

1 INTRODUCTION BY Stertel Senate BILL NO. 235

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE REQUIREMENT THAT SCHOOL DISTRICT  
5 TRUSTEES PREPARE AND ADOPT A PRELIMINARY BUDGET; AMENDING SECTIONS 20-3-322, 20-7-705,  
6 20-9-115, 20-9-121, 20-9-131, 20-9-132, 20-9-165, 20-9-353, 20-9-438, 20-9-501, 20-9-503,  
7 20-10-143, AND 20-10-144, MCA; REPEALING SECTIONS 20-9-113, 20-9-114, AND 20-9-123, MCA;  
8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 **Section 1.** Section 20-3-322, MCA, is amended to read:

13 **"20-3-322. Meetings and quorum.** (1) The trustees of a district shall hold at least the following  
14 number of regular meetings:

- 15 (a) an organization meeting, as prescribed by 20-3-321;
- 16 (b) a ~~preliminary~~ final budget meeting, as prescribed by ~~20-9-113~~ 20-9-131; and
- 17 (c) in first-class elementary districts, not less than one regular meeting ~~per~~ each month; or
- 18 (d) in any other district, regular meetings during the months of April, July, October, and January.

19 (2) The trustees of the district shall adopt a policy setting the day and time for the minimum  
20 number of regular school meetings prescribed in subsection (1)(c) or (1)(d) and, in addition, any other  
21 regular meeting days the trustees wish to establish. Except for an unforeseen emergency, meetings must  
22 be conducted in school buildings or in a publicly owned building located within the district.

23 (3) Special meetings of the trustees may be called by the presiding officer or any two members of  
24 the trustees by giving each member a 48-hour written notice of the meeting, except that the 48-hour notice  
25 is waived in an unforeseen emergency.

26 (4) Business may not be transacted by the trustees of a district unless it is transacted at a regular  
27 meeting or a properly called special meeting. A quorum for any meeting is a majority of the trustees'  
28 membership. All trustee meetings must be public meetings, as prescribed by 2-3-201, except that the  
29 trustees may recess to an executive session under the provisions of 2-3-203.

30 (5) For the purposes of subsection (3), "unforeseen emergency" means a storm, fire, explosion,

1 community disaster, insurrection, act of God, or other unforeseen destruction or impairment of school  
2 district property that affects the health and safety of the trustees, students, or district employees or the  
3 educational functions of the district."  
4

5 **Section 2.** Section 20-7-705, MCA, is amended to read:

6 **"20-7-705. Adult education fund.** (1) A separate adult education fund must be established when  
7 an adult education program is operated by a district or community college district. The financial  
8 administration of the fund must comply with the budgeting, financing, and expenditure provisions of the  
9 laws governing the schools.

10 (2) Whenever the trustees of a district establish an adult education program under the provisions  
11 of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult  
12 education fund is the depository for all district money received by the district in support of the adult  
13 education program. Federal and state adult education program money must be deposited in the  
14 miscellaneous programs fund.

15 (3) The trustees of a district may authorize the levy of a tax of not more than 1 mill on the district,  
16 except that trustees of a county high school district may, whether or not the county high school district  
17 is unified with an elementary district under the provisions of 20-6-312, authorize a levy of not more than  
18 2 mills on the district and a K-12 school district formed under the provisions of 20-6-701 may authorize  
19 a levy of not more than 3 mills on the district, for the operation of an adult education program when the  
20 superintendent of public instruction has approved the educational program to be supported by the levy. The  
21 trustees shall obtain the approval of the superintendent of public instruction before the fourth Monday of  
22 June in order to include the expenditures to be financed by the levy in the ~~preliminary~~ final budget. The  
23 superintendent of public instruction shall promulgate rules and forms for the approval.

24 (4) Whenever the trustees of a district decide to offer an adult education program during the  
25 ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the  
26 ~~preliminary~~ final budget. Any expenditures in support of the adult education program under the final adult  
27 education budget must be made in accordance with the financial administration provisions of this title for  
28 a budgeted fund.

29 (5) When a tax levy for an adult education program that has been approved by the superintendent  
30 of public instruction is included as a revenue item on the final adult education budget, the county

1 superintendent shall report the levy requirement to the county commissioners on the fourth Monday of  
 2 August and a levy on the district must be made by the county commissioners in accordance with  
 3 20-9-142."  
 4

5 **Section 3.** Section 20-9-115, MCA, is amended to read:

6 **"20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July 10 and July  
 7 20 of each year, the clerk of each district shall publish one notice, in the local or county newspaper that  
 8 the trustees of the district determine to be the newspaper with the widest circulation in the district, stating  
 9 ~~that the preliminary budget for the district for the school fiscal year just beginning, as prepared and adopted~~  
 10 ~~by the trustees, is on file in the clerk's office and open to inspection by all taxpayers. The notice must also~~  
 11 ~~state~~ the time and place that the trustees will meet on the fourth Monday in August for the purpose of  
 12 considering and adopting the final budget of the district, that the meeting of the trustees may be continued  
 13 from day to day until the final adoption of the district's budget, and that any taxpayer in the district may  
 14 appear at the meeting and be heard for or against any part of the budget."  
 15

16 **Section 4.** Section 20-9-121, MCA, is amended to read:

17 **"20-9-121. County treasurer's statement of cash balances and bond information.** (1) By July 10,  
 18 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for  
 19 each fund maintained by the district at the close of the last-completed school fiscal year. The county  
 20 treasurer shall also include on each district's statement the details on the obligation for bond retirement and  
 21 interest for the school fiscal year just beginning. The format of the statement on fund cash balances and  
 22 bond information must be prescribed by the superintendent of public instruction.

23 (2) By July 10, the county treasurer shall prepare a statement for each county school fund  
 24 supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal  
 25 year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,  
 26 for each county school fund maintained during the immediately preceding school fiscal year. The format  
 27 of this statement must be prescribed by the superintendent of public instruction.

28 (3) On or before July 10, the county treasurer shall deliver the statements of district and county  
 29 fund cash balances and the bond information for each district to the county superintendent, who shall  
 30 attach the district statements to the applicable district's preliminary budget forward the information to each

1 district."

2

3 **Section 5.** Section 20-9-131, MCA, is amended to read:

4 **"20-9-131. Final budget meeting.** (1) On the second Monday in August, at the time and place  
5 noticed pursuant to 20-9-115, the trustees of each district shall meet to consider ~~the preliminary budget~~  
6 ~~submitted to or prepared by the county superintendent, including~~ all budget information and any  
7 attachments required by law.

8 (2) The trustees may continue the meeting from day to day but shall adopt the final budget for the  
9 district and determine the amounts to be raised by tax levies for the district not later than the fourth  
10 Monday in August and before the fixing of the tax levies for each district. Any taxpayer in the district may  
11 attend any portion of the trustees' meeting and be heard on the budget of the district or on any item or  
12 amount contained in the budget."

13

14 **Section 6.** Section 20-9-132, MCA, is amended to read:

15 **"20-9-132. Final budget adjustment procedures.** At the final budget meeting of the trustees, ~~they~~  
16 ~~shall have the power to~~ the trustees may make any changes or corrections they may ~~deem~~ consider  
17 necessary or proper in any item or amount of the ~~preliminary~~ budget either by eliminating the item or  
18 amount or by increasing or reducing the amount of any item. When it appears to the trustees that the  
19 amount proposed to be expended for any item of the ~~preliminary~~ final budget is in excess of the amount  
20 actually required to be expended for ~~such~~ the item, the trustees shall reduce ~~such~~ the amount to the  
21 amount actually required to be expended and shall enter in its minutes the reasons for ~~such~~ the reduction."

22

23 **Section 7.** Section 20-9-165, MCA, is amended to read:

24 **"20-9-165. Budget amendment limitation, preparation, and adoption procedures.** (1) The meeting  
25 of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer  
26 in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find  
27 that there is sufficient need for a budget amendment, the trustees may make and adopt a ~~preliminary~~ final  
28 budget amendment, setting forth fully the facts constituting the need for the budget amendment. In  
29 adopting the ~~preliminary~~ final budget amendment, the trustees may budget for any fund that was included  
30 on the final budget of the district for the current school fiscal year. The budget must be itemized to show

1 the amount appropriated for each item.

2 (2) When the budget amendment is the result of increased enrollment, the maximum amount of  
3 the budget amendment for all funds must be determined in the following manner:

4 (a) ~~Determine~~ determine the total amount in the final budget for the current school fiscal year of  
5 all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any  
6 amount appropriated for addition to the operating reserve;

7 (b) ~~Divide~~ divide the amount determined in subsection (2)(a) by the number of pupils originally  
8 enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is  
9 the maximum permissible per-pupil expenditure in the budget amendment.

10 (c) ~~Determine~~ determine the enrollment increase of the current school fiscal year by subtracting  
11 the number of pupils originally enrolled during the immediately preceding school fiscal year from the number  
12 of pupils enrolled for the current school year. The result is the enrollment increase for the current school  
13 fiscal year.

14 (d) ~~Multiply~~ multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase  
15 determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for  
16 amendments resulting from increased enrollment.

17 (3) For other types of budget amendments, the budget amendment is limited to the expenditures  
18 considered by the trustees to be reasonable and necessary to finance the conditions of the budget  
19 amendment and the ~~preliminary~~ final budget amendment must include the details of the proposed  
20 expenditures.

21 (4) Whenever the trustees adopt a ~~preliminary~~ budget amendment for the transportation fund, the  
22 trustees shall attach to the budget amendment a copy of each transportation contract that is connected  
23 with the budget amendment and that has been prepared and executed in accordance with the school  
24 transportation contract laws.

25 (5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it  
26 must be signed by the presiding officer of the trustees and the clerk of the district and copies must be sent  
27 to the county superintendent and the superintendent of public instruction."

28

29 **Section 8.** Section 20-9-353, MCA, is amended to read:

30 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The

1 trustees of a district may propose to adopt:

2 (a) a budget amount up to the BASE budget amount for the district general fund that is within the  
3 limitations and required budget increases provided in 20-9-308(2);

4 (b) an over-BASE budget amount for the district general fund that does not exceed the maximum  
5 general fund budget for the district or other limitations, as provided in 20-9-308(3); or

6 (c) a general fund budget amount in excess of the maximum general fund budget amount for the  
7 district, as provided in 20-9-308(4).

8 (2) When the trustees of a district determine that a voted amount of financing is required for the  
9 general fund budget, the trustees shall submit the proposition to finance the additional amount of general  
10 fund financing to the electors who are qualified under 20-20-301 to vote upon the proposition. The special  
11 election must be called and conducted in the manner prescribed by this title for school elections. The ballot  
12 for the election must state the amount of money to be financed, the approximate number of mills required  
13 to raise all or a portion of the money, and the purpose for which the money will be expended. The ballot  
14 must be in the following format:

15 PROPOSITION

16 Shall the district be authorized to expend the sum of (state the additional amount to be expended),  
17 and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional  
18 financing is made)?

19  FOR budget authority and any levy.

20  AGAINST budget authority and any levy.

21 (3) If the election on any additional financing for the general fund is approved by a majority vote  
22 of the electors voting at the election, the proposition carries and the trustees may use any portion or all of  
23 the authorized amount in adopting the ~~preliminary~~ final general fund budget. The trustees shall certify any  
24 additional levy amount authorized by the special election on the budget form that is submitted to the county  
25 superintendent, and the county commissioners shall levy the authorized number of mills on the taxable  
26 value of all taxable property within the district, as prescribed in 20-9-141, to raise the amount of the  
27 additional levy.

28 (4) Authorization to levy an additional tax to support a budget amount adopted as allowed by  
29 20-9-308(4) is effective for only 1 school fiscal year.

30 (5) All levies adopted under this section must be authorized by a special election conducted before

1 August 1 of the school fiscal year for which it is effective.

2 (6) If the trustees of a district are required to submit a proposition to finance an increased amount  
3 up to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount,  
4 as provided in 20-9-308(3)(a), or an amount in excess of the maximum general fund budget amount for the  
5 district as allowed by 20-9-308(4) to the electors of the district, the trustees shall comply with the  
6 provisions of subsections (2) through (4)."

7

8 **Section 9.** Section 20-9-438, MCA, is amended to read:

9 **"20-9-438. Preparation of debt service fund budget -- operating reserve.** (1) The trustees of each  
10 school district having outstanding bonds shall include in the debt service fund of the ~~preliminary~~ final  
11 budget adopted in accordance with ~~20-9-113~~ 20-9-133 an amount of money that is necessary to pay the  
12 interest and the principal amount becoming due during the ensuing school fiscal year for each series or  
13 installment of bonds, according to the terms and conditions of the bonds and the redemption plans of the  
14 trustees.

15 (2) The trustees shall also include in the debt service fund of the ~~preliminary~~ final budget:

16 (a) the amount of money necessary to pay the special improvement district assessments levied  
17 against the school district that become due during the ensuing school fiscal year; and

18 (b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year  
19 as provided in subsection (3).

20 (3) At the end of each school fiscal year, the trustees of a school district may designate a portion  
21 of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve  
22 for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond  
23 obligations that must be paid from July 1 through November 30 of the school fiscal year following the  
24 ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked  
25 for limited operating reserve purposes must be reappropriated to be used for property tax reduction as  
26 provided in 20-9-439.

27 (4) The county superintendent shall compare the ~~preliminary~~ final budgeted amount for the debt  
28 service fund with the bond retirement and interest requirement and the special improvement district  
29 assessments for the school fiscal year just beginning as reported by the county treasurer in ~~his~~ the  
30 statement supplied under the provisions of 20-9-121. If the county superintendent finds that the

1 requirement stated by the county treasurer is more than the ~~preliminary~~ final budget amount, the county  
2 superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the  
3 ~~preliminary~~ final budget. The amount confirmed or revised by the county superintendent is the final budget  
4 expenditure amount for the debt service fund of the school district."

5  
6 **Section 10.** Section 20-9-501, MCA, is amended to read:

7 **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members  
8 of the teachers' retirement system or the public employees' retirement system or who are covered by  
9 unemployment insurance or who are covered by any federal social security system requiring employer  
10 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
11 contributions to the systems. The district's contribution for each employee who is a member of the  
12 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
13 district's contribution for each employee who is a member of the public employees' retirement system must  
14 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
15 federal social security system must be paid in accordance with federal law and regulation. The district's  
16 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
17 with Title 39, chapter 51, part 11.

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

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

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

27 (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
28 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
29 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

30 (ii) oil and natural gas production taxes;



1 (iii) anticipated local government severance tax payments for calendar year 1995 production as  
2 provided in 15-36-325;

3 (iv) coal gross proceeds taxes under 15-23-703;

4 (v) any fund balance available for reappropriation as determined by subtracting the amount of the  
5 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
6 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
7 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
8 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
9 the final retirement fund budget.

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

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

15 (4) The county superintendent shall:

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

19 (b) report each levy requirement to the county commissioners on the fourth Monday of August as  
20 the respective county levy requirements for elementary district, high school district, and community college  
21 district retirement funds.

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

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

28 (7) The net retirement fund levy requirement for districts that are members of special education  
29 cooperative agreements must be prorated to each county in which the district is located in the same  
30 proportion as the special education cooperative budget is prorated to the member school districts. The

1 county superintendents of the counties affected shall jointly determine the net retirement fund levy  
 2 requirement for each county in the same manner as provided in 20-9-151, and the county commissioners  
 3 shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

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

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

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

10  
 11 **Section 11.** Section 20-9-503, MCA, is amended to read:

12 **"20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building  
 13 reserve authorization to budget is available to a district, the trustees shall include ~~such the~~ authorized  
 14 amount in the building reserve fund of the ~~preliminary~~ final budget. The county superintendent shall report  
 15 ~~such the~~ amount as the building reserve fund levy requirement to the county commissioners on the fourth  
 16 Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in  
 17 accordance with 20-9-142.

18 (2) The trustees of any district maintaining a building reserve fund ~~shall have the authority to~~ may  
 19 expend ~~moneys~~ may from ~~such the~~ fund for the purpose or purposes for which it was authorized without  
 20 ~~such the~~ specific expenditures being included in the final budget when, in their discretion, there is a  
 21 sufficient amount of money to commence the authorized projects. ~~Such The~~ expenditures ~~shall~~ may not  
 22 invalidate the district's authority to continue the annual imposition of the building reserve taxation  
 23 authorized by the electors of the district.

24 (3) Whenever there is money credited to the building reserve fund for which there is no immediate  
 25 need, the trustees may invest ~~such the~~ money in accordance with 20-9-213(4). The interest earned from  
 26 the investment ~~shall~~ must be credited to the building reserve fund or the debt service fund, at the discretion  
 27 of the trustees, and expended for any purpose authorized by law for ~~such the~~ fund."

28  
 29 **Section 12.** Section 20-10-143, MCA, is amended to read:

30 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The

1 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
2 transportation fund budget that is adequate to finance the district's transportation contractual obligations  
3 and any other transportation expenditures necessary for the conduct of its transportation program. The  
4 transportation fund budget must include:

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

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

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

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

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

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

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

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

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

27 (4) The transportation fund budgeted expenditures appropriated by the trustees must be reported  
28 on the regular budget form prescribed by the superintendent of public instruction in accordance with  
29 20-9-103, and the adoption of the transportation fund budget must be completed in accordance with the  
30 school budgeting laws. When the adopted ~~preliminary~~ final budget is sent to the county superintendent,

1 the trustees shall also send copies of all completed transportation contracts for school bus transportation  
 2 and individual transportation to the county superintendent. The contracts must substantiate all contracted  
 3 transportation services incorporated in the ~~preliminary~~ final budget, and after the county superintendent has  
 4 utilized the contracts for that purpose but before the fourth Monday of July, ~~he~~ the county superintendent  
 5 shall send all transportation contracts received to the superintendent of public instruction. ~~When the county~~  
 6 ~~superintendent determines a deviation between the preliminary transportation fund budget amount for~~  
 7 ~~contracted transportation services and the contracted amount for the services, he shall immediately call the~~  
 8 ~~deviation to the attention of the appropriate trustees and shall allow the trustees to change the preliminary~~  
 9 ~~budgeted amount to compensate for the deviation."~~

10  
 11 **Section 13.** Section 20-10-144, MCA, is amended to read:

12 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**  
 13 **budget.** Before the fourth Monday of July ~~and in accordance with 20-9-123,~~ the county superintendent  
 14 shall compute the revenue available to finance the transportation fund budget of each district. The county  
 15 superintendent shall compute the revenue for each district on the following basis:

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

18 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes  
 19 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate  
 20 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus  
 21 route approved by the county transportation committee and maintained by the district); plus

22 (b) the total of all individual transportation per diem reimbursement rates for the district as  
 23 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days  
 24 scheduled for the ensuing school attendance year; plus

25 (c) any estimated costs for supervised home study or supervised correspondence study for the  
 26 ensuing school fiscal year; plus

27 (d) the amount budgeted ~~on~~ in the ~~preliminary~~ budget for the contingency amount permitted in  
 28 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,  
 29 whichever is larger, the contingency amount on the ~~preliminary~~ budget must be reduced to the limitation  
 30 amount and used in this determination of the schedule amount; plus

1 (e) any estimated costs for transporting a child out of district when the child has mandatory  
2 approval to attend school in a district outside the district of residence.

3 (2) (a) The schedule amount determined in subsection (1) or the total ~~preliminary~~ transportation  
4 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county  
5 revenue to be budgeted on the following basis:

6 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation  
7 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be  
8 50% of the schedule amount attributed to the transportation of special education pupils; and

9 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
10 manner provided in 20-10-146.

11 (b) When the district has a sufficient amount of cash for reappropriation and other sources of  
12 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
13 any remaining amount of district revenue and cash reappropriated must be used to reduce the county  
14 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
15 reduce the state financial obligation in subsection (2)(a)(i).

16 (c) The county revenue requirement for a joint district, after the application of any district money  
17 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
18 proportion as the ANB of the joint district is distributed by pupil residence in each county.

19 (3) The total of the money available for the reduction of property tax on the district for the  
20 transportation fund must be determined by totaling:

21 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other  
22 anticipated federal money received in lieu of that federal act;

23 (b) anticipated payments from other districts for providing school bus transportation services for  
24 the district;

25 (c) anticipated payments from a parent or guardian for providing school bus transportation services  
26 for a child;

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

29 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,  
30 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

- 1 (f) anticipated revenue from coal gross proceeds under 15-23-703;
- 2 (g) anticipated oil and natural gas production taxes;
- 3 (h) anticipated local government severance tax payments for calendar year 1995 production;
- 4 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
- 5 through 20-5-324;
- 6 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
- 7 that may be used to finance the transportation fund; and
- 8 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
- 9 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
- 10 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
- 11 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
- 12 and is for the purpose of paying transportation fund warrants issued by the district under the final
- 13 transportation fund budget.
- 14 (4) The district levy requirement for each district's transportation fund must be computed by:
- 15 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
- 16 transportation budget amount; and
- 17 (b) subtracting the amount of money available to reduce the property tax on the district, as
- 18 determined in subsection (3), from the amount determined in subsection (4)(a).
- 19 (5) The transportation fund levy requirements determined in subsection (4) for each district must
- 20 be reported to the county commissioners on the fourth Monday of August by the county superintendent
- 21 as the transportation fund levy requirements for the district, and the levy must be made by the county
- 22 commissioners in accordance with 20-9-142."

23

24 **NEW SECTION. Section 14. Repealer.** Sections 20-9-113, 20-9-114, and 20-9-123, MCA, are

25 repealed.

26

27 **NEW SECTION. Section 15. Effective date.** [This act] is effective on passage and approval.

28 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0235, as introduced

DESCRIPTION OF PROPOSED LEGISLATION: An act eliminating the requirement that school district trustees prepare and adopt a preliminary budget.

ASSUMPTIONS:

1. SB 235 will have no impact on school district budgets, revenues, or expenditures.

FISCAL IMPACT: None.

Dave Lewis 2-1-97  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

John Hertel 2/1/97  
JOHN HERTEL, PRIMARY SPONSOR      DATE  
Fiscal Note for SB0235, as introduced  
**SB 235**

## 1 SENATE BILL NO. 235

2 INTRODUCED BY HERTEL

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE REQUIREMENT THAT SCHOOL DISTRICT  
5 TRUSTEES PREPARE AND ADOPT A PRELIMINARY BUDGET; AMENDING SECTIONS 20-3-322, 20-7-705,  
6 20-9-115, 20-9-121, 20-9-131, 20-9-132, 20-9-165, 20-9-353, 20-9-438, 20-9-501, 20-9-503,  
7 20-10-143, AND 20-10-144, MCA; REPEALING SECTIONS 20-9-113, 20-9-114, AND 20-9-123, MCA;  
8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 **Section 1.** Section 20-3-322, MCA, is amended to read:

13 **"20-3-322. Meetings and quorum.** (1) The trustees of a district shall hold at least the following  
14 number of regular meetings:

15 (a) an organization meeting, as prescribed by 20-3-321;

16 (b) a ~~preliminary~~ final budget meeting, as prescribed by ~~20-9-113~~ 20-9-131; and

17 (c) in first-class elementary districts, not less than one regular meeting ~~per~~ each month; or

18 (d) in any other district, regular meetings during the months of April, July, October, and January.

19 (2) The trustees of the district shall adopt a policy setting the day and time for the minimum  
20 number of regular school meetings prescribed in subsection (1)(c) or (1)(d) and, in addition, any other  
21 regular meeting days the trustees wish to establish. Except for an unforeseen emergency, meetings must  
22 be conducted in school buildings or in a publicly owned building located within the district.

23 (3) Special meetings of the trustees may be called by the presiding officer or any two members of  
24 the trustees by giving each member a 48-hour written notice of the meeting, except that the 48-hour notice  
25 is waived in an unforeseen emergency.

26 (4) Business may not be transacted by the trustees of a district unless it is transacted at a regular  
27 meeting or a properly called special meeting. A quorum for any meeting is a majority of the trustees'  
28 membership. All trustee meetings must be public meetings, as prescribed by 2-3-201, except that the  
29 trustees may recess to an executive session under the provisions of 2-3-203.

30 (5) For the purposes of subsection (3), "unforeseen emergency" means a storm, fire, explosion,



1 community disaster, insurrection, act of God, or other unforeseen destruction or impairment of school  
2 district property that affects the health and safety of the trustees, students, or district employees or the  
3 educational functions of the district."  
4

5 **Section 2.** Section 20-7-705, MCA, is amended to read:

6 **"20-7-705. Adult education fund.** (1) A separate adult education fund must be established when  
7 an adult education program is operated by a district or community college district. The financial  
8 administration of the fund must comply with the budgeting, financing, and expenditure provisions of the  
9 laws governing the schools.

10 (2) Whenever the trustees of a district establish an adult education program under the provisions  
11 of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult  
12 education fund is the depository for all district money received by the district in support of the adult  
13 education program. Federal and state adult education program money must be deposited in the  
14 miscellaneous programs fund.

15 (3) The trustees of a district may authorize the levy of a tax of not more than 1 mill on the district,  
16 except that trustees of a county high school district may, whether or not the county high school district  
17 is unified with an elementary district under the provisions of 20-6-312, authorize a levy of not more than  
18 2 mills on the district and a K-12 school district formed under the provisions of 20-6-701 may authorize  
19 a levy of not more than 3 mills on the district, for the operation of an adult education program when the  
20 superintendent of public instruction has approved the educational program to be supported by the levy. The  
21 trustees shall obtain the approval of the superintendent of public instruction before the fourth Monday of  
22 June in order to include the expenditures to be financed by the levy in the ~~preliminary~~ final budget. The  
23 superintendent of public instruction shall promulgate rules and forms for the approval.

24 (4) Whenever the trustees of a district decide to offer an adult education program during the  
25 ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the  
26 ~~preliminary~~ final budget. Any expenditures in support of the adult education program under the final adult  
27 education budget must be made in accordance with the financial administration provisions of this title for  
28 a budgeted fund.

29 (5) When a tax levy for an adult education program that has been approved by the superintendent  
30 of public instruction is included as a revenue item on the final adult education budget, the county

1 superintendent shall report the levy requirement to the county commissioners on the fourth Monday of  
 2 August and a levy on the district must be made by the county commissioners in accordance with  
 3 20-9-142."

4  
 5 **Section 3.** Section 20-9-115, MCA, is amended to read:

6 **"20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July 10 and July  
 7 20 of each year, the clerk of each district shall publish one notice, in the local or county newspaper that  
 8 the trustees of the district determine to be the newspaper with the widest circulation in the district, stating  
 9 ~~that the preliminary budget for the district for the school fiscal year just beginning, as prepared and adopted~~  
 10 ~~by the trustees, is on file in the clerk's office and open to inspection by all taxpayers. The notice must also~~  
 11 state the time and place that the trustees will meet on the fourth Monday in August for the purpose of  
 12 considering and adopting the final budget of the district, that the meeting of the trustees may be continued  
 13 from day to day until the final adoption of the district's budget, and that any taxpayer in the district may  
 14 appear at the meeting and be heard for or against any part of the budget."

15  
 16 **Section 4.** Section 20-9-121, MCA, is amended to read:

17 **"20-9-121. County treasurer's statement of cash balances and bond information.** (1) By July 10,  
 18 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for  
 19 each fund maintained by the district at the close of the last-completed school fiscal year. The county  
 20 treasurer shall also include on each district's statement the details on the obligation for bond retirement and  
 21 interest for the school fiscal year just beginning. The format of the statement on fund cash balances and  
 22 bond information must be prescribed by the superintendent of public instruction.

23 (2) By July 10, the county treasurer shall prepare a statement for each county school fund  
 24 supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal  
 25 year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,  
 26 for each county school fund maintained during the immediately preceding school fiscal year. The format  
 27 of this statement must be prescribed by the superintendent of public instruction.

28 (3) On or before July 10, the county treasurer shall deliver the statements of district and county  
 29 fund cash balances and the bond information for each district to the county superintendent, who shall  
 30 attach the district statements to the applicable district's preliminary budget forward the information to each

1 district."

2

3 **Section 5.** Section 20-9-131, MCA, is amended to read:

4 **"20-9-131. Final budget meeting.** (1) On the second Monday in August, at the time and place  
5 noticed pursuant to 20-9-115, the trustees of each district shall meet to consider ~~the preliminary budget~~  
6 ~~submitted to or prepared by the county superintendent, including all~~ budget information and any  
7 attachments required by law.

8 (2) The trustees may continue the meeting from day to day but shall adopt the final budget for the  
9 district and determine the amounts to be raised by tax levies for the district not later than the fourth  
10 Monday in August and before the fixing of the tax levies for each district. Any taxpayer in the district may  
11 attend any portion of the trustees' meeting and be heard on the budget of the district or on any item or  
12 amount contained in the budget."

13

14 **Section 6.** Section 20-9-132, MCA, is amended to read:

15 **"20-9-132. Final budget adjustment procedures.** At the final budget meeting of the trustees, ~~they~~  
16 ~~shall have the power to~~ the trustees may make any changes or corrections they may ~~deem~~ consider  
17 necessary or proper in any item or amount of the ~~preliminary~~ budget either by eliminating the item or  
18 amount or by increasing or reducing the amount of any item. When it appears to the trustees that the  
19 amount proposed to be expended for any item of the ~~preliminary~~ final budget is in excess of the amount  
20 actually required to be expended for ~~such~~ the item, the trustees shall reduce ~~such~~ the amount to the  
21 amount actually required to be expended and shall enter in its minutes the reasons for ~~such~~ the reduction.  
22 IF ANY APPROPRIATION ITEM OF THE FINAL BUDGET PROVIDES FOR THE PAYMENT OF WAGES OR  
23 SALARY TO MORE THAN ONE PERSON, THE DISTRICT SHALL ATTACH TO THE BUDGET A SEPARATE  
24 LISTING OF EACH POSITION OF EMPLOYMENT, WITH THE BUDGETED AMOUNT OF COMPENSATION  
25 FOR EACH POSITION."

26

27 **Section 7.** Section 20-9-165, MCA, is amended to read:

28 **"20-9-165. Budget amendment limitation, preparation, and adoption procedures.** (1) The meeting  
29 of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer  
30 in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find

1 that there is sufficient need for a budget amendment, the trustees may make and adopt a ~~preliminary~~ final  
2 budget amendment, setting forth fully the facts constituting the need for the budget amendment. In  
3 adopting the ~~preliminary~~ final budget amendment, the trustees may budget for any fund that was included  
4 on the final budget of the district for the current school fiscal year. The budget must be itemized to show  
5 the amount appropriated for each item.

6 (2) When the budget amendment is the result of increased enrollment, the maximum amount of  
7 the budget amendment for all funds must be determined in the following manner:

8 (a) ~~Determine~~ determine the total amount in the final budget for the current school fiscal year of  
9 all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any  
10 amount appropriated for addition to the operating reserve;

11 (b) ~~Divide~~ divide the amount determined in subsection (2)(a) by the number of pupils originally  
12 enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is  
13 the maximum permissible per-pupil expenditure in the budget amendment.

14 (c) ~~Determine~~ determine the enrollment increase of the current school fiscal year by subtracting  
15 the number of pupils originally enrolled during the immediately preceding school fiscal year from the number  
16 of pupils enrolled for the current school year. The result is the enrollment increase for the current school  
17 fiscal year.

18 (d) ~~Multiply~~ multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase  
19 determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for  
20 amendments resulting from increased enrollment.

21 (3) For other types of budget amendments, the budget amendment is limited to the expenditures  
22 considered by the trustees to be reasonable and necessary to finance the conditions of the budget  
23 amendment and the ~~preliminary~~ final budget amendment must include the details of the proposed  
24 expenditures.

25 (4) Whenever the trustees adopt a ~~preliminary~~ budget amendment for the transportation fund, the  
26 trustees shall attach to the budget amendment a copy of each transportation contract that is connected  
27 with the budget amendment and that has been prepared and executed in accordance with the school  
28 transportation contract laws.

29 (5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it  
30 must be signed by the presiding officer of the trustees and the clerk of the district and copies must be sent

1 to the county superintendent and the superintendent of public instruction."

2  
3 **Section 8.** Section 20-9-353, MCA, is amended to read:

4 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
5 trustees of a district may propose to adopt:

6 (a) a budget amount up to the BASE budget amount for the district general fund that is within the  
7 limitations and required budget increases provided in 20-9-308(2);

8 (b) an over-BASE budget amount for the district general fund that does not exceed the maximum  
9 general fund budget for the district or other limitations, as provided in 20-9-308(3); or

10 (c) a general fund budget amount in excess of the maximum general fund budget amount for the  
11 district, as provided in 20-9-308(4).

12 (2) When the trustees of a district determine that a voted amount of financing is required for the  
13 general fund budget, the trustees shall submit the proposition to finance the additional amount of general  
14 fund financing to the electors who are qualified under 20-20-301 to vote upon the proposition. The special  
15 election must be called and conducted in the manner prescribed by this title for school elections. The ballot  
16 for the election must state the amount of money to be financed, the approximate number of mills required  
17 to raise all or a portion of the money, and the purpose for which the money will be expended. The ballot  
18 must be in the following format:

19 PROPOSITION

20 Shall the district be authorized to expend the sum of (state the additional amount to be expended),  
21 and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional  
22 financing is made)?

23  FOR budget authority and any levy.

24  AGAINST budget authority and any levy.

25 (3) If the election on any additional financing for the general fund is approved by a majority vote  
26 of the electors voting at the election, the proposition carries and the trustees may use any portion or all of  
27 the authorized amount in adopting the ~~preliminary~~ final general fund budget. The trustees shall certify any  
28 additional levy amount authorized by the special election on the budget form that is submitted to the county  
29 superintendent, and the county commissioners shall levy the authorized number of mills on the taxable  
30 value of all taxable property within the district, as prescribed in 20-9-141, to raise the amount of the

1 additional levy.

2 (4) Authorization to levy an additional tax to support a budget amount adopted as allowed by  
3 20-9-308(4) is effective for only 1 school fiscal year.

4 (5) All levies adopted under this section must be authorized by a special election conducted before  
5 August 1 of the school fiscal year for which it is effective.

6 (6) If the trustees of a district are required to submit a proposition to finance an increased amount  
7 up to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount,  
8 as provided in 20-9-308(3)(a), or an amount in excess of the maximum general fund budget amount for the  
9 district as allowed by 20-9-308(4) to the electors of the district, the trustees shall comply with the  
10 provisions of subsections (2) through (4)."

11

12 **Section 9.** Section 20-9-438, MCA, is amended to read:

13 **"20-9-438. Preparation of debt service fund budget -- operating reserve.** (1) The trustees of each  
14 school district having outstanding bonds shall include in the debt service fund of the ~~preliminary~~ final  
15 budget adopted in accordance with ~~20-9-113~~ 20-9-133 an amount of money that is necessary to pay the  
16 interest and the principal amount becoming due during the ensuing school fiscal year for each series or  
17 installment of bonds, according to the terms and conditions of the bonds and the redemption plans of the  
18 trustees.

19 (2) The trustees shall also include in the debt service fund of the ~~preliminary~~ final budget:

20 (a) the amount of money necessary to pay the special improvement district assessments levied  
21 against the school district that become due during the ensuing school fiscal year; and

22 (b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year  
23 as provided in subsection (3).

24 (3) At the end of each school fiscal year, the trustees of a school district may designate a portion  
25 of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve  
26 for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond  
27 obligations that must be paid from July 1 through November 30 of the school fiscal year following the  
28 ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked  
29 for limited operating reserve purposes must be reappropriated to be used for property tax reduction as  
30 provided in 20-9-439.

1           (4) The county superintendent shall compare the ~~preliminary~~ final budgeted amount for the debt  
 2 service fund with the bond retirement and interest requirement and the special improvement district  
 3 assessments for the school fiscal year just beginning as reported by the county treasurer in ~~his~~ the  
 4 statement supplied under the provisions of 20-9-121. If the county superintendent finds that the  
 5 requirement stated by the county treasurer is more than the ~~preliminary~~ final budget amount, the county  
 6 superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the  
 7 ~~preliminary~~ final budget. The amount confirmed or revised by the county superintendent is the final budget  
 8 expenditure amount for the debt service fund of the school district."  
 9

10           **Section 10.** Section 20-9-501, MCA, is amended to read:

11           **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members  
 12 of the teachers' retirement system or the public employees' retirement system or who are covered by  
 13 unemployment insurance or who are covered by any federal social security system requiring employer  
 14 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
 15 contributions to the systems. The district's contribution for each employee who is a member of the  
 16 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
 17 district's contribution for each employee who is a member of the public employees' retirement system must  
 18 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
 19 federal social security system must be paid in accordance with federal law and regulation. The district's  
 20 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
 21 with Title 39, chapter 51, part 11.

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

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

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

1 (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
2 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
3 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

4 (ii) oil and natural gas production taxes;

5 (iii) anticipated local government severance tax payments for calendar year 1995 production as  
6 provided in 15-36-325;

7 (iv) coal gross proceeds taxes under 15-23-703;

8 (v) any fund balance available for reappropriation as determined by subtracting the amount of the  
9 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
10 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
11 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
12 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
13 the final retirement fund budget.

14 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing  
15 school fiscal year, excluding any guaranteed tax base aid.

16 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction  
17 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in  
18 the final retirement fund budget.

19 (4) The county superintendent shall:

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

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

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

27 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school  
28 district must be prorated to each county in which a part of the district is located in the same proportion as  
29 the district ANB of the joint district is distributed by pupil residence in each county. The county  
30 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement



1 for each county as provided in 20-9-151.

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

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

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

13 (b) the taxable valuation of the district divided by 1,000."  
14

15 **Section 11.** Section 20-9-503, MCA, is amended to read:

16 "**20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building  
17 reserve authorization to budget is available to a district, the trustees shall include ~~such the~~ the authorized  
18 amount in the building reserve fund of the ~~preliminary~~ final budget. The county superintendent shall report  
19 ~~such the~~ the amount as the building reserve fund levy requirement to the county commissioners on the fourth  
20 Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in  
21 accordance with 20-9-142.

22 (2) The trustees of any district maintaining a building reserve fund ~~shall have the authority to~~ may  
23 expend ~~moneys~~ may from ~~such the~~ the fund for the purpose or purposes for which it was authorized without  
24 ~~such the~~ the specific expenditures being included in the final budget when, in their discretion, there is a  
25 sufficient amount of money to commence the authorized projects. ~~Such The~~ The expenditures ~~shall~~ may not  
26 invalidate the district's authority to continue the annual imposition of the building reserve taxation  
27 authorized by the electors of the district.

28 (3) Whenever there is money credited to the building reserve fund for which there is no immediate  
29 need, the trustees may invest ~~such the~~ the money in accordance with 20-9-213(4). The interest earned from  
30 the investment ~~shall~~ must be credited to the building reserve fund or the debt service fund, at the discretion

1 of the trustees, and expended for any purpose authorized by law for ~~such~~ the fund."

2  
3 **Section 12.** Section 20-10-143, MCA, is amended to read:

4 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The  
5 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
6 transportation fund budget that is adequate to finance the district's transportation contractual obligations  
7 and any other transportation expenditures necessary for the conduct of its transportation program. The  
8 transportation fund budget must include:

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

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

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

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

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

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

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

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

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

1           (4) The transportation fund budgeted expenditures appropriated by the trustees must be reported  
 2 on the regular budget form prescribed by the superintendent of public instruction in accordance with  
 3 20-9-103, and the adoption of the transportation fund budget must be completed in accordance with the  
 4 school budgeting laws. When the adopted ~~preliminary~~ final budget is sent to the county superintendent,  
 5 the trustees shall also send copies of all completed transportation contracts for school bus transportation  
 6 and individual transportation to the county superintendent. The contracts must substantiate all contracted  
 7 transportation services incorporated in the ~~preliminary~~ final budget, and after the county superintendent has  
 8 utilized the contracts for that purpose but before the ~~fourth Monday of July~~ SECOND MONDAY OF  
 9 AUGUST, ~~he the county superintendent~~ shall send all transportation contracts received to the  
 10 superintendent of public instruction. ~~When the county superintendent determines a deviation between the~~  
 11 ~~preliminary transportation fund budget amount for contracted transportation services and the contracted~~  
 12 ~~amount for the services, he shall immediately call the deviation to the attention of the appropriate trustees~~  
 13 ~~and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."~~

14  
 15           **Section 13.** Section 20-10-144, MCA, is amended to read:

16           **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**  
 17 **budget.** Before the ~~fourth Monday of July~~ SECOND MONDAY OF AUGUST ~~and in accordance with~~  
 18 ~~20-9-123~~, the county superintendent shall compute the revenue available to finance the transportation fund  
 19 budget of each district. The county superintendent shall compute the revenue for each district on the  
 20 following basis:

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

23           (a) the sum of the maximum reimbursable expenditures for all approved school bus routes  
 24 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate  
 25 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus  
 26 route approved by the county transportation committee and maintained by the district); plus

27           (b) the total of all individual transportation per diem reimbursement rates for the district as  
 28 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days  
 29 scheduled for the ensuing school attendance year; plus

30           (c) any estimated costs for supervised home study or supervised correspondence study for the

1 ensuing school fiscal year; plus

2 (d) the amount budgeted ~~on~~ in the ~~preliminary~~ budget for the contingency amount permitted in  
3 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,  
4 whichever is larger, the contingency amount on the ~~preliminary~~ budget must be reduced to the limitation  
5 amount and used in this determination of the schedule amount; plus

6 (e) any estimated costs for transporting a child out of district when the child has mandatory  
7 approval to attend school in a district outside the district of residence.

8 (2) (a) The schedule amount determined in subsection (1) or the total ~~preliminary~~ transportation  
9 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county  
10 revenue to be budgeted on the following basis:

11 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation  
12 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be  
13 50% of the schedule amount attributed to the transportation of special education pupils; and

14 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
15 manner provided in 20-10-146.

16 (b) When the district has a sufficient amount of cash for reappropriation and other sources of  
17 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
18 any remaining amount of district revenue and cash reappropriated must be used to reduce the county  
19 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
20 reduce the state financial obligation in subsection (2)(a)(i).

21 (c) The county revenue requirement for a joint district, after the application of any district money  
22 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
23 proportion as the ANB of the joint district is distributed by pupil residence in each county.

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

26 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other  
27 anticipated federal money received in lieu of that federal act;

28 (b) anticipated payments from other districts for providing school bus transportation services for  
29 the district;

30 (c) anticipated payments from a parent or guardian for providing school bus transportation services

1 for a child;

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

4 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,  
5 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

6 (f) anticipated revenue from coal gross proceeds under 15-23-703;

7 (g) anticipated oil and natural gas production taxes;

8 (h) anticipated local government severance tax payments for calendar year 1995 production;

9 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320  
10 through 20-5-324;

11 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year  
12 that may be used to finance the transportation fund; and

13 (k) any fund balance available for reappropriation as determined by subtracting the amount of the  
14 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school  
15 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating  
16 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year  
17 and is for the purpose of paying transportation fund warrants issued by the district under the final  
18 transportation fund budget.

19 (4) The district levy requirement for each district's transportation fund must be computed by:

20 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary  
21 transportation budget amount; and

22 (b) subtracting the amount of money available to reduce the property tax on the district, as  
23 determined in subsection (3), from the amount determined in subsection (4)(a).

24 (5) The transportation fund levy requirements determined in subsection (4) for each district must  
25 be reported to the county commissioners on the fourth Monday of August by the county superintendent  
26 as the transportation fund levy requirements for the district, and the levy must be made by the county  
27 commissioners in accordance with 20-9-142."

28

29 **NEW SECTION. Section 14. Repealer.** Sections 20-9-113, 20-9-114, and 20-9-123, MCA, are  
30 repealed.



1 SENATE BILL NO. 235

2 INTRODUCED BY HERTEL

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE REQUIREMENT THAT SCHOOL DISTRICT  
5 TRUSTEES PREPARE AND ADOPT A PRELIMINARY BUDGET; AMENDING SECTIONS 20-3-322, 20-7-705,  
6 20-9-115, 20-9-121, 20-9-131, 20-9-132, 20-9-165, 20-9-353, 20-9-438, 20-9-501, 20-9-503,  
7 20-10-143, AND 20-10-144, MCA; REPEALING SECTIONS 20-9-113, 20-9-114, AND 20-9-123, MCA;  
8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9

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

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE  
REPRINTED. PLEASE REFER TO SECOND READING COPY  
(YELLOW) FOR COMPLETE TEXT.**

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6 20-9-115, 20-9-121, 20-9-131, 20-9-132, 20-9-165, 20-9-353, 20-9-438, 20-9-501, 20-9-503,  
7 20-10-143, AND 20-10-144, MCA; REPEALING SECTIONS 20-9-113, 20-9-114, AND 20-9-123, MCA,  
8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 **Section 1.** Section 20-3-322, MCA, is amended to read:

13 "20-3-322. **Meetings and quorum.** (1) The trustees of a district shall hold at least the following  
14 number of regular meetings:

15 (a) an organization meeting, as prescribed by 20-3-321;

16 (b) a ~~preliminary~~ final budget meeting, as prescribed by ~~20-9-113~~ 20-9-131; and

17 (c) in first-class elementary districts, not less than one regular meeting ~~per~~ each month; or

18 (d) in any other district, regular meetings during the months of April, July, October, and January.

19 (2) The trustees of the district shall adopt a policy setting the day and time for the minimum  
20 number of regular school meetings prescribed in subsection (1)(c) or (1)(d) and, in addition, any other  
21 regular meeting days the trustees wish to establish. Except for an unforeseen emergency, meetings must  
22 be conducted in school buildings or in a publicly owned building located within the district.

23 (3) Special meetings of the trustees may be called by the presiding officer or any two members of  
24 the trustees by giving each member a ~~48~~-hour written notice of the meeting, except that the 48-hour notice  
25 is waived in an unforeseen emergency.

26 (4) Business may not be transacted by the trustees of a district unless it is transacted at a regular  
27 meeting or a properly called special meeting. A quorum for any meeting is a majority of the trustees'  
28 membership. All trustee meetings must be public meetings, as prescribed by 2-3-201, except that the  
29 trustees may recess to an executive session under the provisions of 2-3-203.

30 (5) For the purposes of subsection (3), "unforeseen emergency" means a storm, fire, explosion,

1 community disaster, insurrection, act of God, or other unforeseen destruction or impairment of school  
2 district property that affects the health and safety of the trustees, students, or district employees or the  
3 educational functions of the district."

4

5 **Section 2.** Section 20-7-705, MCA, is amended to read:

6 **"20-7-705. Adult education fund.** (1) A separate adult education fund must be established when  
7 an adult education program is operated by a district or community college district. The financial  
8 administration of the fund must comply with the budgeting, financing, and expenditure provisions of the  
9 laws governing the schools.

10 (2) Whenever the trustees of a district establish an adult education program under the provisions  
11 of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult  
12 education fund is the depository for all district money received by the district in support of the adult  
13 education program. Federal and state adult education program money must be deposited in the  
14 miscellaneous programs fund.

15 (3) The trustees of a district may authorize the levy of a tax of not more than 1 mill on the district,  
16 except that trustees of a county high school district may, whether or not the county high school district  
17 is unified with an elementary district under the provisions of 20-6-312, authorize a levy of not more than  
18 2 mills on the district and a K-12 school district formed under the provisions of 20-6-701 may authorize  
19 a levy of not more than 3 mills on the district, for the operation of an adult education program when the  
20 superintendent of public instruction has approved the educational program to be supported by the levy. The  
21 trustees shall obtain the approval of the superintendent of public instruction before the fourth Monday of  
22 June in order to include the expenditures to be financed by the levy in the ~~preliminary~~ final budget. The  
23 superintendent of public instruction shall promulgate rules and forms for the approval.

24 (4) Whenever the trustees of a district decide to offer an adult education program during the  
25 ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the  
26 ~~preliminary~~ final budget. Any expenditures in support of the adult education program under the final adult  
27 education budget must be made in accordance with the financial administration provisions of this title for  
28 a budgeted fund.

29 (5) When a tax levy for an adult education program that has been approved by the superintendent  
30 of public instruction is included as a revenue item on the final adult education budget, the county

1 superintendent shall report the levy requirement to the county commissioners on the fourth Monday of  
 2 August and a levy on the district must be made by the county commissioners in accordance with  
 3 20-9-142."

4  
 5 **Section 3.** Section 20-9-115, MCA, is amended to read:

6 **"20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July 10 and July  
 7 20 of each year, the clerk of each district shall publish one notice, in the local or county newspaper that  
 8 the trustees of the district determine to be the newspaper with the widest circulation in the district, stating  
 9 ~~that the preliminary budget for the district for the school fiscal year just beginning, as prepared and adopted~~  
 10 ~~by the trustees, is on file in the clerk's office and open to inspection by all taxpayers. The notice must also~~  
 11 ~~state~~ the time and place that the trustees will meet on the fourth Monday in August for the purpose of  
 12 considering and adopting the final budget of the district, that the meeting of the trustees may be continued  
 13 from day to day until the final adoption of the district's budget, and that any taxpayer in the district may  
 14 appear at the meeting and be heard for or against any part of the budget."

15  
 16 **Section 4.** Section 20-9-121, MCA, is amended to read:

17 **"20-9-121. County treasurer's statement of cash balances and bond information.** (1) By July 10,  
 18 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for  
 19 each fund maintained by the district at the close of the last-completed school fiscal year. The county  
 20 treasurer shall also include on each district's statement the details on the obligation for bond retirement and  
 21 interest for the school fiscal year just beginning. The format of the statement on fund cash balances and  
 22 bond information must be prescribed by the superintendent of public instruction.

23 (2) By July 10, the county treasurer shall prepare a statement for each county school fund  
 24 supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal  
 25 year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,  
 26 for each county school fund maintained during the immediately preceding school fiscal year. The format  
 27 of this statement must be prescribed by the superintendent of public instruction.

28 (3) On or before July 10, the county treasurer shall deliver the statements of district and county  
 29 fund cash balances and the bond information for each district to the county superintendent, who shall  
 30 attach the district statements to the applicable district's preliminary budget forward the information to each

1 district."

2

3 **Section 5.** Section 20-9-131, MCA, is amended to read:

4 "20-9-131. **Final budget meeting.** (1) On the second Monday in August, at the time and place  
5 noticed pursuant to 20-9-115, the trustees of each district shall meet to consider ~~the preliminary budget~~  
6 ~~submitted to or prepared by the county superintendent, including all~~ budget information and any  
7 attachments required by law.

8 (2) The trustees may continue the meeting from day to day but shall adopt the final budget for the  
9 district and determine the amounts to be raised by tax levies for the district not later than the fourth  
10 Monday in August and before the fixing of the tax levies for each district. Any taxpayer in the district may  
11 attend any portion of the trustees' meeting and be heard on the budget of the district or on any item or  
12 amount contained in the budget."

13

14 **Section 6.** Section 20-9-132, MCA, is amended to read:

15 "20-9-132. **Final budget adjustment procedures.** At the final budget meeting of the trustees, ~~they~~  
16 ~~shall have the power to~~ the trustees may make any changes or corrections they may ~~deem~~ consider  
17 necessary or proper in any item or amount of the ~~preliminary~~ budget either by eliminating the item or  
18 amount or by increasing or reducing the amount of any item. When it appears to the trustees that the  
19 amount proposed to be expended for any item of the ~~preliminary~~ final budget is in excess of the amount  
20 actually required to be expended for ~~such~~ the item, the trustees shall reduce ~~such~~ the amount to the  
21 amount actually required to be expended and shall enter in its minutes the reasons for ~~such~~ the reduction.  
22 IF ANY APPROPRIATION ITEM OF THE FINAL BUDGET PROVIDES FOR THE PAYMENT OF WAGES OR  
23 SALARY TO MORE THAN ONE PERSON, THE DISTRICT SHALL ATTACH TO THE BUDGET A SEPARATE  
24 LISTING OF EACH POSITION OF EMPLOYMENT, WITH THE BUDGETED AMOUNT OF COMPENSATION  
25 FOR EACH POSITION."

26

27 **Section 7.** Section 20-9-165, MCA, is amended to read:

28 "20-9-165. **Budget amendment limitation, preparation, and adoption procedures.** (1) The meeting  
29 of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer  
30 in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find

1 that there is sufficient need for a budget amendment, the trustees may make and adopt a ~~preliminary~~ final  
2 budget amendment, setting forth fully the facts constituting the need for the budget amendment. In  
3 adopting the ~~preliminary~~ final budget amendment, the trustees may budget for any fund that was included  
4 on the final budget of the district for the current school fiscal year. The budget must be itemized to show  
5 the amount appropriated for each item.

6 (2) When the budget amendment is the result of increased enrollment, the maximum amount of  
7 the budget amendment for all funds must be determined in the following manner:

8 (a) ~~Determine~~ determine the total amount in the final budget for the current school fiscal year of  
9 all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any  
10 amount appropriated for addition to the operating reserve;

11 (b) ~~Divide~~ divide the amount determined in subsection (2)(a) by the number of pupils originally  
12 enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is  
13 the maximum permissible per-pupil expenditure in the budget amendment.

14 (c) ~~Determine~~ determine the enrollment increase of the current school fiscal year by subtracting  
15 the number of pupils originally enrolled during the immediately preceding school fiscal year from the number  
16 of pupils enrolled for the current school year. The result is the enrollment increase for the current school  
17 fiscal year.

18 (d) ~~Multiply~~ multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase  
19 determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for  
20 amendments resulting from increased enrollment.

21 (3) For other types of budget amendments, the budget amendment is limited to the expenditures  
22 considered by the trustees to be reasonable and necessary to finance the conditions of the budget  
23 amendment and the ~~preliminary~~ final budget amendment must include the details of the proposed  
24 expenditures.

25 (4) Whenever the trustees adopt a ~~preliminary~~ budget amendment for the transportation fund, the  
26 trustees shall attach to the budget amendment a copy of each transportation contract that is connected  
27 with the budget amendment and that has been prepared and executed in accordance with the school  
28 transportation contract laws.

29 (5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it  
30 must be signed by the presiding officer of the trustees and the clerk of the district and copies must be sent

1 to the county superintendent and the superintendent of public instruction.”

2

3 **Section 8.** Section 20-9-353, MCA, is amended to read:

4 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
5 trustees of a district may propose to adopt:

6 (a) a budget amount up to the BASE budget amount for the district general fund that is within the  
7 limitations and required budget increases provided in 20-9-308(2);

8 (b) an over-BASE budget amount for the district general fund that does not exceed the maximum  
9 general fund budget for the district or other limitations, as provided in 20-9-308(3); or

10 (c) a general fund budget amount in excess of the maximum general fund budget amount for the  
11 district, as provided in 20-9-308(4).

12 (2) When the trustees of a district determine that a voted amount of financing is required for the  
13 general fund budget, the trustees shall submit the proposition to finance the additional amount of general  
14 fund financing to the electors who are qualified under 20-20-301 to vote upon the proposition. The special  
15 election must be called and conducted in the manner prescribed by this title for school elections. The ballot  
16 for the election must state the amount of money to be financed, the approximate number of mills required  
17 to raise all or a portion of the money, and the purpose for which the money will be expended. The ballot  
18 must be in the following format:

19

**PROPOSITION**

20

21 Shall the district be authorized to expend the sum of (state the additional amount to be expended),  
22 and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional  
23 financing is made)?

23

FOR budget authority and any levy.

24

AGAINST budget authority and any levy.

25

26 (3) If the election on any additional financing for the general fund is approved by a majority vote  
27 of the electors voting at the election, the proposition carries and the trustees may use any portion or all of  
28 the authorized amount in adopting the ~~preliminary~~ final general fund budget. The trustees shall certify any  
29 additional levy amount authorized by the special election on the budget form that is submitted to the county  
30 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

1 additional levy.

2 (4) Authorization to levy an additional tax to support a budget amount adopted as allowed by  
3 20-9-308(4) is effective for only 1 school fiscal year.

4 (5) All levies adopted under this section must be authorized by a special election conducted before  
5 August 1 of the school fiscal year for which it is effective.

6 (6) If the trustees of a district are required to submit a proposition to finance an increased amount  
7 up to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount,  
8 as provided in 20-9-308(3)(a), or an amount in excess of the maximum general fund budget amount for the  
9 district as allowed by 20-9-308(4) to the electors of the district, the trustees shall comply with the  
10 provisions of subsections (2) through (4)."

11

12 **Section 9.** Section 20-9-438, MCA, is amended to read:

13 **"20-9-438. Preparation of debt service fund budget -- operating reserve.** (1) The trustees of each  
14 school district having outstanding bonds shall include in the debt service fund of the ~~preliminary~~ final  
15 budget adopted in accordance with ~~20-9-113~~ 20-9-133 an amount of money that is necessary to pay the  
16 interest and the principal amount becoming due during the ensuing school fiscal year for each series or  
17 installment of bonds, according to the terms and conditions of the bonds and the redemption plans of the  
18 trustees.

19 (2) The trustees shall also include in the debt service fund of the ~~preliminary~~ final budget:

20 (a) the amount of money necessary to pay the special improvement district assessments levied  
21 against the school district that become due during the ensuing school fiscal year; and

22 (b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year  
23 as provided in subsection (3).

24 (3) At the end of each school fiscal year, the trustees of a school district may designate a portion  
25 of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve  
26 for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond  
27 obligations that must be paid from July 1 through November 30 of the school fiscal year following the  
28 ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked  
29 for limited operating reserve purposes must be reappropriated to be used for property tax reduction as  
30 provided in 20-9-439.

1           (4) The county superintendent shall compare the ~~preliminary final~~ budgeted amount for the debt  
 2 service fund with the bond retirement and interest requirement and the special improvement district  
 3 assessments for the school fiscal year just beginning as reported by the county treasurer in ~~his~~ the  
 4 statement supplied under the provisions of 20-9-121. If the county superintendent finds that the  
 5 requirement stated by the county treasurer is more than the ~~preliminary final~~ budget amount, the county  
 6 superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the  
 7 ~~preliminary final~~ budget. The amount confirmed or revised by the county superintendent is the final budget  
 8 expenditure amount for the debt service fund of the school district."

9

10           **Section 10.** Section 20-9-501, MCA, is amended to read:

11           **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members  
 12 of the teachers' retirement system or the public employees' retirement system or who are covered by  
 13 unemployment insurance or who are covered by any federal social security system requiring employer  
 14 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
 15 contributions to the systems. The district's contribution for each employee who is a member of the  
 16 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
 17 district's contribution for each employee who is a member of the public employees' retirement system must  
 18 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
 19 federal social security system must be paid in accordance with federal law and regulation. The district's  
 20 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
 21 with Title 39, chapter 51, part 11.

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

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

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



1 (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
2 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
3 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

4 (ii) oil and natural gas production taxes;

5 (iii) anticipated local government severance tax payments for calendar year 1995 production as  
6 provided in 15-36-325;

7 (iv) coal gross proceeds taxes under 15-23-703;

8 (v) any fund balance available for reappropriation as determined by subtracting the amount of the  
9 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
10 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
11 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
12 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
13 the final retirement fund budget.

14 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing  
15 school fiscal year, excluding any guaranteed tax base aid.

16 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction  
17 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in  
18 the final retirement fund budget.

19 (4) The county superintendent shall:

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

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

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

27 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school  
28 district must be prorated to each county in which a part of the district is located in the same proportion as  
29 the district ANB of the joint district is distributed by pupil residence in each county. The county  
30 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement

1 for each county as provided in 20-9-151.

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

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

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

13 (b) the taxable valuation of the district divided by 1,000."  
14

15 **Section 11.** Section 20-9-503, MCA, is amended to read:

16 **"20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building  
17 reserve authorization to budget is available to a district, the trustees shall include ~~such the~~ the authorized  
18 amount in the building reserve fund of the ~~preliminary~~ final budget. The county superintendent shall report  
19 ~~such the~~ the amount as the building reserve fund levy requirement to the county commissioners on the fourth  
20 Monday of August, and a levy on the district ~~shall~~ must be made by the county commissioners in  
21 accordance with 20-9-142.

22 (2) The trustees of any district maintaining a building reserve fund ~~shall have the authority to~~ may  
23 expend ~~moneys~~ may from ~~such the~~ the fund for the purpose or purposes for which it was authorized without  
24 ~~such the~~ the specific expenditures being included in the final budget when, in their discretion, there is a  
25 sufficient amount of money to commence the authorized projects. ~~Such The~~ The expenditures ~~shall~~ may not  
26 invalidate the district's authority to continue the annual imposition of the building reserve taxation  
27 authorized by the electors of the district.

28 (3) Whenever there is money credited to the building reserve fund for which there is no immediate  
29 need, the trustees may invest ~~such the~~ the money in accordance with 20-9-213(4). The interest earned from  
30 the investment ~~shall~~ must be credited to the building reserve fund or the debt service fund, at the discretion

1 of the trustees, and expended for any purpose authorized by law for ~~such~~ the fund."

2

3 **Section 12.** Section 20-10-143, MCA, is amended to read:

4 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The  
5 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
6 transportation fund budget that is adequate to finance the district's transportation contractual obligations  
7 and any other transportation expenditures necessary for the conduct of its transportation program. The  
8 transportation fund budget must include:

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

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

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

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

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

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

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

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

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

1           (4) The transportation fund budgeted expenditures appropriated by the trustees must be reported  
 2 on the regular budget form prescribed by the superintendent of public instruction in accordance with  
 3 20-9-103, and the adoption of the transportation fund budget must be completed in accordance with the  
 4 school budgeting laws. When the adopted ~~preliminary~~ final budget is sent to the county superintendent,  
 5 the trustees shall also send copies of all completed transportation contracts for school bus transportation  
 6 and individual transportation to the county superintendent. The contracts must substantiate all contracted  
 7 transportation services incorporated in the ~~preliminary~~ final budget, and after the county superintendent has  
 8 utilized the contracts for that purpose but before the ~~fourth Monday of July~~ SECOND MONDAY OF  
 9 AUGUST, ~~he~~ the county superintendent shall send all transportation contracts received to the  
 10 superintendent of public instruction. ~~When the county superintendent determines a deviation between the~~  
 11 ~~preliminary transportation fund budget amount for contracted transportation services and the contracted~~  
 12 ~~amount for the services, he shall immediately call the deviation to the attention of the appropriate trustees~~  
 13 ~~and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."~~

14  
 15           **Section 13.** Section 20-10-144, MCA, is amended to read:

16           **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**  
 17 **budget.** Before the ~~fourth Monday of July~~ SECOND MONDAY OF AUGUST ~~and in accordance with~~  
 18 ~~20-9-123~~, the county superintendent shall compute the revenue available to finance the transportation fund  
 19 budget of each district. The county superintendent shall compute the revenue for each district on the  
 20 following basis:

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

23           (a) the sum of the maximum reimbursable expenditures for all approved school bus routes  
 24 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate  
 25 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus  
 26 route approved by the county transportation committee and maintained by the district); plus

27           (b) the total of all individual transportation per diem reimbursement rates for the district as  
 28 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days  
 29 scheduled for the ensuing school attendance year; plus

30           (c) any estimated costs for supervised home study or supervised correspondence study for the

1 ensuing school fiscal year; plus

2 (d) the amount budgeted ~~on~~ in the ~~preliminary~~ budget for the contingency amount permitted in  
3 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,  
4 whichever is larger, the contingency amount on the ~~preliminary~~ budget must be reduced to the limitation  
5 amount and used in this determination of the schedule amount; plus

6 (e) any estimated costs for transporting a child out of district when the child has mandatory  
7 approval to attend school in a district outside the district of residence.

8 (2) (a) The schedule amount determined in subsection (1) or the total ~~preliminary~~ transportation  
9 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county  
10 revenue to be budgeted on the following basis:

11 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation  
12 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be  
13 50% of the schedule amount attributed to the transportation of special education pupils; and

14 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
15 manner provided in 20-10-146.

16 (b) When the district has a sufficient amount of cash for reappropriation and other sources of  
17 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
18 any remaining amount of district revenue and cash reappropriated must be used to reduce the county  
19 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
20 reduce the state financial obligation in subsection (2)(a)(i).

21 (c) The county revenue requirement for a joint district, after the application of any district money  
22 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
23 proportion as the ANB of the joint district is distributed by pupil residence in each county.

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

26 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other  
27 anticipated federal money received in lieu of that federal act;

28 (b) anticipated payments from other districts for providing school bus transportation services for  
29 the district;

30 (c) anticipated payments from a parent or guardian for providing school bus transportation services

1 for a child;

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

4 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,  
5 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

6 (f) anticipated revenue from coal gross proceeds under 15-23-703;

7 (g) anticipated oil and natural gas production taxes;

8 (h) anticipated local government severance tax payments for calendar year 1995 production;

9 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320  
10 through 20-5-324;

11 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year  
12 that may be used to finance the transportation fund; and

13 (k) any fund balance available for reappropriation as determined by subtracting the amount of the  
14 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school  
15 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating  
16 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year  
17 and is for the purpose of paying transportation fund warrants issued by the district under the final  
18 transportation fund budget.

19 (4) The district levy requirement for each district's transportation fund must be computed by:

20 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary  
21 transportation budget amount; and

22 (b) subtracting the amount of money available to reduce the property tax on the district, as  
23 determined in subsection (3), from the amount determined in subsection (4)(a).

24 (5) The transportation fund levy requirements determined in subsection (4) for each district must  
25 be reported to the county commissioners on the fourth Monday of August by the county superintendent  
26 as the transportation fund levy requirements for the district, and the levy must be made by the county  
27 commissioners in accordance with 20-9-142."

28

29 **NEW SECTION. Section 14. Repealer.** Sections 20-9-113, 20-9-114, and 20-9-123, MCA, are  
30 repealed.



## 1 SENATE BILL NO. 235

2 INTRODUCED BY HERTEL

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE REQUIREMENT THAT SCHOOL DISTRICT  
 5 TRUSTEES PREPARE AND ADOPT A PRELIMINARY BUDGET; AMENDING SECTIONS 20-3-322, 20-7-705,  
 6 20-9-115, 20-9-121, 20-9-131, 20-9-132, 20-9-165, 20-9-353, 20-9-438, 20-9-501, 20-9-503,  
 7 20-10-143, AND 20-10-144, MCA; REPEALING SECTIONS 20-9-113, 20-9-114, AND 20-9-123, MCA;  
 8 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

9  
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
 12 **Section 1.** Section 20-3-322, MCA, is amended to read:

13 **"20-3-322. Meetings and quorum.** (1) The trustees of a district shall hold at least the following  
 14 number of regular meetings:

15 (a) an organization meeting, as prescribed by 20-3-321;

16 (b) a ~~preliminary~~ final budget meeting, as prescribed by ~~20-9-113~~ 20-9-131; and

17 (c) in first-class elementary districts, not less than one regular meeting ~~per~~ each month; or

18 (d) in any other district, regular meetings during the months of April, July, October, and January.

19 (2) The trustees of the district shall adopt a policy setting the day and time for the minimum  
 20 number of regular school meetings prescribed in subsection (1)(c) or (1)(d) and, in addition, any other  
 21 regular meeting days the trustees wish to establish. Except for an unforeseen emergency, meetings must  
 22 be conducted in school buildings or in a publicly owned building located within the district.

23 (3) Special meetings of the trustees may be called by the presiding officer or any two members of  
 24 the trustees by giving each member a 48-hour written notice of the meeting, except that the 48-hour notice  
 25 is waived in an unforeseen emergency.

26 (4) Business may not be transacted by the trustees of a district unless it is transacted at a regular  
 27 meeting or a properly called special meeting. A quorum for any meeting is a majority of the trustees'  
 28 membership. All trustee meetings must be public meetings, as prescribed by 2-3-201, except that the  
 29 trustees may recess to an executive session under the provisions of 2-3-203.

30 (5) For the purposes of subsection (3), "unforeseen emergency" means a storm, fire, explosion,



1 community disaster, insurrection, act of God, or other unforeseen destruction or impairment of school  
2 district property that affects the health and safety of the trustees, students, or district employees or the  
3 educational functions of the district."  
4

5 **Section 2.** Section 20-7-705, MCA, is amended to read:

6 **"20-7-705. Adult education fund.** (1) A separate adult education fund must be established when  
7 an adult education program is operated by a district or community college district. The financial  
8 administration of the fund must comply with the budgeting, financing, and expenditure provisions of the  
9 laws governing the schools.

10 (2) Whenever the trustees of a district establish an adult education program under the provisions  
11 of 20-7-702, they shall establish an adult education fund under the provisions of this section. The adult  
12 education fund is the depository for all district money received by the district in support of the adult  
13 education program. Federal and state adult education program money must be deposited in the  
14 miscellaneous programs fund.

15 (3) The trustees of a district may authorize the levy of a tax of not more than 1 mill on the district,  
16 except that trustees of a county high school district may, whether or not the county high school district  
17 is unified with an elementary district under the provisions of 20-6-312, authorize a levy of not more than  
18 2 mills on the district and a K-12 school district formed under the provisions of 20-6-701 may authorize  
19 a levy of not more than 3 mills on the district, for the operation of an adult education program when the  
20 superintendent of public instruction has approved the educational program to be supported by the levy. The  
21 trustees shall obtain the approval of the superintendent of public instruction before the fourth Monday of  
22 June in order to include the expenditures to be financed by the levy in the ~~preliminary~~ final budget. The  
23 superintendent of public instruction shall promulgate rules and forms for the approval.

24 (4) Whenever the trustees of a district decide to offer an adult education program during the  
25 ensuing school fiscal year, they shall budget for the cost of the program in the adult education fund of the  
26 ~~preliminary~~ final budget. Any expenditures in support of the adult education program under the final adult  
27 education budget must be made in accordance with the financial administration provisions of this title for  
28 a budgeted fund.

29 (5) When a tax levy for an adult education program that has been approved by the superintendent  
30 of public instruction is included as a revenue item on the final adult education budget, the county

1 superintendent shall report the levy requirement to the county commissioners on the fourth Monday of  
 2 August and a levy on the district must be made by the county commissioners in accordance with  
 3 20-9-142."

4

5 **Section 3.** Section 20-9-115, MCA, is amended to read:

6 **"20-9-115. Notice of preliminary budget filing and final budget meeting.** Between July 10 and July  
 7 20 of each year, the clerk of each district shall publish one notice, in the local or county newspaper that  
 8 the trustees of the district determine to be the newspaper with the widest circulation in the district, stating  
 9 ~~that the preliminary budget for the district for the school fiscal year just beginning, as prepared and adopted~~  
 10 ~~by the trustees, is on file in the clerk's office and open to inspection by all taxpayers. The notice must also~~  
 11 **state** the time and place that the trustees will meet on the fourth Monday in August for the purpose of  
 12 considering and adopting the final budget of the district, that the meeting of the trustees may be continued  
 13 from day to day until the final adoption of the district's budget, and that any taxpayer in the district may  
 14 appear at the meeting and be heard for or against any part of the budget."

15

16 **Section 4.** Section 20-9-121, MCA, is amended to read:

17 **"20-9-121. County treasurer's statement of cash balances and bond information.** (1) By July 10,  
 18 the county treasurer shall prepare a statement for each district showing the amount of cash on hand for  
 19 each fund maintained by the district at the close of the last-completed school fiscal year. The county  
 20 treasurer shall also include on each district's statement the details on the obligation for bond retirement and  
 21 interest for the school fiscal year just beginning. The format of the statement on fund cash balances and  
 22 bond information must be prescribed by the superintendent of public instruction.

23 (2) By July 10, the county treasurer shall prepare a statement for each county school fund  
 24 supported by countywide levies, showing the amount of cash on hand at the beginning of the school fiscal  
 25 year, the receipts and apportionments, and the amount of cash on hand at the end of the school fiscal year,  
 26 for each county school fund maintained during the immediately preceding school fiscal year. The format  
 27 of this statement must be prescribed by the superintendent of public instruction.

28 (3) On or before July 10, the county treasurer shall deliver the statements of district and county  
 29 fund cash balances and the bond information for each district to the county superintendent, who shall  
 30 ~~attach the district statements to the applicable district's preliminary budget~~ forward the information to each

1 district."

2

3 **Section 5.** Section 20-9-131, MCA, is amended to read:

4 **"20-9-131. Final budget meeting.** (1) On the second Monday in August, at the time and place  
5 noticed pursuant to 20-9-115, the trustees of each district shall meet to consider ~~the preliminary budget~~  
6 ~~submitted to or prepared by the county superintendent, including~~ all budget information and any  
7 attachments required by law.

8 (2) The trustees may continue the meeting from day to day but shall adopt the final budget for the  
9 district and determine the amounts to be raised by tax levies for the district not later than the fourth  
10 Monday in August and before the fixing of the tax levies for each district. Any taxpayer in the district may  
11 attend any portion of the trustees' meeting and be heard on the budget of the district or on any item or  
12 amount contained in the budget."

13

14 **Section 6.** Section 20-9-132, MCA, is amended to read:

15 **"20-9-132. Final budget adjustment procedures.** At the final budget meeting of the trustees, ~~they~~  
16 ~~shall have the power to~~ the trustees may make any changes or corrections they may ~~deem~~ consider  
17 necessary or proper in any item or amount of the ~~preliminary~~ budget either by eliminating the item or  
18 amount or by increasing or reducing the amount of any item. When it appears to the trustees that the  
19 amount proposed to be expended for any item of the ~~preliminary~~ final budget is in excess of the amount  
20 actually required to be expended for ~~such~~ the item, the trustees shall reduce ~~such~~ the amount to the  
21 amount actually required to be expended and shall enter in its minutes the reasons for ~~such~~ the reduction.  
22 IF ANY APPROPRIATION ITEM OF THE FINAL BUDGET PROVIDES FOR THE PAYMENT OF WAGES OR  
23 SALARY TO MORE THAN ONE PERSON, THE DISTRICT SHALL ATTACH TO THE BUDGET A SEPARATE  
24 LISTING OF EACH POSITION OF EMPLOYMENT, WITH THE BUDGETED AMOUNT OF COMPENSATION  
25 FOR EACH POSITION."

26

27 **Section 7.** Section 20-9-165, MCA, is amended to read:

28 **"20-9-165. Budget amendment limitation, preparation, and adoption procedures.** (1) The meeting  
29 of the trustees to consider and adopt a budget amendment must be open to the public, and any taxpayer  
30 in the district has the right to appear and be heard. If at the meeting a majority of the trustees present find

1 that there is sufficient need for a budget amendment, the trustees may make and adopt a ~~preliminary~~ final  
2 budget amendment, setting forth fully the facts constituting the need for the budget amendment. In  
3 adopting the ~~preliminary~~ final budget amendment, the trustees may budget for any fund that was included  
4 on the final budget of the district for the current school fiscal year. The budget must be itemized to show  
5 the amount appropriated for each item.

6 (2) When the budget amendment is the result of increased enrollment, the maximum amount of  
7 the budget amendment for all funds must be determined in the following manner:

8 (a) ~~Determine~~ determine the total amount in the final budget for the current school fiscal year of  
9 all funds affected by the enrollment increase, less any amounts appropriated as capital outlay and any  
10 amount appropriated for addition to the operating reserve;

11 (b) ~~Divide~~ divide the amount determined in subsection (2)(a) by the number of pupils originally  
12 enrolled in the district during the immediately preceding school fiscal year. The resulting cost per pupil is  
13 the maximum permissible per-pupil expenditure in the budget amendment.

14 (c) ~~Determine~~ determine the enrollment increase of the current school fiscal year by subtracting  
15 the number of pupils originally enrolled during the immediately preceding school fiscal year from the number  
16 of pupils enrolled for the current school year. The result is the enrollment increase for the current school  
17 fiscal year.

18 (d) ~~Multiply~~ multiply the cost per pupil determined in subsection (2)(b) by the enrollment increase  
19 determined in subsection (2)(c). The result is the maximum limitation on a budget amendment for  
20 amendments resulting from increased enrollment.

21 (3) For other types of budget amendments, the budget amendment is limited to the expenditures  
22 considered by the trustees to be reasonable and necessary to finance the conditions of the budget  
23 amendment and the ~~preliminary~~ final budget amendment must include the details of the proposed  
24 expenditures.

25 (4) Whenever the trustees adopt a ~~preliminary~~ budget amendment for the transportation fund, the  
26 trustees shall attach to the budget amendment a copy of each transportation contract that is connected  
27 with the budget amendment and that has been prepared and executed in accordance with the school  
28 transportation contract laws.

29 (5) After the trustees have adopted the budget amendment by a majority vote of the trustees, it  
30 must be signed by the presiding officer of the trustees and the clerk of the district and copies must be sent

1 to the county superintendent and the superintendent of public instruction."

2

3 **Section 8.** Section 20-9-353, MCA, is amended to read:

4 **"20-9-353. Additional financing for general fund -- election for authorization to impose.** (1) The  
5 trustees of a district may propose to adopt:

6 (a) a budget amount up to the BASE budget amount for the district general fund that is within the  
7 limitations and required budget increases provided in 20-9-308(2);

8 (b) an over-BASE budget amount for the district general fund that does not exceed the maximum  
9 general fund budget for the district or other limitations, as provided in 20-9-308(3); or

10 (c) a general fund budget amount in excess of the maximum general fund budget amount for the  
11 district, as provided in 20-9-308(4).

12 (2) When the trustees of a district determine that a voted amount of financing is required for the  
13 general fund budget, the trustees shall submit the proposition to finance the additional amount of general  
14 fund financing to the electors who are qualified under 20-20-301 to vote upon the proposition. The special  
15 election must be called and conducted in the manner prescribed by this title for school elections. The ballot  
16 for the election must state the amount of money to be financed, the approximate number of mills required  
17 to raise all or a portion of the money, and the purpose for which the money will be expended. The ballot  
18 must be in the following format:

19 **PROPOSITION**

20 Shall the district be authorized to expend the sum of (state the additional amount to be expended),  
21 and being approximately (give number) mills, for the purpose of (insert the purpose for which the additional  
22 financing is made)?

23  FOR budget authority and any levy.

24  AGAINST budget authority and any levy.

25 (3) If the election on any additional financing for the general fund is approved by a majority vote  
26 of the electors voting at the election, the proposition carries and the trustees may use any portion or all of  
27 the authorized amount in adopting the ~~preliminary~~ final general fund budget. The trustees shall certify any  
28 additional levy amount authorized by the special election on the budget form that is submitted to the county  
29 superintendent, and the county commissioners shall levy the authorized number of mills on the taxable  
30 value of all taxable property within the district, as prescribed in 20-9-141, to raise the amount of the

1 additional levy.

2 (4) Authorization to levy an additional tax to support a budget amount adopted as allowed by  
3 20-9-308(4) is effective for only 1 school fiscal year.

4 (5) All levies adopted under this section must be authorized by a special election conducted before  
5 August 1 of the school fiscal year for which it is effective.

6 (6) If the trustees of a district are required to submit a proposition to finance an increased amount  
7 up to the BASE budget amount, as provided in 20-9-308(2)(b), an increased over-BASE budget amount,  
8 as provided in 20-9-308(3)(a), or an amount in excess of the maximum general fund budget amount for the  
9 district as allowed by 20-9-308(4) to the electors of the district, the trustees shall comply with the  
10 provisions of subsections (2) through (4)."

11

12 **Section 9.** Section 20-9-438, MCA, is amended to read:

13 "**20-9-438. Preparation of debt service fund budget -- operating reserve.** (1) The trustees of each  
14 school district having outstanding bonds shall include in the debt service fund of the ~~preliminary~~ final  
15 budget adopted in accordance with ~~20-9-113~~ 20-9-133 an amount of money that is necessary to pay the  
16 interest and the principal amount becoming due during the ensuing school fiscal year for each series or  
17 installment of bonds, according to the terms and conditions of the bonds and the redemption plans of the  
18 trustees.

19 (2) The trustees shall also include in the debt service fund of the ~~preliminary~~ final budget:

20 (a) the amount of money necessary to pay the special improvement district assessments levied  
21 against the school district that become due during the ensuing school fiscal year; and

22 (b) a limited operating reserve for the school fiscal year following the ensuing school fiscal year  
23 as provided in subsection (3).

24 (3) At the end of each school fiscal year, the trustees of a school district may designate a portion  
25 of the end-of-the-year fund balance of the debt service fund to be earmarked as a limited operating reserve  
26 for the purpose of paying, whenever a cash flow shortage occurs, debt service fund warrants and bond  
27 obligations that must be paid from July 1 through November 30 of the school fiscal year following the  
28 ensuing school fiscal year. Any portion of the debt service fund end-of-the-year fund balance not earmarked  
29 for limited operating reserve purposes must be reappropriated to be used for property tax reduction as  
30 provided in 20-9-439.

1           (4) The county superintendent shall compare the ~~preliminary~~ final budgeted amount for the debt  
 2 service fund with the bond retirement and interest requirement and the special improvement district  
 3 assessments for the school fiscal year just beginning as reported by the county treasurer in ~~his~~ the  
 4 statement supplied under the provisions of 20-9-121. If the county superintendent finds that the  
 5 requirement stated by the county treasurer is more than the ~~preliminary~~ final budget amount, the county  
 6 superintendent shall increase the budgeted amount for interest or principal in the debt service fund of the  
 7 ~~preliminary~~ final budget. The amount confirmed or revised by the county superintendent is the final budget  
 8 expenditure amount for the debt service fund of the school district."  
 9

10           **Section 10.** Section 20-9-501, MCA, is amended to read:

11           "**20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members  
 12 of the teachers' retirement system or the public employees' retirement system or who are covered by  
 13 unemployment insurance or who are covered by any federal social security system requiring employer  
 14 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's  
 15 contributions to the systems. The district's contribution for each employee who is a member of the  
 16 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The  
 17 district's contribution for each employee who is a member of the public employees' retirement system must  
 18 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any  
 19 federal social security system must be paid in accordance with federal law and regulation. The district's  
 20 contribution for each employee who is covered by unemployment insurance must be paid in accordance  
 21 with Title 39, chapter 51, part 11.

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

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

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

1 (i) any anticipated money that may be realized in the retirement fund during the ensuing school  
2 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,  
3 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

4 (ii) oil and natural gas production taxes;

5 (iii) anticipated local government severance tax payments for calendar year 1995 production as  
6 provided in 15-36-325;

7 (iv) coal gross proceeds taxes under 15-23-703;

8 (v) any fund balance available for reappropriation as determined by subtracting the amount of the  
9 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school  
10 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund  
11 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school  
12 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under  
13 the final retirement fund budget.

14 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing  
15 school fiscal year, excluding any guaranteed tax base aid.

16 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction  
17 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in  
18 the final retirement fund budget.

19 (4) The county superintendent shall:

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

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

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

27 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school  
28 district must be prorated to each county in which a part of the district is located in the same proportion as  
29 the district ANB of the joint district is distributed by pupil residence in each county. The county  
30 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement



1 for each county as provided in 20-9-151.

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

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

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

13 (b) the taxable valuation of the district divided by 1,000."  
14

15 **Section 11.** Section 20-9-503, MCA, is amended to read:

16 **"20-9-503. Budgeting, tax levy, and use of building reserve fund.** (1) Whenever an annual building  
17 reserve authorization to budget is available to a district, the trustees shall include ~~such the~~ authorized  
18 amount in the building reserve fund of the ~~preliminary final~~ budget. The county superintendent shall report  
19 ~~such the~~ amount as the building reserve fund levy requirement to the county commissioners on the fourth  
20 Monday of August, and a levy on the district ~~shall~~ **must** be made by the county commissioners in  
21 accordance with 20-9-142.

22 (2) The trustees of any district maintaining a building reserve fund ~~shall have the authority to~~ **may**  
23 expend ~~moneys~~ **MONEY** from ~~such the~~ fund for the purpose or purposes for which it was authorized  
24 without ~~such the~~ specific expenditures being included in the final budget when, in their discretion, there  
25 is a sufficient amount of money to commence the authorized projects. ~~Such The~~ expenditures ~~shall~~ **may**  
26 not invalidate the district's authority to continue the annual imposition of the building reserve taxation  
27 authorized by the electors of the district.

28 (3) Whenever there is money credited to the building reserve fund for which there is no immediate  
29 need, the trustees may invest ~~such the~~ money in accordance with 20-9-213(4). The interest earned from  
30 the investment ~~shall~~ **must** be credited to the building reserve fund or the debt service fund, at the discretion

1 of the trustees, and expended for any purpose authorized by law for ~~each~~ the fund."

2

3 **Section 12.** Section 20-10-143, MCA, is amended to read:

4 **"20-10-143. Budgeting for transportation and transmittal of transportation contracts.** (1) The  
5 trustees of a district furnishing transportation to pupils who are residents of the district shall provide a  
6 transportation fund budget that is adequate to finance the district's transportation contractual obligations  
7 and any other transportation expenditures necessary for the conduct of its transportation program. The  
8 transportation fund budget must include:

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

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

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

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

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

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

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

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

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

1           (4) The transportation fund budgeted expenditures appropriated by the trustees must be reported  
 2 on the regular budget form prescribed by the superintendent of public instruction in accordance with  
 3 20-9-103, and the adoption of the transportation fund budget must be completed in accordance with the  
 4 school budgeting laws. When the adopted ~~preliminary~~ final budget is sent to the county superintendent,  
 5 the trustees shall also send copies of all completed transportation contracts for school bus transportation  
 6 and individual transportation to the county superintendent. The contracts must substantiate all contracted  
 7 transportation services incorporated in the ~~preliminary~~ final budget, and after the county superintendent has  
 8 utilized the contracts for that purpose but before the ~~fourth Monday of July~~ SECOND MONDAY OF  
 9 AUGUST, ~~he~~ the county superintendent shall send all transportation contracts received to the  
 10 superintendent of public instruction. ~~When the county superintendent determines a deviation between the~~  
 11 ~~preliminary transportation fund budget amount for contracted transportation services and the contracted~~  
 12 ~~amount for the services, he shall immediately call the deviation to the attention of the appropriate trustees~~  
 13 ~~and shall allow the trustees to change the preliminary budgeted amount to compensate for the deviation."~~

14  
 15           **Section 13.** Section 20-10-144, MCA, is amended to read:

16           **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**  
 17 **budget.** Before the ~~fourth Monday of July~~ SECOND MONDAY OF AUGUST and in accordance with  
 18 ~~20-9-123~~, the county superintendent shall compute the revenue available to finance the transportation fund  
 19 budget of each district. The county superintendent shall compute the revenue for each district on the  
 20 following basis:

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

23           (a) the sum of the maximum reimbursable expenditures for all approved school bus routes  
 24 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate  
 25 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus  
 26 route approved by the county transportation committee and maintained by the district); plus

27           (b) the total of all individual transportation per diem reimbursement rates for the district as  
 28 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days  
 29 scheduled for the ensuing school attendance year; plus

30           (c) any estimated costs for supervised home study or supervised correspondence study for the

1 ensuing school fiscal year; plus

2 (d) the amount budgeted ~~on~~ in the ~~preliminary~~ budget for the contingency amount permitted in  
3 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,  
4 whichever is larger, the contingency amount on the ~~preliminary~~ budget must be reduced to the limitation  
5 amount and used in this determination of the schedule amount; plus

6 (e) any estimated costs for transporting a child out of district when the child has mandatory  
7 approval to attend school in a district outside the district of residence.

8 (2) (a) The schedule amount determined in subsection (1) or the total ~~preliminary~~ transportation  
9 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county  
10 revenue to be budgeted on the following basis:

11 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation  
12 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be  
13 50% of the schedule amount attributed to the transportation of special education pupils; and

14 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the  
15 manner provided in 20-10-146.

16 (b) When the district has a sufficient amount of cash for reappropriation and other sources of  
17 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,  
18 any remaining amount of district revenue and cash reappropriated must be used to reduce the county  
19 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to  
20 reduce the state financial obligation in subsection (2)(a)(i).

21 (c) The county revenue requirement for a joint district, after the application of any district money  
22 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same  
23 proportion as the ANB of the joint district is distributed by pupil residence in each county.

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

26 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other  
27 anticipated federal money received in lieu of that federal act;

28 (b) anticipated payments from other districts for providing school bus transportation services for  
29 the district;

30 (c) anticipated payments from a parent or guardian for providing school bus transportation services

1 for a child;

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

4 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,  
5 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204;

6 (f) anticipated revenue from coal gross proceeds under 15-23-703;

7 (g) anticipated oil and natural gas production taxes;

8 (h) anticipated local government severance tax payments for calendar year 1995 production;

9 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320  
10 through 20-5-324;

11 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year  
12 that may be used to finance the transportation fund; and

13 (k) any fund balance available for reappropriation as determined by subtracting the amount of the  
14 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school  
15 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating  
16 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year  
17 and is for the purpose of paying transportation fund warrants issued by the district under the final  
18 transportation fund budget.

19 (4) The district levy requirement for each district's transportation fund must be computed by:

20 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary  
21 transportation budget amount; and

22 (b) subtracting the amount of money available to reduce the property tax on the district, as  
23 determined in subsection (3), from the amount determined in subsection (4)(a).

24 (5) The transportation fund levy requirements determined in subsection (4) for each district must  
25 be reported to the county commissioners on the fourth Monday of August by the county superintendent  
26 as the transportation fund levy requirements for the district, and the levy must be made by the county  
27 commissioners in accordance with 20-9-142."

28

29 **NEW SECTION. Section 14. Repealer.** Sections 20-9-113, 20-9-114, and 20-9-123, MCA, are  
30 repealed.

