

HOUSE BILL NO. 266

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

A BILL FOR AN ACT ENTITLED: "~~AN ACT REVISING~~ ANALYZING THE ANNUAL INFLATION-RELATED ADJUSTMENTS TO K-12 BASE AID TO IMPROVE ALIGNMENT WITH THE DEFINITION OF "BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS" PROVIDED IN SECTION 20-9-309, MCA; ENSURING THAT THE GENERAL FUND FUNDING FORMULA IS SELF-EXECUTING AND INCLUDES A ~~MECHANISM FOR~~ PROCESS FOR ENSURING ACCESS TO INFORMATION REGARDING EDUCATIONALLY RELEVANT AND ACCURATE ANNUAL INFLATIONARY ADJUSTMENTS; ~~PROVIDING THAT THE PRESENT LAW BASE MAY BE INCREASED BY A CALCULATED AMOUNT BY MOTION OF TWO SPECIFIC INTERIM COMMITTEES~~; ESTABLISHING REPORTING REQUIREMENTS; AMENDING SECTION 20-9-326, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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

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

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

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

(b) for the second year of the biennium, divide the consumer price index for July 1 of the current calendar year by the consumer price index for July 1 of the calendar year 3 years prior to the current calendar 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 under~~  
6 ~~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 COORDINATION SECTION. SECTION 2. COORDINATION INSTRUCTION. IF BOTH SENATE BILL NO. 258  
5 AND [THIS ACT] ARE PASSED AND APPROVED, THEN SENATE BILL NO. 258 IS VOID.

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7 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2025.

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