



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0181

Title: 2 addition PIR days--content decided by local board

Primary Sponsor: Jopek, Mike

Status: As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund (01) Distribution to schools	\$0	\$2,203,686	\$4,596,043	\$5,899,964
Revenues:				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	(\$2,203,686)	(\$4,596,043)	(\$5,899,964)

Description of fiscal Impact: The cost of two additional pupil instruction-related days is \$3.943 million in FY 2009. This cost includes direct state aid, guaranteed tax base aid, retirement GTB, and Indian Education of All funding.

FISCAL ANALYSIS

Assumptions:

1. Under current law, the average number belonging in K-12 public schools will be as follows:

ANB	FY07	FY08	FY09	FY10	FY11
K-6 ANB	72,763	72,001	71,899	72,530	73,704
7-8 ANB	24,643	23,745	22,980	22,199	21,821
9-12 ANB	<u>49,613</u>	<u>49,187</u>	<u>48,613</u>	<u>47,910</u>	<u>46,798</u>
	147,019	144,933	143,492	142,639	142,323

2. The present law inflation applied to the basic and per-ANB entitlements is 2.76% in FY2008, 3% in FY2009, 3% in FY2010 and FY2011. The basic and per-ANB entitlements will be set as follows:

	FY2007	FY2008	FY2009	FY2010	FY2011
Basic entitlement EL	\$20,718	\$21,290	\$21,929	\$22,587	\$23,265
Basic entitlement HS	\$230,199	\$236,552	\$243,649	\$250,958	\$258,487
Per-ANB entitlement EL	\$4,456	\$4,579	\$4,716	\$4,857	\$5,003
Per-ANB entitlement HS	\$5,704	\$5,861	\$6,037	\$6,218	\$6,405
DSA Percentage	44.7%	44.7%	44.7%	44.7%	44.7%

- 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 adjustments result in the following expenditures: Direct State Aid will be \$355.380 million in FY 2008 and \$362.363 million in FY 2009. Guaranteed tax base aid to schools will be \$112.956 million in FY 2008 and \$115.561 million in FY 2009. County retirement GTB costs will be \$26.231 million in FY 2008 and \$27.896 million.
- The state special education appropriation is estimated to grow at 2.76% in FY 2008 and 3% in FY 2009 and beyond. As a result, the state special education appropriation will be \$40.434 million in FY 2008 and \$41.647 million in FY 2009.
- HB 181 funds the requirement for two additional pupil instruction-related days. Given that the funding and budget limitations for many districts are driven by 3-year averaging of ANB, the full effect of HB 181 will not be felt until FY 2010. The ANB counts in FY 2008 through FY 2011 will increase as shown in the chart below.

	FY 2008	FY 2009	FY 2010	FY 2011
K-12 ANB (Current Law)	144,933	143,492	142,639	142,323
K-12 ANB (HB 181)	<u>144,933</u>	<u>144,301</u>	<u>144,114</u>	<u>144,033</u>
Increase	0	809	1,475	1,710

- The Indian Education for All payment of \$20.40/ANB will be paid on the additional ANB shown in the chart for Assumption #6.

	FY 2009	FY 2010	FY 2011
Indian Education for All Payment	\$14,624	\$29,839	\$34,633

- The estimated cost for these additional days is \$2.204 million in FY 2009.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance-Direct State Aid	\$0	\$1,629,811	\$3,384,007	\$4,331,869
Local Assistance-Guaranteed Tax Base Aid	\$0	\$518,302	\$1,126,509	\$1,468,980
Local Assistance-Retirement GTB	\$0	\$40,948	\$55,688	\$64,482
Local Assistance-Indian Education	\$0	\$14,624	\$29,839	\$34,633
TOTAL Expenditures	\$0	\$2,203,685	\$4,596,043	\$5,899,964

Funding of Expenditures:

General Fund (01)	\$0	\$2,203,685	\$4,596,043	\$5,899,964
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Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	(\$2,203,685)	(\$4,596,043)	(\$5,899,964)
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Effect on County or Other Local Revenues or Expenditures:

1. School districts will see an increase in their BASE budgets, which will be funded by a combination of state funding and local property tax increases. Statewide, local property taxes to fund the BASE budgets will increase by \$0.755 million in FY 2009; \$1.440 million in FY 2010; and \$1.821 million in FY 2011.
2. Any increases in over-BASE levies will require voter approval.

Long-Range Impacts:

1. Given that the funding and budget limitations for many districts are driven by 3-year averaging of ANB, the full effect of HB 181 will not be felt until FY 2010.

Technical Notes:

1. At the present time, schools typically have seven PIR days. One day is usually used as a recordkeeping day and two days are used for parent-teacher conferences. In addition, two days are set aside for teacher conventions. Many teachers attend teacher conventions; those that do not either have to attend in-service in their own school or participate in two days of professional development activities in another manner with the school's approval. That leaves two days for schools to plan their own in-service for their entire staff. Quite often this is at the beginning of the year when school principals use this time for orientation.
2. While professional development activities are mandatory for all certified staff, a district might not require that all staff attend the same professional development meetings. It is unclear whether HB 181 intends to require that all staff participate in the same meetings or activities.
3. HB 181 has no effective date. By default the effective date would be October 1, 2007, which would mean that HB 181 would not impact ANB counts until FY 2009.

Sponsor's Initials

Date

Budget Director's Initials

Date