



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

**Bill #** SB0014

**Title:** Raise the legal dropout age to 18 years old or upon graduation

**Primary Sponsor:** Driscoll, Robyn

**Status:** As Introduced

- 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 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$952,000	\$888,667	\$908,548
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>(\$952,000)</u>	<u>(\$888,667)</u>	<u>(\$908,548)</u>

**Description of fiscal impact:** SB 14 raises the legal high school dropout age to 18 or upon graduation. The bill is expected to prevent 190 students annually from dropping out of public high school beginning in FY 2016. The retention of these students will increase state support for schools by approximately \$952,000 in FY 2017. The Governor's Executive Budget included funding for this purpose based on proposed legislation.

### FISCAL ANALYSIS

#### Assumptions:

- Under current law, a child must be enrolled in school until the latter of the child's 16<sup>th</sup> birthday or the date of completion of the eighth grade.
- SB 14 raises the age of compulsory enrollment to the earliest of the child's 18<sup>th</sup> birthday, the date of completion of high school graduation requirements, or the date of satisfying the requirements for equivalency of completion of secondary education as provide in 20-7-131, MCA.
- In the 2012-2013 school year, a total of 1,577 students in grades 7-12 dropped out of school. Of this total, 949 of the students who dropped out were 16 or 17 years of age and attending public schools.
- For the purpose of this fiscal note, it is assumed that 20% of these students would stay in school until the age of 18 or graduation from high school. The retention of these 190 students (949 X 20%) in public schools will

**Fiscal Note Request – As Introduced**

*(continued)*

- increase current year average number belonging (ANB) by 197 in FY 2017 (949 X 20% X 187 / 180). The budget limit ANB (includes 3-year averaging) is projected to increase by 214 in FY 2017.
5. OPI estimates that 20% of the students that stay in school will be American Indian (39 students in total). The retention of these students will increase the cost of the American Indian Achievement Gap Payment.
  6. OPI does not anticipate that school districts will need to increase their teaching staff to teach these additional 190 students that remain in high schools across the state.
  7. The retention of these students will increase state support for schools by approximately \$952,000 in FY 2017. The Governor’s Executive Budget included funding for this purpose based on proposed legislation. Therefore, no fiscal impact is shown in this fiscal note.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Local Assistance (DSA)	\$0	\$655,315	\$612,285	\$619,630
Local Assistance (GTB)	\$0	\$279,629	\$259,606	\$272,054
Local Assistance (Indian Ed for All)	\$0	\$4,548	\$4,345	\$4,350
Local Assistance (Achievement Gap)	\$0	\$8,151	\$8,268	\$8,346
Local Assistance (Data for Achieve)	\$0	\$4,357	\$4,163	\$4,168
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$952,000</u>	<u>\$888,667</u>	<u>\$908,548</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$952,000	\$888,667	\$908,548
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$952,000</u>	<u>\$888,667</u>	<u>\$908,548</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	(\$952,000)	(\$888,667)	(\$908,548)

**Effect on County or Other Local Revenues or Expenditures:**

1. Increases to school district BASE budgets are shared by the state and local taxpayers. The increased ANB that result from SB 14 creates a potential increase in district BASE budgets. Statewide, local property taxes to fund the BASE budget could increase by approximately \$230,500 in FY 2017 and beyond.

*RD*

Sponsor's Initials

*1/8/15*

Date

*[Signature]*

Budget Director's Initials

*1/8/15*

Date