

Items in **Yellow** are the responsibility of the OPI. Yellow items are **NOT** intended to provide an inclusive list of OPI duties associated with this bill.

HB 562 Establishes Community Choice Schools

HB 562 establishes the Community Choice School Act.

HB 562 describes and defines the establishment, operation, and funding of Choice Schools in Montana. In Section 2 the bill cites Article X, Section 1(3), of the Montana constitution as legislative findings and intent. Article X, Section 1(3) of the Montana constitution says, 'The legislature shall provide a basic system of free quality public elementary and secondary schools. The legislature may provide such other educational institutions, public libraries, and educational programs as it deems desirable. It shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system. The bill uses Community Choice School to be interchangeable with Choice Schools.

Section 15 of the bill defines funding for choice schools as the intent of the legislature to receive operational funding on a per-pupil basis that is equitable with the per-pupil funding within the general fund of a choice school's resident school district. The formula is outlined as follows:

- a. A choice school student enrollment is included in the student's resident district enrollment and is included for ANB purposes in the resident district's budgeting process.
- b. In the initial year of a choice school, by March 1, prior to the choice school's initial operation, the authorizer shall provide an estimate of enrollment to be included in the student's resident district and to the Office of Public Instruction (OPI) for review and ANB adjustments.
- c. The public school district where the choice school is located will receive up to 80% of a basic entitlement for the choice school in the public schools budgeting process. The choice school will receive funding for up to 80% basic entitlement from the located district where the choice school is located. The choice school authorizer is to inform the OPI not later than February 1st of the percentage, not to exceed 80% of the basic entitlement to be included in the located public school district for the ensuing fiscal year.
- d. The county treasurer of the county where the choice school is physically located is to establish a general fund and other necessary funds for the choice school separate from other districts in the county.
- e. The Superintendent of Public Instruction is to reduce the resident school district's BASE aid payment each month, August through May, by 10% of the "up to 80% basic entitlement" chosen and budgeted for the choice school plus the student amount for each full-time equivalent resident student enrolled in a choice school and deposit that amount into the choice school county held general fund.
- f. A choice school may be obligated to indebtedness. Additionally, the choice school is not subject to the debt service obligations of the district of location.
- g. Choice schools may not charge tuition fees.
- h. The governing board of a choice school is authorized to accept gifts or donations under

conditions outlined in the bill.

The student amount is described as follows:

- a. the data for achievement payment rate under 20-9-306, MCA;
- b. the Indian education for all payment rate under 20-9-306, MCA;
- c. 140% of the per-ANB amounts of the instructional block grant and related services block grant under 20-9-321, MCA; and
- d. the applicable per-ANB maximum rate established in 20-9-306, MCA, for the choice school student multiplied by the ratio, rounded to the nearest one hundredth and not to exceed 1.00, of the resident district's adopted general fund budget to the district's maximum general fund budget in the prior year.

Transition and effective date language is provided for applicability to FY 2024 and allowing that some public charter schools may be operational beginning FY 2025.

Section 16 addresses the choice school access to district facilities and land and is described within the bill language.

These amounts will be funded with state and local levy funds. These amounts will be directed to the choice school from the public school district of location. Additional state costs will be from the payments of additional basic entitlements as required by HB 562.

HB 562 states that each community choice school shall function as a local educational agency and is responsible for meeting the requirements of a local educational agency under applicable federal, state, and local laws, including those related to special education.