

1 HOUSE BILL NO. 225

2 INTRODUCED BY C. SCHREINER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PUBLIC SCHOOL FUNDING LAWS;
5 ALIGNING THE MONTANA PUBLIC SCHOOL FUNDING FORMULA WITH THE BASIC SYSTEM OF FREE
6 QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS AS REFERENCED IN THE MONTANA
7 CONSTITUTION AND MONTANA STATUTES; REVISING THE DEFINITION OF PUPIL TO INCLUDE
8 4-YEAR-OLDS VOLUNTARILY ENROLLED BY THEIR PARENTS IN PRESCHOOL PROGRAMS
9 ESTABLISHED AT THE DISCRETION OF TRUSTEES; TRANSFERRING ADMINISTRATION OF THE QUALITY
10 EDUCATOR LOAN ASSISTANCE PROGRAM FROM THE BOARD OF REGENTS TO THE SUPERINTENDENT
11 OF PUBLIC INSTRUCTION; ALLOWING TRUSTEES TO ENROLL 4-YEAR-OLDS IN PRESCHOOL
12 PROGRAMS AND GENERATE ANB FUNDING BASED ON A MAXIMUM OF HALF-TIME ENROLLMENT AND
13 INCLUDING ENROLLED PRESCHOOL STUDENTS AS ELIGIBLE TRANSPORTEES; APPLYING
14 INFLATIONARY ADJUSTMENTS TO SCHOOL FUNDING COMPONENTS AND ADDING THE SPECIAL
15 EDUCATION ALLOWABLE COST PAYMENT TO THOSE SCHOOL FUNDING COMPONENTS RECEIVING
16 INFLATIONARY ADJUSTMENTS; PROVIDING AN APPROPRIATION; PROVIDING FOR DISTRIBUTION OF
17 FUNDS; AMENDING SECTIONS 20-1-101, 20-4-501, 20-4-505, 20-4-506, 20-5-101, 20-6-508, 20-7-117,
18 20-9-306, 20-9-311, 20-9-313, 20-9-326, AND 20-10-101, MCA; AND PROVIDING EFFECTIVE DATES."

19

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

21

22 **Section 1.** Section 20-1-101, MCA, is amended to read:

23 **"20-1-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
24 definitions apply:

25 (1) "Accreditation standards" means the body of administrative rules governing standards such as:

26 (a) school leadership;

27 (b) educational opportunity;

28 (c) academic requirements;

29 (d) program area standards;

30 (e) content and performance standards;

1 (f) school facilities and records;

2 (g) student assessment; and

3 (h) general provisions.

4 (2) "Aggregate hours" means the hours of pupil instruction for which a school course or program is
5 offered or for which a pupil is enrolled.

6 (3) "Agricultural experiment station" means the agricultural experiment station established at Montana
7 state university-Bozeman.

8 (4) "At-risk student" means any student who is affected by environmental conditions that negatively
9 impact the student's educational performance or threaten a student's likelihood of promotion or graduation.

10 (5) "Average number belonging" or "ANB" means the average number of regularly enrolled, full-time
11 pupils physically attending or receiving educational services at an offsite instructional setting from the public
12 schools of a district.

13 (6) "Board of public education" means the board created by Article X, section 9, subsection (3), of the
14 Montana constitution and 2-15-1507.

15 (7) "Board of regents" means the board of regents of higher education created by Article X, section 9,
16 subsection (2), of the Montana constitution and 2-15-1505.

17 (8) "Commissioner" means the commissioner of higher education created by Article X, section 9,
18 subsection (2), of the Montana constitution and 2-15-1506.

19 (9) "County superintendent" means the county government official who is the school officer of the county.

20 (10) "District superintendent" means a person who holds a valid class 3 Montana teacher certificate with
21 a superintendent's endorsement that has been issued by the superintendent of public instruction under the
22 provisions of this title and the policies adopted by the board of public education and who has been employed by
23 a district as a district superintendent.

24 (11) (a) "Educational program" means a set of educational offerings designed to meet the program area
25 standards contained in the accreditation standards.

26 (b) The term does not include an educational program or programs used in 20-4-121 and 20-25-803.

27 (12) "K-12 career and vocational/technical education" means organized educational activities that have
28 been approved by the office of public instruction and that:

29 (a) offer a sequence of courses that provide a pupil with the academic and technical knowledge and skills
30 that the pupil needs to prepare for further education and for careers in the current or emerging employment

1 sectors; and

2 (b) include competency-based applied learning that contributes to the academic knowledge, higher-order
3 reasoning and problem-solving skills, work attitudes, general employability skills, technical skills, and
4 occupation-specific skills of the pupil.

5 (13) (a) "Minimum aggregate hours" means the minimum hours of pupil instruction that must be
6 conducted during the school fiscal year in accordance with 20-1-301 and includes passing time between classes.

7 (b) The term does not include lunch time and periods of unstructured recess.

8 (14) "Offsite instructional setting" means an instructional setting at a location, separate from a main
9 school site, where a school district provides for the delivery of instruction to a student who is enrolled in the
10 district.

11 (15) "Principal" means a person who holds a valid class 3 Montana teacher certificate with an applicable
12 principal's endorsement that has been issued by the superintendent of public instruction under the provisions of
13 this title and the policies adopted by the board of public education and who has been employed by a district as
14 a principal. For the purposes of this title, any reference to a teacher must be construed as including a principal.

15 (16) "Pupil" means a child who is 6 4 years of age or older on or before September 10 of the year in which
16 the child is to enroll or has been enrolled by special permission of the board of trustees under 20-5-101~~(3)~~(2)(c)
17 but who has not yet reached 19 years of age and who is enrolled in a school established and maintained under
18 the laws of the state at public expense. For purposes of calculating the average number belonging pursuant to
19 20-9-311, the definition of pupil includes a person who has not yet reached 19 years of age by September 10 of
20 the year and is enrolled under 20-5-101~~(3)~~(2)(c) in a school established and maintained under the laws of the
21 state at public expense.

22 (17) "Pupil instruction" means the conduct of organized instruction of pupils enrolled in public schools
23 while under the supervision of a teacher.

24 (18) "Qualified and effective teacher or administrator" means an educator who is licensed and endorsed
25 in the areas in which the educator teaches, specializes, or serves in an administrative capacity as established
26 by the board of public education.

27 (19) "Regents" means the board of regents of higher education.

28 (20) "Regular school election" or "trustee election" means the election for school board members held
29 on the day established in 20-20-105(1).

30 (21) "School election" means a regular school election or any election conducted by a district or

1 community college district for authorizing taxation, authorizing the issuance of bonds by an elementary, high
2 school, or K-12 district, or accepting or rejecting any proposition that may be presented to the electorate for
3 decision in accordance with the provisions of this title.

4 (22) "School food services" means a service of providing food for the pupils of a district on a nonprofit
5 basis and includes any food service financially assisted through funds or commodities provided by the United
6 States government.

7 (23) "Special school election" means an election held on a day other than the day of the regular school
8 election, primary election, or general election.

9 (24) "State board of education" means the board composed of the board of public education and the
10 board of regents as specified in Article X, section 9, subsection (1), of the Montana constitution.

11 (25) "State university" means Montana state university-Bozeman.

12 (26) "Student with limited English proficiency" means any student:

13 (a) (i) who was not born in the United States or whose native language is a language other than English;

14 (ii) who is an American Indian and who comes from an environment in which a language other than
15 English has had a significant impact on the individual's level of English proficiency; or

16 (iii) who is migratory, whose native language is a language other than English, and who comes from an
17 environment in which a language other than English is dominant; and

18 (b) whose difficulties in speaking, reading, writing, or understanding the English language may be
19 sufficient to deny the student:

20 (i) the ability to meet the state's proficiency assessments;

21 (ii) the ability to successfully achieve in classrooms where the language of instruction is English; or

22 (iii) the opportunity to participate fully in society.

23 (27) "Superintendent of public instruction" means that state government official designated as a member
24 of the executive branch by the Montana constitution.

25 (28) "System" means the Montana university system.

26 (29) "Teacher" means a person, except a district superintendent, who holds a valid Montana teacher
27 certificate that has been issued by the superintendent of public instruction under the provisions of this title and
28 the policies adopted by the board of public education and who is employed by a district as a member of its
29 instructional, supervisory, or administrative staff. This definition of a teacher includes a person for whom an
30 emergency authorization of employment has been issued under the provisions of 20-4-111.

1 (30) "Textbook" means a book or manual used as a principal source of study material for a given class
2 or group of students.

3 (31) "Textbook dealer" means a party, company, corporation, or other organization selling, offering to sell,
4 or offering for adoption textbooks to districts in the state.

5 (32) "Trustees" means the governing board of a district.

6 (33) "University" means the university of Montana-Missoula.

7 (34) "Vocational-technical education" means vocational-technical education of vocational-technical
8 students that is conducted by a unit of the Montana university system, a community college, or a tribally controlled
9 community college, as designated by the board of regents."
10

11 **Section 2.** Section 20-4-501, MCA, is amended to read:

12 **"20-4-501. Quality educator loan assistance program -- purpose.** (1) There is a quality educator loan
13 assistance program administered by the ~~board of regents through the office of the commissioner of higher~~
14 ~~education~~ superintendent of public instruction. The program must provide for the direct repayment of educational
15 loans of eligible quality educators in accordance with policies and procedures adopted by the ~~board of regents~~
16 superintendent of public instruction in accordance with this part.

17 (2) The purpose of this program is to aid quality educator recruitment and retention for those schools
18 most impacted by critical quality educator shortages. The program must be implemented in a manner that
19 maximizes recruitment and retention assistance to impacted schools."
20

21 **Section 3.** Section 20-4-505, MCA, is amended to read:

22 **"20-4-505. Loan repayment assistance documentation.** (1) A quality educator shall submit an
23 application for loan repayment assistance to the ~~board of regents~~ superintendent of public instruction in
24 accordance with policies and procedures adopted by the ~~board of regents~~ superintendent of public instruction.
25 The application must include official verification or proof of the applicant's total unpaid accumulated educational
26 loan debt and other documentation required by the ~~board of regents~~ superintendent of public instruction that is
27 necessary for verification of the applicant's eligibility.

28 (2) The ~~board of regents~~ superintendent of public instruction may require a quality educator who is
29 eligible for loan repayment assistance to provide documentation that the quality educator has exhausted
30 repayment assistance from other federal, state, or local loan forgiveness, discharge, or repayment incentive

1 programs.

2 (3) A quality educator is eligible for loan repayment assistance for no more than 3 years, with the
3 maximum annual loan repayment assistance not to exceed:

4 (a) \$3,000 after the first complete year of teaching in an impacted school;

5 (b) \$4,000 after the second complete year of teaching in the same impacted school or another impacted
6 school within the same school district; and

7 (c) \$5,000 after the third complete year of teaching in the same impacted school or another impacted
8 school within the same school district.

9 (4) The ~~board of regents~~ superintendent of public instruction may remit payment of the loan on behalf
10 of the quality educator in accordance with the requirements of this part and policies and procedures adopted by
11 the ~~board of regents~~ superintendent of public instruction."

12

13 **Section 4.** Section 20-4-506, MCA, is amended to read:

14 **"20-4-506. Funding -- priorities.** (1) If the funding for this part in any year is less than the total amount
15 for which Montana quality educators qualify, the ~~board of regents~~ superintendent of public instruction shall provide
16 preference in the award of loan repayment assistance to quality educators working in the specific licensure or
17 endorsement areas that are most impacted by quality educator shortages identified as provided in 20-4-503.

18 (2) If the funding for this part in any year is greater than the total amount for which Montana quality
19 educators qualify, the board of public education shall consider expanding the number of impacted schools
20 included in subsequent reports pursuant to 20-4-503.

21 (3) This part may not be construed to require the provision of loan repayment assistance without an
22 express appropriation for that purpose."

23

24 **Section 5.** Section 20-5-101, MCA, is amended to read:

25 **"20-5-101. Admittance of child to school.** (1) The trustees shall assign and admit a child to a school
26 in the district when the child is:

27 (a) 6 5 years of age or older on or before September 10 of the year in which the child is to enroll but is
28 not yet 19 years of age;

29 (b) a resident of the district; and

30 (c) otherwise qualified under the provisions of this title to be admitted to the school.

- 1 (2) The trustees of a district may assign and admit;
- 2 (a) any nonresident child to a school in the district under the tuition provisions of this title-;
- 3 ~~(3) The trustees may at their discretion assign and admit~~
- 4 (b) a child to a preschool in the district when the child is 4 years of age on or before September 10 of the
- 5 year in which the child is to enroll; or
- 6 (c) a child to a school in the district who is under ~~6~~ 4 years of age or an adult who is 19 years of age or
- 7 older if there are exceptional circumstances that merit waiving the age provision of this section. The trustees may
- 8 also admit an individual who has graduated from high school but is not yet 19 years of age even though no
- 9 special circumstances exist for waiver of the age provision of this section.
- 10 ~~(4)~~(3) The trustees shall assign and admit a child who is homeless, as defined in the Stewart B.
- 11 McKinney Homeless Assistance Act (Public Law 100-77), to a school in the district regardless of residence. The
- 12 trustees may not require an out-of-district attendance agreement or tuition for a homeless child.
- 13 ~~(5)~~(4) Except for the provisions of subsection ~~(4)~~ (3), tuition for a nonresident child must be paid in
- 14 accordance with the tuition provisions of this title.
- 15 ~~(6)~~(5) The trustees' assignment of a child meeting the qualifications of subsection (1) to a school in the
- 16 district outside of the adopted school boundaries applicable to the child is subject to the district's grievance policy.
- 17 Upon completion of procedures set forth in the district's grievance policy, the trustees' decision regarding the
- 18 assignment is final."

19

20 **Section 6.** Section 20-6-508, MCA, is amended to read:

21 **"20-6-508. Kindergarten Preschool through grade 12 system.** Unless otherwise required by law and

22 pursuant to 20-7-117, the trustees of an elementary district in which a high school is located and the trustees of

23 the high school district operating ~~such a~~ a high school may organize the schools of their districts to form a

24 ~~kindergarten preschool~~ kindergarten preschool through grade 12 school system, provided that the high school and elementary trustees

25 ~~shall~~ may not assume responsibility for the administration of grades ~~which~~ that are not properly within their

26 jurisdiction."

27

28 **Section 7.** Section 20-7-117, MCA, is amended to read:

29 **"20-7-117. Kindergarten and preschool programs.** (1) The trustees of an elementary district shall

30 establish or make available a kindergarten program capable of accommodating, at a minimum, all the children

1 in the district who will be 5 years old on or before September 10 of the school year for which the program is to
 2 be conducted or who have been enrolled by special permission of the board of trustees. The kindergarten
 3 program, which the trustees may designate as either a half-time or full-time program, must be an integral part of
 4 the elementary school and must be financed and governed accordingly, provided that to be eligible for inclusion
 5 in the calculation of ANB pursuant to 20-9-311, a child must have reached 5 years of age on or before September
 6 10 of the school year covered by the calculation or have been enrolled by special permission of the board of
 7 trustees. A kindergarten program must meet the minimum aggregate hour requirements established in 20-1-301.
 8 A kindergarten program that is designated as a full-time program must allow a parent, guardian, or other person
 9 who is responsible for the enrollment of a child in school, as provided in 20-5-102, to enroll the child half-time.

10 (2) The trustees of an elementary school district may establish ~~and operate a free preschool program~~
 11 ~~for children between the ages of 3 and 5 years. When preschool programs are established, they must be an~~
 12 ~~integral part of the elementary school and must be governed accordingly. Financing of preschool programs may~~
 13 ~~not be supported by money available from state equalization aid~~ or make available a preschool program capable
 14 of accommodating, at a minimum, all the children in the district who will be at least 4 years of age on or before
 15 September 10 of the school year for which the program is to be conducted. The preschool program must be an
 16 integral part of the elementary school and must be financed and governed accordingly, provided that to be eligible
 17 for inclusion in the calculation of ANB pursuant to 20-9-311, a child must have reached 4 years of age on or
 18 before September 10 of the school year covered by the calculation."

19
 20 **Section 8.** Section 20-9-306, MCA, is amended to read:

21 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
 22 definitions apply:

- 23 (1) "BASE" means base amount for school equity.
 24 (2) "BASE aid" means:
 25 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the
 26 general fund budget of a district;
 27 (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,
 28 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the
 29 special education allowable cost payment;
 30 (c) the total quality educator payment;

- 1 (d) the total at-risk student payment;
 2 (e) the total Indian education for all payment;
 3 (f) the total American Indian achievement gap payment; and
 4 (g) the total data-for-achievement payment.

5 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
 6 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
 7 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian
 8 achievement gap payment, 100% of the total data-for-achievement payment, and 140% of the special education
 9 allowable cost payment.

10 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
 11 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
 12 20-9-369.

13 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
 14 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
 15 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
 16 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

17 (6) "Basic entitlement" means:

18 (a) for each high school district:

19 (i) ~~\$306,897 for fiscal year 2018 and \$312,636~~ \$315,481 for fiscal year 2020 and \$321,254 for each
 20 succeeding fiscal year for school districts with an ANB of 800 or fewer; and

21 (ii) ~~\$306,897 for fiscal year 2018 and \$312,636~~ \$315,481 for fiscal year 2020 and \$321,254 for each
 22 succeeding fiscal year for school districts with an ANB of more than 800, plus ~~\$15,345 for fiscal year 2018 and~~
 23 ~~\$15,632~~ \$15,774 for fiscal year 2020 and \$16,063 for each succeeding fiscal year for each additional 80 ANB
 24 over 800;

25 (b) for each elementary school district or K-12 district elementary program without an approved and
 26 accredited junior high school, 7th and 8th grade program, or middle school:

27 (i) ~~\$51,149 for fiscal year 2018 and \$52,105~~ \$52,579 for fiscal year 2020 and \$53,541 for each
 28 succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

29 (ii) ~~\$51,149 for fiscal year 2018 and \$52,105~~ \$52,579 for fiscal year 2020 and \$53,541 for each
 30 succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250,

1 plus ~~\$2,558 for fiscal year 2018 and \$2,606~~ \$2,630 for fiscal year 2020 and \$2,678 for each succeeding fiscal
 2 year for each additional 25 ANB over 250;

3 (c) for each elementary school district or K-12 district elementary program with an approved and
 4 accredited junior high school, 7th and 8th grade program, or middle school:

5 (i) for the district's ~~kindergarten~~ preschool through grade 6 elementary program:

6 (A) ~~\$51,149 for fiscal year 2018 and \$52,105~~ \$52,579 for fiscal year 2020 and \$53,541 for each
 7 succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

8 (B) ~~\$51,149 for fiscal year 2018 and \$52,105~~ \$52,579 for fiscal year 2020 and \$53,541 for each
 9 succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250,
 10 plus ~~\$2,558 for fiscal year 2018 and \$2,606~~ \$2,630 for fiscal year 2020 and \$2,678 for each succeeding fiscal
 11 year for each additional 25 ANB over 250; and

12 (ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle
 13 school:

14 (A) ~~\$102,299 for fiscal year 2018 and \$104,212~~ \$105,160 for fiscal year 2020 and \$107,084 for each
 15 succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with
 16 an ANB of 450 or fewer; and

17 (B) ~~\$102,299 for fiscal year 2018 and \$104,212~~ \$105,160 for fiscal year 2020 and \$107,084 for each
 18 succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with
 19 an ANB of more than 450, plus ~~\$5,115 for fiscal year 2018 and \$5,211~~ \$5,258 for fiscal year 2020 and \$5,354
 20 for each succeeding fiscal year for each additional 45 ANB over 450.

21 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
 22 20-9-311.

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

25 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
 26 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
 27 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
 28 gap payment, the total data-for-achievement payment, and the greater of the district's special education allowable
 29 cost payment multiplied by:

30 (a) 175%; or

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

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

6 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
 7 ~~\$210 for fiscal year 2018 and \$214~~ \$216 for fiscal year 2020 and \$220 for each succeeding fiscal year times the
 8 number of American Indian students enrolled in the district as provided in 20-9-330.

9 (12) "Total at-risk student payment" means the payment resulting from the distribution of any funds
 10 appropriated for the purposes of 20-9-328.

11 (13) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from
 12 multiplying ~~\$20.46 for fiscal year 2018 and \$20.84~~ \$21.03 for fiscal year 2020 and \$21.41 for each succeeding
 13 fiscal year by the district's ANB calculated in accordance with 20-9-311.

14 (14) "Total Indian education for all payment" means the payment resulting from multiplying ~~\$21.36 for~~
 15 ~~fiscal year 2018 and \$21.76~~ \$21.96 for fiscal year 2020 and \$22.36 for each succeeding fiscal year times the ANB
 16 of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

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

19 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$7,005 for fiscal~~
 20 ~~year 2018 and \$7,136~~ \$7,201 for fiscal year 2020 and \$7,333 for each succeeding fiscal year for the first ANB,
 21 decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each
 22 ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

23 (b) for an elementary school district or a K-12 district elementary program without an approved and
 24 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of ~~\$5,471 for fiscal~~
 25 ~~year 2018 and \$5,573~~ \$5,624 for fiscal year 2020 and \$5,727 for each succeeding fiscal year for the first ANB,
 26 decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each
 27 ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

28 (c) for an elementary school district or a K-12 district elementary program with an approved and
 29 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

30 (i) a maximum rate of ~~\$5,471 for fiscal year 2018 and \$5,573~~ \$5,624 for fiscal year 2020 and \$5,727 for

1 each succeeding fiscal year for the first ANB for ~~kindergarten~~ preschool through grade 6, decreased at the rate
 2 of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving
 3 the same amount of entitlement as the 1,000th ANB; and

4 (ii) a maximum rate of ~~\$7,005 for fiscal year 2018 and \$7,136~~ \$7,201 for fiscal year 2020 and \$7,333 for
 5 each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for
 6 each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same
 7 amount of entitlement as the 800th ANB.

8 (16) "Total quality educator payment" means the payment resulting from multiplying ~~\$3,185 for fiscal year~~
 9 ~~2018 and \$3,245~~ \$3,275 for fiscal year 2020 and \$3,335 for each succeeding fiscal year by the number of
 10 full-time equivalent educators as provided in 20-9-327."

11

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

13 **"20-9-311. Calculation of average number belonging (ANB) -- 3-year averaging.** (1) Average number
 14 belonging (ANB) must be computed for each budget unit as follows:

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

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

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

23 (3) When a school district has approval to operate less than the minimum aggregate hours under
 24 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

25 (4) (a) Except as provided in subsection (4)(d), for the purpose of calculating ANB, enrollment in an
 26 education program:

27 (i) from 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-time
 28 enrollment;

29 (ii) from 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time
 30 enrollment;

1 (iii) from 540 to 719 aggregate hours of pupil instruction per school year is counted as three-quarter-time
2 enrollment; and

3 (iv) 720 or more aggregate hours of pupil instruction per school year is counted as full-time enrollment.

4 (b) Except as provided in subsection (4)(d), enrollment in a program intended to provide fewer than 180
5 aggregate hours of pupil instruction per school year may not be included for purposes of ANB.

6 (c) Enrollment in a self-paced program or course may be converted to an hourly equivalent based on
7 the hours necessary and appropriate to provide the course within a regular classroom schedule.

8 (d) A school district may include in its calculation of ANB a pupil who is enrolled in a program providing
9 fewer than the required aggregate hours of pupil instruction required under subsection (4)(a) or (4)(b) if the pupil
10 has demonstrated proficiency in the content ordinarily covered by the instruction as determined by the school
11 board using district assessments. The ANB of a pupil under this subsection (4)(d) must be converted to an hourly
12 equivalent based on the hours of instruction ordinarily provided for the content over which the student has
13 demonstrated proficiency.

14 (e) A pupil in ~~kindergarten~~ preschool through grade 12 who is concurrently enrolled in more than one
15 public school, program, or district may not be counted as more than one full-time pupil for ANB purposes.

16 (5) For a district that is transitioning from a half-time to a full-time kindergarten program, the state
17 superintendent shall count kindergarten enrollment in the previous year as full-time enrollment for the purpose
18 of calculating ANB for the elementary programs offering full-time kindergarten in the current year. For the
19 purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the kindergarten
20 enrollment as one-half enrollment and then add the additional kindergarten ANB to the 3-year ~~average~~ ANB for
21 districts offering full-time kindergarten.

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

25 (7) The enrollment of preschool pupils, as provided in 20-7-117, ~~may not~~ must be included in the ANB
26 calculations based on the aggregate hours of pupil instruction provided, except that for ANB calculations, a
27 preschool student may not exceed half-time enrollment. For the initial year of operation of a preschool program
28 and for the purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the
29 preschool enrollment, pursuant to 20-9-313(1)(e), as one-half enrollment and then add the additional preschool
30 ANB to the 3-year ANB for district.

1 (8) The average number belonging of the regularly enrolled pupils for the public schools of a district must
2 be based on the aggregate of all the regularly enrolled pupils attending the schools of the district, except that:
3 (a) the ANB is calculated as a separate budget unit when:
4 (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or town
5 located in the district and at least 20 miles from any other school of the district, the number of regularly enrolled
6 pupils of the school must be calculated as a separate budget unit for ANB purposes and the district must receive
7 a basic entitlement for the school calculated separately from the other schools of the district;
8 (ii) a school of the district is located more than 20 miles from any other school of the district and
9 incorporated territory is not involved in the district, the number of regularly enrolled pupils of the school must be
10 calculated separately for ANB purposes and the district must receive a basic entitlement for the school calculated
11 separately from the other schools of the district;
12 (iii) the superintendent of public instruction approves an application not to aggregate when conditions
13 exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to travel, or when any
14 other condition exists that would result in an unusual hardship to the pupils of the school if they were transported
15 to another school, the number of regularly enrolled pupils of the school must be calculated separately for ANB
16 purposes and the district must receive a basic entitlement for the school calculated separately from the other
17 schools of the district; or
18 (iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the ANB and
19 the basic entitlements of the component districts must be calculated separately for a period of 3 years following
20 the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3 additional
21 years as follows:
22 (A) 75% of the basic entitlement for the fourth year;
23 (B) 50% of the basic entitlement for the fifth year; and
24 (C) 25% of the basic entitlement for the sixth year.
25 (b) when a junior high school has been approved and accredited as a junior high school, all of the
26 regularly enrolled pupils of the junior high school must be considered as high school district pupils for ANB
27 purposes;
28 (c) when a middle school has been approved and accredited, all pupils below the 7th grade must be
29 considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered high
30 school pupils for ANB purposes; or

1 (d) when a school has been designated as nonaccredited by the board of public education because of
2 failure to meet the board of public education's assurance and performance standards, the regularly enrolled pupils
3 attending the nonaccredited school are not eligible for average number belonging calculation purposes, nor will
4 an average number belonging for the nonaccredited school be used in determining the BASE funding program
5 for the district.

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

9 (10) (a) Except as provided in subsections (10)(b) and (10)(c), enrollment in a basic education program
10 provided by the district through any combination of onsite or offsite instruction may be included for ANB purposes
11 only if the pupil is offered access to the complete range of educational services for the basic education program
12 required by the accreditation standards adopted by the board of public education.

13 (b) Access to school programs and services for a student placed by the trustees in a private program
14 for special education may be limited to the programs and services specified in an approved individual education
15 plan supervised by the district.

16 (c) Access to school programs and services for a student who is incarcerated in a facility, other than a
17 youth detention center, may be limited to the programs and services provided by the district at district expense
18 under an agreement with the incarcerating facility.

19 (d) This subsection (10) may not be construed to require a school district to offer access to activities
20 governed by an organization having jurisdiction over interscholastic activities, contests, and tournaments to a
21 pupil who is not otherwise eligible under the rules of the organization.

22 (11) A district may include only, for ANB purposes, an enrolled pupil who is otherwise eligible under this
23 title and who is:

24 (a) a resident of the district or a nonresident student admitted by trustees under a student attendance
25 agreement and who is attending a school of the district;

26 (b) unable to attend school due to a medical reason certified by a medical doctor and receiving
27 individualized educational services supervised by the district, at district expense, at a home or facility that does
28 not offer an educational program;

29 (c) unable to attend school due to the student's incarceration in a facility, other than a youth detention
30 center, and who is receiving individualized educational services supervised by the district, at district expense, at

1 a home or facility that does not offer an educational program;

2 (d) receiving special education and related services, other than day treatment, under a placement by the
3 trustees at a private nonsectarian school or private program if the pupil's services are provided at the district's
4 expense under an approved individual education plan supervised by the district;

5 (e) participating in the running start program at district expense under 20-9-706;

6 (f) receiving educational services, provided by the district, using appropriately licensed district staff at
7 a private residential program or private residential facility licensed by the department of public health and human
8 services;

9 (g) enrolled in an educational program or course provided at district expense using electronic or offsite
10 delivery methods, including but not limited to tutoring, distance learning programs, online programs, and
11 technology delivered learning programs, while attending a school of the district or any other nonsectarian offsite
12 instructional setting with the approval of the trustees of the district. The pupil shall:

13 (i) meet the residency requirements for that district as provided in 1-1-215;

14 (ii) live in the district and must be eligible for educational services under the Individuals With Disabilities
15 Education Act or under 29 U.S.C. 794; or

16 (iii) attend school in the district under a mandatory attendance agreement as provided in 20-5-321.

17 (h) a resident of the district attending the Montana youth challenge program or a Montana job corps
18 program under an interlocal agreement with the district under 20-9-707.

19 (12) A district shall, for ANB purposes, calculate the enrollment of an eligible Montana youth challenge
20 program participant as half-time enrollment.

21 (13) (a) For an elementary or high school district that has been in existence for 3 years or more, the
22 district's maximum general fund budget and BASE budget for the ensuing school fiscal year must be calculated
23 using the current year ANB for all budget units or the 3-year ~~average~~ ANB for all budget units, whichever
24 generates the greatest maximum general fund budget.

25 (b) For a K-12 district that has been in existence for 3 years or more, the district's maximum general fund
26 budget and BASE budget for the ensuing school fiscal year must be calculated separately for the elementary and
27 high school programs pursuant to subsection (13)(a) and then combined.

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

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

1 (b) dividing the sum calculated under subsection (14)(a) by three."
 2

3 **Section 10.** Section 20-9-313, MCA, is amended to read:

4 **"20-9-313. Circumstances under which regular average number belonging may be increased. (1)**

5 The average number belonging of a school, calculated in accordance with the ANB formula prescribed in
 6 20-9-311, may be increased when:

7 (a) the opening of a new elementary school or the reopening of an elementary school has been approved
 8 in accordance with 20-6-502. The average number belonging for the school must be established by the county
 9 superintendent and approved, disapproved, or adjusted by the superintendent of public instruction.

10 (b) the opening or reopening of a high school or a branch of the county high school has been approved
 11 in accordance with 20-6-503, 20-6-504, or 20-6-505. The average number belonging for the high school must be
 12 established by the county superintendent's estimate, after an investigation of the probable number of pupils that
 13 will attend the high school.

14 (c) a district anticipates an increase in the average number belonging due to the closing of a private or
 15 public school in the district or a neighboring district. The estimated increase in average number belonging must
 16 be established by the trustees and the county superintendent and approved, disapproved, or adjusted by the
 17 superintendent of public instruction no later than the fourth Monday in June.

18 (d) a district anticipates an unusual enrollment increase in the ensuing school fiscal year. The increase
 19 in average number belonging must be based on estimates of increased enrollment approved by the
 20 superintendent of public instruction and must be computed in the manner prescribed by 20-9-314.

21 (e) a district is planning the initial year of operation of a preschool program established and eligible for
 22 state funding under 20-7-117(2). The increase in average number belonging to be used for budget purposes,
 23 calculated pursuant to 20-9-311, must be based on the district's report to the superintendent of public instruction
 24 no later than June 1 of the number of preschool children to be admitted under 20-5-101(2)(b) and registered in
 25 the district as of May 31 of the year prior to the start of the program and the aggregate hours of instruction
 26 planned for the district's preschool program in its initial year of operation, with a preschool student not counting
 27 for more than half-time enrollment for ANB purposes. If the actual preschool enrollment is less than the enrollment
 28 used to determine the budgeted ANB, the provisions of 20-9-314(6)(b) apply.

29 ~~(e)~~(f) for the initial year of operation of a kindergarten program established under 20-7-117(1), the ANB
 30 to be used for budget purposes is:

1 (i) one-half the number of 5-year-old children residing in the district as of September 10 of the preceding
 2 school year, either as shown on the official school census or as determined by some other procedure approved
 3 by the superintendent of public instruction, for the purpose of implementing a half-time kindergarten program as
 4 provided in 20-1-301; or

5 (ii) the number of 5-year-old children residing in the district as of September 10 of the preceding school
 6 year, either as shown on the official school census or as determined by some other procedure approved by the
 7 superintendent of public instruction, for the purpose of implementing a full-time kindergarten program as provided
 8 in 20-1-301; or

9 ~~(f)~~(g) a high school district provides early graduation for a student who completes graduation
 10 requirements in less than eight semesters or the equivalent amount of secondary school enrollment. The increase
 11 must be established by the trustees as though the student had attended to the end of the school fiscal year and
 12 must be approved, disapproved, or adjusted by the superintendent of public instruction.

13 (2) This section does not apply to the expansion of a half-time kindergarten program to a full-time
 14 kindergarten program."
 15

16 **Section 11.** Section 20-9-326, MCA, is amended to read:

17 **"20-9-326. Annual inflation-related adjustments to ~~basic entitlements and per-ANB entitlements.~~**

18 (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the superintendent of
 19 public instruction shall determine the inflation factor for the basic and per-ANB entitlements, the
 20 data-for-achievement payment, the special education allowable cost payment, and the general fund payments
 21 in 20-9-327 through 20-9-330 in each fiscal year of the ensuing biennium. The inflation factor is calculated as
 22 follows:

23 (a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar year
 24 by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and raise the
 25 resulting ratio to the power of one-third; and

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

29 (2) The present law base for the entitlements referenced in subsection (1), calculated under Title 17,
 30 chapter 7, part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated

1 pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium.

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

5

6 **Section 12.** Section 20-10-101, MCA, is amended to read:

7 **"20-10-101. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
8 definitions apply:

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

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

12 (a) is 5 4 years of age or older and has not reached the age of 21 on or before September 10 of the
13 current school year or who is a preschool child with a disability between the ages of 3 and 6 4 or who has been
14 assigned and admitted pursuant to 20-5-101(2)(c);

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

16 (c) regardless of district and county boundaries:

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

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

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

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

26 (4) (a) "School bus" means, except as provided in subsection (4)(b), any motor vehicle that complies with
27 the bus standards established by the board of public education as verified by the department of justice's
28 semiannual inspection of school buses and the superintendent of public instruction and:

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

1 or from school; or

2 (ii) is district-owned, is designed to carry 10 or fewer passengers, has an overall safety rating of five stars
3 from the national highway traffic safety administration at the time of purchase, and is insured in accordance with
4 minimum coverage requirements set forth in 20-10-109.

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

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

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

8 (iii) either district-owned or privately owned, designed to carry not more than nine passengers, and used
9 to transport pupils to or from activity events or to transport pupils to their homes in case of illness or other
10 emergency situations and that was purchased prior to July 1, 2017; or

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

12 (5) "Transportation" means:

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

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

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

21
22 **NEW SECTION. Section 13. Distribution of funds for preschool.** Money appropriated to the office
23 of public instruction for startup costs for the half-time preschool program in the 2021 biennium must be distributed
24 to districts that notify the superintendent of public instruction, pursuant to 20-9-313, of anticipated enrollment in
25 a half-time preschool program. The superintendent shall make available grants of \$10,000 per classroom.
26 Districts receiving federal preschool development grant funds or state STARS preschool pilot grants in fiscal year
27 2019 or before are only eligible for startup funds for new classrooms. The school district shall deposit the money
28 in the miscellaneous programs fund and shall use the money for startup costs associated with the development
29 of a half-time preschool program. Money remaining with the office of public instruction on June 30, 2021,
30 appropriated for preschool startup must revert to the state general fund.

