Montana Association of School Business Officials
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SENATE EDUCATION
EXHIBIT NO. 2
DATE 3-30-05
BILL NO. HB-672

HB 672

Shelby

This would be a very good thing for us. The Shelby School District would support this.
Marigail Sveum, Clerk and Tom Rogers, Superintendent

Belgrade

This would be a wonderful option for those of us without building reserve funds. I wish I could testify, but I have prior commitments.
Susan Lang, Belgrade School Districts

Whitefish

As I read the current bill text, we could transfer up to 10% to the Flex Fund to use for any purpose outlined in 20-9-543. Is that your understanding? I would be opposed to limiting the expenditures to repair & maintenance. The idea makes me crazy -- it's simply a convoluted way around budget limits -- but at this point, we'll take any flexibility we can get -- so, besides it being a ridiculous way to fund schools, I can't think of a good reason not to support it. Does that make any sense at all. It would be a good way for districts to set aside some money for future repair and maintenance needs, which, I understand is a concern in many districts. However, 10% of the 10% reserves is a pretty minimal amount and it would take several years to amass enough funds to make any major repairs. Our elementary budget is over $5 million, but we're a pretty big district. It would take several years in a small district to re-roof a building, for example. Thanks for asking.
Danelle Reisch, Business Manager, Whitefish

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Lincoln

Of course we would like this bill to pass. In our school, the maintenance of our building has somewhat gone to the wayside due to budgetary constraints. This bill would allow us to set some money up in the flex fund to be used for the repairs that we have not been able to do. We would hope that this money would carryover from year to year to be used when necessary for building maintenance. We were just talking this past week about the need to start replacing our metal roof - we would probably do this in steps. Please let them know our support for this bill. Thank you.

Beckey Tweet, Clerk
Lincoln School District #38

Bridger

I am very much in support of this bill and this is an ideal year to tell you why! Due to a mild winter last year, we had budgeted for more heat & electric costs than we needed. We had additional general funds available in May and June that we were able to use for teacher's wish list items. These items are of great value to our student's but we could have done without. Had we been able to transfer those "saved" funds to the flex fund, I would not be so worried right now about how I'm going to pay our huge heating bills for this year.

I have heard of district's scrambling to buy items late in June to use up general funds and while that is great, wouldn't it be even better to set the money aside for a "rainy day"? Even if the funds are earmarked for future repair and maintenance charges that would be just as beneficial. To have savings for emergencies should be considered good spending which is a great thing.

Betty Sweet, District Clerk, Bridger K-12 School District

Great Falls

It will be a good planning tool and allow us to place money into usable format for future maintenance and repair. This will help us not to have to go to building reserve levies so quickly . It is a good tool for responsible spending and it places some dollars in the hands of the trustees which are visible and trackable for the public. Thanks for working on the sponsorship of this bill.

Bob Odermann, Great Falls District 1 &A

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Bozeman

As I read this bill the amount of the transfer is limited to 10% of the 10% reserve limit, not 10% of the total ending fund balance. Is that correct? It must be since there is no fiscal note to this bill. My concern is that folks might think that if this is possible for districts to do, why not just reduce their reserve limit to 9%? Obviously, that would not help districts.

Having said that, I have determined that a minimum of 7.5% is needed to meet cash flow needs in Bozeman. That would be different for each district. This bill would provide encouragement for our district to save money at the end of the year rather than encourage us to spend it, which is what the current system does. I have been trying to accomplish that in one form or another for years.
Steve Johnson, Business Manager, Bozeman

Havre

This is a great idea which will allow a district to best use end of year funds for long range planning of building repairs and maintenance projects. Even if a district had no excess budget in a given year, over a 5 year plan enough could be saved to plan for boiler replacement, energy retrofits, energy efficient doors and windows, or roof repairs.
Ric Floren, Asst. Supt of Business, Havre

Hamilton

Our district is in need of several large repairs. We have great difficulty passing levies. Therefore, without a Building Reserve levy, each repair has an impact on the General Fund. We try to budget an adequate amount for basic repairs each year but as our buildings age, the repairs are more costly. With the implementation of GASB 34 for our financial statement presentation, our accounting information now captures an element of depreciation. The appropriate fiscal correlation would be to set aside or reserve something corresponding to a depreciation element in our funding system. HB 672 would provide a mechanism for an upkeep component that is not allowable or available for schools at this time.

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So often, I read in the editorials that the school is "fiscally irresponsible and should run more like a business." Without a methodology for rainy day savings or community support for passage of a building reserve levy for maintenance and upkeep, our only option is to cut instructional resources and maintain the buildings. Taking this logic a step further, we could have wonderfully maintained buildings, but no teachers or books for our students. I urge your support for HB 672.
Thanks.
Gail C. Atherley, CPA, Clerk/Business Manager – Hamilton School District

Glendive

I think this bill can help us out. I can't imagine having 10% left over, but we have had 2 or 3% left over and we spend it out. This would give us the option of doing some planning to use the money wisely.

Dick Cameron, Glendive Superintendent

Boulder

I think it would be advantageous to the districts because if we don't spend all of this year's budget we loose the authority for next year, and by transferring the 10% we could build a reserve that could be used for emergencies or inflation. The year end money wouldn't have to be used to make purchases just to use up general funds.
Gary Craft, Business Manager

Fair-Mont-Egan

To be fiscally responsible, all families, businesses, public entities, and yes, even schools should be saving for a rainy day. This bill would give us the ability to "save" up to 10% for the repairs and maintenance problems which come up but not always at pre-planned times. We also do not have enough money every year to do some of the things we would like to, so it would be helpful to spread the cost over more than one year. Please help our schools to be financially responsible as we teach our children. Thank you, Susan Clanton, District Clerk, Fair-Mont-Egan School

Joliet

Well I don't sometimes feel I know enough, even after all these years, but here's my thoughts in support of this bill: It's a very common-sense, direct benefit to our local taxpayers bill. How useful this bill would be instead of re-appropriating any unreserved money as it currently is where our local taxpayers only receive about 33% of the benefit of it and the rest goes state-wide. Perhaps a district could actually plan a few of the larger maintenance and up-keep items combined with a couple of year's money and Flex fund dollars, instead of hoping the utilities or emergencies don't eat up any extra dollars left you're hoping for. It points back to budgets of yester-year where if you were economical, used good business sense and kept a close eye on purchasing, you were rewarded directly by being able to reduce taxes for your local taxpayers for the next year. I definitely support this bill.

Jeanne Carroll, Business Manager

Missoula

We would support the ability to transfer funds as suggested. I anticipate that it would encourage a closer eye on spending from the general fund (as if that is necessary given the present budget) to allow the transfer to the flex fund for future expenditures. What could also help make the bill more attractive is if the general fund limit on reserves was increased. Let me know how it goes, and the other comments. Thanks.

Pat McHugh, Executive Director of Business Services

Bigfork

House Education Committee,

Bigfork School District Supports HB 672. The ability to transfer up to 10% of our year end General Fund cash balance to the Flex Fund will help school districts fund unexpected needs that come up during the year instead of taking money from instructional programs. Costs keep rising and budgets are continuing to get tighter. Facility repair and maintenance are forced to take a back seat to instructional needs. This bill will provide much needed relief for our school district.

I urge you to support House Bill 672.

Sincerely,
Eda W Taylor
Business Manager
Bigfork School District

ereid@vals.bigfork.k12.mt.us
406/837-7402

Golden Ridge

To whom it May Concern:

I would like to express my support for this bill.

For small schools, where a fluctuation of just a few students can change the overall budget dramatically, this bill would provide much needed flexibility. Maintenance and repair are often items that we have to forego when budgets are tight. It would help a lot if some money could be put aside when enrollment is up to help with those routine maintenance and repairs when enrollment is down. I hope you will give this bill serious consideration and your approval.
Caroline J. Forseth, District Clerk, Golden Ridge School, Teton Co.

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