

FISCAL NOTE
Requested by Legislative Council
01/16/2017

Bill/Resolution No.: HB 1382

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

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

House Bill 1382 establishes an education savings account program to be administered by the Office of State Treasurer. The fiscal impact of this bill is unable to be determined.

- 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.*

Because of the uncertainty in expected participation rates and costs associated with the program, an exact fiscal impact of House Bill 1382 is unable to be determined.

HB 1382 creates a program which would set up educational savings accounts for children who have been attending public school and whose parents elect to have the child educated through an alternative education program. In funding these accounts, a portion of the state aid payments to school districts that would have been followed these students to their local school district would be redirected to their individual education savings accounts.

The State Treasurer would be responsible for the administration of the program which would include creating and adopting rules, procedures, and forms, contracting with a third party to administer the accounts, commissioning a parent-controlled board, promoting awareness of the program, and auditing a sufficient number of program accounts. Although the total cost of administering this program is not able to be determined, the Office of State Treasurer estimates it would need to add at least 2 FTEs to facilitate the administration of the educational savings account program.

In order to cover the State Treasurer's cost of overseeing accounts and administering the program, HB 1382 provides for up to 3% of the program funds to be deducted from the payments to the accounts. Depending on the participation in the program, this 3% deduction may or may not be sufficient to cover all related costs, including the salaries and benefits of the needed FTEs. Whether or not these administration fees will be sufficient, there will be a need to provide a certain level of up-front funding to cover the costs of starting up this program.

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.*

As explained above, the exact expenditure amount required to implement HB 1382 is unable to be determined. However, our initial research into this program indicates the need for, at a minimum, 2 new FTEs to administer the program. The costs for these FTEs, along with the initial administration costs of setting up the program, may ultimately be covered by fees charged to the accounts. But until significant participation in the program is obtained, there will need to be some amount of up-front funding provided to implement.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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