

## 1 HOUSE BILL NO. 46

2 INTRODUCED BY D. BEDEY

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SPECIAL EDUCATION FUNDING LAWS;  
6 INCLUDING THE SPECIAL EDUCATION ALLOWABLE COST PAYMENT IN THE DEFINITION OF "BASE  
7 AID"; ESTABLISHING A METHOD FOR CALCULATING THE TOTAL SPECIAL EDUCATION ALLOCATION;  
8 APPLYING THE INFLATION FACTOR CALCULATED UNDER 20-9-326 TO THE TOTAL SPECIAL  
9 EDUCATION ALLOCATION FOR DETERMINING THE PRESENT LAW BASE CALCULATED UNDER TITLE  
10 17, CHAPTER 7, PART 1, MCA; AMENDING SECTIONS 20-9-306 AND 20-9-326, MCA; AND PROVIDING  
11 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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15 **Section 1.** Section 20-9-306, MCA, is amended to read:

16 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the  
17 following definitions apply:

18 (1) "BASE" means base amount for school equity.

19 (2) "BASE aid" means:

20 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for  
21 the general fund budget of a district;

22 (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,  
23 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the  
24 special education allowable cost payment;

25 (c) the total quality educator payment;

26 (d) the total at-risk student payment;

27 (e) the total Indian education for all payment;

28 (f) the total American Indian achievement gap payment; ~~and~~

- 1 (g) the total data-for-achievement payment; and  
 2 (h) the special education allowable cost payment.

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

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

11 (5) "BASE funding program" means the state program for the equitable distribution of the state's  
 12 share of the cost of Montana's basic system of public elementary schools and high schools, through county  
 13 equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in  
 14 support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-  
 15 321.

16 (6) "Basic entitlement" means:

17 (a) for each high school district:

18 (i) \$315,481 for fiscal year 2020 and \$321,254 for each succeeding fiscal year for school districts with  
 19 an ANB of 800 or fewer; and

20 (ii) \$315,481 for fiscal year 2020 and \$321,254 for each succeeding fiscal year for school districts with  
 21 an ANB of more than 800, plus \$15,774 for fiscal year 2020 and \$16,063 for each succeeding fiscal year for  
 22 each additional 80 ANB over 800;

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

25 (i) \$52,579 for fiscal year 2020 and \$53,541 for each succeeding fiscal year for school districts or K-  
 26 12 district elementary programs with an ANB of 250 or fewer; and

27 (ii) \$52,579 for fiscal year 2020 and \$53,541 for each succeeding fiscal year for school districts or K-12  
 28 district elementary programs with an ANB of more than 250, plus \$2,630 for fiscal year 2020 and \$2,678 for

1 each succeeding fiscal year for each additional 25 ANB over 250;

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

4 (i) for the district's kindergarten through grade 6 elementary program:

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

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

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

12 (A) \$105,160 for fiscal year 2020 and \$107,084 for each succeeding fiscal year for school districts or  
13 K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and

14 (B) \$105,160 for fiscal year 2020 and \$107,084 for each succeeding fiscal year for school districts or  
15 K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus \$5,258  
16 for fiscal year 2020 and \$5,354 for each succeeding fiscal year for each additional 45 ANB over 450.

17 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
18 20-9-311.

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

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

26 (a) 175%; or

27 (b) the ratio, expressed as a percentage, of the district's special education allowable cost  
28 expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years

1 previous, with a maximum allowable ratio of 200%.

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

4 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying  
5 \$216 for fiscal year 2020 and \$220 for each succeeding fiscal year times the number of American Indian  
6 students enrolled in the district as provided in 20-9-330.

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

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

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

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

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

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

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

28 (i) a maximum rate of \$5,624 for fiscal year 2020 and \$5,727 for each succeeding fiscal year for the

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

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

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

11 (17) "Total special education allocation" means the state payment distributed pursuant to 20-9-321 that  
 12 is the greater of the amount resulting from multiplying ~~\$298.32~~ \$287.93 for fiscal year 2022 and ~~\$304.02~~  
 13 \$286.02 for each succeeding fiscal year by the statewide current year ANB or the amount of the previous year's  
 14 total special education allocation."

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16 **Section 2.** Section 20-9-326, MCA, is amended to read:

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

18 **entitlements.** (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the  
 19 superintendent of public instruction shall determine the inflation factor for the basic and per-ANB entitlements,  
 20 the data-for-achievement payment, the per-ANB amount used to calculate the total special education allocation  
 21 in 20-9-306, and the general fund payments in 20-9-327 through 20-9-330 in each fiscal year of the ensuing  
 22 biennium. The inflation factor is calculated as follows:

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

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

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

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8           NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2021.

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10           NEW SECTION. Section 4. Applicability. [This act] applies to school fiscal years beginning on or  
11 after July 1, 2021.

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