A BILL FOR AN ACT ENTITLED: “AN ACT REVISING SCHOOL FUNDING LAWS RELATED TO
ENROLLMENT INCREASES; PROVIDING FOR SIGNIFICANT ENROLLMENT INCREASE PAYMENTS
BASED ON THE OCTOBER ENROLLMENT COUNT; ELIMINATING THE CURRENT MECHANISM FOR
ANTICIPATED UNUSUAL ENROLLMENT INCREASES; AMENDING SECTION 11, CHAPTER 551, LAWS OF
2021; AMENDING SECTIONS 20-9-166 AND 20-9-313, MCA; REPEALING SECTION 20-9-314, MCA;
PROVIDING AN IMMEDIATE EFFECTIVE DATE; PROVIDING AN APPLICABILITY DATE.”

*** If the EIBC wants to proceed with this bill draft, sections 20-3-106, 20-9-141, 20-9-308, and 20-9-310 will need to be incorporated into the draft and amended due to the repeal of 20-9-314.

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

Section 1. Section 20-9-166, MCA, is amended to read:

"20-9-166. (Temporary) Financial support for transportation budget amendments and covid-19 related significant enrollment increases. (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 state transportation reimbursement. When the superintendent of public instruction approves an application, the superintendent of public instruction shall determine the additional amount of 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 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. When a district experiences a significant enrollment increase based on the October enrollment count, the district may be eligible for a significant enrollment increase payment in support of the district's general fund as described in this subsection (2).

(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 no later than December 1 following the October enrollment count as the difference between: the district's BASE budget for that fiscal year and the amount of the district's BASE budget:

(i) an amount equal to 80% of the district's total per-ANB entitlement for that fiscal year 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 minus the absorption factor; and

(ii) 80% of the district's total per-ANB entitlement for that fiscal year.

(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 described in this subsection (2) to districts determined to have experienced a significant increase in enrollment.
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.

(c)(i) The superintendent of public instruction shall notify a district of the district's eligibility for a
significant enrollment increase payment and the amount by December 15.

(ii) The trustees of the district shall determine at the next scheduled board meeting and no later than
February 1 whether to accept the full or a partial amount of the payment and adopt a general fund budget
amendment for any accepted amount. A budget amendment under this section must be made by resolution of
the trustees of the district and is not subject to the requirements of other budget amendments under 20-9-
161(1). The trustees shall provide a copy of the budget amendment to the superintendent of public instruction in
a manner determined by the superintendent of public instruction.

(iii) On receiving a copy of the budget amendment, the superintendent of public instruction shall
disburse from the BASE aid appropriation in House Bill No. 2 the amount of the accepted payment distributed
with the remaining direct state aid payments for that fiscal year pursuant to 20-9-344.

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

(e) For the purposes of this subsection (2), "absorption factor" means an ANB amount rounded to the
nearest whole number equal to the sum of 5 ANB plus 1.5% of the district's budget limit ANB for that fiscal year.
(Terminates June 30, 2023--sec. 11, Ch. 551, L. 2021.)

20-9-166. (Effective July 1, 2023) 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.”

Section 2. Section 20-9-313, MCA, is amended to read:

“20-9-313. Circumstances under which regular average number belonging may be increased.
(1) The average number belonging of a school, calculated in accordance with the ANB formula prescribed in
20-9-311, may be increased when:
(a) the opening of a new elementary school or the reopening of an elementary school has been
approved in accordance with 20-6-502. The average number belonging for the school must be established by
the county superintendent and approved, disapproved, or adjusted by the superintendent of public instruction.
(b) the opening or reopening of a high school or a branch of the county high school has been
approved in accordance with 20-6-503, 20-6-504, or 20-6-505. The average number belonging for the high
school must be established by the county superintendent's estimate, after an investigation of the probable
number of pupils that will attend the high school.
(c) a district anticipates an increase in the average number belonging due to the closing of a private
or public school in the district or a neighboring district. The estimated increase in average number belonging
must be established by the trustees and the county superintendent and approved, disapproved, or adjusted by
the superintendent of public instruction no later than the fourth Monday in June.
(d) a district anticipates an unusual enrollment increase in the ensuing school fiscal year. The
increase in average number belonging must be based on estimates of increased enrollment approved by the
superintendent of public instruction and must be computed in the manner prescribed by 20-9-314.
(e) for the initial year of operation of a kindergarten program established under 20-7-117(1), the
ANB to be used for budget purposes is:
(i) one-half the number of 5-year-old children residing in the district as of September 10 of the
preceding school year, either as shown on the official school census or as determined by some other procedure approved by the superintendent of public instruction, for the purpose of implementing a half-time kindergarten program as provided in 20-1-301; or

(ii) the number of 5-year-old children residing in the district as of September 10 of the preceding school year, either as shown on the official school census or as determined by some other procedure approved by the superintendent of public instruction, for the purpose of implementing a full-time kindergarten program as provided in 20-1-301; or

(f(e) a high school district provides early graduation for a student who completes graduation requirements in less than eight semesters or the equivalent amount of secondary school enrollment. The increase must be established by the trustees as though the student had attended to the end of the school fiscal year and must be approved, disapproved, or adjusted by the superintendent of public instruction.

(2) This section does not apply to the expansion of a half-time kindergarten program to a full-time kindergarten program."

NEW SECTION. Section 3. {standard} Repealer. The following section of the Montana Code Annotated is repealed:

20-9-314. Procedures for determining eligibility and amount of increased average number belonging due to unusual enrollment increase.

Section 4. Section 11, Chapter 551, Laws of 2021, is amended to read:

"Section 11. Termination. [Sections 1 and 3 Section 1] terminate terminates June 30, 2023."

NEW SECTION. Section 5. {standard} Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 6. Applicability. [This act] applies to school fiscal years beginning on or after July 1, 2023. 