



AN ACT REVISING SCHOOL FUNDING LAWS TO CLARIFY THAT THE CALCULATIONS FOR SIGNIFICANT ENROLLMENT INCREASES ARE MADE AT THE BUDGET UNIT LEVEL; AMENDING SECTION 20-9-166, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

Section 1. Section 20-9-166, MCA, is amended to read:

"20-9-166. Financial support for transportation budget amendments and significant enrollment increases. (1) Whenever a final budget amendment has been adopted for the transportation fund, the trustees may apply to the superintendent of public instruction for an increased payment for state transportation reimbursement. The superintendent of public instruction shall adopt rules for the application for state transportation reimbursement. The superintendent of public instruction shall approve or disapprove each application for state transportation reimbursement. When the superintendent of public instruction approves an application, the superintendent of public instruction shall determine the additional amount of state transportation reimbursement that will be made available to the applicant district because of additional pupil transportation obligations. The superintendent of public instruction shall notify the applicant district of the superintendent's approval or disapproval and, in the event of approval, the amount of additional state aid that will be made available for the transportation fund. The superintendent of public instruction shall disburse the state aid to the eligible district at the time the next regular state aid payment is made.

(2) (a) When a district experiences an enrollment increase based on the October enrollment count, the district may be eligible for a significant enrollment increase payment in support of the district's general fund as described in this subsection (2). All enrollment increases under this subsection (2) must be calculated separately for each budget unit of a school district.

(b) To be eligible for a significant enrollment increase payment, a district's October enrollment

count in the current year converted to ANB must exceed the district's budget limit ANB for the school fiscal year 3 years prior by 110% or more. The significant enrollment increase payment the district qualifies for must be calculated by the superintendent of public instruction no later than December 1 following the October enrollment count as the difference between:

(i) an amount equal to 80% of the district's total per-ANB entitlement for that fiscal year if the district's budget limit ANB was calculated using the district's actual October enrollment count minus the absorption factor; and

(ii) 80% of the district's total per-ANB entitlement for that fiscal year.

(c) (i) The superintendent of public instruction shall notify a district of the district's eligibility for a significant enrollment increase payment and the amount by December 15.

(ii) The trustees of the district shall determine at the next scheduled board meeting and no later than March 1 whether to accept the full or a partial amount of the payment and adopt a general fund budget amendment for any accepted amount. A budget amendment under this section must be made by resolution of the trustees of the district and is not subject to the requirements of other budget amendments under Title 20, chapter 9, part 1. The trustees shall provide a copy of the budget amendment to the superintendent of public instruction in a manner determined by the superintendent of public instruction.

(iii) On receiving a copy of the budget amendment, the superintendent of public instruction shall disburse from the BASE aid appropriation in House Bill No. 2 the amount of the accepted payment distributed with the remaining direct state aid payments for that fiscal year pursuant to 20-9-344.

(d) A district receiving additional financial support under this subsection (2) shall deposit the money in the district's general fund and use it to address costs associated with the enrollment increase.

(e) For the purposes of this subsection (2), "absorption factor" means an ANB amount rounded to the nearest whole number equal to the sum of 5 ANB plus 3% of the district's budget limit ANB for that fiscal year."

Section 2. Effective date. [This act] is effective July 1, 2025.

Section 3. Applicability. [This act] applies to school fiscal years beginning on or after July 1, 2025.

- END -

I hereby certify that the within bill,
SB 37, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2025.

Speaker of the House

Signed this _____ day
of _____, 2025.

SENATE BILL NO. 37

INTRODUCED BY D. EMRICH

BY REQUEST OF THE EDUCATION INTERIM COMMITTEE

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