



# MTSBA

"...fostering excellence in public education through school board leadership."

TO: Senate Education Committee

FROM: *Lance L. Melton*  
Lance L. Melton, Executive Director  
Montana School Boards Association

SENATE EDUCATION  
EXHIBIT NO. 15  
DATE 1-17-05  
BILL NO. SB-

RE: SB 177

DATE: Monday, January 17, 2005

The Montana School Boards Association appreciates Senator Ryan's introduction of SB 177. It is important to note that though the Governor has established a budget for the entitlement and other increases for K-12 public education, the increases for the entitlements require legislation covering the sections of law amended by SB 177. Without such a bill, the entitlement increases specified in the Governor's budget cannot be implemented into law. As such, SB 177 provides the Senate Education committee with a key vehicle for addressing the funding need of schools over the coming years.

SB 177 has some beneficial aspects that would assist in mitigating much of the looming financial harm most school districts in the state face. It does not address funding in a manner that would eliminate such harm, but it is certainly better than no increase in the entitlements.

SB 177 should go much further than a temporary, one year infusion into the formula as presently drafted. In fact, school districts around the state are in dire need of much more assistance than the amounts reflected in SB 177 and/or the Governor's budget. MTSBA is a member of the Montana Quality Education Coalition, and we have worked closely within that group to identify the necessary amounts that would help most school districts in the state deal with their looming budgetary issues. MQEC has focused on a proposal that would:

1. increase the per-anb entitlements in the first year of the biennium by \$300 for both elementary and high school;
2. increase the per-anb entitlements in the second year of the biennium by \$200 for both elementary and high school; and
3. increase the state's share of funding for schools under the DSA to 48% to ensure against an increase in district property taxes over the next two years.

The short term priorities specified above, in combination with passage of separate proposals to support Indian Education for All and a statewide health insurance plan, represent the funding priorities of the Montana School Boards Association and others in the 2005 Legislative Session.

Additional Issues in SB 177

- There is a conflict in SB 177 between the title and section 2 of the bill, which specify that enrollment averaging would apply for districts with increasing enrollments, and section 1 of the bill, which provides that ANB is calculated using "either the current year ANB or the 3-year ANB". This conflict should be resolved in favor of NOT applying enrollment averaging to districts with increasing enrollments.
- Because there is no other current vehicle for funding the Governor's budget proposal for K-12 public education, SB 177 should at least be amended to provide for the funding levels anticipated in the Governor's budget. This would require additional amendments to Section 1 of the bill, and an additional section to the bill amending 20-9-306 to provide for the funding increases in the Governor's budget for purposes of FY06 and thereafter.
- Regardless of what amounts are provided to increase the Basic and Per-ANB entitlements, MTSBA supports an amendment to provide for school districts that are unified or that are part of a joint board to coordinate their state-level funding with each other. K-12 school districts already enjoy that benefit, which allows a school district to address the needs of all children with all the funding provided. I have attached language that would accomplish this goal, which would allow school districts to ensure the stable distribution of funds necessary to preserve quality from Kindergarten through the 12<sup>th</sup> grade.
- SB 177 should also be amended to address the impending disaster faced by school districts with budgets that are over the maximum allowed by law. Several of these school districts will be facing significant budget shortfalls in the next 2-3 years if present law is not amended to allow them to stay over maximum until the state finishes its work on addressing the Court's order under Columbia Falls Elementary v. State. I have attached language that would accomplish this goal.

MTSBA has conducted a survey of its members on a variety of legislative issues, including several issues relating to funding of the immediate relief package of MQEC. The survey results are illuminating and show strong support for MQEC's efforts and plans. I have attached a copy of the survey results for the information of the Senate Education Committee.

MTSBA appreciates Senator Ryan's efforts in pursuing increased funding for our schools, and hopes that the Senate Education Committee will use SB 177 carefully to ensure that necessary funding and language adjustments to the formula are implemented.

Thanks

SENATE BILL NO. 177  
INTRODUCED BY D. RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CERTAIN SCHOOL FINANCE LAWS; INCREASING THE PER-ANB ENTITLEMENTS FOR PUBLIC SCHOOLS BY \$250 OVER THE PRESENT LAW ADJUSTMENTS FOR SCHOOL FISCAL YEAR 2006; PROVIDING FOR PRESENT LAW ADJUSTMENTS TO THE BASIC AND PER-ANB ENTITLEMENTS; PROVIDING FOR 3-YEAR AVERAGING OF ANB FOR SCHOOL DISTRICTS WITH DECLINING ~~AND INCREASING~~ ENROLLMENT FOR SCHOOL FISCAL YEAR 2006 AND THEREAFTER; PROVIDING FOR UNIFIED AND JOINT BOARD INTERDISTRICT SCHOOL AGREEMENTS TO ENSURE FLEXIBILITY IN FUNDING TO LOCAL SCHOOL DISTRICTS; PRESERVING THE ADOPTED BUDGETS OF SCHOOL DISTRICTS WITH BUDGETS OVER THE MAXIMUM BUDGET PURSUANT TO 20-9-308, MCA; AMENDING SECTIONS 20-9-306, 20-9-311, 20-9-308, AND 20-9-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATES, AN APPLICABILITY DATES, AND A TERMINATION DATE."

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

**Section 1.** Section 20-9-306, MCA, is amended to read:

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

- (1) "BASE" means base amount for school equity.
- (2) "BASE aid" means:
  - (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district; and
  - (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment.
- (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education

allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~\$220,646~~ 225,273 for each high school district;

(b) ~~\$19,859~~ 20,275 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(i) ~~\$19,859~~ 20,275 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) ~~\$220,646~~ 225,273 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

———(7)(8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

———(8)(9) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

—(9)(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

—(10)(11) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,371~~ \$5,621 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~\$4,031~~ \$4,281 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~\$4,031~~ \$4,281 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$5,371~~ \$5,621 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB."

**SECTION 2. SECTION 20-9-306, MCA, IS AMENDED TO READ:**

**"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) ~~\$220,646~~ 230,199 for each high school district;

(b) ~~\$19,859~~ 20,718 for each elementary school district or K-12 district elementary program without an approved and accredited junior high school or middle school; and

(c) the prorated entitlement for each elementary school district or K-12 district elementary program with an approved and accredited junior high school or middle school, calculated as follows using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(i) ~~\$19,859~~ 20,718 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten through grade 8; plus

(ii) ~~\$220,646~~ 230,199 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade 8.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

——(7)(8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

——(8)(9) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district, and

the greater of:

(a) 175% of special education allowable cost payments; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

~~(9)~~(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

~~(10)~~(11) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$5,371~~ \$5,739 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school or middle school, a maximum rate of ~~\$4,031~~ \$4,371 for the first ANB is decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school or middle school, the sum of:

(i) a maximum rate of ~~\$4,031~~ \$4,371 for the first ANB for kindergarten through grade 6 is decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of ~~\$5,371~~ \$5,739 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB."

**Section 2 3.** Section 20-9-311, MCA, is amended to read:

**"20-9-311. Calculation of average number belonging (ANB) = 3-year averaging. (1)**

Average number belonging (ANB) must be computed for each budget unit as follows:

(a) compute an average enrollment by adding a count of regularly enrolled full-time pupils who were enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils on February 1 of the prior school fiscal year, or the next school day if those dates do not fall on a school day, and divide the sum by two; and

(b) multiply the average enrollment calculated in subsection (1)(a) by the sum of the pupil-instruction and the approved pupil-instruction-related days for the current school fiscal year and divide by 180.

(2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-related days may be included in the calculation.

(3) When a school district has approval to operate less than 180 school days under 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

(4) Enrollment for a part of a morning session or a part of an afternoon session by a pupil must be counted as enrollment for one-half day.

(5) In calculating the ANB for pupils enrolled in a program established under 20-7-117(1), enrollment at a regular session of the program for at least 2 hours of either a morning or an afternoon session must be counted as one-half pupil for ANB purposes. The ANB for a kindergarten student may not exceed one-half for each kindergarten pupil.

(6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school days, the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil resumes attendance prior to the day of the enrollment count.

(7) The enrollment of prekindergarten pupils, as provided in 20-7-117, may not be included in the ANB calculations.

(8) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the district, except that the ANB is calculated as a separate budget unit when:

(a) (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled, full-time pupils of the school must be calculated separately as a separate budget unit for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(ii) a school of the district is located more than 20 miles from any other school of the district and incorporated territory is not involved in the district, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district;

(iii) the superintendent of public instruction approves an application not to aggregate when conditions exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any other condition exists that would result in an unusual hardship to the pupils of the school if they were transported to another school, the number of regularly enrolled, full-time pupils of the school must be calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated separately from the other schools of the district; or

(iv) two or more elementary districts consolidate or annex under the provisions of 20-6-203, 20-6-205, or 20-6-208, two or more high school districts consolidate or annex under the provisions of 20-6-315 or 20-6-317, or two or more K-12 districts consolidate or annex under Title 20, chapter 6, part 4, the ANB and the basic entitlements of the component districts must be calculated separately for a period of 3 years following the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3 additional years as follows:

- (A) 75% of the basic entitlement for the fourth year;
- (B) 50% of the basic entitlement for the fifth year; and
- (C) 25% of the basic entitlement for the sixth year.

(b) a junior high school has been approved and accredited as a junior high school, all of the regularly enrolled, full-time pupils of the junior high school must be considered as high school district pupils for ANB purposes;

(c) a middle school has been approved and accredited, all pupils below the 7th grade must be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school are not eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the BASE funding program for the district.

(9) The district shall provide the superintendent of public instruction with semiannual reports of school attendance, absence, and enrollment for regularly enrolled students, using a format

determined by the superintendent.

(10) (a) After calculating a district's basic entitlement and total per-ANB entitlement using the 3-year ANB, the calculation must MAY be used for general fund budgeting and funding purposes for school districts in existence for 3 years or more.

(b) The ANB of a school district that has existed less than 3 years must be calculated using the current year ANB enrollment.

(11) The term "3-year ANB" means an average ANB over the most recent 3-year period, calculated by:

(a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the previous 2 school fiscal years; and

(b) dividing the sum calculated under subsection (11)(a) by three."

**Section 3-4.** Section 20-9-314, MCA, is amended to read:

**"20-9-314. Procedures for determining eligibility and amount of increased average number belonging due to unusual enrollment increase.** A district that anticipates an unusual increase in enrollment in the ensuing school fiscal year, as provided for in 20-9-313(4), may increase its basic entitlement and total per-ANB entitlement for the ensuing school fiscal year in accordance with the following provisions:

(1) Prior to June 1, the district shall estimate the elementary or high school enrollment to be realized during the ensuing school fiscal year, based on as much factual information as may be available to the district.

(2) No later than June 1, the district shall submit its application for an unusual enrollment increase by elementary or high school level to the superintendent of public instruction. The application must include:

(a) the enrollment for the current school fiscal year;

(b) the average number belonging used to calculate the basic entitlement and total per-ANB entitlement for the current school fiscal year;

(c) the average number belonging that will be used to calculate the basic entitlement and total per-ANB entitlement for the ensuing school fiscal year;

(d) the estimated enrollment, including the factual information on which the estimate is based, as provided in subsection (1); and

(e) any other information or data that may be requested by the superintendent of public instruction.

(3) The superintendent of public instruction shall immediately review all the factors of the application and shall approve or disapprove the application or adjust the estimated average number belonging for the ensuing ANB calculation period. After approving an estimate with or without adjustment, the superintendent of public instruction shall:

(a) determine the percentage increase by which the estimated enrollment increase exceeds the current enrollment used for determining the 3-year ANB provided for in 20-9-311; and

(b) approve an increase of the average number belonging used to establish the ensuing year's basic entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection (3)(a) is at least 6%.

(4) The superintendent of public instruction shall notify the district of the decision by the fourth Monday in June.

(5) Whenever an unusual enrollment increase is approved by the superintendent of public instruction, the increase of the average number belonging used to establish the basic entitlement and total per-ANB entitlement for the ensuing ANB calculation period is the difference between the determined using the estimated enrollment for the ensuing school fiscal year and 106% of the current enrollment. The amount determined is the maximum allowable increase added to the average number belonging for the purpose of establishing the ensuing year's basic entitlement and total per-ANB entitlement 6% of the enrollment for the 3-year ANB provided for in 20-9-311.

(6)(a) Any entitlement increases resulting from provisions of this section must be reviewed at the end of the ensuing school fiscal year.

(b) If the actual enrollment is less than the average number belonging used for BASE funding program and entitlement calculations the estimated enrollment under subsection (2)(d), the superintendent of public instruction shall revise the ANB used to establish the total per-ANB entitlement and basic entitlement calculations using the actual average number belonging enrollment for the ensuing school fiscal year minus 6% of the enrollment used to calculate the 3-year ANB provided for in 20-9-311.

(c) All total per-ANB entitlements received by the district in excess of the revised entitlements calculated in subsection (6)(b) are overpayments subject to the refund provisions of 20-9-344(4)."

**SECTION 5. SECTION 20-9-308, MCA, IS AMENDED TO READ:**

20-9-308. BASE budgets and maximum general fund budgets. (1) The trustees of a district shall adopt a general fund budget that is at least equal to the BASE budget established for the district and, except as provided in subsection (3), does not exceed the maximum general fund budget established for the district.

(2) Whenever the trustees of a district adopt a general fund budget that exceeds the BASE budget for the district but does not exceed the maximum general fund budget for the district, the trustees shall submit a proposition to the electors of the district, as provided in 20-9-353.

(3) (a) (i) Except as provided in subsection (3)(a)(ii) AND (3)(B), the trustees of a school district whose previous year's general fund budget exceeds the current year's maximum general fund budget amount may adopt a general fund budget up to the maximum general fund budget amount or the previous year's general fund budget, whichever is greater. EXCEPT AS OTHERWISE PROVIDED IN (3)(B), a school district may adopt a budget under the criteria of this subsection (3)(a)(i) for a maximum of 5 consecutive years, but the trustees shall adopt a plan to reach the maximum general fund budget by no later than the end of the 5-year period. EXCEPT AS OTHERWISE PROVIDED IN (3)(B), a school district whose adopted general fund budget for the previous year exceeds the maximum general fund budget for the current year and whose ANB for the previous year exceeds the ANB for the current year by 30% or more shall reduce its adopted budget by:

(A) in the first year, 20% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

(B) in the second year, 25% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

(C) in the third year, 33.3% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year;

(D) in the fourth year, 50% of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year; and

(E) in the fifth year, the remainder of the range between the district's adopted general fund budget for the previous school fiscal year and the maximum general fund budget for the current school fiscal year.

(ii) EXCEPT AS OTHERWISE PROVIDED IN (3)(B), the trustees of a district whose general

fund budget was above the maximum general fund budget established by Chapter 38, Special Laws of November 1993, and whose general fund budget has continued to exceed the district's maximum general fund budget in each school fiscal year after school fiscal year 1993 may continue to adopt a general fund budget that exceeds the maximum general fund budget. However, the budget adopted for the current year may not exceed the lesser of:

- (A) the adopted budget for the previous year; or
- (B) the district's maximum general fund budget for the current year plus the over maximum budget amount adopted for the previous year.

(B) A SCHOOL DISTRICT THAT ADOPTED A BUDGET OVER ITS MAXIMUM UNDER ANY PROVISION OF SUBSECTION (3) AT ANY TIME FROM FISCAL YEAR 2001 TO FISCAL YEAR 2005 MAY ADOPT THE GREATER OF ITS MAXIMUM GENERAL FUND BUDGET FOR THE APPLICABLE YEAR OF ADOPTION OR THE HIGHEST ACTUAL BUDGET ADOPTED DURING THE TIME PERIOD RANGING FROM FISCAL YEAR 2001 TO FISCAL YEAR 2005, AND MAY CONTINUE TO ADOPT SUCH BUDGET FROM YEAR TO YEAR THEREAFTER UNTIL A NEW SCHOOL FINANCE FORMULA IS ADOPTED IN LAW IN COMPLIANCE WITH THE MONTANA SUPREME COURT'S RULING IN COLUMBIA FALLS ELEMENTARY ET AL., V. STATE OF MONTANA (2004).

(b) (C) The trustees of the district shall submit a proposition to raise any general fund budget amount that is in excess of the maximum general fund budget for the district to the electors who are qualified under 20-20-301 to vote on the proposition, as provided in 20-9-353.

- (4) The BASE budget for the district must be financed by the following sources of revenue:
  - (a) state equalization aid, as provided in 20-9-343, including any guaranteed tax base aid for which the district may be eligible, as provided in 20-9-366 through 20-9-369;
  - (b) county equalization aid, as provided in 20-9-331 and 20-9-333;
  - (c) a district levy for support of a school not approved as an isolated school under the provisions of 20-9-302;
  - (d) payments in support of special education programs under the provisions of 20-9-321;
  - (e) nonlevy revenue, as provided in 20-9-141; and
  - (f) a BASE budget levy on the taxable value of all property within the district.
- (5) The over-BASE budget amount of a district must be financed by a levy on the taxable value of all property within the district or other revenue available to the district, as provided in 20-9-141.

History: En. Sec. 3, Ch. 633, L. 1993; amd. Sec. 2, Ch. 38, Sp. L. November 1993; amd. Secs. 6, 10(2), Ch. 514, L. 1999; amd. Sec. 1, Ch. 146, L. 2001; amd. Sec. 15, Ch. 237, L. 2001.

**NEW SECTION. SECTION 6. NEW SECTION. UNIFIED AND JOINT BOARD  
INTERDISTRICT SCHOOL AGREEMENTS**

**(1) THE TRUSTEES OF ANY TWO DISTRICTS THAT HAVE UNIFIED PURSUANT TO 20-6-312, MCA, OR THAT HAVE CREATED A JOINT BOARD PURSUANT TO 20-3-361, MCA, MAY ENTER INTO AN INTERDISTRICT AGREEMENT TO PROVIDE FOR THE JOINT FUNDING OF THE OPERATIONS AND MAINTENANCE FOR BOTH DISTRICTS UPON SUCH TERMS AND CONDITIONS AS MAY BE MUTUALLY AGREED TO BY SUCH DISTRICTS, SUBJECT TO THE CONDITIONS OF THIS SECTION. ANY SUCH AGREEMENT MUST BE APPROVED BY A VOTE OF THE BOARD OF TRUSTEES IN BOTH DISTRICTS.**

**(2) IN FUNDING THE EXPENDITURES REQUIRED UNDER SUCH CONTRACT, ALL FINANCIAL SUPPORT OF THE AGREEMENT MAY BE TRANSFERRED TO THE INTERLOCAL COOPERATIVE FUND AS SPECIFIED IN 20-9-703 AND 20-9-704 FROM ANY FUND MAINTAINED BY EITHER DISTRICT. TRANSFERS TO THE INTERLOCAL COOPERATIVE FUND FROM EACH PARTICIPATING SCHOOL DISTRICT ARE LIMITED TO AN AMOUNT NOT TO EXCEED THE TOTAL FUNDS PROVIDED FROM STATE OR FEDERAL SOURCES IN SUPPORT OF THE RESPECTIVE SCHOOL DISTRICT'S BUDGETED AND NON-BUDGETED FUNDS.**

**(3) EXPENDITURES FROM THE INTERLOCAL COOPERATIVE FUND UNDER THIS SECTION SHALL BE LIMITED TO THOSE EXPENDITURES WHICH ARE COMPARABLE TO THOSE THAT ARE PERMITTED BY LAW TO BE MADE OUT OF THE FUND FROM WHICH THE TRANSFER WAS MADE AND WHICH ARE WITHIN THE FINAL BUDGET**

FOR THE FUND FROM WHICH THE TRANSFER WAS MADE.

NEW SECTION. Section 67. Effective date – applicability.

(1) [This act SECTION 1] is effective on passage and approval, and applies to school budgets for the school fiscal year beginning July 1, 2005.

(2) [SECTION 2] IS EFFECTIVE JULY 1, 2006 AND APPLIES TO SCHOOL BUDGETS FOR THE SCHOOL FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2006.

(3) [SECTIONS 3 THROUGH 6] ARE EFFECTIVE ON JULY 1, 2005, AND APPLY TO SCHOOL FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2005.

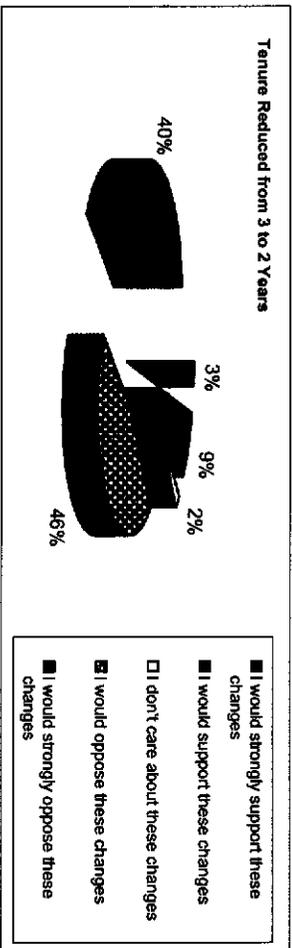
(4) [THIS SECTION] IS EFFECTIVE ON PASSAGE AND APPROVAL.

NEW SECTION. Section 78. Termination. [This act SECTION 1] terminates June 30, 2006.

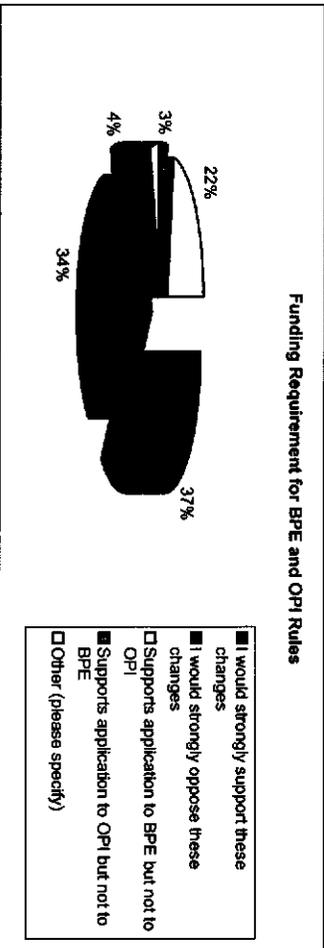
- END -

**MTSBA Legislative Issues Survey - Responses Since Distribution on November 24 as of December 1**

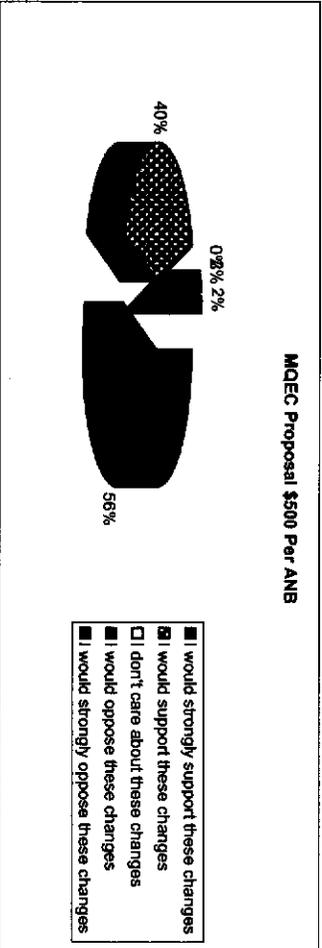
<b>Tenure Reduced from 3 to 2 Years</b>	<b>Response Total</b>
I would strongly support these changes	3
I would support these changes	9
I don't care about these changes	2
I would oppose these changes	45
I would strongly oppose these changes	40
<b>Total Respondents</b>	<b>99</b>



<b>Funding Requirement Before Implementation of BPE or OPI Rules</b>	<b>Response Total</b>
I would strongly support these changes	36
I would strongly oppose these changes	34
Supports application to BPE but not to OPI	4
Supports application to OPI but not to BPE	3
Other (please specify)	22
<b>Total Respondents</b>	<b>99</b>



<b>MQEC Funding Proposal \$500 Per ANB</b>	<b>Response Total</b>
I would strongly support these changes	55
I would support these changes	40
I don't care about these changes	0
I would oppose these changes	2
I would strongly oppose these changes	2
<b>Total Respondents</b>	<b>99</b>



**MQEC Funding Proposal K-12**

**Flexibility**

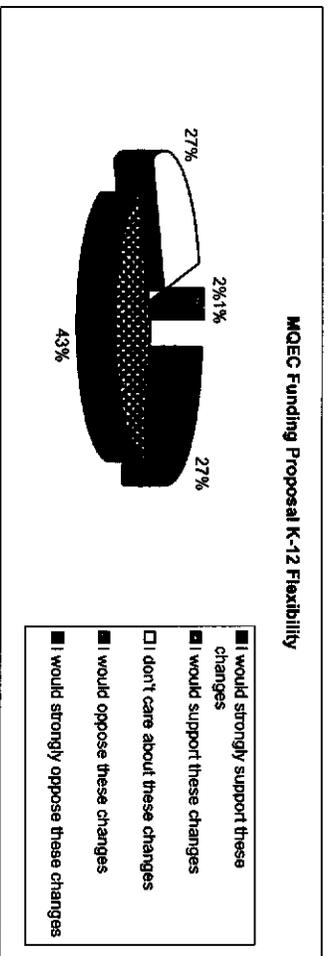
- | would strongly support these changes
- | would support these changes
- | don't care about these changes
- | would oppose these changes
- | would strongly oppose these changes

Total Respondents

**Response Total**

- 27
- 42
- 27
- 2
- 1

99



**MQEC Funding Proposal DSA Increase**

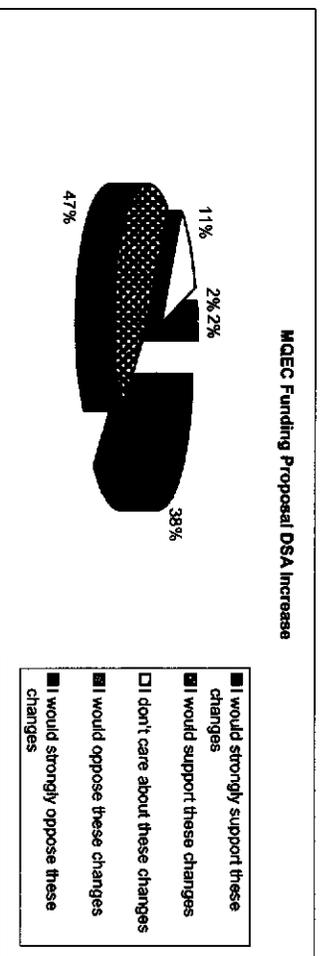
- | would strongly support these changes
- | would support these changes
- | don't care about these changes
- | would oppose these changes
- | would strongly oppose these changes

Total Respondents

**Response Total**

- 38
- 46
- 11
- 2
- 2

99



**MQEC Funding Proposal Health Plan**

- | would strongly support these changes
- | would support these changes
- | don't care about these changes
- | would oppose these changes
- | would strongly oppose these changes

Total Respondents

**Response Total**

- 38
- 44
- 6
- 6
- 5

99

