



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # SB0362

Title: Revise compensation of school board trustees

Primary Sponsor: Cobb, John

Status: As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input 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	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: SB 362 requires school districts to fund the cost of health insurance coverage for school trustees and allows school districts to offer limited compensation to trustees. The proposal would create an unfunded mandate for school districts at a cost of \$4.8 to \$5.0 million annually.

FISCAL ANALYSIS

Assumptions:

1. SB 362 has no fiscal impact on state revenue or expenditures.
2. There are 323 public school systems in Montana (51 K-12 districts, 104 joint districts, 161 independent elementary districts, 5 county high school districts, and 2 non-operating districts), which have approximately 1,625 school trustees.
3. According to a joint survey regarding pay and benefits conducted annually by MEA-MFT, the Montana School Boards Association and the School Administrators of Montana, the average monthly health insurance premium for single member coverage was \$340/month and for family coverage was \$447/month for the 2005-2006 school year.

4. Global Insights projects that health insurance inflation costs will increase by 5% in FY 2007, 4.2% in FY 2008, and 3.7% in FY 2009. The annual cost of single member coverage is projected to be \$4,284 in FY 2007, \$4,464 in FY 2008, and \$4,629 in FY 2009. The annual cost of family coverage is projected to be \$5,632 in FY 2007, \$5,869 in FY 2008, and \$6,086 in FY 2009.
5. For the purposes of this fiscal note, it is assumed that 50% of school trustees would avail themselves of health insurance coverage if it were offered to all trustees and that those choosing to participate would select family coverage. The FY 2008 cost would be \$4,765,628 for 812 trustees at an annual cost of \$5,869 each. The FY 2009 cost would be \$4,941,832 for 812 trustees at an annual cost of \$6,086 each.
6. SB 362 allows the trustees of a school district to receive compensation. The amounts range from \$500 for a trustee of a small district to \$3,500 for the trustee of a large district.
7. SB 362 uses the same classification system used for cities in 7-3-4255, MCA. SB 362 does not apply the elementary district classification established in 20-6-201, MCA. OPI does not have a data set to indicate which school districts fall into the city classification system. It is estimated that the provision to compensate trustees would cost districts \$1.3 - \$2.5 million annually if all districts offered compensation.

Effect on County or Other Local Revenues or Expenditures:

1. Local school district expenditures would increase by \$4.8 - \$5.0 million annually to provide coverage for school trustees.
2. Local school districts expenditures would increase by \$1.3 - \$2.5 million annually to provide salary compensation for school trustees.

Technical Notes:

1. While SB 362 references the classification of cities in 7-1-4111, MCA, it is not clear how that classification is to be applied.
2. SB 362 creates a cost for school districts to offer health insurance and salary benefits to a group for which coverage was not previously required.
3. Page 2, lines 7-8 of SB 362 requires that school district health insurance policies must provide for coverage of trustees on the same terms and conditions available to school district employees.

Sponsor's Initials

Date

Budget Director's Initials

Date