

FISCAL NOTE

Requested by Legislative Council
02/09/2011

Amendment to: HB 1074

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.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$1,000,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$0

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill expands eligibility for state reimbursement for education and related costs for students voluntarily placed in residential child care homes or facilities and in boarding care programs within their school district of residence.

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 bill amends two sections of NDCC that have fiscal impact.

Section 1 would allow a school district to be reimbursed from state funds the excess education and related costs for students voluntarily placed in licensed child care facilities located within their resident school district. Currently a school district is reimbursed for all costs exceeding 4.0 times the state average cost (est. \$36,000) for these placements. This change would allow reimbursement for all costs exceeding the state average cost (est. \$9,000).

Section 2 would allow a school district to be reimbursed from state funds 80% of the cost of boarding care for students placed in programs located within the student's resident school district. Currently the school district is responsible for 100% of the boarding care costs of these placements.

The state does not have information available on the numbers or costs of the individual students that would become eligible with the proposed changes. Based on one facility we do have information on, four resident students would generate an additional reimbursement of \$104,000 (2009-10 data) annually. We would expect additional student contracts but have no basis to project how many. If five communities had a similar experience, reimbursements would increase to \$500,000 annually or \$1,000,000 for the biennium.

The state costs for boarding care under section 2 have averaged \$250,000 per year, which already includes costs for residential services provided to students within their resident district. If no new placements occur elsewhere, no additional cost would be incurred.

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.*

Based on the analysis above, the proposed changes will result in a shift of \$1,000,000 from local sources to state sources.

- 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 is also included in the executive budget or relates to a continuing appropriation.*

NOTE: The funding source for excess cost reimbursements for special education is contained in the Special Education Contracts line in the Department of Public Instruction's appropriation bill. The recommended appropriation of \$16,000,000 does not include the costs projected above.

Past education funding bills have had language to cover shortfalls in Special Education Contract funding by authorizing transfers from the Bank of North Dakota. SB 2150 (1st Engr), as amended, continues that authorization.

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