

FISCAL NOTE (Revised 4/8/99)

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Bill/Resolution No.: _____

Amendment to: Reengrossed Senate Bill 2162

Requested by Legislative Council

Date of Request: 04/06/99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

See attachment to fiscal note for Senate Bill 2162.

- 2. State fiscal effect in dollar amounts:

1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
General Fund	Special Fund	General Fund	Special Funds	General Fund	Special Funds

Revenues:

Expenditures: \$120,972 \$480,656,259

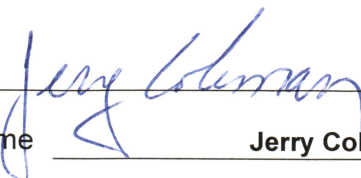
- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: None (within appropriated amount)
- b. For the 1999-2001 biennium: \$1.5 million (section 13) and \$150,000 (section 7) needs be added to SB 2013 to reflect the payment level specified in SB 2162.
- c. For the 2001-03 biennium: _____

- 4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
		\$120,972			\$480,656,259			

If additional space is needed, attach a supplemental sheet.

Signed 
Typed Name Jerry Coleman

Date Prepared: 04/08/99

Department ND Dept of Public Instruction

Phone Number 328-4051

Attachment to fiscal note for Senate Bill 2162

Senate Bill 2162 sets the foundation aid per student payment rate, mill deduct and weighting factors for the 1999-01 biennium.

	1999-00	2000-01
Per student payment rate	\$2,134	\$2,240
Weighting factors (adjustment)	75%	75%
Mill Deduct	32	32
1999-01 Funding (2013)	\$479,006,259 (foundation aid and transportation line in SB 2013)	

Section 7 creates a new class of school district where a district, for a period of five years, will cease operations and pay full tuition to another district to educate their students. In return, the district will continue to receive state payments not less than the total state payments received by the district during its final year of operation. The fiscal impact is estimated at \$150,000 for a biennium. (The estimate is based on districts totaling 500 students participating).

Section 11 (declared an emergency) authorizes a one time payment totaling \$120,972 to two districts reorganized after June 30, 1997 and before August 1, 1997. This payment effects the 1997-99 biennium.

NOTE 1: House amendments added language that states for subsequent years a district will receive the amounts determined pursuant to section 15-40.1-07.3. Since no dates were amended in 15-40.1-07.3, the amendment does not have any effect. If the dates were changed to allow the above districts to fall under subsection 2 of 15-40.1-07.3, the following is the estimated impact:

1997-99	\$241,944
1999-01	\$241,944
2001-03	\$120,972
Total	\$604,860

The bill appropriates \$1.5 million (regular) for supplemental payment based on average daily membership. This amount has not been accounted for in SB 2013.

NOTE 2: Department budget projections are based on the current definition of the cost of education. The bill deletes language in 15-40.1-06 that changes the definition of the educational cost per student. This changes the basis for calculating weighting factors, a fundamental component of the funding formula. The overall impact cannot be known without restating the past five year's financial data. See the attached memorandum for a more detailed explanation. This note does not consider the potential impact.



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Dr. Wayne G. Sanstead
State Superintendent

To: Tom Decker, Director
School Finance and Organization

From: Jerry Coleman, Assistant Director
School Finance and Organization

Re: Impact of Changing the Definition of Cost of Education on Weighting
Factors

Date: April 6, 1999

Amendment to 15-40.1-06. Declaration of legislative intent - Educational support per student - School district equalization factor - Limitations.

The amendment to 15-40.1-06 changes the definition of the educational cost per student by deleting the language that excludes transportation cost from the cost of education per student . (15-40.1-06.1.c.). This will have a significant impact on school funding since the educational cost per student is used in a number of places for payment purposes. The following are examples:

- ♦ 15-40.1-07 Determination of weighting factors for high schools.
- ♦ 15-40.1-07.5 Supplemental equity payments to eligible high school districts.
- ♦ 15-40.1-08 Determination of weighting factors for elementary schools.
- ♦ 15-40.2-03 Tuition for school districts educating students in other school districts.
- ♦ 15-40.2-08 Resident district liability for agency placed students.
- ♦ 15-59-06.2 Resident district liability for special education students.

This would add \$28 million to the cost of education per student statewide, or about \$236 dollars per student. This ranges \$0 to \$14,000 for all districts and between \$40 and \$630 at the 5th and 95th percentile. This will have significant impacts on inter-district tuition charges and the determination of the weighting factors which drive foundation aid payments.

Weighting factors for foundation aid are based on a modified five-year average educational cost per student. While I do not have the data to recalculate the five-year average cost factors (this will require restatement of the previous five years of financial data), I was able to calculate the impact on the current year. The **attached schedule** shows the impact on weighting factors for the current year if transportation costs are included in the cost of education computation.

Our budget projections are based on the current definition of the cost of education. Changing the definition at this point will have an unknown impact on the overall budget, as well as a major impact on the funding allocations among the districts.

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Impact of Changing the Definition of Educational Cost Per Student

1997-98 (Includes financial data through June 30, 1998)										
	Education Expenditures + Transportation				Education Expenditures Only				Impact per student at \$2,032	Percent
	Expenditures 1997-98	ADM 1997-98	Average Cost Per Pupil 1997-98	Weighting Factors	Expenditures 1997-98	ADM 1997-98	Average Cost Per Pupil 1997-98	Weighting Factors		
Non-Operating	931,299.01	-	-	0.0000	573,363.99	-	-	0.0000		
Preschool Special Ed.	4,624,537.66	830.24	5,570	1.2330	4,490,288.73	830.24	5,408.42	1.2631	(61.15)	-2.38%
Preschool (Not Spec. Ed.)	-	-	-	0.0000	-	-	-	0.0000	-	
Kindergarten	23,184,419.54	8,250.26	2,810	0.6221	21,337,222.67	8,250.26	2,586.25	0.6040	36.69	2.99%
Rural (1-8)	513,522.89	79.38	6,469	1.4320	426,337.92	79.38	5,370.85	1.2543	361.08	14.17%
Elementary (1-6) < 100	34,082,771.79	5,838.03	5,838	1.2923	30,988,893.65	5,838.03	5,308.11	1.2397	106.98	4.25%
Elementary (1-6) 100-999	89,381,652.49	19,850.54	4,503	0.9967	83,085,261.81	19,850.54	4,185.54	0.9775	39.06	1.97%
Elementary (1-6) > 999	112,963,545.85	25,438.18	4,441	0.9830	110,456,487.97	25,438.18	4,342.15	1.0141	(63.16)	-3.06%
Elementary (7-8)	82,451,401.50	18,805.57	4,384	0.9705	77,907,938.65	18,805.57	4,142.81	0.9675	6.12	0.31%
High School (9-12) < 75	22,210,981.07	3,358.76	6,613	1.4638	20,474,652.72	3,358.76	6,095.90	1.4237	81.63	2.82%
High School (9-12) 75-149	33,056,293.18	6,236.35	5,301	1.1733	30,488,145.57	6,236.35	4,888.78	1.1417	64.21	2.77%
High School (9-12) 150-549	36,305,683.37	8,415.22	4,314	0.9550	33,918,334.45	8,415.22	4,030.59	0.9413	27.83	1.46%
High School (9-12) > 549	93,344,574.49	20,893.85	4,468	0.9889	91,098,247.83	20,893.85	4,360.05	1.0183	(59.57)	-2.88%
Total	533,050,682.84	117,996.38	4,518	1.0000	505,245,175.96	117,996.38	4,281.87	1.0000	-	0.00%

Cost of Education plus \$27.8 million general fund transportation (000,200,300-2700). Cost of Education only