

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INFLATIONARY ADJUSTMENT FOR THE
5 SCHOOL FUNDING FORMULA; IMPROVING THE ACCURACY OF INFLATION ON THE FORMULA TO
6 MORE ACCURATELY REFLECT THE EXPENDITURE PATTERNS OF PUBLIC SCHOOLS BY REPLACING
7 THE CONSUMER PRICE INDEX WITH THE EMPLOYMENT COST INDEX; AND AMENDING SECTION 20-9-
8 326, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11
12 **Section 1.** Section 20-9-326, MCA, is amended to read:

13 **"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB**

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

18 (a) for the first year of the biennium, divide the ~~consumer price~~ employment cost index for July 1 of
19 the prior calendar year by the ~~consumer price~~ employment cost index for July 1 of the calendar year ~~3-2~~ years
20 prior to the prior calendar year and raise the resulting ratio to the power of ~~one-third~~ one-half; and

21 (b) for the second year of the biennium, divide the ~~consumer price~~ employment cost index for July 1
22 of the current calendar year by the ~~consumer price~~ employment cost index for July 1 of the calendar year ~~3-2~~
23 years prior to the current calendar year and raise the resulting ratio to the power of ~~one-third~~ one-half.

24 (2) The present law base for the entitlements referenced in subsection (1), calculated under Title 17,
25 chapter 7, part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated
26 pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium.

27 (3) For the purposes of this section, "~~consumer price~~ employment cost index" means the ~~consumer~~
28 price index, U.S. city average, all urban consumers, for all items, using the 1982-84 base of 100, June

1 employment cost index for total compensation for elementary and secondary schools, seasonally adjusted,
2 using the December 2005 base of 100, as published by the bureau of labor statistics of the U.S. department of
3 labor."

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