:</u> | | |
| General Fund (01) | \$22,004,851 | \$21,480,940 |
| <u>Net Impact to Fund Balance (Revenue minus Expenditure):</u> | | |
| General Fund (01) | (\$22,004,851) | (\$21,480,940) |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

SB 239 will cause a significant increase in the BASE and maximum general fund budgets of school districts. Local property taxes to support the BASE and over-BASE portions of the general fund budget will increase under this legislation. Any increases in property taxes to support the over-BASE portion of the budget will require voter approval.

TECHNICAL NOTES:

Section 1, subsection (6)(c) needs to be amended to clarify and correct that the basic entitlement goes to each school not district. If this correction occurred, the fiscal impact of the bill would increase to \$22.68 million in FY 2002 and \$22.18 million in FY 2003.