



AN ACT GENERALLY REVISING LAWS RELATED TO THE SCHOOL FUNDING INTERIM COMMISSION; REVISING THE MEMBERSHIP OF THE COMMISSION; ESTABLISHING A DEADLINE FOR APPOINTMENTS TO THE COMMISSION; MODIFYING THE COMMISSION'S FOCUS FOR THE 2025-2026 INTERIM; CREATING AN INNOVATION AND EXCELLENCE IN EDUCATION WORKING GROUP FOR THE 2025-2026 INTERIM AND PROVIDING DUTIES OF THE WORKING GROUP; PROVIDING AN APPROPRIATION; AMENDING SECTION 5-20-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

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

Section 1. Section 5-20-301, MCA, is amended to read:

"5-20-301. School funding interim commission. (1) There is a school funding interim commission that must be formed during the 2015-2016 interim and each successive fifth interim pursuant to 20-9-309. The commission shall:

(a) conduct a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools; and **"Phase II"**

(b) if necessary, recommend to the following legislature changes to the state's funding formula;

(c) in considering changes to the funding formula or in designing a new funding formula, strive for a funding formula that:

(i) is understandable, transparent, and equitable, including adjustments for student needs, district characteristics, and local property wealth disparities;

(ii) utilizes revenue sources that are stable and predictable;

(iii) prioritizes funding the education of children in the current year, and not simply funding a system of schools based on prior year enrollment;

(iv) reduces administrative burdens and costs and drives funding toward classroom instruction;
(v) allows for parental choice within an expanded public education system;
(vi) eliminates the need for tuition payments between school districts;
(vii) minimizes property tax impacts related to the reappraisal cycle; and
(viii) incorporates free market principles where appropriate and rewards school districts based on student academic growth, achievement, and proficiency rather than head counts and seat time; and **"Phase I"**
(d) for the commission formed during the 2025-2026 interim, prior to conducting the study under subsection (1)(a), form an innovation and excellence in education working group to develop recommendations, objectives, and an implementation plan as described in subsection (10) to improve the basic system of free, quality, public elementary and secondary schools.

- (2) In conducting the study, the commission may:
- (a) review the work of previous studies and commissions;
 - (b) consider recommendations and topics provided by other interim or standing legislative committees, the board of public education, the office of public instruction, the governor's office, private organizations, professional educators, school trustees, and members of the public;
 - (c) review how the state's education funding policy has evolved as a result of litigation;
 - (d) seek input from representatives from the board of public education, the office of public instruction, the governor's office, private organizations, professional educators, school trustees, and members of the public;
 - (e) consider the state's existing and projected financial resources as well as the needs and concerns of Montana taxpayers;
 - (f) authorize research and studies to be conducted by reputable and reliable experts in the public or private sectors; and
 - (g) request research and analysis from the legislative fiscal division, the office of public instruction, the department of revenue, and any other state agency or entity that maintains information or data relevant to the study.
- (3) The members of the commission are:
- (a) six members of the house of representatives, ~~three from the majority party and three from the~~

~~minority party, three from the majority party and three from the minority party,~~ appointed by the speaker of the house in consultation with the house majority leader and the house minority leader;

(b) ~~six members of the senate, three from the majority party and three from the minority party,~~
~~three from the majority party and three from the minority party,~~ appointed by the president of the senate in consultation with the senate majority leader and the senate minority leader; and

~~(c) four members of the public to be appointed as follows:~~

~~(i) two public members appointed by the speaker of the house with the consent of the house minority leader; and~~

~~(ii) two public members appointed by the president of the senate with the consent of the senate minority leader~~

~~(c) four members of the public to be appointed as follows:~~

~~(i) two public members appointed by the speaker of the house with the consent of the house minority leader; and~~

~~(ii) two public members appointed by the president of the senate with the consent of the senate minority leader;~~

~~(d) the presiding officer of the board of public education or the presiding officer's designee;~~

~~(e) the superintendent of public instruction or the superintendent's designee;~~

~~(f) the presiding officer of the board of regents of higher education or the presiding officer's designee; and~~

~~(g) the governor or the governor's designee.~~

~~(4) Appointments to the commission must be made by May 1 in a year the commission is to form, pursuant to subsection (1).~~

~~(4)(5) The commission shall select its presiding officer and vice presiding officer, who must be legislators,~~ at the first meeting of the commission.

~~(5)(6) The commission is attached for administrative purposes to the legislative services division, and the legislative services division shall provide sufficient and appropriate support to the commission in order that it may carry out its statutory duties, within the limitations of legislative appropriations.~~

~~(6)(7) The commission is staffed by the legislative services division. The legislative fiscal analyst shall~~

assign staff to assist the commission.

~~(7)~~(8) The commission shall issue a report to the legislature in accordance with 5-11-210 on the commission's findings and recommendations, including any draft legislation for amending the state school funding formula.

~~(8)~~(9) Unless the person is a full-time salaried officer or employee of the state or a political subdivision of the state, a nonlegislative member appointed to the commission is entitled to salary and expenses to the same extent as a legislative member. If the appointee is a full-time salaried officer or employee of the state or of a political subdivision of the state, the appointee is entitled to reimbursement for travel expenses as provided for in 2-18-501 through 2-18-503.

(10) (a) The innovation and excellence in education working group is composed of the commission and others as determined by the commission. The commission shall include representation from teachers, school administrators, school trustees, and parent advocacy groups in forming the working group.

(b) The innovation and excellence in education working group shall:

"Phase I" cont'd

(i) conduct a benchmarking or gap analysis study comparing the education policies of Montana to the education policies of high-performing international and domestic education systems or review a similar analysis conducted for another state;

(ii) develop recommendations to adapt the appropriate education policies of high-performing education systems for the public education system in Montana;

(iii) identify objectives to put the education performance of pupils in Montana in parity with that of pupils in high-performing education systems and make recommendations on how to meet the identified objectives;

(iv) develop an implementation plan for the recommendations made pursuant to this subsection (10)(b), which includes an analysis of the costs of the plan; and

(v) publish its recommendations and implementation plan no later than January 30, 2026.

(c) The innovation and excellence in education working group may contract with a reputable national organization to support the working group's efforts under this subsection (10)."

Section 2. Appropriation. There is appropriated \$10,000 from the general fund to the legislative

services division for funding activities of the school funding interim commission in May and June 2025.

Section 3. Transition. Appointments made for the 2025-2026 school funding interim commission must be made within 15 days of the [effective date of this act].

Section 4. Effective date. [This act] is effective on passage and approval.

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