



MTSBA

"...fostering excellence in public education
through
schoolboard leadership."

TO: House Education Committee

FROM: 
Lance L. Melton, Executive Director
Montana School Boards Association

RE: SB 147

DATE: Monday, January 24, 2005

SENATE EDUCATION

EXHIBIT NO. 2

DATE 1-24-05

BILL NO. SB-147

The Montana School Boards Association stands in strong support of SB 147, introduced by Senator Ryan. Senate Bill 147 seeks to reverse action taken by the Legislature in 2003 to substantially alter the way that school districts pay for mandated employee benefits. Under SB 424 in the 2003 Legislative Session, the law was amended to require school districts that had previously relied upon the county-wide levy to pay for contributions to TRS, PERS and unemployment insurance and payroll taxes to pay for the costs of benefits for employees paid with federal funds out of the federal grant. As a practical matter, the bill took away a stable means of providing for requirements imposed by law and made school districts use money intended for meeting the mandates of No Child Left Behind for county tax relief and reductions in state support for public education.

The impact of SB 424 was to substantially reduce county taxes and state support for the retirement levy. Senate Bill 147 seeks to reverse this amended section of law to the version that existed before SB 424's passage.

The United States Department of Education has ruled that SB 424's provisions are in violation of federal laws governing impact aid, and Governor Schweitzer has withdrawn the state's appeal of that determination. It is only a matter of time before someone successfully challenges the impact of this law on maintenance of effort issues under the Individuals with Disabilities Education Act (IDEA). SB ~~170~~¹⁴⁷ provides a solution to this dilemma, and also applies that solution to school districts receiving other types of federal funds, thereby maintaining equity in the manner by which retirement and other state-mandated costs are accounted in our funding formula.

SB 424 was legislation drafted in the context of a deficit of over \$200 million dollars. The 2003 Legislative Session was a desperate time, and called for desperate measures, and school districts did more than their share in addressing the deficit by absorbing the significant cuts in state support of public education created by SB 424. The 2005 Legislature is in a different circumstance, and the retirement provisions of SB 424 are no longer needed.

MTSBA respectfully requests your support of SB 147 as introduced. Passage will ensure restoration of integrity and equity in the manner by which we pay for benefit costs mandated by state law.

Thanks

**The Impact of SB 424 on Selected School Districts,
Loss of County Funding Only, Does not Include
Loss of State GTB Support**

School District	YEAR	Cuts in County Levy Funding Imposed on Selected School Districts by SB 424
Anaconda	2004	\$122,455.39
Belgrade	2004	\$83,240.81
Bigfork	2004	\$43,501.51
Billings	2004	\$1,091,651.67
Bozeman	2004	\$268,779.04
Browning	2004	\$697,085.43
Butte	2004	\$352,625.65
Cascade	2004	\$22,544.58
Columbia Falls	2004	\$193,052.83
Columbus	2004	\$20,479.91
Conrad	2004	\$22,192.30
Cut Bank	2004	\$45,562.88
Glasgow	2004	\$71,481.20
Great Falls	2004	\$689,734.80
Helena	2004	\$578,790.80
Kalispell	2004	\$220,561.82
Laurel	2004	\$57,355.89
Lockwood	2004	\$66,508.14
Missoula	2004	\$677,616.15
Plains	2004	\$39,295.14
Poplar	2004	\$454,894.27
Thompson Falls	2004	\$27,664.48
Whitefish	2004	\$106,014.46
Wolf Point	2004	\$205,732.29
Total Above	2004	\$6,158,821.42