

FISCAL NOTE

Requested by Legislative Council
03/23/2009

Amendment to: Engrossed
HB 1400

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$98,500,000	\$10,100,000	\$140,259,901	\$10,100,000
Appropriations	\$0	\$0	\$98,500,000	\$10,100,000	\$140,259,901	\$10,100,000

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$108,200,000	\$0	\$0	\$150,359,901

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1400 is the public school district funding and policy plan incorporating the recommendations from the ND Commission on Education Improvement.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Executive Budget Recommendation and HB 1013, as introduced, added \$116,760,000 to K-12 public school funding. The House amended that amount to \$110,100,000. The Senate Education Committee amendments further reduced the amount to \$108,600,000. The accounting for the \$108,600,000 in this 1st engrossment with Senate Amendments version of HB 1400 is as follows:

86.24 million for the main funding formula.

1.00 million for required assessments.

2.60 million for regional education associations (formula).

3.68 million for one additional day on the school calendar. Begins the second year.

3.78 million for student performance strategists. Begins the second year.

2.70 million for career advisors. Begins the second year.

.40 million for regional education associations (grants).

.40 million for gifted and talented programs.

5.00 million for transportation payments.

2.00 million for supplemental transportation payments (HB 1400).

-2.00 million for special education contracts.

2.30 million for a teacher support program (HB 1400).

.50 million for national board certification fund (HB 1400).

The increases projected for the 2011-2013 biennium are based on the cost to maintain the funding level established in the second year of the 2009-2011 biennium. Included in 2011-2013 is a \$6 million estimate to fund the North Dakota Scholarships provided for in Section 17 that will begin in 2011-12. Using Class of 2008 data, 32% of ND students taking the ACT score 24 or higher (one of the criteria for eligibility). Last year 6,071 high school graduates enrolled in college or vo-tech schools. This translates to roughly 2,000 students eligible for a \$1,500 grant each year for a total of \$6 million for a biennium.

Section 44 provides for a contingent appropriation for Deferred Maintenance and Physical Plant Improvement Grants contingent upon state general fund balances in the next biennium exceeding OMB projections by more than \$30

million. HB 1013 has similar language for a \$5 million appropriation for supplemental transportation payments. These contingent appropriations are not included in the totals above.

NOTE: Per student payment rates, equity factors, and transition adjustment percentages were established based on the executive budget recommendation. These factors will ultimately need to be reconciled for the impact of other amendments to distribute the funding available.

- HB 1400 ELL factor changes, estimate \$2 million.
- HB 1400 inclusion of mobile home, telecommunication, and in lieu property taxes on distribution, transmission, and generation on electrical power, estimate \$1 million in equity payments.
- HB 1013 summer school programs for students placed in residential child care homes, estimate \$500,000.
- HB 2229 local school district revenue increases as a result of removing county caps on gross production revenues, estimate \$1 million increase in equity payments.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

HB 1013, as amended by the House includes:

Grants – State school aid \$826,965,879
Grants – Special education contracts \$15,500,000
Grants – Transportation \$38,500,000

The source of Other Funds is the State Tuition Fund.

HB 1400, as amended by the Senate includes:

Section 36 appropriates \$2.3 million to ESPB for a Teacher Support System grant program.
Section 37 appropriates \$500,000 to ESPB for a National Board Certification fund.
Section 38 appropriates \$2,000,000 to DPI for supplemental transportation payments.

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