



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

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

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

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

- (1) "BASE" means base amount for school equity.
- (2) "BASE aid" means:
 - (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;
 - (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;
 - (c) the total quality educator payment;
 - (d) the total at-risk student payment;
 - (e) the total Indian education for all payment;
 - (f) the total American Indian achievement gap payment; ~~and~~

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

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

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

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

(6) "Basic entitlement" means:

(a) for each high school district:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) 175%; or

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

previous, with a maximum allowable ratio of 200%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB entitlements. (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the superintendent of public instruction shall determine the inflation factor for the basic and per-ANB entitlements, the data-for-achievement payment, the per-ANB amount used to calculate the total special education allocation in 20-9-306, and the general fund payments in 20-9-327 through 20-9-330 in each fiscal year of the ensuing biennium. The inflation factor is calculated as follows:

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

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

(2) The present law base for the entitlements referenced in subsection (1), 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, not to exceed 3% in each year, applied to both years of the biennium.

(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 3. Effective date. [This act] is effective July 1, 2021.

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

- END -

I hereby certify that the within bill,
HB 46, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2021.

President of the Senate

Signed this _____ day
of _____, 2021.

HOUSE BILL NO. 46

INTRODUCED BY D. BEDEY

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

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