

1 HOUSE BILL NO. 266
2 INTRODUCED BY L. MUSZKIEWICZ, J. ISALY, P. STRAND, P. ELVERUM, M. ROMANO, M. THANE
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ~~REVISING~~ ANALYZING THE ANNUAL INFLATION-RELATED
5 ADJUSTMENTS TO K-12 BASE AID TO IMPROVE ALIGNMENT WITH THE DEFINITION OF "BASIC
6 SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS" PROVIDED IN
7 SECTION 20-9-309, MCA; ENSURING THAT THE GENERAL FUND FUNDING FORMULA IS SELF-
8 EXECUTING AND INCLUDES A ~~MECHANISM FOR~~ PROCESS FOR ENSURING ACCESS TO
9 INFORMATION REGARDING EDUCATIONALLY RELEVANT AND ACCURATE ANNUAL INFLATIONARY
10 ADJUSTMENTS; PROVIDING THAT THE PRESENT LAW BASE MAY BE INCREASED BY A CALCULATED
11 AMOUNT BY MOTION OF TWO SPECIFIC INTERIM COMMITTEES; ESTABLISHING REPORTING
12 REQUIREMENTS; AMENDING SECTION 20-9-326, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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

17 **"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB entitlements**

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

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

26 (b) for the second year of the biennium, divide the consumer price index for July 1 of the current
27 calendar year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar

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1 year and raise the resulting ratio to the power of one-third.

2 (2) (a) The present law base for the entitlements referenced in subsection (1) of this section,
3 calculated under Title 17, chapter 7, part 1, must consist of any enrollment increases or decreases plus the
4 inflation factor calculated pursuant to this section, not to exceed 3% in each year, applied to both years of the
5 biennium ~~plus, in the second year of the applicable bienniums AND CONTINGENT ON MOTION OF THE TWO INTERIM~~
6 ~~COMMITTEES LISTED IN SUBSECTION (3) OF THIS SECTION, the inflation reconciliation factor AMOUNT calculated~~
7 ~~under subsection (3) of this section THAT MAY BE INCLUDED IN THE PRESENT LAW BASE.~~

8 (b) This subsection (2) does not limit the superintendent or the governor from recommending, or
9 limit the legislature from adopting, inflationary adjustments other than those calculated in this section.

10 (3) Beginning in fiscal year 2026 and then every fourth EVEN-NUMBERED fiscal year thereafter, the
11 superintendent of public instruction shall provide a report no later than September 1 to the education interim
12 budget committee and the education interim committee AND NO LATER THAN DECEMBER 31 TO THE LEGISLATIVE
13 FINANCE COMMITTEE, in accordance with 5-11-210, regarding the educational relevance in the implementation of
14 this section. The report must include:

15 (a) the increase in funding over the prior year on a per-ANB basis for the BASE aid elements
16 represented in 20-9-306(2)(a) and (2)(c) through (2)(h) budgeted to be provided to school districts in the current
17 fiscal year and provided to school districts in the preceding 5 fiscal years, which must be reported in both dollar
18 and percentage amounts, with the six percentages rounded to the nearest one hundredth;

19 (b) the percentage change from July of the preceding year to July of the applicable year in the
20 consumer price index for the current year and the preceding 5 years, with the six percentages rounded to the
21 nearest one hundredth; and

22 (c) a cumulative numerical comparison of the difference between the percentages reported in
23 subsections (3)(a) and (3)(b), rounded to the nearest one hundredth. ~~If the sum of the percentages reported in~~
24 ~~subsection (3)(a) is less than the sum of the percentages reported in subsection (3)(b), the difference is the~~
25 ~~inflation reconciliation factor that must MAY be incorporated in the next calculation of present law base for the~~
26 ~~entitlements measured in subsection (3)(a) for the second year of the biennium to which the present law applies~~
27 ~~IF INCLUSION OF THE AMOUNT IN THE PRESENT LAW BASE IS ADOPTED BY MOTION OF BOTH INTERIM COMMITTEES~~

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1 ~~PRESENTED WITH THE CALCULATION THROUGH THE PROCESS OUTLINED IN SUBSECTION (2).~~

2 ~~(3)~~(4) For the purposes of this section, "consumer price index" means the consumer price index, U.S.
3 city average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of
4 labor statistics of the U.S. department of labor."
5

6 COORDINATION SECTION. **Section 2. Coordination instruction.** If both Senate Bill No. 258 and
7 [this act] are passed and approved, then Senate Bill No. 258 is void.
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9 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2025.
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