

Funding for K-12 Enrollment Increases

APPLICABLE STATUTES

This section provides the statutes that are applicable for K-12 enrollment increases. There are two statutes that address anticipated and unanticipated enrollment increases.

Unusual (Anticipated) Enrollment Increase

This statute was amended, as shown below, by the 2021 Legislature. The two amendments include:

- HB 630 (Rep. Bedey), which suspended the mechanism for FY 2022 and FY 2023
- HB 33 (Rep. Vinton), which clarified that the special education allowable cost payment is included in these funding adjustments and that a district is not required to refund beyond what its unadjusted enrollment would have generated if an enrollment *decrease* occurs.

20-9-314. Procedures for determining eligibility and amount of increased average number belonging due to unusual enrollment increase. A Except for the ending school fiscal years of 2022 and 2023, a district that anticipates an unusual increase in enrollment in the ensuing school fiscal year, as provided for in 20-9-313(1)(d), may increase its ~~basic entitlement and total per-ANB entitlement~~ BASE aid and special education allowable cost payment for the ensuing school fiscal year in accordance with the following provisions:

(1) Prior to June 1, the district shall estimate the elementary or high school enrollment to be realized during the ensuing school fiscal year, based on as much factual information as may be available to the district.

(2) No later than June 1, the district shall submit its application for an anticipated unusual enrollment increase by elementary or high school level to the superintendent of public instruction. The application must include:

- (a) the enrollment for the current school fiscal year;
- (b) the average number belonging used to calculate the basic entitlement and total per-ANB entitlement for the current school fiscal year;
- (c) the average number belonging that will be used to calculate the basic entitlement and total per-ANB entitlement for the ensuing school fiscal year;
- (d) the anticipated enrollment, including the factual information on which the estimate is based, as provided in subsection (1); and
- (e) any other information or data that may be requested by the superintendent of public instruction.

(3) The superintendent of public instruction shall immediately review all the factors of the application and shall approve or disapprove the application or adjust the enrollment used to calculate the budgeted average number belonging for the ensuing school fiscal year. After approving an estimate, with or without adjustment, the superintendent of public instruction shall:

(a) determine the percentage by which the adjusted enrollment exceeds the enrollment used for the budgeted average number belonging; and

(b) approve an increase of the average number belonging used to establish the ensuing year's basic entitlement and total per-ANB entitlement in accordance with subsection (5) if the increase in subsection (3)(a) is at least 4% or 40 students, whichever is less.

(4) The superintendent of public instruction shall notify the district of the decision by the fourth Monday in June.

(5) Whenever an unusual enrollment increase is approved by the superintendent of public instruction, the maximum allowable increase to the average number belonging is equal to the adjusted enrollment as determined by the superintendent of public instruction in subsection (3) minus the sum of:

(a) the enrollment used to calculate the budgeted average number belonging for the ensuing school fiscal year; and

(b) the lesser of 40 students or 4% of the enrollment used to calculate the budgeted average number belonging for the ensuing school fiscal year.

(6) (a) Any entitlement increases resulting from provisions of this section must be reviewed at the end of the ensuing school fiscal year.

(b) If the actual enrollment is less than the enrollment used to determine the budgeted ANB, the superintendent of public instruction shall recalculate the district's BASE budget and maximum budget limitations, adopted budget, ~~and~~ BASE aid, and the special education allowable cost payment using the greater of the district's unadjusted enrollment or the actual enrollment in place of the adjusted enrollment and:

(i) any BASE aid and special education allowable cost payment received by the district in excess of the amount recalculated is an overpayment subject to the refund provisions of 20-9-344(4); and

(ii) any revenue received by the district from BASE budget and over-BASE budget levies increased by the difference between the adjusted enrollment and the actual enrollment is an overpayment and must be used to reduce the BASE budget levy calculated as provided in 20-9-141 to the extent of any BASE budget levy revenue overpayment and to reduce the over-BASE budget levy to the extent of any over-BASE budget levy revenue overpayment in the ensuing school fiscal year. In order to return the full amount of the overpayment to local taxpayers, the amount of the reduction in the BASE budget mills levied as a result of any overpayment must be calculated as a final step in computing the district's general fund net BASE levy requirement pursuant to the procedure set forth in 20-9-141(2) and the district's guaranteed tax base aid must be calculated prior to the reduction in BASE mills.

Additional Direct State Aid for Budget Amendments Resulting from Increased Enrollment (Unanticipated Enrollment Increases)

The first statute below is the permanent section of 20-9-166, MCA. This section of law allows for additional state funding for unanticipated enrolment increases.

The second statute below is the temporary version of 20-9-166, MCA enacted in HB 630 (Rep. Bedey), which modifies the eligibility for and amount of additional state aid a district can receive due to an unanticipated enrollment increase. If a district has an unanticipated enrollment increase in FY 2022 and FY 2023, the state will provide additional funding to bring the district's BASE budget up to what it would have been with the additional students after the district uses 10.0% of any ESSER II and III money it has been allocated.

20-9-166. State financial aid for budget amendments. Whenever a final budget amendment has been adopted for the general fund to finance the cost of an amendment resulting from increased enrollment, the trustees may apply to the superintendent of public instruction for an increased payment from the state for direct state aid. Whenever a final budget amendment has been adopted for the transportation fund, the trustees may apply to the superintendent of public instruction for an increased payment for state transportation reimbursement. The superintendent of public instruction shall adopt rules for the application. The superintendent of public instruction shall approve or disapprove each application for increased state aid made in accordance with 20-9-314 and this section. When the superintendent of public instruction approves an application, the superintendent of public instruction shall determine the additional amount of direct state aid or the state transportation reimbursement that will be made available to the applicant district because of the increase in enrollment or additional pupil transportation obligations. The superintendent of public instruction shall notify the applicant district of the superintendent's approval or disapproval and, in the event of approval, the amount of additional state aid that will be made available for the general fund or the transportation fund. The superintendent of public instruction shall disburse the state aid to the eligible district at the time the next regular state aid payment is made.

20-9-166. State financial aid for (Temporary) Financial support for transportation budget amendments and covid-19-related enrollment increases. Whenever a final budget amendment has been adopted for the general fund to finance the cost of an amendment resulting from increased enrollment, the trustees may apply to the superintendent of public instruction for an increased payment from the state for direct state aid. (1) Whenever a final budget amendment has been adopted for the transportation fund, the trustees may apply to the superintendent of public instruction for an increased payment for state transportation reimbursement. The superintendent of public instruction shall adopt rules for the application for state transportation reimbursement. The superintendent of public instruction shall approve or disapprove each application for increased state aid made in accordance with 20-9-314 and this section state transportation reimbursement. When the superintendent of public instruction approves an application, the superintendent of public instruction shall determine the additional amount of direct state aid or the state transportation reimbursement that will be made available to the applicant district because of the increase in enrollment or additional pupil transportation obligations. The superintendent of public instruction shall notify the applicant district of the superintendent's approval or disapproval and, in the event of approval, the amount of additional state aid that will be made available for the general fund or the transportation fund. The superintendent of public instruction shall disburse the state aid to the eligible district at the time the next regular state aid payment is made.

(2) (a) Any increase in enrollment for a district at the October enrollment count for fiscal years 2022 and 2023 compared to the enrollment count of the district in October of the immediately preceding fiscal year is declared by the legislature to be related to the uncertainty created by covid-19 and qualifies the district for additional financial support as described in this subsection (2). The legislature also declares that the state's fiscal challenges in the biennium beginning July 1, 2021, are a direct result of the economic downturn resulting from covid-19.

(b) Subject to reduction under subsection (2)(c), the amount of additional financial support the district qualifies for must be calculated by the superintendent of public instruction as the difference between the district's BASE budget for that fiscal year and the amount of the district's BASE budget if the district's budget limit ANB for that fiscal year was calculated using the district's actual October enrollment count in the current school year in place of the average of the preceding year's October and February enrollment counts.

(c) (i) The total amount of the additional financial support for a district must be reduced by 10% of the Title I allocation and any portion of an amount allocated on a per-quality-educator basis to the district as of the enrollment count date pursuant to:

(A) the Coronavirus Response and Relief Supplemental Appropriations Act of 2021; and

(B) the American Rescue Plan Act of 2021, except for the 20% portion of the funds specifically earmarked and restricted to spending on learning loss programs.

(ii) The superintendent of public instruction shall consider the 10% amount calculated under this subsection (2)(c) as an expense eligible for reimbursement under catalog of federal domestic assistance number 84.425D.

(d) The only increases in financial support resulting from increased enrollment are the increases described in this subsection (2). The superintendent of public instruction shall allocate the additional financial support to a qualifying district, first from federal money appropriated by the legislature for this purpose and if necessary, from the BASE aid appropriation in House Bill No. 2.

(e) A district receiving additional financial support under this subsection (2) shall deposit the money in the district's miscellaneous programs fund and use it to address costs associated with the enrollment increase. (Terminates June 30, 2023)."