MONTANA SENATE
2005 LEGISLATURE

ROLL CALL

EDUCATION AND CULTURAL RESOURCES

DATE 2-4-05

NAMES	PRESENT	ABSENT	EXCUSED
SEN. DON RYAN, CHAIRMAN	✓		
SEN. GREGORY BARKUS	✓		
SEN. JERRY BLACK	✓		
SEN. JIM ELLIOT	✓		
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓		
SEN. BOB HAWKS	✓		
SEN. SAM KITZENBERG	✓		
SEN. JESSE LASLOVICH	✓		
SEN. JEFF MANGAN	✓		
SEN. DAN McGEE	✓		
SEN. ROBERT STORY	✓		
CONNIE ERICKSON, LSD	✓		
LOIS O'CONNOR, COMMITTEE SECRETARY	✓		

SENATE STANDING COMMITTEE REPORT

February 5, 2005

Mr. President:

We, your committee on **Education and Cultural Resources** recommend that **Senate Bill 224** (first reading copy -- white) **do pass as amended.**

Signed: _____
Senator Don Ryan, Chair

And, that such amendments read:

1. Title, line 5.
Strike: "OFFSITE"
Insert: "AT AN OFFSITE INSTRUCTIONAL SETTING"
Strike: "WHO ARE RESIDENTS OF"
Insert: "ATTENDING SCHOOL IN"

2. Title, line 7.
Following: ";"
Insert: "DEFINING "OFFSITE INSTRUCTIONAL SETTING";"

3. Page 1, line 14.
Strike: "offsite"
Insert: "at an offsite instructional setting"

4. Page 1, line 16.
Strike: "offsite"
Insert: "at an offsite instructional setting"
Strike: "Except as provided in subsection (2), the"
Insert: "The"

5. Page 1, line 17.
Strike: "offsite"
Insert: "at an offsite instructional setting"
Following: "pupils"
Insert: ": (a)"

6. Page 1, line 18.

Committee Vote:
Yes 11, No 0.

Following: "1-1-215"
Insert: ";
(b) living in the district and eligible for educational services under the Individuals with Disabilities Education Act or under 29 U.S.C. 794; or
(c) attending school in the district under a mandatory attendance agreement as provided in 20-5-321"

7. Page 1, line 19 through line 21.
Strike: subsection (2) in its entirety
Renumber: subsequent subsection

8. Page 2, line 1.
Strike: "offsite"
Insert: "at an offsite instructional setting"

9. Page 2.
Following: line 21
Insert: "(9) "Offsite instructional setting" means an instructional setting at a location separate from the main school site where an accredited school delivers instruction to a student who is enrolled in the district."
Renumber: subsequent subsections

- END -

SENATE Secretary of Senate COPY

TABLED BILL

The **SENATE EDUCATION AND CULTURAL RESOURCES COMMITTEE** TABLED **SB 10, SB 13,** by motion, on **Friday, February 4, 2005.**

Lois O'Connor
(For the Committee)

KA
(Secretary of Senate)

12:15, 2-7
(Time) (Date)

February 7, 2005 Lois A. O'Connor, Secretary Phone: 4891

MONTANA STATE SENATE
2005 LEGISLATURE

ROLL CALL VOTE

EDUCATION AND CULTURAL RESOURCES

DATE 2-4-05 BILL NO. SB-10 NUMBER 7

MOTION Table

Passed 8-3

NAME	AYE	NO
SEN. DON RYAN, CHAIRMAN	✓	
SEN. GREGORY BARKUS		✓
SEN. JERRY BLACK	✓	
SEN. JIM ELLIOT	✓	
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓	
SEN. BOB HAWKS	✓	
SEN. SAM KITZENBERG	✓	
SEN. JESSE LASLOVICH	✓	
SEN. JEFF MANGAN	✓	
SEN. DAN McGEE		✓
SEN. ROBERT STORY		✓

PROXY VOTE

I, the undersigned, hereby authorize Senator Mangan to vote my proxy on any issue before the Senate Educ. Committee held on 2-4-05, 2005.

SENATOR
STATE OF MONTANA

MONTANA STATE SENATE
2005 LEGISLATURE

VISITOR REGISTER

DATE February 4, 2005

SENATE COMMITTEE ON Education

BILLS BEING HEARD TODAY: Roundtable Discussion

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Joan Anderson		OPI	177	N/A	N/A
Madalyn Quinlan		OPI	177/224	—	—

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

FISCAL NOTE

Bill #: SB0177 **Title:** Revise ANB funding

Primary Sponsor: Ryan, D **Status:** As Introduced

Sponsor signature Date David Ewer, Budget Director 1/18/05 Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$29,835,951	$0
Revenue:		
General Fund	$0	$0
Net Impact on General Fund Balance:	($29,835,951)	$0

- ☒ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☒ Technical Concerns
- ☐ Significant Long-Term Impacts
- ☒ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. SB 177 applies only to FY 2006 public school funding.
2. The average number belonging (ANB) in K-12 public schools under present law and SB 177 would be as follows:

	Present Law	SB 177
K-6 ANB	71,263	73,026
7-8 ANB	24,958	25,229
9-12 ANB	49,363	49,786
Total ANB	145,584	148,041

3. SB 177 increases both the FY 2005 elementary per-ANB entitlement and the FY 2005 high school per-ANB entitlement by $250 for FY 2006. The basic and per-ANB entitlements will be set as follows:

	FY 2005	FY 2006
Basic entitlement EL	$19,859	$19,859
Basic entitlement HS	$220,646	$220,646
Per-ANB entitlement EL	$4,031	$4281
Per-ANB entitlement HS	$5,371	$5,621
Direct State Aid Percentage	44.7%	44.7%

SB 177

middle school, calculated as follows using either the current year ANB or the 3-year ANB provided for in 20-9-311,". It is unclear which ANB will be used.

4. SB 177, Section 2, 20-9-311(10)(a) states "After calculating a district's basic entitlement and total per-ANB entitlement using the 3-year ANB, the calculation must be used for general fund budgeting and funding purposes for school districts in existence for 3 years or more." This conflict with #3 that states "either" ANB can be used.
5. Section 3 of SB 177 pertains to anticipated enrollment increases and will have no fiscal impact on the bill. However, the language in 20-9-314(3)(a) and again in (5) interchange the terms "enrollment" and "ANB" in a manner that is not clear. Using 3-year ANB should only pertain when 3-year ANB was used for budgeting and the bill eliminates the language to determine percentage increase using estimated and current enrollment numbers if 3-year averaging was not used. If this language is left in the bill, it would effect years following FY 2006 when the 3-year ANB is no longer being used. SB 177 would not require any changes to 20-9-314, MCA.
6. Providing SB 177 3-year averaging to schools for only FY 2006 raises questions as to how schools will adapt in FY 2007. If 3-year averaging is used for budgeting purposes in FY 2006 it could provide a higher budget and revenues in that fiscal year, but the districts budget would potentially fall to much lower levels in FY 2007 when they are then using current ANB, which might be significantly lower than the 3-year average ANB.

Ed.

FISCAL NOTE

Bill #: SB0224 **Title:** Allow off-site educational services

Primary Sponsor: Laslovich, J **Status:** As Introduced

Sponsor signature 2.1.05 Date David Ewer, Budget Director 1/31/05 Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$0	$370,600
Revenue:		
General Fund	$0	$0
Net Impact on General Fund Balance:	$0	($370,600)

- ☒ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☒ Technical Concerns
- ☒ Significant Long-Term Impacts
- ☒ Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. SB 224 allows a district to enroll and serve a resident student at an offsite instructional setting, including the provision of educational services through electronic delivery. It is likely that passage of SB 224 will encourage more home school students, especially high school students, to enroll part-time as public school students.
2. For FY 2005, home school enrollment (as registered with county superintendents) totals 3,971. By grade level, the home school enrollment is: 107 enrolled in kindergarten, 2,932 in grades 1-8, and 932 in grades 9-12.
3. Enrollment in FY 2005 drives ANB funding for FY 2006. Therefore, SB 224 will not impact K-12 BASE costs until FY 2007. For the purposes of this fiscal note, it is assumed that no school experiences a 6% increase in enrollment in FY 2006 as a result of this legislation. (The 6% threshold is the threshold for a school district to be eligible for additional state aid through a budget amendment.)
4. It is assumed that the availability of distance learning programs will increase over time. For FY 2006, 5% of the home school students in grades 1-6 (147 students) and 10% of the home school students in grades 9-12 (93 students) are anticipated to enroll part-time in public school in response to the distance learning option.
5. The state funding per-ANB for an elementary ANB (based on the present law adjustments) will be $2,771 in FY2007 and for a high school ANB it will be $3,589. Based on these assumptions, the state's cost for

SB 224

K-12 BASE aid will increase by $370,600 in FY2007 as a result of SB 224. [FY 2007 = 147 elementary students enrolled half-time at a cost of $2,771 each plus 93 high school students enrolled half-time at a cost of $3,589 each.]

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Local Assistance	$0	$370,600
Funding of Expenditures:		
General Fund (01)	$0	$370,600
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	$0	($370,600)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
As district's ANB increases, its maximum and BASE general fund budget increases in response. The increase in BASE budget will require a local match for the additional BASE budget authority. The increase in the district maximum budgets will allow districts to choose to increase adopted budgets with the use of local voted levies.

LONG-RANGE IMPACTS:
It is assumed that the availability and diversity of distance learning programs will increase over time. As acceptance increases of this learning method many rural districts may experience greater shifts of students to distance learning.

TECHNICAL NOTES:
Section 1, subsection 1(a) needs to be amended to include not only pupils who meet the residency requirements of 1-1-215, but also pupils who are enrolled under an attendance agreement between the district of residence and the district of attendance.

4. SB 177 allows districts to use either the current year ANB or the 3-year ANB provided in 20-9-311. This fiscal note is based on "the current year ANB or the 3-year ANB provided in 20-9-311" whichever is highest.
5. The statewide taxable valuations will increase by 2.5 percent in FY 2006.
6. Under current statute direct state aid will be $322.38 million in FY 2006. Special education payments will be $36.4 million in FY 2006. Guaranteed tax base aid to schools will be $102.03 million in FY 2006.
7. SB 177 does not affect the state special education appropriation, which has been estimated at the FY 2005 amount.
8. Under SB 177, direct state aid will be $344.39 million in FY 2006. Guaranteed tax base aid paid to schools will be $110.26 million in FY 2006.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Local Assistance	$29,835,951	$0
Funding of Expenditures:		
General Fund (01)	$29,835,951	$0
Revenues:		
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	($29,835,951)	$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
School districts will respond to SB 177 in three ways. Many districts will increase general fund spending; others will provide property tax relief. Some districts will combine the two approaches.

- Districts that are currently spending at the BASE budget level will be required to increase spending and local property taxes to achieve the new BASE level.
- Increases in property taxes to support the over-BASE portion of school district budgets will require voter approval.
- Property taxes over the Maximum budgets will be reduced by this proposal.

TECHNICAL NOTES:
1. Difficulties in implementing SB 177 by July 1, 2005, may occur in several areas including: a.) the time frame will be short for programming budgeting tools that allow districts to budget to their best advantage; and b.) voting requirements for budget election deadlines may have to be legislatively adjusted.
2. Implementation to the Montana Automated Education Financial and Information Reporting System (MAEFAIRS) for a one-year program will be very time consuming.
3. Using the highest ANB between current year ANB or the 3-year ANB is not always the highest entitlement for the school district. 20-9-306(c) states: "the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or