

FISCAL NOTE
Requested by Legislative Council
03/23/2017

Amendment to: HB 1324

- 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.*

| | 2015-2017 Biennium | | 2017-2019 Biennium | | 2019-2021 Biennium | |
|-----------------------|--------------------|-------------|--------------------|---------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | \$1,359,157,258 | \$575,706,905 | | |
| Appropriations | | | \$1,359,157,258 | \$575,706,905 | | |

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

| | 2015-2017 Biennium | 2017-2019 Biennium | 2019-2021 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | \$1,934,864,163 | |
| 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).*

HB 1324 establishes the policy for implementing the K-12 funding formula.
 HB 1013 appropriates the funding in the Integrated formula payment line item.

- 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 adds \$18,064,163 to the base level funding amount for integrated formula payments line item in HB 1013. See the attachment for explanation of the increases.

Section 7 appropriates \$160,000 from the foundation aid stabilization fund for incentive grants for regional education association mergers.

Section 8 provides intent language that the Grants - transportation line item in HB 1013 be funded at \$55,400,000, a \$1,600,000 decrease from the base level funding amount.

Other Senate amendments deal with assigning oversight responsibility for regional education associations (REAs) to the State Board of Public Education and requiring an annual audit of regional education associations. The cost of the audit will stay with the REAs and the oversight responsibilities assigned to the State Board of Public Education are assumed limited to assuring that audits have been conducted and any irregularities identified have been addressed. Fiscal impact to the state is expected to be minimal.

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.*

Appropriation for the K-12 formula is in the Integrated formula payments line item in the NDDPI appropriation bill (HB 1013). The appropriation for REA merger grants is in HB 1324.

Amounts to be funded from general and special funds are as follows:

State Tuition Fund 305,546,905
Foundation Aid Stabilization - formula ongoing 110,000,000
Foundation Aid Stabilization - formula one time 160,000,000
Foundation Aid Stabilization - REA grants 160,000
Total Special Funds 575,706,905

General Fund - formula 1,359,157,258

Total School Districts 1,934,864,163

The Section 8 legislative intent language for the transportation appropriation in HB 1013 is not included in the numbers above.

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Date Prepared: 03/23/2017

K-12 Funding Formula
Integrated Formula Payments

| | House - 01000 | House - 03000 | House - 04000 | Senate -05000 |
|--|----------------------|----------------------|----------------------|----------------------|
| Cost to Continue | | | | |
| 2015-17 Base Level - Integrated Formula Payments | 1,916,640,000 | 1,916,640,000 | 1,916,640,000 | 1,916,640,000 |
| Cost to sustain 2016-17 | 54,023,781 | 54,023,781 | 54,023,781 | 54,023,781 |
| Projected student growth in 2017-19 | 57,693,368 | 57,693,368 | 57,693,368 | 57,693,368 |
| ELL factor adjustments passed last session | 901,515 | 901,515 | 901,515 | 901,515 |
| Local share of formula | (71,705,637) | (71,705,637) | (71,705,637) | (71,705,637) |
| Base adjustments for unobligated 2015-17 appropriation | (22,048,863) | (22,048,863) | (22,048,863) | (22,048,863) |
| House Amendments | | | | |
| In-Lieu Percentage - (HB 1324) | | 5,590,878 | 5,590,878 | - |
| House Approp amendment (HB 1013) - Regional Coordinator Grants | | | (800,000) | (800,000) |
| Total Expenditures | 1,935,504,163 | 1,941,095,041 | 1,940,295,041 | 1,934,704,163 |
| Increase over 2015-17 Base Level Funding | 18,864,163 | 24,455,041 | 23,655,041 | 18,064,163 |
| Formula per student rates | | | | |
| Year 1 | \$9,646 | \$9,646 | \$9,646 | \$9,646 |
| Year 2 | \$9,646 | \$9,646 | \$9,646 | \$9,646 |
| Funding Sources: | | | | |
| State Tuition Fund | 219,134,000 | 219,134,000 | 305,546,905 | 305,546,905 |
| Foundation Aid Stabilization - ongoing | 116,053,293 | 116,053,293 | 110,000,000 | 110,000,000 |
| Foundation Aid Stabilization - one time | | | 160,000,000 | 160,000,000 |
| General Fund | <u>1,581,452,707</u> | <u>1,605,907,748</u> | <u>1,364,748,136</u> | <u>1,359,157,258</u> |
| Integrated formula payments (HB 1013) | 1,916,640,000 | 1,941,095,041 | 1,940,295,041 | 1,934,704,163 |