MONTANA SENATE
2005 LEGISLATURE

ROLL CALL

EDUCATION AND CULTURAL RESOURCES

DATE 2-9-05

NAMES	PRESENT	ABSENT	EXCUSED
SEN. DON RYAN, CHAIRMAN	✓		
SEN. GREGORY BARKUS	✓		✓
SEN. JERRY BLACK	✓		
SEN. JIM ELLIOT			✓
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓		
SEN. BOB HAWKS	✓		
SEN. SAM KITZENBERG	✓		
SEN. JESSE LASLOVICH	✓		
SEN. JEFF MANGAN	✓		
SEN. DAN McGEE	✓		
SEN. ROBERT STORY	✓		
CONNIE ERICKSON, LSD	✓		
LOIS O'CONNOR, COMMITTEE SECRETARY	✓		

SENATE STANDING COMMITTEE REPORT

Mr. President:

We, your committee on **Education and Cultural Resources** recommend that **Senate Bill 177** (first reading copy -- white) **do pass as amended.**

Signed: _____
Senator Don Ryan, Chair

And, that such amendments read:

1. Title, line 5.
Strike: "BY $250"
Following: "2006"
Insert: "AND SCHOOL FISCAL YEAR 2007"
Following: ";"
Insert: "EXTENDING THE TIME PERIOD IN WHICH A SCHOOL DISTRICT CAN ADOPT A GENERAL FUND BUDGET THAT EXCEEDS THE MAXIMUM;"

2. Title, line 6 through line 7.
Strike: "AND" on line 6 through "INCREASING" on line 7

3. Title, line 7.
Following: "2006"
Insert: "AND SCHOOL FISCAL YEAR 2007"
Following: "SECTIONS"
Insert: "20-5-323, 20-7-102,"
Following: "20-9-306,"
Insert: "20-9-308,"

4. Title, line 8.
Strike: the first "AND"
Following: "20-9-314,"
Insert: "AND 20-9-321,"

5. Title, line 8 through line 9.
Following: "PROVIDING"

Committee Vote:
Yes 10, No 1.

331304SC.ssc

K1

Strike: remainder of line 8 through "DATE" on line 9
Insert: "EFFECTIVE DATES, APPLICABILITY DATES, AND TERMINATION DATES"

6. Page 1, line 12.
Insert: "Section 1. Section 20-5-323, MCA, is amended to read:

"20-5-323. Tuition and transportation rates. (1) Except as provided in subsections (2) through (5), whenever a child has approval to attend a school outside of the child's district of residence under the provisions of 20-5-320 or 20-5-321, the rate of tuition charged for a Montana resident student may not exceed 20% of the per-ANB maximum rate established in 20-9-306 for the year of attendance.

(2) The tuition for a child with a disability must be determined under rules adopted by the superintendent of public instruction for the calculation of tuition for special education pupils.

(3) The tuition rate for out-of-district placement pursuant to 20-5-321(1)(d) and (1)(e) for a student without disabilities who requires a program with costs that exceed the average district costs must be determined as the actual individual costs of providing that program according to the following:

(a) the district of attendance and the district, person, or entity responsible for the tuition payments shall approve an agreement with the district of attendance for the tuition cost;

(b) for a Montana resident student, 80% of the maximum per-ANB rate established in ~~20-9-306(10),~~ 20-9-306 received in the year for which the tuition charges are calculated must be subtracted from the per-student program costs for a Montana resident student; and

(c) the maximum tuition rate paid to a district under this section may not exceed $2,500 per ANB.

(4) When a child attends a public school of another state or province, the amount of daily tuition may not be greater than the average annual cost for each student in the child's district of residence. This calculation for tuition purposes is determined by totaling all of the expenditures for all of the district budgeted funds for the preceding school fiscal year and dividing that amount by the October 1 enrollment in the preceding school fiscal year. For the purposes of this subsection, the following do not apply:

(a) placement of a child with a disability pursuant to Title 20, chapter 7, part 4;

(b) placement made in a state or province with a reciprocal tuition agreement pursuant to 20-5-314;

(c) an order issued under Title 40, chapter 4, part 2; or

(d) out-of-state placement by a state agency.

(5) When a child is placed by a state agency in an out-of-state residential facility, the state agency making the placement is responsible for the education costs resulting from the placement.

(6) The amount, if any, charged for transportation may not exceed the lesser of the average transportation cost for each student in the child's district of residence or 25 cents a mile. The average expenditures for the district transportation fund for the preceding school fiscal year must be calculated by dividing the transportation fund expenditures by the October 1 enrollment for the preceding fiscal year.""

Insert: "Section 2. Section 20-7-102, MCA, is amended to read:

"20-7-102. Accreditation of schools. (1) The conditions under which each elementary school, each middle school, each junior high school, 7th and 8th grades funded at high school rates, and each high school operates must be reviewed by the superintendent of public instruction to determine compliance with the standards of accreditation. The accreditation status of every school must then be established by the board of public education upon the recommendation of the superintendent of public instruction. Notification of the accreditation status for the applicable school year or years must be given to each district by the superintendent of public instruction.

(2) A school may be accredited for a period consisting of 1, 2, 3, 4, or 5 school years, except that multiyear accreditation may only be granted to schools that are in compliance with 20-4-101.

(3) A nonpublic school may, through its governing body, request that the board of public education accredit the school. Nonpublic schools may be accredited in the same manner as provided in subsection (1).

(4) As used in this section, "7th and 8th grades funded at high school rates" means an elementary school district or K-12 district elementary program whose 7th and 8th grades are funded as provided in ~~20-9-306(10)(c)(i)~~ 20-9-306(11)(c)(ii)."

Renumber: subsequent sections

7. Page 2, line 4.
Strike: "$220,646"
Insert: "$225,273"

8. Page 2, line 5.
Strike: "$19,859"
Insert: "$20,275"

9. Page 2, line 10.
Strike: "$19,859"
Insert: "$20,275"

10. Page 2, line 12.
Strike: "$220,646"
Insert: "$225,273"

11. Page 2, line 28.

Strike: "$5,621"
Insert: "$5,534"

12. Page 3, line 2.
Strike: "$4,281"
Insert: "$4,366"

13. Page 3, line 7.
Strike: "$4,281"
Insert: "$4,366"

14. Page 3, line 10.
Strike: "$5,621"
Insert: "$5,534"

15. Page 3.
Following: line 12
Insert: "Section 4. 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~~ $5,654 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~~ $4,456 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~~ $4,456 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~~ $5,654 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.""

Renumber: subsequent sections

16. Page 3.

Following: line 12

Insert: "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), 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.""

Renumber: subsequent sections

17. 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."

18. Page 6, line 19.
Strike: "increase"

19. Page 6, line 20.
Strike: "determining the 3-year ANB provided for in 20-9-311"
Insert: "the budgeted ANB"

20. Page 6, line 23.
Strike: "at least"
Insert: "greater than"

21. Page 6, line 28.
Strike: "estimated"
Insert: "difference between the"

22. 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"

23. Page 7, line 6.
Strike: "estimated" through "(2)(d)"
Insert: "enrollment used to determine budgeted ANB"

24. Page 7, line 7.
Strike: "ANB used to establish the"

25. Page 7, line 8.
Following: "calculations"
Insert: ", as provided in subsection (5),"
Following: "~~belonging~~"
Insert: "actual"

26. 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"

27. Page 7, line 10 through line 11.
Strike: "calculated" on line 10 through "(6)(b)" on line 11

28. Page 7.

Following: line 11
Insert: "Section 8. 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.""

Renumber: subsequent sections

29. Page 7, line 13.
Strike: "date"
Insert: "dates"
Following: "applicability."
Strike: "[This"
Insert: "(1) Except as provided in subsections (2) through (4), [this"

30. Page 7, line 14.
Strike: "year"
Insert: "years"

Following: "beginning"
Insert: "on or after"

31. Page 7.
Following: line 14
Insert: "(2) [Section 3] is effective July 1, 2005, and applies to school budgets for the school fiscal year beginning July 1, 2005.

(3) [Section 4] is effective July 1, 2006, and applies to school budgets for the school fiscal year beginning July 1, 2006.

(4) [Section 10 and this section] are effective on passage and approval."

32. Page 7, line 16.
Strike: "[This act]"
Insert: "(1) [Section 3]"

33. Page 7.
Following: line 16
Insert: "(2) [Sections 1, 2, and 4 through 8] terminate July 1, 2007."

- END -

SENATE Secretary of Senate COPY

TABLED BILL

The **SENATE EDUCATION AND CULTURAL RESOURCES COMMITTEE** TABLED **SJ 2**, by motion, on **Wednesday, February 9, 2005**.

Lois O'Connor
(For the Committee)

KT
(Secretary of Senate)

8:30, 2-10
(Time) (Date)

February 9, 2005 Lois A. O'Connor, Secretary Phone: 4891

MONTANA STATE SENATE
2005 LEGISLATURE

ROLL CALL VOTE

EDUCATION AND CULTURAL RESOURCES

DATE 2-9-05 BILL NO. SJ 2 NUMBER 1

MOTION approve #SB000201.acc
failed 3 to 8

NAME	AYE	NO
SEN. DON RYAN, CHAIRMAN	✓	
SEN. GREGORY BARKUS		✓
SEN. JERRY BLACK		✓
SEN. JIM ELLIOT		✓
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓	
SEN. BOB HAWKS	✓	
SEN. SAM KITZENBERG		✓
SEN. JESSE LASLOVICH		✓
SEN. JEFF MANGAN		✓
SEN. DAN McGEE		✓
SEN. ROBERT STORY		✓

MONTANA STATE SENATE
2005 LEGISLATURE

ROLL CALL VOTE

EDUCATION AND CULTURAL RESOURCES

DATE 2-9-05 BILL NO. SJ 2 NUMBER 2

MOTION Table

Passed 6 to 5

NAME	AYE	NO
SEN. DON RYAN, CHAIRMAN	✓	
SEN. GREGORY BARKUS		✓
SEN. JERRY BLACK		✓
SEN. JIM ELLIOT	✓	
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓	
SEN. BOB HAWKS	✓	
SEN. SAM KITZENBERG		✓
SEN. JESSE LASLOVICH	✓	
SEN. JEFF MANGAN	✓	
SEN. DAN McGEE		✓
SEN. ROBERT STORY		✓

MONTANA STATE SENATE
2005 LEGISLATURE

ROLL CALL VOTE

EDUCATION AND CULTURAL RESOURCES

DATE 2-9-05 BILL NO. SB-177 NUMBER 7

MOTION Do Pass As Amended

Carried 10-7

NAME	AYE	NO
SEN. DON RYAN, CHAIRMAN	✓	
SEN. GREGORY BARKUS	✓	
SEN. JERRY BLACK	✓	
SEN. JIM ELLIOT	✓	
SEN. KIM GILLAN, VICE CHAIRWOMAN	✓	
SEN. BOB HAWKS	✓	
SEN. SAM KITZENBERG	✓	
SEN. JESSE LASLOVICH	✓	
SEN. JEFF MANGAN	✓	
SEN. DAN McGEE		✓
SEN. ROBERT STORY	✓	

MONTANA STATE SENATE
2005 LEGISLATURE

VISITOR REGISTER

DATE February 9, 2005

SENATE COMMITTEE ON Education

BILLS BEING HEARD TODAY: SB 359

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
LANCE MELTON		MTSBA	359	X w/ AMENDMENTS	
Dave Pryor		MNREA	359		X
Amy Carlson		OBPP	359	X	
Erik Burke		MEA - MFT	359	X	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

FISCAL NOTE

Bill #: SB0359 **Title:** Revise statutes related to school district enrollment

Primary Sponsor: Story, B **Status:** As Introduced

Sponsor signature Date David Ewer, Budget Director 2/9/05 Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$0	($156,712)
Revenue:		
General Fund	($5,600)	($5,600)
Net Impact on General Fund Balance:	($5,600)	$151,112

- ☒ Significant Local Gov. Impact
- ☐ Included in the Executive Budget
- ☐ Dedicated Revenue Form Attached
- ☐ Technical Concerns
- ☐ Significant Long-Term Impacts
- ☒ Needs to be included in HB 2

Fiscal Analysis

1. Under Section 1-1-215, MCA a minor student (under 18 years old) is a resident of the school district where his parent or legal guardian lives. Under tuition laws, a student who attends school other than the district where his parent or guardian lives is considered a non-resident student and tuition can be charged.
2. The state pays tuition for a student who is placed by a state agency or court in foster care or a group home in a school district other than the child's district of residence. Once a state-placed student turns 18 years old, he becomes a resident of the district where he lives and so the state no longer pays tuition. Under SB 359, the state will continue to pay tuition for the remainder of the school year when a student turns 18 in the middle of a school year rather than stopping tuition when the student turns 18.
3. Each year of the biennium, there will be 7 non-resident students placed by a state agency or court who turn 18 in the middle of the school year. The average tuition for each of those students will be $800 more than the state would have paid under current law (based on FY 2003-04 actual), increasing total tuition payments by $5,600. These tuition payments are taken off the top of the countywide equalization account (55 mills) and paid to the district of attendance, thus lowering state general fund revenues by $5,600.

SB 359

Grade Level	Number of Students	ANB Under Current Law (1.0 ANB)	ANB Under SB 359 (1/2 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	6	3	3	$1,802	$5,406
Grades 7-8	6	6	3	3	$2,400	$7,200
Grades 9-12	132	132	66	66	$2,400	$158,400
					Decrease in State Cost	**$171,006**

8. 144 students enrolled for 540-719 hours (3-4 hours per day) were previously counted as full-time (1.0 ANB). Under SB 359, these students qualify for three-quarters time enrolled (3/4 ANB) decreasing direct state aid by $85,503 per year:

Grade Level	Number of Students	ANB Under Current Law (1.0 ANB)	ANB Under SB 359 (3/4 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	6	4.5	1.5	$1,802	$2,703
Grades 7-8	6	6	4.5	1.5	$2,400	$3,600
Grades 9-12	132	132	99	33	$2,400	$79,200
					Decrease in State Cost	**$85,503**

9. Under SB 359, enrollment in a basic education program provided by a district at a site other than a school of the district may be included for ANB purposes only if the pupil is offered and is able to receive full access to the complete range of educational services required by accreditation standards. In FY 2004, there were 260 students counted who were offered and able to receive less than full access to a complete range of educational services and were counted as half-time for ANB purposes. Under SB 359, these students will not be counted for ANB.
10. School districts will offer distance-learning programs and will consequently enroll students who are currently not enrolled in public schools in Montana. The state's cost for the K-12 BASE aid is estimated to increase by $185,300 as a result (half the cost of SB 224).
11. In Section 2, the tuition payments made during FY 2006 will include payments for students who turn 18 years old during FY 2006. Other fiscal impacts of the bill will occur in FY 2007, since the effective date of July 1, 2005 will affect enrollment counted in FY 2006 and funded in FY 2007.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Local Assistance	$0	($156,712)
Funding of Expenditures:		
General Fund (01)	$0	($156,712)

Revenues:		
General Fund (01)	($5,600)	($5,600)
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
General Fund (01)	($5,600)	$151,112

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
School districts will receive less state aid for students other than kindergarten students that attend less than 4 hours per day, as these students will generate less ANB than under current law. Districts may restructure current programs offered to students attending part-time in response to this bill.

4. This chart shows the comparison of part-time enrollment and ANB under the current law and under SB 359:

Grade Level	Average Hours Per Day	Current ANB Count (ARM 10.20.102)	SB 359 ANB Count
Pre-K	N/A	0	0
K <180 hrs/yr	< 1 hr/day	0	0
K 360+ hrs/yr	2 hrs/day – 180 days	0.50	0.50
1-12 <180 hrs/yr	< 1 hr/day	0	0
1-12 181-359 hrs/yr	1 hr/day, but less than 2 hrs/day	0.50	0.25
1-12 360-539 hrs/yr	2 hrs/day, but less than 3 hrs/day	1.00	0.50
1-12 540-719 hrs/yr	3 hrs/day, but less than 4 hrs/day	1.00	0.75
1-12 720+ hrs/yr	4 or more hrs/day	1.00	1.00

5. The numbers of students who previously were not counted for ANB because they were enrolled less than 180 hours will remain the same. Since they were also not counted toward ANB under current law, there is no impact on funding.
6. 144 students enrolled for 181-359 hours (1 to 2 hours per day) were previously counted as half-time enrolled (1/2 ANB). Under SB 359, these students will qualify as quarter-time enrolled (1/4 ANB), decreasing direct state aid by $85,503 per year:

Grade Level	Number of Students	ANB Under Current Law (1/2 ANB)	ANB Under SB 359 (1/4 ANB)	Total ANB Decrease	State Share (44.7%) of Per-ANB Entitlement	Decrease of State DSA Funding
Grades 1-6	6	3	1.5	1.5	$1,802	$2,703
Grades 7-8	6	3	1.5	1.5	$2,400	$3,600
Grades 9-12	132	66	33	33	$2,400	$79,200
					Decrease in State Cost	**$85,503**

7. 144 students enrolled for 360-539 hours (2-3 hours per day) were previously counted as full-time (1.0 ANB). Under SB 359, these students qualify for half-time enrollment (1/2 ANB), decreasing direct state aid by $171,006: