

SENATE BILL 7

Introduced by Mazurek, et al.

6/20	Introduced
6/20	Referred to Education & Cultural Resources
6/21	Hearing
6/21	Fiscal Note Requested
6/26	Fiscal Note Received
6/27	Fiscal Note Printed
	Died in Committee

1 STATEMENT OF INTENT

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

11 For these purposes, the legislature determines to
12 equalize funding aid to the school districts through the
13 foundation program schedules for the school fiscal year
14 ending June 30, 1991, and succeeding years in an amount
15 equal to the following percentages of the total costs
16 incurred by all the districts in the state in school fiscal
17 year 1988: 100% of comprehensive insurance, after
18 subtracting 30% of the Public Law 81-874 support for
19 insurance, and 100% of general fund expenditures, after
20 subtracting special education and 30% of the Public Law
21 81-874 general fund support.

22 The legislature also determines to equalize funding for
23 retirement by providing state equalization aid payments
24 sufficient to finance 100% of the costs incurred by each
25 school district for retirement, social security, and

1 unemployment insurance.

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

9 The legislature also determines to provide state
10 funding for transportation costs in school fiscal year 1991
11 in the amount provided by the statutory transportation
12 schedules.

13 The legislature recognizes its responsibility to devise
14 an equalized system of school funding prior to July 1, 1989,
15 and recognizes that measures in addition to the provisions
16 in this bill are necessary to fully address equalization of
17 funding and expenditures for transportation, retirement,
18 capital improvements, and other needs of the districts.
19 Because it is necessary to identify those factors that
20 affect disparate expenditure patterns, to determine whether
21 those factors are educationally relevant, and to develop
22 data not currently available to devise methods of equitably
23 funding those needs, the legislature determines that a study
24 should be conducted, as provided in [sections 7 through 62],
25 and that equitable funding methods for these needs should be

1 addressed by the 52nd legislature.

2 The legislature acknowledges the constitutional
3 guarantee of equal educational opportunity for each public
4 school pupil in Montana. The legislature also acknowledges
5 the sound policy considerations for empowering local
6 trustees to supervise and control the schools in the
7 district, as required by the Montana constitution.
8 Therefore, to guarantee more equal expenditures per student
9 in similarly sized schools throughout Montana, while also
10 providing each district board of trustees the power to
11 determine and meet the unique and individual needs of
12 students and schools in the district, the legislature
13 determines that it is reasonable and necessary to establish
14 a maximum general fund budget limitation for each district,
15 except as provided in 20-9-315, of 117% of the district's
16 combined foundation program entitlement and retirement fund
17 reimbursement. Because of different circumstances that exist
18 from district to district, the legislature finds that it is
19 reasonable and necessary to permit that range of disparity
20 in expenditures by similarly sized districts throughout the
21 state.

22 The legislature intends that the current system of
23 funding county equalization with elementary and high school
24 levies and other revenue sources be maintained without
25 change in order to preserve the current method of providing

1 equalized local support of schools. The statutory
2 appropriation of all revenue earmarked to fund county
3 equalization does not affect the manner in which that
4 revenue is collected, controlled, and distributed to
5 districts by the county. It is intended that a district
6 eligible for federal funds under Title I of Public Law
7 81-874 will be able to maintain the local contribution rate
8 as required by 20 U.S.C. 238(d)(3)(C) for continuing
9 eligibility.

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

14 Under 20-3-106, 20-9-102, 20-9-201, 20-9-211, and
15 20-9-213, the superintendent of public instruction is
16 authorized to supervise school financial administration and
17 to adopt rules establishing requirements for budgeting and
18 financial administration of public school districts,
19 including accounting and reporting requirements. Under
20 20-9-344, the board of public education has authority to
21 require any reports it considers necessary. It is intended
22 that school districts be required to maintain accounting
23 systems based on generally accepted accounting principles
24 and that the superintendent of public instruction adopt
25 rules necessary to implement the requirement. The

1 superintendent of public instruction shall provide training
2 and assistance to the districts as necessary to enable the
3 districts to comply.

4 It is intended that the districts be required to file
5 accurate and timely reports with the superintendent of
6 public instruction. Districts must be required to provide
7 student and school district data as may be required by the
8 superintendent of public instruction concerning the
9 condition of education in Montana, including personnel
10 information, student and school district demographics,
11 assessment of student and school district achievement, and
12 other appropriate educational factors necessary to enable
13 the legislature to assess the equality of educational
14 opportunity being provided by the public school districts
15 and to determine the amount of state aid to be distributed
16 to school districts. Districts shall also provide data to
17 meet grant requirements and other national reporting needs.

18 It is intended that the superintendent of public
19 instruction conduct training and provide forms for the
20 personnel responsible for completing reports. Whenever
21 possible, the superintendent of public instruction shall
22 develop methods for collecting educational data
23 electronically, using formats consistent with school
24 district data processing capabilities. The educational data
25 must be maintained in an electronic format easily accessible

1 by other state agencies and the legislature.

2 State equalization aid and county equalization money
3 may be withheld from school districts, as provided by
4 20-9-344, that do not comply with accounting and reporting
5 requirements.

6 It is intended that the superintendent of public
7 instruction employ additional personnel during fiscal year
8 1990 and fiscal year 1991, not to exceed the appropriation,
9 for the purpose of establishing standard accounting and
10 reporting practices in the public school districts and for
11 implementing the additional provisions of [this act].

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

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 **Section 1.** Section 2-7-504, MCA, is amended to read:

19 ***2-7-504. Accounting methods.** The Unless otherwise
20 required by law, the department shall prescribe the general
21 methods and details of accounting for the receipt and
22 disbursement of all moneys money belonging to governmental
23 entities referred to in this part and shall establish in
24 those offices general methods and details of accounting.
25 All governmental entity officers shall conform with the

1 standards prescribed by the department."

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

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

9 (2) The limitation contained in subsection (1) does
10 not apply to levies for rural improvement districts, Title
11 7, chapter 12, part 21; special improvement districts, Title
12 7, chapter 12, part 41; elementary and high school
13 districts, Title 20; or bonded indebtedness.

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

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

25 **Section 3.** Section 15-10-412, MCA, is amended to read:

1 "15-10-412. Property tax limited to 1986 levels --
2 clarification -- extension to all property classes. Section
3 15-10-402 is interpreted and clarified as follows:

4 (1) The limitation to 1986 levels is extended to apply
5 to all classes of property described in Title 15, chapter 6,
6 part 1.

7 (2) The limitation on the amount of taxes levied is
8 interpreted to mean that, except as otherwise provided in
9 this section, the actual tax liability for an individual
10 property is capped at the dollar amount due in each taxing
11 unit for the 1986 tax year. In tax years thereafter, the
12 property must be taxed in each taxing unit at the 1986 cap
13 or the product of the taxable value and mills levied,
14 whichever is less for each taxing unit, except in a taxing
15 unit that levied a tax in tax years 1983 through 1985 but
16 did not levy a tax in 1986, in which case the actual tax
17 liability for an individual property is capped at the dollar
18 amount due in that taxing unit for the 1985 tax year.

19 (3) The limitation on the amount of taxes levied does
20 not mean that no further increase may be made in the total
21 taxable valuation of a taxing unit as a result of:

22 (a) annexation of real property and improvements into
23 a taxing unit;

24 (b) construction, expansion, or remodeling of
25 improvements;

1 (c) transfer of property into a taxing unit;
 2 (d) subdivision of real property;
 3 (e) reclassification of property;
 4 (f) increases in the amount of production or the value
 5 of production for property described in 15-6-131 or
 6 15-6-132;
 7 (g) transfer of property from tax-exempt to taxable
 8 status;
 9 (h) revaluations caused by:
 10 (i) cyclical reappraisal; or
 11 (ii) expansion, addition, replacement, or remodeling of
 12 improvements; or
 13 (i) increases in property valuation pursuant to
 14 15-7-111(4) through (8) in order to equalize property values
 15 annually.
 16 (4) The limitation on the amount of taxes levied does
 17 not mean that no further increase may be made in the taxable
 18 valuation or in the actual tax liability on individual
 19 property in each class as a result of:
 20 (a) a revaluation caused by:
 21 (i) construction, expansion, replacement, or
 22 remodeling of improvements that adds value to the property;
 23 or
 24 (ii) cyclical reappraisal;
 25 (b) transfer of property into a taxing unit;

1 (c) reclassification of property;
 2 (d) increases in the amount of production or the value
 3 of production for property described in 15-6-131 or
 4 15-6-132;
 5 (e) annexation of the individual property into a new
 6 taxing unit;
 7 (f) conversion of the individual property from
 8 tax-exempt to taxable status; or
 9 (g) increases in property valuation pursuant to
 10 15-7-111(4) through (8) in order to equalize property values
 11 annually.
 12 (5) Property in classes four, twelve, and fourteen is
 13 valued according to the procedures used in 1986, including
 14 the designation of 1982 as the base year, until the
 15 reappraisal cycle beginning January 1, 1986, is completed
 16 and new valuations are placed on the tax rolls and a new
 17 base year designated, if the property is:
 18 (a) new construction;
 19 (b) expanded, deleted, replaced, or remodeled
 20 improvements;
 21 (c) annexed property; or
 22 (d) property converted from tax-exempt to taxable
 23 status.
 24 (6) Property described in subsections (5)(a) through
 25 (5)(d) that is not class four, class twelve, or class

1 fourteen property is valued according to the procedures used
2 in 1986 but is also subject to the dollar cap in each taxing
3 unit based on 1986 mills levied.

4 (7) The limitation on the amount of taxes, as
5 clarified in this section, is intended to leave the property
6 appraisal and valuation methodology of the department of
7 revenue intact. Determinations of county classifications,
8 salaries of local government officers, and all other matters
9 in which total taxable valuation is an integral component
10 are not affected by 15-10-401 and 15-10-402 except for the
11 use of taxable valuation in fixing tax levies. In fixing tax
12 levies, the taxing units of local government may anticipate
13 the deficiency in revenues resulting from the tax
14 limitations in 15-10-401 and 15-10-402, while understanding
15 that regardless of the amount of mills levied, a taxpayer's
16 liability may not exceed the dollar amount due in each
17 taxing unit for the 1986 tax year unless the taxing unit's
18 taxable valuation decreases by 5% or more from the 1986 tax
19 year. If a taxing unit's taxable valuation decreases by 5%
20 or more from the 1986 tax year, it may levy additional mills
21 to compensate for the decreased taxable valuation, but in no
22 case may the mills levied exceed a number calculated to
23 equal the revenue from property taxes for the 1986 tax year
24 in that taxing unit.

25 (8) The limitation on the amount of taxes levied does

1 not apply to the following levy or special assessment
2 categories, whether or not they are based on commitments
3 made before or after approval of 15-10-401 and 15-10-402:

- 4 (a) rural improvement districts;
- 5 (b) special improvement districts;
- 6 (c) levies pledged for the repayment of bonded
- 7 indebtedness, including tax increment bonds;
- 8 (d) city street maintenance districts;
- 9 (e) tax increment financing districts;
- 10 (f) satisfaction of judgments against a taxing unit;
- 11 (g) street lighting assessments; and
- 12 (h) revolving funds to support any categories
- 13 specified in this subsection (8); and
- 14 (i) elementary and high school districts.

15 (9) The limitation on the amount of taxes levied does
16 not apply in a taxing unit if the voters in the taxing unit
17 approve an increase in tax liability following a resolution
18 of the governing body of the taxing unit containing:

- 19 (a) a finding that there are insufficient funds to
- 20 adequately operate the taxing unit as a result of 15-10-401
- 21 and 15-10-402;
- 22 (b) an explanation of the nature of the financial
- 23 emergency;
- 24 (c) an estimate of the amount of funding shortfall
- 25 expected by the taxing unit;

1 (d) a statement that applicable fund balances are or
2 by the end of the fiscal year will be depleted;

3 (e) a finding that there are no alternative sources of
4 revenue;

5 (f) a summary of the alternatives that the governing
6 body of the taxing unit has considered; and

7 (g) a statement of the need for the increased revenue
8 and how it will be used.

9 (10) The limitation on the amount of taxes levied does
10 not apply to levies required to address the funding of
11 relief of suffering of inhabitants caused by famine,
12 conflagration, or other public calamity.

13 (11) The limitation on the amount of taxes levied by a
14 taxing jurisdiction subject to a statutory maximum mill levy
15 does not prevent a taxing jurisdiction from increasing its
16 number of mills beyond the statutory maximum mill levy to
17 produce revenue equal to its 1986 revenue.

18 (12) The limitation on the amount of taxes levied does
19 not apply to a levy increase to repay taxes paid under
20 protest in accordance with 15-1-402."

21 **Section 4.** Section 17-3-213, MCA, is amended to read:

22 "17-3-213. Allocation to general road fund and
23 countywide school levies. (1) The forest reserve funds so
24 apportioned to each county ~~shall~~ must be apportioned by the
25 county treasurer in each county ~~between-the-several-funds~~ as

1 follows:

2 (a) to the general road fund, 66 2/3% of the total
3 amount received;

4 (b) to the following countywide school levies, 33 1/3%
5 of the total sum received:

6 (i) ~~the--annual--basic--tax--levy~~ county equalization for
7 elementary schools provided for in 20-9-331; ~~and~~

8 (ii) ~~the--annual--special--tax~~ county equalization for
9 high schools provided for in 20-9-333;

10 ~~(iii)--the--high--school--transportation--fund--provided--for~~
11 ~~in--20--10--143;~~

12 ~~(iv)--the--elementary--teacher--retirement--and--social~~
13 ~~security--fund--provided--for--in--20--9--501;~~

14 ~~(v)--the--high--school--teacher--retirement--and--social~~
15 ~~security--fund--provided--for--in--20--9--501.~~

16 (2) The apportionment of money to the funds provided
17 for under subsection (1)(b) ~~shall~~ must be made by the county
18 superintendent based on the proportion that the mill levy of
19 each fund bears to the total number of mills for all the
20 funds. Whenever the total amount of money available for
21 apportionment under this section is greater than the total
22 requirements of a levy, the excess money and any interest
23 income must be retained in a separate reserve fund, to be
24 reapportioned in the ensuing school fiscal year to the
25 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 5. 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; 15-37-117; 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; 20-6-406; 20-8-111; [section 55]; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws of 1985.

(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. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Section 6. Section 20-3-106, MCA, is amended to read:

1 ***20-3-106. Supervision of schools -- powers and**
 2 **duties.** The superintendent of public instruction has the
 3 general supervision of the public schools and districts of
 4 the state, and he shall perform the following duties or acts
 5 in implementing and enforcing the provisions of this title:

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

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

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

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

15 (5) approve or disapprove the orders of a high school
 16 boundary commission in accordance with the provisions of
 17 20-6-311;

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

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

23 (8) generally supervise the school budgeting
 24 procedures prescribed by law in accordance with the
 25 provisions of 20-9-102 and prescribe the school budget

1 format in accordance with the provisions of 20-9-103 and
 2 20-9-506;

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

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

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

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

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

22 (14) distribute state equalization aid in support of
 23 the foundation program in accordance with the provisions of
 24 20-9-331, 20-9-333, 20-9-342, 20-9-346, and 20-9-347;

25 (15) distribute state impact aid in accordance with the

1 provisions of 20-9-304;

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

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

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

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

13 (20) prescribe the form and contents of and approve or
14 disapprove interstate contracts in accordance with the
15 provisions of 20-9-705;

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

19 (22) recommend standards of accreditation for all
20 schools to the board of public education and evaluate
21 compliance with such the standards and recommend
22 accreditation status of every school to the board of public
23 education in accordance with the provisions of 20-7-101 and
24 20-7-102;

25 (23) collect and maintain a file of curriculum guides

1 and assist schools with instructional programs in accordance
2 with the provisions of 20-7-113 and 20-7-114;

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

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

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

13 (27) supervise and coordinate the conduct of special
14 education in the state in accordance with the provisions of
15 20-7-403;

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

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

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

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

1 (32) provide schools with information and technical
2 assistance for compliance with the student assessment rules
3 provided for in 20-2-121 and collect and summarize the
4 results of such the student assessment for the board of
5 public education and the legislature;

6 (33) administer the distribution of state retirement
7 equalization aid for each district's retirement fund
8 expenditures in accordance with 20-9-532 20-9-347; and

9 (34) perform any other duty prescribed from time to
10 time by this title, any other act of the legislature, or the
11 policies of the board of public education. (Subsection (33)
12 effective July 1, 1988--sec. 8, Ch. 635, L. 1987.)"

13 **Section 7.** Section 20-3-205, MCA, is amended to read:

14 "20-3-205. Powers and duties. The county
15 superintendent has general supervision of the schools of the
16 county within the limitations prescribed by this title and
17 shall perform the following duties or acts:

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

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

24 (3) register the teacher or specialist certificates or
25 emergency authorization of employment of any person employed

1 in the county as a teacher, specialist, principal, or
2 district superintendent in accordance with the provisions of
3 20-4-202;

4 (4) act on each tuition application submitted to him
5 in accordance with the provisions of 20-5-301, 20-5-302,
6 20-5-304, and 20-5-311 and transmit the tuition information
7 required by 20-5-312;

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

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

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

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

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

21 (10) estimate the average number belonging (ANB) of an
22 opening school in accordance with the provisions of
23 20-6-502, 20-6-503, 20-6-504, or 20-6-506;

24 (11) process and, when required, act on school
25 isolation applications in accordance with the provisions of

1 20-9-302;

2 (12) complete the budgets, compute the budgeted

3 revenues and tax levies, file final and emergency budgets,

4 and fulfill such other responsibilities assigned to him

5 under the provisions of this title regulating school

6 budgeting systems;

7 (13) submit an annual financial report to the

8 superintendent of public instruction in accordance with the

9 provisions of 20-9-211;

10 (14) ~~quarterly~~ monthly, unless otherwise provided by

11 law, order the county treasurer to apportion state money,

12 county school money, and any other school money subject to

13 apportionment in accordance with the provisions of 20-9-212,

14 20-9-334, 20-9-347, or ~~20-10-145, or 20-10-146~~;

15 (15) act on any request to transfer average number

16 belonging (ANB) in accordance with the provisions of

17 20-9-313(3);

18 (16) calculate the estimated budgeted general fund

19 sources of revenue in accordance with the provisions of

20 20-9-348 and the other general fund revenue provisions of

21 the general fund part of this title;

22 (17) compute the revenues and the district and county

23 levy requirements for each fund included in each district's

24 final budget and report such the computations to the board

25 of county commissioners in accordance with the provisions of

1 the general fund, transportation, bonds, and other school

2 funds parts of this title;

3 (18) file and forward bus driver certifications,

4 transportation contracts, and state transportation

5 reimbursement claims in accordance with the provisions of

6 20-10-103, 20-10-143, or 20-10-145;

7 (19) for districts which do not employ a district

8 superintendent or principal, recommend library book and

9 textbook selections in accordance with the provisions of

10 20-7-204 or 20-7-602;

11 (20) notify the superintendent of public instruction of

12 a textbook dealer's activities when required under the

13 provisions of 20-7-605 and otherwise comply with the

14 textbook dealer provisions of this title;

15 (21) act on district requests to allocate federal money

16 for indigent children for school food services in accordance

17 with the provisions of 20-10-205;

18 (22) perform any other duty prescribed from time to

19 time by this title, any other act of the legislature, the

20 policies of the board of public education, the policies of

21 the board of regents relating to community college

22 districts, or the rules of the superintendent of public

23 instruction;

24 (23) administer the oath of office to trustees without

25 the receipt of pay for administering the oath;

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

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

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

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

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

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

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

24 **Section 8.** Section 20-3-324, MCA, is amended to read:

25 **"20-3-324. Powers and duties.** As prescribed elsewhere

1 in this title, the trustees of each district shall:

2 (1) employ or dismiss a teacher, principal, or other
 3 assistant upon the recommendation of the district
 4 superintendent, the county high school principal, or other
 5 principal as the board considers necessary, accepting or
 6 rejecting any recommendation as the trustees in their sole
 7 discretion determine, in accordance with the provisions of
 8 Title 20, chapter 4;

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

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

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

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

24 (6) participate in district boundary change actions in
 25 accordance with the provisions of the districts chapter of

1 this title;

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

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

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

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

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

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

21 (13) when applicable, establish, financially
22 administer, and budget for the tuition fund, retirement
23 fund, building reserve fund, adult education fund,
24 nonoperating fund, school food services fund, miscellaneous
25 federal programs fund, building fund, lease or rental

1 agreement fund, traffic education fund, and interlocal
2 cooperative agreement fund in accordance with the provisions
3 of the other school funds parts of this title;

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

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

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

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

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

23 (19) make reports from time to time as the county
24 superintendent, superintendent of public instruction, and
25 board of public education may require;

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

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

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

15 (23) adopt and administer a district policy on
 16 assessment for placement of any child who enrolls in a
 17 school of the district from a nonpublic school that is not
 18 accredited, as required in 20-5-110; and

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

23 **Section 9.** Section 20-3-331, MCA, is amended to read:

24 "20-3-331. **Purchase of liability insurance.** The
 25 trustees of any district may purchase insurance coverage for

1 the district, trustees, and employees against liability for
 2 the death, injury, or disability of any person or damage to
 3 property. The trustees shall include the cost of coverage in
 4 the general fund budget of the district."

5 **Section 10.** Section 20-5-305, MCA, is amended to read:

6 "20-5-305. **Elementary tuition rates.** (1) Whenever a
 7 pupil of an elementary district has been granted approval to
 8 attend a school outside of the district in which he resides,
 9 under the provisions of 20-5-301 or 20-5-302, such the
 10 district of residence shall pay tuition to the elementary
 11 district where the pupil attends school. Except as provided
 12 in subsection (2), the basis of the rate of tuition shall be
 13 determined by the attended district. The rate of tuition
 14 shall must be determined by:

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

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

21 (c) subtracting the--total--of from the amount
 22 determined in subsection (1)(b) the per-ANB amount allowed
 23 by 20-9-316 through 20-9-321 that represents the foundation
 24 program schedules as prescribed by 20-9-303 plus the per-ANB
 25 amount--determined--by--dividing--the--state--financing--of--the

1 ~~district-permissive-levy-by-the-ANB-of--the--district,--from~~
2 ~~the-amount-determined-in-subsection-(1)(b).~~

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

9 **Section 11.** Section 20-5-312, MCA, is amended to read:

10 "20-5-312. Reporting, budgeting, and payment for high
11 school tuition. (1) Except as provided in subsection (2), at
12 the close of the school term of each school fiscal year, the
13 trustees of each high school district shall determine the
14 rate of tuition for the current school fiscal year by:

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

18 (b) dividing the amount determined in subsection
19 (1)(a) above by the ANB of the district as determined under
20 the provisions of 20-9-311; and

21 (c) ~~subtracting the--total---of~~ from the amount
22 determined in subsection (1)(b) the per-ANB amount allowed
23 by 20-9-316 through 20-9-321 that represents the foundation
24 program schedules as prescribed by 20-9-303 plus the per-ANB
25 amount--determined--by--dividing--the--state--financing--of--the

1 ~~district-permissive-levy-by-the-ANB-of--the--district,--from~~
2 ~~the-amount-determined-in-subsection-(1)(b).~~

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

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

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

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

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

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

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

25 (5) When the district superintendent receives a

1 tuition report or reports for high school pupils residing in
 2 his district and attending an out-of-district high school
 3 under approved tuition agreements, he shall determine the
 4 total amount of tuition due such the out-of-district high
 5 schools on the basis of the following per-pupil schedule:
 6 the rate of tuition, number of pupils attending under an
 7 approved tuition agreement, and other information provided
 8 by each high school district where resident district pupils
 9 have attended school.

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

1 (7) For pupils attending a high school outside their
 2 district of residence but within the county of residence,
 3 the total amount of the tuition, with consideration of any
 4 tuition waivers, must be paid during the ensuing school
 5 fiscal year. The trustees of the sending high school
 6 district shall include the tuition amount in the tuition
 7 fund of the preliminary and final budgets. This budgeted
 8 tuition amount is not subject to the budget adjustment
 9 provisions of 20-9-132. The county superintendent shall
 10 report the net tuition fund levy requirement for each high
 11 school district to the county commissioners on the second
 12 Monday of August, and a levy on the district must be made by
 13 the county commissioners in accordance with 20-9-142. The
 14 levy requirement must be calculated by subtracting from the
 15 total expenditure amount authorized in the final tuition
 16 fund budget the sum of the cash balance in the tuition fund
 17 at the end of the immediately preceding school fiscal year
 18 plus any other anticipated money that may be realized in the
 19 tuition fund. The trustees shall pay by warrants drawn on
 20 the tuition fund the tuition amounts owed to each district
 21 included in the county superintendent's notification.
 22 Payments must be made whenever there is a sufficient amount
 23 of cash available in the tuition fund but no later than the
 24 end of the school fiscal year for which the budget is
 25 adopted. However, if the trustees of either the sending or

1 receiving high school district feel the transfer privilege
2 provided by this subsection is being abused, they may appeal
3 to the county superintendent of schools, who shall hold a
4 hearing and either approve or disapprove the transfer."

5 **Section 12.** Section 20-6-401, MCA, is amended to read:

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

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

11 (2) "Eligible pupils" means the average number
12 belonging (ANB) in the operating schools of the component
13 districts and the tuition pupils residing in the component
14 districts and attending another district's school under the
15 tuition provisions of the school laws, except that the
16 pupils residing in the component district having the largest
17 total number of pupils are ineligible for bonus payment
18 consideration.

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

22 (4) "General bonus payment" for first- and
23 second-class school districts must be ~~\$300~~ \$450 per eligible
24 pupil per year for a period of 3 years and must be deposited
25 in the enlarged district's general fund. General bonus

1 payment for third-class school districts must be ~~\$500~~ \$750
2 per eligible pupil per year for a period of 3 years and must
3 be deposited in the enlarged district's general fund. The
4 general bonus payment must be made from the state school
5 equalization aid account.

6 ~~{5}--"Transportation-bonus-payment" is the provision of~~
7 ~~66-2/3% state financing of the on-schedule transportation~~
8 ~~amount as provided by the transportation provisions of the~~
9 ~~school laws. When an eligible pupil is entitled to~~
10 ~~transportation, the enlarged district is entitled to the~~
11 ~~transportation-bonus-payment for the eligible pupil for a~~
12 ~~period of 3 years. The payment must be made from the state~~
13 ~~transportation-aid account. When the eligible pupil rides a~~
14 ~~bus providing transportation for ineligible pupils, the~~
15 ~~66-2/3% state financing of the on-schedule amount for this~~
16 ~~payment must be prorated to provide financing for the~~
17 ~~eligible pupil."~~

18 **Section 13.** Section 20-6-506, MCA, is amended to read:

19 **"20-6-506. Budgeting and cost sharing when junior high**
20 **school operated by elementary district and high school**
21 **district operating a county high school. (1) Whenever the**
22 **opening of a junior high school is approved for the ensuing**
23 **school fiscal year under 20-6-505, the county superintendent**
24 **shall estimate the average number belonging (ANB) after**
25 **investigating the probable enrollment for the junior high**

1 school. The ANB determined by the county superintendent and
 2 the ANB actually realized in subsequent school fiscal years
 3 shall must be applied under 20-9-320 to prorate the
 4 ~~maximum-general-fund-budget-without-a-voted-levy~~ foundation
 5 program schedule amount provided in 20-9-303(2)(a) between
 6 the elementary and high school districts. Each district
 7 shall adopt its general fund budget on the basis of the
 8 prorated amount and shall finance its proportionate share of
 9 the cost of operating the junior high school.

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

15 **Section 14.** Section 20-6-603, MCA, is amended to read:

16 "20-6-603. Trustees' authority to acquire or dispose
 17 of sites and buildings -- when election required. (1) The
 18 trustees of any district shall ~~have the authority to~~ may
 19 purchase, build, exchange, or otherwise acquire, or sell, or
 20 ~~otherwise~~ dispose of sites and buildings of the district.
 21 ~~Such action shall~~ Action may not be taken by the trustees
 22 without the approval of the qualified electors of the
 23 district at an election called for such the purpose of
 24 approval unless:

25 (a) a bond issue has been authorized for the purpose

1 of constructing, purchasing, or acquiring the site or
 2 building;

3 (b) an additional levy under the provisions of
 4 20-9-353 has been approved for the purpose of constructing,
 5 purchasing, or acquiring the site or building;

6 (c) the cost of constructing, purchasing, or acquiring
 7 the site or building is financed without exceeding the
 8 ~~maximum-general-fund-budget-without-a-vote-amount-prescribed~~
 9 ~~in 20-9-316 through 20-9-321~~ foundation program schedule
 10 amount provided in 20-9-303(2)(a), and, in the case of a
 11 site purchase, the site has been approved under the
 12 provisions of 20-6-621; or

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

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

1 **Section 15.** Section 20-6-608, MCA, is amended to read:

2 "20-6-608. Authority and duty of trustees to insure
3 district property. The trustees of any district shall have
4 ~~the authority and it shall be their duty to~~ insure any or
5 all real and personal property of the district. The trustees
6 shall include the cost of insurance in the general fund
7 budget of the district."

8 **Section 16.** Section 20-7-414, MCA, is amended to read:

9 "20-7-414. Determination of children in need and type
10 of special education needed -- approval of classes and
11 programs by superintendent. (1) The determination of the
12 children requiring special education and the type of special
13 education needed by these children ~~shall--be~~ is the
14 responsibility of the trustees, and such the determination
15 ~~shall~~ must be made in compliance with the procedures
16 established in the rules of the superintendent of public
17 instruction. Whenever the trustees of a school district or
18 the governing authority of an institution learn of a
19 handicapped child in their jurisdiction who is in need of
20 special education, they shall determine whether the child is
21 in need of a surrogate parent by determining whether the
22 parents or guardian is unknown or unavailable or if the
23 child is a ward of the state. The determination must be made
24 within 10 days of the date on which the trustees of a school
25 district or the governing authority of an institution

1 learned of the presence of the child in the district. If the
2 child is in need of a surrogate parent, the trustees of a
3 school district or the governing authority of an institution
4 must nominate a surrogate parent for the child as provided
5 in 20-7-461.

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

21 **Section 17.** Section 20-7-422, MCA, is amended to read:

22 "20-7-422. Out-of-state tuition for special education
23 children. (1) If the trustees of any district recommend to
24 the superintendent of public instruction the attendance of
25 a child in need of special education in a special education

1 program offered outside of the state of Montana, such the
 2 arrangements shall are not be subject to the out-of-state
 3 attendance provisions of the laws governing the attendance
 4 of pupils in schools outside the state of Montana.

5 (2) Whenever the attendance of a child at an
 6 out-of-state special education program is approved by the
 7 superintendent of public instruction, it--shall--be--the
 8 responsibility--of the superintendent of public instruction
 9 shall, in cooperation with the department of family
 10 services, to negotiate the program for the child and the
 11 amount and manner of payment of tuition. The amount of
 12 tuition shall must be included as a contracted service in
 13 20-7-431(1)(a)(iii)(A) in the maximum-budget-without-a-vote
 14 foundation program amount for special education."

15 **Section 18.** Section 20-7-431, MCA, is amended to read:

16 "20-7-431. Allowable cost schedule for special
 17 programs -- superintendent to make rules -- annual
 18 accounting. (1) For the purpose of determining the
 19 maximum-budget-without-a-vote foundation program amount for
 20 special education as defined in 20-9-321, the following
 21 schedule of allowable costs shall must be followed by the
 22 school district in preparation of its special education
 23 budget for state aid request purposes and by the
 24 superintendent of public instruction in his review and
 25 approval of the budget (for the purposes of determining the

1 amount of the maximum-budget-without-a-vote foundation
 2 program for special education for the district, and as used
 3 in this schedule, "full-time special pupil" and "regular
 4 ANB" are to be determined in accordance with 20-9-311 and
 5 20-9-313):

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

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

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

18 (iii) other expenses:

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

24 (B) transportation costs for special education
 25 personnel who must travel on an itinerant basis from school

1 to school or district to district or to in-state child study
2 team meetings or in-state individualized education program
3 meetings--the actual cost to the district calculated on the
4 same mileage rate used by the district for other travel
5 reimbursement purposes;

6 (b) supportive services, including:

7 (i) salaries and benefits of professional supportive
8 personnel--the entire cost if employed full time in the
9 special program; if such the personnel are shared between
10 special and regular programs--a portion of the entire cost
11 corresponding to the entire working time which each such
12 person devotes to the special program. Professional
13 supportive personnel may include counselors, social workers,
14 psychologists, psychometrists, physicians, nurses, and
15 physical and occupational therapists.

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

23 (c) equipment:

24 (i) equipment--the actual total cost;

25 (ii) special equipment for district-owned school buses

1 necessary to accommodate special students--the actual total
2 cost;

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

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

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

14 (2) The superintendent of public instruction shall,
15 ~~prior to September 17, 1977, revise~~ the adopt rules in
16 accordance with the policies of the board of public
17 education for:

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

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

1 (c) defining the kinds or types of equipment whose
2 costs may be counted under subsection (1)(c)(i) of this
3 section.

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

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

15 (5) Allowable costs prescribed in this section ~~de--not~~
16 include the costs of the teachers' retirement system, the
17 public employees' retirement system, the federal social
18 security system, or and the costs for unemployment
19 compensation insurance.

20 (6) (a) Notwithstanding other provisions of the law,
21 the superintendent of public instruction ~~shall~~ may not
22 approve a ~~maximum-budget-without-a-vote~~ foundation program
23 amount for special education ~~which that~~ exceeds legislative
24 appropriations; however, any unexpended balance from the
25 first year of a biennial appropriation may be spent in the

1 second year of the biennium in addition to the second year
2 appropriation.

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

13 **Section 19.** Section 20-7-442, MCA, is amended to read:
14 "20-7-442. State transportation reimbursement for
15 special education children. Districts providing children
16 with transportation to a special education class or program
17 and complying with the special education transportation
18 regulations promulgated by the superintendent of public
19 instruction ~~shall--be~~ are eligible for ~~a~~ the state
20 transportation reimbursement under the provisions of
21 20-10-145. The reimbursement ~~shall~~ must be calculated from a
22 schedule established by the superintendent of public
23 instruction ~~with--the--state--providing--two-thirds--of--the~~
24 ~~reimbursement--and--the--county--in--which--the--children--reside~~
25 ~~providing--the--remainder."~~

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

2 **"20-9-104. General fund cash reserve.** (1) At the end
3 of each school fiscal year, the trustees of each district
4 shall designate ~~what~~ the portion of the general fund
5 end-of-the-year cash balance ~~shall~~ that is to be earmarked
6 as cash reserve for the purpose of paying general fund
7 warrants issued by the district from July 1 to November 30
8 of the ensuing school fiscal year. The amount of the general
9 fund cash balance that is earmarked as cash reserve ~~shall~~
10 may not exceed 35% the following percentages of the final
11 general fund budget for the ensuing school fiscal year and
12 ~~shall~~;

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

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

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

23 (2) The amount held as cash reserve may not be used
24 for property tax reduction in the manner permitted by
25 20-9-141(1)(b) for other receipts. Any portion of the

1 general fund end-of-the-year cash balance that is not
2 earmarked for cash reserve purposes ~~shall--be~~ is cash
3 reappropriated ~~which-shall~~ and must be used for property tax
4 reduction as provided in 20-9-141(1)(b)(iii).

5 (3) The limitation of subsection (1) does not apply
6 when the amount in excess of the limitation is equal to or
7 less than:

8 (a) any amount received during the current school
9 fiscal year under Public Law 81-874; or

10 (b) the unused balance of any amount received in
11 settlement of tax payments protested prior to [the effective
12 date of this section]."

13 **Section 21.** Section 20-9-141, MCA, is amended to read:

14 **"20-9-141. Computation of general fund net levy**
15 **requirement by county superintendent.** (1) The county
16 superintendent shall compute the levy requirement for each
17 district's general fund on the basis of the following
18 procedure:

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

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

1 ~~{ii}~~-the--district's-permissive-levy-amount-as-provided
2 in-20-9-352; and

3 ~~{iii}~~{ii} any additional general fund budget amount
4 adopted by the trustees of the district under the provisions
5 of 20-9-353, including any additional levies authorized by
6 the electors of the district.

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

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

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

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

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

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

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

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

5 (viii) anticipated revenue from corporation license
6 taxes collected from financial institutions under the
7 provisions of 15-31-702; and

8 ~~{viii}~~{ix} any other revenue anticipated by the
9 trustees to be received during the ensuing school fiscal
10 year which may be used to finance the general fund.

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

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

21 **Section 22.** Section 20-9-201, MCA, is amended to read:

22 "20-9-201. Definitions and application. (1) As used in
23 this title, unless the context clearly indicates otherwise,
24 "fund" means a separate detailed account of receipts and
25 expenditures for a specific purpose as authorized by law.

1 Funds are classified as follows:

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

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

18 (2) The school financial administration provisions of
19 this title apply to all money of any elementary or high
20 school district except the extracurricular money realized
21 from pupil activities. Elementary and high school districts
22 shall record the receipt and disbursement of all money in
23 accordance with generally accepted accounting principles.
24 The superintendent of public instruction has general
25 supervisory authority as prescribed by law over the school

1 financial administration provisions, as they relate to
2 elementary and high school districts, ~~as-prescribed-by-law~~
3 and He shall establish-such adopt rules as-are necessary to
4 secure compliance with the law."

5 **Section 23.** Section 20-9-212, MCA, is amended to read:

6 "20-9-212. Duties of county treasurer. The county
7 treasurer of each county shall:

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

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

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

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

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

25 ~~(e)--any--additional--county--tax--required--by--law--to~~

1 provide---for---deficiency---financing---of---the---elementary
2 foundation-programs;

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

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

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

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

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

24 (5) except as otherwise limited by law, pay all
25 warrants properly drawn on the county or district school

1 money and properly endorsed by their holders;

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

8 (7) send all revenues revenue received for a joint
9 district, part of which is situated in his county, to the
10 county treasurer designated as the custodian of such
11 revenues the revenue, no later than December 15 of each year
12 and every 3 months thereafter until the end of the school
13 fiscal year;

14 (8) at the direction of the trustees of a district,
15 assist the district in the issuance and sale of tax and
16 revenue anticipation notes as provided in Title 7, chapter
17 6, part 11;

18 (9) register district warrants drawn on a budgeted
19 fund in accordance with 7-6-2604 when there is insufficient
20 money available ~~in--the--sum--of--money~~ in all funds of the
21 district to make payment of such the warrant. Redemption of
22 registered warrants shall must be made in accordance with
23 7-6-2116, 7-6-2605, and 7-6-2606.

24 (10) invest the money of any district as directed by
25 the trustees of the district within 3 working days of such

1 the direction;

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

7 (12) remit promptly to the state treasurer receipts for
8 the county tax for a vocational-technical center when levied
9 by the board of county commissioners under the provisions of
10 20-16-202; and

11 (13) invest the money received from the basic county
12 tax in support of the elementary foundation programs and the
13 basic special tax in support of the high school foundation
14 programs within 3 working days of receipt. The money must be
15 invested until the working day before it is required to be
16 distributed to school districts within the county or
17 remitted to the state. Permissible investments are
18 specified in 20-9-213(4). All investment income must be
19 deposited, and credited proportionately, in the funds
20 established to account for the taxes received for the
21 purposes specified in subsections (1)(a) and (1)(b)."

22 **Section 24.** Section 20-9-213, MCA, is amended to read:

23 "20-9-213. Duties of trustees. The trustees of each
24 district shall have the sole power and authority to transact
25 all fiscal business and execute all contracts in the name of

1 such the district. No person other than the trustees acting
2 as a governing board shall have the authority to may expend
3 moneys money of the district. In conducting the fiscal
4 business of the district, the trustees shall:

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

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

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

19 (4) invest any moneys money of the district, whenever
20 in the judgment of the trustees such the investment would be
21 advantageous to the district, by directing the county
22 treasurer to invest any money of the district in direct
23 obligations of the United States government; in savings or
24 time deposits in a state or national bank, building or loan
25 association, savings and loan association, or credit union

1 insured by the FDIC, FSLIC, or NCUA located in the state; or
 2 in a repurchase agreement as authorized in 7-6-213. All
 3 interest collected on such the deposits or investments shall
 4 must be credited to the fund from which the money was
 5 withdrawn, except that interest earned on account of the
 6 investment of money realized from the sale of bonds shall
 7 must be credited to the debt service fund or the building
 8 fund, at the discretion of the board of trustees. The
 9 placement of the investment by the county treasurer shall is
 10 not be subject to ratable distribution laws and shall must
 11 be done in accordance with the directive from the board of
 12 trustees. A district may invest moneys money under the
 13 state unified investment program established in Title 17,
 14 chapter 6.

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

20 ~~(5)(6)~~ report annually to the county superintendent,
 21 not later than August 1, the financial activities of each
 22 fund maintained by the district during the last completed
 23 school fiscal year, on the forms prescribed and furnished by
 24 the superintendent of public instruction. Annual fiscal
 25 reports for joint school districts shall must be submitted

1 to the county superintendent of each county in which part of
 2 the joint district is situated.

3 ~~(6)(7)~~ whenever requested, report any other fiscal
 4 activities to the county superintendent, superintendent of
 5 public instruction, or board of public education;

6 ~~(7)(8)~~ cause the accounting records of the district to
 7 be audited annually biennially as required by law 2-7-503;
 8 and

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

12 **Section 25.** Section 20-9-301, MCA, is amended to read:
 13 "20-9-301. Purpose ~~and---definition~~ of foundation
 14 program and definition of general fund budget. (1) A uniform
 15 system of free public schools sufficient for the education
 16 of and open to all school age children of the state shall
 17 must be established and maintained throughout the state of
 18 Montana. The state shall aid in the support of its several
 19 school districts on the basis of their financial need as
 20 measured by the foundation program and in the manner
 21 established in this title.

22 (2) The principal budgetary vehicle for achieving the
 23 minimum financing as established by the foundation program
 24 shall--be is the general fund budget of the district. The
 25 purpose of the general fund shall-be budget is to finance

1 those general maintenance and operational costs of a
2 district not financed by other funds established for special
3 purposes in this title.

4 (3) The amount of the general fund budget for each
5 school fiscal year shall may not exceed the financing
6 limitations established by this title but shall--be--no may
7 not be less than the amount established by law as the
8 foundation program. The general fund budget shall must be
9 financed by the foundation program revenues and may be
10 supplemented by--the-permissive--levy--and--additional--voted
11 levies-in-the-manner as provided by law 20-9-353."

12 **Section 26.** Section 20-9-303, MCA, is amended to read:

13 "20-9-303. Definition of foundation program and-its
14 proportion-of-the--maximum-general-fund-without-a-voted-levy
15 schedule--amount -- nonisolated school foundation program
16 financing -- special education funds. (1) As used in this
17 title, the term "foundation program" shall-mean means the
18 minimum operating expenditures,as-established-herein, that
19 are sufficient to provide for the educational program of a
20 school. The foundation program relates only to those
21 expenditures authorized by a district's general fund budget
22 and shall may not include expenditures from any other fund.
23 It shall-be is financed by:

24 (a) county equalization moneys money, as provided in
25 20-9-331 and 20-9-333; and

1 (b) state equalization aid, as provided in 20-9-343;
2 (c) appropriations for special education; and
3 (d) a district levy as provided in subsection (3) for
4 support of a school not approved as an isolated school under
5 the provisions of 20-9-302.

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

10 The foundation program of-an includes:

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

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

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

1 of the foundation program.

2 ~~{3}~~(4) Funds provided to support the special education
3 accounting budget may be expended only for special education
4 purposes as approved by the superintendent of public
5 instruction in accordance with the special education
6 budgeting provisions of this title. Expenditures for special
7 education ~~shall~~ must be accounted for separately from the
8 balance of the school district general fund. Transfers
9 between items within the special education budget for
10 accounting purposes may be made at the discretion of the
11 board of trustees in accordance with the financial
12 administration part of this title. The unexpended balance of
13 the special education accounting budget ~~shall-carry~~ carries
14 over to the next year to reduce the amount of funding
15 required to finance the district's ensuing year's
16 ~~maximum-budget-without-a-vote~~ foundation program amount for
17 special education."

18 **Section 27.** Section 20-9-311, MCA, is amended to read:

19 "20-9-311. Calculation of average number belonging
20 (ANB). (1) Average number belonging must be computed by
21 determining the total of the aggregate days of attendance by
22 regularly enrolled, full-time pupils during the second
23 semester of the preceding school fiscal year and the first
24 semester of the current school fiscal year plus the
25 aggregate days of absence by regularly enrolled, full-time

1 pupils during the second semester of the preceding school
2 fiscal year and the first semester of the current school
3 fiscal year and by dividing the total by 180. However, when
4 a school district has approval to operate less than 180
5 school days under 20-9-804, the total must be calculated in
6 accordance with the provisions of 20-9-805. For the purpose
7 of calculating ANB under this section, the days of
8 attendance for a regularly enrolled pupil may not exceed 180
9 pupil-instruction days and 7 pupil-instruction-related days.
10 Attendance for a part of a morning session or a part of an
11 afternoon session by a pupil must be counted as attendance
12 for one-half day. In calculating the ANB for pupils enrolled
13 in a program established under ~~20-7-117-prior-to-January-17~~
14 ~~1974-or-pursuant-to~~ 20-7-117(1), attendance at or absence
15 from a regular session of the program for at least 2 hours
16 of either a morning or an afternoon session will be counted
17 as one-half day attended or absent as the case may be. If a
18 variance has been granted as provided in 20-1-302, ANB will
19 be computed in a manner prescribed by the superintendent of
20 public instruction, but in no case may the ANB exceed
21 one-half for each kindergarten pupil. When any pupil has
22 been absent, with or without excuse, for more than 10
23 consecutive school days, including pupil-instruction-related
24 days, his absence after the 10th day of absence may not be
25 included in the aggregate days of absence and his enrollment

1 in the school may not be considered in the calculation of
2 the average number belonging until he resumes attendance at
3 school.

4 (2) If a student spends less than half his time in the
5 regular program and the balance of his time in school in the
6 special education program, he is considered a full-time
7 special pupil but is not considered regularly enrolled for
8 ANB purposes. If a student spends half or more of his time
9 in school in the regular program and the balance of his time
10 in the special education program, he is considered regularly
11 enrolled for ANB purposes.

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

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

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

1 (c) a middle school has been approved and accredited,
2 all pupils below the 7th grade must be considered elementary
3 school pupils for ANB purposes and the 7th and 8th grade
4 pupils must be considered high school pupils for ANB
5 purposes; or

6 (d) a school has not been accredited by the board of
7 public education, the regularly enrolled, full-time pupils
8 attending the nonaccredited school are not eligible for
9 average number belonging calculation purposes, nor will an
10 average number belonging for the nonaccredited school be
11 used in determining the foundation program for the district.

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

18 **Section 28.** Section 20-9-312, MCA, is amended to read:

19 **"20-9-312. Maximum--general--fund--budget Foundation**
20 **program schedule for grades seven and eight. The ANB**
21 **calculated for grades 7 and 8 shall must be funded at the**
22 **high school rate, provided that the school meets the**
23 **standards for accreditation of a middle school. When such**
24 **the pupils are actually enrolled in an elementary school,**
25 **the foundation program schedule amount of the--general--fund**

1 budget per ANB is determined from the high school schedule
2 using the total ANB of the elementary school. To determine
3 the total ANB of such-an the elementary school, the 7th and
4 8th grade pupils shall must be included in such the total."

5 **Section 29.** Section 20-9-315, MCA, is amended to read:

6 "**20-9-315. Maximum general fund budget and exceptions.**

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

14 (2) Notwithstanding the provisions of subsection (1),
15 a district's maximum general fund budget may not exceed 117%
16 of the foundation program amount plus the retirement fund
17 reimbursement as provided in 20-9-347 for that district,
18 except:

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

23 (b) when a district had combined expenditures in
24 school fiscal year 1988 from its general fund, retirement
25 fund, and comprehensive insurance fund in an amount greater

1 than the maximum general fund budget allowed by this
2 section, in which case the maximum general fund budget of
3 the district is limited to its school fiscal year 1988
4 combined expenditure amount until that amount does not
5 exceed 117% of the district's foundation program amount plus
6 retirement fund reimbursement."

7 **Section 30.** Section 20-9-318, MCA, is amended to read:

8 "**20-9-318. Elementary school maximum-budget foundation**
9 **program** schedule for ~~1987-88~~ school fiscal year 1991 and
10 succeeding years. For ~~1987-88~~ the school fiscal year ending
11 June 30, 1991, and succeeding school years, the elementary
12 school maximum--budget foundation program schedule is as
13 follows:

14 (1) For each elementary school having an ANB of nine
15 or fewer pupils, the maximum ~~shall-be-\$20,150~~ is \$30,439 if
16 said the school is approved as an isolated school.

17 (2) For schools with an ANB of 10 pupils but less than
18 18 pupils, the maximum ~~shall-be--\$20,150~~ is \$30,439 plus
19 ~~\$842-50~~ \$1,272 per pupil on the basis of the average number
20 belonging over nine.

21 (3) For schools with an ANB of at least 14 pupils but
22 less than 18 pupils that qualify for instructional aide
23 funding under 20-9-322, the maximum ~~shall--be--\$33,042~~ is
24 \$49,893 plus ~~\$842-50~~ \$1,272 per pupil on the basis of the
25 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 \$41,888 plus ~~\$842.50~~ \$1,272 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 \$66,878 plus ~~\$527.60~~ \$796.70 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 \$2,956 is decreased at the rate of ~~\$1.90~~ \$2.87 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 ~~\$1,043~~ shall be \$2,783 is decreased at the rate of ~~\$1.74~~ \$2.62 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~~ \$2,259 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 31. 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 \$114,045~~ is \$183,751.

(2) For a secondary high school having an ANB of more than 24 pupils, the maximum ~~\$4,785~~ shall be of \$7,656 is decreased at the rate of ~~\$26.10~~ \$41.76 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 \$6,988 is decreased at the rate of ~~\$26.10~~ \$41.76 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 \$4,483 is decreased

1 at the rate of ~~\$4.37~~ \$6.99 for each additional pupil until
2 the ANB ~~shall have reached~~ reaches 200 pupils.

3 (5) For a school having an ANB of more than 200
4 pupils, the maximum of ~~\$2,365~~ shall be \$3,784 is decreased
5 by ~~\$2.40~~ \$3.84 for each additional pupil until the ANB ~~shall~~
6 have reached reaches 300 pupils.

7 (6) For a school having an ANB of more than 300
8 pupils, the maximum of ~~\$2,125~~ shall be \$3,400 is decreased
9 at the rate of ~~44~~ 71 cents for each additional pupil until
10 the ANB ~~shall have reached~~ reaches 600 pupils.

11 (7) For a school having an ANB over of more than 600
12 pupils, the maximum ~~shall may~~ not exceed ~~\$17,993~~ \$3,188 per
13 pupil.

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

22 **Section 32.** Section 20-9-320, MCA, is amended to read:

23 "**20-9-320.** ~~Maximum--general--fund--budget~~ Foundation
24 program schedule amount for junior high school. (1) The
25 ~~general-fund-budget~~ foundation program schedule amount for

1 an approved and accredited junior high school ~~shall must~~ be
2 prorated between the elementary district ~~general-fund-budget~~
3 foundation program schedule amount and the high school
4 district ~~general-fund--budget~~ foundation program schedule
5 amount in the following manner:

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

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

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

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

22 (2) The ~~general-fund-budget~~ amount determined for each
23 school of a district under the schedules provided in
24 20-9-316 through 20-9-319 ~~shall must~~ be totaled to determine
25 the ~~maximum-general-fund-budget-without-a-voted-levy~~

1 foundation program schedule amount for such the district."

2 **Section 33.** Section 20-9-321, MCA, is amended to read:

3 "20-9-321. ~~Maximum---general---fund---budget~~ Foundation
4 program and contingency funds for special education. (1) For
5 the purpose of establishing the
6 ~~maximum-budget-without-a-vote~~ foundation program amount for
7 a current year special education program for a school
8 district, the superintendent of public instruction ~~will~~
9 shall determine the total estimated cost of the special
10 education program for the school district on the basis of a
11 special education program budget submitted by the district.
12 The budget ~~will~~ must be prepared on forms provided by the
13 superintendent of public instruction and ~~will~~ must set out
14 for each program:

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

18 (b) the number of pupils expected to be enrolled in
19 the program; and

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

23 (2) The total amount of allowable costs approved by
24 the superintendent of public instruction ~~shall-be~~ is the
25 special education ~~maximum-budget-without-a-vote~~ foundation

1 program amount for current year special education program
2 purposes. The total amount of allowable costs that are
3 approved for the special education budget ~~shall~~ may not,
4 under any condition, be less than the
5 ~~maximum-budget-without-a-vote~~ foundation program amount for
6 one regular ANB for each ~~special~~ full-time special pupil in
7 the school district.

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

1 recorded as previous year special education expenses in the
2 school district budget for the subsequent school year.

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

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

15 **Section 34.** Section 20-9-322, MCA, is amended to read:

16 "20-9-322. Elementary instructional aide funding
17 qualification. (1) An elementary school that anticipates an
18 ANB of at least 14 but less than 18 pupils for the ensuing
19 school fiscal year may determine the ~~maximum--general--fund~~
20 budget foundation program amount under the provisions of
21 20-9-316(3) or 20-9-318(3) if eligibility is approved in
22 accordance with the following provisions:

23 (a) No later than May 10 of each year, the school
24 district shall submit its application for approval for
25 instructional aide funding to the superintendent of public

1 instruction. The application must include:

- 2 (i) the ANB for the preceding ANB calculation period;
3 (ii) the current ANB and the number of grade levels
4 being taught on May 1 of the current year;
5 (iii) an estimate of the ANB and the number of grade
6 levels anticipated for the ensuing ANB calculation period;
7 (iv) the factual information on which the estimate is
8 based; and
9 (v) any other information or data that may be required
10 by the superintendent of public instruction.

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

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

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

- 25 (a) a person who is under the direct supervision of a

1 teacher; or

2 (b) a certified teacher."

3 **Section 35.** Section 20-9-331, MCA, is amended to read:

4 "20-9-331. Basic county tax and other revenues for
5 county equalization of the elementary district foundation
6 program. (1) ~~It shall be the duty of the~~ The county
7 commissioners of each county to shall levy an annual basic
8 tax of ~~20~~ 47 mills on the ~~dollars~~ dollar of the taxable
9 value of all taxable property within the county, except for
10 ~~vehicles subject to taxation under 61-3-504(2)~~ property
11 subject to a tax or fee under 23-2-517, 23-2-803,
12 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
13 purposes of local and state foundation program support. The
14 revenue ~~to be~~ collected from this levy shall must be
15 apportioned to the support of the foundation programs of the
16 elementary school districts in the county and to the state
17 special revenue fund, state equalization aid account, in the
18 following manner:

19 (a) In order to determine the amount of revenue raised
20 by this levy which is retained by the county, the sum of the
21 estimated revenues revenue identified in subsection (2)
22 ~~below shall~~ must be subtracted from the ~~sum of the county~~
23 ~~elementary transportation obligation and the~~ total of the
24 foundation programs of all elementary districts of the
25 county.

1 (b) If the basic levy prescribed by this section
2 produces more revenue than is required to finance the
3 difference determined above in subsection (1)(a), the county
4 treasurer shall remit the surplus funds to the state
5 treasurer for deposit to the state special revenue fund,
6 state equalization aid account, immediately upon occurrence
7 of a surplus balance and each subsequent month thereafter,
8 with any final remittance due no later than June 20 of the
9 fiscal year for which the levy has been set.

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

23 (2) The proceeds revenue realized from the county's
24 portion of the levy prescribed by this section and the
25 revenues revenue from the following sources shall must be

1 used for the equalization of the elementary district
 2 foundation programs of the county as prescribed in 20-9-334,
 3 and a separate accounting shall must be kept of such
 4 ~~proceeds-and-revenues~~ the revenue by the county treasurer in
 5 accordance with 20-9-212(1):

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

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

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

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

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

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

3 (g) anticipated revenue from ~~vehicle~~ property taxes
 4 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
 5 61-3-521, and 61-3-537, and 67-3-204."

6 **Section 36.** Section 20-9-333, MCA, is amended to read:

7 "20-9-333. Basic special levy and other revenues for
 8 county equalization of high school district foundation
 9 program. (1) ~~It--shall--be--the--duty--of--the~~ The county
 10 commissioners of each county ~~to~~ shall levy an annual basic
 11 special tax for high schools of ~~17~~ 28 mills on the dollar of
 12 the taxable value of all taxable property within the county,
 13 ~~except for vehicles--subject-to-taxation-under-61-3-504(2)~~
 14 property subject to a tax or fee under 23-2-517, 23-2-803,
 15 61-3-504(2), 61-3-521, 61-3-537, and 67-3-204, for the
 16 purposes of local and state foundation program support. The
 17 revenue ~~to--be~~ collected from this levy shall must be
 18 apportioned to the support of the foundation programs of
 19 high school districts in the county and to the state special
 20 revenue fund, state equalization aid account, in the
 21 following manner:

22 (a) In order to determine the amount of revenue raised
 23 by this levy which is retained by the county, the sum of the
 24 estimated revenues revenue identified in subsections ~~(2)(a)~~
 25 ~~and-(2)(b)-below~~ shall subsection (2) must be subtracted

1 from the sum of the county's high school tuition obligation
2 and the total of the foundation programs of all high school
3 districts of the county.

4 (b) If the basic levy prescribed by this section
5 produces more revenue than is required to finance the
6 difference determined above in subsection (1)(a), the county
7 treasurer shall remit the surplus to the state treasurer for
8 deposit to the state special revenue fund, state
9 equalization aid account, immediately upon occurrence of a
10 surplus balance and each subsequent month thereafter, with
11 any final remittance due no later than June 20 of the fiscal
12 year for which the levy has been set.

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

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

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

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

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

20 (d) anticipated revenue from vehicle property taxes
21 and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
22 61-3-521, and 61-3-537, and 67-3-204."

23 **Section 37.** Section 20-9-334, MCA, is amended to read:
24 "20-9-334. Apportionment of county equalization moneys
25 money by county superintendent. The county superintendent

1 shall separately apportion the revenues deposited in the
 2 basic county tax account and the revenues deposited in the
 3 basic special tax for high schools account to the several
 4 districts of the county on a monthly basis. The
 5 apportionments shall must be known as "county equalization
 6 moneys money". Before the county superintendent makes the
 7 monthly apportionments, he the county superintendent shall:
 8 ~~{1} deduct from the revenues available in the basic~~
 9 ~~county tax account the amount required for the month to pay~~
 10 ~~the county's obligation for elementary transportation~~
 11 ~~reimbursements; and~~
 12 ~~{2} deduct from the revenues available in the basic~~
 13 ~~special tax for high schools account the amount required for~~
 14 ~~the month to pay the county's obligation for high school~~
 15 ~~out-of-county tuition."~~

16 **Section 38.** Section 20-9-343, MCA, is amended to read:
 17 "20-9-343. Definition of and revenue for state
 18 equalization aid. (1) As used in this title, the term "state
 19 equalization aid" means ~~those moneys~~ the money deposited in
 20 the state special revenue fund as required in this section
 21 plus any legislative appropriation of money from other
 22 sources for distribution to the public schools for the
 23 purpose purposes of reimbursement of the retirement fund
 24 expenditures of the public school districts and equalization
 25 of the foundation program.

1 ~~(2) The legislative appropriation for state~~
 2 ~~equalization aid shall be made in a single sum for the~~
 3 ~~biennium. The superintendent of public instruction has~~
 4 ~~authority to may spend such appropriation, together with the~~
 5 ~~earmarked revenues provided in subsection {3}, funds~~
 6 ~~appropriated for state equalization aid as required for~~
 7 ~~retirement fund reimbursement and foundation program~~
 8 ~~purposes throughout the biennium.~~

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

12 (a) ~~31.8% of all~~ money received from the collection of
 13 income taxes under chapter 30 of Title 15, as provided by
 14 15-1-501;

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

19 (c) ~~10% of the~~ money allocated to state equalization
 20 from the collection of the severance tax on coal;

21 (d) ~~10% of the~~ money received from the treasurer of
 22 the United States as the state's shares of oil, gas, and
 23 other mineral royalties under the federal Mineral Lands
 24 Leasing Act, as amended;

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

1 and 20-9-342;

2 (f) income from the education trust fund account; and
3 (g) money received from the state equalization aid
4 levy under [section 54];

5 (h) income from the lottery, as provided in 23-5-1027;
6 (g)(i) in-addition--to--these--revenues; the surplus
7 revenues collected by the counties for foundation program
8 support according to 20-9-331 and 20-9-333; and

9 (j) investment income earned by investing money in the
10 state equalization aid account in the state special revenue
11 fund.

12 (4) The superintendent of public instruction shall
13 request the board of investments to invest the money in the
14 state equalization aid account to maximize investment
15 earnings to the account.

16 (4)(5) Any surplus revenue in the state equalization
17 aid account in the second year of a biennium may be used to
18 reduce the any appropriation required for the next
19 succeeding biennium."

20 **Section 39.** Section 20-9-344, MCA, is amended to read:

21 "**20-9-344. Purpose of state equalization aid and**
22 **duties of the board of public education for distribution --**
23 **conditions of first payment.** (1) The money available for
24 state equalization aid shall must be distributed and
25 apportioned to provide an annual minimum operating revenue

1 for the elementary and high schools in each county,
2 exclusive of revenues required for debt service and for the
3 payment of any ~~and--all~~ costs and expense incurred in
4 connection with any adult education program, recreation
5 program, school food services program, new buildings, ~~new~~
6 and grounds, and transportation.

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

11 (a) adopt policies for regulating the ~~distribution~~^{distribution} of
12 state equalization aid in accordance with the provisions of
13 law and in a manner that ~~would-most-effectively-meet-the~~
14 financial--needs---of---districts provides for monthly
15 distribution to each district of its retirement fund
16 reimbursement and foundation program amount;

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

20 (c) order the superintendent of public instruction to
21 distribute the state equalization aid on the basis of each
22 district's annual entitlement to ~~such~~ the aid as established
23 by the superintendent of public instruction. In ordering the
24 distribution of state equalization aid, the board of public
25 education shall may not increase or decrease the state

1 equalization aid distribution to any district on account of
2 any difference which that may occur during the school fiscal
3 year between budgeted and actual receipts from any other
4 source of school revenue.

5 (3) The board of public education may order the
6 superintendent of public instruction to withhold
7 distribution of state equalization aid or order the county
8 superintendent of schools to withhold county equalization
9 money from a district when the district fails to:

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

12 (b) maintain accredited status.

13 (4) Prior to any proposed order by the board of public
14 education to withhold distribution of state equalization aid
15 or county equalization money, the district is entitled to a
16 contested case hearing before the board of public education,
17 as provided under the Montana Administrative Procedure Act.

18 ~~(3)~~(5) Should If a district receive receives more
19 state equalization aid than it is entitled to, the county
20 treasurer must shall return the overpayment to the state
21 upon the request of the superintendent of public instruction
22 in the manner prescribed by the department of commerce.

23 ~~(4)~~(6) (a) The first payment of state-equalization-aid
24 each district's foundation program amount must be:

25 ~~(a)~~ based on an estimate of 20% of each district's

1 entitlement; and

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

3 (b) Each subsequent monthly payment must be at least
4 7% of the district's amount."

5 **Section 40.** Section 20-9-346, MCA, is amended to read:

6 "20-9-346. Duties of the superintendent of public
7 instruction for state equalization aid distribution. The
8 superintendent of public instruction shall administer the
9 distribution of the state equalization aid by:

10 (1) establishing each district's annual entitlement to
11 state equalization aid in support of its retirement fund and
12 foundation program, based on the data reported in the budget
13 retirement and general fund budgets for each district that
14 has have been duly adopted for the current school fiscal
15 year and verified by the superintendent of public
16 instruction and by applying such the verified data under the
17 provisions of the state equalization aid allocation
18 procedure prescribed in 20-9-347;

19 (2) recommending to the board of public education the
20 annual entitlement of all districts to state equalization
21 aid to enable the board of public education to order the
22 distribution of state equalization aid;

23 (3) distributing by state warrant or electronic
24 transfer the state equalization aid, for each district
25 entitled to such the aid, to the county treasurer of the

1 county where the district is located, in accordance with the
2 distribution ordered by the board of public education;

3 (4) keeping a record in his office of the full and
4 complete data concerning moneys money available for state
5 equalization aid and the entitlements for state equalization
6 aid of the several districts of the state;

7 (5) reporting to the board of public education the
8 estimated amount which that will be available for state
9 equalization aid; and

10 (6) reporting to both branches houses of the state
11 legislature in any year when a session is convened:

12 (a) the figures and data available in his office
13 concerning distributions of state equalization aid during
14 the preceding 2 school fiscal years;

15 (b) the amount of state equalization aid then
16 available;

17 (c) the apportionment made of such the available
18 moneys money but not yet distributed; and

19 (d) the latest estimate of accruals of moneys money
20 available for state equalization aid."

21 **Section 41.** Section 20-9-347, MCA, is amended to read:

22 *20-9-347. Formula for state equalization aid
23 apportionment in support of foundation program. (1) The
24 superintendent of public instruction shall apportion the
25 state equalization aid available for support of the

1 foundation program, individually for the elementary
2 districts of a county or the high school districts of a
3 county, in accordance with 20-9-346 and on the basis of the
4 following procedure:

5 (a) Determine the percentage that the total funds
6 available to all counties in the state in support of the
7 foundation program (including the state moneys money
8 available for state equalization aid) is of the total amount
9 of the foundation programs of all counties.

10 (b) Determine the percentage that the total funds
11 available in each county in support of the foundation
12 programs in such the county (excluding state moneys money
13 available for state equalization aid) is of the total amount
14 of the foundation programs of all districts of such the
15 county.

16 (c) Counties in which the percentage determined in
17 subsection (1)(b) exceeds the percentage determined in
18 subsection (1)(a) ~~shall--not--be~~ are not entitled to an
19 apportionment of the state equalization aid.

20 (d) After elimination of the counties referred to in
21 subsection (1)(c), determine the percentage that the total
22 moneys money available to all remaining counties in support
23 of the foundation program (including the state moneys money
24 available for state equalization aid) is of the total amount
25 of the foundation programs of all such remaining counties.

1 (e) Each district of each remaining county ~~shall be~~ is
 2 entitled to an apportionment of the state equalization aid
 3 ~~which shall be~~ equal to the difference between the
 4 percentage determined in subsection (1)(d) and the
 5 percentage determined for ~~such~~ the county in subsection
 6 (1)(b) multiplied by the foundation program amount for ~~such~~
 7 the district.

8 (2) The superintendent of public instruction shall
 9 apportion state equalization aid to each district in the
 10 full amount of the district's retirement fund expenditures.

11 ~~{2}{3}~~ (3) The superintendent of public instruction shall
 12 supply the county treasurer and the county superintendent
 13 with a report of the apportionments of state equalization
 14 aid to ~~the several districts~~ each district of the county,
 15 and the state equalization aid ~~shall~~ must be apportioned to
 16 ~~such~~ the districts in accordance with ~~such~~ the report."

17 **Section 42.** Section 20-9-351, MCA, is amended to read:

18 "20-9-351. Funding of deficiency in state equalization
 19 aid. If the ~~foundation program level made under the~~
 20 ~~provisions of 20-9-348 is less than 100%, it shall be the~~
 21 duty of money available for state equalization aid is not
 22 sufficient to provide the foundation program schedule
 23 support determined in 20-9-348 and the retirement fund
 24 reimbursement required under 20-9-347, the superintendent of
 25 public instruction to shall request the budget director to

1 submit a request for a supplemental appropriation in the
 2 second year of the biennium that ~~would be~~ is sufficient to
 3 complete the funding of retirement and the foundation
 4 programs of the elementary or secondary schools, or both,
 5 for the current biennium."

6 **Section 43.** Section 20-9-353, MCA, is amended to read:

7 "20-9-353. Additional levy for general fund --
 8 election for authorization to impose. (1) ~~The~~ Except as
 9 limited by 20-9-315(2), the trustees of any district may
 10 propose to adopt a general fund budget in excess of the
 11 ~~general fund budget amount~~ foundation program for ~~such~~ the
 12 ~~district as established by the schedules in 20-9-316 through~~
 13 ~~20-9-321~~ for any of the following purposes:

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

16 (b) furnishing additional school facilities for the
 17 district;

18 (c) acquisition of land for the district;

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

21 (2) When the trustees of any district determine that
 22 an additional amount of financing is required for the
 23 general fund budget that is in excess of the statutory
 24 schedule amount, the trustees shall submit the proposition
 25 of an additional levy to raise ~~such~~ the excess amount of

1 general fund financing to the electors who are qualified
 2 under 20-20-301 to vote upon such the proposition, except
 3 that no an election shall be is not required to permit the
 4 school trustees to use any funds available to finance the
 5 additional amount other than those funds to be raised by the
 6 additional levy. Such The special election shall must be
 7 called and conducted in the manner prescribed by this title
 8 for school elections. The ballot for such the election shall
 9 must state only the amount of money to be raised by
 10 additional property taxation, the approximate number of
 11 mills required to raise such the money, and the purpose for
 12 which such the money will be expended, and it shall The
 13 ballot must be in the following format:

PROPOSITION

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

FOR the levy.

AGAINST the levy.

23 (3) If the election on any additional levy for the
 24 general fund is approved by a majority vote of those the
 25 electors voting at such the election, the proposition shall

1 carry carries and the trustees may use any portion or all of
 2 the authorized amount in adopting the preliminary general
 3 fund budget. The trustees shall certify the additional levy
 4 amount authorized by such--a the special election on the
 5 budget form that is submitted to the county superintendent,
 6 and the county commissioners shall levy such the authorized
 7 number of mills on the taxable value of all taxable property
 8 within the district, as prescribed in 20-9-141, as--are
 9 required to raise the amount of such the additional levy.

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

Section 44. Section 20-9-501, MCA, is amended to read:

16 "20-9-501. Retirement fund. (1) The trustees of any
 17 district employing personnel, except special education
 18 personnel, who are members of the teachers' retirement
 19 system or the public employees' retirement system or who are
 20 covered by unemployment insurance or who are covered by any
 21 federal social security system requiring employer
 22 contributions shall establish a retirement fund for the
 23 purposes of budgeting and paying the employer's
 24 contributions to such systems. The district's contribution
 25 for each employee who is a member of the teachers'

1 retirement system shall must be calculated in accordance
 2 with Title 19, chapter 4, part 6. The district's
 3 contribution for each employee who is a member of the public
 4 employees' retirement system shall must be calculated in
 5 accordance with 19-3-801. ~~The district may levy a special~~
 6 ~~tax to pay its contribution to the public employees'~~
 7 ~~retirement system under the conditions prescribed in~~
 8 ~~19-3-204.~~ The district's contributions for each employee
 9 covered by any federal social security system shall must be
 10 paid in accordance with federal law and regulation. The
 11 district's contribution for each employee who is covered by
 12 unemployment insurance shall must be paid in accordance with
 13 Title 39, chapter 51, part 11.

14 (2) The trustees of any district required to make a
 15 contribution to any such system referred to in subsection
 16 (1) shall include in the retirement fund of the preliminary
 17 budget the estimated amount of the employer's contribution
 18 ~~and such additional moneys, within legal limitations, as~~
 19 ~~they may wish to provide for the retirement fund cash~~
 20 ~~reserve.~~ After the final retirement fund budget has been
 21 adopted, the trustees shall pay the employer contributions
 22 to such systems in accordance with the financial
 23 administration provisions of this title.

24 ~~(3) When the final retirement fund budget has been~~
 25 ~~adopted, the county superintendent shall establish the levy~~

1 requirement by:

- 2 (a) ~~determining the sum of the moneys available to~~
 3 ~~reduce the retirement fund levy requirement by adding:~~
 4 (i) ~~any anticipated moneys that may be realized in the~~
 5 ~~retirement fund during the ensuing school fiscal year,~~
 6 ~~including anticipated revenue from vehicle property taxes~~
 7 ~~imposed under 61-3-504(2) and 61-3-537;~~
 8 (ii) ~~net proceeds taxes for interim production and new~~
 9 ~~production, as defined in 15-23-601, and~~
 10 (iii) ~~any cash available for reappropriation as~~
 11 ~~determined by subtracting the amount of the end of the year~~
 12 ~~cash balance earmarked as the retirement fund cash reserve~~
 13 ~~for the ensuing school fiscal year by the trustees from the~~
 14 ~~end of the year cash balance in the retirement fund. The~~
 15 ~~retirement fund cash reserve shall not be more than 35% of~~
 16 ~~the final retirement fund budget for the ensuing school~~
 17 ~~fiscal year and shall be used for the purpose of paying~~
 18 ~~retirement fund warrants issued by the district under the~~
 19 ~~final retirement fund budget;~~
 20 (b) ~~subtracting the total of the moneys available for~~
 21 ~~reduction of the levy requirement as determined in~~
 22 ~~subsection (3)(a) from the budgeted amount for expenditures~~
 23 ~~in the final retirement fund budget;~~
 24 (4) ~~The county superintendent shall:~~
 25 (a) ~~total the net retirement fund levy requirements~~

1 ~~separately for all elementary school districts, all high~~
 2 ~~school districts, and all community college districts of the~~
 3 ~~county, including any prorated joint district or special~~
 4 ~~education cooperative agreement levy requirements;~~

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

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

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

17 ~~(6) The net retirement fund levy requirement for a~~
 18 ~~joint elementary district or a joint high school district~~
 19 ~~shall be prorated to each county in which a part of such~~
 20 ~~district is located in the same proportion as the district~~
 21 ~~ANB of the joint district is distributed by pupil residence~~
 22 ~~in each such county. The county superintendents of the~~
 23 ~~counties affected shall jointly determine the net retirement~~
 24 ~~fund levy requirement for each county as provided in~~
 25 ~~20-9-151.~~

1 ~~(7) The net retirement fund levy requirement for~~
 2 ~~districts that are members of special education cooperative~~
 3 ~~agreements shall be prorated to each county in which such~~
 4 ~~district is located in the same proportion as the budget for~~
 5 ~~the special education cooperative agreement of the district~~
 6 ~~bears to the total budget of the cooperative. The county~~
 7 ~~superintendents of the counties affected shall jointly~~
 8 ~~determine the net retirement fund levy requirement for each~~
 9 ~~county in the same manner as provided in 20-9-151 and fix~~
 10 ~~and levy the net retirement fund levy for each county in the~~
 11 ~~same manner as provided in 20-9-152. (Subsection (4)(b)~~
 12 ~~effective July 17, 1988, sec. 07-Ch. 635, B, 1987.)"~~

13 **Section 45.** Section 20-9-506, MCA, is amended to read:

14 "20-9-506. Budgeting and net levy requirement for
 15 nonoperating fund. (1) The trustees of any district which
 16 that does not operate a school or will not operate a school
 17 during the ensuing school fiscal year shall adopt a
 18 nonoperating school district budget in accordance with the
 19 school budgeting provisions of this title. Such nonoperating
 20 budget shall must contain the nonoperating fund and, when
 21 appropriate, a debt service fund. The nonoperating budget
 22 form shall must be promulgated and distributed by the
 23 superintendent of public instruction under the provisions of
 24 20-9-103.

25 (2) After the adoption of a final budget for the

1 nonoperating fund, the county superintendent shall compute
2 the net levy requirement for such the fund by subtracting
3 from the amount authorized by such the budget the sum of:

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

8 (b) the estimated state and--county transportation
9 reimbursements reimbursement; and

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

12 (3) The county superintendent shall report the net
13 nonoperating fund levy requirement and any net debt service
14 fund levy requirement determined under the provisions of
15 20-9-439 to the county commissioners on the second Monday of
16 August, and such the levies shall must be made on the
17 district by the county commissioners in accordance with
18 20-9-142."

19 **Section 46.** Section 20-10-104, MCA, is amended to
20 read:

21 **"20-10-104. Penalty for violating law or rules.** (1)
22 Every district, its trustees and employees, and every person
23 under a transportation contract with a district shall-be are
24 subject to the policies prescribed by the board of public
25 education and the rules prescribed by the superintendent of

1 public instruction. When a district knowingly violates a
2 transportation law or board of public education
3 transportation policy, such the district shall forfeit any
4 reimbursement otherwise payable under 20-10-145 and
5 ~~20-10-146~~ for bus miles actually traveled during that fiscal
6 year in violation of such--law any laws or policies. The
7 county superintendent shall suspend ~~all--~~ such any
8 reimbursements payable to the district until the district
9 corrects the violation. When the district corrects the
10 violation, the county superintendent shall resume paying any
11 reimbursements to the district, but the amount forfeited may
12 not be paid to the district.

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

1 safety of pupils."

2 **Section 47.** Section 20-10-141, MCA, is amended to
3 read:

4 "20-10-141. Schedule of maximum reimbursement by
5 mileage rates. (1) The following mileage rates for school
6 transportation constitute the maximum reimbursement to
7 districts for school transportation from state and county
8 sources of transportation revenue under the provisions of
9 20-10-145 and ~~20-10-146~~. These Except as provided in
10 20-10-143, the rates shall may not limit the amount which a
11 district may budget in its transportation fund budget in
12 order to provide for the estimated and necessary cost of
13 school transportation during the ensuing school fiscal year.
14 All bus miles traveled on routes approved by the county
15 transportation committee are reimbursable. Nonbus mileage is
16 reimbursable for a vehicle driven by a bus driver to and
17 from an overnight location of a school bus when the location
18 is more than 10 miles from the school. A district may
19 approve additional bus or nonbus miles within its own
20 district or approved service area but may not claim
21 reimbursement for such mileage. Any vehicle, the operation
22 of which is reimbursed for bus mileage under the rate
23 provisions of this schedule, shall must be a school bus, as
24 defined by this title, driven by a qualified driver on a bus
25 route approved by the county transportation committee and

1 the superintendent of public instruction.

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

7 (a) ~~72-cents-in-fiscal-1984-and 80 cents in--fiscal~~
8 ~~1985--and-each-year-thereafter~~ per bus mile for a school bus
9 with a rated capacity of not less than 12 but not more than
10 45 children; and

11 (b) when the rated capacity is more than 45 children,
12 an additional 2 cents per bus mile for each additional child
13 in the rated capacity in excess of 45 shall be added to a
14 base rate of ~~72-cents-in-fiscal-1984-and 80 cents in-fiscal~~
15 ~~1985-and-each-year-thereafter~~ per bus mile.

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

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

23 (a) determine the number of eligible transportees that
24 board the school bus on the route;

25 (b) multiply the number determined in subsection

1 (4)(a) by two and round off to the nearest whole number; and
 2 (c) use the adjusted rated capacity determined in
 3 subsection (4)(b) as the rated capacity of the bus to
 4 determine the rate per bus mile traveled from the rate
 5 schedule in subsection (2).

6 (5) The rated capacity shall--be is the number of
 7 riding positions of a school bus as determined under the
 8 policy adopted by the board of public education."

9 **Section 48.** Section 20-10-142, MCA, is amended to
 10 read:

11 "20-10-142. Schedule of maximum reimbursement for
 12 individual transportation. The following rates for
 13 individual transportation constitute the maximum
 14 reimbursement to districts for individual transportation
 15 from state and--county--sources--of transportation revenue
 16 under the provisions of 20-10-145 and--20-10-146. These The
 17 rates also shall constitute the limitation of the budgeted
 18 amounts for individual transportation for the ensuing school
 19 fiscal year. The schedules provided in this section shall
 20 may not be altered by any authority other than the
 21 legislature of the state of Montana. When the trustees
 22 contract with the parent or guardian of any eligible
 23 transportee to provide individual transportation for each
 24 day of school attendance, they shall reimburse the parent or
 25 guardian on the basis of the following schedule:

1 (1) When a parent or guardian transports an eligible
 2 transportee or transportees from the residence of the parent
 3 or guardian to a school or to schools located within 3 miles
 4 of one another, the total reimbursement per day of
 5 attendance shall must be determined by multiplying the
 6 distance in miles between the residence and the school, or
 7 the most distant school if more than one, by 2, subtracting
 8 6 miles from the product so obtained, and multiplying the
 9 difference by 20 cents provided that:

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

16 (b) if two or more eligible transportees are
 17 transported by a parent or guardian to two or more schools
 18 located more than 3 miles from one another, the parent or
 19 guardian shall must be separately reimbursed for
 20 transporting the eligible transportee or transportees to
 21 each school;

22 (c) if a parent transports two or more eligible
 23 transportees to a school and a bus stop which school and bus
 24 stop are located within 3 miles of one another, the total
 25 reimbursement shall must be determined under the provisions

1 of this subsection and ~~shall~~ must be divided equally between
2 the district operating the school and the district operating
3 the bus;

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

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

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

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

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

5 (3) Where, due to excessive distances, impassable
6 roads, or other special circumstances of isolation the rates
7 prescribed in subsection (1) or (2) would be an inadequate
8 reimbursement for the transportation costs or would result
9 in a physical hardship for the eligible transportee, his the
10 transportee's parent or guardian may request an increase in
11 the reimbursement rate. Such-a A request for increased rates
12 due to isolation ~~shall~~ must be made by the parent or
13 guardian on the contract for individual transportation for
14 the ensuing school fiscal year by indicating the special
15 facts and circumstances which exist to justify the increase.
16 Before any increased rate due to isolation can may be paid
17 to the requesting parent or guardian, such the rate must be
18 approved by the county transportation committee and the
19 superintendent of public instruction after the trustees have
20 indicated their approval or disapproval. Regardless of the
21 action of the trustees and when approval is given by the
22 county transportation committee and the superintendent of
23 public instruction, the trustees shall pay such the
24 increased rate due to isolation. The increased rate ~~shall~~
25 must be 1 1/2 times the rate prescribed in subsection (1)

1 above.

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

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

18 **Section 49.** Section 20-10-144, MCA, is amended to
19 read:

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

1 district on the following basis:

2 (1) The "schedule amount" of the preliminary budget
3 expenditures that is derived from the rate schedules in
4 20-10-141 and 20-10-142 ~~shall~~ must be determined by adding
5 the following amounts:

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

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

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

22 (d) the amount budgeted on the preliminary budget for
23 the contingency amount permitted in 20-10-143, except if
24 such the amount exceeds 10% of the total of subsections
25 (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the

1 contingency amount on the preliminary budget shall must be
2 reduced to such the limitation amount and used in this
3 determination of the schedule amount.

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

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

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

21 (c) the resulting one-third amount multiplied by 2
22 shall be the budgeted county transportation reimbursement
23 amount for high school districts financed under the
24 provisions of subsection (5) of this section, except as
25 provided for joint high school districts in subsection

1 (2)(e), and except that the county transportation
2 reimbursement for the transportation of special education
3 pupils under the provisions of 20-7-442 shall be one-third
4 of the schedule amount attributed to the transportation of
5 special education pupils;

6 (d)(3) when If the district has a sufficient amount of
7 cash for reappropriation and other sources of district
8 revenue, as determined in subsection (3) (4), to reduce the
9 total district obligation for financing to zero, any
10 remaining amount of such district revenue and cash
11 reappropriated shall must be used to reduce the county
12 financing obligation in subsections (2)(b) or (2)(c) and, if
13 such county financing obligations are reduced to zero, to
14 reduce the state financial obligation in subsection (2)(a),
15 and

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

23 (3)(4) The total of the moneys money available for the
24 reduction of property tax on the district for the
25 transportation fund shall must be determined by totaling:

1 (a) anticipated federal moneys money received under
2 the provisions of Title I of Public Law 81-874 or other
3 anticipated federal moneys money received in lieu of such
4 that federal act; plus

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

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

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

14 (e) anticipated or reappropriated revenue from vehicle
15 property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, and 61-3-537, and 67-3-204; plus

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

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

22 (h) any cash available for reappropriation as
23 determined by subtracting the amount of the end-of-the-year
24 cash balance earmarked as the transportation fund cash
25 reserve for the ensuing school fiscal year by the trustees

1 from the end-of-the-year cash balance in the transportation
2 fund. Such The cash reserve shall may not be more than 20%
3 of the final transportation fund budget for the ensuing
4 school fiscal year and shall-be is for the purpose of paying
5 transportation fund warrants issued by the district under
6 the final transportation fund budget.

7 ~~†4†~~ (5) The district levy requirement for each
8 district's transportation fund shall must be computed by:

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

14 (b) subtracting the amount of moneys money available
15 to reduce the property tax on the district, as determined in
16 subsection ~~†3†~~ (4), from the amount determined in subsection
17 ~~†4†~~ ~~†a†~~ (5) (a) above.

18 ~~†5†--The county levy requirement for the financing of~~
19 ~~the county transportation reimbursement to high school~~
20 ~~districts shall be computed by adding all such requirements~~
21 ~~for all the high school districts of the county, including~~
22 ~~the county's obligation for reimbursements in joint high~~
23 ~~school districts.~~

24 (6) The transportation fund levy requirements
25 determined in subsection ~~†4†~~ (5) for each district ~~and in~~

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

7 **Section 50.** Section 20-10-145, MCA, is amended to
 8 read:

9 "20-10-145. State transportation reimbursement. (1)
 10 Any district providing school bus transportation or
 11 individual transportation in accordance with the
 12 transportation-law this title, board of public education
 13 transportation policy, and superintendent of public
 14 instruction transportation rules shall receive a state
 15 reimbursement of its transportation expenditures under the
 16 transportation reimbursement rate provisions of 20-10-141
 17 and 20-10-142. The state transportation reimbursement shall
 18 not-exceed-one-third is 100% of the reimbursement amounts
 19 established--in--such--sections--or-one-third or 100% of the
 20 district's transportation fund budget, whichever is smaller,
 21 and shall-be is computed on the basis of the number of days
 22 the transportation services were actually rendered. In
 23 determining the amount of the state transportation
 24 reimbursement, no an amount claimed by a district shall may
 25 not be considered for reimbursement unless such the amount

1 has been paid in the regular manner provided for the payment
 2 of other financial obligations of the district.

3 (2) Requests for the state transportation
 4 reimbursement shall must be made by each district
 5 semiannually during the school fiscal year on the claim
 6 forms and procedure promulgated by the superintendent of
 7 public instruction. The claims for state transportation
 8 reimbursements shall must be routed by the district to the
 9 county superintendent, who after reviewing such the claims
 10 shall send them to the superintendent of public instruction.
 11 The superintendent of public instruction shall establish the
 12 validity and accuracy of the claims for the state
 13 transportation reimbursements by determining their
 14 compliance with the-transportation-law this title, board of
 15 public education transportation policy, and the
 16 transportation rules of the superintendent of public
 17 instruction. After making any necessary adjustments to such
 18 claims, he-shall-cause-their the superintendent of public
 19 instruction shall provide payment by ordering a disbursement
 20 from the state-moneys-appropriated-by-the-legislature-of-the
 21 state--of--Montana legislative appropriation for the state
 22 transportation reimbursement. Such The payment of all the
 23 district's claims within one county shall must be made to
 24 the county treasurer of such the county, and the county
 25 superintendent shall apportion such the payment in

1 accordance with the apportionment order supplied by the
2 superintendent of public instruction."

3 **Section 51.** Section 23-5-1027, MCA, is amended to
4 read:

5 "23-5-1027. Disposition of revenue. (1) A minimum of
6 45% of the money paid for tickets or chances must be paid
7 out as prize money. The prize money is statutorily
8 appropriated, as provided in 17-7-502, to the lottery.

9 (2) Commissions paid to lottery ticket or chance sales
10 agents are not a state lottery operating expense.

11 (3) That part of all gross revenue not used for the
12 payment of prizes, commissions, and operating expenses,
13 together with the interest earned on the gross revenue while
14 the gross revenue is in the enterprise fund, is net revenue
15 and must be paid quarterly from the enterprise fund
16 established by 23-5-1026 to the superintendent of public
17 instruction for distribution as state equalization aid to
18 the retirement--fund--obligations--of--elementary--and-high
19 school--districts--in--the--manner--provided--in--20-9-532.---The
20 net--revenue--is--statutorily--appropriated,--as--provided--in
21 17-7-502,--to--the--superintendent--of--public--instruction public
22 schools of Montana as provided in 20-9-343.

23 (4) The spending authority of the lottery may be
24 increased in accordance with this section upon review and
25 approval of a revised operation plan by the budget office."

1 **Section 52.** Section 90-6-309, MCA, is amended to read:

2 "90-6-309. Tax prepayment -- large-scale mineral
3 development. (1) After permission to commence operation is
4 granted by the appropriate governmental agency, and upon
5 request of the governing body of a county in which a
6 facility is to be located, a person intending to construct
7 or locate a large-scale mineral development in this state
8 shall prepay property taxes as specified in the impact plan.
9 This prepayment shall exclude the 6-mill university levy
10 established under 20-25-423 and may exclude the mandatory
11 county levy levies for the school foundation program of-45
12 millis established in 20-9-331 and 20-9-333.

13 (2) The person who is to prepay under this section
14 shall is not be obligated to prepay the entire amount
15 established in subsection (1) at one time. Upon request of
16 the governing body of an affected local government unit, the
17 person shall prepay the amount shown to be needed from time
18 to time as determined by the board.

19 (3) The person who is to prepay shall guarantee to the
20 hard-rock mining impact board, through an appropriate
21 financial institution, as may be required by the board, that
22 property tax prepayments will be paid as needed for
23 expenditures created by the impacts of the large-scale
24 mineral development.

25 (4) When the mineral development facilities are

1 completed and assessed by the department of revenue, they
 2 shall-be are subject during the first 3 years and thereafter
 3 to taxation as all other property similarly situated, except
 4 that in each year after the start of production, the local
 5 government unit that received a property tax prepayment
 6 shall provide for repayment of prepaid property taxes in
 7 accordance with subsection (5).

8 (5) A local government unit that received all or a
 9 portion of the property tax prepayment under this section
 10 shall provide for tax crediting as specified in the impact
 11 plan. The tax credit allowed in any year may not, however,
 12 exceed the tax obligation of the developer for that year,
 13 and the time period for tax crediting is limited to the
 14 productive life of the mining operation."

15 NEW SECTION. Section 53. Retirement fund,
 16 comprehensive insurance fund, and school transportation fund
 17 balances -- transfer. (1) A district that has a balance
 18 remaining on [the effective date of this section] in the
 19 district retirement fund under 20-9-501 or the district
 20 comprehensive insurance fund shall transfer the balance to
 21 the district general fund.

22 (2) Any balance in a county school transportation fund
 23 or county school retirement fund on [the effective date of
 24 this section] must be treated as county equalization money
 25 and be apportioned as provided in 20-9-334.

1 NEW SECTION. Section 54. State equalization aid levy.
 2 There is a levy of 45 mills imposed on all taxable property
 3 within the state, except property for which a tax or fee is
 4 required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
 5 61-3-537, and 67-3-204. Proceeds of the levy must be
 6 remitted to the state treasurer and must be deposited to the
 7 credit of the state special revenue fund for state
 8 equalization aid to the public schools of Montana.

9 NEW SECTION. Section 55. State and county
 10 equalization revenue -- statutory appropriation. Revenue
 11 received in support of state and county equalization under
 12 the provisions of 20-9-331, 20-9-333, and 20-9-343 is
 13 statutorily appropriated, as provided in 17-7-502, to the
 14 superintendent of public instruction to be used for county
 15 equalization and state equalization aid for the public
 16 schools, as provided by law, and must be accounted for in
 17 accordance with generally accepted accounting principles.

18 NEW SECTION. Section 56. Purpose --
 19 telecommunications network -- implementation -- consultant.
 20 (1) The purpose of this section is to promote the use of
 21 telecommunications technology for the purposes of enhancing
 22 educational opportunities provided to students in the
 23 Montana public school system and promoting equal access by
 24 students to those opportunities.

25 (2) To provide for the training and education needs of

1 public schools, the department of administration shall
 2 retain a telecommunications engineering consultant to
 3 support the development of design criteria and
 4 specifications for statewide video networking and
 5 improvements in the use of existing voice and data networks
 6 in the state.

7 (3) The telecommunications engineering consultant
 8 shall:

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

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

14 (ii) the university system;

15 (iii) local government and school district officials;

16 (iv) agencies involved in economic development;

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

19 (vi) local exchange carriers providing service within
 20 the state; and

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

25 **NEW SECTION. Section 57. Definition.** As used in

1 [sections 57 through 62], "committee" means the legislative
 2 oversight committee on school funding implementation created
 3 in [section 58].

4 **NEW SECTION. Section 58. Legislative oversight**
 5 **committee on school funding implementation -- composition**
 6 **and appointment.** (1) There is a legislative oversight
 7 committee on school funding implementation.

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

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

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

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

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

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

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

21 **NEW SECTION. Section 59. Term of office -- vacancies.**

22 (1) A committee member shall serve until the committee
 23 terminates as provided in [section 63].

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

1 NEW SECTION. **Section 60.** Officers -- meetings --
2 quorum -- compensation. (1) The committee shall choose from
3 its membership a chairman and vice chairman.

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

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

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

10 NEW SECTION. **Section 61.** Duties of the committee. The
11 duties of the committee include but are not limited to:

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

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

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

19 (c) examination of other issues related to
20 implementation;

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

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

25 (i) mechanisms to equalize transportation funding; and

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

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

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

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

14 (c) continued study of issues related to equalization,
15 including but not limited to comprehensive insurance,
16 uncollected taxes, tuition, student-based funding
17 distribution methods, special education funding, and federal
18 Public Law 81-874 revenue, especially as it pertains to
19 revenue not linked to Native American students;

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

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

25 (5) reporting its findings, options for legislative

1 consideration, and any proposed legislation to the governor
2 and the 52nd legislature.

3 NEW SECTION. Section 62. Staff assistance. The
4 committee may request the following governmental entities to
5 provide staff assistance to the committee:

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

13 NEW SECTION. Section 63. Termination. [Sections 57
14 through 62] terminate December 31, 1990.

15 NEW SECTION. Section 64. Repealer. Sections 20-9-105,
16 20-9-352, 20-9-531, 20-9-532, and 20-10-146, MCA, are
17 repealed.

18 NEW SECTION. Section 65. Appropriation. (1) There is
19 appropriated from the general fund \$56,807,000 for the
20 fiscal year ending June 30, 1991, to the superintendent of
21 public instruction to be used to the extent that funds
22 appropriated in [section 55] are insufficient to finance the
23 retirement funds of the public school districts and
24 foundation program schedules for public schools, excluding
25 special education.

1 (2) There is appropriated from the general fund
2 \$4,636,000 for the fiscal year ending June 30, 1991, to the
3 superintendent of public instruction to be used to finance
4 state support of the special education programs, including
5 retirement benefits, of the public school districts and
6 cooperatives.

7 (3) There is appropriated from the general fund
8 \$11,658,000 for the fiscal year ending June 30, 1991, to the
9 superintendent of public instruction to be used to finance
10 the public school transportation reimbursement schedules.

11 (4) There is appropriated from the general fund
12 \$353,950 for the biennium ending June 30, 1991, to the
13 superintendent of public instruction to establish standard
14 accounting and reporting practices in all Montana public
15 school districts and to implement [this act].

16 (5) There is appropriated from the general fund
17 \$20,000 to the legislative council for the biennium ending
18 June 30, 1991, for use by the committee established in
19 [section 58].

20 (6) There is appropriated from the general fund to the
21 department of administration \$200,000 for the fiscal year
22 ending June 30, 1990, to retain a telecommunications
23 engineering consultant and to support development of and
24 improvements in telecommunications networks in Montana as
25 provided in [section 56].

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

6 NEW SECTION. Section 66. Codification instruction.
 7 [Sections 54 and 55] are intended to be codified as an
 8 integral part of Title 20, chapter 9, and the provisions of
 9 Title 20 apply to [sections 54 and 55].

10 NEW SECTION. Section 67. Effective dates -- rules.
 11 (1) (a) [Sections 1 through 26, 28 through 37, 38(1) and (3)
 12 through (5), 39 through 55, 64, 66, 68, and 69] are
 13 effective July 1, 1990.

14 (b) The superintendent of public instruction may,
 15 prior to July 1, 1990, adopt rules and conduct training
 16 necessary to implement [section 22].

17 (2) [Sections 27, 56, and 65] are effective July 1,
 18 1989.

19 (3) [Sections 38(2), 57 through 63, and this section]
 20 are effective on passage and approval.

21 NEW SECTION. Section 68. Applicability. [Section 54],
 22 20-9-331, and 20-9-333 apply retroactively, within the
 23 meaning of 1-2-109, to all taxable years beginning after
 24 December 31, 1989.

25 NEW SECTION. Section 69. Coordination instruction. If

1 a bill is passed and approved that amends 20-9-316 through
 2 20-9-319 in a manner that increases the foundation program
 3 schedules for school fiscal year 1990, the foundation
 4 program schedules in 20-9-318 and 20-9-319 for school fiscal
 5 year 1991 in this bill must be increased by the same
 6 percentage.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

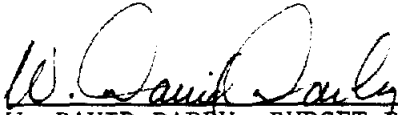
In compliance with a written request, there is hereby submitted a Fiscal Note for SB7, as introduced.


DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise public school funding; to eliminate the present permissive levy; to eliminate the county retirement levy and provide full reimbursement, with state equalization aid money, of each district's retirement fund expenditures; to include comprehensive insurance costs in the general fund budget of school districts; to adjust the foundation program schedules for school fiscal year 1991 and succeeding years in coordination with any schedule increase for school fiscal year 1990; to limit, with certain exceptions, the maximum general fund budget of a district to 117 percent of the combined foundation program and retirement fund amounts for the district; to further limit the general fund reserve of certain districts; to reallocate lottery revenue from retirement equalization to state equalization aid; to impose a 45-mill statewide levy in support of state equalization aid; to increase the county elementary levy from 28 mills to 47 mills and the county high school levy from 17 to 28 mills; to statutorily appropriate all revenue allocated by law to county and state equalization; to exclude all school levies from the property tax limitations of initiative measure no. 105; to limit to 180 the number of pupil-instruction days for which foundation program support may be received; to require distribution of state equalization payments for enlarged districts; to require school districts to use generally accepted accounting principles; to provide for a legislative oversight committee on school funding implementation to direct studies on further equalization of transportation, insurance, and capital expenditures and to perform other duties; to provide for a telecommunications network for education; to appropriate funds for equalization support and other purposes; and providing effective dates and an applicability date.

ASSUMPTIONS:

1. Total individual income tax collections are estimated to be \$256,616,109 in FY90 and \$274,731,883 in FY91, with 31.8% each year available for state equalization aid.(HJR13).
2. Total corporation tax receipts are estimated to be \$51,039,648 in FY90 and \$51,468,353 in FY91, with 25% each year available for state equalization aid net of county distribution.(HJR13)
3. Total coal severance tax receipts are estimated to be \$52,902,000 in FY90 and \$46,871,000 in FY91, with 3.8% each year available for state equalization aid.(HJR13)
4. Total interest earnings from the Education Coal Trust are estimated to be \$2,318,000 in FY90 and \$2,712,000 in FY91, with 67.5% available for state equalization aid.(HJR13)


W. DAVID DARBY, BUDGET DIRECTOR 6/26/89 DATE
Office of Budget and Program Planning


JOSEPH P. MAZUREK, PRIMARY SPONSOR 6/26/89 DATE

Fiscal Note for SB7, as introduced

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5. Total royalties from the Federal Mineral Leasing Act are estimated to be \$17,119,000 in FY90 and \$17,404,000 in FY91. All receipts are available for state equalization aid.(HJR13)
6. Revenue raised from the lottery is estimated to be \$13,934,000 in FY90 and \$14,003,000 in FY91, with 40% available for state equalization of retirement costs.(HJR13)
7. The taxable value of all property in Montana is estimated to be \$1,903,008,000 in FY90 and \$1,882,194,000 in FY91. Revenue raised through the mandatory 45 mills for state equalization aid is estimated to be \$85,635,000 in FY90 and \$84,699,000 in FY91.(HJR13)
8. The portion of miscellaneous district revenue allocated to state equalization due to the permissive levy is estimated to be \$1,410,000 in FY90 and \$1,454,000 in FY91.(HJR13)
9. The portion of miscellaneous county revenue allocated to state equalization due to the mandatory levy is estimated to be \$4,310,000 in FY90 and \$4,310,000 in FY91.(HJR13)
10. Total receipts allocated to the foundation program from interest and income are estimated to be \$33,699,000 in FY90 and \$34,770,000 in FY91.(HJR13)
11. The general fund appropriation for special education is \$33,861,646 in both FY90 and FY91.(HB100)
12. Teacher retirement costs are estimated to be \$52,846,000 in FY90 and \$52,846,000 in FY91.(OSPI)
13. The increase in revenue for the foundation program due to the 120 mill mandatory levy is estimated at \$141,164,280 in FY91. (HJR13 taxable valuation)

Foundation Program

Revenue Impact:

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Taxable Valuation	\$1,903,008,000	\$1,903,008,000	\$0	\$1,882,194,000	\$1,882,194,000	\$0
<u>STATE REVENUE</u>						
Individual						
Income Tax	81,603,923	81,603,923	0	87,364,723	87,364,723	0
Corporation Income Tax	11,692,195	11,692,195	0	11,783,305	11,783,305	0
Coal Severance Tax	2,010,000	2,010,000	0	1,781,000	1,781,000	0
Interest & Income	33,699,000	33,699,000	0	34,770,000	34,770,000	0
US Oil & Gas						
Royalties	17,119,000	17,119,000	0	17,404,000	17,404,000	0
Education Trust						
Interest	1,564,000	1,564,000	0	1,831,000	1,831,000	0
Special Ed. Approp	0	0	0	0	38,497,646	38,497,646
Lottery	0	0	0	0	5,598,684	5,598,684

SB7

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>COUNTY REVENUE</u>						
Mandatory Levy	\$85,635,000	\$ 85,635,000	0	\$84,699,000	\$225,863,280	\$141,164,280
Elementary Trans.	(3,717,000)	(3,717,000)	0	(3,717,000)	0	(3,717,000)
Cash Reappropriated	2,604,000	2,604,000	0	2,955,000	2,955,000	0
Forest Funds	1,465,000	1,465,000	0	1,465,000	2,779,684	1,314,684
Taylor Grazing	102,000	102,000	0	102,000	102,000	0
Misc. Rev.	4,310,000	4,310,000	0	4,310,000	14,480,000	10,170,000
High School Tuition	\$ (838,000)	\$ (838,000)	\$ 0	\$ (838,000)	\$ (838,000)	\$ 0
<u>DISTRICT REVENUE</u>						
Permissive Levy	\$17,127,000	\$ 0	\$ 0	\$16,940,000	\$ 0	(\$16,940,000)
Misc. Rev.	1,410,000	0	0	1,454,000	0	(1,454,000)
Total Revenue	\$255,786,118	\$255,786,118	\$ 0	\$262,304,028	\$444,372,968	\$182,068,940

<u>SCHEDULE INCREASE IN PERCENT</u>						
	0%	0%		0%	0%	
<u>Beginning Fund Balance</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Total Revenue</u>	\$255,786,118	\$255,786,118	0	\$ 262,304,028	\$444,372,968	\$182,068,940
<u>Total Available</u>	\$255,786,118	\$255,786,118	0	\$ 262,304,028	\$444,372,968	\$182,068,940

<u>Expenditures</u>						
Foundation Program	\$278,355,000	\$278,355,000	\$ 0	\$ 276,678,000	\$432,550,000	\$155,872,000
Special Education	0	0	0	0	38,497,646	38,497,646
Retirement	0	0	0	0	52,846,000	52,846,000
Total Expenditures	\$278,355,000	\$278,355,000	\$ 0	\$276,678,000	\$523,893,646	\$247,215,646
<u>Ending Fund Balance</u>	(\$22,568,882)	(\$22,568,882)	\$ 0	(\$14,373,972)	(\$ 79,520,678)	(\$65,146,706)
<u>General Fund Need</u>	\$ 22,568,882			\$ 14,373,972	\$ 79,520,678	

	FY90			FY91		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>General Fund</u>						
<u>Appropriation</u>	No Fiscal Impact			\$ -0-	\$ 56,807,000	\$ 56,807,000
<u>General Fund</u>						
<u>Shortage</u>				\$ -0-	\$ 22,713,678	\$ 22,713,678

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<u>RECAP OF GENERAL FUND APPROPRIATIONS</u>	<u>FY90</u>	<u>FY91</u>
Foundation Program		\$56,807,000
Special Education		4,636,000
Transportation		11,658,000
GAAP		353,950
Legislative Oversight Committee on School Funding Implementation		20,000
Telecommunications	\$200,000	
Education Network		<u>300,000</u>
Total	<u>\$200,000</u>	<u>\$73,774,950</u>

SB7