



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0302	Title:	Revise board of education laws related to defining substantial fiscal impact
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Primary Sponsor:	Arntzen, Elsie	Status:	As Amended in Senate Committee
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- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 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	\$0	\$43,992	\$44,652	\$45,322
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>(\$43,992)</u>	<u>(\$44,652)</u>	<u>(\$45,322)</u>

Description of fiscal impact: SB 302 directs the Education and Local Government interim committee to select and contract with an independent third party qualified to perform the analysis when the committee determines that changes in accreditation standards have a fiscal impact. It is determined this bill could have a \$44,000 per year impact on the state general fund beginning in FY 2015.

FISCAL ANALYSIS

Assumptions:

Legislative Branch

1. SB 302 requires the Board of Public Education (BPE), prior to adoption or amendment of any accreditation standard, to submit proposals to the Education and Local Government Interim Committee (ELG) during periods that the legislature is not in regular session or to the joint appropriations subcommittee that considers education during any regular session of the legislature. It further directs the ELG to review the BPE proposals to determine whether it is likely to result in a projected fiscal impact warranting a fiscal note.
2. The amended version of SB 302 changes the requirement to select and contract with an independent third party qualified to perform the fiscal analysis from the BPE to the ELG. The same assumptions are used regarding contract cost, as outlined below.

3. It is assumed the independent third party would be an Educational Consultant and would likely be from outside of Montana. Estimated costs to bring a consultant to Helena to present the fiscal analysis before the ELG would be \$2,500 per day. It is estimated that travel to Helena, presentation, and travel from Helena would take approximately three days and would cost \$7,500. At a minimum, the consultant may need to travel to Helena twice a year to present to the ELG, at a cost to the Legislative Services Division's Interim Committee budget (Program 21) of \$15,000.
4. Fees for an independent third party to perform the fiscal impact analysis are estimated at a minimum of \$75 per hour. It is anticipated that at least 250 hours would be spent preparing the impact statement for large accreditation standards changes at a cost of \$18,750 to the Interim Committee's budget.
5. State law requires any contracts or services resulting in a cost of \$25,001 or more to go through a Request For Proposal (RFP) process in order to determine and award a contract. This would substantially delay the implementation process of any accreditation changes. Any contract costs between \$5,001 and \$25,000 still require a Limited Solicitation process to award a contract, 18-4-305, MCA. Adverse effects to school districts due to these delays are unknown, but could be substantial.
6. It is anticipated that the requirements outlined in SB 302 would increase the workload of the ELG and would impact the ability of the ELG to complete other statutory duties, including interim studies. It is anticipated that only one or two accreditation standards would be proposed by the BPE that would require a fiscal analysis in any given biennium. A larger number of proposals by the BPE would result in additional meeting days for the ELG at a cost of \$5,120 per day. This fiscal note does not anticipate any additional ELG costs for additional meeting days.
7. It is anticipated that a minimum of two additional meetings would be required of the ELG to begin and complete an RFP process as the Legislative Services staff must have the committee input. The estimated cost of these additional meetings to the Legislative Services Division's Interim Committee budget is \$10,242.

Board of Public Education (BPE)

8. Currently, the BPE and the Office of Public Instruction (OPI) do not anticipate changes in accreditation standards before the end of the 2015 biennium for the science standards. No expenditure for fiscal analysis would be needed in FY 2014.
9. It is estimated that, if an RFP process is required to award a contract to an independent third party, it would take staff between 80 and 120 hours to prepare and support the RFP process. No additional resources are required to complete this duty, however, it could impact staff's ability to complete other duties.
10. If a fiscal analysis considered by the ELG projects a fiscal impact of the change in accreditation standards, the Office of Public Instruction (OPI) must request a present law adjustment in the budget for the next regular legislative session.
11. If the BPE presents a proposal to the joint appropriations subcommittee that considers education during a regular session of the legislature and a fiscal impact is determined to be required, the costs would be recommended for incorporation into the general appropriations act of that session.
12. SB 302, as amended, requires that the BPE may not implement any proposed change to accreditation standards found to have a fiscal impact until July 1 following the end of the legislative session during which the fiscal impact is considered by the legislature.

	<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>				
Operating Expenses	\$0	\$43,992	\$44,652	\$45,322
TOTAL Expenditures	\$0	\$43,992	\$44,652	\$45,322
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$43,992	\$44,652	\$45,322
TOTAL Funding of Exp.	\$0	\$43,992	\$44,652	\$45,322
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$43,992)	(\$44,652)	(\$45,322)

Technical Notes:

Legislative Branch

- Section 1 of SB 302 requires the ELG to present the fiscal analysis to the Office of Budget and Program Planning to be used in the preparation of the executive budget. It further requires that any projected fiscal impact must be included as a present law adjustment in the OPI budget request pursuant to 17-7-112, MCA. Requiring that the Office of the Governor include these legislatively approved fiscal impacts as present law adjustments in the executive budget may raise separation of powers under the Montana Constitution and may also raise constitutional conformity issues with respect to the duties of the Superintendent of Public Instruction and the Board of Public Education.

Sponsor's Initials

Date

Budget Director's Initials

Date