

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE LEGISLATURE'S AUTHORITY TO PROVIDE
5 SCHOOL FUNDING INFLATIONARY ADJUSTMENTS DIFFERENT THAN THOSE CALCULATED TO
6 DETERMINE THE PRESENT LAW BASE; AND AMENDING SECTION 20-9-326, MCA."

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

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10 **Section 1.** Section 20-9-326, MCA, is amended to read:

11 **"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB**

12 **entitlements.** (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the
13 superintendent of public instruction shall determine the inflation factor for the basic and per-ANB entitlements,
14 the data-for-achievement payment, the per-ANB amount used to calculate the total special education allocation
15 in 20-9-306, and the general fund payments in 20-9-327 through 20-9-330 in each fiscal year of the ensuing
16 biennium. The inflation factor is calculated as follows:

17 (a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar
18 year by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and
19 raise the resulting ratio to the power of one-third; and

20 (b) for the second year of the biennium, divide the consumer price index for July 1 of the current
21 calendar year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar
22 year and raise the resulting ratio to the power of one-third.

23 (2) The present law base for the entitlements referenced in subsection (1), calculated under Title
24 17, chapter 7, part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated
25 pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium. The legislature,
26 exercising its appropriation and lawmaking authority, may provide by law inflationary adjustments other than
27 those calculated in this section and in excess of 3%.

28 (3) For the purposes of this section, "consumer price index" means the consumer price index, U.S.

1 city average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of
2 labor statistics of the U.S. department of labor."

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