

HOUSE BILL NO. 654

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING EDUCATION LAWS TO SUPPORT
EARLY LITERACY TARGETED INTERVENTION PROGRAMS; CLARIFYING THE CONDITIONS UNDER
WHICH A SCHOOL DISTRICT PARTNERING WITH A COMMUNITY ORGANIZATION IN PROVIDING
CLASSROOM-BASED PROGRAMS MAY INCLUDE THOSE CHILDREN IN ENROLLMENT COUNTS FOR
ANB PURPOSES; ALLOWING A SCHOOL DISTRICT THAT IS EXPANDING ENROLLMENT IN A
CLASSROOM-BASED EARLY LITERACY TARGETED INTERVENTION PROGRAM TO INCREASE ITS ANB
COUNT; ESTABLISHING A TEMPORARY EARLY LITERACY TARGETED INTERVENTION BOOST GRANT
PROGRAM TO SUPPORT SCHOOL DISTRICTS IN CREATING OR EXPANDING CLASSROOM-BASED
EARLY LITERACY TARGETED INTERVENTION PROGRAMS; PROVIDING AN APPROPRIATION;
AMENDING SECTIONS 20-9-311, 20-9-313, AND 20-9-516, MCA; AND PROVIDING AN IMMEDIATE
EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE."

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

Section 1. Section 20-9-311, MCA, is amended to read:

"20-9-311. Calculation of average number belonging (ANB) -- 3-year averaging. (1) Average
number belonging (ANB) must be computed for each budget unit as follows:

(a) compute an average enrollment by adding a count of regularly enrolled pupils who were
enrolled as of the first Monday in October of the prior school fiscal year to a count of regularly enrolled pupils on
the first Monday in February of the prior school fiscal year or the next school day if those dates do not fall on a

1 school day, and divide the sum by two; and

2 (b) multiply the average enrollment calculated in subsection (1)(a) by the sum of 180 and the
3 approved pupil-instruction-related days for the current school fiscal year and divide by 180.

4 (2) For the purpose of calculating ANB under subsection (1), up to 7 approved pupil-instruction-
5 related days may be included in the calculation.

6 (3) When a school district has approval to operate less than the minimum aggregate hours under
7 20-9-806, the total ANB must be calculated in accordance with the provisions of 20-9-805.

8 (4) (a) Except as provided in subsection (4)(d), for the purpose of calculating ANB, enrollment in
9 an education program:

10 (i) from 180 to 359 aggregate hours of pupil instruction per school year is counted as one-quarter-
11 time enrollment;

12 (ii) from 360 to 539 aggregate hours of pupil instruction per school year is counted as half-time
13 enrollment;

14 (iii) from 540 to 719 aggregate hours of pupil instruction per school year is counted as three-
15 quarter-time enrollment; and

16 (iv) 720 or more aggregate hours of pupil instruction per school year is counted as full-time
17 enrollment.

18 (b) Except as provided in subsection (4)(d), enrollment in a program intended to provide fewer than
19 180 aggregate hours of pupil instruction per school year may not be included for purposes of ANB.

20 (c) Enrollment in a self-paced program or course may be converted to an hourly equivalent based
21 on the hours necessary and appropriate to provide the course within a regular classroom schedule.

22 (d) A school district may include in its calculation of ANB a pupil who is enrolled in a program
23 providing fewer than the required aggregate hours of pupil instruction required under subsection (4)(a) or (4)(b)
24 if the pupil has demonstrated proficiency in the content ordinarily covered by the instruction as determined by
25 the school board using district assessments. The ANB of a pupil under this subsection (4)(d) must be converted
26 to an hourly equivalent based on the hours of instruction ordinarily provided for the content over which the
27 student has demonstrated proficiency.

28 (e) (i) Except as provided in subsection (4)(e)(ii), a pupil in kindergarten through grade 12 who is

1 concurrently enrolled in more than one public school, program, or district may not be counted as more than one
2 full-time pupil for ANB purposes. When a pupil is concurrently enrolled in more than one district, any fractional
3 enrollment under subsection (4)(a) must be attributed first to a pupil's nonresident district.

4 (ii) A pupil who participates in a jumpstart program under Title 20, chapter 7, part 18, may be
5 counted as up to 1 1/4 enrollment for ANB purposes. A district shall add one-quarter enrollment for a pupil who
6 participated in an early literacy jumpstart program to the pupil's regular enrollment count under this subsection
7 (4) in both the October and February enrollment counts following the student's participation in the jumpstart
8 program.

9 (5) For a district that is transitioning from a half-time to a full-time kindergarten program, the state
10 superintendent shall count kindergarten enrollment in the previous year as full-time enrollment for the purpose
11 of calculating ANB for the elementary programs offering full-time kindergarten in the current year. For the
12 purposes of calculating the 3-year ANB, the superintendent of public instruction shall count the kindergarten
13 enrollment as one-half enrollment and then add the additional kindergarten ANB to the 3-year average ANB for
14 districts offering full-time kindergarten.

15 (6) When a pupil has been absent, with or without excuse, for more than 10 consecutive school
16 days, the pupil may not be included in the enrollment count used in the calculation of the ANB unless the pupil
17 resumes attendance prior to the day of the enrollment count.

18 (7) (a) The enrollment of preschool pupils, as provided in 20-7-117, may not be included in the
19 ANB calculations.

20 (b) Except as provided in subsection (7)(c), a pupil who has reached 19 years of age by
21 September 10 of the school year may not be included in the ANB calculations.

22 (c) A pupil with disabilities who is over 19 years of age and has not yet reached 21 years of age by
23 September 10 of the school year and who is receiving special education services from a school district pursuant
24 to 20-7-411(4)(a) may be included in the ANB calculations if:

25 (i) the student has not graduated;

26 (ii) the student is eligible for special education services and is likely to be eligible for adult services
27 for individuals with developmental disabilities due to the significance of the student's disability; and

28 (iii) the student's individualized education program has identified transition goals that focus on

1 preparation for living and working in the community following high school graduation since age 16 or the
2 student's disability has increased in significance after age 16.

3 (d) A school district providing special education services pursuant to subsection (7)(c) is
4 encouraged to collaborate with agencies and programs that serve adults with developmental disabilities in
5 meeting the goals of a student's transition plan.

6 (8) The average number belonging of the regularly enrolled pupils for the public schools of a
7 district must be based on the aggregate of all the regularly enrolled pupils attending the schools of the district,
8 except that:

9 (a) the ANB is calculated as a separate budget unit when:

10 (i) a school of the district is located more than 20 miles beyond the incorporated limits of a city or
11 town located in the district and at least 20 miles from any other school of the district, the number of regularly
12 enrolled pupils of the school must be calculated as a separate budget unit for ANB purposes and the district
13 must receive a basic entitlement for the school calculated separately from the other schools of the district;

14 (ii) a school of the district is located more than 20 miles from any other school of the district and
15 incorporated territory is not involved in the district, the number of regularly enrolled pupils of the school must be
16 calculated separately for ANB purposes and the district must receive a basic entitlement for the school
17 calculated separately from the other schools of the district;

18 (iii) the superintendent of public instruction approves an application not to aggregate when
19 geographic barriers exist affecting transportation, such as poor roads, mountains, rivers, or other obstacles to
20 travel, that would result in an unusual hardship to the pupils of the school if they were transported to another
21 school, the number of regularly enrolled pupils of the school must be calculated separately for ANB purposes
22 and the district must receive a basic entitlement for the school calculated separately from the other schools of
23 the district; or

24 (iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the
25 ANB and the basic entitlements of the component districts must be calculated separately for a period of 3 years
26 following the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3
27 additional years as follows:

28 (A) 75% of the basic entitlement for the fourth year;

1 (B) 50% of the basic entitlement for the fifth year; and

2 (C) 25% of the basic entitlement for the sixth year.

3 (b) when a junior high school has been approved and accredited as a junior high school, all of the
4 regularly enrolled pupils of the junior high school must be considered as high school district pupils for ANB
5 purposes;

6 (c) when a middle school has been approved and accredited, all pupils below the 7th grade must
7 be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils must be considered
8 high school pupils for ANB purposes; or

9 (d) when a school has been designated as nonaccredited by the board of public education
10 because of failure to meet the board of public education's assurance and performance standards, the regularly
11 enrolled pupils attending the nonaccredited school are not eligible for average number belonging calculation
12 purposes, nor will an average number belonging for the nonaccredited school be used in determining the BASE
13 funding program for the district.

14 (9) The district shall provide the superintendent of public instruction with semiannual reports of
15 school attendance, absence, and enrollment for regularly enrolled students, using a format determined by the
16 superintendent.

17 (10) (a) Except as provided in subsections (10)(b) and (10)(c), enrollment in a basic education
18 program provided by the district through any combination of in-person or remote instruction may be included for
19 ANB purposes only if the pupil is offered access to the complete range of educational services for the basic
20 education program required by the accreditation standards adopted by the board of public education.

21 (b) Access to school programs and services for a student placed by the trustees in a private
22 program for special education may be limited to the programs and services specified in an approved individual
23 education plan supervised by the district.

24 (c) Access to school programs and services for a student who is incarcerated in a facility, other
25 than a youth detention center, may be limited to the programs and services provided by the district at district
26 expense under an agreement with the incarcerating facility.

27 (d) This subsection (10) may not be construed to require a school district to offer access to
28 activities governed by an organization having jurisdiction over interscholastic activities, contests, and

1 tournaments to a pupil who is not otherwise eligible under the rules of the organization.

2 (11) A district may include only, for ANB purposes, an enrolled pupil who is otherwise eligible under
3 this title and who is:

4 (a) a resident of the district or a nonresident student admitted by trustees under a student
5 attendance agreement and who is:

6 (i) attending a school or an offsite instructional setting of the district; or

7 (ii) participating in an in-person early literacy targeted intervention classroom-based program
8 under Title 20, chapter 7, part 18, that is provided at district expense through a contract with a community-
9 based provider or organization provided that:

10 (A) the classroom-based program remains under the supervision and control of the board of
11 trustees; and

12 (B) teachers employed by the school district conduct the pupil instruction for the classroom-based
13 program;

14 (b) unable to attend school due to a medical reason certified by a medical doctor and receiving
15 individualized educational services supervised by the district, at district expense, at a home or facility that does
16 not offer an educational program;

17 (c) unable to attend school due to the student's incarceration in a facility, other than a youth
18 detention center, and who is receiving individualized educational services supervised by the district, at district
19 expense, at a home or facility that does not offer an educational program;

20 (d) receiving special education and related services, other than day treatment, under a placement
21 by the trustees at a private nonsectarian school or private program if the pupil's services are provided at the
22 district's expense under an approved individual education plan supervised by the district;

23 (e) participating in the running start program at district expense under 20-9-706;

24 (f) receiving educational services, provided by the district, using appropriately licensed district staff
25 at a private residential program or private residential facility licensed by the department of public health and
26 human services;

27 (g) enrolled in an educational program or course provided at district expense using remote delivery
28 methods, including but not limited to tutoring, distance learning programs, online programs, and technology

1 delivered learning programs. The pupil:

2 (i) must meet the residency requirements for that district as provided in 1-1-215;

3 (ii) shall live in the district and must be eligible for educational services under the Individuals With
4 Disabilities Education Act or under 29 U.S.C. 794; or

5 (iii) must be enrolled in the educational program or course under a mandatory attendance
6 agreement as provided in 20-5-321; or

7 (iv) must be receiving remote instruction under 20-7-118(1)(c).

8 (h) a resident of the district attending the Montana youth challenge program or a Montana job
9 corps program under an interlocal agreement with the district under 20-9-707.

10 (12) A district shall, for ANB purposes, calculate the enrollment of an eligible Montana youth
11 challenge program participant as half-time enrollment.

12 (13) (a) A district may, for ANB purposes, include in the October and February enrollment counts an
13 individual who is otherwise eligible under this title and who during the prior school year:

14 (i) resided in the district;

15 (ii) was not enrolled in the district or was not enrolled full time; and

16 (iii) completed an extracurricular activity with a duration of at least 6 weeks.

17 (b) (i) Except as provided in subsection (13)(b)(ii), each completed extracurricular activity under
18 subsection (13)(a) may be counted as one-sixteenth enrollment for the individual, but under this subsection (13)
19 the individual may not be counted as more than one full-time enrollment for ANB purposes.

20 (ii) Each completed extracurricular activity lasting longer than 18 weeks may be counted as one-
21 eighth enrollment.

22 (c) For the purposes of this section, "extracurricular activity" means:

23 (i) a sport or activity sanctioned by an organization having jurisdiction over interscholastic
24 activities, contests, and tournaments;

25 (ii) an approved career and technical student organization, pursuant to 20-7-306; or

26 (iii) a school theater production.

27 (14) (a) For an elementary or high school district that has been in existence for 3 years or more, the
28 district's maximum general fund budget and BASE budget for the ensuing school fiscal year must be calculated

1 using the current year ANB for all budget units or the 3-year average ANB for all budget units, whichever
2 generates the greatest maximum general fund budget.

3 (b) For a K-12 district that has been in existence for 3 years or more, the district's maximum
4 general fund budget and BASE budget for the ensuing school fiscal year must be calculated separately for the
5 elementary and high school programs pursuant to subsection (14)(a) and then combined.

6 (15) The term "3-year ANB" means an average ANB over the most recent 3-year period, calculated
7 by:

8 (a) adding the ANB for the budget unit for the ensuing school fiscal year to the ANB for each of the
9 previous 2 school fiscal years; and

10 (b) dividing the sum calculated under subsection (15)(a) by three."
11

12 **Section 2.** Section 20-9-313, MCA, is amended to read:

13 **"20-9-313. Circumstances under which regular average number belonging may be increased.**

14 (1) The average number belonging of a school, calculated in accordance with the ANB formula prescribed in
15 20-9-311, may be increased when:

16 (a) the opening of a new elementary school or the reopening of an elementary school has been
17 approved in accordance with 20-6-502. The average number belonging for the school must be established by
18 the county superintendent and approved, disapproved, or adjusted by the superintendent of public instruction.

19 (b) the opening or reopening of a high school or a branch of the county high school has been
20 approved in accordance with 20-6-503, 20-6-504, or 20-6-505. The average number belonging for the high
21 school must be established by the county superintendent's estimate, after an investigation of the probable
22 number of pupils that will attend the high school.

23 (c) a district anticipates an increase in the average number belonging due to the closing of a
24 private or public school in the district or a neighboring district. The estimated increase in average number
25 belonging must be established by the trustees and the county superintendent and approved, disapproved, or
26 adjusted by the superintendent of public instruction no later than the fourth Monday in June.

27 (d) for the initial year of operation of a kindergarten program established under 20-7-117(1), the
28 ANB to be used for budget purposes is:

(i) one-half the number of 5-year-old children residing in the district as of September 10 of the preceding school year, either as shown on the official school census or as determined by some other procedure approved by the superintendent of public instruction, for the purpose of implementing a half-time kindergarten program as provided in 20-1-301; or

(ii) the number of 5-year-old children residing in the district as of September 10 of the preceding school year, either as shown on the official school census or as determined by some other procedure approved by the superintendent of public instruction, for the purpose of implementing a full-time kindergarten program as provided in 20-1-301; or

(e) a high school district provides early graduation for a student who completes graduation requirements in less than eight semesters or the equivalent amount of secondary school enrollment. The increase must be established by the trustees as though the student had attended to the end of the school fiscal year and must be approved, disapproved, or adjusted by the superintendent of public instruction.

(f) an elementary or K-12 district anticipates an increase in the average number belonging due to an increase in the number of students the district will serve in an early literacy targeted intervention classroom-based program. The estimated increase in average number belonging must be established by the trustees and the county superintendent and approved, disapproved, or adjusted by the superintendent of public instruction no later than the fourth Monday in June.

(2) This section does not apply to the expansion of a half-time kindergarten program to a full-time kindergarten program."

Section 3. Section 20-9-516, MCA, is amended to read:

"20-9-516. School facility and technology account. (1) There is a school facility and technology account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide, contingent on appropriation from the legislature, funding for the following in priority order:

(a) school technology purposes as provided in 20-9-534; and

(b) early literacy targeted intervention boost grants as provided in [section 4]; and

(b)(c) state debt service assistance as provided in 20-9-371.

(2) There must be deposited in the account:

1 (a) an amount of money equal to the income attributable to the difference between the average
2 sale value of 18 million board feet and the total income produced from the annual timber harvest on common
3 school trust lands during the fiscal year; and

4 (b) the income received from certain lands and riverbeds as provided in 17-3-1003(5).

5 (3) If in any fiscal year the amount of revenue in the school facility and technology account is
6 sufficient to fund debt service assistance without a proration reduction pursuant to 20-9-346(2)(b) and if in that
7 same fiscal year the amount of revenue available in the school major maintenance aid account established in
8 20-9-525 will result in a proration reduction in school major maintenance aid pursuant to 20-9-525(5) for that
9 fiscal year, the state treasurer shall transfer any excess funds in the school facility and technology account to
10 the school major maintenance aid account not to exceed the amount required to avoid a proration reduction."
11

12 **NEW SECTION. Section 4. Grants to increase access to early literacy targeted interventions.**

13 (1) For the biennium beginning July 1, 2025, there is an early literacy targeted intervention boost grant program.
14 The purpose of the program is to support school districts in expanding access to the district's early literacy
15 targeted intervention classroom-based program without burdening local taxpayers. The office of public
16 instruction shall administer the program.

17 (2) Subject to and limited to the amount of legislative appropriation, when a school district
18 increases its ANB count under 20-9-313(1)(f), the office of public instruction shall distribute an early literacy
19 targeted intervention boost grant to the district in the amount of \$1,000 for every ANB increased.

20 (3) A school district receiving a grant under this program shall:

21 (a) deposit the grant funding in the district's miscellaneous programs fund; and

22 (b) no later than June 30, 2027, expend the funding for any necessary classroom modifications or
23 curriculum purchases related to the expansion of the district's early literacy targeted intervention classroom
24 program.
25

26 **NEW SECTION. Section 5. Appropriation.** There is appropriated \$2 million from the school facility
27 and technology account under 20-9-516 to the office of public instruction for the biennium beginning July 1,
28 2025, for the purpose of distributing grants to schools as described in [section 3].

1

2 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

3

4 NEW SECTION. **Section 7. Applicability.** [This act] applies to school district budgeting and funding

5 for school fiscal years beginning on or after July 1, 2025, including the ability of a school district to increase its

6 ANB count for school fiscal year 2026 pursuant to [section 3] if the district anticipates an increase in the number

7 of children in a classroom-based targeted early literacy intervention program.

8

9 NEW SECTION. **Section 8. Termination.** [Sections 3 and 4] terminate June 30, 2027.

10 - END -