

HOUSE BILL 376

Introduced by Davis

1/28	Introduced
1/28	First Reading
1/28	Referred to Education & Cultural Resources
2/03	Hearing
2/06	Rereferred to Appropriations
2/08	Fiscal Note Requested
2/12	Fiscal Note Received
2/16	Fiscal Note Printed
3/15	Tabled in Committee

1 House BILL NO. 376
2 INTRODUCED BY Davis
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL
5 DISTRICT TO TRANSFER MONEY THAT IS NOT PART OF THE
6 FOUNDATION PROGRAM OR GUARANTEED TAX BASE FROM THE GENERAL
7 FUND TO THE DEBT SERVICE FUND, BUILDING RESERVE FUND, OR
8 BUILDING FUND; AMENDING SECTION 20-9-301, MCA; AND PROVIDING
9 AN IMMEDIATE EFFECTIVE DATE."
10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12 **Section 1.** Section 20-9-301, MCA, is amended to read:
13 "20-9-301. Purpose of foundation program and definition
14 of general fund budget. (1) A uniform system of free public
15 schools sufficient for the education of and open to all
16 school age children of the state must be established and
17 maintained throughout the state of Montana. The state shall
18 aid in the support of its school districts on the basis of
19 their financial need as measured by the foundation program
20 and in the manner established in this title.
21 (2) The principal budgetary vehicle for achieving the
22 minimum financing as established by the foundation program
23 is the general fund budget of the district. The purpose of
24 the general fund budget is to finance those general
25 maintenance and operational costs of a district not financed

1 by other funds established for special purposes in this
2 title.
3 (3) The amount of the general fund budget for each
4 school fiscal year may not exceed the financing limitations
5 established by this title but may not be less than the
6 amount established by law as the foundation program. The
7 general fund budget must be financed by the foundation
8 program revenues and may be supplemented by a permissive
9 levy, voted levy, or other revenue, as provided by 20-9-145
10 and 20-9-353.
11 (4) Money that is not part of the foundation program or
12 guaranteed tax base may be transferred from the general fund
13 to the debt service fund, building reserve fund, or building
14 fund."
15 **NEW SECTION. Section 2.** Effective date. [This act] is
16 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0376, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a school district to transfer money that is not part of the foundation program or guaranteed tax base from the general fund to the debt service fund, building reserve fund, or building fund.

ASSUMPTIONS:


1. All school districts spend 100% of their foundation program and GTB entitlement.
2. The maximum amount that could be transferred under this legislation is the unexpended portion of the general fund budget which in FY92 would have been \$18.9 million.
3. This would be further limited by availability of funds which in FY92 would have reduced the amount to approximately \$12.43 million available to transfer from the general fund to the building reserve and debt service funds.
4. Of the amount calculated above only districts which had a building reserve or debt service fund in FY92 would have been able to make transfers to these funds. This would have allowed \$6.8 million to be transferred in FY92.
5. The \$6.8 million transferred would have reduced cash reappropriated in the general fund by a like amount. State GTB costs would increase by \$1.8 million as a result of the reduction in cash reappropriated available to fund the general fund permissive amount.
6. FY94 amounts would follow the FY92 experience.
7. Transfers will increase by 20% in fiscal 1995 in response to this legislation. Districts will transfer \$8.2 million in fiscal 1995, thus reducing cash reappropriated in the general fund by a like amount. State GTB costs will increase by \$2,160,000 as a result of the reduction in cash reappropriated available to fund the general fund permissive amount.
8. Districts are not required to hold an election for a building reserve before transferring funds from the general fund to the building reserve fund.
9. As this bill will be effective for school year 1993-94, additional staff time at the Office of Public Instruction would be necessary in fiscal 1993 and 1994 to revise school district budget forms and financial manuals, provide training to school district staff on revisions, and reprogram budget reporting programs. The estimated cost would be \$16,258 for salary and benefits for a .5 FTE at Grade 15.


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	414,116,700	1,800,000	421,257,200	423,417,200	2,160,000
Personal Services (GF)	0	16,258	16,258	0	0	0
Total	412,316,700	414,132,958	1,816,258	421,257,200	423,417,200	2,160,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts will be able to fund a limited number of building projects without voter approval provided the district trustees develop a long-range plan.

 2-12-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

 2-16-93
 ERVIN DAVIS, PRIMARY SPONSOR DATE
 Fiscal Note for HB0376, as introduced

HB 376

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1. Districts are more likely to establish or add to the building reserve if a transfer is allowed without voter approval. The districts will have greater flexibility in moving funds to meet priorities. Building maintenance and long-range planning are encouraged by this funding change.
2. As more districts respond to the opportunity to move year end budget balances to the building reserve fund by establishing reserve funds the impact on the state's cost of equalization will continue to increase.

TECHNICAL NOTES:

The bill allows for transfers between budgeted (general fund) funds which levy mills and nonbudgeted (building fund) funds which don't levy mills.

HB376