



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0396 - Require school trustees to admit resident children on a part-time basis (Hastings, Naarah )

**Status:** As Introduced - Revised

- 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</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>
<b>Expenditures:</b>				
General Fund	\$1,977,675	\$2,199,656	\$2,206,184	\$2,276,446
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,977,675)</u>	<u>(\$2,199,656)</u>	<u>(\$2,206,184)</u>	<u>(\$2,276,446)</u>

**Description of fiscal impact:** HB 396 revises laws related to the admittance of children to public schools and requires trustees to admit resident school-aged children on a part-time basis at the parent or guardian's request.

### FISCAL ANALYSIS

**Assumptions:**

- HB 396 requires trustees of a school district to admit a nonpublic or home schooled child as a part-time enrollee at the request of the child's parent or guardian. Under current laws the trustees may allow attendance, but it is not mandatory the child be allowed to attend.
- The bill further amends the compulsory enrollment and excuses section of 20-5-102, MCA, is amended to include a child who is enrolled in a nonpublic or home school may be enrolled on a part-time basis in a public school.
- Data provided to the Office of Public Instruction (OPI) for FY 2023 indicates that there are 7,663 homeschooled students and 8,322 private school students statewide. Because there is no precedent for estimating how many students will enroll part-time under this legislative proposal it will be assumed that approximately 10% of the total qualifying students will enroll at public schools for one-quarter aggregate hours for a total ANB increase of 400. This number could certainly be more or less, but there is no data available to determine how many students would take advantage of this bill.

4. It is assumed for purposes of this fiscal note, that no additional teachers would be required to educate the additional students. If additional teachers were required, they would be counted in the year in which they teach and applied to the school district’s school funding in the succeeding year.
5. The average number belonging (ANB) used to determine the general fund budgets for K-12 public schools will be as follows. These estimates are for current year ANB, which is used to calculate the budgeted ANB as determined by 20-9-311(13) and (14).

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>K-6 ANB</b>	83,565	84,417	85,144	85,785	86,208
<b>7-8 ANB</b>	24,441	24,430	24,750	24,888	25,256
<b>9-12 ANB</b>	<u>45,905</u>	<u>46,573</u>	<u>46,532</u>	<u>46,539</u>	<u>46,287</u>
<b>Total</b>	153,911	155,420	156,426	157,212	157,751

6. The number of FTE (including special education cooperatives) generating the quality educator payment is estimated to be:

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>School District FTE</b>	13,365.497	13,365.497	13,365.497	13,365.497	13,365.497
<b>Special Ed Coop FTE</b>	165.709	165.709	165.709	165.709	165.709
<b>Total FTE</b>	13,531.206	13,531.206	13,531.206	13,531.206	13,531.206

7. The present law inflation applied to the Basic and Per-ANB Entitlements, the Quality Educator, Indian Education for All, American Indian Achievement Gap, Data-for-Achievement, At Risk, and the Special Education Allowable Cost Payment components (20-9-326, MCA) is 2.70% in FY 2024 and 3.00% in FY 2025. For the present law budget, entitlements and components are set as follows:

<b><u>Basic Entitlements</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
Elementary Basic	\$55,741	\$57,246	\$58,963	\$60,732	\$62,050
Middle School Basic	\$111,483	\$114,493	\$117,928	\$121,466	\$124,102
High School Basic	\$334,453	\$343,483	\$353,787	\$364,401	\$372,309

<b><u>Basic Entitlement Increments</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
Elementary (each 25 ANB > 250 ANB)	\$2,788	\$2,863	\$2,949	\$3,037	\$3,103
Middle School (each 45 ANB > 450 ANB)	\$5,574	\$5,724	\$5,896	\$6,073	\$6,205
High School (each 80 ANB past 800 ANB)	\$16,723	\$17,175	\$17,690	\$18,221	\$18,616

<b><u>Per ANB Entitlements</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
Elementary Per-ANB	\$5,962	\$6,123	\$6,307	\$6,496	\$6,637
High School Per-ANB	\$7,634	\$7,840	\$8,075	\$8,317	\$8,497
Direct State Aid (DSA) Percentage	44.7%	44.7%	44.7%	44.7%	44.7%

<b><u>Components</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
Indian Education for All	\$23.28	\$23.91	\$24.63	\$25.37	\$25.92
Indian Achievement Gap	\$229	\$235	\$242	\$249	\$254
Quality Educator	\$3,472	\$3,566	\$3,673	\$3,783	\$3,865
At Risk	\$5,873,777	\$6,032,369	\$6,213,340	\$6,399,740	\$6,538,614
Data for Achievement	\$22.29	\$22.89	\$23.58	\$24.29	\$24.82
Special Education Allowable Cost	\$286.02	\$293.74	\$302.55	\$311.63	\$318.39

8. Present law (20-9-326, MCA) requires the Superintendent of Public Instruction to include inflationary adjustments for the basic and per-ANB entitlements, and the Quality Educator, Indian Education for All, American Indian Achievement Gap, Data for Achievement, At-Risk and Special Education Allowable Cost components in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

<b><u>Payment</u></b>	<b><u>FY 2024</u></b>	<b><u>FY 2025</u></b>
<b>Direct State Aid</b>	\$522.8 million	\$540.5 million
<b>Guaranteed Tax Base Aid</b>	\$259.9 million	\$290.3 million
<b>County Retirement GTB</b>	\$50.9 million	\$52.9 million
<b>Indian Education for All</b>	\$3.7 million	\$3.9 million
<b>American Indian Achievement Gap</b>	\$4.9 million	\$5.0 million
<b>Quality Educator</b>	\$48.3 million	\$49.7 million
<b>Data for Achievement</b>	\$3.6 million	\$3.7 million
<b>Special Education Allowable Cost</b>	\$45.7 million	\$47.3 million

9. The Natural Resources Development payment is estimated to be \$12.1 million in FY 2024 and \$12.1 million in FY 2025, if all school districts levied to receive the maximum amount of funding. Section 20-9-635, MCA, provides that the appropriation for FY 2024 and beyond be the greater of \$10 million, adjusted for inflation in accordance with section 20-9-326, MCA, or 5% of the oil and natural gas production taxes deposited in the state general fund pursuant to 15-36-331(4), MCA. Additionally, state special revenue is appropriated from the school major maintenance account, established in 20-9-525, MCA. Estimated authority is \$10.3 million general fund and \$5.1 million state special revenue in FY 2024 and \$10.6 million general fund and \$6.5 million state special revenue in FY 2025.
10. Direct State Aid, GTB, and other school district general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division, and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates, and estimated property tax values.
11. Assumptions #5 through #10 provide the values used for the various components of the school funding formula used to compile the cost of HB 396.

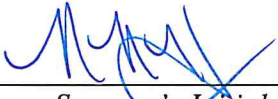
	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Local Assist (Direct State Aid)	\$1,484,990	\$1,639,957	\$1,701,012	\$1,743,925
Local Assist (Special Ed)	\$117,496	\$122,230	\$127,457	\$130,858
Local Assist (Guaranteed Tax Base Aid)	\$283,232	\$331,440	\$273,235	\$289,894
Local Assist (Indian Ed for All)	\$9,282	\$10,436	\$10,847	\$11,116
Local Assist (Retirement GTB)	\$74,274	\$86,067	\$83,698	\$90,452
Local Assist (Data for Achiev)	\$8,401	\$9,526	\$9,935	\$10,201
<b>TOTAL Expenditures</b>	<u>\$1,977,675</u>	<u>\$2,199,656</u>	<u>\$2,206,184</u>	<u>\$2,276,446</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$1,977,675</u>	<u>\$2,199,656</u>	<u>\$2,206,184</u>	<u>\$2,276,446</u>
<b>TOTAL Funding of Exp.</b>	<u>\$1,977,675</u>	<u>\$2,199,656</u>	<u>\$2,206,184</u>	<u>\$2,276,446</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,977,675)	(\$2,199,656)	(\$2,206,184)	(\$2,276,446)

**Effect on County or Other Local Revenues or Expenditures:**

- Increases in local property taxes associated with HB 396 could be approximately \$400,000 annually statewide beginning in FY 2024.

**Technical Notes:**

- There needs to be clarification for students with disabilities whether a student enrolled part-time is considered a public school student or a parentally-placed private school student under the Individuals with Disabilities Education Act (IDEA).
- Additional Federal requirements may fall under the Section 504 ([SECTION 504 DoL Site](#)) and should be considered for any additional impacts of HB 396.

  
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 Sponsor's Initials

2/17/23  
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 Date

  
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 Budget Director's Initials

2-16-23  
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 Date