GREY BILL INCORPORATING ADOPTED SUBCOMMITTEE AMENDMENTS (Red)

SENATE BILL NO. 152

INTRODUCED BY RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING "BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS" AS REQUIRED BY ARTICLE X, SECTION 1(3), OF THE MONTANA CONSTITUTION; IDENTIFYING THE EDUCATIONALLY RELEVANT FACTORS ON WHICH THE BASIC SYSTEM IS ESTABLISHED; PROVIDING A STATEMENT OF LEGISLATIVE GOALS FOR PUBLIC SCHOOLS; REQUIRING THE BOARD OF PUBLIC EDUCATION TO SUBMIT NEW OR PROPOSED AMENDMENTS TO ACCREDITATION STANDARDS TO THE EDUCATION AND LOCAL GOVERNMENT INTERIM COMMITTEE FOR REVIEW AND FOR A DETERMINATION OF FISCAL IMPACT FOR INCLUSION IN THE EXECUTIVE BUDGET; ~~REVISING TERMS RELATING TO THE BASIC EDUCATIONAL PROGRAM~~ REQUIRING THE LEGISLATURE TO DETERMINE THE COSTS OF THE BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS ~~THROUGH STUDIES AUTHORIZED AND CONDUCTED BY THE LEGISLATURE OR THROUGH THE ADOPTION OF ANALYSES FROM EXISTING STUDIES CONDUCTED BY REPUTABLE AND RELIABLE EXPERTS~~; REQUIRING THAT THE LEGISLATURE AUTHORIZE A STUDY EVERY ~~6~~ 10 YEARS TO REASSESS THE EDUCATIONAL NEEDS AND COSTS RELATED TO THE BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS AND INCORPORATE THE RESULTS OF THOSE REASSESSMENTS INTO THE STATE'S FUNDING FORMULA IF NECESSARY; AMENDING ~~SECTIONS 20-5-109, 20-7-111, AND~~ SECTION 20-7-101 AND 20-9-303, MCA; REPEALING SECTIONS 20-2-115 AND 20-9-307, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE ~~AND AN APPLICABILITY DATE~~."

~~WHEREAS, ARTICLE X, SECTION 1, OF THE MONTANA CONSTITUTION STATES, "IT IS THE GOAL OF THE PEOPLE TO ESTABLISH A SYSTEM OF EDUCATION WHICH WILL DEVELOP THE FULL EDUCATIONAL POTENTIAL OF EACH PERSON. EQUALITY OF EDUCATIONAL OPPORTUNITY IS GUARANTEED TO EACH PERSON OF THE STATE"; AND~~

~~WHEREAS, ARTICLE X, SECTION 8, OF THE MONTANA CONSTITUTION STATES, "THE SUPERVISION AND CONTROL OF SCHOOLS IN EACH SCHOOL DISTRICT SHALL BE VESTED IN A BOARD OF~~

~~TRUSTEES TO BE ELECTED AS PROVIDED BY LAW"; AND~~

~~WHEREAS, in adopting Article X, section 1(3), of the 1972 Montana Constitution, which requires the Legislature to provide a basic system of free quality public elementary and secondary schools and to EQUITABLY fund the state's share of the cost of the basic elementary and secondary school system, the framers of the provision, on pages 1961 through 1963 of Volume VI of the Montana Constitutional Convention Verbatim Transcripts, discussed their intent that the basic program of education be determined or established by the Legislature; and~~

~~WHEREAS, in its November 9, 2004, preliminary order affirming the District Court's decision in Columbia Falls Elementary School District No. 6, et al. v. State, Cause No. 04-390 (2004), the Montana Supreme Court determined that the state's current funding system is not based on educationally relevant factors and stated that "[u]ntil such time as the legislature assesses education needs and defines "quality," [the Legislature] is not in a position to construct a funding system rationally related to educationally relevant factors"; and~~

~~WHEREAS, based on the Montana Supreme Court's COURT IN ITS order, it is clear that the court concluded that it is the Legislature's constitutional responsibility to define the components of a "basic system of free quality public elementary and secondary schools" and to identify the educationally relevant factors upon which the state's share of the basic system must be funded; AND~~

~~WHEREAS, A BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS INTENDS TO PROVIDE A QUALITY EDUCATION, WHICH WILL PROMOTE THE FULL DEVELOPMENT OF A STUDENT'S POTENTIAL TO DELIBERATE AND DISCERN, TO ACQUIRE A BROAD KNOWLEDGE BASE, AND TO LEARN INDEPENDENTLY; AND~~

~~WHEREAS, THE GOAL OF A QUALITY EDUCATION IS TO NURTURE DEMOCRATIC, PRODUCTIVE, AND RESPONSIBLE CITZENRY.~~

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~**Section 1.** Section 20-5-109, MCA, is amended to read:~~

~~**"20-5-109. Nonpublic school requirements for compulsory enrollment exemption.**~~

~~To qualify its students for exemption from compulsory enrollment under 20-5-102, a nonpublic or home school shall:~~

~~(1) shall maintain records on pupil attendance and disease immunization and make the records available to the county superintendent of schools on request;~~

~~(2) shall provide at least 180 days of pupil instruction or the equivalent in accordance with 20-1-301 and 20-1-302;~~

~~(3) must be housed in a building that complies with applicable local health and safety regulations;~~

~~(4) shall provide an organized course of study that includes instruction in the subjects required of public schools as a basic instructional educational program pursuant to 20-7-111; and~~

~~(5) in the case of home schools, shall notify the county superintendent of schools, of the county in which the home school is located, in each school fiscal year of the student's attendance at the school."~~

~~**Section 2.** Section 20-7-111, MCA, is amended to read:~~

~~**"20-7-111. Instruction in public schools.** The board of public education shall define and specify the basic instructional educational program for pupils in public schools, and such the program shall must be set forth in the standards of accreditation. Other instruction may be given when approved by the board of trustees."~~

~~**Section 1.** Section 20-9-307, MCA, is amended to read:~~

~~**"20-9-307. Basic system of free quality public elementary and secondary schools defined -- identifying educationally relevant factors -- BASE funding program -- district general fund budget -- funding sources.** (1) A Pursuant to Article X, section 1(3), of the Montana constitution, the legislature is required to establish and maintain a basic system of free quality public elementary and secondary schools and high schools must be established and maintained throughout the state of Montana to provide equality of educational opportunity to all school-age children.~~

~~(2) As used in this section, "basic system of free quality public elementary and~~

1 ~~secondary schools" means:~~
2 ~~(a) (i) the basic educational program specified by the accreditation standards pursuant~~
3 ~~to 20-7-111, WHICH REPRESENT THE MINIMUM STANDARDS UPON WHICH A BASIC SYSTEM OF FREE~~
4 ~~QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IS BUILT; AND~~
5 ~~(II) ANY OTHER REQUIREMENTS IMPOSED ON SCHOOL DISTRICTS BY LOCAL, STATE, OR FEDERAL~~
6 ~~LAW;~~
7 ~~(b) implementation of Indian education for all authorized in Title 20, chapter 1, part 5;~~
8 ~~(c) implementation of educational programs for special needs students, including~~
9 ~~students with disabilities, at-risk students, and gifted and talented students; THAT PROMOTE THE~~
10 ~~FULL DEVELOPMENT OF A STUDENT'S POTENTIAL TO DELIBERATE AND DISCERN, TO ACQUIRE A BROAD~~
11 ~~KNOWLEDGE BASE, AND TO LEARN INDEPENDENTLY. THESE EDUCATIONAL PROGRAMS SHOULD~~
12 ~~ADDRESS THE NEEDS OF THE FULL SPECTRUM OF STUDENTS, INCLUDING BUT NOT LIMITED TO:~~
13 ~~(I) SPECIAL NEEDS STUDENTS;~~
14 ~~(II) STUDENTS WITH DISABILITIES;~~
15 ~~(III) AT-RISK STUDENTS; AND~~
16 ~~(IV) GIFTED AND TALENTED STUDENTS.~~
17 ~~(d) salaries and mandated employee benefits, including health insurance and~~
18 ~~retirement benefits, for district-certified and district-classified employees required to implement~~
19 ~~the programs identified in subsections (2)(a) through (2)(c);~~
20 ~~(e) resources and equipment necessary to provide the programs identified in~~
21 ~~subsections (2)(a) through (2)(c) in a classroom OR OFFSITE setting or, if appropriate, through~~
22 ~~distance, online, and technology-delivered learning programs. Resources and equipment may~~
23 ~~include but are not limited to:~~
24 ~~(i) textbooks, LIBRARY MATERIALS, and other instructional materials;~~
25 ~~(ii) specialized materials and delivery systems for students with special needs; and~~
26 ~~(iii) distance, online, and technology-delivered learning programs.~~
27 ~~(f) inservice training and staff development required to implement the programs~~
28 ~~identified in subsections (2)(a) through (2)(c) in a classroom setting or through distance~~
29 ~~OFFSITE learning;~~
30 ~~(g) capital outlay, including funds necessary for the maintenance, improvement,~~

1 equipping, renovating, or major repair of a school building or facility;
2 (h) transportation of students pursuant to Title 20, chapter 10; and
3 (i) a procedure or method to assess and track student achievement within the basic
4 system of free quality public elementary and secondary schools.
5 (3) In addition to the factors identified in subsection (2), the educationally relevant
6 factors on which the basic system of free quality public elementary and secondary schools is
7 established include:
8 (A) THE NUMBER OF STUDENTS IN A SCHOOL DISTRICT;
9 (a)(B) addressing the needs of ISOLATED schools or AND districts with low BASED ON
10 population density;
11 (b)(C) addressing the needs of at-risk students, including students within a district who
12 are eligible for participation in the free or reduced-price lunch program pursuant to 42 U.S.C.
13 1751, et seq., or students who are eligible to participate in programs serving students with
14 limited English proficiency;
15 (c)(D) the use of research to ensure best educational practices for promoting student
16 achievement;
17 (d)(E) the ability to recruit and retain INCENTIVES TO ENABLE THE RECRUITMENT AND
18 RETENTION OF THE ABILITY TO RECRUIT AND RETAIN qualified teachers in areas of the state
19 SCHOOLS experiencing problems in recruiting and retaining qualified teachers; and
20 (e)(F) the preservation of local control of school districts pursuant to Article X, section
21 8, of the Montana constitution.
22 (2)(4) The state shall assess the costs of the basic system of free quality public
23 elementary and secondary schools and shall, in an equitable manner and based on the
24 educationally relevant factors identified in subsection (3), fund and distribute to the school
25 districts the state's share of the cost of the basic school system of free quality public
26 elementary and secondary schools through BASE aid to support the BASE funding program,
27 state support for reimbursement of transportation and school facilities, and state support for
28 school employee retirement in the manner established in this title.
29 (4) (A) THE LEGISLATURE SHALL DETERMINE THE EDUCATIONAL NEEDS AND COSTS OF THE
30 BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS THROUGH:

1 ~~(I) STUDIES AUTHORIZED AND CONDUCTED BY THE LEGISLATURE; OR~~
2 ~~(II) THE ADOPTION OF ANALYSES OF EDUCATIONAL NEEDS AND COSTS CONTAINED IN EXISTING~~
3 ~~STUDIES COMPLETED BY REPUTABLE AND RELIABLE EXPERTS.~~
4 ~~(B) THE LEGISLATURE SHALL, IN AN EQUITABLE MANNER AND BASED ON THE EDUCATIONALLY~~
5 ~~RELEVANT FACTORS IDENTIFIED IN SUBSECTIONS (2) AND (3), FUND AND DISTRIBUTE TO THE SCHOOL~~
6 ~~DISTRICTS THE STATE'S SHARE OF THE COST OF THE BASIC SYSTEM OF FREE QUALITY PUBLIC~~
7 ~~ELEMENTARY AND SECONDARY SCHOOLS THROUGH BASE AID TO SUPPORT THE BASE FUNDING~~
8 ~~PROGRAM, STATE SUPPORT FOR REIMBURSEMENT OF TRANSPORTATION AND SCHOOL FACILITIES, AND~~
9 ~~STATE SUPPORT FOR SCHOOL EMPLOYEE RETIREMENT IN THE MANNER ESTABLISHED IN THIS TITLE.~~
10 ~~(5) EVERY 6 YEARS FOLLOWING [THE EFFECTIVE DATE OF THIS ACT], THE LEGISLATURE SHALL:~~
11 ~~(A) AUTHORIZE A STUDY TO REASSESS THE EDUCATIONAL NEEDS AND COSTS RELATED TO THE~~
12 ~~BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS; AND~~
13 ~~(B) INCORPORATE THE RESULTS OF THOSE ASSESSMENTS INTO THE STATE'S FUNDING~~
14 ~~FORMULA.~~
15 ~~(3)~~(5)~~(6) The budgetary vehicle for achieving the financing system established in~~
16 ~~subsection (2)~~ (4) ~~is the general fund budget of the school district. The purpose of the district~~
17 ~~general fund budget is to finance those instructional, administrative, facility maintenance, and~~
18 ~~other operational~~ the ~~costs~~ ~~of the basic system of free quality public elementary and secondary~~
19 ~~schools, including annual inflation-related adjustments provided for in 20-9-326,~~ ~~of a district~~
20 ~~not financed by other funds established for special purposes in this title.~~
21 ~~(4)~~(6)~~(7) The BASE funding program for the districts in the state is financed by a~~
22 ~~combination of the following sources:~~
23 ~~(a) county equalization money, as provided in 20-9-331 and 20-9-333;~~
24 ~~(b) state equalization aid, as provided in 20-9-343, including guaranteed tax base aid~~
25 ~~for eligible districts, as provided in 20-9-366 through 20-9-369;~~
26 ~~(c) appropriations for special education;~~
27 ~~(d) a district levy, as provided in 20-9-303, for support of a school not approved as an~~
28 ~~isolated school under the provisions of 20-9-302; and~~
29 ~~(e) district levies or other revenue, as provided by 20-9-308 and 20-9-353.~~
30

1 ~~NEW SECTION. **Section 2. Effective date -- applicability.** [This act] is effective July~~
2 ~~1, 2005, and applies to the school fiscal years beginning on or after July 1, 2006.~~
3 NEW SECTION. **SECTION 1. LEGISLATIVE GOALS FOR PUBLIC ELEMENTARY AND**
4 **SECONDARY SCHOOLS.** IT IS THE GOAL OF THE LEGISLATURE THAT MONTANA'S PUBLIC ELEMENTARY
5 AND SECONDARY SCHOOL SYSTEM, IN COOPERATION WITH PARENTS OR GUARDIANS, CREATE A
6 LEARNING ENVIRONMENT THAT IN EACH STUDENT:
7 (1) FURTHERS THE ABILITY TO REASON CRITICALLY AND CREATIVELY;
8 (2) FOSTERS THE ABILITY TO EFFECTIVELY COMMUNICATE IDEAS, KNOWLEDGE, AND
9 THOUGHTS;
10 (3) DEVELOPS A SENSE OF PERSONAL AND CIVIC RESPONSIBILITY;
11 (4) DEVELOPS EMPLOYMENT SKILLS; AND
12 (5) ENCOURAGES A HEALTHY LIFESTYLE.
13 NEW SECTION. **SECTION 2. BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND**
14 **SECONDARY SCHOOLS DEFINED -- IDENTIFYING EDUCATIONALLY RELEVANT FACTORS --**
15 **ESTABLISHMENT OF FUNDING FORMULA AND BUDGETARY STRUCTURE -- LEGISLATIVE REVIEW.** (1)
16 PURSUANT TO ARTICLE X, SECTION 1, OF THE MONTANA CONSTITUTION, THE LEGISLATURE IS
17 REQUIRED TO PROVIDE A BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY
18 SCHOOLS THROUGHOUT THE STATE OF MONTANA THAT WILL GUARANTEE EQUALITY OF EDUCATIONAL
19 OPPORTUNITY TO ALL.
20 (2) AS USED IN THIS SECTION, A "BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND
21 SECONDARY SCHOOLS" MEANS:
22 (A) THE EDUCATIONAL PROGRAM SPECIFIED BY THE ACCREDITATION STANDARDS PROVIDED
23 FOR IN 20-7-111, WHICH REPRESENT THE MINIMUM STANDARDS UPON WHICH A BASIC SYSTEM OF
24 FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS IS BUILT;
25 (B) EDUCATIONAL PROGRAMS TO PROVIDE FOR STUDENTS WITH SPECIAL NEEDS OR
26 DISABILITIES, AT-RISK STUDENTS, STUDENTS WITH LIMITED ENGLISH PROFICIENCY, AND GIFTED AND
27 TALENTED STUDENTS;
28 (C) EDUCATIONAL PROGRAMS TO IMPLEMENT THE PROVISIONS OF ARTICLE X, SECTION 1(2),
29 OF THE MONTANA CONSTITUTION, THROUGH CURRICULA DEVELOPMENT DESIGNED TO INTEGRATE
30 THE DISTINCT AND UNIQUE CULTURAL HERITAGE OF AMERICAN INDIANS INTO THE CURRICULA, WITH

1 PARTICULAR EMPHASIS ON MONTANA INDIANS;
2 (D) QUALIFIED, WELL-TRAINED, AND EFFECTIVE TEACHERS, STAFF, AND ADMINISTRATORS TO
3 IMPLEMENT THE PROGRAMS IN SUBSECTIONS (2)(A) THROUGH (2)(C);
4 (E) FACILITIES AND ONSITE DISTANCE LEARNING TECHNOLOGIES;
5 (F) TRANSPORTATION OF STUDENTS PURSUANT TO TITLE 20, CHAPTER 10;
6 (G) A PROCEDURE TO ASSESS AND TRACK STUDENT ACHIEVEMENT IN THE PROGRAMS
7 ESTABLISHED PURSUANT TO SUBSECTIONS (2)(A) THROUGH (2)(C); AND
8 (H) PRESERVATION OF LOCAL CONTROL OF SCHOOL BOARDS PURSUANT TO ARTICLE X,
9 SECTION 8, OF THE MONTANA CONSTITUTION.
10 (3) IN DEVELOPING A MECHANISM TO FUND THE BASIC SYSTEM OF FREE QUALITY PUBLIC
11 ELEMENTARY AND SECONDARY SCHOOLS, THE LEGISLATURE SHALL, AT A MINIMUM, CONSIDER THE
12 FOLLOWING EDUCATIONALLY RELEVANT FACTORS IN MAKING ADJUSTMENTS TO THE FUNDING
13 FORMULA:
14 (A) THE NUMBER OF STUDENTS IN A DISTRICT;
15 (B) THE NEEDS OF ISOLATED SCHOOLS AND SCHOOL DISTRICTS WITH LOW POPULATION
16 DENSITY;
17 (C) THE NEEDS OF URBAN SCHOOL DISTRICTS AND SCHOOL DISTRICTS WITH HIGH POPULATION
18 DENSITY;
19 (D) THE NEEDS OF AT-RISK STUDENTS, STUDENTS WITH SPECIAL NEEDS OR DISABILITIES,
20 STUDENTS WITH LIMITED ENGLISH PROFICIENCY, AND GIFTED AND TALENTED STUDENTS;
21 (E) THE NEEDS OF AMERICAN INDIAN STUDENTS; AND
22 (F) THE ABILITY OF SCHOOL DISTRICTS TO ATTRACT AND RETAIN QUALIFIED EDUCATORS AND
23 OTHER PERSONNEL.
24 (4) BY JULY 1, 2007, THE LEGISLATURE SHALL:
25 (A) DETERMINE THE COSTS OF PROVIDING THE BASIC SYSTEM OF FREE QUALITY PUBLIC
26 ELEMENTARY AND SECONDARY SCHOOLS;
27 (B) ESTABLISH A FUNDING FORMULA THAT:
28 (I) IS BASED ON THE DEFINITION OF A BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY
29 AND SECONDARY SCHOOLS;
30 (II) ALLOWS THE LEGISLATURE TO ADJUST THE FUNDING FORMULA BASED ON THE

1 EDUCATIONALLY RELEVANT FACTORS IDENTIFIED IN THIS SECTION;
2 (III) IS SELF-EXECUTING AND INCLUDES A MECHANISM FOR ANNUAL INFLATIONARY
3 ADJUSTMENTS; AND
4 (IV) DISTRIBUTES TO SCHOOL DISTRICTS IN AN EQUITABLE MANNER THE STATE'S SHARE OF
5 THE COSTS OF THE BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS;
6 AND
7 (C) CONSOLIDATE THE BUDGETARY FUND STRUCTURE TO CREATE THE NUMBER AND TYPES OF
8 FUNDS NECESSARY TO PROVIDE SCHOOL DISTRICTS WITH THE GREATEST BUDGETARY FLEXIBILITY
9 WHILE ENSURING ACCOUNTABILITY AND EFFICIENCY.
10 (5) EVERY 10 YEARS FOLLOWING [THE EFFECTIVE DATE OF THIS ACT], THE LEGISLATURE
11 SHALL:
12 (A) AUTHORIZE A STUDY TO REASSESS THE EDUCATIONAL NEEDS AND COSTS RELATED TO THE
13 BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS; AND
14 (B) IF NECESSARY, INCORPORATE THE RESULTS OF THOSE ASSESSMENTS INTO THE STATE'S
15 FUNDING FORMULA."
16 **Section 3.** Section 20-7-101, MCA, is amended to read:
17 "20-7-101. Standards of accreditation. (1) Standards of accreditation for all schools
18 ~~shall~~ MUST be adopted by the board of public education upon the recommendations of the
19 superintendent of public instruction.
20 (2) PRIOR TO ADOPTION OR AMENDMENT OF ANY ACCREDITATION STANDARD, THE BOARD
21 SHALL SUBMIT EACH PROPOSAL TO THE EDUCATION AND LOCAL GOVERNMENT INTERIM COMMITTEE
22 FOR REVIEW. THE INTERIM COMMITTEE SHALL REQUEST A FISCAL ANALYSIS TO BE PREPARED BY THE
23 LEGISLATIVE FISCAL DIVISION. THE LEGISLATIVE FISCAL DIVISION SHALL PROVIDE ITS ANALYSIS TO THE
24 INTERIM COMMITTEE AND TO THE OFFICE OF BUDGET AND PROGRAM PLANNING TO BE USED IN THE
25 PREPARATION OF THE EXECUTIVE BUDGET.
26 (3) IF THE FISCAL ANALYSIS OF THE PROPOSAL IS FOUND BY THE LEGISLATIVE FISCAL DIVISION
27 TO HAVE A SUBSTANTIAL FISCAL IMPACT, THE BOARD MAY NOT IMPLEMENT THE STANDARD UNTIL JULY
28 1 FOLLOWING THE NEXT REGULAR LEGISLATIVE SESSION AND SHALL REQUEST THE NEXT LEGISLATURE
29 TO FUND IMPLEMENTATION OF THE PROPOSED STANDARD. A SUBSTANTIAL FISCAL IMPACT IS AN
30 AMOUNT THAT CANNOT BE READILY ABSORBED IN THE BUDGET OF AN EXISTING SCHOOL DISTRICT

PROGRAM.

~~(2)~~(4) Standards for the retention of school records must be as provided in 20-1-212."

{Internal References to 20-7-101:

x20-2-121 x20-3-106}"

Section 4. Section 20-9-303, MCA, is amended to read:

"20-9-303. Nonisolated school BASE budget funding -- special education funds. (1) An elementary school that has an ANB of nine or fewer pupils for 2 consecutive years and that is not approved as an isolated school under the provisions of 20-9-302 may budget and spend the BASE budget amount, but the county and state shall provide one-half of the direct state aid, and the district shall finance the remaining one-half of the direct state aid by a tax levied on the property of the district. When a school of nine or fewer pupils is approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of the total amount of the direct state aid.

(2) Funds provided to support the special education program may be expended only for special education purposes as approved by the superintendent of public instruction in accordance with the special education budgeting provisions of this title. Expenditures for special education must be accounted for separately from and in addition to the balance of the school district general fund budgeting requirements provided in ~~20-9-307 and~~ 20-9-308. The amount of the special education allowable cost payments that is not matched with district funds, as required in 20-9-321, will reduce by a like amount the district's ensuing year's allowable cost payment for special education."

{Internal References to 20-9-303:

x20-9-141 x20-9-141 R20-9-307}"

SECTION 5. REPEALER. SECTIONS 20-2-115 AND 20-9-307, MCA, ARE REPEALED.

{Internal References to 20-2-115: None.

Internal References to 20-9-307: A20-9-303}"

SECTION 6. CODIFICATION INSTRUCTION. [SECTIONS 1 AND 2] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 20, AND THE PROVISIONS OF TITLE 20 APPLY TO [SECTIONS 1 AND 2]."

SECTION 7.. EFFECTIVE DATE. [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL."

- END -