



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0667 - Generally revise education laws related to children under 5 years of age (Bedey, David)	
Status:	As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	(\$4,788,830)	(\$5,652,572)	(\$6,042,730)	(\$6,187,117)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$4,788,830</u>	<u>\$5,652,572</u>	<u>\$6,042,730</u>	<u>\$6,187,117</u>

Description of fiscal impact: HB 667 revises laws related to early admittance into kindergarten programs under exceptional circumstances and clarifies that kindergarten is a one-year program. This bill will reduce the state general fund costs by approximately \$10.4 million over the 2025 biennium.

FISCAL ANALYSIS

Assumptions:

- Section 1 of HB 667 defines "exceptional circumstances" for school district trustees allowing children under 5 years of age or an adult who is 19 years of age or older to be admitted to a school in the district. The child is:
 - being admitted into a preschool program established by the trustees;
 - 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
 - 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.
- The bill further clarifies that admitting a student under the exceptional circumstances does not in and of itself impact the ANB calculations governed by 20-9-311, MCA.

3. Section 2 defines kindergarten and preschool programs to include admittance through exceptional circumstances as defined in Section 1 of the bill for both preschool and kindergarten.
4. The bill defines a kindergarten program to mean “a half-time or full-time 1-year program immediately preceding a child’s entry into first grade with curriculum and instruction selected by the board of trustees and aligned to the content standards established by the Board of Public Education”.
5. Preschool program is defined to mean “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”.
6. OPI data in reference to students under five years of age attending kindergarten programs for the most recent five years is displayed in the following table:

	2019	2020	2021	2022	2023
Count of Pupils under 5 years	300	556	854	1,125	1,269
Count of Districts	55	66	73	89	93

7. For the purposes of this fiscal note, it will be assumed the 1,200 students currently attending kindergarten programs and being counted for ANB purposes will no longer attend public schools and be counted for ANB thus decreasing state funding to K-12 schools by approximately \$5 million in each year of the 2025 biennium.

	<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)	(\$2,749,575)	(\$3,197,746)	(\$3,541,332)	(\$3,638,558)
Local Assist (Special Ed)	(\$352,488)	(\$366,388)	(\$380,812)	(\$391,301)
Local Assist (Guaranteed Tax Base Aid)	(\$1,434,903)	(\$1,793,604)	(\$1,825,166)	(\$1,850,199)
Local Assist (Indian Ed for All)	(\$24,312)	(\$28,027)	(\$30,851)	(\$31,704)
Local Assist (Data for Achievement)	(\$23,302)	(\$26,905)	(\$29,682)	(\$30,504)
Local Assist (Retirement GTB)	(\$204,249)	(\$239,901)	(\$234,887)	(\$244,852)
TOTAL Expenditures	<u>(\$4,788,830)</u>	<u>(\$5,652,572)</u>	<u>(\$6,042,730)</u>	<u>(\$6,187,117)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>(\$4,788,830)</u>	<u>(\$5,652,572)</u>	<u>(\$6,042,730)</u>	<u>(\$6,187,117)</u>
TOTAL Funding of Exp.	<u>(\$4,788,830)</u>	<u>(\$5,652,572)</u>	<u>(\$6,042,730)</u>	<u>(\$6,187,117)</u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$4,788,830	\$5,652,572	\$6,042,730	\$6,187,117

Effect on County or Other Local Revenues or Expenditures:

1. Beginning in FY 2024, local property taxes could decrease approximately \$840,000 statewide annually.

OTB

Sponsor's Initials

2/24/2023

Date

[Signature]

Budget Director's Initials

2-23-23

Date