

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SELECT COMMITTEE ON EDUCATION FUNDING

Call to Order: By Chairman Ray Peck, on February 16, 1989, at
3:30 p.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

Staff Present: Dave Cogley, Andrea Merrill, Madelyn Quinlan,
Jeanne Flynn

Announcements/Discussion: The Select Committee will adjourn and
will meet on February 28, 1989.

HEARING ON HB 637

Presentation and Opening Statement by Sponsor:

Rep. Phillips see Exhibit 1.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

Nancy Keenan, Office of Public Instruction
Carl Knudson, Superintendent, Saco Public Schools
Bernard Roscing, Superintendent, Joplin-Inverness Public Schools
Robert Richards, Superintendent, Public Schools Miles City
Dale Zorn, Superintendent, Public Schools Shelby
Pat Melby, Attorney for under funded schools
Steve Brown, Attorney for Indian Impact Aid Schools
Claudette Morton, Board of Public Education
Don Engels, Montana Chamber of Commerce
Eric Feaver, MEA
Frank Loehding, Superintendent, Public Schools Peerless

Ken Nordtvedt, Director of Department of Revenue

Opponent Testimony:

Nancy Keenan, Office of Public Instruction, said that funding teacher experience is a good concept and should be considered. HB 637 does not meet the mandate of the Supreme Court decision, and in that respect she recommended setting aside this piece of legislation. This bill does not address the issue of equalizing.

Pat Melby, Attorney for the Underfunded Schools, said that he wanted to commend all of the hard work that the Legislative Finance Committee did on this bill. He stated that there are some problems in trying to tie equalization to accreditation standards, which the Supreme Court has said are only a minimum to reach. The bill would not provide equalization for school funding, nor would it provide tax reduction.

He also thinks there is a problem with the power equalization concept in that the state would find itself in a situation of looking to pay for those school districts which elected to levy mills and some school districts would elect not to raise their local budgets because they would lose substantially.

Ken Nordtvedt, Director of Department of Revenue, said that once it is decided what level of funding of our schools is in fulfillment of equalization concepts, that level should be funded be fully equalized by state contributions. The power equalization concept in some sense is contrary to the equalization principle in that it will end up using state funds to subsidize some schools to a greater degree than other schools. If we found that the level of the foundation program was inadequate to fulfill the equalization mandate, it's much preferable to use state funds to raise the foundation level than to engage in an unequalized-power equalizing activity.

Questions From Committee Members:

Rep. Kadas asked Rep. Phillips if he thought this bill was good. Rep. Phillips replied that he thinks it is a fair bill. It might turn into a good bill if we can't raise the funds that we would like to have.

Rep. Kadas said the way this bill divvies up the funds is interesting since there isn't enough money to fund it. Rep. Phillips stated that finding the funds is going to be the crucial issue. He also stated that there are several different proposals and they all require funding.

Rep. Kadas asked Rep. Phillips if he had any ideas on how we should raise the funding? Rep. Phillips stated that he thinks of all the proposals he has seen, this bill requires less of the funds, and he doesn't think funding should be all on property taxes.

Rep. Peck stated that the power equalization level was set intentionally high, in that 98% of the districts would profit from this. He asked Mr. Melby if power equalization was acceptable if it were adjusted to an average of state spending. Mr. Melby stated that his concern is that using power equalization is a substitute for equalization. You still will end up with substantial disparities in school funding for a student of one district compared to a student of another district.

Closing by Sponsor:

Rep. Phillips stated that there are some things in this bill that are worth looking at.

HEARING ON HB 623

Presentation and Opening Statement by Sponsor:

Rep. Thomas see Exhibit 2.

Rep. Thomas presented amendments to HB 623. The amendments are unproofed at this time.

Testifying Proponents and Who They Represent:

Senator Nathe

Steve Gant, Superintendent, Charlo Public Schools, support with no amendments

Bernard Roscing, Superintendent, Joplin-Inverness Public Schools

Dale Zorn, Superintendent, Shelby of Public \schools

Robert Richards, Superintendent of Schools, Miles City, support with no amendments

Pat Melby, Attorney for under funded schools, support with no amendments

Steve Brown, Attorney for Indian Impact Aid Schools

Claudette Morton, Board of Public Education

Eric Feaver, MEA

Frank Loehding, Superintendent, Peerless Public Schools

Proponent Testimony:

Robert Richards, Superintendent, Miles City said that as in attempt to get some ideas for equalization, we tried to gather support from schools both small, medium, large, rich

and poor schools. From that, we funneled our ideas to other educational organizations and other work that was being done to finally come up with this bill. See Exhibit 3.

Frank Loehding, Superintendent, Peerless Schools, also discussed Exhibit 3. He stated that the legislature needs to look at funding that goes beyond property tax. Maybe we need property tax, sales tax, and income tax, a combination so we don't just put a total burden on source of funding.

Nancy Keenan, Superintendent of Public Instruction suggested that there need to be numbers on this bill. OPI can't present the numbers because OPI doesn't know what the amendments do.

Pat Melby, Attorney for the Underfunded School Districts. This is a very good bill. You have received copies of the educational community's consensus points distributed previously. Many of the consensus points are incorporated in this bill. He thinks this bill can be made better if some of the rest of the consensus points are considered. This is a very sound, good basis for meeting the equalization test. This bill in terms of an equalization program, is a good start and will meet the tests that have been laid out by Judge Loble and by the Supreme Court.

Mr. Melby stated that his clients will support any effort that the legislature comes up with in terms of funding the schools properly. If the legislature and the Governor's Office determines that it should be done by property taxes they will support that. A sales tax would be an option, an income tax surcharge would also be an option and would be accepted too.

Testifying Opponents and Who They Represent:

Carl Knudson, Superintendent, Saco Public Schools

Opponent Testimony:

None

Questions From Committee Members:

Rep. Kadas asked Sen. Nathe if his bill (SB 203) has any money in it and why did you do it this way? Sen. Nathe stated that it is the way the superintendents and I have felt that we should proceed. If we would have put funds in this bill it would have really complicated things. It is only logical that once you agree on how equalized funding should be distributed, then you can look for a funding source.

Rep. Kadas asked if Sen. Nathe thinks that the current source of funding is part of the problem? Specifically the disparity

of property tax wealth is part of the problem. Sen. Nathe said part of the problem is the fact that this legislature has never faced up to the mess that they have created in property taxation in the state and it probably won't. We will be forced into a sales tax, because we won't address the wide disparities we have with our property tax classifications. The disparities and the way that we tax property helped bring on this lawsuit.

Rep. Kadas said that why not equalize 100% of retirement rather than just 90%? Mr. Richards replied that one problem with equalizing at 100% again is the mechanism that would give the district back the 100% of the actual cost. When we talk about putting retirement funds, we are talking about \$52 million last year. Next year's cost could well be \$55 million and there is no easy way to make up that \$3 million.

Rep. Kadas asked that if you don't put retirement into the general fund, then do you include the payments on retirement as part of the base for the 117% cap or do you leave them out since they are a different fund? Mr. Loehding said that the cap is figured strictly on the general fund.

Rep. Kadas asked what components of retirement funding are being? Mr. Loehding replied by showing Exhibit 4.

Rep. Kadas asked what is your rationale in putting a cap at 117%. Mr. Richards replied that they were trying to equalize up to 85%.

Rep. Kadas said that retirement, special education, and transportation out of the general fund, and he would like to know the reasons for keeping retirement and special education out of the general fund, particularly if the state is able to equalize those. Mr. Loehding responded that special education is still in the general fund as it is now. Transportation needed to be addressed, but it is a complex problem.

Rep. Peck asked what the difference was between the categories for a handicapped child and a non handicapped child for funding purposes. Mr. Richards responded the difference is in the level of services that is required per year. We have some special education services that, the cost per student is very high for. Rep. Peck stated that he didn't think cost should be the relevant factor, he said he feels that a child is a responsibility no matter whether he is handicapped or non handicapped. Mr. Richards said that the state has some and the federal government have some restrictions on what they will provide for a handicapped student.

Rep. Eudaily said this bill doesn't address building, debt service, transportation, or special education, so do you still think this meets the Loble decision? Mr. Melby

responded by saying this bill has to be looked at as part of an overall package.

- Rep. Peck asked Rep. Thomas if he had made an estimate on the increases the first and second year that this would create in schedule funding? Rep. Thomas stated that he had not.
- Rep. Peck then asked Mr. Nordtvedt if he had made an estimate on the increases the first and second year that this would create in funding? Mr. Nordtvedt asked if he wanted the changes in the schedules or in total dollars of state funds. Rep. Peck said that he wanted to know both. Mr. Nordtvedt said that he wanted to plan on putting money into the schedules to cover the absorption of about \$52 million worth of the retirement levies. That is done by increasing the schedules 18.6% from the present. The second year when we plan to put an additional \$100 million into the schedules for purposes of reducing voted levies and reaching our equalization levels. The new combined general fund reaches an 85% level of equalization based on 88-89 year.
- Rep. Kadas asked if there was a plan to implement an 85% implementation now? Mr. Nordtvedt said that the new general fund, after eliminating the county levies for retirement, will be equalized at 85% level. If you recall the total package of the Governor's program would increase funding 170% without special education and 176% with special education. We propose also to equalize transportation, insurance and then capital improvements by another \$25 million. The reason we stopped at the 50% level for those funds is the complexity of what those funds mean and how to equalize them. The bill calls for an executive study and perhaps the legislature will have a study of these areas over the next two years.
- Rep. Kadas then asked Mr. Nordtvedt if he agreed that the level of equalization should be 85%. Mr. Nordtvedt said that by the next session how to equalize transportation, insurance, and capital improvement will be known more completely. The goal would be 85% equalization. Our program for these two years reaches an 85% level for the general fund, because we think we ought to reach 85% after two years, and the next legislature can bring the other components in line so that school funding will be 85% equalized.
- Rep. Bardanouve asked is it a goal to equalize only with dollars from state treasury or if some equalization would be through property tax adjustments. Mr. Nordtvedt stated that he considered that the most intelligent question he has heard about the tax base, and that the fact that some districts have more taxable valuation than others. Most high valuation comes from natural resources, centrally assessed property, and personal property. That accounts to a great extent for the unequal tax bases. We are trying to make these tax bases more a state tax base rather than a local

tax base for purposes of schools. We don't have it figured out yet so it isn't part of this proposal.

Rep. Peck asked Mr. Nordtvedt to describe how the phase-in will work? Mr. Nordtvedt said that in the first year, we equalize special education to \$6 million per year more than it is presently being equalized. By abolishing the county retirement levies and replacing them by increased schedules by 18.6%, we convert \$52 million a year from an unequalized to an equalized state. The second year there is further equalization in the general fund by \$100 million to increase contribution by 30.2%. Then there is partial equalization of insurance and capital costs of \$25 million. The next legislature should figure out how to bring equalization to transportation and insurance. The whole package is near the 85% mark.

Rep. Peck asked how do you plan to phase-in on the caps? Mr. Nordtvedt said the caps go into effect immediately, within the next 1990 school year.

Rep. Peck asked Mr. Nordtvedt how many years it will take to the bring high schools down so we are within some reasonable, acceptable legal range? Mr. Nordtvedt said that there is a certain ambiguity there because the most widely recognized part of an equalized school system talks about what fraction of the funding is distributed in an equalized manner and that really gets into numerical tests of spending and disparities. As long as we are going to leave some percentage of school funding up to a local decision, on top of what the state supplies, there is going to be some disparities. We have designed a cap for a gradual way to reduce that disparity. Our goal is not to bring it to absolute zero, but to leave it in local control. Our goal is not to force any schools to reduce budgets. We are allowing the low spending schools to raise up to the high spending schools by 8% a year. There is a basic fact that the caps do tighten down on the spending increases of the high spending schools more tightly than on the average schools. If we let the high spenders increase the general fund budget as rapidly as we do the average spending schools, we are never going to close the gap.

Rep. Harrington asked Mr. Nordtvedt we are talking about schools that have kept teachers for a number of years and calling them high spending schools. Mr. Nordtvedt said he doesn't think any committee can design caps that will work long term. We have no experience in this state with caps as a brand new ingredient in school funding. The most intelligent caps that we design in this session will be reassessed by next legislature.

Closing by Sponsor:

None

ADJOURNMENT

Adjournment At: 5:10 p.m.



REP. Ray Peck, Chairman

RP/jf

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DATE 2-16-89

Form CS-30A
Rev. 1985

9. Leaves in place the current systems for funding special education, comprehensive insurance, transportation, debt service, capital outlay, tuition, bus depreciation, building, and building reserves.
10. Leaves in place the 35 percent limit on district general fund reserves.
11. Includes workers' compensation in district general fund budgets.
12. Retains average number belonging as the unit of equalization aid distribution.
13. Includes equalized and unequalized levies in one proposition to the voters.
14. Senate Bill 198 contains no revenue source for the increased state share of the foundation program and equalized levy.

Further explanation and analysis of the policy options contained in Senate Bill 198 can be found in the report of the Legislative Finance Committee to the 51st Legislature on House Joint Resolution 16.

February 16, 1989

HOUSE BILL 637 (Phillips)
Public School Funding Proposal

1) Increases the foundation program schedules to reflect inflation and the cost of complying with the quantitative portions of the proposed accreditation standards under Project Excellence. The foundation amount is the maximum general fund budget allowable without a vote. The permissive program is eliminated.

	<u>Foundation Program Cost (Millions)</u>	<u>State Share of Equalized Levy (Millions)</u>	<u>Total (Millions)</u>
Fiscal 1990	\$398.61	\$30.93	\$429.54
Fiscal 1991	419.77	32.82	452.59

2. Recognizes teacher experience as an educationally relevant factor for increasing foundation program payments. Increases the base foundation amount 16 percent for districts with 35 percent or more of its teachers having more than 3 years and not more than 7 years of credited experience and 27 percent for districts with more than 65 percent of its teachers having more than 7 years of credited experience.

3. Increases the basic county levies to 34 mills for elementary and 21 mills for high schools. Eliminates the 6 mill elementary and 4 mill high school permissive levies.

4. Provides for a power-equalized voted levy equal to 10 percent of the foundation amount. The power-equalized levy guarantees that each mill levied by a district will generate \$100 per student. Any district raising more than \$100 per student must send the excess to the state; any district generating less than \$100 per student from a mill levy will be subsidized by the state for the difference.

5. Provides for an unequalized voted levy for expenditures between 110 and 125 percent of the foundation program amount.

6. Caps school district general fund expenditures at 125 percent of the district's foundation program amount. Provides for a 4-year phase-in of the expenditure cap.

7. Does not include P.L. 874 funds in the district expenditure cap until the state meets the federal test for equalizing P.L. 874 funds.

8. Incorporates district retirement costs into district general fund budgets. Eliminates county retirement levies and incorporates net lottery revenues into the state equalization aid account.

high school) which is intended to reflect the actual total general fund expenditures of the districts of the state (voted and non-voted) in the 1987 school fiscal year and the inclusion of comprehensive insurance costs. The bill does not address funding sources for the additional schedule amount, other than transferring lottery revenue from retirement equalization to state equalization aid.

In addition, the bill makes a number of other changes which might be considered more administrative. It provides for:

- (1) an CPI inflation index to automatically increase the foundation program schedules each year (page 54, line 1, and page 56, line 5);
- (2) distribution of state equalization aid to the districts in monthly payments, with a 20% payment on July 15 (page 69, line 7, page 70, line 4);
- (3) limitation of the general fund reserve which may be carried by a district to 20% of its general fund budget for the ensuing school year, but excepts districts which receive no state equalization aid (page 44, line 17).

The bill does not make any change in the level or method of funding of special education, except that as drafted it does eliminate tuition for special ed students. If full funding is to be required, that will have to be amended in. The bill does not address transportation, capital outlay, adult education, or use of PL 874 funds. It does not affect ANB calculation, number of school days, the present system of county equalization, the elementary and secondary mandatory mill levy, or other sources of funding currently designated. It makes no change in the structure of the foundation program schedules.

Many language changes in the bill are non-substantive. In drafting this and other school funding equalization bills an attempt was made to use consistent language and style in the areas where the same issue or goal was addressed. For instance, the term "attendance agreement" replaced "tuition agreement" in the bills which eliminate tuition payments. The term "maximum general fund budget without a vote" is replaced with "foundation program" or "foundation program amount" in the bills eliminating the permissive levy and making the foundation program fund 100% of the general fund budget without a vote. Other changes reflect clean up of provisions left over from legislative changes made in the past. For instance, references to "vocational technical center fund" are deleted because of the transfer of those centers to the board of regents by House Bill 39 (1987). Some statutes currently contain incomplete references to revenue sources designated by other statutes, and an attempt was made to provide a complete listing of such other statutes for the convenience of the code user. For instance, see section 36, amendment of 20-9-333 (2)(d).

Summary of House Bill 623
(introduced copy)
Prepared by Dave Cogley
February 8, 1989

This bill, as introduced, makes the following changes in the current system of school funding:

1) eliminates the comprehensive insurance fund maintained by districts and includes comprehensive insurance costs in the district's general fund budget (page 19, line 20; page 49, line 12; and repeal of 20-9-105);

2) eliminates payment of tuition between districts (page 22, line 16 through page 31, line 4; repeal of 20-5-303 through 20-5-307, 20-5-312, and 20-5-313). In eliminating tuition the provision for attendance agreements and approval agents was retained to govern the access of nonresident pupils to schools. If there were to be no restrictions, then these provisions could be deleted also.

3) provides for equalization of retirement funding by authorizing the calculation and imposition by the superintendent of public instruction of a state levy on taxable property sufficient to fund 90% of each district's cost of retirement, social security, and unemployment contributions (page 76; line 18). I-105 is amended to allow this levy (page 2, line 13). Lottery revenue currently earmarked for retirement equalization is rerouted to the foundation program (page 78, line 19). The 90% level relates to equalization of general fund at 85% elsewhere in the bill, with addition of 5% to reflect inflation since the calculation of the levy is based on retirement costs incurred in the prior school fiscal year. This method equalizes tax effort to support retirement, but does not equalize (by ANB) the expenditure by the districts for retirement.

(4) eliminates the present district permissive levy of up to 10 mills (repeal of 20-9-352). This results in the foundation program becoming 100% of maximum general fund budget without a vote, hence in drafting the bill the term "maximum general fund budget without a vote" or equivalent terminology has been changed to "foundation program" for clarification. Other definitional statutes are amended to reflect this result (pages 49 through 60).

(5) limits the amount of any additional voted levy so that the maximum allowable general fund budget may not exceed 117% of the foundation program (maximum general fund budget without a vote) of the district (page 72, line 18). This results in 85% equalization of the districts' maximum general fund budgets. The bill provides a five year "phase in" period for high-spending districts to meet the limitation.

The bill increases the foundation program schedules for elementary and high school districts by a factor (1.6 for elementary, 1.65 for

A SUMMARY OF SCHOOL FUNDING EQUALIZATION PROPOSALS

Prepared for the
Select Committees on Education
House Education and Cultural Resources Committee
Senate Education and Cultural Resources Committee

by

Andrea Merrill, Staff Researcher, Legislative Council

Dave Cogley, Staff Attorney, Legislative Council

Madalyn Quinlan, Associate Fiscal Analyst,
Office of Legislative Fiscal Analyst

Helen MacPherson, Secretary, Legislative Council

February 6, 1989

GLOSSARY OF ABBREVIATIONS USED IN CHART

ANB -- average number belonging

Ave. -- average

BPE -- Board of Public Education

Bldg./debt -- district debt service, building fund, building
reserve

Elem. -- elementary schools

FP -- Foundation Program

FY -- school fiscal year

GF -- school district general fund for operation and
maintenance

H.S. -- high schools

Spec. ed. -- special education

Transp. -- transportation

Workers' comp. -- Workers' compensation insurance

Some language changes in the bills on the following chart are nonsubstantive. In drafting school funding equalization bills, an attempt was made to use consistent language and style in the areas in which the same issue or goal was addressed. For instance, the term "attendance agreement" replaced "tuition agreement" in the bills that eliminate tuition payments. The term "maximum-general-fund-budget-without-a-vote" is replaced with "foundation program" or "foundation program amount" in the bills eliminating the permissive levy and making the foundation program fund 100% of the general fund budget without a vote.

Other changes reflect clean-up of provisions left over from legislative changes made in the past. For instance, references to "vocational technical center fund" are deleted because of the transfer of those centers to the Board of Regents in House Bill 39 (1987). Some statutes currently contain incomplete references to revenue sources designated by other statutes, and an attempt was made to provide a complete listing of such other statutes for the convenience of the Montana Code Annotated user. For instance, see Section 34 of Senate Bill 203, amendment of 20-9-333(2)(d), MCA.

CURRENTHB 575,
KADASSB 203
NATHESB 198
REGAN

- | | | | | |
|-----|--|--|---|---|
| 8. | <u>Voted levies</u>
unlimited except
for I-105 | Voted levies
limited to 117% of
FP plus transp. &
spec. ed.; excluded
from I-105 | Voted levies
limited to 117% of
FP; excluded from
<u>I-105</u> | Retain but cap
at 25% above
FP by FY 94;
phase-in limit
until then; 1st
10% of voted
equalized by
guarantee and
recapture |
| 9. | <u>State revenue</u>
sources earmarked
for FP | No change except
add lottery | No change except
<u>add lottery</u> | No change
except add
lottery |
| 10. | <u>County revenues</u>
received from
federal forest
funds, Taylor
Grazing, motor
vehicle, misc.,
used for county
equalization | No change | <u>No change</u> | No change |
| 11. | <u>PL 874</u> not counted
as resource for
equalization | PL 874 counted
under cap when
state meets federal
equity test | <u>No change</u> | PL 874 counted
under cap when
state meets
federal equity
test |
| 12. | <u>General fund</u>
<u>reserve</u> limit of
35%; no penalty for
exceeding limit | 20% limit on GF
reserve by FY 95
except districts
receiving no state
equalization.
Excess cash
reappropriated or
reverted to FP;
appeal to OPI in
special cases | 20% limit on GF
<u>reserve except</u>
districts receiving
no state
<u>equalization</u> | No change |
| 13. | <u>FP structure &</u>
<u>schedules</u> based on
school size | No change in
categories;
adjusted 216% to
account for FY 87
average costs | No change in
categories, adjust
\$ <u>amount</u> by factors
to reflect FY 88 GF
spending statewide;
provide inflation
index for <u>automatic</u>
<u>adjustment in</u>
<u>future years</u> | New schedules
w/teacher
experience
factors and new
school size
categories |

p. 53

CURRENT

HB 575,
KADAS

SB 203
NATHE

SB 198
REGAN

1. 17 funds for all school costs; reserves for each

Only 2 budgeted funds: general, bldg./debt. Reserves for each

Retain current funds except add comprehensive insurance to GF

Retain current funds except add retirement and workers' comp. to GF

County retirement levy, using lottery for equalization; (25-mill average)

Eliminate levy; retirement in GF; lottery \$ to state equalization

Separate fund but 90% equalized with state levy; lottery \$ to state equalization

Eliminate levy; retirement in GF; lottery \$ to state equalization

3. District levy for comprehensive insurance; (5-mill average)

Insurance in GF, funded as part of FP

Included in GF as part of FP

Retain as separate fund, but workers' comp. in GF

4. Separate tuition account

No tuition charges; students counted in school attended. Attendance agreements

No tuition charges; students counted in school attended. Attendance agreements

No change

5. No limit on total expenditures; FP schedules not based on actual costs

FP schedules reflect FY 87 ave. expenditures per district size for all budgeted items but bldg./debt; voted cap at 117% of FP payment by 1995 (FP--85%, voted--15%)

FP schedules reflect 100% of FY 88 GF expenditures. Voted cap at 117% of FP

Study of proposed standards used as cost basis for new FP schedules; cap at 125% of FP (FP 80%, voted 20%)

6. Mandatory 45-mill levy, collected at county (28 mills elem., 17 mills h.s.)

Mandatory 103 mills for elem., 63 mills, h.s. Substitutes for all nonvoted county/district levies except bldg./debt.

No change

No change

7. Permissive levies for elem. and h.s.

Eliminate permissive levy

Eliminate permissive levy

Eliminate permissive levy

CURRENT

HB 575,
KADAS

SB 203
NATHE

SB 198
REGAN

22. Phase in

Effective for FY 91
school year; cap in
effect for FY 95;
5-year grace period
for limits on
districts

Effective for FY 90
school year; cap in
effect for FY 95

4-year phase-in
of expenditure
cap, effective
July 1, 1989

M5024 9035AMHM

CURRENTHB 575,
KADASSB 203
NATHESB 198
REGAN

- | | | | | |
|-----|---|---|--|---|
| 14. | Minimum <u>180-day</u> school year with no maximum; no limit on days creates disequity in FP payments | Funding is per student, not per days; see no. 15 | <u>No change</u> | No change |
| 15. | Payments based on <u>average number belonging</u> (ANB is 150,000, but actual pupils approx. 130,000) | ANB redefined; ANB based on ave. of 6 student counts per year | <u>No change</u> | Retain ANB method for new schedules |
| 16. | <u>Building/debt service</u> not equalized | Legislative interim study | <u>No change</u> ✓ | No change; study suggested in HJR 16 work |
| 17. | <u>Transportation</u> program separate | Transportation in GF. State funding of FY 90 costs- \$30M. OPI & BPE study & distribute for FY 91; subject to expenditure cap | <u>No change</u> ✓ | No change; study suggested in HJR 16 work |
| 18. | <u>Special education</u> separate appropriation; part of school general fund; separate accounting and OPI oversight | No change but payment subject to expenditure cap | <u>No change</u> ✓ | No change |
| 19. | Elementary and high school <u>districts</u> may be separate | No change | <u>No change</u> | No change |
| 20. | Current <u>payment schedule</u> is 5 times per year | 12 monthly payments of at least 8% | <u>Monthly payments with 20% 1st month</u> | No change |
| 21. | Additional components or issues | Adult educ. in GF; studies in No. 16 & 17 | | State guarantee of \$100/ANB for 1st 10% above FP |

NEW CALCULATIONS: FISCAL 1989 EXPENDITURES

	Elementary	High School	Total
General	278,821,752	170,124,441	\$448,946,193
Retirement	53,910,496	18,541,625	\$72,452,121
Comp. Insurance	6,547,670	4,746,074	\$11,293,744
Foundation program			
80%	155,386,983	87,773,340	\$243,160,323
20%	38,843,744	22,443,461	\$61,287,205
Spec. Ed.	(17,492,512)	(7,072,554)	(\$24,565,066)
FINDR PROG SCHEDULE	\$176,740,215	\$105,144,252	\$281,884,467
RATIO Genl-Co Ins/FUND	161%	164%	163%
WITH SPEC. ED.	179%	175%	179%

7.11.003
31A0
001

11. Title, page 2, line 4.
Following: "20-9-201,"
Insert: "20-9-212,"

12. Title, page 2, line 5.
Strike: "20-9-318"
Insert: "20-9-316"

13. Title, page 2, line 6.
Strike: "20-9-353,"
Strike: "20-9-531, 20-9-532,"

14. Title, page 2, lines 8 and 9.
Strike: "20-9-105" through "AND" on line 9
Following: "20-9-352,"
Insert: "20-9-501, 20-9-531, AND 20-9-532,"

15. Title, page 2, line 9.
Strike: "AN"

16. Title, page 2, line 10.
Strike: "DATE"
Insert: "DATES"

17. Page 2, line 13, through page 5, line 4.
Strike: sections 1 and 2 in their entirety
Insert: "Section 1. Section 17-3-213, MCA, is amended to read:
"17-3-213. Allocation to general road fund and countywide
school levies. (1) The forest reserve funds so apportioned to
each county ~~shall must~~ be apportioned by the county treasurer in
each county ~~between the several funds~~ as follows:
(a) to the general road fund, 66 2/3% of the total amount
received;
(b) to the following countywide school levies, 33 1/3% of
the total sum received:
(i) the annual basic tax levy for elementary schools
provided for in 20-9-331;
(ii) the annual special tax for high schools provided for in
20-9-333; and
(iii) the high school transportation fund provided for in
20-10-143;
~~(iv) the elementary teacher retirement and social security
fund provided for in 20-9-501;~~
~~(v) the high school teacher retirement and social security
fund provided for in 20-9-501.~~
(2) The apportionment of money to the funds provided for
under subsection (1)(b) ~~shall must~~ be made by the county
superintendent based on the proportion that the mill levy of each
fund bears to the total number of mills for all the funds.
Whenever the total amount of money available for apportionment
under this section is greater than the total requirements of a
levy, the excess money and any interest income must be retained
in a separate reserve fund, to be reapportioned in the ensuing
school fiscal year to the levies designated in subsection (1)(b).
(3) In counties ~~wherein~~ in which special road districts

Amendments to House Bill No.623
Introduced CopyRequested by Representative Thomas
For the Select Committee on EducationPrepared by Dave Cogley
February 16, 1989

1. Title, line 5.
Strike: "COMPREHENSIVE INSURANCE"
Insert: "SCHOOL PERSONNEL RETIREMENT COSTS"
2. Title, line 7.
Following: "OF"
Insert: "THE SCHOOL"
3. Title, lines 8 and 9.
Following: "LEVY"
Strike: "OF ALL ELEMENTARY AND HIGH SCHOOLS"
Insert: ", INCLUDING RETIREMENT"
4. Title, lines 9 through 12.
Following: "SCHEDULES;"
Strike: remainder of line 9 through "DISTRICT;" on line 12
Insert: "TO LIMIT ANNUAL INCREASES IN EACH DISTRICT'S MAXIMUM
GENERAL FUND BUDGET; TO REQUIRE THE ALLOWABLE COST SCHEDULE
FOR SPECIAL EDUCATION PERSONNEL TO BE BASED ON THE AVERAGE
STATEWIDE SALARY FOR VARIOUS CATEGORIES OF SPECIAL EDUCATION
PERSONNEL;"
5. Title, lines 15 and 16.
Following: "LEVY;"
Strike: remainder of line 15 through "INFLATION;" on line 16
6. Title, lines 18 through 22.
Following: "AID;"
Strike: remainder of line 18 through "105;" on line 22
7. Title.
Following: line 24
Insert: "TO PROVIDE FOR A STUDY OF THE EQUALIZATION OF
TRANSPORTATION, INSURANCE, AND CAPITAL EXPENDITURES;"
8. Title, line 25.
Strike: "15-10-402, 17-7-502,"
Insert: "17-3-213, 19-4-605,"
9. Title, page 2, line 1.
Strike: "20-3-331,"
10. Title, page 2, line 3.
Strike: "20-6-608,"

~~and it shall be their duty to perform the following duties or acts:~~

(1) employ or dismiss a teacher, principal, or other assistant upon the recommendation of the district superintendent, the county high school principal, or other principal as the board ~~may deem~~ considers necessary, accepting or rejecting ~~such any~~ recommendation as the trustees shall in their sole discretion determine, in accordance with the provisions of Title 20, chapter 4;

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance personnel, school bus drivers, food service personnel, nurses, and any other personnel ~~deemed~~ considered necessary to carry out the various services of the district;

(3) administer the attendance and tuition provisions and otherwise govern the pupils of the district in accordance with the provisions of the pupils chapter of this title;

(4) call, conduct, and certify the elections of the district in accordance with the provisions of the school elections chapter of this title;

(5) participate in the teachers' retirement system of the state of Montana in accordance with the provisions of the teachers' retirement system chapter of Title 19;

(6) participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

(7) organize, open, close, or acquire isolation status for the schools of the district in accordance with the provisions of the school organization part of this title;

(8) adopt and administer the annual budget or an emergency budget of the district in accordance with the provisions of the school budget system part of this title;

(9) conduct the fiscal business of the district in accordance with the provisions of the school financial administration part of this title;

(10) establish the ANB, foundation program, ~~permissive levy,~~ additional levy, cash reserve, and state impact aid amount for the general fund of the district in accordance with the provisions of the general fund part of this title;

(11) establish, maintain, budget, and finance the transportation program of the district in accordance with the provisions of the transportation parts of this title;

(12) issue, refund, sell, budget, and redeem the bonds of the district in accordance with the provisions of the bonds parts of this title;

(13) when applicable, establish, financially administer, and budget for the tuition fund, ~~retirement fund,~~ building reserve fund, adult education fund, nonoperating fund, school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, and interlocal cooperative agreement fund in accordance with the provisions of the other school funds parts of this title;

(14) when applicable, administer any interlocal cooperative agreement, gifts, legacies, or devises in accordance with the provisions of the miscellaneous financial parts of this title;

have been created according to law, the board of county commissioners shall distribute a proportionate share of the 66 2/3% of the total amount received for the general road fund to ~~such the special road district or districts~~ within the county based upon the percentage that the total area of ~~such the~~ road district bears to the total area of the entire county."

Section 2. Section 19-4-605, MCA, is amended to read:

"19-4-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of pensions and annuities ~~shall must~~ be accumulated and from which pensions, annuities, and benefits in lieu thereof ~~shall of pensions and annuities must~~ be paid to or on account of beneficiaries credited with prior service. Contributions to and payments from the pension accumulation fund ~~shall must~~ be made as follows:

(1) Each employer shall pay into the pension accumulation fund an amount equal to 7.428% of the earned compensation of each member employed during the whole or part of the preceding payroll period.

(2) If the employer is a district or community college district, the trustees shall budget and pay for the employer's contribution ~~under the provisions of 20-9-501~~ in the general fund budget.

(3) If the employer is the superintendent of public instruction, a public institution of the state of Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's contribution.

(4) If the employer is a county, the county commissioners shall budget and pay for the employer's contribution in the manner provided by law for the adoption of a county budget and for payments under the budget.

(5) All interest and other earnings realized on the ~~moneys~~ money of the retirement system ~~shall must~~ be credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity savings fund ~~shall must~~ be transferred to that fund from the pension accumulation fund.

(6) All pensions, annuities, and benefits in lieu thereof ~~shall of pensions and annuities must~~ be paid from the pension accumulation fund.

(7) The retirement board may, in its discretion, transfer from the pension accumulation fund an amount necessary to cover expenses of administration."

18. Page 9, lines 11 and 12.

Strike: line 11 through "20-9-532;" on line 12

Renumber: subsequent subsection

19. Page 15.

Following: line 13

Insert: " Section 6. Section 20-3-324, MCA, is amended to read:

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall ~~have the power~~

25. Page 40, line 1.

Strike: "entire"

Insert: "average"

Following: "cost"

Insert: "as determined under subsection (5)"

26. Page 40, line 2.

Strike: "such"

Insert: "the"

27. Page 40, line 3.

Strike: "entire"

Insert: "average"

28. Page 40, line 23.

Strike: "entire"

Insert: "average"

Following: "cost"

Insert: "as determined under subsection (5)"

29. Page 40, line 24.

Strike: "such"

Insert: "the"

30. Page 40, line 25.

Strike: "entire"

Insert: "average"

31. Page 41, line 8.

Strike: "entire"

Insert: "average"

Following: "cost"

Insert: "as determined under subsection (5)"

32. Page 41, line 9.

Following: "such"

Insert: "the"

33. Page 41, line 10.

Strike: "entire"

Insert: "average"

34. Page 43, line 5, through page 44, line 2.

Strike: subsections (5) and (6) in their entirety

Insert: "(5) To determine the allowable cost for special education personnel provided for in subsections (1)(a) and (1)(b) for the ensuing school fiscal year, the superintendent of public instruction shall:

(a) require each district that received special education funding for the current school fiscal year to submit, by December 1 of the current year, documentation of the salaries received by all special education personnel funded under this section for the current school fiscal year;

(b) calculate, from the documentation submitted

(15) hold in trust, acquire, and dispose of the real and personal property of the district in accordance with the provisions of the school sites and facilities part of this title;

(16) operate the schools of the district in accordance with the provisions of the school calendar part of this title;

(17) establish and maintain the instructional services of the schools of the district in accordance with the provisions of the instructional services, textbooks, vocational education, and special education parts of this title;

(18) establish and maintain the school food services of the district in accordance with the provisions of the school food services parts of this title;

(19) make ~~such~~ any reports from time to time as the county superintendent, superintendent of public instruction, and board of public education may require;

(20) retain, when ~~deemed~~ considered advisable, a physician or registered nurse to inspect the sanitary conditions of the school or the general health conditions of each pupil and, upon request, make available to any parent or guardian any medical reports or health records maintained by the district pertaining to his child;

(21) for each member of the trustees, visit each school of the district not less than once each school fiscal year to examine its management, conditions, and needs, except trustees from a first-class school district may share the responsibility for visiting each school in the district;

(22) procure and display outside daily in suitable weather at each school of the district an American flag ~~which shall be~~ that measures not less than 4 feet by 6 feet; and

(23) perform any other duty and enforce any other requirements for the government of the schools prescribed by this title, the policies of the board of public education, or the rules of the superintendent of public instruction.""

Renumber: subsequent sections

20. Page 19, lines 12 through 18.

Strike: section 7 in its entirety

Renumber: subsequent sections

21. Page 34, line 8.

Strike: "20-9-318"

Insert: "20-9-316"

22. Page 34, line 24 through page 35, line 5.

Strike: section 17 in its entirety

Renumber: subsequent sections

23. Page 39, line 10.

Following: "program"

Insert: "distribution"

24. Page 39, line 17.

Following: "program"

Insert: "distribution"

collected from financial institutions under 15-31-702; and

(ix) any other revenue anticipated by the trustees to be received during the ensuing school fiscal year which may be used to finance the general fund.

(c) Subtract the ~~total of the moneys~~ money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from the total requirement determined in subsection (1)(a).

(2) The net general fund levy requirement determined in subsection (1)(c) ~~shall~~ must be reported to the county commissioners on the second Monday of August by the county superintendent as the general fund levy requirement for the district, and a levy ~~shall~~ must be made by the county commissioners in accordance with 20-9-142."

Renumber: subsequent sections

36. Page 45, line 8.

Strike: "20-9-318"

Insert: "20-9-316"

37. Page 47.

Following: line 7

Insert: "Section 26. Section 20-9-201, MCA, is amended to read:

"20-9-201. Definitions and application. (1) As used in this title, unless the context clearly indicates otherwise, "fund" means a separate detailed account of receipts and expenditures for a specific purpose as authorized by law. Funds are classified as follows:

(a) A "budgeted fund" means any fund for which a budget must be adopted in order to expend any money from ~~such~~ the fund. The general fund, transportation fund, bus depreciation reserve fund, elementary tuition fund, ~~retirement fund~~, debt service fund, leased facilities fund, building reserve fund, adult education fund, nonoperating fund, vocational-technical center fund, and any other funds so designated by the legislature ~~shall~~ be are budgeted funds.

(b) A "nonbudgeted fund" means any fund for which a budget is not required in order to expend any money on deposit in ~~such~~ the fund. The school food services fund, miscellaneous federal programs fund, building fund, lease or rental agreement fund, traffic education fund, interlocal cooperative fund, and any other funds so designated by the legislature ~~shall be~~ are nonbudgeted funds.

(2) The school financial administration provisions of this title apply to all money of any elementary or high school district except the extracurricular money realized from pupil activities. The superintendent of public instruction has general supervisory authority as prescribed by law over the school financial administration provisions, as they relate to elementary and high school districts, ~~as prescribed by law and~~ . He shall ~~establish such rules as are~~ adopt rules necessary to secure compliance with the law."

Renumber: subsequent sections.

38. Page 47, line 18.

pursuant to subsection (5)(a), the average statewide salary for each of the following categories of special education personnel:

- (i) special program teachers;
 - (ii) special program aides;
 - (iii) special program supervisors and administrators;
- and
- (iv) specialists, including professional supportive personnel; and

(c) calculate the total allowable cost for special education personnel for a district, based on the average statewide salaries calculated for the categories in subsection (5)(b)."

35. Page 44.

Following: line 24

Insert: "Section 24. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the total of the funding required for the district's final general fund budget less the amount established by the schedules in 20-9-316 through 20-9-321 by totaling:

(i) the district's nonisolated school foundation program requirement to be met by a district levy as provided in 20-9-303;

~~(ii) the district's permissive levy amount as provided in 20-9-352; and~~

~~(iii)~~ (ii) any additional general fund budget amount adopted by the trustees of the district under the provisions of 20-9-353, including any additional levies authorized by the electors of the district.

(b) Determine the ~~total of the moneys money~~ available for the reduction of the property tax on the district for the general fund by totaling:

(i) anticipated federal ~~moneys money~~ received under the provisions of Title I of Public Law 81-874 or other anticipated federal ~~moneys money~~ received in lieu of ~~such federal that~~ act;

(ii) anticipated tuition payments for out-of-district pupils under the provisions of 20-5-303, 20-5-307, 20-5-312, and 20-5-313;

(iii) general fund cash reappropriated, as established under the provisions of 20-9-104;

(iv) anticipated or reappropriated state impact aid received under the provisions of 20-9-304;

(v) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204;

(vi) anticipated net proceeds taxes for interim production and new production, as defined in 15-23-601;

(vii) anticipated interest to be earned or reappropriated interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4); and

(viii) anticipated revenue from corporation license taxes

months thereafter until the end of the school fiscal year;

(8) at the direction of the trustees of a district, assist the district in the issuance and sale of tax and revenue anticipation notes as provided in Title 7, chapter 6, part 11;

(9) register district warrants drawn on a budgeted fund in accordance with 7-6-2604 when there is insufficient money available ~~in the sum of money~~ in all funds of the district to make payment of such warrant. Redemption of registered warrants ~~shall must~~ be made in accordance with 7-6-2116, 7-6-2605, and 7-6-2606.

(10) invest the money of any district as directed by the trustees of the district within 3 working days of ~~such~~ the direction;

(11) ~~give~~ each month give to the trustees of each district an itemized report for each fund maintained by the district, showing the paid warrants, outstanding warrants, registered warrants, amounts and types of revenue received, and the cash balance; and

(12) remit promptly to the state treasurer receipts for the county tax for a vocational-technical center when levied by the board of county commissioners.""

Renumber: subsequent sections

40. Page 49, line 5.

Strike: ", including insurance"

41. Page 50, line 6.

Strike: "20-9-318"

Insert: "20-9-316"

42. Page 51, line 11.

Following: "exceptions."

Insert: "(1)"

43. Page 51, line 14.

Strike: "20-9-318"

Insert: "20-9-316"

44. Page 51.

Following: line 18

Insert: "(2) If a district receives money other than from the foundation program, the district's total general fund budget may not exceed:

(a) 108% of the total general fund budget of the prior school year, if during the prior school year the district's general fund budget per pupil was 84% or less of the average general fund budget per pupil of all schools in the same foundation program schedule category;

(b) 100% of the total general fund budget of the prior school year, if during the prior school year the district's general fund budget per pupil was 116% or more of the average general fund budget per pupil of all schools in the same schedule category;

(c) the percentage of the total general fund budget of the prior school year that results from the following

Strike: "retirement fund;"

39. Page 48.

Following: line 13

Insert: "Section 28. Section 20-9-212, MCA, is amended to read:

"20-9-212. Duties of county treasurer. The county treasurer of each county shall:

(1) receive and hold all school money subject to apportionment and keep a separate accounting of its apportionment to the several districts which are entitled to a portion of ~~such~~ the money according to the apportionments ordered by the county superintendent. A separate accounting ~~shall~~ must be maintained for each county fund supported by a countywide levy for a specific, authorized purpose, including:

(a) the basic county tax in support of the elementary foundation programs;

(b) the basic special tax for high schools in support of the high school foundation programs;

(c) the county tax in support of the county's high school transportation obligation; and

~~(d) the county tax in support of the high school obligations to the retirement systems of the state of Montana;~~

~~(e) any additional county tax required by law to provide for deficiency financing of the elementary foundation programs;~~

~~(f) any additional county tax required by law to provide for deficiency financing of the high school foundation programs; and~~

~~(g)~~ (d) any other county tax for schools, including the community colleges, which may be authorized by law and levied by the county commissioners;

(2) whenever requested, notify the county superintendent and the superintendent of public instruction of the amount of county school money on deposit in each of the funds enumerated in subsection (1) of this section and the amount of any other school money subject to apportionment and apportion ~~such~~ the county and other school money to the districts in accordance with the apportionment ordered by the county superintendent;

(3) keep a separate accounting of the expenditures for each budgeted fund included in the final budget of each district;

(4) keep a separate accounting of the receipts, expenditures, and cash balances for each budgeted fund included in the final budget of each district and for each nonbudgeted fund established by each district;

(5) except as otherwise limited by law, pay all warrants properly drawn on the county or district school money and properly endorsed by their holders;

(6) receive all revenue collected by and for each district and deposit these receipts in the fund designated by law or by the district if no fund is designated by law. Interest and penalties on delinquent school taxes shall be credited to the same fund and district for which the original taxes were levied.

(7) send all ~~revenues~~ revenue received for a joint district, part of which is situated in his county, to the county treasurer designated as the custodian of ~~such revenues~~ the revenue, no later than December 15 of each year and every 3

maximum ~~shall not exceed \$1,481~~ is \$1,774 for each pupil.

(7) The maximum per pupil for all pupils (ANB) and for all elementary schools ~~shall must~~ be computed on the basis of the amount allowed ~~herein~~ in this schedule on account of the last eligible pupil (ANB). All elementary schools operated within the incorporated limits of a city or town ~~shall must~~ be treated as one school for the purpose of this schedule.

Renumber: subsequent sections

Section 33. Section 20-9-317, MCA, is amended to read:

"20-9-317. High school ~~maximum budget~~ foundation program schedule for 1985-86 school fiscal year 1990. For the school fiscal year ending June 30, 1990, the high school foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall be \$113,708~~ is \$136,206.

(2) For a secondary school having an ANB of more than 24 pupils, the maximum ~~\$4,738 shall be~~ of \$5,675 is decreased at the rate of \$25.84 \$30.95 for each additional pupil until the ANB shall have reached a total of 40 such reaches 40 pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$4,324 shall be~~ \$5,180 is decreased at the rate of \$25.84 \$30.95 for each additional pupil until the ANB shall have reached reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils, a the maximum of ~~\$2,774 shall be~~ \$3,323 is decreased at the rate of \$4.32 \$5.18 for each additional pupil until the ANB shall have reached reaches 200 pupils.

(5) For a school having an ANB of more than 200 pupils, the maximum of ~~\$2,342 shall be~~ \$2,804 is decreased by \$2.38 \$2.85 for each additional pupil until the ANB shall have reached reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils, the maximum of ~~\$2,104 shall be~~ \$2,520 is decreased at the rate of 44 52 cents until the ANB shall have reached reaches 600 pupils.

(7) For a school having an ANB ~~ever~~ of more than 600 pupils, the maximum ~~shall not exceed \$1,973~~ is \$2,360 per pupil.

(8) The maximum per pupil for all pupils (ANB) and for all high schools ~~shall must~~ be computed on the basis of the amount allowed ~~herein~~ in this section on account of the last eligible pupil (ANB). All high schools and junior high schools which have been approved and accredited as junior high schools, operated within the incorporated limits of a city or town, ~~shall must~~ be treated as one school for the purpose of this schedule. ""

46. Page 51, line 21.

Strike: "1990"

Insert: "1991"

47. Page 51, line 23.

Strike: "1990"

Insert: "1991"

48. Page 52, line 2.

Strike: "\$32,253"

calculation, if during the prior school year the district's general fund budget per pupil was more than 84% or less than 116% of the average general fund budget per pupil of all schools in the same schedule category:

$$1.04\% - \frac{\text{percent of average budget per pupil} - 100}{400}$$

(3) Prior to March 1 the superintendent of public instruction shall calculate the average general fund budget per pupil of the districts in each foundation program schedule category, and shall determine the percentage of average budget per pupil that each district in each category budgeted during the current school year."

45. Page 51.

Following: line 18

Insert: "Section 32. Section 20-9-316, MCA, is amended to read:

"20-9-316. Elementary school ~~maximum budget~~ foundation program schedule for 1985-86 school fiscal year 1990. For the school fiscal year ending June 30, 1990, the elementary school foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum ~~shall be \$19,959~~ is \$23,907 if said the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum ~~shall be \$19,959~~ is \$23,907 plus \$834.10 \$999.20 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum ~~shall be \$32,714~~ is \$39,188 plus \$834.10 \$999.20 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum ~~shall be \$27,466~~ is \$32,900 plus \$834.10 \$999.20 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(5) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum ~~shall be \$43,851~~ is \$52,528 plus \$522.40 \$625.73 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 50.

(6) For schools having an ANB in excess of 40, the maximum on the basis of the total pupils (ANB) in the district ~~for elementary pupils will be~~ is as follows:

(a) For a school having an ANB of more than 40 and employing a minimum of three teachers, the maximum of ~~\$1,938~~ shall be \$2,321 is decreased at the rate of ~~\$1.88~~ \$2.25 for each additional pupil until the total number (ANB) ~~shall have reached a total of reaches~~ reaches 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,825~~ shall be \$2,186 is decreased at the rate of ~~\$1.72~~ \$2.06 for each additional pupil until the ANB ~~shall have reached reaches~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the

61. Page 54, line 12.
Strike: "1990"
Insert: "1991"

62. Page 54, line 15.
Strike: "\$192,939"
Insert: "\$177,204"

63. Page 54, line 17.
Strike: "\$8,039"
Insert: "\$7,383"

64. Page 54, line 18.
Strike: "\$43.85"
Insert: "\$40.27"

65. Page 54, line 22.
Strike: "\$7,338"
Insert: "\$6,739"

66. Page 54, line 23.
Strike: "\$43.85"
Insert: "\$40.27"

67. Page 55, line 1.
Strike: "\$4,707"
Insert: "\$4,323"

68. Page 55, line 2.
Strike: "\$7.34"
Insert: "\$6.74"

69. Page 55, line 5.
Strike: "\$3,973"
Insert: "\$3,648"

70. Page 55, line 6.
Strike: "\$4.03"
Insert: "\$3.71"

71. Page 55, line 9.
Strike: "\$3,570"
Insert: "\$3,279"

72. Page 55, line 10.
Strike: "74"
Insert: "68"

73. Page 55, line 13.
Strike: "\$3,348"
Insert: "\$3,076"

74. Page 55, line 23, through page 56, line 11.
Strike: subsection (9) in its entirety

Insert: "\$31,103"

49. Page 52, line 5.

Strike: "~~\$32,253~~"

Insert: "\$31,103"

50. Page 52, line 6.

Strike: "~~\$1,348~~"

Insert: "\$1,300"

51. Page 52, line 11.

Strike: "~~\$52,867~~"

Insert: "\$50,984"

Strike: "~~\$1,348~~"

Insert: "\$1,300"

52. Page 52, line 14.

Strike: "~~\$44,386~~"

Insert: "\$42,803"

53. Page 52, line 15.

Strike: "~~\$1,348~~"

Insert: "\$1,300"

54. Page 52, line 19.

Strike: "~~\$70,864~~"

Insert: "\$68,339"

Strike: "~~\$844.20~~"

Insert: "\$814.07"

55. Page 53, line 2.

Strike: "~~\$3,131~~"

Insert: "\$3,020"

Strike: "~~\$3.04~~"

Insert: "\$2.93"

56. Page 53, line 6.

Strike: "~~\$2,949~~"

Insert: "\$2,844"

57. Page 53, line 7.

Strike: "~~\$2.78~~"

Insert: "\$2.68"

58. Page 53, line 10.

Strike: "~~\$2,394~~"

Insert: "\$2,308"

59. Page 53, line 19, through page 54, line 7.

Strike: subsection (8) in its entirety

60. Page 54, line 10.

Strike: "~~1990~~"

Insert: "1991"

from the following sources ~~shall~~ must be used for the equalization of the high school district foundation programs of the county as prescribed in 20-9-334, and a separate accounting ~~shall must~~ be kept of ~~these proceeds~~ the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state ~~moneys~~ money distributed to the county as a payment in lieu of the property taxation established by the county levy required by this section, including the federal forest reserve funds allocated under the provisions of 17-3-213;

(c) net proceeds taxes for interim production and new production, as defined in 15-23-601; and

(d) anticipated revenue from ~~vehicle~~ property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, and 61-3-537, 67-3-204."

Renumber: subsequent sections

82. Page 70, line 1, through page 72, line 13.
Strike: section 39 in its entirety

83. Page 74, line 7, through page 77, line 6.
Strike: sections 41, 42, and 43 in their entirety

84. Page 78, line 17.
Following: "Repealer."

Insert: "(1) Sections 20-9-352, 20-9-501, 20-9-531, and 20-9-532, MCA, are repealed.
(2)"

85. Page 78, lines 18 and 19.
Strike: "20-9-105, 20-9-316, 20-9-317, and 20-9-352"

86. Page 78.
Following: line 23
Strike: section 48 in its entirety

Insert: "NEW SECTION. Section 49. Interim study of funding for school district transportation, capital expenditures, and comprehensive insurance. The office of budget and program planning shall:

(1) during school fiscal years 1990 and 1991, study the transportation, capital outlay, and comprehensive needs of the elementary and high school districts, and methods of distributing aid in an equalized manner; "

(2) seek the advice and recommendations of the superintendent of public instruction and the board of public education during the study process;

(3) report recommendations resulting from its study to the 52nd Legislature and prepare legislation to implement its recommendations; and

(4) develop incentive and accountability programs to enhance equalization of educational opportunity as well as the quality of education provided to Montana public school

75. Page 56, line 21.
Following: "and"
Insert: "20-9-317 and"

76. Page 57, line 13.
Strike: "20-9-318 and"
Insert: "20-9-316 through"

77. Page 57, line 19.
Following: "program"
Insert: "distribution"

78. Page 57, line 21.
Strike: "amount"
Insert: "distribution"

79. Page 58, line 12.
Strike: "and 20-9-318"

80. Page 60, line 11.
Following: "~~or~~"
Insert: "20-9-316(3) or"

81. Page 64.
Following: line 8
Insert: " Section 40. Section 20-9-333, MCA, is amended to read:
"20-9-333. Basic special levy and other revenues for county equalization of high school district foundation program. (1) ~~It shall be the duty of the~~ The county commissioners of each county ~~to shall~~ levy an annual basic special tax for high schools of 17 mills on the dollar of the taxable value of all taxable property within the county, except for ~~vehicles subject to taxation under 61-3-504(2)~~ property subject to a tax or fee in lieu of tax under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the purposes of local and state foundation program support. The revenue ~~to be~~ collected from this levy ~~shall~~ must be apportioned to the support of the foundation programs of high school districts in the county and to the state special revenue fund, state equalization aid account, in the following manner:
(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the estimated ~~revenues~~ revenue identified in ~~subsections (2)(a) and (2)(b)~~ below shall ~~be~~ subsection (2) is subtracted from the sum of the county's high school tuition obligation and the total of the foundation programs of all high school districts of the county.
(b) If the basic levy prescribed by this section produces more revenue than is required to finance the difference determined ~~above~~ in subsection (1)(a), the county treasurer shall remit the surplus to the state treasurer for deposit to the state special revenue fund, state equalization aid account, immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.
(2) The ~~proceeds~~ revenue realized from the county's portion of the levy prescribed in this section and the ~~revenues~~ revenue

pupils.

NEW SECTION. Section 50. District retirement fund balance-transfer. A district that has a balance remaining on [the effective date of this section] in the district retirement fund formerly established under 20-9-501 shall transfer the balance to the district general fund. The amount anticipated to be transferred under this section must be included in the total money calculated under 20-9-141(1)(b) that is available for reduction of the property tax levy imposed in 1990 for the district's general fund.

Renumber: subsequent section

87. Page 79, line 3.

Strike: "date. [This act] is"

Insert: "dates. (1) [Sections 1, 2, 6, 16, 17, 22, 24, 26, 28 through 40, 42, 46, 47(1), and 48 through 51] are effective July 1, 1989.

(2) [Sections 3 through 5, 7 through 15, 18 through 21, 23, 25, 27, 41, 43 through 45, and 47(2)] are effective July 1, 1990."