

FISCAL NOTE
Requested by Legislative Council
02/04/2021

Amendment to: HB 1388

- 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.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$30,487,188			
Appropriations			\$260,000			

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

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts		\$30,227,188	
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 1388 establishes the policy for implementing the K-12 funding formula.

- 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.*

Section 2 adjusts the small school weighting factors for districts with less than 245 students. Section 1 also establishes incremental increases to these weighting factors until the 2027-28 school year. School districts that do not operate a high school will have their average daily membership divided by .6 to impute an average daily membership to be on the same scale as high school district. Elementary districts will then have their weighting factor reduced to 92%.

Section 3 implements a 1% and 1% increase to the per pupil payment. The payment rates will be \$10,136 per pupil for 2021-22, and 10,237 per pupil for 2022-23. The transition maximum districts receive a 5% and 5% increase as well as an adjustment of 15% of the difference of their transition calculation and the formula calculation for 2021-22 and 30% of the difference for 2022-23. This will increase 15% each year until the transition maximum adjustment is 0.

Section 4 creates an appropriation of \$260,000 for operations of the kindergarten through grade twelve education coordination council.

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.*

The cost to continue the funding formula into the next biennium would result in a decrease in appropriation of \$16,868,441. This is as result of lower than anticipated enrollments due to the pandemic and enrollment effects from changes in the energy industry.

Increasing the per pupil payment rate 1% each year of the biennium would increase the appropriation by just over \$34.3 million.

The 5% increases to the transition maximum districts costs approximately \$5.7 million

The 15% adjustment each year would cost approximately \$3.4 million.

The increases and changes to the small school weighting factors would increase the appropriation \$3.7 million.

The total appropriation would be \$2,128,430,000.

The K-12 coordination council has an appropriation of \$260,000.

- 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.*

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Date Prepared: 02/05/2021