



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0339.02 (001): Fund 6th graders in middle school at high school ANB rates along with 7th and 8th graders**

Primary Sponsor: Melissa Romano 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>
<b>Expenditures</b>				
General Fund (01)	\$13,102,730	\$13,750,648	\$14,624,403	\$14,292,105
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$13,102,730)</u>	<u>(\$13,750,648)</u>	<u>(\$14,624,403)</u>	<u>(\$14,292,105)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 339 amends sections 20-9-306, & 20-9-311, MCA, allowing for the high school per-ANB and the middle school basic entitlement calculations to include 6th grade students when the student is enrolled in an accredited program. The cost to the state will be \$13.1 million in FY 2026 and \$13.8 million in FY 2027. Local school property taxes will increase by \$8.9 million in FY 2026 and \$9.3 million in FY 2027.

### FISCAL ANALYSIS

#### Assumptions

- As amended, HB 339 changes the basic and per ANB entitlement calculations for sixth grade students.
- The first "whereas" in the bill states that 98% of Montana sixth graders attend an accredited middle school or junior high school.
- Current enrollment data and projections for the number of sixth grade students and 98% of that count converted to ANB is represented in the table below.

	<b>Enrollment</b>	<b>98%</b>	<b>Projected ANB</b>
FY 2026	11,513	11,283	11,722
FY 2027	11,670	11,437	11,881
FY 2028	12,116	11,874	12,335
FY 2029	11,397	11,169	11,603

- The amended HB 339 further states that accredited middle school and high school programs, grades 6 through 8 will be funded at the middle school basic entitlement rate. Current law funds grade 6 at elementary basic entitlement rates. There is an incremental rate difference per student and the funding difference is shown in the following table using the projected ANB numbers above.

Incremental Basic Entitlement	FY 2026	FY 2027	FY 2028	FY 2029
Basic Entitlement Elementary	\$121	\$125	\$129	\$133
Basic Entitlement Middle	\$135	\$139	\$143	\$147
Difference	\$13	\$14	\$14	\$15
Projected ANB	11,722	11,881	12,335	11,603
Total Basic Entitlement Adj	\$157,954	\$164,913	\$176,369	\$170,648

5. Further changes in HB 339, as amended, require the sixth grade students in an accredited middle school or junior high program will be funded at a new middle school per ANB rate. This rate is set at 21% greater than the elementary rate and 5.8% less than the high school rate. The following table shows the current elementary per ANB rate, the HB 339 middle school per ANB rate, the difference between the two, 98% of the sixth grade per ANB, and the resulting change in per ANB funding.

	FY 2026	FY 2027	FY 2028	FY 2029
Current Elementary Per ANB	\$6,496	\$6,691	\$6,892	\$7,099
HB 339 Sixth Grade Per ANB	\$7,858	\$8,094	\$8,337	\$8,587
Difference in per ANB rate	\$1,362	\$1,403	\$1,445	\$1,488
98% of Sixth Grade ANB	11,722	11,881	12,335	11,603
Total new per ANB Sixth Grade funding	\$15,964,701	\$16,669,543	\$17,824,702	\$17,265,878

6. The state funds 44.7% of the basic and per ANB funding in the school funding formula and local property taxes and GTB pay the other 35.3% in the BASE portion of the school budget. The other 20% of the funding is paid by local property taxes in the over BASE portion of the district budget. The following table represents these funding pieces.

	FY 2026	FY 2027	FY 2028	FY 2029
State funds 44.7%	\$7,136,221	\$7,451,286	\$7,967,642	\$7,717,847
Local Property Taxes fund 35.3%	\$5,635,539	\$5,884,349	\$6,292,120	\$6,094,855
Over BASE portion local property taxes	\$3,192,940	\$3,333,909	\$3,564,940	\$3,453,176
Total new per ANB Sixth Grade funding	\$15,964,701	\$16,669,543	\$17,824,702	\$17,265,878

7. It is assumed that in order for sixth grade programs to become accredited, it will be required for schools to hire an additional 350 certified FTE statewide ongoing. The additional FTE will qualify for the quality educator payment as represented in the following table. Quality Educator funding is 100% state funded.

Quality Educator Payment	FY 2026	FY 2027	FY 2028	FY 2029
Quality Educator Rate	\$3,783	\$3,896	\$4,013	\$4,133
FTE	350	350	350	350
Total New Quality Educator Payments	\$1,324,050	\$1,363,600	\$1,404,550	\$1,446,550

8. Section 3 of HB 339 as amended, requires a school district that operates an accredited middle school or junior high school program shall spend at least \$100 multiplied by the number of ANB in the district's accredited middle school or junior high school program from the funding of the per ANB entitlement in grade 6 at the grade 6 level and grades 7 and 8 at the high school level to expand career and technical education opportunities for students in grades 6 through 8. Expanded career and technical education opportunities must include but are not limited to access to age-appropriate, work-based learning consistent with section 20-7-1510, MCA, and development of an advanced opportunity plan. The district's provision of expanded opportunities must align with the contents of the district's advanced opportunity plan as defined in section 20-7-1503, MCA.

**Fiscal Analysis Table**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Local Assistance	\$0	\$0	\$0	\$0
Direct State Aid	\$7,206,827	\$7,525,002	\$8,046,479	\$7,794,127
County Retirement GTB	\$907,489	\$966,930	\$1,021,962	\$969,441
Quality Educator Payment	\$1,324,050	\$1,363,600	\$1,404,550	\$1,446,550
Guaranteed Tax Base Aid	\$3,664,364	\$3,895,116	\$4,151,412	\$4,081,987
<b>TOTAL Expenditures</b>	<b>\$13,102,730</b>	<b>\$13,750,648</b>	<b>\$14,624,403</b>	<b>\$14,292,105</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$13,102,730	\$13,750,648	\$14,624,403	\$14,292,105
<b>TOTAL Funding of Expenditures</b>	<b>\$13,102,730</b>	<b>\$13,750,648</b>	<b>\$14,624,403</b>	<b>\$14,292,105</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$13,102,730)	(\$13,750,648)	(\$14,624,403)	(\$14,292,105)

**Effect on County or Other Local Revenues or Expenditures****Office of Public Instruction**

1. The local school property tax impact related to HB 339 would be an increase of \$8.9 million beginning in FY 2026 and ongoing.

**NOT SIGNED BY SPONSOR**

Sponsor's Initials

Date

2/25/25



Budget Director's Initials

2/25/2025

Date