

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SELECT COMMITTEE ON EDUCATION FUNDING

Call to Order: By Chairman Ray Peck, on March 30, 1989, at 11:00 a.m.

#### ROLL CALL

Members Present: All members were present.

Members Excused: None

Members Absent: None

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

#### DISPOSITION OF SB 203

##### Motion:

Rep. Kadas moved to accept an amendment by Rep. Cobb requiring the county treasurer to invest, for school district purposes, the school equalization tax receipts within 3 days of receipt. (See Exhibit 1.)

##### Votes:

The motion was passed unanimously with all members voting aye.

##### Motion:

Rep. Harrington moved to accept an amendment by Rep. Ramirez to include an appropriation to promote telecommunications technology to enhance educational opportunities for public schools (\$200,000 for a consultant in Department of Administration and \$300,000 for network development). (See Exhibit 2.)

##### Votes:

The motion passed with all members voting aye except for Rep. Kadas and Rep. Glaser.

##### Motion:

Rep. Grinde moved to remove a portion of the statement of intent regarding supplemental appropriations to offset county equalization deficiencies (last sentence of first paragraph on page 3 of statement).

##### Votes:

The motion passed with all members voting aye.

Motion:

Rep. Kadas moved to include in the statement of intent that OPI rulemaking include an exemption to the transportation fund limitation for a district with a transportation contract for fiscal 1991 which contains an escalator clause for costs. (See Exhibit 3.)

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Eudaily moved to remove from the statement of intent the provision that OPI could provide for a permanent exemption from the transportation fund limitation in certain circumstances.

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Kadas moved to include a provision that the limitation on general fund reserves does not apply when the amount in excess of the limitation is equal to or less than any amount received under PL 874 during the current school fiscal year. (See Exhibit 4.)

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Glaser moved that the schedule "decliner" amount for category 7, elementary schools, (100 to 300 ANB) be adjusted from \$2.48 to \$1.48 on page 57, line 23. Costs would be \$393,000 and could be absorbed into the base of approximately \$420 million so schedule adjustments would not be necessary for other categories. (See Exhibit 5.)

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Schye moved to remove retirement from the general fund and require OPI to cover actual retirement costs per district through a statewide levy. (See Exhibit 6.)

Votes:

The motion failed on a tie with Rep. Eudaily voting nay, Rep. Gilbert voting nay, Rep. Glaser voting nay, Rep. Grinde voting nay, Rep. Harrington voting aye, Rep. Kadas voting aye, Rep. Schye voting aye and Rep. Peck voting aye.

Motion:

Rep. Eudaily moved to amend the appropriation in Section 59 to reflect more accurate amounts for the schedules, transportation, and special education retirement -- amount

to be determined by staff. (See Exhibit 7.)

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Eudaily moved to make a technical amendment on page 88 clarifying that the transportation fund budget limitation applies only to the over-schedule amount of the transportation budget. (See Exhibit 8 and 9.)

Votes:

The motion passed with all members voting aye.

Motion:

Rep. Kadas moved to change 100 mills in bill to 120 mills and increase the income tax allocation to the state equalization account from 31.8% to 40%.

Votes:

The motion failed on a tie with Rep. Eudaily voting nay, Rep. Gilbert voting nay, Rep. Glaser voting nay, Rep. Grinde voting nay, Rep. Harrington voting aye, Rep. Kadas voting aye, Rep. Schye voting aye and Rep. Peck voting aye.

Motion:

Rep. Eudaily moved to concur in SB 203, as amended by substitute bill (including statement of intent).

Votes:

The motion passed with Rep. Harrington voting nay, Rep. Kadas voting nay, Rep. Schye voting nay, rep. Eudaily voting aye, Rep. Gilbert voting aye, Rep. Glaser voting aye, Rep. Grinde voting aye and Rep. Peck voting aye.

Motion:

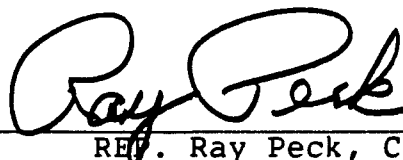
Rep. Kadas moved to adopt the statement of intent to be attached to SB 203.

Votes:

The motion passed with all members voting aye.

ADJOURNMENT

Adjournment At: 11:45 a.m.



REP. Ray Peck, Chairman

RP/jf

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DATE 3-30-89

Form CS-30A  
Rev. 1985

STANDING COMMITTEE REPORT

March 31, 1989

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Mr. Speaker: We, the select committee on Education Funding report that SENATE BILL 203 (third reading copy -- blue) be concurred in as amended .

Signed: \_\_\_\_\_  
Ray Peck, Chairman

And, that such amendments read:

1. Title, line 5.

Following: "~~INSURANCE~~"

Insert: "COMPREHENSIVE INSURANCE AND"

2. Title, lines 8 and 9.

Strike: "ESTABLISH A SCHOOL TERM AS 180 DAYS"

Insert: "LIMIT TO 180 THE NUMBER OF PUPIL INSTRUCTION DAYS FOR WHICH FOUNDATION PROGRAM SUPPORT MAY BE RECEIVED"

3. Title, line 10.

Strike: "100 PERCENT OF THE"

Insert: "EACH"

4. Title, lines 10 and 11.

Strike: "DISTRICTS'" through "LEVY" on line 11

5. Title, lines 12 and 13.

Strike: "INCLUDING" through "SCHEDULES;"

6. Title, line 15.

Following: "~~DISTRICT,~~"

Insert: "DISTRICT'S GENERAL-FUND-BUDGET-WITHOUT-A-VOTED-LEVY; "

7. Title, lines 15 and 16.

Strike: "ANNUAL INCREASES IN EACH DISTRICT'S"

Insert: "THE"

8. Title, lines 16 through 19.

Following: "BUDGET"

Insert: "OF DISTRICTS TO 130 PERCENT OF THE FOUNDATION PROGRAM AMOUNT FOR THE DISTRICT WITH CERTAIN EXCEPTIONS"

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Following: "I"

Strike: "TO REQUIRE" through "PERSONNEL;" on line 19

9. Title, line 19.

Following: "TO"

Insert: "FURTHER"

10. Title, lines 20 and 21.

Strike: "A" through "AID"

Insert: "CERTAIN DISTRICTS"

11. Title, page 2, lines 3 and 4.

Strike: "TO ELIMINATE TUITION PAYMENTS BETWEEN DISTRICTS;"

Insert: "TO IMPOSE A 45-MILL STATEWIDE LEVY IN SUPPORT OF STATE  
EQUALIZATION AID AND TO STATUTORILY APPROPRIATE THE  
PROCEEDS; TO INCREASE THE COUNTY ELEMENTARY LEVY TO 34 MILLS  
AND THE COUNTY HIGH SCHOOL LEVY TO 21 MILLS; TO EXCLUDE ALL  
SCHOOL LEVIES FROM THE PROPERTY TAX LIMITATIONS OF  
INITIATIVE MEASURE NO. 105;"

12. Title, page 2, line 5.

Following: "PAYMENTS;"

Insert: "TO REQUIRE STATE FUNDING OF TRANSPORTATION SCHEDULE  
AMOUNTS AND LIMIT TOTAL TRANSPORTATION EXPENDITURES; TO  
ADJUST THE FOUNDATION PROGRAM SCHEDULES FOR SCHOOL FISCAL  
YEAR 1991 AND SUCCEEDING YEARS;"

13. Title, page 2, line 6.

Strike: "STUDY"

Insert: "LEGISLATIVE OVERSIGHT COMMITTEE ON SCHOOL FUNDING  
IMPLEMENTATION TO DIRECT STUDIES"

14. Title, page 2, line 7.

Following: "EXPENDITURES"

Insert: "AND TO PERFORM OTHER DUTIES"

Following: "I"

Insert: "TO PROVIDE AN APPROPRIATION;"

15. Title, page 2, line 8.

Following: "17-7-502,"

Insert: "2-7-504, 15-10-402,"

Following: "17-3-213,"

Insert: "17-7-502,"

16. Title, page 2, line 9.

Strike: "20-1-301, 20-1-304,"

Strike: "20-3-210,"

17. Title, page 2, lines 10 and 11.

Following: "~~20-3-331,~~"  
Strike: "20-5-101," through "20-5-314,"  
Insert: "20-3-331, 20-5-305, 20-5-312,"

18. Title, page 2, line 11.  
Following: "20-6-401,"  
Insert: "20-6-506,"  
Following: "~~20-6-608,~~"  
Insert: "20-6-608,"

19. Title, page 2, line 12.  
Strike: "20-7-420 THROUGH"  
Strike: "20-7-424,"  
Following: "20-7-431,"  
Insert: "20-7-442,"

20. Title, page 2, line 13.  
Following: "20-9-212,"  
Insert: "20-9-213,"  
Following: "20-9-303,"  
Insert: "20-9-311, 20-9-312,"  
Following: "20-9-315,"  
Insert: ",,"

21. Title, page 2, line 14.  
Following: "~~20-9-318~~"  
Insert: "20-9-318"  
Following: "20-9-333,"  
Insert: "20-9-334,"

22. Title, page 2, line 15.  
Following: "~~20-9-353,~~"  
Strike: "20-9-505,"  
Insert: "20-9-353,"  
Strike: "20-10-105,"  
Insert: "20-9-506, 20-10-104, 20-10-141 THROUGH 20-10-145,"

23. Title, page 2, lines 16 and 17.  
Strike: "20-5-303," through "20-5-313,"

24. Title, page 2, line 18.  
Following: "~~AND~~"  
Insert: "20-9-105,"  
Following: "20-9-531,"  
Strike: "AND"  
Following: "20-9-532,"  
Insert: "AND 20-10-146,"

25. Title, page 2, line 19.

Following: "DATES"  
Insert: "AND AN APPLICABILITY DATE"

26. Title, page 2.  
Following: line 19  
Insert:  
"

#### STATEMENT OF INTENT

It is the intent of the legislature to enhance equality of educational opportunity for students in the elementary schools and high schools of Montana by revising the school funding laws to provide greater equalization of the funding available to school districts and to promote equalization of school district expenditures per student. It is the further intent of the legislature to preserve local control of the public school system, as guaranteed by Montana's constitution.

For these purposes the legislature determines to equalize funding aid to the school districts through the foundation program schedules for the school fiscal year ending June 30, 1991, and succeeding years in an amount equal to the following percentages of the total costs incurred by all the districts in the state in school fiscal year 1988: 100% of retirement, social security, and unemployment insurance, except costs associated with salaries for special education personnel; 90% of comprehensive insurance, after subtracting Public Law 81-874 support for insurance; and 90% of general fund expenditures, after subtracting special education and Public Law 81-874 general fund support.

The legislature also determines to include retirement and other benefits associated with the salaries of special education personnel as costs for which foundation program support for special education is allowed and determines to fully fund approved allowable costs for the special education programs of the school districts through the foundation program.

The legislature also determines to provide state funding for transportation costs in school fiscal year 1991 in the amount provided by the statutory transportation schedules and to require a study, prior to the next legislative session, of permanent methods of equalizing transportation funding and costs.

In order to promote greater equalization of expenditures per student between districts yet provide flexibility for each district to meet its individual needs as determined by the district board of trustees, the legislature determines that the general fund budget of each district must be limited to 130% of the district's foundation program entitlement, except as provided



by 20-9-315.

The legislature determines that the over-schedule amount in the transportation fund budget of each district is to be limited to the over-schedule amount of transportation expenditures in school fiscal year 1988, except as allowed by the superintendent of public instruction under 20-10-143(2) in case of emergency or unusual circumstances. It is intended that the superintendent of public instruction adopt rules necessary to implement this provision, including rules that address the unusual circumstances and emergency situations that may occur to require a district to increase the transportation fund budget beyond the limitation, such as anticipated enrollment increases, the destruction or impairment of transportation property, the need for new or altered routes due to school population changes, or other extenuating circumstances. It is specifically intended that the rules allow appropriate increases for districts that have contracts containing escalator clauses with transportation providers.

It is intended that while school districts may conduct more than 180 days of instruction, a school district may not receive foundation program support for more than 180 days of pupil instruction.

Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and 20-9-213 the superintendent of public instruction is required to adopt rules establishing requirements for budgeting and financial administration of public school districts, including accounting and reporting requirements. Under 20-9-344 the board of public education has authority to require any reports it considers necessary. It is intended that school districts be required to maintain accounting systems using generally accepted accounting principles and that the superintendent of public instruction adopt rules necessary to implement the requirement. The superintendent of public instruction shall provide training and assistance to the districts as necessary to enable the districts to comply.

It is intended that the districts be required to file accurate and timely reports with the superintendent of public instruction. Districts must be required to provide student and school district data as may be required by the superintendent of public instruction concerning the condition of education in Montana, including personnel information, student and school district demographics, assessment of student and school district achievement, and other appropriate educational factors necessary to enable the legislature to assess the equality of educational opportunity being provided by the public school districts and to

determine the amount of state aid to be distributed to school districts. Districts shall also provide data to meet grant requirements and other national reporting needs.

It is intended that the superintendent of public instruction conduct training and provide forms for the personnel responsible for completing reports. Whenever possible, the superintendent of public instruction shall develop methods for collecting educational data electronically, utilizing formats consistent with school district data processing capabilities. The educational data must be maintained in an electronic format easily accessible by other state agencies and the legislature.

It is intended that the superintendent of public instruction employ two additional full-time-equivalent personnel during fiscal year 1990 and three full-time-equivalent personnel during fiscal year 1991 for the purpose of establishing standard accounting and reporting practices in the public school districts.

The legislature determines that if county equalization revenue is deficient because of noncollected tax payments, state equalization aid may be provided to offset the delinquency.

State equalization aid may be withheld from school districts, as provided by 20-9-344, that do not comply with accounting and reporting requirements. "

27. Pages 1 through 108.

Strike: everything following the enacting clause

Insert: " Section 1. Section 2-7-504, MCA, is amended to read:

"2-7-504. Accounting methods. ~~The Unless otherwise required by law, the~~ department shall prescribe the general methods and details of accounting for the receipt and disbursement of all ~~moneys~~ money belonging to governmental entities referred to in this part and shall establish in those offices general methods and details of accounting. All governmental entity officers shall conform with the standards prescribed by the department."

Section 2. Section 15-10-402, MCA, is amended to read:

"15-10-402. Property tax limited to 1986 levels. (1) Except as provided in subsections (2) and (3), the amount of taxes levied on property described in 15-6-133, 15-6-134, 15-6-136, 15-6-139, 15-6-142, and 15-6-144 may not, for any taxing jurisdiction, exceed the amount levied for taxable year 1986.

(2) The limitation contained in subsection (1) does not

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apply to levies for rural improvement districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; elementary and high school districts, Title 20; or bonded indebtedness.

(3) New construction or improvements to or deletions from property described in subsection (1) are subject to taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

Section 3. 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; and

(ii) the annual special tax for high schools provided for in 20-9-333;—

~~(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.

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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 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 4. 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."

Section 5. Section 20-3-106, MCA, is amended to read:

"20-3-106. Supervision of schools -- powers and duties. The superintendent of public instruction has the general supervision of the public schools and districts of the state, and he shall perform the following duties or acts in implementing and enforcing the provisions of this title:

(1) resolve any controversy resulting from the proration of costs by a joint board of trustees under the provisions of 20-3-362;

(2) issue, renew, or deny teacher certification and emergency authorizations of employment;

(3) negotiate reciprocal tuition agreements with other states in accordance with the provisions of 20-5-314;

(4) serve on the teachers' retirement board in accordance with the provisions of 2-15-1010;

(5) approve or disapprove the orders of a high school boundary commission in accordance with the provisions of 20-6-311;

(6) approve or disapprove the opening or reopening of a school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-505;

(7) approve or disapprove school isolation within the limitations prescribed by 20-9-302;

(8) generally supervise the school budgeting procedures prescribed by law in accordance with the provisions of 20-9-102 and prescribe the school budget format in accordance with the provisions of 20-9-103 and 20-9-506;

(9) establish a system of communication for calculating joint district revenues in accordance with the provisions of 20-9-151;

(10) approve or disapprove the adoption of a district's emergency budget resolution under the conditions prescribed in 20-9-163 and publish rules for an application for additional state aid for an emergency budget in accordance with the approval and disbursement provisions of 20-9-166;

(11) generally supervise the school financial administration provisions as prescribed by 20-9-201(2);

(12) prescribe and furnish the annual report forms to enable the districts to report to the county superintendent in accordance with the provisions of 20-9-213(5) and the annual report forms to enable the county superintendents to report to the superintendent of public instruction in accordance with the provisions of 20-3-209;

(13) approve, disapprove, or adjust an increase of the average number belonging (ANB) in accordance with the provisions of 20-9-313 and 20-9-314;

(14) distribute state equalization aid in support of the foundation program in accordance with the provisions of 20-9-342, 20-9-346, and 20-9-347;

(15) distribute state impact aid in accordance with the provisions of 20-9-304;

(16) provide for the uniform and equal provision of transportation by performing the duties prescribed by the provisions of 20-10-112;

(17) approve or disapprove an adult education program for which a district proposes to levy a tax in accordance with the provisions of 20-7-705;

(18) request, accept, deposit, and expend federal ~~moneys~~ money in accordance with the provisions of 20-9-603;

(19) authorize the use of federal ~~moneys~~ money for the support of an interlocal cooperative agreement in accordance with the provisions of 20-9-703 and 20-9-704;

(20) prescribe the form and contents of and approve or disapprove interstate contracts in accordance with the provisions

of 20-9-705;

(21) approve or disapprove the conduct of school on a Saturday or on pupil-instruction-related days in accordance with the provisions of 20-1-303 and 20-1-304;

(22) recommend standards of accreditation for all schools to the board of public education and evaluate compliance with ~~such~~ the standards and recommend accreditation status of every school to the board of public education in accordance with the provisions of 20-7-101 and 20-7-102;

(23) collect and maintain a file of curriculum guides and assist schools with instructional programs in accordance with the provisions of 20-7-113 and 20-7-114;

(24) establish and maintain a library of visual, aural, and other educational media in accordance with the provisions of 20-7-201;

(25) license textbook dealers and initiate prosecution of textbook dealers violating the law in accordance with the provisions of the textbooks part of this title;

(26) as the governing agent and executive officer of the state of Montana for K-12 vocational education, adopt the policies prescribed by and in accordance with the provisions of 20-7-301;

(27) supervise and coordinate the conduct of special education in the state in accordance with the provisions of 20-7-403;

(28) administer the traffic education program in accordance with the provisions of 20-7-502;

(29) administer the school food services program in accordance with the provisions of 20-10-201, 20-10-202, and 20-10-203;

(30) review school building plans and specifications in accordance with the provisions of 20-6-622;

(31) prescribe the method of identification and signals to be used by school safety patrols in accordance with the provisions of 20-1-408;

(32) provide schools with information and technical assistance for compliance with the student assessment rules

provided for in 20-2-121 and collect and summarize the results of ~~such~~ the student assessment for the board of public education and the legislature; and-

~~(33) administer the distribution of state retirement equalization aid in accordance with 20-9-532; and~~

~~(34)~~ (33) perform any other duty prescribed from time to time by this title, any other act of the legislature, or the policies of the board of public education."

Section 6. Section 20-3-205, MCA, is amended to read:

"20-3-205. Powers and duties. The county superintendent has general supervision of the schools of the county within the limitations prescribed by this title and shall perform the following duties or acts:

(1) determine, establish, and reestablish trustee nominating districts in accordance with the provisions of 20-3-352, 20-3-353, and 20-3-354;

(2) administer and file the oaths of members of the boards of trustees of the districts in his county in accordance with the provisions of 20-3-307;

(3) register the teacher or specialist certificates or emergency authorization of employment of any person employed in the county as a teacher, specialist, principal, or district superintendent in accordance with the provisions of 20-4-202;

(4) act on each tuition application submitted to him in accordance with the provisions of 20-5-301, 20-5-302, 20-5-304, and 20-5-311 and transmit the tuition information required by 20-5-312;

(5) file a copy of the audit report for a district in accordance with the provisions of 20-9-203;

(6) classify districts in accordance with the provisions of 20-6-201 and 20-6-301;

(7) keep a transcript and reconcile the district boundaries of the county in accordance with the provisions of 20-6-103;

(8) fulfill all responsibilities assigned to him under the provisions of this title regulating the organization, alteration, or abandonment of districts;



(9) act on any unification proposition and, if approved, establish additional trustee nominating districts in accordance with 20-6-312 and 20-6-313;

(10) estimate the average number belonging (ANB) of an opening school in accordance with the provisions of 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

(11) process and, when required, act on school isolation applications in accordance with the provisions of 20-9-302;

(12) complete the budgets, compute the budgeted revenues and tax levies, give notices of the budget meetings, file final and emergency budgets, and fulfill such other responsibilities assigned to him under the provisions of this title regulating school budgeting systems;

(13) submit an annual financial report to the superintendent of public instruction in accordance with the provisions of 20-9-211;

(14) quarterly, unless otherwise provided by law, order the county treasurer to apportion state money, county school money, and any other school money subject to apportionment in accordance with the provisions of 20-9-212, 20-9-334, 20-9-347, or 20-10-145, ~~or 20-10-146~~;

(15) act on any request to transfer average number belonging (ANB) in accordance with the provisions of 20-9-313(3);

(16) calculate the estimated budgeted general fund sources of revenue in accordance with the provisions of 20-9-348 and the other general fund revenue provisions of the general fund part of this title;

(17) compute the revenues and the district and county levy requirements for each fund included in each district's final budget and report ~~such~~ the computations to the board of county commissioners in accordance with the provisions of the general fund, transportation, bonds, and other school funds parts of this title;

(18) file and forward bus driver certifications, transportation contracts, and state transportation reimbursement claims in accordance with the provisions of 20-10-103, 20-10-143, or 20-10-145;

(19) for districts which do not employ a district superintendent or principal, recommend library book and textbook

selections in accordance with the provisions of 20-7-204 or 20-7-602;

(20) notify the superintendent of public instruction of a textbook dealer's activities when required under the provisions of 20-7-605 and otherwise comply with the textbook dealer provisions of this title;

(21) act on district requests to allocate federal money for indigent children for school food services in accordance with the provisions of 20-10-205;

(22) perform any other duty prescribed from time to time by this title, any other act of the legislature, the policies of the board of public education, the policies of the board of regents relating to community college districts, or the rules of the superintendent of public instruction;

(23) administer the oath of office to trustees without the receipt of pay for administering the oath;

(24) keep a record of his official acts, preserve all reports submitted to him under the provisions of this title, preserve all books and instructional equipment or supplies, keep all documents applicable to the administration of the office, and surrender ~~such~~ all records, books, supplies, and equipment to his successor;

(25) within 90 days after the close of the school fiscal year, publish an annual report in the county newspaper stating the following financial information for the school fiscal year just ended for each district of the county:

(a) the total of the cash balances of all funds maintained by the district at the beginning of the year;

(b) the total receipts that were realized in each fund maintained by the district;

(c) the total expenditures that were made from each fund maintained by the district; and

(d) the total of the cash balances of all funds maintained by the district at the end of the school fiscal year; and

(26) hold meetings for the members of the trustees from time to time at which matters for the good of the districts shall be discussed."

Section 7. 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 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;

(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~~ 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."

Section 8. Section 20-3-331, MCA, is amended to read:

"20-3-331. Purchase of liability insurance. The trustees of any district may purchase insurance coverage for the district, trustees, and employees against liability for the death, injury, or disability of any person or damage to property. The trustees shall include the cost of coverage in the general fund budget of the district."

Section 9. Section 20-5-305, MCA, is amended to read:

"20-5-305. Elementary tuition rates. (1) Whenever a pupil of an elementary district has been granted approval to attend a school outside of the district in which he resides, under the provisions of 20-5-301 or 20-5-302, ~~such the district of~~ residence shall pay tuition to the elementary district where the pupil attends school. Except as provided in subsection (2), the basis of the rate of tuition shall be determined by the attended district. The rate of tuition ~~shall~~ must be determined by:

(a) totaling the actual expenditures from the district general fund, and the debt service fund, ~~and, if the pupil is a resident of another county, the retirement fund;~~

(b) dividing the amount determined in subsection (1)(a) by the ANB of the district for the current fiscal year, as determined under the provisions of 20-9-311; and

(c) subtracting the total of from the amount determined in subsection (1)(b) the per-ANB amount allowed by 20-9-316 through

~~20-9-321 that represents the foundation program schedules as prescribed by 20-9-303 plus the per ANB amount determined by dividing the state financing of the district permissive levy by the ANB of the district, from the amount determined in subsection (1)(b).~~

(2) The tuition for a full-time elementary special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation of elementary tuition for full-time elementary special education pupils as designated in 20-9-311 for funding purposes."

Section 10. Section 20-5-312, MCA, is amended to read:

"20-5-312. Reporting, budgeting, and payment for high school tuition. (1) Except as provided in subsection (2), at the close of the school term of each school fiscal year, the trustees of each high school district shall determine the rate of tuition for the current school fiscal year by:

(a) totaling the actual expenditures from the district general fund, and the debt service fund, ~~and, if the pupil is a resident of another county, the retirement fund;~~

(b) dividing the amount determined in subsection (1)(a) above by the ANB of the district for the current fiscal year, as determined under the provisions of 20-9-311; and

(c) ~~subtracting the total of from the amount determined in subsection (1)(b) the per-ANB amount allowed by 20-9-316 through 20-9-321 that represents the foundation program schedules as prescribed by 20-9-303 plus the per ANB amount determined by dividing the state financing of the district permissive levy by the ANB of the district, from the amount determined in subsection (1)(b) above.~~

(2) The tuition for a full-time high school special education pupil must be determined under rules adopted by the superintendent of public instruction for the calculation of tuition for full-time high school special education pupils as designated in 20-9-311 for funding purposes.

(3) Before July 15, the trustees shall report to the county superintendent of the county in which the district is located:

(a) the names, addresses, and resident districts of the pupils attending the schools of the district under an approved tuition agreement;

(b) the number of days of school attended by each pupil;

(c) the amount, if any, of each pupil's tuition payment that the trustees, in their discretion, ~~shall~~ have the authority to waive; and

(d) the rate of current school fiscal year tuition, as determined under the provisions of this section.

(4) When the county superintendent receives a tuition report from a district, he shall immediately send the reported information to the superintendent of each district in which the reported pupils reside.

(5) When the district superintendent receives a tuition report or reports for high school pupils residing in his district and attending an out-of-district high school under approved tuition agreements, he shall determine the total amount of tuition due ~~each~~ the out-of-district high schools on the basis of the following per-pupil schedule: the rate of tuition, number of pupils attending under an approved tuition agreement, and other information provided by each high school district where resident district pupils have attended school.

(6) The total amount of the high school tuition, with consideration of any tuition waivers, for pupils attending a high school outside the county of residence ~~shall~~ must be financed by the county basic special tax for high schools as provided in 20-9-334. In December, the county superintendent shall cause the payment by county warrant of at least one-half of the high school tuition obligations established under this section out of the first ~~moneys~~ proceeds realized from the county basic special tax for high schools. The remaining obligations must be paid by June 15 of the school fiscal year. The payments ~~shall~~ must be made to the county treasurer of the county where each high school entitled to tuition is located. The county treasurer shall credit ~~such~~ the tuition receipts to the general fund of the applicable high school district, and the tuition receipts ~~shall~~ must be used in accordance with the provisions of 20-9-141.

(7) For pupils attending a high school outside their district of residence but within the county of residence, the total amount of the tuition, with consideration of any tuition waivers, must be paid during the ensuing school fiscal year. The trustees of the sending high school district shall include the tuition amount in the tuition fund of the preliminary and final budgets. This budgeted tuition amount is not subject to the budget adjustment provisions of 20-9-132. The county superintendent shall report the net tuition fund levy requirement

for each high school district to the county commissioners on the second Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in accordance with 20-9-142. This levy requirement ~~shall~~ must be calculated by subtracting from the total expenditure amount authorized in the final tuition fund budget the sum of the cash balance in the tuition fund at the end of the immediately preceding school fiscal year plus any other anticipated money that may be realized in the tuition fund. The trustees shall pay by warrants drawn on the tuition fund the tuition amounts owed to each district included in the county superintendent's notification. Payments ~~shall~~ must be made whenever there is a sufficient amount of cash available in the tuition fund but no later than the end of the school fiscal year for which the budget is adopted. However, if the trustees of either the sending or receiving high school district feel the transfer privilege provided by this subsection is being abused, they may appeal to the county superintendent of schools, who shall hold a hearing and either approve or disapprove the transfer."

Section 11. Section 20-6-401, MCA, is amended to read:

"20-6-401. Definitions. As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Component districts" ~~are~~ means the elementary or high school districts incorporated into the enlarged district.

(2) "Eligible pupils" ~~shall be~~ means the average number belonging (ANB) for the current school year in the operating schools of the component districts and the tuition pupils residing in the component districts and attending another district's school under the tuition provisions of the school laws, except that the pupils residing in the component district having the largest total number of pupils ~~shall be~~ are ineligible for bonus payment consideration.

(3) "Enlarged district" ~~is~~ means the elementary or high school district resulting from the consolidation or annexation of two or more component districts.

(4) "General bonus payment" for first- and second-class school districts ~~shall~~ must be \$300 per eligible pupil per year for a period of 3 years and ~~will~~ must be deposited in the enlarged district's general fund. General bonus payment for third-class school districts ~~shall~~ must be \$500 per eligible pupil per year for a period of 3 years and ~~will~~ must be deposited in the enlarged district's general fund. ~~Such~~ The general bonus



payment ~~shall~~ must be made from the state school equalization aid account.-

~~(5) "Transportation bonus payment" will be the provision of 66 2/3% state financing of the on-schedule transportation amount as provided by the transportation provisions of the school laws. When an eligible pupil is entitled to transportation, the enlarged district shall be entitled to the transportation bonus payment for such eligible pupil for a period of 3 years. Such payment shall be made from the state transportation aid account. When the eligible pupil rides a bus providing transportation for ineligible pupils, the 66 2/3% state financing of the on-schedule amount for this payment shall be prorated to provide such financing for the eligible pupil."~~

Section 12. Section 20-6-506, MCA, is amended to read:

"20-6-506. Budgeting and cost sharing when junior high school operated by elementary district and high school district operating a county high school. (1) Whenever the opening of a junior high school is approved for the ensuing school fiscal year under 20-6-505, the county superintendent shall estimate the average number belonging (ANB) after investigating the probable enrollment for the junior high school. The ANB determined by the county superintendent and the ANB actually realized in subsequent school fiscal years ~~shall~~ must be applied under 20-9-320 to prorate the ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation program amount between the elementary and high school districts. Each district shall adopt its general fund budget on the basis of the prorated amount and shall finance its proportionate share of the cost of operating the junior high school.

(2) The cost of operating the junior high school ~~shall~~ must be prorated between the elementary district and the high school district on the basis of the ratio that the number of pupils of their district is to the total enrollment of the junior high school."

Section 13. Section 20-6-603, MCA, is amended to read:

"20-6-603. Trustees' authority to acquire or dispose of sites and buildings -- when election required. (1) The trustees of any district ~~shall have the authority to~~ may purchase, build, exchange, or otherwise acquire, ~~or sell, or otherwise~~ dispose of sites and buildings of the district. ~~Such action shall~~ Action may not be taken by the trustees without the approval of the qualified electors of the district at an election called for ~~such~~ the purpose of approval unless:

(a) a bond issue has been authorized for the purpose of constructing, purchasing, or acquiring the site or building;

(b) an additional levy under the provisions of 20-9-353 has been approved for the purpose of constructing, purchasing, or acquiring the site or building;

(c) the cost of constructing, purchasing, or acquiring the site or building is financed without exceeding the ~~maximum general fund budget without a vote amount prescribed in 20-9-316 through 20-9-321~~ foundation program amount provided in 20-9-303, and, in the case of a site purchase, the site has been approved under the provisions of 20-6-621; or

(d) ~~moneys are~~ money is otherwise available under the provisions of this title and the ballot for the site approval for ~~such the~~ building incorporated a description of the building to be located on the site.

(2) When an election is conducted under the provisions of this section, it ~~shall~~ must be called under the provisions of 20-20-201 and ~~shall~~ must be conducted in the manner prescribed by this title for school elections. An elector qualified to vote under the provisions of 20-20-301 ~~shall be permitted to~~ may vote in ~~such the~~ election. If a majority of those electors voting at the election approve the proposed action, the trustees may take the proposed action."

Section 14. Section 20-6-608, MCA, is amended to read:

"20-6-608. Authority and duty of trustees to insure district property. The trustees of any district shall ~~have the authority and it shall be their duty to~~ insure any or all real and personal property of the district. The trustees shall include the cost of insurance in the general fund budget of the district."

Section 15. Section 20-7-414, MCA, is amended to read:

"20-7-414. Determination of children in need and type of special education needed -- approval of classes and programs by superintendent. (1) The determination of the children requiring special education and the type of special education needed by these children ~~shall be~~ is the responsibility of the trustees, and ~~such the determination shall~~ must be made in compliance with the procedures established in the rules of the superintendent of public instruction. Whenever the trustees of a school district or the governing authority of an institution learn of a handicapped

child in their jurisdiction who is in need of special education, they shall determine whether the child is in need of a surrogate parent by determining whether the parents or guardian is unknown or unavailable or if the child is a ward of the state. The determination must be made within 10 days of the date on which the trustees of a school district or the governing authority of an institution learned of the presence of the child in the district. If the child is in need of a surrogate parent, the trustees of a school district or the governing authority of an institution must nominate a surrogate parent for the child as provided in 20-7-461.

(2) Whenever the trustees of any district intend to establish a special education class or program, they shall apply for approval and funding of the class or program by the superintendent of public instruction. The superintendent of public instruction shall approve or disapprove the application for the special education class or program on the basis of its compliance with the laws of the state of Montana, the special education policies adopted by the board of public education, and the rules of the superintendent of public instruction. No special education class may be operated by the trustees without the approval of the superintendent of public instruction. Each special education class or program must be approved annually to be funded as part of the ~~maximum budget without a vote~~ foundation program for special education."

Section 16. Section 20-7-422, MCA, is amended to read:

"20-7-422. Out-of-state tuition for special education children. (1) If the trustees of any district recommend to the superintendent of public instruction the attendance of a child in need of special education in a special education program offered outside of the state of Montana, ~~such~~ the arrangements ~~shall~~ are not be subject to the out-of-state attendance provisions of the laws governing the attendance of pupils in schools outside the state of Montana.

(2) Whenever the attendance of a child at an out-of-state special education program is approved by the superintendent of public instruction, ~~it shall be the responsibility of the superintendent of public instruction~~ shall, in cooperation with the department of family services, ~~to~~ negotiate the program for the child and the amount and manner of payment of tuition. The amount of tuition ~~shall~~ must be included as a contracted service in 20-7-431(1)(a)(iii)(A) ~~in the maximum budget without a vote~~ foundation program amount for special education."

Section 17. Section 20-7-431, MCA, is amended to read:

"20-7-431. Allowable cost schedule for special programs -- superintendent to make rules -- annual accounting. (1) For the purpose of determining the ~~maximum budget without a vote~~ foundation program amount for special education as defined in 20-9-321, the following schedule of allowable costs ~~shall~~ must be followed by the school district in preparation of its special education budget for state aid request purposes and by the superintendent of public instruction in his review and approval of the budget (for the purposes of determining the amount of the ~~maximum budget without a vote~~ foundation program for special education for the district, and as used in this schedule, "full-time special pupil" and "regular ANB" are to be determined in accordance with 20-9-311 and 20-9-313):

(a) instruction: salaries, benefits, supplies, textbooks, and other expenses including:

(i) salaries and benefits of special program teachers, regular program teachers, teacher aides, special education supervisors, audiologists, and speech and hearing clinicians--the entire cost if employed full time in the special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the entire working time which each ~~such~~ person devotes to the special program;

(ii) teaching supplies and textbooks if used exclusively for special programs--the actual total cost;

(iii) other expenses:

(A) contracted services, including fees paid for professional advice and consultation regarding special students or the special program, and the delivery of special education services by public or private agencies--the actual total cost;

(B) transportation costs for special education personnel who ~~must~~ travel on an itinerant basis from school to school or district to district or to in-state child study team meetings or in-state individualized education program meetings--the actual cost to the district calculated on the same mileage rate used by the district for other travel reimbursement purposes;

(b) supportive services, including:

(i) salaries and benefits of professional supportive personnel--the entire cost if employed full time in the special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the

entire working time which each ~~such~~ person devotes to the special program. Professional supportive personnel may include counselors, social workers, psychologists, psychometrists, physicians, nurses, and physical and occupational therapists.

(ii) salaries and benefits of clerical personnel ~~for~~ who assist professional personnel in supportive services--the ~~entire~~ cost if employed full time in the special program; if such personnel are shared between special and regular programs--a portion of the entire cost corresponding to the entire working time which each ~~such~~ person devotes to the special program;

(c) equipment:

(i) equipment--the actual total cost;

(ii) special equipment for district-owned school buses necessary to accommodate special students--the actual total cost;

(iii) special equipment for school buses contracted to transport special students--that portion of the contract price attributable to the cost of special equipment or personnel required to accommodate special students--the actual special cost;

(iv) repair and maintenance of equipment--the actual total cost;

(d) room and board costs when the special pupil has to attend a program at such a distance from his home that commuting is undesirable as determined by the superintendent of public instruction.

(2) The superintendent of public instruction shall, ~~prior to September 1, 1977, revise the~~ adopt rules in accordance with the policies of the board of public education for:

(a) keeping necessary records for supportive and administrative personnel and any personnel shared between special and regular programs;

(b) defining the total special program caseload that ~~shall~~ must be assigned to specific support persons and the kinds of professional specialties to be considered relevant to the program before the district may count an allowable cost under subsection (1)(b) of this section; and

(c) defining the kinds or types of equipment whose costs

may be counted under subsection (1)(c)(i) of this section.

(3) An annual accounting of all expenditures of school district general fund ~~moneys~~ money for special education ~~shall~~ must be made by the district trustees on forms furnished by the superintendent of public instruction. The superintendent of public instruction shall make rules for ~~such~~ the accounting.

(4) If a board of trustees chooses to exceed the budget approved by the superintendent of public instruction, costs in excess of the approved budget may not be reimbursed under the ~~maximum budget without a vote~~ foundation program for special education.

(5) Allowable costs prescribed in this section ~~do not~~ include the costs of the teachers' retirement system, the public employees' retirement system, the federal social security system, or the costs for unemployment compensation insurance.

(6) (a) Notwithstanding other provisions of the law, the superintendent of public instruction ~~shall~~ may not approve a ~~maximum budget without a vote~~ foundation program amount for special education ~~which that~~ exceeds legislative appropriations; however, any unexpended balance from the first year of a biennial appropriation may be spent in the second year of the biennium in addition to the second year appropriation.

(b) If the total allowable cost of the special education budgets exceeds legislative appropriations available for special education, each district shall receive a pro rata share of the available appropriations based upon prioritized budget items as established by the superintendent of public instruction. The amount of the approved budgets in excess of the available appropriations may not be reimbursed under the ~~maximum budget without a vote~~ foundation program for special education and is the responsibility of the school district."

Section 18. Section 20-7-442, MCA, is amended to read:

"20-7-442. State transportation reimbursement for special education children. Districts providing children with transportation to a special education class or program and complying with the special education transportation regulations promulgated by the superintendent of public instruction ~~shall be~~ are eligible for a the state transportation reimbursement under the provisions of 20-10-145. The reimbursement ~~shall~~ must be calculated from a schedule established by the superintendent of public instruction ~~with the state providing two thirds of the reimbursement and the county in which the children reside~~

~~providing the remainder."~~

Section 19. Section 20-9-104, MCA, is amended to read:

"20-9-104. General fund cash reserve. (1) At the end of each school fiscal year, the trustees of each district shall designate ~~what~~ the portion of the general fund end-of-the-year cash balance ~~shall~~ that is to be earmarked as cash reserve for the purpose of paying general fund warrants issued by the district from July 1 to November 30 of the ensuing school fiscal year. The amount of the general fund cash balance that is earmarked as cash reserve ~~shall~~ may not exceed ~~35%~~ the following percentages of the final general fund budget for the ensuing school fiscal year ~~and shall~~:

(a) 35% for a district that did not receive state equalization aid during the current school fiscal year;

(b) 30% for a district that received state equalization aid equal to 25% or less of its foundation program schedule entitlement in the current school fiscal year; and

(c) 20% for a district that received state equalization aid equal to more than 25% of its foundation program schedule entitlement in the current school fiscal year.

(2) The amount held as cash reserve may not be used for property tax reduction in the manner permitted by 20-9-141(1)(b) for other receipts. Any portion of the general fund end-of-the-year cash balance that is not earmarked for cash reserve purposes ~~shall be~~ is cash reappropriated ~~which shall~~ and must be used for property tax reduction as provided in 20-9-141(1)(b)(iii).

(3) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than any amount received under Public Law 81-874 during the current school fiscal year."

Section 20. 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 foundation program 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 collected from financial institutions under the provisions of 15-31-702; and

~~(viii)~~ (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 money's~~ 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."

Section 21. 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. Elementary and high school districts shall record the receipt and disbursement of all money in accordance with generally accepted accounting principles. 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 adopt rules as are necessary to secure compliance with the law."

Section 22. 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; and-

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

~~(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)~~ (c) 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 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; and

(13) invest the money received from the basic county tax in support of the elementary foundation programs and the basic special tax in support of the high school foundation programs within 3 working days of receipt. The money must be invested

until the working day before it is required to be distributed to school districts within the county or remitted to the state. Permissible investments are specified in 20-9-213(4). All investment income must be deposited, and credited proportionately, in the funds established to account for the taxes received for the purposes specified in subsections (1)(a) and (1)(b)."

Section 23. Section 20-9-213, MCA, is amended to read:

"20-9-213. Duties of trustees. The trustees of each district shall have the sole power and authority to transact all fiscal business and execute all contracts in the name of such district. No person other than the trustees acting as a governing board shall have the authority to expend moneys of the district. In conducting the fiscal business of the district, the trustees shall:

(1) cause the keeping of an accurate, detailed accounting of all receipts and expenditures of school moneys for each fund maintained by the district in accordance with generally accepted accounting principles and the rules prescribed by the superintendent of public instruction. The record of such accounting shall be open to public inspection at any meeting of the trustees.

(2) authorize all expenditures of district moneys and cause warrants to be issued for the payment of lawful obligations;

(3) have the authority to issue warrants on any budgeted fund in anticipation of budgeted revenues, except that such expenditures shall not exceed the amount budgeted for such fund;

(4) invest any moneys of the district, whenever in the judgment of the trustees such investment would be advantageous to the district, by directing the county treasurer to invest any money of the district in direct obligations of the United States government, payable within 180 days from the time of investment, or in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit union insured by the FDIC, FSLIC, or NCUA located in the state. All interest collected on such deposits or investments shall be credited to the fund from which the money was withdrawn, except that interest earned on account of the investment of money realized from the sale of bonds shall be credited to the debt service fund or the building fund, at the discretion of the board of trustees. The placement of the investment by the county treasurer shall not be subject to ratable distribution laws and shall be done in accordance with the directive from the board of

trustees. A district may invest moneys under the state unified investment program established in Title 17, chapter 6.

(5) cause the district to record every transaction in the appropriate account before the accounts are closed at the end of the fiscal year, in order to properly report the receipt, use, and disposition of all money and property for which the district is accountable;

~~(5)~~ (6) report annually to the county superintendent, not later than August 1, the financial activities of each fund maintained by the district during the last completed school fiscal year on the forms prescribed and furnished by the superintendent of public instruction. Annual fiscal reports for joint school districts shall be submitted to the county superintendent of each county in which part of the joint district is situated.

~~(6)~~ (7) whenever requested, report any other fiscal activities to the county superintendent, superintendent of public instruction, or board of public education;

~~(7)~~ (8) cause the accounting records of the district to be audited annually as required by law; and

~~(8)~~ (9) perform, in the manner permitted by law, such other fiscal duties that are in the best interests of the district."

Section 24. Section 20-9-301, MCA, is amended to read:

"20-9-301. Purpose ~~and definition~~ of foundation program and definition of general fund budget. (1) A uniform system of free public schools sufficient for the education of and open to all school age children of the state ~~shall~~ must be established and maintained throughout the state of Montana. The state shall aid in the support of its several school districts on the basis of their financial need as measured by the foundation program and in the manner established in this title.

(2) The principal budgetary vehicle for achieving the minimum financing as established by the foundation program ~~shall be~~ is the general fund budget of the district. The purpose of the general fund ~~shall be~~ budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title.

(3) The amount of the general fund budget for each school fiscal year ~~shall~~ may not exceed the financing limitations established by this title but ~~shall be no~~ may not be less than

the amount established by law as the foundation program. The general fund budget ~~shall~~ must be financed by the foundation program revenues and may be supplemented by ~~the permissive levy~~ and an additional voted ~~levies~~ levy in the manner provided by law."

Section 25. Section 20-9-303, MCA, is amended to read:

"20-9-303. Definition of foundation program ~~and its proportion of the maximum general fund without a voted levy schedule amount~~ -- nonisolated school foundation program financing -- special education funds. (1) As used in this title, the term "foundation program" ~~shall mean~~ means the minimum ~~operating expenditures, as established herein,~~ that are sufficient to provide for the ~~educational program~~ operation of a school. The foundation program relates only to those expenditures authorized by a district's general fund budget and ~~shall~~ may not include expenditures from any other fund. It ~~shall be~~ is financed by:

(a) county equalization moneys money, and, as provided in 20-9-331 and 20-9-333;

(b) state equalization aid, as provided in 20-9-343; and

(c) appropriations for special education.

(2) ~~The dollar amount of the foundation program shall be 80% of the maximum general fund budget without a voted levy limitation as set forth in the schedules in 20-9-316 through 20-9-321.~~ The foundation program ~~of an~~ includes:

(a) amounts in support of general education programs as provided in the schedules in 20-9-316 through 20-9-320; and

(b) payments in support of special education programs under 20-9-321.

(3) An elementary school having an ANB of nine or fewer pupils for 2 consecutive years which is not approved as an isolated school under the provisions of 20-9-302 shall be 80% of may budget and spend the schedule amount, but the county and state shall participate in financing one-half of the foundation program, and the district shall finance the remaining one-half by a tax levied on the property of the district. When a school of nine or fewer pupils is approved as isolated under the provisions of 20-9-302, the county and state shall participate in the financing of the total amount of the foundation program.

~~(3)~~ (4) Funds provided to support the special education accounting budget may be expended only for special education purposes as approved by the superintendent of public instruction in accordance with the special education budgeting provisions of this title. Expenditures for special education ~~shall~~ must be accounted for separately from the balance of the school district general fund. Transfers between items within the special education budget for accounting purposes may be made at the discretion of the board of trustees in accordance with the financial administration part of this title. The unexpended balance of the special education accounting budget ~~shall carry~~ carries over to the next year to reduce the amount of funding required to finance the district's ensuing year's ~~maximum budget~~ without a vote foundation program amount for special education."

Section 26. Section 20-9-311, MCA, is amended to read:

"20-9-311. Calculation of average number belonging (ANB).  
(1) Average number belonging ~~shall be~~ is computed by determining the total of the aggregate days of attendance by regularly enrolled, full-time pupils during the current school fiscal year plus the aggregate days of absence by regularly enrolled, full-time pupils during the current school fiscal year and by dividing ~~such the~~ the total by 180. However, when a school district has approval to operate less than 180 school days under 20-9-804, ~~such the~~ the total ~~shall~~ must be calculated in accordance with the provisions of 20-9-805. For the purpose of calculating ANB under this section, the days of attendance for a regularly enrolled pupil may not exceed 180 pupil instruction days and 7 pupil-instruction-related days. Attendance for a part of a morning session or a part of an afternoon session by a pupil ~~shall be~~ is counted as attendance for one-half day. In calculating the ANB for pupils enrolled in a program established under ~~20-7-117 prior to January 1, 1974, or pursuant to 20-7-117(1)~~, attendance at or absence from a regular session of the program for at least 2 hours of either a morning or an afternoon session will be counted as one-half of a day attended or absent, as the case may be. If a variance has been granted as provided in 20-1-302, ANB will be computed in a manner prescribed by the superintendent of public instruction, but in no case ~~shall~~ may the ANB exceed one-half for each kindergarten pupil. When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, his absence after the 10th day of absence ~~shall~~ may not be included in the aggregate days of absence and his enrollment in the school ~~shall~~ may not be considered in the calculation of the average number belonging until he resumes attendance at school.

(2) If a student spends less than half his time in the

regular program and the balance of his time in school in the special education program, he ~~shall be~~ is considered a full-time special pupil but ~~shall~~ may not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he ~~shall be~~ is considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the district, except that when:

(a) a school of the district is located more than 3 miles beyond the incorporated limits of a city or town or from another school of the district, all of the regularly enrolled, full-time pupils of the school must be calculated individually for ANB purposes;

(b) a junior high school has been approved and accredited as a junior high school, all of the regularly enrolled, full-time pupils of the junior high school ~~shall~~ must be considered as high school district pupils for ANB purposes;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade ~~shall~~ must be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils ~~shall~~ must be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school ~~shall~~ may not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for ~~such~~ the district.

(4) When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. The method for calculating an equivalent ANB ~~shall~~ must be determined in a manner prescribed by the superintendent of public instruction."

Section 27. Section 20-9-312, MCA, is amended to read:

"20-9-312. ~~Maximum general fund budget~~ Foundation program schedule for grades seven and eight. The ANB calculated for grades 7 and 8 ~~shall~~ must be funded at the high school rate, provided that the school meets the standards for accreditation of



a middle school. When ~~such~~ the pupils are actually enrolled in an elementary school, the foundation program schedule amount ~~of the general fund budget~~ per ANB is determined from the high school schedule using the total ANB of the elementary school. To determine the total ANB of ~~such an~~ the elementary school, the 7th and 8th grade pupils ~~shall~~ must be included in ~~such~~ the total."

Section 28. Section 20-9-315, MCA, is amended to read:

"20-9-315. Maximum general fund budget and exceptions. (1) The total amount of the general fund budget of any district ~~shall~~ may not be greater than the ~~general fund budget amount specified in 20-9-316 through 20-9-321~~ district's foundation program as provided in 20-9-303, except when a district has adopted an emergency general fund budget under the provisions of 20-9-165 or when a district satisfies the requirements of 20-9-353.

(2) Notwithstanding the provisions of subsection (1), a district's maximum general fund budget may not exceed 130% of the foundation program amount for that district, except:

(a) when Public Law 81-874 funds are the source of funding for the excess amount, until the state receives approval of an application to equalize the funds under 20 U.S.C. 240(d);

(b) when a district had combined expenditures in school fiscal year 1988 from its general fund, retirement fund, and comprehensive insurance fund in an amount greater than the maximum general fund budget allowed by this section, in which case the maximum general fund budget of the district is limited to its school fiscal year 1988 combined expenditure amount until that amount does not exceed 130% of the district's foundation program amount;

(c) a nonapproved isolated school under 20-9-303(3) is not subject to the limitation."

Section 29. Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school ~~maximum budget~~ foundation program schedule for ~~1987-88~~ school fiscal year 1991 and succeeding years. For ~~1987-88~~ the school fiscal year ending June 30, 1991 and succeeding school years, the elementary school ~~maximum budget~~ foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum ~~shall be \$20,158~~ is \$28,725 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 \$20,158~~ is \$28,725 plus ~~\$842.50~~ \$1,201 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 \$33,042~~ is \$47,085 plus ~~\$842.50~~ \$1,201 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 \$27,741~~ is \$39,531 plus ~~\$842.50~~ \$1,201 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 \$44,290~~ is \$63,113 plus ~~\$527.60~~ \$752 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 ~~\$1,957~~ ~~shall be~~ \$2,789 is decreased at the rate of ~~\$1.90~~ \$2.71 for each additional pupil until the total number (ANB) ~~shall have reached~~ reaches a total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils, the maximum of ~~\$1,843~~ ~~shall be~~ \$2,626 is decreased at the rate of ~~\$1.74~~ \$1.48 for each additional pupil until the ANB ~~shall have reached~~ reaches 300 pupils.

(c) For a school having an ANB of more than 300 pupils, the maximum ~~shall~~ may not exceed ~~\$1,496~~ \$2,324 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 section 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."

Section 30. Section 20-9-319, MCA, is amended to read:

"20-9-319. High school ~~maximum budget~~ foundation program

schedule for ~~1987-88~~ school fiscal year 1991 and succeeding years. For ~~1987-88~~ the school fiscal year ending June 30, 1991 and succeeding school years, the high school ~~maximum budget~~ foundation program schedule is as follows:

(1) For each high school having an ANB of 24 or fewer pupils, the maximum ~~shall be \$114,845~~ is \$175,139.

(2) For a ~~secondary~~ high school having an ANB of more than 24 pupils, the maximum ~~\$4,785 shall be~~ of \$7,297 is decreased at the rate of ~~\$26.10~~ \$39.80 for each additional pupil until the ANB ~~shall have reached~~ reaches a total of 40 ~~such~~ pupils.

(3) For a school having an ANB of more than 40 pupils, the maximum of ~~\$4,368 shall be~~ \$6,661 is decreased at the rate of ~~\$26.10~~ \$39.80 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 ~~\$2,802 shall be~~ \$4,273 is decreased at the rate of ~~\$4.37~~ \$6.66 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 ~~\$2,365 shall be~~ \$3,607 is decreased by ~~\$2.40~~ \$3.66 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 ~~\$2,125 shall be~~ \$3,241 is decreased at the rate of ~~44~~ 67 cents for each additional pupil until the ANB ~~shall have reached~~ reaches 600 pupils.

(7) For a school having an ANB ~~over~~ of more than 600 pupils, the maximum ~~shall~~ may not exceed ~~\$1,993~~ \$3,039 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."

Section 31. Section 20-9-320, MCA, is amended to read:

"20-9-320. ~~Maximum general fund budget~~ Foundation program schedule amount for junior high school. (1) The ~~general fund~~

~~budget foundation program schedule amount for an approved and accredited junior high school shall must be prorated between the elementary district general fund budget foundation program schedule amount and the high school district general fund budget foundation program schedule amount in the following manner:~~

(a) determine the per-ANB schedule amount for the school, as defined by 20-9-317 and 20-9-319, from the high school schedule;

(b) calculate the ANB for the regularly enrolled full-time pupils enrolled in the 7th and 8th grades of the junior high school;

(c) multiply the per-ANB schedule amount determined in subsection (1)(a) by the ANB calculated in subsection (1)(b) to determine the authorized ~~general fund budget~~ amount ~~which shall be available for the elementary district general fund budget foundation program;~~ and

(d) subtract the amount determined in subsection (1)(c) from the total authorized ~~general fund budget~~ amount for the school to determine the authorized ~~general fund budget~~ amount ~~which shall be available for the high school district general fund budget foundation program.~~

(2) The ~~general fund budget~~ amount determined for each school of a district under the schedules provided in 20-9-316 through 20-9-319 ~~shall must be totaled to determine the maximum-general fund budget without a voted levy foundation program schedule amount for such the district."~~

Section 32. Section 20-9-321, MCA, is amended to read:

"20-9-321. ~~Maximum general fund budget~~ Foundation program and contingency funds for special education. (1) For the purpose of establishing the ~~maximum budget without a vote~~ foundation program amount for a current year special education program for a school district, the superintendent of public instruction ~~will~~ shall determine the total estimated cost of the special education program for the school district on the basis of a special education program budget submitted by the district. The budget ~~will must be prepared on forms provided by the superintendent of public instruction and will must set out for each program:~~

(a) the estimated allowable costs associated with operating the program where allowable costs are as defined in 20-7-431;

(b) the number of pupils expected to be enrolled in the

program; and

(c) any other data required by the superintendent of public instruction for budget justification purposes and to administer the provisions of 20-9-315 through 20-9-321.

(2) The total amount of allowable costs approved by the superintendent of public instruction ~~shall be~~ is the special education ~~maximum budget without a vote~~ foundation program amount for current year special education program purposes. The total amount of allowable costs that are approved for the special education budget ~~shall~~ may not, under any condition, be less than the ~~maximum budget without a vote~~ foundation program amount for one regular ANB for each ~~special~~ full-time special pupil in the school district.

(3) If a special education program is implemented or expanded during a given school term too late to be included in the determination of the district ~~maximum budget without a vote~~ foundation program for the school year as prescribed in this part, allowable costs approved under the budgeting provisions of subsections (1) and (2) for the operation of the program during the given year must be funded from any legislative appropriation for contingency financing for special education. Contingency funds granted under this subsection must be deposited in a separate account of the miscellaneous programs fund of the district as provided in 20-9-507. However, if contingency funds are not available, then subject to the approval of the program by the superintendent under the emergency budget provisions of 20-9-161(5), allowable costs for the given year may be added to the ~~maximum budget without a vote~~ foundation program amount for special education for the subsequent school year. ~~Such~~ The allowable costs must be recorded as previous year special education expenses in the school district budget for the subsequent school year.

(4) The sum of the previous year special education expenses as defined in subsection (3) ~~above~~ and the ~~maximum budget without a vote~~ foundation program amount for current year special education as defined in subsections (1) and (2) ~~shall be~~ is the special education budget for accounting purposes.

(5) The ~~maximum budget without a vote~~ foundation program amount for special education ~~will~~ must be added to the ~~maximum budget without a vote~~ foundation program amount of the regular program ANB defined in 20-9-311 and 20-9-313 to obtain the total ~~maximum budget without a vote~~ foundation program amount for the district."

Section 33. Section 20-9-322, MCA, is amended to read:

"20-9-322. Elementary instructional aide funding qualification. (1) Any elementary school that anticipates an ANB of at least 14 but less than 18 pupils for the ensuing school fiscal year may determine the ~~maximum general fund budget~~ foundation program amount under the provisions of 20-9-316(3) or ~~20-9-318(3)~~ if eligibility is approved in accordance with the following provisions:

(a) No later than May 10 of each year, the school district shall submit its application for approval for instructional aide funding to the superintendent of public instruction. The application ~~shall~~ must include:

(i) the previous year's ANB;

(ii) an estimate of the current school fiscal year's ANB, as calculated under the provisions of 20-9-314(1), and the number of grade levels being taught on May 1 of the current year;

(iii) an estimate of the ANB and the number of grade levels anticipated for the ensuing school fiscal year;

(iv) the factual information on which such estimates are based; and

(v) any other information or data that may be required by the superintendent of public instruction.

(b) The superintendent of public instruction shall immediately review all of the factors of the application and shall approve the application if the anticipated ANB is at least 14 but less than 18 pupils and a minimum of five grade levels are being taught as of May 1 of the current year or documentation is provided which indicates that the anticipated ANB will require a minimum of five grade levels to be taught in the ensuing school year.

(2) Whenever a school district applies for and is approved for instructional aide funding under the provisions of subsection (1), the district ~~must~~ shall hire an instructional aide.

(3) For the purposes of this section, the term "instructional aide" means:

(a) a person who is under the direct supervision of a teacher; or

(b) a certified teacher."

Section 34. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) ~~It shall be the duty of the~~ The county commissioners of each county ~~to shall~~ levy an annual basic tax of ~~28~~ 34 mills on the ~~dollars~~ 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 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 the elementary 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 sum of the estimated ~~revenues~~ revenue identified in subsection (2) ~~below shall~~ must be subtracted from the ~~sum of the county elementary transportation obligation and the~~ total of the foundation programs of all elementary 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 funds 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.

(c) If revenue from the basic levy prescribed by this section when combined with the other revenue from subsection (2) is insufficient to fully fund the percentage determined in 20-9-347(1)(b), and the county is eligible for an apportionment of state equalization aid under the provisions of 20-9-347(1)(c), the county superintendent shall notify the superintendent of public instruction of the deficiency. The superintendent of public instruction shall increase the state equalization aid payments to the districts in the affected county to offset the deficiency. A payment may not be made under this subsection (1)(c) that allows a district to receive foundation program funding in excess of the foundation program amount of the district.

(2) The ~~proceeds~~ revenue realized from the county's portion of the levy prescribed by this section and the ~~revenues~~ revenue from the following sources ~~shall~~ must be used for the equalization of the elementary district foundation programs of the county as prescribed in 20-9-334, and a separate accounting ~~shall~~ must be kept of ~~such proceeds and revenues~~ the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

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

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

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

(g) 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.

Section 35. 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~~ 21 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 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 sum of the estimated ~~revenues~~ revenue identified in ~~subsections (2) (a) and (2) (b)~~ below shall subsection (2) must be 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.

(c) If revenue from the basic levy prescribed by this section when combined with the other revenue from subsection (2) is insufficient to fully fund the percentage determined in 20-9-347(1) (b), and the county is eligible for an apportionment of state equalization aid under the provisions of 20-9-347(1) (c), the county superintendent shall notify the superintendent of public instruction of the deficiency. The superintendent of public instruction shall increase the state equalization aid payments to the districts in the affected county to offset the deficiency. A payment may not be made under this subsection (1) (c) that allows a district to receive foundation program funding in excess of the foundation program amount of the district.

(2) The ~~proceeds~~ revenue realized from the county's portion of the levy prescribed in this section and the ~~revenues~~ revenue 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 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, and 67-3-204."

Section 36. Section 20-9-334, MCA, is amended to read:

"20-9-334. Apportionment of county equalization ~~moneys~~ money by county superintendent. The county superintendent shall separately apportion the revenues deposited in the basic county tax account and the revenues deposited in the basic special tax for high schools account to the several districts of the county on a monthly basis. The apportionments ~~shall~~ must be known as "county equalization ~~moneys~~ money". Before the county superintendent makes the monthly apportionments, ~~he~~ the county superintendent shall:-

~~(1) deduct from the revenues available in the basic county tax account the amount required for the month to pay the county's obligation for elementary transportation reimbursements; and-~~

~~(2) deduct from the revenues available in the basic special tax for high schools account the amount required for the month to pay the county's obligation for high school out-of-county tuition."~~

Section 37. Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means ~~those moneys~~ the money deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the purpose of equalization of the foundation program.

(2) ~~The legislative appropriation legislature shall biennially appropriate money for state equalization aid shall be made in a single sum for the biennium.~~ The superintendent of public instruction ~~has authority to~~ may spend ~~such the~~ appropriation, together with the earmarked revenues provided in subsection (3), as required for foundation program purposes throughout the biennium.

(3) The following ~~shall~~ must be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) ~~31.88 of all~~ money received from the collection of income taxes under chapter 30 of Title 15, as provided by 15-1-501;

(b) ~~25% of all money,~~ except as provided in 15-31-702, money received from the collection of corporation license and income taxes under chapter 31 of Title 15, as provided by 15-1-501;

(c) ~~100% of the~~ money allocated to state equalization from the collection of the severance tax on coal;

(d) ~~100% of the~~ money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

(f) income from the education trust fund account; and

(g) money received from the state equalization aid levy under [section 49];

(h) income from the lottery, as provided in 23-5-1027; and

~~(g)~~ (i) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

Section 38. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of the board of public education for distribution -- conditions of first payment. (1) The money available for state equalization aid ~~shall~~ must be distributed and apportioned to provide an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any ~~and all~~ costs and expense incurred in

connection with any adult education program, recreation program, school food services program, new buildings, ~~new~~ and grounds, and transportation.

(2) The board of public education shall administer and distribute the state equalization aid in the manner and with the powers and duties provided by law. To this end, the board of public education shall:

(a) adopt policies for regulating the distribution of state equalization aid in accordance with the provisions of law and in a manner that ~~would most effectively meet the financial needs of districts~~ provides for monthly distribution to each district of its equalization aid entitlement;

(b) have the power to require ~~such~~ reports from the county superintendents, budget boards, county treasurers, and trustees as it ~~may deem~~ considers necessary; and

(c) order the superintendent of public instruction to distribute the state equalization aid on the basis of each district's annual entitlement to ~~such~~ the aid as established by the superintendent of public instruction. In ordering the distribution of state equalization aid, the board of public education ~~shall~~ may not increase or decrease the state equalization aid distribution to any district on account of any difference ~~which~~ that may occur during the school fiscal year between budgeted and actual receipts from any other source of school revenue.

(3) The board of public education may order the superintendent of public instruction to withhold distribution of state equalization aid from a district, in an amount and under conditions determined by the board of public education, when the district fails to:

(a) submit reports or budgets as required by law or rules adopted by the superintendent of public instruction or the board of public education;

(b) maintain accredited status; or

(c) comply with any other requirement of law or rules adopted by the superintendent of public instruction or the board of public education.

~~(3)~~ (4) Should a district receive more state equalization aid than it is entitled to, the county treasurer ~~must~~ shall return the overpayment to the state upon the request of the

superintendent of public instruction in the manner prescribed by the department of commerce.

~~(4)~~ (5) (a) The first payment of state equalization aid must be--

~~(a)~~ based on an estimate of 20% of each district's entitlement; and-

~~(b)~~ distributed by July 15 of the school fiscal year.

(b) Each subsequent monthly payment must be at least 7% of the district's entitlement."

Section 39. Section 20-9-353, MCA, is amended to read:

"20-9-353. Additional levy for general fund -- election for authorization to impose. (1) ~~The Except as limited by 20-9-315(2), the trustees of any district may propose to adopt a general fund budget in excess of the general fund budget amount foundation program for such the district as established by the schedules in 20-9-316 through 20-9-321~~ for any of the following purposes:

(a) building, altering, repairing, or enlarging any schoolhouse of the district;

(b) furnishing additional school facilities for the district;

(c) acquisition of land for the district;

(d) proper maintenance and operation of the school programs of the district.

(2) When the trustees of any district determine that an additional amount of financing is required for the general fund budget that is in excess of the statutory schedule amount, the trustees shall submit the proposition of an additional levy to raise ~~such~~ the excess amount of general fund financing to the electors who are qualified under 20-20-301 to vote upon ~~such~~ the proposition, except that ~~no~~ an election ~~shall be~~ is not required to permit the school trustees to use any funds available to finance the additional amount other than those funds to be raised by the additional levy. ~~Such~~ The special election ~~shall~~ must be called and conducted in the manner prescribed by this title for school elections. The ballot for ~~such~~ the election ~~shall~~ must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to

raise ~~such~~ the money, and the purpose for which ~~such~~ the money will be expended. ~~and it shall~~ The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in ~~such~~ the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy), and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

[ ] FOR the levy.

[ ] AGAINST the levy.

(3) If the election on any additional levy for the general fund is approved by a majority vote of ~~those~~ the electors voting at ~~such~~ the election, the proposition ~~shall carry~~ carries and the trustees may use any portion or all of the authorized amount in adopting the preliminary general fund budget. The trustees shall certify the additional levy amount authorized by ~~such a~~ the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy ~~such~~ the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, ~~as are required~~ to raise the amount of ~~such~~ the additional levy.

(4) Authorization to levy an additional tax under the provisions of this section ~~shall be~~ is effective for only 1 school fiscal year and ~~shall~~ must be authorized by a special election conducted before August 1 of the school fiscal year for which it is effective."

Section 40. Section 20-9-506, MCA, is amended to read:

"20-9-506. Budgeting and net levy requirement for nonoperating fund. (1) The trustees of any district ~~which that~~ does not operate a school or will not operate a school during the ensuing school fiscal year shall adopt a nonoperating school district budget in accordance with the school budgeting provisions of this title. Such nonoperating budget ~~shall~~ must contain the nonoperating fund and, when appropriate, a debt service fund. The nonoperating budget form ~~shall~~ must be promulgated and distributed by the superintendent of public instruction under the provisions of 20-9-103.

(2) After the adoption of a final budget for the nonoperating fund, the county superintendent shall compute the net levy requirement for ~~such~~ the fund by subtracting from the

amount authorized by ~~such~~ the budget the sum of:

(a) the end-of-the-year cash balance of the nonoperating fund or, if it is the first year of nonoperation, the cash balance determined under the transfer provisions of 20-9-505;

(b) the estimated state ~~and county~~ transportation ~~reimbursements~~ reimbursement; and

(c) any other ~~moneys~~ money that may become available during the ensuing school fiscal year.

(3) The county superintendent shall report the net nonoperating fund levy requirement and any net debt service fund levy requirement determined under the provisions of 20-9-439 to the county commissioners on the second Monday of August, and ~~such~~ the levies shall must be made on the district by the county commissioners in accordance with 20-9-142."

Section 41. Section 20-10-104, MCA, is amended to read:

"20-10-104. Penalty for violating law or rules. (1) Every district, its trustees and employees, and every person under a transportation contract with a district ~~shall be~~ are subject to the policies prescribed by the board of public education and the rules prescribed by the superintendent of public instruction. When a district knowingly violates a transportation law or board of public education transportation policy, ~~such the~~ the district shall forfeit any reimbursement otherwise payable under 20-10-145 ~~and 20-10-146~~ for bus miles actually traveled during that fiscal year in violation of ~~such law~~ any laws or policies. The county superintendent shall suspend ~~all such~~ any reimbursements payable to the district until the district corrects the violation. When the district corrects the violation, the county superintendent shall resume paying any reimbursements to the district, but the amount forfeited may not be paid to the district.

(2) When a person operating a bus under contract with a district knowingly fails to comply with the transportation law or the board of public education transportation policies, the district may not pay him for any bus miles traveled during the contract year in violation of such law or policies. Upon discovering ~~such~~ a violation, the trustees of the district shall give written notice to the person that unless the violation is corrected within 10 days of the giving of notice, the contract will be canceled. The trustees of a district shall order the operation of a bus operated under contract suspended when the bus is being operated in violation of transportation law or policies and the trustees find that ~~such the~~ the violation jeopardizes the

safety of pupils."

Section 42. Section 20-10-141, MCA, is amended to read:

"20-10-141. Schedule of maximum reimbursement by mileage rates. (1) The following mileage rates for school transportation constitute the maximum reimbursement to districts for school transportation from state ~~and county sources of~~ transportation revenue under the provisions of 20-10-145 ~~and 20-10-146. These~~ Except as provided in 20-10-143, the rates shall may not limit the amount which a district may budget in its transportation fund budget in order to provide for the estimated and necessary cost of school transportation during the ensuing school fiscal year. All bus miles traveled on routes approved by the county transportation committee are reimbursable. Nonbus mileage is reimbursable for a vehicle driven by a bus driver to and from an overnight location of a school bus when the location is more than 10 miles from the school. A district may approve additional bus or nonbus miles within its own district or approved service area but may not claim reimbursement for such mileage. Any vehicle, the operation of which is reimbursed for bus mileage under the rate provisions of this schedule, ~~shall~~ must be a school bus, as defined by this title, driven by a qualified driver on a bus route approved by the county transportation committee and the superintendent of public instruction.

(2) The rate per bus mile traveled ~~shall~~ must be determined in accordance with the following schedule when the number of eligible transportees that board a school bus on an approved route is not less than one-half of its rated capacity:

(a) ~~72 cents in fiscal 1984 and 80 cents in fiscal 1985 and each year thereafter~~ per bus mile for a school bus with a rated capacity of not less than 12 but not more than 45 children; and

(b) when the rated capacity is more than 45 children, an additional 2 cents per bus mile for each additional child in the rated capacity in excess of 45 shall be added to a base rate of ~~72 cents in fiscal 1984 and 80 cents in fiscal 1985 and each year thereafter~~ per bus mile.

(3) Reimbursement for nonbus mileage provided for in subsection (1) may not exceed 50% of the maximum reimbursement rate determined under subsection (2).

(4) When the number of eligible transportees boarding a school bus on an approved route is less than one-half of its rated capacity, the rate per bus mile traveled ~~shall~~ must be computed as follows:



- (a) determine the number of eligible transportees that board the school bus on the route;
  - (b) multiply the number determined in subsection (4) (a) by two and round off to the nearest whole number; and
  - (c) use the adjusted rated capacity determined in subsection (4) (b) as the rated capacity of the bus to determine the rate per bus mile traveled from the rate schedule in subsection (2).
- (5) The rated capacity ~~shall be~~ is the number of riding positions of a school bus as determined under the policy adopted by the board of public education."

Section 43. Section 20-10-142, MCA, is amended to read:

"20-10-142. Schedule of maximum reimbursement for individual transportation. The following rates for individual transportation constitute the maximum reimbursement to districts for individual transportation from state ~~and county sources of~~ transportation revenue under the provisions of 20-10-145 and ~~20-10-146. These~~ The rates also ~~shall~~ constitute the limitation of the budgeted amounts for individual transportation for the ensuing school fiscal year. The schedules provided in this section ~~shall~~ may not be altered by any authority other than the legislature of the state of Montana. When the trustees contract with the parent or guardian of any eligible transportee to provide individual transportation for each day of school attendance, they shall reimburse the parent or guardian on the basis of the following schedule:

(1) When a parent or guardian transports an eligible transportee or transportees from the residence of the parent or guardian to a school or to schools located within 3 miles of one another, the total reimbursement per day of attendance ~~shall~~ must be determined by multiplying the distance in miles between the residence and the school, or the most distant school if more than one, by 2, subtracting 6 miles from the product so obtained, and multiplying the difference by 20 cents provided that:

(a) if two or more eligible transportees are transported by a parent or guardian to two or more schools located within 3 miles of one another and if such schools are operated by different school districts, the total amount of the reimbursement ~~shall~~ must be divided equally between the districts;

(b) if two or more eligible transportees are transported by

a parent or guardian to two or more schools located more than 3 miles from one another, the parent or guardian ~~shall~~ must be separately reimbursed for transporting the eligible transportee or transportees to each school;

(c) if a parent transports two or more eligible transportees to a school and a bus stop which school and bus stop are located within 3 miles of one another, the total reimbursement ~~shall~~ must be determined under the provisions of this subsection and ~~shall~~ must be divided equally between the district operating the school and the district operating the bus;

(d) if a parent transporting two or more eligible transportees to a school or bus stop must, because of varying arrival and departure times, make more than one round-trip journey to the bus stop or school, the total reimbursement allowed by this section ~~shall~~ must be limited to one round trip per day for each scheduled arrival or departure time;

(e) notwithstanding subsection (1)(a), (1)(b), (1)(c), or (1)(d), ~~no~~ a reimbursement may not be less than 25 cents a day.

(2) When the parent or guardian transports an eligible transportee or transportees from the residence to a bus stop of a bus route approved by the trustees for the transportation of the transportee or transportees, the total reimbursement per day of attendance ~~shall~~ must be determined by multiplying the distance in miles between the residence and the bus stop by 2, subtracting 3 miles from the product so obtained, and multiplying the difference by 20 cents provided that:

(a) if the eligible transportees transported attend schools in different districts but ride on one bus, the districts shall divide the total reimbursement equally; and

(b) if the parent or guardian is required to transport the eligible transportees to more than one bus, the parent or guardian ~~shall~~ must be separately reimbursed for transportation to each bus.

(3) Where, due to excessive distances, impassable roads, or other special circumstances of isolation the rates prescribed in subsection (1) or (2) would be an inadequate reimbursement for the transportation costs or would result in a physical hardship for the eligible transportee, ~~his~~ the transportee's parent or guardian may request an increase in the reimbursement rate. ~~Such~~ A request for increased rates due to isolation ~~shall~~ must be made by the parent or guardian on the contract for individual

transportation for the ensuing school fiscal year by indicating the special facts and circumstances which exist to justify the increase. Before any increased rate due to isolation can ~~may~~ be paid to the requesting parent or guardian, ~~such~~ the rate must be approved by the county transportation committee ~~and~~ the superintendent of public instruction after the trustees have indicated their approval or disapproval. Regardless of the action of the trustees and when approval is given by the county transportation committee and the superintendent of public instruction, the trustees shall pay ~~such~~ the increased rate due to isolation. The increased rate shall must be 1 times the rate prescribed in subsection (1) above.

(4) When the isolated conditions of the household where an eligible transportee resides require ~~such~~ the eligible transportee to live away from the household in order to attend school, ~~he shall be the transportee~~ is eligible for the room and board reimbursement. Approval to receive the room and board reimbursement shall must be obtained in the same manner prescribed in subsection (3) above. The per diem rate for room and board ~~shall be~~ is \$5 for one eligible transportee and \$3 for each additional eligible transportee of the same household.

(5) When the individual transportation provision is ~~to be~~ satisfied by supervised home study or supervised correspondence study, the reimbursement rate shall must be the cost of such study, provided that the course of instruction is approved by the trustees and supervised by the district."

Section 44. Section 20-10-143, MCA, is amended to read:

"20-10-143. Budgeting for transportation and transmittal of transportation contracts -- transportation fund limitation. (1) ~~The Except as provided in subsection (2), the trustees of any district furnishing transportation to pupils who are residents of such the district shall have the authority and it shall be their duty to~~ provide a transportation fund budget that is adequate to finance ~~such~~ the district's transportation contractual obligations and any other transportation expenditures necessary for the conduct of its transportation program. The transportation fund budget shall must include:

- (a) an adequate amount to finance the maintenance and operation of district owned and operated school buses;
- (b) the annual contracted amount for the maintenance and operation of school buses by a private party;
- (c) the annual contracted amount for individual

transportation, including any increased amount due to isolation, which ~~shall~~ must not exceed the schedule amounts prescribed in 20-10-142;

(d) any amount necessary for the purchase, rental, or insurance of school buses; and

(e) any other amount necessary to finance the administration, operation, or maintenance of the transportation program of the district, as determined by the trustees.

(2) The overschedule amount in the transportation fund budget of a district may not exceed the overschedule amount of expenditures from the transportation fund for school fiscal year 1988, except the superintendent of public instruction may approve a request to exceed the budget limitation if an emergency or unusual circumstance occurs, as prescribed in rules adopted by the superintendent of public instruction.

~~(2)~~ (3) The trustees may include a contingency amount in the transportation fund budget for the purpose of enabling the district to fulfill any obligation to provide transportation in accordance with the transportation law for:

(a) any pupils not residing in the district at the time of the adoption of the preliminary budget and who subsequently became residents of ~~such~~ the district during the school fiscal year; or

(b) pupils who have become eligible transportees since the adoption of the preliminary budget because their legal residence has been changed. The budgeted contingency amount ~~shall~~ must not exceed 10% of the transportation schedule amount as calculated under the provisions of 20-10-141 and 20-10-142 for all transportation services authorized by such schedule and provided by the district unless 10% of ~~such~~ the transportation schedule amount ~~shall be~~ is less than \$100, in which case \$100 ~~shall~~ must be the maximum limitation for such budgeted contingency amount.

~~(3)~~ (4) As provided in 20-9-162, an emergency transportation fund budget may be adopted subject to the provisions of the emergency budgeting law.

~~(4)~~ (5) The transportation fund budgeted expenditures appropriated by the trustees ~~shall~~ must be reported on the regular budget form prescribed by the superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund budget ~~shall~~ must be completed in accordance with the school budgeting laws. When the adopted preliminary

budget is sent to the county superintendent, the trustees shall also send copies of all completed transportation contracts for school bus transportation and individual transportation to the county superintendent. ~~Such~~ The contracts ~~shall~~ must substantiate all contracted transportation services incorporated in the preliminary budget, and after the county superintendent has utilized the contracts for ~~such~~ that purpose but before the fourth Monday of July, he shall send all the transportation contracts received ~~by him~~ to the superintendent of public instruction. When the county superintendent determines a deviation between the preliminary transportation fund budget amount for contracted transportation services and the contracted amount for ~~such~~ the services, he shall immediately call the deviation to the attention of the appropriate trustees and shall allow the trustees to change the preliminary budgeted amount to compensate for such deviation."

Section 45. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenues and net tax levy requirements for the transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 ~~shall~~ must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by such district); plus

(b) the total of all individual transportation per diem reimbursement rates for ~~such~~ the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if such the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c), the transportation fund budget limitation provided for in 20-10-143, or \$100, whichever is larger, the contingency amount on the preliminary budget shall must be reduced to such the limitation amount and used in this determination of the schedule amount.

(2) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, shall be divided by 3 and the resulting one third amount shall be is used to determine the available state and county revenue to be budgeted on the following basis.:-

~~(a) the resulting one third amount shall be the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 shall be two-thirds of the schedule amount attributed to the transportation of special education pupils;~~

~~(b) the resulting one third amount, except as provided for joint elementary districts in subsection (2)(c), shall be the budgeted county transportation reimbursement for elementary districts and shall be financed by the basic county tax under the provisions of 20-9-334;~~

~~(c) the resulting one third amount multiplied by 2 shall be the budgeted county transportation reimbursement amount for high school districts financed under the provisions of subsection (5) of this section, except as provided for joint high school districts in subsection (2)(c), and except that the county transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 shall be one-third of the schedule amount attributed to the transportation of special education pupils;~~

~~(d) (3) when Whenever the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3) (4), to reduce the total district obligation for financing to zero, any remaining amount of such district revenue and cash reappropriated shall must be used to reduce the county financing obligation in subsections (2)(b) or (2)(c) and, if such county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a); and-~~

~~(c) the county revenue requirement for a joint district, after the application of any district moneys under subsection (2)(d) above, shall be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each such county the state financial obligation in 20-10-145.~~

~~(3)~~(4) The total of the ~~moneys~~ money available for the reduction of property tax on the district for the transportation fund ~~shall~~ must be determined by totaling:

(a) 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~~ a federal act; plus

(b) anticipated payments from other districts for providing school bus transportation services for ~~such~~ the district; plus

(c) anticipated payments from a parent or guardian for providing school bus transportation services for his child; plus

(d) anticipated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4); plus

(e) 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; plus

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

(g) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year which may be used to finance the transportation fund; plus

(h) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the transportation fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the transportation fund. ~~Such~~ The cash reserve ~~shall~~ may not be more than 20% of the final transportation fund budget ~~for~~ is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

~~(4)~~(5) The district levy requirement for each district's transportation fund ~~shall~~ must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount ~~and, for an elementary district, adding such difference to the district obligation to finance one third of the schedule amount as determined in subsection (2); and~~

(b) subtracting the amount of ~~moneys~~ money available to reduce the property tax on the district, as determined in subsection ~~(2)~~ (4), from the amount determined in subsection ~~(4)~~ (5) (a) above.-

~~(5) The county levy requirement for the financing of the county transportation reimbursement to high school districts shall be computed by adding all such requirements for all the high school districts of the county, including the county's obligation for reimbursements in joint high school districts.~~

(6) The transportation fund levy requirements determined in subsection ~~(4)~~ (5) for each district ~~and in subsection (5) for the county shall~~ must be reported to the county commissioners on the second Monday of August by the county superintendent as the transportation fund levy requirements for the district ~~and for the county, and such levies shall~~ the levy must be made by the county commissioners in accordance with 20-9-142."

Section 46. Section 20-10-145, MCA, is amended to read:

"20-10-145. State transportation reimbursement. (1) Any district providing school bus transportation or individual transportation in accordance with ~~the transportation law this title, board of public education transportation policy, and~~ superintendent of public instruction transportation rules shall receive a state reimbursement of its transportation expenditures under the transportation reimbursement rate provisions of 20-10-141 and 20-10-142. The state transportation reimbursement ~~shall not exceed one third~~ is 100% of the reimbursement amounts established in such sections ~~or one third or 100%~~ of the district's transportation fund budget, whichever is smaller, and ~~shall be~~ is computed on the basis of the number of days the transportation services were actually rendered. In determining the amount of the state transportation reimbursement, ~~no~~ an amount claimed by a district ~~shall~~ may not be considered for reimbursement unless ~~such~~ the amount has been paid in the regular manner provided for the payment of other financial obligations of the district.

(2) Requests for the state transportation reimbursement ~~shall~~ must be made by each district semiannually during the



school fiscal year on the claim forms and procedure promulgated by the superintendent of public instruction. The claims for state transportation reimbursements ~~shall~~ must be routed by the district to the county superintendent, who after reviewing such the claims shall send them to the superintendent of public Instruction. The superintendent of public instruction shall establish the validity and accuracy of the claims for the state transportation reimbursements by determining ~~their~~ compliance with ~~the transportation law this title,~~ board of public education transportation policy, and the transportation rules of the superintendent of public instruction. After making any necessary adjustments to such claims, ~~he shall cause their~~ the superintendent of public instruction shall provide payment by ordering a disbursement from the ~~state moneys appropriated by the legislature of the state of Montana~~ legislative appropriation for the state transportation reimbursement. ~~Such~~ The payment of all the district's claims within one county ~~shall~~ must be made to the county treasurer of ~~such~~ the county, and the county superintendent shall apportion ~~such~~ the payment in accordance with the apportionment order supplied by the superintendent of public instruction."

Section 47. Section 23-5-1027, MCA, is amended to read:

"23-5-1027. Disposition of revenue. (1) (a) As near as possible to 45% of the money paid for tickets or chances must be paid out as prize money, except as provided in subsection (1)(b).

(b) In the case of a regional lottery game, a maximum of 50% of the money paid for tickets or chances may be paid out as prize money.

(2) Up to 15% of the gross revenue from the state lottery may be used by the director to pay the operating expenses of the state lottery. Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) Funds to pay the operating expenses of the lottery are statutorily appropriated as provided in 17-7-502.

(4) That part of all gross revenue not used for the payment of prizes, commissions, and operating expenses is net revenue and must be paid quarterly from the enterprise fund established by 23-5-1026 to the superintendent of public instruction for distribution as state equalization aid ~~to the retirement fund obligations of elementary and high school districts in the manner provided in 20-9-532~~ to the public schools of Montana."

NEW SECTION. Section 48. District retirement fund and comprehensive insurance fund balances -- transfer. A district that has a balance remaining on [the effective date of this act] in the district retirement fund formerly established under 20-9-501 or the district comprehensive insurance fund shall transfer the balance to the district general fund.

NEW SECTION. Section 49. State equalization aid levy. There is a levy of 45 mills imposed on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204. Proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state special revenue fund for state equalization aid to the public schools of Montana. The proceeds are statutorily appropriated, as provided in 17-7-502, to the superintendent of public instruction to be distributed as state equalization aid to the public school districts.

Section 50. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111; [section 49]; 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101; 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136; 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306; 90-15-103; section 13, House

Bill No. 861, Laws of 1985; and section 1, Chapter 454, Laws of 1987.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3): pursuant to sec. 15, Ch. 607, L. 1987, the inclusion of 15-65-121 terminates June 30, 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991; and pursuant to sec. 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L. 1987, terminates July 1, 1988.)"

NEW SECTION. Section 51. Purpose. The purpose of [section 52] is to promote the use of telecommunications technology for the purposes of enhancing educational opportunities provided to students in the Montana public school system and promoting equal access by students to those opportunities.

NEW SECTION. Section 52. Telecommunications network -- implementation -- consultant. (1) To provide for the training and education needs of public schools, the department of administration shall retain a telecommunications engineering consultant to support the development of design criteria and specifications for statewide video networking and improvements in the use of existing voice and data networks in the state.

(2) The telecommunications engineering consultant shall:

(a) seek advice and recommendations on improvements in telecommunications within Montana from the following entities:

(i) the office of the superintendent of public instruction;

(ii) the university system;

(iii) local government and school district officials;

(iv) agencies involved in economic development; and

(v) the executive, judicial, and legislative branches of state government; and

(b) recommend and initiate network improvements during the biennium through shared use and enhancements of existing telecommunications systems, with emphasis on limiting financial commitments to the extent possible.

NEW SECTION. Section 53. Definition. As used in [sections 53 through 59], "committee" means the legislative oversight committee on school funding implementation created in [section 54].

NEW SECTION. Section 54. Legislative oversight committee on school funding implementation -- composition and appointment. (1) There is a legislative oversight committee on school funding implementation.

(2) The committee consists of 11 members, including:

(a) four members of the house of representatives appointed by the speaker of the house;

(b) four members of the senate appointed by the committee on committees of the senate;

(c) the superintendent of public instruction or his designee as an ex officio nonvoting member;

(d) a member of the board of public education as an ex officio nonvoting member; and

(f) the governor or his designee as an ex officio nonvoting member.

(3) No more than two legislative members from each house may be of the same political party.

NEW SECTION. Section 55. Term of office -- vacancies. (1) A committee member shall serve until the committee terminates as provided in [section 59].

(2) A vacancy on the committee must be filled in the same manner as the original appointment.

NEW SECTION. Section 56. Officers -- meetings -- quorum -- compensation. (1) The committee shall choose from its membership a chairman and vice chairman.

(2) The committee shall meet upon the call of the chairman or at the request of any five members.

(3) Six members constitute a quorum to transact business.

(4) A legislative member is entitled to compensation as provided in 5-2-302.

(5) Members must be appointed no later than June 1, 1989.

NEW SECTION. Section 57. Duties of the committee. The duties of the committee include but are not limited to:

(1) monitoring the implementation of school funding equalization, including:

(a) identification of any problems of implementation and options for resolving these problems;

(b) continued analysis of school district budget and expenditure data and of improvements in school district accounting and reporting procedures;

(c) examination of other issues related to implementation;

(2) directing the following studies of issues related to school funding equalization:

(a) school transportation equalization including but not limited to:

(i) mechanisms to equalize transportation funding; and

(ii) analysis of issues related to the costs and efficiencies of school transportation, including reimbursement schedules, load requirements, 3-mile limit, transporting ineligible transportees, functions of the county transportation committee, and school district reporting and budgeting duties;

(b) school district capital outlay and debt service equalization, including but not limited to:

(i) analysis of school district funds and budgets for various school district capital outlay and debt service obligations;

(ii) options for equalizing school district capital outlay and debt service obligations;

(c) continued study of issues related to equalization, including but not limited to comprehensive insurance, uncollected

taxes, tuition, student-based funding distribution methods, special education funding, and federal Public Law 874 revenue, especially as it pertains to revenue not linked to Native American students;

(3) ongoing analysis of revenue sources related to school funding;

(4) holding discussions with any party contemplating litigation regarding compliance with the supreme court and district court rulings on school funding equalization; and

(5) reporting its findings, options for legislative consideration, and any proposed legislation to the governor and the 52nd legislature.

NEW SECTION. Section 58. Staff assistance. The committee may request the following governmental entities to provide staff assistance to the committee:

- (1) the office of public instruction;
- (2) the governor's office of budget and program planning;
- (3) the board of public education;
- (4) the legislative council;
- (5) the office of the legislative fiscal analyst; and
- (6) the office of the legislative auditor.

NEW SECTION. Section 59. Termination. [Sections 53 through 58] terminate December 31, 1990.

NEW SECTION. Section 60. Repealer. Sections 20-9-105, 20-9-352, 20-9-501, 20-9-531, 20-9-532, and 20-10-146, MCA, are repealed.

NEW SECTION. Section 61. Appropriation. (1) All revenue received under the provisions of 20-9-343 is appropriated to the superintendent of public instruction for the fiscal year ending June 30, 1991.

(2) There is appropriated from the general fund \$56,807,000 for the fiscal year ending June 30, 1991, to the superintendent of public instruction to be used to the extent that funds appropriated in subsection (1) are insufficient to finance the foundation program schedules for public schools, excluding

special education.

(3) There is appropriated from the general fund \$4,636,000 for the fiscal year ending June 30, 1991, to the superintendent of public instruction to be used to finance state support of the special education programs, including retirement benefits, of the public school districts and cooperatives.

(4) There is appropriated from the general fund \$11,658,000 for the fiscal year ending June 30, 1991, to the superintendent of public instruction to be used to finance the public school transportation reimbursement schedules.

(5) There is appropriated from the general fund \$204,950 for the biennium ending June 30, 1991, to the superintendent of public instruction to establish standard accounting and reporting practices in all Montana public school districts.

(6) There is appropriated from the general fund \$20,000 to the legislative council for the biennium ending June 30, 1991, for use by the committee established in [section 54].

(7) There is appropriated from the general fund to the department of administration \$200,000 for the fiscal year ending June 30, 1990, to retain a telecommunications engineering consultant and to support development of and improvements in telecommunications networks in Montana as provided in [section 52].

(8) There is appropriated from the general fund to the department of administration \$300,000 for the biennium ending June 30, 1991, to be used for network implementation and improvements if a 50% match in funds or equipment is available from other sources.

NEW SECTION. Section 62. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. Section 63. Codification instruction. [Section 49] is intended to be codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, apply to [section 49].

NEW SECTION. Section 64. Effective dates. (1) [Sections 1 through 50, 60, 62, 63, and 65] are effective July 1, 1990.

(2) [Sections 51, 52, and 61] are effective July 1, 1989.

(3) [Sections 53 through 59 and this section] are effective on passage and approval.

(4) The superintendent of public instruction may, prior to July 1, 1990, adopt rules and conduct training necessary to implement 20-9-201(2) and 20-10-143(2).

NEW SECTION. Section 65. Applicability. [Section 49] applies retroactively, within the meaning of 1-2-109, to all taxable years beginning after December 31, 1989."



Cobb Amendments  
Senate Bill No. 203  
Third Reading Copy

1. Title, page 2, line 7.  
Following: "EXPENDITURES;"  
Insert: "TO PROVIDE FOR INVESTMENT OF SCHOOL FOUNDATION FUNDS;"
2. Page 65, following line 8.  
Insert: "(13) invest the money received from the basic county tax in support of the elementary foundation programs and the basic special tax for high schools in support of the high school foundation programs within 3 working days of receipt. The money must be invested until the working day before it is required to be distributed to school districts within the county or remitted to the state. Permissible investments are specified in 20-9-213(4). All investment income must be deposited, and credited proportionately, in the funds established to account for the taxes received for the purposes specified in subsections (1)(a) and (b)."

EXHIBIT 18  
DATE 3-30-89  
BB 203

Explanation of Cobb  
Amendments to SB 203

The amendments amend the title of the bill to reflect the change in the body of the bill, and amend section 20-9-212, MCA, by requiring the county treasurer to invest school foundation tax receipts within 3 days of receipt. The purpose of the amendments is to ensure the maximum investment return upon the school foundation tax receipts, and to further ensure that the investment income is credited to the appropriate school foundation funds.

Amendments to SB 203 (gray)  
Requested by Rep. Ramirez

1. Page 101.

Following: line 15

Insert: "NEW SECTION. Section 51. Purpose. The purpose of [section 52] is to promote the use of telecommunications technology to enhance educational opportunities provided to students in the Montana public school system, and to promote equal access by students to those opportunities.

NEW SECTION. Section 52. Telecommunications network -- implementation -- consultant. (1) To provide for the training and education needs of public schools the department of administration shall retain a telecommunications engineering consultant to support the development of design criteria and specifications for statewide video networking and improvements in the use of existing voice and data networks in the state.

(2) The telecommunications engineering consultant shall:

(a) seek advice and recommendations on improvements in telecommunications within Montana from the following entities:

(i) the office of the superintendent of public instruction;

(ii) the university system;

(iii) local government and school district officials;

(iv) agencies involved in economic development; and

(v) the executive, judicial, and legislative branches of state government; and

(b) recommend and initiate network improvements during the biennium through shared use and enhancements of existing telecommunications systems, with emphasis on limiting financial commitments to the extent possible."

Renumber: subsequent sections

2. Page 106.

Following: line 14

Insert: "(7) There is appropriated from the general fund to the department of administration \$200,000 for the fiscal year ending June 30, 1990, to retain a telecommunications engineering consultant and to support development of a nd improvements in telecommunications networks in Montana as provided in [section 52].

(8) There is appropriated from the general fund to the department of administration \$300,000 for the biennium ending June 30, 1991, to be used for network implementation and improvements if a 50% match in funds or equipment is available from other sources."

EXHIBIT 3  
DATE 3-30-69  
SB 203

Amend statement of intent, SB 203, substitute bill

To state that rules adopted by superintendent of public instruction for approving exemptions from the transportation budget limitation must include an exemption for any district that has entered into a transportation contract which contains an escalator clause ~~for 6791~~

Amendments to SB 203 (gray)  
Requested by Rep. Kadas

4  
DATE 3-30-89  
SB 203

1. Page 39.

Following: line 6

Insert: "(3) The limitation of subsection (1) does not apply when the amount in excess of the limitation is equal to or less than any amount received under Public Law 81-874 during the current school fiscal year."

EXHIBIT 5  
DATE 3-30-89  
SB 203

Amendments to SB 203 (gray)  
Requested by Rep. Glaser

1. Page 57, line 23.  
Delete: "\$2.48"  
Insert: "\$1.48"

Amendments to SB 203 (gray)  
Requested by Rep. Schye

1. Page 99.

Following: line 21

Insert: "NEW SECTION. Section 50. Retirement equalization aid levy. (1) The superintendent of public instruction shall annually:

(a) prescribe a levy on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, that must be sufficient to fund the budgeted amount for that school fiscal year of the employer contribution to the teachers' retirement system, public employee's retirement system, federal social security, and unemployment insurance for employees of all elementary districts, high school districts, and any prorated joint districts or special education cooperative agreement requirements; and

(b) report the levy requirement to the board of county commissioners of each county by the second Monday of August as the respective county requirement for state retirement equalization aid."

(2) The county commissioners shall impose the levy in the manner provided in 20-9-142. The proceeds of the levy must be remitted to the state treasurer for deposit in the state retirement equalization account in the state special revenue fund.

Section 51. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of any district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to such systems. The district's contribution for each employee who is a member of the teachers' retirement system shall be calculated in accordance with Title 19, chapter 4, part 6. The district's contribution for each employee who is a member of the public employees' retirement system shall be calculated in accordance with 19-3-801. ~~The district may levy a special tax to pay its contribution to the public employees' retirement system under the conditions prescribed in 19-3-204.~~ The district's contributions for each employee covered by any federal social security system shall be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance shall be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of any district required to make a contribution to any such system shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution ~~and such additional moneys, within legal limitations, as they may wish to provide for the retirement fund~~

cash reserve. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to such systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

~~(a) determining the sum of the moneys available to reduce the retirement fund levy requirement by adding:~~

~~(i) any anticipated moneys that may be realized in the retirement fund during the ensuing school fiscal year, including anticipated revenue from vehicle property taxes imposed under 61-3-504(2) and 61-3-537;~~

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

~~(iii) any cash available for reappropriation as determined by subtracting the amount of the end-of-the-year cash balance earmarked as the retirement fund cash reserve for the ensuing school fiscal year by the trustees from the end-of-the-year cash balance in the retirement fund. The retirement fund cash reserve shall not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and shall be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.~~

~~(b) subtracting the total of the moneys available for reduction of the levy requirement as determined in subsection (3)(a) from the budgeted amount for expenditures in the final retirement fund budget.~~

~~(4) The county superintendent shall:~~

~~(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements;~~

~~(b) reduce the total retirement fund levy requirements of elementary school districts and high school districts by the amount available in state retirement equalization aid as calculated and distributed under the provisions of 20-9-532; and~~

~~(c) report each such levy requirement to the county commissioners on the second Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.~~

~~(5) The county commissioners shall fix and set such county levy in accordance with 20-9-142.~~

~~(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district shall be prorated to each county in which a part of such district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each such county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.~~

~~(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements shall be prorated to each county in which such district is located in the same proportion as the budget for the special~~



~~education cooperative agreement of the district bears to the total budget of the cooperative. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152. (Subsection (4)(b) effective July 1, 1988--sec. 8, Ch. 635, L. 1987.)~~ report the retirement budget amount for each district, prorated joint district, and special education cooperative within the county to the superintendent of public instruction.

Section 52. Section 20-9-531, MCA, is amended to read:

"20-9-531. State retirement equalization account -- authorization to appropriate appropriation -- distribution. There is a state retirement equalization account in the state special revenue fund. Money ~~determined in 20-9-532~~ from the state retirement equalization levy established in [section 50] must be deposited in the account. ~~The legislature may appropriate the money in the account is~~ statutorily appropriated to the superintendent of public instruction, as provided in 17-7-502, to assist the counties in equalizing a portion pay the full amount of the retirement fund obligations as provided in 20-9-501.

(2) The superintendent of public instruction shall administer the distribution of retirement equalization aid by distributing by October 1 the amount of aid for each county to the county treasurer, and keeping a record of the complete data concerning the distribution of the aid.

House Select Committee on Education  
Amendments to Senate Bill 203  
House Joint Resolution 13 Estimates

	Fiscal 1991	
Current Law Revenue		
State Equalization	\$154.934	
County Equalization	88.976	
District Permissive	18.394	
	-----	
Total Revenue		\$262.304
 Senate Bill 203		
Cost		
Foundation	\$419.869	
Transportation	\$17.911	
Special Education	38.162	
	-----	
Total Cost	\$475.942	
 Revenue		
Special Education (HB 100)	\$33.862	
Transportation (HB 100)	6.253	
Elementary Transportation	3.717	
Lottery Revenue	4.550	
Eliminate Permissive	(18.394)	
55 New Mills	103.521	
County Miscellaneous	7.757	
	-----	
Total Revenue	\$141.266	
	-----	
Net Cost of Proposal		\$334.675
		-----
 Additional General Fund Required		\$72.371
		=====
Foundation Schedules	\$56.413	
Transportation	\$11.658	
Special Education Retirement	\$4.300	

\* Foundation program cost includes a 55.3% increase for category 8 elementary districts and a 42.5 % increase for all other elementary districts. High school districts receive a 52.5% increase.

Statewide enrollment is projected to decline by .78 percent from fiscal 1989 to fiscal 1991. Foundation program costs have been reduced for fiscal 1991 to reflect this decline.

EXHIBIT 8  
DATE 3-30-89  
S 203

Amendments to SB 203 (gray)  
Requested by staff

1. Page 88, line 15.

Following: "The"

Insert: "over-schedule amount in the"

2. Page 88, line 16.

Following: "exceed the"

Insert: "over-schedule amount of"

MEMORANDUM

FROM: MIKE CHAPMAN *MC*  
SPECIAL EDUCATION UNIT

TO: GREG GROEPPER

RE: 1987-88 APPROVED ALLOWABLE COST

DATE: 30 MARCH 1989

Per your request, the following figures contain salary totals approved by special education staff during the zero-based budgeting process for 1988-89, which were based on 1987-88 salary figures.

1987-88 SPECIAL EDUCATION APPROVED ALLOWABLE COSTS  
SALARY LINE ITEM TOTALS FROM BUDGET ENTRY FILE  
PREPARED 03/30/89

-----  
110 REGULAR SALARIES

111 REG SALARY -- OFFICIAL/ADMIN	1,280,304
112 REG SALARY -- PROF. EDUCATIONAL	16,767,125
113 REG SALARY -- PROF. OTHER	7,930,455
114 REG SALARY -- TECHNICAL	19,383
115 REG SALARY -- OFFICE/CLERICAL	683,629
116 REG SALARY -- SERVICE WORK	0
117 REG SALARY -- TEACHER AIDE	3,589,472

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\*\* TOTAL SALARIES 30,270,368