

FISCAL NOTE
Requested by Legislative Council
12/19/2014

Revised
 Bill/Resolution No.: SB 2031

- 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						
Expenditures			\$1,772,366,000	\$219,134,000		
Appropriations			\$1,686,866,000	\$219,134,000		

- 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			
Cities			
School Districts		\$1,900,000,000	
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).*

Senate Bill 2031 is the K-12 funding formula plan for elementary and secondary schools. The funding is contained in the DPI appropriations bill (Senate Bill 2013).

- 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 recommendation adds \$147,900,000 to the integrated formula payments line item for state aid formula payments to school districts and creates a line item of \$6,000,000 for Powerschool previously funded through the integrated formula payments line item. See the attachment for explanations of the increases.

The following items included in SB 2031 were not funded in the executive recommendation:

- 3rd day professional development factor at .010 \$22,000,000
- 4th day professional development factor at .005 \$11,000,000
- 5th day professional development factor at .005 \$11,000,000
- At-risk factor at .200 \$39,000,000
- English language learner grants \$2,500,000

Section 24 of the bill provides for a transfer of \$125,000,000 from the strategic investment and improvements fund to the school construction fund for providing school construction loans under 15.1-36-02. Section 25 provides for a contingent transfer of \$100,000,000 if all available loan funds are committed and the budget section consents to the transfer. NOTE that SB 2013 sections 3 and 19 also address the school construction loan program and may need reconciliation.

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

The funding for this bill:

Appropriation:

SB 2013 Integrated Formula Payments \$1,900,000,000

SB 2013 Powerschool \$6,000,000

Funding Source:

General fund \$1,686,866,000

Tuition fund \$219,134,000

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Date Prepared: 12/31/2014

State Aid Formula Changes

	2013-15	2015-17	
	Appropriation	Appropriation	Change
SB 2013 Integrated formula payments	1,752,100,000	1,900,000,000	147,900,000
SB 2013 Powerschool		6,000,000	6,000,000
	1,752,100,000	1,906,000,000	153,900,000

Increase accounted for as follows:

Cost to sustain 2014-15	62,000,000	\1
Projected student growth	104,000,000	\2
Increase student payment rate	126,400,000	\3
Weighting factor adjustments	600,000	\4
Projected increase in funding to schools	293,000,000	

Local/State Share

Property taxes	77,300,000	\5
Other local in-lieu of taxes	600,000	\6
OGPT 60/40	41,600,000	\7
Increase in local share	119,500,000	
Unobligated state appropriation from 2013-15	25,600,000	\8
Increase in Integrated formula payments appropriation	147,900,000	

NOTES

\1 Based on 2.5% increase in students and 3.2% increase in the per student payment rate.

\2 Based on projected 3.2% annual increase in students.

\3 Per student payment of \$9,482 for 2015-16 and \$9,766 for 2016-17.

The rates are derived from the PICUS-ODDEN recommendation of \$9,442 minus the \$236 estimate for 8 PD days that are currently not provided. The adjusted rate becomes \$9,206 and is increased 3% each year.

\4 Weighting Factor Adjustments

At Risk Factor	6,100,000
ELL Factors	900,000
Crossborder	(200,000)
Migrant	(260,000)
REA	420,000
Powerschool	(6,360,000)
Total Weighting Factor Adjustments	600,000

\5 Taxable valuation increases are based on county changes from the previous year (16% state wide, Tax Dept data) with 2013-14 as the base year. The 2nd year projection was modified to not exceed the three year average. 2014-15 taxable valuations will be available in January.

\6 Estimated 5% annual increases in other In-Lieu revenue and 3% increase in tuition. U.S. Flood was held constant at 2012-13 levels.

\7 Based on 60/40 OGPT allocation plan.

\8 The state share of increased funding is adjusted for \$25.6 million unobligated State Formula Aid funding from 2013-15.