



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0628.02 (001): Revise early literacy targeted intervention laws

Primary Sponsor: Melissa Nikolakakos Status: As Amended in House Committee

☐ Included in the Executive Budget      ☒ Needs to be included in HB 2      ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts      ☐ Technical Concerns      ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$2,388,032	\$2,433,176	\$2,552,430
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>(\$2,388,032)</u>	<u>(\$2,433,176)</u>	<u>(\$2,552,430)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

As amended, HB 628 revises the early literacy targeted intervention program by increasing the scope of the targeted interventions to include scholastic literacy. Additionally, a school district may opt to enroll no more than one on-target student for every five eligible students in a classroom-based or jumpstart intervention. It is specified that these additional classroom-based or jumpstart intervention program enrolled students may count for ANB purposes. The state general fund expenditures are expected to increase by \$2.4 million per year beginning in FY 2027.

### FISCAL ANALYSIS

#### Assumptions

- HB 628, as amended, revises section 20-7-1801, MCA, expanding offerings of early literacy programs to include reading or math.
- Section 20-7-1802, MCA, strikes the Board of Public Education's role in selecting the evaluation method.
- Definitions for on-target child and scholastic literacy are provided in Section 1 of HB 628.
- Section 20-7-1803, MCA, describes early scholastic literacy targeted interventions and includes when to administer the evaluation method and program expansion for math proficiency.
- Section 20-7-1804, MCA, modifies some details. Currently, this section requires eligible pupils enrolled in both early scholastic early literacy jumpstart and classroom programs are to be included in the student count for ANB under section 20-9-311, MCA, inclusive of aggregate hour requirements.
- Section 5 describes early scholastic literacy targeted intervention, optional enrollment for on-target students to include availability for enrolling on-target children into the classroom or jumpstart targeted intervention program may admit a maximum of one on-target child for every three eligible children enrolled in the targeted intervention program.
- Data from the OPI shows that 1,979 students are enrolled in the classroom-based early literacy program and

that 1,202 students took advantage of the jumpstart early literacy program, totaling 3,181 students. The average number of students per grade level in Montana in FY 2025 is 11,100 students.

7. In accordance with NCES data for the most recent actual and estimated years, the proportion of pre-kindergarten students to kindergarten average approximately 29%. Growth in early literacy programs is expected to continue. It is further assumed that anticipated growth may be offset by additional variables such as teacher and class space availability, therefore for the purposes of this fiscal note the current enrollment levels will be assumed.
8. Formulaically, and in accordance with the provisions identified in this bill one on-target child for every three eligible children would be included to the calculation of ANB. This would include the following:
  - a. For classroom-based early literacy pupils  $1,979 \times 20\% = 395$
  - b. For jumpstart early literacy pupils  $1,202 \times 20\% = 240 \times .25$  (aggregate hour limitation) = 60
9. These 455 ( $395 + 60 = 455$ ) convert to approximately 473 additional ANB.
10. Section 9 requires applicability to students enrolled in an early scholastic literacy intervention program on or after May 1, 2025. The applicability requirement for early scholastic literacy intervention program will include the enrollment of additional pupils for inclusion of FY 2026 and associated ANB funding will commence in FY 2027.

### Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Local Assistance	\$0	\$0	\$0	\$0
Direct State Aid	\$0	\$1,410,113	\$1,455,762	\$1,499,745
County Retirement GTB	\$0	\$182,011	\$183,831	\$185,669
District GF GTB	\$0	\$620,080	\$612,399	\$680,403
Special Ed Allowable Cost Pmt	\$0	\$151,824	\$156,397	\$161,071
Data for Achievement	\$0	\$11,809	\$12,189	\$12,553
Indian Education for All	\$0	\$12,195	\$12,598	\$12,989
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$2,388,032</b>	<b>\$2,433,176</b>	<b>\$2,552,430</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$0	\$2,388,032	\$2,433,176	\$2,552,430
<b>TOTAL Funding of Expenditures</b>	<b>\$0</b>	<b>\$2,388,032</b>	<b>\$2,433,176</b>	<b>\$2,552,430</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$2,388,032)	(\$2,433,176)	(\$2,552,430)

### Effect on County or Other Local Revenues or Expenditures

1. Local property taxes will increase by \$533,000 beginning in FY 2027 and beyond.



Sponsor's Initials

Date



Budget Director's Initials

3/7/2025

Date