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

13 **Section 1.** Section 20-7-419, MCA, is amended to read:

14 **"20-7-419. Rules.** The superintendent of public instruction shall adopt rules for the implementation of
15 20-7-420, 20-7-421, 20-7-422, 20-7-435, and 20-7-436, including but not limited to:

16 (1) the calculation of tuition under 20-7-420;

17 (2) the various methods for the calculation and distribution of funds under the different
18 circumstances provided in 20-7-435; and

19 (3) the determination of responsibilities of children's psychiatric hospitals, residential treatment
20 facilities, therapeutic group homes, and public schools pursuant to 20-7-435."

22 **Section 2.** Section 20-7-435, MCA, is amended to read:

23 **"20-7-435. Funding of educational programs for eligible children receiving in-state inpatient**
24 **treatment of serious emotional disturbances.** (1) It is the intent of the legislature that eligible children
25 receiving inpatient treatment of a serious emotional disturbance at in-state qualifying facilities be provided with
26 an appropriate educational opportunity in a cost-effective manner. The legislature further intends that in-state
27 qualifying facilities prioritize treatment of Montana residents over residents of other states.

28 (2) The superintendent of public instruction may contract with a qualifying facility for provision of an

1 educational program for an eligible child in the qualifying facility. The contract between the superintendent of
2 public instruction and a qualifying facility must include a provision requiring the qualifying facility to provide
3 educational data and regular reports about the academic status and academic progress being made by each
4 eligible child at a qualifying facility.

5 (3) (a) Whenever the superintendent of public instruction contracts with a qualifying facility for
6 provision of an educational program for an eligible child, the superintendent of public instruction shall establish
7 a daily rate per eligible child for each qualifying facility that reflects actual documented costs of providing an
8 appropriate educational opportunity at that facility and that excludes the cost of services that are eligible for
9 reimbursement under any provision of state or federal law or an insurance policy.

10 (b) For each eligible child and from appropriations provided for the purposes of this section, the
11 superintendent of public instruction shall pay the qualifying facility the daily rate under subsection (3)(a) minus
12 the amount paid under subsection (3)(c).

13 (c) For each eligible child, the eligible child's school district of residence shall pay the qualifying
14 facility a daily rate of 40% of the tuition per-ANB amount as defined in 20-5-323 divided by 180 in a manner
15 prescribed by the superintendent of public instruction. The district of residence shall finance the tuition amount
16 from the levy authorized to support the district tuition fund or from the district's general fund or any other legally
17 available fund in the discretion of the trustees.

18 (d) An eligible child whose appropriate educational opportunity is provided under subsection (5)(a)
19 or (5)(b) may not receive funding under this subsection (3).

20 (e) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the
21 superintendent of public instruction shall include a request for funding this section based on the daily rate for
22 each facility as determined under subsection (3)(a). If the money appropriated for the payments to qualifying
23 facilities under this section is not sufficient, the superintendent of public instruction shall request the state
24 budget director to submit a request for a supplemental appropriation in the second year of the biennium that is
25 sufficient to complete the funding of the payments.

26 (4) A supplemental education fee or tuition, beyond those authorized under this section, may not
27 be charged for an eligible child who receives an education under contract with an in-state children's psychiatric
28 hospital or residential treatment facility under subsection (3) or as provided under subsection (5).

5 (a) provide for an appropriate educational opportunity for the eligible child utilizing qualified
6 specialists who are employees of the office of public instruction or under contract with the office of public
7 instruction for the purposes of this section. The eligible child's district of residence shall reimburse the office of
8 public instruction at the daily rate established in subsection (3)(c). The district of residence may finance the
9 reimbursement from the levy authorized to support the district tuition fund.

10 (b) negotiate with the school district in which the qualifying facility is located for the supervision and
11 implementation of an appropriate educational opportunity for eligible children attending the facility. The amount
12 to be paid to the district of attendance by the office of public instruction and the amount to be paid by the
13 eligible child's district of residence are determined in the same manner as provided in 20-5-323 and 20-5-324
14 for out-of-district attendance agreements approved under 20-5-321(1)(d) and (1)(e).

15 (6) Funds provided to a district under this section, including funds received under the provisions of
16 20-7-420:

17 (a) must be deposited in the miscellaneous programs fund of the district that provides the
18 education program for an eligible child, regardless of the age or grade placement of the child who is served
19 under a negotiated contract: and

20 (b) are not subject to the budget limitations in 20-9-308.

(7) The superintendent of public instruction may distribute funds appropriated for contracts with state children's psychiatric hospitals or residential treatment facilities under subsection (2) to public school districts for the purpose of supporting educational programs for children with significant behavioral or physical needs.

25 (8)(7) The superintendent of public instruction shall report to the education interim budget committee
26 and the education interim committee in accordance with 5-11-210 no later than September 30 of even-
27 numbered years on the implementation of this section and an analysis that supports each daily rate. The report
28 must include:

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1 (a) the daily rate calculated for each qualifying facility as described in subsection (3)(a); and
2 (b) an evaluation of education programs at qualifying facilities funded under this section."

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

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