

HOUSE BILL 206

Introduced by Fisher

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| 1/15 | Introduced |
| 1/15 | Referred to Education & Cultural Resources |
| 1/15 | First Reading |
| 1/15 | Fiscal Note Requested |
| 1/22 | Hearing |
| 1/22 | Fiscal Note Received |
| 1/23 | Fiscal Note Printed |
| 1/27 | Tabled in Committee |

1 House BILL NO. 206
 2 INTRODUCED BY George Feltner
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE
 5 TERMINATION DATE ON THE SCHOOL DISTRICT COMPENSATED ABSENCE
 6 LIABILITY FUND; ALLOWING A DISTRICT TO INCLUDE IN THE FUND A
 7 CERTAIN AMOUNT OF ACCUMULATED SICK LEAVE FOR CERTIFIED
 8 TEACHING EMPLOYEES OF THE DISTRICT; AMENDING SECTION
 9 20-9-512, MCA; REPEALING SECTION 3, CHAPTER 754, LAWS OF
 10 1991; AND PROVIDING AN EFFECTIVE DATE."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 20-9-512, MCA, is amended to read:

14 "20-9-512. ~~(Temporary)~~ Compensated absence liability
 15 fund. (1) The trustees of a school district may establish a
 16 compensated absence liability fund for the purpose of
 17 paying:

18 (a) any accumulated amount of sick leave that a
 19 nonteaching or administrative school district employee is
 20 entitled to upon termination of employment with the district
 21 in accordance with the provisions of 2-18-618; and

22 (b) any accumulated amount of sick leave that a school
 23 district employee with a teaching contract is entitled to
 24 upon termination of employment with the school district, not
 25 to exceed one-fourth pay for up to 50 days of accumulated

1 sick leave; and

2 (c) any accumulated amount of vacation leave that a
 3 nonteaching or administrative school district employee is
 4 entitled to upon termination of employment with the
 5 district.

6 (2) The compensated absence liability fund may be used
 7 only ~~for the stated purpose of~~ as provided in this section.

8 (3) At the end of each school fiscal year, the trustees
 9 may appropriate transfer a portion of the general fund
 10 end-of-the-year fund balance to establish and maintain the
 11 compensated absence liability fund.

12 (4) The maximum amount in a reserve fund established
 13 under the provisions of subsections (1) and (3) may not
 14 exceed 30% of:

15 (a) the total school district liability for accumulated
 16 sick leave of nonteaching--and--administrative the school
 17 district employees provided for in subsections (1)(a) and
 18 (1)(b) on June 30 of the preceding school fiscal year; and

19 (b) the total school district liability for accumulated
 20 vacation leave of nonteaching and administrative school
 21 district employees on June 30 of the preceding school fiscal
 22 year.

23 (5) For the purposes of this section, "administrative
 24 school district employee" means a school district employee
 25 who is employed in an administrative position and who

accrues vacation leave as part of the employee's contract with the school district. ~~{Terminates July 17, 1995--sec--3, Ch--754, L--1991--}~~

~~20-9-512--{Effective--July--17--1995}--Reserve fund for payment of accumulated sick leave--{1}--The--trustees--of--a school district may establish a reserve fund for the purpose of--paying--any--accumulated--amount--of--sick--leave--that--a nonteaching school district employee--is--entitled--to--upon termination--of--employment--with the district in accordance with the provisions of 2-18-618. The--reserve--fund--may--be used only for the stated purpose of this section:~~

~~{2}--At the end of each school fiscal year, the trustees may--appropriate--a--portion--of--the--general--fund end of the year fund balance to establish a reserve fund.~~

~~{3}--The maximum amount in a--reserve--fund--established under--the--provisions--of--subsections--{1}--and--{2}--may not exceed 30%--of--the--total--school--district--liability--for accumulated--sick--leave--of--nonteaching--school--district employees on June 30 of the preceding school fiscal year."~~

NEW SECTION. Section 2. Repealer. Section 3, Chapter 754, Laws of 1991, is repealed.

NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 1993.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0206, as introduced.DESCRIPTION OF PROPOSED LEGISLATION:

An act removing the termination date on the school district compensated absence liability fund and allowing a school district to include in the fund a certain amount of accumulated sick leave for certified teaching employees of the district.

ASSUMPTIONS:

1. The retirement payout rates for school districts in fiscal 1994 and 1995 will reflect the payout rate in fiscal 1992.
2. This legislation increases the reserve for sick leave termination benefits, but makes no changes to the current obligation to meet the payout.
3. The current rate of faculty retirements will continue at a steady rate for the next three years.
4. Districts will be unable to immediately increase reserves to the allowed level because districts are currently spending 97% of their general fund budgets.
5. The relationship of payout to reserve in the compensated absences liability fund will continue at 12.8%.
6. District costs will not increase as a result of this legislation.
7. The increase in the Compensated Absence Liability Fund reserves will reduce the amount of fund balance reappropriated available to reduce the permissive levy. Therefore, state GTB costs will increase.
8. The impact on state GTB costs will be delayed until fiscal 1995 because districts will not be able to transfer funds until fiscal 1994 and the impact on fund balance reappropriated will not be felt until fiscal 1995.

FISCAL IMPACT:

| | FY '94 | | | FY '95 | | |
|-----------------------------------|-------------|--------------|------------|-------------|--------------|------------|
| | Current Law | Proposed Law | Difference | Current Law | Proposed Law | Difference |
| <u>Expenditures:</u> | | | | | | |
| State Equalization Aid | 412,316,700 | 412,316,700 | 0 | 421,257,200 | 421,455,217 | 198,078 |
| <u>Funding:</u> | | | | | | |
| School Equalization Account (SEA) | 412,316,700 | 412,316,700 | 0 | 421,257,200 | 421,059,122 | 198,078 |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES: None.LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Districts will continue to transfer funds to the compensated absences liability fund as allowed. The full impact on state GTB costs will not be felt for ten years.

Districts will have the ability to set funds aside for accrued payout obligations and reduce the impact on the General Fund which is capped.

David Lewis 1-22-93

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Marge Fisher 1-22-93
MARGE FISHER, PRIMARY SPONSOR DATE
Fiscal Note for HB0206, as introduced

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