

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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