

MTSBA

SB 177 Necessary Amendments – MTSBA

1. **Removal of the Termination Clause:** SB 177 must be amended to remove the termination clause. If the termination clause remains, the entire increases in the formula in this bill will be gone going into the next legislative session. SB 152 currently provides that the new formula will be developed by July 1, 2007, meaning that the existing formula will be used by the Governor's office in calculating the present law adjustments for the 2007 Legislative Session.

If the termination clause remains, the present law adjustments in two years will be built off of FY05 funding levels, rather than FY07 funding levels. There will be no choice in this regard, as the calculation of present law is specified in the law.

Recommendation: A better approach would be to have no termination clause on the entire bill, or to amend the termination clause to make the termination contingent upon passage of a new funding formula prior to the calculation of present law adjustments for the 2007 Legislative Session.

2. **K-12 Flexibility:** SB 177 must be amended to provide for K-12 flexibility with state funds in unified and joint school districts. Funding on the average has never worked for all school districts and SB 177 is no exception. The law promotes the unification of school districts and a unified school district is the predominant model of organization throughout the state. Such school districts operate as one administrative unit, have a single collective bargaining agreement for its teachers and must provide for the education of children from kindergarten through the 12th grade. It is necessary to provide school districts the flexibility of committing their funds throughout their K-12 system to address the disparate ways that SB 177 impacts different school districts. Such language would read as follows:

“NEW SECTION. SECTION __. UNIFIED AND JOINT BOARD INTERDISTRICT AGREEMENTS. (1) The trustees of any two school districts that have unified pursuant to 20-6-312 or that have created a joint board of trustees pursuant to 20-3-361 may enter into an interdistrict agreement to provide for the joint funding and operation and maintenance of both districts upon the terms and conditions as may be mutually agreed to by the districts, subject to the conditions of this section. An agreement must be approved by the board of trustees of both districts.

(2) All expenditures in support of the interdistrict agreement may be made from the interlocal cooperative fund as specified in 20-9-703 and 20-9-704. Each district may transfer funds into the interlocal cooperative fund from the general fund of the district. Transfers to the interlocal cooperative fund from each school

district are limited to an amount not to exceed the direct state aid in support of the respective school district's general fund.

(3) Expenditures from the interlocal cooperative fund under this section are limited to those expenditures that are permitted by law and that are within the final budget for the general fund from which the transfer was made."

3. **Better Protection for School Districts Over the Maximum Budget:** We understand that the sponsor is planning on introducing amendments to better address the unique needs of school districts with budgets over their maximum to allow them to adopt the highest budget from FY01-FY05 with a vote of their community. We support these necessary amendments.
4. **Additional Funding:** Either through SB 177 or some other mechanism, the 2005 Legislature must address the gap between what schools need and what they are provided in the Governor's K-12 funding proposal. Bills remaining in the House Select Committee on Education Funding that could be used to increase funding for K-12 public education include the following:

Important Bills	Detail	Status	State Biennial Cost
House Bill 124, Representative Facey	Health Insurance Pool with \$200 per month state subsidy	Subject to the Appropriation Transmittal Deadline of March 29 – In House Select Committee on Education Funding.	\$48 million, based on an annual cost starting in FY07
House Bill 111, Representative Branae	Per certified educator entitlement of \$1,000	Subject to the Appropriation Transmittal Deadline of March 29 – In House Select Committee on Education funding.	\$26 million biennial cost, based on funding in both FY06 and FY07
House Bill 125, Representative Raser	Entitlement Increases	No appropriation in the bill, but could be revived with amendments in House Select Committee on Education Funding.	\$68 million biennial cost, based on funding in both FY06 and FY07 compared to FY04 X 2