



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0033
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Title:	Clarify school funding related to anticipated enrollment increases
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Primary Sponsor:	Vinton, Sue
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Status:	As Introduced
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| <input 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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 33 modifies language of section 20-9-314, MCA, clarifies how district anticipated unusual increased enrollment will change the district budget, and clarifies how a district budget will be adjusted should the anticipated enrollment adjustment not materialize. There is no new fiscal impact of this bill.



FISCAL ANALYSIS

Assumptions:

1. Section 20-9-314, MCA, allows a district to anticipate enrollment increases above those which determine the ANB of the ensuing year. Districts are required to notify the Office of Public Instruction (OPI) of these anticipations before June 1st of the year preceding the budget year of the anticipation. The anticipated enrollment increase causes increases to a district's budget limits, as well as state and local funding.
2. Section 1 of the bill states as amended: "*If the actual enrollment is less than the enrollment used to determine the budgeted ANB, the superintendent of public instruction shall recalculate the district's BASE budget and maximum budget limitations, adopted budget, BASE aid, and the special education allowable cost payment*

using the greater of the district's unadjusted enrollment or the actual enrollment in place of the adjusted enrollment.”

3. The following descriptions clarify the underlined terms in the previous assumption:
 - a. Unadjusted enrollment is understood to mean the initial reported enrollment determined before the anticipation.
 - b. Adjusted enrollment is understood to mean the total enrollment requested including an anticipated increase.
 - c. Actual enrollment is understood to mean the final enrollment established during the fall count of the actual budget year.
4. The change in the statement in assumption #2 redefines the description of the budget adjustments for anticipated enrollments to include more components of the funding formula. The original language was “*may increase its basic entitlement and total per ANB entitlement*”. These are only two components of the budget calculation and funding formula. The new clarification includes all components of BASE Aid as well as adjustment for special education allowable costs which is the way OPI has been calculating these adjustments. Therefore, there is no new additional cost of this clarified definition.
5. An additional adjustment to section 20-9-314, MCA, is to clarify that all ANB driven components in a district’s general fund BASE Aid are to be adjusted to include: basic entitlement, per-student entitlement, data for achievement component, Indian education for all component, guarantee tax based aid (GTB), and ANB driven special education allowable cost payment when both anticipating increases and when the anticipated enrollment does not materialize.
6. The OPI verifies the materialization of the enrollment increases during the ensuing fall enrollment count. When enrollment’s do not materialize in the amount anticipated, budget limitations, state and local funding are adjusted to the level where the number of students did materialize. Occasionally, the actual final fall enrollment is less than that of the initial enrollment. In these situations, a district’s budget would fall below the original budget determined before the anticipated enrollment increase adjustment. This proposal would prevent district’s from falling below the initial enrollment count and budget by limiting the decrease to the original count used for the original budget.
7. The changes in HB 33 are currently implemented when funding schools. This bill clarifies anticipated enrollment adjustments. There is no new fiscal impact related to this bill.

	<u>01/13/21</u>		<u>1/11/21</u>
Sponsor’s Initials	Date	Budget Director’s Initials	Date