



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: May 4, 2016

TO: School Funding Commission

FROM: Robert Miller, Fiscal Analyst

RE: Fiscal Analysis, changing ANB calculations to including 19 – 21 year old students with disabilities.

The following fiscal analysis describes the estimated fiscal impact of changing the Average Number Belonging (ANB) calculations to include 19-21 year old students with disabilities. For the purpose of this analysis, students with individual education plans are considered disabled and therefore are the basis of the calculations. The analysis includes two estimates for state general fund and local funding based on the following assumptions: 1) using the current ANB forecast to calculate amounts above current law for the 2019 biennium; and 2) using actual service levels from FY 2009.

By using the school funding model¹ and the Office of Public Instruction (OPI) for the 2019 biennium, the Legislative Fiscal Division (LFD) estimates an increase in current law funding of \$283,000 state general fund and \$63,000 in local mill levies. If service levels return to the same levels seen in FY 2009, there would be an increase in current law of \$879,000 in state general fund and \$223,000 in local mill levies. The incremental increase in local assistance payments for one additional student using service levels examined in this analysis is \$4,564. The tables below summarize the funding for each assumption.

Fiscal impact assuming OPI forecast of 36 eligible students				Fiscal impact assuming FY 2009 levels of service, 112 eligible students			
	FY 2018	FY 2019	Total		FY 2018	FY 2019	Total
Increase in Current ANB	36	38		Increase in Current ANB	112	114	
Increase in Budgeted ANB ^a	23	38		Increase in Budgeted ANB ^a	84	114	
Local Assistance (State Funds)				Local Assistance (State Funds)			
Direct State Aid	\$70,192	\$116,245	\$186,437	Direct State Aid	\$233,782	\$358,941	\$592,723
Guaranteed Tax Base Aid	33,809	48,042	81,851	Guaranteed Tax Base Aid	100,436	142,931	243,367
Guaranteed Tax Base Aid Retirement ^b	4,818	6,846	11,664	Guaranteed Tax Base Aid Retirement ^b	14,312	20,368	34,680
Indian Education For All	495	825	1,320	Indian Education For All	1,659	2,498	4,157
Data for Achievement	475	791	1,266	Data for Achievement	1,589	2,394	3,983
Total Local Assistance	\$109,789	\$172,749	\$282,538	Total Local Assistance	\$351,778	\$527,132	\$878,910
Local Impact	\$23,247	\$39,748	\$62,995	Local Impact	\$91,931	\$130,914	\$222,845
Total State And Local	\$133,036	\$212,497	\$345,533	Total State And Local	\$443,709	\$658,046	\$1,101,755

^a Lower than current due to several districts using 3 year averaging in the first year
^b Retirement GTB is estimated as a percentage of personal services, this assumes that the districts used in this analysis will add staff, should a district not add staff this value would be less.

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¹ School funding model maintained jointly by LFD, OPI and Office of Budget and Program Planning

Assumptions

1) In FY 2016, 19 school districts reported 36 students 19 to 21 years of age that had an individualized education plan (IEP)². In FY 2009, 44 school districts reported 112 students 19 to 21 years of age that had an IEP.

The table below shows the trend of students over 18 years of age receiving special education services that had not yet met graduation requirements.

Montana Students with IEP aged 19-21 being served at the highschool level FY 2009 - 2016								
Age	SFY2009	SFY2010	SFY2011	SFY2012	SFY2013	SFY2014	SFY2015	SFY2016
19 Years	89	62	53	56	50	28	30	31
20 Years	19	15	23	15	16	13	6	5
21 Years	4	3	0	1	3	2	1	0
Total Students	<u>112</u>	<u>80</u>	<u>76</u>	<u>72</u>	<u>69</u>	<u>43</u>	<u>37</u>	<u>36</u>
Total Districts Serving	<u>44</u>	<u>26</u>	<u>24</u>	<u>21</u>	<u>24</u>	<u>19</u>	<u>19</u>	<u>19</u>

2) The inflation³ used in model were the levels established in HB 27 of the 2015 legislature and inflated at 1.37% for the first year of the 2019 biennium and 0.85% for the second year.

Components of school funding model		
1.37% in FY 2018 and 0.85% in FY 2019		
Funding Model Component	FY 2018	FY 2019
High School Per-ANB	\$7,065	\$7,125
Indian Education for All	\$21.54	\$21.72
Data for Achievement	\$20.64	\$20.82
Basic Entitlement Increment HS		
High School (Each 80 ANB past 800 ANB)	\$15,000	\$15,269
Direct State Aid (DSA) Percentage	44.70%	44.70%

² Two persons reported by OPI are in the Department of Corrections and were not included in this analysis.

³ Inflation was calculated as per 20-9-326, MCA using April global forecast for the July 2016 Consumer Price Index (CPI) for the calculation of the second year inflation factor (0.85%)