

FISCAL NOTE

Requested by Legislative Council
01/18/2001

Bill/Resolution No.: HB 1344

Amendment to:

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.*

| | 1999-2001 Biennium | | 2001-2003 Biennium | | 2003-2005 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenditures | \$0 | \$0 | \$508,499,866 | \$0 | \$508,499,866 | \$0 |
| Appropriations | \$0 | \$0 | \$22,957,023 | \$0 | \$508,499,866 | \$0 |

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

| 1999-2001 Biennium | | | 2001-2003 Biennium | | | 2003-2005 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$508,499,866 | \$0 | \$0 | \$0 |

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2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill sets the per student payment amount for foundation aid at \$2,240 the first year and \$2,250 the second year of the 2001-2003 biennium and adds new sections to chapter 15-40.1 relating to the reimbursement of school districts for increases in teacher compensation.

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.*

Expenditures under this bill are projected at \$508,499,866, \$456,166,156 for foundation aid and \$52,333,710 for teacher salary reimbursement.

Note: The language in the bill is worded such that the increase in teacher compensation is limited to an amount arrived at multiplying

FTE times \$2,000 first year and \$1,500 the second year. Using current FTE's of 9,515.22 a reimbursement at \$2,000 first year and \$1,500 the second year totals \$33.3 million.

If the intent is to spend the amount funded in the Hoeven budget, the payment amount needs to be changed to \$3,500 in the second year (\$19 million the first year, \$19 million increased base plus \$14.3 million second year). This note was prepared assuming the intent was to fund at the level recommended in the Hoeven budget.

| Foundation aid projections: | 2000-01 | 2001-02 |
|--|---------|---------|
| 2002-03 | | |
| 1. Per student payments \$2,250 | \$2,230 | \$2,240 |
| 2. Taxable valuation increase 3.6% | | |
| 3. Mill deduct 0.032 | 0.032 | 0.032 |
| 4. Weighting factor percent of five year average 100% | 75% | 85% |
| 5. Percentage of appropriation paid each year 49.34% | | 50.66% |
| 6. Foundation aid funding required = \$456,166,156 | | |

FTE projection:

Uses the definition of teacher licensed or approved to teach by the Education Standards and Practices Board contained in the bill, 9,515.22 FTE at January 15, 2001.

| | |
|---------|--|
| 2001-02 | 9,515.22 x \$2,000 = \$19,030,440 |
| 2002-03 | <u>9,515.22 x \$3,500 = 33,303,270</u> |
| Total | 9,515.22 x \$5,500 = 52,333,710 |

| | Foundation aid | FTE | Total |
|---|----------------|------------|-------|
| Schafer Executive Budget 485,542,843 | 485,542,843 | 0 | |
| Hoeven Executive Budget 507,675,723 | 457,666,148 | 50,009,575 | |
| Projection HB1344 508,499,866 | 456,166,156 | 52,333,710 | |

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

This results in a total increase to the Schafer executive budget of \$22,957,023 (decrease foundation aid \$29,376,687 and create a new line item for teacher salary reimbursement of \$52,333,710).

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Agency: Public Instruction
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Prepared: