



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0946 - Implement provisions of HB2 - Section E - education (Bedey, David)

Status: As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	(\$5,652,571)	(\$6,052,730)	(\$6,187,118)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	\$5,652,571	\$6,052,730	\$6,187,118

Description of fiscal impact: HB 946 requires reports to the education interim budget committee from the Montana State Library, the Office of the Commissioner of Higher Education, and the Office of Public Instruction. The bill also revises education laws which will reduce the number of kindergarten ANB, thus reducing general fund BASE aid costs by \$5.6 million in FY 2025, if HB 352 is not passed and approved.

FISCAL ANALYSIS

Assumptions:

Montana State Library, Montana Arts Council, Montana Historical Society

1. Section 1 if HB 946 requires the Montana State Library to report to the Interim Budget Committee (IBC) on the Hot Spot Program activities.
2. Section 2 of the bill directs the Education Interim Budget Committee to study potential services the Department of Administration may provide to the Montana State Library, Montana Arts Council, and the Montana Historical Society.
3. The Montana State Library, Montana Arts Council, and the Montana Historical Society all indicated there would be no fiscal impact to their agencies related to HB 946.

Commissioner of Higher Education

4. The Montana University System is currently working to implement emerging guidance related to the National Security Presidential Memo – 33 which establishes guidance and rules for the majority of the reporting detailed in Section 3 of HB 946. The bill creates additional reporting metrics and bi-annual reporting that will require additional time and effort for the campuses.
5. Federal regulations require annual reporting whereas this bill requires bi-annual reporting which would require an additional production of the reports mid-way through the year.
6. The additional reporting metrics may require modification to existing reports and additional data collection.
7. The associated costs of implementation of the reporting requirements in the proposed bill are undeterminable.

Office of Public Instruction (OPI)

8. Section 4 of the bill directs reporting requirements for the Office of Public Instruction (OPI) to the IBC for Advanced opportunity grant program under 20-7-1506, MCA; Transformational learning grant program under 20-7-1601, MCA; and Innovative educational donations made pursuant to 15-30-3111, MCA.
9. These extended data collections include the collection of information related to the distribution of funds and how schools expend them; number of districts and students; and additional data variables connected to each program. The OPI will need to develop and manage these new data collections.
10. HB 946 amends section 20-5-101, MCA, titled “Admittance of a child to school”. Exceptional circumstances are newly defined in this section of law as follows:
 - (i) *the child is being admitted into a preschool program established by the trustees pursuant to 20-7-117;*
 - (ii) *the child is determined by the trustees to be ready for kindergarten and the child's parents have requested early entry into the district's regular 1-year kindergarten program; or*
 - (iii) *the adult is 19 years of age or older and in the trustees' determination would benefit from educational programs offered by a school of the district.*
11. HB 946 amends section 20-7-117, MCA, titled “Kindergarten, and preschool programs” for clarification of the following two definitions:
 - a. "Kindergarten program" means a half-time or full-time 1-year program immediately preceding a child's entry into 1st grade with curriculum and instruction selected by the board of trustees and aligned to the content standards established by the board of public education.
 - b. "Preschool program" means a half-time or full-time program to prepare children for entry into kindergarten and governed by the standards adopted by the board of public education."
12. For purposes of this fiscal note, it is assumed that 1,200 students currently attending kindergarten programs would no longer be considered kindergarten students, decreasing the amount of BASE aid funding distributed to schools for those students. The change in student count affects the school district budget for the year after attendance therefore, the reduction of students would not be recognized in BASE aid funding until FY 2025.
13. The proposed language associated with amending sections 20-5-101 and 20-7-117, MCA, is identical to the proposed language changed in HB 352 for these same two sections of law. In HB 352 the costs are estimated as follows:

	FY2024	FY2025	FY2026	FY2027
Current 4 YO kinder			(\$6,042,730)	(\$6,187,118)

14. OPI data in reference to students under 5 years of age attending kindergarten programs for the most recent five years is displayed in the following table:

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Count of Pupils	300	556	854	1,125	1,269
Count of Districts	55	66	73	89	93

15. The applicability of the sections that affect the definition of kindergarten programs in HB 946 indicate that the effective date is to be July 1, 2023. Language in HB 352 indicates applicability to be July 1, 2024. Should HB 946 pass and HB 352 be rejected the kindergarten requirements will begin in FY2025 saving state general fund \$5.7 million in FY 2025.
16. Coordination instructions state that should HB 212, HB 587, and HB 946 pass then section 20-9-366, MCA, is to be amended as described in HB 946. At the writing of this fiscal note, HB 212 has been signed into law.
17. In accordance with this bill, the retirement GTB multiplier is to be adjusted to 254% in FY 2024 and 259% in FY 2025. The multiplier is not to exceed 262% as defined in HB 587. HB 212 sets the GTB multiplier to these amounts.
18. Language to clarify the year in which the year the effect is implemented is added and is the same language provided for in HB 587.
19. The retirement GTB multiplier is amended to 189% and will affect distributions of retirement GTB beginning FY 2025. This language is the same as the language provided in HB 587.
20. HB 587 estimated the state cost as follows:

	FY2025	FY2026	FY2027
Retire GTB multiplier increase to 189%	\$33,300,000	\$33,300,000	\$33,300,000
Retire GTB 1/3 95 Mill Growth		\$3,158,256	\$10,847,761
Total		\$36,458,256	\$44,147,761

21. HB 946 as amended, includes coordination instructions that if HB 212, HB 587, and this bill are all passed and approved, section 20-9-366 in HB 212 and HB 587 is void and the section within HB 946, this bill, is the version of 20-9-366, MCA, to become law.
22. HB 2, as amended, includes language appropriation authority for K-12 BASE aid for HB 212 and HB 587. The reduction of K-12 BASE aid funding for Sections 5 and 6 in this bill is an offset in the cost of funding HB 352, so should HB 352 be passed and approved, the cost savings in this fiscal note would be moot.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assist (Direct State Aid)	\$0	(\$3,197,746)	(\$3,541,332)	(\$3,638,558)
Local Assist (Special Ed)	\$0	(\$366,388)	(\$380,812)	(\$391,301)
Local Assist (Guaranteed Tax Base Aid)	\$0	(\$1,793,604)	(\$1,825,166)	(\$1,850,199)
Local Assist (Indian Ed for All)	\$0	(\$28,027)	(\$30,851)	(\$31,704)
Local Assistance (Retire GTB)	\$0	(\$239,901)	(\$234,887)	(\$244,852)
Local Assist (Data for Achiev)	\$0	(\$26,905)	(\$39,682)	(\$30,504)
TOTAL Expenditures	\$0	(\$5,652,571)	(\$6,052,730)	(\$6,187,118)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	(\$5,652,571)	(\$6,052,730)	(\$6,187,118)
TOTAL Funding of Exp.	\$0	(\$5,652,571)	(\$6,052,730)	(\$6,187,118)
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$5,652,571	\$6,052,730	\$6,187,118

Effect on County or Other Local Revenues or Expenditures:

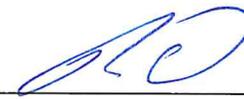
1. If HB 352 is not passed and approved and this bill is passed and approved the local property taxes could increase by approximately \$0.7 million in FY 2025.



 Sponsor's Initials

5/1/2023

 Date



 Budget Director's Initials

4-30-23

 Date