

## 1 HOUSE BILL NO. 351

2 INTRODUCED BY W. MCKAMEY, F. ANDERSON, B. BEARD, D. BEDEY, M. BLASDEL, K. BOGNER,  
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6 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING EDUCATION LAWS TO SUPPORT  
7 TRANSFORMATIONAL LEARNING; PROVIDING INCENTIVES FOR SCHOOL DISTRICTS TO IMPLEMENT  
8 TRANSFORMATIONAL LEARNING; SPECIFYING A QUALIFYING PROCESS FOR TRANSFORMATIONAL  
9 LEARNING PLANS; PROVIDING DEFINITIONS; PROVIDING LIMITED LEVY AND TRANSFER AUTHORITY  
10 TO DISTRICTS IMPLEMENTING A QUALIFIED TRANSFORMATIONAL LEARNING PLAN; ENSURING  
11 TAXPAYER TRANSPARENCY IN IMPOSITION OF LEVY INCREASES; PROVIDING RULEMAKING  
12 AUTHORITY; PROVIDING AN APPROPRIATION; AMENDING SECTION 20-9-116; AND PROVIDING AN  
13 IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

14  
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16  
17 NEW SECTION. Section 1. Transformational learning -- legislative intent. The legislature finds and  
18 declares pursuant to Article X, section 1, of the 1972 Montana constitution that transformational learning is an  
19 appropriate means of fulfilling the people's goal of developing the full educational potential of each person. The  
20 provision of and participation in transformational learning under [sections 1 and 2] and in compliance with  
21 accreditation standards of the board of public education is constitutionally compliant and protected. The  
22 legislature declares that any public or private regulation that discriminates against a district or pupil participating  
23 in transformational learning is inconsistent with constitutional goals and guarantees under Article X of the  
24 Montana constitution.

25  
26 NEW SECTION. Section 2. Incentives for creation of transformational learning programs. (1) (a)  
27 A school district as defined in 20-6-101 that satisfies the conditions of subsection (2) and is qualified by the board  
28 of public education pursuant to subsection (3) is eligible for a 4-consecutive-year provision of the transitional  
29 funding and flexibilities in subsections (4) and (5).

30 (b) A school district may be qualified by the board of public education for no more than one

1 4-consecutive-year provision of transitional funding and flexibilities in any 8-year period.

2 ~~(c) A school district may be qualified for a second or successive time only after districts seeking to~~  
 3 ~~participate for the first time have been qualified and only for a further expansion of the district's transformational~~  
 4 ~~learning program beyond levels of participation for which it has previously received transformational learning aid~~  
 5 ~~under this section.~~

6 (2) To qualify for the transitional funding and flexibilities in subsections (4) and (5), the board of trustees  
 7 of a district shall submit an application that has been approved by motion of the board of trustees and signed by  
 8 the presiding officer to the board of public education for approval of a transformational learning program on a form  
 9 provided by the superintendent of public instruction. The school board's application must:

10 (a) identify the number of full-time equivalent educators meeting the criteria of 20-9-327(3) who will  
 11 participate in the district's transformational learning program, with full-time equivalence calculated and reported  
 12 by the district based on the planned portion of each qualifying educators's full-time equivalent assignment that  
 13 is dedicated to the district's transformational learning program;

14 (b) include the district's definition of proficiency within the meaning of that term as used in 20-9-311(4)(d).  
 15 The definition must not require seat time as a condition or other element of determining proficiency. The definition  
 16 must be incorporated in the district's policies and must be used for purposes of determining content and course  
 17 mastery and other progress, promotion from grade to grade, grades, and graduation for pupils enrolled in the  
 18 district's transformational learning program.

19 (c) include a strategic plan with appropriate planning horizons for implementation, measurable objectives  
 20 to ensure accountability, and planned strategies to:

21 (i) develop a transformational learning plan for each participating pupil that honors individual interests,  
 22 passions, strengths, needs, and culture, and that is rooted in relationships with teachers, family, peers, and  
 23 community members;

24 (ii) embed community-based, experiential, online, and work-based learning opportunities and foster a  
 25 learning environment that incorporates both face-to-face and virtual connections;

26 (iii) provide effective professional development to assist employees in transitioning to a transformational  
 27 learning model; and

28 (iv) ensure equality of educational opportunity to participate by all pupils of the district.

29 (3) On an annual basis, the board of public education shall:

30 (A) ESTABLISH BY RULE THE OPENING AND CLOSING DATES FOR RECEIPT OF APPLICATIONS AND ANNUAL

1 REPORTS;

2 ~~(a)~~(B) qualify districts that submit an application meeting the requirements of subsection (2) for the  
 3 funding in subsection (4) and the flexibilities in subsection (5) until the annual appropriation is exhausted, after  
 4 which further applications, INCLUDING FIRST-TIME APPLICATIONS AND ANNUAL REPORTS REQUESTING AN EXPANSION  
 5 OF A PREVIOUSLY APPROVED PLAN, are to be deferred for consideration in a subsequent year, in the order of date  
 6 received, if and when additional funds become available for distribution;

7 ~~(b) require each participating district to submit an annual report of progress toward measurable~~  
 8 ~~objectives under the district's transformational learning plan and any updates to the plan for qualification, including~~  
 9 ~~any requested adjustments to the number of participating full-time equivalent educators under subsection (2)(a);~~  
 10 ~~with approval of the board of public education for an increase in funding based on increased levels of participation~~  
 11 ~~under subsection (2)(a) contingent on the availability of funds within any appropriation of the legislature; and~~

12 (C) REQUIRE EACH PARTICIPATING SCHOOL DISTRICT TO SUBMIT AN ANNUAL REPORT DEMONSTRATING  
 13 CONTINUED QUALIFICATION FOR FUNDING UNDER THIS SECTION AND INCLUDING A REPORT OF PROGRESS TOWARD  
 14 MEASURABLE OBJECTIVES UNDER THE SCHOOL DISTRICT'S TRANSFORMATIONAL LEARNING PLAN. THE SCHOOL DISTRICT  
 15 SHALL INCLUDE ANY DECREASE OR REQUESTED INCREASE IN THE NUMBER OF PARTICIPATING FULL-TIME EQUIVALENT  
 16 EDUCATORS UNDER SUBSECTION (2)(A) FOR ADJUSTMENTS TO ITS FUNDING. ANY INCREASE IN FUNDING BASED ON  
 17 REQUESTED INCREASED LEVELS OF PARTICIPATION UNDER SUBSECTION (2)(A) MUST BE DETERMINED IN THE ORDER OF  
 18 DATE RECEIVED AMONG ALL FIRST-TIME APPLICATIONS AND ANNUAL REPORTS REQUESTING AN EXPANSION OF A  
 19 PREVIOUSLY APPROVED PLAN AND MUST BE CONTINGENT ON THE AVAILABILITY OF FUNDS WITHIN ANY APPROPRIATION OF  
 20 THE LEGISLATURE. AN APPLICATION DEFERRED FOR CONSIDERATION IN A SUBSEQUENT YEAR DUE TO LACK OF FUNDING  
 21 MUST BE ANNUALLY UPDATED EACH YEAR AFTER MORE THAN 1 FULL FISCAL YEAR HAS PASSED FROM THE DATE OF  
 22 ORIGINAL SUBMISSION OF THE APPLICATION IN ORDER FOR THE APPLICATION TO RETAIN ITS PRIORITY BY ORIGINAL DATE  
 23 RECEIVED.

24 ~~(e)~~(D) on or before September 15 of even-numbered years, report to the education interim committee  
 25 on the progress made by districts operating under approved transformational learning plans.

26 (4) (a) ~~For~~ EXCEPT AS PROVIDED IN SUBSECTION (4)(D), FOR a period of 4 consecutive fiscal years following  
 27 the fiscal year in which a district is qualified by the board of public education AND CONTINGENT ON CONTINUED  
 28 COMPLIANCE WITH ANNUAL REPORTING REQUIREMENTS under subsection (3), the superintendent of public instruction  
 29 shall provide a transformational learning aid payment to the district equivalent to 50% of the ~~total~~ quality educator  
 30 payment defined in 20-9-306 FROM THE IMMEDIATE PRIOR FISCAL YEAR multiplied by the number of the district's

1 full-time equivalent educators reported under subsection (2)(a) of this section.

2 (b) The payment under this subsection (4) must be distributed directly to the school district's flexibility  
3 fund established under 20-9-543 no later than June 30 of fiscal year 2020 and by October 1 of each year  
4 beginning fiscal year 2021 by the superintendent of public instruction. The money must be expended by the  
5 district only for the purposes set forth in the district's approved transformational learning program.

6 (c) For fiscal years 2020 and 2021, a school district may not receive more than 25% of the total amount  
7 of payments made under this subsection.

8 (D) APPLICATIONS QUALIFIED BY THE BOARD OF PUBLIC EDUCATION IN FISCAL YEAR 2020 MUST BE FUNDED  
9 BEGINNING IN FISCAL YEAR 2020.

10 (5) During each year that a school district remains qualified for funding under subsection (4), the district's  
11 trustees may:

12 (a) if the obligations of transparency set forth in 20-9-116 are met, levy an annual permissive property  
13 tax not to exceed 100% of any funds distributed to the district under subsection (4). Proceeds of the levy must  
14 be deposited in the district's flexibility fund established under 20-9-543 and must be expended by the district only  
15 for the purposes of the district's approved transformational learning plan.

16 (b) transfer state or local revenue from any budgeted or nonbudgeted fund, other than the debt service  
17 fund or retirement fund, to the district's flexibility fund.

18 (6) (a) Any funds transferred pursuant to subsection (5)(b) may be expended by the district solely for the  
19 purposes of implementing the district's approved transformational learning plan. Any transfers of funds are not  
20 considered expenditures to be applied against budget authority.

21 (b) Any transfers that are not expended for the purposes of implementing the district's approved  
22 transformational learning plan within 2 full school fiscal years after the funds are transferred must be transferred  
23 back to the originating fund from which the revenue was transferred.

24 (c) The intent of subsection (5)(b) and this subsection (6) is to increase the flexibility and efficiency of  
25 school districts without an increase in local taxes. In furtherance of this intent, if transfers of funds are made from  
26 any school district fund supported by a nonvoted levy, the district may not increase its nonvoted levy for the  
27 purpose of restoring the amount of funds transferred.

28 (7) The present law base calculated for K-12 local assistance under Title 17, chapter 7, part 1, must  
29 include transformational learning aid as defined in subsection (8).

30 (8) For the purposes of this title, the following definitions apply:

1 (a) "Transformational learning" means a flexible system of pupil-centered learning that is designed to  
2 develop the full educational potential of each pupil that:

3 (i) is customized to address each pupil's strengths, needs, and interests;

4 (ii) includes continued focus on each pupil's proficiency over content; and

5 (iii) actively engages each pupil in determining what, how, when, and where each pupil learns.

6 (b) "Transformational learning aid" means 50% of the ~~total~~ quality educator payment defined in 20-9-306  
7 multiplied by:

8 (i) for fiscal year 2020, 5% of the statewide number of full-time equivalent educators FROM FISCAL YEAR  
9 2019 calculated as provided in 20-9-327;

10 (ii) for fiscal year 2021, 7.5% of the statewide number of full-time equivalent educators FROM FISCAL YEAR  
11 2020 calculated as provided in 20-9-327; and

12 (iii) for fiscal year 2022 and subsequent fiscal years, 10% of the statewide number of full-time equivalent  
13 educators FROM THE FISCAL YEAR IMMEDIATELY PRECEDING THE YEAR TO WHICH DISTRIBUTION OF TRANSFORMATIONAL  
14 AID APPLIES calculated as provided in 20-9-327.

15

16 **Section 3.** Section 20-9-116, MCA, is amended to read:

17 **"20-9-116. Resolution of intent to increase nonvoted levy -- notice.** (1) The trustees of a school  
18 district shall adopt a resolution ~~no later than June 1 in fiscal year 2017 only and~~ no later than March 31 of in fiscal  
19 year 2018 and subsequent fiscal years each fiscal year and provide notice pursuant to subsection (2) whenever  
20 the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for the purposes  
21 of funding any of the funds listed below:

22 (a) the tuition fund under 20-5-324;

23 (b) the adult education fund under 20-7-705;

24 (c) the building reserve fund under 20-9-502 and 20-9-503;

25 (d) the transportation fund under 20-10-143 and 20-10-144; ~~and~~

26 (e) the bus depreciation reserve fund under 20-10-147; and

27 (f) the flexibility fund established in 20-9-543 for the purposes in [section 2].

28 (2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the ensuing  
29 school fiscal year by:

30 (a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a minimum,

1 the estimated number of increased or decreased mills to be imposed and the estimated increased or decreased  
2 revenue to be raised compared to nonvoted levies under (1)(a) through ~~(1)(e)~~ (1)(f) imposed in the current school  
3 fiscal year and, based on the district's taxable valuation most recently certified by the department of revenue  
4 under 15-10-202, the estimated impacts of the increase or decrease on a home valued at \$100,000 and a home  
5 valued at \$200,000; and

6 (b) publishing a copy of the resolution in a newspaper that will give notice to the largest number of people  
7 of the district as determined by the trustees and posting a copy of the resolution to the school district's website."  
8

9 NEW SECTION. Section 4. Appropriation. There is appropriated \$2.6 million from the general fund  
10 to the office of public instruction for the biennium beginning July 1, 2019, for distributions of transformational  
11 learning aid to districts pursuant to [section 2(4)]. The superintendent shall allocate a sufficient portion of the  
12 appropriation for distributions in fiscal year 2020 and fiscal year 2021 that are estimated to allow for levels of  
13 district participation within this biennial appropriation and pursuant to the definition of "transformational learning  
14 aid" in [section 2(8)].  
15

16 NEW SECTION. Section 5. Codification instruction. [Sections 1 and 2] are intended to be codified  
17 as an integral part of Title 20, chapter 7, and the provisions of Title 20, chapter 7, apply to [sections 1 and 2].  
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19 NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.  
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21 NEW SECTION. Section 7. Termination. [This act] terminates June 30, 2027.  
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