

Understanding School Finance – What Does a Mill Levy Mean for You?

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Class Objectives

- General Fund Overview
- Other Budgeted Funds
- Non-budgeted funds
- Tax Payer Impact
- Questions

Terminology and Concepts

20-9-201, MCA Fund Definitions

BUDGETED FUNDS

- Trustees must adopt a budget to spend money
- Local property tax levies are a common revenue source



Voted Levy – hold an election to obtain voter approval

“Permissive” (non-voted) Levy - voter approval not required

NON-BUDGETED FUNDS

- No budget is needed to spend money
- Expenditures are limited to cash available in the fund (20-9-210, MCA)
- No tax revenues

BUDGETED FUNDS	FUND #	FUND NAME	Permissive or Voted Levy?
	01	General	Permissive and voted
	02	Transportation	Permissive
	11	Bus Depreciation	Permissive
	13	Tuition	Permissive
	14	Retirement	Permissive (countywide levy)
	17	Adult Education	Permissive
	19	Non-Operating	Permissive
	28	Technology	Voted
	29	Flexibility	Voted, but tied to state funding
	50	Debt Service	Voted
61	Building Reserve	Voted	

NON-BUDDGETED FUNDS

FUND #	FUND NAME
12	Food Service
15	Miscellaneous Programs
18	Traffic Education
20	Lease Rental Agreement
21	Compensated Absences
24	Metal Mines Tax Reserve
25	State Mining Impact
26	Impact Aid
27	Litigation Reserve
45	Permanent Endowment
60	Building
70-72	Enterprise
73-79	Internal Service
82	Interlocal Cooperative
81-85	Other Trust Funds

GENERAL FUND

20-9-306

- **Components of the General Fund**
- Basic Entitlement
- Elem K-6 program
- \$50,000 entitlement (\$50,896)
- MS 7-8 program
- \$100,000 entitlement (\$101,790)

- Per Average Number Belonging (ANB)
- \$5,444 – K-6 first one (decreases at a rate of \$.20 until it reaches 1,000)
- \$6,970 – 7-8 first one (decreases at a rate of \$.50 until it reaches 800)

GENERAL FUND OVERVIEW

- Quality Educator Payment (MCA 20-9-327)
- \$3,113 for each FTE licensed educator

- Indian Education for All Payment (MCA 20-9-329)
- \$21.25 per ANB

- American Indian Achievement Gap (MCA 20-9-330)
- \$209 for each American Indian Student enrolled in the district

- At-Risk Payment (MCA 20-9-328)
- Money distributed by OPI through same formula as Title I

- Data for Achievement Payment (MCA 20-9-325)
- \$20.36 per ANB
- Must be used by a school district to pay for access fees or other costs associated with the use or participation in the statewide data system administered by OPI or a comparable data system provided by a private vendor, including data entry and staff training on use of the systems.

Basic Entitlement Rates



Entitlements	FY2015	FY2016 (HB27)	FY2017 (HB27)
Elementary Basic	\$ 40,000	\$ 50,000	\$50,895
For every 25 Elem ANB over 250	\$ 2,000	\$ 2,500	\$ 2,545
Middle School Basic	\$ 80,000	\$100,000	\$101,790
For every 45 MS ANB over 450	\$ 4,000	\$ 5,000	\$ 5,090
High School Basic	\$290,000	\$300,000	\$305,370
For every 80 HS ANB over 800	\$ 12,000	\$ 15,000	\$ 15,269

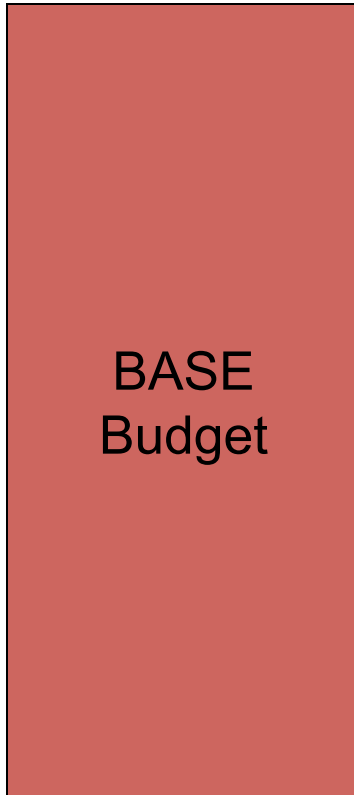
****HB27 retained the increase in the basic entitlement rates for FY2016 as provided in SB175 (2013 session) and increased FY2017 by inflation of 1.79%***

General Fund - ANB

- Use the ANB that generates the greatest maximum general fund budget:
 - **Current Year ANB (CY ANB)**
 - ANB for the budget unit for the ensuing school year (FY2017 ANB is based on FY2016 enrollment counts)
 - **3-Year Average ANB**
 - Add current year ANB to the current ANB for the previous two school fiscal years and divide by 3 (FY2017 ANB is the average of FY2017, FY2016 and FY2015)

General Fund Budget Limits

~80%



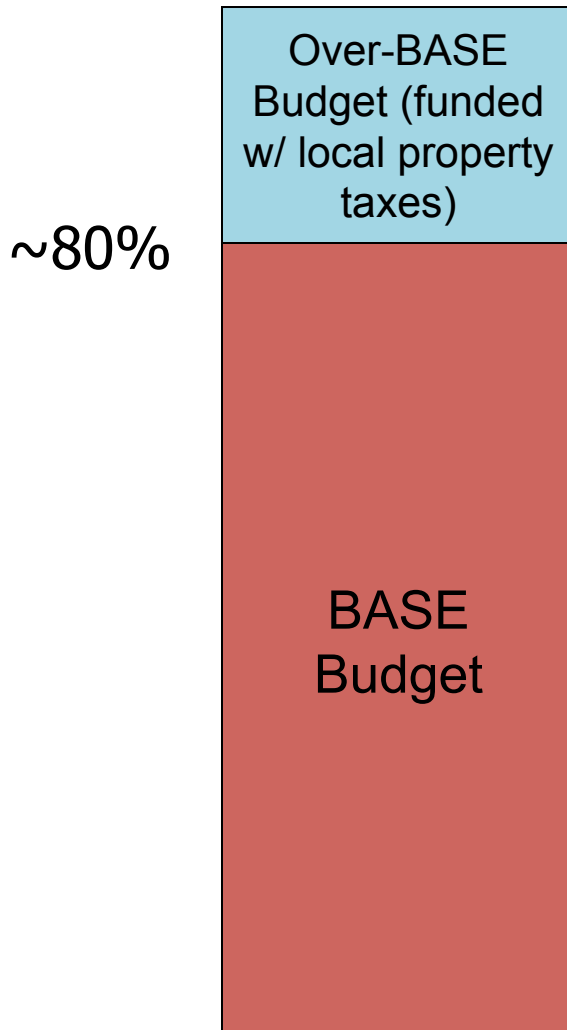
← Minimum Budget Allowed

Trustees must adopt a budget that is at least equal to the BASE Budget.

Item **9b** on your budget data sheet from OPI

General Fund Budget Limits

← Highest Budget Allowed

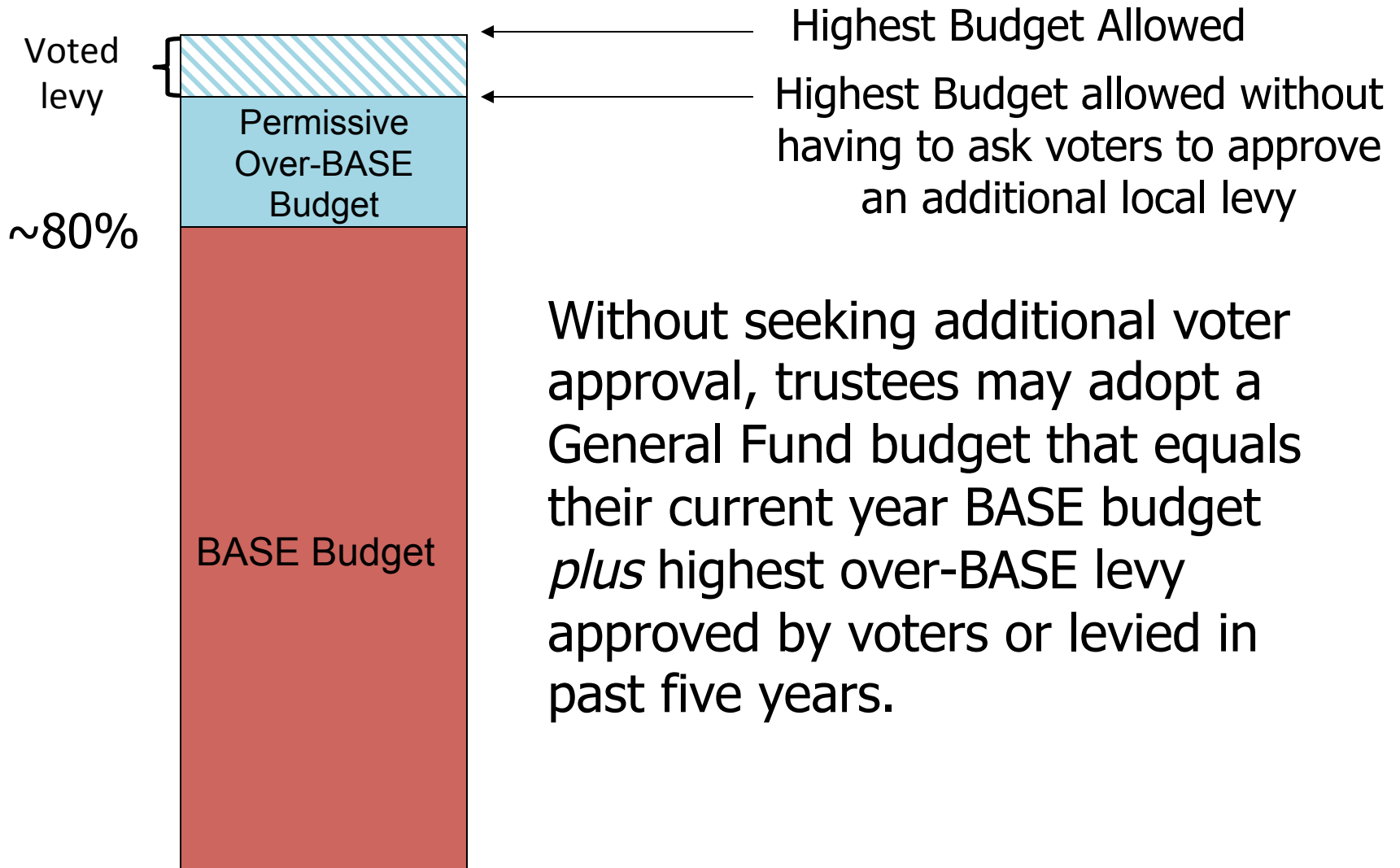


Highest Budget Allowed

Districts may adopt a budget that is the higher of:

- Current Year Maximum, **-OR-**
- Prior Year adopted budget plus any increases in the Basic and per-ANB entitlements and any increases in the Quality Educator, At-Risk, Indian Education for All, Student Achievement Gap and Data for Achievement payments

General Fund Budget Limits



Without seeking additional voter approval, trustees may adopt a General Fund budget that equals their current year BASE budget *plus* highest over-BASE levy approved by voters or levied in past five years.

Funding the BASE Budget

State Guaranteed Tax Base Aid (GTB)

- State subsidy for BASE mills
- Eligibility is based on the ratio between the district's taxable value and the district's GTB Budget Area as compared to the statewide taxable value X 193% and the GTB Budget Areas of all districts statewide.
- Districts with a ratio lower than the statewide ratio qualify for GTB aid

OPI pays General Fund GTB to districts in November and May

Mill Value

- “Mill Value” is the total taxable valuation is the district times 0.001
- Actual taxable valuation is not available at the time the ballot is prepared
- Taxable value of the property is not the same as market value
 - Taxable value of the home is about 65-75%

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Bus Depreciation Fund

20-10-147

- For the purpose of the replacement, conversion, remodeling, or rebuilding of a bus
- Can also be used on radio communication systems or safety devices
- May be used to purchase additional bus for purpose of transportation
- Not to exceed 20% of original cost of bus/year
- Not to exceed 150% of original cost

Adult Basic Education

20-7-701

- “Adult basic education” means instruction in basic skills, such as reading, writing, arithmetic, and other skills required to function in society
- Instruction for persons 16 years of age or older and not regularly enrolled full-time pupils

Tuition Fund

20-5-324

- Pay for tuition costs for out-of-district attendance of a resident pupil
- (A) the student's state special education payment
- (B) the student's federal special education payment
- (C) the student's per-ANB amount
- (D) prorated portion of the district's basic entitlement for each qualifying student
- (E) the prorated portion of the district's general fund payments for each qualifying student

Multidistrict Agreements

20-3-363

- Two or more districts (with board approval) may enter into a Multidistrict Agreement to create a cooperative to perform any services, activities, and undertakings of the Participating Districts
- Interlocal cooperative fund
- Districts may transfer funds to interlocal cooperative
- Agreement can last up to a period of 3 years

What Does This Mean for Me?

Taxpayer Impact

- Currently, Gallatin Gateway School is proposing a General Fund Levy of \$25,389
- Not all allocated school tax dollars are received by GGS
- We can look at your property tax statement to see how this Mill Levy will impact you

QUESTIONS?

