



AN ACT REVISING THE TRANSFORMATIONAL LEARNING PROGRAM; PROVIDING FOR A LOTTERY WHEN APPLICATIONS ARE GREATER THAN AVAILABLE FUNDING; REVISING RULEMAKING AUTHORITY; AMENDING SECTION 20-7-1602, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

**Section 1.** Section 20-7-1602, MCA, is amended to read:

**"20-7-1602. (Temporary) Incentives for creation of transformational learning programs.** (1) (a)

A school district as defined in 20-6-101 that satisfies the conditions of subsection (2) and is qualified by the board of public education pursuant to subsection ~~(3)-(4)~~ is eligible for a 4-consecutive-year provision of the transitional funding and flexibilities in subsections ~~(4) and (5) and (6)~~.

(b) A school district may be qualified by the board of public education for no more than one 4-consecutive-year provision of transitional funding and flexibilities in any 8-year period.

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

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

(b) include the district's definition of proficiency within the meaning of that term as used in 20-9-311(4)(d). The definition must not require seat time as a condition or other element of determining proficiency.

The definition must be incorporated in the district's policies and must be used for purposes of determining content and course mastery and other progress, promotion from grade to grade, grades, and graduation for pupils enrolled in the district's transformational learning program.

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

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

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

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

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

~~(3) On an annual basis, the board of public education.~~ The board of public education shall:

~~(a) establish by rule the opening and closing dates for receipt of applications and annual reports;~~

~~(b)~~ (4) The board of public education shall:

(a) on an annual basis, qualify districts that submit an application meeting the requirements of subsection (2) for the funding in subsection (4)-(5) and the flexibilities in subsection (5)-(6) until the annual appropriation is exhausted, after which further applications, including first-time applications and annual reports requesting an expansion of a previously approved plan, are to be deferred for consideration in a subsequent year, in the order of date received a lottery system draw, if and when additional funds become available for distribution; The lottery system shall assign every first-time application or request for expansion of a previously approved plan a number that will be placed into a lottery system draw that will be done by a third party. The applications will be assigned a position in the order in which the numbers are drawn. The drawing will continue until all districts are on the qualification list for the current year funding or deferred for consideration in a subsequent year.

~~(e)~~ (b) require each participating school district to submit an annual report demonstrating continued qualification for funding under this section and including a report of progress toward measurable objectives

under the school district's transformational learning plan. The school district shall include any decrease or requested increase in the number of participating full-time equivalent educators under subsection (2)(a) for adjustments to its funding. Any increase in funding based on requested increased levels of participation under subsection (2)(a) must be determined ~~in the order of date~~ in the year in which the request for a funding increase is received and augmented with a lottery system among all first-time applications and annual reports requesting an expansion of a previously approved plan and must be contingent on the availability of funds within any appropriation of the legislature. An application deferred for consideration in a subsequent year due to lack of funding must be annually updated each year after more than 1 full fiscal year has passed from the date of original submission of the application in order for the application to retain its priority by original date received.

~~(d)~~(c) on or before September 15 of even-numbered years, report to the education interim committee pursuant to 5-11-210 on the progress made by districts as submitted in the annual report and strategic plan operating under approved and funded transformational learning plans.

~~(4)~~(5) (a) ~~Except as provided in subsection (4)(d), for~~ For a period of 4 consecutive fiscal years following the fiscal year in which a district is qualified by the board of public education and contingent on continued compliance with annual reporting requirements under subsection ~~(3)~~ (4), the superintendent of public instruction shall provide a transformational learning aid payment to the district equivalent to 50% of the quality educator payment defined in 20-9-306 from the immediate prior fiscal year multiplied by the number of the district's full-time equivalent educators reported under subsection (2)(a) of this section.

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

(c) ~~For fiscal years 2020 and 2021, a~~ A school district may not receive more than 25% of the total amount of payments made under this subsection (5).

~~(d) Applications qualified by the board of public education in fiscal year 2020 must be funded beginning in fiscal year 2020.~~

~~(5)~~(6) During each year that a school district remains qualified for funding under subsection ~~(4)~~ (5),

the district's trustees may:

(a) if the obligations of transparency set forth in 20-9-116 are met, levy an annual permissive property tax not to exceed 100% of any funds distributed to the district under subsection ~~(4)~~ (5). Proceeds of the levy must be deposited in the district's flexibility fund established under 20-9-543 and must be expended by the district only for the purposes of the district's approved transformational learning plan.

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

~~(6)(7)~~ (a) Any funds transferred pursuant to subsection ~~(5)(b)~~ (6)(b) may be expended by the district solely for the purposes of implementing the district's approved transformational learning plan. Any transfers of funds are not considered expenditures to be applied against budget authority.

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

(c) The intent of subsection ~~(5)(b)~~ (6)(b) and this subsection ~~(6)~~ (7) is to increase the flexibility and efficiency of school districts without an increase in local taxes. In furtherance of this intent, if transfers of funds are made from any school district fund supported by a nonvoted levy, the district may not increase its nonvoted levy for the purpose of restoring the amount of funds transferred.

~~(7)(8)~~ The present law base calculated for K-12 local assistance under Title 17, chapter 7, part 1, must include transformational learning aid as defined in subsection ~~(8)~~ (9).

~~(8)(9)~~ For the purposes of this title, the following definitions apply:

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

- (i) is customized to address each pupil's strengths, needs, and interests;
- (ii) includes continued focus on each pupil's proficiency over content; and
- (iii) actively engages each pupil in determining what, how, when, and where each pupil learns.

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

- (i) ~~for fiscal year 2020, 5% of the statewide number of full-time equivalent educators from fiscal year~~

~~2019 calculated as provided in 20-9-327;~~

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

~~(iii) for fiscal year 2022 and subsequent fiscal years, 10% of the statewide number of full-time equivalent educators from the fiscal year immediately preceding the year to which distribution of transformational aid applies calculated as provided in 20-9-327. (Terminates June 30, 2027--sec. 7, Ch. 402, L. 2019.)"~~

**Section 2. Effective date.** [This act] is effective July 1, 2021.

**Section 3. Applicability.** The lottery system created in [this act] applies to new applications and new requests for funding increases received on or after January 1, 2022. Applications and requests for funding increases that have already been received and qualified under the existing program and are currently on the wait list for funding will maintain their existing priority position for funding as long as the application or request for funding increase remains qualified.

- END -

I hereby certify that the within bill,  
HB 89, originated in the House.

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Chief Clerk of the House

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2021.

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2021.

HOUSE BILL NO. 89

INTRODUCED BY W. MCKAMEY

BY REQUEST OF THE OFFICE OF PUBLIC INSTRUCTION

AN ACT REVISING THE TRANSFORMATIONAL LEARNING PROGRAM; PROVIDING FOR A LOTTERY WHEN APPLICATIONS ARE GREATER THAN AVAILABLE FUNDING; REVISING RULEMAKING AUTHORITY; AMENDING SECTION 20-7-1602, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.