



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0102	Title:	Increase maximum allowable pupil instruction days
---------------	--------	---------------	---

Primary Sponsor:	Facey, Tom	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 type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$5,913,746	\$5,824,525	\$6,006,039	\$6,207,514
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$5,913,746)</u>	<u>(\$5,824,525)</u>	<u>(\$6,006,039)</u>	<u>(\$6,207,514)</u>

Description of fiscal impact: The increase of pupil instruction-related (PIR) days from 7 to 9 would increase state funding by \$5.9 million in FY 2014 and \$5.8 million in FY 2015.

FISCAL ANALYSIS

Assumptions:

- The average number belonging (ANB) used to determine the general fund budgets for K-12 public schools will be as follows. These estimates are for current year ANB, which is used to calculate the budgeted ANB as determined by 20-9-311(13) and (14), MCA.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
K-6 ANB	80,043	80,779	81,254	81,603	82,609
7-8 ANB	22,146	22,228	22,593	22,671	22,985
9-12 ANB	43,626	43,683	43,323	43,502	43,855
	145,815	146,690	147,170	147,776	149,449

2. The number of FTE (including special education cooperatives) generating the quality educator payment is estimated to be:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Public Schools	11,995.424	11,995.424	11,995.424	11,995.424	11,995.424
Special Ed Coops	<u>181.637</u>	<u>181.637</u>	<u>181.637</u>	<u>181.637</u>	<u>181.637</u>
FTE Count	12,177.061	12,177.061	12,177.061	12,177.061	12,177.061

3. The present law inflation applied to the basic and per-ANB entitlements (20-9-326, MCA) is 0.89% in FY 2014 and 2.08% in FY 2015. For the present law budget, the basic and per-ANB entitlements are set as follows:

<u>Entitlement</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Elementary Basic	\$23,593	\$23,803	\$24,298	\$24,850	\$25,265
Middle School Basic	\$66,816	\$67,411	\$68,813	\$70,375	\$71,550
High School Basic	\$262,224	\$264,558	\$270,061	\$276,191	\$280,803
Elementary Per-ANB	\$5,075	\$5,120	\$5,226	\$5,345	\$5,434
High School Per-ANB	\$6,497	\$6,555	\$6,691	\$6,843	\$6,957
Direct State Aid (DSA) Percentage	44.7%	44.7%	44.7%	44.7%	44.7%

4. Present law (20-9-326, MCA) requires the Governor to include inflation adjustments for the basic and per-ANB entitlements in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

	<u>FY 2014</u>	<u>FY 2015</u>
Direct State Aid	\$400.0 million	\$408.3 million
Guaranteed Tax Base Aid	\$145.8 million	\$149.1 million
County Retirement GTB	\$ 32.7 million	\$ 33.7 million

5. DSA, GTB, and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.
6. The present law adjustments do not include inflationary increases for the general fund payments in 20-9-327 through 20-9-330, MCA, (Indian education for all payment, American Indian achievement gap payment, quality educator payment, at-risk student payment). The payments will total \$48.8 million in FY 2014 and \$48.8 million in FY 2015.

<u>Component</u>	<u>Present law distribution amount</u>
Indian Education for All	\$20.40 per ANB or \$100 per district, whichever is greater
American Indian Achievement Gap	\$200 per American Indian student
Quality Educator	\$3,042 per FTE
At Risk Student	\$5,000,000

7. The state special education allowable cost payment remains at the FY 2012 base level of \$41.6 million per year.
8. The statewide taxable valuations are forecast to increase by 3.17% in FY 2014 and 1.74% in FY 2015.
9. It is assumed that all school districts will increase the number of pupil-instruction related days to 9 beginning in FY 2014.
10. SB 102 will increase the statewide ANB by 1% in FY 2014 and beyond.

- The state payments effected by ANB calculations include DSA, GTB, Indian education for all, and county retirement GTB.
- The projected FY 2014 current year ANB is 146,690 (see assumption #1) and budget limit ANB is 147,379. Under SB 102, 9 PIR days will increase the FY 2014 current year ANB to 148,257 and the budget limit ANB to 148,812. The following table shows the present law calculation and the SB 102 calculation method.

Present law ANB calculation	Enrollment number X 187 / 180
SB 102 proposal	Enrollment number X 189 / 180

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance (Direct State Aid)	\$3,542,705	\$4,010,282	\$4,121,757	\$4,250,648
Local Assistance (Guaranteed Tax Base Aid)	\$2,244,217	\$1,681,400	\$1,748,117	\$1,812,901
Local Assistance (Indian Ed Ongoing)	\$29,233	\$32,171	\$32,314	\$32,783
Local Assistance (County Retirement GTB)	\$97,591	\$100,672	\$103,851	\$111,182
TOTAL Expenditures	<u><u>\$5,913,746</u></u>	<u><u>\$5,824,525</u></u>	<u><u>\$6,006,039</u></u>	<u><u>\$6,207,514</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$5,913,746</u>	<u>\$5,824,525</u>	<u>\$6,006,039</u>	<u>\$6,207,514</u>
TOTAL Funding of Exp.	<u><u>\$5,913,746</u></u>	<u><u>\$5,824,525</u></u>	<u><u>\$6,006,039</u></u>	<u><u>\$6,207,514</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$5,913,746)	(\$5,824,525)	(\$6,006,039)	(\$6,207,514)

Effect on County or Other Local Revenues or Expenditures:

- The increases in the DSA and GTB payments would increase the districts' BASE budgets and maximum general fund budgets depending on the change to ANB within the district due to the extra PIR days in SB 102. Statewide, local property taxes to fund the BASE budgets would increase by approximately \$1.2 million per year beginning in FY 2014.
- The Indian education for all payment is fully funded by the state. The increase in this payment will not increase district property taxes, but there could be a small county retirement levy increase.

Sponsor's Initials

Date

Budget Director's Initials

Date