



68th Montana State Legislative School Finance Review 2023

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Disclaimer

The Montana OPI school finance division has prepared this presentation in attempt to provide a general overview of bill/laws specific to public school funding and finance. There are many other bills that passed into law during the 2023 legislative session that are not covered in this presentation. Due to the high-level nature of this presentation and the delayed effect of many bills make it prohibitive to provide specific details that will be organized and provided once implementation takes place for many of the new laws.

Long-range building appropriations

Specific to public school districts, HB 5 appropriates \$3.7 million to the department of environmental quality (DEQ) for grants to reduce exposure to lead in drinking water at school facilities.

Increase K-12 BASE aid

HB 15 provides inflationary increases of 2.70 percent for FY 2024 and 3.00 percent for FY 2025 to the funding components of school district general fund budgets.

The increases are applied to the: basic and per-ANB entitlements,
Special education allowable cost payment,
Quality educator payment,
Indian education for all payment,
At-risk student payment,
American Indian achievement gap payment,
Data for achievement payment

Revising school funding laws related to enrollment increases

HB 36 repeals 20-9-314, MCA, which provides procedures for determining eligibility and amount of increased ANB due to unusual enrollment increase.

The bill also removes statutory references to sections 20-3-106, 20-9-141, 20-9-308, and 20-9-313, MCA and modifies section 20-9-166, MCA, to allow significant enrollment increase (SEI) payments.

Revising school funding laws related to enrollment increases

In general, the SEI payment eligibility process is described in the bill as follows:

- School districts that experience an enrollment increase based on the October enrollment count in the current year converted to ANB must be greater than the budget limitation ANB for the fiscal year three years prior by 10%.
- The Office of Public Instruction (OPI) must determine by December 1st each year following the October enrollment count the school districts that qualify for a SEI payment. OPI must notify schools by December 15th of each year of their eligibility for an SEI payment.

Revising school funding laws related to enrollment increases

- The SEI payment is described in this bill as an amount that is the difference between 80% of the district's total per-ANB entitlement for that fiscal year using the most current October enrollment count minus the "absorption factor", and 80% of the district's initial per-ANB entitlement for that fiscal year.
- Absorption factor is defined as an ANB amount rounded to the nearest whole number equal to the sum of 5 ANB plus 3% of the district's budget limit ANB for that fiscal year.

Revising school funding laws related to enrollment increases

- The trustees of a SEI payment qualifying district are to notice OPI of acceptance of all or partial amount of the allowable SEI payment no later than March 1st. A school district general fund budget amendment must be provided to the OPI and, upon successful completion of the budget amendment process, the OPI is to begin distribution of the SEI payments using appropriation authority from the BASE aid appropriation in HB 2 in the following months that direct state aid is distributed to schools by OPI.

Generally revise education laws to enhance educational opportunities

[Applicability of this bill applies to Budgets and Calculations of FY2025](#)

HB 203 revises education laws related to students who attend school out of district and the associated tuition, out-of-district attendance choice, and assures taxpayer equity.

HB 203 changes section 20-5-320, MCA, amending the title to, out-of-district attendance by parent or guardian request with no extenuating circumstances, and makes the following additional amendments.

Generally revise education laws to enhance educational opportunities

Changes include that, a child may enroll and attend a district that is the non-resident district at the request of the parent or guardian with approval of the trustees of the intended district of attendance. That the parents or guardians may be responsible for transportation of the child to the non-located district of attendance unless the district of attendance discretionarily provides transportation pursuant to 20-10-122, MCA.

Generally revise education laws to enhance educational opportunities

Students of the resident district and those seeking enrollment under the 20-5-321, MCA, or attendance with mandatory approval are to be enrolled first, then afterward students may be enrolled under the provisions of section 20-9-320, MCA but only if the following criteria are not of concern:

Generally revise education laws to enhance educational opportunities

The approval would result in exceeding limits if (paraphrased from the bill):

- building construction standards pursuant to Title 50, chapter 60.
- capacity and ingress and egress elements, either by individual room or by school building, of any fire code authorized by Title 50, chapter 3.
- evacuation elements of the district's adopted school safety plan.
- truant as defined in 20-5-106 in the last school district attended.
- expelled by another school district.
- the trustees of a district that receives more applications than the district can accommodate.

Generally revise education laws to enhance educational opportunities

Children seeking enrollment in a non-located district are obligated to the tuition requirements under 20-5-323 & 20-5-324, MCA.

Section 20-5-321, MCA, or attendance with mandatory approval is amended to strike language associated with the discretion to waive tuition, resulting in the requirement of students seeking attendance with mandatory approval will require mandatory tuition payments.

Section 20-5-322, MCA, is modified so that the district of attendance is required to notify the district of residence, the county of attendance, the county of residence and the superintendent of public instruction should the attendance agreement be accepted. If disapproved there may be appeal to the county superintendent and then to the superintendent of public instruction.

Generally revise education laws to enhance educational opportunities

Section 20-5-323, MCA, or the calculation tuition and transportation rates is modified so that the district of residence shall pay the district of attendance a calculated amount of mandatory tuition. This amount is to be a percentage equal to the lesser of the percentage of either school district's adopted general fund budget funded by BASE and over-BASE property tax levies in the year of attendance not to exceed 35.3%.

This section is additionally amended to modify the tuition per-ANB amount by removing the data for achievement payment rate under 20-9-306 and the Indian education for all payment rate under 20-9-306 for its calculation.

Generally revise education laws to enhance educational opportunities

Section 20-5-324, MCA, or tuition payment provisions is modified so that when a child enrolls outside the resident district under sections 20-5-320 or 20-5-321, MCA, associated tuition is to be considered anticipated revenue in the BASE of the district's general fund. Should the amount anticipated exceed the limit of the BASE area the remainder is to be placed in the over-BASE portion of the district's general fund. It is further stated that the anticipated tuition revenue is to not affect BASE mills associated with the calculation of general fund GTB.

Generally revise education laws to enhance educational opportunities

The superintendent of public instruction shall report annually to the education interim committee on out-of-district attendance under 20-5-320 through 20-5-324, MCA, in the prior school fiscal year.

Generally revise education laws to enhance educational opportunities

Section 20-9-141, MCA, or the computation of general fund net levy requirement by county superintendent is modified for the following, if applicable, subtracting the result of dividing any tuition payments for out-of-district pupils to be received under the provisions of 20-5-320 through 20-5-324, MCA, except the amount of tuition received for a pupil who is a child with a disability in excess of the amount received for a pupil without disabilities, as calculated under 20-5-323(2), MCA, that are available for reduction of the district's BASE budget levy by the current total taxable valuation of the district, as certified by the department of revenue under 15-10-202, MCA, divided by 1,000.

Increase business equipment tax exemption

As a general overview, HB 212 increases the class eight business equipment tax exemption from \$300,000 to \$1,000,000 provided for in 15-6-138(4), MCA.

Additionally, HB 212 provides a reimbursement to school districts by increasing the district general fund guaranteed tax base aid (GTB) multiplier in 20-9-366, MCA, by setting the multiplier percentage at 254% in FY2024 and increasing the multiplier to 259% in FY 2025.

Revise education laws related to remote instruction

HB 214 creates definitions to distinguish in person offsite instructional settings and remote instruction. The bill also revises related definitions and statutes, including remote instruction for out-of-district students as a circumstance for mandatory attendance agreements under certain conditions providing fractional enrollment for ANB calculations when a student is enrolled in multiple school districts.

Revise education laws related to remote instruction

Section 20-1-101, MCA, is a definitions section and is modified for the following:

- Section 20-1-101(5), MCA, defines ANB, as including pupils physically attending a school or an offsite instructional setting or receiving remote instruction.
- Section 20-1-101(13) defines Minimum aggregate hours, is addressed to include remote instruction within its definition.

Revise education laws related to remote instruction

- Section 20-1-101(14) defines offsite instructional setting as modified to include settings that are an extension of a school of the district, located apart from the school, and that only in-person pupil instruction is considered. It is further clarified that a district shall comply with any rules adopted by the board of public education that specify standards for the provision of educational services at an offsite instructional setting.

Revise education laws related to remote instruction

- Section 20-1-101, MCA, is modified to include item (21) to define remote instruction as follows: “Remote instruction” means pupil instruction that occurs through virtual learning processes incorporating distance and online learning methods that best prepare pupils to meet desired learning outcomes as authorized in 20-7-118, MCA.
- Section 20-1-101, MCA, is modified to include item (24) to define a school of the district or a school in the district to mean an accredited school operated by the district that is located within the boundaries of the district operating the school.

Revise education laws related to remote instruction

Section 20-3-363, MCA, or laws defining multidistrict agreements is amended to clarify that the agreement may include the following:

A multidistrict agreement may include an agreement through which one district provides culturally rooted instruction aligned to a learning environment for English language learners or an Indian language immersion program to pupils of a district participating in the multidistrict agreement. The costs and other terms of service must be reflected in the multidistrict agreement.

Revise education laws related to remote instruction

Section 20-7-118, MCA, is amended to describe remote instruction as including the provision of services through electronic means and that the district will comply with any rules adopted by the board of public education. The section also identifies that remote instruction is permitted where the student:

- meets the residency requirements for that district as provided in 1-1-215, MCA.
- lives in the district and is eligible for educational services under IDEA.

Revise education laws related to remote instruction

- (1)(c) Seeking remote instruction in the nearest district when the pupil's district of residence does not provide remote or in-person instruction in an equivalent course. A course is not equivalent if the course does not provide the same level of advantage on successful completion, including but not limited to dual credit, advanced placement, and career certification.

(2)(c) A school of a district providing remote instruction shall provide remote instruction to an out-of-district pupil under subsection (1)(c) unless, because of class size restrictions, the accreditation of the school would be adversely impacted by providing remote instruction to the pupil.

Revise education laws related to remote instruction

Section 20-9-311(4)(e), MCA, is the calculation of ANB and is amended to include the following:

A pupil in kindergarten through grade 12 who is concurrently enrolled in more than one public school, program, or district may not be counted as more than one full-time pupil for ANB purposes. When a pupil is concurrently enrolled in more than one district, any fractional enrollment under subsection (4)(a) must be attributed first to a pupil's nonresident district.

Revise education laws related to remote instruction

An additional amendment to section 20-9-311(8), MCA is to clarify the superintendent's approval for determining the calculation of a separate budget unit associated with the transportation of students. It is clarified that the superintendent's approval be limited to those that are associated with geographical barriers, rather than the more general term currently used which states conditions.

Revise education laws related to advanced opportunities program

HB 257 modifies the funding formula for advanced opportunities aid payments to K-12 school districts as follows:

- Elementary districts qualify for 4.5% of the district's prior year total quality educator payment. Previously was set at 3%
- High school districts qualify for 30% of the district's prior year total quality educator payment. Previously was set at 20%
- K-12 districts qualify for 18% of the district's prior year total quality educator payment. Previously was set at 8.5%

Revise education laws related to advanced opportunities program

Additional amendments include modification on the limit for the number of districts who qualify for advanced opportunities aid to now be based on the appropriation however distributions continue to be limited to the total appropriation authority.

The percent of a district's annual distribution of advanced opportunity aid to be spent to address a pupil's out-of-pocket costs adjusts from 60% to 75%.

Revise education laws related to advanced opportunities program

Language is expanded for permissible district expenditures of these funds to include; costs of participation for qualifying pupils in out-of-school enrichment activities that, in the discretion of the trustees, advance the pupil's opportunity for postsecondary career and educational success.

Revise laws related to Indian Education for All

Section 20-9-329, MCA, or the Indian education for all payment is amended to require that, in addition to the expenditure reporting of Indian education for all expenditures additional reporting requirements are to include the following detailed descriptions:

- the instruction provided to certified personnel and students as required under 20-1-503, MCA; and
- how this instruction was developed cooperatively with the advice and assistance of Montana tribes pursuant to Title 20, chapter 1, part 5.

Revise laws related to Indian Education for All

It is further specified that a school district(s) that fails to file the annual report required is ineligible for Indian education for all funding for subsequent school fiscal years until the report is filed. If a school district files a report failing to show that all funds received under this section were spent for the purposes of the requirements of Indian education for all the school district's BASE budget and funding under this section for the subsequent fiscal year must be reduced by the amount of funding received that was not spent for the purposes of Indian education for all.

Revise the tribal computer programming scholarship program

HB 346 amends section 20-7-106, MCA, redirecting the administration of the Tribal Computer Programming Boost Scholarship program from the Office of Public Instruction (OPI) to the Department of Labor & Industry (DLI).

Under current law, high school technology teachers currently employed or under contract for employment in a high school located on an Indian reservation or a high school serving members of the Little Shell Chippewa tribe are eligible for the scholarships provided under this section of statute.

Provide targeted interventions to support 3rd grade reading proficiency

The first purpose of this legislation is to provide parents with a voluntary early literacy interventions program that would increase the number of children who are reading proficient at the end of third grade.

HB 352 establishes an Early Literacy Targeted Intervention program beginning July 1, 2024, with an appropriation of \$1.5 million for FY 2025. The funding appropriated must be used for per-student costs of the home-based early literacy program created in the bill.

Provide targeted interventions to support 3rd grade reading proficiency

HB 352 directs the Board of Public Education, the OPI, and school district trustees to implement and achieve the purposes of this bill by July 1, 2024. These entities are directed to collect, analyze, and report outcomes on an ongoing basis providing continual refining of interventions to increase efficacy and efficiency of each intervention.

Provide targeted interventions to support 3rd grade reading proficiency

HB 352 identifies early literacy targeted intervention to mean any of the following:

- a classroom-based early literacy program
- a home-based literacy program, or
- an early literacy jumpstart program

Early literacy interventions are defined in the bill allowing that a school district may provide eligible children with any of the interventions described in HB 352.

Provide targeted interventions to support 3rd grade reading proficiency

Funding for the early literacy targeted interventions is defined in the bill as follows:

- An eligible child participating in a classroom-based program must be counted in the enrollment count used for calculating ANB per 20-9-311, MCA.
- An eligible child participating in a home-based program as defined in the bill may receive not more than \$1,000 per year. If the appropriated funding is not sufficient to fund all children participating in the home-based program in any year, the superintendent is to limit participation on a first-come, first-served basis.

Provide targeted interventions to support 3rd grade reading proficiency

- An eligible child participating in a jumpstart program would be counted as quarter-time enrollment in the calculation of ANB per 20-9-311, MCA, for participation in the jumpstart program. This could mean this child could be counted as up to 1.25 in the enrollment count for ANB purposes if the child was also enrolled in school.

Provide targeted interventions to support 3rd grade reading proficiency

HB 352 directs schools offering an early literacy targeted intervention program to closely monitor and work in collaboration with the Superintendent of Public Instruction and report annually to OPI the efficacy of the program no later than July 15. The superintendent is to report annually to the Interim Budget Committee no later than September 1.

Provide targeted interventions to support 3rd grade reading proficiency

A second purpose of this legislation is to clarify both exceptional circumstances and kindergarten and preschool eligibility.

Exceptional circumstances are defined in this bill where current law has not had a definition. Section 6, 20-7-117, MCA, currently describes kindergarten and preschool programs. This bill deletes language allowing trustees to include children who have been “enrolled by special permission” and redefines the allowance to include children who have been “admitted through the exceptional circumstances provisions un 20-5-101”, MCA, which is newly defined in this bill.

Provide targeted interventions to support 3rd grade reading proficiency

A kindergarten program is defined to mean a half-time or full-time 1-year program immediately preceding a child's entry into 1st grade with curriculum and instruction selected by the Board of Trustees and aligned to the content standards established by the Board of Public Education.

A preschool program is defined to mean a half-time or full-time program to prepare children for entry into kindergarten and governed by standards adopted by the Board of Public Education.

Increase penalties for passing school buses

HB 366 amends section 61-8-351, MCA, to increase the penalties for illegally passing a school bus that has stopped on the roadway or street to receive or discharge school children and has its flashing red lights operating. The section is also amended in association with penalties for a person found to be guilty of violating the law as follows:

Increase penalties for passing school buses

- for a first offense, a fine of not less than \$500 or more than \$1,000, a sentence of community service of not less than 50 hours or more than 100 hours, or both;
- for a second offense, a fine of not less than \$2,000 or more than \$3,000, a sentence of community service of not less than 100 hours or more than 200 hours, or both; and
- for a third or subsequent offense, a fine of not less than \$5,000 or more than \$10,000, as sentence of imprisonment for a term of not less than 30 days, or both.

Establish the Students with Special Needs Equal Opportunity Act

HB 393 establishes a special needs equal opportunity education savings account program for qualified students.

A qualified student must be between the ages of 5 and 18 (inclusive) who was counted during the previous school year for ANB funding.

The student must also be identified as a student with a disability under the Individuals with Disabilities Education Act, 20 U.S.C. 1400, et seq.

Establish the Students with Special Needs Equal Opportunity Act

HB 393 directs the Superintendent of Public Instruction to notify the resident district of the qualifying student amount to be distributed by the resident district to the Montana special needs equal opportunity education savings account on behalf of the qualifying student.

Establish the Students with Special Needs Equal Opportunity Act

The Educational Savings Account (ESA) amount is calculated as the sum of:

- Data for achievement payment (Data) under 20-9-306, MCA
- Indian Education for All payment (IEA) under 20-9-306, MCA
- Per-ANB amounts of the instructional (IBG) and related services (RSBG) block grants under 20-9-321, MCA and
- Per-ANB entitlement amount under 20-9-306, MCA, multiplied by the ratio of school district adopted budget to district maximum general fund budget.

Establish the Students with Special Needs Equal Opportunity Act

HB 393 requires 95% of the money to be deposited in a private purpose trust fund to be used for participating students and 5% of the money to be deposited in the Special Needs Education Savings state special revenue account established in the bill for the Office of Public Instruction (OPI) administration of the program.

HB 393 creates a special needs equal opportunity education savings trust fund that is to be an instrumentality of the state and created for a public purpose. The funds are to be used by OPI to develop a separate trust for each participating student.

Establish the Students with Special Needs Equal Opportunity Act

Money deposited into a Montana Special Needs Education savings account may be used on behalf of a student for tuition, fees, software, instructional materials, and a wide range of both curricular and extracurricular services. The account can also be used to pay tuition, books, online courses, or other fees for postsecondary institutions. Funds from the educational savings account may not be spent by the student for computer hardware, other technological devices, or transportation unless specific to the allowable costs outlined in section 5 of HB 393.

Establish the Students with Special Needs Equal Opportunity Act

Requirements indicate that a parent must notify the Superintendent of Public Instruction in the fall and again in the spring that their child would qualify for the education savings account. The parent signs the contract assurances listed in HB 393. Each parent is required to submit to the Superintendent of Public Instruction copies of all expense receipts and account statements related to the savings account.

Establish the Students with Special Needs Equal Opportunity Act

The Superintendent of Public Instruction must make information about the program available, conduct audits of accounts, remove parents who do not comply with the contract, and suspend accounts where applicable. The Superintendent of Public Instruction collects quarterly reports of services provided to qualified students from qualified schools who enroll students participating in the Special Needs Equal Opportunity Education Savings Account Program.

Establish the Students with Special Needs Equal Opportunity Act

The Superintendent of Public Instruction is required to establish rules necessary for administering the program and are limited to the following:

- Establishment of no fewer than two time periods each year during which a student's parent may notify the superintendent of the parent's desire for the student to participate in the program. Each time period must be at least one month long. One period must be between September 1 and January 1, and the other time period must be between March 1 and June 1, based on the superintendent's determination of district and parent needs.

Establish the Students with Special Needs Equal Opportunity Act

The Superintendent of Public Instruction is required to establish rules necessary for administering the program and are limited to the following:

- verification of student eligibility pursuant to [section 3]
- creation of a parent contract pursuant to [section 5]
- notification of the resident school district of the student's participation in the program
- calculation of the amount of the district student amount and the statewide average district student amount
- auditing of expenditures for allowable educational services from a student's account & payments received by qualified schools.

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Establish the Students with Special Needs Equal Opportunity Act

The OPI will use the 2023-24 school year to develop and implement the education savings account program. There are many details related to managing these savings accounts, including consumer financial protections and disclosure regulations, which need to be researched. Application processes and procedures will need to be put in place.

Transition language is provided stating that the legislature intends for the program to be operational for the school year beginning July 1, 2024, and that the OPI will develop all necessary components of the program during the school year beginning July 1, 2023, to meet that intention.

HB 393 10 of 10

Require school trustees to admit resident children on a part-time basis

HB 396 requires trustees of a school district to admit a nonpublic or home-schooled child as a part-time enrollee at the request of the child's parent or guardian.

Under current laws the trustees may allow attendance, but it is not mandatory for the child to be allowed to attend.

The bill further amends the compulsory enrollment and excuses section of 20-5-102, MCA, is amended to include a child who is enrolled in a nonpublic or home school may be enrolled on a part-time basis in a public school.

Revise student scholarship organization and innovative education tax credits

HB 408 increases the tax credit caps available under the Innovative Educational Program (IEP) public-school tax credit and the Student Scholarship Organization (SSO) program for non-public schools. This summary is in reference to the IEP public-school tax credit portion only.

School districts that receive tax credit donations are to deposit those funds into the school district's miscellaneous programs fund and must spend the donated funds for innovative educational programs defined in 15-30-3102, MCA.

Revise student scholarship organization and innovative education tax credits

The bill expands the list of eligible uses of these funds to include distributions to capital improvements and equipment necessary to support an innovative educational program.

School districts are limited to the amount of tax credit donations a district may retain. Donations more than the greater of \$50,000 or 15% of the district's maximum general fund budget or 20% of the maximum amount of statewide donations allowed for that fiscal year must be transferred to OPI to the Innovative Educational Program state special revenue account.

Revise student scholarship organization and innovative education tax credits

HB 408 establishes the Innovative Educational Program state special revenue account to be administered by the OPI and statutorily appropriates revenue in the account. The account revenues come from excess donations transferred from school districts where tax credit donations exceeded limits set within this legislation plus interest and earnings from the account.

The OPI is to distribute the funds received in the innovative educational program account to school districts for advanced opportunity aid under 20-7-1506(4), MCA.

Revise laws for ballot wording for bonds and levies

HB 543 revises the information that must be included on the ballot for a bond election and a mill levy election and requires a statement about rental costs.

The remaining language requires the form of the mill levy ballot to reflect the content of the resolution and include a statement that “an increase in property taxes may lead to an increase in rental costs” and a statement of property tax impact on homes with specific property values. The new values are \$100,000, \$300,000 and \$600,000.

Applies to mill levy elections held on or after July 1, 2023.

HB 543 1 of 2

Revise laws for ballot wording for bonds and levies

OFFICIAL BALLOT
SCHOOL DISTRICT BOND ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS--YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X or similar mark in the square before the words "BONDS--NO".

Shall the board of trustees be authorized to issue and sell (state type of bonds here: general obligation, oil and natural gas revenue, oil and natural gas revenue for which a tax deficiency is pledged, or impact aid revenue) bonds of this school district in the amount of..... dollars (\$.....), payable semiannually, during a period not more than..... years, for the purpose..... (here state the purpose the same way as in the notice of election)?

If this bond is passed, based on the taxable value of the school district, the property taxes on a home with an assessed market value for tax purposes of \$100,000 would increase by \$..... in the first year, of \$300,000 would increase by \$..... in the first year, and of \$600,000 would increase by \$..... in the first year. An increase in property taxes may lead to an increase in rental costs.

BONDS -- YES.

BONDS -- NO.

(3) The school district conducting the bond election may replace the estimate of the impact of the election on a home valued at \$600,000 with an estimate of the impact of the election on a home of a different value."

Require ballot for bond election to estimate additional taxes for residence

See ballot language for bond elections on the prior slide.

Authorizing establishment of public charter schools

HB 549 states that it is the intent of the legislature “to create innovative and high-performing public charter schools under the general supervision of the Board of Public Education and under the supervision and control of trustees of the governing board who are elected by qualified electors in the community where the charter school is located.”

Authorizing establishment of public charter schools

The bill defines two types of public charter schools.

- A public charter school is a school established within a K-12 public school district and governed by the local board of trustees.
- A public charter school district is formed within a K-12 public school district with the boundaries of the public charter school district removed from the territory of the located school district with a governing board other than the local school board.

Authorizing establishment of public charter schools

It is defined that when a public charter school is operated by a local school board, the public charter school must be considered a separate budget unit of the located school district, must have ANB calculated separately from other budget units of the district, and must receive a basic entitlement calculated separate from other budget units in the district. The minimum and maximum amount of public funding allowed for a public charter school is to include the following from K-12 public school funding formula components:

- 80% of the basic entitlement if the public charter school ANB is greater than:

- 70 elementary ANB

- 20 middle school ANB or

- 40 high school ANB.

Authorizing establishment of public charter schools

When a public charter school district is operated by the governing board, funding for the public charter school district must be distributed as BASE aid. The minimum and maximum amount of public funding allowed for a public charter school district is to include the following from K-12 public school funding formula components:

- 80% of the basic entitlement, if the public charter school ANB is greater than:

- 70 elementary ANB

- 20 middle school ANB or

- 40 high school ANB

Authorizing establishment of public charter schools

- 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
- 140% of the special education allowable cost payment.

The bill directs in Section 12 that public charter school district funding will be distributed as BASE aid which is assumed to be as directed in 20-9-344, MCA.

Authorize establishment of community choice schools

HB 562 describes and defines the establishment, operation, and funding of Choice Schools in Montana. In Section 2 the bill sites Article X, Section 1(3), of the Montana constitution as legislative findings and intent. Article X, Section 1(3) of the Montana constitution says, 'The legislature shall provide a basic system of free quality public elementary and secondary schools. The legislature may provide such other educational institutions, public libraries, and educational programs as it deems desirable. It shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system. The bill uses Community Choice School to be interchangeable with Choice Schools.

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Authorize establishment of community choice schools

Section 15 of the bill defines funding for choice schools as the intent of the legislature to receive operational funding on a per-pupil basis that is equitable with the per-pupil funding within the general fund of a choice school's resident school district. The formula is outlined as follows:

- A choice school student enrollment is included in the student's resident district enrollment and is included for ANB purposes in the resident district's budgeting process.

Authorize establishment of community choice schools

- In the initial year of a choice school, by March 1, prior to the choice school's initial operation, the authorizer shall provide an estimate of enrollment to be included in the student's resident district and to the Office of Public Instruction (OPI) for review and ANB adjustments.
- The public school district where the choice school is located will receive up to 80% of a basic entitlement for the choice school in the public schools budgeting process. The choice school will receive funding for up to 80% basic entitlement from the located district where the choice school is located. The choice school authorizer is to inform the OPI not later than February 1st of the percentage, not to exceed 80% of the basic entitlement to be included in the located public school district for the ensuing fiscal year.

Authorize establishment of community choice schools

- The county treasurer of the county where the choice school is physically located is to establish a general fund and other necessary funds for the choice school separate from other districts in the county.
- The Superintendent of Public Instruction is to reduce the resident school district's BASE aid payment each month, August through May, by 10% of the "up to 80% basic entitlement" chosen and budgeted for the choice school plus the student amount for each full-time equivalent resident student enrolled in a choice school and deposit that amount into the choice school county held general fund.

Authorize establishment of community choice schools

The student amount is described as follows:

- the data for achievement payment rate under 20-9-306, MCA
- the Indian education for all payment rate under 20-9-306, MCA
- 140% of the per-ANB amounts of the instructional block grant and related services block grant under 20-9-321, MCA
- the applicable per-ANB maximum rate established in 20-9-306, MCA, for the choice school student multiplied by the ratio, rounded to the nearest one hundredth and not to exceed 1.00, of the resident district's adopted general fund budget to the district's maximum general fund budget in the prior year.

Generally revise school finance laws related to property taxes

HB 587 establishes the state special revenue school equalization and property tax reduction account that will receive the 95 mills for school equalization as defined in 20-9-331, 20-9-333, and 20-9-360, MCA.

Generally revise school finance laws related to property taxes

Beginning in FY 2025, each December the Superintendent of Public Instruction shall forecast an amount of revenue the account shall receive in that fiscal year by dividing the taxable value received under section 20-9-369, MCA, by 1,000 and multiplying the product by 95 or the number of mills calculated by the Department of Revenue per 15-10-420(8), MCA, for the applicable fiscal year. If the amount of change is more, or less, than \$2 million when compared to the same calculation using the prior year's information, further calculations occur. This will affect distributions of guaranteed tax base aid (GTB) to school districts beginning in FY 2025 and could affect county retirement GTB, state school major maintenance aid (SMMA), and facility GTB (debt service assistance).

Generally revise school finance laws related to property taxes

If the resulting difference is less by \$2 million or more, the Superintendent shall decrease the GTB multiplier for district general fund GTB under 20-9-366, MCA, so that the result will be a decrease in estimated general fund GTB aid equal to 85% of the reduction estimated in the change calculation. Additionally, if the resulting difference is less by \$2 million or more, the superintendent shall also decrease the county retirement GTB multiplier in 20-9-366, MCA, so that the result will be a decrease in estimated county retirement GTB aid equal to 15% of the reduction estimated in the change calculation.

Generally revise school finance laws related to property taxes

If the resulting difference is greater by \$2 million or more, the superintendent shall adjust the county retirement GTB, the SMMA under 20-9-525, MCA, and facility GTB, 20-9-366 MCA, so that 55% of the increase change amount is distributed to schools and counties under these programs.

Generally revise school finance laws related to property taxes

The distribution is to occur in the following order and not to exceed the prescribed maximum percentage. The maximum percentages are estimated to result in a distribution to local tax levies of approximately 70% statewide GTB subsidy to 30% statewide local tax effort except for facilities GTB which results in an approximate ratio of 20% GTB support to 80% to offset local property tax levy.

Generally revise school finance laws related to property taxes

Any estimated excess revenue to any of the tiered programs is to be provided to the next program in the order defined:

1. Increases are to be used to adjust the county retirement GTB multiplier not to exceed a multiplier amount set to 305%.
2. Increases are to be used to adjust the state major maintenance aid, support per dollar of local effort multiplier not to exceed a multiplier amount set to 365%.
3. Increases are to be used to adjust the debt service GTB multiplier not to exceed a multiplier amount set to 300%.

Generally revise school finance laws related to property taxes

Section 20-9-366, MCA, is amended to adjust the:

General fund GTB multiplier in association with revenues generated under 16-12-111, MCA. This language continues the general fund GTB multiplier at 254% for FY 2023 and succeeding years. However, the cap of the statewide general fund GTB multiplier is set at 262%.

County retirement GTB statewide multiplier to 189% beginning in FY 2025

Generally revise school finance laws related to property taxes

It is further clarified that the state special revenue guarantee account, established under section 20-9-622, MCA, is to be considered the first source of funding for state school equalization aid and that revenues received to the new state special revenue school equalization and property tax reduction account are to be considered the second source of funding for state school equalization aid.

Revise TEACH Act incentives to increase starting teacher salary

HB 588 amends section 20-9-324, MCA, and revises the TEACH Act for teacher incentives used to increase the starting pay of teachers to include eligibility for a Class 5 provisional license and clarifies that the first three years of a teacher's teaching career do not include any years of teaching under an emergency authorization certification.

Generally revise public notice requirements

HB 724, in general, revises public notice requirements, allowing agencies to publish meeting agendas on the agency website or social media page if they have one and requires local governments and school boards to publish meeting agendas prior to the meeting.

Specific to school districts are amendments to section 20-3-322, MCA, stating that, the trustees shall provide advance notice for the meeting in compliance with 2-3-103, MCA, and shall provide an agenda to the public in advance of the meeting.

Create online repository for information on school district boards of trustees

HB 811 revises education laws requiring the OPI to create a repository, accessible through its website, that makes the following information readily available for each school district of the state. It is stated that updates must occur within 14 days following the qualification and oathtaking under 20-3-307, MCA, of a newly elected trustee or for the filling of a vacancy on the board. The following information is required:

Create online repository for information on school district boards of trustees

- a list of current trustees, including the terms the trustees are serving and, if applicable, the trustee district
- contact information for current trustees
- if the board of trustees maintains a website, a link to the website
- contact information for the school district clerk

Require certain govt boards to provide audio/video recordings of public meetings

Section 2-3-214, MCA is amended to expand the list of boards required to record their public meetings in an audio and video format to include first class and second-class school district board of trustees provided for in 20-6-201, & 20-6-301, MCA.

The boards shall make the audio and video recordings publicly available within 5 business days after the meeting with a link to the recording on the respective board's website. If the board does not maintain a website, it shall maintain a social media page and provide a link to the recording on the social media page.

Require certain govt boards to provide audio/video recordings of public meetings

The audio and video recordings created are not required to be the official record of the meeting. If a recording is not designated as the official record, the recording may be destroyed after being retained online for 1 year and is not subject to the requirements of Title 2, chapter 6, for public information requests.

Require certain govt boards to provide audio/video recordings of public meetings

A board is not required to disrupt or reschedule a meeting if there is a technological failure of the meeting recording. If the recording is not able to be made available online, the board shall prominently post a notice in the same manner as a notice of a public meeting and shall post a notice at all locations where the meeting recording links are available. The notice must explain the reason the meeting was not recorded and describe the steps taken to remedy the failure prior to the next meeting.

Require certain govt boards to provide audio/video recordings of public meetings

The requirements apply only when a board is acting on a matter over which the board has supervision, control, jurisdiction, or advisory power at a public meeting as defined in 2-3-202, MCA, that has been publicly noticed as required by 2-3-103, MCA.

The requirements do not apply to a board when a quorum is incidentally established as described in 7-5-2122(4) & (5), MCA, solely on the basis of sharing a common office space.

Expenditures by a school district on staff, consultants, equipment, software licenses, storage, or security made to fulfill the requirements of HB 890 qualify as a school facility project under 20-9-525, MCA.

Generally revise commercial driver's license laws

HB 904 (coordinated with SB 47) generally revises commercial driver's licenses laws, directs the department of transportation to provide free commercial driver's license training, and revises commercial driver's license laws to comply with federal requirements, as well as other amendments.

Specific to school districts it is stated in HB 904 the following in reference to Commercial Drivers License (CDL) training:

Generally revise commercial driver's license laws

The department of transportation shall provide entry-level driver training for commercial driver's licenses that complies with federal requirements for class A and class B commercial driver's licenses, excluding endorsements, free of cost to persons eligible to receive a Montana commercial driver's license. The training must be available in each of the transportation commission districts established in 2-15-2502 and must include sufficient virtual or in-person classroom and vehicle time so that a student is eligible to apply for a commercial driver's license.

Generally revise commercial driver's license laws

HB 904 amends section 61-14-202, MCA, or the section for rulemaking authority for a CDL. Amendments to the section state that for when obtaining a passenger or school bus endorsement the rules must provide that the department may not conduct a skills test or hazardous materials endorsement knowledge test when the entry-level driver training provider registry does not validate that the nonexempt applicant completed the requisite entry-level driver training.

Revise commercial drivers license laws to comply with federal requirements

Coordination language associated with HB 904 voided section 1 of SB 47. See the HB 904 description for details to the Entry Level Driver Training (ELDT) program.

In addition, SB47 allows the DOT to request a waiver by the FMCSA which could waive the knowledge and skills tests and issue a driver with the school bus endorsement based on comparable experience and has operated a CMV license in Montana for ten years and preferably at least two years of experience driving a school bus in Montana. Additional requirements apply.

SB 47 1 of 1

Implement provisions of HB2 - Section E – education

New section 4 applies to the OPI and extends data collections associated with the following programs:

Advanced opportunity grant program under 20-7-1506, MCA shall report for each participating school district:

- The total amount of funding received
- The total amount expended

Implement provisions of HB2 - Section E – education

For each opportunity afforded to a student:

- A description of the opportunity
- Whether the opportunity was afforded within the school or was an out-of-school experience
- The number of students participating in the opportunity
- The funds expended on the opportunity

Implement provisions of HB2 - Section E – education

Transformational learning grant program under 20-7-1601, MCA, shall report for each participating school district:

- The total amount of funding received
- The total amount expended
- A description of the transformational activities being provided through the program
- The metrics used for evaluating the effectiveness of each transformational activity
- An assessment of the effectiveness of each transformational activity
- Future plans for each transformational activity

Implement provisions of HB2 - Section E – education

Innovative educational donations made pursuant to 15-30-3111, MCA, shall report by September 1, 2023, and by September 1, 2024 the following:

For a public school district:

- The name of the school district receiving a donation
- The total amount of donations received by the school district in the current fiscal year
- How those donations were used by that public school district

Implement provisions of HB2 - Section E – education

For each nonpublic school entity:

- The name of the entity and its address
- The total amount of donations received by the entity in the current fiscal year
- How those donations were used by that entity
- The amount of funds retained for covering overhead costs by the entity that administered the program

Revise transformational learning program laws

Section 20-7-1601, MCA, is amended to include a definition of proficiency & an expansion of the definition of proficiency-based learning. These apply to the transformational learning program and are stated as follows:

“Proficiency” means a measure of competence that is demonstrated through application in a performance assessment.

and

“Proficiency-based learning” means an education system in which student progress is based on a student’s demonstration of competence rather than on the basis of seat time or the age or grade level of the student.

SB 8 1 of 3

Revise transformational learning program laws

Section 20-7-1602, MCA, is amended requiring that district's definition of proficiency within the meaning of the term as used in 20-9-311(4)(d), MCA.

The definition must be incorporated in the district's policies and must be used for purposes of determining content and course proficiency and other progress, promotion from grade to grade, grades, and graduation for pupils enrolled in the district's transformational learning program.

The district must also describe the district's plans for the implementation of proficiency-based learning as defined in 20-7-1601, MCA.

SB 8 2 of 3

Revise transformational learning program laws

Additional amendments require districts to expend transformational learning revenue within a two-year period.

A final inclusion states that the board of public education or designee shall review the applications of school districts with first-time applications that are unfunded and on the waiting list to determine whether the district's application meets the requirements under 20-7-1602(2) as amended.

If a district's application does not meet the requirements, the board shall remove the district from the waiting list. It is also stated that a district removed from the waiting list may reapply.

Clarify school finance laws related to general fund levies

Revises school funding laws by removing unnecessary references to an additional levy for the district general fund, clarifying trustees' authority related to acquiring or disposing of sites and buildings, and revising the definition of "over-base budget levy" to conform with current statute. These amendments are associated with "cleaning-up" statutory language and should have no effect on interpretation of current law.

Clarifies that the Over-base levy election, in legislative years, must be conducted prior to August 1.

Clarify school transportation laws related to passenger vehicles

SB 69 amends sections 20-10-101, 20-10-129, 20-10-141, & 20-10-148, MCA, to clarify that a passenger vehicle used by a school district for transportation for special activities is not a school bus, additionally it is clarified that a passenger vehicle owned by the school district is not eligible for inclusion in the district's bus depreciation reserve fund.

Generally revise laws related to school employee health benefits

HB 332 creates a one-time-only distribution of incentive funding to the first district health insurance trust that is qualified by the State Auditor. The incentive payment is meant to stabilize health insurance costs and capitalize an operating reserve for school district members of the trust. The appropriation for FY 2024 is \$40 million from the state general fund to be transferred to the new state school health trust operating reserve state special revenue account by August 15, 2023.

Generally revise laws related to school employee health benefits

A district health insurance trust seeking qualification from the State Auditor needs to demonstrate that the district health insurance trust (paraphrased from the bill):

- has been created on or after July 1, 2023, by a multidistrict agreement pursuant to 20-3-363, MCA or by interlocal cooperative agreement amount participating schools pursuant to the provisions of Title 20, chapter 9, part 7.
- The contractual agreement must be among at least 150 districts with a minimum of 12,000 participating employees.
- Equally allocates the shared risk of assessments among all members

Generally revise laws related to school employee health benefits

- Determines plan design, contribution rates, and contribution tier structure
- documented limit on administrative costs of not more than 12%
- maintains full control over claim data and makes the data available to members upon request
- provides estimates of costs for employees anticipated medical treatments and procedures
- has formed an agreement between districts undertaken to separately or jointly indemnify one another by way of pooling, joint retention, deductible or self-insurance plan as described in section 33-1-102(9), MCA

Generally revise laws related to school employee health benefits

- prohibits any preexisting health benefits trust or district from imposing its liabilities on the trust that were incurred prior to joining the trust
- adopts contribution rates to pay all claims and maintain plan reserves at or above minimum levels as recommended by its actuary

If a trust is not qualified by June 30, 2026, the \$40 million will be transferred to the state capital developments long-range building program account. The bill contains restrictions on school districts leaving the trust. Finally, the bill requires the trust to begin repaying the \$40 million to the state in 2036 if the trust has excess reserves.