

2015 School Finance Legislative Update

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Summer Workshops
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2015 School Finance Legislative Update

Agenda

- I. HB 27: Increase K-12 BASE aid, entitlements, and payments
- II. HB 31: Revise school finance laws
- III. HB 87: Eliminate the requirement for a third official school enrollment count
- IV. HB 157: Extend school district leasing authority
- V. HB 373: Revise school bonding limit laws
- VI. HB 387: Revise county transportation committee laws
- VII. SB 213: Provide for school safety
- VIII. SB 252: Revise K-12 funding laws related to oil and natural gas production taxes
- IX. SB 260: Revise education funding laws related to oil and gas production taxes
- X. HB 114: Revise tax increment finance district remittance laws for schools
- XI. SB 272: Encourage Indian language immersion schools
- XII. SB 410: Provide tax credits for contributions to public and private schools

Other Bills



2015 School Finance Legislative Update

HB 27



Inflationary Increases	FY 2016 (2.33%)	FY 2017 (1.79%)
Basic Entitlements: Elementary < 250 Middle School < 450 High School < 800	\$50,000 \$100,000 \$300,000	\$50,895 \$101,790 \$305,370
Basic Entitlement Increments: Elementary > 250 - Every 25 ANB over 250 Middle School > 450 - Every 45 ANB over 450 High School > 800 - Every 80 ANB over 800	\$2,500 \$5,000 \$15,000	\$2,545 \$5,090 \$15,269
Per Student Entitlements: Elementary (unaccredited middle school) Accredited Middle School and High School	\$5,348 \$6,847	\$5,444 \$6,970

Effective Date: July 1, 2015

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HB 27 (Continued)



Components:	FY 2016 (2.33%)	FY 2017 (1.79%)
Indian Education for All	\$20.88	\$21.25
American Indian Achievement Gap	\$205	\$209
Quality Educator Payment	\$3,113	\$3,169
Data for Achievement	\$20.00 <i>(No Increase)</i>	\$20.36
At-Risk Student Payment	\$5,269,408	\$5,363,730
Natural Resource and Development Payment	\$4,900,000	\$8,100,000

2015 School Finance Legislative Update

HB 31

Clarified and updated provisions related to school funding.

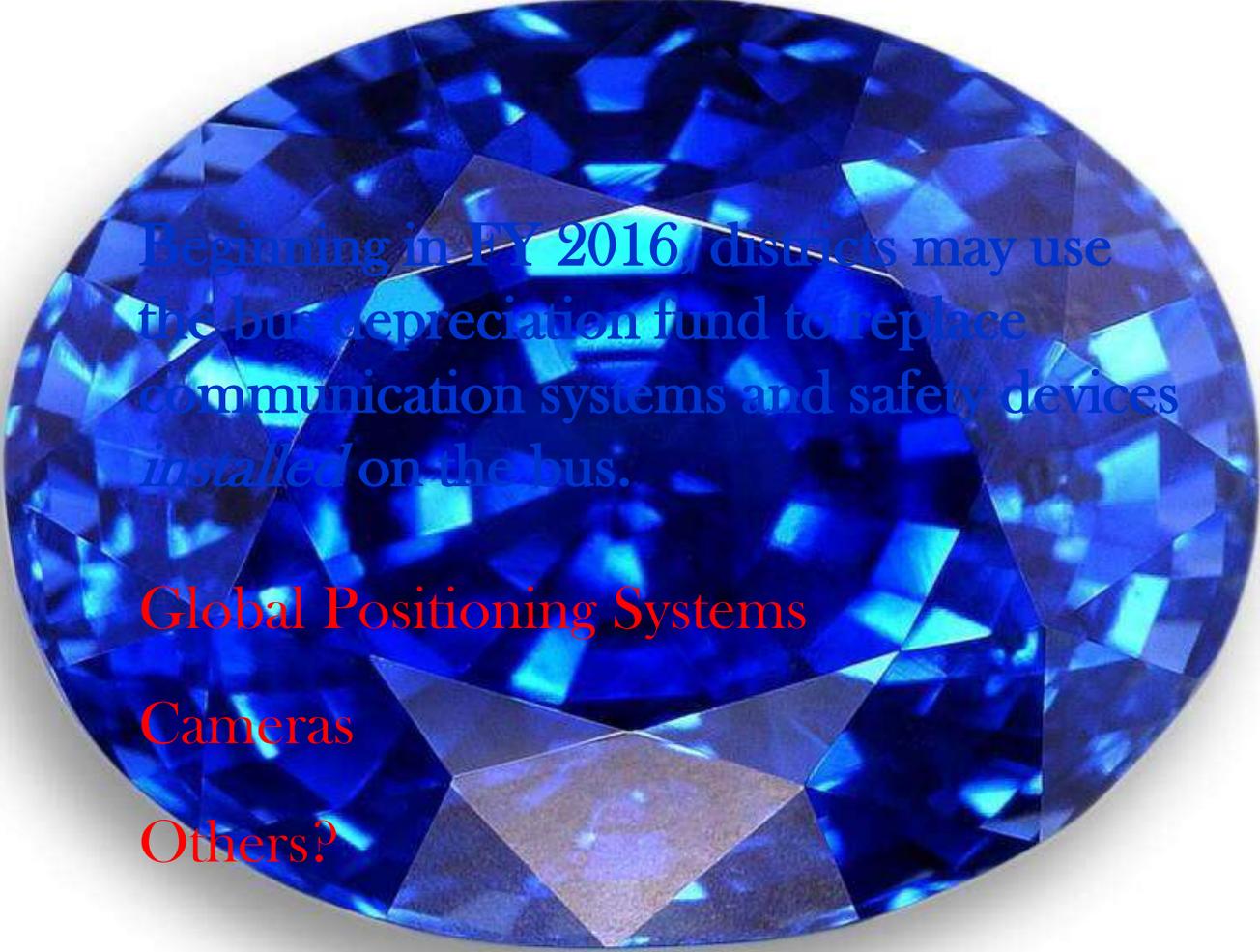
No change to current practices

No fiscal impact

Except for...

2015 School Finance Legislative Update

HB 31



Beginning in FY 2016, districts may use the bus depreciation fund to replace communication systems and safety devices *installed* on the bus.

Global Positioning Systems

Cameras

Others?

2015 School Finance Legislative Update

HB 87



Effective Date: April 1, 2015

2015 School Finance Legislative Update

HB 157

Increased the time period for a school district's leasing authority from 3 years to 7 years for personal property and up to 15 years for real property.



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HB 373

Increased bonding capacity

1. If a district's mill value per ANB is equal to or greater than the statewide facility guaranteed mill value per ANB, then:
 - Elementary or high school debt capacity is 100% of the district's taxable value. (was 50%)
 - K-12 debt capacity is 200% of the district's taxable value. (was 100%)
2. If a district's mill value per ANB is less than the statewide facility guaranteed mill value per ANB, then:
 - Elementary or high school debt capacity is the corresponding (elementary or high school) mill value per ANB times 1,000 times the district's ANB. (was 50% of this calculation)
 - K-12 debt capacity is the elementary mill value per ANB times 1,000 times the elementary ANB plus the high school mill value per ANB times 1,000 times the high school ANB. (was 50% of this calculation)

2015 School Finance Legislative Update

HB 373

(Continued)



General obligation debt includes:

- General obligation bonds
- Registered warrants
- Outstanding obligations under 20-9-471, MCA (Intercap loans)
- Oil and natural gas revenue bonds to which a deficiency tax levy is pledged
- Loans or notes payable held as general obligation

2015 School Finance Legislative Update

HB 387

Extended the time period that a temporary bus route, approved by the county superintendent, may remain operational before being confirmed by the county transportation committee from 30 days to

90 days

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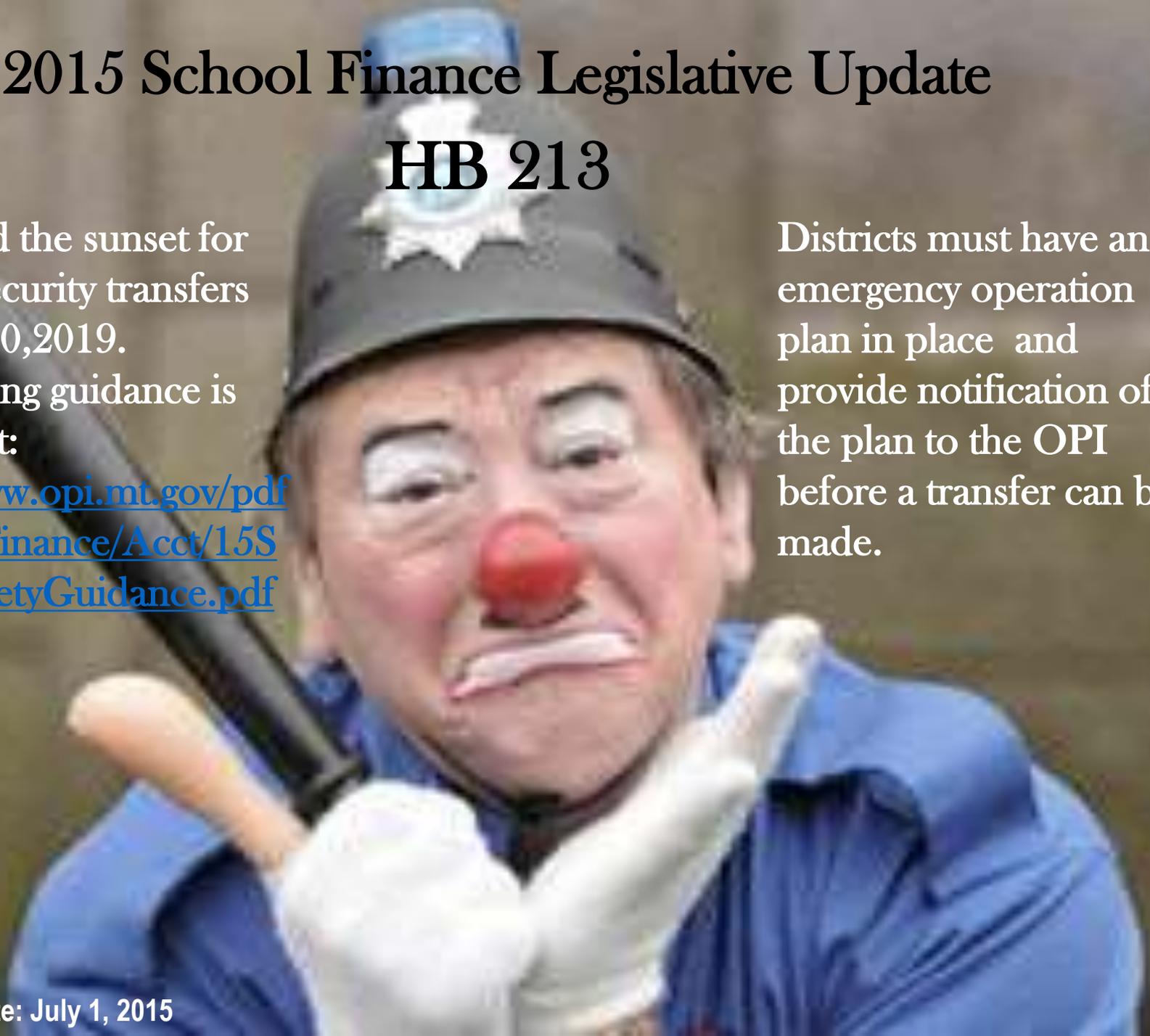
HB 213

Extended the sunset for school security transfers to June 30, 2019.

Accounting guidance is located at:

<http://www.opi.mt.gov/pdf/SchoolFinance/Acct/15SchoolSafetyGuidance.pdf>

Districts must have an emergency operation plan in place and provide notification of the plan to the OPI before a transfer can be made.



2015 School Finance Legislative Update

SB 252

Statutorily appropriated the funding distributed from the state school oil and natural gas impact account and the state school oil and natural gas distribution account. [\(Same language is also in SB 260\)](#)



Allows school districts to deposit oil and natural gas production tax revenue into any budgeted fund.



If a school district allocates less than 12.5% of its prior year receipts of oil and natural gas production taxes to its **BASE** budget, the district must levy permissive mills to make up the difference.



2015 School Finance Legislative Update

SB 252 (Continued)



Exceptions:

- District's that have a maximum general fund budget of less than \$1 million;
- District's whose oil and natural gas revenue combined with its adopted general fund budget totals 105% or less of its maximum general fund budget;
- District's that had an anticipated unusual enrollment increase approved by OPI;
- Districts that have issued outstanding oil and natural gas revenue bonds.

2015 School Finance Legislative Update

SB 252 (Continued)

Clarified the distribution method to the county school oil and natural gas impact fund.

A county receives funding in proportion to its oil and natural gas production tax revenues for the preceding three years compared to the total of all counties' oil and natural gas production tax revenues for the preceding three years. (Same language is also in SB 260)

2015 School Finance Legislative Update

SB 260

Effective July 1, 2016, concentric circles are eliminated.



Beginning July 1, 2016, any monies deposited in the state school oil and natural gas distribution account will be distributed to school districts that are directly impacted by oil and natural gas development but that receive insufficient oil and natural gas production taxes to address the impacts.

The OPI will adopt rules through the negotiated rule making process to establish a process for the distribution of the monies.

2015 School Finance Legislative Update

SB 260 (Continued)

Committee #1:

Members:

- Public school officials and public school employees from school districts that are located immediately adjacent to a county in which oil and natural gas production taxes are generated.
- Profession organizations representing these public school officials and employees

Propose rules for distribution of 50% of the funds.

Committee #2:

Members:

- Public school officials and public school employees from school districts around the state.
- Profession organizations representing these public school officials and employees

Propose rules for distribution of the remaining 50% of the funds.

2015 School Finance Legislative Update

SB 260 (Continued)

Interested in serving on a committee?

Proposed working schedule:

- July 16th: Notice of Negotiated Rulemaking published in the Montana Administrative Register and mailed to persons known to the agency to have an interest.
- August 17th: Applications must be received by the OPI
- August 31st: Deadline to establish committees.

Membership will be limited to 15 initially, but will adjusted up or down if needed.

2015 School Finance Legislative Update

SB 260 (Continued)

Statutorily appropriated the funding distributed from the state school oil and natural gas impact account and the state school oil and natural gas distribution account.

A county receives funding in proportion to its oil and natural gas production tax revenues for the preceding three years compared to the total of all counties' oil and natural gas production tax revenues for the preceding three years.

Counties that have “previously received” an allocation under 20-9-310 shall maintain a county school oil and natural gas impact fund. Money “previously” received must remain in the fund and may not be appropriated until certain criteria is met.

2015 School Finance Legislative Update

HB 114

Requires school district that receive distributions from a tax increment financing district (TIFD) to use the distribution to reduce property taxes or to fund the general fund operating reserve in the ensuing year.

Distributions must be deposited into one or more of the following funds provided the fund has a mill levy for the fiscal year in which the revenue is received: general fund, bus depreciation fund, debt service fund, building reserve fund, and/or technology fund.

TIF distributions deposited into the general fund may be used to reduce either the BASE budget levy or the over-BASE levy or a combination of both. Any portion of the distribution deposited and reappropriated in the general fund is exempt from the 15% limit established in 20-9-104, MCA.

Applies to distributions received after May 5, 2015.

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HB 114

Exception:

If a school district executed an agreement with a local government before May 5, 2015 and anticipated the TIFD distributions as a funding source to pay contracts, the distributions may be used to pay these contractual obligations.

- The district must prepare a transition plan.
- A written signed contract meeting all elements of 28-2-102 between the school district and a third party must exist.
- If the obligation relates to paying bonded indebtedness, the TIFD distribution may be utilized for the life of the bond issue.
- If the obligation relates to other contracts, the TIFD distributions may be utilized to pay for contracted project until the end of the contract.

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SB 272

A school district with and Indian language immersion program will receive:

- 3 American Indian Achievement Gap payments (SAG) for every Indian student participating in the program.
- 3 Indian Education for All payments (IEA) for every non-Indian participating in the program.
- A Quality Educator (QEC) payment for every full-time American Indian language and culture specialist teaching in and Indian language immersion program.

If a school district operating an Indian language immersion program improves its graduation rate by 5% or more from the previous year, the SAG payment is increased to 4 for every Indian student participating in the program.

There is a one-time only general fund appropriation of \$45,000 for the 2017 biennium.

Sunsets June 30, 2019

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SB 272 (Continued)

Eligible Districts:

School districts encompassing or adjacent to reservations with 10% or greater American Indian enrollment (Based on FY 2014 data, OPI identified 88 school districts).

Model Program:

1. One certified teacher who hold a class 7 license; or
2. One certified teacher and a class 7 licensed teacher

Participating students:

- must receive content area instruction in an Indian language at least 50% of the day;
- must meet the Montana Common Core State Standards for their grade level;
- will continue to be assessed on the annual statewide assessment testing.

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SB 272 (Continued)

Contacts:

Eligibility and approval:

- Mandy Smoker Broaddus, Director of Indian Education
(406) 444-3013 or mbroaddus@mt.gov
- Natalee Rowe, Title II Indian Education Specialist
(406) 444-3482 or nrowe@mt.gov

Financial information:

- Janelle Mickelson, School Finance Division
Administrator
(406) 444-3249 or jmickelson@mt.gov

2015 School Finance Legislative Update

SB 410

Provides tax credits for individuals and corporations for charitable donations to:

- an educational improvement account for public schools
- non-profit, private school student scholarship organizations

The amount of the tax credit is equal to the amount of the donation, but cannot exceed \$150.

The aggregate amount of tax credits for donations is limited to \$3 million in tax year 2016. (1st come, 1st served basis)

If the limit is reached in any given year, the aggregate amount will increase by 10% in the succeeding tax year.

2015 School Finance Legislative Update

SB 410 (Continued)

OPI will distribute donations made to the educational improvement account to public schools.

Taxpayers may designate a donation to a geographic region or to one of the seven largest districts.

Donations to geographic regions will be distributed to schools in the region in proportion to the number of quality educators in a school district compared to the number of quality educators in the region.

School districts must deposit the money into the flexibility fund and must use the money to finance innovative educational programs and technology deficiencies.

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SB 410 (Continued)

Regions (based on county boundaries)

- 1st Region: Flathead , Lake, and Lincoln
- 2nd Region: Blaine, Hill, and Phillips
- 3rd Region: Daniels, Roosevelt, Sheridan, and Valley
- 4th Region: Dawson, Garfield, McCone, Prairie, Richland, and Wibaux
- 5th Region: Cascade, Fergus, Golden Valley, Judith Basin, Musselshell, Petroleum, and Wheatland
- 6th Region: Mineral, Missoula, Ravalli, and Sanders
- 7th Region: Beaverhead, Deer Lodge, Granite, Jefferson, Madison, Powell, and Silver Bow
- 8th Region: Broadwater, Gallatin, Meagher, Park, and Sweet Grass
- 9th Region: Big Horn, Carbon, Stillwater, Treasure, Yellowstone
- 10th Region: Carter, Custer, Fallon, Powder River, and Rosebud
- 11th Region: Chouteau, Glacier, Lewis & Clark, Liberty, Pondera, Teton, and Toole

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SB 410 (Continued)

Large school districts:

1. **Billings**
2. **Butte**
3. **Bozeman**
4. **Great Falls**
5. **Helena**
6. **Kalispell**
7. **Missoula**



2015 School Finance Legislative Update

SB 410 (Continued)

Innovative Educational Program “means an advanced academic program that enhances the curriculum or academic program of an eligible public school and that is not part of the regular academic program of an eligible public school.”

Must include at least one of the following characteristics:

- provides different focus, methodology, skill training, or delivery, including internet-based and distance learning technologies, than is provided in a typical academic program of a public school;
- is accessible before or after public school hours, on weekends, as a year-round program, as an extension of the public school year, or in a combination of these characteristics;
- uses specialized instructional materials, instructors, or instruction not provided by a public school;
- uses internships and other work-based learning opportunities for a student that supplements the curriculum or academic program of a student and provides a student with opportunity to apply the knowledge and skills learned in the academic program; or
- offers instruction or programming that provides credits or advanced placement, or both, at a 2-year or 4-year college or university.

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Other Bills

- SB 249:** Generally revise energy performance contracting laws
- HB 162:** Revise laws related to the Montana Digital Academy
- SB 255:** Revise laws for advancing agricultural education
- HB 356:** Revise funding for career and vocational/technical education
- SB 141:** Repeal termination of reemployment provision for certain retired TRS members
- HB 123:** Generally revise public records laws
- HB 158:** Revise and modernize immunization laws related to schools
- HB 284:** Generally revise laws related to bullying
- HB 374:** Provide for school suicide prevention awareness training

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Other Bills

HB 411: Generally revise oil and gas tax laws

SB 128: Establish decennial school funding study

SJ 10: Resolution requesting performance audit of data collection by OPI

Questions?