



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0028: Clarify timelines and opening procedures for public charter schools

Primary Sponsor: David Bedey 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 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$1,659,095	\$1,708,931	\$1,760,227	\$1,813,090
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$1,659,095)</u>	<u>(\$1,708,931)</u>	<u>(\$1,760,227)</u>	<u>(\$1,813,090)</u>
General Fund Balance				

Description of fiscal impact

HB 28, as amended, clarifies law relating to public charter schools for, approval timelines, opening procedures, and initial year funding. Public charter school districts are entitled to per-ANB based funding components in the initial year of operation. The state cost is approximately \$1,659,000 in FY 2026 and \$1,709,000 in FY 2027.

FISCAL ANALYSIS

Assumptions

1. HB 28 changes section 20-6-804, MCA, or the Board of Public Education's (BPE) responsibilities, requiring that the BPE notify the Office of Public Instruction and the relevant county superintendent(s) of the status of public charter schools, in a timely manner.
2. Section 20-6-806, MCA, or the terms for the charter contract, is revised to allow the BPE to approve pre-opening of charter schools, exempting the requirements of opening a school within a district under Title 20, chapter 6, part 5. It is assumed that this is in direct reference to sections, 20-6-502, 20-6-503, 20-6-504, 20-6-505, & 20-6-507, MCA
3. Section 20-6-812, MCA, or funding for public charter schools, is revised to require charter schools operated by a local school board to return state Basic Entitlement payments if October enrollment converted to ANB does not meet the eligibility requirements for separate budget unit status. The return of over payment is described under section 20-9-344, MCA.
4. Section 20-6-812, MCA, is further clarified, stating that Per-ANB entitlements are not to be included in budget determination or payments in the inaugural year of operation for public school charters that are operated by a school district.
5. Further clarification includes that estimated enrollments provided are to be converted to ANB and that in the second and third years of operation, the current year ANB is to also be the 3-year average ANB for the budget unit(s) identified as charter schools.

6. As amended, in Section 5, 20-6-812, MCA, HB 28 clarifies funding for the first year of operation for public charter schools and for public charter school districts. Amendments add similar requirements for repayment of the state basic entitlement payment when overpayment is made and the minimum ANB levels are not met, as indicated in section 20-9-344, MCA.
7. As amended, the district public charter school per-ANB entitlement, Indian education for all payment, data-for-achievement payment, special education allowable cost payment a must be based on the planned enrollment provided in the public charter school district's application in the inaugural year.
8. The present law inflation applied to the per-ANB entitlements, Indian education for all, data for achievement, and the special education allowable cost payment components (20-9-326, MCA) is 3.00% in FY 2026 and 3.00% in FY 2027. For the present law budget, entitlements and components are set as follows:

Per ANB Entitlements	FY 2026	FY 2027	FY 2028	FY 2029
Elementary Per-ANB	\$6,496	\$6,691	\$6,892	\$7,099
High School Per-ANB	\$8,317	\$8,567	\$8,824	\$9,089
Direct State Aid (DSA) Percentage for Charter School Districts	80%	80%	80%	80%

Components	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Indian Education for All	\$24.63	\$25.37	\$26.13	\$26.91	\$27.72
Data for Achievement	\$23.58	\$24.29	\$25.02	\$25.77	\$26.54
Special Education Allowable Cost	\$302.55	\$311.63	\$320.98	\$330.61	\$340.53

9. For the purposes of this fiscal note, it is estimated that there will be 4 charter school districts created in FY 2026 and will generate 142 elementary new ANB, 42 middle school, and 82 high school.

	FY2026	FY2027	FY2028	FY2029
EL est. 142 ANB	\$789,249	\$812,940	\$837,358	\$862,507
MS est. 42 ANB	\$294,625	\$303,481	\$312,585	\$321,972
HS est. 82 ANB	\$575,221	\$592,510	\$610,284	\$628,611
Est. TOTAL	\$1,659,095	\$1,708,931	\$1,760,227	\$1,813,089

10. This bill requires a retroactive applicability and will affect charter schools opening for inaugural operation under existing public school district boards and independent charter school district budgets of FY 2026.
11. There is no data currently available to make determination as to the number of newly established charter school districts. Estimates are based on application data provided on the Board of Public Education website and are assumed at minimums. Variation for the creation of new public charter school districts should be assumed in future years.

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>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Local Assistance	\$0	\$0	\$0	\$0
Direct State Aid (DSA)	\$1,562,992	\$1,609,944	\$1,658,272	\$1,708,075
Special Ed Allowable Cost Pmt	\$82,894	\$85,381	\$87,942	\$90,581
Data for Achievement	\$6,461	\$6,655	\$6,855	\$7,060
Indian Education for All	\$6,748	\$6,951	\$7,158	\$7,374
TOTAL Expenditures	<u>\$1,659,095</u>	<u>\$1,708,931</u>	<u>\$1,760,227</u>	<u>\$1,813,090</u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,659,095	\$1,708,931	\$1,760,227	\$1,813,090
TOTAL Funding of Expenditures	<u>\$1,659,095</u>	<u>\$1,708,931</u>	<u>\$1,760,227</u>	<u>\$1,813,090</u>
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	<u>(\$1,659,095)</u>	<u>(\$1,708,931)</u>	<u>(\$1,760,227)</u>	<u>(\$1,813,090)</u>

NOT SIGNED BY SPONSOR

Sponsor's Initials_____
Date_____
Budget Director's Initials

1/20/2025

Date