



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0016	Title:	Allow 3- and 4-year-olds with disabilities in ANB calculations
Primary Sponsor:	Anderson, Fred	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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$2,835,947	\$3,047,110	\$3,237,734	\$3,370,420
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$2,835,947)</u>	<u>(\$3,047,110)</u>	<u>(\$3,237,734)</u>	<u>(\$3,370,420)</u>

Description of fiscal impact: HB 16 clarifies 20-9-311, MCA, that 3- and 4-year-old children with disabilities participating in school district special education programs are eligible for inclusion in ANB calculations. The estimated state cost is \$5.9 million over the FY 2023 biennium.

FISCAL ANALYSIS

Assumptions:

- HB 16 modifies 20-9-311(7), MCA, to include the following: *“Children with disabilities receiving special education services under 20-7-411(3) may be included in ANB calculation.”*
- Section 20-7-411(3), MCA, states: *“The board of trustees of each elementary district shall provide or establish and maintain a special education program for each preschool child with a disability who is 3 years of age or older and under 7 years of age.”* Although this section currently requires districts to provide special education services to 3- and 4-year-old children it is not defined that the state shall provide ANB funding for these students. Currently, state ANB funding is provided to students enrolled in programs kindergarten through 12th grades and does not include these students.
- Section 20-7-117, MCA, establishes what defines kindergarten and preschool programs and allows for the trustees of a district to establish a free preschool program for children between the ages of 3 and 5 years however, financing may not include state funds generated from equalization aid.

4. ARM 10.20.102 calculation of average number belonging (ANB) refers to state ANB funding to be provided to students enrolled in grades K through 12 only in the calculation description defined in part (16)(a)(i).
5. These sections create somewhat of an ambiguous view of whether a district may include a *preschool child with a disability who is 3 years of age or older and under 7 years of age* as included for the purposes of ANB funding.
6. Section 20-7-117, MCA, provides the allowance of students under the age to 5 years old before September 10th to be included in the calculation of ANB, as enrolled students in a kindergarten program, if approval is granted through the district’s board of trustees. The FY 2020 fall enrollment count included 875 students enrolled in kindergarten programs under 5 years of age by special permission of district boards of trustees, of these enrolled students 129 were marked as receiving special education services. The table below illustrates the most recent 6 years for this same data with an averaged percentage for special education students enrolled in kindergarten programs.

	U5 Special Education	U5 Students enrolled in K	Percent of Special Ed.
2020	129	875	14.74%
2019	90	582	15.46%
2018	47	303	15.51%
2017	49	253	19.37%
2016	67	256	26.17%
2015	24	215	11.16%
		Average of %	17.07%

7. In the FY 2020 fall collection of children attending public schools there are 1,170 children enrolled in public school sanctioned pre-school programs and of those enrolled 766 are receiving special education services. The table below illustrates the most recent 6 years for this same data with an averaged percentage for special education students enrolled in pre-kindergarten programs.

	U5 Special Education	U5 Students enrolled in PK	Percent of Special Ed.
2020	766	1,170	65.47%
2019	1,115	1,714	65.05%
2018	1,018	1,879	54.18%
2017	1,011	1,777	56.89%
2016	981	1,458	67.28%
2015	922	1,322	69.74%
		Average of %	65.47%

8. In review of the 6-year trend data and because of the potential variations in enrolled students in the fall FY 2020 data collection due to the COVID 19 pandemic data from fall FY 2019 is used to estimate the costs for this fiscal note. Children enrolled in public pre-school programs receiving special education services would be included in the ANB count for state funding. Adjusting the 1,115 children for aggregate hours of attendance, 731 students would be enrolled and would produce 760 additional current year ANB at an added cost to the state of approximately \$2,836,000 and an approximate increase of \$551,000 BASE property taxes in FY 2022.

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Local Assist (Direct State Aid)	\$1,821,360	\$1,959,737	\$2,097,820	\$2,160,178
Local Assist (Guarantee Tax Base Aid)	\$852,381	\$910,234	\$950,869	\$1,014,122
Local Assist (Indian Education for All)	\$15,857	\$17,576	\$18,296	\$18,805
Local Assist (Data for Achievement)	\$15,140	\$16,784	\$17,471	\$17,956
Local Assist (Retirement GTB)	\$131,209	\$142,779	\$153,278	\$159,359
TOTAL Expenditures	<u><u>\$2,835,947</u></u>	<u><u>\$3,047,110</u></u>	<u><u>\$3,237,734</u></u>	<u><u>\$3,370,420</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$2,835,947</u>	<u>\$3,047,110</u>	<u>\$3,237,734</u>	<u>\$3,370,420</u>
TOTAL Funding of Exp.	<u><u>\$2,835,947</u></u>	<u><u>\$3,047,110</u></u>	<u><u>\$3,237,734</u></u>	<u><u>\$3,370,420</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,835,947)	(\$3,047,110)	(\$3,237,734)	(\$3,370,420)

Effect on County or Other Local Revenues or Expenditures:

- Local property taxes are estimated to increase by \$551,099 in FY 2022 and \$609,532 in FY 2023.

	1/7/21	KA	1/5/21
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>