

**SCHOOLS AND SCHOOL DISTRICTS; Budget; N.D.E.A. Moneys—  
SCHOOLS AND SCHOOL DISTRICTS; Finances; Federal re-  
imbursement program—Section 75-3722 (8) R.C.M. 1947.**

**HELD: National Defense Education Act moneys need not be budgeted.**

July 12, 1966

Mr. Byron L. Robb  
Park County Attorney  
Livingston, Montana

Dear Mr. Robb:

You have asked whether federal moneys received under the National Defense Education Act as partial reimbursement for money originally expended from the general fund of the school district must be returned to the general fund or may they be placed in a non-budgeted fund.

It should be noted that under school finance laws, funds cannot be disbursed unless appropriated by the budget. If budgeted funds are not entirely disbursed during the budget period, they are carried over into the budget of the following year, thereby making possible a reduction in the succeeding tax levy.

For various reasons set forth therein, it was held in Opinion No. 142, Volume 18, Report and Official Opinions of the Attorney General, p. 155, that federal vocational high school funds need not be budgeted. The reasoning in that opinion applies here.

In section 75-3722, R.C.M. 1947, the legislature used the term non-budgeted fund with reference to the duties of a county treasurer to keep account of federal funds received under the N.D.E.A.

The purpose of the National Defense Education Act is "to provide substantial assistance in various forms to individuals, and to states and their subdivisions, in order to insure trained manpower of sufficient quality and quantity to meet the national defense needs of the United States." 72 Stat. 1581. The purpose of N.D.E.A. funds, then, is to provide "assistance" by supplementing local funds. If such funds had to be budgeted and then carried over in the general fund, the local funds would be reduced in the amount of the federal reimbursements.

Therefore, it is my opinion that funds received by a school district under the N.D.E.A. as a partial reimbursement of money originally expended from the district's general fund do not have to be returned

to the general fund and such funds may be placed in a non-budgeted fund.

Very truly yours,

FORREST H. ANDERSON  
Attorney General

FHA:CJ:vw