

# FISCAL NOTE

Requested by Legislative Council  
01/30/2001

Bill/Resolution No.: SB 2430

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 |
| <b>Revenues</b>       | \$0                | \$0         | (\$1,300,000)      | \$0         | (\$1,300,000)      | \$0         |
| <b>Expenditures</b>   | \$0                | \$0         | \$0                | \$0         | \$0                | \$0         |
| <b>Appropriations</b> | \$0                | \$0         | \$0                | \$0         | \$0                | \$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    | \$1,300,000      | \$0                | \$0    | \$1,300,000      |

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

This bill changes the timing of the distribution of state aid to school districts. The current method distributes \$250 million annually in state aid to school districts at roughly 10% each month July through April. This bill changes the distribution for the first four months to 15% and distributes the remaining aid over the last five months.

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.*

The change in the distribution results in an average additional demand on cash of \$20 million per month (ranging from 0-\$50 monthly impact) over the 10 month payment schedule. At the average interest rate of 3.98% earned on these funds by the state over this period, the opportunity cost forgone each year would be approximately \$663,000 (3.98% x \$20 million average x 10/12 months).

Assuming the school districts collectively earn or avoid interest at the same rate, the fiscal impact is projected to reduce state interest revenue \$1.3 million and increase school district revenue by the same amount for each biennium.

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, 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.*

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**Agency:** Public Instruction  
**Date** 02/01/2001  
**Prepared:**