

SENATE BILL 302

Introduced by Towe

2/03	Introduced
2/03	Referred to Education & Cultural Resources
2/03	First Reading
2/03	Fiscal Note Requested
2/08	Hearing
2/12	Fiscal Note Received
2/12	Tabled in Committee
2/17	Fiscal Note Printed
2/22	Taken from Committee and Rereferred to Taxation
3/27	Revised Fiscal Note Requested
3/27	Committee Report--Bill Passed as Amended
3/29	Revised Fiscal Note Received
3/29	2nd Reading Do Pass as Amended Motion Failed
3/29	2nd Reading Indefinitely Postponed
3/30	Revised Fiscal Note Printed

1 Senate BILL NO. 302
2 INTRODUCED BY ~~Sen~~
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INTERIM
5 LEGISLATIVE COMMITTEE TO STUDY AND REVIEW ACCREDITATION
6 REQUIREMENTS THAT ADD ADMINISTRATIVE COSTS TO SCHOOLS OR
7 SCHOOL DISTRICTS AND TO STUDY EVIDENCE CONCERNING ANY
8 ADVERSE EFFECTS OF IMPLEMENTING A PROPOSAL LIMITING THE
9 PER-PUPIL AMOUNT FOR ELEMENTARY AND HIGH SCHOOLS;
10 AUTHORIZING REPORTS BY SCHOOLS CONCERNING ADVERSE EFFECTS OF
11 IMPLEMENTING A PROPOSAL LIMITING THE PER-PUPIL AMOUNT FOR
12 ELEMENTARY AND HIGH SCHOOLS; PROVIDING FOR ANB CALCULATION
13 AFTER CONSOLIDATION; REMOVING FROM THE GENERAL FUND BUDGET
14 OF A SCHOOL DISTRICT THE EXPENSES RELATED TO ADMINISTRATION,
15 BUSINESS SERVICES, AND THE ACTIVITIES OF THE BOARD OF
16 TRUSTEES; CREATING A BUDGETED FUND FOR DISTRICT
17 ADMINISTRATION AND BUSINESS SERVICES TO BE FUNDED IN PART BY
18 UP TO 6 PERCENT OF A DISTRICT'S FOUNDATION PROGRAM AMOUNT
19 AND A VOTED LEVY; CREATING A BUDGETED FUND FOR SCHOOL
20 SUPPORT SERVICES TO BE FUNDED IN PART BY UP TO 6 PERCENT OF
21 A DISTRICT'S FOUNDATION PROGRAM AMOUNT AND A VOTED LEVY;
22 REMOVING FROM THE GENERAL FUND BUDGET OF A SCHOOL DISTRICT
23 THE EXPENSES RELATED TO EXTRACURRICULAR ATHLETIC PROGRAMS
24 AND OTHER ACTIVITIES; CREATING A BUDGETED OPTIONAL
25 ACTIVITIES FUND TO BE FUNDED IN PART FROM ACTIVITY-RELATED

1 REVENUE AND A VOTED LEVY; AMENDING SECTIONS 20-3-324,
2 20-9-201, 20-9-214, 20-9-301, 20-9-344, 20-9-501, 20-10-143,
3 AND 20-15-404, MCA; REPEALING SECTION 20-9-504, MCA; AND
4 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE
5 FOR THE INTERIM COMMITTEE."
6

7 STATEMENT OF INTENT

8 A statement of intent is required for this bill because
9 the superintendent of public instruction is authorized under
10 the general rulemaking authority for school budgeting in
11 20-9-102 to adopt rules that are necessary to secure
12 compliance with school budgeting laws. It is intended that
13 the office of the superintendent of public instruction amend
14 the Montana School Accounting Manual to reflect the budgeted
15 funds created in [sections 6 through 8] and to assist the
16 school districts of the state to become informed of and
17 accountable for the provisions in [this act].
18

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

20 NEW SECTION. Section 1. Interim committee --
21 membership. (1) There is an interim committee on
22 administrative costs of accreditation standards and
23 foundation schedule reductions. The committee shall review
24 administrative costs mandated in the school accreditation
25 standards and shall study evidence presented by schools that

1 may be adversely affected if the proposal to reduce the
2 elementary and high school foundation schedules, as
3 described in [section 18], is implemented.

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

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

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

9 (c) the superintendent of public instruction or the
10 superintendent's designee as an ex officio voting member;

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

13 (e) the governor or the governor's designee as an ex
14 officio voting member.

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

17 NEW SECTION. Section 2. Term of office -- vacancies.

18 (1) A committee member shall serve until the committee
19 terminates as provided in [section 24].

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

22 NEW SECTION. Section 3. Officers -- meetings -- quorum

23 -- compensation. (1) The committee shall choose from its
24 membership a presiding officer and vice presiding officer.

25 (2) The committee shall meet upon the call of the

1 presiding officer or at the request of any five members.

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

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

6 NEW SECTION. Section 4. Duties of committee. The
7 committee shall:

8 (1) direct a review of all accreditation standards that
9 result in administrative costs to schools and school
10 districts to determine whether cost savings can be achieved
11 without impairing the quality of public elementary and high
12 school education in the state;

13 (2) review evidence presented by isolated elementary
14 schools and high schools concerning a proposal to limit the
15 per-pupil spending of the smallest high school to two times
16 that of a high school with the largest ANB and to limit the
17 spending of the smallest elementary school to one and
18 one-half times that of an elementary school with the largest
19 ANB; and

20 (3) report to the governor and the 54th legislature its
21 findings, options for legislative consideration, and any
22 proposed legislation that would result in administrative
23 cost savings and adverse effects from the proposed
24 foundation schedule reductions.

25 NEW SECTION. Section 5. Staff assistance. The

committee may request the following agencies to provide staff assistance to the committee:

(1) the office of public instruction;

(2) the governor's office of budget and program planning;

(3) the board of public education;

(4) the legislative council;

(5) the office of the legislative fiscal analyst; and

(6) the office of the legislative auditor.

NEW SECTION. Section 6. General administration and business services fund. (1) The trustees of a district shall establish a general administration and business services budgeted fund for the purpose of recording revenue received and all district expenses incurred for general administration, business support services, and support services central expenses, as defined in the most recent edition of the Montana School Accounting Manual issued by the office of public instruction. The expenses include but are not limited to:

(a) salaries, bonuses, retirement system contributions, required federal social security system contributions, unemployment insurance contributions, education and training, office expenses, travel, and organizational memberships of the district superintendent, the superintendent's staff, the district clerk or chief business

official, and any business office staff;

(b) activities of the district board of trustees, including but not limited to travel and memberships in organizations;

(c) activities related to districtwide staff relations, including contract negotiations;

(d) staff and activities related to paying for transporting, exchanging, and maintaining goods and services for the district, including fiscal and internal services necessary for operating the district; and

(e) activities in support of central services for the district, including planning, research, development, evaluation, information gathering, and data processing.

(2) The trustees of a district may fund the general administration and business services fund from one or more of the following sources:

(a) a request to the superintendent of public instruction to direct payment of not more than 6% of the district foundation program amount, as provided in 20-9-318 through 20-9-321, to the general administration and business services fund;

(b) any recovery of administrative expenses under an approved indirect cost plan for a federal program; and

(c) an additional levy provided for in [section 9].

(3) At the end of each school fiscal year, the trustees

of a district may designate up to 10% of the general administration and business services fund end-of-the-year fund balance as an operating reserve for the ensuing school fiscal year. Any portion of the end-of-the-year fund balance that is not reserved under this subsection may be transferred to the district general fund or may be reappropriated to reduce the levy provided for in subsection (2)(c).

NEW SECTION. Section 7. School support services fund.

(1) The trustees of a district shall establish a school support services budgeted fund for the purpose of recording revenue received and all district expenses incurred for support service and school administration, as defined in the most recent edition of the Montana School Accounting Manual issued by the office of public instruction. The expenses include but are not limited to:

(a) activities related to directing and managing the operation of a particular school, including the activities performed by the principal, assistant principals, supervising teacher, and other assistants, in the general supervision of all operations of the school, evaluation of the staff members of the school, assignment of duties to staff members, supervision and maintenance of the school records, and coordination of school instructional activities, including clerical staff, with instructional

activities of the school district; and

(b) school administration services, including special education directors, full-time department heads, and graduation expenses.

(2) The trustees of a district may fund the school support services fund from one or more of the following sources:

(a) a request to the superintendent of public instruction to direct payment of not more than 6% of the district foundation program amount as defined in 20-9-318 through 20-9-321 to the school support services fund;

(b) any recovery of administrative expenses under an approved indirect cost plan for a federal program; and

(c) an additional levy provided for in [section 9].

(3) At the end of each school fiscal year, the trustees of a district may designate up to 10% of the school support services fund end-of-the-year fund balance that is to be earmarked as operating reserve for the ensuing school fiscal year. Any portion of the end-of-the-year fund balance that is not reserved under this subsection may be transferred to the district general fund or may be reappropriated to reduce the levy provided for in subsection (2)(c).

NEW SECTION. Section 8. Optional activities fund. (1)

The trustees of a district shall establish an optional activities budgeted fund for the purpose of recording

1 revenue received and all district expenses incurred for
2 extracurricular activities and extracurricular athletics, as
3 defined in the most recent edition of the Montana School
4 Accounting Manual issued by the office of public
5 instruction. The expenses include but are not limited to:

6 (a) school-sponsored activities that are not part of
7 the regular instructional program and for which students do
8 not receive educational credit;

9 (b) school-sponsored athletic programs that allow
10 student participation in athletic competition between school
11 districts;

12 (c) salaries, retirement system contributions, required
13 federal social security system contributions, and
14 unemployment insurance contributions of athletic program
15 staff, including full-time and part-time coaching staff,
16 trainers, an athletic director and any staff assigned to the
17 athletic director, and referees; and

18 (d) expenses associated with extracurricular activities
19 clubs, extracurricular athletics, and community activities,
20 including travel, insurance, equipment, and membership fees
21 or dues.

22 (2) The trustees of a district may fund the optional
23 activities fund from one or more of the following sources:

24 (a) activity ticket sales, gate and concession
25 receipts, and participation fees;

1 (b) grants or donations, such as donations from a
2 school booster club;

3 (c) fees generated from the lease or rental of school
4 district facilities; and

5 (d) an additional levy provided for in [section 9].

6 NEW SECTION. **Section 9.** Additional levies for general
7 administration and business services fund, school support
8 services fund, and optional activities fund. (1) The
9 trustees of a district may propose to adopt a general
10 administration and business services fund budget in excess
11 of the foundation program amount to be funded as provided in
12 [section 6].

13 (2) The trustees of a district may propose to adopt a
14 school support services fund budget amount in excess of the
15 foundation program amount to be funded as provided in
16 [section 7].

17 (3) The trustees of a district may propose to adopt an
18 optional activities fund budget to be funded as provided in
19 [section 8].

20 (4) When the trustees of a district determine that an
21 additional amount of financing is required for the general
22 administration and business services fund budget, for the
23 school support services fund budget, or for the optional
24 activities fund budget, the trustees shall submit to the
25 electors who are qualified to vote under 20-20-301 the

proposition of an additional levy for each fund to raise the proposed amount of financing. The special election must be called and conducted in the manner prescribed by this title for school elections. The ballot for the election must state only the amount of money to be raised by additional property taxation, the approximate number of mills required to raise the money, and the purpose for which the money will be expended. The ballot must be in the following format:

PROPOSITION

Shall a levy be made in addition to the levies authorized by law in the number of mills as may be necessary to raise the sum of (state the amount to be raised by additional tax levy for the general administration and business services fund, the school support services fund, or the optional activities fund) and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional tax levy is made)?

FOR the levy.

AGAINST the levy.

(5) If the election on the additional levy for the general administration and business services fund, the school support services fund, or the optional activities fund is approved by a majority vote of the electors voting at the election, the proposition carries and the trustees may use any portion or all of the authorized amount in

adopting the preliminary fund budget of the fund. The trustees shall certify the additional levy amount authorized by the special election on the budget form that is submitted to the county superintendent, and the county commissioners shall levy the authorized number of mills on the taxable value of all taxable property within the district, as prescribed in 20-9-141, to raise the amount of the additional levy.

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

Section 10. Section 20-3-324, MCA, is amended to read:

"20-3-324. **Powers and duties.** As prescribed elsewhere in this title, the trustees of each district shall:

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

(2) employ and dismiss administrative personnel, clerks, secretaries, teacher aides, custodians, maintenance

1 personnel, school bus drivers, food service personnel,
2 nurses, and any other personnel considered necessary to
3 carry out the various services of the district;

4 (3) administer the attendance and tuition provisions
5 and otherwise govern the pupils of the district in
6 accordance with the provisions of the pupils chapter of this
7 title;

8 (4) call, conduct, and certify the elections of the
9 district in accordance with the provisions of the school
10 elections chapter of this title;

11 (5) participate in the teachers' retirement system of
12 the state of Montana in accordance with the provisions of
13 the teachers' retirement system chapter of Title 19;

14 (6) participate in district boundary change actions in
15 accordance with the provisions of the districts chapter of
16 this title;

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

20 (8) adopt and administer the annual budget or a budget
21 amendment of the district in accordance with the provisions
22 of the school budget system part of this title;

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

1 (10) establish the ANB, foundation program, permissive,
2 additional levy, operating reserve, and state impact aid
3 amounts for the general fund of the district in accordance
4 with the provisions of the general fund part of this title;

5 (11) establish, maintain, budget, and finance the
6 transportation program of the district in accordance with
7 the provisions of the transportation parts of this title;

8 (12) issue, refund, sell, budget, and redeem the bonds
9 of the district in accordance with the provisions of the
10 bonds parts of this title;

11 (13) when applicable, establish, financially administer,
12 and budget for the general administration and business
13 services fund, school support services fund, optional
14 activities fund, tuition fund, retirement fund, building
15 reserve fund, adult education fund, nonoperating fund,
16 school food services fund, miscellaneous federal programs
17 fund, building fund, lease or rental agreement fund, traffic
18 education fund, and interlocal cooperative agreement fund in
19 accordance with the provisions of the other school funds
20 parts of this title;

21 (14) when applicable, administer any interlocal
22 cooperative agreement, gifts, legacies, or devises in
23 accordance with the provisions of the miscellaneous
24 financial parts of this title;

25 (15) hold in trust, acquire, and dispose of the real and

1 personal property of the district in accordance with the
2 provisions of the school sites and facilities part of this
3 title;

4 (16) operate the schools of the district in accordance
5 with the provisions of the school calendar part of this
6 title;

7 (17) establish and maintain the instructional services
8 of the schools of the district in accordance with the
9 provisions of the instructional services, textbooks,
10 vocational education, and special education parts of this
11 title;

12 (18) establish and maintain the school food services of
13 the district in accordance with the provisions of the school
14 food services parts of this title;

15 (19) make reports from time to time as the county
16 superintendent, superintendent of public instruction, and
17 board of public education may require;

18 (20) retain, when considered advisable, a physician or
19 registered nurse to inspect the sanitary conditions of the
20 school or the general health conditions of each pupil and,
21 upon request, make available to any a child's parent or
22 guardian any medical reports or health records maintained by
23 the district pertaining to his the child;

24 (21) for each member of the trustees, visit each school
25 of the district not less than once each school fiscal year

1 to examine its management, conditions, and needs, except
2 trustees from a first-class school district may share the
3 responsibility for visiting each school in the district;

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

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

11 (24) perform any other duty and enforce any other
12 requirements for the government of the schools prescribed by
13 this title, the policies of the board of public education,
14 or the rules of the superintendent of public instruction."

15 **Section 11.** Section 20-9-201, MCA, is amended to read:

16 "20-9-201. Definitions and application. (1) As used in
17 this title, unless the context clearly indicates otherwise,
18 "fund" means a separate detailed account of receipts and
19 expenditures for a specific purpose as authorized by law or
20 by the superintendent of public instruction under the
21 provisions of subsection (2). Funds are classified as
22 follows:

23 (a) A "budgeted fund" means any fund for which a budget
24 must be adopted in order to expend money from the fund. The
25 general fund, general administration and business services

1 fund, school support services fund, optional activities
 2 fund, transportation fund, bus depreciation reserve fund,
 3 tuition fund, retirement fund, debt service fund, building
 4 reserve fund, adult education fund, nonoperating fund, and
 5 any other funds designated by the legislature are budgeted
 6 funds.

7 (b) A "nonbudgeted fund" means any fund for which a
 8 budget is not required in order to expend money on deposit
 9 in the fund. The school food services fund, miscellaneous
 10 programs fund, building fund, lease or rental agreement
 11 fund, traffic education fund, interlocal cooperative fund,
 12 internal service fund, enterprise fund, agency fund,
 13 ~~extracurricular--fund,~~ metal mines tax reserve fund,
 14 endowment fund, and any other funds designated by the
 15 legislature are nonbudgeted funds.

16 (2) The school financial administration provisions of
 17 this title apply to all money of any elementary or high
 18 school district. Elementary and high school districts shall
 19 record the receipt and disbursement of all money in
 20 accordance with generally accepted accounting principles.
 21 The superintendent of public instruction has general
 22 supervisory authority as prescribed by law over the school
 23 financial administration provisions, as they relate to
 24 elementary and high school districts. The superintendent of
 25 public instruction shall adopt rules necessary to secure

1 compliance with the law.

2 (3) Except as otherwise provided by law, whenever the
 3 trustees of a district determine that a fund is inactive and
 4 will no longer be used, the trustees shall close the fund by
 5 transferring all cash and other account balances to the
 6 general fund if the fund does not have a cash or fund
 7 balance deficit."

8 **Section 12.** Section 20-9-214, MCA, is amended to read:

9 "20-9-214. Fees. (1) The trustees of a district may:

10 (a) require pupils in the commercial, industrial arts,
 11 music, domestic science, scientific, or agricultural courses
 12 to pay reasonable fees to cover the actual cost of breakage
 13 and of excessive supplies used; and

14 (b) charge pupils a reasonable fee for a course or
 15 activity not reasonably related to a recognized academic and
 16 educational goal of the district or a course or activity
 17 held outside normal school functions. The trustees may waive
 18 the fee in cases of financial hardship.

19 (2) The fees collected pursuant to subsection (1){a}
 20 must be deposited in the general--fund;--and--the--fees
 21 collected--pursuant-to-subsection-(1){b}--must-be-deposited-in
 22 a---nonbudgeted---fund--as--provided--in--20-9-218 optional
 23 activities fund as provided in [section 8]."

24 **Section 13.** Section 20-9-301, MCA, is amended to read:

25 "20-9-301. Purpose of foundation program and definition

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

(2) The principal budgetary vehicle vehicles for achieving the minimum financing as established by the foundation program ~~is~~ are the general fund budget of the district; the amount, not to exceed 6% of a district's foundation program amount, that may be directed to the general administration and business services fund, as provided in [section 6]; and the amount, not to exceed 6% of a district's foundation program amount, that may be directed to the school support services fund as provided in [section 7]. The purpose of the general fund budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title.

(3) The amount of the general fund budget for each school fiscal year may not exceed the financing limitations established by this title but may not be less than the amount established by law as the foundation program. The general fund budget must be financed by the foundation

program revenues and may be supplemented by a permissive levy, voted levy, or other revenue, as provided by 20-9-145 and 20-9-353."

Section 14. 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 through the foundation program as provided in 20-9-301, the 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, optional activities funding provided for in [section 8], 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

1 equalization in accordance with the provisions of law;

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

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

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

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

22 (b) maintain accredited status.

23 (4) Prior to any proposed order by the board of public
24 education to withhold distribution of state equalization aid
25 or county equalization money, the district is entitled to a

1 contested case hearing before the board of public education,
2 as provided under the Montana Administrative Procedure Act.

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

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

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

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

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

20 (d) in June of:

21 ~~{i}--the--1993--school--fiscal--year--one-half--of--the~~
22 ~~remaining--foundation--program--payment--of--each--district--and--on~~
23 ~~July--15,--1993,--the--remaining--school--fiscal--year--1993~~
24 ~~foundation--program--payment--of--each--district,--and~~

25 ~~{ii}~~ the school fiscal year, the remaining foundation

1 program payment to each district.

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

5 **Section 15.** Section 20-9-501, MCA, is amended to read:

6 "20-9-501. Retirement fund. (1) The Except as provided
7 in [sections 6 through 8], the trustees of a district
8 employing personnel who are members of the teachers'
9 retirement system or the public employees' retirement system
10 or who are covered by unemployment insurance or who are
11 covered by any federal social security system requiring
12 employer contributions shall establish a retirement fund for
13 the purposes of budgeting and paying the employer's
14 contributions to the systems. The district's contribution
15 for each employee who is a member of the teachers'
16 retirement system must be calculated in accordance with
17 Title 19, chapter 4, part 6. The district's contribution for
18 each employee who is a member of the public employees'
19 retirement system must be calculated in accordance with
20 19-3-801. The district's contributions for each employee
21 covered by any federal social security system must be paid
22 in accordance with federal law and regulation. The
23 district's contribution for each employee who is covered by
24 unemployment insurance must be paid in accordance with Title
25 39, chapter 51, part 11.

1 (2) The trustees of a district required to make a
2 contribution to a system referred to in subsection (1) shall
3 include in the retirement fund of the preliminary budget the
4 estimated amount of the employer's contribution. After the
5 final retirement fund budget has been adopted, the trustees
6 shall pay the employer contributions to the systems in
7 accordance with the financial administration provisions of
8 this title.

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

12 (a) determining the sum of the money available to
13 reduce the retirement fund levy requirement by adding:

14 (i) any anticipated money that may be realized in the
15 retirement fund during the ensuing school fiscal year,
16 including anticipated revenue from property taxes and fees
17 imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,
18 61-3-537, and 67-3-204;

19 (ii) net proceeds taxes and local government severance
20 taxes on any other oil and gas production occurring after
21 December 31, 1988;

22 (iii) coal gross proceeds taxes under 15-23-703;

23 (iv) any fund balance available for reappropriation as
24 determined by subtracting the amount of the end-of-the-year
25 fund balance earmarked as the retirement fund operating

1 reserve for the ensuing school fiscal year by the trustees
 2 from the end-of-the-year fund balance in the retirement
 3 fund. The retirement fund operating reserve may not be more
 4 than 35% of the final retirement fund budget for the ensuing
 5 school fiscal year and must be used for the purpose of
 6 paying retirement fund warrants issued by the district under
 7 the final retirement fund budget; and

8 (v) any other revenue anticipated that may be realized
 9 in the retirement fund during the ensuing school fiscal
 10 year, excluding any guaranteed tax base aid.

11 (b) notwithstanding the provisions of subsection (8),
 12 subtracting the money available for reduction of the levy
 13 requirement, as determined in subsection (3)(a), from the
 14 budgeted amount for expenditures in the final retirement
 15 fund budget.

16 (4) The county superintendent shall:

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

22 (b) report each levy requirement to the county
 23 commissioners on the second Monday of August as the
 24 respective county levy requirements for elementary district,
 25 high school district, and community college district

1 retirement funds.

2 (5) The county commissioners shall fix and set the
 3 county levy in accordance with 20-9-142.

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

12 (7) The net retirement fund levy requirement for
 13 districts that are members of special education cooperative
 14 agreements must be prorated to each county in which the
 15 district is located in the same proportion as the special
 16 education cooperative budget is prorated to the member
 17 school districts. The county superintendents of the counties
 18 affected shall jointly determine the net retirement fund
 19 levy requirement for each county in the same manner as
 20 provided in 20-9-151 and the county commissioners shall fix
 21 and levy the net retirement fund levy for each county in the
 22 same manner as provided in 20-9-152.

23 (8) The county superintendent shall calculate the
 24 number of mills to be levied on the taxable property in the
 25 county to finance the retirement fund net levy requirement

by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000."

Section 16. Section 20-10-143, MCA, is amended to read:

"20-10-143. Budgeting for transportation and transmittal of transportation contracts. (1) The trustees of a district furnishing transportation to pupils who are residents of the district shall provide a transportation fund budget that is adequate to finance the district's transportation contractual obligations and any other transportation expenditures necessary for the conduct of its transportation program, except for any expenditures related to optional school activities that are required to be budgeted in the optional activities fund budget as provided in [section 8]. The transportation fund budget must include:

(a) an adequate amount to finance the maintenance and operation of district owned and operated school buses;

(b) the annual contracted amount for the maintenance and operation of school buses by a private party;

(c) the annual contracted amount for individual transportation, including any increased amount because of

isolation, which may not exceed the schedule amounts prescribed in 20-10-142;

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

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

(2) The trustees may include a contingency amount in the transportation fund budget for the purpose of enabling the district to fulfill an obligation to provide transportation in accordance with this title for:

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

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

contingency amount.

(3) A budget amendment to the transportation fund budget may be adopted subject to the provisions of 20-9-161 through 20-9-166.

(4) The transportation fund budgeted expenditures appropriated by the trustees must be reported on the regular budget form prescribed by the superintendent of public instruction in accordance with 20-9-103, and the adoption of the transportation fund budget must be completed in accordance with the school budgeting laws. When the adopted preliminary budget is sent to the county superintendent, the trustees shall also send copies of all completed transportation contracts for school bus transportation and individual transportation to the county superintendent. The contracts must substantiate all contracted transportation services incorporated in the preliminary budget, and after the county superintendent has utilized the contracts for that purpose but before the fourth Monday of July, he the county superintendent shall send all transportation contracts received to the superintendent of public instruction. When the county superintendent determines a deviation between the preliminary transportation fund budget amount for contracted transportation services and the contracted amount for the services, he the county superintendent shall immediately call the deviation to the

attention of the appropriate trustees and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."

Section 17. Section 20-15-404, MCA, is amended to read:

"20-15-404. Trustees to adhere to certain other laws.

Unless the context clearly indicates otherwise, the trustees of a community college district shall adhere to:

(1) the teachers' retirement provisions of Title 19, chapter 4;

(2) the provisions of 20-1-201, 20-1-205, 20-1-211, and 20-1-212; However, the trustees are not required to comply with the laws relating to the general administration and business services fund in [section 6], to the school support services fund in [section 7], or to the optional activities fund in [section 8].

(3) the school property provisions of 20-6-604, 20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and 20-6-633 through 20-6-636;

(4) the adult education provisions of 20-7-701 through 20-7-713;

(5) the administration of finances provisions of 20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210, 20-9-215, 20-9-221 through 20-9-224, and 20-9-512;

(6) the school bond provisions of 20-9-401 through 20-9-412, 20-9-421 through 20-9-446, 20-9-451 through

20-9-456, and 20-9-461 through 20-9-465;

(7) the special purpose funds provisions of 20-9-502, 20-9-503, 20-9-507, 20-9-508, and 20-9-511;

(8) the educational cooperative agreements provisions of 20-9-701 through 20-9-704;

(9) the school elections provisions of Title 20, chapter 20;

(10) the students' rights provisions of 20-25-511 through 20-25-516; and

(11) the health provisions of 50-1-206."

NEW SECTION. Section 18. Report to interim committee.

An elementary school that currently is receiving more than one and one-half times the amount per pupil than is a school with an ANB of more than 300 under the provisions of 20-9-318 or a high school that currently is receiving more than two times the amount per pupil than is a school with an ANB of more than 600, under the provisions of 20-9-319, may report evidence to the interim committee established in [section 1] concerning any adverse effects, including transportation costs or student inconvenience as a result of consolidation, that may arise if a proposal is implemented to limit:

(1) an elementary school to one and one-half times the amount per pupil that is received by an elementary school with the largest number of ANB; or

(2) a high school to two times the per-pupil amount that is received by a high school with the largest number of ANB.

NEW SECTION. Section 19. ANB calculation upon consolidation. For 4 years after consolidation, the ANB of the enlarged school district must be calculated as if the two separate districts continued to exist.

NEW SECTION. Section 20. Transfer of funds in extracurricular fund. The trustees of a district shall transfer any balance remaining in the extracurricular fund on June 30, 1993, to the optional activities fund created in [section 8].

NEW SECTION. Section 21. Codification instruction. [Sections 6 through 9] are intended to be codified as an integral part of Title 20, chapter 9, part 5, and the provisions of Title 20 apply to [sections 6 through 9].

NEW SECTION. Section 22. Repealer. Section 20-9-504, MCA, is repealed.

NEW SECTION. Section 23. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 24. Termination. [Sections 1 through 5] terminate December 31, 1995.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0302, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act creating an interim legislative committee to study and review accreditation requirements that add administrative costs to schools or school districts and to study evidence concerning any adverse effects of implementing a proposal limiting the per-pupil amount for elementary and high schools; authorizing reports by schools concerning adverse effects of implementing a proposal limiting the per-pupil amount for elementary and high schools; providing for an ANB calculation after consolidation; removing from the general fund budget of a school district the expenses related to administration, business services, and the activities of the board of trustees; creating a budgeted fund for district administration and business services to be funded in part by up to 6 percent of a district's foundation program amount and a voted levy; creating a budgeted fund for school support services to be funded in part by up to 6 percent of a district's foundation program amount and a voted levy; removing from the general fund budget of a school district the expenses related to extracurricular athletic programs and other activities; and creating a budgeted optional activities fund to be funded in part from activity-related revenue and a voted levy.

PUBLIC SCHOOL EQUALIZATION AIDASSUMPTIONS:

1. The proposal does not affect the foundation program schedule payments or special education allocations.
2. A school district will still be able to permissively budget up to 35% of its foundation program amount in the general fund even though a portion of the foundation program payment may be allocated to the new general administration and business services fund or the school support services fund.
3. The budgeted general fund permissive level of districts would not change as a result of removing costs associated with administration or extracurricular activities. The reductions would be in general fund voted amounts or in districts without voted budgets the districts would increase expenditures in the general fund offsetting any net gain resulting from removal of administration and extracurricular costs.
4. Section 20-6-401 and 20-6-406 provides for bonus payments to school districts that consolidate for three years after consolidation. The state pays \$450 per eligible pupil for first and second-class districts and \$750 per eligible pupil for third class school districts.
5. The FY92 level of expenditures from the retirement fund which would have been budgeted in one of the new funds created in this act were \$9,057,000 of which state GTB payments financed \$2,392,000. This level is anticipated to continue in FY94 and FY95.

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 - Retirement GTB	17,184,000	14,792,000	(2,392,000)	17,844,000	15,452,000	(2,392,000)

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

Thomas Towe 2/17/93
 THOMAS TOWE, PRIMARY SPONSOR DATE
 Fiscal Note for SB0302, as introduced

Expenditures: For school districts that plan to consolidate (even without passage of this bill), the state will make greater foundation program payments to the consolidated districts under this proposal than it would under current law. The additional cost to the state depends on the size of the school districts that might choose to consolidate. Districts that consolidate as a result of this bill create no greater cost to the state under Section 19 of this bill than if they continued to exist as separate school districts.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

This bill removes a portion of school district expenditures (administrative, business services, school support services and extracurricular) from the general fund budget cap. Expenditures for administration and extracurricular activities will be subject to a voted levy, but no expenditure limitation. If voters reject additional levies for administration these expenditures may be reduced to 12% of foundation schedule amounts which will result in decreased expenditures on these functions for some districts. If voters support expenditures for these functions expenditures may increase more than would have been allowed under current law.

School districts will be able to significantly increase their general fund spending in the first year of this bill because administrative and extracurricular expenditures are moved outside of the general fund with no corresponding reduction in the 104% general fund budget cap.

LEGISLATIVE COUNCIL

ASSUMPTIONS:

1. This portion of the fiscal note relates only to the "interim committee on administrative costs of accreditation standards and foundation schedule reductions", hereinafter, "Committee".
2. The Committee will hold ten 1-day meetings over the course of the 1993-94 interim.
3. The eight legislators on the Committee will be compensated and reimbursed as provided in 5-2-302. The other three members serve for no salary, per diem, or travel reimbursement.
4. Per diem and travel reimbursement for legislators remains as it is currently.
5. The Committee will rely heavily on computer generated information which is estimated to cost \$10,000 to produce.
6. Staff support from the six agencies listed in Section 5 of the bill will be part of the agencies' normal operations.
7. Any funds appropriated for operation of the Committee will be appropriated biennially.

FISCAL IMPACT:

Expenditures: Personal services costs for legislators will be about \$7,405; operating expenses, including travel and per diem for legislators and all other expenses of the Committee, will be about \$24,145, for a total of \$31,550 for the interim. All expenditures will be funded through a general fund appropriation.

TECHNICAL NOTES:

1. The bill is effective on passage and approval. School district budget forms have already been printed for school fiscal year 1993-1994, so the state will incur the costs of reprinting budget forms. School manuals and administrative rules will have to be updated as well. Given the time frames and public comment periods required for amending the administrative rules, the law will be effective before rules can be adopted for its implementation.
2. The Legislative Council does not have an appropriation to support this Committee, and cannot pay for the expenses of the Committee without an appropriation.

3. While it is not unusual for non-legislators to serve without salary or other compensation, it is somewhat unusual to ask non-legislators to perform public service without reimbursement for meals, lodging, and travel expenses. As the Governor and the Superintendent of Public Instruction both live in Helena, such expenses for them should be minimal. However, expenses, other than salary, for the member of the Board of Public Education should be about \$1,409 if his or her expense reimbursement equaled the average expenses (not salary) of a legislator.

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0302, Second Reading.

DESCRIPTION OF PROPOSED LEGISLATION:

An act creating an interim legislative committee to study and review accreditation requirements that add administrative costs to schools or school districts and to study evidence concerning any adverse effects of implementing a proposal limiting the per-pupil amount for elementary and high schools, to study the effects of removing extracurricular activities of school districts from the foundation program, and to study issues related to administrative costs of school districts; authorizing reports by schools concerning adverse effects of implementing a proposal limiting the per-pupil amount for elementary and high schools; providing for an ANB calculation after consolidation;

LEGISLATIVE COUNCIL

ASSUMPTIONS:

1. This portion of the fiscal note relates only to the "interim committee on administrative costs of accreditation standards and foundation schedule reductions", hereinafter, "Committee".
2. The Committee will hold ten 1-day meetings over the course of the 1993-94 interim.
3. The eight legislators on the Committee will be compensated and reimbursed as provided in 5-2-302. The other three members serve for no salary, per diem, or travel reimbursement.
4. Per diem and travel reimbursement for legislators remains as it is currently.
5. The Committee will rely heavily on computer generated information which is estimated to cost \$10,000 to produce.
6. Staff support from the six agencies listed in Section 5 of the bill will be part of the agencies' normal operations.
7. Any funds appropriated for operation of the Committee will be appropriated biennially.

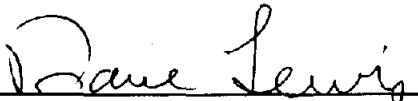
FISCAL IMPACT:

Expenditures: Personal services costs for legislators will be about \$7,405; operating expenses, including travel and per diem for legislators and all other expenses of the Committee, will be about \$24,145, for a total of \$31,550 for the interim. All expenditures will be funded through a general fund appropriation.

TECHNICAL NOTES:

The Legislative Council does not have an appropriation to support this Committee, and cannot pay for the expenses of the Committee without an appropriation.

While it is not unusual for non-legislators to serve without salary or other compensation, it is somewhat unusual to ask non-legislators to perform public service without reimbursement for meals, lodging, and travel expenses. As the Governor and the Superintendent of Public Instruction both live in Helena, such expenses for them should be minimal. However, expenses, other than salary, for the member of the Board of Public Education should be about \$1,409 if his or her expense reimbursement equaled the average expenses (not salary) of a legislator.

 3-29-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 3/30/93
THOMAS TOWE, PRIMARY SPONSOR DATE
Fiscal Note for SB0302, Second Reading
CR 302 #2

APPROVED BY COMMITTEE
ON TAXATION

SENATE BILL NO. 302

INTRODUCED BY TOWE

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INTERIM
LEGISLATIVE COMMITTEE TO STUDY AND REVIEW ACCREDITATION
REQUIREMENTS THAT ADD ADMINISTRATIVE COSTS TO SCHOOLS OR
SCHOOL DISTRICTS, AND TO STUDY EVIDENCE CONCERNING ANY
ADVERSE EFFECTS OF IMPLEMENTING A PROPOSAL LIMITING THE
PER-PUPIL AMOUNT FOR ELEMENTARY AND HIGH SCHOOLS, TO STUDY
THE EFFECTS OF REMOVING EXTRACURRICULAR ACTIVITIES OF SCHOOL
DISTRICTS FROM THE FOUNDATION PROGRAM, AND TO STUDY ISSUES
RELATED TO ADMINISTRATIVE COSTS OF SCHOOL DISTRICTS;
AUTHORIZING REPORTS BY SCHOOLS CONCERNING ADVERSE EFFECTS OF
IMPLEMENTING A PROPOSAL LIMITING THE PER-PUPIL AMOUNT FOR
ELEMENTARY AND HIGH SCHOOLS; PROVIDING FOR AND CALCULATION
AFTER CONSOLIDATION; REMOVING FROM THE GENERAL FUND BUDGET
OF A SCHOOL DISTRICT THE EXPENSES RELATED TO ADMINISTRATION,
BUSINESS SERVICES, AND THE ACTIVITIES OF THE BOARD OF
TRUSTEES; CREATING A BUDGETED FUND FOR DISTRICT
ADMINISTRATION AND BUSINESS SERVICES TO BE FUNDED IN PART BY
UP TO 6 PERCENT OF A DISTRICT'S FOUNDATION PROGRAM AMOUNT
AND A VOTED LEVY, CREATING A BUDGETED FUND FOR SCHOOL
SUPPORT SERVICES TO BE FUNDED IN PART BY UP TO 6 PERCENT OF
A DISTRICT'S FOUNDATION PROGRAM AMOUNT AND A VOTED LEVY;
REMOVING FROM THE GENERAL FUND BUDGET OF A SCHOOL DISTRICT

THE EXPENSES RELATED TO EXTRACURRICULAR ATHLETIC PROGRAMS
AND OTHER ACTIVITIES, CREATING A BUDGETED OPTIONAL
ACTIVITIES FUND TO BE FUNDED IN PART FROM ACTIVITY RELATED
REVENUE AND A VOTED LEVY, AMENDING SECTIONS 20-3-324,
20-9-201, 20-9-214, 20-9-301, 20-9-344, 20-9-501, 20-10-143,
AND 20-15-404, MCA, REPEALING SECTION 20-9-504, MCA, AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE
FOR THE INTERIM COMMITTEE."

STATEMENT OF INTENT

A statement of intent is required for this bill because
the superintendent of public instruction is authorized under
the general rulemaking authority for school budgeting in
20-9-102 to adopt rules that are necessary to secure
compliance with school budgeting laws. It is intended that
the office of the superintendent of public instruction amend
the Montana School Accounting Manual to reflect the budgeted
funds created in {sections 6 through 8} and to assist the
school districts of the state to become informed of and
accountable for the provisions in {this act}.

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

NEW SECTION. **Section 1.** Interim committee --
membership. (1) There is an interim committee on
administrative costs of accreditation standards and

1 foundation schedule reductions. The committee shall:

2 (A) review administrative costs mandated in the school
3 accreditation standards ~~and shall~~;

4 (B) study evidence presented by schools that may be
5 adversely affected if the proposal to reduce the elementary
6 and high school foundation schedules, as described in
7 [section ~~to~~ 6], is implemented;

8 (C) STUDY THE EFFECTS OF REMOVING FROM THE FOUNDATION
9 PROGRAM EXTRACURRICULAR ATHLETIC PROGRAMS AND OTHER
10 EXTRACURRICULAR ACTIVITIES OF SCHOOL DISTRICTS; AND

11 (D) STUDY ISSUES RELATED TO ADMINISTRATIVE COSTS OF
12 SCHOOL DISTRICTS.

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

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

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

18 (c) the superintendent of public instruction or the
19 superintendent's designee as an ex officio voting member;

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

22 (e) the governor or the governor's designee as an ex
23 officio voting member.

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

1 NEW SECTION. Section 2. Term of office -- vacancies.

2 (1) A committee member shall serve until the committee
3 terminates as provided in [section 24 8].

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

6 NEW SECTION. Section 3. Officers -- meetings -- quorum
7 -- compensation. (1) The committee shall choose from its
8 membership a presiding officer and vice presiding officer.

9 (2) The committee shall meet upon the call of the
10 presiding officer or at the request of any five members.

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

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

15 NEW SECTION. Section 4. Duties of committee. The
16 committee shall:

17 (1) direct a review of all accreditation standards that
18 result in administrative costs to schools and school
19 districts to determine whether cost savings can be achieved
20 without impairing the quality of public elementary and high
21 school education in the state;

22 (2) review evidence presented by isolated elementary
23 schools and high schools concerning a proposal to limit the
24 per-pupil spending of the smallest high school to two times
25 that of a high school with the largest ANB and to limit the

spending of the smallest elementary school to one and one-half times that of an elementary school with the largest ANB; and

(3) REVIEW THE EFFECTS, INCLUDING LEGAL IMPLICATIONS AND THE ABILITY OF SCHOOL DISTRICTS TO CONTINUE EXTRACURRICULAR ACTIVITIES, OF REMOVING EXTRACURRICULAR ACTIVITIES FROM THE FOUNDATION PROGRAM;

(4) REVIEW THE GENERAL ACTIVITIES RELATED TO SCHOOL DISTRICT ADMINISTRATION, BUSINESS SERVICES, AND OTHER SUPPORT SERVICES AND DETERMINE HOW THESE FUNCTIONS CAN BE PROVIDED IN A MORE COST-EFFECTIVE MANNER; AND

~~(3)~~(5) report to the governor and the 54th legislature its findings, options for legislative consideration, and any proposed legislation that would result in administrative cost savings and adverse effects from the proposed foundation schedule reductions.

NEW SECTION. Section 5. Staff assistance. The committee may request the following agencies to provide staff assistance to the committee:

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

(6) the office of the legislative auditor.

NEW SECTION. Section 6. General administration and business services fund. ~~(1) The trustees of a district shall establish a general administration and business services budgeted fund for the purpose of recording revenue received and all district expenses incurred for general administration, business support services, and support services central expenses, as defined in the most recent edition of the Montana School Accounting Manual issued by the office of public instruction. The expenses include but are not limited to:~~

~~(a) salaries, bonuses, retirement system contributions, required federal social security system contributions, unemployment insurance contributions, education and training, office expenses, travel, and organizational memberships of the district superintendent, the superintendent's staff, the district clerk or chief business official, and any business office staff;~~

~~(b) activities of the district board of trustees, including but not limited to travel and memberships in organizations;~~

~~(c) activities related to districtwide staff relations, including contract negotiations;~~

~~(d) staff and activities related to paying for transporting, exchanging, and maintaining goods and services~~

for-the-district, including--fiscal--and--internal--services
necessary-for-operating-the-district, and

(e)--activities--in--support-of-central-services-for-the
district, including--planning, research, development,
evaluation, information-gathering, and data-processing;

(2)--The trustees of a district may fund the general
administration and business services fund from one or more
of the following sources:

(a)--a request to the superintendent of public
instruction to direct payment of not more than 6% of the
district foundation program amount, as provided in 20-9-318
through 20-9-321, to the general administration and business
services fund;

(b)--any recovery of administrative expenses under an
approved indirect cost plan for a federal program; and

(c)--an additional levy provided for in {section-9};

(3)--At the end of each school fiscal year, the trustees
of a district may designate up to 10% of the general
administration and business services fund end of the year
fund balance as an operating reserve for the ensuing school
fiscal year. Any portion of the end of the year fund balance
that is not reserved under this subsection may be
transferred to the district general fund or may be
reappropriated to reduce the levy provided for in subsection
(2)(c).

NEW SECTION. Section 7. School support services fund.

(1)--The trustees of a district shall establish a school
support services budgeted fund for the purpose of recording
revenue received and all district expenses incurred for
support service and school administration as defined in the
most recent edition of the Montana School Accounting Manual
issued by the office of public instruction. The expenses
include but are not limited to:

(a)--activities related to directing and managing the
operation of a particular school, including the activities
performed by the principal, assistant principals,
supervising teacher, and other assistants, in the general
supervision of all operations of the school, evaluation of
the staff members of the school, assignment of duties to
staff members, supervision and maintenance of the school
records, and coordination of school instructional
activities, including clerical staff, with instructional
activities of the school district; and

(b)--school administration services, including special
education directors, full-time department heads, and
graduation expenses.

(2)--The trustees of a district may fund the school
support services fund from one or more of the following
sources:

(a)--a request to the superintendent of public

1 instruction--to--direct--payment--of--not--more--than--6%--of--the
2 district--foundation--program--amount--as--defined--in--20-9-310
3 through--20-9-321--to--the--school--support--services--fund;

4 {b}--any--recovery--of--administrative--expenses--under--an
5 approved--indirect--cost--plan--for--a--federal--program;--and

6 {c}--an--additional--levy--provided--for--in--{section-9};

7 {3}--At--the--end--of--each--school--fiscal--year,--the--trustees
8 of--a--district--may--designate--up--to--10%--of--the--school--support
9 services--fund--end--of--the--year--fund--balance--that--is--to--be
10 earmarked--as--operating--reserve--for--the--ensuing--school--fiscal
11 year. Any--portion--of--the--end--of--the--year--fund--balance--that
12 is--not--reserved--under--this--subsection--may--be--transferred--to
13 the--district--general--fund--or--may--be--reappropriated--to--reduce
14 the--levy--provided--for--in--subsection--(2){c};

15 NEW SECTION.--Section 8.--Optional--activities--fund;--(1)--

16 The--trustees--of--a--district--shall--establish--an--optional
17 activities--budgeted--fund--for--the--purpose--of--recording
18 revenue--received--and--all--district--expenses--incurred--for
19 extracurricular--activities--and--extracurricular--athletics;--as
20 defined--in--the--most--recent--edition--of--the--Montana--School
21 Accounting--Manual--issued--by--the--office--of--public
22 instruction. The--expenses--include--but--are--not--limited--to:

23 {a}--school--sponsored--activities--that--are--not--part--of
24 the--regular--instructional--program--and--for--which--students--do
25 not--receive--educational--credit;

1 {b}--school--sponsored--athletic--programs--that--allow
2 student--participation--in--athletic--competition--between--school
3 districts;

4 {c}--salaries,--retirement--system--contributions,--required
5 federal--social--security--system--contributions,--and
6 unemployment--insurance--contributions--of--athletic--program
7 staff,--including--full--time--and--part--time--coaching--staff,
8 trainers,--an--athletic--director--and--any--staff--assigned--to--the
9 athletic--director,--and--referees;--and

10 {d}--expenses--associated--with--extracurricular--activities
11 clubs,--extracurricular--athletics,--and--community--activities,
12 including--travel,--insurance,--equipment,--and--membership--fees
13 or--dues;

14 {2}--The--trustees--of--a--district--may--fund--the--optional
15 activities--fund--from--one--or--more--of--the--following--sources:

16 {a}--activity--ticket--sales,--gate--and--concession
17 receipts,--and--participation--fees;

18 {b}--grants--or--donations,--such--as--donations--from--a
19 school--booster--club;

20 {c}--fees--generated--from--the--lease--or--rental--of--school
21 district--facilities;--and

22 {d}--an--additional--levy--provided--for--in--{section-9};

23 NEW SECTION.--Section 9.--Additional--levies--for--general--

24 administration--and--business--services--fund,--school--support
25 services--fund,--and--optional--activities--fund;--(1)--The

1 trustees-of-a--district--may--propose--to--adopt--a--general
2 administration--and--business-services-fund-budget-in-excess
3 of-the-foundation-program-amount-to-be-funded-as-provided-in
4 {section-6}:

5 {2}--The-trustees-of-a-district-may-propose-to-adopt-a
6 school--support-services-fund-budget-amount-in-excess-of-the
7 foundation-program--amount--to--be--funded--as--provided--in
8 {section-7}:

9 {3}--The--trustees-of-a-district-may-propose-to-adopt-an
10 optional-activities-fund-budget-to-be-funded-as-provided--in
11 {section-8}:

12 {4}--When--the--trustees-of-a-district-determine-that-an
13 additional-amount-of-financing-is-required-for--the--general
14 administration--and--business--services-fund-budget,--for-the
15 school-support-services-fund-budget,--or--for--the--optional
16 activities--fund--budget,--the--trustees-shall-submit-to-the
17 electors-who-are--qualified--to--vote--under--20-20-301--the
18 proposition-of-an-additional-levy-for-each-fund-to-raise-the
19 proposed--amount--of-financing,--The-special-election-must-be
20 called-and-conducted-in-the-manner-prescribed-by-this--title
21 for-school-elections,--The-ballot-for-the-election-must-state
22 only-the-amount-of-money-to-be-raised-by-additional-property
23 taxation,--the-approximate-number-of-mills-required-to-raise
24 the-money,--and-the-purpose--for--which--the--money--will--be
25 expended,--The-ballot-must-be-in-the-following-format:

1 PROPOSITION

2 Shall---a-levy-be-made-in-addition-to--the--levies
3 authorized-by-law-in-the-number-of-mills-as-may-be-necessary
4 to-raise-the-sum-of--(state--the--amount--to--be--raised--by
5 additional--tax-levy--for--the--general--administration-and
6 business-services-fund,--the-school-support-services-fund,--or
7 the-optional-activities-fund)--and-being-approximately--(give
8 number)--mills,--for--the-purpose-of--(insert-the-purpose-for
9 which-the-additional-tax-levy-is-made)?

10 ☐ FOR-the-levy.

11 ☐ AGAINST-the-levy.

12 {5}--If-the-election-on--the--additional--levy--for--the
13 general--administration--and--business--services--fund,--the
14 school--support--services--fund,--or--the-optional-activities
15 fund-is-approved-by-a-majority-vote-of-the--electors--voting
16 at--the--election,--the-proposition-carries-and-the-trustees
17 may-use-any-portion-or--all--of--the--authorized--amount--in
18 adopting--the--preliminary--fund--budget--of--the--fund,--The
19 trustees-shall-certify-the-additional-levy-amount-authorized
20 by-the-special-election-on-the-budget-form-that-is-submitted
21 to-the-county-superintendent,--and-the--county--commissioners
22 shall--levy--the--authorized--number-of-mills-on-the-taxable
23 value-of--all--taxable--property--within--the--district,--as
24 prescribed---in---20-9-141,--to-raise-the-amount-of--the
25 additional-levy.

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

Section 10.--Section-20-3-324, MCA, is amended to read:--

"20-3-324. Powers and duties. As prescribed elsewhere in this title, the trustees of each district shall:

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

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

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

(4)--call, conduct, and certify the elections of the

district in accordance with the provisions of the school elections chapter of this title;

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

(6)--participate in district boundary change actions in accordance with the provisions of the districts chapter of this title;

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

(8)--adopt and administer the annual budget or a budget amendment of the district in accordance with the provisions of the school budget system part of this title;

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

(10)--establish the ANB foundation program, permissive, additional levy, operating reserve, and state impact aid amounts for the general fund of the district in accordance with the provisions of the general fund part of this title;

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

(12)--issue, refund, sell, budget, and redeem the bonds

1 of-the-district-in-accordance-with--the--provisions--of--the
 2 bonds-parts-of-this-title;
 3 {13}-when-applicable,-establish,financially-administer,
 4 and--budget--for--the general-administration--and-business
 5 services--fund,--school--support--services--fund,--optional
 6 activities--fund, tuition--fund,--retirement-fund,--building
 7 reserve--fund,--adult--education--fund,--nonoperating--fund,
 8 school-food-services-fund,--miscellaneous--federal--programs
 9 fund,--building-fund,--lease-or-rental-agreement-fund,--traffic
 10 education-fund,--and-interlocal-cooperative-agreement-fund-in
 11 accordance--with--the--provisions--of-the-other-school-funds
 12 parts-of-this-title;
 13 {14}-when---applicable,---administer---any---interlocal
 14 cooperative---agreement,--gifts,--legacies,--or--devises--in
 15 accordance--with--the--provisions---of---the---miscellaneous
 16 financial-parts-of-this-title;
 17 {15}-hold-in-trust,--acquire,--and-dispose-of-the-real-and
 18 personal--property--of--the--district-in-accordance-with-the
 19 provisions-of-the-school-sites-and-facilities-part--of--this
 20 title;
 21 {16}-operate--the--schools-of-the-district-in-accordance
 22 with-the-provisions-of-the--school--calendar--part--of--this
 23 title;
 24 {17}-establish--and--maintain-the-instructional-services
 25 of-the-schools-of-the-district-in-accordance-with--the

1 provisions---of---the---instructional--services,--textbooks,
 2 vocational-education,--and-special-education--parts--of--this
 3 title;
 4 {18}-establish--and-maintain-the-school-food-services-of
 5 the-district-in-accordance-with-the-provisions-of-the-school
 6 food-services-parts-of-this-title;
 7 {19}-make-reports--from--time--to--time--as--the--county
 8 superintendent,--superintendent--of--public-instruction,--and
 9 board-of-public-education-may-require;
 10 {20}-retain,--when-considered-advisable,--a--physician--or
 11 registered--nurse--to-inspect-the-sanitary-conditions-of-the
 12 school-or-the-general-health-conditions-of-each--pupil--and,
 13 upon--request,--make--available--to any a-child's parent-or
 14 guardian-any-medical-reports-or-health-records-maintained-by
 15 the-district-pertaining-to his the child;
 16 {21}-for-each-member-of-the-trustees,--visit-each--school
 17 of--the--district-not-less-than-once-each-school-fiscal-year
 18 to-examine-its-management,--conditions,--and--needs,--except
 19 trustees--from--a--first-class-school-district-may-share-the
 20 responsibility-for-visiting-each-school-in-the-district;
 21 {22}-procure--and--display--outside--daily--in--suitable
 22 weather-at-each-school-of-the-district-an-American-flag-that
 23 measures-not-less-than-4-feet-by-6-feet;
 24 {23}-adopt--and--administer---a---district---policy---on
 25 assessment--for--placement--of--any--child--who-enrolls-in-a

school-of-the-district-from-a-nonpublic-school-that-is-not
accredited,as-required-in-20-5-110, and

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

Section 11. Section 20-9-201, MCA, is amended to read:--

"20-9-201. Definitions and application. (1) As used in
this title, unless the context clearly indicates otherwise,
"fund" means a separate detailed account of receipts and
expenditures for a specific purpose as authorized by law or
by the superintendent of public instruction under the
provisions of subsection (2). Funds are classified as
follows:

(a) A "budgeted fund" means any fund for which a budget
must be adopted in order to expend money from the fund. The
general fund, general administration and business services
fund, school support services fund, optional activities
fund, transportation fund, bus depreciation reserve fund,
tuition fund, retirement fund, debt service fund, building
reserve fund, adult education fund, nonoperating fund, and
any other funds designated by the legislature are budgeted
funds.

(b) A "nonbudgeted fund" means any fund for which a
budget is not required in order to expend money on deposit

in the fund. The school food services fund, miscellaneous
programs fund, building fund, lease or rental agreement
fund, traffic education fund, interlocal cooperative fund,
internal service fund, enterprise fund, agency fund,
extracurricular fund, metal mines tax reserve fund,
endowment fund, and any other funds designated by the
legislature are nonbudgeted funds.

(2) The school financial administration provisions of
this title apply to all money of any elementary or high
school district. Elementary and high school districts shall
record the receipt and disbursement of all money in
accordance with generally accepted accounting principles.
The superintendent of public instruction has general
supervisory authority as prescribed by law over the school
financial administration provisions, as they relate to
elementary and high school districts. The superintendent of
public instruction shall adopt rules necessary to secure
compliance with the law.

(3) Except as otherwise provided by law, whenever the
trustees of a district determine that a fund is inactive and
will no longer be used, the trustees shall close the fund by
transferring all cash and other account balances to the
general fund if the fund does not have a cash or fund
balance deficit."

Section 12. Section 20-9-214, MCA, is amended to read:--

"20-9-214. Fees. (1) The trustees of a district may:

(a) require pupils in the commercial, industrial arts, music, domestic science, scientific, or agricultural courses to pay reasonable fees to cover the actual cost of breakage and of excessive supplies used; and

(b) charge pupils a reasonable fee for a course or activity not reasonably related to a recognized academic and educational goal of the district or a course or activity held outside normal school functions. The trustees may waive the fee in cases of financial hardship.

(2) The fees collected pursuant to subsection (1)(a) must be deposited in the general fund, and the fees collected pursuant to subsection (1)(b) must be deposited in a nonbudgeted fund as provided in 20-9-210 optional activities fund as provided in section 8."

Section 13. Section 20-9-301, MCA, is amended to read:

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

(2) The principal budgetary vehicle vehicles for

achieving the minimum financing as established by the foundation program is are the general fund budget of the district; the amount, not to exceed 6% of a district's foundation program amount, that may be directed to the general administration and business services fund, as provided in section 6; and the amount, not to exceed 6% of a district's foundation program amount, that may be directed to the school support services fund as provided in section 7. The purpose of the general fund budget is to finance those general maintenance and operational costs of a district not financed by other funds established for special purposes in this title.

(3) The amount of the general fund budget for each school fiscal year may not exceed the financing limitations established by this title but may not be less than the amount established by law as the foundation program. The general fund budget must be financed by the foundation program revenues and may be supplemented by a permissive levy, voted levy, or other revenue, as provided by 20-9-145 and 20-9-353."

Section 14. 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:

1 {a}--an through-the-foundation-program-as-provided-in
 2 20-9-301--the annual--minimum--operating--revenue--for--the
 3 elementary--and--high--schools--in--each--county--exclusive--of
 4 revenues--required--for--debt--service--and--for--the--payment--of
 5 any--costs--and--expense--incurred--in--connection--with--any--adult
 6 education--program, optional-activities-funding-provided-for
 7 in-(section-8) recreation--program--school--food--services
 8 program, new-buildings-and-grounds, and-transportation; and
 9 {b}--the--Montana-educational-telecommunications-network
 10 as-provided-in-20-32-101;
 11 {2}--The-board-of-public-education-shall-administer--and
 12 distribute--the--state-equalization-aid-and-state-advances--for
 13 county--equalization--in--the-manner-and-with-the-powers-and
 14 duties-provided-by-law; To-this-end,--the--board--of--public
 15 education-shall:
 16 {a}--adopt--policies--for-regulating-the-distribution-of
 17 state--equalization--aid--and--state--advances--for--county
 18 equalization-in-accordance-with-the-provisions-of-law;
 19 {b}--have--the--power-to-require-reports-from-the-county
 20 superintendents,--budget--boards,--county--treasurers,--and
 21 trustees-as-it-considers-necessary; and
 22 {c}--order--the--superintendent-of-public-instruction-to
 23 distribute--the--state-equalization-aid-on-the-basis--of--each
 24 district's--annual--entitlement-to-the-aid-as-established-by
 25 the-superintendent-of-public-instruction; In--ordering--the

1 distribution--of--state-equalization-aid, the-board-of-public
 2 education--may--not--increase--or--decrease--the--state
 3 equalization--aid-distribution-to-any-district-on-account-of
 4 any-difference-that-may-occur-during-the-school-fiscal--year
 5 between--budgeted--and--actual--receipts--from--any--other--source
 6 of-school-revenue;
 7 {3}--The--board--of--public--education--may--order--the
 8 superintendent--of--public--instruction--to--withhold
 9 distribution-of-state-equalization-aid-or-order--the--county
 10 superintendent--of--schools--to-withhold-county-equalization
 11 money--from--a-district-when-the-district-fails-to:
 12 {a}--submit-reports-or-budgets-as--required--by--law--or
 13 rules-adopted-by-the-board-of-public-education; or
 14 {b}--maintain-accredited-status;
 15 {4}--Prior--to--any-proposed-order-by-the-board-of-public
 16 education-to-withhold-distribution-of-state-equalization-aid
 17 or-county-equalization-money, the-district-is-entitled-to--a
 18 contested-case-hearing-before-the-board-of-public-education,
 19 as-provided-under-the-Montana-Administrative-Procedure-Act;
 20 {5}--If--a-district--or--county--receives--more--state
 21 equalization--aid--than--it--is--entitled--to,--the--county
 22 treasurer-shall-return-the-overpayment-to-the-state-upon-the
 23 request--of--the-superintendent-of-public-instruction-in-the
 24 manner--prescribed--by--the--superintendent--of--public
 25 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
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;

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

"20-9-501. Retirement fund. (1) The Except as provided
in sections 6 through 8;--the trustees--of--a--district
employing--personnel--who--are--members--of--the--teachers'

retirement system or the public employees' retirement system
or who are covered by unemployment insurance or who are
covered by any federal social security system requiring
employer contributions shall establish a retirement fund for
the purposes of budgeting and paying the employer's
contributions to the systems. The district's contribution
for each employee who is a member of the teachers'
retirement system must be calculated in accordance with
Title 19, chapter 4, part 6. The district's contribution for
each employee who is a member of the public employees'
retirement system must be calculated in accordance with
19-3-801. The district's contributions for each employee
covered by any federal social security system must be paid
in accordance with federal law and regulation. The
district's contribution for each employee who is covered by
unemployment insurance must be paid in accordance with Title
39, chapter 51, part 11.

(2) The trustees of a district required to make a
contribution to a system referred to in subsection (1) shall
include in the retirement fund of the preliminary budget the
estimated amount of the employer's contribution. After the
final retirement fund budget has been adopted, the trustees
shall pay the employer contributions to the systems in
accordance with the financial administration provisions of
this title.

{3}--When--the--final--retirement--fund--budget--has--been adopted, the county superintendent shall establish the levy requirement by:

{a}--determining--the--sum--of--the--money--available--to reduce the retirement fund levy requirement by adding:

{i}--any--anticipated--money--that--may--be--realized--in--the retirement--fund--during--the--ensuing--school--fiscal--year, including anticipated revenue from property taxes--and--fees imposed--under--23-2-517, 23-2-803, 61-3-504{2}, 61-3-521, 61-3-537, and 67-3-204;

{ii}--net--proceeds--taxes--and--local--government--severance taxes--on--any--other--oil--and--gas--production--occurring--after December-31-1988;

{iii}--coal--gross--proceeds--taxes--under--15-23-703;

{iv}--any--fund--balance--available--for--reappropriation--as determined--by--subtracting--the--amount--of--the--end--of--the--year fund--balance--earmarked--as--the--retirement--fund--operating reserve--for--the--ensuing--school--fiscal--year--by--the--trustees from--the--end--of--the--year--fund--balance--in--the--retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget; and

{v}--any--other--revenue--anticipated--that--may--be--realized

in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

{b}--notwithstanding--the--provisions--of--subsection--{8}, subtracting the money available for reduction of the levy requirement, as determined in subsection {3}{a}, from the budgeted amount for expenditures in the final retirement fund budget;

{4}--The county superintendent shall:

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

{b}--report--each--levy--requirement--to--the--county commissioners--on--the--second--Monday--of--August--as--the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

{5}--The county commissioners shall fix and set the county levy in accordance with 20-9-142.

{6}--The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence

in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151 and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000."

Section 16. Section 20-10-143, MCA, is amended to read:

"20-10-143. Budgeting for transportation and transmittal of transportation contracts. (1) The trustees of a district furnishing transportation to pupils who are residents of the district shall provide a transportation fund budget that is adequate to finance the district's transportation contractual obligations and any other transportation expenditures necessary for the conduct of its transportation program except for any expenditures related to optional school activities that are required to be budgeted in the optional activities fund budget as provided in (section 8). The transportation fund budget must include:

(a) an adequate amount to finance the maintenance and operation of district-owned and operated school buses;

(b) the annual contracted amount for the maintenance and operation of school buses by a private party;

(c) the annual contracted amount for individual transportation, including any increased amount because of isolation, which may not exceed the schedule amounts prescribed in 20-10-142;

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

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

1 (2)--The trustees may include a contingency amount in
2 the transportation fund budget for the purpose of enabling
3 the district to fulfill an obligation to provide
4 transportation in accordance with this title for:

5 (a)--pupils not residing in the district at the time of
6 the adoption of the preliminary budget and who subsequently
7 became residents of the district during the school fiscal
8 year; or

9 (b)--pupils who have become eligible transportees since
10 the adoption of the preliminary budget because their legal
11 residence has been changed. The budgeted contingency amount
12 may not exceed 10% of the transportation schedule amount as
13 calculated under the provisions of 20-10-141 and 20-10-142
14 for all transportation services authorized by the schedules
15 and provided by the district unless 10% of the
16 transportation schedule amount is less than \$100, in which
17 case \$100 is the maximum limitation for the budgeted
18 contingency amount.

19 (3)--A budget amendment to the transportation fund
20 budget may be adopted subject to the provisions of 20-9-161
21 through 20-9-166.

22 (4)--The transportation fund budgeted expenditures
23 appropriated by the trustees must be reported on the regular
24 budget form prescribed by the superintendent of public
25 instruction in accordance with 20-9-103, and the adoption of

1 the transportation fund budget must be completed in
2 accordance with the school budgeting laws. When the adopted
3 preliminary budget is sent to the county superintendent, the
4 trustees shall also send copies of all completed
5 transportation contracts for school bus transportation and
6 individual transportation to the county superintendent. The
7 contracts must substantiate all contracted transportation
8 services incorporated in the preliminary budget, and after
9 the county superintendent has utilized the contracts for
10 that purpose but before the fourth Monday of July, he the
11 county superintendent shall send all transportation
12 contracts received to the superintendent of public
13 instruction. When the county superintendent determines a
14 deviation between the preliminary transportation fund budget
15 amount for contracted transportation services and the
16 contracted amount for the services, he the county
17 superintendent shall immediately call the deviation to the
18 attention of the appropriate trustees and shall allow the
19 trustees to change the preliminary budgeted amount to
20 compensate for the deviation."

21 **Section 17.**--Section 20-15-404, MCA, is amended to read:--

22 "20-15-404.--Trustees to adhere to certain other laws.
23 Unless the context clearly indicates otherwise, the trustees
24 of a community college district shall adhere to:

25 (1)--the teachers' retirement provisions of Title 19,

chapter-4;

{2}--the-provisions-of-20-1-201,20-1-205,20-1-211, and
20-1-212;--However, the trustees are not required to comply
with the laws relating to the general administration and
business services fund in {section-6}, to the school support
services fund in {section-7}, or to the optional activities
fund in {section-8};

{3}--the school property provisions of 20-6-604,
20-6-605, 20-6-621, 20-6-622, 20-6-624, 20-6-631, and
20-6-633 through 20-6-636;

{4}--the adult education provisions of 20-7-701 through
20-7-713;

{5}--the administration of finances provisions of
20-9-115, 20-9-134, 20-9-207, 20-9-208, 20-9-210, 20-9-215,
20-9-221 through 20-9-224, and 20-9-512;

{6}--the school bond provisions of 20-9-401 through
20-9-412, 20-9-421 through 20-9-446, 20-9-451 through
20-9-456, and 20-9-461 through 20-9-465;

{7}--the special purpose funds provisions of 20-9-502,
20-9-503, 20-9-507, 20-9-508, and 20-9-511;

{8}--the educational cooperative agreements provisions
of 20-9-701 through 20-9-704;

{9}--the school elections provisions of Title 20,
chapter 20;

{10}--the students' rights provisions of 20-25-511

through 20-25-516; and

{11}--the health provisions of 50-1-206."

NEW SECTION. Section 6. Report to interim committee.

An elementary school that currently is receiving more than
one and one-half times the amount per pupil than is a school
with an ANB of more than 300 under the provisions of
20-9-318 or a high school that currently is receiving more
than two times the amount per pupil than is a school with an
ANB of more than 600, under the provisions of 20-9-319, may
report evidence to the interim committee established in
[section 1] concerning any adverse effects, including
transportation costs or student inconvenience as a result of
consolidation, that may arise if a proposal is implemented
to limit:

(1) an elementary school to one and one-half times the
amount per pupil that is received by an elementary school
with the largest number of ANB; or

(2) a high school to two times the per-pupil amount
that is received by a high school with the largest number of
ANB.

NEW SECTION. Section 19. ANB calculation upon
consolidation. For 4 years after consolidation, the ANB of
the enlarged school district must be calculated as if the
two separate districts continued to exist.

NEW SECTION. Section 20. Transfer of funds in

1 ~~extracurricular--fund--The--trustees--of--a--district--shall~~
2 ~~transfer--any--balance--remaining--in--the--extracurricular--fund~~
3 ~~on--June--30--1993--to--the--optional--activities--fund--created--in~~
4 ~~{section--8}.~~

5 NEW SECTION. ~~Section 21.~~ ~~Codification-----instruction--~~
6 ~~{Sections--6--through--9}--are--intended--to--be--codified--as--an~~
7 ~~integral--part--of--Title--20--chapter--9--part--5--and--the~~
8 ~~provisions--of--Title--20--apply--to--{sections--6--through--9}.~~

9 NEW SECTION. ~~Section 22.~~ ~~Repealer--Section--20--9--504--~~
10 ~~MEA--is--repeated.~~

11 NEW SECTION. **Section 7.** **Effective date.** [This act] is
12 effective on passage and approval.

13 NEW SECTION. **Section 8.** **Termination.** [Sections 1
14 through 5] terminate December 31, 1995.

-End-