

House BILL NO. 592

INTRODUCED BY

John

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING THE GENERAL APPROPRIATIONS ACT FUNDING FOR SCHOOL EQUALIZATION AID BY REVISING THE BASIC ENTITLEMENT FOR SCHOOL DISTRICTS AND THE PER-ANB ENTITLEMENT; AMENDING SECTION 20-9-306, MCA; AND PROVIDING EFFECTIVE DATES, APPLICABILITY DATES, AND A TERMINATION DATE."

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

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

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

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 40% of the basic entitlement and 40% of the total per-ANB entitlement for the general fund budget of a district; and

(b) guaranteed tax base aid for an eligible district for any amount up to 40% of the basic entitlement, up to 40% of the total per-ANB entitlement budgeted in the general fund budget of a district, and up to 40% of the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education allowable cost payment.

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

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education allowable cost payments as provided in

1 20-9-321.

2 (6) "Basic entitlement" means:

3 (a) ~~\$191,000~~ \$200,000 for each high school district;

4 (b) ~~\$17,190~~ \$18,000 for each elementary school district or K-12 district elementary program
5 without an approved and accredited junior high school or middle school; and

6 (c) the prorated entitlement for each elementary school district or K-12 district elementary program
7 with an approved and accredited junior high school or middle school, calculated as follows:

8 (i) ~~\$17,190~~ \$18,000 times the ratio of the ANB for kindergarten through grade 6 to the total ANB
9 of kindergarten through grade 8; plus

10 (ii) ~~\$191,000~~ \$200,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of
11 kindergarten through grade 8.

12 (7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB
13 entitlement for the general fund budget of a district and funded with state and county equalization aid.

14 (8) "Maximum general fund budget" means a district's general fund budget amount calculated from
15 the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of
16 special education allowable cost payments.

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

19 (10) "Total per-ANB entitlement" means the district entitlement resulting from the following
20 calculations:

21 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$4,680~~
22 \$4,665 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district
23 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the
24 800th ANB;

25 (b) for an elementary school district or a K-12 district elementary program without an approved and
26 accredited junior high school or middle school, a maximum rate of ~~\$3,343~~ \$3,328 for the first ANB is
27 decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB,
28 with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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

1 (i) a maximum rate of ~~\$3,343~~ \$3,328 for the first ANB for kindergarten through grade 6 is
 2 decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB
 3 in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

4 (ii) a maximum rate of ~~\$4,680~~ \$4,665 for the first ANB for grades 7 and 8 is decreased at the rate
 5 of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in
 6 excess of 800 receiving the same amount of entitlement as the 800th ANB."

7
 8 **Section 2.** Section 20-9-306, MCA, is amended to read:

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

11 (1) "BASE" means base amount for school equity.

12 (2) "BASE aid" means:

13 (a) direct state aid for 40% of the basic entitlement and 40% of the total per-ANB entitlement for
 14 the general fund budget of a district; and

15 (b) guaranteed tax base aid for an eligible district for any amount up to 40% of the basic
 16 entitlement, up to 40% of the total per-ANB entitlement budgeted in the general fund budget of a district,
 17 and up to 40% of the special education allowable cost payment.

18 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of
 19 the basic entitlement, 80% of the total per-ANB entitlement, and up to 140% of the special education
 20 allowable cost payment.

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

24 (5) "BASE funding program" means the state program for the equitable distribution of the state's
 25 share of the cost of Montana's basic system of public elementary schools and high schools, through county
 26 equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343,
 27 in support of the BASE budgets of districts and special education allowable cost payments as provided in
 28 20-9-321.

29 (6) "Basic entitlement" means:

30 (a) ~~\$191,000~~ \$200,000 for each high school district;

1 (b) ~~\$17,190~~ \$18,000 for each elementary school district or K-12 district elementary program
2 without an approved and accredited junior high school or middle school; and

3 (c) the prorated entitlement for each elementary school district or K-12 district elementary program
4 with an approved and accredited junior high school or middle school, calculated as follows:

5 (i) ~~\$17,190~~ \$18,000 times the ratio of the ANB for kindergarten through grade 6 to the total ANB
6 of kindergarten through grade 8; plus

7 (ii) ~~\$191,000~~ \$200,000 times the ratio of the ANB for grades 7 and 8 to the total ANB of
8 kindergarten through grade 8.

9 (7) "Direct state aid" means 40% of the basic entitlement and 40% of the total per-ANB
10 entitlement for the general fund budget of a district and funded with state and county equalization aid.

11 (8) "Maximum general fund budget" means a district's general fund budget amount calculated from
12 the basic entitlement for the district, the total per-ANB entitlement for the district, and up to 153% of
13 special education allowable cost payments.

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

16 (10) "Total per-ANB entitlement" means the district entitlement resulting from the following
17 calculations:

18 (a) for a high school district or a K-12 district high school program, a maximum rate of ~~\$4,680~~
19 \$4,670 for the first ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district
20 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the
21 800th ANB;

22 (b) for an elementary school district or a K-12 district elementary program without an approved and
23 accredited junior high school or middle school, a maximum rate of ~~\$3,343~~ \$3,333 for the first ANB is
24 decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB,
25 with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

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

28 (i) a maximum rate of ~~\$3,343~~ \$3,333 for the first ANB for kindergarten through grade 6 is
29 decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB
30 in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

1 (ii) a maximum rate of ~~\$4,680~~ \$4,670 for the first ANB for grades 7 and 8 is decreased at the rate
2 of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in
3 excess of 800 receiving the same amount of entitlement as the 800th ANB."

4
5 NEW SECTION. **Section 3. Termination.** [Section 1] terminates June 30, 1996.

6
7 NEW SECTION. **Section 4. Effective dates -- applicability.** (1) [Sections 1 and 3 and this section]
8 are effective on passage and approval and apply to budgets for the school year beginning July 1, 1995.

9 (2) [Section 2] is effective July 1, 1996, and applies to budgets for the school year beginning July
10 1, 1996.

11 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0592, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act implementing the general appropriations act funding for school equalization aid by revising the basic entitlement for school districts and the per-anb entitlement;

ASSUMPTIONS:

1. The average number belonging (ANB) is estimated to be 163,721 for FY 1996 and 165,771 for FY 1997.
2. The basic entitlement is presently \$17,190 for elementary programs and \$191,000 for high school programs. The per-student entitlement is \$3,343 for K-6 ANB and \$4,680 for 7-12 ANB. Current law estimates for direct state aid and GTB are \$409.551 million for FY 1996 and \$415.815 million for FY 1997.
3. HB 592 increases the basic entitlement to \$18,000 for elementary programs and \$200,000 for high school programs and lowers the per-student entitlement to \$3,328 for K-6 ANB and \$4,665 for 7-12 ANB for FY 1996.
4. HB 592 increases the basic entitlement to \$18,000 for elementary programs and \$200,000 for high school programs and lowers the per-student entitlement to \$3,333 for K-6 ANB and \$4,670 for 7-12 ANB for FY 1996.
5. Under HB 592, the state obligation for direct state aid and GTB to school districts will be reduced by \$219,049 for FY 1996 and will increase by \$254,796 for FY 1997. The net impact on the state for the 1997 biennium is a \$35,747 increase.
6. The increases in the basic entitlement and the decreases in the per-student entitlement proposed in HB 592 will cause a shift of approximately \$2.2 million from larger school districts to smaller school districts as the basic entitlement is increased and the per-student allocations are reduced from current law.

FISCAL IMPACT: The net impact is a \$35,747 increase in state support for schools over the 1997 biennium.

WIDE-RANGE EFFECTS OF PROPOSED LEGISLATION:

HB 592 proposes to reduce the per-student entitlement in order to shift funding into the basic entitlement. The effect is to shift state funding away from the larger school districts and into the smaller school districts.

David Lewis 3-16-95 *Rick Jore*
DAVID LEWIS, BUDGET DIRECTOR DATE RICK JORE, PRIMARY SPONSOR DATE
Office of Budget and Program Planning