

HOUSE BILL 471

Introduced by Simpkins

2/04	Introduced
2/04	Referred to Appropriations
2/04	First Reading
2/04	Fiscal Note Requested
2/10	Hearing
2/10	Fiscal Note Received
2/10	Fiscal Note Printed
2/18	Committee Report--Bill Passed as Amended
3/26	Missed Transmittal Deadline

1 House BILL NO. 471
 2 INTRODUCED BY Shapkins
 3 BY REQUEST OF THE GOVERNOR
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE FOUNDATION
 6 PROGRAM SCHEDULES BY 5 PERCENT FOR THE SCHOOL FISCAL YEAR
 7 BEGINNING JULY 1, 1993, AND SUCCEEDING YEARS; REMOVING THE
 8 TERMINATION DATE IN SECTION 6, CHAPTER 14, SPECIAL LAWS OF
 9 JANUARY 1992, TO ALLOW INCOME FROM THE SALE OF TIMBER FROM
 10 STATE SCHOOL LANDS TO CONTINUE TO BE DEPOSITED IN THE SCHOOL
 11 EQUALIZATION ACCOUNT; REVISING THE DISTRIBUTION SCHEDULE FOR
 12 STATE EQUALIZATION AID; AMENDING SECTIONS 20-9-318,
 13 20-9-319, AND 20-9-344, MCA, AND SECTION 6, CHAPTER 14,
 14 SPECIAL LAWS OF JANUARY 1992; AND PROVIDING AN EFFECTIVE
 15 DATE."
 16

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

18 **Section 1.** Section 20-9-318, MCA, is amended to read:

19 "20-9-318. Elementary school foundation program
 20 schedule for school fiscal year ~~1991~~ 1994 and succeeding
 21 years. For the school fiscal year ending June 30, ~~1991~~ 1994,
 22 and succeeding school years, the elementary school
 23 foundation program schedule is as follows:

24 (1) For each elementary school having an ANB of nine or
 25 fewer pupils, the maximum is ~~\$23,646~~ \$22,464 if the school

1 is approved as an isolated school.

2 (2) For schools with an ANB of 10 pupils but less than
 3 18 pupils, the maximum is ~~\$23,646~~ \$22,464 plus ~~\$988~~ \$939 per
 4 pupil on the basis of the average number belonging over
 5 nine.

6 (3) For schools with an ANB of at least 14 pupils but
 7 less than 18 pupils that qualify for instructional aide
 8 funding under 20-9-322, the maximum is ~~\$38,759~~ \$36,821 plus
 9 ~~\$988~~ \$939 per pupil on the basis of the average number
 10 belonging over 14.

11 (4) For schools with an ANB of 18 pupils and employing
 12 one teacher, the maximum is ~~\$32,541~~ \$30,914 plus ~~\$988~~ \$939
 13 per pupil on the basis of the average number belonging over
 14 18, not to exceed an ANB of 25.

15 (5) For schools with an ANB of 18 pupils and employing
 16 two full-time teachers, the maximum is ~~\$51,953~~ \$49,355 plus
 17 ~~\$619~~ \$588 per pupil on the basis of the average number
 18 belonging over 18, not to exceed an ANB of 50.

19 (6) For schools having an ANB in excess of 40, the
 20 maximum, on the basis of the total pupils (ANB) in the
 21 district, is as follows:

22 (a) For a school having an ANB of more than 40 and
 23 employing a minimum of three teachers, the maximum of ~~\$2,296~~
 24 \$2,181 is decreased at the rate of ~~\$2.23~~ \$2.12 for each
 25 additional pupil until the total number (ANB) reaches a

1 total of 100 pupils.

2 (b) For a school having an ANB of more than 100 pupils,
3 the maximum of ~~\$2,162~~ \$2,054 is decreased at the rate of
4 ~~\$1.22~~ \$1.16 for each additional pupil until the ANB reaches
5 300 pupils.

6 (c) For a school having an ANB of more than 300 pupils,
7 the maximum may not exceed ~~\$1,913~~ \$1,817 for each pupil.

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

14 **Section 2.** Section 20-9-319, MCA, is amended to read:

15 "20-9-319. High school foundation program schedule for
16 school fiscal year ~~1993~~ 1994 and succeeding years. For the
17 school fiscal year ending June 30, ~~1993~~ 1994, and succeeding
18 school years, the high school foundation program schedule is
19 as follows:

20 (1) For each high school having an ANB of 24 or fewer
21 pupils, the maximum is ~~\$143,793~~ \$136,603.

22 (2) For a high school having an ANB of more than 24
23 pupils, the maximum of ~~\$5,991~~ \$5,691 is decreased at the
24 rate of ~~\$32.68~~ \$31.05 for each additional pupil until the
25 ANB reaches a total of 40 pupils.

1 (3) For a school having an ANB of more than 40 pupils,
2 the maximum of ~~\$5,469~~ \$5,196 is decreased at the rate of
3 ~~\$32.68~~ \$31.05 for each additional pupil until the ANB
4 reaches 100 pupils.

5 (4) For a school having an ANB of more than 100 pupils,
6 the maximum of ~~\$3,500~~ \$3,333 is decreased at the rate of
7 ~~\$5.47~~ \$5.20 for each additional pupil until the ANB reaches
8 200 pupils.

9 (5) For a school having an ANB of more than 200 pupils,
10 the maximum of ~~\$2,961~~ \$2,813 is decreased by ~~\$3.00~~ \$2.85 for
11 each additional pupil until the ANB reaches 300 pupils.

12 (6) For a school having an ANB of more than 300 pupils,
13 the maximum of ~~\$2,660~~ \$2,527 is decreased at the rate of 55
14 52 cents for each additional pupil until the ANB reaches 600
15 pupils.

16 (7) For a school having an ANB of more than 600 pupils,
17 the maximum may not exceed ~~\$2,495~~ \$2,370 per pupil.

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

Section 3. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of board of public education for distribution. (1) The money available for state equalization aid must be distributed and apportioned to provide:

(a) an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, new buildings and grounds, and transportation; and

(b) the Montana educational telecommunications network as provided in 20-32-101.

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

(a) adopt policies for regulating the distribution of state equalization aid and state advances for county equalization in accordance with the provisions of law;

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

(c) order the superintendent of public instruction to

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

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

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

(b) maintain accredited status.

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

(5) If a district or county receives more state equalization aid than it is entitled to, the county treasurer shall return the overpayment to the state upon the

1 request of the superintendent of public instruction in the
2 manner prescribed by the superintendent of public
3 instruction.

4 (6) Except as provided in 20-9-347(3), the foundation
5 program payment and guaranteed tax base aid payment must be
6 distributed according to the following schedule:

7 (a) from August to May of the school fiscal year, 8% of
8 the foundation program payment to each district;

9 (b) in November of the school fiscal year, one-half of
10 the guaranteed tax base aid payment to each district or
11 county;

12 (c) in May of the school fiscal year, the remainder of
13 the guaranteed tax base aid payment to each district or
14 county; and

15 (d) in June of:

16 ~~(i) the 1993 school fiscal year, one-half of the~~
17 ~~remaining foundation program payment of each district and on~~
18 ~~the following July 15, 1993, the remaining school fiscal~~
19 ~~year 1993 foundation program payment of each district; and~~

20 ~~(ii) the school fiscal year, the remaining foundation~~
21 ~~program payment to each district for the school fiscal year~~
22 ~~ending on the preceding June 30.~~

23 (7) The distribution of foundation program payments and
24 guaranteed tax base aid provided for in subsection (6) must
25 occur by the last working day of each month."

1 **Section 4.** Section 6, Chapter 14, Special Laws of
2 January 1992, is amended to read:

3 "Section 6. **Effective date ---termination.** [This act]
4 is effective on passage and approval, ~~and sections 3~~
5 ~~through 5 terminate June 30, 1993.~~"

6 **NEW SECTION. Section 5. Effective date.** [This act] is
7 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 HB0471, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act reducing the foundation program schedules by 5 percent for the school fiscal year beginning July 1, 1993, and succeeding years; removing the termination date in Section 6, Chapter 14, Special Laws of January 1992, to allow income from the sale of timber from school lands to continue to be deposited in the school equalization account; revising the distribution schedule for state equalization aid.

ASSUMPTIONS:

1. Elementary ANB will increase by 2.29% in fiscal 1994 and 1.47% in fiscal 1995. High School ANB will increase by 3.37% in fiscal 1994 and 3.60% in fiscal 1995.
2. Under current law, districts will budget to spend 98% of the full permissive amount available statewide. All districts will budget to spend 100% of the full permissive amount in fiscal 1994 and fiscal 1995 in response to the five percent schedule decrease proposed in this bill.
3. County retirement budgets and state GTB for county retirement will be unaffected by this bill.
4. The state share of the foundation schedules cost for the 1993-1994 school year is \$362,375,200 under current law and would be \$344,252,900 under this bill. The final payment of foundation program moneys for the 1993-1994 school year, made on July 15, 1994 under this bill, will be \$34,425,300 for the foundation schedules and \$3,284,600 for special education. These two payments will be made from the state equalization account and the general fund, respectively.
5. The state share of the foundation schedules cost for the 1994-1995 school year is \$369,994,800 under current law and would be \$351,464,350 under this bill. The final payment of foundation program moneys for the 1994-1995 school year, made on July 15, 1995 under this bill, will be \$35,146,400 for the foundation schedules and \$3,284,600 for special education. These two payments will be made from the state equalization account and the general fund, respectively.
6. The delay of final foundation program payment effects the state's cash flow, but not fiscal 1994 and 1995 obligations.
7. State guaranteed tax base aid payments for district general fund and county retirement levies will be \$49,711,450 in fiscal 1994 under current law and would be \$48,267,450 under this bill.
8. State guaranteed tax base aid payments for district general fund and county retirement levies will be \$51,004,050 in fiscal 1995 under current law and would be \$49,527,050 under this bill.
9. Timber sale revenues will be \$4 million in each of FY94 and FY95.

Dave Lewis

DAVE LEWIS, BUDGET DIRECTOR

Office of Budget and Program Planning

2-9-93

DATE

Dick Simkins

DICK SIMKINS, PRIMARY SPONSOR

DATE

2-10-93

Fiscal Note for HB0471, as introduced

HB 471

FISCAL IMPACT:

	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
<u>Expenditures:</u>						
SEA- Foundation Schedules	362,375,200	344,252,900	(18,122,300)	369,994,800	351,464,350	(18,530,450)
SEA- Guaranteed Tax Base Aid	<u>49,711,450</u>	<u>48,267,450</u>	<u>(1,444,000)</u>	<u>51,004,050</u>	<u>49,527,050</u>	<u>(1,477,000)</u>
Total	412,086,650	392,520,350	(19,566,300)	420,998,850	400,991,400	20,007,450
<u>Revenues:</u>						
School Equalization Account	391,637,000	395,637,000	4,000,000	400,698,000	404,698,000	4,000,000
School Permanent Trust	<u>15,319,000</u>	<u>11,319,000</u>	<u>(4,000,000)</u>	<u>15,319,000</u>	<u>11,319,000</u>	<u>(4,000,000)</u>
Total	406,956,000	406,956,000	0	416,017,000	416,017,000	0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts are allowed a 4 percent annual increase in their general fund budgets. To the extent districts do not make reductions local property taxpayers will bear the cost of the 5 percent foundation schedule reduction and any inflationary increases in general fund budgets through locally voted mill levies.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

1. In some school districts the voters may be willing to tax themselves to replace the dollars lost from the foundation program and to meet inflationary costs. In other districts, the voters may not be willing to replace the lost revenues or provide for inflationary increases. As the reliance on voter approved levies to fund school district general fund budgets increases, disparities in per-pupil expenditures (other than those explained by educationally-relevant factors) may increase.
2. As the foundation schedules and the state share of funding for K-12 education declines while school expenditures are not reduced or rise, the share of revenues coming from equalized revenue sources falls and taxpayer inequities are magnified.

APPROVED BY COMMITTEE
ON APPROPRIATIONS

HOUSE BILL NO. 471

INTRODUCED BY SIMPKINS

BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE FOUNDATION PROGRAM SCHEDULES BY 5 PERCENT FOR THE SCHOOL FISCAL YEAR BEGINNING JULY 1, 1993~~7~~-~~AND-SUCCESSING-YEARS~~; PROVIDING THAT THE FUND BALANCE IN THE EQUALIZATION AID ACCOUNT BE TRANSFERRED TO THE GENERAL FUND AT THE END OF EACH FISCAL YEAR; REMOVING THE TERMINATION DATE IN SECTION 6, CHAPTER 14, SPECIAL LAWS OF JANUARY 1992, TO ALLOW INCOME FROM THE SALE OF TIMBER FROM STATE SCHOOL LANDS TO CONTINUE TO BE DEPOSITED IN THE SCHOOL EQUALIZATION ACCOUNT; REVISING THE DISTRIBUTION SCHEDULE FOR STATE EQUALIZATION AID; AMENDING SECTIONS 20-9-318, 20-9-319, 20-9-343, AND 20-9-344, MCA, AND SECTION 6, CHAPTER 14, SPECIAL LAWS OF JANUARY 1992; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school foundation program schedule for school fiscal year YEARS 1991 1994 and successing--years 1995. For the school fiscal year ending June 30, 1991 1994, and successing-school-years THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1995, the elementary school

foundation program schedule is as follows:

(1) For each elementary school having an ANB of nine or fewer pupils, the maximum is ~~\$23,646~~ \$22,464 if the school is approved as an isolated school.

(2) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum is ~~\$23,646~~ \$22,464 plus ~~\$988~~ \$939 per pupil on the basis of the average number belonging over nine.

(3) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum is ~~\$38,759~~ \$36,821 plus ~~\$988~~ \$939 per pupil on the basis of the average number belonging over 14.

(4) For schools with an ANB of 18 pupils and employing one teacher, the maximum is ~~\$32,541~~ \$30,914 plus ~~\$988~~ \$939 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 is ~~\$51,953~~ \$49,355 plus ~~\$619~~ \$588 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, is as follows:

(a) For a school having an ANB of more than 40 and

employing a minimum of three teachers, the maximum of ~~\$2,296~~
~~\$2,181~~ is decreased at the rate of ~~\$2.23~~ \$2.12 for each
 additional pupil until the total number (ANB) reaches a
 total of 100 pupils.

(b) For a school having an ANB of more than 100 pupils,
 the maximum of ~~\$2,162~~ \$2,054 is decreased at the rate of
~~\$1.22~~ \$1.16 for each additional pupil until the ANB reaches
 300 pupils.

(c) For a school having an ANB of more than 300 pupils,
 the maximum may not exceed ~~\$1,913~~ \$1,817 for each pupil.

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

Section 2. Section 20-9-319, MCA, is amended to read:

"20-9-319. High school foundation program schedule for
 school fiscal year YEARS 1991 1994 and succeeding--years
1995. For the school fiscal year ending June 30, 1991 1994,
and succeeding-school-years THE SCHOOL FISCAL YEAR ENDING
JUNE 30, 1995, the high school foundation program schedule
 is as follows:

(1) For each high school having an ANB of 24 or fewer
 pupils, the maximum is ~~\$143,793~~ \$136,603.

(2) For a high school having an ANB of more than 24
 pupils, the maximum of ~~\$5,991~~ \$5,691 is decreased at the
 rate of ~~\$32.60~~ \$31.05 for each additional pupil until the
 ANB reaches a total of 40 pupils.

(3) For a school having an ANB of more than 40 pupils,
 the maximum of ~~\$5,469~~ \$5,196 is decreased at the rate of
~~\$32.60~~ \$31.05 for each additional pupil until the ANB
 reaches 100 pupils.

(4) For a school having an ANB of more than 100 pupils,
 the maximum of ~~\$3,500~~ \$3,333 is decreased at the rate of
~~\$5.47~~ \$5.20 for each additional pupil until the ANB reaches
 200 pupils.

(5) For a school having an ANB of more than 200 pupils,
 the maximum of ~~\$2,961~~ \$2,813 is decreased by ~~\$3.00~~ \$2.85 for
 each additional pupil until the ANB reaches 300 pupils.

(6) For a school having an ANB of more than 300 pupils,
 the maximum of ~~\$2,660~~ \$2,527 is decreased at the rate of 55
52 cents for each additional pupil until the ANB reaches 600
 pupils.

(7) For a school having an ANB of more than 600 pupils,
 the maximum may not exceed ~~\$2,495~~ \$2,370 per pupil.

(8) The maximum per pupil for all pupils (ANB) and for
 all high schools must be computed on the basis of the amount
 allowed in this section on account of the last eligible
 pupil (ANB). All high schools and junior high schools which

1 that have been approved and accredited as junior high
2 schools, operated within the incorporated limits of a city
3 or town, must be treated as one school for the purpose of
4 this schedule."

5 **SECTION 3. SECTION 20-9-343, MCA, IS AMENDED TO READ:**

6 "20-9-343. (Temporary) Definition of and revenue for
7 state equalization aid. (1) As used in this title, the term
8 "state equalization aid" means the money deposited in the
9 state special revenue fund as required in this section plus
10 any legislative appropriation of money from other sources
11 for:

12 (a) distribution to the public schools for the payment
13 of guaranteed tax base aid and for equalization of the
14 foundation program;

15 (b) the Montana educational telecommunications network
16 as provided in 20-32-101; and

17 (c) filing fees for school district audits as required
18 by 2-7-514(2).

19 (2) The superintendent of public instruction may spend
20 funds appropriated for state equalization aid, as required
21 by subsections (1)(a) and (1)(b), throughout the biennium.

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

25 (a) money received from the collection of income taxes

1 under chapter 30 of Title 15, as provided by 15-1-501;

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

5 (c) money allocated to state equalization from the
6 collection of the severance tax on coal;

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

11 (e) interest and income money described in 20-9-341 and
12 20-9-342;

13 (f) money received from the state equalization aid levy
14 under 20-9-360;

15 (g) income from the lottery, as provided in 23-7-402;

16 (h) the surplus revenues collected by the counties for
17 foundation program support according to 20-9-331 and
18 20-9-333;

19 (i) investment income earned by investing money in the
20 state equalization aid account in the state special revenue
21 fund; and

22 (j) 15% of the income and earnings of all coal
23 severance tax funds as provided in 17-5-704.

24 (4) The superintendent of public instruction shall
25 request the board of investments to invest the money in the

1 state equalization aid account to maximize investment
2 earnings to the account.

3 (5) Any surplus revenue in the state equalization aid
4 account in the second year of a biennium may be used to
5 reduce any appropriation required for the next succeeding
6 biennium. (Terminates June 30, 1993--sec. 5, Ch. 729, L.
7 1991.)

8 20-9-343. (Effective July 1, 1993) Definition of and
9 revenue for state equalization aid. (1) As used in this
10 title, the term "state equalization aid" means the money
11 deposited in the state special revenue fund as required in
12 this section plus any legislative appropriation of money
13 from other sources for distribution to the public schools
14 for the purposes of payment of guaranteed tax base aid and
15 equalization of the foundation program and for the Montana
16 educational telecommunications network as provided in
17 20-32-101.

18 (2) The superintendent of public instruction may spend
19 funds appropriated for state equalization aid as required
20 for the purposes of guaranteed tax base aid, the foundation
21 program, and the Montana educational telecommunications
22 network, throughout the biennium.

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

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

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

6 (c) money allocated to state equalization from the
7 collection of the severance tax on coal;

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

12 (e) interest and income money described in 20-9-341 and
13 20-9-342;

14 (f) money received from the state equalization aid levy
15 under 20-9-360;

16 (g) income from the lottery, as provided in 23-7-402;

17 (h) the surplus revenues collected by the counties for
18 foundation program support according to 20-9-331 and
19 20-9-333;

20 (i) investment income earned by investing money in the
21 state equalization aid account in the state special revenue
22 fund; and

23 (j) 15% of the income and earnings of all coal
24 severance tax funds as provided in 17-5-704.

25 (4) The superintendent of public instruction shall

request the board of investments to invest the money in the state equalization aid account to maximize investment earnings to the account.

(5) Any surplus revenue in the state equalization aid account ~~in the second~~ at the end of a fiscal year of--a biennium--may must be used ~~--to--reduce--any--appropriation required for the next succeeding biennium~~ transferred to the general fund."

Section 4. Section 20-9-344, MCA, is amended to read:

"20-9-344. Purpose of state equalization aid and duties of board of public education for distribution. (1) The money available for state equalization aid must be distributed and apportioned to provide:

(a) an annual minimum operating revenue for the elementary and high schools in each county, exclusive of revenues required for debt service and for the payment of any costs and expense incurred in connection with any adult education program, recreation program, school food services program, new buildings and grounds, and transportation; and

(b) the Montana educational telecommunications network as provided in 20-32-101.

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

education shall:

(a) adopt policies for regulating the distribution of state equalization aid and state advances for county equalization in accordance with the provisions of law;

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

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

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

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

(b) maintain accredited status.

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

(5) If a district or county receives more state equalization aid than it is entitled to, the county treasurer shall return the overpayment to the state upon the request of the superintendent of public instruction in the manner prescribed by the superintendent of public instruction.

(6) Except as provided in 20-9-347(3), the foundation program payment and guaranteed tax base aid payment must be distributed according to the following schedule:

(a) from August to May of the school fiscal year, 8% of the foundation program payment to each district;

(b) in November of the school fiscal year, one-half of the guaranteed tax base aid payment to each district or county;

(c) in May of the school fiscal year, the remainder of the guaranteed tax base aid payment to each district or county; and

(d) in June of:

~~(i)~~ the 1993 school fiscal year, one-half of the remaining foundation program payment of each district and on

the following July 15,--1993, the remaining school-fiscal year-1993 foundation program payment of each district;--and
~~(ii)~~ the school-fiscal year,--the--remaining--foundation program--payment-to-each-district for the school fiscal year ending on the preceding June 30.

(7) The distribution of foundation program payments and guaranteed tax base aid provided for in subsection (6) must occur by the last working day of each month."

Section 5. Section 6, Chapter 14, Special Laws of January 1992, is amended to read:

"Section 6. Effective date ---termination. [This act] is effective on passage and approval,--and--{sections--3 through-5}-terminate-June-30,--1993."

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 1993.

-End-