

Fiscal Note Request HB0193, As Introduced

(continued)

7. Under current law, the state and the county share the funding of the retirement amount. The state guarantee ratio for counties varies from 0% to 56% depending on the taxable value of the county relative to its number of students. The average state share of new retirement expenses is 25%. 25% of the new expense is \$437,000
8. The appropriation contained in the bill is \$12.1 million.
9. Montana School for the Deaf and Blind (MSDB) will have 39.5 FTE, Pine Hills Youth Correctional Facility of the Department of Corrections will have 19 FTE, and Riverside Youth Correctional Facility of the Department of Corrections will have 5 FTE and that will qualify for this entitlement in FY 2005.
10. The Office of Public Instruction will transfer state general fund appropriation authority as follows: to Montana School for the Deaf and Blind (MSDB) \$39,500 (39.5 times \$1,000) and the to Department of Corrections \$24,000 (24 times \$1,000). There will be no separate appropriation from the Legislature to MSDB or the Department of Corrections. Expenditures at MSDB and the Department of Corrections will increase by these amounts; the Legislature will not set policy as to where this additional revenue will be spent.

FISCAL IMPACT:

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Expenditures:</u>		
Transfers – OPI to MSDB and Dept. of Corrections		\$63,500
Local Assistance		<u>12,979,000</u>
TOTAL	\$0	\$13, 042,500
 <u>Funding of Expenditures:</u>		
General Fund (01)	\$0	\$13,042,500
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	(\$13,042,500)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The county retirement levy will increase in response to the \$1.75 million increased retirement cost of this proposal. The county levies will increase by 75% of the increased costs or \$1.32 million.

TECHNICAL NOTES:

1. The cost of this bill is approximately \$1.0 million more than the appropriation contained in the bill. If the appropriation contained in this bill is not increased, the Office of Public Instruction would request a supplemental appropriation of the 2005 legislative session of approximately \$1.0 million to cover the expenses in excess of the appropriation.
2. All the sources of funding in schools are not equalized. Districts with a high level of federal funds or have general fund expenditures above the equalized range may have more educators as defined by the bill than districts that are spending in the equalized range of the general fund and have an average or less than average amount of federal funding. This will give the districts with higher spending in non-equalized funds more per educator entitlement than other districts. This will lead to less equalization in the district general fund budgets.
3. Schools could be under reporting licensed professional staff that are not required for accreditation or special education reporting purposes. If schools are under reporting, the costs in this fiscal note are understated.