



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0441 - Implement report cards for nonpublic schools receiving tax credit scholarships (Stafman, Ed )

**Status:** As Introduced

- 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 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$224,476	\$224,476	\$224,476	\$224,476
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$224,476)</u>	<u>(\$224,476)</u>	<u>(\$224,476)</u>	<u>(\$224,476)</u>

**Description of fiscal impact:** HB 441 requires qualified education providers receiving tax credit scholarships to administer assessments identical to those required by the Board of Education for public schools and to provide that information to the Office of Public Instruction (OPI). Additionally, it requires that the OPI create and publish the state-level report cards using the same method as public schools with that information. The cost will be approximately \$317,000 state general fund per year ongoing.

### FISCAL ANALYSIS

**Assumptions:****Office of Public Instruction**

1. HB 441 modifies the definition of a “qualified education provider” to include the administration of identical statewide assessments which are required by the Board of Public Education for public schools and requires information be provided to the OPI to produce a school-level report card.
2. The State of Montana is required to administer state assessments in mathematics, reading or language arts, and science under the federal [Every Student Succeeds Act \(ESSA\)](#).
3. The Board of Public Education adopts rules for student assessments in the public schools and the obligation of funding those assessments is the responsibility of state per Title 10, Chapter 56, ARM ([ARM 10.56.101](#)).

4. The cost of the assessments for private schools are unallowable for federal funding received by the OPI under the ESSA requirements and therefore, this cost would be an obligation of the state general fund.
5. There were 120 private schools with approximately 8,659 enrolled students in FY 2022. State accredited private schools are required under current law to complete the assessments required of public schools. Below is a table of enrollment for accredited private schools and non-accredited private schools.

School Type	Schools	Enrollment
Non-accredited schools	109	7,427
Accredited schools	11	1,232
<b>Total</b>	120	8,659

6. The Smarter Balance assessment is given to grades 3 through 8 and includes English and math at a cost of \$25 per student, the science assessment is given to grades 5 and 8 at a cost of \$50 per student, the American College Testing (ACT) assessment is given to grade 11 and includes math, English, and science at a cost of \$60 per student.
7. Non-accredited private schools do not provide enrollment by grade to the OPI. Enrollments are only reported by grade ranges K-8 and 9-12. Therefore, for purposes of this fiscal note, the assumption is that enrollment will be evenly distributed by grade. The total cost to administer the tests per year to the corresponding grade levels is reflected in the table below:

	K-8 Smarter Balance (6 grades)	K-8 Science Test (2 grades)	9-12 ACT (1 grade)
<b>Private School Enrollment</b>	6,688	6,688	739
<b>Students Per Grade</b>	743	743	185
<b>Total Tests Administered</b>	4,458	1,486	185
<b>Cost of Test</b>	\$25.00	\$50.00	\$60.00
<b>Total Cost per Year</b>	\$111,450	\$74,300	\$11,100

8. Private schools would be required to adhere to testing security rules to conduct the assessments. These testing requirements are provided in the [MontCas Test Security Manual](#).
9. Section 20-3-106(30), MCA, is an added requirement that the Superintendent of Public Instruction produce and publish school-level report cards that are required of public schools under federal law. The federal requirements for school-level report cards as included in the [Every Student Succeeds Act \(ESSA\)](#).
10. In addition to the four assessment report indicators, the state level report card has other additional indicators required to prepare the data. OPI would need an additional 17 per-student data elements, four educator qualification data elements, and information on per pupil expenditures.
11. Accredited private schools currently have access to Infinite Campus to report the required information. The OPI would begin to require the collection of the additional data needed from those schools to prepare state level report cards for those schools.
12. There are 109 non-accredited private schools that would need access to Infinite Campus to report the required information at \$5.95 per student per year for 4,643 students for a total yearly cost of \$27,626. Non-accredited private schools do not provide enrollment by grade only by grade ranges K-8 and 9-12 to the OPI. Therefore, the assumption is that enrollment will be evenly distributed by grade and only access for those students would be needed in Infinite Campus.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$224,476	\$224,476	\$224,476	\$224,476
<b>TOTAL Expenditures</b>	<b>\$224,476</b>	<b>\$224,476</b>	<b>\$224,476</b>	<b>\$224,476</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$224,476	\$224,476	\$224,476	\$224,476
<b>TOTAL Funding of Exp.</b>	<b>\$224,476</b>	<b>\$224,476</b>	<b>\$224,476</b>	<b>\$224,476</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$224,476)	(\$224,476)	(\$224,476)	(\$224,476)

**Technical Notes:**

1. There is a donation of cash that is submitted to a Student Scholarship Organization (SSO). There are currently seven organizations approved to be SSO's. The Qualified Education Provider (QEP) applies for the scholarship directly through the SSO. Section 15-30-3105(b)(iii), MCA, requires that the SSO report the total number and dollar value of scholarships awarded to eligible students. The Department of Revenue publishes data on the education donations that are received by the SSO, but that data source does not include all the information necessary to identify the private school which received the award. It is unclear how the OPI would obtain sufficient information on which private schools received a scholarship. The information available on the DOR website is inadequate.
2. It is unclear if the recipient of a scholarship will always be subject to provide assessments and data for the state level report cards or if it will only be required in years in which scholarships are received.

**NOT SIGNED BY SPONSOR**

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*Sponsor's Initials*                      *Date*                      *Budget Director's Initials*                      *Date*