

FISCAL NOTE

Bill #: SB0500

Title: Revise School Funding

Primary

Sponsor: Bill Glaser

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$6,725,596	\$12,861,812
Net Impact on General Fund Balance:	(\$6,725,596)	(\$12,861,812)

<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) for FY 1997 through 2002 are:

FY 1997	164,742
FY 1998	163,881
FY 1999	161,737
FY 2000	159,746
FY 2001	157,538
FY 2002 (est.)	154,421

The average ANB for the five-year period from FY 1997 through FY2001 is 161,529 ANB. The average ANB for the five-year period from FY 1998 through FY 2002 is 159,465 ANB.

2. There are 450 operating public school districts in Montana and 870 open public schools.
3. Under current law, direct state aid will be \$315.687 million in FY2002 and \$310.993 million in FY 2003. Guaranteed tax base aid paid to schools will be \$95.651 million in FY2002 and \$94.299 million in FY2003.

(continued)

4. SB 500 provides a 1.3 percent increase in the basic and per-ANB entitlements in FY 2002 and another 1.3 percent increase in FY 2003. Under SB 500, direct state aid will be \$320.377 million in FY2002 and \$320.333 million in FY2003. Guaranteed tax base aid paid to schools will be \$97.414 million in FY2002 and \$97.822 million in FY2003. Retirement guaranteed tax base aid costs will increase by \$0.264 in FY2002. The cost of K-12 BASE aid will increase by \$6.453 million in FY2002 and by \$12.817 million in FY2003 as a result of SB500.
5. If revenue is available for the Flex program (see assumption #6), it will require a 1 FTE Program Officer in the Office of Public Instruction and a 2-month contract for programming services to establish and administer. Salary, benefits and operating expenses for a Grade 15 Program Officer will cost \$50,000 per year. A 2-month contract for programming services will cost \$25,000.
6. Although this bill creates a school flexibility state special revenue account, no funding source is identified. Therefore, passage of this legislation in its current form would have no fiscal impact for the Flex program.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Transfers – DSA	4,698,803	9,340,406
Transfers – GTB	<u>2,026,793</u>	<u>3,521,406</u>
Total	\$6,725,596	\$12,861,812
<u>Funding:</u>		
General Fund (01)	\$6,725,596	\$12,861,812
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$6,725,596)	(\$12,861,812)

LOCAL GOVERNMENT IMPACT

1. School districts will respond to SB 500 in two ways. Most districts will increase district general fund spending; others will provide property tax relief. Some districts will combine the two approaches. Districts at the BASE will be required to increase spending and local property taxes to achieve the new BASE level.
2. Increases in property taxes to support the over-BASE portion of the school district general fund budget will require voter approval.

TECHNICAL NOTES:

1. Section 5(6) defines a “public funded cost of education percentage” as the percentage of the cost of education at a campus that is not paid for by students. However, the calculation provided in the same section is based on only resident students and is in conflict with the first sentence in the same section.
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