

Impacts of SB 323 – Funding of Retirement Benefits from Federal Funds

FROM NO. SB-147
previous meeting

The following survey was sent by the Office of Public Instruction to the state's larger school districts on March 24, 2003

OPI is conducting a survey in regards to SB 323. The bill requires school districts to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund.

Is your district currently charging retirement and unemployment benefits for federally-salaried employees to federal funds? (Yes/No)

If yes,

Are you charging the federal funding source for retirement and unemployment benefits for employees paid under ESEA Title I, II, III, or IV?

Are you charging the federal funding source for retirement and unemployment benefits for employees paid under IDEA?

Are you charging the federal funding source for retirement and unemployment benefits for employees paid with Federal Impact Aid?

How would your district be affected by the requirement to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund?

Please respond by Friday, March 28, 2003.

Jim Oberembt, Fiscal Officer, 406-444-1257

Here are the responses that OPI received:

Billings Public Schools

From: Deborah Long [mailto:longd@billings.k12.mt.us]

Sent: Monday, March 24, 2003 1:57 PM

To: joberebmt@state.mt.us

Subject: Re: Survey - SB 323

No, our district is not charging retirement and unemployment benefits for federally salaried employees to federal funds.

Deborah

Bozeman Public Schools

From: Steve Johnson [mailto:sjohnson@bozeman.k12.mt.us]

Sent: Monday, March 24, 2003 1:49 PM

To: Oberembt, Jim

Subject: Re: Survey - SB 323

No, we use the Retirement Fund for federally paid employees. Effect = \$170,000 elementary and \$56,000 high school in services would have to be cut from federal programs. Steve

Browning Public Schools

From: Gwyn Andersen [mailto:GwynA@bps.k12.mt.us]
Sent: Thursday, March 27, 2003 9:20 AM
To: joberebmt@state.mt.us
Subject: Re: Survey - SB 323

Browning Public Schools' currently charges ALL retirement and unemployment benefits for federally salaried employees to the RETIREMENT BUDGET.

The impact will depend on the interpretation of "new" federal employees. Does that mean if the person changes we have to cover their benefits under the federal program or does it mean if we add a position we will have to cover their benefits to the federal program. Obviously any movement in this direction would negatively impact Browning Public Schools.

Butte Public Schools

From: Richardson, J.R. [mailto:richardsonjr@butte.k12.mt.us]
Sent: Monday, March 24, 2003 2:09 PM
To: 'Oberembt, Jim'
Subject: RE: Survey - SB 323

The Butte School District is currently charging employer contributions for retirement and unemployment to the Title I program only and charging all other federally salaried employees retirement and unemployment costs to the retirement fund. Obviously the suggested change would have dramatic impacts on our district.

Perhaps the best example would be ESEA II-A where we are currently paying 11 teachers salaries and health insurance costs. If we were required to pick up the employer contribution of retirement and unemployment costs it would result in the cutting of at least 1.5 of those teaching positions. One of the uses of this money is to reduce class size and by eliminating teaching positions that were funded under this grant we would be doing the opposite of what the grant intended.

The costs to IDEA and other grants are probably greater from a monetary perspective but I think the ESEA II-A example provides a clear picture of the impacts of this legislation.

Colstrip Public Schools

From: Judy Cheff [mailto:Judy.Cheff@colstrip.k12.mt.us]
Sent: Monday, March 24, 2003 2:50 PM
To: Oberembt, Jim
Subject: RE: Survey - SB 323

We have been watching this bill with great interest. Currently we are charging employer paid retirement and unemployment benefits to the federal funding source for some of our federal salary employees. Our software requires that we charge to the retirement fund

and then make manual entries if we wish to charge back to the same fund that salary is charged to.

The following grants get charged for the salary benefits:

Title I

Title II

Title IV

IDEA

We are not charging the impact aid fund for salary benefits. Based on expenditures of \$317,840 for salaries in the elementary and \$174,120 in the high school for year 2001-2002, you can see that this bill will have a huge impact for us. The salaries in impact aid are primarily classroom paraprofessionals. The salary amount budgeted for this year is less in both elementary and high school but would still be a significant amount. If you have any questions or need additional information, please contact me.

Judy Cheff
Colstrip Public Schools
406-748-2271

Columbia Falls Public Schools

From: Susan Fleming [mailto:susanf@sd6.k12.mt.us]
Sent: Monday, March 24, 2003 2:22 PM
To: Oberembt, Jim
Subject: RE: Survey - SB 323

No, we are not charging any retirement to federal programs. There was a time when we charged a portion of the retirement in our federal programs to the program but that was several years ago when we still had some flexibility in those programs. Now we need every penny to support the program. I have attached information, which includes food service, for your review. This information is based on our 2003 staffing in our federal programs. As you can see we would need to cut a number of positions from a staff that has already been reduced below effective levels. I know at one point the legislature was looking at allowing all current staff retirement to continue to be paid from the retirement fund while new staff retirement would have to be supported from the federal programs. With the number of positions we currently have funded through federal funds this would be an administrative nightmare. If you need additional information, please let me know. I will be glad to respond either via email or phone. Susan

Forsyth Public Schools

From: **Bob Martelle** [mailto:bmartelle@forsyth.k12.mt.us]
Sent: **Monday, March 24, 2003 3:29 PM**
To: **Jim Oberembt**
Subject: **Survey**

Forsyth Schools is currently only charging fund 14 benefits to federal programs if there is enough money to cover the costs. This is usually not the case. In the case of Title I, we usually have to supplement the program out of our General fund so we can never charge the benefits to the program.

I guess the answer to your first question would be NO.

We would have to cut the federal program salary costs by approximately 14% to cover the retirement fund costs. We then may have to try to cover the lost program by supplementing from our already stretched general funds.

I can see that we could be supplanting instead of supplementing if this bill goes through.
Thanks for asking,

Bob Martelle
Forsyth

Glendive Public Schools

From: Fay Dear [mailto:fay@midrivers.com]
Sent: Monday, March 24, 2003 3:11 PM
To: 'Oberembt, Jim'
Subject: RE: Survey - SB 323

Hello everyone,
OPI is conducting a survey in regards to SB 323. The bill requires school districts to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund.

Is your district currently charging retirement and unemployment benefits for federally-salaried employees to federal funds? (Yes/No) No

If yes,

Are you charging the federal funding source for retirement and unemployment benefits for employees paid under ESEA Title I, II, III, or IV? No

Are you charging the federal funding source for retirement and unemployment benefits for employees paid under IDEA? No

Are you charging the federal funding source for retirement and unemployment benefits for employees paid with Federal Impact Aid? No

How would your district be affected by the requirement to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund? It would affect us negatively. We already have to dig into the general fund to finance the federally funded programs we currently have. Especially now with NCLB we have so many additional costs to meet that mandate.

Great Falls Public Schools

From: Bob Odermann [mailto:bob_odermann@mail.gfps.k12.mt.us]
Sent: Thursday, March 27, 2003 10:46 AM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

Great Falls School District #1:

1. Is your district currently charging retirement and unemployment benefits for federally - salaried employees to federal funds? Yes and NO as follows:

<u>Elementary District #1</u>	<u>High School District # A</u>
>ESEA Title 1-Yes	ESEA Title 1 - Yes
>ESEA Title IIA-Class Size-NO	
>ESEA Title IIA-Inservice-Yes	ESEA Title IIA-Inservice- Yes
>ESEA Title IV-Staff Devel- Yes	Title IV Drug Free -Yes
>ESEA Title V-Innovative-Yes	
>IDEA -B NO	IDEA -B NO
>IDEA PIG - NO	CarlPerkinsVoc- Yes
	CarlPerkinsTitle3E-Yes
	CarlPerkinsTitle II-YPEC- Yes

Our estimates for Budgeted employer paid retirement and unemployment benefits paid out of the Reirement funds for this operating fiscal year for the listed federal funds marked with a NO above are as follows:

Elementary District #1: \$230,000
High School District#A: \$70,000
Total: \$300,000

Hardin Public Schools

From: Genie Thorberg [mailto:gthorberg@hardin.k12.mt.us]
Sent: Monday, March 24, 2003 3:52 PM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

Yes, we are charging retirement and unemployment for federally-salaried employees to federal funds.

Yes to all three (3) of the remaining questions.
It would not affect us.

Havre Public Schools

From: Ric Floren [mailto:florenr@havre.k12.mt.us]
Sent: Monday, March 24, 2003 3:41 PM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

Ric is out of the office for about three weeks so I will answer for him.

We pay all retirement for all the ESEA Title Programs and all our IDEA Programs from their programs. We do not use Impact Aide. Therefore, it would not have any ramifications on us. We do pay for the School Food Service from the Retirement fund.

Hope this answers your questions.

Zella Witter

Helena Public Schools

From: Kim Harris [mailto:kharris@helena.k12.mt.us]
Sent: Tuesday, March 25, 2003 10:49 AM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

We are charging the federal benefits to the retirement fund.

How would your district be affected by the requirement to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund? Current grants would have to absorb approximately \$294,245 of retirement benefits into the fund (and reduce supplies budgets by that amount.) Approximately \$22,128 would have to be paid for benefits by the general fund - for these grants there would be no supplies budget. SEE ATTACHED SPREADSHEET

Kalispell Public Schools

From: Todd Watkins [mailto:watkinst@sd5.k12.mt.us]
Sent: Tuesday, March 25, 2003 7:54 AM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

1. No.
2. Federal cost - \$200,000 -the biggest of which would be the Title I program, then Title II, and IDEA Part B.

Laurel Public Schools

From: Roger Heimbigner [mailto:rbinger@laurel.k12.mt.us]
Sent: Monday, March 24, 2003 2:04 PM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

We do not take retirement out of any federal funds - all comes out of county retirement fund. If we had to start taking retirement out of federal funds it would cost us an additional \$60,000 from federal funds resulting in either less staffing or cuts elsewhere.

If we had to take retirement out of transportation and food service this impact would be an additional \$70,000. I think they took this part out of bill but am passing it on.

Libby Public Schools

From: Linda Leo-Yahvah [mailto:YahvahL@libby.k12.mt.us]
Sent: Thursday, March 27, 2003 3:30 PM
To: joberembt@state.mt.us
Subject: Re: Survey - SB 323

Libby Schools is not currently charging retirement and unemployment benefits for federal-salaried employees to federal funds.
SB 323 would affect Libby Schools by approximately \$140,000 and this might equate to 5 or 6 teachers not being hired for FY04.

Livingston Public Schools

From: Bill Adamo [mailto:badamo@livingston.k12.mt.us]
Sent: Monday, March 24, 2003 4:14 PM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

OPI is conducting a survey in regards to SB 323. The bill requires school districts to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund.

Is your district currently charging retirement and unemployment benefits for federally-salaried employees to federal funds? (Yes/No) **no**

How would your district be affected by the requirement to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund? **It will significantly reduce funds available to meet the program goals.**

Miles City Public Schools

From: Lenore Bricco [mailto:L.Bricco@milescity.k12.mt.us]
Sent: Thursday, March 27, 2003 3:46 PM
To: Oberembt, Jim
Subject: Re: Survey - SB 323

We are currently charging retirement and unemployment benefits to the federal program if there is money available to do so. Our auditors have also requested us to do this.

Missoula Public Schools

From: Dan Parrish [mailto:dparrish@mcps.k12.mt.us]
Sent: Tuesday, March 25, 2003 8:19 AM
To: joberebmt@state.mt.us
Cc: Bruce Moyer
Subject: Re: Survey - SB 323

- 1 - Yes
- 2 - Yes
- 3 - No
- 4 - N/A

5 - Missoula County Public Schools currently has at least \$2.2 million in salaries paid from grants which have retirement costs paid from the retirement funds. If the retirement fund can no longer fund these costs then the grants will pay those costs. Doing this will reduce the amount of salaries which could be paid from the grants by approx. \$330,000.

Thus the general funds will be impacted by \$330,000 of additional expense. This is in the two general funds which are already going through severe cuts for FY04. In addition this school has salaries of approx. \$435,000 for employees in the internal service funds. If the retirement fund costs could no longer come from the retirement funds, then the general funds would be negatively impacted by another \$65,000.

Plentywood Public Schools

From: Shari Hurst [mailto:plentywoodk12clerk@yahoo.com]

Sent: Thursday, March 27, 2003 3:46 PM

To: Oberembt, Jim

Subject: Re: Survey - SB 323

Here's how Plentywood K-12 would be affected by SB 323:

Is our district currently charging retirement and unemployment benefits for federally salaried employees to federal funds? No.

No, not charging federal funding source for these benefits for anyone paid under Title I, II, III, or IV.

No, not charging federal funding source for any of these benefits paid under IDEA.

We do not receive any Impact Aid.

This is how our district would be affected:

IDEA B & Pre-school: All of our \$ goes into salaries from these grants:

IDEA-B \$37,432 X approximately 15.12% = 5660.

IDEA-Preschool \$1,304 X 15.12% = 197

All the Title's (Any amount used for salary...we redirected some of the other Title grants to Title I salaries)

Title I and others: \$76,257 X 15.12% = 11,530.

Overall, we are now charging retirement 214 for these benefits. For this year using the above calculations, this would total about \$17,387.

Victor Public Schools

From: Sandy Cromwell [mailto:cromwell@victor.k12.mt.us]

Sent: Thursday, March 27, 2003 3:09 PM

To: Oberembt, Jim

Subject: Re: Survey - SB 323

Victor Schools just recently changed (last year or the year before) to NOT charging the federal funding source for retirement and unemployment benefits in order to get better use of the funds. Anything that goes to fund 14 is being charged to fund 14. The workers comp and health insurance are still charged to the federal funds that the employee is paid from. See answers below. Hope that helps! Sandy.

OPI is conducting a survey in regards to SB 323. The bill requires school districts to charge employer paid retirement and unemployment benefits for federally-salaried employees to the federal funding source for all federal funds except the school foods fund.

Is your district currently charging retirement and unemployment benefits for federally-salaried employees to federal funds? (Yes/No) NO