

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/01/2017**

Bill/Resolution No.: SB 2307

- 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
<b>Revenues</b>						
<b>Expenditures</b>			\$500,000			
<b>Appropriations</b>						

- 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
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>		\$500,000	
<b>Townships</b>			

- 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).*

SB 2307 relates to eligibility criteria for students placed for non-educational purposes.

- 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.*

NDCC 15.1-29-14 covers tuition responsibility for students placed for purposes other than education. Students falling within this section are classified as “agency placements” when determining reimbursement under the student contract system.

District of residence determinations not falling under 15.1-29-14 are based on the Anderson-Breithbarth standard of “where the student is living to be raised”, which can be different from the district of residence of the parent. The criteria for determining district of residence for financial responsibility under 15.1-29-14 is determined annually as the resident district of the custodial parent at the time of placement.

The student contract system is an insurance type program that districts can use to claim reimbursement for the excess costs of an individual student. Costs over the state average cost of education are covered for “agency placements” and costs over four times the state average are covered for “school placements”. The two liability thresholds are roughly \$12,000 and \$48,000.

The bill changes the reference to “state-licensed foster care home” to “foster care home”. This change will allow unlicensed relative placements to become eligible as agency placements in the student contract system. The change accomplishes two things:

1. Residency determination for all foster care placements facilitated by an agency will be based on the same standard – the residence of the parent.
2. Unlicensed relative placements will be reimbursed as an agency placement (cost over \$12,000) rather than as a school placement (costs over \$48,000).

The fiscal impact of this change cannot be known with any degree of precision. DHS reports indicate that annually there are 2,400 foster care placements. Of those placements, 500 are unlicensed relative placements. The vast majority of these placements do not generate excess costs. In situations where a tuition responsibility is created, there may be an indirect impact on the state aid formula as 75% of tuition revenue collected by the educating district

is considered in the calculation of state aid payments.

The student contract appropriation cannot absorb the additional contract costs that will most certainly occur. For purposes of the fiscal note, we estimate \$500,000 should be added to the student contracts line to cover the additional contracts that will be added. This assumes that 25 new excess cost contracts will be created at an average cost of \$20,000.

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 student contract system is funded through the Grants-Special Education line item appropriation in the NDDPI budget (HB 1013). The budget request for this appropriation is \$19,300,000.

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