SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3-10-05
BILL NO. SB 224

FISCAL NOTE

Bill #: SB0359 **Title:** Revise statutes related to school district enrollment

Primary Sponsor: Story, B **Status:** As Introduced

Sponsor signature Date David Ewer, Budget Director 2/9/05 Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$0	($156,712)
Revenue:		
General Fund	($5,600)	($5,600)
Net Impact on General Fund Balance:	($5,600)	$151,112

- ☒ 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

1. Under Section 1-1-215, MCA a minor student (under 18 years old) is a resident of the school district where his parent or legal guardian lives. Under tuition laws, a student who attends school other than the district where his parent or guardian lives is considered a non-resident student and tuition can be charged.
2. The state pays tuition for a student who is placed by a state agency or court in foster care or a group home in a school district other than the child's district of residence. Once a state-placed student turns 18 years old, he becomes a resident of the district where he lives and so the state no longer pays tuition. Under SB 359, the state will continue to pay tuition for the remainder of the school year when a student turns 18 in the middle of a school year rather than stopping tuition when the student turns 18.
3. Each year of the biennium, there will be 7 non-resident students placed by a state agency or court who turn 18 in the middle of the school year. The average tuition for each of those students will be $800 more than the state would have paid under current law (based on FY 2003-04 actual), increasing total tuition payments by $5,600. These tuition payments are taken off the top of the countywide equalization account (55 mills) and paid to the district of attendance, thus lowering state general fund revenues by $5,600.

SB 359

4. This chart shows the comparison of part-time enrollment and ANB under the current law and under SB 359:

Grade Level	Average Hours Per Day	Current ANB Count (ARM 10.20.102)	SB 359 ANB Count
Pre-K	N/A	0	0
K <180 hrs/yr	< 1 hr/day	0	0
K 360+ hrs/yr	2 hrs/day – 180 days	0.50	0.50
1-12 <180 hrs/yr	< 1 hr/day	0	0
1-12 181-359 hrs/yr	1 hr/day, but less than 2 hrs/day	0.50	0.25
1-12 360-539 hrs/yr	2 hrs/day, but less than 3 hrs/day	1.00	0.50
1-12 540-719 hrs/yr	3 hrs/day, but less than 4 hrs/day	1.00	0.75
1-12 720+ hrs/yr	4 or more hrs/day	1.00	1.00

5. The numbers of students who previously were not counted for ANB because they were enrolled less than 180 hours will remain the same. Since they were also not counted toward ANB under current law, there is no impact on funding.
6. 144 students enrolled for 181-359 hours (1 to 2 hours per day) were previously counted as half-time enrolled (1/2 ANB). Under SB 359, these students will qualify as quarter-time enrolled (1/4 ANB), decreasing direct state aid by $85,503 per year:

Grade Level	Number of Students	ANB Under Current Law (1/2 ANB)	ANB Under SB 359 (1/4 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	3	1.5	1.5	$1,802	$2,703
Grades 7-8	6	3	1.5	1.5	$2,400	$3,600
Grades 9-12	132	66	33	33	$2,400	$79,200
					Decrease in State Cost	**$85,503**

7. 144 students enrolled for 360-539 hours (2-3 hours per day) were previously counted as full-time (1.0 ANB). Under SB 359, these students qualify for half-time enrollment (1/2 ANB), decreasing direct state aid by $171,006:

Grade Level	Number of Students	ANB Under Current Law (1.0 ANB)	ANB Under SB 359 (1/2 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	6	3	3	$1,802	$5,406
Grades 7-8	6	6	3	3	$2,400	$7,200
Grades 9-12	132	132	66	66	$2,400	$158,400
					Decrease in State Cost	**$171,006**

8. 144 students enrolled for 540-719 hours (3-4 hours per day) were previously counted as full-time (1.0 ANB). Under SB 359, these students qualify for three-quarters time enrolled (3/4 ANB) decreasing direct state aid by $85,503 per year:

Grade Level	Number of Students	ANB Under Current Law (1.0 ANB)	ANB Under SB 359 (3/4 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	6	4.5	1.5	$1,802	$2,703
Grades 7-8	6	6	4.5	1.5	$2,400	$3,600
Grades 9-12	132	132	99	33	$2,400	$79,200
					Decrease in State Cost	**$85,503**

9. Under SB 359, enrollment in a basic education program provided by a district at a site other than a school of the district may be included for ANB purposes only if the pupil is offered and is able to receive full access to the complete range of educational services required by accreditation standards. In FY 2004, there were 260 students counted who were offered and able to receive less than full access to a complete range of educational services and were counted as half-time for ANB purposes. Under SB 359, these students will not be counted for ANB.
10. School districts will offer distance-learning programs and will consequently enroll students who are currently not enrolled in public schools in Montana. The state's cost for the K-12 BASE aid is estimated to increase by $185,300 as a result (half the cost of SB 224).
11. In Section 2, the tuition payments made during FY 2006 will include payments for students who turn 18 years old during FY 2006. Other fiscal impacts of the bill will occur in FY 2007, since the effective date of July 1, 2005 will affect enrollment counted in FY 2006 and funded in FY 2007.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Local Assistance	$0	($156,712)
Funding of Expenditures:		
General Fund (01)	$0	($156,712)

Revenues:		
General Fund (01)	($5,600)	($5,600)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	($5,600)	$151,112

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
School districts will receive less state aid for students other than kindergarten students that attend less than 4 hours per day, as these students will generate less ANB than under current law. Districts may restructure current programs offered to students attending part-time in response to this bill.