

1 HOUSE BILL NO. 266

2 INTRODUCED BY L. MUSZKIEWICZ, J. ISALY, P. STRAND, P. ELVERUM, M. ROMANO, M. THANE

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

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

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

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

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

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

21 (c) a cumulative numerical comparison of the difference between the percentages reported in
22 subsections (3)(a) and (3)(b), rounded to the nearest one hundredth. If the sum of the percentages reported in
23 subsection (3)(a) is less than the sum of the percentages reported in subsection (3)(b), the difference is the
24 inflation reconciliation factor that must MAY be incorporated in the next calculation of present law base for the
25 entitlements measured in subsection (3)(a) for the second year of the biennium to which the present law applies
26 ~~IF INCLUSION OF THE AMOUNT IN THE PRESENT LAW BASE IS ADOPTED BY MOTION OF BOTH INTERIM COMMITTEES~~
27 ~~PRESENTED WITH THE CALCULATION THROUGH THE PROCESS OUTLINED IN SUBSECTION (2).~~

28 (3)(4) 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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4 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2025.

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