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

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15        **NEW SECTION.** **Section 1. Transformational learning -- legislative intent.** The legislature finds and

16 declares pursuant to Article X, section 1, of the 1972 Montana constitution that transformational learning is an

17 appropriate means of fulfilling the people's goal of developing the full educational potential of each person. The

18 provision of and participation in transformational learning under [sections 1 and 2] and in compliance with

19 accreditation standards of the board of public education is constitutionally compliant and protected. The

20 legislature declares that any public or private regulation that discriminates against a district or pupil participating

21 in transformational learning is inconsistent with constitutional goals and guarantees under Article X of the

22 Montana constitution.

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24        **NEW SECTION.** **Section 2. Incentives for creation of transformational learning programs.** (1) (a)  
25        A school district as defined in 20-6-101 that satisfies the conditions of subsection (2) and is qualified by the board  
26        of public education pursuant to subsection (3) is eligible for a 4-consecutive-year provision of the transitional  
27        funding and flexibilities in subsections (4) and (5)

(b) A school district may be qualified by the board of public education for no more than one 4-consecutive-year provision of transitional funding and flexibilities in any 8-year period.

30 (c) A school district may be qualified for a second or successive time only after districts seeking to

1 participate for the first time have been qualified and only for a further expansion of the district's transformational  
2 learning program beyond levels of participation for which it has previously received transformational learning aid  
3 under this section.

4 (2) To qualify for the transitional funding and flexibilities in subsections (4) and (5), the board of trustees  
5 of a district shall submit an application that has been approved by motion of the board of trustees and signed by  
6 the presiding officer to the board of public education for approval of a transformational learning program on a form  
7 provided by the superintendent of public instruction. The school board's application must:

8 (a) identify the number of full-time equivalent educators meeting the criteria of 20-9-327(3) who will  
9 participate in the district's transformational learning program, with full-time equivalence calculated and reported  
10 by the district based on the planned portion of each qualifying educators's full-time equivalent assignment that  
11 is dedicated to the district's transformational learning program;

12 (b) include the district's definition of proficiency within the meaning of that term as used in 20-9-311(4)(d).

13 The definition must not require seat time as a condition or other element of determining proficiency. The definition  
14 must be incorporated in the district's policies and must be used for purposes of determining content and course  
15 mastery and other progress, promotion from grade to grade, grades, and graduation for pupils enrolled in the  
16 district's transformational learning program.

17 (c) include a strategic plan with appropriate planning horizons for implementation, measurable objectives  
18 to ensure accountability, and planned strategies to:

19 (i) develop a transformational learning plan for each participating pupil that honors individual interests,  
20 passions, strengths, needs, and culture, and that is rooted in relationships with teachers, family, peers, and  
21 community members;

22 (ii) embed community-based, experiential, online, and work-based learning opportunities and foster a  
23 learning environment that incorporates both face-to-face and virtual connections;

24 (iii) provide effective professional development to assist employees in transitioning to a transformational  
25 learning model; and

26 (iv) ensure equality of educational opportunity to participate by all pupils of the district.

27 (3) On an annual basis, the board of public education shall:

28 (a) qualify districts that submit an application meeting the requirements of subsection (2) for the funding  
29 in subsection (4) and the flexibilities in subsection (5) until the annual appropriation is exhausted, after which  
30 further applications are to be deferred for consideration in a subsequent year, in the order of date received, if and

1       when additional funds become available for distribution;

2           (b) require each participating district to submit an annual report of progress toward measurable

3       objectives under the district's transformational learning plan and any updates to the plan for qualification, including

4       any requested adjustments to the number of participating full-time equivalent educators under subsection (2)(a),

5       with approval of the board of public education for an increase in funding based on increased levels of participation

6       under subsection (2)(a) contingent on the availability of funds within any appropriation of the legislature; and

7           (c) on or before September 15 of even-numbered years, report to the education interim committee on

8       the progress made by districts operating under approved transformational learning plans.

9           (4) (a) For a period of 4 consecutive fiscal years following the fiscal year in which a district is qualified

10      by the board of public education under subsection (3), the superintendent of public instruction shall provide a

11      transformational learning aid payment to the district equivalent to 50% of the total quality educator payment

12      defined in 20-9-306 multiplied by the number of the district's full-time equivalent educators reported under

13      subsection (2)(a) of this section.

14           (b) The payment under this subsection (4) must be distributed directly to the school district's flexibility

15      fund established under 20-9-543 no later than June 30 of fiscal year 2020 and by October 1 of each year

16      beginning fiscal year 2021 by the superintendent of public instruction. The money must be expended by the

17      district only for the purposes set forth in the district's approved transformational learning program.

18           (c) For fiscal years 2020 and 2021, a school district may not receive more than 25% of the total amount

19      of payments made under this subsection.

20           (5) During each year that a school district remains qualified for funding under subsection (4), the district's

21      trustees may:

22           (a) if the obligations of transparency set forth in 20-9-116 are met, levy an annual permissive property

23      tax not to exceed 100% of any funds distributed to the district under subsection (4). Proceeds of the levy must

24      be deposited in the district's flexibility fund established under 20-9-543 and must be expended by the district only

25      for the purposes of the district's approved transformational learning plan.

26           (b) transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt service

27      fund or retirement fund, to the district's flexibility fund.

28           (6) (a) Any funds transferred pursuant to subsection (5)(b) may be expended by the district solely for the

29      purposes of implementing the district's approved transformational learning plan. Any transfers of funds are not

30      considered expenditures to be applied against budget authority.

1               (b) Any transfers that are not expended for the purposes of implementing the district's approved  
2 transformational learning plan within 2 full school fiscal years after the funds are transferred must be transferred  
3 back to the originating fund from which the revenue was transferred.

4               (c) The intent of subsection (5)(b) and this subsection (6) is to increase the flexibility and efficiency of  
5 school districts without an increase in local taxes. In furtherance of this intent, if transfers of funds are made from  
6 any school district fund supported by a nonvoted levy, the district may not increase its nonvoted levy for the  
7 purpose of restoring the amount of funds transferred.

8               (7) The present law base calculated for K-12 local assistance under Title 17, chapter 7, part 1, must  
9 include transformational learning aid as defined in subsection (8).

10              (8) For the purposes of this title, the following definitions apply:

11              (a) "Transformational learning" means a flexible system of pupil-centered learning that is designed to  
12 develop the full educational potential of each pupil that:

13               (i) is customized to address each pupil's strengths, needs, and interests;

14               (ii) includes continued focus on each pupil's proficiency over content; and

15               (iii) actively engages each pupil in determining what, how, when, and where each pupil learns.

16              (b) "Transformational learning aid" means 50% of the total quality educator payment defined in 20-9-306  
17 multiplied by:

18               (i) for fiscal year 2020, 5% of the statewide number of full-time equivalent educators calculated as  
19 provided in 20-9-327;

20               (ii) for fiscal year 2021, 7.5% of the statewide number of full-time equivalent educators calculated as  
21 provided in 20-9-327; and

22               (iii) for fiscal year 2022 and subsequent fiscal years, 10% of the statewide number of full-time equivalent  
23 educators calculated as provided in 20-9-327.

25              **Section 3.** Section 20-9-116, MCA, is amended to read:

26              **"20-9-116. Resolution of intent to increase nonvoted levy -- notice.** (1) The trustees of a school  
27 district shall adopt a resolution ~~no later than June 1 in fiscal year 2017 only and no later than March 31 of in fiscal~~  
~~year 2018 and subsequent fiscal years each fiscal year~~ and provide notice pursuant to subsection (2) whenever  
29 the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for the purposes  
30 of funding any of the funds listed below:

1                   (a) the tuition fund under 20-5-324;  
2                   (b) the adult education fund under 20-7-705;  
3                   (c) the building reserve fund under 20-9-502 and 20-9-503;  
4                   (d) the transportation fund under 20-10-143 and 20-10-144; **and**  
5                   (e) the bus depreciation reserve fund under 20-10-147; **and**  
6                   (f) the flexibility fund established in 20-9-543 for the purposes in [section 2].

7                   (2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the ensuing  
8 school fiscal year by:

9                   (a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a minimum,  
10 the estimated number of increased or decreased mills to be imposed and the estimated increased or decreased  
11 revenue to be raised compared to nonvoted levies under (1)(a) through (1)(e) (1)(f) imposed in the current school  
12 fiscal year and, based on the district's taxable valuation most recently certified by the department of revenue  
13 under 15-10-202, the estimated impacts of the increase or decrease on a home valued at \$100,000 and a home  
14 valued at \$200,000; and

15                   (b) publishing a copy of the resolution in a newspaper that will give notice to the largest number of people  
16 of the district as determined by the trustees and posting a copy of the resolution to the school district's website."

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18                 **NEW SECTION. Section 4. Appropriation.** There is appropriated \$2.6 million from the general fund  
19 to the office of public instruction for the biennium beginning July 1, 2019, for distributions of transformational  
20 learning aid to districts pursuant to [section 2(4)]. The superintendent shall allocate a sufficient portion of the  
21 appropriation for distributions in fiscal year 2020 and fiscal year 2021 that are estimated to allow for levels of  
22 district participation within this biennial appropriation and pursuant to the definition of "transformational learning  
23 aid" in [section 2(8)].

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25                 **NEW SECTION. Section 5. Codification instruction.** [Sections 1 and 2] are intended to be codified  
26 as an integral part of Title 20, chapter 7, and the provisions of Title 20, chapter 7, apply to [sections 1 and 2].

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28                 **NEW SECTION. Section 6. Effective date.** [This act] is effective on passage and approval.

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30                 **NEW SECTION. Section 7. Termination.** [This act] terminates June 30, 2027.

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