School Finance Training

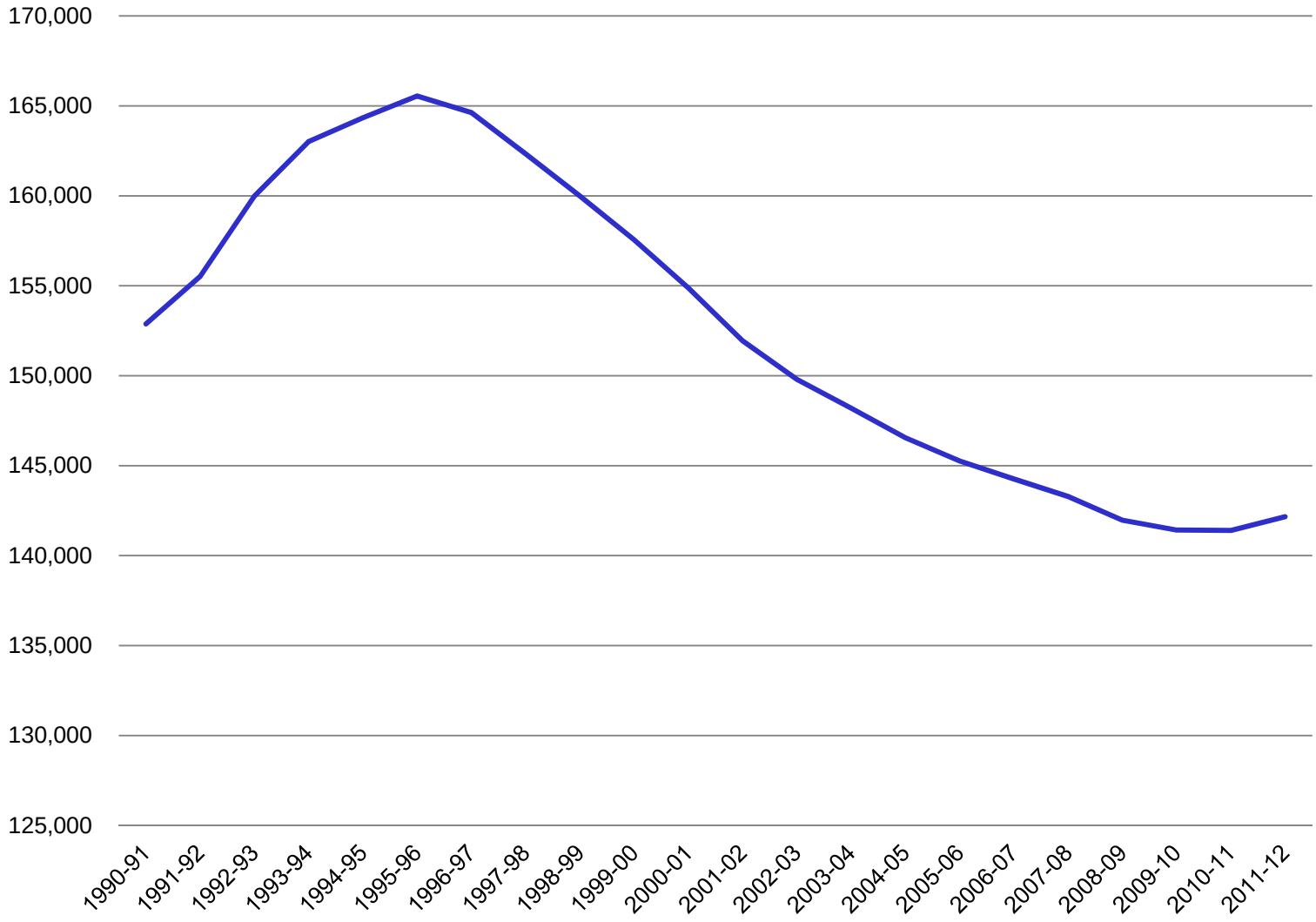
Jim Standaert
Fiscal Analyst
Legislative Fiscal Division

September 27, 2012

Legislative Finance Committee

Legislative Fiscal Division
www.leg.mt.gov/css/fiscal

Statewide K-12 Enrollment 1991-2012



Montana
Office of Public Instruction
Denise Juneau, State Superintendent

Budgeted/Non-Budgeted Funds

1. **Budgeted Funds (11 Funds)**
   - **District trustees adopt expenditure budget annually**
   - **Revenue may include tax levies**
   - **Examples:**
     - **General**
     - **Transportation**
     - **Retirement**

Budgeted Fund Statewide Totals

Fund	FY12 Adopted Budgets
General	$ 967,179,082
Transportation	$ 86,822,589
Bus Depreciation	$ 46,925,425
Tuition	$ 4,677,504
Retirement	$ 133,274,407
Adult Education	$ 14,125,981
Non-Operating (3 districts)	$ 88,555
Technology	$ 28,573,828
Flexibility	$ 40,451,343
Debt Service	$ 49,826,640
Building Reserve	$ 84,303,902
Grand Total	$1,456,249,255

Budgeted/Non-Budgeted Funds

2. **Non-Budgeted Funds**
   - **District can spend up to cash balance in fund**
   - **No tax revenue**
   - **Examples:**
     - **Food Service**
     - **Miscellaneous Programs**
     - **Extracurricular**

General Fund

- Authorized by 20-9-308, MCA
- Purpose: To finance general maintenance and operational costs of a district not financed by other funds
- Budgeted Fund (Tax Levy)
- Funding Model
- Funding Sources

Principles of Equalization

Basis for HB 667 (L.1993)

- Limit expenditure disparities to 25% from lowest to highest spending districts
- Recognize school district size and special education costs as educationally-relevant reasons for expenditure disparities

Average Number Belonging

- ANB – Average Number Belonging is a student count for each school district used for school funding purposes. The ANB count for the current year is derived from school enrollment counts conducted in October and February of the previous school year.

Average Number Belonging

Changes to ANB Calculation

- **Three-Year averaging –** Choose the higher of current Year ANB or a 3-yr average
- **Full Time Kindergarten (SB2- 2007 Session)** - ANB Funding for students enrolled in a Full-Time Kindergarten (FTK) program. With the addition of FTK the three year average is calculated by allowing the FTK ANB calculation to be included in the prior two years.

- ¼ enrollment 180-359 hours per year
- ½ enrollment 360-539 hours per year
- ¾ enrollment 540-719 hours per year
- Full time enrollment 720 or more hours per year.

Average Number Belonging

FY 2004

ANB = Average Number Belonging

FALL ENROLLMENT
(1st Monday in October)

Less ½ Kindergarten

Adjusted for ½-time students

SPRING ENROLLMENT
(February 1)

Less ½ Kindergarten

Adjusted for ½-time students

Total of 2 counts
Divided by 2
Times 180 + PIR Days / 180 =ANB

FY 2008

ANB = Average Number Belonging

FALL ENROLLMENT
(1st Monday in October)

Adjusted for ¼, ½, ¾ -time students

SPRING ENROLLMENT
(February 1)

Adjusted for ¼, ½, ¾ -time students

Total of 2 counts
Divided by 2
Times 180 + PIR Days / 180 =ANB

3yr Average (HB63)

General Fund Budget Elements

- Basic Entitlement
- Per-Student Entitlement
- State Special Education Payment
- Local Special Education Match Amount
- Quality Educator Payment (New FY2007)
- At-Risk Student Payment (New FY2007)
- Indian Education for All Payment (New FY2007)
- American Indian Achievement Gap Payment (New FY2007)

General Fund Budget Elements

Entitlements (FY04)

Basic Entitlement	
Elementary	$ 19,456
High School	$ 216,171
Per ANB Entitlement	
Elementary	$3,949 - $0.20/ANB to 1,000 ANB
High School	$5,262 -$0.50/ANB to 800 ANB
Special Education Block Grant	
Instructional	$122.67/ANB
Related-Services	$ 40.89/ANB

Entitlements (FY13)

Basic Entitlement	
Elementary	$ 23,593
Middle School	$ 66,816
High School	$ 262,224
Per ANB Entitlement	
Elementary	$5,075 - $0.20/ANB to 1,000 ANB
High School	$6,497 -$0.50/ANB to 800 ANB
Special Education Block Grant	
Instructional	$150.13/ANB
Related-Services	$ 50.04/ANB

Middle School Basic Entitlement

- **Middle School and 7-8 programs Basic Entitlement** Eliminating the proration for K-8 programs and providing 7-8 with $60,275 in FY08 and $62,083 in FY09.
- FY13 $66,816

(SB2) 2007 Session

Special Education

- **Funding Allocations**
  - 52.5% Instructional Block Grants
  - 17.5% Related Services Block Grants
  - 25% Disproportionate Cost Reimbursement
  - 5% Coop Travel and Administrative Costs

  - Money is distributed on a per ANB basis not based on the number of students with disabilities.

General Fund Budget Elements

SPED Entitlements (FY04)

Special Education Block Grant

Instructional	$122.67/ANB
Related-Services	$ 40.89/ANB

State Special Education Appropriation
$ 30,939,589

SPED Entitlements (FY13)

Special Education Block Grant

Instructional	$150.13ANB
Related-Services	$ 50.04/ANB

State Special Education Appropriation
$41,647,331

Quality Educator

Quality Educator is defined as a person who holds a valid certificate and is employed by a school District or Coop in a position that requires an educator license or other professional license to provide services to students.

Quality Educator Payment

Each district and special education cooperative received a $2,000 payment in FY07 for each full-time equivalent (FTE) licensed educator and other licensed professional employed by the school district, including registered nurses, licensed practical nurses, physical therapists, speech language professionals, counselors, occupational therapists and nutritionists. Social workers, psychologists and other professionals were added in the 2007 Session. (FY13 $3,042)

Changes to General Fund Components 2005 Special Session

- Quality Educator Payment
  FY07 $2,000 per educator FY11 $3,042
- American Indian Achievement Gap Payment
  FY07 $200 per American Indian Student
- Indian Education for All Payment
  FY07 $20.40 per ANB min $100 district
- At Risk Payment
  FY07 $5 million annually allocated based on Title I Allocations

(SB1) 2005 Special Session

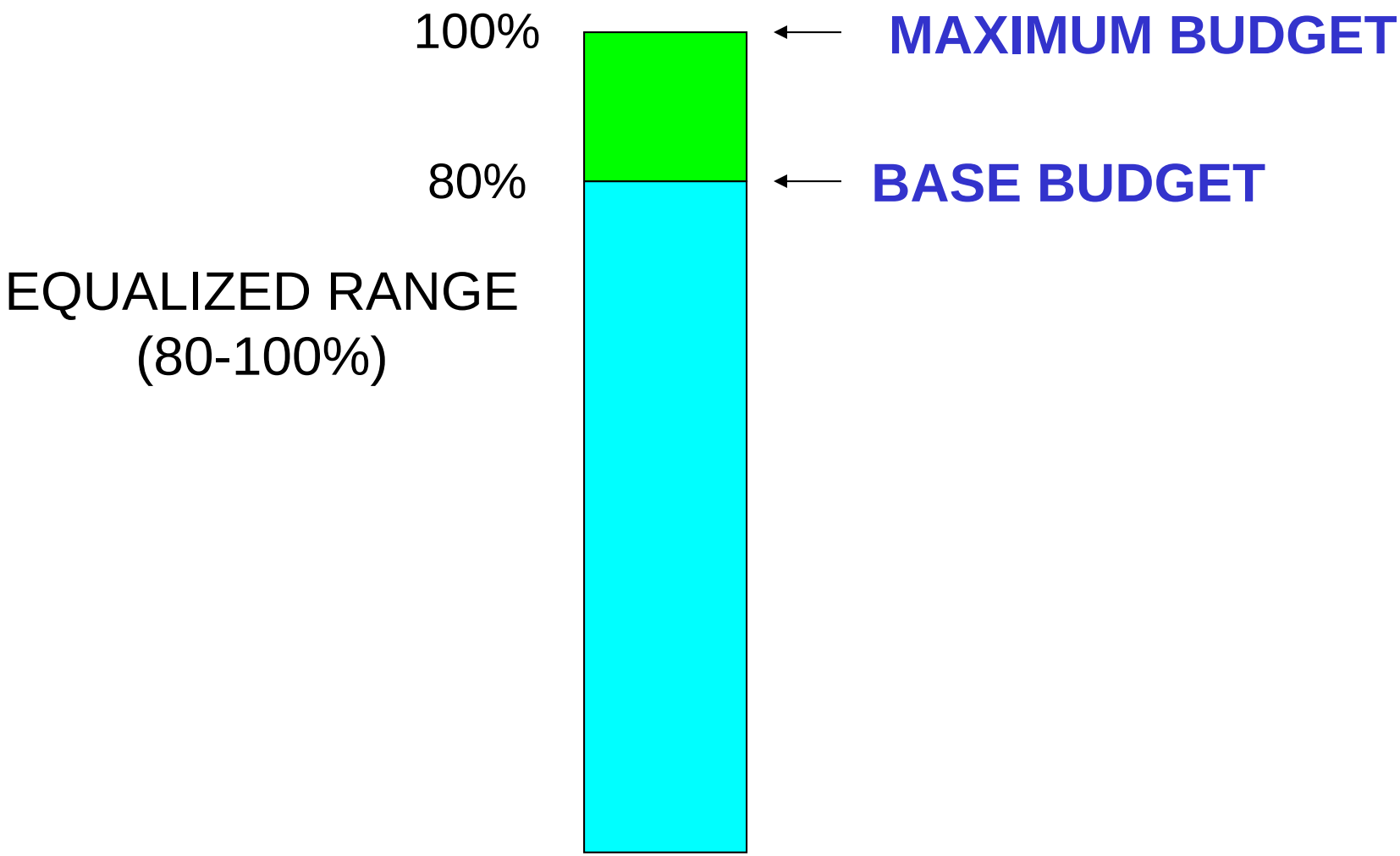
General Fund Budget Limits

Maximum Budget (FY13)

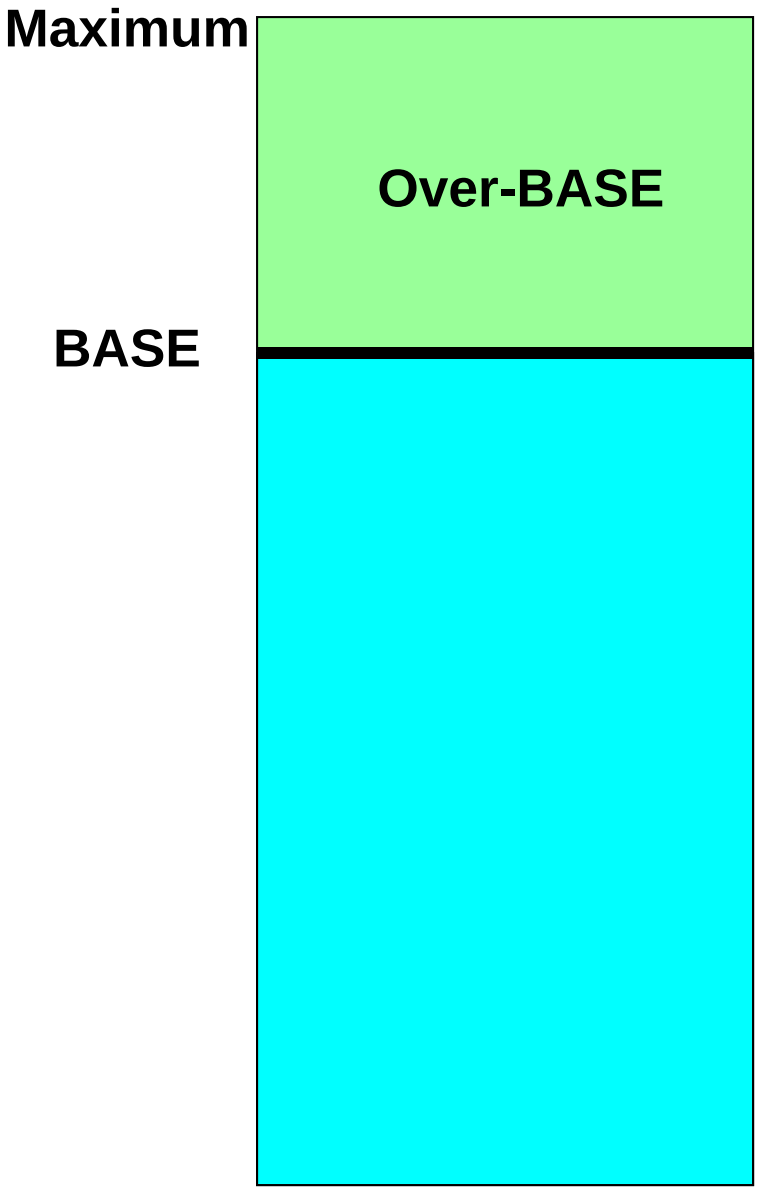
	Basic Entitlement
+	Per-ANB Entitlement
+	200% Special Ed Per Student
+	Quality Educator Payment
+	At-Risk Student Payment
+	Indian Education for All Payment
+	American Indian Achvmnt Gap Payment

MAXIMUM BUDGET (100%)

General Fund Budget Limits



General Fund Budget Limits

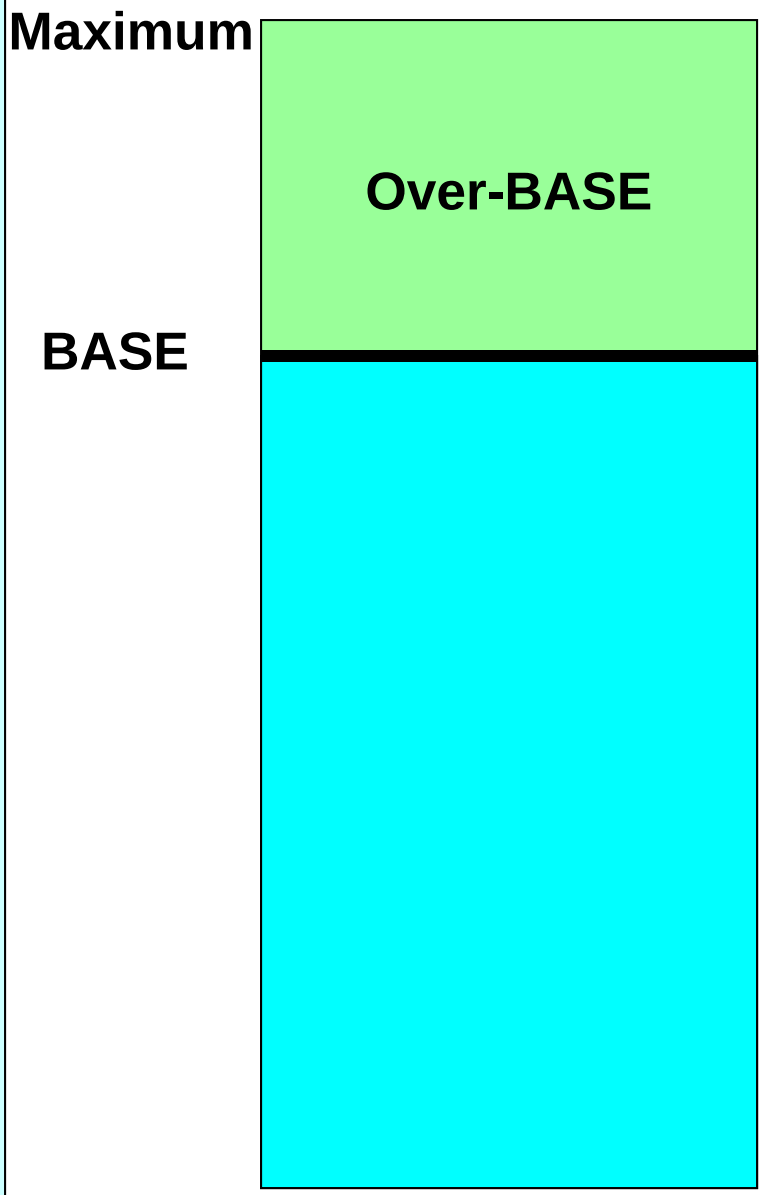


<u>BASE</u>

80% Per-Student Entitlement
80% Basic Entitlement
100% Quality Educator Payment
100% At-Risk Student Payment
100% Indian Education for All Payment
100% Amer Indian Achvmnt Gap Payment
140% Spec Ed Allowable Cost Funding (State)

The BASE is 80% of the basic and per-student entitlements, 100% of the other state entitlements, plus 140% of the state special education funding.

General Fund Budget Limits

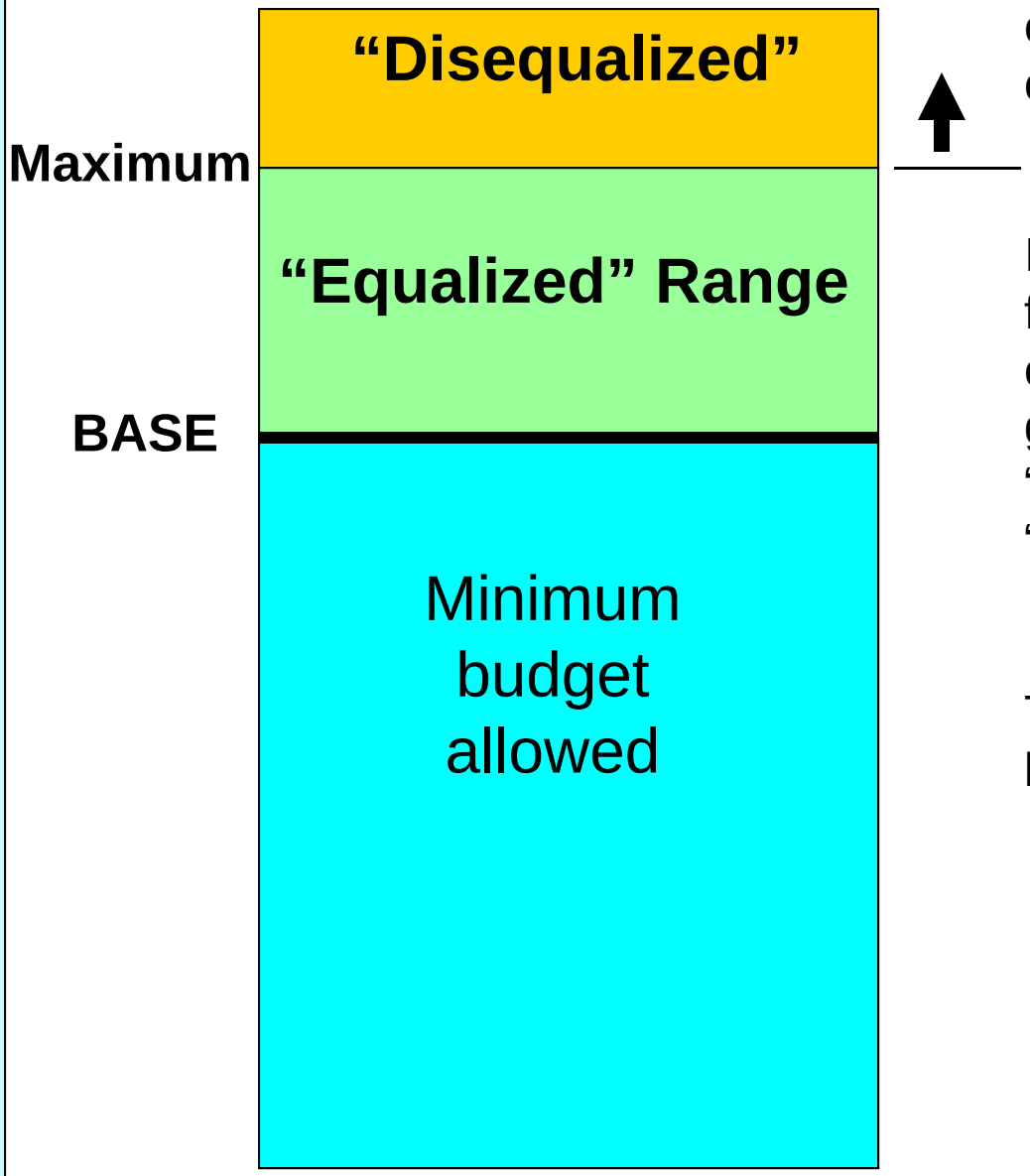


Maximum

100% Per-Student Entitlement
100% Basic Entitlement
100% Quality Educator Payment
100% At-Risk Student Payment
100% Indian Education for All Payment
100% Amer Indian Achvmnt Gap Payment
200% Spec Ed Allowable Cost Funding (State)

The Maximum for a district is based on state entitlements that are driven by enrollment and other factors. From 175% to 200% of the state funding for special education is also included in the Maximum, depending on the district's previous costs of special education.

General Fund Budget Limits



A district may adopt a budget that exceeds the Maximum in limited cases.

In an effort to equalize school funding in Montana, state law encourages schools to adopt general fund budgets within an "equalized" range between the "BASE" and "Maximum."

The BASE is the minimum legal budget for a district.

General Fund Budget Limits

Highest Budget Without a Vote

Over-BASE portion

Without a vote:

Prior Yr Over-BASE Tax Levy Amt

+ Prior Yr Excess Reserves Used to Fund Over-BASE

+ Estimated Tuition Revenue

BASE

SB329- 2011 Session Changes this language to Highest Levy OB Authorized or Imposed In the past 5 years

General Fund Budget Limits

Highest Budget With a Vote

Over-BASE portion

Vote Required for Increase in Over-BASE Tax Levy

Without a vote:
Highest Levy OB Authorized or Imposed In the past 5 years

+ Prior Yr Excess Reserves Used to Fund Over-BASE

+ Estimated Tuition Revenue

BASE

District may adopt up to prior year budget or ensuing year's Maximum, whichever is higher. (HB363) 2007 Session

Requires voter approval to increase the over-BASE levy.

General Fund Budget Limits

Voting Requirements

Max

Over-BASE portion

<u>Without a vote</u>:
Highest Levy OB Authorized or Imposed In the past 5 years

+ Prior Yr Excess Reserves Used to Fund Over-BASE

+ Estimated Tuition Revenue

BASE

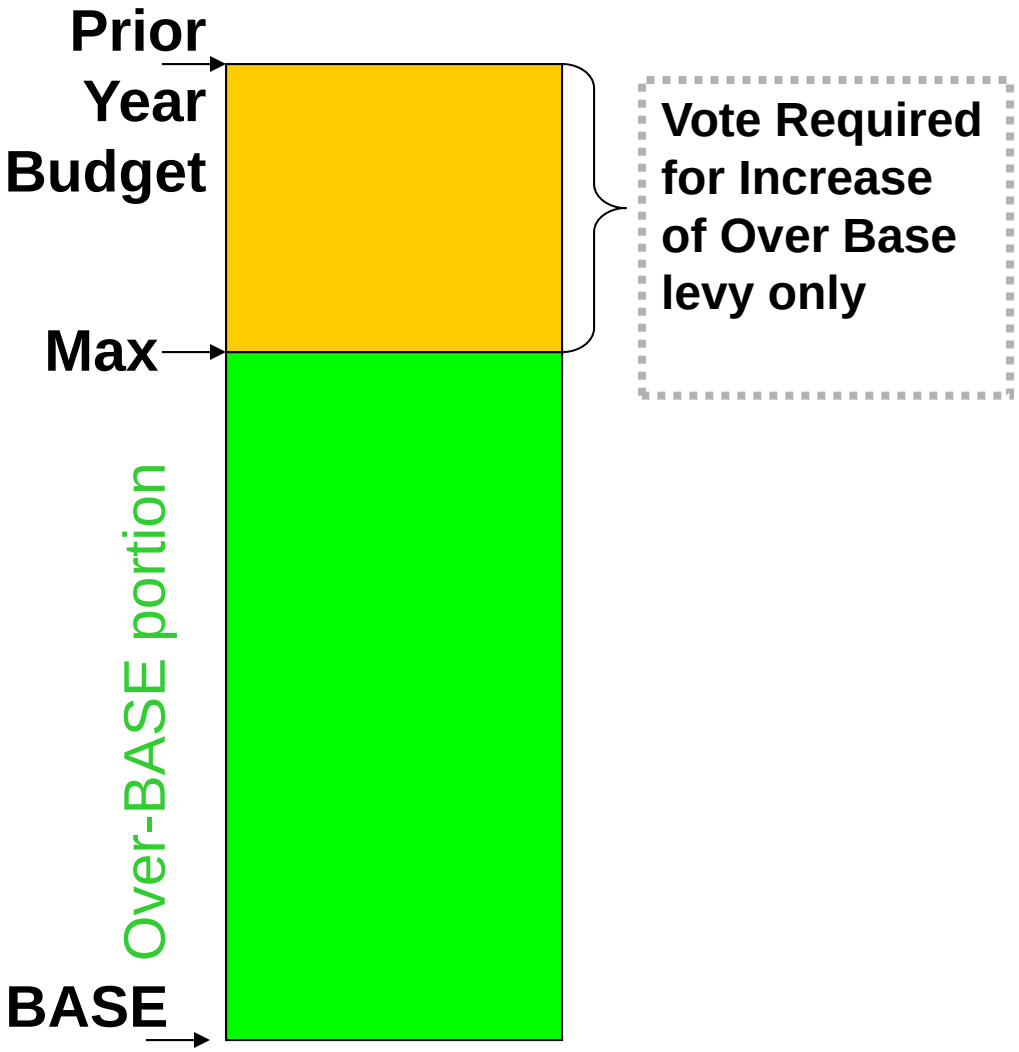
Vote Required for Increase in Over-BASE Tax Levy

A district that adopted an equalized budget in the prior year may budget up to the Maximum. However, voter approval is required in order to increase the Over-BASE tax levy.

Equalized District

General Fund Budget Limits

Voting Requirements FY2008



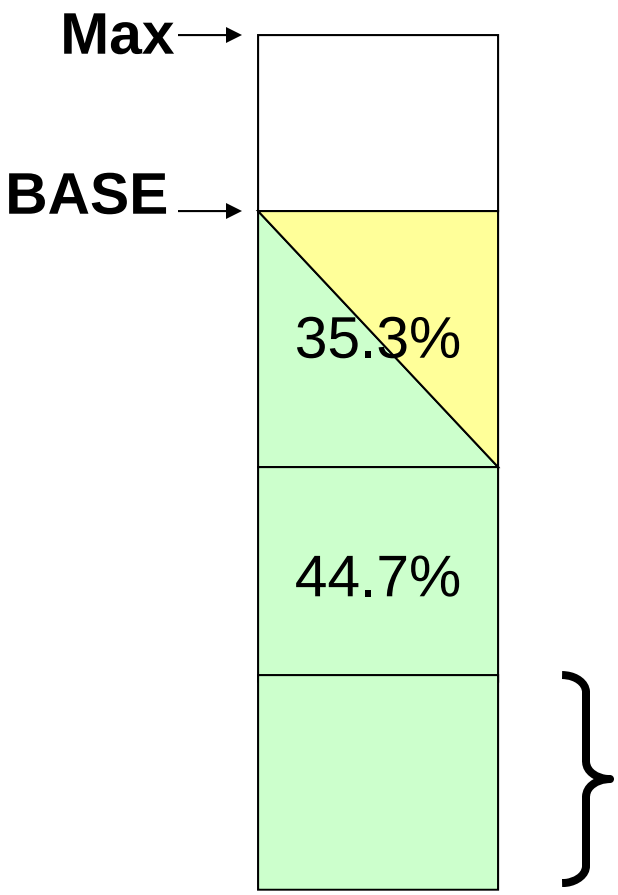
~~--Requires 5 year plan to budget at Max by end of 5th year~~

~~A district with a prior year budget that exceeds the ensuing year's Maximum budget may adopt the prior year budget if voters approve the Over-Maximum amount. The district must adopt a budget no higher than Maximum by the sixth year.~~

"Over-Max" District

General Fund Revenues

Funding the BASE Budget



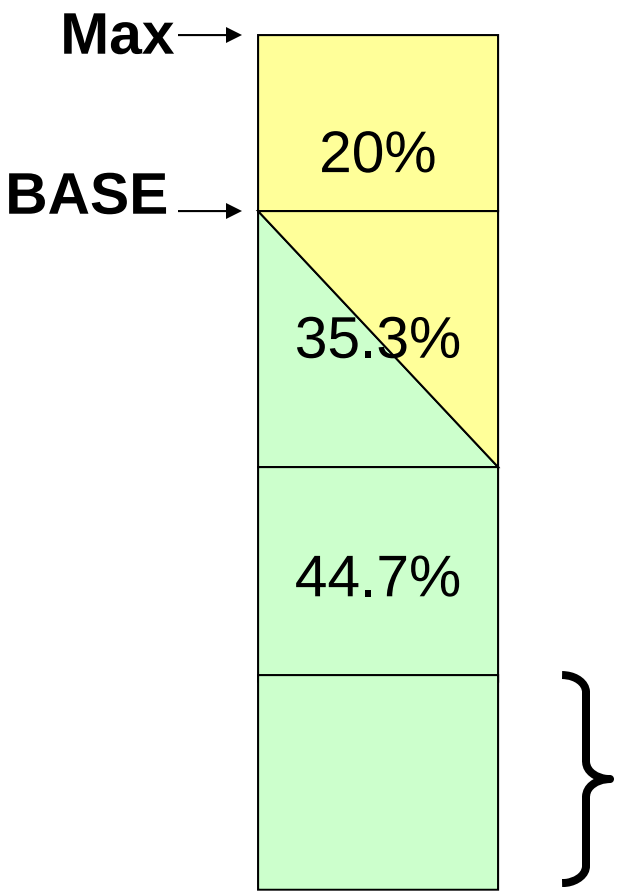
Local Mills
Guaranteed Tax Base Aid
Fund Balance Reappropriated
Non-Levy Revenue

Direct State Aid

100% Quality Educator Payment
100% At-Risk Student Payment
100% Indian Ed for All Payment
100% Amer. Indian Achvmnt Gap Payment

General Fund Revenues

Funding the Maximum Budget



Local Mills + Tuition+ Excess Reserves

Local Mills
Guaranteed Tax Base Aid
Fund Balance Reappropriated
Non-Levy Revenue

Direct State Aid

100% Quality Educator Payment
100% At-Risk Student Payment
100% Indian Ed for All Payment
100% Amer. Indian Achvmnt Gap Payment
140% Special Ed Allowable Cost Payment

Montana
Office of Public Instruction
Denise Juneau, State Superintendent

General Fund Revenues

How Guaranteed Tax Base Works

- State Taxable Value

  $ 2,345,121,343 (2011 tax year)
- State guarantees that for every dollar of the BASE budget that the district must fund with property taxes (i.e. in the GTB Area), there will be $22.13 (FY13) of taxable valuation at the elementary level and $38.51 (FY13) at the high school level to fund that budget.
- The GTB level is recalculated each year.

Changes to General Fund GTB

- **Statewide GF GTB Ratio** changed from 175% to 193% effective in FY08. 321 districts received GF GTB in FY08, up from 306 districts in FY07.

318 LEs in FY10

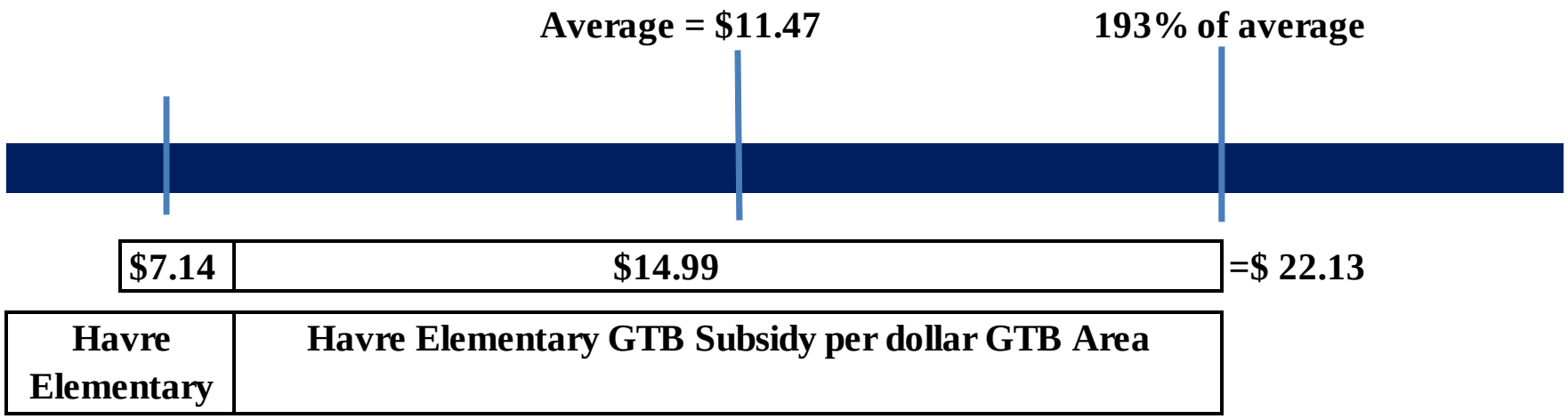
319 LE's in FY11

315 LE's in FY12

(HB2) 2007 Session

How GTB Works in the District General Fund - FY 2013

Taxable Value per Dollar of GTB Area - FY 2013



	Average	193 Percent
Statewide Elementary GTB Ratio	$11.47	$22.13
		Havre Elem
FY 2012 Statewide Taxable Value	$2,345,121,343	$17,904,146
FY 2012 GTB Area - Elem	$204,522,557	$2,508,955
Taxable Value per dollar GTB Area	$11.47	$7.14

Havre Elementary GTB and Base Taxes

Ratio of Base Taxes to Statewide GTB R	**7.14/22.13 =**	**32.2%**
Ratio of GTB Subsidy to Statewide GTB	**14.99/22.13 =**	**67.8%**
Havre Elementary GTB Area FY 2013	**$1,986,920**	
Base Taxes	**$640,707**	**33.86 mills**
GTB Subsidy	**$1,346,213**	

If Havre Elementary had not had GTB it would have levied 105 base mills to fund its GTB area. With GTB it will levy 33.86 Base Mills

Non-Levy Revenue

- Schools must budget non-levy revenue
- Must include non-levy revenue BEFORE levying property taxes
- Examples of non-levy revenue include:
  - Investment earnings
  - State Reimbursements (for tax law changes)
  - Oil, gas and coal payments
  - State Paid Tuition
  - Block Grants

Non-Levy Revenue – Block Grants

Block Grant Type	FY12 Amount
General Fund School Block Grant	$ 45,030,355
Transportation Fund School Block Grant	$ 1,856,355
Combined Fund SBG (Discretionary Placement):	
General Fund:	$ 186,057
Transportation Fund:	$ 107,814
Bus Depreciation Fund:	$ 21,909
Tuition Fund:	$ 7,461
Adult Ed Fund:	$ 58,705
Non-Operating Fund:	$ 428
Technology Fund:	$ 693,290
Flexibility Fund:	$ 1,685,633
Debt Service Fund:	$ 137,656
Building Reserve Fund:	$ 524,249
Total Combined Fund School Block Grant	$ 3,423,203
Grand Total	**$ 50,309,913**

Montana
Office of Public Instruction
Denise Juneau, State Superintendent

Fund Balance Reappropriated

- Determine the fund balance in the district's general fund as of June 30
- Set aside up to 10% for an operating reserve for the ensuring year
- Set aside "excess reserves" (as defined in 20-9-104, MCA)
- Remaining fund balance must be used to fund the budget for the ensuing year before property taxes may be levied
- FBR is limited to 15% of the Maximum GF budget excess FBR is remitted to the state.

General Fund Budgets
Number of Districts

Percent Group	2004	2005	2006	2007	2008	2009	2010	2011	2012
Below Base	0	0	0	0	0	0	0	0	0
At Base	62	59	56	54	53	54	53	51	49
< 90%	57	46	54	48	45	44	44	45	42
90 to 97%	64	68	81	78	83	77	82	80	78
97 to Max	122	147	164	147	135	142	119	127	84
Over Max	133	116	75	98	105	103	119	114	161
Grand Total	438	436	430	425	421	420	417	417	414

SB 329 – 2011 session

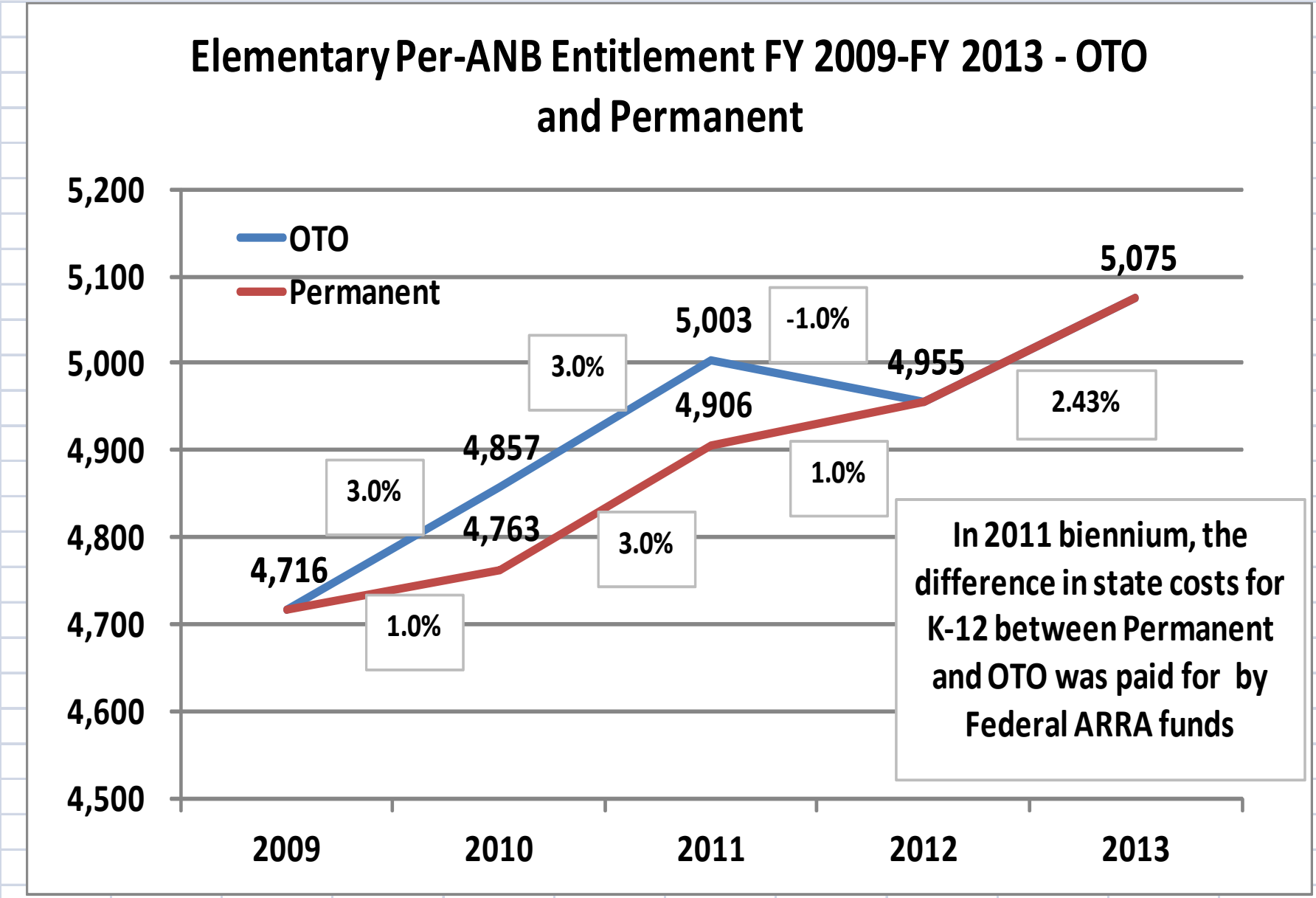
- FY2012 General Fund Budget
  - Basic and per-ANB Entitlements
  - General Fund over-BASE levy
  - Limit on GF fund balance reappropriated (FBR)
  - One-Time General Fund Transfer
  - Block grants frozen at 2011 rates
  - Oil and natural gas production taxes

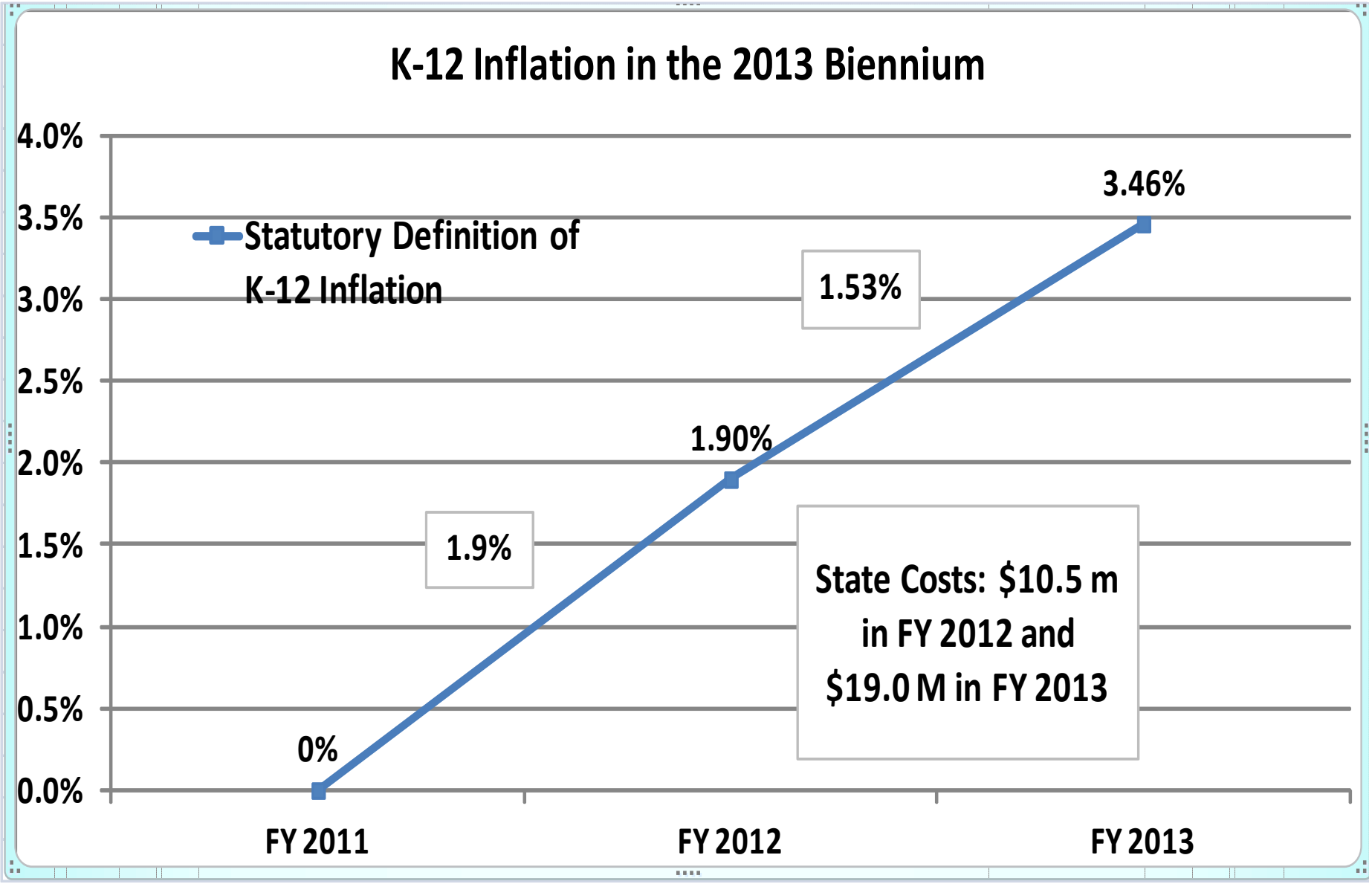
SB 329 - continued

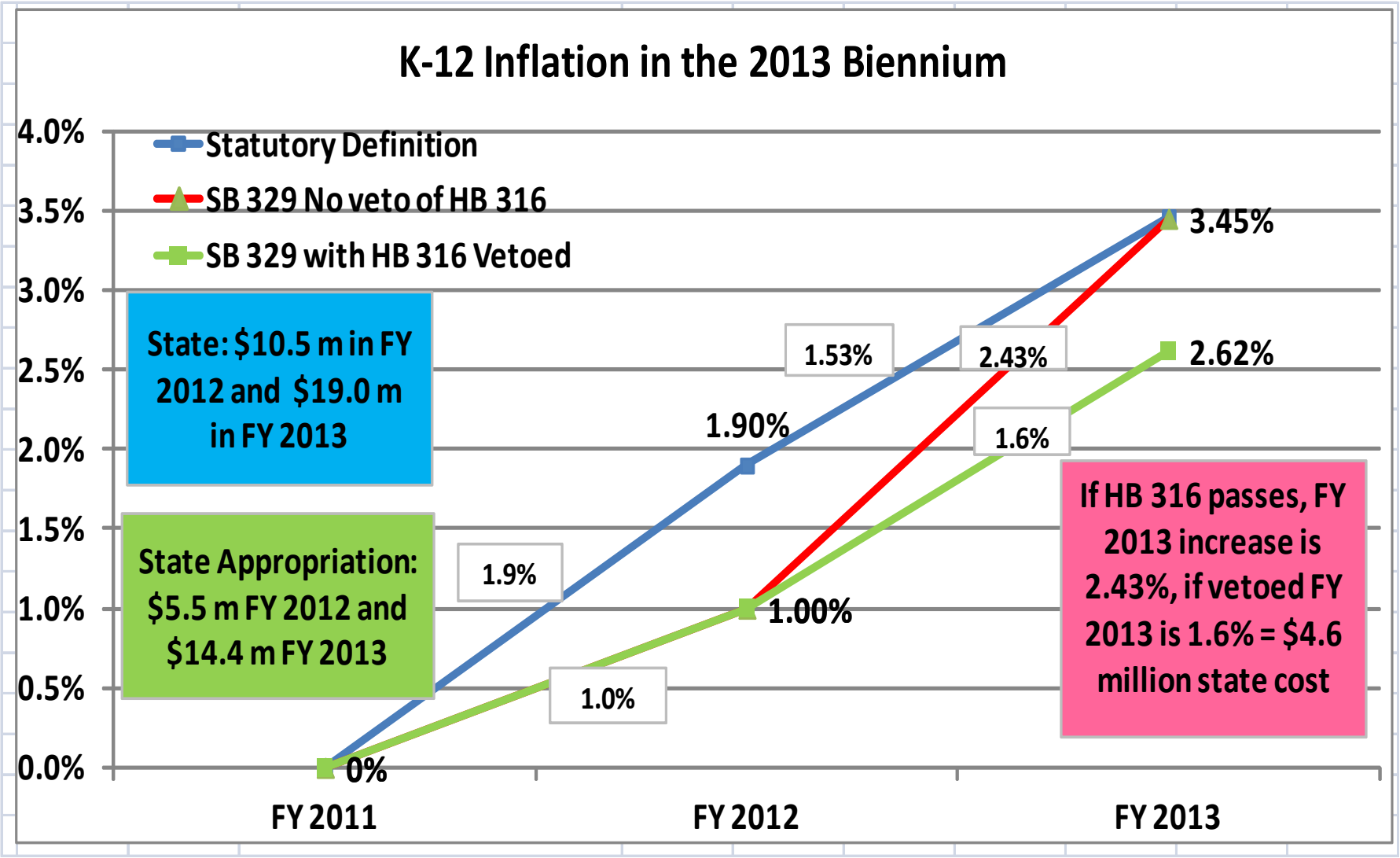
- Budget Amendments
- Ending Fund Balance Limits
  - Flexibility Fund (29)
  - All Budgeted Funds
- Pathway to Excellence Program
- Multi-District Cooperative Agreements
- Timelines

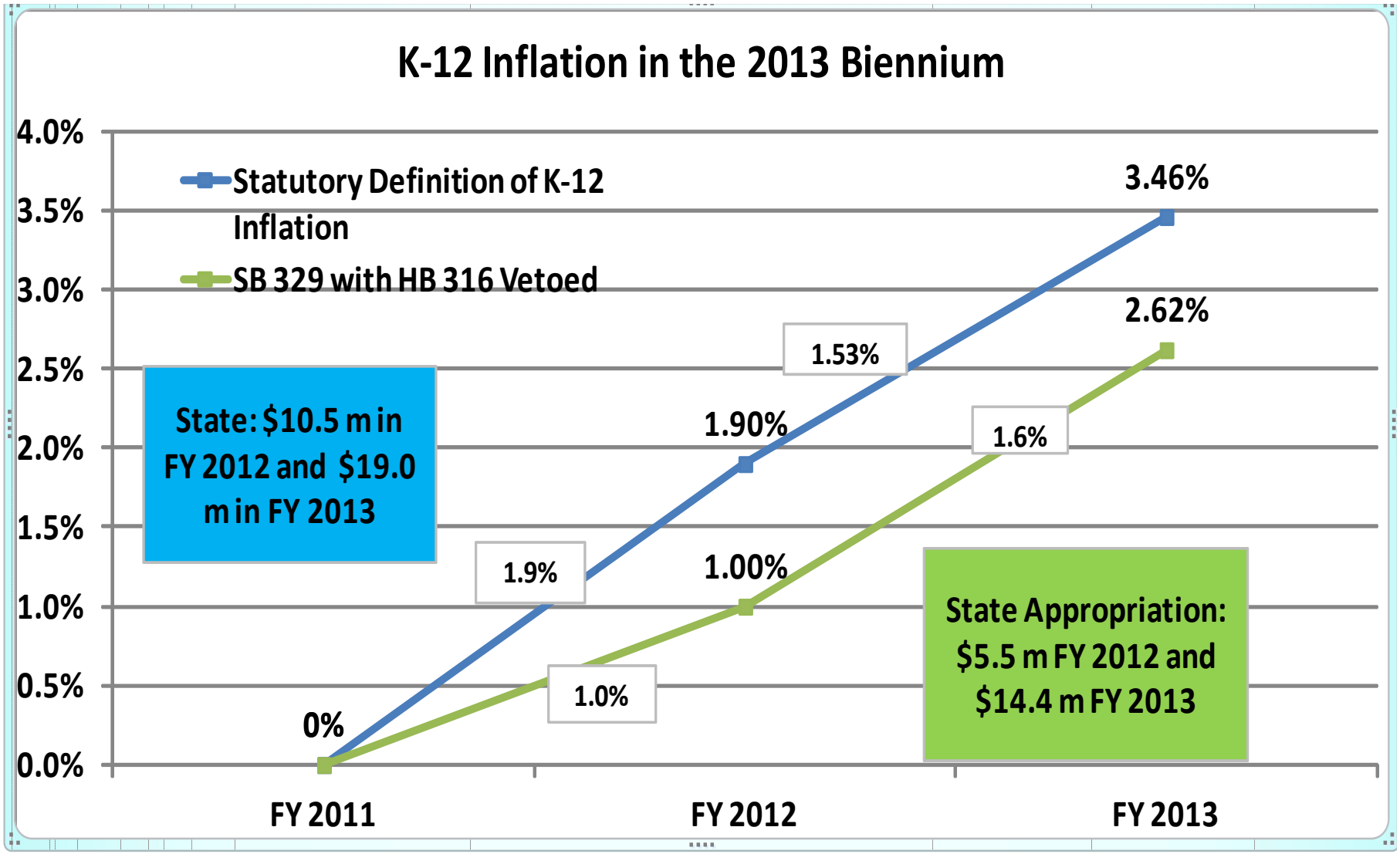
General Fund Budget Rates

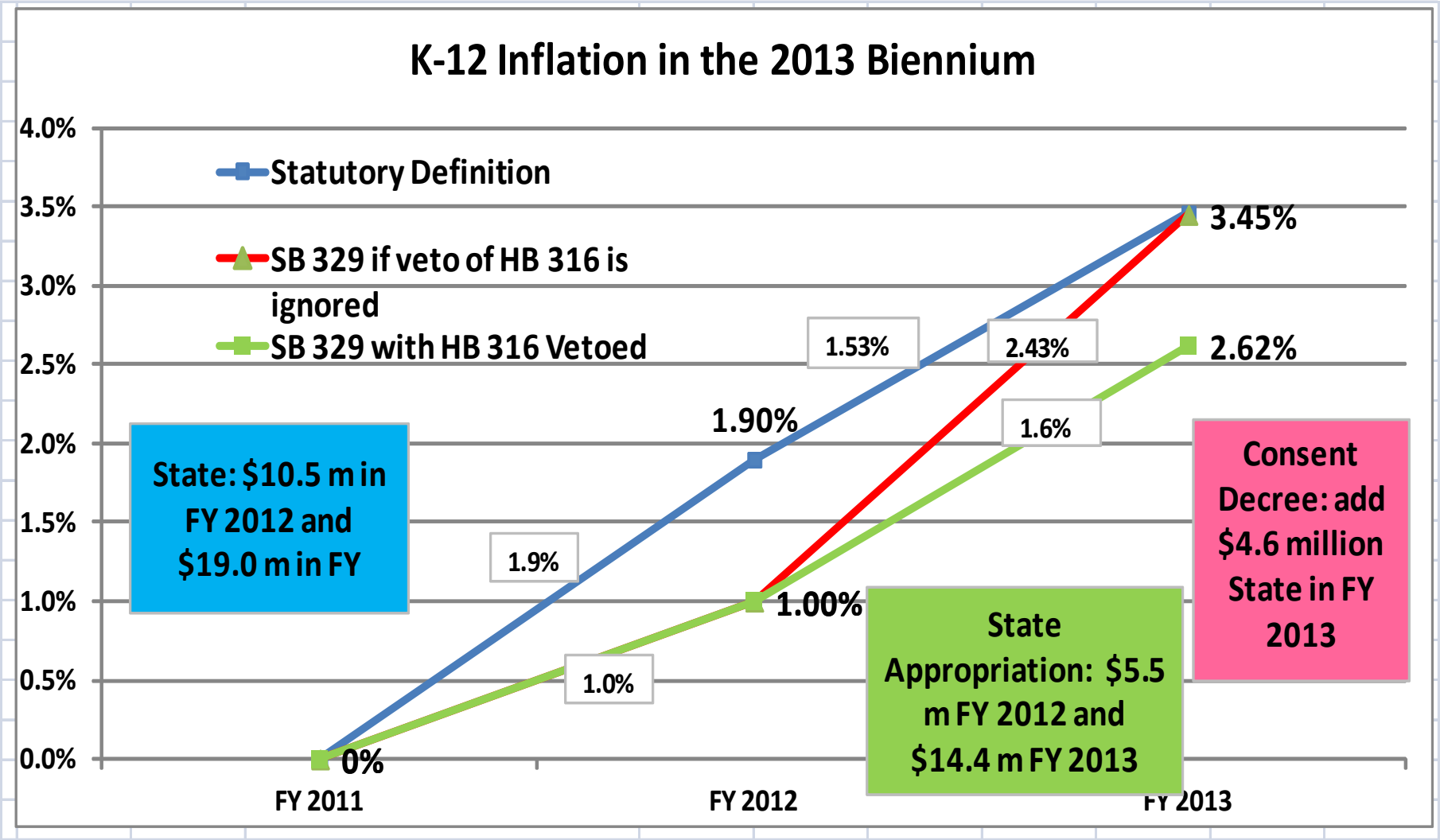
Entitlement	FY 2011	FY 2012 1%	FY 2013 2.43%
Elementary Basic	$ 23,257	$ 23,033	$ 23,593
Middle School Basic	$ 65,863	$ 65,231	$ 66,816
High School Basic	$ 258,487	$ 256,003	$ 262,224
Elem Per-ANB	$ 5,003	$ 4,955	$ 5,075
HS Per-ANB	$ 6,405	$ 6,343	$ 6,497


Elementary Per-ANB Entitlement FY 2009-FY 2013 - OTO and Permanent
5,200
5,100
5,000
4,900
4,800
4,700
4,600
4,500
OTO
Permanent
4,716
4,857
5,003
4,955
4,763
4,906
5,075
3.0%
3.0%
-1.0%
1.0%
3.0%
1.0%
2.43%
2009
2010
2011
2012
2013
In 2011 biennium, the difference in state costs for K-12 between Permanent and OTO was paid for by Federal ARRA funds


K-12 Inflation in the 2013 Biennium
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
Statutory Definition of K-12 Inflation
0%
1.9%
1.90%
1.53%
3.46%
State Costs: $10.5 m in FY 2012 and $19.0 M in FY 2013
FY 2011
FY 2012
FY 2013


K-12 Inflation in the 2013 Biennium
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
Statutory Definition
SB 329 No veto of HB 316
SB 329 with HB 316 Vetoed
State: $10.5 m in FY 2012 and $19.0 m in FY 2013
State Appropriation: $5.5 m FY 2012 and $14.4 m FY 2013
1.9%
1.53%
2.43%
1.0%
1.6%
0%
1.90%
1.00%
3.45%
2.62%
If HB 316 passes, FY 2013 increase is 2.43%, if vetoed FY 2013 is 1.6% = $4.6 million state cost
FY 2011
FY 2012
FY 2013


K-12 Inflation in the 2013 Biennium
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
Statutory Definition of K-12 Inflation
SB 329 with HB 316 Vetoed
State: $10.5 m in FY 2012 and $19.0 m in FY 2013
State Appropriation: $5.5 m FY 2012 and $14.4 m FY 2013
0%
1.9%
1.90%
1.53%
3.46%
1.0%
1.00%
1.6%
2.62%
FY 2011
FY 2012
FY 2013


K-12 Inflation in the 2013 Biennium
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
Statutory Definition
SB 329 if veto of HB 316 is ignored
SB 329 with HB 316 Vetoed
State: $10.5 m in FY 2012 and $19.0 m in FY
1.9%
1.53%
2.43%
1.0%
1.6%
0%
1.90%
1.00%
3.45%
2.62%
State Appropriation: $5.5 m FY 2012 and $14.4 m FY 2013
Consent Decree: add $4.6 million State in FY 2013
FY 2011
FY 2012
FY 2013

SB 329 - FY2012 General Fund Budget

- Districts may permissively adopt an over-BASE levy that is equal to the higher of:
  - the highest over-BASE amount **imposed** (actually levied) in any of the previous 5 years (FY2007 – FY2011), OR
  - The highest over-BASE amount **authorized** by voters, up to the highest budget allowed, in any of the previous 5 years (FY2007 – FY2011)

SB 329 - FY2012 General Fund Budget

- General Fund Balance Reappropriated (FBR)
  - Any unreserved fund balance in excess of 15% of a school district's maximum general fund budget must be remitted to the state
    - FY2012 – 100% deposited to state general fund
    - FY2013 - deposited to:
      - 70% Guarantee account
      - 5% State school oil and natural gas impact account
      - 25% County school oil and natural gas impact fund

Note: this provision terminates June 30, 2016

One-Time Transfer from General Fund

- Trustees must have approved the transfer at a properly noticed hearing prior to June 30, 2011
- General Fund money ***in excess*** of 15% of FY2011 GF adopted budget (doesn't include amendments)
  - FY2011 GF ending fund balance reported on TFS must be at least 15% of 2011 GF budget!
- May transfer to any **budgeted** fund(s)
- Notify OPI and county treasurer
  - Identify as SB329 One-time Transfer
  - Amount transferred
  - Identify to which fund(s) $$ were transferred

FY2012 General Fund Budget

- School district block grants (20-9-630, MCA) are frozen at FY2011 amounts:
  - General Fund
  - Transportation Fund
  - Combined Block Grant

  In FY2013, SB372 Business Equipment Tax Reimbursements will be added to these payments

More about SB372 later!

- Countywide transportation block grants (20-9-632, MCA) will continue to increase by .76% annually

Oil and Natural Gas Production Taxes

Distribution of taxes to taxing units (15-36-332, MCA)

- Dept. of Revenue (DOR) allocates per 15-31-331, MCA
- DOR distributes to Counties
- County remits to school districts

	Production Tax Months	DOR Remits to County	
Calendar Year 2011	Jan. – Mar.	On or before August 1	**Payments Made in FY2012**
	Apr. – June	On or before November 1	
	July – Sept.	On or before February 1	
	Oct. – Dec.	On or before May 1	

Oil and Natural Gas Production Taxes

- Limit on total oil and natural gas tax revenue
  - School district may receive 130% of its Maximum General Fund budget
  - DOR distributes $$ until the limit is reached
  - Excess of the limitation is deposited to:
    - In FY2012, to the guarantee account
    - Beginning in FY2013:
      - 70% to state guarantee account
      - 5% to state school oil and natural gas impact account
      - 25% to county school oil and natural gas impact fund

Note: this provision terminates June 30, 2016

Oil and Natural Gas Production Taxes

- School district must budget a minimum amount of oil and natural gas production tax revenue in the General Fund equal to the lesser of:
  - 25% (FY2012) of the total oil and gas revenue received in all funds in the prior year, OR
  - The general fund levy requirement (BASE and over-BASE)
  - Required minimum receipts to be budgeted:

FY2012	25%	FY2014	45%
FY2013	35%	FY2015 and after	55%

Note: this provision terminates June 30, 2016

Oil and Natural Gas Production Taxes

- Oil and natural gas revenue must be deposited in the General Fund until the budgeted amount is reached.
- All remaining oil and natural gas revenue may be deposited in any budgeted fund.

Impacts From Oil and Natural Gas Production

- State School Oil and Natural Gas Impact Account
  - Purpose: to provide money to schools not receiving oil and natural gas tax revenue but are impacted by contiguous counties that are benefitting from oil and natural gas tax revenue
  - Funding sources (FY2013 – FY2016):
    - Excess fund balance available for reappropriation
    - Excess oil and natural gas production tax revenue
  - Amount in fund is limited to $7.5 million; excess is deposited in the state general fund
  - School applies to OPI for funds
  - Awards based on need, impacts and other criteria

Impacts From Oil and Natural Gas Production

- County School Oil and Natural Gas Impact Fund
  - County distributes 80% of the fund when:
    - A school district receives 30% or less of the district's 4-year average oil and gas revenue, OR
    - The average price of oil is $50 or less for the fiscal year, OR
    - Production of oil in the county drops 50% or more below the county's 5-year average production
  - County may retain 20% to:
    - Pay outstanding capital project bonds
    - Other expenses incurred prior to reduction in price,
    - Offset property taxes
    - Promote diversification and economic development in the county
    - Attract new industry
    - Provide cash incentives for expanding employment base in the impacted area

Budget Amendments

- Any budget amendment(s) adopted due to an "unforeseen need of the district that cannot be postponed until the next school year without dire consequences affecting the educational functions of the district" (20-9-161(b))
- Adopted in combination with other budget amendments within the same fiscal year
- Exceeds 10% of the district's adopted general fund budget
- Must be reported with an explanation of why the budget amendment is necessary to:
  - Board of Public Education
  - Education and Local Government Interim Committee

Ending Fund Balance Limits

- Flexibility Fund (29)
  - Beginning July 1, 2013 (FY2014), the balance of a school district's flexibility fund may not exceed 150% of its maximum general fund budget
  - Example:

FY2014 Maximum GF Budget	$ 1,500,000
Flexibility Fund balance as of June 30, 2014 cannot exceed	$ 2,250,000

Ending Fund Balance Limits

- Beginning July 1, 2016 (FY2017), EFB limited to 300% of the maximum general fund budget
- All budgeted funds, except building reserve, debt service and bus depreciation
  - General (01)
  - Tuition (13)
  - Adult Education (17)
  - Flexibility (29)
  - Transportation (10)
  - Retirement (14)
  - Technology (28)
- Doesn’t apply to districts in a non-operating status or in the first year of re-opening

Pathway to Excellence Program

- Requires the Office of Public Instruction (OPI) to develop on its website an educational data profile for each district, which contains:
  - -school district contact information and links to district websites, when available.
  - -state criterion-referenced testing results.
  - -program and course offerings.
  - -student enrollment and demographics by grade level.
  - -graduation rates.

(SB329) 2011 Session

Pathway to Excellence Program

- Requires each school district to annually report to the OPI and post on its website the following district information for the previous school year
  - -The number and type of employee positions.
  - -The total amount of compensation paid to each school district.
  - -The certification held by and required of each employee.

(SB329) 2011 Session

Multidistrict Cooperatives

- Allows cooperative purchasing contracts between school districts to purchase supplies and services without complying with bid requirements if the group maintains an updated, publicly available master list of supplies and vendors. The group must allow vendors to compete twice yearly for inclusion on the master list.

(SB329) 2011 Session

Multidistrict Cooperatives

- Authorizes two or more school districts to create a multidistrict cooperative to perform any services, activities, and undertakings of the participating districts.

- Members of multidistrict cooperatives may transfer moneys from any budgeted funds of the district to the prime agent (host) district of the cooperative for deposit into the interlocal agreement fund.

(SB329) 2011 Session

Multidistrict Cooperatives

- SB 329 and HB 2 appropriated a total of $2 million for the biennium for one-time payments to districts participating in multidistrict cooperatives as of December 31, 2012. Payments will be allocated to districts based on the proration of each district's FY 2013 BASE budget to the total of BASE budgets for all districts participating in multidistrict cooperatives. Funding may be, but is not required to be, used to fund cooperative efforts.

(SB329) 2011 Session

SB 329 Timelines

- **Prior to June 30, 2011**
  - One-time transfer of general fund money in excess of 15% of FY2011 GF budget that is not needed to fund the budget to any budgeted fund.

SB 329 Timelines

- **Effective July 1, 2011 (FY2012)**
  - Multidistrict agreements
  - Cooperative purchasing contracts
  - Transfers between funds
  - Increase in basic and per-anb entitlements
  - General Fund over-BASE levy
  - Limit on fund balance reappropriated (FBR)
  - Oil and natural gas production taxes
  - Block grants frozen at FY2011 level
  - Budget amendments

Ends June 30, 2016

SB 329 Timelines

- **Effective in FY2013**
  - OPI distributes $2 million appropriation to districts participating in multidistrict cooperatives
  - OPI must present longitudinal data on student achievement
- **Effective July 1, 2012 (FY2013)**
  - State school oil and natural gas impact account
  - County school oil and natural gas impact account
  - Flex fund ending balance is limited to 150% of max GF budget

SB 329 Timelines

- **Effective July 1, 2016 (FY2017)**
  - Limit on ending fund balance in budgeted funds, except retirement, debt service, building reserve and non-operating

SB372 Business Equipment Tax

- Effective January 1, 2012
- Class 8 property tax rate reduced from 3% to 2% on the first $2 million of taxable market value
- DOR will calculate property tax reimbursement for local governments, school districts, county retirement and countywide transportation funds (approx. $10.7 m in FY 13 and $6.4 m per year thereafter)
- School districts will be reimbursed through the school block grant payments
  - Reimbursement begins with FY2013 block grant payments (70% in November; 30% in May)
  - Anticipate this revenue when calculating net levy req's

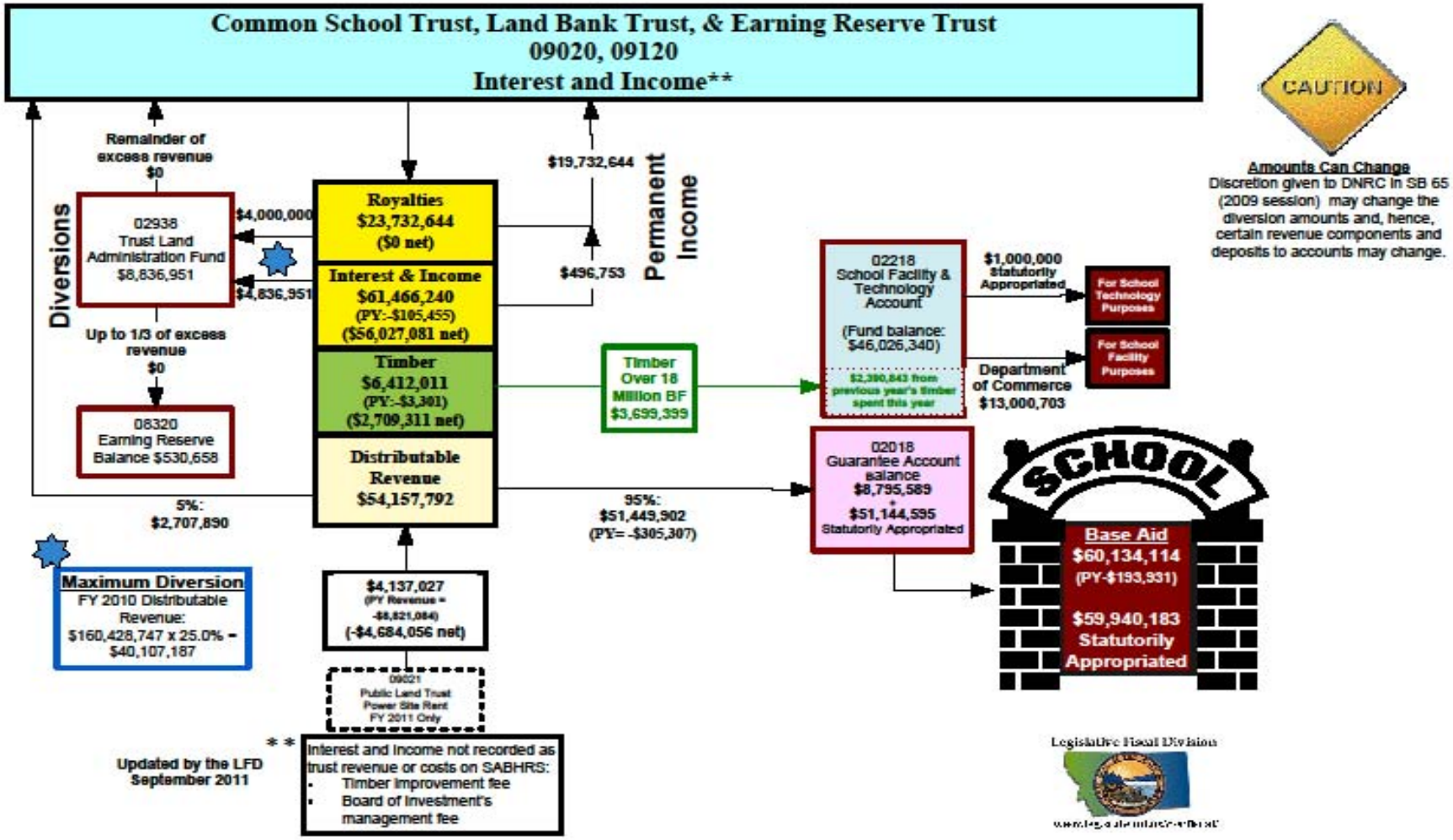
SB372 Business Equipment Tax

- Beginning in at the end of FY 2013, if fiscal year collections of income tax and corporate tax exceed 4% per year, then the tax rate on class 8 business equipment for the first $3 million in market value will be 1.5%, and 3% for all value above that threshold.
- This will likely happen in FY 2013 and will apply to class 8 property starting tax year 2014.
- DOR will calculate property tax reimbursement for local governments, school districts, county retirement and countywide transportation funds, probably in FY 2015
- School districts will be reimbursed through the school block grant payments

Legislative Fiscal Division

Common School Trust - Fiscal 2011 Actual

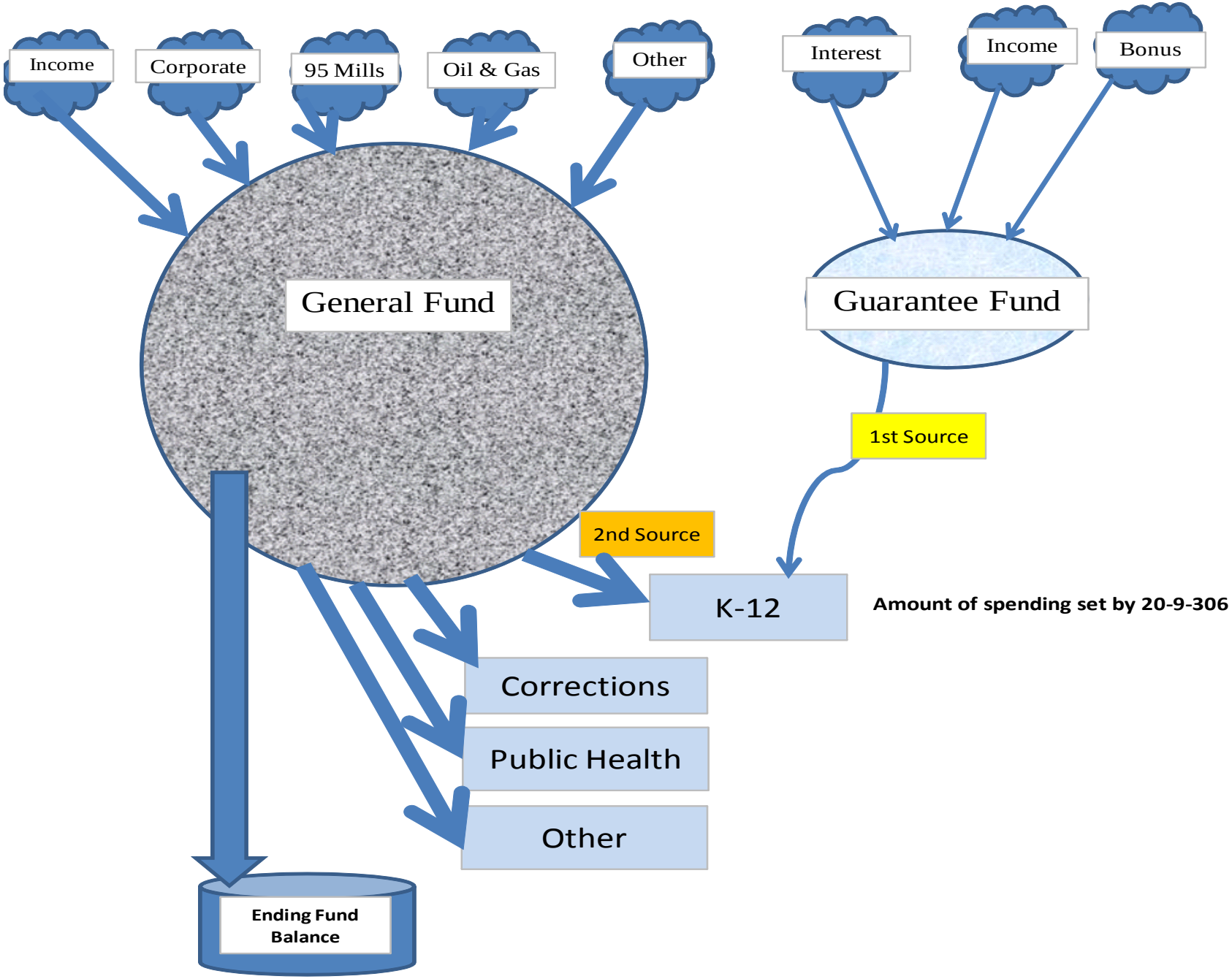
*As approved by RTIC and amended by the legislature

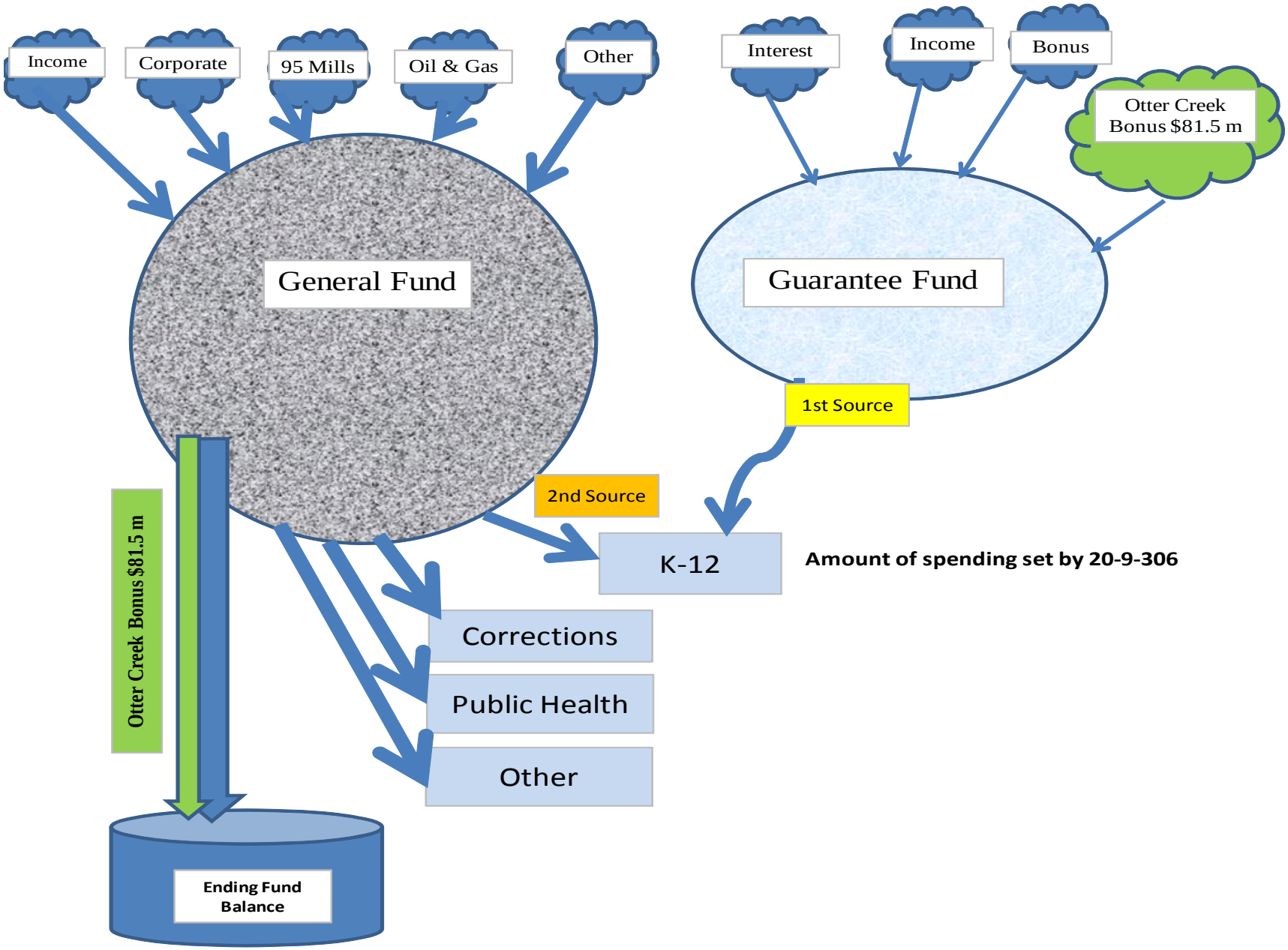


Guarantee Account

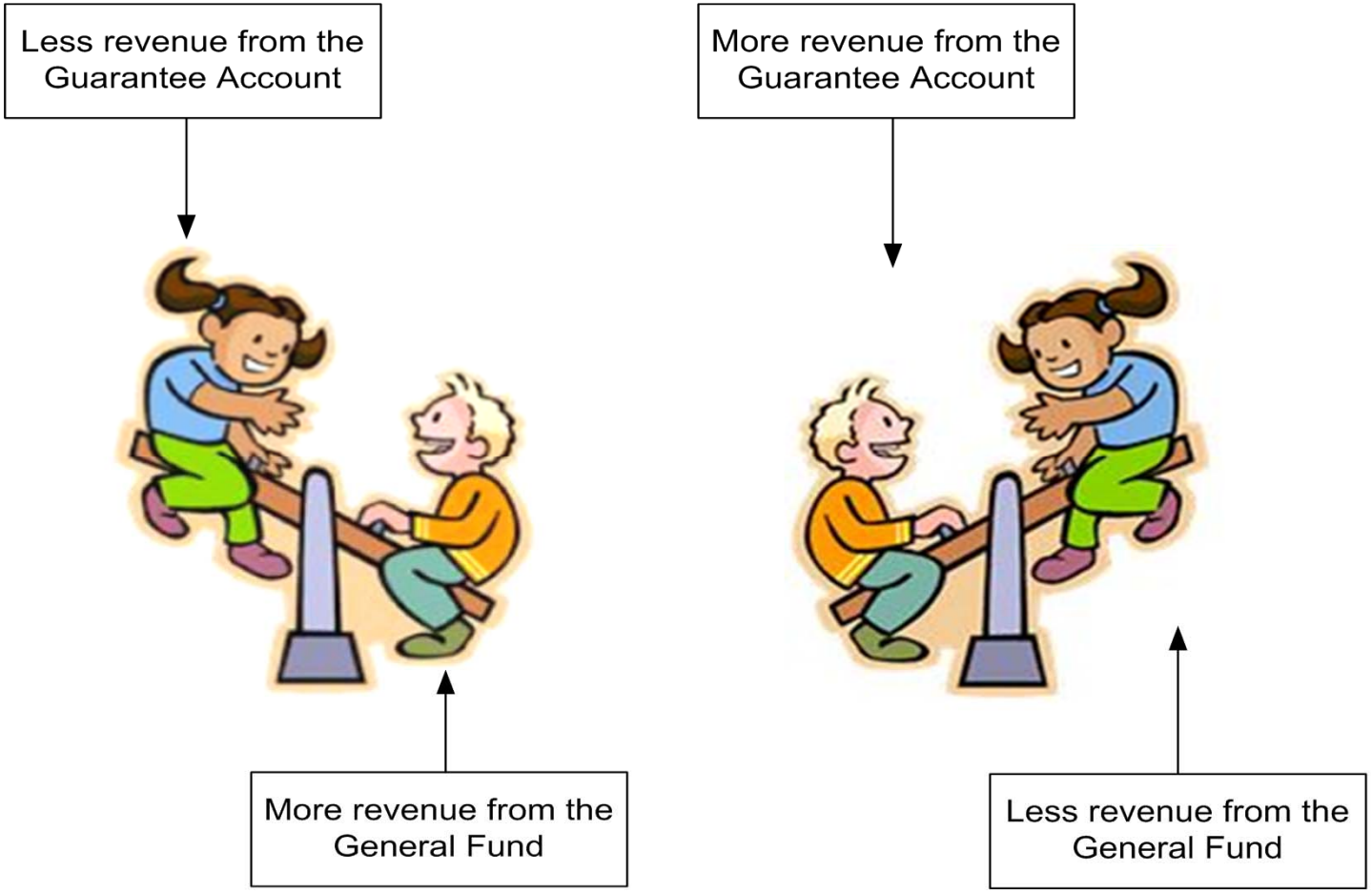
- Is Statutorily Appropriated (i.e. not directly appropriated in HB 2 – spending is equal to revenue into fund)
- Receives Interest and Income and Bonus Payments from State lands, Streambed rents until FY 2013, Excess oil and gas from school districts (70% in FY 2013), excess fund balance reappropriated beginning FY 2013

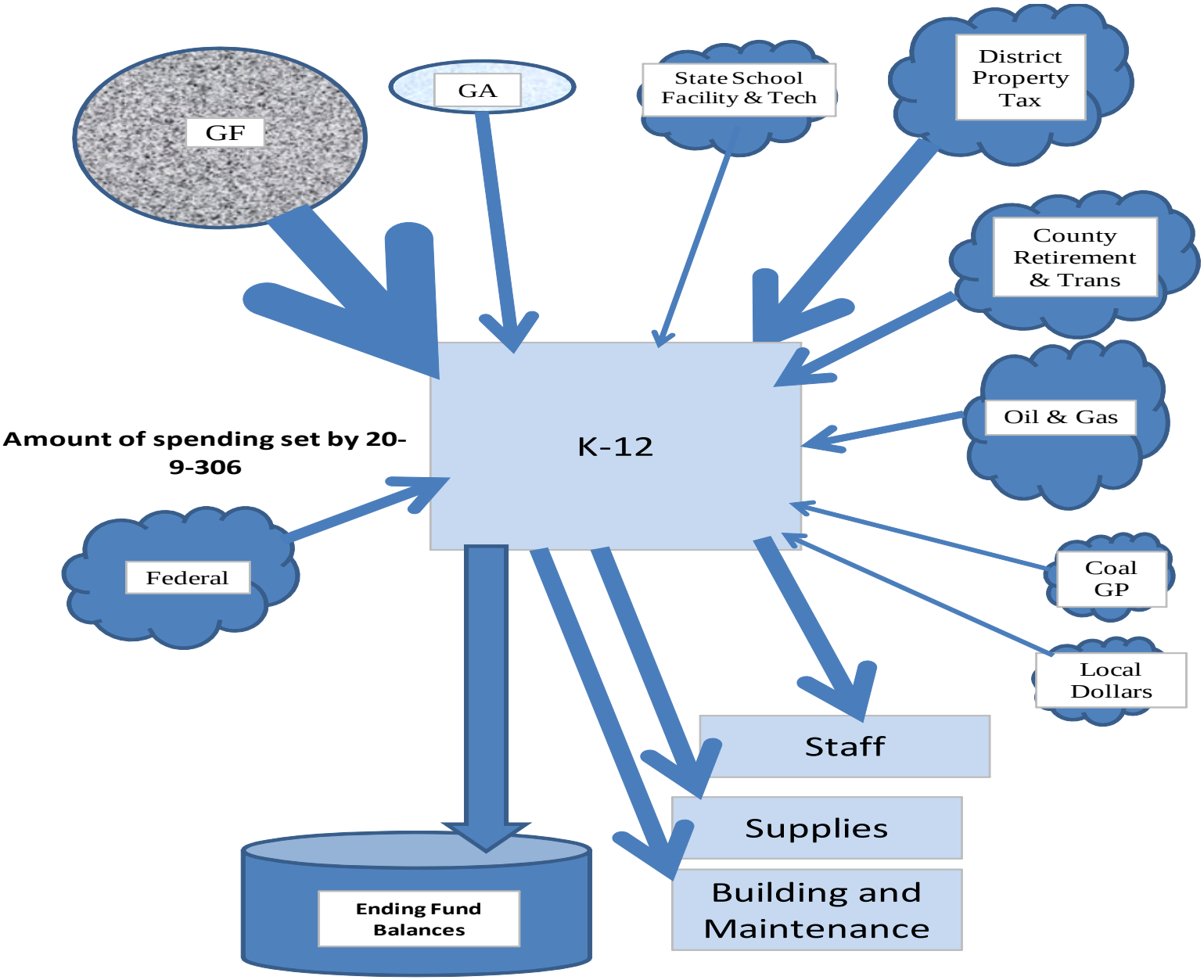
Guarantee Account - Revenues - FY 2012		
Interest and Income and Bonus Payments	$	58,448,243
Oil and Gas From School Districts - Excess of 130% of Max Bud	$	15,267,924
Streambed Rents from Power Companies	$	4,165,917
OTO Transfers due to HB604 (Junk Veh, BOG, Orphan share, coal bed methane)	$	27,400,000
Total	$	105,282,085


Income
Corporate
95 Mills
Oil & Gas
Other
Interest
Income
Bonus
General Fund
Guarantee Fund
1st Source
2nd Source
K-12
Amount of spending set by 20-9-306
Corrections
Public Health
Other
Ending Fund Balance


Income
Corporate
95 Mills
Oil & Gas
Other
Interest
Income
Bonus
Otter Creek Bonus $81.5 m
General Fund
Guarantee Fund
1st Source
2nd Source
K-12
Amount of spending set by 20-9-306
Corrections
Public Health
Other
Otter Creek Bonus $81.5 m
Ending Fund Balance

How the Guarantee Account Funds K-12




GF
GA
State School Facility & Tech
District Property Tax
County Retirement & Trans
Oil & Gas
Amount of spending set by 20-9-306
K-12
Federal
Coal GP
Local Dollars
Staff
Supplies
Building and Maintenance
Ending Fund Balances