

SENATE BILL 203

Introduced by Nathe

1/21	Introduced
1/21	Referred to Education & Cultural Resources
1/23	Fiscal Note Received
1/25	Hearing
2/03	Fiscal Note Received
2/04	Fiscal Note Printed
2/17	Committee Report--Bill Passed as Amended
2/21	2nd Reading Passed as Amended
2/22	3rd Reading Passed

Transmitted to House

2/28	Referred to Ed. Fund. Select Committee
2/28	Hearing
3/02	Hearing
3/04	Hearing
3/07	Hearing
3/09	Hearing
3/10	Hearing
3/14	Hearing
3/15	Hearing
3/16	Hearing
3/17	Hearing
3/22	Hearing
3/23	Motion Failed to Rerefer to Education & Cultural Resources Committee (Required 3/5 Vote To Pass)
3/28	Hearing
3/30	Hearing
4/04	Committee Report--Bill Concurred as Amended
4/07	2nd Reading Concurred as Amended
4/10	3rd Reading Concurred

Returned to Senate With Amendments

4/13	2nd Reading Amendments Not Concurred
4/17	Free Conference Committee Appointed

House

4/18	Free Conference Committee Appointed Died in Process
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1 *Senate* BILL NO. *203*
 2 INTRODUCED BY *NATHE*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
 5 PUBLIC SCHOOL FUNDING; TO INCLUDE COMPREHENSIVE INSURANCE IN
 6 THE GENERAL FUND BUDGET; TO REQUIRE THE SCHOOL FOUNDATION
 7 PROGRAM TO FUND 100 PERCENT OF DISTRICTS' GENERAL FUND
 8 BUDGETS WITHOUT A VOTED LEVY OF ALL ELEMENTARY AND HIGH
 9 SCHOOLS, AS SET BY FOUNDATION PROGRAM SCHEDULES; TO LIMIT BY
 10 SCHOOL FISCAL YEAR 1995 THE MAXIMUM GENERAL FUND BUDGET OF A
 11 DISTRICT TO 117 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR
 12 THE DISTRICT; TO LIMIT THE GENERAL FUND RESERVE OF A
 13 DISTRICT TO 20 PERCENT EXCEPT FOR DISTRICTS NOT RECEIVING
 14 STATE EQUALIZATION AID; TO ELIMINATE THE PRESENT PERMISSIVE
 15 LEVY; TO INDEX THE RATE OF INCREASE IN THE SCHEDULE AMOUNTS
 16 TO THE RATE OF ANNUAL INFLATION; TO REALLOCATE LOTTERY
 17 REVENUE FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION
 18 AID; TO PROVIDE A STATE LEVY ON PROPERTY TO FUND 90 PERCENT
 19 OF THE COSTS FOR TEACHERS' RETIREMENT; TO EXCLUDE THE LEVY
 20 FROM THE PROPERTY TAX LIMITATIONS OF INITIATIVE MEASURE NO.
 21 105; TO ELIMINATE TUITION PAYMENTS BETWEEN DISTRICTS; TO
 22 REQUIRE DISTRIBUTION OF STATE EQUALIZATION AID IN MONTHLY
 23 PAYMENTS; TO PROVIDE FOR A STATUTORY APPROPRIATION; AMENDING
 24 SECTIONS 15-10-402, 17-7-502, 20-3-106, 20-3-205, 20-3-210,
 25 20-3-324, 20-3-331, 20-5-101, 20-5-102, 20-5-301, 20-5-302,

1 20-5-304, 20-5-311, 20-5-314, 20-6-401, 20-6-603, 20-6-608,
 2 20-7-420 THROUGH 20-7-422, 20-7-424, 20-7-431, 20-9-104,
 3 20-9-141, 20-9-201, 20-9-301, 20-9-303, 20-9-315, 20-9-318
 4 THROUGH 20-9-322, 20-9-333, 20-9-343, 20-9-344, 20-9-353,
 5 20-9-505, 20-9-531, 20-9-532, 20-10-105, AND 23-5-1027, MCA;
 6 REPEALING SECTIONS 20-5-303, 20-5-305 THROUGH 20-5-307,
 7 20-5-312, 20-5-313, 20-9-105, 20-9-316, 20-9-317, AND
 8 20-9-352, MCA; AND PROVIDING AN EFFECTIVE DATE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-10-402, MCA, is amended to read:
 12 **"15-10-402. Property tax limited to 1986 levels.** (1)
 13 Except as provided in subsections (2) and (3), the amount of
 14 taxes levied on property described in 15-6-133, 15-6-134,
 15 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any
 16 taxing jurisdiction, exceed the amount levied for taxable
 17 year 1986.

18 (2) The limitation contained in subsection (1) does
 19 not apply to levies for rural improvement districts, Title
 20 7, chapter 12, part 21; special improvement districts, Title
 21 7, chapter 12, part 41; the statewide levy created in
 22 [section 41]; or bonded indebtedness.

23 (3) New construction or improvements to or deletions
 24 from property described in subsection (1) are subject to
 25 taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

Section 2. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304;

15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111; 20-9-531; 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101; 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136; 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306; 90-15-103; section 13, House Bill No. 861, Laws of 1985; and section 1, Chapter 454, Laws of 1987.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3): pursuant to sec. 15, Ch. 607, L. 1987, the inclusion of 15-65-121 terminates June 30, 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991; and pursuant to sec.

6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L. 1987, terminates July 1, 1988.)"

Section 3. Section 20-3-106, MCA, is amended to read:

"20-3-106. Supervision of schools -- powers and duties. The superintendent of public instruction has the general supervision of the public schools and districts of the state, and he shall perform the following duties or acts in implementing and enforcing the provisions of this title:

(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;

(2) issue, renew, or deny teacher certification and emergency authorizations of employment;

(3) negotiate reciprocal ~~tuition~~ attendance agreements with other states in accordance with the provisions of 20-5-314;

(4) serve on the teachers' retirement board in accordance with the provisions of 2-15-1010;

(5) approve or disapprove the orders of a high school boundary commission in accordance with the provisions of 20-6-311;

(6) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

(7) approve or disapprove school isolation within the

limitations prescribed by 20-9-302;

(8) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(9) establish a system of communication for calculating joint district revenues in accordance with the provisions of 20-9-151;

(10) approve or disapprove the adoption of a district's emergency budget resolution under the conditions prescribed in 20-9-163 and publish rules for an application for additional state aid for an emergency budget in accordance with the approval and disbursement provisions of 20-9-166;

(11) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(12) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in accordance with the provisions of 20-9-213(5) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(13) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

(14) distribute state equalization aid in support of the foundation program in accordance with the provisions of 20-9-342, 20-9-346, and 20-9-347;

(15) distribute state impact aid in accordance with the provisions of 20-9-304;

(16) provide for the uniform and equal provision of transportation by performing the duties prescribed by the provisions of 20-10-112;

(17) approve or disapprove an adult education program for which a district proposes to levy a tax in accordance with the provisions of 20-7-705;

(18) request, accept, deposit, and expend federal moneys money in accordance with the provisions of 20-9-603;

(19) authorize the use of federal moneys money for the support of an interlocal cooperative agreement in accordance with the provisions of 20-9-703 and 20-9-704;

(20) prescribe the form and contents of and approve or disapprove interstate contracts in accordance with the provisions of 20-9-705;

(21) approve or disapprove the conduct of school on a Saturday or on pupil-instruction-related days in accordance with the provisions of 20-1-303 and 20-1-304;

(22) recommend standards of accreditation for all schools to the board of public education and evaluate compliance with such the standards and recommend

accreditation status of every school to the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

(23) collect and maintain a file of curriculum guides and assist schools with instructional programs in accordance with the provisions of 20-7-113 and 20-7-114;

(24) establish and maintain a library of visual, aural, and other educational media in accordance with the provisions of 20-7-201;

(25) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance with the provisions of the textbooks part of this title;

(26) as the governing agent and executive officer of the state of Montana for K-12 vocational education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

(27) supervise and coordinate the conduct of special education in the state in accordance with the provisions of 20-7-403;

(28) administer the traffic education program in accordance with the provisions of 20-7-502;

(29) administer the school food services program in accordance with the provisions of 20-10-201, 20-10-202, and 20-10-203;

(30) review school building plans and specifications in

1 accordance with the provisions of 20-6-622;

2 (31) prescribe the method of identification and signals
3 to be used by school safety patrols in accordance with the
4 provisions of 20-1-408;

5 (32) provide schools with information and technical
6 assistance for compliance with the student assessment rules
7 provided for in 20-2-121 and collect and summarize the
8 results of ~~such~~ the student assessment for the board of
9 public education and the legislature;

10 (33) administer the distribution of state retirement
11 equalization aid in accordance with 20-9-532; and

12 (34) perform any other duty prescribed from time to
13 time by this title, any other act of the legislature, or the
14 policies of the board of public education."

15 **Section 4.** Section 20-3-205, MCA, is amended to read:

16 "20-3-205. Powers and duties. The county
17 superintendent has general supervision of the schools of the
18 county within the limitations prescribed by this title and
19 shall perform the following duties or acts:

20 (1) determine, establish, and reestablish trustee
21 nominating districts in accordance with the provisions of
22 20-3-352, 20-3-353, and 20-3-354;

23 (2) administer and file the oaths of members of the
24 boards of trustees of the districts in his county in
25 accordance with the provisions of 20-3-307;

1 (3) register the teacher or specialist certificates or
2 emergency authorization of employment of any person employed
3 in the county as a teacher, specialist, principal, or
4 district superintendent in accordance with the provisions of
5 20-4-202;

6 (4) act on each ~~tuition~~ attendance application
7 submitted to him in accordance with the provisions of
8 20-5-301, 20-5-302, 20-5-304, and 20-5-311 ~~and transmit--the~~
9 ~~tuition-information-required-by-20-5-312~~;

10 (5) file a copy of the audit report for a district in
11 accordance with the provisions of 20-9-203;

12 (6) classify districts in accordance with the
13 provisions of 20-6-201 and 20-6-301;

14 (7) keep a transcript and reconcile the district
15 boundaries of the county in accordance with the provisions
16 of 20-6-103;

17 (8) fulfill all responsibilities assigned to him under
18 the provisions of this title regulating the organization,
19 alteration, or abandonment of districts;

20 (9) act on any unification proposition and, if
21 approved, establish additional trustee nominating districts
22 in accordance with 20-6-312 and 20-6-313;

23 (10) estimate the average number belonging (ANB) of an
24 opening school in accordance with the provisions of
25 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

(11) process and, when required, act on school isolation applications in accordance with the provisions of 20-9-302;

(12) complete the budgets, compute the budgeted revenues and tax levies, give notices of the budget meetings, file final and emergency budgets, and fulfill such other responsibilities assigned to him under the provisions of this title regulating school budgeting systems;

(13) submit an annual financial report to the superintendent of public instruction in accordance with the provisions of 20-9-211;

(14) quarterly, unless otherwise provided by law, order the county treasurer to apportion state money, county school money, and any other school money subject to apportionment in accordance with the provisions of 20-9-212, 20-9-334, 20-9-347, 20-10-145, or 20-10-146;

(15) act on any request to transfer average number belonging (ANB) in accordance with the provisions of 20-9-313(3);

(16) calculate the estimated budgeted general fund sources of revenue in accordance with the provisions of 20-9-348 and the other general fund revenue provisions of the general fund part of this title;

(17) compute the revenues and the district and county levy requirements for each fund included in each district's

final budget and report such the computations to the board of county commissioners in accordance with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;

(18) file and forward bus driver certifications, transportation contracts, and state transportation reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

(19) for districts which do not employ a district superintendent or principal, recommend library book and textbook selections in accordance with the provisions of 20-7-204 or 20-7-602;

(20) notify the superintendent of public instruction of a textbook dealer's activities when required under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

(21) act on district requests to allocate federal money for indigent children for school food services in accordance with the provisions of 20-10-205;

(22) perform any other duty prescribed from time to time by this title, any other act of the legislature, the policies of the board of public education, the policies of the board of regents relating to community college districts, or the rules of the superintendent of public instruction;

(23) administer the oath of office to trustees without the receipt of pay for administering the oath;

(24) keep a record of his official acts, preserve all reports submitted to him under the provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable to the administration of the office, and surrender ~~such~~ all records, books, supplies, and equipment to his successor;

(25) within 90 days after the close of the school fiscal year, publish an annual report in the county newspaper stating the following financial information for the school fiscal year just ended for each district of the county:

(a) the total of the cash balances of all funds maintained by the district at the beginning of the year;

(b) the total receipts that were realized in each fund maintained by the district;

(c) the total expenditures that were made from each fund maintained by the district; and

(d) the total of the cash balances of all funds maintained by the district at the end of the school fiscal year; and

(26) hold meetings for the members of the trustees from time to time at which matters for the good of the districts shall be discussed."

Section 5. Section 20-3-210, MCA, is amended to read:

"20-3-210. Controversy appeals and hearings. (1)

Except as provided under 20-3-211, the county superintendent shall hear and decide all matters of controversy arising in his county as a result of decisions of the trustees of a district in the county. When appeals are made under 20-4-204 relating to the termination of services of a tenure teacher or under 20-4-207 relating to the dismissal of a teacher under contract, the county superintendent may appoint a qualified attorney at law to act as a legal adviser who shall assist the superintendent in preparing findings of fact and conclusions of law. Subsequently, either the teacher or trustees may appeal to the superintendent of public instruction under the provisions for appeal of controversies in this title. ~~Furthermore--he~~ The county superintendent shall hear and decide all controversies arising under:

(a) section 20-5-304 or 20-5-311 relating to the approval of ~~tuition~~ attendance applications; or

(b) any other provision of this title for which a procedure for resolving controversies is not expressly prescribed.

(2) The county superintendent shall hear the appeal and take testimony in order to determine the facts related to the controversy and may administer oaths to the witnesses

1 that testify at the hearing. He shall prepare a written
2 transcript of the hearing proceedings. The decision on the
3 matter of controversy which is made by the county
4 superintendent ~~shall~~ must be based upon the facts
5 established at such the hearing.

6 (3) The decision of the county superintendent may be
7 appealed to the superintendent of public instruction, and if
8 it is appealed, the county superintendent shall supply a
9 transcript of the hearing and any other documents entered as
10 testimony at the hearing to the superintendent of public
11 instruction.

12 (4) ~~Cost~~ Costs incurred by the office of the county
13 superintendent ~~shall~~ must be paid from the general fund
14 budget of the county in which the controversy is initiated."

15 **Section 6.** Section 20-3-324, MCA, is amended to read:

16 "20-3-324. Powers and duties. As prescribed elsewhere
17 in this title, the trustees of each district shall ~~have--the~~
18 ~~power--and--it--shall--be--their--duty--to--perform--the--following~~
19 ~~duties--or--acts:~~

20 (1) employ or dismiss a teacher, principal, or other
21 assistant upon the recommendation of the district
22 superintendent, the county high school principal, or other
23 principal as the board ~~may--deem~~ considers necessary,
24 accepting or rejecting such any recommendation as the
25 trustees ~~shall~~ in their sole discretion determine, in

1 accordance with the provisions of Title 20, chapter 4;

2 (2) employ and dismiss administrative personnel,
3 clerks, secretaries, teacher aides, custodians, maintenance
4 personnel, school bus drivers, food service personnel,
5 nurses, and any other personnel ~~deemed~~ considered necessary
6 to carry out the various services of the district;

7 (3) administer the attendance ~~and--tuition~~ provisions
8 and otherwise govern the pupils of the district in
9 accordance with the provisions of the pupils chapter of this
10 title;

11 (4) call, conduct, and certify the elections of the
12 district in accordance with the provisions of the school
13 elections chapter of this title;

14 (5) participate in the teachers' retirement system of
15 the state of Montana in accordance with the provisions of
16 the teachers' retirement system chapter of Title 19;

17 (6) participate in district boundary change actions in
18 accordance with the provisions of the districts chapter of
19 this title;

20 (7) organize, open, close, or acquire isolation status
21 for the schools of the district in accordance with the
22 provisions of the school organization part of this title;

23 (8) adopt and administer the annual budget or an
24 emergency budget of the district in accordance with the
25 provisions of the school budget system part of this title;

1 (9) conduct the fiscal business of the district in
2 accordance with the provisions of the school financial
3 administration part of this title;

4 (10) establish the ANB, foundation program, ~~permissive~~
5 ~~levy~~, additional levy, cash reserve, and state impact aid
6 amount for the general fund of the district in accordance
7 with the provisions of the general fund part of this title;

8 (11) establish, maintain, budget, and finance the
9 transportation program of the district in accordance with
10 the provisions of the transportation parts of this title;

11 (12) issue, refund, sell, budget, and redeem the bonds
12 of the district in accordance with the provisions of the
13 bonds parts of this title;

14 (13) when applicable, establish, financially
15 administer, and budget for the ~~tuition--fund~~, retirement
16 fund, building reserve fund, adult education fund,
17 nonoperating fund, school food services fund, miscellaneous
18 federal programs fund, building fund, lease or rental
19 agreement fund, traffic education fund, and interlocal
20 cooperative agreement fund in accordance with the provisions
21 of the other school funds parts of this title;

22 (14) when applicable, administer any interlocal
23 cooperative agreement, gifts, legacies, or devises in
24 accordance with the provisions of the miscellaneous
25 financial parts of this title;

1 (15) hold in trust, acquire, and dispose of the real
2 and personal property of the district in accordance with the
3 provisions of the school sites and facilities part of this
4 title;

5 (16) operate the schools of the district in accordance
6 with the provisions of the school calendar part of this
7 title;

8 (17) establish and maintain the instructional services
9 of the schools of the district in accordance with the
10 provisions of the instructional services, textbooks,
11 vocational education, and special education parts of this
12 title;

13 (18) establish and maintain the school food services of
14 the district in accordance with the provisions of the school
15 food services parts of this title;

16 (19) make ~~such~~ reports from time to time as the county
17 superintendent, superintendent of public instruction, and
18 board of public education may require;

19 (20) retain, when ~~deemed~~ considered advisable, a
20 physician or registered nurse to inspect the sanitary
21 conditions of the school or the general health conditions of
22 each pupil and, upon request, make available to any parent
23 or guardian any medical reports or health records maintained
24 by the district pertaining to his child;

25 (21) for each member of the trustees, visit each school

of the district not less than once each school fiscal year to examine its management, conditions, and needs, except trustees from a first-class school district may share the responsibility for visiting each school in the district;

(22) procure and display outside daily in suitable weather at each school of the district an American flag ~~which shall be~~ that measures not less than 4 feet by 6 feet; and

(23) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public instruction."

Section 7. Section 20-3-331, MCA, is amended to read:

"20-3-331. Purchase of liability insurance. The trustees of any district may purchase insurance coverage for the district, trustees, and employees against liability for the death, injury, or disability of any person or damage to property. The trustees shall include the cost of coverage in the general fund budget of the district."

Section 8. Section 20-5-101, MCA, is amended to read:

"20-5-101. Admittance of child to school. (1) The trustees shall assign and admit any child to a school in the district when the child is:

(a) 6 years of age or older on or before September 10 of the year in which the child is to enroll but has not yet

reached his 19th birthday;

(b) a resident of the district; and

(c) otherwise qualified under the provisions of this title to be admitted to ~~such~~ the school.

(2) The trustees of any district ~~shall--have--the~~ authority to ~~may~~ assign and admit any nonresident child to a school in the district under the ~~tuition~~ out-of-district attendance provisions of this title.

(3) The trustees may at their discretion assign and admit a child to a school in the district who is under 6 years of age or an adult who is 19 years of age or older if there are exceptional circumstances that merit waiving the age provision of this section."

Section 9. Section 20-5-102, MCA, is amended to read:

"20-5-102. Compulsory enrollment and excuses. (1) Except as provided in subsection (2), any parent, guardian, or other person who is responsible for the care of any child who is 7 years of age or older prior to the first day of school in any school fiscal year shall cause the child to be instructed in the program prescribed by the board of public education pursuant to 20-7-111 until the later of the following dates:

(a) the child's 16th birthday; or

(b) the date of completion of the work of the 8th grade.

(2) ~~Such~~ A parent, guardian, or other person shall enroll the child in the school assigned by the trustees of the district within the first week of the school term or when he establishes residence in the district unless the child is:

(a) enrolled in a school of another district or state under any of the ~~tuition~~ out-of-district attendance provisions of this title;

(b) provided with supervised correspondence study or supervised home study under the transportation provisions of this title;

(c) excused from enrollment in a school of the district when it is shown that his bodily or mental condition does not permit his attendance and the child cannot be instructed under the special education provisions of this title;

(d) excused from compulsory school attendance upon a determination by a district judge that such attendance is not in the best interest of the child;

(e) excused by the board of trustees upon a determination that such attendance by a child who has attained the age of 16 is not in the best interest of the child and the school; or

(f) enrolled in a nonpublic or home school that complies with the provisions of 20-5-109. For the purposes

of this subsection (f), a home school is the instruction by a parent of his child, stepchild, or ward in his residence and a nonpublic school includes a parochial, church, religious, or private school.

(3) The excuse provided for in subsection (2)(c) of this section ~~shall~~ must be issued by the district superintendent or the county superintendent when there is no district superintendent employed by the district. Whenever an excuse is denied by the applicable official, an appeal of ~~such~~ the decision may be made to the district court of the county within 10 days after the decision upon giving a bond in the amount set by the court to pay all costs of the appeal. The decision of the district court ~~shall--be~~ is final."

Section 10. Section 20-5-301, MCA, is amended to read:

"20-5-301. Elementary tuition attendance outside district of residence with mandatory approval. (1) Any child may be enrolled in and attend an elementary school outside of the elementary district in which he resides when ~~such~~ the elementary school is located in:

(a) any other district of the county of his residence;

(b) a county adjoining his county of residence; or

(c) a district of another state that is adjacent to the county of his residence.

(2) When a parent or guardian of a child wishes to

1 have his child attend a school under the provisions of this
 2 section, he shall apply to the county superintendent of the
 3 county of his residence before July 1 of the school fiscal
 4 year for which he seeks approval except in those cases when
 5 substantial changes in circumstances occurred subsequently
 6 to justify later application. The application ~~shall~~ must be
 7 made on a ~~tuition~~ an attendance agreement form supplied by
 8 the county superintendent and ~~shall~~ must be approved, before
 9 permission to enroll in and attend school outside of the
 10 district under the provisions of this section may be
 11 granted, by:

12 (a) the trustees of the elementary district in which
 13 the child resides;

14 (b) the trustees of the district where the child
 15 wishes to attend school; and

16 (c) the county superintendent of the county of the
 17 child's residence.

18 (3) In considering the approval of a ~~tuition~~ an
 19 attendance application, the tuition approval agents
 20 prescribed in this section shall approve such the
 21 application for a resident child when:

22 (a) the child resides less than 3 miles from the
 23 school which he wishes to attend and more than 3 miles from
 24 any school of his resident elementary district;

25 (b) the child resides more than 3 miles from any

1 school of his resident elementary district and such the
 2 district does not provide transportation under the
 3 provisions of this title;

4 (c) the child resides more than 3 miles from any
 5 school of his resident elementary district, the resident
 6 district does not provide transportation under the
 7 provisions of this title, and school bus transportation is
 8 furnished by the district operating the school which he
 9 wishes to attend;

10 (d) the child is a member of a family who must send
 11 another child outside of the elementary district to attend
 12 high school and the child of elementary age may more
 13 conveniently attend an elementary school where the high
 14 school is located, provided the child resides more than 3
 15 miles from an elementary school of the resident district or
 16 the parent must move to the elementary district where the
 17 high school is located in order to enroll the other child in
 18 high school;

19 (e) the child has been declared by a court of
 20 competent jurisdiction to be an abused, neglected, or
 21 dependent child, as defined in 41-3-102, or a delinquent
 22 youth, as defined in 41-5-103, and has been ordered to be
 23 placed in a licensed youth care facility which is approved
 24 by the department of family services and as a result of the
 25 order the child is required to attend elementary school

outside of the district of his residence; (for purposes of this subsection, the prescribed geographic relationship of the receiving district to the district of residence does not apply); or

(f) the child is required to attend elementary school outside the district of residence as the result of an order of a court of competent jurisdiction. For the purposes of this subsection (f), the following do not apply:

(i) the prescribed geographic relationship of the receiving district to the district of residence in this subsection (3); or

(ii) an order issued under Title 40, chapter 4, part 2.

(4) The trustees of the district where the school to be attended is located may disapprove a---tuition an attendance agreement that satisfies any of the mandatory approval conditions specified in subsection (3) above when they find that, due to insufficient room and overcrowding, the accreditation of the school would be adversely affected by the acceptance of the child. In the event of disapproval, the trustees shall so notify the parent in writing within 15 days of the first receipt of the application."

Section 11. Section 20-5-302, MCA, is amended to read:

"20-5-302. Elementary tuition attendance outside district of residence with discretionary approval. In considering the approval of a--tuition an attendance

application that is not required to be approved under the provisions of 20-5-301, the tuition approval agents prescribed in 20-5-301 may approve such the application when such the approval agents, individually, determine that the tuition attendance agreement should be approved because of:

(1) the distance and road conditions between the child's residence and any school of his resident district;

(2) the trading center of the child's parents;

(3) an opportunity to live with his relatives;

(4) dormitory facilities in the district to be attended;

(5) the living conditions of the child's family;

(6) the availability of transportation; or

(7) the type of educational program available in the school to be attended."

Section 12. Section 20-5-304, MCA, is amended to read:

"20-5-304. Distances, notification, and appeal for elementary tuition attendance purposes. (1) In considering any approval of an application submitted under the provisions of 20-5-301 or 20-5-302, the approval agents shall determine mileage distances on the basis of the shortest practical route between the child's residence and the school building, and they shall determine the child's residence on the basis of the provisions of 1-1-215.

(2) The county superintendent shall notify the parent

1 or guardian and the trustees of the districts involved in
 2 the ~~tuition~~ application of the ~~tuition~~ attendance agreement
 3 approval or disapproval. If ~~a--tuition~~ an attendance
 4 agreement is disapproved by any approval agent, the parent
 5 may appeal ~~such the~~ disapproval to the county superintendent
 6 and, subsequently, to the superintendent of public
 7 instruction under the provisions for the appeal of
 8 controversies in this title. The approval of any ~~tuition~~
 9 attendance agreement by the approval agents or upon appeal
 10 ~~shall-authorize~~ authorizes the child named in ~~such the~~
 11 agreement to enroll in and attend the school named in ~~such~~
 12 the agreement for the ensuing school fiscal year.

13 ~~{3}--The-rate-of-tuition-and-the-budgeting-and--payment~~
 14 ~~procedure--prescribed-in-20-5-305-shall-be-applicable-to-any~~
 15 ~~tuition-application-approved-under-the--provisions--of--this~~
 16 ~~section."~~

17 **Section 13.** Section 20-5-311, MCA, is amended to read:

18 "20-5-311. High school ~~tuition~~ attendance outside
 19 district of residence. (1) Any child may be enrolled in and
 20 attend a high school outside of the high school district in
 21 which he resides when ~~such the~~ high school is located in
 22 Montana or in a county of another state that is adjacent to
 23 the state of Montana. When a parent or guardian of a child
 24 wishes to have his child attend a school under the
 25 provisions of this section, he shall apply to the county

1 superintendent of the county of his residence before July 1
 2 of the school fiscal year for which he seeks approval except
 3 in those cases when substantial changes in circumstances
 4 ~~occurred~~ occur subsequently to and justify later
 5 application. ~~Such The~~ application ~~shall~~ must be made on a
 6 ~~tuition~~ an attendance agreement form supplied by the county
 7 superintendent. The trustees of the district of residence,
 8 the trustees of the district in which the child wishes to
 9 attend school, and the county superintendent are the
 10 approval agents for ~~tuition-to~~ attendance at another high
 11 school within the county. The county superintendent of the
 12 county of residence and the trustees of the district in
 13 which the child wishes to attend school are the approval
 14 agents for attendance outside the county.

15 (2) (a) ~~{1}~~ The approval agents shall approve a
 16 ~~tuition~~ an attendance application when a child lives closer
 17 to a high school of another district than any high school
 18 located within his resident district or when, due to road or
 19 geographic conditions, it is impractical to attend the high
 20 school nearest his residence.

21 ~~{1}~~ However, the approval agents are not required to
 22 approve ~~a-tuition~~ an attendance application for a student
 23 seeking to attend a high school outside the state of Montana
 24 or the resident district if the resident district provides
 25 transportation. This exception does not apply when-

~~{A} the child resides in a county different from the county wherein in which the school he wishes to attend is located; or~~

~~{B}--the-child-has-enrolled-in-a--high--school--outside his--resident--district-and-has-received-an-approved-tuition agreement-on-or-before-April-30,1985;--For-the--purposes--of this--subsection--{2}{a}{ii}{B};--the-child-has-the-right-to continue-his-high-school-education--in--the--receiving--high school--outside-his-resident-district-on-an-approved-tuition agreement; subject-to-the-provisions-of-this-section.~~

(b) The approval agents shall approve a--tuition an attendance application when a child, as a result of a court order, is required to attend high school outside the district of residence;

~~{i}~~ but within the state of Montana or another state, whether or not that state maintains a reciprocal tuition attendance agreement under 20-5-314; or

~~{ii}--in-a-state-that-does-not-have-a-reciprocal-tuition agreement--pursuant-to-20-5-314;--The-amount-of-daily-tuition may-not-be-greater-than-the-average-daily-cost--per--student in--the--district-of-residence;--The-amount-of-annual-tuition may-not-be-greater-than-the-average-annual-cost-per--student in--the--district--of--residence;--The-county-superintendent shall-calculate-the-average-annual--and--the--average--daily cost--per--student;--For-purposes-of-this-subsection-(b);--the~~

~~following-do-not-apply:~~

~~{A}--an-order-issued-under-Title-40,chapter-4,part-2;~~

~~{B}--placement-of-a-child-pursuant-to-Title-20,chapter 7,part-4.~~

(c) In approving a--tuition an attendance agreement under this provision section, the approval agents may require the child to attend the high school closest to his residence. The approval agents may approve any other tuition attendance application that satisfies the geographic requirements of this section.

(3) The trustees of the district where the child wishes to attend school shall approve or disapprove any tuition attendance application submitted to them under the provisions of this section within 15 days after the receipt of the application.

(4) The county superintendent shall notify the parent or guardian and the trustees of the district where the child wishes to attend school of the tuition attendance agreement approval or disapproval. If a--tuition an attendance agreement is disapproved by one or more approval agents, the parent may appeal such the disapproval to the county superintendent and, subsequently, to the superintendent of public instruction under the provision for the appeal of controversies in this title.

(5) The approval of any tuition attendance agreement

1 by all of the applicable approval agents or upon appeal
 2 ~~shall authorize~~ authorizes the child named in such the
 3 agreement to enroll in and attend the school named in such
 4 the agreement for the ensuing school fiscal year."

5 **Section 14.** Section 20-5-314, MCA, is amended to read:

6 "20-5-314. Reciprocal ~~tuition~~ attendance agreement
 7 with adjoining state. (1) The superintendent of public
 8 instruction ~~shall have the authority to~~ may execute a
 9 reciprocal ~~tuition~~ attendance agreement with the
 10 superintendent of public instruction or a department of
 11 education of any state adjoining Montana to allow the
 12 eligible children of Montana to attend school in the
 13 adjoining state and to allow children of the adjoining state
 14 to attend school in Montana. In negotiating a reciprocal
 15 ~~tuition~~ attendance agreement, the ~~tuition--rates--prescribed~~
 16 ~~by--20-5-305-and-20-5-312-shall-be-waived-and-the~~ reciprocal
 17 tuition rate may be negotiated as a flat amount or an
 18 actual-cost-per-pupil amount. The superintendent of public
 19 instruction shall supply a copy of any reciprocal ~~tuition~~
 20 attendance agreement that is executed to the county
 21 superintendent of each county that may be affected by such
 22 the agreement.

23 (2) Any ~~tuition~~ attendance agreement approved under
 24 the provisions of 20-5-301, 20-5-302, or 20-5-311 for a
 25 child's attendance at a school outside of the state shall be

1 completed in accordance with ~~the--applicable--reciprocal~~
 2 ~~tuition-agreement~~ this section."

3 **Section 15.** Section 20-6-401, MCA, is amended to read:

4 "20-6-401. Definitions. As used in this part, unless
 5 the context clearly indicates otherwise, the following
 6 definitions apply:

7 (1) "Component districts" ~~are~~ means the elementary or
 8 high school districts incorporated into the enlarged
 9 district.

10 (2) "Eligible pupils" ~~shall--be~~ means the average
 11 number belonging (ANB) for the current school year in the
 12 operating schools of the component districts and the ~~tuition~~
 13 pupils residing in the component districts and attending
 14 another district's school under the ~~tuition~~ out-of-district
 15 attendance provisions of the school laws, except that the
 16 pupils residing in the component district having the largest
 17 total number of pupils ~~shall-be~~ are ineligible for bonus
 18 payment consideration.

19 (3) "Enlarged district" ~~is~~ means the elementary or
 20 high school district resulting from the consolidation or
 21 annexation of two or more component districts.

22 (4) "General bonus payment" for first- and
 23 second-class school districts ~~shall~~ must be \$300 per
 24 eligible pupil per year for a period of 3 years and ~~will~~
 25 must be deposited in the enlarged district's general fund.

General bonus payment for third-class school districts ~~shall~~
~~must~~ be \$500 per eligible pupil per year for a period of 3
 years and ~~will~~ must be deposited in the enlarged district's
 general fund. ~~Such~~ The general bonus payment shall must be
 made from the state school equalization aid account.

(5) "Transportation bonus payment" ~~will--be~~ is the
 provision of 66 2/3% state financing of the on-schedule
 transportation amount as provided by the transportation
 provisions of the school laws. When an eligible pupil is
 entitled to transportation, the enlarged district ~~shall-be~~
is entitled to the transportation bonus payment for such the
 eligible pupil for a period of 3 years. ~~Such~~ The payment
~~shall must~~ be made from the state transportation aid
 account. When the eligible pupil rides a bus providing
 transportation for ineligible pupils, the 66 2/3% state
 financing of the on-schedule amount for this payment ~~shall~~
~~must~~ be prorated to provide such financing for the eligible
 pupil."

Section 16. Section 20-6-603, MCA, is amended to read:

"20-6-603. Trustees' authority to acquire or dispose
 of sites and buildings -- when election required. (1) The
 trustees of any district ~~shall-have--the--authority--to~~ may
 purchase, build, exchange, or otherwise acquire, or sell, or
 otherwise dispose of sites and buildings of the district.
~~Such-action-shall~~ Action may not be taken by the trustees

without the approval of the qualified electors of the
 district at an election called for such the purpose of
 approval unless:

(a) a bond issue has been authorized for the purpose
 of constructing, purchasing, or acquiring the site or
 building;

(b) an additional levy under the provisions of
 20-9-353 has been approved for the purpose of constructing,
 purchasing, or acquiring the site or building;

(c) the cost of constructing, purchasing, or acquiring
 the site or building is financed without exceeding the
~~maximum-general-fund-budget-without-a-vote~~ amount prescribed
 in ~~20-9-316~~ 20-9-318 through 20-9-321 and, in the case of a
 site purchase, the site has been approved under the
 provisions of 20-6-621; or

(d) ~~moneys-are~~ money is otherwise available under the
 provisions of this title and the ballot for the site
 approval for such the building incorporated a description of
 the building to be located on the site.

(2) When an election is conducted under the provisions
 of this section, it ~~shall must~~ be called under the
 provisions of 20-20-201 and ~~shall must~~ be conducted in the
 manner prescribed by this title for school elections. An
 elector qualified to vote under the provisions of 20-20-301
~~shall-be-permitted-to~~ may vote in such the election. If a

majority of those electors voting at the election approve the proposed action, the trustees may take the proposed action."

Section 17. Section 20-6-608, MCA, is amended to read:

"20-6-608. Authority and duty of trustees to insure district property. The trustees of any district shall have ~~the--authority--and--it--shall--be--their--duty--to~~ insure any or all real and personal property of the district. The trustees shall include the cost of insurance in the general fund budget of the district."

Section 18. Section 20-7-420, MCA, is amended to read:

"20-7-420. Residency requirements for financial responsibility for special education. ~~{1}~~ In accordance with the provisions of 1-1-215, a child's district of residence for special education purposes is the residence of his parents or of his guardian unless otherwise determined by the court. This applies to a child living at home, in an institution, or under foster care. If the parent has left the state, the parent's last known district of residence is the child's district of residence.

~~{2}--The---district---of---residence---is---financially responsible--for--tuition--as--established--under--20-5-305--and 20-5-312--for--special--education--students--"~~

Section 19. Section 20-7-421, MCA, is amended to read:

"20-7-421. Arranging attendance in another district in

lieu of a special education program ~~---tuition.~~ ~~{1}~~ With the approval of the superintendent of public instruction, the trustees may arrange for the attendance of a child in need of special education in a special education program in another district within the state of Montana.

~~{2}--Tuition--as--required--under--20-5-305--and--20-5-312 may--be--charged--as--provided--in--20-7-420--"~~

Section 20. Section 20-7-422, MCA, is amended to read:

"20-7-422. Out-of-state tuition for special education children. (1) If the trustees of any district recommend to the superintendent of public instruction the attendance of a child in need of special education in a special education program offered outside of the state of Montana, such the arrangements ~~shall~~ are not be subject to the out-of-state attendance provisions of the laws governing the attendance of pupils in schools outside the state of Montana.

(2) Whenever the attendance of a child at an out-of-state special education program is approved by the superintendent of public instruction, ~~it--shall--be--the responsibility--of~~ the superintendent of public instruction shall, in cooperation with the department of family services, to negotiate the program for the child and the amount and manner of payment of tuition. The amount of tuition ~~shall~~ must be included as a contracted service in 20-7-431(1)(a)(iii)(A) in the ~~maximum-budget-without-a-vote~~

foundation program amount for special education."

Section 21. Section 20-7-424, MCA, is amended to read:

"20-7-424. No tuition when attending a state institution. When a child is attending an institution supported solely by funds of the state of Montana, the resident district or county ~~shall~~ may not be required to pay tuition to the state institution for ~~such the child, but whenever at the recommendation of institution officials such child attends classes conducted by a school within a local district, the district or county, whichever is applicable, wherein the parents or guardian of the child maintain legal residence, shall pay tuition to the district or county operating the school in accordance with the provisions of 20-5-305 or 20-7-421, whichever section applies to the circumstances of the child.~~ Transportation payments ~~shall~~ must be made for students enrolled in ~~such~~ classes or receiving training, including summer sessions, at the state institution. The schedule of transportation payments ~~shall~~ must be approved in accordance with existing special education transportation payment schedules and ~~shall~~ must be approved by the county transportation committee and the superintendent of public instruction."

Section 22. Section 20-7-431, MCA, is amended to read:

"20-7-431. Allowable cost schedule for special programs -- superintendent to make rules -- annual

accounting. (1) For the purpose of determining the ~~maximum budget without a vote~~ foundation program for special education as defined in 20-9-321, the following schedule of allowable costs ~~shall~~ must be followed by the school district in preparation of its special education budget for state aid request purposes and by the superintendent of public instruction in his review and approval of the budget (for the purposes of determining the amount of the ~~maximum budget without a vote~~ foundation program for special education for the district, and as used in this schedule, "full-time special pupil" and "regular ANB" are to be determined in accordance with 20-9-311 and 20-9-313):

(a) instruction: salaries, benefits, supplies, textbooks, and other expenses including:

(i) salaries and benefits of special program teachers, regular program teachers, teacher aides, special education supervisors, audiologists, and speech and hearing clinicians--the entire cost if employed full time in the special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the entire working time which each such person devotes to the special program;

(ii) teaching supplies and textbooks if used exclusively for special programs--the actual total cost;

(iii) other expenses:

(A) contracted services, including fees paid for professional advice and consultation regarding special students or the special program, and the delivery of special education services by public or private agencies--the actual total cost;

(B) transportation costs for special education personnel who must travel on an itinerant basis from school to school or district to district or to in-state child study team meetings or in-state individualized education program meetings--the actual cost to the district calculated on the same mileage rate used by the district for other travel reimbursement purposes;

(b) supportive services, including:

(i) salaries and benefits of professional supportive personnel--the entire cost if employed full time in the special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the entire working time which each such person devotes to the special program. Professional supportive personnel may include counselors, social workers, psychologists, psychometrists, physicians, nurses, and physical and occupational therapists.

(ii) salaries and benefits of clerical personnel for who assist professional personnel in supportive services--the entire cost if employed full time in the

special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the entire working time which each such person devotes to the special program;

(c) equipment:

(i) equipment--the actual total cost;

(ii) special equipment for district-owned school buses necessary to accommodate special students--the actual total cost;

(iii) special equipment for school buses contracted to transport special students--that portion of the contract price attributable to the cost of special equipment or personnel required to accommodate special students--the actual special cost;

(iv) repair and maintenance of equipment--the actual total cost;

(d) room and board costs when the special pupil has to attend a program at such a distance from his home that commuting is undesirable as determined by the superintendent of public instruction.

(2) The superintendent of public instruction shall, ~~prior-to-September--1,--1977,--revise--the~~ adopt rules in accordance with the policies of the board of public education for:

(a) keeping necessary records for supportive and

1 administrative personnel and any personnel shared between
2 special and regular programs;

3 (b) defining the total special program caseload that
4 ~~shall~~ must be assigned to specific support persons and the
5 kinds of professional specialties to be considered relevant
6 to the program before the district may count an allowable
7 cost under subsection (1)(b) of this section; and

8 (c) defining the kinds or types of equipment whose
9 costs may be counted under subsection (1)(c)(i) of this
10 section.

11 (3) An annual accounting of all expenditures of school
12 district general fund ~~moneys~~ money for special education
13 ~~shall~~ must be made by the district trustees on forms
14 furnished by the superintendent of public instruction. The
15 superintendent of public instruction shall make rules for
16 ~~such~~ the accounting.

17 (4) If a board of trustees chooses to exceed the
18 budget approved by the superintendent of public instruction,
19 costs in excess of the approved budget may not be reimbursed
20 under the ~~maximum-budget-without-a-vote~~ foundation program
21 for special education.

22 (5) Allowable costs prescribed in this section do not
23 include the costs of the teachers' retirement system, the
24 public employees' retirement system, the federal social
25 security system, or the costs for unemployment compensation

1 insurance.

2 (6) (a) Notwithstanding other provisions of the law,
3 the superintendent of public instruction ~~shall~~ may not
4 approve a ~~maximum-budget-without-a-vote~~ foundation program
5 amount for special education which exceeds legislative
6 appropriations; however, any unexpended balance from the
7 first year of a biennial appropriation may be spent in the
8 second year of the biennium in addition to the second year
9 appropriation.

10 (b) If the total allowable cost of the special
11 education budgets exceeds legislative appropriations
12 available for special education, each district shall receive
13 a pro rata share of the available appropriations based upon
14 prioritized budget items as established by the
15 superintendent of public instruction. The amount of the
16 approved budgets in excess of the available appropriations
17 may not be reimbursed under the
18 ~~maximum-budget-without-a-vote~~ foundation program for special
19 education and is the responsibility of the school district."

20 **Section 23.** Section 20-9-104, MCA, is amended to read:

21 "20-9-104. General fund cash reserve. At the end of
22 each school fiscal year, the trustees of each district shall
23 designate ~~what~~ the portion of the general fund
24 end-of-the-year cash balance ~~shall~~ that must be earmarked as
25 cash reserve for the purpose of paying general fund warrants

issued by the district from July 1 to November 30 of the ensuing school fiscal year. The Except for districts that did not receive state equalization aid during the current school fiscal year, the amount of the general fund cash balance that is earmarked as cash reserve shall may not exceed 35% 20% of the final general fund budget for the ensuing school fiscal year and shall may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts. Any portion of the general fund end-of-the-year cash balance that is not earmarked for cash reserve purposes shall--be is cash reappropriated which shall must be used for property tax reduction as provided in 20-9-141(i)(b)(ii)."

Section 24. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the total of the funding required for the district's final general fund budget less the amount established by the schedules in ~~20-9-316~~ 20-9-318 through 20-9-321 by totaling:

(i) the district's nonisolated school foundation program requirement to be met by a district levy as provided

in 20-9-303;

~~(ii)-the-district's-permissive-levy-amount-as--provided in-20-9-352;~~ and

~~(iii)(ii)~~ any additional general fund budget amount adopted by the trustees of the district under the provisions of 20-9-353, including any additional levies authorized by the electors of the district.

(b) Determine the ~~total-of-the-moneys~~ money available for the reduction of the property tax on the district for the general fund by totaling:

(i) anticipated federal ~~moneys~~ money received under the provisions of Title I of Public Law 81-874 or other anticipated federal ~~moneys~~ money received in lieu of such federal ~~that~~ act;

~~(ii)-anticipated-tuition-payments--for--out-of-district pupils-under-the-provisions-of-20-5-303, 20-5-307, 20-5-312, and-20-5-313;~~

~~(iii)(ii)~~ general fund cash reappropriated, as established under the provisions of 20-9-104;

~~(iv)(iii)~~ anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

~~(v)(iv)~~ anticipated revenue from ~~vehicle-property-taxes fees~~ imposed under 23-2-518, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-205;

~~(vi)(v)~~ anticipated net proceeds taxes for interim

production and new production, as defined in 15-23-601;

~~(viii)~~(vi) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(vii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(viii) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may be used to finance the general fund.

(c) Subtract the ~~total-of-the-moneys~~ money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the total requirement determined in subsection (1)(a).

(2) The net general fund levy requirement determined in subsection (1)(c) ~~shall~~ must be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund levy requirement for the district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142."

Section 25. Section 20-9-201, MCA, is amended to read:

"20-9-201. **Definitions and application.** (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and

expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend any money from such the fund. The general fund, transportation fund, bus depreciation reserve fund, ~~elementary---tuition---fund~~, retirement fund, debt service fund, leased facilities fund, building reserve fund, adult education fund, nonoperating fund, ~~vocational-technical-center-fund~~, and any other funds so designated by the legislature ~~shall--be~~ are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend any money on deposit in such the fund. The school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, and any other funds so designated by the legislature ~~shall-be~~ are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district except the extracurricular money realized from pupil activities. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts. ~~7-as~~

~~prescribed by law and~~ He shall establish such adopt rules as are necessary to secure compliance with the law."

Section 26. Section 20-9-301, MCA, is amended to read:

"20-9-301. Purpose and ~~definition~~ of foundation program and definition of general fund budget. (1) A uniform system of free public schools sufficient for the education of and open to all school age children of the state ~~shall~~ must be established and maintained throughout the state of Montana. The state shall aid in the support of its several school districts on the basis of their financial need as measured by the foundation program and in the manner established in this title.

(2) The principal budgetary vehicle for achieving the minimum financing as established by the foundation program ~~shall--be~~ is the general fund budget of the district. The purpose of the general fund ~~shall-be~~ budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title, including insurance.

(3) The amount of the general fund budget for each school fiscal year ~~shall may~~ not exceed the financing limitations established by this title but ~~shall--be--no~~ may not be less than the amount established by law as the foundation program. The general fund budget ~~shall~~ must be financed by the foundation program revenues and may be

supplemented by the ~~permissive levy and~~ an additional voted levies levy in the manner provided by law."

Section 27. Section 20-9-303, MCA, is amended to read:

"20-9-303. Definition of foundation program and ~~its proportion of the--maximum-general-fund-without-a-voted-levy schedule--amount~~ -- nonisolated school foundation program financing -- special education funds. (1) As used in this title, the term "foundation program" ~~shall-mean~~ means the minimum operating expenditures ~~as-established-herein,~~ that are sufficient to provide for the educational program of a school. The foundation program relates only to those expenditures authorized by a district's general fund budget and ~~shall may~~ not include expenditures from any other fund. It ~~shall-be~~ is financed by:

- (a) county equalization ~~reneys~~ money; and
- (b) state equalization aid.

(2) The dollar amount of the foundation program ~~shall be-----80%~~ is 100% of the ~~maximum-general-fund-budget-without-a-voted-levy--limitation as-set-forth-in-the~~ schedules in 20-9-316 20-9-318 through 20-9-321. The foundation program of an elementary school having an ANB of nine or fewer pupils for 2 consecutive years which is not approved as an isolated school under the provisions of 20-9-302 ~~shall-be-80%~~ is 100% of the schedule amount, but the county and state shall participate in

financing one-half of the foundation program, and the district shall finance the remaining one-half by a tax levied on the property of the district. When a school of nine or fewer pupils is approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of the total amount of the foundation program.

(3) Funds provided to support the special education accounting budget may be expended only for special education purposes as approved by the superintendent of public instruction in accordance with the special education budgeting provisions of this title. Expenditures for special education ~~shall~~ must be accounted for separately from the balance of the school district general fund. Transfers between items within the special education budget for accounting purposes may be made at the discretion of the board of trustees in accordance with the financial administration part of this title. The unexpended balance of the special education accounting budget ~~shall-carry~~ carries over to the next year to reduce the amount of funding required to finance the district's ensuing year's ~~maximum-budget-without-a-vote~~ foundation program amount for special education."

Section 28. Section 20-9-315, MCA, is amended to read:

"20-9-315. Maximum general fund budget and exceptions.

The total amount of the general fund budget of any district ~~shall~~ may not be greater than the ~~general-fund-budget~~ foundation program amount specified in ~~20-9-316~~ 20-9-318 through 20-9-321, except when a district has adopted an emergency general fund budget under the provisions of 20-9-165 or when a district satisfies the requirements of 20-9-353."

Section 29. Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school ~~maximum-budget~~ foundation program schedule for ~~1987-88~~ 1989-90 and succeeding years. For ~~1987-88~~ 1989-90 and succeeding school years, the elementary school ~~maximum-budget~~ foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum ~~shall-be-\$20,150~~ is \$32,253 if ~~said the~~ school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum ~~shall--be--\$20,150~~ is \$32,253 plus ~~\$842-50~~ \$1,348 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum ~~shall--be--\$33,042~~ is \$52,867 plus ~~\$842-50~~ \$1,348 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum ~~shall be \$27,741~~ is \$44,386 plus ~~\$842.50~~ \$1,348 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum ~~shall be \$44,290~~ is \$70,864 plus ~~\$527.60~~ \$844.20 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the district ~~for elementary pupils will be~~, is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of \$1,957 ~~shall \$3,131 must~~ be decreased at the rate of ~~\$1.90~~ \$3.04 for each additional pupil until the total number (ANB) ~~shall have reached~~ reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,843 shall~~ \$2,949 ~~must~~ be decreased at the rate of ~~\$1.74~~ \$2.78 for each additional pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall may~~ not exceed ~~\$1,496~~ \$2,394 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for

all elementary schools ~~shall must~~ be computed on the basis of the amount allowed herein in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall must~~ be treated as one school for the purpose of this schedule.

(8) The amounts in subsections (1) through (6) must be adjusted annually in the manner prescribed in this subsection and, as adjusted, constitute the elementary school foundation program schedule for the succeeding school year. By December 31 of each year, the superintendent of public instruction shall multiply each amount in subsections (1) through (6) by the inflation factor for the current school fiscal year, which is determined by dividing the consumer price index for July of the current school fiscal year by the consumer price index for July 1980. The term "consumer price index" means the consumer price index, United States city average, for all items, using the 1967 base of 100, as published by the bureau of labor statistics of the U.S. department of labor."

Section 30. Section 20-9-319, MCA, is amended to read:

"20-9-319. High school maximum--budget foundation program schedule for 1987-88 1989-90 and succeeding years. For 1987-88 1989-90 and succeeding school years, the high school maximum--budget foundation program schedule is as

1 follows:

2 (1) For each high school having an ANB of 24 or fewer
3 pupils, the maximum ~~shall be \$114,845~~ is \$192,939.

4 (2) For a secondary high school having an ANB of more
5 than 24 pupils, the maximum ~~\$4,785-shall~~ of \$8,039 must be
6 decreased at the rate of ~~\$26.10~~ \$43.85 for each additional
7 pupil until the ANB ~~shall have reached~~ reaches a total of 40
8 such pupils.

9 (3) For a school having an ANB of more than 40 pupils,
10 the maximum of ~~\$4,368-shall~~ \$7,338 must be decreased at the
11 rate of ~~\$26.10~~ \$43.85 for each additional pupil until the
12 ANB ~~shall have reached~~ reaches 100 pupils.

13 (4) For a school having an ANB of more than 100
14 pupils, ~~a the~~ maximum of ~~\$2,882--shall~~ \$4,707 must be
15 decreased at the rate of ~~\$4.37~~ \$7.34 for each additional
16 pupil until the ANB ~~shall have reached~~ reaches 200 pupils.

17 (5) For a school having an ANB of more than 200
18 pupils, the maximum of ~~\$2,365-shall~~ \$3,973 must be decreased
19 by ~~\$2.40~~ \$4.03 for each additional pupil until the ANB ~~shall~~
20 ~~have reached~~ reaches 300 pupils.

21 (6) For a school having an ANB of more than 300
22 pupils, the maximum of ~~\$2,125-shall~~ \$3,570 must be decreased
23 at the rate of ~~44 74~~ cents for each additional pupil until
24 the ANB ~~shall have reached~~ reaches 600 pupils.

25 (7) For a school having an ANB over of more than 600

1 pupils, the maximum ~~shall~~ may not exceed ~~\$17,993~~ \$3,348 per
2 pupil.

3 (8) The maximum per pupil for all pupils (ANB) and for
4 all high schools ~~shall~~ must be computed on the basis of the
5 amount allowed herein in this section on account of the last
6 eligible pupil (ANB). All high schools and junior high
7 schools which have been approved and accredited as junior
8 high schools, operated within the incorporated limits of a
9 city or town, ~~shall~~ must be treated as one school for the
10 purpose of this schedule.

11 (9) The amounts in subsections (1) through (7) must be
12 adjusted annually in the manner prescribed in this
13 subsection and, as adjusted, constitute the high school
14 foundation program schedule for the succeeding school year.
15 By December 31 of each year, the superintendent of public
16 instruction shall multiply each amount in subsections (1)
17 through (7) by the inflation factor for the current school
18 fiscal year, which is determined by dividing the consumer
19 price index for July of the current school fiscal year by
20 the consumer price index for July 1980. The term "consumer
21 price index" means the consumer price index, United States
22 city average, for all items, using the 1967 base of 100, as
23 published by the bureau of labor statistics of the U.S.
24 department of labor."

25 **Section 31.** Section 20-9-320, MCA, is amended to read:

1 ~~20-9-316-through~~ 20-9-318 and 20-9-319 shall must be totaled
2 to determine the
3 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation
4 program amount for such the district."

8 (a) determine the per-ANB schedule amount for the
9 school, as defined by 20-9-317 and 20-9-319, from the high
10 school schedule;

6 "20-9-321. Maximum---general---fund--budget Foundation
7 program and contingency funds for special education. (1) For
8 the purpose of establishing the
9 ~~maximum-budget-without-a-vote~~ foundation program amount for
10 a current year special education program for a school
11 district, the superintendent of public instruction ~~will~~
12 shall determine the total estimated cost of the special
13 education program for the school district on the basis of a
14 special education program budget submitted by the district.
15 The budget ~~will~~ must be prepared on forms provided by the
16 superintendent of public instruction and ~~will~~ must set out
17 for each program:

18 (a) the estimated allowable costs associated with
19 operating the program where allowable costs are as defined
20 in 20-7-431;

21 (b) the number of pupils expected to be enrolled in
22 the program; and

23 (c) any other data required by the superintendent of
24 public instruction for budget justification purposes and to
25 administer the provisions of 20-9-315 and 20-9-318 through

1 20-9-321.

2 (2) The total amount of allowable costs approved by
3 the superintendent of public instruction ~~shall--be~~ is the
4 special education ~~maximum-budget-without-a-vote~~ foundation
5 program amount for current year special education program
6 purposes. The total amount of allowable costs that are
7 approved for the special education budget ~~shall~~ may not,
8 under any condition, be less than the
9 ~~maximum-budget-without-a-vote~~ foundation program amount for
10 one regular ANB for each ~~special~~ full-time special pupil in
11 the school district.

12 (3) If a special education program is implemented or
13 expanded during a given school term too late to be included
14 in the determination of the district
15 ~~maximum-budget-without-a-vote~~ foundation program for the
16 school year as prescribed in this part, allowable costs
17 approved under the budgeting provisions of subsections (1)
18 and (2) for the operation of the program during the given
19 year must be funded from any legislative appropriation for
20 contingency financing for special education. Contingency
21 funds granted under this subsection must be deposited in a
22 separate account of the miscellaneous programs fund of the
23 district as provided in 20-9-507. However, if contingency
24 funds are not available, then subject to the approval of the
25 program by the superintendent under the emergency budget

1 provisions of 20-9-161(5), allowable costs for the given
2 year may be added to the ~~maximum-budget-without-a-vote~~
3 foundation program amount for special education for the
4 subsequent school year. ~~Such~~ The allowable costs must be
5 recorded as previous year special education expenses in the
6 school district budget for the subsequent school year.

7 (4) The sum of the previous year special education
8 expenses as defined in subsection (3) ~~above~~ and the
9 ~~maximum-budget-without-a-vote~~ foundation program amount for
10 current year special education as defined in subsections (1)
11 and (2) ~~shall--be~~ is the special education budget for
12 accounting purposes.

13 (5) The ~~maximum-budget-without-a-vote~~ foundation
14 program amount for special education ~~will~~ must be added to
15 the ~~maximum-budget-without-a-vote~~ foundation program amount
16 of the regular program ANB defined in 20-9-311 and 20-9-313
17 to obtain the total ~~maximum-budget-without-a-vote~~ foundation
18 program amount for the district."

19 **Section 33.** Section 20-9-322, MCA, is amended to read:
20 "20-9-322. Elementary instructional aide funding
21 qualification. (1) Any elementary school that anticipates an
22 ANB of at least 14 but less than 18 pupils for the ensuing
23 school fiscal year may determine the ~~maximum--general--fund~~
24 budget foundation program amount under the provisions of
25 ~~20-9-316(3)-or~~ 20-9-318(3) if eligibility is approved in

1 accordance with the following provisions:

2 (a) No later than May 10 of each year, the school
3 district shall submit its application for approval for
4 instructional aide funding to the superintendent of public
5 instruction. The application ~~shall~~ must include:

6 (i) the previous year's ANB;

7 (ii) an estimate of the current school fiscal year's
8 ANB, as calculated under the provisions of 20-9-314(1), and
9 the number of grade levels being taught on May 1 of the
10 current year;

11 (iii) an estimate of the ANB and the number of grade
12 levels anticipated for the ensuing school fiscal year;

13 (iv) the factual information on which such estimates
14 are based; and

15 (v) any other information or data that may be required
16 by the superintendent of public instruction.

17 (b) The superintendent of public instruction shall
18 immediately review all of the factors of the application and
19 shall approve the application if the anticipated ANB is at
20 least 14 but less than 18 pupils and a minimum of five grade
21 levels are being taught as of May 1 of the current year or
22 documentation is provided which indicates that the
23 anticipated ANB will require a minimum of five grade levels
24 to be taught in the ensuing school year.

25 (2) Whenever a school district applies for and is

1 approved for instructional aide funding under the provisions
2 of subsection (1), the district ~~must~~ shall hire an
3 instructional aide.

4 (3) For the purposes of this section, the term
5 "instructional aide" means:

6 (a) a person who is under the direct supervision of a
7 teacher; or

8 (b) a certified teacher."

9 **Section 34.** Section 20-9-333, MCA, is amended to read:

10 "20-9-333. Basic special levy and other revenues for
11 county equalization of high school district foundation
12 program. (1) ~~It shall be the duty of the~~ The county
13 commissioners of each county to shall levy an annual basic
14 special tax for high schools of 17 mills on the dollar of
15 the taxable value of all taxable property within the county,
16 except for ~~vehicles--subject to taxation under 61-3-504(2)~~
17 property subject to a fee in lieu of tax, for the purposes
18 of local and state foundation program support. The revenue
19 ~~to be~~ collected from this levy ~~shall~~ must be apportioned to
20 the support of the foundation programs of high school
21 districts in the county and to the state special revenue
22 fund, state equalization aid account, in the following
23 manner:

24 (a) In order to determine the amount of revenue raised
25 by this levy which is retained by the county, the estimated

1 ~~revenues~~ revenue identified in subsections-(2)(a)-and-(2)(b)
 2 ~~below--shall-be~~ subsection (2) is subtracted from the sum-of
 3 ~~the-county's-high-school-tuition-obligation-and-the~~ total of
 4 the foundation programs of all high school districts of the
 5 county.

6 (b) If the basic levy prescribed by this section
 7 produces more revenue than is required to finance the
 8 difference determined ~~above~~ in subsection (1)(a), the county
 9 treasurer shall remit the surplus to the state treasurer for
 10 deposit to the state special revenue fund, state
 11 equalization aid account, immediately upon occurrence of a
 12 surplus balance and each subsequent month thereafter, with
 13 any final remittance due no later than June 20 of the fiscal
 14 year for which the levy has been set.

15 (2) The proceeds realized from the county's portion of
 16 the levy prescribed in this section and the ~~revenues~~ revenue
 17 from the following sources ~~shall~~ must be used for the
 18 equalization of the high school district foundation programs
 19 of the county as prescribed in 20-9-334, and a separate
 20 accounting ~~shall~~ must be kept of these proceeds and revenue
 21 by the county treasurer in accordance with 20-9-212(1):

22 (a) any money remaining at the end of the immediately
 23 preceding school fiscal year in the county treasurer's
 24 accounts for the various sources of revenue established in
 25 this section;

1 (b) any federal or state ~~moneys~~ money distributed to
 2 the county as a payment in lieu of the property taxation
 3 established by the county levy required by this section,
 4 including federal forest reserve funds allocated under the
 5 provisions of 17-3-213;

6 (c) net proceeds taxes for interim production and new
 7 production, as defined in 15-23-601; and

8 (d) anticipated revenue from ~~vehicle-property-taxes~~
 9 fees imposed under 23-2-518, 23-2-803, 61-3-504(2),
 10 61-3-521, and 61-3-537, and 67-3-205."

11 **Section 35.** Section 20-9-343, MCA, is amended to read:

12 **"20-9-343. Definition of and revenue for state**
 13 **equalization aid.** (1) As used in this title, the term "state
 14 equalization aid" means ~~those-moneys~~ the money deposited in
 15 the state special revenue fund as required in this section
 16 plus any legislative appropriation of money from other
 17 sources for distribution to the public schools for the
 18 purpose of equalization of the foundation program.

19 (2) The legislative appropriation for state
 20 equalization aid ~~shall~~ must be made in a single sum for the
 21 biennium. The superintendent of public instruction ~~has~~
 22 ~~authority-to~~ may spend ~~such~~ the appropriation, together with
 23 the earmarked revenues provided in subsection (3), as
 24 required for foundation program purposes throughout the
 25 biennium.

(3) The following ~~shall~~ must be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) ~~31.8%-of-all~~ money received from the collection of income taxes under chapter 30 of Title 15, as provided by 15-1-501;

(b) ~~25%-of-all-money~~, except as provided in 15-31-702, money received from the collection of corporation license and income taxes under chapter 31 of Title 15, as provided by 15-1-501;

(c) ~~100%-of-the~~ money allocated to state equalization from the collection of the severance tax on coal;

(d) ~~100%-of--the~~ money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

(f) income from the education trust fund account; and

(g) income from the lottery, as provided for in 23-5-1027; and

~~(g)~~ (h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid

account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

Section 36. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of the board of public education for distribution -- conditions of first payment. (1) The money available for state equalization aid ~~shall~~ must be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any ~~and--all~~ costs and expense incurred in connection with any adult education program, recreation program, school food services program, new buildings~~--new~~ and grounds, and transportation.

(2) The board of public education shall administer and distribute the state equalization aid in the manner and with the powers and duties provided by law. To this end, the board of public education shall:

(a) adopt policies for regulating the distribution of state equalization aid in accordance with the provisions of law and in a manner that ~~would-most-effectively-meet-the financial--needs---of---districts~~ provides for monthly distribution of money in the state equalization aid account until each district receives its annual equalization aid

1 entitlement;

2 (b) have the power to require such reports from the
3 county superintendents, budget boards, county treasurers,
4 and trustees as it ~~may-deem~~ considers necessary; and

5 (c) order the superintendent of public instruction to
6 distribute the state equalization aid on the basis of each
7 district's annual entitlement to such the aid as established
8 by the superintendent of public instruction. In ordering the
9 distribution of state equalization aid, the board of public
10 education ~~shall~~ may not increase or decrease the state
11 equalization aid distribution to any district on account of
12 any difference which may occur during the school fiscal year
13 between budgeted and actual receipts from any other source
14 of school revenue.

15 (3) Should a district receive more state equalization
16 aid than it is entitled to, the county treasurer ~~must~~ shall
17 return the overpayment to the state upon the request of the
18 superintendent of public instruction in the manner
19 prescribed by the department of commerce.

20 (4) The first payment of state equalization aid must
21 be:

22 (a) based on an estimate of 20% of each district's
23 entitlement; and

24 (b) distributed by July 15 of the school fiscal year."

25 **Section 37.** Section 20-9-353, MCA, is amended to read:

1 "20-9-353. Additional levy for general fund --
2 election for authorization to impose. (1) The Except as
3 limited by subsection (5), the trustees of any district may
4 propose to adopt a general fund budget in excess of the
5 ~~general--fund--budget-amount~~ foundation program for ~~such the~~
6 district as established by the schedules in ~~20-9-316~~
7 20-9-318 through 20-9-321 for any of the following purposes:

8 (a) building, altering, repairing, or enlarging any
9 schoolhouse of the district;

10 (b) furnishing additional school facilities for the
11 district;

12 (c) acquisition of land for the district;

13 (d) proper maintenance and operation of the school
14 programs of the district.

15 (2) When the trustees of any district determine that
16 an additional amount of financing is required for the
17 general fund budget that is in excess of the statutory
18 schedule amount, the trustees shall submit the proposition
19 of an additional levy to raise ~~such the~~ excess amount of
20 general fund financing to the electors who are qualified
21 under 20-20-301 to vote upon such the proposition, except
22 that ~~no an election shall-be~~ is not required to permit the
23 school trustees to use any funds available to finance the
24 additional amount other than those funds to be raised by the
25 additional levy. Such The special election ~~shall~~ must be

called and conducted in the manner prescribed by this title for school elections. The ballot for such the election ~~shall~~ must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise such the money, and the purpose for which such the money will be expended. ~~and it shall~~ The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in such the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

☐ FOR the levy.

☐ AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of those the electors voting at such the election, the proposition ~~shall~~ carry carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by ~~such-a~~ the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy such the authorized

number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, ~~as-are~~ required to raise the amount of such the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section ~~shall-be~~ is effective for only 1 school fiscal year and ~~shall~~ must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective.

(5) For school fiscal year 1995 and each succeeding year, the trustees of a district may not adopt a general fund budget that exceeds 117% of the amount set forth in the schedules in 20-9-318 through 20-9-321."

Section 38. Section 20-9-505, MCA, is amended to read:

"20-9-505. Purpose and establishment of nonoperating fund. (1) The trustees of any district that will not operate any school during the ensuing school fiscal year shall establish a nonoperating fund on the first day of such the school fiscal year. In establishing the nonoperating fund, the trustees shall cause the transfer of the end-of-the-year cash balance of each fund maintained by the district during the immediately preceding school fiscal year to the nonoperating fund. However, cash balances of the debt service fund and the miscellaneous federal programs fund, if any, ~~shall~~ must be maintained in their individual funds.

(2) The trustees of a district establishing a

1 nonoperating fund for the first year of nonoperation may
 2 earmark a portion of the nonoperating fund cash balance as a
 3 nonoperating fund cash reserve when they anticipate the
 4 reopening of a school in the following school fiscal year.
 5 ~~Such~~ The cash reserve ~~shall~~ may not be more than the general
 6 fund cash reserve designated for the immediately preceding
 7 school fiscal year. If a school is not operated in the
 8 following school fiscal year, the authority of the trustees
 9 to earmark a nonoperating fund cash reserve ~~shall--terminate~~
 10 ~~terminates~~ and the ~~moneys~~ money earmarked as a cash reserve
 11 ~~shall~~ must be used to reduce the levy requirement of the
 12 nonoperating fund. If the trustees acquire approval to
 13 reopen a school in the following school fiscal year under
 14 the provisions of 20-6-502 or 20-6-503 and operate ~~such~~ the
 15 school, the nonoperating fund cash reserve ~~shall~~ must be
 16 restored as the general fund cash reserve.

17 (3) The purpose of the nonoperating fund ~~shall-be~~ is
 18 to centralize the financing and budgeting for the limited
 19 functions of a district not operating a school. ~~Such~~ The
 20 functions ~~shall~~ include:

21 ~~{a}--elementary-tuition-obligations-to-other-districts;~~
 22 ~~{b}~~ (a) transportation of the resident pupils;
 23 ~~{c}~~ (b) maintenance of district-owned property; and
 24 ~~{d}~~ (c) any other nonoperating school function of the
 25 district ~~deemed~~ considered necessary by the trustees or

1 required by law.

2 (4) Any expenditure of nonoperating fund ~~moneys--shall~~
 3 ~~money~~ must be made in accordance with the financial
 4 administration provisions of this title for a budgeted
 5 fund."

6 **Section 39.** Section 20-9-531, MCA, is amended to read:

7 "20-9-531. State retirement equalization account --
 8 ~~authorization-to-appropriate appropriation.~~ There is a state
 9 retirement equalization account in the state special revenue
 10 fund. ~~Money--determined~~ Retirement equalization aid as
 11 calculated in 20-9-532 must be deposited in the account. ~~The~~
 12 ~~legislature--may--appropriate-the-money~~ Money in the account
 13 is statutorily appropriated, as provided in 17-7-502, to the
 14 superintendent of public instruction to assist the counties
 15 in equalizing ~~a--portion~~ 90% of the retirement fund
 16 obligations as provided in 20-9-501."

17 **Section 40.** Section 20-9-532, MCA, is amended to read:

18 "20-9-532. Calculation and distribution of retirement
 19 equalization aid. (1) The superintendent of public
 20 instruction shall administer the distribution of retirement
 21 equalization aid by:

22 (a) determining the estimated revenue available from
 23 ~~the net-lottery-revenue-as-provided-in--23-5-1027~~ statewide
 24 mill levy imposed under [section 41];

25 ~~{b}--establishing--a--list--containing--each--county--that~~

levied in the prior school fiscal year in excess of 9 mills to fund its required contribution for retirement fund obligations;

(c)(b) establishing the estimated dollar amount per average number belonging to ANB by dividing for each district by multiplying the amount determined in subsection (1)(a) by the total ANB of the counties listed pursuant to subsection (1)(b) for the prior school fiscal year ratio of the district's actual cost for retirement, as established under 20-9-501, during the preceding school fiscal year, to the total retirement costs of all districts in the state during the preceding school fiscal year;

(d)(c) notifying the county superintendent of each county listed in subsection (1)(b) by the fourth Monday in July of the estimated retirement equalization aid available to the county, calculated separately for elementary and high school districts and prorated as specified in 20-9-501 for any joint school district, so that each county superintendent may use the amounts in the manner prescribed in 20-9-501 to calculate the retirement fund levy requirements for elementary and high school districts in the county;

(e)(d) distributing by October 1 the amount of retirement equalization aid for each county listed pursuant to subsection (1)(b); and

(f)(e) keeping a record of the complete data concerning revenue available for retirement equalization aid and the distribution of such aid.

(2) If the actual proceeds available for retirement equalization are not sufficient to finance the estimated dollar amount per ANB provided for in subsection (1)(b), each county listed pursuant to subsection (1)(b) must receive a prorated amount."

NEW SECTION. Section 41. Retirement equalization aid -- state mill levy. (1) The superintendent of public instruction shall annually:

(a) prescribe a levy on all taxable property within the state, except property for which a fee in lieu of tax is required, that must be sufficient to fund 90% of the amount of the employers contribution for members of the teachers' retirement system for the preceding school fiscal year, including all elementary districts, high school districts, and any prorated joint districts or special education cooperative agreement requirements; and

(b) report the levy requirement to the board of county commissioners of each county by the second Monday of August as the respective county requirement for state retirement equalization aid.

(2) The county commissioners shall impose the levy in the manner provided in 20-9-142. The proceeds of the levy

1 must be remitted to the state treasurer for deposit in the
2 state retirement equalization account in the state special
3 revenue fund.

4 **Section 42.** Section 20-10-105, MCA, is amended to
5 read:

6 "20-10-105. Determination of residence. When the
7 residence of an eligible transportee is a matter of
8 controversy and is an issue before a board of trustees, a
9 county transportation committee, or the superintendent of
10 public instruction, the residence ~~shall~~ must be established
11 on the basis of the general state residence law as provided
12 in 1-1-215. ~~Whenever any district or county is determined to~~
13 ~~be responsible for paying tuition for any pupil in~~
14 ~~accordance with 20-5-301, 20-5-302, or 20-5-311, the~~
15 ~~residence of the pupil for tuition purposes is the residence~~
16 ~~of the pupil for transportation purposes."~~

17 **Section 43.** Section 23-5-1027, MCA, is amended to
18 read:

19 "23-5-1027. Disposition of revenue. (1) (a) As near as
20 possible to 45% of the money paid for tickets or chances
21 must be paid out as prize money, except as provided in
22 subsection (1)(b).

23 (b) In the case of a regional lottery game, a maximum
24 of 50% of the money paid for tickets or chances may be paid
25 out as prize money.

1 (2) Up to 15% of the gross revenue from the state
2 lottery may be used by the director to pay the operating
3 expenses of the state lottery. Commissions paid to lottery
4 ticket or chance sales agents are not a state lottery
5 operating expense.

6 (3) Funds to pay the operating expenses of the lottery
7 are statutorily appropriated as provided in 17-7-502.

8 (4) That part of all gross revenue not used for the
9 payment of prizes, commissions, and operating expenses is
10 net revenue and must be paid quarterly from the enterprise
11 fund established by 23-5-1026 to the superintendent of
12 public instruction for distribution as state equalization
13 ~~aid to the retirement fund obligations of elementary and~~
14 ~~high school districts in the manner provided in 20-9-532 to~~
15 the public schools of Montana."

16 NEW SECTION. **Section 44.** Repealer. Sections 20-5-303,
17 20-5-305 through 20-5-307, 20-5-312, 20-5-313, 20-9-105,
18 20-9-316, 20-9-317, and 20-9-352, MCA, are repealed.

19 NEW SECTION. **Section 45.** Extension of authority. Any
20 existing authority to make rules on the subject of the
21 provisions of [this act] is extended to the provisions of
22 [this act].

23 NEW SECTION. **Section 46.** Effective date. [This act]
24 is effective July 1, 1989.

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for SB203, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise public school funding; to include comprehensive insurance in the general fund budget; to require the school foundation program to fund 100 percent of district's general fund budgets without a voted levy of all elementary and high schools, as set by foundation program schedules; to limit by school fiscal year 1995 the maximum general fund budget of a district to 117 percent of the foundation program amount for the district; to limit the general fund reserve of a district to 20 percent except for districts not receiving state equalization aid; to eliminate the present permissive levy; to index the rate of increase in the schedule amounts to the rate of annual inflation; to reallocate lottery revenue from retirement equalization to state equalization aid; to provide a state levy on property to fund 90 percent of the costs for teacher's retirement; to exclude the levy from the property tax limitations of initiative measure no. 105; to eliminate tuition payments between districts; to require distribution of state equalization aid in monthly payments; to provide for a statutory appropriation; amending Sections 15-10-402, 17-7-502, 20-3-106, 20-3-205, 20-3-210, 20-3-324, 20-3-331, 20-5-101, 20-5-102, 20-5-301, 20-5-302, 20-5-304, 20-5-311, 20-5-314, 20-6-401, 20-6-603, 20-6-608, 20-7-420 through 20-7-422, 20-7-424, 20-7-431, 20-9-104, 20-9-141, 20-9-201, 20-9-301, 20-9-303, 20-9-315, 20-9-318 through 20-9-322, 20-9-333, 20-9-343, 20-9-344, 20-9-353, 20-9-505, 20-9-531, 20-9-532, 20-10-105 and 23-5-1027, MCA; repealing Sections 20-5-303, 20-5-305 through 20-5-307, 20-5-312, 20-5-313, 20-9-105, 20-9-316, 20-9-317, and 20-9-352, MCA; and providing an effective date.

ASSUMPTIONS:

1. MGFBWV is \$283.9M in FY90, and \$287.9M in FY91.
2. Elementary share of Foundation program remains constant at 63.4%, and the high school share remains at 36.6%.
3. Values in the Foundation schedules are increased by a factor of 1.60 for elementary schools and 1.68 for high schools for FY90. Values in succeeding years are increased for inflation.
4. Expenditures for retirement will be \$52M in FY90, and \$52M in FY91.
5. Revenue from the district permissive levy under current law will be \$15.8M in FY90 and \$15.5M in FY91.
6. Lottery revenue will be \$13.5M each year of the FY90-FY91 biennium. 40% of this money will be used for equalization aid.
7. Ninety percent of retirement expenses will be funded through a statewide levy under proposed law.
8. Assume a 4.7% inflation rate for FY91.

Ray Shackleford

RAY/SHACKLEFORD, BUDGET DIRECTOR

OFFICE OF BUDGET AND PROGRAM PLANNING

2/3/89

DATE

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DENNIS G. NATHE, PRIMARY SPONSOR

DATE

Fiscal Note for SB203, as introduced

SB 203

Fiscal Note Request SB203 as introduced

Form BD-15

Page 2

9. The state participation in funding at least 90% of teacher retirement costs (Section 39) requires an estimate of total teacher retirement liabilities. The total is computed by determining the revenues from retirement fund levies in each county for elementary and high school, and adding in an estimated \$5.4M from lottery revenues. No adjustment was included for revenues from federal forest funds (see technical note 2).
10. Funding for teacher retirement is funded by county levies and, in part, by a portion of federal forest funds (17-3-213, MCA). To the extent that the county levies decrease - to fund only 10% of the total retirement liability - the portion of the federal forest fund revenues will shift from retirement to County Equalization.
11. Monthly distributions (Section 36(2)(a)) require a 20% payment in July and a payment schedule specified by the Board of Public Education for the other 11 payments. It is assumed that August through May are at 7.3% each month and June is the remaining 7%.
12. District budget capping at 117% does not take effect until FY95; no analysis is provided here.

FISCAL IMPACT:

	Current	FY90		Current	FY91	
	Law	Proposed		Law	Proposed	
	Law	Law	Difference	Law	Law	Difference
<u>Revenues:</u>	\$273.544M	\$312.411M	\$ 38.867M	\$ 277.8M	\$ 316.353M	\$ 38.553M
<u>Expenditures:</u>						
Foundation Program	\$268.144M	\$462.6M	\$194.456M	\$ 272.4M	\$ 484.3M	\$ 211.9M
Retirement	5.4M	47.4M	42.0M	5.4M	47.4M	42.0M
OPI-Operating Expenses	-0-	.149M	.149M	-0-	-0-	-0-
TOTAL EXPENDITURES	\$273.544M	\$510.149M	\$236.605M	\$ 277.8M	\$ 531.7M	\$ 253.9M

Net Effect:

Revenues less						
Expenditures:	\$ -0-	(\$197.738M)	(\$197.738M)	\$ -0-	(\$ 215.347M)	(\$215.347M)

LOCAL IMPACT:

Including comprehensive insurance costs in the General Fund will reduce district levies; comprehensive insurance is about \$10.5M per year.

TECHNICAL NOTES:

1. The CPI escalator in Section 29 and Section 30 refers to July, 1980 as the base year. This must be a bill drafting error since the bill already increases schedules by more than 60% and it is unlikely that an additional 40% adjustment for inflation would be intended.
2. Section 39 says that the state shall fund "at least" 90% of retirement costs. It would be better to provide a formula - e.g. 90% of the total prior year retirement fund expense.

SB 203

APPROVED BY COMM. ON EDUCATION
AND CULTURAL RESOURCES

SENATE BILL NO. 203

INTRODUCED BY NATHE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE PUBLIC SCHOOL FUNDING; TO INCLUDE COMPREHENSIVE-INSURANCE SCHOOL PERSONNEL RETIREMENT COSTS IN THE GENERAL FUND BUDGET; TO ELIMINATE THE COUNTY RETIREMENT LEVY AND THE DISTRICTS' RETIREMENT FUNDS; TO ESTABLISH A SCHOOL TERM AS 180 DAYS; TO REQUIRE THE SCHOOL FOUNDATION PROGRAM TO FUND 100 PERCENT OF THE SCHOOL DISTRICTS' GENERAL FUND BUDGETS WITHOUT A VOTED LEVY OF ALL ELEMENTARY-AND-HIGH-SCHOOLS, INCLUDING RETIREMENT, AS SET BY FOUNDATION PROGRAM SCHEDULES; TO LIMIT BY SCHOOL FISCAL YEAR 1995 THE MAXIMUM GENERAL FUND BUDGET OF A DISTRICT TO 117 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT; TO LIMIT ANNUAL INCREASES IN EACH DISTRICT'S MAXIMUM GENERAL FUND BUDGET; TO REQUIRE THE ALLOWABLE COST SCHEDULE FOR SPECIAL EDUCATION PERSONNEL TO BE BASED ON THE AVERAGE STATEWIDE SALARY FOR VARIOUS CATEGORIES OF SPECIAL EDUCATION PERSONNEL; TO LIMIT THE GENERAL FUND RESERVE OF A DISTRICT TO 20 PERCENT EXCEPT FOR DISTRICTS NOT RECEIVING STATE EQUALIZATION AID; TO ELIMINATE THE PRESENT PERMISSIVE LEVY; TO INDEX THE RATE OF INCREASE IN THE SCHEDULE AMOUNTS TO THE RATE OF ANNUAL INFLATION; TO REALLOCATE LOTTERY REVENUE FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION AID; TO PROVIDE A STATE

LEVY ON PROPERTY TO FUND 90 PERCENT OF THE COSTS FOR TEACHERS' RETIREMENT; TO EXCLUDE THE LEVY FROM THE PROPERTY TAX LIMITATIONS OF INITIATIVE MEASURE NO. 105; TO ELIMINATE TUITION PAYMENTS BETWEEN DISTRICTS; TO REQUIRE DISTRIBUTION OF STATE EQUALIZATION AID IN MONTHLY PAYMENTS; TO PROVIDE FOR A STATUTORY APPROPRIATION; STUDY OF THE EQUALIZATION OF TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES; AMENDING SECTIONS 15-10-402, 17-3-213, 19-4-605, 20-1-301, 20-1-304, 20-3-106, 20-3-205, 20-3-210, 20-3-324, 20-3-331, 20-5-101, 20-5-102, 20-5-301, 20-5-302, 20-5-304, 20-5-311, 20-5-314, 20-6-401, 20-6-603, 20-6-608, 20-7-414, 20-7-420 THROUGH 20-7-422, 20-7-424, 20-7-431, 20-9-104, 20-9-141, 20-9-201, 20-9-212, 20-9-301, 20-9-303, 20-9-315, 20-9-318 THROUGH 20-9-322, 20-9-331, 20-9-333, 20-9-343, 20-9-344, 20-9-353, 20-9-505, 20-9-531, 20-9-532, 20-10-105, AND 23-5-1027, MCA; REPEALING SECTIONS 20-5-303, 20-5-305 THROUGH 20-5-307, 20-5-312, 20-5-313, 20-9-105, 20-9-316, 20-9-317, AND 20-9-352, 20-9-501, 20-9-531, AND 20-9-532, MCA; AND PROVIDING AN EFFECTIVE DATE DATES."

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

Section 1. Section 15-10-402, MCA, is amended to read:

"15-10-402. Property tax limited to 1986 levels. (1) Except as provided in subsections (2) and (3), the amount of taxes levied on property described in 15-6-133, 15-6-134,

1 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any
2 taxing jurisdiction, exceed the amount levied for taxable
3 year 1986.

4 (2) The limitation contained in subsection (1) does
5 not apply to levies for rural improvement districts, Title
6 7, chapter 12, part 21; special improvement districts, Title
7 7, chapter 12, part 41; the statewide levy created in
8 section 41; or bonded indebtedness.

9 (3) New construction or improvements to or deletions
10 from property described in subsection (1) are subject to
11 taxation at 1986 levels.

12 (4) As used in this section, the "amount of taxes
13 levied" and the "amount levied" mean the actual dollar
14 amount of taxes imposed on an individual piece of property,
15 notwithstanding an increase or decrease in value due to
16 inflation, reappraisal, adjustments in the percentage
17 multiplier used to convert appraised value to taxable value,
18 changes in the number of mills levied, or increase or
19 decrease in the value of a mill.

20 **Section 2.** Section 17-7-502, MCA, is amended to read:

21 "17-7-502. Statutory appropriations --- definition ---
22 requisites for validity. (1) A statutory appropriation is
23 an appropriation made by permanent law that authorizes
24 spending by a state agency without the need for a biennial
25 legislative appropriation or budget amendment.

1 (2) Except as provided in subsection (4), to be
2 effective, a statutory appropriation must comply with both
3 of the following provisions:

4 (a) The law containing the statutory authority must be
5 listed in subsection (3).

6 (b) The law or portion of the law making a statutory
7 appropriation must specifically state that a statutory
8 appropriation is made as provided in this section.

9 (3) The following laws are the only laws containing
10 statutory appropriations: 2-9-202, 2-17-105, 2-18-812,
11 10-3-203, 10-3-312, 10-3-314, 10-4-301, 13-37-304,
12 15-25-123, 15-31-702, 15-36-112, 15-65-121, 15-70-101,
13 16-1-404, 16-1-410, 16-1-411, 17-3-212, 17-5-404, 17-5-424,
14 17-5-804, 19-8-504, 19-9-702, 19-9-1007, 19-10-205,
15 19-10-305, 19-10-506, 19-11-512, 19-11-513, 19-11-606,
16 19-12-301, 19-13-604, 20-4-109, 20-6-406, 20-8-111,
17 20-9-531, 23-5-610, 23-5-1027, 33-31-212, 33-31-401,
18 37-51-501, 39-71-2504, 53-6-150, 53-24-206, 67-3-205,
19 75-1-1101, 75-7-305, 76-12-123, 80-2-103, 80-2-228,
20 82-11-136, 90-3-301, 90-3-302, 90-3-412, 90-4-215, 90-9-306,
21 90-15-103, section 13, House Bill No. 861, laws of 1985, and
22 section 17, Chapter 454, laws of 1987.

23 (4) There is a statutory appropriation to pay the
24 principal, interest, premiums, and costs of issuing, paying,
25 and securing all bonds, notes, or other obligations as due.

1 that have been authorized and issued pursuant to the laws of
 2 Montana; Agencies that have entered into agreements
 3 authorized by the laws of Montana to pay the state
 4 treasurer, for deposit in accordance with 17-2-101 through
 5 17-2-107, as determined by the state treasurer, an amount
 6 sufficient to pay the principal and interest as due on the
 7 bonds or notes have statutory appropriation authority for
 8 such payments; (in subsection (3); pursuant to sec. 15, Ch.
 9 607, L. 1987, the inclusion of 15-65-121 terminates June 30,
 10 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion
 11 of 39-71-2504 terminates June 30, 1991; and pursuant to sec.
 12 6, Ch. 454, L. 1987, the inclusion of sec. 17, Ch. 454, L.
 13 1987, terminates July 17, 1988.)"

14 **SECTION 1. SECTION 17-3-213, MCA, IS AMENDED TO READ:**

15 "17-3-213. Allocation to general road fund and
 16 countywide school levies. (1) The forest reserve funds so
 17 apportioned to each county shall must be apportioned by the
 18 county treasurer in each county between the several funds as
 19 follows:

20 (a) to the general road fund, 66 2/3% of the total
 21 amount received;

22 (b) to the following countywide school levies, 33 1/3%
 23 of the total sum received:

24 (i) the annual basic tax levy for elementary schools
 25 provided for in 20-9-331;

1 (ii) the annual special tax for high schools provided
 2 for in 20-9-333; and

3 (iii) the high school transportation fund provided for
 4 in 20-10-143;

5 (iv) the elementary teacher retirement and social
 6 security fund provided for in 20-9-501;

7 (v) the high school teacher retirement and social
 8 security fund provided for in 20-9-501.

9 (2) The apportionment of money to the funds provided
 10 for under subsection (1)(b) shall must be made by the county
 11 superintendent based on the proportion that the mill levy of
 12 each fund bears to the total number of mills for all the
 13 funds. Whenever the total amount of money available for
 14 apportionment under this section is greater than the total
 15 requirements of a levy, the excess money and any interest
 16 income must be retained in a separate reserve fund, to be
 17 reapportioned in the ensuing school fiscal year to the
 18 levies designated in subsection (1)(b).

19 (3) In counties wherein in which special road
 20 districts have been created according to law, the board of
 21 county commissioners shall distribute a proportionate share
 22 of the 66 2/3% of the total amount received for the general
 23 road fund to such the special road district or districts
 24 within the county based upon the percentage that the total
 25 area of such the road district bears to the total area of

1 the entire county."

2 **SECTION 2. SECTION 19-4-605, MCA, IS AMENDED TO READ:**

3 "19-4-605. Pension accumulation fund -- employer's
4 contribution. The pension accumulation fund is the fund in
5 which the reserves for payment of pensions and annuities
6 ~~shall~~ must be accumulated and from which pensions,
7 annuities, and benefits in lieu thereof ~~shall~~ of pensions
8 and annuities must be paid to or on account of beneficiaries
9 credited with prior service. Contributions to and payments
10 from the pension accumulation fund ~~shall~~ must be made as
11 follows:

12 (1) Each employer shall pay into the pension
13 accumulation fund an amount equal to 7.428% of the earned
14 compensation of each member employed during the whole or
15 part of the preceding payroll period.

16 (2) If the employer is a district or community college
17 district, the trustees shall budget ~~and--pay~~ for the
18 employer's contribution ~~under the provisions of 20-9-501~~ in
19 the general fund budget.

20 (3) If the employer is the superintendent of public
21 instruction, a public institution of the state of Montana, a
22 unit of the Montana university system, or the Montana state
23 school for the deaf and blind, the legislature shall
24 appropriate to the employer an adequate amount to allow the
25 payment of the employer's contribution.

1 (4) If the employer is a county, the county
2 commissioners shall budget and pay for the employer's
3 contribution in the manner provided by law for the adoption
4 of a county budget and for payments under the budget.

5 (5) All interest and other earnings realized on the
6 ~~moneys~~ money of the retirement system ~~shall~~ must be credited
7 to the pension accumulation fund, and the amount required to
8 allow regular interest on the annuity savings fund ~~shall~~
9 must be transferred to that fund from the pension
10 accumulation fund.

11 (6) All pensions, annuities, and benefits in lieu
12 thereof ~~shall~~ of pensions and annuities must be paid from
13 the pension accumulation fund.

14 (7) The retirement board may, in its discretion,
15 transfer from the pension accumulation fund an amount
16 necessary to cover expenses of administration."

17 **SECTION 3. SECTION 20-1-301, MCA, IS AMENDED TO READ:**

18 "20-1-301. School fiscal year. The school fiscal year
19 shall begin on July 1 and end on June 30. ~~At least~~ Not less
20 and not more than 180 school days of pupil instruction ~~shall~~
21 may be conducted during each school fiscal year, except that
22 175 days of pupil instruction for graduating seniors may be
23 sufficient as provided in 20-9-313, or unless a variance for
24 kindergarten has been granted under 20-1-302 or a district
25 is granted a variance under the provisions of chapter 9,

1 part 8, of this title. For any elementary or high school
 2 district that fails to provide for ~~at least~~ 180 school days
 3 of pupil instruction, the superintendent of public
 4 instruction shall reduce the county equalization as defined
 5 in 20-9-334 and the state equalization as defined in
 6 20-9-343 for the district for that school year by 1/90th for
 7 each school day less than 180 school days."

8 **SECTION 4. SECTION 20-1-304, MCA, IS AMENDED TO READ:**

9 "20-1-304. Pupil-instruction-related day. A
 10 pupil-instruction-related day shall be a day of teacher
 11 activities devoted to improving the quality of instruction.
 12 Such activities may include but are not limited to
 13 in-service training, attending state meetings of teacher
 14 organizations, and conducting parent conferences. A maximum
 15 of 7 pupil-instruction-related days may be conducted during
 16 a school year, provided that such days are approved by the
 17 superintendent of public instruction in accordance with the
 18 policy adopted by the board of public education. Such days
 19 shall not be included as a part of the required minimum-of
 20 180 days of pupil instruction."

21 **Section 5. Section 20-3-106, MCA, is amended to read:**

22 "20-3-106. Supervision of schools -- powers and
 23 duties. The superintendent of public instruction has the
 24 general supervision of the public schools and districts of
 25 the state, and he shall perform the following duties or acts

1 in implementing and enforcing the provisions of this title:

2 (1) resolve any controversy resulting from the
 3 proration of costs by a joint board of trustees under the
 4 provisions of 20-3-362;

5 (2) issue, renew, or deny teacher certification and
 6 emergency authorizations of employment;

7 (3) negotiate reciprocal tuition attendance agreements
 8 with other states in accordance with the provisions of
 9 20-5-314;

10 (4) serve on the teachers' retirement board in
 11 accordance with the provisions of 2-15-1010;

12 (5) approve or disapprove the orders of a high school
 13 boundary commission in accordance with the provisions of
 14 20-6-311;

15 (6) approve or disapprove the opening or reopening of
 16 a school in accordance with the provisions of 20-6-502,
 17 20-6-503, 20-6-504, or 20-6-505;

18 (7) approve or disapprove school isolation within the
 19 limitations prescribed by 20-9-302;

20 (8) generally supervise the school budgeting
 21 procedures prescribed by law in accordance with the
 22 provisions of 20-9-102 and prescribe the school budget
 23 format in accordance with the provisions of 20-9-103 and
 24 20-9-506;

25 (9) establish a system of communication for

1 calculating joint district revenues in accordance with the
2 provisions of 20-9-151;

3 (10) approve or disapprove the adoption of a district's
4 emergency budget resolution under the conditions prescribed
5 in 20-9-163 and publish rules for an application for
6 additional state aid for an emergency budget in accordance
7 with the approval and disbursement provisions of 20-9-166;

8 (11) generally supervise the school financial
9 administration provisions as prescribed by 20-9-201(2);

10 (12) prescribe and furnish the annual report forms to
11 enable the districts to report to the county superintendent
12 in accordance with the provisions of 20-9-213(5) and the
13 annual report forms to enable the county superintendents to
14 report to the superintendent of public instruction in
15 accordance with the provisions of 20-3-209;

16 (13) approve, disapprove, or adjust an increase of the
17 average number belonging (ANB) in accordance with the
18 provisions of 20-9-313 and 20-9-314;

19 (14) distribute state equalization aid in support of
20 the foundation program in accordance with the provisions of
21 20-9-342, 20-9-346, and 20-9-347;

22 (15) distribute state impact aid in accordance with the
23 provisions of 20-9-304;

24 (16) provide for the uniform and equal provision of
25 transportation by performing the duties prescribed by the

1 provisions of 20-10-112;

2 (17) approve or disapprove an adult education program
3 for which a district proposes to levy a tax in accordance
4 with the provisions of 20-7-705;

5 (18) request, accept, deposit, and expend federal
6 moneys money in accordance with the provisions of 20-9-603;

7 (19) authorize the use of federal moneys money for the
8 support of an interlocal cooperative agreement in accordance
9 with the provisions of 20-9-703 and 20-9-704;

10 (20) prescribe the form and contents of and approve or
11 disapprove interstate contracts in accordance with the
12 provisions of 20-9-705;

13 (21) approve or disapprove the conduct of school on a
14 Saturday or on pupil-instruction-related days in accordance
15 with the provisions of 20-1-303 and 20-1-304;

16 (22) recommend standards of accreditation for all
17 schools to the board of public education and evaluate
18 compliance with such the standards and recommend
19 accreditation status of every school to the board of public
20 education in accordance with the provisions of 20-7-101 and
21 20-7-102;

22 (23) collect and maintain a file of curriculum guides
23 and assist schools with instructional programs in accordance
24 with the provisions of 20-7-113 and 20-7-114;

25 (24) establish and maintain a library of visual, aural,

1 and other educational media in accordance with the
2 provisions of 20-7-201;

3 (25) license textbook dealers and initiate prosecution
4 of textbook dealers violating the law in accordance with the
5 provisions of the textbooks part of this title;

6 (26) as the governing agent and executive officer of
7 the state of Montana for K-12 vocational education, adopt
8 the policies prescribed by and in accordance with the
9 provisions of 20-7-301;

10 (27) supervise and coordinate the conduct of special
11 education in the state in accordance with the provisions of
12 20-7-403;

13 (28) administer the traffic education program in
14 accordance with the provisions of 20-7-502;

15 (29) administer the school food services program in
16 accordance with the provisions of 20-10-201, 20-10-202, and
17 20-10-203;

18 (30) review school building plans and specifications in
19 accordance with the provisions of 20-6-622;

20 (31) prescribe the method of identification and signals
21 to be used by school safety patrols in accordance with the
22 provisions of 20-1-408;

23 (32) provide schools with information and technical
24 assistance for compliance with the student assessment rules
25 provided for in 20-2-121 and collect and summarize the

1 results of such the student assessment for the board of
2 public education and the legislature;

3 ~~{33}-administer--the--distribution--of--state-retirement~~
4 ~~equalization-aid-in-accordance-with-20-9-532;~~ and

5 ~~{34}~~{33} perform any other duty prescribed from time to
6 time by this title, any other act of the legislature, or the
7 policies of the board of public education."

8 **Section 6.** Section 20-3-205, MCA, is amended to read:

9 "20-3-205. Powers and duties. The county
10 superintendent has general supervision of the schools of the
11 county within the limitations prescribed by this title and
12 shall perform the following duties or acts:

13 (1) determine, establish, and reestablish trustee
14 nominating districts in accordance with the provisions of
15 20-3-352, 20-3-353, and 20-3-354;

16 (2) administer and file the oaths of members of the
17 boards of trustees of the districts in his county in
18 accordance with the provisions of 20-3-307;

19 (3) register the teacher or specialist certificates or
20 emergency authorization of employment of any person employed
21 in the county as a teacher, specialist, principal, or
22 district superintendent in accordance with the provisions of
23 20-4-202;

24 (4) act on each ~~tuition~~ attendance application
25 submitted to him in accordance with the provisions of

1 20-5-301, 20-5-302, 20-5-304, and 20-5-311 and transmit--the
2 tuition-information-required-by-20-5-312;

3 (5) file a copy of the audit report for a district in
4 accordance with the provisions of 20-9-203;

5 (6) classify districts in accordance with the
6 provisions of 20-6-201 and 20-6-301;

7 (7) keep a transcript and reconcile the district
8 boundaries of the county in accordance with the provisions
9 of 20-6-103;

10 (8) fulfill all responsibilities assigned to him under
11 the provisions of this title regulating the organization,
12 alteration, or abandonment of districts;

13 (9) act on any unification proposition and, if
14 approved, establish additional trustee nominating districts
15 in accordance with 20-6-312 and 20-6-313;

16 (10) estimate the average number belonging (ANB) of an
17 opening school in accordance with the provisions of
18 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

19 (11) process and, when required, act on school
20 isolation applications in accordance with the provisions of
21 20-9-302;

22 (12) complete the budgets, compute the budgeted
23 revenues and tax levies, give notices of the budget
24 meetings, file final and emergency budgets, and fulfill such
25 other responsibilities assigned to him under the provisions

1 of this title regulating school budgeting systems;

2 (13) submit an annual financial report to the
3 superintendent of public instruction in accordance with the
4 provisions of 20-9-211;

5 (14) quarterly, unless otherwise provided by law, order
6 the county treasurer to apportion state money, county school
7 money, and any other school money subject to apportionment
8 in accordance with the provisions of 20-9-212, 20-9-334,
9 20-9-347, 20-10-145, or 20-10-146;

10 (15) act on any request to transfer average number
11 belonging (ANB) in accordance with the provisions of
12 20-9-313(3);

13 (16) calculate the estimated budgeted general fund
14 sources of revenue in accordance with the provisions of
15 20-9-348 and the other general fund revenue provisions of
16 the general fund part of this title;

17 (17) compute the revenues and the district and county
18 levy requirements for each fund included in each district's
19 final budget and report ~~such~~ the computations to the board
20 of county commissioners in accordance with the provisions of
21 the general fund, transportation, bonds, and other school
22 funds parts of this title;

23 (18) file and forward bus driver certifications,
24 transportation contracts, and state transportation
25 reimbursement claims in accordance with the provisions of

1 20-10-103, 20-10-143, or 20-10-145;

2 (19) for districts which do not employ a district
3 superintendent or principal, recommend library book and
4 textbook selections in accordance with the provisions of
5 20-7-204 or 20-7-602;

6 (20) notify the superintendent of public instruction of
7 a textbook dealer's activities when required under the
8 provisions of 20-7-605 and otherwise comply with the
9 textbook dealer provisions of this title;

10 (21) act on district requests to allocate federal money
11 for indigent children for school food services in accordance
12 with the provisions of 20-10-205;

13 (22) perform any other duty prescribed from time to
14 time by this title, any other act of the legislature, the
15 policies of the board of public education, the policies of
16 the board of regents relating to community college
17 districts, or the rules of the superintendent of public
18 instruction;

19 (23) administer the oath of office to trustees without
20 the receipt of pay for administering the oath;

21 (24) keep a record of his official acts, preserve all
22 reports submitted to him under the provisions of this title,
23 preserve all books and instructional equipment or supplies,
24 keep all documents applicable to the administration of the
25 office, and surrender such all records, books, supplies, and

1 equipment to his successor;

2 (25) within 90 days after the close of the school
3 fiscal year, publish an annual report in the county
4 newspaper stating the following financial information for
5 the school fiscal year just ended for each district of the
6 county:

7 (a) the total of the cash balances of all funds
8 maintained by the district at the beginning of the year;

9 (b) the total receipts that were realized in each fund
10 maintained by the district;

11 (c) the total expenditures that were made from each
12 fund maintained by the district; and

13 (d) the total of the cash balances of all funds
14 maintained by the district at the end of the school fiscal
15 year; and

16 (26) hold meetings for the members of the trustees from
17 time to time at which matters for the good of the districts
18 shall be discussed."

19 **Section 7.** Section 20-3-210, MCA, is amended to read:

20 "20-3-210. Controversy appeals and hearings. (1)
21 Except as provided under 20-3-211, the county superintendent
22 shall hear and decide all matters of controversy arising in
23 his county as a result of decisions of the trustees of a
24 district in the county. When appeals are made under 20-4-204
25 relating to the termination of services of a tenure teacher

or under 20-4-207 relating to the dismissal of a teacher under contract, the county superintendent may appoint a qualified attorney at law to act as a legal adviser who shall assist the superintendent in preparing findings of fact and conclusions of law. Subsequently, either the teacher or trustees may appeal to the superintendent of public instruction under the provisions for appeal of controversies in this title. ~~Furthermore--he~~ The county superintendent shall hear and decide all controversies arising under:

(a) section 20-5-304 or 20-5-311 relating to the approval of ~~tuition~~ attendance applications; or

(b) any other provision of this title for which a procedure for resolving controversies is not expressly prescribed.

(2) The county superintendent shall hear the appeal and take testimony in order to determine the facts related to the controversy and may administer oaths to the witnesses that testify at the hearing. He shall prepare a written transcript of the hearing proceedings. The decision on the matter of controversy which is made by the county superintendent ~~shall~~ must be based upon the facts established at ~~such~~ the hearing.

(3) The decision of the county superintendent may be appealed to the superintendent of public instruction, and if

it is appealed, the county superintendent shall supply a transcript of the hearing and any other documents entered as testimony at the hearing to the superintendent of public instruction.

(4) ~~Cost~~ Costs incurred by the office of the county superintendent ~~shall~~ must be paid from the general fund budget of the county in which the controversy is initiated."

SECTION 8. SECTION 20-3-324, MCA, IS AMENDED TO READ:

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall ~~have--the power--and--it--shall--be--their--duty--to--perform--the--following duties--or--acts:~~

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other principal as the board ~~may--deem~~ considers necessary, accepting or rejecting ~~such~~ any recommendation as the trustees shall in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel ~~deemed~~ considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions

1 and otherwise govern the pupils of the district in
2 accordance with the provisions of the pupils chapter of this
3 title;

4 (4) call, conduct, and certify the elections of the
5 district in accordance with the provisions of the school
6 elections chapter of this title;

7 (5) participate in the teachers' retirement system of
8 the state of Montana in accordance with the provisions of
9 the teachers' retirement system chapter of Title 19;

10 (6) participate in district boundary change actions in
11 accordance with the provisions of the districts chapter of
12 this title;

13 (7) organize, open, close, or acquire isolation status
14 for the schools of the district in accordance with the
15 provisions of the school organization part of this title;

16 (8) adopt and administer the annual budget or an
17 emergency budget of the district in accordance with the
18 provisions of the school budget system part of this title;

19 (9) conduct the fiscal business of the district in
20 accordance with the provisions of the school financial
21 administration part of this title;

22 (10) establish the ANB, foundation program, ~~permissive~~
23 ~~levy~~, additional levy, cash reserve, and state impact aid
24 amount for the general fund of the district in accordance
25 with the provisions of the general fund part of this title;

1 (11) establish, maintain, budget, and finance the
2 transportation program of the district in accordance with
3 the provisions of the transportation parts of this title;

4 (12) issue, refund, sell, budget, and redeem the bonds
5 of the district in accordance with the provisions of the
6 bonds parts of this title;

7 (13) when applicable, establish, financially
8 administer, and budget for the tuition fund, ~~retirement~~
9 ~~fund~~, building reserve fund, adult education fund,
10 nonoperating fund, school food services fund, miscellaneous
11 federal programs fund, building fund, lease or rental
12 agreement fund, traffic education fund, and interlocal
13 cooperative agreement fund in accordance with the provisions
14 of the other school funds parts of this title;

15 (14) when applicable, administer any interlocal
16 cooperative agreement, gifts, legacies, or devises in
17 accordance with the provisions of the miscellaneous
18 financial parts of this title;

19 (15) hold in trust, acquire, and dispose of the real
20 and personal property of the district in accordance with the
21 provisions of the school sites and facilities part of this
22 title;

23 (16) operate the schools of the district in accordance
24 with the provisions of the school calendar part of this
25 title;

1 (17) establish and maintain the instructional services
2 of the schools of the district in accordance with the
3 provisions of the instructional services, textbooks,
4 vocational education, and special education parts of this
5 title;

6 (18) establish and maintain the school food services of
7 the district in accordance with the provisions of the school
8 food services parts of this title;

9 (19) make ~~such~~ any reports from time to time as the
10 county superintendent, superintendent of public instruction,
11 and board of public education may require;

12 (20) retain, when ~~deemed~~ considered advisable, a
13 physician or registered nurse to inspect the sanitary
14 conditions of the school or the general health conditions of
15 each pupil and, upon request, make available to any parent
16 or guardian any medical reports or health records maintained
17 by the district pertaining to his child;

18 (21) for each member of the trustees, visit each school
19 of the district not less than once each school fiscal year
20 to examine its management, conditions, and needs, except
21 trustees from a first-class school district may share the
22 responsibility for visiting each school in the district;

23 (22) procure and display outside daily in suitable
24 weather at each school of the district an American flag
25 ~~which-shall-be~~ that measures not less than 4 feet by 6 feet;

1 and

2 (23) perform any other duty and enforce any other
3 requirements for the government of the schools prescribed by
4 this title, the policies of the board of public education,
5 or the rules of the superintendent of public instruction."

6 **Section 9.** Section 20-3-324, MCA, is amended to read:

7 "20-3-324. Powers and duties. As prescribed elsewhere
8 in this title, the trustees of each district shall ~~have--the~~
9 ~~power--and--it--shall-be-their-duty-to-perform-the-following~~
10 ~~duties-or-acts:~~

11 (1) employ or dismiss a teacher, principal, or other
12 assistant upon the recommendation of the district
13 superintendent, the county high school principal, or other
14 principal as the board ~~may--deem~~ considers necessary,
15 accepting or rejecting ~~such~~ any recommendation as the
16 trustees ~~shall~~ in their sole discretion determine, in
17 accordance with the provisions of Title 20, chapter 4;

18 (2) employ and dismiss administrative personnel,
19 clerks, secretaries, teacher aides, custodians, maintenance
20 personnel, school bus drivers, food service personnel,
21 nurses, and any other personnel ~~deemed~~ considered necessary
22 to carry out the various services of the district;

23 (3) administer the attendance ~~and--tuition~~ provisions
24 and otherwise govern the pupils of the district in
25 accordance with the provisions of the pupils chapter of this

1 title;

2 (4) call, conduct, and certify the elections of the

3 district in accordance with the provisions of the school

4 elections chapter of this title;

5 (5) participate in the teachers' retirement system of

6 the state of Montana in accordance with the provisions of

7 the teachers' retirement system chapter of Title 19;

8 (6) participate in district boundary change actions in

9 accordance with the provisions of the districts chapter of

10 this title;

11 (7) organize, open, close, or acquire isolation status

12 for the schools of the district in accordance with the

13 provisions of the school organization part of this title;

14 (8) adopt and administer the annual budget or an

15 emergency budget of the district in accordance with the

16 provisions of the school budget system part of this title;

17 (9) conduct the fiscal business of the district in

18 accordance with the provisions of the school financial

19 administration part of this title;

20 (10) establish the ANB, foundation program, ~~permissive~~

21 ~~levy~~, additional levy, cash reserve, and state impact aid

22 amount for the general fund of the district in accordance

23 with the provisions of the general fund part of this title;

24 (11) establish, maintain, budget, and finance the

25 transportation program of the district in accordance with

1 the provisions of the transportation parts of this title;

2 (12) issue, refund, sell, budget, and redeem the bonds

3 of the district in accordance with the provisions of the

4 bonds parts of this title;

5 (13) when applicable, establish, financially

6 administer, and budget for the ~~tuition--fund~~, ~~retirement~~

7 ~~fund~~, building reserve fund, adult education fund,

8 nonoperating fund, school food services fund, miscellaneous

9 federal programs fund, building fund, lease or rental

10 agreement fund, traffic education fund, and interlocal

11 cooperative agreement fund in accordance with the provisions

12 of the other school funds parts of this title;

13 (14) when applicable, administer any interlocal

14 cooperative agreement, gifts, legacies, or devises in

15 accordance with the provisions of the miscellaneous

16 financial parts of this title;

17 (15) hold in trust, acquire, and dispose of the real

18 and personal property of the district in accordance with the

19 provisions of the school sites and facilities part of this

20 title;

21 (16) operate the schools of the district in accordance

22 with the provisions of the school calendar part of this

23 title;

24 (17) establish and maintain the instructional services

25 of the schools of the district in accordance with the

1 provisions of the instructional services, textbooks,
2 vocational education, and special education parts of this
3 title;

4 (18) establish and maintain the school food services of
5 the district in accordance with the provisions of the school
6 food services parts of this title;

7 (19) make such reports from time to time as the county
8 superintendent, superintendent of public instruction, and
9 board of public education may require;

10 (20) retain, when deemed considered advisable, a
11 physician or registered nurse to inspect the sanitary
12 conditions of the school or the general health conditions of
13 each pupil and, upon request, make available to any parent
14 or guardian any medical reports or health records maintained
15 by the district pertaining to his child;

16 (21) for each member of the trustees, visit each school
17 of the district not less than once each school fiscal year
18 to examine its management, conditions, and needs, except
19 trustees from a first-class school district may share the
20 responsibility for visiting each school in the district;

21 (22) procure and display outside daily in suitable
22 weather at each school of the district an American flag
23 ~~which-shall-be~~ that measures not less than 4 feet by 6 feet;
24 and

25 (23) perform any other duty and enforce any other

1 requirements for the government of the schools prescribed by
2 this title, the policies of the board of public education,
3 or the rules of the superintendent of public instruction."

4 ~~Section 7. Section 20-3-331, MCA, is amended to read:~~
5 ~~"20-3-331. Purchase of liability insurance. The~~
6 ~~trustees of any district may purchase insurance coverage for~~
7 ~~the district, trustees, and employees against liability for~~
8 ~~the death, injury, or disability of any person or damage to~~
9 ~~property. The trustees shall include the cost of coverage in~~
10 ~~the general fund budget of the district."~~

11 **Section 10.** Section 20-5-101, MCA, is amended to read:
12 "20-5-101. Admittance of child to school. (1) The
13 trustees shall assign and admit any child to a school in the
14 district when the child is:

15 (a) 6 years of age or older on or before September 10
16 of the year in which the child is to enroll but has not yet
17 reached his 19th birthday;

18 (b) a resident of the district; and

19 (c) otherwise qualified under the provisions of this
20 title to be admitted to such the school.

21 (2) The trustees of any district ~~shall have the~~
22 ~~authority to~~ may assign and admit any nonresident child to a
23 school in the district under the tuition out-of-district
24 attendance provisions of this title.

25 (3) The trustees may at their discretion assign and

1 admit a child to a school in the district who is under 6
 2 years of age or an adult who is 19 years of age or older if
 3 there are exceptional circumstances that merit waiving the
 4 age provision of this section."

5 **Section 11.** Section 20-5-102, MCA, is amended to read:

6 "20-5-102. Compulsory enrollment and excuses. (1)
 7 Except as provided in subsection (2), any parent, guardian,
 8 or other person who is responsible for the care of any child
 9 who is 7 years of age or older prior to the first day of
 10 school in any school fiscal year shall cause the child to be
 11 instructed in the program prescribed by the board of public
 12 education pursuant to 20-7-111 until the later of the
 13 following dates:

14 (a) the child's 16th birthday; or
 15 (b) the date of completion of the work of the 8th
 16 grade.

17 (2) Such A parent, guardian, or other person shall
 18 enroll the child in the school assigned by the trustees of
 19 the district within the first week of the school term or
 20 when he establishes residence in the district unless the
 21 child is:

22 (a) enrolled in a school of another district or state
 23 under any of the ~~tuition~~ out-of-district attendance
 24 provisions of this title;

25 (b) provided with supervised correspondence study or

1 supervised home study under the transportation provisions of
 2 this title;

3 (c) excused from enrollment in a school of the
 4 district when it is shown that his bodily or mental
 5 condition does not permit his attendance and the child
 6 cannot be instructed under the special education provisions
 7 of this title;

8 (d) excused from compulsory school attendance upon a
 9 determination by a district judge that such attendance is
 10 not in the best interest of the child;

11 (e) excused by the board of trustees upon a
 12 determination that such attendance by a child who has
 13 attained the age of 16 is not in the best interest of the
 14 child and the school; or

15 (f) enrolled in a nonpublic or home school that
 16 complies with the provisions of 20-5-109. For the purposes
 17 of this subsection (f), a home school is the instruction by
 18 a parent of his child, stepchild, or ward in his residence
 19 and a nonpublic school includes a parochial, church,
 20 religious, or private school.

21 (3) The excuse provided for in subsection (2)(c) of
 22 this section ~~shall~~ must be issued by the district
 23 superintendent or the county superintendent when there is no
 24 district superintendent employed by the district. Whenever
 25 an excuse is denied by the applicable official, an appeal of

1 ~~such~~ the decision may be made to the district court of the
 2 county within 10 days after the decision upon giving a bond
 3 in the amount set by the court to pay all costs of the
 4 appeal. The decision of the district court ~~shall--be~~ is
 5 final."

6 **Section 12.** Section 20-5-301, MCA, is amended to read:

7 "20-5-301. Elementary ~~tuition~~ attendance outside
 8 district of residence with mandatory approval. (1) Any child
 9 may be enrolled in and attend an elementary school outside
 10 of the elementary district in which he resides when ~~such~~ the
 11 elementary school is located in:

12 (a) any other district of the county of his residence;

13 (b) a county adjoining his county of residence; or

14 (c) a district of another state that is adjacent to
 15 the county of his residence.

16 (2) When a parent or guardian of a child wishes to
 17 have his child attend a school under the provisions of this
 18 section, he shall apply to the county superintendent of the
 19 county of his residence before July 1 of the school fiscal
 20 year for which he seeks approval except in those cases when
 21 substantial changes in circumstances occurred subsequently
 22 to justify later application. The application ~~shall~~ must be
 23 made on a ~~tuition~~ an attendance agreement form supplied by
 24 the county superintendent and ~~shall~~ must be approved, before
 25 permission to enroll in and attend school outside of the

1 district under the provisions of this section may be
 2 granted, by:

3 (a) the trustees of the elementary district in which
 4 the child resides;

5 (b) the trustees of the district where the child
 6 wishes to attend school; and

7 (c) the county superintendent of the county of the
 8 child's residence.

9 (3) In considering the approval of a ~~tuition~~ an
 10 attendance application, the ~~tuition~~ approval agents
 11 prescribed in this section shall approve ~~such~~ the
 12 application for a resident child when:

13 (a) the child resides less than 3 miles from the
 14 school which he wishes to attend and more than 3 miles from
 15 any school of his resident elementary district;

16 (b) the child resides more than 3 miles from any
 17 school of his resident elementary district and ~~such~~ the
 18 district does not provide transportation under the
 19 provisions of this title;

20 (c) the child resides more than 3 miles from any
 21 school of his resident elementary district, the resident
 22 district does not provide transportation under the
 23 provisions of this title, and school bus transportation is
 24 furnished by the district operating the school which he
 25 wishes to attend;

1 (d) the child is a member of a family who must send
 2 another child outside of the elementary district to attend
 3 high school and the child of elementary age may more
 4 conveniently attend an elementary school where the high
 5 school is located, provided the child resides more than 3
 6 miles from an elementary school of the resident district or
 7 the parent must move to the elementary district where the
 8 high school is located in order to enroll the other child in
 9 high school;

10 (e) the child has been declared by a court of
 11 competent jurisdiction to be an abused, neglected, or
 12 dependent child, as defined in 41-3-102, or a delinquent
 13 youth, as defined in 41-5-103, and has been ordered to be
 14 placed in a licensed youth care facility which is approved
 15 by the department of family services and as a result of the
 16 order the child is required to attend elementary school
 17 outside of the district of his residence; [for purposes of
 18 this subsection, the prescribed geographic relationship of
 19 the receiving district to the district of residence does not
 20 apply]; or

21 (f) the child is required to attend elementary school
 22 outside the district of residence as the result of an order
 23 of a court of competent jurisdiction. For the purposes of
 24 this subsection (f), the following do not apply:

25 (i) the prescribed geographic relationship of the

1 receiving district to the district of residence in this
 2 subsection (3); or

3 (ii) an order issued under Title 40, chapter 4, part 2.

4 (4) The trustees of the district where the school to
 5 be attended is located may disapprove ~~a---tuition~~ an
 6 attendance agreement that satisfies any of the mandatory
 7 approval conditions specified in subsection (3) ~~above~~ when
 8 they find that, due to insufficient room and overcrowding,
 9 the accreditation of the school would be adversely affected
 10 by the acceptance of the child. In the event of disapproval,
 11 the trustees shall ~~so~~ notify the parent in writing within 15
 12 days of the first receipt of the application."

13 **Section 13.** Section 20-5-302, MCA, is amended to read:

14 "20-5-302. Elementary tuition attendance outside
 15 district of residence with discretionary approval. In
 16 considering the approval of ~~a---tuition~~ an attendance
 17 application that is not required to be approved under the
 18 provisions of 20-5-301, the ~~tuition~~ approval agents
 19 prescribed in 20-5-301 may approve ~~such the~~ application when
 20 ~~such the~~ approval agents, individually, determine that the
 21 ~~tuition~~ attendance agreement should be approved because of:

- 22 (1) the distance and road conditions between the
 23 child's residence and any school of his resident district;
 24 (2) the trading center of the child's parents;
 25 (3) an opportunity to live with his relatives;

(4) dormitory facilities in the district to be attended;

(5) the living conditions of the child's family;

(6) the availability of transportation; or

(7) the type of educational program available in the school to be attended."

Section 14. Section 20-5-304, MCA, is amended to read:

"20-5-304. Distances, notification, and appeal for elementary tuition attendance purposes. (1) In considering any approval of an application submitted under the provisions of 20-5-301 or 20-5-302, the approval agents shall determine mileage distances on the basis of the shortest practical route between the child's residence and the school building, and they shall determine the child's residence on the basis of the provisions of 1-1-215.

(2) The county superintendent shall notify the parent or guardian and the trustees of the districts involved in the tuition application of the tuition attendance agreement approval or disapproval. If ~~a--tuition~~ an attendance agreement is disapproved by any approval agent, the parent may appeal ~~such the~~ disapproval to the county superintendent and, subsequently, to the superintendent of public instruction under the provisions for the appeal of controversies in this title. The approval of any tuition attendance agreement by the approval agents or upon appeal

~~shall-authorize~~ authorizes the child named in ~~such the~~ agreement to enroll in and attend the school named in ~~such the~~ agreement for the ensuing school fiscal year.

~~(3)--The-rate-of-tuition-and-the-budgeting-and--payment procedure--prescribed-in-20-5-305-shall-be-applicable-to-any tuition-application-approved-under-the--provisions--of--this section--"~~

Section 15. Section 20-5-311, MCA, is amended to read:

"20-5-311. High school tuition attendance outside district of residence. (1) Any child may be enrolled in and attend a high school outside of the high school district in which he resides when ~~such the~~ high school is located in Montana or in a county of another state that is adjacent to the state of Montana. When a parent or guardian of a child wishes to have his child attend a school under the provisions of this section, he shall apply to the county superintendent of the county of his residence before July 1 of the school fiscal year for which he seeks approval except in those cases when substantial changes in circumstances occurred occur subsequently to and justify later application. ~~Such The~~ application ~~shall must~~ be made on a tuition an attendance agreement form supplied by the county superintendent. The trustees of the district of residence, the trustees of the district in which the child wishes to attend school, and the county superintendent are the

1 approval agents for ~~tuition-to~~ attendance at another high
 2 school within the county. The county superintendent of the
 3 county of residence and the trustees of the district in
 4 which the child wishes to attend school are the approval
 5 agents for attendance outside the county.

6 (2) (a) ~~{i}~~ The approval agents shall approve a
 7 ~~tuition~~ an attendance application when a child lives closer
 8 to a high school of another district than any high school
 9 located within his resident district or when, due to road or
 10 geographic conditions, it is impractical to attend the high
 11 school nearest his residence.

12 ~~{ii}~~ However, the approval agents are not required to
 13 approve a ~~tuition~~ an attendance application for a student
 14 seeking to attend a high school outside the state of Montana
 15 or the resident district if the resident district provides
 16 transportation. This exception does not apply when-

17 ~~{A}~~ the child resides in a county different from the
 18 county ~~wherein~~ in which the school he wishes to attend is
 19 located; or

20 ~~{B}~~ the child has enrolled in a high school outside
 21 his resident district and has received an approved tuition
 22 agreement on or before April 30, 1985. For the purposes of
 23 this subsection ~~{2}{a}{ii}{B}~~, the child has the right to
 24 continue his high school education in the receiving high
 25 school outside his resident district on an approved tuition

1 agreement; subject to the provisions of this section.

2 (b) The approval agents shall approve a ~~tuition~~ an
 3 attendance application when a child, as a result of a court
 4 order, is required to attend high school outside the
 5 district of residence:

6 ~~{i}~~ but within the state of Montana or another state,
 7 whether or not that state maintains a reciprocal ~~tuition~~
 8 attendance agreement under 20-5-314; or

9 ~~{ii}~~ in a state that does not have a reciprocal tuition
 10 agreement--pursuant to 20-5-314--The amount of daily tuition
 11 may not be greater than the average daily cost--per--student
 12 in--the--district of residence--The amount of annual tuition
 13 may not be greater than the average annual cost per--student
 14 in--the--district--of--residence--The county superintendent
 15 shall calculate the average annual--and--the--average--daily
 16 cost--per--student--For purposes of this subsection ~~{b}~~, the
 17 following do not apply:

18 ~~{A}~~ an order issued under Title 40, chapter 4, part 2;

19 ~~{B}~~ placement of a child pursuant to Title 20, chapter
 20 7, part 4.

21 (c) In approving a ~~tuition~~ an attendance agreement
 22 under this provision section, the approval agents may
 23 require the child to attend the high school closest to his
 24 residence. The approval agents may approve any other
 25 ~~tuition~~ attendance application that satisfies the geographic

1 requirements of this section.

2 (3) The trustees of the district where the child
3 wishes to attend school shall approve or disapprove any
4 ~~tuition~~ attendance application submitted to them under the
5 provisions of this section within 15 days after the receipt
6 of the application.

7 (4) The county superintendent shall notify the parent
8 or guardian and the trustees of the district where the child
9 wishes to attend school of the ~~tuition~~ attendance agreement
10 approval or disapproval. If ~~a--tuition~~ an attendance
11 agreement is disapproved by one or more approval agents, the
12 parent may appeal ~~such the~~ disapproval to the county
13 superintendent and, subsequently, to the superintendent of
14 public instruction under the provision for the appeal of
15 controversies in this title.

16 (5) The approval of any ~~tuition~~ attendance agreement
17 by all of the applicable approval agents or upon appeal
18 ~~shall authorize~~ authorizes the child named in ~~such the~~
19 agreement to enroll in and attend the school named in ~~such~~
20 the agreement for the ensuing school fiscal year."

21 **Section 16.** Section 20-5-314, MCA, is amended to read:

22 "20-5-314. Reciprocal ~~tuition~~ attendance agreement
23 with adjoining state. (1) The superintendent of public
24 instruction ~~shall--have--the--authority--to~~ may execute a
25 reciprocal ~~tuition~~ attendance agreement with the

1 superintendent of public instruction or a department of
2 education of any state adjoining Montana to allow ~~the~~
3 eligible children of Montana to attend school in the
4 adjoining state and to allow children of the adjoining state
5 to attend school in Montana. In negotiating a reciprocal
6 ~~tuition~~ attendance agreement, the ~~tuition--rates--prescribed~~
7 ~~by--20-5-305--and--20-5-312--shall--be--waived--and--the~~ reciprocal
8 tuition rate may be negotiated as a flat amount or an
9 actual-cost-per-pupil amount. The superintendent of public
10 instruction shall supply a copy of any reciprocal ~~tuition~~
11 attendance agreement that is executed to the county
12 superintendent of each county that may be affected by ~~such~~
13 the agreement.

14 (2) Any ~~tuition~~ attendance agreement approved under
15 the provisions of 20-5-301, 20-5-302, or 20-5-311 for a
16 child's attendance at a school outside of the state shall be
17 completed in accordance with ~~the--applicable--reciprocal~~
18 ~~tuition--agreement~~ this section."

19 **Section 17.** Section 20-6-401, MCA, is amended to read:

20 "20-6-401. Definitions. As used in this part, unless
21 the context clearly indicates otherwise, the following
22 definitions apply:

23 (1) "Component districts" ~~are~~ means the elementary or
24 high school districts incorporated into the enlarged
25 district.

1 (2) "Eligible pupils" ~~shall--be~~ means the average
 2 number belonging (ANB) for the current school year in the
 3 operating schools of the component districts and the ~~tuition~~
 4 pupils residing in the component districts and attending
 5 another district's school under the ~~tuition out-of-district~~
 6 attendance provisions of the school laws, except that the
 7 pupils residing in the component district having the largest
 8 total number of pupils ~~shall-be~~ are ineligible for bonus
 9 payment consideration.

10 (3) "Enlarged district" ~~is~~ means the elementary or
 11 high school district resulting from the consolidation or
 12 annexation of two or more component districts.

13 (4) "General bonus payment" for first- and
 14 second-class school districts ~~shall~~ must be \$300 per
 15 eligible pupil per year for a period of 3 years and ~~will~~
 16 must be deposited in the enlarged district's general fund.
 17 General bonus payment for third-class school districts ~~shall~~
 18 must be \$500 per eligible pupil per year for a period of 3
 19 years and ~~will~~ must be deposited in the enlarged district's
 20 general fund. ~~Such The general bonus~~ payment ~~shall~~ must be
 21 made from the state school equalization aid account.

22 (5) "Transportation bonus payment" ~~will--be~~ is the
 23 provision of 66 2/3% state financing of the on-schedule
 24 transportation amount as provided by the transportation
 25 provisions of the school laws. When an eligible pupil is

1 entitled to transportation, the enlarged district ~~shall-be~~
 2 is entitled to the transportation bonus payment for ~~such the~~
 3 eligible pupil for a period of 3 years. ~~Such The~~ payment
 4 ~~shall~~ must be made from the state transportation aid
 5 account. When the eligible pupil rides a bus providing
 6 transportation for ineligible pupils, the 66 2/3% state
 7 financing of the on-schedule amount for this payment ~~shall~~
 8 must be prorated to provide ~~such~~ financing for the eligible
 9 pupil."

10 **Section 18.** Section 20-6-603, MCA, is amended to read:

11 "20-6-603. Trustees' authority to acquire or dispose
 12 of sites and buildings -- when election required. (1) The
 13 trustees of any district ~~shall-have--the--authority--to~~ may
 14 purchase, build, exchange, or otherwise acquire, or sell, or
 15 otherwise dispose of sites and buildings of the district.
 16 ~~Such-action-shall~~ Action may not be taken by the trustees
 17 without the approval of the qualified electors of the
 18 district at an election called for ~~such the purpose of~~
 19 approval unless:

20 (a) a bond issue has been authorized for the purpose
 21 of constructing, purchasing, or acquiring the site or
 22 building;

23 (b) an additional levy under the provisions of
 24 20-9-353 has been approved for the purpose of constructing,
 25 purchasing, or acquiring the site or building;

(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the ~~maximum-general-fund-budget-without-a-vote~~ amount prescribed in ~~20-9-316~~ 20-9-316 through 20-9-321 and, in the case of a site purchase, the site has been approved under the provisions of 20-6-621; or

(d) ~~moneys-are~~ money is otherwise available under the provisions of this title and the ballot for the site approval for ~~such~~ the building incorporated a description of the building to be located on the site.

(2) When an election is conducted under the provisions of this section, it ~~shall~~ must be called under the provisions of 20-20-201 and ~~shall~~ must be conducted in the manner prescribed by this title for school elections. An elector qualified to vote under the provisions of 20-20-301 ~~shall-be-permitted-to~~ may vote in ~~such~~ the election. If a majority of those electors voting at the election approve the proposed action, the trustees may take the proposed action."

~~Section-17.--Section-20-6-608, MCA, is amended to read:~~

~~"20-6-608.--Authority--and--duty--of--trustees--to--insure district-property.--The-trustees-of-any-district-shall--have the--authority--and--it-shall-be-their-duty-to-insure-any-or all-real-and-personal-property-of-the-district. The-trustees shall-include-the-cost-of--insurance--in--the--general--fund~~

~~budget-of-the-district."~~

SECTION 19. SECTION 20-7-414, MCA, IS AMENDED TO READ:

"20-7-414. Determination of children in need and type of special education needed -- approval of classes and programs by superintendent. (1) The determination of the children requiring special education and the type of special education needed by these children shall--be is the responsibility of the trustees, and such the determination shall must be made in compliance with the procedures established in the rules of the superintendent of public instruction. Whenever the trustees of a school district or the governing authority of an institution learn of a handicapped child in their jurisdiction who is in need of special education, they shall determine whether the child is in need of a surrogate parent by determining whether the parents or guardian is unknown or unavailable or if the child is a ward of the state. The determination must be made within 10 days of the date on which the trustees of a school district or the governing authority of an institution learned of the presence of the child in the district. If the child is in need of a surrogate parent, the trustees of a school district or the governing authority of an institution must nominate a surrogate parent for the child as provided in 20-7-461.

(2) Whenever the trustees of any district intend to

1 establish a special education class or program, they shall
 2 apply for approval and funding of the class or program by
 3 the superintendent of public instruction. The superintendent
 4 of public instruction shall approve or disapprove the
 5 application for the special education class or program on
 6 the basis of its compliance with the laws of the state of
 7 Montana, the special education policies adopted by the board
 8 of public education, and the rules of the superintendent of
 9 public instruction. No special education class may be
 10 operated by the trustees without the approval of the
 11 superintendent of public instruction. Each special education
 12 class or program must be approved annually to be funded as
 13 part of the ~~maximum-budget-without-a-vote~~ foundation program
 14 for special education."

15 **Section 20.** Section 20-7-420, MCA, is amended to read:

16 "20-7-420. Residency requirements for financial
 17 responsibility for special education. {1} In accordance with
 18 the provisions of 1-1-215, a child's district of residence
 19 for special education purposes is the residence of his
 20 parents or of his guardian unless otherwise determined by
 21 the court. This applies to a child living at home, in an
 22 institution, or under foster care. If the parent has left
 23 the state, the parent's last known district of residence is
 24 the child's district of residence.

25 {2}--The---district---of---residence---is---financially

1 ~~responsible-for-tuition-as-established-under--20-5-305--and~~
 2 ~~20-5-312-for-special-education-students."~~

3 **Section 21.** Section 20-7-421, MCA, is amended to read:

4 "20-7-421. Arranging attendance in another district in
 5 lieu of a special education program ---tuition. {1} With the
 6 approval of the superintendent of public instruction, the
 7 trustees may arrange for the attendance of a child in need
 8 of special education in a special education program in
 9 another district within the state of Montana.

10 {2}--Tuition-as-required-under--20-5-305--and--20-5-312
 11 may-be-charged-as-provided-in-20-7-420."

12 **Section 22.** Section 20-7-422, MCA, is amended to read:

13 "20-7-422. Out-of-state tuition for special education
 14 children. (1) If the trustees of any district recommend to
 15 the superintendent of public instruction the attendance of
 16 a child in need of special education in a special education
 17 program offered outside of the state of Montana, such the
 18 arrangements shall ~~are not be~~ subject to the out-of-state
 19 attendance provisions of the laws governing the attendance
 20 of pupils in schools outside the state of Montana.

21 (2) Whenever the attendance of a child at an
 22 out-of-state special education program is approved by the
 23 superintendent of public instruction, ~~it--shall--be--the~~
 24 ~~responsibility--of~~ the superintendent of public instruction
 25 shall, in cooperation with the department of family

services, to negotiate the program for the child and the amount and manner of payment of tuition. The amount of tuition ~~shall~~ must be included as a contracted service in 20-7-431(1)(a)(iii)(A) in the ~~maximum-budget-without-a-vote foundation--program--amount~~ GENERAL FUND BUDGET for special education."

Section 23. Section 20-7-424, MCA, is amended to read:

"20-7-424. No tuition when attending a state institution. When a child is attending an institution supported solely by funds of the state of Montana, the resident district or county ~~shall~~ may not be required to pay tuition to the state institution for such ~~the child~~ but whenever-at-the-recommendation-of-institution-officials-such child-attends-classes-conducted-by-a-school-within--a--local district,--the--district-or-county,--whichever-is-applicable, wherein-the-parents-or-guardian-of-the-child-maintain--legal residence--shall--pay--tuition--to--the--district--or-county operating-the-school-in-accordance-with--the--provisions--of 20-5-305--or--20-7-421,--whichever--section--applies--to-the circumstances-of-the-child. Transportation payments ~~shall~~ must be made for students enrolled in such classes or receiving training, including summer sessions, at the state institution. The schedule of transportation payments ~~shall~~ must be approved in accordance with existing special education transportation payment schedules and ~~shall~~ must be

approved by the county transportation committee and the superintendent of public instruction."

Section 24. Section 20-7-431, MCA, is amended to read:

"20-7-431. Allowable cost schedule for special programs -- superintendent to make rules -- annual accounting. (1) For the purpose of determining the ~~maximum-budget-without-a-vote~~ foundation program DISTRIBUTION for special education as defined in 20-9-321, the following schedule of allowable costs ~~shall~~ must be followed by the school district in preparation of its special education budget for state aid request purposes and by the superintendent of public instruction in his review and approval of the budget (for the purposes of determining the amount of the ~~maximum-budget-without-a-vote~~ foundation program DISTRIBUTION for special education for the district, and as used in this schedule, "full-time special pupil" and "regular ANB" are to be determined in accordance with 20-9-311 and 20-9-313):

(a) instruction: salaries, benefits, supplies, textbooks, and other expenses including:

(i) salaries and benefits of special program teachers, regular program teachers, teacher aides, special education supervisors, audiologists, and speech and hearing clinicians--the entire AVERAGE cost AS DETERMINED UNDER SUBSECTION (5) if employed full time in the special program;

1 if such THE personnel are shared between special and regular
 2 programs--a portion of the entire AVERAGE cost corresponding
 3 to the entire working time which each such person devotes to
 4 the special program;

5 (ii) teaching supplies and textbooks if used
 6 exclusively for special programs--the actual total cost;

7 (iii) other expenses:

8 (A) contracted services, including fees paid for
 9 professional advice and consultation regarding special
 10 students or the special program, and the delivery of special
 11 education services by public or private agencies--the actual
 12 total cost;

13 (B) transportation costs for special education
 14 personnel who must travel on an itinerant basis from school
 15 to school or district to district or to in-state child study
 16 team meetings or in-state individualized education program
 17 meetings--the actual cost to the district calculated on the
 18 same mileage rate used by the district for other travel
 19 reimbursement purposes;

20 (b) supportive services, including:

21 (i) salaries and benefits of professional supportive
 22 personnel--the entire AVERAGE cost AS DETERMINED UNDER
 23 SUBSECTION (5) if employed full time in the special program;
 24 if such THE personnel are shared between special and regular
 25 programs--a portion of the entire AVERAGE cost corresponding

1 to the entire working time which each such person devotes to
 2 the special program. Professional supportive personnel may
 3 include counselors, social workers, psychologists,
 4 psychometrists, physicians, nurses, and physical and
 5 occupational therapists.

6 (ii) salaries and benefits of clerical personnel for
 7 who assist professional personnel in supportive
 8 services--the entire AVERAGE cost AS DETERMINED UNDER
 9 SUBSECTION (5) if employed full time in the special program;
 10 if such THE personnel are shared between special and regular
 11 programs--a portion of the entire AVERAGE cost corresponding
 12 to the entire working time which each such person devotes to
 13 the special program;

14 (c) equipment:

15 (i) equipment--the actual total cost;

16 (ii) special equipment for district-owned school buses
 17 necessary to accommodate special students--the actual total
 18 cost;

19 (iii) special equipment for school buses contracted to
 20 transport special students--that portion of the contract
 21 price attributable to the cost of special equipment or
 22 personnel required to accommodate special students--the
 23 actual special cost;

24 (iv) repair and maintenance of equipment--the actual
 25 total cost;

(d) room and board costs when the special pupil has to attend a program at such a distance from his home that commuting is undesirable as determined by the superintendent of public instruction.

(2) The superintendent of public instruction shall, ~~prior to September 1, 1977, revise the~~ adopt rules in accordance with the policies of the board of public education for:

(a) keeping necessary records for supportive and administrative personnel and any personnel shared between special and regular programs;

(b) defining the total special program caseload that ~~shall~~ must be assigned to specific support persons and the kinds of professional specialties to be considered relevant to the program before the district may count an allowable cost under subsection (1)(b) of this section; and

(c) defining the kinds or types of equipment whose costs may be counted under subsection (1)(c)(i) of this section.

(3) An annual accounting of all expenditures of school district general fund ~~moneys~~ money for special education ~~shall~~ must be made by the district trustees on forms furnished by the superintendent of public instruction. The superintendent of public instruction shall make rules for ~~such~~ the accounting.

(4) If a board of trustees chooses to exceed the budget approved by the superintendent of public instruction, costs in excess of the approved budget may not be reimbursed under the ~~maximum-budget-without-a-vote~~ foundation program for special education.

~~(5) Allowable costs prescribed in this section do not include the costs of the teachers' retirement system, the public employees' retirement system, the federal social security system, or the costs for unemployment compensation insurance.~~

~~(6) (a) Notwithstanding other provisions of the law, the superintendent of public instruction shall may not approve a maximum budget without a vote foundation program amount for special education which exceeds legislative appropriations, however, any unexpended balance from the first year of a biennial appropriation may be spent in the second year of the biennium in addition to the second year appropriation.~~

~~(b) If the total allowable cost of the special education budgets exceeds legislative appropriations available for special education, each district shall receive a pro-rata share of the available appropriations based upon prioritized budget items as established by the superintendent of public instruction. The amount of the approved budgets in excess of the available appropriations~~

~~may-----not-----be-----reimbursed-----under-----the
maximum-budget-without-a-vote foundation-program for-special
education-and-is-the-responsibility-of-the-school--district.~~

(5) TO DETERMINE THE ALLOWABLE COST FOR SPECIAL
EDUCATION PERSONNEL PROVIDED FOR IN SUBSECTIONS (1)(A) AND
(1)(B) FOR THE ENSUING SCHOOL FISCAL YEAR, THE
SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL:

(A) REQUIRE EACH DISTRICT THAT RECEIVED SPECIAL
EDUCATION FUNDING FOR THE CURRENT SCHOOL FISCAL YEAR TO
SUBMIT, BY DECEMBER 1 OF THE CURRENT YEAR, DOCUMENTATION OF
THE SALARIES RECEIVED BY ALL SPECIAL EDUCATION PERSONNEL
FUNDED UNDER THIS SECTION FOR THE CURRENT SCHOOL FISCAL
YEAR;

(B) CALCULATE, FROM THE DOCUMENTATION SUBMITTED
PURSUANT TO SUBSECTION (5)(A), THE AVERAGE STATEWIDE SALARY
FOR EACH OF THE FOLLOWING CATEGORIES OF SPECIAL EDUCATION
PERSONNEL:

(I) SPECIAL PROGRAM TEACHERS;

(II) SPECIAL PROGRAM AIDES;

(III) SPECIAL PROGRAM SUPERVISORS AND ADMINISTRATORS;

AND

(IV) SPECIALISTS, INCLUDING PROFESSIONAL SUPPORTIVE
PERSONNEL; AND

(C) CALCULATE THE TOTAL ALLOWABLE COST FOR SPECIAL
EDUCATION PERSONNEL FOR A DISTRICT, BASED ON THE AVERAGE

STATEWIDE SALARIES CALCULATED FOR THE CATEGORIES IN
SUBSECTION (5)(B)."

Section 25. Section 20-9-104, MCA, is amended to read:

"20-9-104. General fund cash reserve. At the end of
each school fiscal year, the trustees of each district shall
designate what the portion of the general fund
end-of-the-year cash balance shall that must be earmarked as
cash reserve for the purpose of paying general fund warrants
issued by the district from July 1 to November 30 of the
ensuing school fiscal year. The Except for districts that
did not receive state equalization aid during the current
school fiscal year, the amount of the general fund cash
balance that is earmarked as cash reserve shall may not
exceed 35% 20% of the final general fund budget for the
ensuing school fiscal year and shall may not be used for
property tax reduction in the manner permitted by
20-9-141(1)(b) for other receipts. DISTRICTS THAT DID NOT
RECEIVE STATE EQUALIZATION AID DURING THE CURRENT YEAR MAY
MAINTAIN A CASH RESERVE NOT EXCEEDING 35% OF THE GENERAL
FUND BUDGET FOR THE ENSUING SCHOOL YEAR. Any portion of the
general fund end-of-the-year cash balance that is not
earmarked for cash reserve purposes shall--be is cash
reappropriated which shall must be used for property tax
reduction as provided in 20-9-141(i)(b)(i)+(1)(b)(ii)."

SECTION 26. SECTION 20-9-141, MCA, IS AMENDED TO READ:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the total of the funding required for the district's final general fund budget less the amount established by the schedules in 20-9-316 through 20-9-321 by totaling:

(i) the district's nonisolated school foundation program requirement to be met by a district levy as provided in 20-9-303;

~~{iii}~~~~the--district's-permissive-levy-amount-as-provided in-20-9-352;~~ and

~~{iii}~~~~{ii}~~ any additional general fund budget amount adopted by the trustees of the district under the provisions of 20-9-353, including any additional levies authorized by the electors of the district.

(b) Determine the ~~total-of-the-moneys~~ money available for the reduction of the property tax on the district for the general fund by totaling:

(i) anticipated federal moneys money received under the provisions of Title I of Public Law 81-874 or other anticipated federal moneys money received in lieu of ~~such federal~~ that act;

(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-303, 20-5-307, 20-5-312, and 20-5-313;

(iii) general fund cash reappropriated, as established under the provisions of 20-9-104;

(iv) anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

(v) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

(vi) anticipated net proceeds taxes for interim production and new production, as defined in 15-23-601;

(vii) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(viii) anticipated revenue from corporation license taxes collected from financial institutions under 15-31-702; and

~~{viii}~~~~{ix}~~ any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may be used to finance the general fund.

(c) Subtract the ~~total-of-the-moneys~~ money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the

1 total requirement determined in subsection (1)(a).

2 (2) The net general fund levy requirement determined
3 in subsection (1)(c) ~~shall~~ must be reported to the county
4 commissioners on the second Monday of August by the county
5 superintendent as the general fund levy requirement for the
6 district, and a levy ~~shall~~ must be made by the county
7 commissioners in accordance with 20-9-142."

8 **Section 27.** Section 20-9-141, MCA, is amended to read:

9 "20-9-141. Computation of general fund net levy
10 requirement by county superintendent. (1) The county
11 superintendent shall compute the levy requirement for each
12 district's general fund on the basis of the following
13 procedure:

14 (a) Determine the total of the funding required for
15 the district's final general fund budget less the amount
16 established by the schedules in ~~20-9-316~~ 20-9-318 20-9-316
17 through 20-9-321 by totaling:

18 (i) the district's nonisolated school foundation
19 program requirement to be met by a district levy as provided
20 in 20-9-303;

21 ~~{ii}-the--district's-permissive-levy-amount-as-provided~~
22 ~~in-20-9-352; and~~

23 ~~{iii}{ii}~~ any additional general fund budget amount
24 adopted by the trustees of the district under the provisions
25 of 20-9-353, including any additional levies authorized by

1 the electors of the district.

2 (b) Determine the ~~total-of-the-moneys money~~ money available
3 for the reduction of the property tax on the district for
4 the general fund by totaling:

5 (i) anticipated federal ~~moneys~~ money received under
6 the provisions of Title I of Public Law 81-874 or other
7 anticipated federal ~~moneys~~ money received in lieu of ~~such~~
8 ~~federal~~ that act;

9 ~~{ii}-anticipated--tuition--payments-for-out-of-district~~
10 ~~pupils-under-the-provisions-of-20-5-303, 20-5-307, 20-5-312,~~
11 ~~and-20-5-313;~~

12 ~~{iii}{ii}~~ general fund cash reappropriated, as
13 established under the provisions of 20-9-104;

14 ~~{iv}{iii}~~ anticipated or reappropriated state impact
15 aid received under the provisions of 20-9-304;

16 ~~{v}{iv}~~ anticipated revenue from vehicle-property-taxes
17 PROPERTY TAXES AND fees imposed under ~~23-2-518~~ 23-2-517,
18 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-205
19 67-3-204;

20 ~~{vi}{v}~~ anticipated net proceeds taxes for interim
21 production and new production, as defined in 15-23-601;

22 ~~{vii}{vi}~~ anticipated interest to be earned or
23 reappropriated interest earned by the investment of general
24 fund cash in accordance with the provisions of 20-9-213(4);
25 and

(vii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(viii) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may be used to finance the general fund.

(c) Subtract the ~~total-of-the-moneys~~ money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the total requirement determined in subsection (1)(a).

(2) The net general fund levy requirement determined in subsection (1)(c) ~~shall~~ must be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund levy requirement for the district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142."

SECTION 28. SECTION 20-9-201, MCA, IS AMENDED TO READ:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend any money from ~~such the~~ fund. The general fund, transportation fund, bus

depreciation reserve fund, elementary tuition fund, ~~retirement-fund,~~ debt service fund, leased facilities fund, building reserve fund, adult education fund, nonoperating fund, vocational-technical center fund, and any other funds so designated by the legislature ~~shall--be~~ are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend any money on deposit in ~~such the~~ fund. The school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, and any other funds so designated by the legislature ~~shall-be~~ are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district except the extracurricular money realized from pupil activities. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts, ~~as prescribed by law and, He shall establish such rules as--are~~ adopt rules necessary to secure compliance with the law."

Section 29. Section 20-9-201, MCA, is amended to read:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise,

1 "fund" means a separate detailed account of receipts and
 2 expenditures for a specific purpose as authorized by law.
 3 Funds are classified as follows:

4 (a) A "budgeted fund" means any fund for which a
 5 budget must be adopted in order to expend any money from
 6 ~~such the~~ fund. The general fund, transportation fund, bus
 7 depreciation reserve fund, ~~elementary---tuition--fund,~~
 8 ~~retirement-fund,~~ debt service fund, leased facilities fund,
 9 building reserve fund, adult education fund, nonoperating
 10 fund, ~~vocational-technical-center-fund,~~ and any other funds
 11 so designated by the legislature ~~shall--be~~ are budgeted
 12 funds.

13 (b) A "nonbudgeted fund" means any fund for which a
 14 budget is not required in order to expend any money on
 15 deposit in ~~such the~~ fund. The school food services fund,
 16 miscellaneous federal programs fund, building fund, lease or
 17 rental agreement fund, traffic education fund, interlocal
 18 cooperative fund, and any other funds so designated by the
 19 legislature ~~shall-be~~ are nonbudgeted funds.

20 (2) The school financial administration provisions of
 21 this title apply to all money of any elementary or high
 22 school district except the extracurricular money realized
 23 from pupil activities. The superintendent of public
 24 instruction has general supervisory authority as prescribed
 25 by law over the school financial administration provisions,

1 as they relate to elementary and high school districts, ~~7-as~~
 2 ~~prescribed-by-law-and He~~ shall ~~establish-such~~ adopt rules as
 3 are necessary to secure compliance with the law."

4 **SECTION 30. SECTION 20-9-212, MCA, IS AMENDED TO READ:**

5 "20-9-212. Duties of county treasurer. The county
 6 treasurer of each county shall:

7 (1) receive and hold all school money subject to
 8 apportionment and keep a separate accounting of its
 9 apportionment to the several districts which are entitled to
 10 a portion of ~~such the~~ money according to the apportionments
 11 ordered by the county superintendent. A separate accounting
 12 ~~shall must~~ be maintained for each county fund supported by a
 13 countywide levy for a specific, authorized purpose,
 14 including:

15 (a) the basic county tax in support of the elementary
 16 foundation programs;

17 (b) the basic special tax for high schools in support
 18 of the high school foundation programs;

19 (c) the county tax in support of the county's high
 20 school transportation obligation;

21 ~~(d)--the--county--tax--in--support--of--the--high--school~~
 22 ~~obligations--to--the--retirement--systems--of--the--state--of~~
 23 ~~Montana;~~

24 ~~(e)--any--additional--county--tax--required--by--law--to~~
 25 ~~provide--for--deficiency---financing---of---the---elementary~~

1 foundation-programs;

2 (f)--any--additional--county--tax--required--by--law-to
3 provide--for--deficiency--financing--of--the---high---school
4 foundation-programs; and

5 (g)(d) any other county tax for schools, including the
6 community colleges, which may be authorized by law and
7 levied by the county commissioners;

8 (2) whenever requested, notify the county
9 superintendent and the superintendent of public instruction
10 of the amount of county school money on deposit in each of
11 the funds enumerated in subsection (1) of this section and
12 the amount of any other school money subject to
13 apportionment and apportion ~~such~~ the county and other school
14 money to the districts in accordance with the apportionment
15 ordered by the county superintendent;

16 (3) keep a separate accounting of the expenditures for
17 each budgeted fund included in the final budget of each
18 district;

19 (4) keep a separate accounting of the receipts,
20 expenditures, and cash balances for each budgeted fund
21 included in the final budget of each district and for each
22 nonbudgeted fund established by each district;

23 (5) except as otherwise limited by law, pay all
24 warrants properly drawn on the county or district school
25 money and properly endorsed by their holders;

1 (6) receive all revenue collected by and for each
2 district and deposit these receipts in the fund designated
3 by law or by the district if no fund is designated by law.
4 Interest and penalties on delinquent school taxes shall be
5 credited to the same fund and district for which the
6 original taxes were levied.

7 (7) send all ~~revenues~~ revenue received for a joint
8 district, part of which is situated in his county, to the
9 county treasurer designated as the custodian of ~~such~~
10 ~~revenues~~ the revenue, no later than December 15 of each year
11 and every 3 months thereafter until the end of the school
12 fiscal year;

13 (8) at the direction of the trustees of a district,
14 assist the district in the issuance and sale of tax and
15 revenue anticipation notes as provided in Title 7, chapter
16 6, part 11;

17 (9) register district warrants drawn on a budgeted
18 fund in accordance with 7-6-2604 when there is insufficient
19 money available ~~in-the-sum-of-money~~ in all funds of the
20 district to make payment of such warrant. Redemption of
21 registered warrants ~~shall~~ must be made in accordance with
22 7-6-2116, 7-6-2605, and 7-6-2606.

23 (10) invest the money of any district as directed by
24 the trustees of the district within 3 working days of ~~such~~
25 the direction;

1 (11) ~~give~~ each month give to the trustees of each
 2 district an itemized report for each fund maintained by the
 3 district, showing the paid warrants, outstanding warrants,
 4 registered warrants, amounts and types of revenue received,
 5 and the cash balance; and

6 (12) remit promptly to the state treasurer receipts for
 7 the county tax for a vocational-technical center when levied
 8 by the board of county commissioners."

9 **Section 31.** Section 20-9-301, MCA, is amended to read:

10 "20-9-301. Purpose ~~and---definition~~ of foundation
 11 program and definition of general fund budget. (1) A uniform
 12 system of free public schools sufficient for the education
 13 of and open to all school age children of the state ~~shall~~
 14 must be established and maintained throughout the state of
 15 Montana. The state shall aid in the support of its several
 16 school districts on the basis of their financial need as
 17 measured by the foundation program and in the manner
 18 established in this title.

19 (2) The principal budgetary vehicle for achieving the
 20 minimum financing as established by the foundation program
 21 ~~shall-be~~ is the general fund budget of the district. The
 22 purpose of the general fund ~~shall-be~~ budget is to finance
 23 those general maintenance and operational costs of a
 24 district not financed by other funds established for special
 25 purposes in this title; including insurance.

1 (3) The amount of the general fund budget for each
 2 school fiscal year ~~shall~~ may not exceed the financing
 3 limitations established by this title but ~~shall-be-no~~ may
 4 not be less than the amount established by law as the
 5 foundation program. The general fund budget ~~shall~~ must be
 6 financed by the foundation program revenues and may be
 7 supplemented by ~~the-permissive-levy-and~~ an additional voted
 8 ~~levies~~ levy in the manner provided by law."

9 **Section 32.** Section 20-9-303, MCA, is amended to read:

10 "20-9-303. Definition of foundation program ~~and---its~~
 11 ~~proportion--of-the-maximum-general-fund-without-a-voted-levy~~
 12 ~~schedule-amount~~ -- nonisolated school foundation program
 13 financing -- special education funds. (1) As used in this
 14 title, the term "foundation program" ~~shall--mean~~ means the
 15 minimum operating expenditures; ~~as-established-herein;~~ that
 16 are sufficient to provide for the educational program of a
 17 school. The foundation program relates only to those
 18 expenditures authorized by a district's general fund budget
 19 and ~~shall~~ may not include expenditures from any other fund.
 20 It ~~shall-be~~ is financed by:

- 21 (a) county equalization ~~moneys~~ money; and
- 22 (b) state equalization aid.

23 (2) The dollar amount of the foundation program ~~shall~~
 24 ~~be-----80%~~ is 100% of the
 25 ~~maximum-general-fund-budget-without-a-voted-levy--limitation~~

1 ~~as--set-forth-in-the~~ schedules in 20-9-316 ~~20-9-318~~ 20-9-316
 2 through 20-9-321. The foundation program of an elementary
 3 school having an ANB of nine or fewer pupils for 2
 4 consecutive years which is not approved as an isolated
 5 school under the provisions of 20-9-302 ~~shall-be-80%~~ is 100%
 6 of the schedule amount, but the county and state shall
 7 participate in financing one-half of the foundation program,
 8 and the district shall finance the remaining one-half by a
 9 tax levied on the property of the district. When a school of
 10 nine or fewer pupils is approved as isolated under the
 11 provisions of 20-9-302, the county and state shall
 12 participate in the financing of the total amount of the
 13 foundation program.

14 (3) Funds provided to support the special education
 15 accounting budget may be expended only for special education
 16 purposes as approved by the superintendent of public
 17 instruction in accordance with the special education
 18 budgeting provisions of this title. Expenditures for special
 19 education ~~shall~~ must be accounted for separately from the
 20 balance of the school district general fund. Transfers
 21 between items within the special education budget for
 22 accounting purposes may be made at the discretion of the
 23 board of trustees in accordance with the financial
 24 administration part of this title. The unexpended balance of
 25 the special education accounting budget ~~shall-carry~~ carries

1 over to the next year to reduce the amount of funding
 2 required to finance the district's ensuing year's
 3 ~~maximum-budget-without-a-vote~~ foundation program amount for
 4 special education."

5 **Section 33.** Section 20-9-315, MCA, is amended to read:

6 "20-9-315. Maximum general fund budget and exceptions.

7 (1) The total amount of the general fund budget of any
 8 district shall may not be greater than the general-fund
 9 budget foundation program amount specified in 20-9-316
 10 20-9-318 20-9-316 through 20-9-321, except when a district
 11 has adopted an emergency general fund budget under the
 12 provisions of 20-9-165 or when a district satisfies the
 13 requirements of 20-9-353.

14 (2) IF A DISTRICT RECEIVES MONEY OTHER THAN FROM THE
 15 FOUNDATION PROGRAM, THE DISTRICT'S TOTAL GENERAL FUND BUDGET
 16 MAY NOT EXCEED:

17 (A) 108% OF THE TOTAL GENERAL FUND BUDGET OF THE PRIOR
 18 SCHOOL YEAR, IF DURING THE PRIOR SCHOOL YEAR THE DISTRICT'S
 19 GENERAL FUND BUDGET PER PUPIL WAS 84% OR LESS OF THE AVERAGE
 20 GENERAL FUND BUDGET PER PUPIL OF ALL SCHOOLS IN THE SAME
 21 FOUNDATION PROGRAM SCHEDULE CATEGORY;

22 (B) 100% OF THE TOTAL GENERAL FUND BUDGET OF THE PRIOR
 23 SCHOOL YEAR, IF DURING THE PRIOR SCHOOL YEAR THE DISTRICT'S
 24 GENERAL FUND BUDGET PER PUPIL WAS 116% OR MORE OF THE
 25 AVERAGE GENERAL FUND BUDGET PER PUPIL OF ALL SCHOOLS IN THE

1 SAME SCHEDULE CATEGORY;

2 (C) THE PERCENTAGE OF THE TOTAL GENERAL FUND BUDGET OF
 3 THE PRIOR SCHOOL YEAR THAT RESULTS FROM THE FOLLOWING
 4 CALCULATION, IF DURING THE PRIOR SCHOOL YEAR THE DISTRICT'S
 5 GENERAL FUND BUDGET PER PUPIL WAS MORE THAN 84% OR LESS THAN
 6 116% OF THE AVERAGE GENERAL FUND BUDGET PER PUPIL OF ALL
 7 SCHOOLS IN THE SAME SCHEDULE CATEGORY:

$$1.04\% - \left[\frac{\text{PERCENT OF AVERAGE BUDGET PER PUPIL} - 100}{400} \right]$$

10 (3) PRIOR TO MARCH 1 THE SUPERINTENDENT OF PUBLIC
 11 INSTRUCTION SHALL CALCULATE THE AVERAGE GENERAL FUND BUDGET
 12 PER PUPIL OF THE DISTRICTS IN EACH FOUNDATION PROGRAM
 13 SCHEDULE CATEGORY AND SHALL DETERMINE THE PERCENTAGE OF
 14 AVERAGE BUDGET PER PUPIL THAT EACH DISTRICT IN EACH CATEGORY
 15 BUDGETED DURING THE CURRENT SCHOOL YEAR.

16 (4) SUBSECTION (2) DOES NOT LIMIT THE MAXIMUM GENERAL
 17 FUND BUDGET OF ANY DISTRICT TO LESS THAN THE FOUNDATION
 18 PROGRAM SUPPORT FOR WHICH THE DISTRICT IS ELIGIBLE."

19 SECTION 34. SECTION 20-9-316, MCA, IS AMENDED TO READ:

20 "20-9-316. Elementary school maximum-budget foundation
 21 program schedule for 1985-86 school fiscal year 1990. For
 22 the school fiscal year ending June 30, 1990, the elementary
 23 school foundation program schedule is as follows:

24 (1) For each elementary school having an ANB of nine or
 25 fewer pupils, the maximum shall-be-\$19,959 is \$23,907 if

1 said the school is approved as an isolated school.

2 (2) For schools with an ANB of 10 pupils but less than
 3 18 pupils, the maximum shall-be-\$19,959 is \$23,907 plus
 4 \$834.10 \$999.20 per pupil on the basis of the average number
 5 belonging over nine.

6 (3) For schools with an ANB of at least 14 pupils but
 7 less than 18 pupils that qualify for instructional aide
 8 funding under 20-9-322, the maximum shall-be-\$32,714 is
 9 \$39,188 plus \$834.10 \$999.20 per pupil on the basis of the
 10 average number belonging over 14.

11 (4) For schools with an ANB of 18 pupils and employing
 12 one teacher, the maximum shall-be-\$27,466 is \$32,900 plus
 13 \$834.10 \$999.20 per pupil on the basis of the average number
 14 belonging over 18, not to exceed an ANB of 25.

15 (5) For schools with an ANB of 18 pupils and employing
 16 two full-time teachers, the maximum shall-be-\$43,851 is
 17 \$52,528 plus \$522.40 \$625.73 per pupil on the basis of the
 18 average number belonging over 18, not to exceed an ANB of
 19 50.

20 (6) For schools having an ANB in excess of 40, the
 21 maximum on the basis of the total pupils (ANB) in the
 22 district for-elementary-pupils-will-be is as follows:

23 (a) For a school having an ANB of more than 40 and
 24 employing a minimum of three teachers, the maximum of \$1,938
 25 shall-be \$2,321 is decreased at the rate of \$1.88 \$2.25 for

each additional pupil until the total number (ANB) ~~shall~~
~~have-reached-a-total-of~~ reaches 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,825-shall-be~~ \$2,186 is decreased at the rate of ~~\$1.72~~ \$2.06 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall-not-exceed-\$1,481~~ is \$1,774 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall must~~ be computed on the basis of the amount allowed herein in this schedule on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall must~~ be treated as one school for the purpose of this schedule."

SECTION 35. SECTION 20-9-317, MCA, IS AMENDED TO READ:

"20-9-317. High school maximum---budget foundation program schedule for 1985-86 school fiscal year 1990. For the school fiscal year ending June 30, 1990, the high school foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall-be-\$113,708~~ is \$136,206.

(2) For a secondary school having an ANB of more than 24 pupils, the maximum ~~\$4,738--shall--be~~ of \$5,675 is

decreased at the rate of ~~\$25.84~~ \$30.95 for each additional pupil until the ANB ~~shall-have-reached-a-total--of--40--such~~ reaches 40 pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$4,324-shall-be~~ \$5,180 is decreased at the rate of ~~\$25.84~~ \$30.95 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils, ~~a~~ the maximum of ~~\$2,774-shall-be~~ \$3,323 is decreased at the rate of ~~\$4.32~~ \$5.18 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of ~~\$2,342-shall-be~~ \$2,805 is decreased by ~~\$2.38~~ \$2.85 for each additional pupil until the ANB ~~shall have-reached~~ reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of ~~\$2,104-shall-be~~ \$2,520 is decreased at the rate of ~~44~~ 52 cents until the ANB ~~shall-have-reached~~ reaches 600 pupils.

(7) For a school having an ANB ~~over~~ of more than 600 pupils, the maximum ~~shall-not-exceed-\$1,973~~ is \$2,364 per pupil.

(8) The maximum per pupil for all pupils (ANB) and for all high schools ~~shall must~~ be computed on the basis of the amount allowed herein in this section on account of the last

eligible pupil (ANB). All high schools and junior high schools which have been approved and accredited as junior high schools, operated within the incorporated limits of a city or town, shall must be treated as one school for the purpose of this schedule."

Section 29.--Section 20-9-318, MCA, is amended to read:

"20-9-318.--Elementary-school-maximum-budget foundation program schedule--for 1987-88 1989-90 and succeeding years. For--1987-88 1989-90 and--succeeding--school--years,--the elementary-school-maximum-budget foundation program schedule is-as-follows:

(1)--For--each--elementary-school-having-an-ANB-of-nine or-fewer-pupils,--the-maximum-shall-be-\$20,150 is \$32,253 if said the school-is-approved-as-an-isolated-school;

(2)--For schools-with-an-ANB-of-10-pupils-but-less-than 18-pupils,--the--maximum--shall--be-\$20,150 is \$32,253 plus \$842.50 \$1,348-per pupil-on-the-basis-of-the-average--number belonging-over-nine;

(3)--For--schools-with-an-ANB-of-at-least-14 pupils-but less-than-18-pupils--that--qualify--for -instructional--aide funding--under--20-9-322,--the--maximum--shall-be-\$33,042 is \$52,867 plus-\$842.50 \$1,348 per-pupil-on-the--basis--of--the average-number-belonging-over-14;

(4)--For-schools-with-an-ANB-of-18-pupils-and-employing one--teacher,--the--maximum-shall-be-\$27,741 is \$44,386 plus

\$842.50 \$1,348-per-pupil-on-the-basis-of-the-average--number belonging-over-18,--not-to-exceed-an-ANB-of-25;

(5)--For-schools-with-an-ANB-of-18-pupils-and-employing two--full-time--teachers,--the--maximum--shall-be-\$44,290 is \$70,864 plus-\$527.60 \$844.20 per-pupil-on-the-basis--of--the average--number--belonging--over-18,--not-to-exceed-an-ANB-of 50;

(6)--For-schools-having-an-ANB-in--excess--of--40,--the maximum on--the--basis--of--the--total-pupils-(ANB)-in-the district-for-elementary-pupils-will-be, is as-follows:

(a)--For-a-school-having-an-ANB-of--more--than--40--and employing-a-minimum-of-three-teachers,--the-maximum or \$1,957 shall \$3,131--must be-decreased-at-the-rate-of-\$1.90 \$3.04 for-each-additional-pupil-until-the-total-number-(ANB)-shall have-reached reaches a-total-of-100-pupils;

(b)--For-a-school--having--an--ANB--of--more--than--100 pupils,--the-maximum-of-\$1,843-shall \$2,949--must be-decreased at--the--rate-of-\$1.74 \$2.78 for-each-additional-pupil-until the-ANB-shall-have-reached reaches 300-pupils;

(c)--For-a-school--having--an--ANB--of--more--than--300 pupils,--the--maximum-shall may not-exceed-\$1,496 \$2,394 for each-pupil;

(7)--The-maximum-per-pupil-for-all-pupils-(ANB)-and-for all-elementary-schools-shall must be-computed-on--the--basis of--the--amount-allowed-herein in-this-section on-account-of

the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town shall must be treated as one school for the purpose of this schedule.

(8) The amounts in subsections (1) through (6) must be adjusted annually in the manner prescribed in this subsection and, as adjusted, constitute the elementary school foundation program schedule for the succeeding school year. By December 31 of each year, the superintendent of public instruction shall multiply each amount in subsections (1) through (6) by the inflation factor for the current school fiscal year, which is determined by dividing the consumer price index for July of the current school fiscal year by the consumer price index for July 1980. The term "consumer price index" means the consumer price index, United States city average, for all items, using the 1967 base of 100, as published by the bureau of labor statistics of the U.S. department of labor."

Section 30. Section 20-9-319, MCA, is amended to read:

"20-9-319. High school maximum budget foundation program schedule for 1987-88 1989-90 and succeeding years. For 1987-88 1989-90 and succeeding school years, the high school maximum budget foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer

pupils, the maximum shall be \$114,845 ~~is~~ \$192,939.

(2) For a secondary high school having an ANB of more than 24 pupils, the maximum \$4,785 shall ~~of~~ \$8,039 must be decreased at the rate of \$26.10 \$43.85 for each additional pupil until the ANB shall have reached reaches a total of 40 such pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of \$4,368 shall \$7,338 must be decreased at the rate of \$26.10 \$43.85 for each additional pupil until the ANB shall have reached reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils, the maximum of \$2,802 shall \$4,787 must be decreased at the rate of \$4.37 \$7.34 for each additional pupil until the ANB shall have reached reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of \$2,365 shall \$3,973 must be decreased by \$2.40 \$4.03 for each additional pupil until the ANB shall have reached reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of \$2,125 shall \$3,570 must be decreased at the rate of 44 74 cents for each additional pupil until the ANB shall have reached reaches 600 pupils.

(7) For a school having an ANB over of more than 600 pupils, the maximum shall may not exceed \$1,993 \$3,348 per pupil.

~~(8) The maximum per pupil for all pupils (ANB) and for all high schools shall must be computed on the basis of the amount allowed herein in this section on account of the last eligible pupil (ANB). All high schools and junior high schools which have been approved and accredited as junior high schools, operated within the incorporated limits of a city or town, shall must be treated as one school for the purpose of this schedule.~~

~~(9) The amounts in subsections (1) through (7) must be adjusted annually in the manner prescribed in this subsection and, as adjusted, constitute the high school foundation program schedule for the succeeding school year. By December 31 of each year, the superintendent of public instruction shall multiply each amount in subsections (1) through (7) by the inflation factor for the current school fiscal year, which is determined by dividing the consumer price index for July of the current school fiscal year by the consumer price index for July 1988. The term "consumer price index" means the consumer price index, United States city average, for all items, using the 1967 base of 100, as published by the bureau of labor statistics of the U.S. department of labor.~~

SECTION 36. SECTION 20-9-318, MCA, IS AMENDED TO READ:

"20-9-318. Elementary school maximum-budget foundation program schedule for 1987-88 school fiscal year 1991 and

succeeding years. For 1987-88 the school fiscal year ending June 30, 1991, and succeeding school years, the elementary school maximum-budget foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum shall be \$20,150 is \$31,103 if said the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum shall be \$20,150 is \$31,103 plus \$842.50 \$1,300 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum shall be \$33,042 is \$50,984 plus \$842.50 \$1,300 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum shall be \$27,741 is \$42,803 plus \$842.50 \$1,300 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum shall be \$44,290 is \$68,339 plus \$527.60 \$814.07 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the district ~~for elementary pupils will be~~, is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$1,957~~ ~~shall be~~ \$3,020 is decreased at the rate of ~~\$1.90~~ \$2.93 for each additional pupil until the total number (ANB) ~~shall have reached~~ reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,843~~ ~~shall be~~ \$2,844 is decreased at the rate of ~~\$1.74~~ \$2.68 for each additional pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall not exceed~~ ~~\$1,496~~ is \$2,308 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall must~~ be computed on the basis of the amount allowed herein in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall must~~ be treated as one school for the purpose of this schedule."

SECTION 37. SECTION 20-9-319, MCA, IS AMENDED TO READ:

"20-9-319. High school maximum--budget foundation program schedule for ~~1987-88~~ school fiscal year 1991 and

succeeding years. For ~~1987-88~~ the school fiscal year ending June 30, 1991, and succeeding school years, the high school maximum-budget foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall be~~ ~~\$114,845~~ is \$177,204.

(2) For a secondary school having an ANB of more than 24 pupils, the maximum ~~\$4,785~~ ~~shall be~~ of \$7,383 is decreased at the rate of ~~\$26.10~~ \$40.27 for each additional pupil until the ANB ~~shall have reached~~ reaches a total of 40 such pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$4,368~~ ~~shall be~~ \$6,739 is decreased at the rate of ~~\$26.10~~ \$40.27 for each additional pupil until the ANB ~~shall have reached~~ reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils, a ~~the~~ maximum of ~~\$2,802~~ ~~shall be~~ \$4,323 is decreased at the rate of ~~\$4.37~~ \$6.74 for each additional pupil until the ANB ~~shall have reached~~ reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of ~~\$2,365~~ ~~shall be~~ \$3,649 is decreased by ~~\$2.40~~ \$3.71 for each additional pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of ~~\$2,125~~ ~~shall be~~ \$3,279 is decreased at the rate of ~~44.68~~ cents for each additional pupil until

1 the ANB ~~shall have reached~~ reaches 600 pupils.

2 (7) For a school having an ANB ~~over of more than~~ 600
3 pupils, the maximum ~~shall may~~ not exceed \$1,993 \$1,076 per
4 pupil.

5 (8) The maximum per pupil for all pupils (ANB) and for
6 all high schools ~~shall must~~ be computed on the basis of the
7 amount allowed herein in this section on account of the last
8 eligible pupil (ANB). All high schools and junior high
9 schools which have been approved and accredited as junior
10 high schools, operated within the incorporated limits of a
11 city or town, ~~shall must~~ be treated as one school for the
12 purpose of this schedule."

13 **Section 38.** Section 20-9-320, MCA, is amended to read:

14 "20-9-320. ~~Maximum---general--fund--budget~~ Foundation
15 program amount for junior high school. (1) The ~~general--fund~~
16 budget foundation program amount OF DISTRIBUTION for an
17 approved and accredited junior high school ~~shall must~~ be
18 prorated between the elementary district ~~general-fund-budget~~
19 foundation program amount and the high school district
20 ~~general--fund--budget~~ foundation program amount in the
21 following manner:

22 (a) determine the per-ANB schedule amount for the
23 school, as defined by ~~20-9-317-and~~ 20-9-317 AND 20-9-319,
24 from the high school schedule;

25 (b) calculate the ANB for the regularly enrolled

1 full-time pupils enrolled in the 7th and 8th grades of the
2 junior high school;

3 (c) multiply the per-ANB schedule amount determined in
4 subsection (1)(a) by the ANB calculated in subsection (1)(b)
5 to determine the authorized ~~general-fund-budget~~ amount which
6 ~~shall--be~~ available for the elementary district ~~general-fund~~
7 budget foundation program; and

8 (d) subtract the amount determined in subsection
9 (1)(c) from the total authorized ~~general-fund-budget~~ amount
10 for the school to determine the authorized ~~general--fund~~
11 budget amount which-shall-be available for the high school
12 district ~~general-fund-budget~~ foundation program.

13 (2) The ~~general-fund-budget~~ amount determined for each
14 school of a district under the schedules provided in
15 ~~20-9-316--through~~ 20-9-318--and 20-9-316 THROUGH 20-9-319
16 ~~shall must~~ be totaled to determine the
17 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation
18 program amount for such the district."

19 **Section 39.** Section 20-9-321, MCA, is amended to read:

20 "20-9-321. ~~Maximum---general--fund--budget~~ Foundation
21 program DISTRIBUTION and contingency funds for special
22 education. (1) For the purpose of establishing the
23 ~~maximum-budget-without-a-vote~~ foundation__program amount
24 DISTRIBUTION for a current year special education program
25 for a school district, the superintendent of public

1 instruction ~~will~~ shall determine the total estimated cost of
 2 the special education program for the school district on the
 3 basis of a special education program budget submitted by the
 4 district. The budget ~~will~~ must be prepared on forms provided
 5 by the superintendent of public instruction and ~~will~~ must
 6 set out for each program:

7 (a) the estimated allowable costs associated with
 8 operating the program where allowable costs are as defined
 9 in 20-7-431;

10 (b) the number of pupils expected to be enrolled in
 11 the program; and

12 (c) any other data required by the superintendent of
 13 public instruction for budget justification purposes and to
 14 administer the provisions of 20-9-315 ~~and--20-9-310~~ through
 15 20-9-321.

16 (2) The total amount of allowable costs approved by
 17 the superintendent of public instruction ~~shall--be~~ is the
 18 special education ~~maximum-budget-without-a-vote~~ foundation
 19 program amount for current year special education program
 20 purposes. The total amount of allowable costs that are
 21 approved for the special education budget ~~shall~~ may not,
 22 under any condition, be less than the
 23 ~~maximum-budget-without-a-vote~~ foundation program amount for
 24 one regular ANB for each ~~special~~ full-time special pupil in
 25 the school district.

1 (3) If a special education program is implemented or
 2 expanded during a given school term too late to be included
 3 in the determination of the district
 4 ~~maximum-budget-without-a-vote~~ foundation program for the
 5 school year as prescribed in this part, allowable costs
 6 approved under the budgeting provisions of subsections (1)
 7 and (2) for the operation of the program during the given
 8 year must be funded from any legislative appropriation for
 9 contingency financing for special education. Contingency
 10 funds granted under this subsection must be deposited in a
 11 separate account of the miscellaneous programs fund of the
 12 district as provided in 20-9-507. However, if contingency
 13 funds are not available, then subject to the approval of the
 14 program by the superintendent under the emergency budget
 15 provisions of 20-9-161(5), allowable costs for the given
 16 year may be added to the ~~maximum-budget-without-a-vote~~
 17 foundation program amount for special education for the
 18 subsequent school year. ~~Such~~ The allowable costs must be
 19 recorded as previous year special education expenses in the
 20 school district budget for the subsequent school year.

21 (4) The sum of the previous year special education
 22 expenses as defined in subsection (3) ~~above~~ and the
 23 ~~maximum-budget-without-a-vote~~ foundation program amount for
 24 current year special education as defined in subsections (1)
 25 and (2) ~~shall--be~~ is the special education budget for

1 accounting purposes.

2 (5) The ~~maximum-budget-without-a-vote~~ foundation
3 program amount for special education ~~will~~ must be added to
4 the ~~maximum-budget-without-a-vote~~ foundation program amount
5 of the regular program ANB defined in 20-9-311 and 20-9-313
6 to obtain the total ~~maximum-budget-without-a-vote~~ foundation
7 program amount for the district."

8 **Section 40.** Section 20-9-322, MCA, is amended to read:

9 "20-9-322. Elementary instructional aide funding
10 qualification. (1) Any elementary school that anticipates an
11 ANB of at least 14 but less than 18 pupils for the ensuing
12 school fiscal year may determine the ~~maximum--general--fund~~
13 budget foundation program amount under the provisions of
14 ~~20-9-316(3)-or 20-9-316(3)~~ OR 20-9-318(3) if eligibility is
15 approved in accordance with the following provisions:

16 (a) No later than May 10 of each year, the school
17 district shall submit its application for approval for
18 instructional aide funding to the superintendent of public
19 instruction. The application ~~shall~~ must include:

- 20 (i) the previous year's ANB;
21 (ii) an estimate of the current school fiscal year's
22 ANB, as calculated under the provisions of 20-9-314(1), and
23 the number of grade levels being taught on May 1 of the
24 current year;
25 (iii) an estimate of the ANB and the number of grade

1 levels anticipated for the ensuing school fiscal year;

2 (iv) the factual information on which such estimates
3 are based; and

4 (v) any other information or data that may be required
5 by the superintendent of public instruction.

6 (b) The superintendent of public instruction shall
7 immediately review all of the factors of the application and
8 shall approve the application if the anticipated ANB is at
9 least 14 but less than 18 pupils and a minimum of five grade
10 levels are being taught as of May 1 of the current year or
11 documentation is provided which indicates that the
12 anticipated ANB will require a minimum of five grade levels
13 to be taught in the ensuing school year.

14 (2) Whenever a school district applies for and is
15 approved for instructional aide funding under the provisions
16 of subsection (1), the district ~~must~~ shall hire an
17 instructional aide.

18 (3) For the purposes of this section, the term
19 "instructional aide" means:

- 20 (a) a person who is under the direct supervision of a
21 teacher; or
22 (b) a certified teacher."

23 **SECTION 41.** SECTION 20-9-331, MCA, IS AMENDED TO READ:

24 "20-9-331. Basic county tax and other revenues for
25 county equalization of the elementary district foundation

1 program. (1) ~~It--shall--be--the--duty--of--the~~ The county
 2 commissioners of each county ~~to~~ shall levy an annual basic
 3 tax of 28 mills on the dollars of the taxable value of all
 4 taxable property within the county, except for ~~vehicles~~
 5 property subject to ~~taxation a tax or fee~~ under 23-2-517,
 6 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 61-3-204, for
 7 the purposes of local and state foundation program support.
 8 The revenue ~~to-be~~ collected from this levy ~~shall~~ must be
 9 apportioned to the support of the foundation programs of the
 10 elementary school districts in the county and to the state
 11 special revenue fund, state equalization aid account, in the
 12 following manner:

13 (a) In order to determine the amount of revenue raised
 14 by this levy which is retained by the county, the sum of the
 15 estimated ~~revenues~~ revenue identified in subsection (2)
 16 below ~~shall~~ must be subtracted from the sum of the county
 17 elementary transportation obligation and the total of the
 18 foundation programs of all elementary districts of the
 19 county.

20 (b) If the basic levy prescribed by this section
 21 produces more revenue than is required to finance the
 22 difference determined above, the county treasurer shall
 23 remit the surplus funds to the state treasurer for deposit
 24 to the state special revenue fund, state equalization aid
 25 account, immediately upon occurrence of a surplus balance

1 and each subsequent month thereafter, with any final
 2 remittance due no later than June 20 of the fiscal year for
 3 which the levy has been set.

4 (2) The ~~proceeds~~ revenue realized from the county's
 5 portion of the levy prescribed by this section and the
 6 ~~revenues~~ revenue from the following sources ~~shall~~ must be
 7 used for the equalization of the elementary district
 8 foundation programs of the county as prescribed in 20-9-334,
 9 and a separate accounting shall be kept of ~~such-proceeds-and~~
 10 ~~revenues~~ the revenue by the county treasurer in accordance
 11 with 20-9-212(1):

12 (a) the portion of the federal Taylor Grazing Act
 13 funds distributed to a county and designated for the common
 14 school fund under the provisions of 17-3-222;

15 (b) the portion of the federal flood control act funds
 16 distributed to a county and designated for expenditure for
 17 the benefit of the county common schools under the
 18 provisions of 17-3-232;

19 (c) all money paid into the county treasury as a
 20 result of fines for violations of law, except money paid to
 21 a justice's court, and the use of which is not otherwise
 22 specified by law;

23 (d) any money remaining at the end of the immediately
 24 preceding school fiscal year in the county treasurer's
 25 ~~account~~ accounts for the various sources of revenue

1 established or referred to in this section;

2 (e) any federal or state money distributed to the
3 county as payment in lieu of the property taxation
4 ~~established--by--the--county--levy--required--by--this--section,~~
5 including federal forest reserve funds allocated under
6 17-3-213;

7 (f) net proceeds taxes for interim production and new
8 production, as defined in 15-23-601; and

9 (g) anticipated revenue from ~~vehicle~~ property taxes
10 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
11 61-3-521, and 61-3-537, and 67-3-204."

12 **SECTION 42. SECTION 20-9-333, MCA, IS AMENDED TO READ:**

13 "20-9-333. Basic special levy and other revenues for
14 county equalization of high school district foundation
15 program. (1) ~~It--shall--be--the--duty--of--the~~ The county
16 commissioners of each county to shall levy an annual basic
17 special tax for high schools of 17 mills on the dollar of
18 the taxable value of all taxable property within the county,
19 ~~except for vehicles--subject-to-taxation-under-61-3-504(2)~~
20 property subject to a tax or fee under 23-2-517, 23-2-803,
21 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
22 purposes of local and state foundation program support. The
23 revenue ~~to--be~~ collected from this levy shall must be
24 apportioned to the support of the foundation programs of
25 high school districts in the county and to the state special

1 revenue fund, state equalization aid account, in the
2 following manner:

3 (a) In order to determine the amount of revenue raised
4 by this levy which is retained by the county, the estimated
5 ~~revenues revenue~~ identified in ~~subsections-(2)(a)-and-(2)(b)~~
6 ~~below-shall-be~~ subsection (2) is subtracted from the sum of
7 the county's high school tuition obligation and the total of
8 the foundation programs of all high school districts of the
9 county.

10 (b) If the basic levy prescribed by this section
11 produces more revenue than is required to finance the
12 difference determined ~~above~~ in subsection (1)(a), the county
13 treasurer shall remit the surplus to the state treasurer for
14 deposit to the state special revenue fund, state
15 equalization aid account, immediately upon occurrence of a
16 surplus balance and each subsequent month thereafter, with
17 any final remittance due no later than June 20 of the fiscal
18 year for which the levy has been set.

19 (2) The proceeds revenue realized from the county's
20 portion of the levy prescribed in this section and the
21 ~~revenues revenue~~ from the following sources ~~shall must~~ be
22 used for the equalization of the high school district
23 foundation programs of the county as prescribed in 20-9-334,
24 and a separate accounting ~~shall must~~ be kept of ~~these~~
25 proceeds the revenue by the county treasurer in accordance

with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state moneys money distributed to the county as a payment in lieu of the property taxation established by the county levy required by this section, including the federal forest reserve funds allocated under the provisions of 17-3-213;

(c) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(d) anticipated revenue from vehicle property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204."

Section 43. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy and other revenues for county equalization of high school district foundation program. (1) ~~it shall be the duty of the~~ The county commissioners of each county ~~to shall~~ levy an annual basic special tax for high schools of 17 mills on the dollar of the taxable value of all taxable property within the county, except for ~~vehicles subject to taxation under 61-3-504(2)~~ property subject to a TAX OR fee in lieu of tax UNDER 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, AND

67-3-204, for the purposes of local and state foundation program support. The revenue ~~to be~~ collected from this levy ~~shall must~~ be apportioned to the support of the foundation programs of high school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the estimated ~~revenues revenue~~ identified in ~~subsections (2)(a) and (2)(b)~~ below shall be subsection (2) is subtracted from the ~~sum of the county's high school tuition obligation and the total of the foundation programs of all high school districts of the county.~~

(b) If the basic levy prescribed by this section produces more revenue than is required to finance the difference determined ~~above in subsection (1)(a)~~, the county treasurer shall remit the surplus to the state treasurer for deposit to the state special revenue fund, state equalization aid account, immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The proceeds realized from the county's portion of the levy prescribed in this section and the ~~revenues revenue~~ from the following sources ~~shall must~~ be used for the

equalization of the high school district foundation programs of the county as prescribed in 20-9-334, and a separate accounting ~~shall~~ must be kept of these proceeds and revenue by the county treasurer in accordance with 20-9-212(1);

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state moneys money distributed to the county as a payment in lieu of the property taxation established by the county levy required by this section, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(d) anticipated revenue from ~~vehicle--property--taxes~~ PROPERTY TAXES AND fees imposed under ~~23-2-518~~ 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-205 67-3-204."

Section 44. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means ~~those-moneys~~ the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other

sources for distribution to the public schools for the purpose of equalization of the foundation program.

(2) The legislative appropriation for state equalization aid ~~shall~~ must be made in a single sum for the biennium. The superintendent of public instruction ~~has~~ authority to ~~may~~ spend ~~such~~ the appropriation, together with the earmarked revenues provided in subsection (3), as required for foundation program purposes throughout the biennium.

(3) The following ~~shall~~ must be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) ~~31.8%-of-all~~ money received from the collection of income taxes under chapter 30 of Title 15, as provided by 15-1-501;

(b) ~~25%-of-all-money;~~ except as provided in 15-31-702, money received from the collection of corporation license and income taxes under chapter 31 of Title 15, as provided by 15-1-501;

(c) ~~100%-of-the~~ money allocated to state equalization from the collection of the severance tax on coal;

(d) ~~100%-of--the~~ money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

1 (e) interest and income money described in 20-9-341
2 and 20-9-342;

3 (f) income from the education trust fund account; and

4 (g) income from the lottery, as provided for in
5 23-5-1027; and

6 ~~fg~~h in addition to these revenues, the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333.

9 (4) Any surplus revenue in the state equalization aid
10 account in the second year of a biennium may be used to
11 reduce the appropriation required for the next succeeding
12 biennium."

13 **Section 45.** Section 20-9-344, MCA, is amended to read:

14 "20-9-344. Purpose of state equalization aid and
15 duties of the board of public education for distribution --
16 conditions of first payment. (1) The money available for
17 state equalization aid ~~shall~~ must be distributed and
18 apportioned to provide an annual minimum operating revenue
19 for the elementary and high schools in each county,
20 exclusive of revenues required for debt service and for the
21 payment of any ~~and--all~~ costs and expense incurred in
22 connection with any adult education program, recreation
23 program, school food services program, new buildings~~7-new~~
24 and grounds, and transportation.

25 (2) The board of public education shall administer and

1 distribute the state equalization aid in the manner and with
2 the powers and duties provided by law. To this end, the
3 board of public education shall:

4 (a) adopt policies for regulating the distribution of
5 state equalization aid in accordance with the provisions of
6 law and in a manner that ~~would meet effectively meet the~~
7 ~~financial needs of districts~~ provides for monthly
8 distribution of money in the state equalization aid account
9 until each district receives its annual equalization aid
10 entitlement;

11 (b) have the power to require ~~such~~ reports from the
12 county superintendents, budget boards, county treasurers,
13 and trustees as it ~~may deem~~ considers necessary; and

14 (c) order the superintendent of public instruction to
15 distribute the state equalization aid on the basis of each
16 district's annual entitlement to ~~such the~~ aid as established
17 by the superintendent of public instruction. In ordering the
18 distribution of state equalization aid, the board of public
19 education ~~shall~~ may not increase or decrease the state
20 equalization aid distribution to any district on account of
21 any difference which may occur during the school fiscal year
22 between budgeted and actual receipts from any other source
23 of school revenue.

24 (3) Should a district receive more state equalization
25 aid than it is entitled to, the county treasurer ~~must~~ shall

return the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed by the department of commerce.

(4) The first payment of state equalization aid must be:

(a) based on an estimate of 20% of each district's entitlement; and

(b) distributed by July 15 of the school fiscal year."

Section 37. ~~Section 20-9-353, MCA, is amended to read:~~

~~"20-9-353. Additional levy for general fund election for authorization to impose. (1) The Except as limited by subsection (5), the trustees of any district may propose to adopt a general fund budget in excess of the general fund budget amount foundation program for such the district as established by the schedules in 20-9-316 20-9-318 through 20-9-321 for any of the following purposes:~~

~~(a) building, altering, repairing, or enlarging any schoolhouse of the district;~~

~~(b) furnishing additional school facilities for the district;~~

~~(c) acquisition of land for the district;~~

~~(d) proper maintenance and operation of the school programs of the district.~~

~~(2) When the trustees of any district determine that an additional amount of financing is required for the~~

~~general fund budget that is in excess of the statutory schedule amount, the trustees shall submit the proposition of an additional levy to raise such the excess amount of general fund financing to the electors who are qualified under 20-20-301 to vote upon such the proposition, except that no an election shall be is not required to permit the school trustees to use any funds available to finance the additional amount other than those funds to be raised by the additional levy. Such The special election shall must be called and conducted in the manner prescribed by this title for school elections. The ballot for such the election shall must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise such the money, and the purpose for which such the money will be expended, and it shall The ballot must be in the following format:~~

PROPOSITION

~~Shall a levy be made in addition to the levies authorized by law in such the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?~~

~~--FOR the levy.~~

~~--AGAINST the levy.~~

~~(3) If the election on any additional levy for the general fund is approved by a majority vote of these the electors voting at such the election, the proposition shall carry carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by such a the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy such the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, as are required to raise the amount of such the additional levy.~~

~~(4) Authorization to levy an additional tax under the provisions of this section shall be is effective for only 1 school fiscal year and shall must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective.~~

~~(5) For school fiscal year 1995 and each succeeding year, the trustees of a district may not adopt a general fund budget that exceeds 117% of the amount set forth in the schedules in 20-9-318 through 20-9-321.~~

Section 46. Section 20-9-505, MCA, is amended to read:

"20-9-505. Purpose and establishment of nonoperating fund. (1) The trustees of any district that will not operate any school during the ensuing school fiscal year shall

establish a nonoperating fund on the first day of such the school fiscal year. In establishing the nonoperating fund, the trustees shall cause the transfer of the end-of-the-year cash balance of each fund maintained by the district during the immediately preceding school fiscal year to the nonoperating fund. However, cash balances of the debt service fund and the miscellaneous federal programs fund, if any, shall must be maintained in their individual funds.

(2) The trustees of a district establishing a nonoperating fund for the first year of nonoperation may earmark a portion of the nonoperating fund cash balance as a nonoperating fund cash reserve when they anticipate the reopening of a school in the following school fiscal year. Such The cash reserve shall may not be more than the general fund cash reserve designated for the immediately preceding school fiscal year. If a school is not operated in the following school fiscal year, the authority of the trustees to earmark a nonoperating fund cash reserve shall terminate terminates and the moneys money earmarked as a cash reserve shall must be used to reduce the levy requirement of the nonoperating fund. If the trustees acquire approval to reopen a school in the following school fiscal year under the provisions of 20-6-502 or 20-6-503 and operate such the school, the nonoperating fund cash reserve shall must be restored as the general fund cash reserve.

(3) The purpose of the nonoperating fund ~~shall be~~ is to centralize the financing and budgeting for the limited functions of a district not operating a school. Such The functions shall include:

(a) ~~elementary tuition obligations to other districts;~~
 (b)(a) transportation of the resident pupils;
 (c)(b) maintenance of district-owned property; and
 (d)(c) any other nonoperating school function of the district deemed considered necessary by the trustees or required by law.

(4) Any expenditure of nonoperating fund moneys ~~shall~~ money must be made in accordance with the financial administration provisions of this title for a budgeted fund."

Section 39. ~~Section 20-9-531, MCA, is amended to read:~~

"20-9-531. ~~State retirement equalization account--~~
~~authorization to appropriate appropriation.~~ ~~There is a~~
~~state retirement equalization account in the state special~~
~~revenue fund. Money determined Retirement equalization aid~~
~~as calculated in 20-9-532 must be deposited in the account.~~
~~The legislature may appropriate the money Money in the~~
~~account is statutorily appropriated, as provided in~~
~~17-7-502, to the superintendent of public instruction to~~
~~assist the counties in equalizing a portion 90% of the~~
~~retirement fund obligations as provided in 20-9-501."~~

Section 40. ~~Section 20-9-532, MCA, is amended to read:~~

"20-9-532. ~~Calculation and distribution of retirement~~
~~equalization aid.~~ ~~(1) The superintendent of public~~
~~instruction shall administer the distribution of retirement~~
~~equalization aid by:~~

(a) ~~determining the estimated revenue available from~~
~~the net lottery revenue as provided in 20-5-1027 statewide~~
~~mill levy imposed under (section 41);~~

(b) ~~establishing a list containing each county that~~
~~levied in the prior school fiscal year in excess of 9 mills~~
~~to fund its required contribution for retirement fund~~
~~obligations;~~

(c)(b) ~~establishing the estimated dollar amount per~~
~~average number belonging (ANB) by dividing for each district~~
~~by multiplying the amount determined in subsection (1)(a) by~~
~~the total ANB of the counties listed pursuant to subsection~~
~~(1)(b) for the prior school fiscal year ratio of the~~
~~district's actual cost for retirement, as established under~~
~~20-9-501, during the preceding school fiscal year, to the~~
~~total retirement costs of all districts in the state during~~
~~the preceding school fiscal year;~~

(d)(c) ~~notifying the county superintendent of each~~
~~county listed in subsection (1)(b) by the fourth Monday in~~
~~July of the estimated retirement equalization aid available~~
~~to the county, calculated separately for elementary and high~~

1 school--districts--and--prorated--as--specified--in--20-9-501--for
2 any---joint---school---district,---so---that---each---county
3 superintendent--may--use--the--amounts--in--the--manner--prescribed
4 in--20-9-501--to--calculate---the---retirement---fund---levy
5 requirements--for--elementary--and--high--school--districts--in--the
6 county;

7 (e)(d)--distributing---by---October--1--the--amount--of
8 retirement--equalization--aid--for--each--county--listed--pursuant
9 to--subsection--(1)(b);--and

10 (f)(e)--keeping---a---record---of---the--complete--data
11 concerning--revenue--available--for--retirement--equalization--aid
12 and--the--distribution--of--such--the aid;

13 (2)--If--the--actual--proceeds--available--for--retirement
14 equalization--are--not--sufficient--to--finance--the--estimated
15 dollar--amount--per--ANB--provided--for--in--subsection--(1)(c)
16 (1)(b), each--county--listed--pursuant--to--subsection--(1)(b)
17 must--receive--a--prorated--amount;"

18 NEW-SECTION.--Section 41.--Retirement--equalization--aid
19 ---state--mill--levy;--(1)--The--superintendent--of--public
20 instruction--shall--annually;

21 (a)--prescribe--a--levy--on--all--taxable--property--within
22 the--state;--except--property--for--which--a--fee--in--lieu--of--tax--is
23 required;--that--must--be--sufficient--to--fund--90%--of--the--amount
24 of--the--employers--contribution--for--members--of--the--teachers'
25 retirement--system--for--the--preceding--school--fiscal--year;

1 including--all--elementary--districts;--high--school--districts;
2 and--any--prorated--joint--districts--or--special--education
3 cooperative--agreement--requirements;--and

4 (b)--report--the--levy--requirement--to--the--board--of--county
5 commissioners--of--each--county--by--the--second--Monday--of--August
6 as--the--respective--county--requirement--for--state--retirement
7 equalization--aid;

8 (2)--The--county--commissioners--shall--impose--the--levy--in
9 the--manner--provided--in--20-9-142;--The--proceeds--of--the--levy
10 must--be--remitted--to--the--state--treasurer--for--deposit--in--the
11 state--retirement--equalization--account--in--the--state--special
12 revenue--fund;

13 **Section 47.** Section 20-10-105, MCA, is amended to
14 read:

15 "20-10-105. Determination of residence. When the
16 residence of an eligible transportee is a matter of
17 controversy and is an issue before a board of trustees, a
18 county transportation committee, or the superintendent of
19 public instruction, the residence shall must be established
20 on the basis of the general state residence law as provided
21 in 1-1-215. Whenever--any--district--or--county--is--determined--to
22 be---responsible---for--paying--tuition--for--any--pupil--in
23 accordance--with--20-5-301;--20-5-302;--or--20-5-311;--the
24 residence--of--the--pupil--for--tuition--purposes--is--the--residence
25 of--the--pupil--for--transportation--purposes."

1 **Section 48.** Section 23-5-1027, MCA, is amended to
2 read:

3 "23-5-1027. Disposition of revenue. (1) (a) As near as
4 possible to 45% of the money paid for tickets or chances
5 must be paid out as prize money, except as provided in
6 subsection (1)(b).

7 (b) In the case of a regional lottery game, a maximum
8 of 50% of the money paid for tickets or chances may be paid
9 out as prize money.

10 (2) Up to 15% of the gross revenue from the state
11 lottery may be used by the director to pay the operating
12 expenses of the state lottery. Commissions paid to lottery
13 ticket or chance sales agents are not a state lottery
14 operating expense.

15 (3) Funds to pay the operating expenses of the lottery
16 are statutorily appropriated as provided in 17-7-502.

17 (4) That part of all gross revenue not used for the
18 payment of prizes, commissions, and operating expenses is
19 net revenue and must be paid quarterly from the enterprise
20 fund established by 23-5-1026 to the superintendent of
21 public instruction for distribution as state equalization
22 aid to--the--retirement--fund-obligations-of-elementary-and
23 high-school-districts-in-the-manner-provided-in-20-9-532 to
24 the public schools of Montana."

25 NEW SECTION. **Section 49.** Repealer. (1) SECTIONS

1 20-9-352, 20-9-501, 20-9-531, AND 20-9-532, MCA, ARE
2 REPEALED.

3 (2) Sections 20-5-303, 20-5-305 through 20-5-307,
4 20-5-312, AND 20-5-313,--20-9-1057--20-9-3167--20-9-3177--and
5 20-9-3527 MCA, are repealed.

6 NEW SECTION. **Section 50.** Extension of authority. Any
7 existing authority to make rules on the subject of the
8 provisions of [this act] is extended to the provisions of
9 [this act].

10 NEW SECTION. **SECTION 51.** INTERIM STUDY OF FUNDING FOR
11 SCHOOL DISTRICT TRANSPORTATION, CAPITAL EXPENDITURES, AND
12 COMPREHENSIVE INSURANCE. THE OFFICE OF BUDGET AND PROGRAM
13 PLANNING SHALL:

14 (1) DURING SCHOOL FISCAL YEARS 1990 AND 1991, STUDY
15 THE TRANSPORTATION, CAPITAL OUTLAY, AND COMPREHENSIVE
16 INSURANCE NEEDS OF THE ELEMENTARY AND HIGH SCHOOL DISTRICTS
17 AND METHODS OF DISTRIBUTING AID IN AN EQUALIZED MANNER;

18 (2) SEEK THE ADVICE AND RECOMMENDATIONS OF THE
19 SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE BOARD OF PUBLIC
20 EDUCATION DURING THE STUDY PROCESS;

21 (3) REPORT RECOMMENDATIONS RESULTING FROM ITS STUDY TO
22 THE 52ND LEGISLATURE AND PREPARE LEGISLATION TO IMPLEMENT
23 ITS RECOMMENDATIONS; AND

24 (4) DEVELOP INCENTIVE AND ACCOUNTABILITY PROGRAMS TO
25 ENHANCE EQUALIZATION OF EDUCATIONAL OPPORTUNITY AS WELL AS

1 THE QUALITY OF EDUCATION PROVIDED TO MONTANA PUBLIC SCHOOL
2 PUPILS.

3 NEW SECTION. SECTION 52. DISTRICT RETIREMENT FUND
4 BALANCE -- TRANSFER. A DISTRICT THAT HAS A BALANCE
5 REMAINING ON [THE EFFECTIVE DATE OF THIS SECTION] IN THE
6 DISTRICT RETIREMENT FUND FORMERLY ESTABLISHED UNDER 20-9-501
7 SHALL TRANSFER THE BALANCE TO THE DISTRICT GENERAL FUND. THE
8 AMOUNT ANTICIPATED TO BE TRANSFERRED UNDER THIS SECTION MUST
9 BE INCLUDED IN THE TOTAL MONEY CALCULATED UNDER
10 20-9-141(1)(B) THAT IS AVAILABLE FOR REDUCTION OF THE
11 PROPERTY TAX LEVY IMPOSED IN 1990 FOR THE DISTRICT'S GENERAL
12 FUND.

13 ~~NEW SECTION. -- Section 46. -- Effective -- date. -- [This act]~~
14 ~~is effective July 1, 1989.~~

15 NEW SECTION. SECTION 53. EFFECTIVE DATES. (1)
16 [SECTIONS 1, 2, 8, 18, 19, 24, 26, 28, 30 THROUGH 42, 44,
17 48, 49(1), 50 THROUGH 52, AND THIS SECTION] ARE EFFECTIVE
18 JULY 1, 1989.

19 (2) [SECTIONS 3 THROUGH 7, 9 THROUGH 17, 20 THROUGH
20 23, 25, 27, 29, 43, 45 THROUGH 47, AND 49(2)] ARE EFFECTIVE
21 JULY 1, 1990.

-End-

1 SENATE BILL NO. 203

2 INTRODUCED BY NATHE

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE
5 PUBLIC SCHOOL FUNDING; TO INCLUDE COMPREHENSIVE-INSURANCE
6 SCHOOL PERSONNEL RETIREMENT COSTS IN THE GENERAL FUND
7 BUDGET; TO ELIMINATE THE COUNTY RETIREMENT LEVY AND THE
8 DISTRICTS' RETIREMENT FUNDS; TO ESTABLISH A SCHOOL TERM AS
9 180 DAYS; TO REQUIRE THE SCHOOL FOUNDATION PROGRAM TO FUND
10 100 PERCENT OF THE SCHOOL DISTRICTS' GENERAL FUND BUDGETS
11 WITHOUT A VOTED LEVY OF ALL ELEMENTARY AND HIGH SCHOOLS,
12 INCLUDING RETIREMENT, AS SET BY FOUNDATION PROGRAM
13 SCHEDULES; TO LIMIT BY SCHOOL FISCAL YEAR 1995 THE MAXIMUM
14 GENERAL FUND BUDGET OF A DISTRICT TO 117 PERCENT OF THE
15 FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT; TO LIMIT ANNUAL
16 INCREASES IN EACH DISTRICT'S MAXIMUM GENERAL FUND BUDGET; TO
17 REQUIRE THE ALLOWABLE COST SCHEDULE FOR SPECIAL EDUCATION
18 PERSONNEL TO BE BASED ON THE AVERAGE STATEWIDE SALARY FOR
19 VARIOUS CATEGORIES OF SPECIAL EDUCATION PERSONNEL; TO LIMIT
20 THE GENERAL FUND RESERVE OF A DISTRICT TO 20 PERCENT EXCEPT
21 FOR DISTRICTS NOT RECEIVING STATE EQUALIZATION AID; TO
22 ELIMINATE THE PRESENT PERMISSIVE LEVY; TO INDEX THE RATE OF
23 INCREASE IN THE SCHEDULE AMOUNTS TO THE RATE OF ANNUAL
24 INFLATION; TO REALLOCATE LOTTERY REVENUE FROM RETIREMENT
25 EQUALIZATION TO STATE EQUALIZATION AID; TO PROVIDE A STATE

THE CHANGES ON SB 203 SECOND READING (yellow)
ARE FROM PAGE 68 ON. ATTACHED PLEASE FIND
THESE PAGES.

THIRD READING

SB 203



1 ~~as--set-forth-in-the~~ schedules in ~~20-9-316~~ ~~20-9-318~~ 20-9-316
 2 through 20-9-321. The foundation program of an elementary
 3 school having an ANB of nine or fewer pupils for 2
 4 consecutive years which is not approved as an isolated
 5 school under the provisions of 20-9-302 ~~shall be 80%~~ is 100%
 6 of the schedule amount, but the county and state shall
 7 participate in financing one-half of the foundation program,
 8 and the district shall finance the remaining one-half by a
 9 tax levied on the property of the district. When a school of
 10 nine or fewer pupils is approved as isolated under the
 11 provisions of 20-9-302, the county and state shall
 12 participate in the financing of the total amount of the
 13 foundation program.

14 (3) Funds provided to support the special education
 15 accounting budget may be expended only for special education
 16 purposes as approved by the superintendent of public
 17 instruction in accordance with the special education
 18 budgeting provisions of this title. Expenditures for special
 19 education ~~shall~~ must be accounted for separately from the
 20 balance of the school district general fund. Transfers
 21 between items within the special education budget for
 22 accounting purposes may be made at the discretion of the
 23 board of trustees in accordance with the financial
 24 administration part of this title. The unexpended balance of
 25 the special education accounting budget ~~shall carry~~ carries

1 over to the next year to reduce the amount of funding
 2 required to finance the district's ensuing year's
 3 ~~maximum-budget-without-a-vote~~ foundation program amount for
 4 special education."

5 **Section 33.** Section 20-9-315, MCA, is amended to read:

6 "20-9-315. **Maximum general fund budget and exceptions.**
 7 (1) The total amount of the general fund budget of any
 8 district ~~shall~~ may not be greater than the ~~general-fund~~
 9 budget foundation program amount specified in ~~20-9-316~~
 10 ~~20-9-318~~ 20-9-316 through 20-9-321, except when a district
 11 has adopted an emergency general fund budget under the
 12 provisions of 20-9-165 or when a district satisfies the
 13 requirements of 20-9-353.

14 (2) IF A DISTRICT RECEIVES MONEY OTHER THAN FROM THE
 15 FOUNDATION PROGRAM, THE DISTRICT'S TOTAL GENERAL FUND BUDGET
 16 PER PUPIL MAY NOT EXCEED:

17 ~~(A) 100% OF THE TOTAL GENERAL FUND BUDGET OF THE PRIOR~~
 18 ~~SCHOOL YEAR, IF DURING THE PRIOR SCHOOL YEAR THE DISTRICT'S~~
 19 ~~GENERAL FUND BUDGET PER PUPIL WAS 84% OR LESS OF THE AVERAGE~~
 20 ~~GENERAL FUND BUDGET PER PUPIL OF ALL SCHOOLS IN THE SAME~~
 21 ~~FOUNDATION PROGRAM SCHEDULE CATEGORY;~~

22 ~~(B) (A) 100% OF THE TOTAL GENERAL FUND BUDGET PER PUPIL~~
 23 ~~OF THE PRIOR SCHOOL YEAR, IF DURING THE PRIOR SCHOOL YEAR~~
 24 ~~THE DISTRICT'S GENERAL FUND BUDGET PER PUPIL WAS 116% OR~~
 25 ~~MORE OF THE AVERAGE GENERAL FUND BUDGET PER PUPIL OF ALL~~

SCHOOLS IN THE SAME SCHEDULE CATEGORY;

(c)(B) THE PERCENTAGE OF THE TOTAL GENERAL FUND BUDGET
PER PUPIL OF THE PRIOR SCHOOL YEAR THAT RESULTS FROM THE
FOLLOWING CALCULATION, IF DURING THE PRIOR SCHOOL YEAR THE
DISTRICT'S GENERAL FUND BUDGET PER PUPIL WAS MORE THAN 84%
OR LESS THAN 116% OF THE AVERAGE GENERAL FUND BUDGET PER
PUPIL OF ALL SCHOOLS IN THE SAME SCHEDULE CATEGORY:

$$1.04\% - \left[\frac{\text{PERCENT OF AVERAGE BUDGET PER PUPIL} - 100}{400} \right]$$

(3) PRIOR TO MARCH APRIL 1 THE SUPERINTENDENT OF
PUBLIC INSTRUCTION SHALL CALCULATE THE AVERAGE GENERAL FUND
BUDGET PER PUPIL OF THE DISTRICTS IN EACH FOUNDATION PROGRAM
SCHEDULE CATEGORY AND SHALL DETERMINE THE PERCENTAGE OF
AVERAGE BUDGET PER PUPIL THAT EACH DISTRICT IN EACH CATEGORY
BUDGETED DURING THE CURRENT SCHOOL YEAR.

(4) SUBSECTION (2) DOES NOT LIMIT THE MAXIMUM GENERAL
FUND BUDGET OF ANY DISTRICT TO LESS THAN THE FOUNDATION
PROGRAM SUPPORT FOR WHICH THE DISTRICT IS ELIGIBLE.

(5) THE TRUSTEES OF A DISTRICT MAY ADOPT A GENERAL
FUND BUDGET IN EXCESS OF THE LIMITATIONS ON EXPENDITURES SET
FORTH IN SUBSECTION (2) TO THE EXTENT THAT PUBLIC LAW 81-874
FUNDS ARE THE SOURCE OF FUNDING FOR THE EXCESS AMOUNT UNTIL
THE STATE HAS SUBMITTED AND RECEIVED APPROVAL OF AN
APPLICATION TO EQUALIZE SUCH FUNDS UNDER 20 U.S.C. 240(D).
PUBLIC LAW 81-874 FUNDING SHALL ALSO BE EXCLUDED FROM THE

CALCULATIONS IN SUBSECTION (2)(B)."

SECTION 34. SECTION 20-9-316, MCA, IS AMENDED TO READ:

"20-9-316. Elementary school maximum-budget foundation
program schedule for 1985-86 school fiscal year 1990. For
the school fiscal year ending June 30, 1990, the elementary
school foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or
fewer pupils, the maximum shall be--\$19,959 is \$23,907 if
said the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than
18 pupils, the maximum shall be--\$19,959 is \$23,907 plus
\$834.10 \$999.20 per pupil on the basis of the average number
belonging over nine.

(3) For schools with an ANB of at least 14 pupils but
less than 18 pupils that qualify for instructional aide
funding under 20-9-322, the maximum shall be--\$32,714 is
\$39,188 plus \$834.10 \$999.20 per pupil on the basis of the
average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing
one teacher, the maximum shall be--\$27,466 is \$32,900 plus
\$834.10 \$999.20 per pupil on the basis of the average number
belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing
two full-time teachers, the maximum shall be--\$43,851 is
\$52,528 plus \$522.40 \$625.73 per pupil on the basis of the

1 average number belonging over 18, not to exceed an ANB of
2 50.

3 (6) For schools having an ANB in excess of 40, the
4 maximum on the basis of the total pupils (ANB) in the
5 district ~~for elementary pupils will be~~ is as follows:

6 (a) For a school having an ANB of more than 40 and
7 employing a minimum of three teachers, the maximum of ~~\$1,938~~
8 ~~shall be \$2,321~~ is decreased at the rate of ~~\$1.00~~ \$2.25 for
9 each additional pupil until the total number (ANB) ~~shall~~
10 ~~have reached a total of~~ reaches 100 pupils.

11 (b) For a school having an ANB of more than 100
12 pupils, the maximum of ~~\$1,825~~ ~~shall be~~ \$2,186 is decreased
13 at the rate of ~~\$1.72~~ \$2.06 for each additional pupil until
14 the ANB ~~shall have reached~~ reaches 300 pupils.

15 (c) For a school having an ANB of more than 300
16 pupils, the maximum ~~shall not exceed \$1,481~~ is \$1,774 for
17 each pupil.

18 (7) The maximum per pupil for all pupils (ANB) and for
19 all elementary schools ~~shall must~~ be computed on the basis
20 of the amount allowed herein in this schedule on account of
21 the last eligible pupil (ANB). All elementary schools
22 operated within the incorporated limits of a city or town
23 ~~shall must~~ be treated as one school for the purpose of this
24 schedule."

25 **SECTION 35. SECTION 20-9-317, MCA, IS AMENDED TO READ:**

1 "20-9-317. High school maximum--budget foundation
2 program schedule for 1985-86 school fiscal year 1990. For
3 the school fiscal year ending June 30, 1990, the high school
4 foundation program schedule is as follows:

5 (1) For each high school having an ANB of 24 or fewer
6 pupils, the maximum ~~shall be \$113,700~~ is \$136,206.

7 (2) For a secondary school having an ANB of more than
8 24 pupils, the maximum ~~\$4,730~~ ~~shall be~~ of \$5,675 is
9 decreased at the rate of ~~\$25.84~~ \$30.95 for each additional
10 pupil until the ANB ~~shall have reached a total of 40~~ such
11 reaches 40 pupils.

12 (3) For a school having an ANB of more than 40 pupils,
13 the maximum of ~~\$4,324~~ ~~shall be~~ \$5,180 is decreased at the
14 rate of ~~\$25.84~~ \$30.95 for each additional pupil until the
15 ANB ~~shall have reached~~ reaches 100 pupils.

16 (4) For a school having an ANB of more than 100
17 pupils, ~~a~~ the maximum of ~~\$2,774~~ ~~shall be~~ \$3,323 is decreased
18 at the rate of ~~\$4.32~~ \$5.18 for each additional pupil until
19 the ANB ~~shall have reached~~ reaches 200 pupils.

20 (5) For a school having an ANB of more than 200
21 pup: the maximum of ~~\$2,342~~ ~~shall be~~ \$2,805 is decreased
22 by ~~\$2.38~~ \$2.85 for each additional pupil until the ANB ~~shall~~
23 ~~have reached~~ reaches 300 pupils.

24 (6) For a school having an ANB of more than 300
25 pupils, the maximum of ~~\$2,104~~ ~~shall be~~ \$2,520 is decreased

1 at the rate of 44 52 cents until the ANB shall have--reached
2 reaches 600 pupils.

3 (7) For a school having an ANB over of more than 600
4 pupils, the maximum shall not exceed \$1,973 is \$2,364 per
5 pupil.

6 (8) The maximum per pupil for all pupils (ANB) and for
7 all high schools shall must be computed on the basis of the
8 amount allowed herein in this section on account of the last
9 eligible pupil (ANB). All high schools and junior high
10 schools which have been approved and accredited as junior
11 high schools, operated within the incorporated limits of a
12 city or town, shall must be treated as one school for the
13 purpose of this schedule."

14 **Section 29.**--Section 20-9-318, MCA, is amended to read:
15 "20-9-318.--Elementary school maximum budget foundation
16 program schedule for 1987-88 1989-90 and--succeeding--years.
17 For---1987-88 1989-90 and--succeeding--school--years,--the
18 elementary school maximum budget foundation program schedule
19 is as follows:

20 (1)--For each elementary school having an ANB--of--nine
21 or--fewer pupils, the maximum shall be \$20,158 is \$32,253 if
22 said the school is approved as an isolated school.

23 (2)--For schools with an ANB of 10 pupils but less than
24 10 pupils, the maximum shall be \$20,158 is \$32,253 plus
25 \$842.50 \$1,348 per pupil on the basis of the average number

1 belonging over nine.

2 (3)--For schools with an ANB of at least 14 pupils but
3 less--than--10--pupils--that--qualify for instructional aide
4 funding under 20-9-322, the maximum shall be--\$33,842 is
5 \$52,867 plus--\$842.50 \$1,348 per pupil on the basis of the
6 average number belonging over 14.

7 (4)--For schools with an ANB of 18 pupils and employing
8 one teacher, the maximum shall be \$27,741 is--\$44,386 plus
9 \$842.50 \$1,348 per pupil on the basis of the average number
10 belonging over 18, not to exceed an ANB of 25.

11 (5)--For schools with an ANB of 18 pupils and employing
12 two full-time teachers, the maximum shall be--\$44,290 is
13 \$70,864--plus--\$527.60 \$844.20 per pupil on the basis of the
14 average number belonging over 18, not to exceed--an--ANB--of
15 50.

16 (6)--For--schools--having--an--ANB in excess of 40, the
17 maximum, on the basis of--the--total--pupils--(ANB)--in--the
18 district for elementary pupils will be, is as follows:

19 (a)--For--a--school--having--an--ANB of more than 40 and
20 employing a minimum of three teachers, the maximum of \$1,957
21 shall \$3,131 must be decreased at the rate of--\$1.90 \$3.84
22 for each additional pupil until the total number--(ANB)--shall
23 have reached reaches a total of 100 pupils.

24 (b)--For--a--school--having--an--ANB of--more than 100
25 pupils, the maximum of \$1,843 shall \$2,949 must be decreased

1 at-the-rate-of-\$1.74 92.78 for each additional--pupil--until
 2 the-ANB-shall-have-reached reaches 300-pupils.
 3 {c}--For--a--school--having--an--ANB--of--more--than--300
 4 pupils,--the-maximum-shall may not exceed \$1,496 92,394 for
 5 each-pupil.
 6 {f}--The-maximum-per-pupil-for-all-pupils--{ANB}--and--for
 7 all--elementary--schools-shall must be-computed-on-the-basis
 8 of-the-amount-allowed-herein in this section on--account--of
 9 the--last--eligible--pupil--{ANB},--All--elementary--schools
 10 operated-within-the-incorporated-limits-of-a--city--or--town
 11 shall must be-treated-as-one-school-for-the-purpose-of-this
 12 schedule.
 13 {g}--The-amounts-in-subsections--{1}--through--{6}--must-be
 14 adjusted--annually--in--the--manner--prescribed--in--this
 15 subsection--and,--as--adjusted,--constitute--the--elementary
 16 school-foundation-program-schedule-for-the-succeeding-school
 17 year--By-December-31-of-each--year,--the--superintendent--of
 18 public-instruction-shall-multiply-each-amount-in-subsections
 19 {1}--through--{6}--by--the--inflation-factor-for-the-current
 20 school-fiscal-year,--which--is--determined--by--dividing--the
 21 consumer--price--index-for-july-of-the-current-school-fiscal
 22 year-by-the-consumer-price-index-for-july--1980,--The-term
 23 "consumer--price--index"--means--the--consumer--price-index,
 24 United-States-city-average,--for-all-items,--using--the--1967
 25 base--of-100,--as-published-by-the-bureau-of-labor-statistics

1 of-the-U.S.-department-of-labor."
 2 **Section 30.**--Section-28-9-319, MCA, is-amended-to-read:
 3 "28-9-319,--High--school--maximum--budget foundation
 4 program schedule--for 1987-88 1989-90 and-succeeding-years.
 5 For-1987-88 1989-90 and-succeeding-school--years,--the--high
 6 school--maximum--budget foundation--program--schedule-is-as
 7 follows:
 8 {1}--For-each-high-school-having-an-ANB-of-24--or--fewer
 9 pupils,--the-maximum-shall-be-\$114,845 is-\$192,939.
 10 {2}--For--a--secondary high school-having-an-ANB-of-more
 11 than-24-pupils,--the-maximum-\$4,785-shall of-\$8,839--must be
 12 decreased--at--the-rate-of-\$26.10 \$43.85 for-each-additional
 13 pupil-until-the-ANB-shall-have-reached reaches a-total-of-40
 14 such-pupils.
 15 {3}--For-a-school-having-an-ANB-of-more-than-40-pupils,
 16 the-maximum-of-\$4,368-shall \$7,338-must be-decreased-at--the
 17 rate--of--\$26.10 \$43.85 for-each-additional-pupil-until-the
 18 ANB-shall-have-reached reaches 100-pupils.
 19 {4}--For-a-school--having--an--ANB--of--more--than--100
 20 pupils,--a the--maximum--of--\$2,802--shall \$4,707--must be
 21 decreased-at-the-rate-of-\$4.37 \$7.34--for--each--additional
 22 pupil--until--the-ANB-shall-have-reached reaches 200-pupils.
 23 {5}--For-a-school-having--an--ANB--of--more--than--200
 24 pupils,--the-maximum-of-\$2,365-shall \$3,973-must be-decreased
 25 by-\$2.40 \$4.03 for-each-additional-pupil-until-the-ANB-shall

1 have-reached reaches 300-pupils:

2 {6}--For--a--school--having--an--ANB--of--more--than--300
3 pupils, the maximum of \$2,125 shall \$3,578 must be decreased
4 at the rate of 44 74 cents for each additional pupil until
5 the ANB shall have reached reaches 600 pupils:

6 {7}--For--a--school--having--an--ANB--over of more than 600
7 pupils, the maximum shall may not exceed \$1,993 \$3,348 per
8 pupil:

9 {8}--The maximum per pupil for all pupils {ANB} and for
10 all high schools shall must be computed on the basis of the
11 amount allowed herein in this section on account of the last
12 eligible pupil {ANB}. All high schools and junior high
13 schools which have been approved and accredited as junior
14 high schools, operated within the incorporated limits of a
15 city or town, shall must be treated as one school for the
16 purpose of this schedule:

17 {9}--The amounts in subsections {1} through {7} must be
18 adjusted annually in the manner prescribed in this
19 subsection and, as adjusted, constitute the high school
20 foundation program schedule for the succeeding school year.
21 By December 31 of each year, the superintendent of public
22 instruction shall multiply each amount in subsections {1}
23 through {7} by the inflation factor for the current school
24 fiscal year, which is determined by dividing the consumer
25 price index for July of the current school fiscal year by

1 the consumer price index for July 1980. The term "consumer
2 price index" means the consumer price index, United States
3 city average, for all items, using the 1967 base of 100, as
4 published by the bureau of labor statistics of the U.S.
5 department of labor."

6 **SECTION 36.** SECTION 20-9-318, MCA, IS AMENDED TO READ:

7 "20-9-318. Elementary school maximum-budget foundation
8 program schedule for 1987-88 school fiscal year 1991 and
9 succeeding years. For 1987-88 the school fiscal year ending
10 June 30, 1991, and succeeding school years, the elementary
11 school maximum-budget foundation program schedule is as
12 follows:

13 (1) For each elementary school having an ANB of nine
14 or fewer pupils, the maximum shall be \$20,150 is \$31,103 if
15 said the school is approved as an isolated school.

16 (2) For schools with an ANB of 10 pupils but less than
17 18 pupils, the maximum shall be \$20,150 is \$31,103 plus
18 \$842.50 \$1,300 per pupil on the basis of the average number
19 belonging over nine.

20 (3) For schools with an ANB of at least 14 pupils but
21 less than 18 pupils that qualify for instructional aide
22 funding under 20-9-322, the maximum shall be \$33,042 is
23 \$50,984 plus \$842.50 \$1,300 per pupil on the basis of the
24 average number belonging over 14.

25 (4) For schools with an ANB of 18 pupils and employing

one teacher, the maximum ~~shall-be-\$27,741~~ is \$42,803 plus ~~\$842.50~~ \$1,300 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum ~~shall-be--\$44,298~~ is \$68,339 plus ~~\$527.60~~ \$814.07 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the district ~~for-elementary-pupils-will-be,~~ is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$1,957~~ shall-be \$3,020 is decreased at the rate of ~~\$1.90~~ \$2.93 for each additional pupil until the total number (ANB) ~~shall~~ have-reached reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,843~~ shall-be \$2,844 is decreased at the rate of ~~\$1.74~~ \$2.68 for each additional pupil until the ANB ~~shall-have-reached reaches~~ 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall-not-exceed-\$1,496~~ is \$2,308 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall~~ must be computed on the basis

of the amount allowed herein in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall~~ must be treated as one school for the purpose of this schedule."

SECTION 37. SECTION 20-9-319, MCA, IS AMENDED TO READ:

"20-9-319. High school maximum---budget foundation program schedule for 1987-88 school fiscal year 1991 and succeeding years. For ~~1987-88~~ the school fiscal year ending June 30, 1991, and succeeding school years, the high school maximum-budget foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall-be-\$14,845~~ is \$177,204.

(2) For a secondary school having an ANB of more than 24 pupils, the maximum ~~\$4,785--shall--be~~ of \$7,383 is decreased at the rate of ~~\$26.10~~ \$40.27 for each additional pupil until the ANB ~~shall-have-reached reaches~~ a total of 40 such pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$4,368~~ shall-be \$6,739 is decreased at the rate of ~~\$26.10~~ \$40.27 for each additional pupil until the ANB ~~shall-have-reached reaches~~ 100 pupils.

(4) For a school having an ANB of more than 100 pupils, ~~a~~ the maximum of ~~\$2,802~~ shall-be \$4,323 is decreased at the rate of ~~\$4.37~~ \$6.74 for each additional pupil until

the ANB ~~shall have reached~~ reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of ~~\$2,365~~ ~~shall be~~ \$3,649 is decreased by ~~\$2.40~~ \$3.71 for each additional pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of ~~\$2,125~~ ~~shall be~~ \$3,279 is decreased at the rate of ~~44~~ 68 cents for each additional pupil until the ANB ~~shall have reached~~ reaches 600 pupils.

(7) For a school having an ANB ~~over of more than~~ 600 pupils, the maximum ~~shall may~~ not exceed ~~\$1,993~~ \$3,076 per pupil.

(8) The maximum per pupil for all pupils (ANB) and for all high schools ~~shall must~~ be computed on the basis of the amount allowed herein in this section on account of the last eligible pupil (ANB). All high schools and junior high schools which have been approved and accredited as junior high schools, operated within the incorporated limits of a city or town, ~~shall must~~ be treated as one school for the purpose of this schedule."

Section 38. Section 20-9-320, MCA, is amended to read:

"20-9-320. Maximum--general--fund--budget Foundation program amount for junior high school. (1) The general--fund budget foundation program amount OF DISTRIBUTION for an approved and accredited junior high school ~~shall must~~ be

prorated between the elementary district general--fund--budget foundation program amount and the high school district general--fund--budget foundation program amount in the following manner:

(a) determine the per-ANB schedule amount for the school, as defined by ~~20-9-317~~ and 20-9-317 AND 20-9-319, from the high school schedule;

(b) calculate the ANB for the regularly enrolled full-time pupils enrolled in the 7th and 8th grades of the junior high school;

(c) multiply the per-ANB schedule amount determined in subsection (1)(a) by the ANB calculated in subsection (1)(b) to determine the authorized general--fund--budget amount ~~which shall be~~ available for the elementary district general--fund budget foundation program; and

(d) subtract the amount determined in subsection (1)(c) from the total authorized general--fund--budget amount for the school to determine the authorized general--fund budget amount ~~which shall be~~ available for the high school district general--fund--budget foundation program.

(2) The general--fund--budget amount determined for each school of a district under the schedules provided in ~~20-9-316~~ through 20-9-318 ~~and~~ 20-9-316 THROUGH 20-9-319 ~~shall must~~ be totaled to determine the maximum--general--fund--budget--without--a--voted--levy foundation

1 program amount for such the district."

2 **Section 39.** Section 20-9-321, MCA, is amended to read:

3 "20-9-321. ~~Maximum---general---fund---budget~~ Foundation
4 program DISTRIBUTION and contingency funds for special
5 education. (1) For the purpose of establishing the
6 ~~maximum-budget-without-a-vote~~ foundation program amount
7 DISTRIBUTION for a current year special education program
8 for a school district, the superintendent of public
9 instruction ~~will~~ shall determine the total estimated cost of
10 the special education program for the school district on the
11 basis of a special education program budget submitted by the
12 district. The budget ~~will~~ must be prepared on forms provided
13 by the superintendent of public instruction and ~~will~~ must
14 set out for each program:

15 (a) the estimated allowable costs associated with
16 operating the program where allowable costs are as defined
17 in 20-7-431;

18 (b) the number of pupils expected to be enrolled in
19 the program; and

20 (c) any other data required by the superintendent of
21 public instruction for budget justification purposes and to
22 administer the provisions of 20-9-315 ~~and 20-9-318~~ through
23 20-9-321.

24 (2) The total amount of allowable costs approved by
25 the superintendent of public instruction ~~shall be~~ is the

1 special education ~~maximum-budget-without-a-vote~~ foundation
2 program amount for current year special education program
3 purposes. The total amount of allowable costs that are
4 approved for the special education budget ~~shall~~ may not,
5 under any condition, be less than the
6 ~~maximum-budget-without-a-vote~~ foundation program amount for
7 one regular ANB for each ~~special~~ full-time special pupil in
8 the school district.

9 (3) If a special education program is implemented or
10 expanded during a given school term too late to be included
11 in the determination of the district
12 ~~maximum-budget-without-a-vote~~ foundation program for the
13 school year as prescribed in this part, allowable costs
14 approved under the budgeting provisions of subsections (1)
15 and (2) for the operation of the program during the given
16 year must be funded from any legislative appropriation for
17 contingency financing for special education. Contingency
18 funds granted under this subsection must be deposited in a
19 separate account of the miscellaneous programs fund of the
20 district as provided in 20-9-507. However, if contingency
21 funds are not available, then subject to the approval of the
22 program by the superintendent under the emergency budget
23 provisions of 20-9-161(5), allowable costs for the given
24 year may be added to the ~~maximum-budget-without-a-vote~~
25 foundation program amount for special education for the

subsequent school year. Such The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(4) The sum of the previous year special education expenses as defined in subsection (3) above and the maximum-budget-without-a-vote foundation program amount for current year special education as defined in subsections (1) and (2) ~~shall--be~~ is the special education budget for accounting purposes.

(5) The maximum-budget-without-a-vote foundation program amount for special education ~~will~~ must be added to the maximum-budget-without-a-vote foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total maximum-budget-without-a-vote foundation program amount for the district."

Section 40. Section 20-9-322, MCA, is amended to read:

"20-9-322. Elementary instructional aide funding qualification. (1) Any elementary school that anticipates an ANB of at least 14 but less than 18 pupils for the ensuing school fiscal year may determine the maximum-general-fund budget foundation program amount under the provisions of ~~20-9-316(3)--or~~ 20-9-316(3) OR 20-9-318(3) if eligibility is approved in accordance with the following provisions:

(a) No later than May 10 of each year, the school district shall submit its application for approval for

instructional aide funding to the superintendent of public instruction. The application ~~shall~~ must include:

(i) the previous year's ANB;

(ii) an estimate of the current school fiscal year's ANB, as calculated under the provisions of 20-9-314(1), and the number of grade levels being taught on May 1 of the current year;

(iii) an estimate of the ANB and the number of grade levels anticipated for the ensuing school fiscal year;

(iv) the factual information on which such estimates are based; and

(v) any other information or data that may be required by the superintendent of public instruction.

(b) The superintendent of public instruction shall immediately review all of the factors of the application and shall approve the application if the anticipated ANB is at least 14 but less than 18 pupils and a minimum of five grade levels are being taught as of May 1 of the current year or documentation is provided which indicates that the anticipated ANB will require a minimum of five grade levels to be taught in the ensuing school year.

(2) Whenever a school district applies for and is approved for instructional aide funding under the provisions of subsection (1), the district ~~must~~ shall hire an instructional aide.

(3) For the purposes of this section, the term "instructional aide" means:

(a) a person who is under the direct supervision of a teacher; or

(b) a certified teacher."

SECTION 41. SECTION 20-9-331, MCA, IS AMENDED TO READ:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) ~~it--shall--be--the--duty--of--the~~ The county commissioners of each county ~~to shall~~ levy an annual basic tax of 28 mills on the dollars of the taxable value of all taxable property within the county, except for vehicles property subject to taxation a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 61-3-204, for the purposes of local and state foundation program support. The revenue ~~to--be~~ collected from this levy ~~shall must~~ be apportioned to the support of the foundation programs of the elementary school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues revenue identified in subsection (2) below ~~shall must~~ be subtracted from the sum of the county elementary transportation obligation and the total of the

foundation programs of all elementary districts of the county.

(b) If the basic levy prescribed by this section produces more revenue than is required to finance the difference determined above, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state special revenue fund, state equalization aid account, immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The proceeds revenue realized from the county's portion of the levy prescribed by this section and the revenues revenue from the following sources ~~shall must~~ be used for the equalization of the elementary district foundation programs of the county as prescribed in 20-9-334, and a separate accounting shall be kept of ~~such-proceeds-and revenues~~ the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the

1 provisions of 17-3-232;

2 (c) all money paid into the county treasury as a
3 result of fines for violations of law, except money paid to
4 a justice's court, and the use of which is not otherwise
5 specified by law;

6 (d) any money remaining at the end of the immediately
7 preceding school fiscal year in the county treasurer's
8 account accounts for the various sources of revenue
9 established or referred to in this section;

10 (e) any federal or state money distributed to the
11 county as payment in lieu of the property taxation
12 ~~established by the county levy required by this section,~~
13 including federal forest reserve funds allocated under
14 17-3-213;

15 (f) net proceeds taxes for interim production and new
16 production, as defined in 15-23-601; and

17 (g) anticipated revenue from ~~vehicle~~ property taxes
18 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
19 61-3-521, and 61-3-537, and 67-3-204."

20 **SECTION 42. SECTION 20-9-333, MCA, IS AMENDED TO READ:**

21 "20-9-333. Basic special levy and other revenues for
22 county equalization of high school district foundation
23 program. (1) ~~it shall be the duty of the~~ The county
24 ~~commissioners of each county to shall~~ levy an annual basic
25 special tax for high schools of 17 mills on the dollar of

1 the taxable value of all taxable property within the county,
2 except for ~~vehicles subject to taxation under 61-3-504(2)~~
3 property subject to a tax or fee under 23-2-517, 23-2-803,
4 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
5 purposes of local and state foundation program support. The
6 revenue ~~to be~~ collected from this levy ~~shall~~ must be
7 apportioned to the support of the foundation programs of
8 high school districts in the county and to the state special
9 revenue fund, state equalization aid account, in the
10 following manner:

11 (a) In order to determine the amount of revenue raised
12 by this levy which is retained by the county, the estimated
13 ~~revenues revenue~~ identified in subsections ~~(2)(a) and (2)(b)~~
14 ~~below shall be~~ subsection (2) is subtracted from the sum of
15 the county's high school tuition obligation and the total of
16 the foundation programs of all high school districts of the
17 county.

18 (b) If the basic levy prescribed by this section
19 produces more revenue than is required to finance the
20 difference determined ~~above~~ in subsection (1)(a), the county
21 treasurer shall remit the surplus to the state treasurer for
22 deposit to the state special revenue fund, state
23 equalization aid account, immediately upon occurrence of a
24 surplus balance and each subsequent month thereafter, with
25 any final remittance due no later than June 20 of the fiscal

1 year for which the levy has been set.

2 (2) The proceeds revenue realized from the county's
3 portion of the levy prescribed in this section and the
4 revenues revenue from the following sources ~~shall~~ must be
5 used for the equalization of the high school district
6 foundation programs of the county as prescribed in 20-9-334,
7 and a separate accounting ~~shall~~ must be kept of these
8 proceeds the revenue by the county treasurer in accordance
9 with 20-9-212(1):

10 (a) any money remaining at the end of the immediately
11 preceding school fiscal year in the county treasurer's
12 accounts for the various sources of revenue established in
13 this section;

14 (b) any federal or state ~~moneys~~ money distributed to
15 the county as a payment in lieu of the property taxation
16 established by the county levy required by this section,
17 including the federal forest reserve funds allocated under
18 the provisions of 17-3-213;

19 (c) net proceeds taxes for interim production and new
20 production, as defined in 15-23-601; and

21 (d) anticipated revenue from vehicle property taxes
22 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
23 61-3-521, and 61-3-537, and 67-3-204."

24 **Section 43.** Section 20-9-333, MCA, is amended to read:

25 "20-9-333. Basic special levy and other revenues for

1 county equalization of high school district foundation
2 program. (1) ~~it shall be the duty of the~~ The county
3 commissioners of each county to shall levy an annual basic
4 special tax for high schools of 17 mills on the dollar of
5 the taxable value of all taxable property within the county,
6 except for ~~vehicles--subject-to-taxation-under-61-3-504(2)~~
7 property subject to a TAX OR fee in--lieu--of--tax UNDER
8 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, AND
9 67-3-204, for the purposes of local and state foundation
10 program support. The revenue ~~to be~~ collected from this levy
11 ~~shall~~ must be apportioned to the support of the foundation
12 programs of high school districts in the county and to the
13 state special revenue fund, state equalization aid account,
14 in the following manner:

15 (a) In order to determine the amount of revenue raised
16 by this levy which is retained by the county, the estimated
17 revenues revenue identified in ~~subsections (2)(a) and (2)(b)~~
18 ~~below--shall be~~ subsection (2) is subtracted from the ~~sum of~~
19 ~~the county's high school tuition obligation and the~~ total of
20 the foundation programs of all high school districts of the
21 county.

22 (b) If the basic levy prescribed by this section
23 produces more revenue than is required to finance the
24 difference determined above in subsection (1)(a), the county
25 treasurer shall remit the surplus to the state treasurer for

1 deposit to the state special revenue fund, state
2 equalization aid account, immediately upon occurrence of a
3 surplus balance and each subsequent month thereafter, with
4 any final remittance due no later than June 20 of the fiscal
5 year for which the levy has been set.

6 (2) The proceeds realized from the county's portion of
7 the levy prescribed in this section and the revenues revenue
8 from the following sources ~~shall~~ must be used for the
9 equalization of the high school district foundation programs
10 of the county as prescribed in 20-9-334, and a separate
11 accounting ~~shall~~ must be kept of these proceeds and revenue
12 by the county treasurer in accordance with 20-9-212(1):

13 (a) any money remaining at the end of the immediately
14 preceding school fiscal year in the county treasurer's
15 accounts for the various sources of revenue established in
16 this section;

17 (b) any federal or state moneys money distributed to
18 the county as a payment in lieu of the property taxation
19 established by the county levy required by this section,
20 including federal forest reserve funds allocated under the
21 provisions of 17-3-213;

22 (c) net proceeds taxes for interim production and new
23 production, as defined in 15-23-601; and

24 (d) anticipated revenue from ~~vehicle-property-taxes~~
25 PROPERTY TAXES AND fees imposed under 23-2-518 23-2-517,

1 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-205
2 67-3-204."

3 **Section 44.** Section 20-9-343, MCA, is amended to read:

4 "20-9-343. Definition of and revenue for state
5 equalization aid. (1) As used in this title, the term "state
6 equalization aid" means ~~those-moneys~~ the money deposited in
7 the state special revenue fund as required in this section
8 plus any legislative appropriation of money from other
9 sources for distribution to the public schools for the
10 purpose of equalization of the foundation program.

11 (2) The legislative appropriation for state
12 equalization aid ~~shall~~ must be made in a single sum for the
13 biennium. The superintendent of public instruction ~~has~~
14 ~~authority-to~~ may spend ~~such~~ the appropriation, together with
15 the earmarked revenues provided in subsection (3), as
16 required for foundation program purposes throughout the
17 biennium.

18 (3) The following ~~shall~~ must be paid into the state
19 special revenue fund for state equalization aid to public
20 schools of the state:

21 (a) ~~31.8%-of-all~~ money received from the collection of
22 income taxes under chapter 30 of Title 15, as provided by
23 15-1-501;

24 (b) ~~25%-of-all-money,~~ except as provided in 15-31-702,
25 money received from the collection of corporation license

1 and income taxes under chapter 31 of Title 15, as provided
2 by 15-1-501;

3 (c) ~~100% of the~~ money allocated to state equalization
4 from the collection of the severance tax on coal;

5 (d) ~~100% of the~~ money received from the treasurer of
6 the United States as the state's shares of oil, gas, and
7 other mineral royalties under the federal Mineral Lands
8 Leasing Act, as amended;

9 (e) interest and income money described in 20-9-341
10 and 20-9-342;

11 (f) income from the education trust fund account; and
12 (g) income from the lottery, as provided for in
13 23-5-1027; and

14 ~~that~~ (h) in addition to these revenues, the surplus
15 revenues collected by the counties for foundation program
16 support according to 20-9-331 and 20-9-333.

17 (4) Any surplus revenue in the state equalization aid
18 account in the second year of a biennium may be used to
19 reduce the appropriation required for the next succeeding
20 biennium."

21 **Section 45.** Section 20-9-344, MCA, is amended to read:

22 "20-9-344. Purpose of state equalization aid and
23 duties of the board of public education for distribution --
24 conditions of first payment. (1) The money available for
25 state equalization aid ~~shall~~ must be distributed and

1 apportioned to provide an annual minimum operating revenue
2 for the elementary and high schools in each county,
3 exclusive of revenues required for debt service and for the
4 payment of any ~~and all~~ costs and expense incurred in
5 connection with any adult education program, recreation
6 program, school food services program, new buildings, ~~new~~
7 and grounds, and transportation.

8 (2) The board of public education shall administer and
9 distribute the state equalization aid in the manner and with
10 the powers and duties provided by law. To this end, the
11 board of public education shall:

12 (a) adopt policies for regulating the distribution of
13 state equalization aid in accordance with the provisions of
14 law and in a manner that ~~would most effectively meet the~~
15 ~~financial needs of districts~~ provides for monthly
16 distribution of money in the state equalization aid account
17 until each district receives its annual equalization aid
18 entitlement;

19 (b) have the power to require ~~such~~ reports from the
20 county superintendents, budget boards, county treasurers,
21 and trustees as it ~~may deem~~ considers necessary; and

22 (c) order the superintendent of public instruction to
23 distribute the state equalization aid on the basis of each
24 district's annual entitlement to ~~such~~ the aid as established
25 by the superintendent of public instruction. In ordering the

1 distribution of state equalization aid, the board of public
2 education ~~shall~~ may not increase or decrease the state
3 equalization aid distribution to any district on account of
4 any difference which may occur during the school fiscal year
5 between budgeted and actual receipts from any other source
6 of school revenue.

7 (3) Should a district receive more state equalization
8 aid than it is entitled to, the county treasurer ~~must~~ shall
9 return the overpayment to the state upon the request of the
10 superintendent of public instruction in the manner
11 prescribed by the department of commerce.

12 (4) The first payment of state equalization aid must
13 be:

14 (a) based on an estimate of 20% of each district's
15 entitlement; and

16 (b) distributed by July 15 of the school fiscal year."

17 **Section 37.** ~~Section 20-9-353, MCA, is amended to read:~~

18 "20-9-353. ~~Additional levy for general fund~~
19 ~~election for authorization to impose.~~ (1) ~~The~~ Except as
20 limited by subsection (5), the trustees of any district ~~may~~
21 ~~propose to adopt a general fund budget in excess of the~~
22 ~~general fund budget amount~~ foundation program for ~~such~~ the
23 ~~district as established by the schedules in 20-9-316~~
24 ~~20-9-318 through 20-9-321 for any of the following purposes:~~

25 (a) ~~building, altering, repairing, or enlarging any~~

1 ~~schoolhouse of the district;~~

2 (b) ~~furnishing additional school facilities for the~~
3 ~~district;~~

4 (c) ~~acquisition of land for the district;~~

5 (d) ~~proper maintenance and operation of the school~~
6 ~~programs of the district;~~

7 (2) ~~When the trustees of any district determine that~~
8 ~~an additional amount of financing is required for the~~
9 ~~general fund budget that is in excess of the statutory~~
10 ~~schedule amount, the trustees shall submit the proposition~~
11 ~~of an additional levy to raise such the excess amount of~~
12 ~~general fund financing to the electors who are qualified~~
13 ~~under 20-20-301 to vote upon such the proposition, except~~
14 ~~that no an election shall be is not required to permit the~~
15 ~~school trustees to use any funds available to finance the~~
16 ~~additional amount other than those funds to be raised by the~~
17 ~~additional levy. Such The special election shall must be~~
18 ~~called and conducted in the manner prescribed by this title~~
19 ~~for school elections. The ballot for such the election shall~~
20 ~~must state only the amount of money to be raised by~~
21 ~~additional property taxation, the approximate number of~~
22 ~~mills required to raise such the money, and the purpose for~~
23 ~~which such the money will be expended, and it shall The~~
24 ~~ballot must be in the following format:~~

25 PROPOSITION

Shall a levy be made in addition to the levies authorized by law in such the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

--FOR the levy.

--AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of those the electors voting at such the election, the proposition shall carry carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by such a the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy such the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, as are required to raise the amount of such the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section shall be is effective for only 1 school fiscal year and shall must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective.

(5) For school fiscal year 1995 and each succeeding year, the trustees of a district may not adopt a general fund budget that exceeds 117% of the amount set forth in the schedules in 20-9-318 through 20-9-321."

Section 46. Section 20-9-505, MCA, is amended to read:

"20-9-505. Purpose and establishment of nonoperating fund. (1) The trustees of any district that will not operate any school during the ensuing school fiscal year shall establish a nonoperating fund on the first day of such the school fiscal year. In establishing the nonoperating fund, the trustees shall cause the transfer of the end-of-the-year cash balance of each fund maintained by the district during the immediately preceding school fiscal year to the nonoperating fund. However, cash balances of the debt service fund and the miscellaneous federal programs fund, if any, shall must be maintained in their individual funds.

(2) The trustees of a district establishing a nonoperating fund for the first year of nonoperation may earmark a portion of the nonoperating fund cash balance as a nonoperating fund cash reserve when they anticipate the reopening of a school in the following school fiscal year. Such The cash reserve shall may not be more than the general fund cash reserve designated for the immediately preceding school fiscal year. If a school is not operated in the following school fiscal year, the authority of the trustees

to earmark a nonoperating fund cash reserve ~~shall-terminate~~
~~terminates~~ and the ~~moneys~~ money earmarked as a cash reserve
~~shall must~~ be used to reduce the levy requirement of the
 nonoperating fund. If the trustees acquire approval to
 reopen a school in the following school fiscal year under
 the provisions of 20-6-502 or 20-6-503 and operate such the
 school, the nonoperating fund cash reserve ~~shall must~~ be
 restored as the general fund cash reserve.

(3) The purpose of the nonoperating fund ~~shall--be is~~
 to centralize the financing and budgeting for the limited
 functions of a district not operating a school. Such The
 functions ~~shall~~ include:

~~{a}--elementary-tuition-obligations-to-other-districts;~~
~~{b}{a}~~ transportation of the resident pupils;
~~{c}{b}~~ maintenance of district-owned property; and
~~{d}{c}~~ any other nonoperating school function of the
 district ~~deemed~~ considered necessary by the trustees or
 required by law.

(4) Any expenditure of nonoperating fund ~~moneys-shall~~
~~money must~~ be made in accordance with the financial
 administration provisions of this title for a budgeted
 fund."

Section 39. ~~Section 20-9-531, MCA, is amended to read:~~

~~"20-9-531. State retirement equalization account--~~
~~authorization--to--appropriate appropriation--There--is-a~~

~~state-retirement-equalization-account-in-the--state--special~~
~~revenue--fund.--Money-determined Retirement-equalization-aid~~
~~as-calculated in-20-9-532-must-be-deposited-in-the--account--~~
~~The--legislature--may--appropriate--the--money Money in-the~~
~~account is--statutorily--appropriated,--as--provided--in~~
~~17-7-502, to--the--superintendent--of-public-instruction-to~~
~~assist-the-counties-in--equalizing--a--portion 90% of--the~~
~~retirement-fund-obligations-as-provided-in-20-9-501."~~

Section 40. ~~Section 20-9-532, MCA, is amended to read:~~

~~"20-9-532. Calculation and distribution of retirement~~
~~equalization aid--(1)--The--superintendent--of--public~~
~~instruction--shall-administer-the-distribution-of-retirement~~
~~equalization-aid-by:~~

~~{a}--determining-the-estimated-revenue--available--from~~
~~the--net--lottery-revenue-as-provided-in-23-5-1027 statewide~~
~~mill-levy-imposed-under-{section-41};~~

~~{b}--establishing-a-list-containing--each--county--that~~
~~levied--in-the-prior-school-fiscal-year-in-excess-of-9-mills~~
~~to--fund--its--required--contribution--for--retirement--fund~~
~~obligations;~~

~~{c}{b}--establishing-the-estimated-dollar-amount-per~~
~~average-number-belonging-{ANB}-by-dividing for-each-district~~
~~by-multiplying the-amount-determined-in-subsection-{1}{a}-by~~
~~the-total-ANB-of-the-counties-listed-pursuant-to--subsection~~
~~{1}{b}--for--the-prior--school--fiscal--year ratio--of-the~~

1 ~~district's actual cost for retirement, as established under~~
 2 ~~20-9-501, during the preceding school fiscal year, to the~~
 3 ~~total retirement costs of all districts in the state during~~
 4 ~~the preceding school fiscal year;~~

5 ~~(d)(c) notifying the county superintendent of each~~
 6 ~~county listed in subsection (1)(b) by the fourth Monday in~~
 7 ~~July of the estimated retirement equalization aid available~~
 8 ~~to the county, calculated separately for elementary and high~~
 9 ~~school districts and prorated as specified in 20-9-501 for~~
 10 ~~any joint school district, so that each county~~
 11 ~~superintendent may use the amounts in the manner prescribed~~
 12 ~~in 20-9-501 to calculate the retirement fund levy~~
 13 ~~requirements for elementary and high school districts in the~~
 14 ~~county;~~

15 ~~(e)(d) distributing by October 1 the amount of~~
 16 ~~retirement equalization aid for each county listed pursuant~~
 17 ~~to subsection (1)(b); and~~

18 ~~(f)(e) keeping a record of the complete data~~
 19 ~~concerning revenue available for retirement equalization aid~~
 20 ~~and the distribution of such aid;~~

21 ~~(2) If the actual proceeds available for retirement~~
 22 ~~equalization are not sufficient to finance the estimated~~
 23 ~~dollar amount per ANB provided for in subsection (1)(c)~~
 24 ~~(1)(b), each county listed pursuant to subsection (1)(b)~~
 25 ~~must receive a prorated amount."~~

1 ~~NEW SECTION. Section 41. Retirement equalization aid~~
 2 ~~state mill levy. (1) The superintendent of public~~
 3 ~~instruction shall annually:~~

4 ~~(a) prescribe a levy on all taxable property within~~
 5 ~~the state, except property for which a fee in lieu of tax is~~
 6 ~~required, that must be sufficient to fund 90% of the amount~~
 7 ~~of the employers' contribution for members of the teachers'~~
 8 ~~retirement system for the preceding school fiscal year,~~
 9 ~~including all elementary districts, high school districts,~~
 10 ~~and any prorated joint districts or special education~~
 11 ~~cooperative agreement requirements; and~~

12 ~~(b) report the levy requirement to the board of county~~
 13 ~~commissioners of each county by the second Monday of August~~
 14 ~~as the respective county requirement for state retirement~~
 15 ~~equalization aid;~~

16 ~~(2) The county commissioners shall impose the levy in~~
 17 ~~the manner provided in 20-9-142. The proceeds of the levy~~
 18 ~~must be remitted to the state treasurer for deposit in the~~
 19 ~~state retirement equalization account in the state special~~
 20 ~~revenue fund;~~

21 **Section 47.** Section 20-10-105, MCA, is amended to
 22 read:

23 "20-10-105. Determination of residence. When the
 24 residence of an eligible transportee is a matter of
 25 controversy and is an issue before a board of trustees, a

county transportation committee, or the superintendent of public instruction, the residence ~~shall~~ must be established on the basis of the general state residence law as provided in 1-1-215. ~~Whenever any district or county is determined to be responsible for paying tuition for any pupil in accordance with 20-5-301, 20-5-302, or 20-5-311, the residence of the pupil for tuition purposes is the residence of the pupil for transportation purposes.~~"

Section 48. Section 23-5-1027, MCA, is amended to read:

"23-5-1027. **Disposition of revenue.** (1) (a) As near as possible to 45% of the money paid for tickets or chances must be paid out as prize money, except as provided in subsection (1)(b).

(b) In the case of a regional lottery game, a maximum of 50% of the money paid for tickets or chances may be paid out as prize money.

(2) Up to 15% of the gross revenue from the state lottery may be used by the director to pay the operating expenses of the state lottery. Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) Funds to pay the operating expenses of the lottery are statutorily appropriated as provided in 17-7-502.

(4) That part of all gross revenue not used for the

payment of prizes, commissions, and operating expenses is net revenue and must be paid quarterly from the enterprise fund established by 23-5-1026 to the superintendent of public instruction for distribution as state equalization aid to the retirement fund obligations of elementary and high school districts in the manner provided in 20-9-532 to the public schools of Montana."

NEW SECTION. Section 49. Repealer. (1) SECTIONS 20-9-352, 20-9-501, 20-9-531, AND 20-9-532, MCA, ARE REPEALED.

(2) Sections 20-5-303, 20-5-305 through 20-5-307, 20-5-312, AND 20-5-313, 20-9-105, 20-9-316, 20-9-317, and 20-9-352, MCA, are repealed.

NEW SECTION. Section 50. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. SECTION 51. INTERIM STUDY OF FUNDING FOR SCHOOL DISTRICT TRANSPORTATION, CAPITAL EXPENDITURES, AND COMPREHENSIVE INSURANCE. THE OFFICE OF BUDGET AND PROGRAM PLANNING SHALL:

(1) DURING SCHOOL FISCAL YEARS 1990 AND 1991, STUDY THE TRANSPORTATION, CAPITAL OUTLAY, AND COMPREHENSIVE INSURANCE NEEDS OF THE ELEMENTARY AND HIGH SCHOOL DISTRICTS AND METHODS OF DISTRIBUTING AID IN AN EQUALIZED MANNER;

1 (2) SEEK THE ADVICE AND RECOMMENDATIONS OF THE
 2 SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE BOARD OF PUBLIC
 3 EDUCATION DURING THE STUDY PROCESS;

4 (3) REPORT RECOMMENDATIONS RESULTING FROM ITS STUDY TO
 5 THE 52ND LEGISLATURE AND PREPARE LEGISLATION TO IMPLEMENT
 6 ITS RECOMMENDATIONS; AND

7 (4) DEVELOP INCENTIVE AND ACCOUNTABILITY PROGRAMS TO
 8 ENHANCE EQUALIZATION OF EDUCATIONAL OPPORTUNITY AS WELL AS
 9 THE QUALITY OF EDUCATION PROVIDED TO MONTANA PUBLIC SCHOOL
 10 PUPILS.

11 NEW SECTION. SECTION 52. DISTRICT RETIREMENT FUND
 12 BALANCE -- TRANSFER. A DISTRICT THAT HAS A BALANCE
 13 REMAINING ON [THE EFFECTIVE DATE OF THIS SECTION] IN THE
 14 DISTRICT RETIREMENT FUND FORMERLY ESTABLISHED UNDER 20-9-501
 15 SHALL TRANSFER THE BALANCE TO THE DISTRICT GENERAL FUND. THE
 16 AMOUNT ANTICIPATED TO BE TRANSFERRED UNDER THIS SECTION MUST
 17 BE INCLUDED IN THE TOTAL MONEY CALCULATED UNDER
 18 20-9-141(1)(B) THAT IS AVAILABLE FOR REDUCTION OF THE
 19 PROPERTY TAX LEVY IMPOSED IN 1990 FOR THE DISTRICT'S GENERAL
 20 FUND.

21 ~~NEW SECTION--Section 46--Effective date--[This act]~~
 22 ~~is effective July 1, 1989.~~

23 NEW SECTION. SECTION 53. EFFECTIVE DATES. (1)
 24 [SECTIONS 1, 2, 8, 18, 19, 24, 26, 28, 30 THROUGH 42, 44,
 25 48, 49(1), 50 THROUGH 52, AND THIS SECTION] ARE EFFECTIVE

1 JULY 1, 1989.

2 (2) [SECTIONS 3 THROUGH 7, 9 THROUGH 17, 20 THROUGH
 3 23, 25, 27, 29, 43, 45 THROUGH 47, AND 49(2)] ARE EFFECTIVE
 4 JULY 1, 1990.

-End-

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Jack Ramirez

April 5, 1989 3:37 pm
Page 1 of 1

Mr. Chairman: I move to amend SENATE BILL 203 (second house,
second reading copy -- green).

Signed: Ramirez
Representative Jack Ramirez

And, that such amendment to SENATE BILL 203 read as follows:

1. Page 113, line 14.
Following: "for"
Insert: "education"

COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 203
Representative Cobb

April 6, 1989 1:41 pm
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 203 (second house -
second reading copy -- green).

Signed: Cobb
Representative Cobb

And, that such amendments to Senate Bill 203 read as follows:

1. Page 78, line 20.
Insert: "(j) investment income earned by investing money in the
state equalization aid account in the state special revenue
fund.
(4) The superintendent of public instruction must
request the board of investments to invest the money in
the state equalization aid account to maximize
investment earnings to the account."
Renumber: subsequent subsection.

ADOPT

* REJECT

Be SB 203.113
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ADOPT

REJECT

HOUSE
SB 203

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Orval Ellison

April 6, 1989 2:17 pm
Page 1 of 1

Mr. Chairman: I move to amend SENATE BILL 203 (second house,
second reading copy -- green).

Signed: Orval S. Ellison
Representative Orval Ellison

And, that such amendments to SENATE BILL 203 read as follows:

1. Title.

Page 2, line 19.

Following: "YEARS;"

Insert: "TO INCREASE THE GENERAL BONUS PAYMENTS FOR ENLARGED
DISTRICTS;"

2. Page 31, line 19.

Strike: "\$300"

Insert: "\$450"

3. Page 31, line 23.

Strike: "\$500"

Insert: "\$750"

ADOPT

REJECT

Ⓟ

SB 203.031

771416CW.HBV

COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 203
Representative Schye

April 6, 1989
Page 2

April 6, 1989 5:13 pm
Page 1 of 10

Mr. Chairman: I move to amend Senate Bill 203 (Second House - second reading copy -- green).

Signed: 

Representative Schye

And, that such amendments to Senate Bill 203 read as follows:

1. Title, line 6.
Strike: "AND SCHOOL PERSONNEL RETIREMENT"
2. Title, line 8.
Strike: "THE DISTRICTS' RETIREMENT FUNDS"
Insert: "PROVIDE FULL REIMBURSEMENT, WITH STATE EQUALIZATION AID MONEY, OF EACH DISTRICT'S RETIREMENT FUND EXPENDITURES"
3. Title, page 2, line 25.
Strike: "19-4-605,"
4. Title, page 3, line 1.
Strike: "20-3-106,"
5. Title, page 3, line 8.
Following: "20-9-344,"
Insert: "20-9-346, 20-9-347, 20-9-351,"
6. Title, page 3, line 9.
Following: "20-9-501,"
Insert: "20-9-501,"
7. Title, page 3, line 13.
Strike: "20-9-501,"
8. Page 4, lines 8 through 10.
Strike: "1000" through "personnel;" on line 10
9. Page 4, line 12.
Strike: ","
Insert: ","
10. Page 4.
Following: line 14
Insert: "The legislature also determines to equalize funding for

ADOPT

REJECT

retirement by providing state equalization aid payments sufficient to finance 100% of the costs incurred by each public school district for retirement, social security, and unemployment insurance."

11. Page 11, line 6 through page 17, line 6.
Strike: sections 4 and 5 in their entirety
Renumber: subsequent sections
12. Page 23, line 19.
Following: "fund,"
Insert: "retirement fund,"
13. Page 26, line 9.
Strike: "and"
Insert: ","
14. Page 26, line 10.
Following: "fund"
Insert: "," and if the pupil is a resident of another county, the retirement fund"
15. Page 27, line 9.
Strike: "and"
Insert: ","
16. Page 27, line 10.
Following: "fund"
Insert: "," and if the pupil is a resident of another county, the retirement fund"
17. Page 46, line 23.
Following: "fund,"
Insert: "retirement fund,"
18. Page 61, lines 10 and 11.
Strike: "retirement fund,"
19. Page 62, line 2.
Strike: "\$28,725"
Insert: "\$25,299"
20. Page 62, line 5.
Strike: "\$28,725"
Insert: "\$25,299"
21. Page 62, line 6.
Strike: "\$1,201"
Insert: "\$1,057"

SB 203 SHY. 2
771713CW.HRT RT

HOUSE RT
SB 203

April 7, 1989
Page 3

22. Page 62, line 11.
Strike: "\$47,085"
Insert: "\$41,469"
Strike: "\$1,201"
Insert: "\$1,057"

23. Page 62, line 14.
Strike: "\$39,531"
Insert: "\$34,816"

24. Page 62, line 15.
Strike: "\$1,201"
Insert: "\$1,057"

25. Page 62, line 19.
Strike: "\$63,113"
Insert: "\$55,585"
Strike: "\$752"
Insert: "\$662"

26. Page 63, line 2.
Strike: "\$2,789"
Insert: "\$2,456"
Strike: "\$2,71"
Insert: "\$2,38"

27. Page 63, line 6.
Strike: "\$2,626"
Insert: "\$2,313"

28. Page 63, line 7.
Strike: "\$1.48"
Insert: "\$1.30"

29. Page 63, line 10.
Strike: "\$2,324"
Insert: "\$2,047"

30. Page 64, line 1.
Strike: "\$175,139"
Insert: "\$155,741"

31. Page 64, line 3.
Strike: "\$7,297"
Insert: "\$6,489"

32. Page 64, line 4.
Strike: "\$39.80"

April 6, 1989
Page 4

Insert: "\$35.39"

33. Page 64, line 8.
Strike: "\$6,661"
Insert: "\$5,923"

34. Page 64, line 9.
Strike: "\$39.80"
Insert: "\$35.39"

35. Page 64, line 12.
Strike: "\$4,273"
Insert: "\$3,800"

36. Page 64, line 13.
Strike: "\$6.66"
Insert: "\$5.93"

37. Page 64, line 16.
Strike: "\$3,607"
Insert: "\$3,207"

38. Page 64, line 17.
Strike: "\$3.66"
Insert: "\$3.25"

39. Page 64, line 20.
Strike: "\$3,241"
Insert: "\$2,882"

40. Page 64, line 21.
Strike: "67"
Insert: "60"

41. Page 64, line 24.
Strike: "\$3,039"
Insert: "\$2,703"

42. Page 77, line 12.
Strike: "purpose"
Insert: "purposes"
Following: the first "of"
Insert: "reimbursement of the retirement fund expenditures of the public school districts and"

43. Page 77, line 18.
Following: "for"
Insert: "retirement reimbursement and"

April 6, 1989
Page 5

44. Page 78, line 15.
Strike: "49"
Insert: "51"

45. Page 79, line 20.
Strike: "equalization aid"
Insert: "retirement reimbursement and foundation program"

46. Page 81, line 2.
Strike: "state equalization aid"
Insert: "each district's foundation program entitlement"

47. Page 81.
Following: line 8
Insert: "Section 37. Section 20-9-346, MCA, is amended to read:
"20-9-346. Duties of the superintendent of public instruction for state equalization aid distribution. The superintendent of public instruction shall administer the distribution of the state equalization aid by:

(1) establishing each district's annual entitlement to state equalization aid in support of its retirement fund and foundation program, based on the data reported in the budget retirement and general fund budgets for each district that has been duly adopted for the current school fiscal year and verified by the superintendent of public instruction and by applying such verified data under the provisions of the state equalization aid allocation procedure prescribed in 20-9-347;

(2) recommending to the board of public education the annual entitlement of all districts to state equalization aid to enable the board of public education to order the distribution of state equalization aid;

(3) distributing by state warrant the state equalization aid, for each district entitled to such aid, to the county treasurer of the county where the district is located, in accordance with the distribution ordered by the board of public education;

(4) keeping a record in his office of the full and complete data concerning money available for state equalization aid and the entitlements for state equalization aid of the several districts of the state;

(5) reporting to the board of public education the estimated amount which will be available for state equalization aid; and

(6) reporting to both branches houses of the state legislature in any year when a session is convened:

(a) the figures and data available in his office concerning distributions of state equalization aid during the preceding 2 school fiscal years;

(b) the amount of state equalization aid then available;

April 6, 1989
Page 6

(c) the apportionment made of such available money money but not yet distributed; and

(d) the latest estimate of accruals of money money available for state equalization aid."

Section 38. Section 20-9-347, MCA, is amended to read:

"20-9-347. Formula for state equalization aid apportionment in support of foundation program. (1) The superintendent of public instruction shall apportion the state equalization aid available for support of the foundation program, individually for the elementary districts of a county or the high school districts of a county, in accordance with 20-9-346 and on the basis of the following procedure:

(a) Determine the percentage that the total funds available to all counties in the state in support of the foundation program (including the state money money available for state equalization aid) is of the total amount of the foundation programs of all counties.

(b) Determine the percentage that the total funds available in each county in support of the foundation programs in each the county (excluding state money money available for state equalization aid) is of the total amount of the foundation programs of all districts of each the county.

(c) Counties in which the percentage determined in subsection (1)(b) exceeds the percentage determined in subsection (1)(a) shall not be are not entitled to an apportionment of the state equalization aid.

(d) After elimination of the counties referred to in subsection (1)(c), determine the percentage that the total money money available to all remaining counties in support of the foundation program (including the state money money available for state equalization aid) is of the total amount of the foundation programs of all each remaining counties.

(e) Each district of each remaining county shall be is entitled to an apportionment of the state equalization aid which shall be equal to the difference between the percentage determined in subsection (1)(d) and the percentage determined for each the county in subsection (1)(b) multiplied by the foundation program amount for each the district.

(2) The superintendent of public instruction shall apportion state equalization aid to each district in the full amount of the district's retirement fund expenditures.

(3) The superintendent of public instruction shall supply the county treasurer and the county superintendent with a report of the apportionments of state equalization aid to the several districts each district of the county, and the state equalization aid shall must be apportioned to each the districts in accordance with each the report."

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771713CW,HRT

RT

April 6, 1989
Page 7

Section 39. Section 20-9-351, MCA, is amended to read:
"20-9-351. Funding of deficiency in state equalization aid.

If the foundation program level made under the provisions of 20-9-348 is less than 100%, it shall be the duty of money available for state equalization aid is not sufficient to provide the foundation program schedule support determined in 20-9-348 and the retirement reimbursement required under 20-9-347, the superintendent of public instruction to shall request the budget director to submit a request for a supplemental appropriation in the second year of the biennium that would be is sufficient to complete the funding of retirement and the foundation programs of the elementary or secondary schools, or both, for the current biennium."

Renumber: subsequent sections

48. Page 83.
Following: line 17

Insert: "Section 41. Section 20-9-501, MCA, is amended to read:
"20-9-501. Retirement fund. (1) The trustees of any district employing personnel, except special education personnel, who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such systems. The district's contribution for each employee who is a member of the teachers' retirement system shall be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system shall be calculated in accordance with 19-3-801. The district may levy a special tax to pay its contribution to the public employees' retirement system under the conditions prescribed in 19-3-204. The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance shall be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any district required to make a contribution to any such system shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution and such additional moneys, within legal limitations, as they may wish to provide for the retirement fund cash reserve. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to such systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted,

April 6, 1989
Page 8

the county superintendent shall establish the levy requirement by:

(a) determining the sum of the moneys available to reduce the retirement fund levy requirement by adding:

(i) any anticipated moneys that may be realized in the retirement fund during the ensuing school fiscal year, including anticipated revenue from vehicle property taxes imposed under 61-2-504(2) and 61-3-537;

(ii) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(iii) any cash available for reappropriation as determined by subtracting the amount of the end of the year cash balance earmarked as the retirement fund cash reserve for the ensuing school fiscal year by the trustees from the end of the year cash balance in the retirement fund. The retirement fund cash reserve shall not be more than 25% of the final retirement fund budget for the ensuing school fiscal year and shall be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(b) subtracting the total of the moneys available for reduction of the levy requirement as determined in subsection (3)(a) from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prearranged joint district or special education cooperative agreement levy requirements;

(b) reduce the total retirement fund levy requirements of elementary school districts and high school districts by the amount available in state retirement equalization aid as calculated and distributed under the provisions of 20-9-532; and

(c) report each such levy requirement to the county commissioners on the second Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set each county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district shall be prorated to each county in which a part of such district is located in the same proportion as the district AND of the joint district is distributed by pupil residence in each such county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements

April 6, 1989
Page 9

~~shall be prorated to each county in which such district is located in the same proportion as the budget for the special education cooperative agreement of the district bears to the total budget of the cooperative. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and fin and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152. (Subsection (4) (b) effective July 1, 1988 sec. 8, Ch. 635, L. 1987.)~~

Renumber: subsequent sections

49. Page 104, lines 17 and 18.
Strike: "formerly established under 20-9-501"

50. Page 106, line 5.
Strike: "49"
Insert: "51"

51. Page 107, line 3.
Strike: "52"
Insert: "54"

52. Page 108, line 8.
Strike: "53"
Insert: "55"
Strike: "59"
Insert: "61"

53. Page 108, line 10.
Strike: "54"
Insert: "56"

54. Page 109, line 5.
Strike: "59"
Insert: "61"

55. Page 111, line 22.
Strike: "53"
Insert: "55"

56. Page 111, line 23.
Strike: "58"
Insert: "60"

57. Page 111, line 25.
Strike: "20-9-501,"

58. Page 112, line 10.

April 7, 1989
Page 10

Following: "the"
Insert: "retirement funds of the public school districts and"

59. Page 113, line 5.
Strike: "54"
Insert: "56"

60. Page 113, line 11.
Strike: "52"
Insert: "54"

61. Page 113, line 22.
Strike: "49"
Insert: "51"

62. Page 113, line 24.
Strike: "49"
Insert: "51"

63. Page 114, line 1.
Strike: "50, 60, 62, 63, and 65"
Insert: "52, 62, 64, 65, and 67"

64. Page 114, line 3.
Strike: "52, 53, and 61"
Insert: "54, 55, and 63"

65. Page 114, line 5.
Strike: "53"
Insert: "55"
Strike: "59"
Insert: "61"

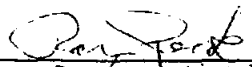
66. Page 114, line 10.
Strike: "49"
Insert: "51"

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Ray Peck

April 7, 1989
Page 2 of 4

April 7, 1989 11:26 am
Page 1 of 4

Mr. Chairman: I move to amend SENATE BILL 203 (second house, second reading copy -- green).

Signed: 
Representative Ray Peck

And, that such amendments to SENATE BILL 203 read as follows:

1. Title, page 3, line 13.
Strike: "AND"

2. Title, page 3, line 14.
Following: "20-10-146,"
Insert: "AND 90-6-309,"

3. Page 44, line 3.
Strike: "under Public Law 81-874"

4. Page 44, line 4.
Following: "year"
Insert: "":
(a) under Public Law 81-874; or
(b) from the settlement of protested taxes owed for taxable years before or after [the effective date of this section], if payment of the taxes was first protested prior to [the effective date of this section] and was continuously protested each year thereafter until settlement"

5. Page 61.
Following: line 16
Insert: "(c) when a payment received during the preceding year in settlement of protested taxes owed for taxable years before or after [the effective date of this section] is the source of funding for the excess amount, but only if payment of the taxes was first protested prior to [the effective date of the section] and was continuously protested each year thereafter until settlement;"
Renumber: subsequent subsection

6. Page 105, lines 3 through 7.
Strike: "The" through "districts." on line 7
Insert: "NEW SECTION. Section 50. State and county equalization revenue -- statutory appropriation. Revenue received in

support of state and county equalization under the provisions of 20-9-331, 20-9-333, and 20-9-343 is statutorily appropriated, as provided in 17-7-502, to the superintendent of public instruction to be used for county equalization and state equalization aid for the public schools as provided by law, and must be accounted for in accordance with generally accepted accounting principles."
Renumber: subsequent sections

7. Page 106, line 5.
Strike: "49"
Insert: "50"

8. Page 107.
Following: line 1
Insert: "Section 52. Section 90-6-309, MCA, is amended to read: "90-6-309. Tax prepayment -- large-scale mineral development. (1) After permission to commence operation is granted by the appropriate governmental agency, and upon request of the governing body of a county in which a facility is to be located, a person intending to construct or locate a large-scale mineral development in this state shall prepay property taxes as specified in the impact plan. This prepayment shall exclude the 6-mill university levy established under 20-25-423 and may exclude the mandatory county ~~levy~~ levies for the school foundation program ~~of 45 mills~~ established in 20-9-331 and 20-9-333.

(2) The person who is to prepay under this section ~~shall~~ is not be obligated to prepay the entire amount established in subsection (1) at one time. Upon request of the governing body of an affected local government unit, the person shall prepay the amount shown to be needed from time to time as determined by the board.

(3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an appropriate financial institution, as may be required by the board, that property tax prepayments will be paid as needed for expenditures created by the impacts of the large-scale mineral development.

(4) When the mineral development facilities are completed and assessed by the department of revenue, they ~~shall be~~ are subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that in each year after the start of production, the local government unit that received a property tax prepayment shall provide for repayment of prepaid property taxes in accordance with subsection (5).

(5) A local government unit that received all or a portion of the property tax prepayment under this section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year may not, however, exceed the tax obligation

ADOPT

REJECT

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April 7, 1989
Page 3 of 4

April 7, 1989
Page 4 of 4

of the developer for that year, and the time period for tax crediting is limited to the productive life of the mining operation. "

Renumber: subsequent sections

9. Page 107, line 3.

Strike: "52"

Insert: "54"

10. Page 108, line 8.

Strike: "53"

Insert: "55"

Strike: "59"

Insert: "61"

11. Page 108, line 10.

Strike: "54"

Insert: "56"

12. Page 109, line 5.

Strike: "59"

Insert: "61"

13. Page 111, line 2.

Strike: "874"

Insert: "81-874"

14. Page 111, line 22.

Strike: "53"

Insert: "55"

15. Page 111, line 23.

Strike: "58"

Insert: "60"

16. Page 112, lines 2 through 5.

Strike: subsection (1) in its entirety

Renumber: subsequent subsections

17. Page 112, line 9.

Strike: "subsection (1)"

Insert: "[section 50]"

18. Page 113, line 5.

Strike: "54"

Insert: "56"

19. Page 113, line 11.

Strike: "52"

Insert: "54"

20. Page 113, line 22.

Strike: "[Section 49] is"

Insert: "[Sections 49 and 50] are"

21. Page 113, line 24.

Strike: "[section 49]"

Insert: "[sections 49 and 50]"

22. Page 114, line 1.

Following: "through"

Strike: "50, 60, 62, 63, and 65"

Insert: "25, 27 through 36, 37(1), (3), and (4), 38 through 52, 62, 64, 65, and 67"

23. Page 114, line 3.

Strike: "51, 52, and 61"

Insert: "26, 53, 54, and 63"

24. Page 114, line 5.

Strike: "Sections 53 through 59"

Insert: "Sections 37(2), 55 through 61,"

25. Page 114, line 9.

Strike: "20-9-201(2) and 20-10-143(2)"

Insert: "[sections 19 and 44]"

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Kasten

April 7, 1989 12:28 pm
Page 1 of 1

Mr. Chairman: I move to amend SENATE BILL 203 (second house,
second copy -- green).

Signed: 
Representative Kasten

And, that such amendments to SENATE BILL 203 read as follows:

1. Page 107, line 25.

Strike: "and"


2. Page 108.

Following: line 2

Insert: "(vi) local exchange carriers providing
telecommunications service within the state; and"

ADOPT

REJECT

 20 SB203.107
781228CW.HBV

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Linda Nelson

April 7, 1989
Page 2 of 2

April 7, 1989 11:44 am
Page 1 of 2

Mr. Chairman: I move to amend SENATE BILL 203 (second house,
second reading copy -- green).

Signed: 
Representative Linda Nelson

And, that such amendments to SENATE BILL 203 read as follows:

1. Page 62, line 2.
Strike: "\$28,725"
Insert: "\$28,980"

2. Page 62, line 5.
Strike: "\$28,725"
Insert: "\$28,980"

3. Page 62, line 6.
Strike: "\$1,201"
Insert: "\$1,211.23"

4. Page 62, line 11.
Strike: "\$47,085"
Insert: "\$47,503"
Strike: "\$1,201"
Insert: "\$1,211.23"

5. Page 62, line 14.
Strike: "\$39,531"
Insert: "\$39,882"

6. Page 62, line 15.
Strike: "\$1,201"
Insert: "\$1,211.23"

7. Page 62, line 19.
Strike: "\$63,113"
Insert: "\$63,674"
Strike: "\$752"
Insert: "\$758.51"

8. Page 63, line 2.
Strike: "\$2,789"
Insert: "\$2,813.49"
Strike: "\$2.71"
Insert: "\$2.73"

9. Page 63, line 6.
Strike: "\$2,626"
Insert: "\$2,649.60"

10. Page 63, line 7.
Strike: "\$1.48"
Insert: "\$1.49"

11. Page 63, line 10.
Strike: "\$2,324"
Insert: "\$2,344.30"

12. Page 64, line 1.
Strike: "\$175,139"
Insert: "\$175,005"

13. Page 64, line 3.
Strike: "\$7,297"
Insert: "\$7,291.57"

14. Page 64, line 4.
Strike: "\$39.80"
Insert: "\$39.77"

15. Page 64, line 8.
Strike: "\$6,661"
Insert: "\$6,656.13"

16. Page 64, line 9.
Strike: "\$39.80"
Insert: "\$39.77"

17. Page 64, line 12.
Strike: "\$4,273"
Insert: "\$4,269.80"

18. Page 64, line 16.
Strike: "\$3,607"
Insert: "\$3,603.88"

19. Page 64, line 20.
Strike: "\$3,241"
Insert: "\$3,238.16"

20. Page 64, line 24.
Strike: "\$3,039"
Insert: "\$3,037.01"

(B) SB 203.NE2

781143CW.HRV

781143CW.HBV

Adopt

COMMITTEE OF THE WHOLE AMENDMENT
Senate Bill 203
Representative Grinde

April 7, 1989 4:41 pm
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 203 (second House - second reading copy -- green).

Signed: Larry A. Grinde
Representative Grinde

And, that such amendments to Senate Bill 203 read as follows:

1. Page 80, lines 12 through 14.

Following: "district" on line 12

Strike: ", in" through "education," on line 14

2. Page 80, line 16.

Following: "by"

Strike: "the superintendent of public instruction or"

3. Page 80, line 17.

Following: "education;"

Insert: "or"

4. Page 80, line 18.

Following: "status"

Strike: ";or"

Insert: "."

5. Page 80, lines 19 through 21.

Strike: subsection (c) in its entirety.

6. Page 80.

Following: line 21

Insert: "(4) Prior to any proposed order by the board of public education to withhold distribution of state equalization aid, the district shall be entitled to a contested case hearing before the board of public education as provided under the Montana Administrative Procedures Act."

ADOPT

REJECT

SB203.HG1
781640CW.HRT RT

COMMITTEE OF THE WHOLE AMENDMENT
SENATE BILL 203
Representative Dave Brown

April 7, 1989
Page 2 of 1

April 7, 1989 1:18 pm
Page 1 of 2

Mr. Chairman: I move to amend SENATE BILL 203 (second house, second reading copy -- green).

Signed: 
Representative Dave Brown

And, that such amendments to SENATE BILL 203 read as follows:

1. Title, page 2, line 19.

Following: "YEARS;"

Insert: "TO REQUIRE THAT THE TRUSTEES OF AN ELEMENTARY DISTRICT
ESTABLISH OR MAKE AVAILABLE A KINDERGARTEN PROGRAM IN THE
DISTRICT AND ALLOW FOR THIS PROVISION TO BE EFFECTIVE JULY
1, 1991;"

2. Title, page 3, line 4.

Following: "20-6-608,"

Insert: "20-7-117,"

3. Page 113.

Following: line 16

Insert: "Section 62. Section 20-7-117, MCA, is amended to read:
"20-7-117. Five-year-old schooling and preschool programs.

(1) The trustees of an elementary district may shall establish or
make available a program capable of accommodating, at a minimum,
all the children in the district who will be 5 years old on or
before September 10 of the school year for which the program is
to be conducted or have been enrolled by special permission of
the board of trustees. The program shall be an integral part of
the elementary school and shall be financed and governed
accordingly, provided that to be eligible for inclusion in the
calculation of ANS pursuant to 20-9-311, a child must have
reached the age of 5 on or before September 10 of the school year
covered by the calculation or have been enrolled by special
permission of the board of trustees.

(2) The trustees of an elementary school district may
establish and operate a free preschool program for children
between the ages of 3 and 5 years. When such preschool programs
are established, they shall be an integral part of the elementary
school and shall be governed accordingly. Financing of preschool
programs shall not be supported by moneys available from state
equalization aid. "

Renumber: subsequent sections

4. Page 114, line 1.

Following: "60,"

Strike: "62,"

Insert: " through 64, and 66"

5. Page 114.

Following: line 6

Insert: "(4) [Section 62] is effective July 1, 1991."

Renumber: subsequent subsection

ADOPT

REJECT

SB 203.DB2
781317CW.HBV RT

781317CW.HBV RT

Select House Committee
on Education

SENATE BILL NO. 203

INTRODUCED BY NATHE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE PUBLIC SCHOOL FUNDING; TO INCLUDE COMPREHENSIVE-INSURANCE COMPREHENSIVE INSURANCE AND SCHOOL PERSONNEL RETIREMENT COSTS IN THE GENERAL FUND BUDGET; TO ELIMINATE THE COUNTY RETIREMENT LEVY AND THE DISTRICTS' RETIREMENT FUNDS; TO ESTABLISH--A-SCHOOL-TERM-AS-180-DAYS LIMIT TO 180 THE NUMBER OF PUPIL INSTRUCTION DAYS FOR WHICH FOUNDATION PROGRAM SUPPORT MAY BE RECEIVED; TO REQUIRE THE SCHOOL FOUNDATION PROGRAM TO FUND 100-PERCENT-OF THE EACH SCHOOL DISTRICTS' GENERAL--FUND-BUDGETS-WITHOUT-A-VOTED-LEVY OF ALL ELEMENTARY AND-HIGH-SCHOOLS, INCLUDING RETIREMENT, AS SET BY FOUNDATION PROGRAM SCHEDULES, TO LIMIT BY SCHOOL FISCAL YEAR--1995--THE MAXIMUM--GENERAL-FUND-BUDGET-OF-A-DISTRICT-TO-117-PERCENT-OF THE-FOUNDATION-PROGRAM-AMOUNT-FOR-THE--DISTRICT; DISTRICT'S GENERAL-FUND-BUDGET-WITHOUT-A-VOTED-LEVY; TO LIMIT ANNUAL INCREASES-IN-EACH-DISTRICT'S THE MAXIMUM GENERAL FUND BUDGET OF DISTRICTS TO 130 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT WITH CERTAIN EXCEPTIONS; TO--REQUIRE--THE ALLOWABLE--COST--SCHEDULE-FOR-SPECIAL-EDUCATION-PERSONNEL--TO BE--BASED--ON--THE--AVERAGE--STATEWIDE--SALARY--FOR--VARIOUS CATEGORIES--OF-SPECIAL-EDUCATION-PERSONNEL; TO FURTHER LIMIT THE GENERAL FUND RESERVE OF A-DISTRICT-TO-20-PERCENT--EXCEPT

FOR--DISTRICTS--NOT-RECEIVING-STATE-EQUALIZATION-AID CERTAIN DISTRICTS; TO ELIMINATE THE PRESENT PERMISSIVE LEVY; TO INDEX--THE--RATE--OF-INCREASE-IN-THE-SCHEDULE-AMOUNTS-TO-THE RATE-OF-ANNUAL-INFLATION; TO REALLOCATE LOTTERY REVENUE FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION AID; TO PROVIDE--A--STATE-LEVY-ON-PROPERTY-TO-FUND-90-PERCENT-OF-THE COSTS-FOR-TEACHERS'-RETIREMENT;--TO-EXCLUDE-THE-LEVY-FROM-THE PROPERTY-TAX-LIMITATIONS-OF-INITIATIVE-MEASURE-NO---105; TO ELIMINATE--TUITION--PAYMENTS--BETWEEN-DISTRICTS; TO IMPOSE A 45-MILL STATEWIDE LEVY IN SUPPORT OF STATE EQUALIZATION AID AND TO STATUTORILY APPROPRIATE THE PROCEEDS; TO INCREASE THE COUNTY ELEMENTARY LEVY TO 34 MILLS AND THE COUNTY HIGH SCHOOL LEVY TO 21 MILLS; TO EXCLUDE ALL SCHOOL LEVIES FROM THE PROPERTY TAX LIMITATIONS OF INITIATIVE MEASURE NO. 105; TO REQUIRE DISTRIBUTION OF STATE EQUALIZATION AID IN MONTHLY PAYMENTS; TO REQUIRE STATE FUNDING OF TRANSPORTATION SCHEDULE AMOUNTS AND LIMIT TOTAL TRANSPORTATION EXPENDITURES; TO ADJUST THE FOUNDATION PROGRAM SCHEDULES FOR SCHOOL FISCAL YEAR 1991 AND SUCCEEDING YEARS; TO PROVIDE FOR A STATUTORY--APPROPRIATION--STUDY; LEGISLATIVE OVERSIGHT COMMITTEE ON SCHOOL FUNDING IMPLEMENTATION TO DIRECT STUDIES OF THE EQUALIZATION OF TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES AND TO PERFORM OTHER DUTIES; TO PROVIDE AN APPROPRIATION; AMENDING SECTIONS 15-10-402, 17-7-502, 2-7-504, 15-10-402, 17-3-213, 17-7-502, 19-4-605, 20-1-301

1 ~~20-1-304~~, 20-3-106, 20-3-205, ~~20-3-210~~, 20-3-324, ~~20-3-331~~,
 2 ~~20-3-331~~, ~~20-5-101~~, ~~20-5-102~~, ~~20-5-301~~, ~~20-5-302~~, ~~20-5-304~~,
 3 ~~20-5-311~~, ~~20-5-314~~, ~~20-5-305~~, ~~20-5-312~~, 20-6-401, ~~20-6-506~~,
 4 20-6-603, ~~20-6-608~~, ~~20-6-608~~, ~~20-7-414~~, ~~20-7-420~~ THROUGH
 5 20-7-422, ~~20-7-424~~, 20-7-431, ~~20-7-442~~, 20-9-104, 20-9-141,
 6 20-9-201, ~~20-9-212~~, ~~20-9-213~~, 20-9-301, 20-9-303, ~~20-9-311~~,
 7 ~~20-9-312~~, ~~20-9-315~~, ~~20-9-318~~, ~~20-9-318~~ THROUGH 20-9-322,
 8 ~~20-9-331~~, 20-9-333, ~~20-9-334~~, 20-9-343, 20-9-344, ~~20-9-353~~,
 9 ~~20-9-353~~, ~~20-9-505~~, ~~20-9-531~~, ~~20-9-532~~, ~~20-10-105~~, ~~20-9-506~~,
 10 ~~20-10-104~~, ~~20-10-141~~ THROUGH ~~20-10-145~~, AND 23-5-1027, MCA;
 11 REPEALING SECTIONS ~~20-5-303~~, ~~20-5-305~~ THROUGH ~~20-5-307~~,
 12 ~~20-5-312~~, ~~20-5-313~~, ~~20-9-105~~, ~~20-9-316~~, ~~20-9-317~~, AND
 13 ~~20-9-105~~, 20-9-352, ~~20-9-501~~, ~~20-9-531~~, AND ~~20-9-532~~, AND
 14 ~~20-10-146~~, MCA; AND PROVIDING AN EFFECTIVE DATE DATES AND AN
 15 APPLICABILITY DATE."

STATEMENT OF INTENT

18 It is the intent of the legislature to enhance equality
 19 of educational opportunity for students in the elementary
 20 schools and high schools of Montana by revising the school
 21 funding laws to provide greater equalization of the funding
 22 available to school districts and to promote equalization of
 23 school district expenditures per student. It is the further
 24 intent of the legislature to preserve local control of the
 25 public school system, as guaranteed by Montana's

1 constitution.

2 For these purposes the legislature determines to
 3 equalize funding aid to the school districts through the
 4 foundation program schedules for the school fiscal year
 5 ending June 30, 1991, and succeeding years in an amount
 6 equal to the following percentages of the total costs
 7 incurred by all the districts in the state in school fiscal
 8 year 1988: 100% of retirement, social security, and
 9 unemployment insurance, except costs associated with
 10 salaries for special education personnel; 90% of
 11 comprehensive insurance, after subtracting Public Law 81-874
 12 support for insurance; and 90% of general fund expenditures,
 13 after subtracting special education and Public Law 81-874
 14 general fund support.

15 The legislature also determines to include retirement
 16 and other benefits associated with the salaries of special
 17 education personnel as costs for which foundation program
 18 support for special education is allowed and determines to
 19 fully fund approved allowable costs for the special
 20 education programs of the school districts through the
 21 foundation program.

22 The legislature also determines to provide state
 23 funding for transportation costs in school fiscal year 1991
 24 in the amount provided by the statutory transportation
 25 schedules and to require a study, prior to the next

1 legislative session, of permanent methods of equalizing
2 transportation funding and costs.

3 In order to promote greater equalization of
4 expenditures per student between districts yet provide
5 flexibility for each district to meet its individual needs
6 as determined by the district board of trustees, the
7 legislature determines that the general fund budget of each
8 district must be limited to 130% of the district's
9 foundation program entitlement, except as provided by
10 20-9-315.

11 The legislature determines that the over-schedule
12 amount in the transportation fund budget of each district is
13 to be limited to the over-schedule amount of transportation
14 expenditures in school fiscal year 1988, except as allowed
15 by the superintendent of public instruction under
16 20-10-143(2) in case of emergency or unusual circumstances.
17 It is intended that the superintendent of public instruction
18 adopt rules necessary to implement this provision, including
19 rules that address the unusual circumstances and emergency
20 situations that may occur to require a district to increase
21 the transportation fund budget beyond the limitation, such
22 as anticipated enrollment increases, the destruction or
23 impairment of transportation property, the need for new or
24 altered routes due to school population changes, or other
25 extenuating circumstances. It is specifically intended that

1 the rules allow appropriate increases for districts that
2 have contracts containing escalator clauses with
3 transportation providers.

4 It is intended that while school districts may conduct
5 more than 180 days of instruction, a school district may not
6 receive foundation program support for more than 180 days of
7 pupil instruction.

8 Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and
9 20-9-213 the superintendent of public instruction is
10 required to adopt rules establishing requirements for
11 budgeting and financial administration of public school
12 districts, including accounting and reporting requirements.
13 Under 20-9-344 the board of public education has authority
14 to require any reports it considers necessary. It is
15 intended that school districts be required to maintain
16 accounting systems using generally accepted accounting
17 principles and that the superintendent of public instruction
18 adopt rules necessary to implement the requirement. The
19 superintendent of public instruction shall provide training
20 and assistance to the districts as necessary to enable the
21 districts to comply.

22 It is intended that the districts be required to file
23 accurate and timely reports with the superintendent of
24 public instruction. Districts must be required to provide
25 student and school district data as may be required by the

1 superintendent of public instruction concerning the
 2 condition of education in Montana, including personnel
 3 information, student and school district demographics,
 4 assessment of student and school district achievement, and
 5 other appropriate educational factors necessary to enable
 6 the legislature to assess the equality of educational
 7 opportunity being provided by the public school districts
 8 and to determine the amount of state aid to be distributed
 9 to school districts. Districts shall also provide data to
 10 meet grant requirements and other national reporting needs.

11 It is intended that the superintendent of public
 12 instruction conduct training and provide forms for the
 13 personnel responsible for completing reports. Whenever
 14 possible, the superintendent of public instruction shall
 15 develop methods for collecting educational data
 16 electronically, utilizing formats consistent with school
 17 district data processing capabilities. The educational data
 18 must be maintained in an electronic format easily accessible
 19 by other state agencies and the legislature.

20 It is intended that the superintendent of public
 21 instruction employ two additional full-time-equivalent
 22 personnel during fiscal year 1990 and three
 23 full-time-equivalent personnel during fiscal year 1991 for
 24 the purpose of establishing standard accounting and
 25 reporting practices in the public school districts.

1 The legislature determines that if county equalization
 2 revenue is deficient because of noncollected tax payments,
 3 state equalization aid may be provided to offset the
 4 delinquency.

5 State equalization aid may be withheld from school
 6 districts, as provided by 20-9-344, that do not comply with
 7 accounting and reporting requirements.

8
 9 (Refer to Third Reading Bill)

10 Strike everything after the enacting clause and insert:

11 **Section 1.** Section 2-7-504, MCA, is amended to read:

12 "2-7-504. Accounting methods. The Unless otherwise
 13 required by law, the department shall prescribe the general
 14 methods and details of accounting for the receipt and
 15 disbursement of all moneys money belonging to governmental
 16 entities referred to in this part and shall establish in
 17 those offices general methods and details of accounting.
 18 All governmental entity officers shall conform with the
 19 standards prescribed by the department."

20 **Section 2.** Section 15-10-402, MCA, is amended to read:

21 "15-10-402. Property tax limited to 1986 levels. (1)
 22 Except as provided in subsections (2) and (3), the amount of
 23 taxes levied on property described in 15-6-133, 15-6-134,
 24 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any
 25 taxing jurisdiction, exceed the amount levied for taxable

1 year 1986.

2 (2) The limitation contained in subsection (1) does
3 not apply to levies for rural improvement districts, Title
4 7, chapter 12, part 21; special improvement districts, Title
5 7, chapter 12, part 41; elementary and high school
6 districts, Title 20; or bonded indebtedness.

7 (3) New construction or improvements to or deletions
8 from property described in subsection (1) are subject to
9 taxation at 1986 levels.

10 (4) As used in this section, the "amount of taxes
11 levied" and the "amount levied" mean the actual dollar
12 amount of taxes imposed on an individual piece of property,
13 notwithstanding an increase or decrease in value due to
14 inflation, reappraisal, adjustments in the percentage
15 multiplier used to convert appraised value to taxable value,
16 changes in the number of mills levied, or increase or
17 decrease in the value of a mill."

18 **Section 3.** Section 17-3-213, MCA, is amended to read:

19 "17-3-213. Allocation to general road fund and
20 countywide school levies. (1) The forest reserve funds so
21 apportioned to each county ~~shall~~ must be apportioned by the
22 county treasurer in each county ~~between the several funds~~ as
23 follows:

24 (a) to the general road fund, 66 2/3% of the total
25 amount received;

1 (b) to the following countywide school levies, 33 1/3%
2 of the total sum received:

3 (i) the annual basic tax levy for elementary schools
4 provided for in 20-9-331; and

5 (ii) the annual special tax for high schools provided
6 for in 20-9-333;

7 ~~{iii} the high school transportation fund provided for~~
8 ~~in 20-10-143;~~

9 ~~{iv} the elementary teacher retirement and social~~
10 ~~security fund provided for in 20-9-501;~~

11 ~~{v} the high school teacher retirement and social~~
12 ~~security fund provided for in 20-9-501.~~

13 (2) The apportionment of money to the funds provided
14 for under subsection (1)(b) ~~shall~~ must be made by the county
15 superintendent based on the proportion that the mill levy of
16 each fund bears to the total number of mills for all the
17 funds. Whenever the total amount of money available for
18 apportionment under this section is greater than the total
19 requirements of a levy, the excess money and any interest
20 income must be retained in a separate reserve fund, to be
21 reapportioned in the ensuing school fiscal year to the
22 levies designated in subsection (1)(b).

23 (3) In counties wherein in which special road
24 districts have been created according to law, the board of
25 county commissioners shall distribute a proportionate share

1 of the 66 2/3% of the total amount received for the general
2 road fund to ~~such~~ the special road district--or districts
3 within the county based upon the percentage that the total
4 area of ~~such~~ the road district bears to the total area of
5 the entire county."

6 **Section 4.** Section 19-4-605, MCA, is amended to read:

7 "19-4-605. Pension accumulation fund -- employer's
8 contribution. The pension accumulation fund is the fund in
9 which the reserves for payment of pensions and annuities
10 ~~shall~~ must be accumulated and from which pensions,
11 annuities, and benefits in lieu thereof--~~shall~~ of pensions
12 and annuities must be paid to or on account of beneficiaries
13 credited with prior service. Contributions to and payments
14 from the pension accumulation fund ~~shall~~ must be made as
15 follows:

16 (1) Each employer shall pay into the pension
17 accumulation fund an amount equal to 7.428% of the earned
18 compensation of each member employed during the whole or
19 part of the preceding payroll period.

20 (2) If the employer is a district or community college
21 district, the trustees shall budget and--pay for the
22 employer's contribution ~~under the provisions of 20-9-501 in~~
23 the general fund budget.

24 (3) If the employer is the superintendent of public
25 instruction, a public institution of the state of Montana, a

1 unit of the Montana university system, or the Montana state
2 school for the deaf and blind, the legislature shall
3 appropriate to the employer an adequate amount to allow the
4 payment of the employer's contribution.

5 (4) If the employer is a county, the county
6 commissioners shall budget and pay for the employer's
7 contribution in the manner provided by law for the adoption
8 of a county budget and for payments under the budget.

9 (5) All interest and other earnings realized on the
10 ~~moneys money~~ of the retirement system ~~shall~~ must be credited
11 to the pension accumulation fund, and the amount required to
12 allow regular interest on the annuity savings fund ~~shall~~
13 must be transferred to that fund from the pension
14 accumulation fund.

15 (6) All pensions, annuities, and benefits in lieu
16 thereof--~~shall~~ of pensions and annuities must be paid from
17 the pension accumulation fund.

18 (7) The retirement board may, in its discretion,
19 transfer from the pension accumulation fund an amount
20 necessary to cover expenses of administration."

21 **Section 5.** Section 20-3-106, MCA, is amended to read:

22 "20-3-106. Supervision of schools -- powers and
23 duties. The superintendent of public instruction has the
24 general supervision of the public schools and districts of
25 the state, and he shall perform the following duties or acts

1 in implementing and enforcing the provisions of this title:

2 (1) resolve any controversy resulting from the
3 proration of costs by a joint board of trustees under the
4 provisions of 20-3-362;

5 (2) issue, renew, or deny teacher certification and
6 emergency authorizations of employment;

7 (3) negotiate reciprocal tuition agreements with other
8 states in accordance with the provisions of 20-5-314;

9 (4) serve on the teachers' retirement board in
10 accordance with the provisions of 2-15-1010;

11 (5) approve or disapprove the orders of a high school
12 boundary commission in accordance with the provisions of
13 20-6-311;

14 (6) approve or disapprove the opening or reopening of
15 a school in accordance with the provisions of 20-6-502,
16 20-6-503, 20-6-504, or 20-6-505;

17 (7) approve or disapprove school isolation within the
18 limitations prescribed by 20-9-302;

19 (8) generally supervise the school budgeting
20 procedures prescribed by law in accordance with the
21 provisions of 20-9-102 and prescribe the school budget
22 format in accordance with the provisions of 20-9-103 and
23 20-9-506;

24 (9) establish a system of communication for
25 calculating joint district revenues in accordance with the

1 provisions of 20-9-151;

2 (10) approve or disapprove the adoption of a district's
3 emergency budget resolution under the conditions prescribed
4 in 20-9-163 and publish rules for an application for
5 additional state aid for an emergency budget in accordance
6 with the approval and disbursement provisions of 20-9-166;

7 (11) generally supervise the school financial
8 administration provisions as prescribed by 20-9-201(2);

9 (12) prescribe and furnish the annual report forms to
10 enable the districts to report to the county superintendent
11 in accordance with the provisions of 20-9-213(5) and the
12 annual report forms to enable the county superintendents to
13 report to the superintendent of public instruction in
14 accordance with the provisions of 20-3-209;

15 (13) approve, disapprove, or adjust an increase of the
16 average number belonging (ANB) in accordance with the
17 provisions of 20-9-313 and 20-9-314;

18 (14) distribute state equalization aid in support of
19 the foundation program in accordance with the provisions of
20 20-9-342, 20-9-346, and 20-9-347;

21 (15) distribute state impact aid in accordance with the
22 provisions of 20-9-304;

23 (16) provide for the uniform and equal provision of
24 transportation by performing the duties prescribed by the
25 provisions of 20-10-112;

1 (17) approve or disapprove an adult education program
2 for which a district proposes to levy a tax in accordance
3 with the provisions of 20-7-705;

4 (18) request, accept, deposit, and expend federal
5 moneys money in accordance with the provisions of 20-9-603;

6 (19) authorize the use of federal moneys money for the
7 support of an interlocal cooperative agreement in accordance
8 with the provisions of 20-9-703 and 20-9-704;

9 (20) prescribe the form and contents of and approve or
10 disapprove interstate contracts in accordance with the
11 provisions of 20-9-705;

12 (21) approve or disapprove the conduct of school on a
13 Saturday or on pupil-instruction-related days in accordance
14 with the provisions of 20-1-303 and 20-1-304;

15 (22) recommend standards of accreditation for all
16 schools to the board of public education and evaluate
17 compliance with such the standards and recommend
18 accreditation status of every school to the board of public
19 education in accordance with the provisions of 20-7-101 and
20 20-7-102;

21 (23) collect and maintain a file of curriculum guides
22 and assist schools with instructional programs in accordance
23 with the provisions of 20-7-113 and 20-7-114;

24 (24) establish and maintain a library of visual, aural,
25 and other educational media in accordance with the

1 provisions of 20-7-201;

2 (25) license textbook dealers and initiate prosecution
3 of textbook dealers violating the law in accordance with the
4 provisions of the textbooks part of this title;

5 (26) as the governing agent and executive officer of
6 the state of Montana for K-12 vocational education, adopt
7 the policies prescribed by and in accordance with the
8 provisions of 20-7-301;

9 (27) supervise and coordinate the conduct of special
10 education in the state in accordance with the provisions of
11 20-7-403;

12 (28) administer the traffic education program in
13 accordance with the provisions of 20-7-502;

14 (29) administer the school food services program in
15 accordance with the provisions of 20-10-201, 20-10-202, and
16 20-10-203;

17 (30) review school building plans and specifications in
18 accordance with the provisions of 20-6-622;

19 (31) prescribe the method of identification and signals
20 to be used by school safety patrols in accordance with the
21 provisions of 20-1-408;

22 (32) provide schools with information and technical
23 assistance for compliance with the student assessment rules
24 provided for in 20-2-121 and collect and summarize the
25 results of such the student assessment for the board of

1 public education and the legislature; and
 2 ~~{33}-administer the distribution of--state--retirement~~
 3 ~~equatization aid in accordance with 20-9-532; and~~

4 ~~{34}~~ (33) perform any other duty prescribed from time to
 5 time by this title, any other act of the legislature, or the
 6 policies of the board of public education."

7 **Section 6.** Section 20-3-205, MCA, is amended to read:

8 "20-3-205. Powers and duties. The county
 9 superintendent has general supervision of the schools of the
 10 county within the limitations prescribed by this title and
 11 shall perform the following duties or acts:

12 (1) determine, establish, and reestablish trustee
 13 nominating districts in accordance with the provisions of
 14 20-3-352, 20-3-353, and 20-3-354;

15 (2) administer and file the oaths of members of the
 16 boards of trustees of the districts in his county in
 17 accordance with the provisions of 20-3-307;

18 (3) register the teacher or specialist certificates or
 19 emergency authorization of employment of any person employed
 20 in the county as a teacher, specialist, principal, or
 21 district superintendent in accordance with the provisions of
 22 20-4-202;

23 (4) act on each tuition application submitted to him
 24 in accordance with the provisions of 20-5-301, 20-5-302,
 25 20-5-304, and 20-5-311 and transmit the tuition information

1 required by 20-5-312;

2 (5) file a copy of the audit report for a district in
 3 accordance with the provisions of 20-9-203;

4 (6) classify districts in accordance with the
 5 provisions of 20-6-201 and 20-6-301;

6 (7) keep a transcript and reconcile the district
 7 boundaries of the county in accordance with the provisions
 8 of 20-6-103;

9 (8) fulfill all responsibilities assigned to him under
 10 the provisions of this title regulating the organization,
 11 alteration, or abandonment of districts;

12 (9) act on any unification proposition and, if
 13 approved, establish additional trustee nominating districts
 14 in accordance with 20-6-312 and 20-6-313;

15 (10) estimate the average number belonging (ANB) of an
 16 opening school in accordance with the provisions of
 17 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

18 (11) process and, when required, act on school
 19 isolation applications in accordance with the provisions of
 20 20-9-302;

21 (12) complete the budgets, compute the budgeted
 22 revenues and tax levies, give notices of the budget
 23 meetings, file final and emergency budgets, and fulfill such
 24 other responsibilities assigned to him under the provisions
 25 of this title regulating school budgeting systems;

1 (13) submit an annual financial report to the
2 superintendent of public instruction in accordance with the
3 provisions of 20-9-211;

4 (14) quarterly, unless otherwise provided by law, order
5 the county treasurer to apportion state money, county school
6 money, and any other school money subject to apportionment
7 in accordance with the provisions of 20-9-212, 20-9-334,
8 20-9-347, or 20-10-145, ~~or 20-10-146~~;

9 (15) act on any request to transfer average number
10 belonging (ANB) in accordance with the provisions of
11 20-9-313(3);

12 (16) calculate the estimated budgeted general fund
13 sources of revenue in accordance with the provisions of
14 20-9-348 and the other general fund revenue provisions of
15 the general fund part of this title;

16 (17) compute the revenues and the district and county
17 levy requirements for each fund included in each district's
18 final budget and report such the computations to the board
19 of county commissioners in accordance with the provisions of
20 the general fund, transportation, bonds, and other school
21 funds parts of this title;

22 (18) file and forward bus driver certifications,
23 transportation contracts, and state transportation
24 reimbursement claims in accordance with the provisions of
25 20-10-103, 20-10-143, or 20-10-145;

1 (19) for districts which do not employ a district
2 superintendent or principal, recommend library book and
3 textbook selections in accordance with the provisions of
4 20-7-204 or 20-7-602;

5 (20) notify the superintendent of public instruction of
6 a textbook dealer's activities when required under the
7 provisions of 20-7-605 and otherwise comply with the
8 textbook dealer provisions of this title;

9 (21) act on district requests to allocate federal money
10 for indigent children for school food services in accordance
11 with the provisions of 20-10-205;

12 (22) perform any other duty prescribed from time to
13 time by this title, any other act of the legislature, the
14 policies of the board of public education, the policies of
15 the board of regents relating to community college
16 districts, or the rules of the superintendent of public
17 instruction;

18 (23) administer the oath of office to trustees without
19 the receipt of pay for administering the oath;

20 (24) keep a record of his official acts, preserve all
21 reports submitted to him under the provisions of this title,
22 preserve all books and instructional equipment or supplies,
23 keep all documents applicable to the administration of the
24 office, and surrender such all records, books, supplies, and
25 equipment to his successor;

(25) within 90 days after the close of the school fiscal year, publish an annual report in the county newspaper stating the following financial information for the school fiscal year just ended for each district of the county:

(a) the total of the cash balances of all funds maintained by the district at the beginning of the year;

(b) the total receipts that were realized in each fund maintained by the district;

(c) the total expenditures that were made from each fund maintained by the district; and

(d) the total of the cash balances of all funds maintained by the district at the end of the school fiscal year; and

(26) hold meetings for the members of the trustees from time to time at which matters for the good of the districts shall be discussed."

Section 7. Section 20-3-324, MCA, is amended to read:

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall have the power and it shall be their duty to perform the following duties or acts:

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other

principal as the board may deem considers necessary, accepting or rejecting such any recommendation as the trustees shall in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel deemed considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions and otherwise govern the pupils of the district in accordance with the provisions of the pupils chapter of this title;

(4) call, conduct, and certify the elections of the district in accordance with the provisions of the school elections chapter of this title;

(5) participate in the teachers' retirement system of the state of Montana in accordance with the provisions of the teachers' retirement system chapter of Title 19;

(6) participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

(7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the provisions of the school organization part of this title;

1 (8) adopt and administer the annual budget or an
2 emergency budget of the district in accordance with the
3 provisions of the school budget system part of this title;

4 (9) conduct the fiscal business of the district in
5 accordance with the provisions of the school financial
6 administration part of this title;

7 (10) establish the ANB, foundation program, permissive
8 levy, additional levy, cash reserve, and state impact aid
9 amount for the general fund of the district in accordance
10 with the provisions of the general fund part of this title;

11 (11) establish, maintain, budget, and finance the
12 transportation program of the district in accordance with
13 the provisions of the transportation parts of this title;

14 (12) issue, refund, sell, budget, and redeem the bonds
15 of the district in accordance with the provisions of the
16 bonds parts of this title;

17 (13) when applicable, establish, financially
18 administer, and budget for the tuition fund, retirement
19 fund, building reserve fund, adult education fund,
20 nonoperating fund, school food services fund, miscellaneous
21 federal programs fund, building fund, lease or rental
22 agreement fund, traffic education fund, and interlocal
23 cooperative agreement fund in accordance with the provisions
24 of the other school funds parts of this title;

25 (14) when applicable, administer any interlocal

1 cooperative agreement, gifts, legacies, or devises in
2 accordance with the provisions of the miscellaneous
3 financial parts of this title;

4 (15) hold in trust, acquire, and dispose of the real
5 and personal property of the district in accordance with the
6 provisions of the school sites and facilities part of this
7 title;

8 (16) operate the schools of the district in accordance
9 with the provisions of the school calendar part of this
10 title;

11 (17) establish and maintain the instructional services
12 of the schools of the district in accordance with the
13 provisions of the instructional services, textbooks,
14 vocational education, and special education parts of this
15 title;

16 (18) establish and maintain the school food services of
17 the district in accordance with the provisions of the school
18 food services parts of this title;

19 (19) make such reports from time to time as the county
20 superintendent, superintendent of public instruction, and
21 board of public education may require;

22 (20) retain, when deemed considered advisable, a
23 physician or registered nurse to inspect the sanitary
24 conditions of the school or the general health conditions of
25 each pupil and, upon request, make available to any parent

1 or guardian any medical reports or health records maintained
2 by the district pertaining to his child;

3 (21) for each member of the trustees, visit each school
4 of the district not less than once each school fiscal year
5 to examine its management, conditions, and needs, except
6 trustees from a first-class school district may share the
7 responsibility for visiting each school in the district;

8 (22) procure and display outside daily in suitable
9 weather at each school of the district an American flag
10 ~~which shall be~~ that measures not less than 4 feet by 6 feet;
11 and

12 (23) perform any other duty and enforce any other
13 requirements for the government of the schools prescribed by
14 this title, the policies of the board of public education,
15 or the rules of the superintendent of public instruction."

16 **Section 8.** Section 20-3-331, MCA, is amended to read:

17 "20-3-331. Purchase of liability insurance. The
18 trustees of any district may purchase insurance coverage for
19 the district, trustees, and employees against liability for
20 the death, injury, or disability of any person or damage to
21 property. The trustees shall include the cost of coverage in
22 the general fund budget of the district."

23 **Section 9.** Section 20-5-305, MCA, is amended to read:

24 "20-5-305. Elementary tuition rates. (1) Whenever a
25 pupil of an elementary district has been granted approval to

1 attend a school outside of the district in which he resides,
2 under the provisions of 20-5-301 or 20-5-302, such the
3 district of residence shall pay tuition to the elementary
4 district where the pupil attends school. Except as provided
5 in subsection (2), the basis of the rate of tuition shall be
6 determined by the attended district. The rate of tuition
7 ~~shall~~ must be determined by:

8 (a) totaling the actual expenditures from the district
9 general fund, and the debt service fund, ~~and, if the pupil~~
10 ~~is a resident of another county, the retirement fund;~~

11 (b) dividing the amount determined in subsection
12 (1)(a) by the ANB of the district for the current fiscal
13 year, as determined under the provisions of 20-9-311; and

14 (c) subtracting ~~the total of~~ from the amount
15 determined in subsection (1)(b) the per-ANB amount allowed
16 by ~~20-9-316 through 20-9-321 that represents~~ the foundation
17 program schedules ~~as prescribed by 20-9-303 plus the per-ANB~~
18 ~~amount determined by dividing the state financing of the~~
19 ~~district permissive levy by the ANB of the district, from~~
20 ~~the amount determined in subsection (1)(b).~~

21 (2) The tuition for a full-time elementary special
22 education pupil must be determined under rules adopted by
23 the superintendent of public instruction for the calculation
24 of elementary tuition for full-time elementary special
25 education pupils as designated in 20-9-311 for funding

1 purposes."

2 **Section 10.** Section 20-5-312, MCA, is amended to read:

3 **"20-5-312. Reporting, budgeting, and payment for high**
4 **school tuition.** (1) Except as provided in subsection (2), at
5 the close of the school term of each school fiscal year, the
6 trustees of each high school district shall determine the
7 rate of tuition for the current school fiscal year by:

8 (a) totaling the actual expenditures from the district
9 general fund and the debt service fund ~~and, if the pupil~~
10 ~~is a resident of another county, the retirement fund;~~

11 (b) dividing the amount determined in subsection
12 (1)(a) above by the ANB of the district for the current
13 fiscal year, as determined under the provisions of 20-9-311;
14 and

15 (c) subtracting ~~the total of~~ from the amount
16 determined in subsection (1)(b) the per-ANB amount allowed
17 by 20-9-316 through 20-9-321 that represents the foundation
18 program schedules as prescribed by 20-9-303 plus the per-ANB
19 amount determined by dividing the state financing of the
20 district permissive levy by the ANB of the district, from
21 the amount determined in subsection (1)(b) above.

22 (2) The tuition for a full-time high school special
23 education pupil must be determined under rules adopted by
24 the superintendent of public instruction for the calculation
25 of tuition for full-time high school special education

1 pupils as designated in 20-9-311 for funding purposes.

2 (3) Before July 15, the trustees shall report to the
3 county superintendent of the county in which the district is
4 located:

5 (a) the names, addresses, and resident districts of
6 the pupils attending the schools of the district under an
7 approved tuition agreement;

8 (b) the number of days of school attended by each
9 pupil;

10 (c) the amount, if any, of each pupil's tuition
11 payment that the trustees, in their discretion, shall have
12 the authority to waive; and

13 (d) the rate of current school fiscal year tuition, as
14 determined under the provisions of this section.

15 (4) When the county superintendent receives a tuition
16 report from a district, he shall immediately send the
17 reported information to the superintendent of each district
18 in which the reported pupils reside.

19 (5) When the district superintendent receives a
20 tuition report or reports for high school pupils residing in
21 his district and attending an out-of-district high school
22 under approved tuition agreements, he shall determine the
23 total amount of tuition due such the out-of-district high
24 schools on the basis of the following per-pupil schedule:
25 the rate of tuition, number of pupils attending under an

1 approved tuition agreement, and other information provided
2 by each high school district where resident district pupils
3 have attended school.

4 (6) The total amount of the high school tuition, with
5 consideration of any tuition waivers, for pupils attending a
6 high school outside the county of residence ~~shall~~ must be
7 financed by the county basic special tax for high schools as
8 provided in 20-9-334. In December, the county superintendent
9 shall cause the payment by county warrant of at least
10 one-half of the high school tuition obligations established
11 under this section out of the first moneys proceeds realized
12 from the county basic special tax for high schools. The
13 remaining obligations must be paid by June 15 of the school
14 fiscal year. The payments ~~shall~~ must be made to the county
15 treasurer of the county where each high school entitled to
16 tuition is located. The county treasurer shall credit such
17 the tuition receipts to the general fund of the applicable
18 high school district, and the tuition receipts ~~shall~~ must be
19 used in accordance with the provisions of 20-9-141.

20 (7) For pupils attending a high school outside their
21 district of residence but within the county of residence,
22 the total amount of the tuition, with consideration of any
23 tuition waivers, must be paid during the ensuing school
24 fiscal year. The trustees of the sending high school
25 district shall include the tuition amount in the tuition

1 fund of the preliminary and final budgets. This budgeted
2 tuition amount is not subject to the budget adjustment
3 provisions of 20-9-132. The county superintendent shall
4 report the net tuition fund levy requirement for each high
5 school district to the county commissioners on the second
6 Monday of August, and a levy on the district ~~shall~~ must be
7 made by the county commissioners in accordance with
8 20-9-142. This levy requirement ~~shall~~ must be calculated by
9 subtracting from the total expenditure amount authorized in
10 the final tuition fund budget the sum of the cash balance in
11 the tuition fund at the end of the immediately preceding
12 school fiscal year plus any other anticipated money that may
13 be realized in the tuition fund. The trustees shall pay by
14 warrants drawn on the tuition fund the tuition amounts owed
15 to each district included in the county superintendent's
16 notification. Payments ~~shall~~ must be made whenever there is
17 a sufficient amount of cash available in the tuition fund
18 but no later than the end of the school fiscal year for
19 which the budget is adopted. However, if the trustees of
20 either the sending or receiving high school district feel
21 the transfer privilege provided by this subsection is being
22 abused, they may appeal to the county superintendent of
23 schools, who shall hold a hearing and either approve or
24 disapprove the transfer."

25 **Section 11.** Section 20-6-401, MCA, is amended to read:

1 "20-6-401. Definitions. As used in this part, unless
2 the context clearly indicates otherwise, the following
3 definitions apply:

4 (1) "Component districts" are means the elementary or
5 high school districts incorporated into the enlarged
6 district.

7 (2) "Eligible pupils" ~~shall be~~ means the average
8 number belonging (ANB) for the current school year in the
9 operating schools of the component districts and the tuition
10 pupils residing in the component districts and attending
11 another district's school under the tuition provisions of
12 the school laws, except that the pupils residing in the
13 component district having the largest total number of pupils
14 ~~shall be~~ are ineligible for bonus payment consideration.

15 (3) "Enlarged district" is means the elementary or
16 high school district resulting from the consolidation or
17 annexation of two or more component districts.

18 (4) "General bonus payment" for first- and
19 second-class school districts ~~shall~~ must be \$300 per
20 eligible pupil per year for a period of 3 years and ~~will~~
21 must be deposited in the enlarged district's general fund.
22 General bonus payment for third-class school districts ~~shall~~
23 must be \$500 per eligible pupil per year for a period of 3
24 years and ~~will~~ must be deposited in the enlarged district's
25 general fund. ~~Such~~ The general bonus payment shall must be

1 made from the state school equalization aid account.

2 ~~(5) "Transportation bonus payment" will be the~~
3 ~~provision of 66-2/3 state financing of the on-schedule~~
4 ~~transportation amount as provided by the transportation~~
5 ~~provisions of the school laws. When an eligible pupil is~~
6 ~~entitled to transportation, the enlarged district shall be~~
7 ~~entitled to the transportation bonus payment for such~~
8 ~~eligible pupil for a period of 3 years. Such payment shall~~
9 ~~be made from the state transportation aid account. When the~~
10 ~~eligible pupil rides a bus providing transportation for~~
11 ~~ineligible pupils, the 66-2/3 state financing of the~~
12 ~~on-schedule amount for this payment shall be prorated to~~
13 ~~provide such financing for the eligible pupil."~~

14 Section 12. Section 20-6-506, MCA, is amended to read:

15 "20-6-506. Budgeting and cost sharing when junior high
16 school operated by elementary district and high school
17 district operating a county high school. (1) Whenever the
18 opening of a junior high school is approved for the ensuing
19 school fiscal year under 20-6-505, the county superintendent
20 shall estimate the average number belonging (ANB) after
21 investigating the probable enrollment for the junior high
22 school. The ANB determined by the county superintendent and
23 the ANB actually realized in subsequent school fiscal years
24 ~~shall~~ must be applied under 20-9-320 to prorate the
25 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation

1 program amount between the elementary and high school
2 districts. Each district shall adopt its general fund budget
3 on the basis of the prorated amount and shall finance its
4 proportionate share of the cost of operating the junior high
5 school.

6 (2) The cost of operating the junior high school ~~shall~~
7 must be prorated between the elementary district and the
8 high school district on the basis of the ratio that the
9 number of pupils of their district is to the total
10 enrollment of the junior high school."

11 **Section 13.** Section 20-6-603, MCA, is amended to read:

12 "20-6-603. Trustees' authority to acquire or dispose
13 of sites and buildings -- when election required. (1) The
14 trustees of any district ~~shall have the authority to~~ may
15 purchase, build, exchange, or otherwise acquire, or sell, or
16 otherwise dispose of sites and buildings of the district.
17 ~~Such action shall~~ Action may not be taken by the trustees
18 without the approval of the qualified electors of the
19 district at an election called for such the purpose of
20 approval unless:

21 (a) a bond issue has been authorized for the purpose
22 of constructing, purchasing, or acquiring the site or
23 building;

24 (b) an additional levy under the provisions of
25 20-9-353 has been approved for the purpose of constructing,

1 purchasing, or acquiring the site or building;

2 (c) the cost of constructing, purchasing, or acquiring
3 the site or building is financed without exceeding the
4 ~~maximum-general-fund-budget-without-a-vote amount-prescribed~~
5 ~~in 20-9-316--through--20-9-321~~ foundation program amount
6 provided in 20-9-303, and, in the case of a site purchase,
7 the site has been approved under the provisions of 20-6-621;
8 or

9 (d) ~~moneys--are~~ money is otherwise available under the
10 provisions of this title and the ballot for the site
11 approval for ~~such~~ the building incorporated a description of
12 the building to be located on the site.

13 (2) When an election is conducted under the provisions
14 of this section, it ~~shall~~ must be called under the
15 provisions of 20-20-201 and ~~shall~~ must be conducted in the
16 manner prescribed by this title for school elections. An
17 elector qualified to vote under the provisions of 20-20-301
18 ~~shall--be--permitted--to~~ may vote in ~~such the~~ election. If a
19 majority of those electors voting at the election approve
20 the proposed action, the trustees may take the proposed
21 action."

22 **Section 14.** Section 20-6-608, MCA, is amended to read:

23 "20-6-608. Authority and duty of trustees to insure
24 district property. The trustees of any district shall ~~have~~
25 ~~the authority and it shall be their duty to~~ insure any or

1 all real and personal property of the district. The trustees
 2 shall include the cost of insurance in the general fund
 3 budget of the district."

4 **Section 15.** Section 20-7-414, MCA, is amended to read:

5 "20-7-414. Determination of children in need and type
 6 of special education needed -- approval of classes and
 7 programs by superintendent. (1) The determination of the
 8 children requiring special education and the type of special
 9 education needed by these children ~~shall~~ is the
 10 responsibility of the trustees, and such the determination
 11 ~~shall~~ must be made in compliance with the procedures
 12 established in the rules of the superintendent of public
 13 instruction. Whenever the trustees of a school district or
 14 the governing authority of an institution learn of a
 15 handicapped child in their jurisdiction who is in need of
 16 special education, they shall determine whether the child is
 17 in need of a surrogate parent by determining whether the
 18 parents or guardian is unknown or unavailable or if the
 19 child is a ward of the state. The determination must be made
 20 within 10 days of the date on which the trustees of a school
 21 district or the governing authority of an institution
 22 learned of the presence of the child in the district. If the
 23 child is in need of a surrogate parent, the trustees of a
 24 school district or the governing authority of an institution
 25 must nominate a surrogate parent for the child as provided

1 in 20-7-461.

2 (2) Whenever the trustees of any district intend to
 3 establish a special education class or program, they shall
 4 apply for approval and funding of the class or program by
 5 the superintendent of public instruction. The superintendent
 6 of public instruction shall approve or disapprove the
 7 application for the special education class or program on
 8 the basis of its compliance with the laws of the state of
 9 Montana, the special education policies adopted by the board
 10 of public education, and the rules of the superintendent of
 11 public instruction. No special education class may be
 12 operated by the trustees without the approval of the
 13 superintendent of public instruction. Each special education
 14 class or program must be approved annually to be funded as
 15 part of the ~~maximum-budget-without-a-vote~~ foundation program
 16 for special education."

17 **Section 16.** Section 20-7-422, MCA, is amended to read:

18 "20-7-422. Out-of-state tuition for special education
 19 children. (1) If the trustees of any district recommend to
 20 the superintendent of public instruction the attendance of
 21 a child in need of special education in a special education
 22 program offered outside of the state of Montana, such the
 23 ~~arrangements shall~~ are not be subject to the out-of-state
 24 attendance provisions of the laws governing the attendance
 25 of pupils in schools outside the state of Montana.

1 (2) Whenever the attendance of a child at an
 2 out-of-state special education program is approved by the
 3 superintendent of public instruction, ~~it--shall--be--the~~
 4 ~~responsibility--of~~ the superintendent of public instruction
 5 shall, in cooperation with the department of family
 6 services, to negotiate the program for the child and the
 7 amount and manner of payment of tuition. The amount of
 8 tuition ~~shall~~ must be included as a contracted service in
 9 20-7-431(1)(a)(iii)(A) in the ~~maximum-budget-without-a-vote~~
 10 foundation program amount for special education."

11 **Section 17.** Section 20-7-431, MCA, is amended to read:

12 "20-7-431. Allowable cost schedule for special
 13 programs -- superintendent to make rules -- annual
 14 accounting. (1) For the purpose of determining the
 15 ~~maximum-budget-without-a-vote~~ foundation program amount for
 16 special education as defined in 20-9-321, the following
 17 schedule of allowable costs ~~shall~~ must be followed by the
 18 school district in preparation of its special education
 19 budget for state aid request purposes and by the
 20 superintendent of public instruction in his review and
 21 approval of the budget (for the purposes of determining the
 22 amount of the ~~maximum-budget-without-a-vote~~ foundation
 23 program for special education for the district, and as used
 24 in this schedule, "full-time special pupil" and "regular
 25 ANB" are to be determined in accordance with 20-9-311 and

1 20-9-313):

2 (a) instruction: salaries, benefits, supplies,
 3 textbooks, and other expenses including:

4 (i) salaries and benefits of special program teachers,
 5 regular program teachers, teacher aides, special education
 6 supervisors, audiologists, and speech and hearing
 7 clinicians--the entire cost if employed full time in the
 8 special program; if such personnel are shared between
 9 special and regular programs--a portion of the entire cost
 10 corresponding to the entire working time which each ~~such~~
 11 person devotes to the special program;

12 (ii) teaching supplies and textbooks if used
 13 exclusively for special programs--the actual total cost;

14 (iii) other expenses:

15 (A) contracted services, including fees paid for
 16 professional advice and consultation regarding special
 17 students or the special program, and the delivery of special
 18 education services by public or private agencies--the actual
 19 total cost;

20 (B) transportation costs for special education
 21 personnel who must travel on an itinerant basis from school
 22 to school or district to district or to in-state child study
 23 team meetings or in-state individualized education program
 24 meetings--the actual cost to the district calculated on the
 25 same mileage rate used by the district for other travel

1 reimbursement purposes;

2 (b) supportive services, including:

3 (i) salaries and benefits of professional supportive
4 personnel--the entire cost if employed full time in the
5 special program; if such personnel are shared between
6 special and regular programs--a portion of the entire cost
7 corresponding to the entire working time which each such
8 person devotes to the special program. Professional
9 supportive personnel may include counselors, social workers,
10 psychologists, psychometrists, physicians, nurses, and
11 physical and occupational therapists.

12 (ii) salaries and benefits of clerical personnel for
13 who assist professional personnel in supportive
14 services--the entire cost if employed full time in the
15 special program; if such personnel are shared between
16 special and regular programs--a portion of the entire cost
17 corresponding to the entire working time which each such
18 person devotes to the special program;

19 (c) equipment:

20 (i) equipment--the actual total cost;

21 (ii) special equipment for district-owned school buses
22 necessary to accommodate special students--the actual total
23 cost;

24 (iii) special equipment for school buses contracted to
25 transport special students--that portion of the contract

1 price attributable to the cost of special equipment or
2 personnel required to accommodate special students--the
3 actual special cost;

4 (iv) repair and maintenance of equipment--the actual
5 total cost;

6 (d) room and board costs when the special pupil has to
7 attend a program at such a distance from his home that
8 commuting is undesirable as determined by the superintendent
9 of public instruction.

10 (2) The superintendent of public instruction shall,
11 prior to September 17, 1977, revise the adopt rules in
12 accordance with the policies of the board of public
13 education for:

14 (a) keeping necessary records for supportive and
15 administrative personnel and any personnel shared between
16 special and regular programs;

17 (b) defining the total special program caseload that
18 shall must be assigned to specific support persons and the
19 kinds of professional specialties to be considered relevant
20 to the program before the district may count an allowable
21 cost under subsection (1)(b) of this section; and

22 (c) defining the kinds or types of equipment whose
23 costs may be counted under subsection (1)(c)(i) of this
24 section.

25 (3) An annual accounting of all expenditures of school

1 district general fund moneys money for special education
 2 ~~shall~~ must be made by the district trustees on forms
 3 furnished by the superintendent of public instruction. The
 4 superintendent of public instruction shall make rules for
 5 ~~such~~ the accounting.

6 (4) If a board of trustees chooses to exceed the
 7 budget approved by the superintendent of public instruction,
 8 costs in excess of the approved budget may not be reimbursed
 9 under the ~~maximum-budget-without-a-vote~~ foundation program
 10 for special education.

11 (5) Allowable costs prescribed in this section ~~do--not~~
 12 include the costs of the teachers' retirement system, the
 13 public employees' retirement system, the federal social
 14 security system, or the costs for unemployment compensation
 15 insurance.

16 (6) (a) Notwithstanding other provisions of the law,
 17 the superintendent of public instruction ~~shall~~ may not
 18 approve a ~~maximum-budget-without-a-vote~~ foundation program
 19 amount for special education which that exceeds legislative
 20 appropriations; however, any unexpended balance from the
 21 first year of a biennial appropriation may be spent in the
 22 second year of the biennium in addition to the second year
 23 appropriation.

24 (b) If the total allowable cost of the special
 25 education budgets exceeds legislative appropriations

1 available for special education, each district shall receive
 2 a pro rata share of the available appropriations based upon
 3 prioritized budget items as established by the
 4 superintendent of public instruction. The amount of the
 5 approved budgets in excess of the available appropriations
 6 may not be reimbursed under the
 7 ~~maximum-budget-without-a-vote~~ foundation program for special
 8 education and is the responsibility of the school district."

9 **Section 18.** Section 20-7-442, MCA, is amended to read:

10 "20-7-442. State transportation reimbursement for
 11 special education children. Districts providing children
 12 with transportation to a special education class or program
 13 and complying with the special education transportation
 14 regulations promulgated by the superintendent of public
 15 instruction ~~shall--be~~ are eligible for ~~a~~ the state
 16 transportation reimbursement under the provisions of
 17 20-10-145. The reimbursement ~~shall~~ must be calculated from a
 18 schedule established by the superintendent of public
 19 instruction ~~with--the--state--providing--two-thirds--of--the~~
 20 ~~reimbursement--and--the--county-in-which-the-children-reside~~
 21 ~~providing-the-remainder."~~

22 **Section 19.** Section 20-9-104, MCA, is amended to read:

23 "20-9-104. General fund cash reserve. (1) At the end
 24 of each school fiscal year, the trustees of each district
 25 shall designate ~~what~~ the portion of the general fund

1 end-of-the-year cash balance ~~shall~~ that is to be earmarked
 2 as cash reserve for the purpose of paying general fund
 3 warrants issued by the district from July 1 to November 30
 4 of the ensuing school fiscal year. The amount of the general
 5 fund cash balance that is earmarked as cash reserve ~~shall~~
 6 may not exceed 35% the following percentages of the final
 7 general fund budget for the ensuing school fiscal year and
 8 ~~shall:~~

9 (a) 35% for a district that did not receive state
 10 equalization aid during the current school fiscal year;

11 (b) 30% for a district that received state
 12 equalization aid equal to 25% or less of its foundation
 13 program schedule entitlement in the current school fiscal
 14 year; and

15 (c) 20% for a district that received state
 16 equalization aid equal to more than 25% of its foundation
 17 program schedule entitlement in the current school fiscal
 18 year.

19 (2) The amount held as cash reserve may not be used
 20 for property tax reduction in the manner permitted by
 21 20-9-141(1)(b) for other receipts. Any portion of the
 22 general fund end-of-the-year cash balance that is not
 23 earmarked for cash reserve purposes ~~shall--be~~ is cash
 24 reappropriated which-~~shall~~ and must be used for property tax
 25 reduction as provided in 20-9-141(1)(b)(iii).

1 (3) The limitation of subsection (1) does not apply
 2 when the amount in excess of the limitation is equal to or
 3 less than any amount received under Public Law 81-874 during
 4 the current school fiscal year."

5 **Section 20.** Section 20-9-141, MCA, is amended to read:

6 "20-9-141. Computation of general fund net levy
 7 requirement by county superintendent. (1) The county
 8 superintendent shall compute the levy requirement for each
 9 district's general fund on the basis of the following
 10 procedure:

11 (a) Determine the total of the funding required for
 12 the district's final general fund budget less the amount
 13 established by the foundation program schedules ~~in-20-9-316~~
 14 ~~through-20-9-321~~ by totaling:

15 (i) the district's nonisolated school foundation
 16 program requirement to be met by a district levy as provided
 17 in 20-9-303;

18 ~~{ii}-the--district's-permissive-levy-amount-as-provided~~
 19 ~~in-20-9-352; and~~

20 ~~{iii}~~(ii) any additional general fund budget amount
 21 adopted by the trustees of the district under the provisions
 22 of 20-9-353, including any additional levies authorized by
 23 the electors of the district.

24 (b) Determine the ~~total-of-the-moneys~~ money available
 25 for the reduction of the property tax on the district for

1 the general fund by totaling:

2 (i) anticipated federal moneys money received under
3 the provisions of Title I of Public Law 81-874 or other
4 anticipated federal moneys money received in lieu of such
5 federal that act;

6 (ii) anticipated tuition payments for out-of-district
7 pupils under the provisions of 20-5-303, 20-5-307, 20-5-312,
8 and 20-5-313;

9 (iii) general fund cash reappropriated, as established
10 under the provisions of 20-9-104;

11 (iv) anticipated or reappropriated state impact aid
12 received under the provisions of 20-9-304;

13 (v) anticipated revenue from vehicle property taxes
14 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
15 61-3-521, and 61-3-537, and 67-3-204;

16 (vi) anticipated net proceeds taxes for interim
17 production and new production, as defined in 15-23-601;

18 (vii) anticipated interest to be earned or
19 reappropriated interest earned by the investment of general
20 fund cash in accordance with the provisions of 20-9-213(4);
21 and

22 (viii) anticipated revenue from corporation license
23 taxes collected from financial institutions under the
24 provisions of 15-31-702; and

25 ~~(viii)~~(ix) any other revenue anticipated by the

1 trustees to be received during the ensuing school fiscal
2 year which may be used to finance the general fund.

3 (c) Subtract the ~~total-of-the-moneys~~ money available
4 to reduce the property tax required to finance the general
5 fund that has been determined in subsection (1)(b) from the
6 total requirement determined in subsection (1)(a).

7 (2) The net general fund levy requirement determined
8 in subsection (1)(c) ~~shall~~ must be reported to the county
9 commissioners on the second Monday of August by the county
10 superintendent as the general fund levy requirement for the
11 district, and a levy ~~shall~~ must be made by the county
12 commissioners in accordance with 20-9-142."

13 **Section 21.** Section 20-9-201, MCA, is amended to read:

14 **"20-9-201. Definitions and application.** (1) As used in
15 this title, unless the context clearly indicates otherwise,
16 "fund" means a separate detailed account of receipts and
17 expenditures for a specific purpose as authorized by law.
18 Funds are classified as follows:

19 (a) A "budgeted fund" means any fund for which a
20 budget must be adopted in order to expend any money from
21 such the fund. The general fund, transportation fund, bus
22 depreciation reserve fund, elementary tuition fund,
23 ~~retirement--fund,~~ debt service fund, leased facilities fund,
24 building reserve fund, adult education fund, nonoperating
25 fund, ~~vocational-technical-center-fund,~~ and any other funds

1 so designated by the legislature ~~shall--be~~ are budgeted
2 funds.

3 (b) A "nonbudgeted fund" means any fund for which a
4 budget is not required in order to expend any money on
5 deposit in such the fund. The school food services fund,
6 miscellaneous federal programs fund, building fund, lease or
7 rental agreement fund, traffic education fund, interlocal
8 cooperative fund, and any other funds so designated by the
9 legislature ~~shall--be~~ are nonbudgeted funds.

10 (2) The school financial administration provisions of
11 this title apply to all money of any elementary or high
12 school district except the extracurricular money realized
13 from pupil activities. Elementary and high school districts
14 shall record the receipt and disbursement of all money in
15 accordance with generally accepted accounting principles.
16 The superintendent of public instruction has general
17 supervisory authority as prescribed by law over the school
18 financial administration provisions, as they relate to
19 elementary and high school districts, as prescribed by law
20 and he shall establish such adopt rules as are necessary to
21 secure compliance with the law."

22 **Section 22.** Section 20-9-212, MCA, is amended to read:

23 "20-9-212. Duties of county treasurer. The county
24 treasurer of each county shall:

25 (1) receive and hold all school money subject to

1 apportionment and keep a separate accounting of its
2 apportionment to the several districts which are entitled to
3 a portion of such the money according to the apportionments
4 ordered by the county superintendent. A separate accounting
5 ~~shall~~ must be maintained for each county fund supported by a
6 countywide levy for a specific, authorized purpose,
7 including:

8 (a) the basic county tax in support of the elementary
9 foundation programs;

10 (b) the basic special tax for high schools in support
11 of the high school foundation programs; and

12 ~~(c)--the--county--tax--in--support--of--the--county's--high~~
13 ~~school--transportation--obligation;~~

14 ~~(d)--the--county--tax--in--support--of--the--high--school~~
15 ~~obligations--to--the--retirement--systems--of--the--state--of~~
16 ~~Montana;~~

17 ~~(e)--any--additional--county--tax--required--by--law--to~~
18 ~~provide--for--deficiency--financing--of--the--elementary~~
19 ~~foundation--programs;~~

20 ~~(f)--any--additional--county--tax--required--by--law--to~~
21 ~~provide--for--deficiency--financing--of--the--high--school~~
22 ~~foundation--programs;--and~~

23 ~~(g)~~ (c) any other county tax for schools, including the
24 community colleges, which may be authorized by law and
25 levied by the county commissioners;

(2) whenever requested, notify the county superintendent and the superintendent of public instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1) of this section and the amount of any other school money subject to apportionment and apportion ~~such~~ the county and other school money to the districts in accordance with the apportionment ordered by the county superintendent;

(3) keep a separate accounting of the expenditures for each budgeted fund included in the final budget of each district;

(4) keep a separate accounting of the receipts, expenditures, and cash balances for each budgeted fund included in the final budget of each district and for each nonbudgeted fund established by each district;

(5) except as otherwise limited by law, pay all warrants properly drawn on the county or district school money and properly endorsed by their holders;

(6) receive all revenue collected by and for each district and deposit these receipts in the fund designated by law or by the district if no fund is designated by law. Interest and penalties on delinquent school taxes shall be credited to the same fund and district for which the original taxes were levied.

(7) send all ~~revenues~~ revenue received for a joint

district, part of which is situated in his county, to the county treasurer designated as the custodian of ~~such revenues~~ the revenue, no later than December 15 of each year and every 3 months thereafter until the end of the school fiscal year;

(8) at the direction of the trustees of a district, assist the district in the issuance and sale of tax and revenue anticipation notes as provided in Title 7, chapter 6, part 11;

(9) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there is insufficient money available ~~in--the--sum--of--money~~ in all funds of the district to make payment of such warrant. Redemption of registered warrants ~~shall~~ must be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

(10) invest the money of any district as directed by the trustees of the district within 3 working days of ~~such~~ the direction;

(11) ~~give~~ each month give to the trustees of each district an itemized report for each fund maintained by the district, showing the paid warrants, outstanding warrants, registered warrants, amounts and types of revenue received, and the cash balance; and

(12) remit promptly to the state treasurer receipts for the county tax for a vocational-technical center when levied

by the board of county commissioners; and

(13) invest the money received from the basic county tax in support of the elementary foundation programs and the basic special tax in support of the high school foundation programs within 3 working days of receipt. The money must be invested until the working day before it is required to be distributed to school districts within the county or remitted to the state. Permissible investments are specified in 20-9-213(4). All investment income must be deposited, and credited proportionately, in the funds established to account for the taxes received for the purposes specified in subsections (1)(a) and (1)(b)."

Section 23. Section 20-9-213, MCA, is amended to read:

"20-9-213. Duties of trustees. The trustees of each district shall have the sole power and authority to transact all fiscal business and execute all contracts in the name of such district. No person other than the trustees acting as a governing board shall have the authority to expend moneys of the district. In conducting the fiscal business of the district, the trustees shall:

(1) cause the keeping of an accurate, detailed accounting of all receipts and expenditures of school moneys for each fund maintained by the district in accordance with generally accepted accounting principles and the rules prescribed by the superintendent of public instruction. The

record of such accounting shall be open to public inspection at any meeting of the trustees.

(2) authorize all expenditures of district moneys and cause warrants to be issued for the payment of lawful obligations;

(3) have the authority to issue warrants on any budgeted fund in anticipation of budgeted revenues, except that such expenditures shall not exceed the amount budgeted for such fund;

(4) invest any moneys of the district, whenever in the judgment of the trustees such investment would be advantageous to the district, by directing the county treasurer to invest any money of the district in direct obligations of the United States government, payable within 180 days from the time of investment, or in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state. All interest collected on such deposits or investments shall be credited to the fund from which the money was withdrawn, except that interest earned on account of the investment of money realized from the sale of bonds shall be credited to the debt service fund or the building fund, at the discretion of the board of trustees. The placement of the investment by the county treasurer shall not be subject to

1 ratable distribution laws and shall be done in accordance
2 with the directive from the board of trustees. A district
3 may invest moneys under the state unified investment program
4 established in Title 17, chapter 6.

5 (5) cause the district to record every transaction in
6 the appropriate account before the accounts are closed at
7 the end of the fiscal year, in order to properly report the
8 receipt, use, and disposition of all money and property for
9 which the district is accountable;

10 ~~(5)~~(6) report annually to the county superintendent,
11 not later than August 1, the financial activities of each
12 fund maintained by the district during the last completed
13 school fiscal year on the forms prescribed and furnished by
14 the superintendent of public instruction. Annual fiscal
15 reports for joint school districts shall be submitted to the
16 county superintendent of each county in which part of the
17 joint district is situated.

18 ~~(6)~~(7) whenever requested, report any other fiscal
19 activities to the county superintendent, superintendent of
20 public instruction, or board of public education;

21 ~~(7)~~(8) cause the accounting records of the district to
22 be audited annually as required by law; and

23 ~~(8)~~(9) perform, in the manner permitted by law, such
24 other fiscal duties that are in the best interests of the
25 district."

1 **Section 24.** Section 20-9-301, MCA, is amended to read:

2 "20-9-301. Purpose and---definition of foundation
3 program and definition of general fund budget. (1) A uniform
4 system of free public schools sufficient for the education
5 of and open to all school age children of the state ~~shall~~
6 must be established and maintained throughout the state of
7 Montana. The state shall aid in the support of its several
8 school districts on the basis of their financial need as
9 measured by the foundation program and in the manner
10 established in this title.

11 (2) The principal budgetary vehicle for achieving the
12 minimum financing as established by the foundation program
13 ~~shall--be~~ is the general fund budget of the district. The
14 purpose of the general fund ~~shall--be~~ budget is to finance
15 those general maintenance and operational costs of a
16 district not financed by other funds established for special
17 purposes in this title.

18 (3) The amount of the general fund budget for each
19 school fiscal year ~~shall~~ may not exceed the financing
20 limitations established by this title but ~~shall--be--no~~ may
21 not be less than the amount established by law as the
22 foundation program. The general fund budget ~~shall~~ must be
23 financed by the foundation program revenues and may be
24 supplemented by ~~the-permissive-levy-and~~ an additional voted
25 ~~levies~~ levy in the manner provided by law."

1 **Section 25.** Section 20-9-303, MCA, is amended to read:

2 **"20-9-303. Definition of foundation program and its**
 3 **proportion-of-the--maximum-general-fund-without-a-voted-levy**
 4 **schedule--amount -- nonisolated school foundation program**
 5 **financing -- special education funds. (1) As used in this**
 6 **title, the term "foundation program" shall-mean means the**
 7 **minimum operating expenditures, as established herein, that**
 8 **are sufficient to provide for the educational--program**
 9 **operation of a school. The foundation program relates only**
 10 **to those expenditures authorized by a district's general**
 11 **fund budget and shall may not include expenditures from any**
 12 **other fund. It shall-be is financed by:**

13 (a) county equalization moneys money, and, as provided
 14 in 20-9-331 and 20-9-333;

15 (b) state equalization aid, as provided in 20-9-343;
 16 and

17 (c) appropriations for special education.

18 (2) ~~The dollar amount of the foundation program shall~~
 19 ~~be-----80%-----of-----the~~
 20 ~~maximum-general-fund-budget-without-a-voted-levy--limitation~~
 21 ~~as--set-forth-in-the-schedules-in-20-9-316-through-20-9-321.~~
 22 The foundation program of an includes:

23 (a) amounts in support of general education programs
 24 as provided in the schedules in 20-9-316 through 20-9-320;
 25 and

1 (b) payments in support of special education programs
 2 under 20-9-321.

3 (3) An elementary school having an ANB of nine or
 4 fewer pupils for 2 consecutive years which is not approved
 5 as an isolated school under the provisions of 20-9-302 shall
 6 be--90% of may budget and spend the schedule amount, but the
 7 county and state shall participate in financing one-half of
 8 the foundation program, and the district shall finance the
 9 remaining one-half by a tax levied on the property of the
 10 district. When a school of nine or fewer pupils is approved
 11 as isolated under the provisions of 20-9-302, the county and
 12 state shall participate in the financing of the total amount
 13 of the foundation program.

14 ~~(3)(4)~~ Funds provided to support the special education
 15 accounting budget may be expended only for special education
 16 purposes as approved by the superintendent of public
 17 instruction in accordance with the special education
 18 budgeting provisions of this title. Expenditures for special
 19 education shall must be accounted for separately from the
 20 balance of the school district general fund. Transfers
 21 between items within the special education budget for
 22 accounting purposes may be made at the discretion of the
 23 board of trustees in accordance with the financial
 24 administration part of this title. The unexpended balance of
 25 the special education accounting budget shall-carry carries

over to the next year to reduce the amount of funding required to finance the district's ensuing year's ~~maximum-budget-without-a-vote~~ foundation program amount for special education."

Section 26. Section 20-9-311, MCA, is amended to read:

"20-9-311. Calculation of average number belonging (ANB). (1) Average number belonging ~~shall-be~~ is computed by determining the total of the aggregate days of attendance by regularly enrolled, full-time pupils during the current school fiscal year plus the aggregate days of absence by regularly enrolled, full-time pupils during the current school fiscal year and by dividing ~~such the~~ total by 180. However, when a school district has approval to operate less than 180 school days under 20-9-804, ~~such the~~ total ~~shall~~ must be calculated in accordance with the provisions of 20-9-805. For the purpose of calculating ANB under this section, the days of attendance for a regularly enrolled pupil may not exceed 180 pupil instruction days and 7 pupil-instruction-related days. Attendance for a part of a morning session or a part of an afternoon session by a pupil ~~shall--be~~ is counted as attendance for one-half day. In calculating the ANB for pupils enrolled in a program established under ~~20-7-117--prior--to--January-17-1974--or~~ pursuant-to 20-7-117(1), attendance at or absence from a regular session of the program for at least 2 hours of

either a morning or an afternoon session will be counted as one-half of a day attended or absent, as the case may be. If a variance has been granted as provided in 20-1-302, ANB will be computed in a manner prescribed by the superintendent of public instruction, but in no case ~~shall~~ may the ANB exceed one-half for each kindergarten pupil. When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, his absence after the 10th day of absence ~~shall~~ may not be included in the aggregate days of absence and his enrollment in the school ~~shall~~ may not be considered in the calculation of the average number belonging until he resumes attendance at school.

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he ~~shall--be~~ is considered a full-time special pupil but ~~shall~~ may not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he ~~shall-be~~ is considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly

1 enrolled, full-time pupils attending the schools of the
2 district, except that when:

3 (a) a school of the district is located more than 3
4 miles beyond the incorporated limits of a city or town or
5 from another school of the district, all of the regularly
6 enrolled, full-time pupils of the school must be calculated
7 individually for ANB purposes;

8 (b) a junior high school has been approved and
9 accredited as a junior high school, all of the regularly
10 enrolled, full-time pupils of the junior high school shall
11 must be considered as high school district pupils for ANB
12 purposes;

13 (c) a middle school has been approved and accredited,
14 in which case pupils below the 7th grade shall must be
15 considered elementary school pupils for ANB purposes and the
16 7th and 8th grade pupils shall must be considered high
17 school pupils for ANB purposes; or

18 (d) a school has not been accredited by the board of
19 public education, the regularly enrolled, full-time pupils
20 attending the nonaccredited school shall may not be eligible
21 for average number belonging calculation purposes, nor will
22 an average number belonging for the nonaccredited school be
23 used in determining the foundation program for such the
24 district.

25 (4) When 11th or 12th grade students are regularly

1 enrolled on a part-time basis, high schools may calculate
2 the ANB to include an "equivalent ANB" for those students.
3 The method for calculating an equivalent ANB shall must be
4 determined in a manner prescribed by the superintendent of
5 public instruction."

6 **Section 27.** Section 20-9-312, MCA, is amended to read:

7 "~~20-9-312. Maximum---general---fund---budget~~ Foundation
8 program schedule for grades seven and eight. The ANB
9 calculated for grades 7 and 8 shall must be funded at the
10 high school rate, provided that the school meets the
11 standards for accreditation of a middle school. When such
12 the pupils are actually enrolled in an elementary school,
13 the foundation program schedule amount of ~~the general fund~~
14 budget per ANB is determined from the high school schedule
15 using the total ANB of the elementary school. To determine
16 the total ANB of ~~such an~~ the elementary school, the 7th and
17 8th grade pupils shall must be included in such the total."

18 **Section 28.** Section 20-9-315, MCA, is amended to read:

19 "~~20-9-315. Maximum general fund budget and exceptions.~~
20 (1) The total amount of the general fund budget of any
21 district shall may not be greater than the ~~general fund~~
22 ~~budget--amount--specified--in--20-9-316---through---20-9-321~~
23 district's foundation program as provided in 20-9-303,
24 except when a district has adopted an emergency general fund
25 budget under the provisions of 20-9-165 or when a district

1 satisfies the requirements of 20-9-353.

2 (2) Notwithstanding the provisions of subsection (1),
3 a district's maximum general fund budget may not exceed 130%
4 of the foundation program amount for that district, except:

5 (a) when Public Law 81-874 funds are the source of
6 funding for the excess amount, until the state receives
7 approval of an application to equalize the funds under 20
8 U.S.C. 240(d);

9 (b) when a district had combined expenditures in
10 school fiscal year 1988 from its general fund, retirement
11 fund, and comprehensive insurance fund in an amount greater
12 than the maximum general fund budget allowed by this
13 section, in which case the maximum general fund budget of
14 the district is limited to its school fiscal year 1988
15 combined expenditure amount until that amount does not
16 exceed 130% of the district's foundation program amount;

17 (c) a nonapproved isolated school under 20-9-303(3) is
18 not subject to the limitation."

19 **Section 29.** Section 20-9-318, MCA, is amended to read:

20 "20-9-318. Elementary school maximum-budget foundation
21 program schedule for 1987-88 school fiscal year 1991 and
22 succeeding years. For 1987-88 the school fiscal year ending
23 June 30, 1991 and succeeding school years, the elementary
24 school maximum-budget foundation program schedule is as
25 follows:

1 (1) For each elementary school having an ANB of nine
2 or fewer pupils, the maximum ~~shall-be-\$26,158~~ is \$28,725 if
3 ~~said the~~ school is approved as an isolated school.

4 (2) For schools with an ANB of 10 pupils but less than
5 18 pupils, the maximum ~~shall-be-\$26,158~~ is \$28,725 plus
6 ~~\$842-50~~ \$1,201 per pupil on the basis of the average number
7 belonging over nine.

8 (3) For schools with an ANB of at least 14 pupils but
9 less than 18 pupils that qualify for instructional aide
10 funding under 20-9-322, the maximum ~~shall-be-\$33,842~~ is
11 \$47,085 plus ~~\$842-50~~ \$1,201 per pupil on the basis of the
12 average number belonging over 14.

13 (4) For schools with an ANB of 18 pupils and employing
14 one teacher, the maximum ~~shall-be-\$27,741~~ is \$39,531 plus
15 ~~\$842-50~~ \$1,201 per pupil on the basis of the average number
16 belonging over 18, not to exceed an ANB of 25.

17 (5) For schools with an ANB of 18 pupils and employing
18 two full-time teachers, the maximum ~~shall-be-\$44,290~~ is
19 \$63,113 plus ~~\$527-60~~ \$752 per pupil on the basis of the
20 average number belonging over 18, not to exceed an ANB of
21 50.

22 (6) For schools having an ANB in excess of 40, the
23 maximum, on the basis of the total pupils (ANB) in the
24 district ~~for-elementary-pupils-will-be,~~ is as follows:

25 (a) For a school having an ANB of more than 40 and

1 employing a minimum of three teachers, the maximum of ~~\$1,957~~
 2 ~~shall be \$2,789~~ is decreased at the rate of ~~\$1.98~~ \$2.71 for
 3 each additional pupil until the total number (ANB) ~~shall~~
 4 ~~have-reached~~ reaches a total of 100 pupils.

5 (b) For a school having an ANB of more than 100
 6 pupils, the maximum of ~~\$1,843~~ ~~shall be \$2,626~~ is decreased
 7 at the rate of ~~\$1.74~~ \$1.48 for each additional pupil until
 8 the ANB ~~shall have-reached~~ reaches 300 pupils.

9 (c) For a school having an ANB of more than 300
 10 pupils, the maximum ~~shall may not exceed \$1,496~~ \$2,324 for
 11 each pupil.

12 (7) The maximum per pupil for all pupils (ANB) and for
 13 all elementary schools ~~shall must~~ be computed on the basis
 14 of the amount allowed herein in this section on account of
 15 the last eligible pupil (ANB). All elementary schools
 16 operated within the incorporated limits of a city or town
 17 ~~shall must~~ be treated as one school for the purpose of this
 18 schedule."

19 **Section 30.** Section 20-9-319, MCA, is amended to read:

20 "20-9-319. High school maximum--budget foundation
 21 program schedule for 1987-88 school fiscal year 1991 and
 22 succeeding years. For 1987-88 the school fiscal year ending
 23 June 30, 1991 and succeeding school years, the high school
 24 maximum-budget foundation program schedule is as follows:

25 (1) For each high school having an ANB of 24 or fewer

1 pupils, the maximum ~~shall be \$114,845~~ is \$175,139.

2 (2) For a secondary high school having an ANB of more
 3 than 24 pupils, the maximum ~~\$47,785~~ ~~shall be of \$7,297~~ is
 4 decreased at the rate of ~~\$26.10~~ \$39.80 for each additional
 5 pupil until the ANB ~~shall have-reached~~ reaches a total of 40
 6 such pupils.

7 (3) For a school having an ANB of more than 40 pupils,
 8 the maximum of ~~\$47,368~~ ~~shall be \$6,661~~ is decreased at the
 9 rate of ~~\$26.10~~ \$39.80 for each additional pupil until the
 10 ANB ~~shall have-reached~~ reaches 100 pupils.

11 (4) For a school having an ANB of more than 100
 12 pupils, ~~a the~~ maximum of ~~\$27,882~~ ~~shall be \$4,273~~ is decreased
 13 at the rate of ~~\$4.37~~ \$6.66 for each additional pupil until
 14 the ANB ~~shall have-reached~~ reaches 200 pupils.

15 (5) For a school having an ANB of more than 200
 16 pupils, the maximum of ~~\$27,365~~ ~~shall be \$3,607~~ is decreased
 17 by ~~\$2.40~~ \$3.66 for each additional pupil until the ANB ~~shall~~
 18 ~~have-reached~~ reaches 300 pupils.

19 (6) For a school having an ANB of more than 300
 20 pupils, the maximum of ~~\$27,125~~ ~~shall be \$3,241~~ is decreased
 21 at the rate of 44 67 cents for each additional pupil until
 22 the ANB ~~shall have-reached~~ reaches 600 pupils.

23 (7) For a school having an ANB ~~eve. of more than~~ of more than 600
 24 pupils, the maximum ~~shall may not exceed \$1,993~~ \$3,039 per
 25 pupil.

1 (8) The maximum per pupil for all pupils (ANB) and for
 2 all high schools ~~shall~~ must be computed on the basis of the
 3 amount allowed herein in this section on account of the last
 4 eligible pupil (ANB). All high schools and junior high
 5 schools which have been approved and accredited as junior
 6 high schools, operated within the incorporated limits of a
 7 city or town, ~~shall~~ must be treated as one school for the
 8 purpose of this schedule."

9 **Section 31.** Section 20-9-320, MCA, is amended to read:

10 "20-9-320. Maximum---general--fund--budget Foundation
 11 program schedule amount for junior high school. (1) The
 12 general--fund--budget foundation program schedule amount for
 13 an approved and accredited junior high school ~~shall~~ must be
 14 prorated between the elementary district general-fund-budget
 15 foundation program schedule amount and the high school
 16 district general-fund--budget foundation program schedule
 17 amount in the following manner:

18 (a) determine the per-ANB schedule amount for the
 19 school, as defined by 20-9-317 and 20-9-319, from the high
 20 school schedule;

21 (b) calculate the ANB for the regularly enrolled
 22 full-time pupils enrolled in the 7th and 8th grades of the
 23 junior high school;

24 (c) multiply the per-ANB schedule amount determined in
 25 subsection (1)(a) by the ANB calculated in subsection (1)(b)

1 to determine the authorized general-fund-budget amount which
 2 ~~shall--be~~ available for the elementary district general-fund
 3 budget foundation program; and

4 (d) subtract the amount determined in subsection
 5 (1)(c) from the total authorized general-fund-budget amount
 6 for the school to determine the authorized general--fund
 7 budget amount which--shall-be available for the high school
 8 district general-fund-budget foundation program.

9 (2) The general-fund-budget amount determined for each
 10 school of a district under the schedules provided in
 11 20-9-316 through 20-9-319 ~~shall~~ must be totaled to determine
 12 the maximum-general-fund-budget-without-a-voted-levy
 13 foundation program schedule amount for such the district."

14 **Section 32.** Section 20-9-321, MCA, is amended to read:

15 "20-9-321. Maximum---general--fund--budget Foundation
 16 program and contingency funds for special education. (1) For
 17 the purpose of establishing the
 18 maximum-budget-without-a-vote foundation program amount for
 19 a current year special education program for a school
 20 district, the superintendent of public instruction ~~will~~
 21 shall determine the total estimated cost of the special
 22 education program for the school district on the basis of a
 23 special education program budget submitted by the district.
 24 The budget ~~will~~ must be prepared on forms provided by the
 25 superintendent of public instruction and ~~will~~ must set out

1 for each program:

2 (a) the estimated allowable costs associated with
3 operating the program where allowable costs are as defined
4 in 20-7-431;

5 (b) the number of pupils expected to be enrolled in
6 the program; and

7 (c) any other data required by the superintendent of
8 public instruction for budget justification purposes and to
9 administer the provisions of 20-9-315 through 20-9-321.

10 (2) The total amount of allowable costs approved by
11 the superintendent of public instruction ~~shall be~~ is the
12 special education ~~maximum-budget-without-a-vote~~ foundation
13 program amount for current year special education program
14 purposes. The total amount of allowable costs that are
15 approved for the special education budget ~~shall may~~ not,
16 under any condition, be less than the
17 ~~maximum-budget-without-a-vote~~ foundation program amount for
18 one regular ANB for each special full-time special pupil in
19 the school district.

20 (3) If a special education program is implemented or
21 expanded during a given school term too late to be included
22 in the determination of the district
23 ~~maximum-budget-without-a-vote~~ foundation program for the
24 school year as prescribed in this part, allowable costs
25 approved under the budgeting provisions of subsections (1)

1 and (2) for the operation of the program during the given
2 year must be funded from any legislative appropriation for
3 contingency financing for special education. Contingency
4 funds granted under this subsection must be deposited in a
5 separate account of the miscellaneous programs fund of the
6 district as provided in 20-9-507. However, if contingency
7 funds are not available, then subject to the approval of the
8 program by the superintendent under the emergency budget
9 provisions of 20-9-161(5), allowable costs for the given
10 year may be added to the ~~maximum-budget-without-a-vote~~
11 foundation program amount for special education for the
12 subsequent school year. Such The allowable costs must be
13 recorded as previous year special education expenses in the
14 school district budget for the subsequent school year.

15 (4) The sum of the previous year special education
16 expenses as defined in subsection (3) above and the
17 ~~maximum-budget-without-a-vote~~ foundation program amount for
18 current year special education as defined in subsections (1)
19 and (2) ~~shall--be~~ is the special education budget for
20 accounting purposes.

21 (5) The ~~maximum-budget-without-a-vote~~ foundation
22 program amount for special education ~~will must~~ be added to
23 the ~~maximum-budget-without-a-vote~~ foundation program amount
24 of the regular program ANB defined in 20-9-311 and 20-9-313
25 to obtain the total ~~maximum-budget-without-a-vote~~ foundation

1 program amount for the district."

2 **Section 33.** Section 20-9-322, MCA, is amended to read:

3 "20-9-322. Elementary instructional aide funding
4 qualification. (1) Any elementary school that anticipates an
5 ANB of at least 14 but less than 18 pupils for the ensuing
6 school fiscal year may determine the maximum-general-fund
7 budget foundation program amount under the provisions of
8 20-9-316(3) or 20-9-318(3) if eligibility is approved in
9 accordance with the following provisions:

10 (a) No later than May 10 of each year, the school
11 district shall submit its application for approval for
12 instructional aide funding to the superintendent of public
13 instruction. The application shall must include:

14 (i) the previous year's ANB;

15 (ii) an estimate of the current school fiscal year's
16 ANB, as calculated under the provisions of 20-9-314(1), and
17 the number of grade levels being taught on May 1 of the
18 current year;

19 (iii) an estimate of the ANB and the number of grade
20 levels anticipated for the ensuing school fiscal year;

21 (iv) the factual information on which such estimates
22 are based; and

23 (v) any other information or data that may be required
24 by the superintendent of public instruction.

25 (b) The superintendent of public instruction shall

1 immediately review all of the factors of the application and
2 shall approve the application if the anticipated ANB is at
3 least 14 but less than 18 pupils and a minimum of five grade
4 levels are being taught as of May 1 of the current year or
5 documentation is provided which indicates that the
6 anticipated ANB will require a minimum of five grade levels
7 to be taught in the ensuing school year.

8 (2) Whenever a school district applies for and is
9 approved for instructional aide funding under the provisions
10 of subsection (1), the district must shall hire an
11 instructional aide.

12 (3) For the purposes of this section, the term
13 "instructional aide" means:

14 (a) a person who is under the direct supervision of a
15 teacher; or

16 (b) a certified teacher."

17 **Section 34.** Section 20-9-331, MCA, is amended to read:

18 "20-9-331. Basic county tax and other revenues for
19 county equalization of the elementary district foundation
20 program. (1) ~~It shall be the duty of the~~ The county
21 commissioners of each county to shall levy an annual basic
22 tax of 28 34 mills on the ~~dollars~~ dollar of the taxable
23 value of all taxable property within the county, except for
24 ~~vehicles subject to taxation under 61-3-504(2)~~ property
25 subject to a tax or fee under 23-2-517, 23-2-803,

1 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
 2 purposes of local and state foundation program support. The
 3 revenue to--be collected from this levy shall must be
 4 apportioned to the support of the foundation programs of the
 5 elementary school districts in the county and to the state
 6 special revenue fund, state equalization aid account, in the
 7 following manner:

8 (a) In order to determine the amount of revenue raised
 9 by this levy which is retained by the county, the sum of the
 10 estimated revenues revenue identified in subsection (2)
 11 below-shall must be subtracted from the sum--of--the--county
 12 elementary--transportation--obligation--and--the total of the
 13 foundation programs of all elementary districts of the
 14 county.

15 (b) If the basic levy prescribed by this section
 16 produces more revenue than is required to finance the
 17 difference determined above in subsection (1)(a), the county
 18 treasurer shall remit the surplus funds to the state
 19 treasurer for deposit to the state special revenue fund,
 20 state equalization aid account, immediately upon occurrence
 21 of a surplus balance and each subsequent month thereafter,
 22 with any final remittance due no later than June 20 of the
 23 fiscal year for which the levy has been set.

24 (c) If revenue from the basic levy prescribed by this
 25 section when combined with the other revenue from subsection

1 (2) is insufficient to fully fund the percentage determined
 2 in 20-9-347(1)(b), and the county is eligible for an
 3 apportionment of state equalization aid under the provisions
 4 of 20-9-347(1)(c), the county superintendent shall notify
 5 the superintendent of public instruction of the deficiency.
 6 The superintendent of public instruction shall increase the
 7 state equalization aid payments to the districts in the
 8 affected county to offset the deficiency. A payment may not
 9 be made under this subsection (1)(c) that allows a district
 10 to receive foundation program funding in excess of the
 11 foundation program amount of the district.

12 (2) The proceeds revenue realized from the county's
 13 portion of the levy prescribed by this section and the
 14 revenues revenue from the following sources shall must be
 15 used for the equalization of the elementary district
 16 foundation programs of the county as prescribed in 20-9-334,
 17 and a separate accounting shall must be kept of such
 18 proceeds-and-revenues the revenue by the county treasurer in
 19 accordance with 20-9-212(1):

20 (a) the portion of the federal Taylor Grazing Act
 21 funds distributed to a county and designated for the common
 22 school fund under the provisions of 17-3-222;

23 (b) the portion of the federal flood control act funds
 24 distributed to a county and designated for expenditure for
 25 the benefit of the county common schools under the

1 provisions of 17-3-232;

2 (c) all money paid into the county treasury as a
3 result of fines for violations of law, except money paid to
4 a justice's court, and the use of which is not otherwise
5 specified by law;

6 (d) any money remaining at the end of the immediately
7 preceding school fiscal year in the county treasurer's
8 account accounts for the various sources of revenue
9 established or referred to in this section;

10 (e) any federal or state money distributed to the
11 county as payment in lieu of the property taxation
12 established--by--the--county--levy--required--by--this--section,
13 including federal forest reserve funds allocated under the
14 provisions of 17-3-213;

15 (f) net proceeds taxes for interim production and new
16 production, as defined in 15-23-601; and

17 (g) anticipated revenue from vehicle property taxes
18 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
19 61-3-521, and 61-3-537, and 67-3-204."

20 **Section 35.** Section 20-9-333, MCA, is amended to read:

21 "20-9-333. Basic special levy and other revenues for
22 county equalization of high school district foundation
23 program. (1) ~~It--shall--be--the--duty--of--the~~ The county
24 commissioners of each county to shall levy an annual basic
25 special tax for high schools of ~~17~~ 21 mills on the dollar of

1 the taxable value of all taxable property within the county,
2 except for ~~vehicles-subject-to--taxation--under--61-3-504(2)~~
3 property subject to a tax or fee under 23-2-517, 23-2-803,
4 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
5 purposes of local and state foundation program support. The
6 revenue ~~to--be~~ collected from this levy ~~shall~~ must be
7 apportioned to the support of the foundation programs of
8 high school districts in the county and to the state special
9 revenue fund, state equalization aid account, in the
10 following manner:

11 (a) In order to determine the amount of revenue raised
12 by this levy which is retained by the county, the sum of the
13 estimated revenues ~~revenue~~ identified in subsections--~~(2){a}~~
14 ~~and--(2){b}--below--shall~~ subsection (2) must be subtracted
15 from the sum of the county's high school tuition obligation
16 and the total of the foundation programs of all high school
17 districts of the county.

18 (b) If the basic levy prescribed by this section
19 produces more revenue than is required to finance the
20 difference determined above in subsection (1)(a), the county
21 treasurer shall remit the surplus to the state treasurer for
22 deposit to the state special revenue fund, state
23 equalization aid account, immediately upon occurrence of a
24 surplus balance and each subsequent month thereafter, with
25 any final remittance due no later than June 20 of the fiscal

year for which the levy has been set.

(c) If revenue from the basic levy prescribed by this section when combined with the other revenue from subsection (2) is insufficient to fully fund the percentage determined in 20-9-347(1)(b), and the county is eligible for an apportionment of state equalization aid under the provisions of 20-9-347(1)(c), the county superintendent shall notify the superintendent of public instruction of the deficiency. The superintendent of public instruction shall increase the state equalization aid payments to the districts in the affected county to offset the deficiency. A payment may not be made under this subsection (1)(c) that allows a district to receive foundation program funding in excess of the foundation program amount of the district.

(2) The proceeds revenue realized from the county's portion of the levy prescribed in this section and the revenues revenue from the following sources shall must be used for the equalization of the high school district foundation programs of the county as prescribed in 20-9-334, and a separate accounting shall must be kept of these proceeds the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in

this section;

(b) any federal or state moneys money distributed to the county as a payment in lieu of the property taxation established-by-the-county-levy--required--by--this--section, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(d) anticipated revenue from vehicle property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204."

Section 36. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization moneys money by county superintendent. The county superintendent shall separately apportion the revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for high schools account to the several districts of the county on a monthly basis. The apportionments shall must be known as "county equalization moneys money". Before the county superintendent makes the monthly apportionments, he the county superintendent shall: (1)--deduct--from--the--revenues--available--in--the--basic county-tax-account--the--amount--required--for--the--month--to--pay the---county's---obligation---for---elementary---transportation reimbursements;--and

1 ~~{2}~~ deduct from the revenues available in the basic
2 special tax for high schools account the amount required for
3 the month to pay the county's obligation for high school
4 out-of-county tuition."

5 **Section 37.** Section 20-9-343, MCA, is amended to read:

6 "20-9-343. Definition of and revenue for state
7 equalization aid. (1) As used in this title, the term "state
8 equalization aid" means ~~those moneys~~ the money deposited in
9 the state special revenue fund as required in this section
10 plus any legislative appropriation of money from other
11 sources for distribution to the public schools for the
12 purpose of equalization of the foundation program.

13 (2) ~~The legislative--appropriation legislature shall~~
14 ~~biennially appropriate money~~ for state equalization aid
15 ~~shall--be--made--in--a--single--sum--for--the--biennium.~~ The
16 superintendent of public instruction ~~has--authority--to~~ may
17 spend such the appropriation, together with the earmarked
18 revenues provided in subsection (3), as required for
19 foundation program purposes throughout the biennium.

20 (3) The following ~~shall~~ must be paid into the state
21 special revenue fund for state equalization aid to public
22 schools of the state:

23 (a) ~~31.8% of all~~ money received from the collection of
24 income taxes under chapter 30 of Title 15, as provided by
25 15-1-501;

1 (b) ~~25% of all money,~~ except as provided in 15-31-702,
2 money received from the collection of corporation license
3 and income taxes under chapter 31 of Title 15, as provided
4 by 15-1-501;

5 (c) ~~100% of the~~ money allocated to state equalization
6 from the collection of the severance tax on coal;

7 (d) ~~100% of the~~ money received from the treasurer of
8 the United States as the state's shares of oil, gas, and
9 other mineral royalties under the federal Mineral Lands
10 Leasing Act, as amended;

11 (e) interest and income money described in 20-9-341
12 and 20-9-342;

13 (f) income from the education trust fund account; and

14 (g) money received from the state equalization aid
15 levy under [section 49];

16 (h) income from the lottery, as provided in 23-5-1027;
17 and

18 ~~{g}{i}~~ in addition to these revenues, the surplus
19 revenues collected by the counties for foundation program
20 support according to 20-9-331 and 20-9-333.

21 (4) Any surplus revenue in the state equalization aid
22 account in the second year of a biennium may be used to
23 reduce the appropriation required for the next succeeding
24 biennium."

25 **Section 38.** Section 20-9-344, MCA, is amended to read:

1 "20-9-344. Purpose of state equalization aid and
 2 duties of the board of public education for distribution --
 3 conditions of first payment. (1) The money available for
 4 state equalization aid shall ~~must~~ be distributed and
 5 apportioned to provide an annual minimum operating revenue
 6 for the elementary and high schools in each county,
 7 exclusive of revenues required for debt service and for the
 8 payment of any ~~and--all~~ costs and expense incurred in
 9 connection with any adult education program, recreation
 10 program, school food services program, new buildings, ~~new~~
 11 ~~and~~ grounds, and transportation.

12 (2) The board of public education shall administer and
 13 distribute the state equalization aid in the manner and with
 14 the powers and duties provided by law. To this end, the
 15 board of public education shall:

16 (a) adopt policies for regulating the distribution of
 17 state equalization aid in accordance with the provisions of
 18 law and in a manner that ~~would most effectively meet the~~
 19 ~~financial needs of districts~~ provides for monthly
 20 distribution to each district of its equalization aid
 21 entitlement;

22 (b) have the power to require ~~such~~ reports from the
 23 county superintendents, budget boards, county treasurers,
 24 and trustees as it ~~may deem~~ considers necessary; and

25 (c) order the superintendent of public instruction to

1 distribute the state equalization aid on the basis of each
 2 district's annual entitlement to ~~such~~ the aid as established
 3 by the superintendent of public instruction. In ordering the
 4 distribution of state equalization aid, the board of public
 5 education shall may not increase or decrease the state
 6 equalization aid distribution to any district on account of
 7 any difference ~~which~~ that may occur during the school fiscal
 8 year between budgeted and actual receipts from any other
 9 source of school revenue.

10 (3) The board of public education may order the
 11 superintendent of public instruction to withhold
 12 distribution of state equalization aid from a district, in
 13 an amount and under conditions determined by the board of
 14 public education, when the district fails to:

15 (a) submit reports or budgets as required by law or
 16 rules adopted by the superintendent of public instruction or
 17 the board of public education;

18 (b) maintain accredited status; or

19 (c) comply with any other requirement of law or rules
 20 adopted by the superintendent of public instruction or the
 21 board of public education.

22 ~~(3)(4)~~ (4) Should a district receive more state
 23 equalization aid than it is entitled to, the county
 24 treasurer ~~must~~ shall return the overpayment to the state
 25 upon the request of the superintendent of public instruction

1 in the manner prescribed by the department of commerce.
 2 ~~{4}~~(5) (a) The first payment of state equalization aid
 3 must be:
 4 ~~{a}~~ based on an estimate of 20% of each district's
 5 entitlement; and
 6 ~~{b}~~ distributed by July 15 of the school fiscal year.
 7 (b) Each subsequent monthly payment must be at least
 8 7% of the district's entitlement."
 9 **Section 39.** Section 20-9-353, MCA, is amended to read:
 10 "20-9-353. Additional levy for general fund --
 11 election for authorization to impose. (1) The Except as
 12 limited by 20-9-315(2), the trustees of any district may
 13 propose to adopt a general fund budget in excess of the
 14 general--fund--budget-amount foundation program for such the
 15 district as-established-by-the-schedules-in-20-9-316-through
 16 20-9-321 for any of the following purposes:
 17 (a) building, altering, repairing, or enlarging any
 18 schoolhouse of the district;
 19 (b) furnishing additional school facilities for the
 20 district;
 21 (c) acquisition of land for the district;
 22 (d) proper maintenance and operation of the school
 23 programs of the district.
 24 (2) When the trustees of any district determine that
 25 an additional amount of financing is required for the

1 general fund budget that is in excess of the statutory
 2 schedule amount, the trustees shall submit the proposition
 3 of an additional levy to raise such the excess amount of
 4 general fund financing to the electors who are qualified
 5 under 20-20-301 to vote upon such the proposition, except
 6 that no an election shall-be is not required to permit the
 7 school trustees to use any funds available to finance the
 8 additional amount other than those funds to be raised by the
 9 additional levy. Such The special election shall must be
 10 called and conducted in the manner prescribed by this title
 11 for school elections. The ballot for such the election shall
 12 must state only the amount of money to be raised by
 13 additional property taxation, the approximate number of
 14 mills required to raise such the money, and the purpose for
 15 which such the money will be expended, ~~--and-it-shall~~ The
 16 ballot must be in the following format:

PROPOSITION

18 Shall a levy be made in addition to the levies
 19 authorized by law in such the number of mills as may be
 20 necessary to raise the sum of (state the amount to be raised
 21 by additional tax levy), and being approximately (give
 22 number) mills, for the purpose of (insert the purpose for
 23 which the additional tax levy is made)?

24 ☐ FOR the levy.

25 ☐ AGAINST the levy.

1 (3) If the election on any additional levy for the
 2 general fund is approved by a majority vote of these the
 3 electors voting at such the election, the proposition shall
 4 carry carries and the trustees may use any portion or all of
 5 the authorized amount in adopting the preliminary general
 6 fund budget. The trustees shall certify the additional levy
 7 amount authorized by such--a the special election on the
 8 budget form that is submitted to the county superintendent,
 9 and the county commissioners shall levy such the authorized
 10 number of mills on the taxable value of all taxable property
 11 within the district, as prescribed in 20-9-141, as--are
 12 required to raise the amount of such the additional levy.

13 (4) Authorization to levy an additional tax under the
 14 provisions of this section shall be is effective for only 1
 15 school fiscal year and shall must be authorized by a special
 16 election conducted before August 1 of the school fiscal year
 17 for which it is effective."

18 **Section 40.** Section 20-9-506, MCA, is amended to read:

19 "20-9-506. Budgeting and net levy requirement for
 20 nonoperating fund. (1) The trustees of any district which
 21 that does not operate a school or will not operate a school
 22 during the ensuing school fiscal year shall adopt a
 23 nonoperating school district budget in accordance with the
 24 school budgeting provisions of this title. Such nonoperating
 25 budget shall must contain the nonoperating fund and, when

1 appropriate, a debt service fund. The nonoperating budget
 2 form shall must be promulgated and distributed by the
 3 superintendent of public instruction under the provisions of
 4 20-9-103.

5 (2) After the adoption of a final budget for the
 6 nonoperating fund, the county superintendent shall compute
 7 the net levy requirement for such the fund by subtracting
 8 from the amount authorized by such the budget the sum of:

9 (a) the end-of-the-year cash balance of the
 10 nonoperating fund or, if it is the first year of
 11 nonoperation, the cash balance determined under the transfer
 12 provisions of 20-9-505;

13 (b) the estimated state and--county transportation
 14 reimbursements reimbursement; and

15 (c) any other moneys money that may become available
 16 during the ensuing school fiscal year.

17 (3) The county superintendent shall report the net
 18 nonoperating fund levy requirement and any net debt service
 19 fund levy requirement determined under the provisions of
 20 20-9-439 to the county commissioners on the second Monday of
 21 August, and such the levies shall must be made on the
 22 district by the county commissioners in accordance with
 23 20-9-142."

24 **Section 41.** Section 20-10-104, MCA, is amended to
 25 read:

1 "20-10-104. Penalty for violating law or rules. (1)
 2 Every district, its trustees and employees, and every person
 3 under a transportation contract with a district ~~shall be~~ are
 4 subject to the policies prescribed by the board of public
 5 education and the rules prescribed by the superintendent of
 6 public instruction. When a district knowingly violates a
 7 transportation law or board of public education
 8 transportation policy, ~~such the~~ district shall forfeit any
 9 reimbursement otherwise payable under 20-10-145 and
 10 ~~20-10-146~~ for bus miles actually traveled during that fiscal
 11 year in violation of ~~such--law~~ any laws or policies. The
 12 county superintendent shall suspend ~~all--such~~ any
 13 reimbursements payable to the district until the district
 14 corrects the violation. When the district corrects the
 15 violation, the county superintendent shall resume paying any
 16 reimbursements to the district, but the amount forfeited may
 17 not be paid to the district.

18 (2) When a person operating a bus under contract with
 19 a district knowingly fails to comply with the transportation
 20 law or the board of public education transportation
 21 policies, the district may not pay him for any bus miles
 22 traveled during the contract year in violation of such law
 23 or policies. Upon discovering such a violation, the trustees
 24 of the district shall give written notice to the person that
 25 unless the violation is corrected within 10 days of the

1 giving of notice, the contract will be canceled. The
 2 trustees of a district shall order the operation of a bus
 3 operated under contract suspended when the bus is being
 4 operated in violation of transportation law or policies and
 5 the trustees find that ~~such the~~ violation jeopardizes the
 6 safety of pupils."

7 **Section 42.** Section 20-10-141, MCA, is amended to
 8 read:

9 "20-10-141. Schedule of maximum reimbursement by
 10 mileage rates. (1) The following mileage rates for school
 11 transportation constitute the maximum reimbursement to
 12 districts for school transportation from state and county
 13 sources of transportation revenue under the provisions of
 14 20-10-145 and ~~--20-10-146~~. These Except as provided in
 15 20-10-143, the rates shall may not limit the amount which a
 16 district may budget in its transportation fund budget in
 17 order to provide for the estimated and necessary cost of
 18 school transportation during the ensuing school fiscal year.
 19 All bus miles traveled on routes approved by the county
 20 transportation committee are reimbursable. Nonbus mileage is
 21 reimbursable for a vehicle driven by a bus driver to and
 22 from an overnight location of a school bus when the location
 23 is more than 10 miles from the school. A district may
 24 approve additional bus or nonbus miles within its own
 25 district or approved service area but may not claim

1 reimbursement for such mileage. Any vehicle, the operation
2 of which is reimbursed for bus mileage under the rate
3 provisions of this schedule, shall must be a school bus, as
4 defined by this title, driven by a qualified driver on a bus
5 route approved by the county transportation committee and
6 the superintendent of public instruction.

7 (2) The rate per bus mile traveled shall must be
8 determined in accordance with the following schedule when
9 the number of eligible transportees that board a school bus
10 on an approved route is not less than one-half of its rated
11 capacity:

12 (a) ~~72-cents-in-fiscal-1984-and 80 cents in--fiscal~~
13 ~~1985--and-each-year-thereafter~~ per bus mile for a school bus
14 with a rated capacity of not less than 12 but not more than
15 45 children; and

16 (b) when the rated capacity is more than 45 children,
17 an additional 2 cents per bus mile for each additional child
18 in the rated capacity in excess of 45 shall be added to a
19 base rate of ~~72-cents-in-fiscal-1984-and 80 cents in-fiscal~~
20 ~~1985-and-each-year-thereafter~~ per bus mile.

21 (3) Reimbursement for nonbus mileage provided for in
22 subsection (1) may not exceed 50% of the maximum
23 reimbursement rate determined under subsection (2).

24 (4) When the number of eligible transportees boarding
25 a school bus on an approved route is less than one-half of

1 its rated capacity, the rate per bus mile traveled shall
2 must be computed as follows:

3 (a) determine the number of eligible transportees that
4 board the school bus on the route;

5 (b) multiply the number determined in subsection
6 (4)(a) by two and round off to the nearest whole number; and

7 (c) use the adjusted rated capacity determined in
8 subsection (4)(b) as the rated capacity of the bus to
9 determine the rate per bus mile traveled from the rate
10 schedule in subsection (2).

11 (5) The rated capacity shall--be is the number of
12 riding positions of a school bus as determined under the
13 policy adopted by the board of public education."

14 **Section 43.** Section 20-10-142, MCA, is amended to
15 read:

16 "20-10-142. Schedule of maximum reimbursement for
17 individual transportation. The following rates for
18 individual transportation constitute the maximum
19 reimbursement to districts for individual transportation
20 from state and--county--sources--of transportation revenue
21 under the provisions of 20-10-145 and ~~20-10-146~~. ~~These~~ The
22 rates also shall constitute the limitation of the budgeted
23 amounts for individual transportation for the ensuing school
24 fiscal year. The schedules provided in this section shall
25 may not be altered by any authority other than the

legislature of the state of Montana. When the trustees contract with the parent or guardian of any eligible transportee to provide individual transportation for each day of school attendance, they shall reimburse the parent or guardian on the basis of the following schedule:

(1) When a parent or guardian transports an eligible transportee or transportees from the residence of the parent or guardian to a school or to schools located within 3 miles of one another, the total reimbursement per day of attendance ~~shall~~ must be determined by multiplying the distance in miles between the residence and the school, or the most distant school if more than one, by 2, subtracting 6 miles from the product so obtained, and multiplying the difference by 20 cents provided that:

(a) if two or more eligible transportees are transported by a parent or guardian to two or more schools located within 3 miles of one another and if such schools are operated by different school districts, the total amount of the reimbursement ~~shall~~ must be divided equally between the districts;

(b) if two or more eligible transportees are transported by a parent or guardian to two or more schools located more than 3 miles from one another, the parent or guardian ~~shall~~ must be separately reimbursed for transporting the eligible transportee or transportees to

each school;

(c) if a parent transports two or more eligible transportees to a school and a bus stop which school and bus stop are located within 3 miles of one another, the total reimbursement ~~shall~~ must be determined under the provisions of this subsection and ~~shall~~ must be divided equally between the district operating the school and the district operating the bus;

(d) if a parent transporting two or more eligible transportees to a school or bus stop must, because of varying arrival and departure times, make more than one round-trip journey to the bus stop or school, the total reimbursement allowed by this section ~~shall~~ must be limited to one round trip per day for each scheduled arrival or departure time;

(e) notwithstanding subsection (1)(a), (1)(b), (1)(c), or (1)(d), no reimbursement may not be less than 25 cents a day.

(2) When the parent or guardian transports an eligible transportee or transportees from the residence to a bus stop of a bus route approved by the trustees for the transportation of the transportee or transportees, the total reimbursement per day of attendance ~~shall~~ must be determined by multiplying the distance in miles between the residence and the bus stop by 2, subtracting 3 miles from the product

1 so obtained, and multiplying the difference by 20 cents
2 provided that:

3 (a) if the eligible transportees transported attend
4 schools in different districts but ride on one bus, the
5 districts shall divide the total reimbursement equally; and

6 (b) if the parent or guardian is required to transport
7 the eligible transportees to more than one bus, the parent
8 or guardian ~~shall~~ must be separately reimbursed for
9 transportation to each bus.

10 (3) Where, due to excessive distances, impassable
11 roads, or other special circumstances of isolation the rates
12 prescribed in subsection (1) or (2) would be an inadequate
13 reimbursement for the transportation costs or would result
14 in a physical hardship for the eligible transportee, his the
15 transportee's parent or guardian may request an increase in
16 the reimbursement rate. Such-a A request for increased rates
17 due to isolation ~~shall~~ must be made by the parent or
18 guardian on the contract for individual transportation for
19 the ensuing school fiscal year by indicating the special
20 facts and circumstances which exist to justify the increase.
21 Before any increased rate due to isolation can may be paid
22 to the requesting parent or guardian, such the rate must be
23 approved by the county transportation committee and the
24 superintendent of public instruction after the trustees have
25 indicated their approval or disapproval. Regardless of the

1 action of the trustees and when approval is given by the
2 county transportation committee and the superintendent of
3 public instruction, the trustees shall pay such the
4 increased rate due to isolation. The increased rate ~~shall~~
5 must be 1 1/2 times the rate prescribed in subsection (1)
6 above.

7 (4) When the isolated conditions of the household
8 where an eligible transportee resides require such the
9 eligible transportee to live away from the household in
10 order to attend school, ~~he--shall--be the transportee is~~
11 eligible for the room and board reimbursement. Approval to
12 receive the room and board reimbursement ~~shall~~ must be
13 obtained in the same manner prescribed in subsection (3)
14 above. The per diem rate for room and board ~~shall-be is~~ \$5
15 for one eligible transportee and \$3 for each additional
16 eligible transportee of the same household.

17 (5) When the individual transportation provision is ~~to~~
18 be satisfied by supervised home study or supervised
19 correspondence study, the reimbursement rate ~~shall~~ must be
20 the cost of such study, provided that the course of
21 instruction is approved by the trustees and supervised by
22 the district."

23 **Section 44.** Section 20-10-143, MCA, is amended to
24 read:

25 "20-10-143. Budgeting for transportation and

1 transmittal of transportation contracts -- transportation
 2 fund limitation. (1) The Except as provided in subsection
 3 (2), the trustees of any district furnishing transportation
 4 to pupils who are residents of such the district shall have
 5 the--authority--and--it--shall--be--their--duty--to provide a
 6 transportation fund budget that is adequate to finance such
 7 the district's transportation contractual obligations and
 8 any other transportation expenditures necessary for the
 9 conduct of its transportation program. The transportation
 10 fund budget shall must include:

11 (a) an adequate amount to finance the maintenance and
 12 operation of district owned and operated school buses;

13 (b) the annual contracted amount for the maintenance
 14 and operation of school buses by a private party;

15 (c) the annual contracted amount for individual
 16 transportation, including any increased amount due to
 17 isolation, which shall must not exceed the schedule amounts
 18 prescribed in 20-10-142;

19 (d) any amount necessary for the purchase, rental, or
 20 insurance of school buses; and

21 (e) any other amount necessary to finance the
 22 administration, operation, or maintenance of the
 23 transportation program of the district, as determined by the
 24 trustees.

25 (2) The overschedule amount in the transportation fund

1 budget of a district may not exceed the overschedule amount
 2 of expenditures from the transportation fund for school
 3 fiscal year 1988, except the superintendent of public
 4 instruction may approve a request to exceed the budget
 5 limitation if an emergency or unusual circumstance occurs,
 6 as prescribed in rules adopted by the superintendent of
 7 public instruction.

8 {2}{3} The trustees may include a contingency amount
 9 in the transportation fund budget for the purpose of
 10 enabling the district to fulfill any obligation to provide
 11 transportation in accordance with the transportation law
 12 for;

13 (a) any pupils not residing in the district at the
 14 time of the adoption of the preliminary budget and who
 15 subsequently became residents of such the district during
 16 the school fiscal year; or

17 (b) pupils who have become eligible transportees since
 18 the adoption of the preliminary budget because their legal
 19 residence has been changed. The budgeted contingency amount
 20 shall must not exceed 10% of the transportation schedule
 21 amount as calculated under the provisions of 20-10-141 and
 22 20-10-142 for all transportation services authorized by such
 23 schedule and provided by the district unless 10% of such the
 24 transportation schedule amount shall-be is less than \$100,
 25 in which case \$100 shall must be the maximum limitation for

1 such budgeted contingency amount.

2 ~~{3}~~(4) As provided in 20-9-162, an emergency
3 transportation fund budget may be adopted subject to the
4 provisions of the emergency budgeting law.

5 ~~{4}~~(5) The transportation fund budgeted expenditures
6 appropriated by the trustees ~~shall~~ must be reported on the
7 regular budget form prescribed by the superintendent of
8 public instruction in accordance with 20-9-103, and the
9 adoption of the transportation fund budget ~~shall~~ must be
10 completed in accordance with the school budgeting laws. When
11 the adopted preliminary budget is sent to the county
12 superintendent, the trustees shall also send copies of all
13 completed transportation contracts for school bus
14 transportation and individual transportation to the county
15 superintendent. Such The contracts ~~shall~~ must substantiate
16 all contracted transportation services incorporated in the
17 preliminary budget, and after the county superintendent has
18 utilized the contracts for such that purpose but before the
19 fourth Monday of July, he shall send all the transportation
20 contracts received by--him to the superintendent of public
21 instruction. When the county superintendent determines a
22 deviation between the preliminary transportation fund budget
23 amount for contracted transportation services and the
24 contracted amount for such the services, he shall
25 immediately call the deviation to the attention of the

1 appropriate trustees and shall allow the trustees to change
2 the preliminary budgeted amount to compensate for such
3 deviation."

4 **Section 45.** Section 20-10-144, MCA, is amended to
5 read:

6 "20-10-144. Computation of revenues and net tax levy
7 requirements for the transportation fund budget. Before the
8 fourth Monday of July and in accordance with 20-9-123, the
9 county superintendent shall compute the revenue available to
10 finance the transportation fund budget of each district. The
11 county superintendent shall compute the revenue for each
12 district on the following basis:

13 (1) The "schedule amount" of the preliminary budget
14 expenditures that is derived from the rate schedules in
15 20-10-141 and 20-10-142 ~~shall~~ must be determined by adding
16 the following amounts:

17 (a) the sum of the maximum reimbursable expenditures
18 for all approved school bus routes maintained by the
19 district (to determine the maximum reimbursable expenditure,
20 multiply the applicable rate per bus mile by the total
21 number of miles to be traveled during the ensuing school
22 fiscal year on each bus route approved by the county
23 transportation committee and maintained by such district);
24 plus

25 (b) the total of all individual transportation per

1 diem reimbursement rates for such the district as determined
 2 from the contracts submitted by the district multiplied by
 3 the number of pupil-instruction days scheduled for the
 4 ensuing school attendance year; plus

5 (c) any estimated costs for supervised home study or
 6 supervised correspondence study for the ensuing school
 7 fiscal year; plus

8 (d) the amount budgeted on the preliminary budget for
 9 the contingency amount permitted in 20-10-143, except if
 10 such the amount exceeds 10% of the total of subsections
 11 (1)(a), (1)(b), and (1)(c), the transportation fund budget
 12 limitation provided for in 20-10-143, or \$100, whichever is
 13 larger, the contingency amount on the preliminary budget
 14 shall must be reduced to such the limitation amount and used
 15 in this determination of the schedule amount.

16 (2) The schedule amount determined in subsection (1)
 17 or the total preliminary transportation fund budget,
 18 whichever is smaller, shall--be--divided--by--3--and--the
 19 resulting-one-third-amount-shall-be is used to determine the
 20 available state and county revenue to be budgeted on--the
 21 following-basis--:

22 (a)--the---resulting---one-third---amount---shall--be--the
 23 budgeted-state-transportation-reimbursement--except-that-the
 24 state-transportation-reimbursement-for-the-transportation-of
 25 special-education-pupils-under-the--provisions--of--20-7-442

1 shall-be-two-thirds-of-the-schedule-amount-attributed-to-the
 2 transportation-of-special-education-pupils;

3 (b)--the-resulting-one-third-amount--except-as-provided
 4 for--joint--elementary-districts-in-subsection-(2)(e)--shall
 5 be-the--budgeted--county--transportation--reimbursement--for
 6 elementary--districts--and--shall--be--financed-by-the-basic
 7 county-tax-under-the-provisions-of-20-9-334;

8 (c)--the-resulting-one-third--amount--multiplied--by--2
 9 shall--be--the--budgeted-county-transportation-reimbursement
 10 amount--for--high--school--districts--financed---under---the
 11 provisions--of--subsection--(5)--of--this-section--except-as
 12 provided-for--joint--high--school--districts--in-subsection
 13 (2)(e)--and---except---that---the---county--transportation
 14 reimbursement-for-the-transportation--of--special--education
 15 pupils--under--the-provisions-of-20-7-442-shall-be-one-third
 16 of-the-schedule-amount-attributed-to-the--transportation--of
 17 special-education-pupils;

18 (d)(3) when Whenever the district has a sufficient
 19 amount of cash for reappropriation and other sources of
 20 district revenue, as determined in subsection (3) (4), to
 21 reduce the total district obligation for financing to zero,
 22 any remaining amount of such district revenue and cash
 23 reappropriated shall must be used to reduce the--county
 24 financing-obligation-in-subsections-(2)(b)-or-(2)(c)-and--if
 25 such--county--financing--obligations-are-reduced-to-zero--to

1 ~~reduce the state financial obligation in subsection (2)(a);~~
 2 ~~and~~
 3 ~~(e) the county revenue requirement for a joint~~
 4 ~~district, after the application of any district moneys under~~
 5 ~~subsection (2)(d) above, shall be prorated to each county~~
 6 ~~incorporated by the joint district in the same proportion as~~
 7 ~~the ANB of the joint district is distributed by pupil~~
 8 ~~residence in each such county~~ the state financial obligation
 9 in 20-10-145.

10 ~~(3)(4)~~ The total of the moneys money available for the
 11 reduction of property tax on the district for the
 12 transportation fund shall must be determined by totaling:

13 (a) anticipated federal moneys money received under
 14 the provisions of Title I of Public Law 81-874 or other
 15 anticipated federal moneys money received in lieu of such a
 16 federal act; plus

17 (b) anticipated payments from other districts for
 18 providing school bus transportation services for such the
 19 district; plus

20 (c) anticipated payments from a parent or guardian for
 21 providing school bus transportation services for his child;
 22 plus

23 (d) anticipated interest to be earned by the
 24 investment of transportation fund cash in accordance with
 25 the provisions of 20-9-213(4); plus

1 (e) anticipated revenue from vehicle property taxes
 2 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
 3 61-3-521, and 61-3-537, and 67-3-204; plus

4 (f) net proceeds taxes for interim production and new
 5 production, as defined in 15-23-601; plus

6 (g) any other revenue anticipated by the trustees to
 7 be earned during the ensuing school fiscal year which may be
 8 used to finance the transportation fund; plus

9 (h) any cash available for reappropriation as
 10 determined by subtracting the amount of the end-of-the-year
 11 cash balance earmarked as the transportation fund cash
 12 reserve for the ensuing school fiscal year by the trustees
 13 from the end-of-the-year cash balance in the transportation
 14 fund. ~~Such~~ The cash reserve shall may not be more than 20%
 15 of the final transportation fund budget for the ensuing
 16 school fiscal year and ~~shall be~~ is for the purpose of paying
 17 transportation fund warrants issued by the district under
 18 the final transportation fund budget.

19 ~~(4)(5)~~ The district levy requirement for each
 20 district's transportation fund shall must be computed by:

21 (a) subtracting the schedule amount calculated in
 22 subsection (1) from the total preliminary transportation
 23 budget amount and, ~~for an elementary district, adding such~~
 24 ~~difference to the district obligation to finance one-third~~
 25 ~~of the schedule amount as determined in subsection (2); and~~

(b) subtracting the amount of moneys money available to reduce the property tax on the district, as determined in subsection ~~{3}~~ (4), from the amount determined in subsection ~~{4}{a}~~ (5)(a) above.

~~{5}--The county levy requirement for the financing of the county transportation reimbursement to high school districts shall be computed by adding all such requirements for all the high school districts of the county including the county's obligation for reimbursements in joint high school districts.~~

(6) The transportation fund levy requirements determined in subsection ~~{4}~~ (5) for each district and in subsection ~~{5}~~ for the county shall must be reported to the county commissioners on the second Monday of August by the county superintendent as the transportation fund levy requirements for the district and for the county, and such levies ~~shall~~ the levy must be made by the county commissioners in accordance with 20-9-142."

Section 46. Section 20-10-145, MCA, is amended to read:

"20-10-145. State transportation reimbursement. (1) Any district providing school bus transportation or individual transportation in accordance with the transportation law this title, board of public education transportation policy, and superintendent of public

instruction transportation rules shall receive a state reimbursement of its transportation expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state transportation reimbursement shall not exceed one-third is 100% of the reimbursement amounts established in such sections or one-third or 100% of the district's transportation fund budget, whichever is smaller, and shall be is computed on the basis of the number of days the transportation services were actually rendered. In determining the amount of the state transportation reimbursement, no an amount claimed by a district shall may not be considered for reimbursement unless such the amount has been paid in the regular manner provided for the payment of other financial obligations of the district.

(2) Requests for the state transportation reimbursement shall must be made by each district semiannually during the school fiscal year on the claim forms and procedure promulgated by the superintendent of public instruction. The claims for state transportation reimbursements shall must be routed by the district to the county superintendent, who after reviewing such the claims shall send them to the superintendent of public instruction. The superintendent of public instruction shall establish the validity and accuracy of the claims for the state transportation reimbursements by determining their

1 compliance with the transportation law this title, board of
 2 public education transportation policy, and the
 3 transportation rules of the superintendent of public
 4 instruction. After making any necessary adjustments to such
 5 claims, ~~he shall cause their~~ the superintendent of public
 6 instruction shall provide payment by ordering a disbursement
 7 from the state moneys appropriated by the legislature of the
 8 ~~state--of--Montana~~ legislative appropriation for the state
 9 transportation reimbursement. Such The payment of all the
 10 district's claims within one county shall must be made to
 11 the county treasurer of such the county, and the county
 12 superintendent shall apportion such the payment in
 13 accordance with the apportionment order supplied by the
 14 superintendent of public instruction."

15 **Section 47.** Section 23-5-1027, MCA, is amended to
 16 read:

17 "23-5-1027. Disposition of revenue. (1) (a) As near as
 18 possible to 45% of the money paid for tickets or chances
 19 must be paid out as prize money, except as provided in
 20 subsection (1)(b).

21 (b) In the case of a regional lottery game, a maximum
 22 of 50% of the money paid for tickets or chances may be paid
 23 out as prize money.

24 (2) Up to 15% of the gross revenue from the state
 25 lottery may be used by the director to pay the operating

1 expenses of the state lottery. Commissions paid to lottery
 2 ticket or chance sales agents are not a state lottery
 3 operating expense.

4 (3) Funds to pay the operating expenses of the lottery
 5 are statutorily appropriated as provided in 17-7-502.

6 (4) That part of all gross revenue not used for the
 7 payment of prizes, commissions, and operating expenses is
 8 net revenue and must be paid quarterly from the enterprise
 9 fund established by 23-5-1026 to the superintendent of
 10 public instruction for distribution as state equalization
 11 aid ~~to--the--retirement--fund--obligations--of--elementary--and~~
 12 ~~high-school-districts--in--the--manner--provided--in--20-9-532~~ to
 13 the public schools of Montana."

14 **NEW SECTION. Section 48.** District retirement fund and
 15 comprehensive insurance fund balances -- transfer. A
 16 district that has a balance remaining on [the effective date
 17 of this act] in the district retirement fund formerly
 18 established under 20-9-501 or the district comprehensive
 19 insurance fund shall transfer the balance to the district
 20 general fund.

21 **NEW SECTION. Section 49.** State equalization aid levy.
 22 There is a levy of 45 mills imposed on all taxable property
 23 within the state, except property for which a tax or fee is
 24 required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 25 61-3-537, and 67-3-204. Proceeds of the levy must be

1 remitted to the state treasurer and must be deposited to the
 2 credit of the state special revenue fund for state
 3 equalization aid to the public schools of Montana. The
 4 proceeds are statutorily appropriated, as provided in
 5 17-7-502, to the superintendent of public instruction to be
 6 distributed as state equalization aid to the public school
 7 districts.

8 **Section 50.** Section 17-7-502, MCA, is amended to read:

9 "17-7-502. Statutory appropriations -- definition --
 10 requisites for validity. (1) A statutory appropriation is an
 11 appropriation made by permanent law that authorizes spending
 12 by a state agency without the need for a biennial
 13 legislative appropriation or budget amendment.

14 (2) Except as provided in subsection (4), to be
 15 effective, a statutory appropriation must comply with both
 16 of the following provisions:

17 (a) The law containing the statutory authority must be
 18 listed in subsection (3).

19 (b) The law or portion of the law making a statutory
 20 appropriation must specifically state that a statutory
 21 appropriation is made as provided in this section.

22 (3) The following laws are the only laws containing
 23 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;
 24 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304;
 25 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101;

1 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424;
 2 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205;
 3 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606;
 4 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111; section
 5 49; 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501;
 6 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101;
 7 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136;
 8 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306; 90-15-103;
 9 section 13, House Bill No. 861, Laws of 1985; and section 1,
 10 Chapter 454, Laws of 1987.

11 (4) There is a statutory appropriation to pay the
 12 principal, interest, premiums, and costs of issuing, paying,
 13 and securing all bonds, notes, or other obligations, as due,
 14 that have been authorized and issued pursuant to the laws of
 15 Montana. Agencies that have entered into agreements
 16 authorized by the laws of Montana to pay the state
 17 treasurer, for deposit in accordance with 17-2-101 through
 18 17-2-107, as determined by the state treasurer, an amount
 19 sufficient to pay the principal and interest as due on the
 20 bonds or notes have statutory appropriation authority for
 21 such payments. (In subsection (3): pursuant to sec. 15, Ch.
 22 607, L. 1987, the inclusion of 15-65-121 terminates June 30,
 23 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion
 24 of 39-71-2504 terminates June 30, 1991; and pursuant to sec.
 25 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L.

1 1987, terminates July 1, 1988.)*

2 NEW SECTION. Section 51. Purpose. The purpose of
3 [section 52] is to promote the use of telecommunications
4 technology for the purposes of enhancing educational
5 opportunities provided to students in the Montana public
6 school system and promoting equal access by students to
7 those opportunities.

8 NEW SECTION. Section 52. Telecommunications network
9 -- implementation -- consultant. (1) To provide for the
10 training and education needs of public schools, the
11 department of administration shall retain a
12 telecommunications engineering consultant to support the
13 development of design criteria and specifications for
14 statewide video networking and improvements in the use of
15 existing voice and data networks in the state.

16 (2) The telecommunications engineering consultant
17 shall:

18 (a) seek advice and recommendations on improvements in
19 telecommunications within Montana from the following
20 entities:

21 (i) the office of the superintendent of public
22 instruction;

23 (ii) the university system;

24 (iii) local government and school district officials;

25 (iv) agencies involved in economic development; and

1 (v) the executive, judicial, and legislative branches
2 of state government; and

3 (b) recommend and initiate network improvements during
4 the biennium through shared use and enhancements of existing
5 telecommunications systems, with emphasis on limiting
6 financial commitments to the extent possible.

7 NEW SECTION. Section 53. Definition. As used in
8 [sections 53 through 59], "committee" means the legislative
9 oversight committee on school funding implementation created
10 in [section 54].

11 NEW SECTION. Section 54. Legislative oversight
12 committee on school funding implementation -- composition
13 and appointment. (1) There is a legislative oversight
14 committee on school funding implementation.

15 (2) The committee consists of 11 members, including:

16 (a) four members of the house of representatives
17 appointed by the speaker of the house;

18 (b) four members of the senate appointed by the
19 committee on committees of the senate;

20 (c) the superintendent of public instruction or his
21 designee as an ex officio nonvoting member;

22 (d) a member of the board of public education as an ex
23 officio nonvoting member; and

24 (e) the governor or his designee as an ex officio
25 nonvoting member.

(3) No more than two legislative members from each house may be of the same political party.

NEW SECTION. Section 55. Term of office -- vacancies.

(1) A committee member shall serve until the committee terminates as provided in [section 59].

(2) A vacancy on the committee must be filled in the same manner as the original appointment.

NEW SECTION. Section 56. Officers -- meetings -- quorum -- compensation. (1) The committee shall choose from its membership a chairman and vice chairman.

(2) The committee shall meet upon the call of the chairman or at the request of any five members.

(3) Six members constitute a quorum to transact business.

(4) A legislative member is entitled to compensation as provided in 5-2-302.

(5) Members must be appointed no later than June 1, 1989.

NEW SECTION. Section 57. Duties of the committee. The duties of the committee include but are not limited to:

(1) monitoring the implementation of school funding equalization, including:

(a) identification of any problems of implementation and options for resolving these problems;

(b) continued analysis of school district budget and

expenditure data and of improvements in school district accounting and reporting procedures;

(c) examination of other issues related to implementation;

(2) directing the following studies of issues related to school funding equalization:

(a) school transportation equalization including but not limited to:

(i) mechanisms to equalize transportation funding; and

(ii) analysis of issues related to the costs and efficiencies of school transportation, including reimbursement schedules, load requirements, 3-mile limit, transporting ineligible transportees, functions of the county transportation committee, and school district reporting and budgeting duties;

(b) school district capital outlay and debt service equalization, including but not limited to:

(i) analysis of school district funds and budgets for various school district capital outlay and debt service obligations;

(ii) options for equalizing school district capital outlay and debt service obligations;

(c) continued study of issues related to equalization, including but not limited to comprehensive insurance, uncollected taxes, tuition, student-based funding

1 distribution methods, special education funding, and federal
2 Public Law 874 revenue, especially as it pertains to revenue
3 not linked to Native American students;

4 (3) ongoing analysis of revenue sources related to
5 school funding;

6 (4) holding discussions with any party contemplating
7 litigation regarding compliance with the supreme court and
8 district court rulings on school funding equalization; and

9 (5) reporting its findings, options for legislative
10 consideration, and any proposed legislation to the governor
11 and the 52nd legislature.

12 NEW SECTION. Section 58. Staff assistance. The
13 committee may request the following governmental entities to
14 provide staff assistance to the committee:

15 (1) the office of public instruction;

16 (2) the governor's office of budget and program
17 planning;

18 (3) the board of public education;

19 (4) the legislative council;

20 (5) the office of the legislative fiscal analyst; and

21 (6) the office of the legislative auditor.

22 NEW SECTION. Section 59. Termination. [Sections 53
23 through 58] terminate December 31, 1990.

24 NEW SECTION. Section 60. Repealer. Sections 20-9-105,
25 20-9-352, 20-9-501, 20-9-531, 20-9-532, and 20-10-146, MCA,

1 are repealed.

2 NEW SECTION. Section 61. Appropriation. (1) All
3 revenue received under the provisions of 20-9-343 is
4 appropriated to the superintendent of public instruction for
5 the fiscal year ending June 30, 1991.

6 (2) There is appropriated from the general fund
7 \$56,807,000 for the fiscal year ending June 30, 1991, to the
8 superintendent of public instruction to be used to the
9 extent that funds appropriated in subsection (1) are
10 insufficient to finance the foundation program schedules for
11 public schools, excluding special education.

12 (3) There is appropriated from the general fund
13 \$4,636,000 for the fiscal year ending June 30, 1991, to the
14 superintendent of public instruction to be used to finance
15 state support of the special education programs, including
16 retirement benefits, of the public school districts and
17 cooperatives.

18 (4) There is appropriated from the general fund
19 \$11,658,000 for the fiscal year ending June 30, 1991, to the
20 superintendent of public instruction to be used to finance
21 the public school transportation reimbursement schedules.

22 (5) There is appropriated from the general fund
23 \$204,950 for the biennium ending June 30, 1991, to the
24 superintendent of public instruction to establish standard
25 accounting and reporting practices in all Montana public

1 school districts.

2 (6) There is appropriated from the general fund
3 \$20,000 to the legislative council for the biennium ending
4 June 30, 1991, for use by the committee established in
5 [section 54].

6 (7) There is appropriated from the general fund to the
7 department of administration \$200,000 for the fiscal year
8 ending June 30, 1990, to retain a telecommunications
9 engineering consultant and to support development of and
10 improvements in telecommunications networks in Montana as
11 provided in [section 52].

12 (8) There is appropriated from the general fund to the
13 department of administration \$300,000 for the biennium
14 ending June 30, 1991, to be used for network implementation
15 and improvements if a 50% match in funds or equipment is
16 available from other sources.

17 NEW SECTION. Section 62. Extension of authority. Any
18 existing authority to make rules on the subject of the
19 provisions of [this act] is extended to the provisions of
20 [this act].

21 NEW SECTION. Section 63. Codification instruction.
22 [Section 49] is intended to be codified as an integral part
23 of Title 20, chapter 9, and the provisions of Title 20,
24 apply to [section 49].

25 NEW SECTION. Section 64. Effective dates. (1)

1 [Sections 1 through 50, 60, 62, 63, and 65] are effective
2 July 1, 1990.

3 (2) [Sections 51, 52, and 61] are effective July 1,
4 1989.

5 (3) [Sections 53 through 59 and this section] are
6 effective on passage and approval.

7 (4) The superintendent of public instruction may,
8 prior to July 1, 1990, adopt rules and conduct training
9 necessary to implement 20-9-201(2) and 20-10-143(2).

10 NEW SECTION. Section 65. Applicability. [Section 49]
11 applies retroactively, within the meaning of 1-2-109, to all
12 taxable years beginning after December 31, 1989.

-End-

SENATE BILL NO. 203

INTRODUCED BY NATHE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE PUBLIC SCHOOL FUNDING; TO INCLUDE COMPREHENSIVE-INSURANCE COMPREHENSIVE INSURANCE AND--SCHOOLS--PERSONNEL--RETIREMENT COSTS IN THE GENERAL FUND BUDGET; TO ELIMINATE THE COUNTY RETIREMENT LEVY AND THE-DISTRICTS'-RETIREMENT-FUNDS PROVIDE FULL REIMBURSEMENT, WITH STATE EQUALIZATION AID MONEY, OF EACH DISTRICT'S RETIREMENT FUND EXPENDITURES; TO ESTABLISH-A SCHOOLS-TERM-AS-180-DAYS LIMIT TO 180 THE NUMBER OF PUPIL INSTRUCTION DAYS FOR WHICH FOUNDATION PROGRAM SUPPORT MAY BE RECEIVED; TO REQUIRE THE SCHOOL FOUNDATION PROGRAM TO FUND 100-PERCENT-OF THE EACH SCHOOL DISTRICTS'-GENERAL--FUND BUDGETS--WITHOUT--A--VOTED--LEVY OF ALL-ELEMENTARY-AND-HIGH SCHOOLS,--INCLUDING-RETIREMENT,--AS-SET-BY-FOUNDATION--PROGRAM SCHEDULES; TO--LIMIT-BY-SCHOOL-FISCAL-YEAR-1995-THE-MAXIMUM GENERAL-FUND-BUDGET-OF-A-DISTRICT--TO--117--PERCENT--OF--THE FOUNDATION--PROGRAM--AMOUNT--FOR--THE--DISTRICT; DISTRICT'S GENERAL-FUND-BUDGET-WITHOUT-A-VOTED-LEVY; TO LIMIT ANNUAL INCREASES-IN-EACH-DISTRICT'S THE MAXIMUM GENERAL FUND BUDGET OF DISTRICTS TO 130 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT WITH CERTAIN EXCEPTIONS; TO-REQUIRE-THE ALLOWABLE-COST-SCHEDULE-FOR-SPECIAL-EDUCATION--PERSONNEL--TO BE--BASED--ON--THE--AVERAGE--STATEWIDE--SALARY--FOR--VARIOUS

CATEGORIES-OF-SPECIAL-EDUCATION-PERSONNEL; TO FURTHER LIMIT THE GENERAL FUND RESERVE OF A-DISTRICT-TO-20-PERCENT-EXCEPT FOR-DISTRICTS-NOT-RECEIVING-STATE-EQUALIZATION--AID CERTAIN DISTRICTS; TO ELIMINATE THE PRESENT PERMISSIVE LEVY; TO INDEX-THE-RATE-OF-INCREASE-IN-THE-SCHEDULE--AMOUNTS--TO--THE RATE-OF-ANNUAL-INFLATION; TO REALLOCATE LOTTERY REVENUE FROM RETIREMENT EQUALIZATION TO STATE EQUALIZATION AID; TO PROVIDE-A-STATE-LEVY-ON-PROPERTY-TO-FUND-90-PERCENT--OF--THE COSTS-FOR-TEACHERS'-RETIREMENT,--TO-EXCLUDE-THE-LEVY-FROM-THE PROPERTY--TAX--LIMITATIONS-OF-INITIATIVE-MEASURE-NO--105; TO ELIMINATE-TUITION-PAYMENTS-BETWEEN-DISTRICTS; TO IMPOSE A 45-MILL STATEWIDE LEVY IN SUPPORT OF STATE EQUALIZATION AID AND TO STATUTORILY APPROPRIATE THE PROCEEDS; TO INCREASE THE COUNTY ELEMENTARY LEVY TO 34 MILLS AND THE COUNTY HIGH SCHOOL LEVY TO 21 MILLS; TO EXCLUDE ALL SCHOOL LEVIES FROM THE PROPERTY TAX LIMITATIONS OF INITIATIVE MEASURE NO. 105; TO REQUIRE DISTRIBUTION OF STATE EQUALIZATION AID IN MONTHLY PAYMENTS; TO REQUIRE STATE FUNDING OF TRANSPORTATION SCHEDULE AMOUNTS AND LIMIT TOTAL TRANSPORTATION EXPENDITURES; TO ADJUST THE FOUNDATION PROGRAM SCHEDULES FOR SCHOOL FISCAL YEAR 1991 AND SUCCEEDING YEARS; TO INCREASE THE GENERAL BONUS PAYMENTS FOR ENLARGED DISTRICTS; TO REQUIRE THAT THE TRUSTEES OF AN ELEMENTARY DISTRICT ESTABLISH OR MAKE AVAILABLE A KINDERGARTEN PROGRAM IN THE DISTRICT AND ALLOW FOR THIS PROVISION TO BE EFFECTIVE JULY

1 1, 1991; TO PROVIDE FOR A STATUTORY--APPROPRIATION--STUDY;
 2 LEGISLATIVE OVERSIGHT COMMITTEE ON SCHOOL FUNDING
 3 IMPLEMENTATION TO DIRECT STUDIES OF THE EQUALIZATION OF
 4 TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES AND TO
 5 PERFORM OTHER DUTIES; TO PROVIDE AN APPROPRIATION; AMENDING
 6 SECTIONS 15-10-402, 17-7-502, 2-7-504, 15-10-402, 17-3-213,
 7 17-7-502, 19-4-605, 20-1-301, 20-1-304, 20-3-106, 20-3-205,
 8 20-3-210, 20-3-324, 20-3-331, 20-3-331, 20-5-101, 20-5-102,
 9 20-5-301, 20-5-302, 20-5-304, 20-5-311, 20-5-314, 20-5-305,
 10 20-5-312, 20-6-401, 20-6-506, 20-6-603, 20-6-608, 20-6-608,
 11 20-7-117, 20-7-414, 20-7-420--THROUGH 20-7-422, 20-7-424,
 12 20-7-431, 20-7-442, 20-9-104, 20-9-141, 20-9-201, 20-9-212,
 13 20-9-213, 20-9-301, 20-9-303, 20-9-311, 20-9-312, 20-9-315,
 14 20-9-318, 20-9-318 THROUGH 20-9-322, 20-9-331, 20-9-333,
 15 20-9-334, 20-9-343, 20-9-344, 20-9-346, 20-9-347, 20-9-351,
 16 20-9-353, 20-9-353, 20-9-505, 20-9-531, 20-9-532, 20-10-105,
 17 20-9-501, 20-9-506, 20-10-104, 20-10-141 THROUGH 20-10-145,
 18 AND 23-5-1027, AND 90-6-309, MCA; REPEALING SECTIONS
 19 20-5-303, 20-5-305--THROUGH--20-5-307, 20-5-312, 20-5-313,
 20 20-9-105, 20-9-316, 20-9-317--AND 20-9-105, 20-9-352,
 21 20-9-501, 20-9-531, AND 20-9-532, AND 20-10-146, MCA; AND
 22 PROVIDING AN EFFECTIVE DATE DATES AND AN APPLICABILITY
 23 DATE."

STATEMENT OF INTENT

1 It is the intent of the legislature to enhance equality
 2 of educational opportunity for students in the elementary
 3 schools and high schools of Montana by revising the school
 4 funding laws to provide greater equalization of the funding
 5 available to school districts and to promote equalization of
 6 school district expenditures per student. It is the further
 7 intent of the legislature to preserve local control of the
 8 public school system, as guaranteed by Montana's
 9 constitution.

10 For these purposes the legislature determines to
 11 equalize funding aid to the school districts through the
 12 foundation program schedules for the school fiscal year
 13 ending June 30, 1991, and succeeding years in an amount
 14 equal to the following percentages of the total costs
 15 incurred by all the districts in the state in school fiscal
 16 year 1988: 100%--of--retirement,--social--security,--and
 17 unemployment--insurance,--except--costs--associated--with
 18 salaries--for--special--education--personnel; 90% of
 19 comprehensive insurance, after subtracting Public Law 81-874
 20 support for insurance, and 90% of general fund
 21 expenditures, after subtracting special education and Public
 22 Law 81-874 general fund support.

23 THE LEGISLATURE ALSO DETERMINES TO EQUALIZE FUNDING FOR
 24 RETIREMENT BY PROVIDING STATE EQUALIZATION AID PAYMENTS
 25 SUFFICIENT TO FINANCE 100% OF THE COSTS INCURRED BY EACH

1 PUBLIC SCHOOL DISTRICT FOR RETIREMENT, SOCIAL SECURITY, AND
 2 UNEMPLOYMENT INSURANCE.

3 The legislature also determines to include retirement
 4 and other benefits associated with the salaries of special
 5 education personnel as costs for which foundation program
 6 support for special education is allowed and determines to
 7 fully fund approved allowable costs for the special
 8 education programs of the school districts through the
 9 foundation program.

10 The legislature also determines to provide state
 11 funding for transportation costs in school fiscal year 1991
 12 in the amount provided by the statutory transportation
 13 schedules and to require a study, prior to the next
 14 legislative session, of permanent methods of equalizing
 15 transportation funding and costs.

16 In order to promote greater equalization of
 17 expenditures per student between districts yet provide
 18 flexibility for each district to meet its individual needs
 19 as determined by the district board of trustees, the
 20 legislature determines that the general fund budget of each
 21 district must be limited to 130% of the district's
 22 foundation program entitlement, except as provided by
 23 20-9-315.

24 The legislature determines that the over-schedule
 25 amount in the transportation fund budget of each district is

1 to be limited to the over-schedule amount of transportation
 2 expenditures in school fiscal year 1988, except as allowed
 3 by the superintendent of public instruction under
 4 20-10-143(2) in case of emergency or unusual circumstances.
 5 It is intended that the superintendent of public instruction
 6 adopt rules necessary to implement this provision, including
 7 rules that address the unusual circumstances and emergency
 8 situations that may occur to require a district to increase
 9 the transportation fund budget beyond the limitation, such
 10 as anticipated enrollment increases, the destruction or
 11 impairment of transportation property, the need for new or
 12 altered routes due to school population changes, or other
 13 extenuating circumstances. It is specifically intended that
 14 the rules allow appropriate increases for districts that
 15 have contracts containing escalator clauses with
 16 transportation providers.

17 It is intended that while school districts may conduct
 18 more than 180 days of instruction, a school district may not
 19 receive foundation program support for more than 180 days of
 20 pupil instruction.

21 Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and
 22 20-9-213 the superintendent of public instruction is
 23 required to adopt rules establishing requirements for
 24 budgeting and financial administration of public school
 25 districts, including accounting and reporting requirements.

1 Under 20-9-344 the board of public education has authority
 2 to require any reports it considers necessary. It is
 3 intended that school districts be required to maintain
 4 accounting systems using generally accepted accounting
 5 principles and that the superintendent of public instruction
 6 adopt rules necessary to implement the requirement. The
 7 superintendent of public instruction shall provide training
 8 and assistance to the districts as necessary to enable the
 9 districts to comply.

10 It is intended that the districts be required to file
 11 accurate and timely reports with the superintendent of
 12 public instruction. Districts must be required to provide
 13 student and school district data as may be required by the
 14 superintendent of public instruction concerning the
 15 condition of education in Montana, including personnel
 16 information, student and school district demographics,
 17 assessment of student and school district achievement, and
 18 other appropriate educational factors necessary to enable
 19 the legislature to assess the equality of educational
 20 opportunity being provided by the public school districts
 21 and to determine the amount of state aid to be distributed
 22 to school districts. Districts shall also provide data to
 23 meet grant requirements and other national reporting needs.

24 It is intended that the superintendent of public
 25 instruction conduct training and provide forms for the

1 personnel responsible for completing reports. Whenever
 2 possible, the superintendent of public instruction shall
 3 develop methods for collecting educational data
 4 electronically, utilizing formats consistent with school
 5 district data processing capabilities. The educational data
 6 must be maintained in an electronic format easily accessible
 7 by other state agencies and the legislature.

8 It is intended that the superintendent of public
 9 instruction employ two additional full-time-equivalent
 10 personnel during fiscal year 1990 and three
 11 full-time-equivalent personnel during fiscal year 1991 for
 12 the purpose of establishing standard accounting and
 13 reporting practices in the public school districts.

14 The legislature determines that if county equalization
 15 revenue is deficient because of noncollected tax payments,
 16 state equalization aid may be provided to offset the
 17 delinquency.

18 State equalization aid may be withheld from school
 19 districts, as provided by 20-9-344, that do not comply with
 20 accounting and reporting requirements.

21

22 (Refer to Third Reading Bill)

23 Strike everything after the enacting clause and insert:

24 **Section 1.** Section 2-7-504, MCA, is amended to read:

25 "2-7-504. Accounting methods. The Unless otherwise

1 required by law, the department shall prescribe the general
2 methods and details of accounting for the receipt and
3 disbursement of all moneys money belonging to governmental
4 entities referred to in this part and shall establish in
5 those offices general methods and details of accounting.
6 All governmental entity officers shall conform with the
7 standards prescribed by the department."

8 **Section 2.** Section 15-10-402, MCA, is amended to read:

9 "15-10-402. Property tax limited to 1986 levels. (1)
10 Except as provided in subsections (2) and (3), the amount of
11 taxes levied on property described in 15-6-133, 15-6-134,
12 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any
13 taxing jurisdiction, exceed the amount levied for taxable
14 year 1986.

15 (2) The limitation contained in subsection (1) does
16 not apply to levies for rural improvement districts, Title
17 7, chapter 12, part 21; special improvement districts, Title
18 7, chapter 12, part 41; elementary and high school
19 districts, Title 20; or bonded indebtedness.

20 (3) New construction or improvements to or deletions
21 from property described in subsection (1) are subject to
22 taxation at 1986 levels.

23 (4) As used in this section, the "amount of taxes
24 levied" and the "amount levied" mean the actual dollar
25 amount of taxes imposed on an individual piece of property,

1 notwithstanding an increase or decrease in value due to
2 inflation, reappraisal, adjustments in the percentage
3 multiplier used to convert appraised value to taxable value,
4 changes in the number of mills levied, or increase or
5 decrease in the value of a mill."

6 **Section 3.** Section 17-3-213, MCA, is amended to read:

7 "17-3-213. Allocation to general road fund and
8 countywide school levies. (1) The forest reserve funds so
9 apportioned to each county ~~shall~~ must be apportioned by the
10 county treasurer in each county ~~between-the-several-funds~~ as
11 follows:

12 (a) to the general road fund, 66 2/3% of the total
13 amount received;

14 (b) to the following countywide school levies, 33 1/3%
15 of the total sum received:

16 (i) the annual basic tax levy for elementary schools
17 provided for in 20-9-331; and

18 (ii) the annual special tax for high schools provided
19 for in 20-9-333;

20 ~~{iii}-the-high-school-transportation-fund-provided--for~~
21 ~~in-20-10-143;~~

22 ~~{iv}-the---elementary--teacher--retirement--and--social~~
23 ~~security-fund-provided-for-in-20-9-501;~~

24 ~~{v}-the-high--school--teacher--retirement--and--social~~
25 ~~security-fund-provided-for-in-20-9-501.~~

1 (2) The apportionment of money to the funds provided
 2 for under subsection (1)(b) shall must be made by the county
 3 superintendent based on the proportion that the mill levy of
 4 each fund bears to the total number of mills for all the
 5 funds. Whenever the total amount of money available for
 6 apportionment under this section is greater than the total
 7 requirements of a levy, the excess money and any interest
 8 income must be retained in a separate reserve fund, to be
 9 reapportioned in the ensuing school fiscal year to the
 10 levies designated in subsection (1)(b).

11 (3) In counties wherein in which special road
 12 districts have been created according to law, the board of
 13 county commissioners shall distribute a proportionate share
 14 of the 66 2/3% of the total amount received for the general
 15 road fund to such the special road district--or districts
 16 within the county based upon the percentage that the total
 17 area of such the road district bears to the total area of
 18 the entire county."

19 ~~Section 4. Section 19-4-605, MCA, is amended to read:~~

20 ~~"19-4-605. Pension accumulation fund--employer's~~
 21 ~~contribution:--The pension accumulation fund is the fund in~~
 22 ~~which the reserves for payment of pensions and annuities~~
 23 ~~shall must be accumulated and from which pensions,~~
 24 ~~annuities, and benefits in lieu thereof shall of pensions~~
 25 ~~and annuities must be paid to or on account of beneficiaries~~

1 credited--with--prior-service--Contributions-to-and-payments
 2 from-the-pension-accumulation-fund shall must be--made--as
 3 follows:

4 (1)--Each--employer--shall--pay--into--the--pension
 5 accumulation-fund-an-amount-equal-to-7.428%--of--the--earned
 6 compensation--of--each--member--employed-during-the-whole-or
 7 part-of-the-preceding-payroll-period.

8 (2)--If-the-employer-is-a-district-or-community-college
 9 district,--the--trustees--shall--budget and--pay for--the
 10 employer's--contribution under-the-provisions-of-20-9-501 in
 11 the-general-fund-budget.

12 (3)--If-the-employer-is-the--superintendent--of--public
 13 instruction, a-public-institution-of-the-state-of-Montana, a
 14 unit--of-the-Montana-university-system, or-the-Montana-state
 15 school--for--the--deaf--and--blind,--the--legislature--shall
 16 appropriate--to-the-employer-an-adequate-amount-to-allow-the
 17 payment-of-the-employer's-contribution.

18 (4)--If-the-employer-is--a--county,--the--county
 19 commissioners--shall--budget--and--pay--for--the--employer's
 20 contribution-in-the-manner-provided-by-law-for-the--adoption
 21 of-a-county-budget-and-for-payments-under-the-budget.

22 (5)--All--interest--and--other-earnings-realized-on-the
 23 moneys money of-the-retirement-system shall must be-credited
 24 to-the-pension-accumulation-fund, and-the-amount-required-to
 25 allow-regular-interest-on-the--annuity--savings--fund shall

1 must be---transferred---to---that---fund---from---the---pension
2 accumulation-fund;

3 {6}--All-pensions,--annuities,--and--benefits--in--lieu
4 thereof--shall of--pensions-and-annuities-must be-paid-from
5 the-pension-accumulation-fund;

6 {7}--The--retirement--board--may,--in--its--discretion,
7 transfer--from--the--pension--accumulation--fund--an--amount
8 necessary-to-cover-expenses-of-administration;"

9 **Section 5.**--Section 20-3-106, MCA, is amended to read:

10 "20-3-106,--Supervision---of---schools-----powers--and
11 duties;--The-superintendent-of-public--instruction--has--the
12 general--supervision--of--the--public--schools--and--districts--of
13 the-state,--and--he--shall--perform--the--following--duties--or--acts
14 in--implementing--and--enforcing--the--provisions--of--this--title:

15 {1}--resolve---any---controversy---resulting--from--the
16 proration-of-costs-by-a-joint-board-of--trustees--under--the
17 provisions-of-20-3-362;

18 {2}--issue,--renew,--or--deny--teacher--certification--and
19 emergency-authorizations-of-employment;

20 {3}--negotiate-reciprocal-tuition-agreements-with-other
21 states-in-accordance-with-the-provisions-of-20-5-314;

22 {4}--serve-on--the--teachers'-retirement---board---in
23 accordance-with-the-provisions-of-2-15-1010;

24 {5}--approve--or--disapprove--the--orders--of--a--high-school
25 boundary-commission-in-accordance--with--the--provisions--of

1 20-6-311;

2 {6}--approve--or--disapprove--the--opening--or--reopening--of
3 a-school--in--accordance--with--the--provisions--of--20-6-502,
4 20-6-503, 20-6-504, or 20-6-505;

5 {7}--approve--or--disapprove--school--isolation--within--the
6 limitations-prescribed-by-20-9-302;

7 {8}--generally---supervise---the---school---budgeting
8 procedures---prescribed---by--law--in--accordance--with--the
9 provisions-of--20-9-102--and--prescribe--the--school--budget
10 format--in--accordance--with--the-provisions-of-20-9-103--and
11 20-9-506;

12 {9}--establish---a---system---of---communication---for
13 calculating--joint--district-revenues-in-accordance-with-the
14 provisions-of-20-9-151;

15 {10}--approve--or--disapprove--the--adoption--of--a--district's
16 emergency-budget-resolution-under-the-conditions--prescribed
17 in--20-9-163--and--publish--rules--for--an--application--for
18 additional-state-aid-for-an-emergency-budget--in--accordance
19 with--the--approval-and-disbursement-provisions-of-20-9-166;

20 {11}--generally---supervise---the---school---financial
21 administration-provisions-as-prescribed-by-20-9-201(2);

22 {12}--prescribe--and--furnish--the--annual-report-forms--to
23 enable--the--districts--to--report--to--the--county--superintendent
24 in--accordance--with--the--provisions-of-20-9-213(5)--and--the
25 annual-report-forms--to--enable--the--county--superintendents--to

1 report--to--the--superintendent--of--public--instruction--in
 2 accordance-with-the-provisions-of-20-3-209;
 3 {13}-approve,-disapprove,-or-adjust-an-increase-of--the
 4 average--number--belonging--{ANB}--in--accordance--with--the
 5 provisions-of-20-9-313-and-20-9-314;
 6 {14}-distribute-state-equalization-aid--in--support--of
 7 the--foundation-program-in-accordance-with-the-provisions-of
 8 20-9-342,-20-9-346,-and-20-9-347;
 9 {15}-distribute-state-impact-aid-in-accordance-with-the
 10 provisions-of-20-9-304;
 11 {16}-provide-for-the-uniform--and--equal--provision--of
 12 transportation--by--performing--the-duties-prescribed-by-the
 13 provisions-of-20-10-112;
 14 {17}-approve-or-disapprove-an-adult--education--program
 15 for--which--a--district-proposes-to-levy-a-tax-in-accordance
 16 with-the-provisions-of-20-7-705;
 17 {18}-request,-accept,-deposit,-and--expend---federal
 18 moneys money in-accordance-with-the-provisions-of-20-9-603;
 19 {19}-authorize-the-use-of-federal moneys money for--the
 20 support-of-an-interlocal-cooperative-agreement-in-accordance
 21 with-the-provisions-of-20-9-703-and-20-9-704;
 22 {20}-prescribe--the-form-and-contents-of-and-approve-or
 23 disapprove--interstate--contracts--in--accordance--with--the
 24 provisions-of-20-9-705;
 25 {21}-approve--or--disapprove-the-conduct-of-school-on-a

1 Saturday-or-on-pupil-instruction-related-days-in--accordance
 2 with-the-provisions-of-20-1-303-and-20-1-304;
 3 {22}-recommend---standards--of--accreditation--for--all
 4 schools-to--the--board-of--public--education--and--evaluate
 5 compliance---with such the standards---and---recommend
 6 accreditation-status-of-every-school-to-the-board-of--public
 7 education--in-accordance-with-the-provisions-of-20-7-101-and
 8 20-7-102;
 9 {23}-collect-and-maintain-a-file-of--curriculum--guides
 10 and-assist-schools-with-instructional-programs-in-accordance
 11 with-the-provisions-of-20-7-113-and-20-7-114;
 12 {24}-establish-and-maintain-a-library-of-visual,-aural,
 13 and---other---educational---media--in--accordance--with--the
 14 provisions-of-20-7-201;
 15 {25}-license-textbook-dealers-and-initiate--prosecution
 16 of-textbook-dealers-violating-the-law-in-accordance-with-the
 17 provisions-of-the-textbooks-part-of-this-title;
 18 {26}-as--the--governing--agent-and-executive-officer-of
 19 the-state-of-Montana-for-K-12--vocational--education,-adopt
 20 the--policies--prescribed--by--and--in--accordance--with--the
 21 provisions-of-20-7-301;
 22 {27}-supervise-and-coordinate-the--conduct--of--special
 23 education--in-the-state-in-accordance-with-the-provisions-of
 24 20-7-403;
 25 {28}-administer--the--traffic--education---program---in

1 ~~accordance-with-the-provisions-of-20-7-502;~~

2 ~~{29}-administer--the--school--food--services-program-in~~
3 ~~accordance-with-the-provisions-of-20-10-201; 20-10-202;--and~~
4 ~~20-10-203;~~

5 ~~{30}-review-school-building-plans-and-specifications-in~~
6 ~~accordance-with-the-provisions-of-20-6-622;~~

7 ~~{31}-prescribe-the-method-of-identification-and-signals~~
8 ~~to--be--used-by-school-safety-patrols-in-accordance-with-the~~
9 ~~provisions-of-20-1-400;~~

10 ~~{32}-provide-schools--with--information--and--technical~~
11 ~~assistance--for-compliance-with-the-student-assessment-rules~~
12 ~~provided-for-in--20-2-121--and--collect--and--summarize--the~~
13 ~~results--of such the student--assessment-for-the-board-of~~
14 ~~public-education-and-the-legislature; and~~

15 ~~{33}-administer-the-distribution--of--state--retirement~~
16 ~~equalization-aid-in-accordance-with-20-9-532;--and~~

17 ~~{34}{33}-perform-any-other-duty-prescribed-from-time-to~~
18 ~~time-by-this-title;any-other-act-of-the-legislature;--or-the~~
19 ~~policies-of-the-board-of-public-education;--"~~

20 **Section 4.** Section 20-3-205, MCA, is amended to read:

21 "20-3-205. Powers and duties. The county
22 superintendent has general supervision of the schools of the
23 county within the limitations prescribed by this title and
24 shall perform the following duties or acts:

25 (1) determine, establish, and reestablish trustee

1 nominating districts in accordance with the provisions of
2 20-3-352, 20-3-353, and 20-3-354;

3 (2) administer and file the oaths of members of the
4 boards of trustees of the districts in his county in
5 accordance with the provisions of 20-3-307;

6 (3) register the teacher or specialist certificates or
7 emergency authorization of employment of any person employed
8 in the county as a teacher, specialist, principal, or
9 district superintendent in accordance with the provisions of
10 20-4-202;

11 (4) act on each tuition application submitted to him
12 in accordance with the provisions of 20-5-301, 20-5-302,
13 20-5-304, and 20-5-311 and transmit the tuition information
14 required by 20-5-312;

15 (5) file a copy of the audit report for a district in
16 accordance with the provisions of 20-9-203;

17 (6) classify districts in accordance with the
18 provisions of 20-6-201 and 20-6-301;

19 (7) keep a transcript and reconcile the district
20 boundaries of the county in accordance with the provisions
21 of 20-6-103;

22 (8) fulfill all responsibilities assigned to him under
23 the provisions of this title regulating the organization,
24 alteration, or abandonment of districts;

25 (9) act on any unification proposition and, if

1 approved, establish additional trustee nominating districts
2 in accordance with 20-6-312 and 20-6-313;

3 (10) estimate the average number belonging (ANB) of an
4 opening school in accordance with the provisions of
5 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

6 (11) process and, when required, act on school
7 isolation applications in accordance with the provisions of
8 20-9-302;

9 (12) complete the budgets, compute the budgeted
10 revenues and tax levies, give notices of the budget
11 meetings, file final and emergency budgets, and fulfill such
12 other responsibilities assigned to him under the provisions
13 of this title regulating school budgeting systems;

14 (13) submit an annual financial report to the
15 superintendent of public instruction in accordance with the
16 provisions of 20-9-211;

17 (14) quarterly, unless otherwise provided by law, order
18 the county treasurer to apportion state money, county school
19 money, and any other school money subject to apportionment
20 in accordance with the provisions of 20-9-212, 20-9-334,
21 20-9-347, or 20-10-145~~7~~~~-or-20-10-146~~;

22 (15) act on any request to transfer average number
23 belonging (ANB) in accordance with the provisions of
24 20-9-313(3);

25 (16) calculate the estimated budgeted general fund

1 sources of revenue in accordance with the provisions of
2 20-9-348 and the other general fund revenue provisions of
3 the general fund part of this title;

4 (17) compute the revenues and the district and county
5 levy requirements for each fund included in each district's
6 final budget and report such the computations to the board
7 of county commissioners in accordance with the provisions of
8 the general fund, transportation, bonds, and other school
9 funds parts of this title;

10 (18) file and forward bus driver certifications,
11 transportation contracts, and state transportation
12 reimbursement claims in accordance with the provisions of
13 20-10-103, 20-10-143, or 20-10-145;

14 (19) for districts which do not employ a district
15 superintendent or principal, recommend library book and
16 textbook selections in accordance with the provisions of
17 20-7-204 or 20-7-602;

18 (20) notify the superintendent of public instruction of
19 a textbook dealer's activities when required under the
20 provisions of 20-7-605 and otherwise comply with the
21 textbook dealer provisions of this title;

22 (21) act on district requests to allocate federal money
23 for indigent children for school food services in accordance
24 with the provisions of 20-10-205;

25 (22) perform any other duty prescribed from time to

1 time by this title, any other act of the legislature, the
2 policies of the board of public education, the policies of
3 the board of regents relating to community college
4 districts, or the rules of the superintendent of public
5 instruction;

6 (23) administer the oath of office to trustees without
7 the receipt of pay for administering the oath;

8 (24) keep a record of his official acts, preserve all
9 reports submitted to him under the provisions of this title,
10 preserve all books and instructional equipment or supplies,
11 keep all documents applicable to the administration of the
12 office, and surrender such all records, books, supplies, and
13 equipment to his successor;

14 (25) within 90 days after the close of the school
15 fiscal year, publish an annual report in the county
16 newspaper stating the following financial information for
17 the school fiscal year just ended for each district of the
18 county:

19 (a) the total of the cash balances of all funds
20 maintained by the district at the beginning of the year;

21 (b) the total receipts that were realized in each fund
22 maintained by the district;

23 (c) the total expenditures that were made from each
24 fund maintained by the district; and

25 (d) the total of the cash balances of all funds

1 maintained by the district at the end of the school fiscal
2 year; and

3 (26) hold meetings for the members of the trustees from
4 time to time at which matters for the good of the districts
5 shall be discussed."

6 **Section 5.** Section 20-3-324, MCA, is amended to read:

7 "20-3-324. Powers and duties. As prescribed elsewhere
8 in this title, the trustees of each district shall ~~have the~~
9 ~~power and it shall be their duty to perform the following~~
10 ~~duties or acts:~~

11 (1) employ or dismiss a teacher, principal, or other
12 assistant upon the recommendation of the district
13 superintendent, the county high school principal, or other
14 principal as the board ~~may deem~~ considers necessary,
15 accepting or rejecting such any recommendation as the
16 trustees ~~shall~~ in their sole discretion determine, in
17 accordance with the provisions of Title 20, chapter 4;

18 (2) employ and dismiss administrative personnel,
19 clerks, secretaries, teacher aides, custodians, maintenance
20 personnel, school bus drivers, food service personnel,
21 nurses, and any other personnel ~~deemed~~ considered necessary
22 to carry out the various services of the district;

23 (3) administer the attendance and tuition provisions
24 and otherwise govern the pupils of the district in
25 accordance with the provisions of the pupils chapter of this

1 title;

2 (4) call, conduct, and certify the elections of the

3 district in accordance with the provisions of the school

4 elections chapter of this title;

5 (5) participate in the teachers' retirement system of

6 the state of Montana in accordance with the provisions of

7 the teachers' retirement system chapter of Title 19;

8 (6) participate in district boundary change actions in

9 accordance with the provisions of the districts chapter of

10 this title;

11 (7) organize, open, close, or acquire isolation status

12 for the schools of the district in accordance with the

13 provisions of the school organization part of this title;

14 (8) adopt and administer the annual budget or an

15 emergency budget of the district in accordance with the

16 provisions of the school budget system part of this title;

17 (9) conduct the fiscal business of the district in

18 accordance with the provisions of the school financial

19 administration part of this title;

20 (10) establish the ANB, foundation program, ~~permissive~~

21 ~~levy,~~ additional levy, cash reserve, and state impact aid

22 amount for the general fund of the district in accordance

23 with the provisions of the general fund part of this title;

24 (11) establish, maintain, budget, and finance the

25 transportation program of the district in accordance with

1 the provisions of the transportation parts of this title;

2 (12) issue, refund, sell, budget, and redeem the bonds

3 of the district in accordance with the provisions of the

4 bonds parts of this title;

5 (13) when applicable, establish, financially

6 administer, and budget for the tuition fund, ~~retirement~~

7 ~~fund,~~ RETIREMENT FUND, building reserve fund, adult

8 education fund, nonoperating fund, school food services

9 fund, miscellaneous federal programs fund, building fund,

10 lease or rental agreement fund, traffic education fund, and

11 interlocal cooperative agreement fund in accordance with the

12 provisions of the other school funds parts of this title;

13 (14) when applicable, administer any interlocal

14 cooperative agreement, gifts, legacies, or devises in

15 accordance with the provisions of the miscellaneous

16 financial parts of this title;

17 (15) hold in trust, acquire, and dispose of the real

18 and personal property of the district in accordance with the

19 provisions of the school sites and facilities part of this

20 title;

21 (16) operate the schools of the district in accordance

22 with the provisions of the school calendar part of this

23 title;

24 (17) establish and maintain the instructional services

25 of the schools of the district in accordance with the

1 provisions of the instructional services, textbooks,
2 vocational education, and special education parts of this
3 title;

4 (18) establish and maintain the school food services of
5 the district in accordance with the provisions of the school
6 food services parts of this title;

7 (19) make such reports from time to time as the county
8 superintendent, superintendent of public instruction, and
9 board of public education may require;

10 (20) retain, when deemed considered advisable, a
11 physician or registered nurse to inspect the sanitary
12 conditions of the school or the general health conditions of
13 each pupil and, upon request, make available to any parent
14 or guardian any medical reports or health records maintained
15 by the district pertaining to his child;

16 (21) for each member of the trustees, visit each school
17 of the district not less than once each school fiscal year
18 to examine its management, conditions, and needs, except
19 trustees from a first-class school district may share the
20 responsibility for visiting each school in the district;

21 (22) procure and display outside daily in suitable
22 weather at each school of the district an American flag
23 ~~which shall be~~ that measures not less than 4 feet by 6 feet;
24 and

25 (23) perform any other duty and enforce any other

1 requirements for the government of the schools prescribed by
2 this title, the policies of the board of public education,
3 or the rules of the superintendent of public instruction."

4 **Section 6.** Section 20-3-331, MCA, is amended to read:

5 "20-3-331. Purchase of liability insurance. The
6 trustees of any district may purchase insurance coverage for
7 the district, trustees, and employees against liability for
8 the death, injury, or disability of any person or damage to
9 property. The trustees shall include the cost of coverage in
10 the general fund budget of the district."

11 **Section 7.** Section 20-5-305, MCA, is amended to read:

12 "20-5-305. Elementary tuition rates. (1) Whenever a
13 pupil of an elementary district has been granted approval to
14 attend a school outside of the district in which he resides,
15 under the provisions of 20-5-301 or 20-5-302, ~~such the~~
16 district of residence shall pay tuition to the elementary
17 district where the pupil attends school. Except as provided
18 in subsection (2), the basis of the rate of tuition shall be
19 determined by the attended district. The rate of tuition
20 ~~shall must~~ be determined by:

21 (a) totaling the actual expenditures from the district
22 general fund~~7~~, and the debt service fund~~7~~~~-and-if-the--pupil~~
23 ~~is-a-resident-of-another-county7-the-retirement-fund~~, AND IF
24 THE PUPIL IS A RESIDENT OF ANOTHER COUNTY, THE RETIREMENT
25 FUND;

1 (b) dividing the amount determined in subsection
2 (1)(a) by the ANB of the district for the current fiscal
3 year, as determined under the provisions of 20-9-311; and

4 (c) subtracting the--total---of from the amount
5 determined in subsection (1)(b) the per-ANB amount allowed
6 by 20-9-316-through-20-9-321-that-represents the foundation
7 program schedules as-prescribed-by-20-9-303-plus-the-per-ANB
8 amount--determined--by--dividing--the-state-financing-of-the
9 district-permissive-levy-by-the-ANB-of--the--district,--from
10 the-amount-determined-in-subsection-(1)(b).

11 (2) The tuition for a full-time elementary special
12 education pupil must be determined under rules adopted by
13 the superintendent of public instruction for the calculation
14 of elementary tuition for full-time elementary special
15 education pupils as designated in 20-9-311 for funding
16 purposes."

17 **Section 8.** Section 20-5-312, MCA, is amended to read:

18 "20-5-312. Reporting, budgeting, and payment for high
19 school tuition. (1) Except as provided in subsection (2), at
20 the close of the school term of each school fiscal year, the
21 trustees of each high school district shall determine the
22 rate of tuition for the current school fiscal year by:

23 (a) totaling the actual expenditures from the district
24 general fund₇, and the debt service fund₇-and-if-the--pupil
25 is-a-resident-of-another-county₇-the-retirement-fund, AND IF

1 THE PUPIL IS A RESIDENT OF ANOTHER COUNTY, THE RETIREMENT
2 FUND;

3 (b) dividing the amount determined in subsection
4 (1)(a) above by the ANB of the district for the current
5 fiscal year, as determined under the provisions of 20-9-311;
6 and

7 (c) subtracting the--total---of from the amount
8 determined in subsection (1)(b) the per-ANB amount allowed
9 by 20-9-316-through-20-9-321-that-represents the foundation
10 program schedules as-prescribed-by-20-9-303-plus-the-per-ANB
11 amount--determined--by--dividing--the-state-financing-of-the
12 district-permissive-levy-by-the-ANB-of--the--district,--from
13 the-amount-determined-in-subsection-(1)(b)-above.

14 (2) The tuition for a full-time high school special
15 education pupil must be determined under rules adopted by
16 the superintendent of public instruction for the calculation
17 of tuition for full-time high school special education
18 pupils as designated in 20-9-311 for funding purposes.

19 (3) Before July 15, the trustees shall report to the
20 county superintendent of the county in which the district is
21 located:

22 (a) the names, addresses, and resident districts of
23 the pupils attending the schools of the district under an
24 approved tuition agreement;

25 (b) the number of days of school attended by each

1 pupil;

2 (c) the amount, if any, of each pupil's tuition
3 payment that the trustees, in their discretion, ~~shall~~ have
4 the authority to waive; and

5 (d) the rate of current school fiscal year tuition, as
6 determined under the provisions of this section.

7 (4) When the county superintendent receives a tuition
8 report from a district, he shall immediately send the
9 reported information to the superintendent of each district
10 in which the reported pupils reside.

11 (5) When the district superintendent receives a
12 tuition report or reports for high school pupils residing in
13 his district and attending an out-of-district high school
14 under approved tuition agreements, he shall determine the
15 total amount of tuition due ~~such~~ the out-of-district high
16 schools on the basis of the following per-pupil schedule:
17 the rate of tuition, number of pupils attending under an
18 approved tuition agreement, and other information provided
19 by each high school district where resident district pupils
20 have attended school.

21 (6) The total amount of the high school tuition, with
22 consideration of any tuition waivers, for pupils attending a
23 high school outside the county of residence ~~shall~~ must be
24 financed by the county basic special tax for high schools as
25 provided in 20-9-334. In December, the county superintendent

1 shall cause the payment by county warrant of at least
2 one-half of the high school tuition obligations established
3 under this section out of the first moneys proceeds realized
4 from the county basic special tax for high schools. The
5 remaining obligations must be paid by June 15 of the school
6 fiscal year. The payments ~~shall~~ must be made to the county
7 treasurer of the county where each high school entitled to
8 tuition is located. The county treasurer shall credit ~~such~~
9 the tuition receipts to the general fund of the applicable
10 high school district, and the tuition receipts ~~shall~~ must be
11 used in accordance with the provisions of 20-9-141.

12 (7) For pupils attending a high school outside their
13 district of residence but within the county of residence,
14 the total amount of the tuition, with consideration of any
15 tuition waivers, must be paid during the ensuing school
16 fiscal year. The trustees of the sending high school
17 district shall include the tuition amount in the tuition
18 fund of the preliminary and final budgets. This budgeted
19 tuition amount is not subject to the budget adjustment
20 provisions of 20-9-132. The county superintendent shall
21 report the net tuition fund levy requirement for each high
22 school district to the county commissioners on the second
23 Monday of August, and a levy on the district ~~shall~~ must be
24 made by the county commissioners in accordance with
25 20-9-142. This levy requirement ~~shall~~ must be calculated by

1 subtracting from the total expenditure amount authorized in
 2 the final tuition fund budget the sum of the cash balance in
 3 the tuition fund at the end of the immediately preceding
 4 school fiscal year plus any other anticipated money that may
 5 be realized in the tuition fund. The trustees shall pay by
 6 warrants drawn on the tuition fund the tuition amounts owed
 7 to each district included in the county superintendent's
 8 notification. Payments ~~shall~~ must be made whenever there is
 9 a sufficient amount of cash available in the tuition fund
 10 but no later than the end of the school fiscal year for
 11 which the budget is adopted. However, if the trustees of
 12 either the sending or receiving high school district feel
 13 the transfer privilege provided by this subsection is being
 14 abused, they may appeal to the county superintendent of
 15 schools, who shall hold a hearing and either approve or
 16 disapprove the transfer."

17 **Section 9.** Section 20-6-401, MCA, is amended to read:

18 "20-6-401. Definitions. As used in this part, unless
 19 the context clearly indicates otherwise, the following
 20 definitions apply:

21 (1) "Component districts" are means the elementary or
 22 high school districts incorporated into the enlarged
 23 district.

24 (2) "Eligible pupils" ~~shall--be~~ means the average
 25 number belonging (ANB) for the current school year in the

1 operating schools of the component districts and the tuition
 2 pupils residing in the component districts and attending
 3 another district's school under the tuition provisions of
 4 the school laws, except that the pupils residing in the
 5 component district having the largest total number of pupils
 6 ~~shall--be~~ are ineligible for bonus payment consideration.

7 (3) "Enlarged district" ~~is~~ means the elementary or
 8 high school district resulting from the consolidation or
 9 annexation of two or more component districts.

10 (4) "General bonus payment" for first- and
 11 second-class school districts ~~shall~~ must be \$300 ~~\$450~~ per
 12 eligible pupil per year for a period of 3 years and ~~will~~
 13 must be deposited in the enlarged district's general fund.
 14 General bonus payment for third-class school districts ~~shall~~
 15 must be \$500 ~~\$750~~ per eligible pupil per year for a period
 16 of 3 years and ~~will~~ must be deposited in the enlarged
 17 district's general fund. ~~Such~~ The general bonus payment
 18 ~~shall~~ must be made from the state school equalization aid
 19 account.

20 (5) ~~---"Transportation---bonus---payment"---will---be---the~~
 21 ~~provision-of-66-2/3%---state---financing---of---the---on-schedule~~
 22 ~~transportation---amount---as---provided---by---the-transportation~~
 23 ~~provisions-of-the-school-laws. When---an---eligible---pupil---is~~
 24 ~~entitled---to---transportation, the-enlarged-district-shall-be~~
 25 ~~entitled---to---the---transportation---bonus---payment---for---such~~

~~eligible--pupil--for-a-period-of-3-years--Such-payment-shall
be-made-from-the-state-transportation-aid-account--When--the
eligible--pupil--rides--a--bus--providing-transportation-for
ineligible--pupils--the--66-2/3--state--financing--of--the
on-schedule--amount--for--this--payment-shall-be-prorated-to
provide-such-financing-for-the-eligible-pupil--"~~

Section 10. Section 20-6-506, MCA, is amended to read:

"20-6-506. Budgeting and cost sharing when junior high school operated by elementary district and high school district operating a county high school. (1) Whenever the opening of a junior high school is approved for the ensuing school fiscal year under 20-6-505, the county superintendent shall estimate the average number belonging (ANB) after investigating the probable enrollment for the junior high school. The ANB determined by the county superintendent and the ANB actually realized in subsequent school fiscal years ~~shall~~ must be applied under 20-9-320 to prorate the ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation program amount between the elementary and high school districts. Each district shall adopt its general fund budget on the basis of the prorated amount and shall finance its proportionate share of the cost of operating the junior high school.

(2) The cost of operating the junior high school ~~shall~~ must be prorated between the elementary district and the

high school district on the basis of the ratio that the number of pupils of their district is to the total enrollment of the junior high school."

Section 11. Section 20-6-603, MCA, is amended to read:

"20-6-603. Trustees' authority to acquire or dispose of sites and buildings -- when election required. (1) The trustees of any district ~~shall-have--the--authority--to~~ may purchase, build, exchange, or otherwise acquire, or sell, or otherwise dispose of sites and buildings of the district. ~~Such-action-shall~~ Action may not be taken by the trustees without the approval of the qualified electors of the district at an election called for ~~such~~ the purpose of approval unless:

(a) a bond issue has been authorized for the purpose of constructing, purchasing, or acquiring the site or building;

(b) an additional levy under the provisions of 20-9-353 has been approved for the purpose of constructing, purchasing, or acquiring the site or building;

(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the ~~maximum-general-fund-budget-without-a-vote~~ amount-prescribed in 20-9-316--through--20-9-321 foundation program amount provided in 20-9-303, and, in the case of a site purchase, the site has been approved under the provisions of 20-6-621;

1 or

2 (d) ~~moneys-are~~ money is otherwise available under the
3 provisions of this title and the ballot for the site
4 approval for ~~such~~ the building incorporated a description of
5 the building to be located on the site.

6 (2) When an election is conducted under the provisions
7 of this section, it ~~shall~~ must be called under the
8 provisions of 20-20-201 and ~~shall~~ must be conducted in the
9 manner prescribed by this title for school elections. An
10 elector qualified to vote under the provisions of 20-20-301
11 ~~shall-be-permitted-to~~ may vote in ~~such~~ the election. If a
12 majority of those electors voting at the election approve
13 the proposed action, the trustees may take the proposed
14 action."

15 **Section 12.** Section 20-6-608, MCA, is amended to read:

16 "20-6-608. Authority and duty of trustees to insure
17 district property. The trustees of any district shall have
18 ~~the--authority--and--it--shall--be--their--duty--to~~ insure any or
19 all real and personal property of the district. The trustees
20 shall include the cost of insurance in the general fund
21 budget of the district."

22 **Section 13.** Section 20-7-414, MCA, is amended to read:

23 "20-7-414. Determination of children in need and type
24 of special education needed -- approval of classes and
25 programs by superintendent. (1) The determination of the

1 children requiring special education and the type of special
2 education needed by these children ~~shall--be~~ is the
3 responsibility of the trustees, and ~~such~~ the determination
4 ~~shall~~ must be made in compliance with the procedures
5 established in the rules of the superintendent of public
6 instruction. Whenever the trustees of a school district or
7 the governing authority of an institution learn of a
8 handicapped child in their jurisdiction who is in need of
9 special education, they shall determine whether the child is
10 in need of a surrogate parent by determining whether the
11 parents or guardian is unknown or unavailable or if the
12 child is a ward of the state. The determination must be made
13 within 10 days of the date on which the trustees of a school
14 district or the governing authority of an institution
15 learned of the presence of the child in the district. If the
16 child is in need of a surrogate parent, the trustees of a
17 school district or the governing authority of an institution
18 must nominate a surrogate parent for the child as provided
19 in 20-7-461.

20 (2) Whenever the trustees of any district intend to
21 establish a special education class or program, they shall
22 apply for approval and funding of the class or program by
23 the superintendent of public instruction. The superintendent
24 of public instruction shall approve or disapprove the
25 application for the special education class or program on

1 the basis of its compliance with the laws of the state of
 2 Montana, the special education policies adopted by the board
 3 of public education, and the rules of the superintendent of
 4 public instruction. No special education class may be
 5 operated by the trustees without the approval of the
 6 superintendent of public instruction. Each special education
 7 class or program must be approved annually to be funded as
 8 part of the maximum-budget-without-a-vote foundation program
 9 for special education."

10 **Section 14.** Section 20-7-422, MCA, is amended to read:

11 "20-7-422. Out-of-state tuition for special education
 12 children. (1) If the trustees of any district recommend to
 13 the superintendent of public instruction the attendance of
 14 a child in need of special education in a special education
 15 program offered outside of the state of Montana, such the
 16 arrangements shall are not be subject to the out-of-state
 17 attendance provisions of the laws governing the attendance
 18 of pupils in schools outside the state of Montana.

19 (2) Whenever the attendance of a child at an
 20 out-of-state special education program is approved by the
 21 superintendent of public instruction, ~~it--shall--be--the~~
 22 ~~responsibility-of~~ the superintendent of public instruction
 23 shall, in cooperation with the department of family
 24 services, to negotiate the program for the child and the
 25 amount and manner of payment of tuition. The amount of

1 tuition ~~shall~~ must be included as a contracted service in
 2 20-7-431(1)(a)(iii)(A) in the maximum-budget-without-a-vote
 3 foundation program amount for special education."

4 **Section 15.** Section 20-7-431, MCA, is amended to read:

5 "20-7-431. Allowable cost schedule for special
 6 programs -- superintendent to make rules -- annual
 7 accounting. (1) For the purpose of determining the
 8 maximum-budget-without-a-vote foundation program amount for
 9 special education as defined in 20-9-321, the following
 10 schedule of allowable costs ~~shall~~ must be followed by the
 11 school district in preparation of its special education
 12 budget for state aid request purposes and by the
 13 superintendent of public instruction in his review and
 14 approval of the budget (for the purposes of determining the
 15 amount of the maximum-budget-without-a-vote foundation
 16 program for special education for the district, and as used
 17 in this schedule, "full-time special pupil" and "regular
 18 ANB" are to be determined in accordance with 20-9-311 and
 19 20-9-313):

20 (a) instruction: salaries, benefits, supplies,
 21 textbooks, and other expenses including:

22 (i) salaries and benefits of special program teachers,
 23 regular program teachers, teacher aides, special education
 24 supervisors, audiologists, and speech and hearing
 25 clinicians--the entire cost if employed full time in the

1 special program; if such personnel are shared between
2 special and regular programs--a portion of the entire cost
3 corresponding to the entire working time which each such
4 person devotes to the special program;

5 (ii) teaching supplies and textbooks if used
6 exclusively for special programs--the actual total cost;

7 (iii) other expenses:

8 (A) contracted services, including fees paid for
9 professional advice and consultation regarding special
10 students or the special program, and the delivery of special
11 education services by public or private agencies--the actual
12 total cost;

13 (B) transportation costs for special education
14 personnel who must travel on an itinerant basis from school
15 to school or district to district or to in-state child study
16 team meetings or in-state individualized education program
17 meetings--the actual cost to the district calculated on the
18 same mileage rate used by the district for other travel
19 reimbursement purposes;

20 (b) supportive services, including:

21 (i) salaries and benefits of professional supportive
22 personnel--the entire cost if employed full time in the
23 special program; if such personnel are shared between
24 special and regular programs--a portion of the entire cost
25 corresponding to the entire working time which each such

1 person devotes to the special program. Professional
2 supportive personnel may include counselors, social workers,
3 psychologists, psychometrists, physicians, nurses, and
4 physical and occupational therapists.

5 (ii) salaries and benefits of clerical personnel for
6 who assist professional personnel in supportive
7 services--the entire cost if employed full time in the
8 special program; if such personnel are shared between
9 special and regular programs--a portion of the entire cost
10 corresponding to the entire working time which each such
11 person devotes to the special program;

12 (c) equipment:

13 (i) equipment--the actual total cost;

14 (ii) special equipment for district-owned school buses
15 necessary to accommodate special students--the actual total
16 cost;

17 (iii) special equipment for school buses contracted to
18 transport special students--that portion of the contract
19 price attributable to the cost of special equipment or
20 personnel required to accommodate special students--the
21 actual special cost;

22 (iv) repair and maintenance of equipment--the actual
23 total cost;

24 (d) room and board costs when the special pupil has to
25 attend a program at such a distance from his home that

1 commuting is undesirable as determined by the superintendent
2 of public instruction.

3 (2) The superintendent of public instruction shall,
4 ~~prior--to--September--17--1977--revise--the~~ adopt rules in
5 accordance with the policies of the board of public
6 education for:

7 (a) keeping necessary records for supportive and
8 administrative personnel and any personnel shared between
9 special and regular programs;

10 (b) defining the total special program caseload that
11 ~~shall must~~ be assigned to specific support persons and the
12 kinds of professional specialties to be considered relevant
13 to the program before the district may count an allowable
14 cost under subsection (1)(b) of this section; and

15 (c) defining the kinds or types of equipment whose
16 costs may be counted under subsection (1)(c)(i) of this
17 section.

18 (3) An annual accounting of all expenditures of school
19 district general fund ~~moneys~~ money for special education
20 ~~shall must~~ be made by the district trustees on forms
21 furnished by the superintendent of public instruction. The
22 superintendent of public instruction shall make rules for
23 ~~such the~~ accounting.

24 (4) If a board of trustees chooses to exceed the
25 budget approved by the superintendent of public instruction,

1 costs in excess of the approved budget may not be reimbursed
2 under the ~~maximum-budget-without-a-vote~~ foundation program
3 for special education.

4 (5) Allowable costs prescribed in this section do not
5 include the costs of the teachers' retirement system, the
6 public employees' retirement system, the federal social
7 security system, or the costs for unemployment compensation
8 insurance.

9 (6) (a) Notwithstanding other provisions of the law,
10 the superintendent of public instruction ~~shall~~ may not
11 approve a ~~maximum-budget-without-a-vote~~ foundation program
12 amount for special education which that exceeds legislative
13 appropriations; however, any unexpended balance from the
14 first year of a biennial appropriation may be spent in the
15 second year of the biennium in addition to the second year
16 appropriation.

17 (b) If the total allowable cost of the special
18 education budgets exceeds legislative appropriations
19 available for special education, each district shall receive
20 a pro rata share of the available appropriations based upon
21 prioritized budget items as established by the
22 superintendent of public instruction. The amount of the
23 approved budgets in excess of the available appropriations
24 may not be reimbursed under the
25 ~~maximum-budget-without-a-vote~~ foundation program for special

1 education and is the responsibility of the school district."

2 **Section 16.** Section 20-7-442, MCA, is amended to read:

3 "20-7-442. State transportation reimbursement for
4 special education children. Districts providing children
5 with transportation to a special education class or program
6 and complying with the special education transportation
7 regulations promulgated by the superintendent of public
8 instruction ~~shall--be~~ are eligible for a the state
9 transportation reimbursement under the provisions of
10 20-10-145. The reimbursement ~~shall~~ must be calculated from a
11 schedule established by the superintendent of public
12 instruction ~~with--the--state--providing--two-thirds--of--the~~
13 ~~reimbursement--and--the--county--in--which--the--children--reside~~
14 ~~providing--the--remainder."~~

15 **Section 17.** Section 20-9-104, MCA, is amended to read:

16 "20-9-104. General fund cash reserve. (1) At the end
17 of each school fiscal year, the trustees of each district
18 shall designate ~~what~~ the portion of the general fund
19 end-of-the-year cash balance ~~shall~~ that is to be earmarked
20 as cash reserve for the purpose of paying general fund
21 warrants issued by the district from July 1 to November 30
22 of the ensuing school fiscal year. The amount of the general
23 fund cash balance that is earmarked as cash reserve ~~shall~~
24 may not exceed 35% the following percentages of the final
25 general fund budget for the ensuing school fiscal year and

1 shall:

2 (a) 35% for a district that did not receive state
3 equalization aid during the current school fiscal year;

4 (b) 30% for a district that received state
5 equalization aid equal to 25% or less of its foundation
6 program schedule entitlement in the current school fiscal
7 year; and

8 (c) 20% for a district that received state
9 equalization aid equal to more than 25% of its foundation
10 program schedule entitlement in the current school fiscal
11 year.

12 (2) The amount held as cash reserve may not be used
13 for property tax reduction in the manner permitted by
14 20-9-141(1)(b) for other receipts. Any portion of the
15 general fund end-of-the-year cash balance that is not
16 earmarked for cash reserve purposes shall--be is cash
17 reappropriated which--shall and must be used for property tax
18 reduction as provided in 20-9-141(1)(b)(iii).

19 (3) The limitation of subsection (1) does not apply
20 when the amount in excess of the limitation is equal to or
21 less than any amount received under Public Law 81-874 during
22 the current school fiscal year:

23 (A) UNDER PUBLIC LAW 81-874; OR

24 (B) FROM THE SETTLEMENT OF PROTESTED TAXES OWED FOR
25 TAXABLE YEARS BEFORE OR AFTER [THE EFFECTIVE DATE OF THIS

SECTION], IF PAYMENT OF THE TAXES WAS FIRST PROTESTED PRIOR TO [THE EFFECTIVE DATE OF THIS SECTION] AND WAS CONTINUOUSLY PROTESTED EACH YEAR THEREAFTER UNTIL SETTLEMENT."

Section 18. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the total of the funding required for the district's final general fund budget less the amount established by the foundation program schedules ~~in 20-9-316 through 20-9-321~~ by totaling:

(i) the district's nonisolated school foundation program requirement to be met by a district levy as provided in 20-9-303;

~~(iii)-the--district's-permissive-levy-amount-as-provided in-20-9-352; and~~

~~(iii)}~~(ii) any additional general fund budget amount adopted by the trustees of the district under the provisions of 20-9-353, including any additional levies authorized by the electors of the district.

(b) Determine the ~~total-of-the-moneys~~ money available for the reduction of the property tax on the district for the general fund by totaling:

(i) anticipated federal ~~moneys~~ money received under the provisions of Title I of Public Law 81-874 or other anticipated federal ~~moneys~~ money received in lieu of ~~such federal~~ that act;

(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-303, 20-5-307, 20-5-312, and 20-5-313;

(iii) general fund cash reappropriated, as established under the provisions of 20-9-104;

(iv) anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

(v) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

(vi) anticipated net proceeds taxes for interim production and new production, as defined in 15-23-601;

(vii) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(viii) anticipated revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

~~(viii)}~~(ix) any other revenue anticipated by the trustees to be received during the ensuing school fiscal

1 year which may be used to finance the general fund.

2 (c) Subtract the ~~total-of-the-moneys~~ money available
3 to reduce the property tax required to finance the general
4 fund that has been determined in subsection (1)(b) from the
5 total requirement determined in subsection (1)(a).

6 (2) The net general fund levy requirement determined
7 in subsection (1)(c) ~~shall~~ must be reported to the county
8 commissioners on the second Monday of August by the county
9 superintendent as the general fund levy requirement for the
10 district, and a levy ~~shall~~ must be made by the county
11 commissioners in accordance with 20-9-142."

12 **Section 19.** Section 20-9-201, MCA, is amended to read:

13 "20-9-201. Definitions and application. (1) As used in
14 this title, unless the context clearly indicates otherwise,
15 "fund" means a separate detailed account of receipts and
16 expenditures for a specific purpose as authorized by law.
17 Funds are classified as follows:

18 (a) A "budgeted fund" means any fund for which a
19 budget must be adopted in order to expend any money from
20 ~~such the~~ fund. The general fund, transportation fund, bus
21 depreciation reserve fund, elementary tuition fund,
22 ~~retirement--fund,~~ RETIREMENT FUND, debt service fund, leased
23 facilities fund, building reserve fund, adult education
24 fund, nonoperating fund, ~~vocational-technical-center-fund,~~
25 and any other funds so designated by the legislature ~~shall~~

1 be are budgeted funds.

2 (b) A "nonbudgeted fund" means any fund for which a
3 budget is not required in order to expend any money on
4 deposit in ~~such the~~ fund. The school food services fund,
5 miscellaneous federal programs fund, building fund, lease or
6 rental agreement fund, traffic education fund, interlocal
7 cooperative fund, and any other funds so designated by the
8 legislature ~~shall-be are~~ are nonbudgeted funds.

9 (2) The school financial administration provisions of
10 this title apply to all money of any elementary or high
11 school district except the extracurricular money realized
12 from pupil activities. Elementary and high school districts
13 shall record the receipt and disbursement of all money in
14 accordance with generally accepted accounting principles.
15 The superintendent of public instruction has general
16 supervisory authority as prescribed by law over the school
17 financial administration provisions, as they relate to
18 elementary and high school districts, ~~as-prescribed-by-law~~
19 and He shall establish-such adopt rules ~~as-are~~ necessary to
20 secure compliance with the law."

21 **Section 20.** Section 20-9-212, MCA, is amended to read:

22 "20-9-212. Duties of county treasurer. The county
23 treasurer of each county shall:

24 (1) receive and hold all school money subject to
25 apportionment and keep a separate accounting of its

1 apportionment to the several districts which are entitled to
 2 a portion of such the money according to the apportionments
 3 ordered by the county superintendent. A separate accounting
 4 shall must be maintained for each county fund supported by a
 5 countywide levy for a specific, authorized purpose,
 6 including:

7 (a) the basic county tax in support of the elementary
 8 foundation programs;

9 (b) the basic special tax for high schools in support
 10 of the high school foundation programs; and

11 ~~(c) the county tax in support of the county's high~~
 12 ~~school transportation obligation;~~

13 ~~(d) the county tax in support of the high school~~
 14 ~~obligations to the retirement systems of the state of~~
 15 ~~Montana;~~

16 ~~(e) any additional county tax required by law to~~
 17 ~~provide for deficiency financing of the elementary~~
 18 ~~foundation programs;~~

19 ~~(f) any additional county tax required by law to~~
 20 ~~provide for deficiency financing of the high school~~
 21 ~~foundation programs; and~~

22 (g)(c) any other county tax for schools, including the
 23 community colleges, which may be authorized by law and
 24 levied by the county commissioners;

25 (2) whenever requested, notify the county

1 superintendent and the superintendent of public instruction
 2 of the amount of county school money on deposit in each of
 3 the funds enumerated in subsection (1) of this section and
 4 the amount of any other school money subject to
 5 apportionment and apportion such the county and other school
 6 money to the districts in accordance with the apportionment
 7 ordered by the county superintendent;

8 (3) keep a separate accounting of the expenditures for
 9 each budgeted fund included in the final budget of each
 10 district;

11 (4) keep a separate accounting of the receipts,
 12 expenditures, and cash balances for each budgeted fund
 13 included in the final budget of each district and for each
 14 nonbudgeted fund established by each district;

15 (5) except as otherwise limited by law, pay all
 16 warrants properly drawn on the county or district school
 17 money and properly endorsed by their holders;

18 (6) receive all revenue collected by and for each
 19 district and deposit these receipts in the fund designated
 20 by law or by the district if no fund is designated by law.
 21 Interest and penalties on delinquent school taxes shall be
 22 credited to the same fund and district for which the
 23 original taxes were levied.

24 (7) send all ~~revenues~~ revenue received for a joint
 25 district, part of which is situated in his county, to the

1 county treasurer designated as the custodian of such
2 revenues the revenue, no later than December 15 of each year
3 and every 3 months thereafter until the end of the school
4 fiscal year;

5 (8) at the direction of the trustees of a district,
6 assist the district in the issuance and sale of tax and
7 revenue anticipation notes as provided in Title 7, chapter
8 6, part 11;

9 (9) register district warrants drawn on a budgeted
10 fund in accordance with 7-6-2604 when there is insufficient
11 money available ~~in--the--sum--of--money~~ in all funds of the
12 district to make payment of such warrant. Redemption of
13 registered warrants ~~shall~~ must be made in accordance with
14 7-6-2116, 7-6-2605, and 7-6-2606.

15 (10) invest the money of any district as directed by
16 the trustees of the district within 3 working days of such
17 the direction;

18 (11) ~~give~~ give each month to the trustees of each
19 district an itemized report for each fund maintained by the
20 district, showing the paid warrants, outstanding warrants,
21 registered warrants, amounts and types of revenue received,
22 and the cash balance; and

23 (12) remit promptly to the state treasurer receipts for
24 the county tax for a vocational-technical center when levied
25 by the board of county commissioners; and

1 (13) invest the money received from the basic county
2 tax in support of the elementary foundation programs and the
3 basic special tax in support of the high school foundation
4 programs within 3 working days of receipt. The money must be
5 invested until the working day before it is required to be
6 distributed to school districts within the county or
7 remitted to the state. Permissible investments are
8 specified in 20-9-213(4). All investment income must be
9 deposited, and credited proportionately, in the funds
10 established to account for the taxes received for the
11 purposes specified in subsections (1)(a) and (1)(b)."

12 **Section 21.** Section 20-9-213, MCA, is amended to read:

13 "20-9-213. Duties of trustees. The trustees of each
14 district shall have the sole power and authority to transact
15 all fiscal business and execute all contracts in the name of
16 such district. No person other than the trustees acting as a
17 governing board shall have the authority to expend moneys of
18 the district. In conducting the fiscal business of the
19 district, the trustees shall:

20 (1) cause the keeping of an accurate, detailed
21 accounting of all receipts and expenditures of school moneys
22 for each fund maintained by the district in accordance with
23 generally accepted accounting principles and the rules
24 prescribed by the superintendent of public instruction. The
25 record of such accounting shall be open to public inspection

1 at any meeting of the trustees.

2 (2) authorize all expenditures of district moneys and
3 cause warrants to be issued for the payment of lawful
4 obligations;

5 (3) have the authority to issue warrants on any
6 budgeted fund in anticipation of budgeted revenues, except
7 that such expenditures shall not exceed the amount budgeted
8 for such fund;

9 (4) invest any moneys of the district, whenever in the
10 judgment of the trustees such investment would be
11 advantageous to the district, by directing the county
12 treasurer to invest any money of the district in direct
13 obligations of the United States government, payable within
14 180 days from the time of investment, or in savings or time
15 deposits in a state or national bank, building or loan
16 association, savings and loan association, or credit union
17 insured by the FDIC, FSLIC, or NCUA located in the state.
18 All interest collected on such deposits or investments shall
19 be credited to the fund from which the money was withdrawn,
20 except that interest earned on account of the investment of
21 money realized from the sale of bonds shall be credited to
22 the debt service fund or the building fund, at the
23 discretion of the board of trustees. The placement of the
24 investment by the county treasurer shall not be subject to
25 ratable distribution laws and shall be done in accordance

1 with the directive from the board of trustees. A district
2 may invest moneys under the state unified investment program
3 established in Title 17, chapter 6.

4 (5) cause the district to record every transaction in
5 the appropriate account before the accounts are closed at
6 the end of the fiscal year, in order to properly report the
7 receipt, use, and disposition of all money and property for
8 which the district is accountable;

9 ~~(5)(6)~~ report annually to the county superintendent,
10 not later than August 1, the financial activities of each
11 fund maintained by the district during the last completed
12 school fiscal year on the forms prescribed and furnished by
13 the superintendent of public instruction. Annual fiscal
14 reports for joint school districts shall be submitted to the
15 county superintendent of each county in which part of the
16 joint district is situated.

17 ~~(6)(7)~~ whenever requested, report any other fiscal
18 activities to the county superintendent, superintendent of
19 public instruction, or board of public education;

20 ~~(7)(8)~~ cause the accounting records of the district to
21 be audited annually as required by law; and

22 ~~(8)(9)~~ perform, in the manner permitted by law, such
23 other fiscal duties that are in the best interests of the
24 district."

25 **Section 22.** Section 20-9-301, MCA, is amended to read:

"20-9-301. Purpose and ~~definition~~ of foundation program and definition of general fund budget. (1) A uniform system of free public schools sufficient for the education of and open to all school age children of the state ~~shall~~ must be established and maintained throughout the state of Montana. The state shall aid in the support of its several school districts on the basis of their financial need as measured by the foundation program and in the manner established in this title.

(2) The principal budgetary vehicle for achieving the minimum financing as established by the foundation program ~~shall-be~~ is the general fund budget of the district. The purpose of the general fund ~~shall-be~~ budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title.

(3) The amount of the general fund budget for each school fiscal year ~~shall~~ may not exceed the financing limitations established by this title but ~~shall-be-no~~ may not be less than the amount established by law as the foundation program. The general fund budget ~~shall~~ must be financed by the foundation program revenues and may be supplemented by ~~the-permissive-levy-and~~ an additional voted ~~levies~~ levy in the manner provided by law."

Section 23. Section 20-9-303, MCA, is amended to read:

"20-9-303. Definition of foundation program and ~~its proportion--of-the-maximum-general-fund-without-a-voted-levy schedule-amount --~~ nonisolated school foundation program financing -- special education funds. (1) As used in this title, the term "foundation program" ~~shall--mean~~ means the minimum operating expenditures ~~as-established-herein,~~ that are sufficient to provide for the ~~educational--program~~ operation of a school. The foundation program relates only to those expenditures authorized by a district's general fund budget and ~~shall~~ may not include expenditures from any other fund. It ~~shall-be~~ is financed by:

(a) county equalization moneys ~~money,~~ and, as provided in 20-9-331 and 20-9-333;

(b) state equalization aid, as provided in 20-9-343; and

(c) appropriations for special education.

(2) ~~The--dollar-amount-of-the-foundation-program shall be-----80%-----of-----the maximum-general-fund-budget-without-a-voted-levy--limitation as-set-forth-in-the-schedules-in-20-9-316-through--20-9-321-~~ The foundation program ~~of-an~~ includes:

(a) amounts in support of general education programs as provided in the schedules in 20-9-316 through 20-9-320;

and

(b) payments in support of special education programs

1 under 20-9-321.

2 (3) An elementary school having an ANB of nine or
3 fewer pupils for 2 consecutive years which is not approved
4 as an isolated school under the provisions of 20-9-302 ~~shall~~
5 ~~be 80% of~~ may budget and spend the schedule amount, but the
6 county and state shall participate in financing one-half of
7 the foundation program, and the district shall finance the
8 remaining one-half by a tax levied on the property of the
9 district. When a school of nine or fewer pupils is approved
10 as isolated under the provisions of 20-9-302, the county and
11 state shall participate in the financing of the total amount
12 of the foundation program.

13 ~~†3†~~(4) Funds provided to support the special education
14 accounting budget may be expended only for special education
15 purposes as approved by the superintendent of public
16 instruction in accordance with the special education
17 budgeting provisions of this title. Expenditures for special
18 education ~~shall~~ must be accounted for separately from the
19 balance of the school district general fund. Transfers
20 between items within the special education budget for
21 accounting purposes may be made at the discretion of the
22 board of trustees in accordance with the financial
23 administration part of this title. The unexpended balance of
24 the special education accounting budget ~~shall carry~~ carries
25 over to the next year to reduce the amount of funding

1 required to finance the district's ensuing year's
2 ~~maximum-budget-without-a-vote~~ foundation program amount for
3 special education."

4 **Section 24.** Section 20-9-311, MCA, is amended to read:

5 "20-9-311. Calculation of average number belonging
6 (ANB). (1) Average number belonging ~~shall be~~ is computed by
7 determining the total of the aggregate days of attendance by
8 regularly enrolled, full-time pupils during the current
9 school fiscal year plus the aggregate days of absence by
10 regularly enrolled, full-time pupils during the current
11 school fiscal year and by dividing ~~such the~~ total by 180.
12 However, when a school district has approval to operate less
13 than 180 school days under 20-9-804, ~~such the~~ total ~~shall~~
14 must be calculated in accordance with the provisions of
15 20-9-805. For the purpose of calculating ANB under this
16 section, the days of attendance for a regularly enrolled
17 pupil may not exceed 180 pupil instruction days and 7
18 pupil-instruction-related days. Attendance for a part of a
19 morning session or a part of an afternoon session by a pupil
20 ~~shall be~~ is counted as attendance for one-half day. In
21 calculating the ANB for pupils enrolled in a program
22 established under ~~20-7-117 prior to January 1, 1974, or~~
23 pursuant to 20-7-117(1), attendance at or absence from a
24 regular session of the program for at least 2 hours of
25 either a morning or an afternoon session will be counted as

1 one-half of a day attended or absent, as the case may be. If
 2 a variance has been granted as provided in 20-1-302, ANB
 3 will be computed in a manner prescribed by the
 4 superintendent of public instruction, but in no case shall
 5 may the ANB exceed one-half for each kindergarten pupil.
 6 When any pupil has been absent, with or without excuse, for
 7 more than 10 consecutive school days, including
 8 pupil-instruction-related days, his absence after the 10th
 9 day of absence shall may not be included in the aggregate
 10 days of absence and his enrollment in the school shall may
 11 not be considered in the calculation of the average number
 12 belonging until he resumes attendance at school.

13 (2) If a student spends less than half his time in the
 14 regular program and the balance of his time in school in the
 15 special education program, he shall--be is considered a
 16 full-time special pupil but shall may not be considered
 17 regularly enrolled for ANB purposes. If a student spends
 18 half or more of his time in school in the regular program
 19 and the balance of his time in the special education
 20 program, he shall--be is considered regularly enrolled for
 21 ANB purposes.

22 (3) The average number belonging of the regularly
 23 enrolled, full-time pupils for the public schools of a
 24 district must be based on the aggregate of all the regularly
 25 enrolled, full-time pupils attending the schools of the

1 district, except that when:

2 (a) a school of the district is located more than 3
 3 miles beyond the incorporated limits of a city or town or
 4 from another school of the district, all of the regularly
 5 enrolled, full-time pupils of the school must be calculated
 6 individually for ANB purposes;

7 (b) a junior high school has been approved and
 8 accredited as a junior high school, all of the regularly
 9 enrolled, full-time pupils of the junior high school shall
 10 must be considered as high school district pupils for ANB
 11 purposes;

12 (c) a middle school has been approved and accredited,
 13 in which case pupils below the 7th grade shall must be
 14 considered elementary school pupils for ANB purposes and the
 15 7th and 8th grade pupils shall must be considered high
 16 school pupils for ANB purposes; or

17 (d) a school has not been accredited by the board of
 18 public education, the regularly enrolled, full-time pupils
 19 attending the nonaccredited school shall may not be eligible
 20 for average number belonging calculation purposes, nor will
 21 an average number belonging for the nonaccredited school be
 22 used in determining the foundation program for such the
 23 district.

24 (4) When 11th or 12th grade students are regularly
 25 enrolled on a part-time basis, high schools may calculate

1 the ANB to include an "equivalent ANB" for those students.
 2 The method for calculating an equivalent ANB ~~shall~~ must be
 3 determined in a manner prescribed by the superintendent of
 4 public instruction."

5 **Section 25.** Section 20-9-312, MCA, is amended to read:

6 "20-9-312. ~~Maximum--general--fund--budget~~ Foundation
 7 program schedule for grades seven and eight. The ANB
 8 calculated for grades 7 and 8 ~~shall~~ must be funded at the
 9 high school rate, provided that the school meets the
 10 standards for accreditation of a middle school. When ~~such~~
 11 the pupils are actually enrolled in an elementary school,
 12 the foundation program schedule amount ~~of the--general--fund~~
 13 budget per ANB is determined from the high school schedule
 14 using the total ANB of the elementary school. To determine
 15 the total ANB of ~~such-an~~ the elementary school, the 7th and
 16 8th grade pupils ~~shall~~ must be included in ~~such the~~ total."

17 **Section 26.** Section 20-9-315, MCA, is amended to read:

18 "20-9-315. Maximum general fund budget and exceptions.
 19 (1) The total amount of the general fund budget of any
 20 district ~~shall~~ may not be greater than the ~~general--fund~~
 21 ~~budget---amount---specified---in---20-9-316--through--20-9-321~~
 22 district's foundation program as provided in 20-9-303,
 23 except when a district has adopted an emergency general fund
 24 budget under the provisions of 20-9-165 or when a district
 25 satisfies the requirements of 20-9-353.

1 (2) Notwithstanding the provisions of subsection (1),
 2 a district's maximum general fund budget may not exceed 130%
 3 of the foundation program amount for that district, except:

4 (a) when Public Law 81-874 funds are the source of
 5 funding for the excess amount, until the state receives
 6 approval of an application to equalize the funds under 20
 7 U.S.C. 240(d);

8 (b) when a district had combined expenditures in
 9 school fiscal year 1988 from its general fund,--retirement
 10 fund, and comprehensive insurance fund in an amount greater
 11 than the maximum general fund budget allowed by this
 12 section, in which case the maximum general fund budget of
 13 the district is limited to its school fiscal year 1988
 14 combined expenditure amount until that amount does not
 15 exceed 130% of the district's foundation program amount;

16 (C) WHEN A PAYMENT RECEIVED DURING THE PRECEDING YEAR
 17 IN SETTLEMENT OF PROTESTED TAXES OWED FOR TAXABLE YEARS
 18 BEFORE OR AFTER [THE EFFECTIVE DATE OF THIS SECTION] IS THE
 19 SOURCE OF FUNDING FOR THE EXCESS AMOUNT, BUT ONLY IF PAYMENT
 20 OF THE TAXES WAS FIRST PROTESTED PRIOR TO [THE EFFECTIVE
 21 DATE OF THIS SECTION] AND WAS CONTINUOUSLY PROTESTED EACH
 22 YEAR THEREAFTER UNTIL SETTLEMENT;

23 (c)(D) a nonapproved isolated school under 20-9-303(3)
 24 is not subject to the limitation."

25 **Section 27.** Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school maximum-budget foundation program schedule for 1987-88 school fiscal year 1991 and succeeding years. For 1987-88 the school fiscal year ending June 30, 1991, and succeeding school years, the elementary school maximum-budget foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum ~~shall-be-\$20,150~~ is \$20,725 \$25,581 if said the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum ~~shall-be-\$20,150~~ is \$20,725 \$25,581 plus ~~\$842.50~~ \$1,201 \$1,069.13 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum ~~shall-be-\$33,042~~ is \$47,885 \$41,930 plus ~~\$842.50~~ \$1,201 \$1,069 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum ~~shall-be-\$27,741~~ is \$39,531 \$35,203 plus ~~\$842.50~~ \$1,201 \$1,069 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing

two full-time teachers, the maximum ~~shall-be--\$44,290~~ is \$63,113 \$56,204 plus ~~\$527.60~~ \$752 \$669.52 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum, on the basis of the total pupils (ANB) in the district ~~for-elementary-pupils-will-be,~~ is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$1,957~~ \$2,789 \$2,483 is decreased at the rate of ~~\$1.90~~ \$2.71 \$2.41 for each additional pupil until the total number (ANB) ~~shall-have-reached~~ reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,843--shall-be~~ \$2,626 \$2,338 is decreased at the rate of ~~\$1.74~~ \$1.48 \$1.32 for each additional pupil until the ANB ~~shall-have-reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall may~~ not exceed ~~\$1,496~~ \$2,324 \$2,069 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall must~~ be computed on the basis of the amount allowed herein in this section on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town

1 ~~shall must~~ be treated as one school for the purpose of this
2 schedule."

3 **Section 28.** Section 20-9-319, MCA, is amended to read:

4 "20-9-319. High school maximum--budget foundation
5 program schedule for ~~1987-88~~ school fiscal year 1991 and
6 succeeding years. For ~~1987-88~~ the school fiscal year ending
7 June 30, 1991, and succeeding school years, the high school
8 maximum-budget foundation program schedule is as follows:

9 (1) For each high school having an ANB of 24 or fewer
10 pupils, the maximum ~~shall-be-\$114,845~~ is ~~\$175,139~~ \$155,741.

11 (2) For a secondary high school having an ANB of more
12 than 24 pupils, the maximum ~~\$4,785-shall-be of \$7,297~~ \$6,489
13 is decreased at the rate of ~~\$26-10 \$39-80~~ \$35.39 for each
14 additional pupil until the ANB ~~shall-have-reached~~ reaches a
15 total of 40 such pupils.

16 (3) For a school having an ANB of more than 40 pupils,
17 the maximum of ~~\$4,368-shall-be \$6,661~~ \$5,923 is decreased at
18 the rate of ~~\$26-10 \$39-80~~ \$35.39 for each additional pupil
19 until the ANB ~~shall-have-reached~~ reaches 100 pupils.

20 (4) For a school having an ANB of more than 100
21 pupils, a the maximum of ~~\$2,882-shall-be \$4,273~~ \$3,800 is
22 decreased at the rate of ~~\$4-37 \$6-66~~ \$5.93 for each
23 additional pupil until the ANB ~~shall-have--reached~~ reaches
24 200 pupils.

25 (5) For a school having an ANB of more than 200

1 pupils, the maximum of ~~\$2,365--shall--be \$3,687~~ \$3,207 is
2 decreased by ~~\$2-40 \$3-66~~ \$3.25 for each additional pupil
3 until the ANB ~~shall-have-reached~~ reaches 300 pupils.

4 (6) For a school having an ANB of more than 300
5 pupils, the maximum of ~~\$2,125--shall-be \$3,241~~ \$2,882 is
6 decreased at the rate of ~~44 67 60~~ cents for each additional
7 pupil until the ANB ~~shall-have-reached~~ reaches 600 pupils.

8 (7) For a school having an ANB over of more than 600
9 pupils, the maximum ~~shall may~~ not exceed ~~\$1,993 \$3,839~~
10 \$2,703 per pupil.

11 (8) The maximum per pupil for all pupils (ANB) and for
12 all high schools ~~shall must~~ be computed on the basis of the
13 amount allowed herein in this section on account of the last
14 eligible pupil (ANB). All high schools and junior high
15 schools which have been approved and accredited as junior
16 high schools, operated within the incorporated limits of a
17 city or town, ~~shall must~~ be treated as one school for the
18 purpose of this schedule."

19 **Section 29.** Section 20-9-320, MCA, is amended to read:

20 "20-9-320. Maximum---general--fund--budget Foundation
21 program schedule amount for junior high school. (1) The
22 general--fund--budget foundation program schedule amount for
23 an approved and accredited junior high school ~~shall must~~ be
24 prorated between the elementary district general-fund-budget
25 foundation program schedule amount and the high school

1 district ~~general-fund--budget~~ foundation program schedule
2 amount in the following manner:

3 (a) determine the per-ANB schedule amount for the
4 school, as defined by 20-9-317 and 20-9-319, from the high
5 school schedule;

6 (b) calculate the ANB for the regularly enrolled
7 full-time pupils enrolled in the 7th and 8th grades of the
8 junior high school;

9 (c) multiply the per-ANB schedule amount determined in
10 subsection (1)(a) by the ANB calculated in subsection (1)(b)
11 to determine the authorized ~~general-fund-budget~~ amount which
12 ~~shall--be~~ available for the elementary district ~~general-fund~~
13 budget foundation program; and

14 (d) subtract the amount determined in subsection
15 (1)(c) from the total authorized ~~general-fund-budget~~ amount
16 for the school to determine the authorized ~~general--fund~~
17 budget amount which-shall-be available for the high school
18 district ~~general-fund-budget~~ foundation program.

19 (2) The ~~general-fund-budget~~ amount determined for each
20 school of a district under the schedules provided in
21 20-9-316 through 20-9-319 ~~shall must~~ be totaled to determine
22 the maximum-general-fund-budget-without-a-voted-levy
23 foundation program schedule amount for such the district."

24 **Section 30.** Section 20-9-321, MCA, is amended to read:

25 "20-9-321. Maximum---general--fund--budget Foundation

1 program and contingency funds for special education. (1) For
2 the purpose of establishing the
3 ~~maximum-budget-without-a-vote~~ foundation program amount for
4 a current year special education program for a school
5 district, the superintendent of public instruction ~~will~~
6 shall determine the total estimated cost of the special
7 education program for the school district on the basis of a
8 special education program budget submitted by the district.
9 The budget ~~will~~ must be prepared on forms provided by the
10 superintendent of public instruction and ~~will must~~ set out
11 for each program:

12 (a) the estimated allowable costs associated with
13 operating the program where allowable costs are as defined
14 in 20-7-431;

15 (b) the number of pupils expected to be enrolled in
16 the program; and

17 (c) any other data required by the superintendent of
18 public instruction for budget justification purposes and to
19 administer the provisions of 20-9-315 through 20-9-321.

20 (2) The total amount of allowable costs approved by
21 the superintendent of public instruction ~~shall-be is~~ the
22 special education ~~maximum-budget-without-a-vote~~ foundation
23 program amount for current year special education program
24 purposes. The total amount of allowable costs that are
25 approved for the special education budget ~~shall may~~ not,

under any condition, be less than the maximum-budget-without-a-vote foundation program amount for one regular ANB for each ~~special~~ full-time special pupil in the school district.

(3) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district maximum-budget-without-a-vote foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a separate account of the miscellaneous programs fund of the district as provided in 20-9-507. However, if contingency funds are not available, then subject to the approval of the program by the superintendent under the emergency budget provisions of 20-9-161(5), allowable costs for the given year may be added to the maximum-budget-without-a-vote foundation program amount for special education for the subsequent school year. Such The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(4) The sum of the previous year special education

expenses as defined in subsection (3) above and the maximum-budget-without-a-vote foundation program amount for current year special education as defined in subsections (1) and (2) ~~shall--be~~ is the special education budget for accounting purposes.

(5) The maximum-budget-without-a-vote foundation program amount for special education ~~will~~ must be added to the maximum-budget-without-a-vote foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total maximum-budget-without-a-vote foundation program amount for the district."

Section 31. Section 20-9-322, MCA, is amended to read:

"20-9-322. Elementary instructional aide funding qualification. (1) Any elementary school that anticipates an ANB of at least 14 but less than 18 pupils for the ensuing school fiscal year may determine the maximum-general-fund budget foundation program amount under the provisions of 20-9-316(3) or 20-9-318(3) if eligibility is approved in accordance with the following provisions:

(a) No later than May 10 of each year, the school district shall submit its application for approval for instructional aide funding to the superintendent of public instruction. The application ~~shall~~ must include:

- (i) the previous year's ANB;
- (ii) an estimate of the current school fiscal year's

1 ANB, as calculated under the provisions of 20-9-314(1), and
2 the number of grade levels being taught on May 1 of the
3 current year;

4 (iii) an estimate of the ANB and the number of grade
5 levels anticipated for the ensuing school fiscal year;

6 (iv) the factual information on which such estimates
7 are based; and

8 (v) any other information or data that may be required
9 by the superintendent of public instruction.

10 (b) The superintendent of public instruction shall
11 immediately review all of the factors of the application and
12 shall approve the application if the anticipated ANB is at
13 least 14 but less than 18 pupils and a minimum of five grade
14 levels are being taught as of May 1 of the current year or
15 documentation is provided which indicates that the
16 anticipated ANB will require a minimum of five grade levels
17 to be taught in the ensuing school year.

18 (2) Whenever a school district applies for and is
19 approved for instructional aide funding under the provisions
20 of subsection (1), the district ~~must~~ shall hire an
21 instructional aide.

22 (3) For the purposes of this section, the term
23 "instructional aide" means:

24 (a) a person who is under the direct supervision of a
25 teacher; or

1 (b) a certified teacher."

2 **Section 32.** Section 20-9-331, MCA, is amended to read:

3 "20-9-331. Basic county tax and other revenues for
4 county equalization of the elementary district foundation
5 program. (1) ~~It shall be the duty of the~~ The county
6 commissioners of each county to shall levy an annual basic
7 tax of ~~28~~ 34 mills on the ~~dollars~~ dollar of the taxable
8 value of all taxable property within the county, except for
9 ~~vehicles--subject--to--taxation--under--61-3-504(2)~~ property
10 subject to a tax or fee under 23-2-517, 23-2-803,
11 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
12 purposes of local and state foundation program support. The
13 revenue ~~to--be~~ collected from this levy ~~shall~~ must be
14 apportioned to the support of the foundation programs of the
15 elementary school districts in the county and to the state
16 special revenue fund, state equalization aid account, in the
17 following manner:

18 (a) In order to determine the amount of revenue raised
19 by this levy which is retained by the county, the sum of the
20 estimated revenues revenue identified in subsection (2)
21 ~~below--shall~~ must be subtracted from the ~~sum--of--the--county~~
22 ~~elementary--transportation--obligation--and--the~~ total of the
23 foundation programs of all elementary districts of the
24 county.

25 (b) If the basic levy prescribed by this section

1 produces more revenue than is required to finance the
 2 difference determined above in subsection (1)(a), the county
 3 treasurer shall remit the surplus funds to the state
 4 treasurer for deposit to the state special revenue fund,
 5 state equalization aid account, immediately upon occurrence
 6 of a surplus balance and each subsequent month thereafter,
 7 with any final remittance due no later than June 20 of the
 8 fiscal year for which the levy has been set.

9 (c) If revenue from the basic levy prescribed by this
 10 section when combined with the other revenue from subsection
 11 (2) is insufficient to fully fund the percentage determined
 12 in 20-9-347(1)(b), and the county is eligible for an
 13 apportionment of state equalization aid under the provisions
 14 of 20-9-347(1)(c), the county superintendent shall notify
 15 the superintendent of public instruction of the deficiency.
 16 The superintendent of public instruction shall increase the
 17 state equalization aid payments to the districts in the
 18 affected county to offset the deficiency. A payment may not
 19 be made under this subsection (1)(c) that allows a district
 20 to receive foundation program funding in excess of the
 21 foundation program amount of the district.

22 (2) The proceeds revenue realized from the county's
 23 portion of the levy prescribed by this section and the
 24 revenues revenue from the following sources ~~shall~~ must be
 25 used for the equalization of the elementary district

1 foundation programs of the county as prescribed in 20-9-334,
 2 and a separate accounting ~~shall~~ must be kept of ~~such~~
 3 ~~proceeds-and-revenues~~ the revenue by the county treasurer in
 4 accordance with 20-9-212(1):

5 (a) the portion of the federal Taylor Grazing Act
 6 funds distributed to a county and designated for the common
 7 school fund under the provisions of 17-3-222;

8 (b) the portion of the federal flood control act funds
 9 distributed to a county and designated for expenditure for
 10 the benefit of the county common schools under the
 11 provisions of 17-3-232;

12 (c) all money paid into the county treasury as a
 13 result of fines for violations of law, except money paid to
 14 a justice's court, and the use of which is not otherwise
 15 specified by law;

16 (d) any money remaining at the end of the immediately
 17 preceding school fiscal year in the county treasurer's
 18 account accounts for the various sources of revenue
 19 established or referred to in this section;

20 (e) any federal or state money distributed to the
 21 county as payment in lieu of the property taxation
 22 ~~established--by--the--county--levy--required--by--this--section,~~
 23 including federal forest reserve funds allocated under the
 24 provisions of 17-3-213;

25 (f) net proceeds taxes for interim production and new

1 production, as defined in 15-23-601; and

2 (g) anticipated revenue from vehicle property taxes
3 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
4 61-3-521, and 61-3-537, and 67-3-204."

5 **Section 33.** Section 20-9-333, MCA, is amended to read:

6 "20-9-333. Basic special levy and other revenues for
7 county equalization of high school district foundation
8 program. (1) ~~It shall be the duty of the~~ The county
9 commissioners of each county to shall levy an annual basic
10 special tax for high schools of ~~17~~ 21 mills on the dollar of
11 the taxable value of all taxable property within the county,
12 except for ~~vehicles subject to taxation under 61-3-504(2)~~
13 property subject to a tax or fee under 23-2-517, 23-2-803,
14 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
15 purposes of local and state foundation program support. The
16 revenue ~~to be~~ collected from this levy ~~shall~~ must be
17 apportioned to the support of the foundation programs of
18 high school districts in the county and to the state special
19 revenue fund, state equalization aid account, in the
20 following manner:

21 (a) In order to determine the amount of revenue raised
22 by this levy which is retained by the county, the sum of the
23 estimated revenues revenue identified in subsections (2)(a)
24 and (2)(b) below shall subsection (2) must be subtracted
25 from the sum of the county's high school tuition obligation

1 and the total of the foundation programs of all high school
2 districts of the county.

3 (b) If the basic levy prescribed by this section
4 produces more revenue than is required to finance the
5 difference determined above in subsection (1)(a), the county
6 treasurer shall remit the surplus to the state treasurer for
7 deposit to the state special revenue fund, state
8 equalization aid account, immediately upon occurrence of a
9 surplus balance and each subsequent month thereafter, with
10 any final remittance due no later than June 20 of the fiscal
11 year for which the levy has been set.

12 (c) If revenue from the basic levy prescribed by this
13 section when combined with the other revenue from subsection
14 (2) is insufficient to fully fund the percentage determined
15 in 20-9-347(1)(b), and the county is eligible for an
16 apportionment of state equalization aid under the provisions
17 of 20-9-347(1)(c), the county superintendent shall notify
18 the superintendent of public instruction of the deficiency.
19 The superintendent of public instruction shall increase the
20 state equalization aid payments to the districts in the
21 affected county to offset the deficiency. A payment may not
22 be made under this subsection (1)(c) that allows a district
23 to receive foundation program funding in excess of the
24 foundation program amount of the district.

25 (2) The proceeds revenue realized from the county's

portion of the levy prescribed in this section and the revenues revenue from the following sources ~~shall~~ must be used for the equalization of the high school district foundation programs of the county as prescribed in 20-9-334, and a separate accounting ~~shall~~ must be kept of these ~~proceeds~~ the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state ~~moneys~~ money distributed to the county as a payment in lieu of the property taxation ~~established-by-the-county-levy--required--by--this--section,~~ including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(d) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204."

Section 34. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization ~~moneys~~ money by county superintendent. The county superintendent shall separately apportion the revenues deposited in the

basic county tax account and the revenues deposited in the basic special tax for high schools account to the several districts of the county on a monthly basis. The apportionments ~~shall~~ must be known as "county equalization ~~moneys~~ money". Before the county superintendent makes the monthly apportionments, he ~~the county superintendent~~ shall:

~~{1}--deduct--from--the--revenues--available--in--the--basic county-tax-account--the--amount--required--for--the--month--to--pay the---county's---obligation--for--elementary--transportation reimbursements;--and~~

~~{2} deduct from the revenues available in the basic special tax for high schools account the amount required for the month to pay the county's obligation for high school out-of-county tuition."~~

Section 35. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means ~~those-moneys~~ the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the ~~purpose~~ PURPOSES of REIMBURSEMENT OF THE RETIREMENT FUND EXPENDITURES OF THE PUBLIC SCHOOL DISTRICTS AND equalization of the foundation program.

(2) ~~The legislative--appropriation~~ legislature shall

1 biennially appropriate money for state equalization aid
2 ~~shall be made in a single sum for the biennium.~~ The
3 superintendent of public instruction ~~has authority to~~ may
4 spend such the appropriation, together with the earmarked
5 revenues provided in subsection (3), as required for
6 RETIREMENT REIMBURSEMENT AND foundation program purposes
7 throughout the biennium.

8 (3) The following ~~shall~~ must be paid into the state
9 special revenue fund for state equalization aid to public
10 schools of the state:

11 (a) ~~31.8% of all~~ money received from the collection of
12 income taxes under chapter 30 of Title 15, as provided by
13 15-1-501;

14 (b) ~~25% of all money~~, except as provided in 15-31-702,
15 money received from the collection of corporation license
16 and income taxes under chapter 31 of Title 15, as provided
17 by 15-1-501;

18 (c) ~~100% of the~~ money allocated to state equalization
19 from the collection of the severance tax on coal;

20 (d) ~~100% of the~~ money received from the treasurer of
21 the United States as the state's shares of oil, gas, and
22 other mineral royalties under the federal Mineral Lands
23 Leasing Act, as amended;

24 (e) interest and income money described in 20-9-341
25 and 20-9-342;

1 (f) income from the education trust fund account; and
2 (g) money received from the state equalization aid
3 levy under [section 49 51];

4 (h) income from the lottery, as provided in 23-5-1027;
5 and

6 ~~fg)(i)~~ in addition to these revenues, the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333; AND

9 (J) INVESTMENT INCOME EARNED BY INVESTING MONEY IN THE
10 STATE EQUALIZATION AID ACCOUNT IN THE STATE SPECIAL REVENUE
11 FUND.

12 (4) THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
13 REQUEST THE BOARD OF INVESTMENTS TO INVEST THE MONEY IN THE
14 STATE EQUALIZATION AID ACCOUNT TO MAXIMIZE INVESTMENT
15 EARNINGS TO THE ACCOUNT.

16 ~~fg)(5)~~ Any surplus revenue in the state equalization
17 aid account in the second year of a biennium may be used to
18 reduce the appropriation required for the next succeeding
19 biennium."

20 **Section 36.** Section 20-9-344, MCA, is amended to read:

21 "20-9-344. Purpose of state equalization aid and
22 duties of the board of public education for distribution --
23 conditions of first payment. (1) The money available for
24 state equalization aid ~~shall~~ must be distributed and
25 apportioned to provide an annual minimum operating revenue

1 for the elementary and high schools in each county,
 2 exclusive of revenues required for debt service and for the
 3 payment of any ~~and--all~~ costs and expense incurred in
 4 connection with any adult education program, recreation
 5 program, school food services program, new buildings,~~new~~
 6 ~~and~~ grounds, and transportation.

7 (2) The board of public education shall administer and
 8 distribute the state equalization aid in the manner and with
 9 the powers and duties provided by law. To this end, the
 10 board of public education shall:

11 (a) adopt policies for regulating the distribution of
 12 state equalization aid in accordance with the provisions of
 13 law and in a manner that ~~would-most-effectively-meet-the~~
 14 ~~financial-needs---of---districts~~ provides for monthly
 15 ~~distribution to each district of its equalization--aid~~
 16 ~~RETIREMENT REIMBURSEMENT AND FOUNDATION PROGRAM~~ entitlement;

17 (b) have the power to require such reports from the
 18 county superintendents, budget boards, county treasurers,
 19 and trustees as it ~~may-deem~~ considers necessary; and

20 (c) order the superintendent of public instruction to
 21 distribute the state equalization aid on the basis of each
 22 district's annual entitlement to such ~~the~~ aid as established
 23 by the superintendent of public instruction. In ordering the
 24 distribution of state equalization aid, the board of public
 25 education ~~shall~~ may not increase or decrease the state

1 equalization aid distribution to any district on account of
 2 any difference ~~which that~~ may occur during the school fiscal
 3 year between budgeted and actual receipts from any other
 4 source of school revenue.

5 (3) The board of public education may order the
 6 superintendent of public instruction to withhold
 7 distribution of state equalization aid from a district--in
 8 an--amount--and--under-conditions-determined-by-the-board-of
 9 public-education; when the district fails to:

10 (a) submit reports or budgets as required by law or
 11 rules adopted by the-superintendent-of-public-instruction-or
 12 the board of public education; OR

13 (b) maintain accredited status;~~or.~~

14 ~~(c)--comply--with-any-other-requirement-of-law-or-rules~~
 15 ~~adopted-by-the-superintendent-of-public-instruction--or--the~~
 16 ~~board-of-public-education.~~

17 (4) PRIOR TO ANY PROPOSED ORDER BY THE BOARD OF PUBLIC
 18 EDUCATION TO WITHHOLD DISTRIBUTION OF STATE EQUALIZATION
 19 AID, THE DISTRICT IS ENTITLED TO A CONTESTED CASE HEARING
 20 BEFORE THE BOARD OF PUBLIC EDUCATION, AS PROVIDED UNDER THE
 21 MONTANA ADMINISTRATIVE PROCEDURE ACT.

22 ~~{3}{4}{5}~~ Should a district receive more state
 23 equalization aid than it is entitled to, the county
 24 treasurer ~~must~~ shall return the overpayment to the state
 25 upon the request of the superintendent of public instruction

1 in the manner prescribed by the department of commerce.
 2 ~~4~~5(6) (a) The first payment of state-equalization
 3 aid EACH DISTRICT'S FOUNDATION PROGRAM ENTITLEMENT must be:
 4 {a} based on an estimate of 20% of each district's
 5 entitlement; and
 6 {b} distributed by July 15 of the school fiscal year.
 7 (b) Each subsequent monthly payment must be at least
 8 7% of the district's entitlement."

9 **SECTION 37. SECTION 20-9-346, MCA, IS AMENDED TO READ:**

10 "20-9-346. Duties of the superintendent of public
 11 instruction for state equalization aid distribution. The
 12 superintendent of public instruction shall administer the
 13 distribution of the state equalization aid by:

14 (1) establishing each district's annual entitlement to
 15 state equalization aid in support of its retirement fund and
 16 foundation program, based on the data reported in the budget
 17 retirement and general fund budgets for each district that
 18 has have been duly adopted for the current school fiscal
 19 year and verified by the superintendent of public
 20 instruction and by applying such verified data under the
 21 provisions of the state equalization aid allocation
 22 procedure prescribed in 20-9-347;

23 (2) recommending to the board of public education the
 24 ~~annual~~ entitlement of all districts to state equalization
 25 aid to enable the board of public education to order the

1 distribution of state equalization aid;

2 (3) distributing by state warrant the state
 3 equalization aid, for each district entitled to such aid, to
 4 the county treasurer of the county where the district is
 5 located, in accordance with the distribution ordered by the
 6 board of public education;

7 (4) keeping a record in his office of the full and
 8 complete data concerning ~~moneys~~ money available for state
 9 equalization aid and the entitlements for state equalization
 10 aid of the several districts of the state;

11 (5) reporting to the board of public education the
 12 estimated amount which will be available for state
 13 equalization aid; and

14 (6) reporting to both branches houses of the state
 15 legislature in any year when a session is convened:

16 (a) the figures and data available in his office
 17 concerning distributions of state equalization aid during
 18 the preceding 2 school fiscal years;

19 (b) the amount of state equalization aid then
 20 available;

21 (c) the apportionment made of such available ~~moneys~~
 22 money but not yet distributed; and

23 (d) the latest estimate of accruals of ~~moneys~~ money
 24 available for state equalization aid."

25 **SECTION 38. SECTION 20-9-347, MCA, IS AMENDED TO READ:**

"20-9-347. Formula for state equalization aid apportionment in support of foundation program. (1) The superintendent of public instruction shall apportion the state equalization aid available for support of the foundation program, individually for the elementary districts of a county or the high school districts of a county, in accordance with 20-9-346 and on the basis of the following procedure:

(a) Determine the percentage that the total funds available to all counties in the state in support of the foundation program (including the state ~~moneys~~ money available for state equalization aid) is of the total amount of the foundation programs of all counties.

(b) Determine the percentage that the total funds available in each county in support of the foundation programs in such the county (excluding state ~~moneys~~ money available for state equalization aid) is of the total amount of the foundation programs of all districts of such the county.

(c) Counties in which the percentage determined in subsection (1)(b) exceeds the percentage determined in subsection (1)(a) ~~shall--not--be~~ are not entitled to an apportionment of the state equalization aid.

(d) After elimination of the counties referred to in subsection (1)(c), determine the percentage that the total

~~moneys~~ money available to all remaining counties in support of the foundation program (including the state ~~moneys~~ money available for state equalization aid) is of the total amount of the foundation programs of all such remaining counties.

(e) Each district of each remaining county ~~shall-be~~ is entitled to an apportionment of the state equalization aid ~~which---shall---be~~ equal to the difference between the percentage determined in subsection (1)(d) and the percentage determined for such the county in subsection (1)(b) multiplied by the foundation program amount for such the district.

(2) The superintendent of public instruction shall apportion state equalization aid to each district in the full amount of the district's retirement fund expenditures.

~~{2}~~(3) The superintendent of public instruction shall supply the county treasurer and the county superintendent with a report of the apportionments of state equalization aid to ~~the--several--districts~~ each district of the county, and the state equalization aid ~~shall~~ must be apportioned to such the districts in accordance with such the report."

SECTION 39. SECTION 20-9-351, MCA, IS AMENDED TO READ:

"20-9-351. Funding of deficiency in state equalization aid. If the foundation--program--level--made--under--the provisions of 20-9-346 is less than 100%, it--shall--be--the duty--of money available for state equalization aid is not

sufficient to provide the foundation program schedule support determined in 20-9-348 and the retirement reimbursement required under 20-9-347, the superintendent of public instruction to shall request the budget director to submit a request for a supplemental appropriation in the second year of the biennium that ~~would-be~~ is sufficient to complete the funding of retirement and the foundation programs of the elementary or secondary schools, or both, for the current biennium."

Section 40. Section 20-9-353, MCA, is amended to read:

"20-9-353. Additional levy for general fund -- election for authorization to impose. (1) The Except as limited by 20-9-315(2), the trustees of any district may propose to adopt a general fund budget in excess of the ~~general--fund--budget-amount~~ foundation program for ~~such the~~ district as-established-by-the-schedules-in-20-9-316-through 20-9-321 for any of the following purposes:

- (a) building, altering, repairing, or enlarging any schoolhouse of the district;
 - (b) furnishing additional school facilities for the district;
 - (c) acquisition of land for the district;
 - (d) proper maintenance and operation of the school programs of the district.
- (2) When the trustees of any district determine that

an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount, the trustees shall submit the proposition of an additional levy to raise ~~such the~~ the excess amount of general fund financing to the electors who are qualified under 20-20-301 to vote upon ~~such the~~ the proposition, except that ~~no an election shall-be~~ is not required to permit the school trustees to use any funds available to finance the additional amount other than those funds to be raised by the additional levy. ~~Such The~~ The special election ~~shall~~ must be called and conducted in the manner prescribed by this title for school elections. The ballot for ~~such the~~ the election ~~shall~~ must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise ~~such the~~ the money, and the purpose for which ~~such the~~ the money will be expended, ~~and-it-shall~~ The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in ~~such the~~ the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

FOR the levy.

AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of those the electors voting at such the election, the proposition ~~shall~~ carry carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by ~~such--a~~ the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy such the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, ~~as--are~~ required to raise the amount of such the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section ~~shall-be~~ is effective for only 1 school fiscal year and ~~shall must~~ be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective."

SECTION 41. SECTION 20-9-501, MCA, IS AMENDED TO READ:

"20-9-501. Retirement fund. (1) The trustees of any district employing personnel, except special education personnel, who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer

contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such systems. The district's contribution for each employee who is a member of the teachers' retirement system shall be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system shall be calculated in accordance with 19-3-801. ~~The--district--may--levy-a-special-tax-to-pay-its contribution-to--the--public--employees'--retirement--system under--the-conditions-prescribed-in-19-3-204.~~ The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance shall be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any district required to make a contribution to any such system shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution ~~and--such--additional moneys,--within--legal--limitations,--as--they--may--wish-to provide-for-the-retirement--fund--cash--reserve.~~ After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to such systems in accordance with the financial administration provisions of

1 this title.

2 {3}--When the final retirement fund budget has been
3 adopted, the county superintendent shall establish the levy
4 requirement by:

5 {a}--determining the sum of the moneys available to
6 reduce the retirement fund levy requirement by adding:

7 {i}--any anticipated moneys that may be realized in the
8 retirement fund during the ensuing school fiscal year,
9 including anticipated revenue from vehicle property taxes
10 imposed under 61-3-504(2) and 61-3-537;

11 {ii}--net proceeds taxes for interim production and new
12 production, as defined in 15-23-601; and

13 {iii}--any cash available for reappropriation as
14 determined by subtracting the amount of the end of the year
15 cash balance earmarked as the retirement fund cash reserve
16 for the ensuing school fiscal year by the trustees from the
17 end of the year cash balance in the retirement fund. The
18 retirement fund cash reserve shall not be more than 35% of
19 the final retirement fund budget for the ensuing school
20 fiscal year and shall be used for the purpose of paying
21 retirement fund warrants issued by the district under the
22 final retirement fund budget.

23 {b}--subtracting the total of the moneys available for
24 reduction of the levy requirement as determined in
25 subsection {3}(a) from the budgeted amount for expenditures

1 in the final retirement fund budget.

2 {4}--The county superintendent shall:

3 {a}--total the net retirement fund levy requirements
4 separately for all elementary school districts, all high
5 school districts, and all community college districts of the
6 county, including any prorated joint district or special
7 education cooperative agreement levy requirements;

8 {b}--reduce the total retirement fund levy requirements
9 of elementary school districts and high school districts by
10 the amount available in state retirement equalization aid as
11 calculated and distributed under the provisions of 20-9-532;
12 and

13 {c}--report each such levy requirement to the county
14 commissioners on the second Monday of August as the
15 respective county levy requirements for elementary district,
16 high school district, and community college district
17 retirement funds.

18 {5}--The county commissioners shall fix and set such
19 county levy in accordance with 20-9-142.

20 {6}--The net retirement fund levy requirement for a
21 joint elementary district or a joint high school district
22 shall be prorated to each county in which a part of such
23 district is located in the same proportion as the district
24 ANB of the joint district is distributed by pupil residence
25 in each such county. The county superintendents of the

counties-affected-shall-jointly-determine-the-net-retirement
fund-levy-requirement-for-each-county-as-provided-in
20-9-151.

{7}--The-net-retirement-fund-levy-requirement-for
districts-that-are-members-of-special-education-cooperative
agreements-shall-be-prorated-to-each-county-in-which-such
district-is-located-in-the-same-proportion-as-the-budget-for
the-special-education-cooperative-agreement-of-the-district
bears-to-the-total-budget-of-the-cooperative--The-county
superintendents-of-the-counties-affected-shall-jointly
determine-the-net-retirement-fund-levy-requirement-for-each
county-in-the-same-manner-as-provided-in-20-9-151--and-fix
and-levy-the-net-retirement-fund-levy-for-each-county-in-the
same-manner-as-provided-in-20-9-152--{Subsection-4}{b}
effective-July-17-1988--sec-87-Ch-6357-b-1987-}

Section 42. Section 20-9-506, MCA, is amended to read:

"20-9-506. Budgeting and net levy requirement for
nonoperating fund. (1) The trustees of any district which
that does not operate a school or will not operate a school
during the ensuing school fiscal year shall adopt a
nonoperating school district budget in accordance with the
school budgeting provisions of this title. Such nonoperating
budget shall must contain the nonoperating fund and, when
appropriate, a debt service fund. The nonoperating budget
form shall must be promulgated and distributed by the

superintendent of public instruction under the provisions of
20-9-103.

(2) After the adoption of a final budget for the
nonoperating fund, the county superintendent shall compute
the net levy requirement for such the fund by subtracting
from the amount authorized by such the budget the sum of:

(a) the end-of-the-year cash balance of the
nonoperating fund or, if it is the first year of
nonoperation, the cash balance determined under the transfer
provisions of 20-9-505;

(b) the estimated state and--county transportation
reimbursements reimbursement; and

(c) any other moneys money that may become available
during the ensuing school fiscal year.

(3) The county superintendent shall report the net
nonoperating fund levy requirement and any net debt service
fund levy requirement determined under the provisions of
20-9-439 to the county commissioners on the second Monday of
August, and such the levies shall must be made on the
district by the county commissioners in accordance with
20-9-142."

Section 43. Section 20-10-104, MCA, is amended to
read:

"20-10-104. Penalty for violating law or rules. (1)
Every district, its trustees and employees, and every person

1 under a transportation contract with a district ~~shall be~~ are
 2 subject to the policies prescribed by the board of public
 3 education and the rules prescribed by the superintendent of
 4 public instruction. When a district knowingly violates a
 5 transportation law or board of public education
 6 transportation policy, ~~such the~~ district shall forfeit any
 7 reimbursement otherwise payable under 20-10-145 and
 8 ~~20-10-146~~ for bus miles actually traveled during that fiscal
 9 year in violation of ~~such law~~ any laws or policies. The
 10 county superintendent shall suspend ~~all--such~~ any
 11 reimbursements payable to the district until the district
 12 corrects the violation. When the district corrects the
 13 violation, the county superintendent shall resume paying any
 14 reimbursements to the district, but the amount forfeited may
 15 not be paid to the district.

16 (2) When a person operating a bus under contract with
 17 a district knowingly fails to comply with the transportation
 18 law or the board of public education transportation
 19 policies, the district may not pay him for any bus miles
 20 traveled during the contract year in violation of such law
 21 or policies. Upon discovering ~~such~~ a violation, the trustees
 22 of the district shall give written notice to the person that
 23 unless the violation is corrected within 10 days of the
 24 giving of notice, the contract will be canceled. The
 25 trustees of a district shall order the operation of a bus

1 operated under contract suspended when the bus is being
 2 operated in violation of transportation law or policies and
 3 the trustees find that ~~such the~~ violation jeopardizes the
 4 safety of pupils."

5 **Section 44.** Section 20-10-141, MCA, is amended to
 6 read:

7 "20-10-141. Schedule of maximum reimbursement by
 8 mileage rates. (1) The following mileage rates for school
 9 transportation constitute the maximum reimbursement to
 10 districts for school transportation from state ~~and--county~~
 11 ~~sources--of~~ transportation revenue under the provisions of
 12 20-10-145 ~~and--20-10-146~~. These Except as provided in
 13 20-10-143, the rates shall ~~may~~ not limit the amount which a
 14 district may budget in its transportation fund budget in
 15 order to provide for the estimated and necessary cost of
 16 school transportation during the ensuing school fiscal year.
 17 All bus miles traveled on routes approved by the county
 18 transportation committee are reimbursable. Nonbus mileage is
 19 reimbursable for a vehicle driven by a bus driver to and
 20 from an overnight location of a school bus when the location
 21 is more than 10 miles from the school. A district may
 22 approve additional bus or nonbus miles within its own
 23 district or approved service area but may not claim
 24 reimbursement for such mileage. Any vehicle, the operation
 25 of which is reimbursed for bus mileage under the rate

1 provisions of this schedule, ~~shall~~ must be a school bus, as
2 defined by this title, driven by a qualified driver on a bus
3 route approved by the county transportation committee and
4 the superintendent of public instruction.

5 (2) The rate per bus mile traveled ~~shall~~ must be
6 determined in accordance with the following schedule when
7 the number of eligible transportees that board a school bus
8 on an approved route is not less than one-half of its rated
9 capacity:

10 (a) ~~72-cents-in-fiscal-1984-and 80 cents in-fiscal~~
11 ~~1985-and-each-year-thereafter~~ per bus mile for a school bus
12 with a rated capacity of not less than 12 but not more than
13 45 children; and

14 (b) when the rated capacity is more than 45 children,
15 an additional 2 cents per bus mile for each additional child
16 in the rated capacity in excess of 45 shall be added to a
17 base rate of ~~72-cents-in-fiscal-1984-and 80 cents in-fiscal~~
18 ~~1985-and-each-year-thereafter~~ per bus mile.

19 (3) Reimbursement for nonbus mileage provided for in
20 subsection (1) may not exceed 50% of the maximum
21 reimbursement rate determined under subsection (2).

22 (4) When the number of eligible transportees boarding
23 a school bus on an approved route is less than one-half of
24 its rated capacity, the rate per bus mile traveled ~~shall~~
25 must be computed as follows:

1 (a) determine the number of eligible transportees that
2 board the school bus on the route;

3 (b) multiply the number determined in subsection
4 (4)(a) by two and round off to the nearest whole number; and

5 (c) use the adjusted rated capacity determined in
6 subsection (4)(b) as the rated capacity of the bus to
7 determine the rate per bus mile traveled from the rate
8 schedule in subsection (2).

9 (5) The rated capacity ~~shall-be~~ is the number of
10 riding positions of a school bus as determined under the
11 policy adopted by the board of public education."

12 **Section 45.** Section 20-10-142, MCA, is amended to
13 read:

14 "20-10-142. Schedule of maximum reimbursement for
15 individual transportation. The following rates for
16 individual transportation constitute the maximum
17 reimbursement to districts for individual transportation
18 from state ~~and-county-sources--of~~ transportation revenue
19 under the provisions of 20-10-145 ~~and-20-10-146~~. ~~These~~ The
20 rates also ~~shall~~ constitute the limitation of the budgeted
21 amounts for individual transportation for the ensuing school
22 fiscal year. The schedules provided in this section ~~shall~~
23 may not be altered by any authority other than the
24 legislature of the state of Montana. When the trustees
25 contract with the parent or guardian of any eligible

1 transportee to provide individual transportation for each
2 day of school attendance, they shall reimburse the parent or
3 guardian on the basis of the following schedule:

4 (1) When a parent or guardian transports an eligible
5 transportee or transportees from the residence of the parent
6 or guardian to a school or to schools located within 3 miles
7 of one another, the total reimbursement per day of
8 attendance shall must be determined by multiplying the
9 distance in miles between the residence and the school, or
10 the most distant school if more than one, by 2, subtracting
11 6 miles from the product so obtained, and multiplying the
12 difference by 20 cents provided that:

13 (a) if two or more eligible transportees are
14 transported by a parent or guardian to two or more schools
15 located within 3 miles of one another and if such schools
16 are operated by different school districts, the total amount
17 of the reimbursement shall must be divided equally between
18 the districts;

19 (b) if two or more eligible transportees are
20 transported by a parent or guardian to two or more schools
21 located more than 3 miles from one another, the parent or
22 guardian shall must be separately reimbursed for
23 transporting the eligible transportee or transportees to
24 each school;

25 (c) if a parent transports two or more eligible

1 transportees to a school and a bus stop which school and bus
2 stop are located within 3 miles of one another, the total
3 reimbursement shall must be determined under the provisions
4 of this subsection and shall must be divided equally between
5 the district operating the school and the district operating
6 the bus;

7 (d) if a parent transporting two or more eligible
8 transportees to a school or bus stop must, because of
9 varying arrival and departure times, make more than one
10 round-trip journey to the bus stop or school, the total
11 reimbursement allowed by this section shall must be limited
12 to one round trip per day for each scheduled arrival or
13 departure time;

14 (e) notwithstanding subsection (1)(a), (1)(b), (1)(c),
15 or (1)(d), no a reimbursement may not be less than 25 cents
16 a day.

17 (2) When the parent or guardian transports an eligible
18 transportee or transportees from the residence to a bus stop
19 of a bus route approved by the trustees for the
20 transportation of the transportee or transportees, the total
21 reimbursement per day of attendance shall must be determined
22 by multiplying the distance in miles between the residence
23 and the bus stop by 2, subtracting 3 miles from the product
24 so obtained, and multiplying the difference by 20 cents
25 provided that:

1 (a) if the eligible transportees transported attend
2 schools in different districts but ride on one bus, the
3 districts shall divide the total reimbursement equally; and

4 (b) if the parent or guardian is required to transport
5 the eligible transportees to more than one bus, the parent
6 or guardian ~~shall~~ must be separately reimbursed for
7 transportation to each bus.

8 (3) Where, due to excessive distances, impassable
9 roads, or other special circumstances of isolation the rates
10 prescribed in subsection (1) or (2) would be an inadequate
11 reimbursement for the transportation costs or would result
12 in a physical hardship for the eligible transportee, his the
13 transportee's parent or guardian may request an increase in
14 the reimbursement rate. ~~Such-a~~ A request for increased rates
15 due to isolation ~~shall~~ must be made by the parent or
16 guardian on the contract for individual transportation for
17 the ensuing school fiscal year by indicating the special
18 facts and circumstances which exist to justify the increase.
19 Before any increased rate due to isolation ~~can~~ may be paid
20 to the requesting parent or guardian, ~~such~~ the rate must be
21 approved by the county transportation committee and the
22 superintendent of public instruction after the trustees have
23 indicated their approval or disapproval. Regardless of the
24 action of the trustees and when approval is given by the
25 county transportation committee and the superintendent of

1 public instruction, the trustees shall pay ~~such~~ the
2 increased rate due to isolation. The increased rate ~~shall~~
3 must be 1 1/2 times the rate prescribed in subsection (1)
4 above.

5 (4) When the isolated conditions of the household
6 where an eligible transportee resides require ~~such~~ the
7 eligible transportee to live away from the household in
8 order to attend school, ~~he--shall--be~~ the transportee is
9 eligible for the room and board reimbursement. Approval to
10 receive the room and board reimbursement ~~shall~~ must be
11 obtained in the same manner prescribed in subsection (3)
12 above. The per diem rate for room and board ~~shall-be~~ is \$5
13 for one eligible transportee and \$3 for each additional
14 eligible transportee of the same household.

15 (5) When the individual transportation provision is ~~to~~
16 ~~be~~ satisfied by supervised home study or supervised
17 correspondence study, the reimbursement rate ~~shall~~ must be
18 the cost of such study, provided that the course of
19 instruction is approved by the trustees and supervised by
20 the district."

21 **Section 46.** Section 20-10-143, MCA, is amended to
22 read:

23 "20-10-143. Budgeting for transportation and
24 transmittal of transportation contracts -- transportation
25 fund limitation. (1) The Except as provided in subsection

1 (2), the trustees of any district furnishing transportation
 2 to pupils who are residents of such the district shall have
 3 the authority and it shall be their duty to provide a
 4 transportation fund budget that is adequate to finance such
 5 the district's transportation contractual obligations and
 6 any other transportation expenditures necessary for the
 7 conduct of its transportation program. The transportation
 8 fund budget shall must include:

9 (a) an adequate amount to finance the maintenance and
 10 operation of district owned and operated school buses;

11 (b) the annual contracted amount for the maintenance
 12 and operation of school buses by a private party;

13 (c) the annual contracted amount for individual
 14 transportation, including any increased amount due to
 15 isolation, which shall must not exceed the schedule amounts
 16 prescribed in 20-10-142;

17 (d) any amount necessary for the purchase, rental, or
 18 insurance of school buses; and

19 (e) any other amount necessary to finance the
 20 administration, operation, or maintenance of the
 21 transportation program of the district, as determined by the
 22 trustees.

23 (2) The overschedule amount in the transportation fund
 24 budget of a district may not exceed the overschedule amount
 25 of expenditures from the transportation fund for school

1 fiscal year 1988, except the superintendent of public
 2 instruction may approve a request to exceed the budget
 3 limitation if an emergency or unusual circumstance occurs,
 4 as prescribed in rules adopted by the superintendent of
 5 public instruction.

6 ~~(2)~~(3) The trustees may include a contingency amount
 7 in the transportation fund budget for the purpose of
 8 enabling the district to fulfill any obligation to provide
 9 transportation in accordance with the transportation law
 10 for;

11 (a) any pupils not residing in the district at the
 12 time of the adoption of the preliminary budget and who
 13 subsequently became residents of such the district during
 14 the school fiscal year; or

15 (b) pupils who have become eligible transportees since
 16 the adoption of the preliminary budget because their legal
 17 residence has been changed. The budgeted contingency amount
 18 shall must not exceed 10% of the transportation schedule
 19 amount as calculated under the provisions of 20-10-141 and
 20 20-10-142 for all transportation services authorized by such
 21 schedule and provided by the district unless 10% of such the
 22 transportation schedule amount shall ~~be~~ is less than \$100,
 23 in which case \$100 shall must be the maximum limitation for
 24 such budgeted contingency amount.

25 ~~(3)~~(4) As provided in 20-9-162, an emergency

1 transportation fund budget may be adopted subject to the
2 provisions of the emergency budgeting law.

3 (4)(5) The transportation fund budgeted expenditures
4 appropriated by the trustees ~~shall~~ must be reported on the
5 regular budget form prescribed by the superintendent of
6 public instruction in accordance with 20-9-103, and the
7 adoption of the transportation fund budget ~~shall~~ must be
8 completed in accordance with the school budgeting laws. When
9 the adopted preliminary budget is sent to the county
10 superintendent, the trustees shall also send copies of all
11 completed transportation contracts for school bus
12 transportation and individual transportation to the county
13 superintendent. ~~Such~~ The contracts ~~shall~~ must substantiate
14 all contracted transportation services incorporated in the
15 preliminary budget, and after the county superintendent has
16 utilized the contracts for ~~such~~ that purpose but before the
17 fourth Monday of July, he shall send all the transportation
18 contracts received ~~by him~~ to the superintendent of public
19 instruction. When the county superintendent determines a
20 deviation between the preliminary transportation fund budget
21 amount for contracted transportation services and the
22 contracted amount for ~~such~~ the services, he shall
23 immediately call the deviation to the attention of the
24 appropriate trustees and shall allow the trustees to change
25 the preliminary budgeted amount to compensate for such

1 deviation."

2 **Section 47.** Section 20-10-144, MCA, is amended to
3 read:

4 "20-10-144. Computation of revenues and net tax levy
5 requirements for the transportation fund budget. Before the
6 fourth Monday of July and in accordance with 20-9-123, the
7 county superintendent shall compute the revenue available to
8 finance the transportation fund budget of each district. The
9 county superintendent shall compute the revenue for each
10 district on the following basis:

11 (1) The "schedule amount" of the preliminary budget
12 expenditures that is derived from the rate schedules in
13 20-10-141 and 20-10-142 ~~shall~~ must be determined by adding
14 the following amounts:

15 (a) the sum of the maximum reimbursable expenditures
16 for all approved school bus routes maintained by the
17 district (to determine the maximum reimbursable expenditure,
18 multiply the applicable rate per bus mile by the total
19 number of miles to be traveled during the ensuing school
20 fiscal year on each bus route approved by the county
21 transportation committee and maintained by such district);
22 plus

23 (b) the total of all individual transportation per
24 diem reimbursement rates for ~~such~~ the district as determined
25 from the contracts submitted by the district multiplied by

1 the number of pupil-instruction days scheduled for the
2 ensuing school attendance year; plus

3 (c) any estimated costs for supervised home study or
4 supervised correspondence study for the ensuing school
5 fiscal year; plus

6 (d) the amount budgeted on the preliminary budget for
7 the contingency amount permitted in 20-10-143, except if
8 such the amount exceeds 10% of the total of subsections
9 (1)(a), (1)(b), and (1)(c), the transportation fund budget
10 limitation provided for in 20-10-143, or \$100, whichever is
11 larger, the contingency amount on the preliminary budget
12 shall must be reduced to such the limitation amount and used
13 in this determination of the schedule amount.

14 (2) The schedule amount determined in subsection (1)
15 or the total preliminary transportation fund budget,
16 whichever is smaller, shall--be--divided--by--3--and--the
17 resulting-one-third-amount-shall-be is used to determine the
18 available state and--county revenue to be budgeted on-the
19 following-basis.:

20 (a)--the--resulting--one-third--amount--shall--be--the
21 budgeted-state-transportation-reimbursement; except that the
22 state-transportation-reimbursement-for-the-transportation-of
23 special--education--pupils--under-the-provisions-of-20-7-442
24 shall-be-two-thirds-of-the-schedule-amount-attributed-to-the
25 transportation-of-special-education-pupils;

1 (b)--the--resulting--one-third-amount; except-as-provided
2 for-joint-elementary-districts-in-subsection--(2)(e);--shall
3 be--the--budgeted--county--transportation--reimbursement-for
4 elementary-districts-and-shall--be--financed--by--the--basic
5 county-tax-under-the-provisions-of-20-9-334;

6 (c)--the--resulting--one-third--amount--multiplied-by-2
7 shall-be-the-budgeted--county--transportation--reimbursement
8 amount---for---high--school--districts--financed--under--the
9 provisions-of-subsection-(5)--of--this--section;--except--as
10 provided--for--joint--high--school--districts--in-subsection
11 (2)(e);--and---except---that---the---county---transportation
12 reimbursement--for--the--transportation-of-special-education
13 pupils-under-the-provisions-of-20-7-442-shall--be--one-third
14 of--the--schedule-amount-attributed-to-the-transportation-of
15 special-education-pupils;

16 (d)(3) when Whenever the district has a sufficient
17 amount of cash for reappropriation and other sources of
18 district revenue, as determined in subsection (3) (4), to
19 reduce the total district obligation for financing to zero,
20 any remaining amount of such district revenue and cash
21 reappropriated shall must be used to reduce the-county
22 financing-obligation-in-subsections-(2)(b)-or-(2)(c)-and-if
23 such-county-financing-obligations-are-reduced--to--zero;--to
24 reduce--the-state-financial-obligation-in-subsection-(2)(a);
25 and

~~{e}--the--county--revenue--requirement--for---a---joint district, after the application of any district moneys under subsection--{2}{d}--above,--shall--be--prorated--to--each--county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each such county~~ the state financial obligation in 20-10-145.

~~{3}{4}~~ (4) The total of the moneys money available for the reduction of property tax on the district for the transportation fund ~~shall~~ must be determined by totaling:

(a) anticipated federal moneys money received under the provisions of Title I of Public Law 81-874 or other anticipated federal moneys money received in lieu of such a federal act; plus

(b) anticipated payments from other districts for providing school bus transportation services for such the district; plus

(c) anticipated payments from a parent or guardian for providing school bus transportation services for his child; plus

(d) anticipated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4); plus

(e) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),

61-3-521, and 61-3-537, and 67-3-204; plus

(f) net proceeds taxes for interim production and new production, as defined in 15-23-601; plus

(g) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year which may be used to finance the transportation fund; plus

(h) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the transportation fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the transportation fund. Such The cash reserve ~~shall~~ may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and ~~shall be~~ is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

~~{4}{5}~~ (5) The district levy requirement for each district's transportation fund ~~shall~~ must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount ~~and, for an elementary district, adding such difference to the district obligation to finance one-third of the schedule amount as determined in subsection {2}; and~~

(b) subtracting the amount of moneys money available to reduce the property tax on the district, as determined in

1 subsection {3} (4), from the amount determined in subsection
2 {4}{a} (5)(a) above.

3 {5}--The--county--levy--requirement--for--the--financing--of
4 the--county--transportation--reimbursement--to--high--school
5 districts--shall--be--computed--by--adding--all--such--requirements
6 for--all--the--high--school--districts--of--the--county--including
7 the--county's--obligation--for--reimbursements--in--joint--high
8 school--districts--

9 (6) The transportation fund levy requirements
10 determined in subsection {4} (5) for each district and in
11 subsection {5} for the county shall must be reported to the
12 county commissioners on the second Monday of August by the
13 county superintendent as the transportation fund levy
14 requirements for the district and for the county, and such
15 levies--shall the levy must be made by the county
16 commissioners in accordance with 20-9-142."

17 **Section 48.** Section 20-10-145, MCA, is amended to
18 read:

19 "20-10-145. State transportation reimbursement. (1)
20 Any district providing school bus transportation or
21 individual transportation in accordance with the
22 transportation--law this title, board of public education
23 transportation policy, and superintendent of public
24 instruction transportation rules shall receive a state
25 reimbursement of its transportation expenditures under the

1 transportation reimbursement rate provisions of 20-10-141
2 and 20-10-142. The state transportation reimbursement shall
3 not--exceed--one-third is 100% of the reimbursement amounts
4 established in such sections or one-third or 100% of the
5 district's transportation fund budget, whichever is smaller,
6 and shall be is computed on the basis of the number of days
7 the transportation services were actually rendered. In
8 determining the amount of the state transportation
9 reimbursement, no an amount claimed by a district shall may
10 not be considered for reimbursement unless such the amount
11 has been paid in the regular manner provided for the payment
12 of other financial obligations of the district.

13 (2) Requests for the state transportation
14 reimbursement shall must be made by each district
15 semiannually during the school fiscal year on the claim
16 forms and procedure promulgated by the superintendent of
17 public instruction. The claims for state transportation
18 reimbursements shall must be routed by the district to the
19 county superintendent, who after reviewing such the claims
20 shall send them to the superintendent of public instruction.
21 The superintendent of public instruction shall establish the
22 validity and accuracy of the claims for the state
23 transportation reimbursements by determining their
24 compliance with the transportation-law this title, board of
25 public education transportation policy, and the

1 transportation rules of the superintendent of public
 2 instruction. After making any necessary adjustments to such
 3 claims, ~~he--shall--cause--their~~ the superintendent of public
 4 instruction shall provide payment by ordering a disbursement
 5 from the ~~state-moneys-appropriated-by-the-legislature-of-the~~
 6 ~~state-of-Montana~~ legislative appropriation for the state
 7 transportation reimbursement. Such The payment of all the
 8 district's claims within one county shall must be made to
 9 the county treasurer of such the county, and the county
 10 superintendent shall apportion such the payment in
 11 accordance with the apportionment order supplied by the
 12 superintendent of public instruction."

13 **Section 49.** Section 23-5-1027, MCA, is amended to
 14 read:

15 "23-5-1027. Disposition of revenue. (1) (a) As near as
 16 possible to 45% of the money paid for tickets or chances
 17 must be paid out as prize money, except as provided in
 18 subsection (1)(b).

19 (b) In the case of a regional lottery game, a maximum
 20 of 50% of the money paid for tickets or chances may be paid
 21 out as prize money.

22 (2) Up to 15% of the gross revenue from the state
 23 lottery may be used by the director to pay the operating
 24 expenses of the state lottery. Commissions paid to lottery
 25 ticket or chance sales agents are not a state lottery

1 operating expense.

2 (3) Funds to pay the operating expenses of the lottery
 3 are statutorily appropriated as provided in 17-7-502.

4 (4) That part of all gross revenue not used for the
 5 payment of prizes, commissions, and operating expenses is
 6 net revenue and must be paid quarterly from the enterprise
 7 fund established by 23-5-1026 to the superintendent of
 8 public instruction for distribution as state equalization
 9 aid ~~to-the-retirement-fund--obligations--of--elementary--and~~
 10 ~~high--school-districts-in-the-manner-provided-in-20-9-532~~ to
 11 the public schools of Montana."

12 **NEW SECTION. Section 50.** District retirement fund and
 13 comprehensive insurance fund balances -- transfer. A
 14 district that has a balance remaining on [the effective date
 15 of this act] in the district retirement fund ~~formerly~~
 16 ~~established-under-20-9-501~~ or the district comprehensive
 17 insurance fund shall transfer the balance to the district
 18 general fund.

19 **NEW SECTION. Section 51.** State equalization aid levy.
 20 There is a levy of 45 mills imposed on all taxable property
 21 within the state, except property for which a tax or fee is
 22 required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 23 61-3-537, and 67-3-204. Proceeds of the levy must be
 24 remitted to the state treasurer and must be deposited to the
 25 credit of the state special revenue fund for state

equalization aid to the public schools of Montana. The proceeds--are--statutorily--appropriated,--as--provided---in 17-7-502,--to-the-superintendent-of-public-instruction-to-be distributed-as-state-equalization-aid-to-the--public--school districts.

NEW SECTION. SECTION 52. STATE AND COUNTY EQUALIZATION REVENUE -- STATUTORY APPROPRIATION. REVENUE RECEIVED IN SUPPORT OF STATE AND COUNTY EQUALIZATION UNDER THE PROVISIONS OF 20-9-331, 20-9-333, AND 20-9-343 IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION TO BE USED FOR COUNTY EQUALIZATION AND STATE EQUALIZATION AID FOR THE PUBLIC SCHOOLS, AS PROVIDED BY LAW, AND MUST BE ACCOUNTED FOR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

Section 53. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111; section 49 52; 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101; 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136; 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306; 90-15-103; section 13, House Bill No. 861, Laws of 1985; and section 1, Chapter 454, Laws of 1987.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount

sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3): pursuant to sec. 15, Ch. 607, L. 1987, the inclusion of 15-65-121 terminates June 30, 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991; and pursuant to sec. 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L. 1987, terminates July 1, 1988.)"

SECTION 54. SECTION 90-6-309, MCA, IS AMENDED TO READ:

"90-6-309. Tax prepayment -- large-scale mineral development. (1) After permission to commence operation is granted by the appropriate governmental agency, and upon request of the governing body of a county in which a facility is to be located, a person intending to construct or locate a large-scale mineral development in this state shall prepay property taxes as specified in the impact plan. This prepayment shall exclude the 6-mill university levy established under 20-25-423 and may exclude the mandatory county levy levies for the school foundation program of--45 mills established in 20-9-331 and 20-9-333.

(2) The person who is to prepay under this section ~~shall~~ is not be obligated to prepay the entire amount established in subsection (1) at one time. Upon request of the governing body of an affected local government unit, the person shall prepay the amount shown to be needed from time

to time as determined by the board.

(3) The person who is to prepay shall guarantee to the hard-rock mining impact board, through an appropriate financial institution, as may be required by the board, that property tax prepayments will be paid as needed for expenditures created by the impacts of the large-scale mineral development.

(4) When the mineral development facilities are completed and assessed by the department of revenue, they ~~shall be~~ are subject during the first 3 years and thereafter to taxation as all other property similarly situated, except that in each year after the start of production, the local government unit that received a property tax prepayment shall provide for repayment of prepaid property taxes in accordance with subsection (5).

(5) A local government unit that received all or a portion of the property tax prepayment under this section shall provide for tax crediting as specified in the impact plan. The tax credit allowed in any year may not, however, exceed the tax obligation of the developer for that year, and the time period for tax crediting is limited to the productive life of the mining operation."

NEW SECTION. Section 55. Purpose. The purpose of [section 52 56] is to promote the use of telecommunications technology for the purposes of enhancing educational

1 opportunities provided to students in the Montana public
2 school system and promoting equal access by students to
3 those opportunities.

4 NEW SECTION. Section 56. Telecommunications network
5 -- implementation -- consultant. (1) To provide for the
6 training and education needs of public schools, the
7 department of administration shall retain a
8 telecommunications engineering consultant to support the
9 development of design criteria and specifications for
10 statewide video networking and improvements in the use of
11 existing voice and data networks in the state.

12 (2) The telecommunications engineering consultant
13 shall:

14 (a) seek advice and recommendations on improvements in
15 telecommunications within Montana from the following
16 entities:

17 (i) the office of the superintendent of public
18 instruction;

19 (ii) the university system;

20 (iii) local government and school district officials;

21 (iv) agencies involved in economic development; and

22 (v) the executive, judicial, and legislative branches
23 of state government; and

24 (VI) LOCAL EXCHANGE CARRIERS PROVIDING
25 TELECOMMUNICATIONS SERVICE WITHIN THE STATE; AND

1 (b) recommend and initiate network improvements during
2 the biennium through shared use and enhancements of existing
3 telecommunications systems, with emphasis on limiting
4 financial commitments to the extent possible.

5 NEW SECTION. Section 57. Definition. As used in
6 [sections 53 57 through 59 62], "committee" means the
7 legislative oversight committee on school funding
8 implementation created in [section 54 58].

9 NEW SECTION. Section 58. Legislative oversight
10 committee on school funding implementation -- composition
11 and appointment. (1) There is a legislative oversight
12 committee on school funding implementation.

13 (2) The committee consists of 11 members, including:

14 (a) four members of the house of representatives
15 appointed by the speaker of the house;

16 (b) four members of the senate appointed by the
17 committee on committees of the senate;

18 (c) the superintendent of public instruction or his
19 designee as an ex officio nonvoting member;

20 (d) a member of the board of public education as an ex
21 officio nonvoting member; and

22 (f) the governor or his designee as an ex officio
23 nonvoting member.

24 (3) No more than two legislative members from each
25 house may be of the same political party.

NEW SECTION. Section 59. Term of office -- vacancies.

(1) A committee member shall serve until the committee terminates as provided in [section 59 63].

(2) A vacancy on the committee must be filled in the same manner as the original appointment.

NEW SECTION. Section 60. Officers -- meetings -- quorum -- compensation. (1) The committee shall choose from its membership a chairman and vice chairman.

(2) The committee shall meet upon the call of the chairman or at the request of any five members.

(3) Six members constitute a quorum to transact business.

(4) A legislative member is entitled to compensation as provided in 5-2-302.

(5) Members must be appointed no later than June 1, 1989.

NEW SECTION. Section 61. Duties of the committee. The duties of the committee include but are not limited to:

(1) monitoring the implementation of school funding equalization, including:

(a) identification of any problems of implementation and options for resolving these problems;

(b) continued analysis of school district budget and expenditure data and of improvements in school district accounting and reporting procedures;

(c) examination of other issues related to implementation;

(2) directing the following studies of issues related to school funding equalization:

(a) school transportation equalization including but not limited to:

(i) mechanisms to equalize transportation funding; and

(ii) analysis of issues related to the costs and efficiencies of school transportation, including reimbursement schedules, load requirements, 3-mile limit, transporting ineligible transportees, functions of the county transportation committee, and school district reporting and budgeting duties;

(b) school district capital outlay and debt service equalization, including but not limited to:

(i) analysis of school district funds and budgets for various school district capital outlay and debt service obligations;

(ii) options for equalizing school district capital outlay and debt service obligations;

(c) continued study of issues related to equalization, including but not limited to comprehensive insurance, uncollected taxes, tuition, student-based funding distribution methods, special education funding, and federal Public Law 874 81-874 revenue, especially as it pertains to

1 revenue not linked to Native American students;
2 (3) ongoing analysis of revenue sources related to
3 school funding;

4 (4) holding discussions with any party contemplating
5 litigation regarding compliance with the supreme court and
6 district court rulings on school funding equalization; and

7 (5) reporting its findings, options for legislative
8 consideration, and any proposed legislation to the governor
9 and the 52nd legislature.

10 NEW SECTION. Section 62. Staff assistance. The
11 committee may request the following governmental entities to
12 provide staff assistance to the committee:

- 13 (1) the office of public instruction;
14 (2) the governor's office of budget and program
15 planning;
16 (3) the board of public education;
17 (4) the legislative council;
18 (5) the office of the legislative fiscal analyst; and
19 (6) the office of the legislative auditor.

20 NEW SECTION. Section 63. Termination. [Sections 53 57
21 through 58 62] terminate December 31, 1990.

22 NEW SECTION. Section 64. Repealer. Sections 20-9-105,
23 20-9-352, 20-9-501, 20-9-531, 20-9-532, and 20-10-146, MCA,
24 are repealed.

25 NEW SECTION. Section 65. Appropriation. (1)---At

1 revenue--received--under--the--provisions--of--20-9-343---is
2 appropriated-to-the-superintendent-of-public-instruction-for
3 the-fiscal-year-ending-June-30,-1991-

4 (2)(1) There is appropriated from the general fund
5 \$56,807,000 for the fiscal year ending June 30, 1991, to the
6 superintendent of public instruction to be used to the
7 extent that funds appropriated in subsection-(1) [SECTION
8 53] are insufficient to finance the RETIREMENT FUNDS OF THE
9 PUBLIC SCHOOL DISTRICTS AND foundation program schedules for
10 public schools, excluding special education.

11 (3)(2) There is appropriated from the general fund
12 \$4,636,000 for the fiscal year ending June 30, 1991, to the
13 superintendent of public instruction to be used to finance
14 state support of the special education programs, including
15 retirement benefits, of the public school districts and
16 cooperatives.

17 (4)(3) There is appropriated from the general fund
18 \$11,658,000 for the fiscal year ending June 30, 1991, to the
19 superintendent of public instruction to be used to finance
20 the public school transportation reimbursement schedules.

21 (5)(4) There is appropriated from the general fund
22 \$204,950 for the biennium ending June 30, 1991, to the
23 superintendent of public instruction to establish standard
24 accounting and reporting practices in all Montana public
25 school districts.

1 †6†(5) There is appropriated from the general fund
2 \$20,000 to the legislative council for the biennium ending
3 June 30, 1991, for use by the committee established in
4 [section 54 58].

5 †7†(6) There is appropriated from the general fund to
6 the department of administration \$200,000 for the fiscal
7 year ending June 30, 1990, to retain a telecommunications
8 engineering consultant and to support development of and
9 improvements in telecommunications networks in Montana as
10 provided in [section 52 56].

11 †8†(7) There is appropriated from the general fund to
12 the department of administration \$300,000 for the biennium
13 ending June 30, 1991, to be used for EDUCATION network
14 implementation and improvements if a 50% match in funds or
15 equipment is available from other sources.

16 **SECTION 66. SECTION 20-7-117, MCA, IS AMENDED TO READ:**

17 "20-7-117. Five-year-old schooling and preschool
18 programs. (1) The trustees of an elementary district may
19 shall establish or make available a program capable of
20 accommodating, at a minimum, all the children in the
21 district who will be 5 years old on or before September 10
22 of the school year for which the program is to be conducted
23 or have been enrolled by special permission of the board of
24 trustees. The program shall be an integral part of the
25 elementary school and shall be financed and governed

1 accordingly, provided that to be eligible for inclusion in
2 the calculation of ANB pursuant to 20-9-311, a child must
3 have reached the age of 5 on or before September 10 of the
4 school year covered by the calculation or have been enrolled
5 by special permission of the board of trustees.

6 (2) The trustees of an elementary school district may
7 establish and operate a free preschool program for children
8 between the ages of 3 and 5 years. When such preschool
9 programs are established, they shall be an integral part of
10 the elementary school and shall be governed accordingly.
11 Financing of preschool programs shall not be supported by
12 moneys available from state equalization aid."

13 **NEW SECTION. Section 67. Extension of authority.** Any
14 existing authority to make rules on the subject of the
15 provisions of [this act] is extended to the provisions of
16 [this act].

17 **NEW SECTION. Section 68. Codification instruction.**
18 {Section-49}-is [SECTIONS 51 AND 52] ARE intended to be
19 codified as an integral part of Title 20, chapter 9, and the
20 provisions of Title 20, apply to {section-49} [SECTIONS 51
21 AND 52].

22 **NEW SECTION. Section 69. Effective dates.** (1)
23 [Sections 1 through 50, 57-60, 62, 63, and 65 23, 25 THROUGH
24 34, 35(1), (3), AND (4), 36 THROUGH 54, 64, 67, 68, AND 70]
25 are effective July 1, 1990.

SB 0203/04

(2) [Sections ~~51,--52,--and-61~~ 24, 55, 56, AND 65] are effective July 1, 1989.

(3) [Sections ~~53-through-59~~ 35(2), 57 THROUGH 63, and this section] are effective on passage and approval.

(4) [SECTION 66] IS EFFECTIVE JULY 1, 1991.

~~(4)(5)~~ (5) The superintendent of public instruction may, prior to July 1, 1990, adopt rules and conduct training necessary to implement ~~20-9-201(2)---and--20-10-143(2)~~ [SECTIONS 17 AND 46].

NEW SECTION. Section 70. Applicability. [Section ~~49~~ 51] applies retroactively, within the meaning of 1-2-109, to all taxable years beginning after December 31, 1989.

-End-