

SENATE BILL NO. 424
INTRODUCED BY NELSON

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SCHOOL FINANCE; PROVIDING FOR ANNUAL INFLATION-RELATED ADJUSTMENTS TO THE BASE FUNDING PROGRAM AMOUNTS FOR SCHOOL DISTRICT BASIC ENTITLEMENTS AND PER-ANB ENTITLEMENTS; INCREASING SCHOOL FACILITY ENTITLEMENTS; DEFINING "FACILITY GUARANTEED MILL VALUE PER ANB"; ~~REVISING THE SCHEDULE FOR STATE AND COUNTY TRANSPORTATION REIMBURSEMENT; ELIMINATING WEIGHTED RIDERSHIP; REVISING THE SCHEDULE FOR STATE AND COUNTY TRANSPORTATION REIMBURSEMENT; ELIMINATING WEIGHTED RIDERSHIP;~~ ESTABLISHING THREE SEPARATE BLOCK GRANTS; ALLOWING THE COMBINED FUND BLOCK GRANT TO BE DEPOSITED IN ~~CERTAIN SCHOOL DISTRICT FUNDS~~ ANY BUDGETED FUND OF THE DISTRICT; AMENDING SECTIONS 20-9-366, 20-9-370, ~~AND 20-9-371, 20-10-101, AND 20-10-141,~~ 20-10-101, AND 20-10-141, MCA; AMENDING SECTION 25, CHAPTER 13, LAWS OF 2002; REPEALING SECTIONS 20-10-127 AND 20-10-128, MCA; AND PROVIDING ~~AN EFFECTIVE DATE~~ DATES AND ~~AN APPLICABILITY DATE~~ DATES."

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

NEW SECTION. SECTION 1. ANNUAL INFLATION-RELATED ADJUSTMENTS TO BASIC ENTITLEMENTS AND PER-ANB ENTITLEMENTS. (1) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL DETERMINE THE INFLATION FACTOR FOR EACH SCHOOL FISCAL YEAR BY DIVIDING THE CONSUMER PRICE INDEX FOR JULY 1 OF THE CURRENT SCHOOL FISCAL YEAR BY THE CONSUMER PRICE INDEX FOR JULY 1 OF THE PRIOR SCHOOL FISCAL YEAR.

(2) THE PRESENT LAW BASE FOR K-12 PUBLIC EDUCATION, CALCULATED UNDER TITLE 17, CHAPTER 7, PART 1, MUST CONSIST OF ANY ENROLLMENT INCREASES OR DECREASES PLUS THE INFLATION FACTOR CALCULATED PURSUANT TO THIS SECTION.

(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.

Section 2. Section 20-9-366, MCA, is amended to read:

"20-9-366. Definitions. As used in 20-9-366 through ~~20-9-369~~ 20-9-371, the following definitions apply:

(1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts.

(2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an eligible district means the taxable valuation in the previous year of all property in the district divided by the sum of the district's current year BASE budget amount less direct state aid.

(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's current year total per-ANB entitlement amount.

(3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 140% and divided by 1,000, with the quotient divided by the total ANB amount used to calculate the school districts' current year total per-ANB entitlement.

~~(3)~~(4) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 175% and divided by the total sum of either the state elementary school districts' or the high school districts' current year BASE budget amounts less total direct state aid.

(b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school ~~facility entitlement and~~ retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts."

Section 3. Section 20-9-370, MCA, is amended to read:

"20-9-370. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "School facility entitlement" means:

(a) ~~\$220~~ \$300 per ANB for an elementary school district;

(b) ~~\$330~~ \$450 per ANB for a high school district; or

(c) ~~\$270~~ \$370 per ANB for an approved and accredited junior high school or middle school.

(2) "State advance for school facilities" is the amount of state equalization aid distributed to an eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt service payment is due for the bond.

(3) "State reimbursement for school facilities" means the amount of state equalization aid distributed to a district that:

(a) has a district mill value per ~~elementary~~ ANB that is less than the corresponding ~~statewide mill value per elementary ANB or a district mill value per high school ANB~~ that is less than the corresponding ~~statewide mill value per high school ANB~~ facility guaranteed mill value per ANB; and

(b) has a debt service obligation in the ensuing school year on bonds ~~for which the original issue was sold after July 1, 1991.~~

(4) "Total school facility entitlement" means the school facility entitlement times the total ANB for the district."

Section 4. Section 20-9-371, MCA, is amended to read:

"20-9-371. Calculation and uses of school facility entitlement amount. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/~~statewide~~ facility guaranteed mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify under the provisions of 20-9-370(3).

(2) The state advance for school facilities for a district is determined as follows:

(a) Calculate the percentage of the district's debt service payment that will be advanced by the state using the district ANB, the district mill value and the statewide mill value for the current year, and the percentage used to determine the proportionate share of state reimbursement for school facilities in the prior year.

(b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation for bonds to which the state advance applies.

(3) Within the available appropriation, the superintendent of public instruction shall first distribute to eligible districts the state advance for school facilities. From the remaining appropriation, the superintendent shall distribute to eligible districts the state reimbursement for school facilities.

(4) The trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold in the debt service fund of the district ~~after July 1, 1991~~. The trustees may apply the state advance for school facilities to reduce the levy requirement in the current school fiscal year for debt service payments on bonds to which the state advance for school facilities applies."

~~Section 4.~~ Section 20-10-101, MCA, is amended to read:

~~"20-10-101. Definitions.~~ As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

~~(1) "Bus route" means a route approved by the board of trustees of a school district and by the county transportation committee:~~

~~(2) "Eligible transportee" means a public school pupil who:~~

~~(a) is 5 years of age or older and has not reached the age of 21 on or before September 10 of the current school year or who is a preschool child with a disability between the ages of 3 and 6;~~

~~(b) is a resident of the state of Montana;~~

~~(c) regardless of district and county boundaries:~~

~~(i) resides at least 3 miles, over the shortest practical route, from the nearest operating public elementary school or public high school, whichever the case may be; or~~

~~(ii) has transportation identified as a related service in an individualized education program as developed and implemented in accordance with the Individuals With Disabilities Education Act, 20 U.S.C. 1400, et seq.; and~~

~~(d) is considered to reside with a parent or guardian who maintains legal residence within the boundaries of the district furnishing the transportation regardless of where the eligible transportee actually lives when attending school:~~

~~(3) "Passenger seating position" means, as defined in 49 CFR 571.222, the space on a school bus allocated for one passenger.~~

~~(4) (a) "School bus" means, except as provided in subsection (4)(b), any motor vehicle that:~~

~~(i) complies with the bus standards established by the board of public education as verified by the department of justice's semiannual inspection of school buses and the superintendent of public instruction; and~~

~~(ii) is owned by a district or other public agency and operated for the transportation of pupils to or from school or owned by a carrier under contract with a district or public agency to provide transportation of pupils to or from school.~~

- ~~_____ (b) A school bus does not include a vehicle that is:~~
- ~~_____ (i) privately owned and not operated for compensation under this title;~~
- ~~_____ (ii) privately owned and operated for reimbursement under 20-10-142;~~
- ~~_____ (iii) either district-owned or privately owned, designed to carry not more than nine passengers, and used to transport pupils to or from activity events or to transport pupils to their homes in case of illness or other emergency situations; or~~
- ~~_____ (iv) an over-the-road passenger coach used only to transport pupils to activity events.~~
- ~~_____ (5) "Transportation" means:~~
- ~~_____ (a) a district's conveyance of a pupil by a school bus between the pupil's legal residence or an officially designated bus stop and the school designated by the trustees for the pupil's attendance; or~~
- ~~_____ (b) "individual transportation" by which a district is relieved of actually conveying a pupil. Individual transportation may include paying the parent or guardian for conveying the pupil, reimbursing the parent or guardian for the pupil's board and room, or providing supervised correspondence study or supervised home study.~~
- ~~_____ (6) "Transportation service area" means the geographic area of responsibility for school bus transportation for each district that operates a school bus transportation program.~~
- ~~_____ (7) "Weighted ridership" means the sum of the passenger points assigned to the eligible transportees who are transported on a bus route."~~

~~_____ **Section 5.** Section 20-10-141, MCA, is amended to read:~~

~~_____ **"20-10-141. Schedule of maximum reimbursement by mileage rates.** (1) The following mileage rates in subsection (2) for school transportation constitute the maximum reimbursement to districts for school transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates may not limit the amount that a district may budget in its transportation fund budget in order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal year. All bus miles traveled on bus routes approved by the county transportation committee are reimbursable. Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus miles within its own district or approved service area but may not claim reimbursement for the mileage. Any vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, must be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county~~

transportation committee and the superintendent of public instruction.

~~———— (2) (a) The rate per for each bus mile traveled must be determined in accordance with the following schedule when the weighted ridership assigned to a bus route is not less than one-half of the rated capacity of the school bus:~~

~~———— (a)(i) 85 95 cents per bus mile for a school bus with a rated capacity of not more than 45 49 passenger seating positions;~~

~~———— (ii) \$1.15 for a school bus with a rated capacity of 50 to 59 passenger seating positions;~~

~~———— (iii) \$1.36 for a school bus with a rated capacity of 60 to 69 passenger seating positions;~~

~~———— (iv) \$1.57 for a school bus with a rated capacity of 70 to 79 passenger seating positions; and~~

~~———— (v) \$1.80 for a school bus with 80 or more passenger seating positions.~~

~~———— (b) when the rated capacity is more than 45 passenger seating positions, an additional 2.13 cents per bus mile for each additional passenger seating position in the rated capacity in excess of 45 must be added to a base rate of 85 cents per bus mile Nonbus mileage, as provided in subsection (1), must be reimbursed at a rate of 50 cents a mile.~~

~~———— (3) Reimbursement for nonbus mileage provided for in subsection (1) may not exceed 50% of the maximum reimbursement rate determined under subsection (2).~~

~~———— (4) When the weighted ridership assigned to a bus route is less than one-half of the rated capacity of the school bus, the rate per bus mile traveled must be computed as follows:~~

~~———— (a) determine the weighted ridership assigned to the bus route;~~

~~———— (b) multiply the number determined in subsection (4)(a) by two; and~~

~~———— (c) use the adjusted rated capacity determined in subsection (4)(b) as the rated capacity of the bus to determine the rate per bus mile traveled from the rate schedule in subsection (2).~~

~~———— (5)(3) The rated capacity is the number of passenger seating positions of a school bus as determined under the policy adopted by the board of public education. If modification of a school bus to accommodate pupils with disabilities reduces the rated capacity of the bus, the reimbursement to a district for pupil transportation is based on the rated capacity of the bus prior to modification.~~

~~———— (6)(4) The number of pupils riding the school bus may not exceed the passenger seating positions of the bus."~~

SECTION 5. SECTION 20-10-101, MCA, IS AMENDED TO READ:

"20-10-101. Definitions. As used in this title, unless the context clearly indicates otherwise, the following

definitions apply:

(1) "Bus route" means a route approved by the board of trustees of a school district and by the county transportation committee.

(2) "Eligible transportee" means a public school pupil who:

(a) is 5 years of age or older and has not reached the age of 21 on or before September 10 of the current school year or who is a preschool child with a disability between the ages of 3 and 6;

(b) is a resident of the state of Montana;

(c) regardless of district and county boundaries:

(i) resides at least 3 miles, over the shortest practical route, from the nearest operating public elementary school or public high school, whichever the case may be; or

(ii) has transportation identified as a related service in an individualized education program as developed and implemented in accordance with the Individuals With Disabilities Education Act, 20 U.S.C. 1400, et seq.; and

(d) is considered to reside with a parent or guardian who maintains legal residence within the boundaries of the district furnishing the transportation regardless of where the eligible transportee actually lives when attending school.

(3) "Passenger seating position" means, as defined in 49 CFR 571.222, the space on a school bus allocated for one passenger.

(4) (a) "School bus" means, except as provided in subsection (4)(b), any motor vehicle that:

(i) complies with the bus standards established by the board of public education as verified by the department of justice's semiannual inspection of school buses and the superintendent of public instruction; and

(ii) is owned by a district or other public agency and operated for the transportation of pupils to or from school or owned by a carrier under contract with a district or public agency to provide transportation of pupils to or from school.

(b) A school bus does not include a vehicle that is:

(i) privately owned and not operated for compensation under this title;

(ii) privately owned and operated for reimbursement under 20-10-142;

(iii) either district-owned or privately owned, designed to carry not more than nine passengers, and used to transport pupils to or from activity events or to transport pupils to their homes in case of illness or other emergency situations; or

(iv) an over-the-road passenger coach used only to transport pupils to activity events.

(5) "Transportation" means:

(a) a district's conveyance of a pupil by a school bus between the pupil's legal residence or an officially designated bus stop and the school designated by the trustees for the pupil's attendance; or

(b) "individual transportation" by which a district is relieved of actually conveying a pupil. Individual transportation may include paying the parent or guardian for conveying the pupil, reimbursing the parent or guardian for the pupil's board and room, or providing supervised correspondence study or supervised home study.

(6) "Transportation service area" means the geographic area of responsibility for school bus transportation for each district that operates a school bus transportation program.

~~(7) "Weighted ridership" means the sum of the passenger points assigned to the eligible transportees who are transported on a bus route."~~

SECTION 6. SECTION 20-10-141, MCA, IS AMENDED TO READ:

"20-10-141. Schedule of maximum reimbursement by mileage rates. (1) The following mileage rates in subsection (2) for school transportation constitute the maximum reimbursement to districts for school transportation from state and county sources of transportation revenue under the provisions of 20-10-145 and 20-10-146. These rates may not limit the amount that a district may budget in its transportation fund budget in order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal year. All bus miles traveled on bus routes approved by the county transportation committee are reimbursable. Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus miles within its own district or approved service area but may not claim reimbursement for the mileage. Any vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, must be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county transportation committee and the superintendent of public instruction.

(2) (a) The rate ~~per for each~~ bus mile traveled must be determined in accordance with the following schedule ~~when the weighted ridership assigned to a bus route is not less than one-half of the rated capacity of the school bus:~~

~~(a)(i)~~ 85 95 cents per bus mile for a school bus with a rated capacity of not more than ~~45 49~~ passenger seating positions;

(ii) \$1.15 for a school bus with a rated capacity of 50 to 59 passenger seating positions;

(iii) \$1.36 for a school bus with a rated capacity of 60 to 69 passenger seating positions;

(iv) \$1.57 for a school bus with a rated capacity of 70 to 79 passenger seating positions; and

(v) \$1.80 for a school bus with 80 or more passenger seating positions.

~~(b) when the rated capacity is more than 45 passenger seating positions, an additional 2.13 cents per bus mile for each additional passenger seating position in the rated capacity in excess of 45 must be added to a base rate of 85 cents per bus mile~~ Nonbus mileage, as provided in subsection (1), must be reimbursed at a rate of 50 cents a mile.

~~(3) Reimbursement for nonbus mileage provided for in subsection (1) may not exceed 50% of the maximum reimbursement rate determined under subsection (2).~~

~~When the weighted ridership assigned to a bus route is less than one-half of the rated capacity of the school bus, the rate per bus mile traveled must be computed as follows:~~

~~(a) determine the weighted ridership assigned to the bus route;~~

~~(b) multiply the number determined in subsection (4)(a) by two; and~~

~~(c) use the adjusted rated capacity determined in subsection (4)(b) as the rated capacity of the bus to determine the rate per bus mile traveled from the rate schedule in subsection (2).~~

~~(5)~~(3) The rated capacity is the number of passenger seating positions of a school bus as determined under the policy adopted by the board of public education. If modification of a school bus to accommodate pupils with disabilities reduces the rated capacity of the bus, the reimbursement to a district for pupil transportation is based on the rated capacity of the bus prior to modification.

~~(6)~~(4) The number of pupils riding the school bus may not exceed the passenger seating positions of the bus."

Section 7. Section 25, Chapter 13, Laws of 2002, is amended to read:

"Section 25. Section 244, Chapter 574, Laws of 2001, is amended to read:

"Section 244. School district block grants. (1) (a) The office of public instruction shall provide a block grant to each school district based on the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999.

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate a portion of the block grant amount into each district's ~~fiscal year 2002~~ budget as an anticipated revenue source by fund.

(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.

(2) If the ~~biennial~~ fiscal year 2003 appropriation provided in [section 248(1)] is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.

(3) Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed. ~~If the appropriation for block grants is greater than or less than the amount received by schools from the sources enumerated in subsection (1), the office of public instruction shall prorate the amount appropriated based upon the fiscal year 2001 revenue.~~

(4) ~~(a) The average amount of the block grants in fiscal years 2002 and 2003 must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year. The block grant for the district general fund is equal to the average amount received in fiscal years 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~(b) The block grant for the district transportation fund is equal to one-half of ONE-HALF OF the average amount received in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~(c) (i) The combined fund block grant for the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds is equal to the average amount received in fiscal years 2002 and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~(ii) The school district may deposit the combined fund block grant into any district BUDGETED fund that received block grants in fiscal years 2002 and 2003, except the debt service fund OF THE DISTRICT.'''~~

NEW SECTION. **Section 8. Repealer.** Sections 20-10-127 and 20-10-128, MCA, are repealed.

NEW SECTION. SECTION 9. EXTENSION OF SCHOOL ELECTION DEADLINES. IN ORDER TO ALLOW FOR THE ORDERLY AND EFFICIENT CONDUCT OF THE REGULAR SCHOOL ELECTIONS SCHEDULED FOR MAY 6, 2003, IT MAY NOT BE POSSIBLE TO COMPLY WITH CERTAIN STATUTORY DEADLINES RELATING TO A SCHOOL ELECTION. THEREFORE, IN 2003 ONLY, A SCHOOL DISTRICT MAY LIMIT THE REGULAR SCHOOL ELECTION SCHEDULED FOR MAY 6, 2003, TO TRUSTEE ELECTIONS ONLY AND MAY RESCHEDULE A SINGLE GENERAL FUND OPERATING LEVY ELECTION AT ANY TIME PRIOR TO THE ADOPTION OF A FINAL BUDGET PURSUANT TO 20-9-131. IN ADDITION, ALL STATUTORY DEADLINES FOR THE MAY 6, 2003, REGULAR SCHOOL ELECTION THAT FALL ON OR BEFORE APRIL 18 ARE EXTENDED TO APRIL 28, 2003, EXCEPT THAT THE TIMELINE FOR POSTING THE ELECTION NOTICE IS CHANGED TO APRIL 28, 2003, THROUGH MAY 2, 2003.

NEW SECTION. Section 10. Effective date DATES -- applicability. ~~This (1)~~ EXCEPT AS PROVIDED IN SUBSECTIONS (2) AND (3), [THIS act] is effective July 1, 2003, and applies to the school fiscal years beginning on or after July 1, 2003.

(2) [SECTION 1] IS EFFECTIVE JULY 1, 2005.

(3) [SECTIONS 9, 11, AND THIS SECTION] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

NEW SECTION. SECTION 11. RETROACTIVE APPLICABILITY. [THIS ACT] APPLIES RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO ACTIONS TAKEN BY THE TRUSTEES OF A SCHOOL DISTRICT ON OR AFTER MARCH 27, 2003.

- END -

