



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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) _____ custodial services;

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

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

(E) _____ school food services;

(F) _____ software licensing and other information technology;

(G) _____ extracurricular activities;

(H) _____ special education programs; and

(I) _____ transportation for instruction and school activities.

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

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

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

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

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

- (1) "BASE" means base amount for school equity.
- (2) "BASE aid" means:
 - (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;
 - (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;
 - (c) the total quality educator payment;
 - (d) the total at-risk student payment;
 - (e) the total Indian education for all payment;
 - (f) the total American Indian achievement gap payment;
 - (g) the total data-for-achievement payment; and
 - (h) the special education allowable cost payment.
- (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100%

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

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

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

(6) "Basic entitlement" means:

(a) for each high school district:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) 175%; or

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

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

(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying \$235 for fiscal year 2024 and \$242 for each succeeding fiscal year times the number of American Indian students enrolled in the district as provided in 20-9-330.

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

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

(14) "Total Indian education for all payment" means the payment resulting from multiplying \$23.91 for fiscal year 2024 and \$24.63 for each succeeding fiscal year times the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

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

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

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

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

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

(ii) a maximum rate of \$7,840 for fiscal year 2024 and \$8,075 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(16) (a) "Total quality educator payment" means the payment resulting from multiplying \$3,566 for fiscal year 2024 and \$3,673 for each succeeding fiscal year by the sum of:

(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.

(b) The total quality educator payment for a district meeting the legislative goal for countywide resource sharing under 20-3-363 must have its total quality educator payment under subsection (16)(a) of this section increased by 50% as described in ~~20-3-363.~~

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

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

- END -

I hereby certify that the within bill,
HB 567, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2025.

President of the Senate

Signed this _____ day
of _____, 2025.

HOUSE BILL NO. 567

INTRODUCED BY B. BARKER, D. BEDEY, L. DEMING, L. MUSZKIEWICZ, F. NAVE, J. FULLER, C. KEOGH,
E. MATTHEWS, M. ROMANO

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