

MONTANA SENATE
2005 LEGISLATURE

ROLL CALL

EDUCATION AND CULTURAL RESOURCES

DATE 2-16-05

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	✓		
<i>Christopher Zahse, LSD</i>	✓		
CONNIE ERICKSON, LSD	✓		
LOIS O'CONNOR, COMMITTEE SECRETARY	✓		

**MONTANA STATE SENATE
2005 LEGISLATURE**

VISITOR REGISTER

DATE February 16, 2005

SENATE COMMITTEE ON Education

BILLS BEING HEARD TODAY: SB 341; SB 335; SB 263;
SB 383

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Robert Mallit	442-5755	Mont. Ind. L. Project	335	X	
Merle Tomkins	443-4352	Mont. Assoc. Blind	335	X	
Beverly Berg	444-4178	Blind and Low Vision	335		informational
ALLEN TOMPKINS	443-4352	MONT. ASSOC. FOR THE BLIND	335	X	
Jim Smith		Speech Ther. Assoc.	383	✓	
Laura Jo McKamey	434-7242	Montana Speech Hearing Ass.	383	✓	
Elaine Spino	443-4853	Montana Speech Hearing Assoc.	383	✓	
Juanita Nugent	728-0823	Montana Speech Hearing Ass.	383	✓	
PANOR TUM	656-1005	AUS COOP	335		✓
Bruce Messmer	324-2001	Helena Schools		✓	
Jessica Grennan	360-6043	ASUM	263	X	
Gerik Krampky	546-4233	Forward MT	263	X	
Patricia Brissett	541-5795	ASUM	263	X	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

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NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
SHARON LARSON SHAWMONT	632-4706	MONT. ASSOC. COORDG BLIND MT BUS. ENT. INC	335	✓	
DONIVA HARRIS	227-5220	MBEP	335	X	
Megan Dumas	539-3588	ASMSU	263		X
Tyler Clairmont	726-3046	ASUM	263	X	
Jesse Pickett	721-2475	ASUM	263	X	
Eric Burke	442-4250	MEA MFT	341/383	X	
Tracee Honderstad	495-1272	SLP's - WSHA/ASHA	383	X	
Lynda Beamon	442-5599	IISM/MASBO	341	X	
Don Burke		MT ASSOC BLIND	335	X	
Carz L Schwitzer	431-2176	MT ASSOC of the Blind	335	X	
Sheila Stearns	444-0311	MT Univ System	263 ^{INFO}		
Kala French	253-2615	MT University Sys.	263	Informational	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Fiscal Note Request SB0341, As Introduced
(continued)

Direct State Aid Percentage	44.7%	48.0%	48.0%
Direct State Aid Percentage	35.3%	32.0%	32.0%

3. The statewide taxable valuations will increase by 2.5 percent in FY 2006 and 2.8 percent in FY 2007.
4. Under current statutory entitlements the estimated costs are: direct state aid will be \$322.78 million in FY 2006 and \$318.82 million in FY 2007. Special education payments will be \$36.4 million in FY 2006 and FY 2007. Guaranteed tax base aid to schools will be \$102.03 million in FY 2006 and \$100.17 million in FY 2007. County retirement costs will be \$21.52 million in FY 2006 and \$22.23 million in FY 2007.
5. HB 125 does not affect the state special education appropriation, which has been included at the FY 2005 or present law amount.
6. Present law (MCA 20-9-326) requires the Governor to include inflation adjustments for the entitlements in the recommendations presented to the legislature. These present law entitlements result in the following expenditures: direct state aid will be \$329.76 million in FY 2006 and \$333.02 million in FY 2007. Special education payments remain at \$36.4 million in FY 2006 and FY 2007. Guaranteed tax base aid to schools will be \$104.62 million in FY 2006 and \$105.40 million in FY 2007. County retirement costs will be \$21.5 million in FY 2006 and \$22.2 million in FY 2007.
7. SB 341 new Section 1. Unified and joint board interdistrict school agreements would have no fiscal impact in FY 2006. This fiscal note was prepared assuming all unified districts would reduce any fund balance available for reappropriation by three percent of their prior year adopted budget (FY 2005 adopted budget used for this calculation) if available, by moving the money to the interdistrict fund allowed by SB 341. This reduces fund balance reappropriated by \$4.7 million and increases Guaranteed Tax Base Aid by \$2.0 million.
8. SB 341 includes additional per-ANB entitlement amounts equal to the greater of \$50 per ANB or \$1,000 per district in FY 2006 and the greater of \$98 per ANB or \$1000 per district in FY 2007 for cultural heritage studies. The additional entitlements increase Direct State Aid by \$3.5 million in FY 2006 and \$6.8 million in FY 2007. Guaranteed Tax Base Aid would increase in FY 2006 by \$1.1 million and by \$2.1 million in FY 2007.
9. SB 341 changes the Direct State Aid percentage from 44.7% in present law to 48% for both FY 2006 and FY 2007. Guaranteed Tax Base Aid is reduced from 35.3% to 32% for eligible districts.
10. Under SB 341, direct state aid paid to public schools would increase to \$378.54 million in FY 2006 and \$398.88 million in FY 2007. Guaranteed tax base aid paid to schools would decrease to \$100.97 million in FY 2006 and increase to \$109.02 million in FY 2007. County retirement costs will be \$21.98 million in FY 2006 and \$23.07 million in FY 2007.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Local Assistance – present law (MCA 20-9-326)	\$ 9,556,366	\$19,427,336
Local Assistance – new proposal	<u>45,585,457</u>	<u>70,311,531</u>
TOTAL	\$55,141,823	\$89,738,867
<u>Funding of Expenditures:</u>		
General Fund (01)	\$55,141,823	\$89,738,867
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$55,141,823)	(\$89,738,867)

Fiscal Note Request SB0341, As Introduced
(continued)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

According to SB 341, the per-ANB entitlements and the cultural heritage entitlement would create increased budget limits.

School districts will respond to SB 341 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.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

According to SB341, the per-ANB entitlements and the cultural heritage entitlement would create increased budget limits. The state would pay 48% of the entitlements as direct state aid plus any guaranteed tax base aid to eligible districts. The remaining piece of the increased funding is the responsibility of the local taxpayer.

TECHNICAL NOTES:

In Section 2. 20-9-306(10)(d) of SB 0341 and again in Section 3. 20-9-306(10)(d), the statement "the greater of \$50 per pupil or \$1000, based on the school district's ANB," uses "per pupil" and "ANB" together and they are different numbers with different meanings.

Fiscal Note Request SB0383, As Introduced

(continued)

Montana public schools. Therefore, the annual turn over of speech language pathologists who would become eligible for the one-time stipend is difficult to project. A rough estimate would be 20 per year of the full time positions being filled by full time individuals who had not previously received the one-time stipend. FY 2007 and each subsequent year cost: 20 stipends X \$3,000 = \$60,000.

7. Many speech pathologists have reached, or are nearing eligibility for retirement. It is unknown whether this could result in an increase in future years beyond the 20 stipends generated as a result of the turn over estimated in assumption 6.
8. The schools and the OPI will absorb the costs, using existing budgets and staff, to collect documentation verifying an individual's eligibility for the stipend and dispersing the stipends accordingly.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Personal Services	\$423,000	\$60,000
<u>Funding of Expenditures:</u>		
General Fund (01)	\$423,000	\$60,000
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$423,000)	(\$60,000)

TECHNICAL NOTES:

1. We presume that the reference to "funding" on page 1 line 27 means the annual general fund appropriation. If the number of individuals eligible for the stipend in each of the two fiscal years deviates from the estimate, the prorating on page 1 line 28 could result in significant variation in the size of the stipend between the two fiscal years.
2. An appropriation will be needed in HB 2 to fund the stipends created by SB 383.