

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO MULTIDISTRICT  
6 AGREEMENTS BETWEEN SCHOOL DISTRICTS; INCREASING THE FLEXIBILITY OF SCHOOL DISTRICTS  
7 TO ENTER INTO MULTIDISTRICT AGREEMENTS; PROVIDING A COUNTYWIDE RESOURCE-SHARING  
8 INCENTIVE THROUGH THE TOTAL QUALITY EDUCATOR PAYMENT FOR SCHOOL DISTRICTS THAT  
9 ESTABLISH CERTAIN MULTIDISTRICT AGREEMENTS WITH ALL DISTRICTS IN A COUNTY; ALLOWING  
10 MULTIDISTRICT AGREEMENTS TO INCLUDE PRIVATE ENTITIES; AMENDING SECTIONS 20-3-363 AND  
11 20-9-306, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

15 **Section 1.** Section 20-3-363, MCA, is amended to read:

"20-3-363. **Multidistrict agreements -- fund transfers.** (1) (a) The boards of trustees of any two or more school districts may enter into a multidistrict agreement to create a multidistrict cooperative to perform any services, activities, and undertakings of the participating districts, including full and to provide for the joint funding and operation and maintenance of all programs and services of the participating districts upon the terms and conditions as may be mutually agreed to by the districts subject to the conditions of this section.

21 (b) A multidistrict agreement may include an agreement through which one district provides  
22 culturally rooted instruction aligned to a learning environment for English language learners or an Indian  
23 language immersion program to pupils of a district participating in the multidistrict agreement. The costs and  
24 other terms of service must be reflected in the multidistrict agreement.

25 (c) An agreement must include provisions for dissolution of the cooperative, including the  
26 conditions under which dissolution may occur and the disposition of any remaining funds that had been  
27 transferred to an interlocal cooperative fund in support of the cooperative. An agreement must be approved by  
28 the boards of trustees of all participating districts and must include a provision specifying terms upon which a

1 district may exit the multidistrict cooperative. ~~The agreement may be for a period of up to 3 years.~~

2 (2) All expenditures in support of the multidistrict agreement may be made from ~~the each~~  
3 ~~participating school district's~~ interlocal cooperative fund ~~as specified in 20-9-703 and 20-9-704. Each~~ ~~The board~~  
4 ~~of trustees of each~~ participating district of the multidistrict cooperative may transfer funds into the ~~district's~~  
5 interlocal cooperative fund from the district's general fund, budgeted funds other than the retirement fund or  
6 debt service fund, or nonbudgeted funds other than the compensated absence liability fund. Transfers to the  
7 ~~district's~~ interlocal cooperative fund from each ~~participating~~ ~~the~~ school district's general fund are limited to an  
8 amount not to exceed the direct state aid in support of the respective school district's general fund. Transfers  
9 from the retirement fund and debt service fund are prohibited. Transfers may not be made with funds restricted  
10 by federal law unless the transfer is in compliance with any restrictions or conditions imposed by federal law.

11 (3) Expenditures from the interlocal cooperative fund under this section ~~are limited to those~~ ~~may~~  
12 ~~include any expenditures that are permitted by law and that are within the final budget~~ ~~considered by the board~~  
13 ~~of trustees of the district to be reasonable and necessary to efficiently and effectively finance the expenditures~~  
14 ~~pursuant to the terms of the multidistrict agreement, not to exceed the total expenditures approved by the board~~  
15 ~~of trustees~~ for the budgeted fund from which the transfer was made, ~~including expenditures pursuant to any~~  
16 ~~budget amendment adopted pursuant to 20-9-165.~~

17 (4) The intent of this section is to increase the flexibility and efficiency of school districts without an  
18 increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund  
19 supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the  
20 amount of funds transferred.

21 (5) (a) Beginning in school fiscal year 2027, ~~school districts that achieve the legislative goal for~~  
22 ~~countywide resource sharing outlined in this subsection~~ (5) ~~must receive a 50% increase in their total quality~~  
23 ~~educator payment as defined in 20-9-306.~~

24 (b) ~~The legislative goal for countywide resource sharing is for each school district with a majority of~~  
25 ~~its territory in a county to participate in a countywide multidistrict agreement as specified in this subsection~~ (5).  
26 ~~To receive the enhanced incentive, the multidistrict agreement executed by the participating districts must:~~

27 (i) ~~include at least all school districts with a majority of their territory within the boundaries of the~~  
28 ~~same county. Provided that at least all school districts in at least one county have entered into a multidistrict~~

1        agreement under this subsection (5), other school districts located in other counties that participate in the  
2        multidistrict agreement must also receive the enhanced total quality educator payment calculated in accordance  
3        with subsection (5)(a).

4            (ii) provide for the joint funding and operation of the participating districts as described in this  
5        subsection (5);

6            (iii) contractually allocate an amount at least equal to each district's general fund direct state aid for  
7        the support of joint funding and operations among all participating districts as described in this subsection (5);  
8        and

9            (iv) to the extent of the funds committed, jointly and mutually establish, maintain, budget, and  
10        finance the programs of the participating districts identified under this subsection (5). Activities must be in  
11        compliance with the accreditation standards of the board of public education and may include the sharing of  
12        staff among the participating districts when that is consistent with collective bargaining, if applicable, and when  
13        that is determined by the board of trustees of each participating school district to be the most efficient and  
14        effective use of district staff. The programs of the participating districts that are mutually administered must  
15        include, at a minimum:

16            (A) administration functions, including budgeting, payroll, human resources, elections, and services  
17        provided in support of the board of trustees;

18            (B) custodial services;

19            (C) instructional services and support, including remote instruction, selection of textbooks, library  
20        and media services and curriculum development and implementation;

21            (D) K-12 career and vocational/technical education and work-based learning;

22            (E) school food services;

23            (F) software licensing and other information technology;

24            (G) extracurricular activities;

25            (H) special education programs; and

26            (I) transportation for instruction and school activities.

27            (6) Nothing in this section may be construed to prohibit a district that has entered into a  
28        countywide multidistrict agreement from entering into any other multidistrict agreement otherwise meeting the

1     requirements of this section other than subsection (5). Districts participating in a countywide multidistrict  
2     agreement from one county may also cooperate with districts from any other county to form multicounty  
3     regional multidistrict agreements.

4         (5)(7) As used in this title, "multidistrict cooperative" means a public entity created by two or more  
5     school districts executing a multidistrict agreement under this section ~~or any school district or other public entity~~  
6     participating in an interlocal cooperative agreement under the provisions of Title 20, chapter 9, part 7, as either  
7     a coordinating or a cooperating agency with each other or with any other public or private entity participating in  
8     the cooperative and complying with the requirements of this section and other laws governing public schools in  
9     the state."

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11         **Section 2.** Section 20-9-306, MCA, is amended to read:

12         **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the  
13     following definitions apply:

14             (1)     "BASE" means base amount for school equity.

15             (2)     "BASE aid" means:

16             (a)     direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement  
17     for the general fund budget of a district;

18             (b)     guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic  
19     entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and  
20     40% of the special education allowable cost payment;

21             (c)     the total quality educator payment;

22             (d)     the total at-risk student payment;

23             (e)     the total Indian education for all payment;

24             (f)     the total American Indian achievement gap payment;

25             (g)     the total data-for-achievement payment; and

26             (h)     the special education allowable cost payment.

27             (3)     "BASE budget" means the minimum general fund budget of a district, which includes 80% of  
28     the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100%

1 of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total  
2 American Indian achievement gap payment, 100% of the total data-for-achievement payment, and 140% of the  
3 special education allowable cost payment.

4 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which  
5 may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366  
6 through 20-9-369.

7 (5) "BASE funding program" means the state program for the equitable distribution of the state's  
8 share of the cost of Montana's basic system of public elementary schools and high schools, through county  
9 equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in  
10 support of the BASE budgets of districts and special education allowable cost payments as provided in 20-9-  
11 321.

12 (6) "Basic entitlement" means:

13 (a) for each high school district:

14 (i) \$343,483 for fiscal year 2024 and \$353,787 for each succeeding fiscal year for school districts  
15 with an ANB of 800 or fewer; and

16 (ii) \$343,483 for fiscal year 2024 and \$353,787 for each succeeding fiscal year for school districts  
17 with an ANB of more than 800, plus \$17,175 for fiscal year 2024 and \$17,690 for each succeeding fiscal year  
18 for each additional 80 ANB over 800;

19 (b) for each elementary school district or K-12 district elementary program without an approved  
20 and accredited junior high school, 7th and 8th grade program, or middle school:

21 (i) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or  
22 K-12 district elementary programs with an ANB of 250 or fewer; and

23 (ii) \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or  
24 K-12 district elementary programs with an ANB of more than 250, plus \$2,863 for fiscal year 2024 and \$2,949  
25 for each succeeding fiscal year for each additional 25 ANB over 250;

26 (c) for each elementary school district or K-12 district elementary program with an approved and  
27 accredited junior high school, 7th and 8th grade program, or middle school:

28 (i) for the district's kindergarten through grade 6 elementary program:

1                   (A)     \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or  
2     K-12 district elementary programs with an ANB of 250 or fewer; and

3                   (B)     \$57,246 for fiscal year 2024 and \$58,963 for each succeeding fiscal year for school districts or  
4     K-12 district elementary programs with an ANB of more than 250, plus \$2,863 for fiscal year 2024 and \$2,949  
5     for each succeeding fiscal year for each additional 25 ANB over 250; and

6                   (ii)    for the district's approved and accredited junior high school, 7th and 8th grade programs, or  
7     middle school:

8                   (A)     \$114,493 for fiscal year 2024 and \$117,928 for each succeeding fiscal year for school districts  
9     or K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and

10                  (B)     \$114,493 for fiscal year 2024 and \$117,928 for each succeeding fiscal year for school districts  
11    or K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus \$5,724  
12    for fiscal year 2024 and \$5,896 for each succeeding fiscal year for each additional 45 ANB over 450.

13                  (7)    "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to  
14    20-9-311.

15                  (8)    "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB  
16    entitlement for the general fund budget of a district and funded with state and county equalization aid.

17                  (9)    "Maximum general fund budget" means a district's general fund budget amount calculated from  
18    the basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator  
19    payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian  
20    achievement gap payment, the total data-for-achievement payment, and the greater of the district's special  
21    education allowable cost payment multiplied by:

22                  (a)    175%; or

23                  (b)    the ratio, expressed as a percentage, of the district's special education allowable cost  
24    expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years  
25    previous, with a maximum allowable ratio of 200%.

26                  (10)    "Over-BASE budget levy" means the district levy in support of any general fund amount  
27    budgeted that is above the BASE budget and within the general fund budget limits established in 20-9-308 and  
28    calculated as provided in 20-9-141.

4 (12) "Total at-risk student payment" means the payment resulting from the distribution of any funds  
5 appropriated for the purposes of 20-9-328.

6 (13) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from  
7 multiplying \$22.89 for fiscal year 2024 and \$23.58 for each succeeding fiscal year by the district's ANB  
8 calculated in accordance with 20-9-311.

12 (15) "Total per-ANB entitlement" means the district entitlement resulting from the following  
13 calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

14 (a) for a high school district or a K-12 district high school program, a maximum rate of \$7,840 for  
15 fiscal year 2024 and \$8,075 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents  
16 per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving  
17 the same amount of entitlement as the 800th ANB:

18 (b) for an elementary school district or a K-12 district elementary program without an approved and  
19 accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of \$6,123 for fiscal  
20 year 2024 and \$6,307 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per  
21 ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving  
22 the same amount of entitlement as the 1,000th ANB; and

23 (c) for an elementary school district or a K-12 district elementary program with an approved and  
24 accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

25 (i) a maximum rate of \$6,123 for fiscal year 2024 and \$6,307 for each succeeding fiscal year for  
26 the first ANB for kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional  
27 ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the  
28 1,000th ANB; and

7 (a)(i) the number of full-time equivalent educators as provided in 20-9-327; and

(b)(ii) as provided in 20-9-324, for a school district meeting the legislative goal for competitive base pay of teachers, the number of full-time equivalent teachers that were in the first 3 years of the teacher's teaching career in the previous year.

11 (b) The total quality educator payment for a district meeting the legislative goal for countywide  
12 resource sharing under 20-9-363 must have its total quality educator payment under subsection (16)(a) of the  
13 section increased by 50% as described in 20-9-363.

14 (17) "Total special education allocation" means the state payment distributed pursuant to 20-9-321  
15 that is the greater of the amount resulting from multiplying \$293.74 for fiscal year 2024 and \$302.55 for each  
16 succeeding fiscal year by the statewide current year ANB or the amount of the previous year's total special  
17 education allocation."

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

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