

Amendments to Senate Bill No. 177
1st Reading Copy

Requested by Senator Don Ryan

For the Senate Education and Cultural Resources Committee

Prepared by Connie Erickson
February 4, 2005 (1:31pm)

1. Title, line 4.

Following: "LAWS;"

Insert: "PROVIDING FOR UNIFIED AND JOINT SCHOOL BOARD
INTERDISTRICT AGREEMENTS; REQUIRING INFLATION-RELATED
ADJUSTMENTS TO SCHOOL DISTRICT BASIC ENTITLEMENTS AND PER-
ANB ENTITLEMENTS;"

2. Title, line 5.

Strike: "PUBLIC"

Insert: "ELEMENTARY"

Following: "\$250"

Insert: "AND FOR HIGH SCHOOLS BY \$50"

Following: "2006;"

Insert: "EXTENDING THE TIME PERIOD IN WHICH A SCHOOL DISTRICT CAN
ADOPT A GENERAL FUND BUDGET THAT EXCEEDS THE MAXIMUM;"

3. Title, line 7.

Following: "20-9-306,"

Insert: "20-9-308,"

4. Title, line 8.

Strike: the first "AND"

Following: "20-9-314,"

Insert: "20-9-321, AND 20-9-326,"

5. Page 1, line 12.

Insert: "NEW SECTION. Section 1. Unified and joint board interdistrict agreements. (1) The trustees of any two school districts that have unified pursuant to 20-6-312 or that have created a joint board of trustees pursuant to 20-3-361 may enter into an interdistrict agreement to provide for the joint funding of the operation and maintenance of both districts upon the terms and conditions as may be mutually agreed to by the districts, subject to the conditions of this section. An agreement must be approved by the board of trustees of both districts.

(2) All expenditures in support of the interdistrict agreement may be made from the interlocal cooperative fund as

~~specified in 20-9-703 and 20-9-704.~~ Each district may transfer funds into the interlocal cooperative fund from the general fund of the district. Transfers to the interlocal cooperative fund from each school district are limited to an amount not to exceed the direct state aid in support of the respective school district's general fund.

(3) Expenditures from the interlocal cooperative fund under this section are limited to those expenditures that are permitted by law and that are within the final budget for the general fund from which the transfer was made."

Renumber: subsequent sections

6. Page 2, line 3.

Following: "means"

Insert: "the following amounts that must be adjusted for inflation as provided in 20-9-326"

7. Page 2, line 27.

Following: "20-9-311"

Insert: "and adjusted for inflation as provided in 20-9-326"

8. Page 2, line 28.

Strike: "\$5,621"

Insert: "\$5,421"

9. Page 3, line 10.

Strike: "\$5,621"

Insert: "\$5,421"

10. Page 3.

Following: line 12

Insert: "**Section 3.** 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), 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. A school district may adopt a

budget under the criteria of this subsection (3)(a)(i) for a maximum of 5 ~~6~~ 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 ~~6-year~~ period. ~~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) 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) 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."

{ Internal References to 20-9-308:

X 20-6-703	X 20-6-704	X 20-7-435	X 20-9-141
X 20-9-303	X 20-9-307	X 20-9-353	X 20-9-353
X 20-9-353	X 20-9-353	X 20-9-353	}"

Renumber: subsequent sections

11. Page 5.

Strike: line 18 through line 22

Insert: "(10) (a) For a school district that has been in existence for 3 or more years, the district's maximum general fund budget and BASE budget for the ensuing year must be calculated using the current year ANB or the 3-year average ANB, whichever generates the greatest maximum general fund budget.

(b) For a district that has existed less than 3 years, the maximum general fund budget and BASE budget must be calculated using the current year ANB."

12. Page 6, line 19.

Strike: "increase"

13. Page 6, line 20.

Strike: "determining the 3-year ANB provided for in 20-9-311"

Insert: "the budgeted ANB"

14. Page 6, line 23.

Strike: "at least"

Insert: "greater than"

15. Page 6, line 28.

Strike: "estimated"

Insert: "difference between the"

16. Page 7, line 1 through line 2.

Strike: "6%" on line 1 through "20-9-311" on line 2

Insert: "106% of the enrollment used to calculate the budgeted ANB. 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"

17. Page 7, line 6.

Strike: "estimated" through "(2)(d)"

Insert: "enrollment used to determine budgeted ANB"

18. Page 7, line 7.

Strike: "ANB used to establish the"

19. Page 7, line 8.

Following: "calculations"

Insert: ", as provided in subsection (5),"

Following: "belonging"

Insert: "actual"

20. Page 7, line 8 through line 9.

Strike: "for" on line 8 through "20-9-311" on line 9

Insert: "in place of the estimated enrollment"

21. Page 7, line 10 through line 11.

Strike: "calculated" on line 10 through "(6)(b)" on line 11

22. Page 7.

Following: line 11

Insert: "Section 6. Section 20-9-321, MCA, is amended to read:

"20-9-321. Allowable cost payment for special education.

(1) As used in this section, "ANB" means the current year ANB.

(2) The 3-year average ANB provided for in 20-9-311(10) does not apply to the calculation and distribution of state special education allowable cost payments provided for in this section.

(3) For the purpose of establishing the allowable cost payment for a current year special education program for a school district, the superintendent of public instruction shall determine the total special education payment to a school district, cooperative, or joint board for special education services formed under 20-3-361 prior to July 1, 1992, using the following factors:

(a) the district ANB student count as established pursuant to 20-9-311 and 20-9-313;

(b) a per-ANB amount for the special education instructional block grant;

(c) a per-ANB amount for the special education-related services block grant;

(d) an amount for cooperatives or joint boards meeting the requirements of 20-7-457, to compensate for the additional costs of operations and maintenance, travel, supportive services, recruitment, and administration; and

(e) any other data required by the superintendent of public instruction to administer the provisions of this section.

~~(2)(4)~~ (a) The total special education allocation must be distributed according to the following formula:

(i) 52.5% through instructional block grants;

(ii) 17.5% through related services block grants;

(iii) 25% to reimbursement of local districts; and

(iv) 5% to special education cooperatives and joint boards for administration and travel.

(b) Special education allowable cost payments outlined in subsection ~~(2)(a)~~ (4)(a) must be granted to each school district and cooperative with a special education program as follows:

(i) The instructional block grant limit prescribed in subsection ~~(2)(a)(i)~~ (4)(a)(i) must be awarded to each school district, based on the district ANB and the per-ANB special education instructional amount.

(ii) The special education-related services block grant limit prescribed in subsection ~~(2)(a)(ii)~~ (4)(a)(ii) must be awarded to each school district that is not a cooperative member, based on the district ANB and the per-ANB special education-related services amount, or to a cooperative or joint board that meets the requirements of 20-7-457. The special education-related services block grant amount for districts that are members of approved cooperatives or a joint board must be awarded to the cooperatives or joint board.

(iii) If a district's allowable costs of special education exceed the total of the special education instructional and special education-related services block grant plus the required district match required by subsection ~~(4)~~ (6), the district is eligible to receive at least a 40% reimbursement of the additional costs. To ensure that the total of reimbursements to all districts does not exceed 25% of the total special education allocation limit established in subsection ~~(2)(a)(iii)~~ (4)(a)(iii), reimbursement must be made to districts for amounts that exceed a threshold level calculated annually by the office of public instruction. The threshold level is calculated as a percentage amount above the sum of the district's block grants plus the required district match.

(iv) Of the amount distributed under subsection ~~(2)(a)(iv)~~ (4)(a)(iv), three-fifths must be distributed based on the ANB

count of the school districts that are members of the special education cooperative or joint board and two-fifths must be distributed based on distances, population density, and the number of itinerant personnel under rules adopted by the superintendent of public instruction.

~~(3)~~(5) The superintendent of public instruction shall adopt rules necessary to implement this section.

~~(4)~~(6) A district shall provide a 25% local contribution for special education, matching every \$3 of state special education instructional and special education-related services block grants with at least one local dollar. A district that is a cooperative member is required to provide the 25% match of the special education-related services grant amount to the special education cooperative.

~~(5)~~(7) The superintendent of public instruction shall determine the actual district match based on the trustees' reports. Any unmatched portion reverts to the state and must be subtracted from the district's ensuing year's special education allowable cost payment.

~~(6)~~(8) A district that demonstrates severe economic hardship because of exceptional special education costs may apply to the superintendent of public instruction for an advance on the reimbursement for the year in which the actual costs will be incurred."

{ Internal References to 20-9-321:

X 20-7-431 X 20-7-457 X 20-9-303 X 20-9-306
X 20-9-308 X 20-9-501 }"

Insert: "Section 7. Section 20-9-326, MCA, is amended to read:

"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB entitlements. (1) ~~In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112,~~ the The superintendent of public instruction shall determine the inflation factor for the basic and per-ANB entitlements in each fiscal year of the ensuing biennium. The inflation factor is calculated for the ensuing fiscal year as follows:

(a) ~~for the first year of the biennium,~~ divide the consumer price index for July 1 of the prior calendar year 2 years prior to the first day of the ensuing fiscal year by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year 5 years prior to the first day of the ensuing fiscal year; and

(b) raise the resulting ratio to the power of one-third,

~~and~~
~~(b)~~ for the second year of the biennium, divide the consumer price index for July 1 of the current calendar year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar year and raise the resulting ratio to the power of one-third.

~~(2)~~ The present law base for the basic and per-ANB entitlements, calculated under Title 17, chapter 7, part 1, must

X1

~~consist of any enrollment increases or decreases plus the inflation factor calculated pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium.~~

(2) The basic and per-ANB entitlements for the ensuing year are calculated by multiplying the inflation factor for the ensuing year by the basic and per-ANB entitlements in 20-9-306.

(3) For the purposes of this section, "consumer price index" means the consumer price index, U.S. city average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of labor statistics of the U.S. department of labor."

{Internal References to 20-9-326: None.}"

Insert: "NEW SECTION. Section 8. {standard} Codification instruction. [Section 1] is intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 1]."

Renumber: subsequent sections

23. Page 7, line 16.

Strike: "2006"

Insert: "2007"

- END -