



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0671	Title:	Implement provisions of HB2 - Section E - education
Primary Sponsor:	Bedey, David	Status:	As Amended in Senate Committee

- 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	\$789	\$0	\$0	\$0
General Fund (HB 671 Appropriation)	\$5,000	\$0	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
General Fund (HB 671 Appropriation)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Net Impact-General Fund Balance:	<u>(\$5,789)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 671 creates a subcommittee to the Legislative Finance Committee to direct a study of Indian language preservation and a study of the Montana Digital Academy. As amended, the bill requires the Office of Public Instruction and the Department of Health and Human Services (DPHHS) to collaborate in supporting school districts seeking reimbursement for school-based eligible services under Medicaid and the Children's Health Insurance Program (CHIP). The fiscal impact of HB 671 is \$5,789 for FY 2022. The bill appropriates \$5,000 for the studies.

FISCAL ANALYSIS

Assumptions:

Legislative Branch

1. HB 671, as amended, directs the 2021-2022 interim Legislative Finance Committee (LFC) shall direct a study of Indian language preservation, a study of the Montana Digital Academy and a study of funding for K-12 enrollment increases.
2. This bill does not specify how many members would be included on the subcommittee. For purposes of this fiscal note, it is assumed that the subcommittee will consist of eight-members.

3. It is also assumed that there would be one one-day meeting in Helena during FY 2022.
4. The Legislative Branch has determined it will cost \$1,439 for personal services and \$4,350 for operating expenses to conduct the studies. The bill appropriates \$5,000 for the study. The additional \$789 could be included in appropriations in HB 2 or this bill could be amended to include the additional expenses.
5. If the subcommittee chooses to meet remotely, travel costs would be mitigated, allowing for two remote meetings.
6. The LFC may adjust how the funds are spent and more meetings may be available if the meetings are combined with LFC meetings and or fewer members are appointed.
7. Section 5 provides a contingent voidness. If HB 497 is passed and approved, Section 1 (providing for the subcommittee) and Section 4 (appropriation) are void.

Office of Public Instruction (OPI)

8. The bill as amended, directs OPI and DPHHS to collaborate in the facilitation of the provision of services at school districts that will receive reimbursement from Medicaid or CHIP programs. This collaboration is intended to minimize the burden of administration of these programs on school districts.
9. The amended bill also establishes a state special revenue fund to be used by the OPI and DPHHS to receive necessary matching funds from school districts seeking reimbursements for Medicaid or CHIP necessary to fulfill financial requirements of the Centers for Medicare and Medicaid Services for reimbursement.
10. The OPI requires 2.00 FTE administrative staff for administration of this program at a cost of approximately \$122,500 per year.
11. The projected revenue to the state special revenue account would be approximately \$10.0 million per year. An appropriation for this funding is in HB 2.
12. Subsection 2 of HB 671 changes the responsibility of the Montana Indian language preservation program from the State Tribal Economic Development Commission in the Department of Commerce to the Office of Public Instruction. During appropriation subcommittee action, a general fund appropriation of \$750,000 in HB 2 was removed from the Department of Commerce budget and put into the Office of Public Instruction budget as restricted, biennial, one-time-only funding.
13. The OPI has determined a need for \$13,000 for personal services, \$22,000 for operating expenses and the remaining \$715,000 will be distributed as grants to Montana Indian tribes each year.
14. Section 3 repeals many versions of termination dates related to the Indian language preservation program.

	<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>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services (Leg Branch-Study)	\$1,439	\$0	\$0	\$0
Operating Expenses (Leg Branch-Study)	\$4,350	\$0	\$0	\$0
Personal Services (OPI-Indian Language)	\$13,000	\$13,000	\$13,000	\$13,000
Operating Expenses (OPI-Indian Language)	\$22,000	\$22,000	\$22,000	\$22,000
Grants to Tribes (OPI-Indian Language)	\$715,000	\$715,000	\$715,000	\$715,000
Transfer from Commerce to OPI (Indian Language)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)
Personal Services (OPI-Medicaid)	\$122,500	\$122,500	\$122,500	\$122,500
Personal Services (DPHHS-Medicaid)	(\$122,500)	(\$122,500)	(\$122,500)	(\$122,500)
Transfers (Medicaid-OPI)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Expenditures	<u>\$10,005,789</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$789	\$0	\$0	\$0
General Fund (01) [Appropriation]	\$5,000	\$0	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Funding of Exp.	<u>\$10,005,789</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
General Fund (01) [Appropriation]	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
TOTAL Revenues	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$10,000,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$789)	\$0	\$0	\$0
General Fund (01) [Appropriation]	(\$5,000)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

QF

Sponsor's Initials

4/28/2021

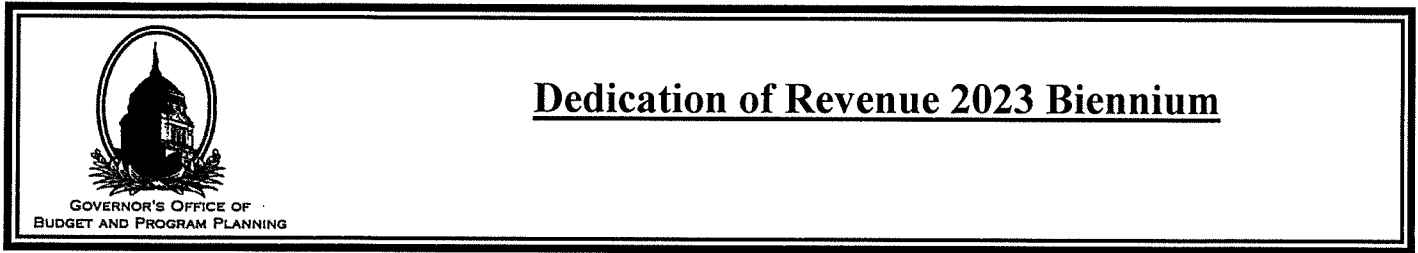
Date

KA

Budget Director's Initials

4-28-21

Date



17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
No. The dedicated revenue would be used as match for the federal reimbursement funding.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
Dedication of revenue and tracking of the revenue and expenditures for purposes of matching requirements for Medicaid and Children's Health Insurance Program would be more clearly tracked in the state special revenue fund.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes, the revenue is a matching requirement for these programs.
- d) **Does the need for this state special revenue provision still exist? ___ Yes ___ No (Explain)**
Yes, Medicaid and Children's Health Insurance Program requirements must have a matching component and this state special revenue will meet those requirements.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No, this dedicated revenue will allow more accurate and transparency for scrutinizing the funds.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes, this dedicated revenue would fulfill the matching requirements of the programs for which the account is created.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
The dedicated revenue would make it very clear the revenues received for the program purposes and any expenditures would be properly accounted for. If the revenues were in the general fund, tracking would be more difficult and less transparent.