



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0486.01: Revise equal opportunity education savings account funding

Primary Sponsor: Sue Vinton Status: As Introduced

☐ 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)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

SB 486 revises remittances for the Montana Special Needs Equal Opportunity Education Savings account to allow a school district to elect to have the OPI pay the remittance amount in the first year of a student's participation in the program. There is no state fiscal impact.

### FISCAL ANALYSIS

#### Assumptions

#### Office of Public Instruction

1. HB 486 revises section 20-7-1709, MCA, the section of law referring to funding and administration of the Montana special needs equal opportunity education savings account (ESA).
2. The bill allows a school district to elect to have the Office of Public Instruction (OPI) provide the amount calculated under subsection (1) of section 20-7-1709, MCA, in the first year of a student's participation in the ESA program in the school district.
3. If OPI does make the calculation the OPI is to use money from the BASE aid appropriation and account for the money as provided for all ESA funds.
4. In the first year in which the student is no longer participating in the program in the school district, the OPI is to reduce the school district's BASE aid payment by an amount equivalent to the amount provided by the OPI under this subsection (2)(b), increased by the same inflationary adjustment provided by the legislature for the basic and per-ANB entitlement amounts calculated as provided in section 20-9-306, MCA, since the student's first year of participation in the program in the school district.
5. The OPI may require an additional FTE in future years if the program demands continue to grow. None are being requested with this bill.

**Technical Concerns****Office of Public Instruction (OPI)**

1. Section 20-7-1709(2)(b), MCA, indicates that a district may elect to have the OPI provide the amount calculated in the first year of the student's participation in the program. Allowing this choice will cause a distinct difference between district's handling of ESA remittances resulting in potential tracking difficulties and the possibility of confusion as to the government paying the remittance.
2. The OPI currently does not have the technical capability to track students for this purpose when considering district transfers, students returning to a district, students opting in and out of the program, mid-year changes to residency, attendance status, parent and district communication with the agency, as well as other tracking concerns.
3. Reenrollment in a new setting, part way through a year induction to ESA settings will cause unexpected revenues shortfalls for the district due to lowered state entitlement support.
4. The district who received the ANB support may not be the district of residence and would not be the appropriate district to withhold the state funding. Additionally, it is not clear as to which school district is being referenced in the state withholding.
5. When the OPI withholds the student amount in year one it will be withheld from the BASE aid of the payments of the district adjusted for inflation. This amount could be applied 13 years into the future. The OPI currently does not have the capabilities for this type of tracking and with the nature of funding changes could potentially come in conflict with future unknown funding formulas.
6. If a student is participating in an ESA for the entirety of their education the inflationary adjustment to close the account could result in a significant payment withholding that the district's budget may not be prepared for and may be more catastrophic than the initial district remittance.
7. Clarification is needed regarding whether a district can elect differently for each student should they have multiple students participating in the program and how that election would take place.
8. The OPI suggests that when a student opts into an ESA program that the student had been enrolled in the prior year and as such the district will receive BASE aid funding and property tax support in association with the enrolled student in the initial year, therefore the student's resident district did have the financial means to make the payment for this no longer enrolled pupil. The pupil will then continue to receive state BASE aid funding and property tax support going forward as the district will be receiving these funding streams through a non-enrolled but funded status described in the related sections of statute. Should the student have been a student the resident district had been paying tuition for and the student now is to be enrolled in a ESA program the tuition that was being paid should now be used to be directed to the requirements of the ESA program.

NO SPONSOR SIGNATURE

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Sponsor's Initials

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Date\_\_\_\_\_  
Budget Director's Initials

3/4/2025

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