



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0032

Title: Repeal ending fund balance limits for school district funds

Primary Sponsor: Vinton, Sue

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 32 repeals section 20-9-323, MCA, which limits school district's ending fund balance limits and district's flexibility fund limits. There is no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

- Section 20-9-323, MCA, limits district ending fund balance, effective July 1, 2020, in a district's budgeted funds (except debt service, building reserve, and bus depreciation reserve funds) to 300% of the maximum general fund budget as defined in 20-9-306, MCA, and not to exceed 150% of the district's maximum general fund budget in the district's flexibility fund.
- Districts who do exceed the 300% ending fund balance limit are to remit the excess funds to the county superintendent who shall redistribute funds equally to the school districts qualifying for redistribution on a per-quality-educator basis, calculated by dividing the total funds by the total number of quality educators, as defined in 20-4-502, MCA.
- Districts with ending fund balances in excess of the 300% shall report to the education interim committee for any exception taken to the limits. With this exception a district may be allowed to retain the funds.

Fiscal Note Request – As Introduced

(continued)

4. Should the exception not take place and no other districts in the county are able to receive the excess funds to be redistributed to them, the remaining funds would be deposited to the state special revenue guarantee account which is the first source of state K-12 BASE Aid funding.
5. The current language of 20-9-323, MCA, does not specify what is to occur if districts have flexibility fund balance in excess of 150% of the district's maximum general fund budget limit in the district's flexibility fund.
6. Currently, there are two school districts that exceed both the 300% budget limit and the 150% flexibility fund limit. There are laws that allow districts to move funds to other funds and ways to lower the excesses so that they would not have to lose their excess dollars. For the purposes of this fiscal note, it is assumed that no schools would have fund balances in excess of the statutory limits.
7. Repealing 20-9-323, MCA, would have no fiscal impact.

Technical Notes:

1. If HB 32 does not pass, the current language of 20-9-323, MCA, does not specify what is to occur if districts have flexibility fund balance in excess of 150% of the district's maximum general fund budget limit in the district's flexibility fund.

REV
Sponsor's Initials

01/13/21
Date

KA
Budget Director's Initials

1/12/21
Date