



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB 72

Title: Revise school laws related to participation in extracurricular activities

Primary Sponsor: Regier, Keith

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 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	\$267,716	\$263,032	\$274,216
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	(\$267,716)	(\$263,032)	(\$274,216)

Description of fiscal impact: SB 72 allows for one sixteenth ANB funding of non-fulltime enrolled students who participate in extracurricular activities. The state general fund cost would be approximately \$0.27 million per year beginning in FY 2023.

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).

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
K-6 ANB	85,452	85,935	86,696	87,205	87,788
7-8 ANB	24,270	24,325	23,667	23,580	23,746
9-12 ANB	<u>44,140</u>	<u>44,998</u>	<u>45,932</u>	<u>46,549</u>	<u>46,415</u>
	153,862	155,258	156,295	157,334	157,949

- The present law inflation applied to the Basic and Per-ANB Entitlements, and the Quality Educator, Indian Education for All, American Indian Achievement Gap, Data-for-Achievement, and the At-Risk Components

is 1.50% in FY 2022 and 2.57% in FY 2023. Entitlements and the components set in Governor Gianforte’s Executive Budget follows:

<u>Basic Entitlements</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Elementary Basic	\$53,541	\$54,344	\$55,741	\$56,744	\$57,788
Middle School Basic	\$107,084	\$108,690	\$111,483	\$113,490	\$115,578
High School Basic	\$321,254	\$326,073	\$334,453	\$340,473	\$346,738

<u>Basic Entitlement Increments</u>					
Elementary (Each 25 ANB > 250 ANB)	\$2,678	\$2,718	\$2,788	\$2,838	\$2,890
Middle School (Each 45 ANB > 450 ANB)	\$5,354	\$5,434	\$5,574	\$5,674	\$5,778
High School (Each 80 ANB past 800 ANB)	\$16,063	\$16,304	\$16,723	\$17,024	\$17,337

<u>Per ANB Entitlements</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Elementary Per-ANB	\$5,727	\$5,813	\$5,962	\$6,069	\$6,181
High School Per-ANB	\$7,333	\$7,443	\$7,634	\$7,771	\$7,914
Direct State Aid (DSA) Percentage	44.7%	44.7%	44.7%	44.7%	44.7%

<u>Components</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Indian Education for All	\$22.36	\$22.70	\$23.28	\$23.70	\$24.14
Indian Achievement Gap	\$220	\$223	\$229	\$233	\$237
Quality Educator	\$3,335	\$3,385	\$3,472	\$3,534	\$3,599
At Risk	\$5,641,973	\$5,726,603	\$5,873,777	\$5,979,505	\$6,089,528
Data for Achievement	\$21.41	\$21.73	\$22.29	\$22.69	\$23.11

- Present law (20-9-326, MCA) requires the Superintendent of Public Instruction to include inflationary adjustments for the basic and per-ANB entitlements, and the Quality Educator, Indian Education for All, American Indian Achievement Gap, Data for Achievement, and the At Risk Components in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

<u>Payment</u>	<u>FY 2022</u>	<u>FY 2023</u>
Direct State Aid	\$494.7 million	\$509.4 million
Guaranteed Tax Base Aid	\$237.0 million	\$248.3 million
County Retirement GTB	\$49.7 million	\$51.4 million
Indian Education for All	\$3.5 million	\$3.6 million
American Indian Achievement Gap	\$4.6 million	\$4.7 million
Quality Educator	\$43.1 million	\$44.2 million
Data for Achievement	\$3.4 million	\$3.5 million

- SB 72 proposes that school districts would be allowed to count, for ANB purposes, a student who resides in the district, who is not otherwise enrolled in the district or is not full-time enrolled, who completed participation in at least six weeks of extracurricular activity in the prior semester as one-eighth enrollment for each extracurricular activity competed.
- Due to the irregularity in student counts for FY 2021, FY 2020 data will be used for the purposes in calculating the costs associated with this fiscal note.
- The FY 2020 fall count of home-schooled students are as follows:

Grades	Home School Student Count
K-8	4,448
9-12	1,367

7. It is assumed that only high school students will be included in the calculation for ANB.
8. A U.S. Census Bureau news release dated 12/9/2014, estimates that 57% of children between 6 and 17 years of age participate in at least one after-school extracurricular activity.
9. For the purposes of this fiscal note, it is estimated that SB 72 would create an additional 51 ANB per year statewide.

Home-schooled high school students	1,367
Participation percentage	X 57%
Counted as one-sixteenth ANB	X 0.0625
Total enrollment	49
ANB calculation (49 X 187)/180	51

10. BASE Aid funding components that would be affected by this additional ANB count are direct state aid (DSA), guaranteed tax base aid (GTB), Indian education for all, data for achievement, and retirement.
11. The additional funding would increase both base and maximum budget limits for each school district with students counted for participating in extracurricular activities.
12. SB 72 is effective on passage and approval. There would be no additional ANB count for school district budgeting purposes in school year 2021-2022. Non-full-time enrolled students participating in extracurricular activities in the 2021-2022 school year would be counted in that year for budgeting purposes in the following school year (FY 2023) and beyond for calculation of ANB.
13. According to SB 72, section 1(13), non-enrolled, non-full-time students who complete at least six weeks of an extracurricular activity in the prior school year would be counted in the following school year's October and February enrollment counts that are then used to determine budgets for the ensuing school fiscal year. This proposed calculation would mean participation in extracurricular activities of non-enrolled, non-full-time students would count for budget determination for the district two years after participation. Currently, enrollment count determines the ensuing year budget calculation.

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assist (Direct State Aid)	\$0	\$169,268	\$172,350	\$179,092
Local Assist (Guaranteed Tax Base Aid)	\$0	\$85,549	\$76,241	\$79,839
Local Assist (Indian Ed for All)	\$0	\$1,187	\$1,209	\$1,255
Local Assist (Data for Achieve)	\$0	\$1,137	\$1,157	\$1,202
Local Assist (Retirement GTB)	\$0	\$10,575	\$12,075	\$12,827
TOTAL Expenditures	\$0	\$267,716	\$263,032	\$274,216

<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$267,716	\$263,032	\$274,216
TOTAL Funding of Exp.	\$0	\$267,716	\$263,032	\$274,216

<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	(\$267,716)	(\$263,032)	(\$274,216)

Effect on County or Other Local Revenues or Expenditures:

1. Statewide local property taxes could increase by approximately \$54,000 in FY 2023 and in future years.

Technical Notes:

1. The meaning of the proposed language is unclear in 20-9-311(13)(A)(iii), MCA, in SB 72, “Completed an extracurricular activity with a duration of at least 6 weeks.” Extracurricular activity needs to be clearly defined as to what extracurricular activities are included. Does this allow a one-sixteenth payment for every six weeks of participation? Does completed mean there is an end to the activity in order to be completed or just the end of the six weeks of participation?
2. Students enrolled in spring or fall extracurricular activities in any given year will be included in the count in the following school year for ANB calculation used for budgeting in the year after the count. This proposed calculation would include student count for extracurricular activities from two years prior to being included in the ANB calculation used to determine a budget two years after participation.

NO SPONSOR SIGNATURE
Sponsor's Initials

Date

KA
Budget Director's Initials

1/12/21
Date