

FISCAL NOTE
Requested by Legislative Council
02/10/2015

Amendment to: HB 1461

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures					\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts			
Townships	\$0	\$0	\$0

- 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).*

HB 1461 requires DPI to withdraw from participation in or from obligations incurred, if the contract or obligation directly or indirectly pertains to content standards or assessment of ND students and the bill establishes a content standards development committee.

- 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.*

Please see attachment for fiscal impact.

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.*

Please see attachment for fiscal impact.

- 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.*

Please see attachment for fiscal impact.

- 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.*

Please see attachment for fiscal impact.

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FISCAL NOTE

HOUSE BILL 1461 15.0289.06000

At the request of the Legislative Council, the Department of Public Instruction submits the following fiscal note for House Bill 1461 (15.0289.6000). This fiscal note identifies certain assumptions that will affect overall Department expenditures and income, spanning the 2015-17 and 2017-19 biennia.

Section 2 of HB 1461, which addresses the duties of the state superintendent within 15.1-02-04, specifies that the superintendent of public instruction cannot commit the state or any political subdivision to participate in any organization, consortium, association, or like entity, if participation could require an expenditure of funds. Additionally, the state superintendent may not be a signatory to any document that commits the state or any political subdivision of the state to participate in the above stated entities if participation requires or could require an expenditure of public funds.

A literal reading of Section 2 implies that the superintendent could not sign any obligation on behalf of the Department or political subdivisions, including local school districts, regarding any possible expenditure of public funds, both state and federal. This prohibition of association or obligation of funds would effectively remove the Department of Public Instruction from entering into any contract or grant, since both entail an expenditure or flow through of public funds. This would eliminate the ability of the state to access or process any federal program funding based on state-level agreements, such as all programs under the Elementary and Secondary Education Act, the Individuals with Disabilities Education Act, federal food program, or other related program grants. This would also eliminate the ability of local school districts, among other entities, to access the benefits of such programs and would bring federal supported programs to a halt, including the non-funding of local school program personnel, including classroom teachers.

The Department has included in this fiscal note the loss of any contract or grant funds for the 2015-17 biennium, totaling \$15.9 million for contracts and \$281 million for grants.

The Department has included in this fiscal note the loss of any contract or grant funds for the 2017-19 biennium, totaling an estimated minimum, based on a 2015-17 base, \$15.9 million for contracts and \$281 million for grants.

Any other fiscal impacts implied within HB 1461 are subsumed within the impact of Section 2.

Despite the all-inclusive nature of the fiscal impact with Section 2, the Department of Public Instruction will present the fiscal impacts of Section 3, related to the suspension of all state assessments specified within N.D.C.C. 15.1-21. This section includes the suspension of the North Dakota State Assessment, the North Dakota Alternate Assessment, the state's English language proficiency assessment, and the ACT. The breakdown of impact costs are presented below for illustration purposes and are subsumed within the overall fiscal impact of this bill, under the terms of Section 2.

If the state were to suspend all assessments within N.D.C.C. 15.1-21, the state would see a reduction in expenditures of the following:

Assessment	2015-17	2017-19
North Dakota State Assessment	\$5,586,849	\$5,586,849
North Dakota Alternate Assessment	\$ 100,000	\$ 100,000
North Dakota English language proficiency	\$ 184,000	\$ 184,000
ACT/WorkKeys Assessments	\$ 780,000	\$ 780,000
Total	\$ 6,650,849	\$ 6,650,849

If the state were to suspend all assessments within N.D.C.C. 15.1-21, the state would see a reduction in federal and state funding of the following:

Program

Title I, Administration Funds	\$ 200,000	\$ 100,000
Title VI Assessment and Accountability	\$6,800,000	\$3,400,000
State Assessment Funding	\$2,200,000	\$0
Total	\$9,200,000	\$3,500,000

If the state were to suspend all assessments within N.D.C.C. 15.1-21, the state would see a program service reduction for certain students who would otherwise receive the benefits of the state academic scholarship. Any junior-year students during the 2015-16 and 2016-17 school years would not take the ACT/WorkKeys, and by the definitions set forth in state law, would not be eligible to receive any academic scholarship during their four-year college/career training. The Department anticipates an annual academic scholarship cohort of approximately 1,500 eligible students, who would not be eligible. Considering the two-year impact of this disruption in state testing, the state would anticipate approximately 3,000 students losing their eligibility. This would amount to \$18,000,000 state funds lost to these ineligible students.