

Flexibility Fund

This fund was created by legislative action in 2001. Its intent was to provide schools one-time only source of funding which could be used for its own unique circumstances. Under 20-9-544 MCA, the trustees have the option of submitting to the qualified electors of the district to approve a levy in an amount not to exceed 25% of the district's original allocation.

What is the purpose of the Flexibility Fund?

This fund is used for technology, facility expansion, student assessment and evaluation, curriculum development, and other types of expenditures as described in MCA 20-9-543. It is funded by the State Flexibility Payment, non-levy revenues, and an optional annual voted levy of up to 25% of the estimated State Flexibility Payment.

Valid Expenditures:

- Technology
- Facility Expansion
- Student Assessment and Evaluation
- Curriculum Development
- Training for Classroom Staff to Support the Delivery of Education Programs
- Classroom Teacher Housing
- Retention of Certified Staff
- Increased Energy Costs Caused by Increases Since 2001
- Facility/Equipment Expansion

Common Coding:

Fund: 129 Elementary Flexibility Fund
 229 High School Flexibility Fund
 Program: All Program Codes
 Function: All Function Codes
 Object Codes: All Object Codes
 Revenue Source: 3900 State Other Revenue

Reserve Limit:

- 150% of Maximum General Fund Budget

History of the Flexibility Fund at Gallatin Gateway School:

Year	Estimated Funding For the Year	Balance Reappropriated	Adopted Budget	District Mills
15-16	\$9,526.72	\$6,782.39	\$16,039.11	0.00
14-15	\$11,573.03	\$0.00	\$11,573.03	0.00
13-14	\$6,656.46	\$13,235.97	\$19,892.43	0.00
12-13	\$8,406.05	\$4,762.45	\$13,168.50	0.00
11-12	\$4,679.59	\$68.41	\$4,748.00	0.00
10-11	\$4,677.72	\$11,008.67	\$15,687.39	0.00
09-10	\$4,642.44	\$6,239.06	\$10,881.50	0.00

Recent examples of items expenditures from Flexibility Fund:

- Down payment for Black Mountain Software (\$5,383.75- FY15)
- Gym Floor Sand/Refinish (\$10,500- FY14)
- RESA4U Dues (\$1,909.00- FY14)
- Office Copier (\$15,687.39- FY11)

How are funds allocated to the Flexibility Fund or how are revenues added?

1. State Funding/Grants (based on state laws)- ex: Gas and Oil Tax, Coal Proceeds, state block grants
2. Interest Earnings/Investment Income
3. Reappropriations from prior year (funds that are carried over from previous year)
4. Any source of income from non-levied revenues

Voter Approval of Tax Levies**

In addition to the money allocated in 20-9-542 for a district's school flexibility fund, the trustees of a school district may submit a proposition to the qualified electors of the district to approve a levy in an amount not to exceed 25% of the district's allocation in 20-9-542 to fund the school flexibility fund authorized under 20-9-543. A flexibility fund levy is an annual levy.

An election called pursuant to this section must be called and conducted in the manner prescribed by this title for school elections. The ballot for a proposition must provide "FOR" and "AGAINST" provisions, stating whether the district is authorized to impose a levy of (state the dollars) dollars and (state the approximate number of mills) mills to fund the school flexibility fund in the school district. The school flexibility fund proposition is approved if a majority of those electors voting at the election approve the levy. Money collected from the levy must be deposited in the district's school flexibility fund and spent in accordance with 20-9-543

*** At this time the District cannot run a tax levy for the Flexibility Fund because at this time the State is not appropriating State Flexibility Payments to the flexibility fund.*

What does the law say about the Flexibility Fund?

20-9-542. School flexibility account -- distribution of funds. (1) There is a school flexibility account in the state special revenue fund. The superintendent of public instruction shall allocate the money in the account, including any interest earned on money allocated to the account, to each school district. Each school district's total allocation is the sum of the district K-12 public school funding amount, the district large K-12 public school funding amount, and the district student funding amount.

(2) In addition to funds allocated or appropriated to the school flexibility account, all money saved by the state if the actual statewide ANB in a given fiscal year is less than the statewide ANB projected by the legislature during the preceding legislative session must be deposited in the school flexibility account.

(3) A portion of the money in the school flexibility account may be expended by a district to alleviate certified staff shortages in the district or for retirement incentives only if a portion of the account is specified for that purpose in a general appropriation act.

History: En. Sec. 2, Ch. 237, L. 2001; amd. Sec. 8, Ch. 550, L. 2003.

20-9-543. School flexibility fund -- uses. (1) (a) The trustees of a district shall establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:

(i) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;

(ii) facility expansion and remodeling considered by the trustees to support the delivery of educational programs or the removal and replacement of obsolete facilities;

(iii) supplies and materials considered by the trustees to support the delivery of enhanced educational programs;

(iv) student assessment and evaluation;

(v) the development of curriculum materials;

(vi) training for classroom staff considered by the trustees to support the delivery of enhanced educational programs;

(vii) purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers;

(viii) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom teachers and other certified staff, subject to collective bargaining when applicable;

(ix) increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment, or other resources of the district; or

(x) innovative educational programs as defined in [20-9-902](#) and technology deficiencies.

(b) If the district's ANB calculated for the current fiscal year is less than the ANB for the current fiscal year when averaged with the 4 previous fiscal years, the district may use money from the school flexibility fund to phase in over a 5-year period the spending reductions necessary because of the reduction in ANB.

(2) The trustees of a district shall fund the school flexibility fund with the money allocated under [20-9-](#)

904 and] [20-9-542](#) and with the money raised by the levy under [20-9-544](#).

(3) The financial administration of the school flexibility fund must be in accordance with the financial administration provisions of this title for a budgeted fund. (*Subsection (1)(a)(x) and bracketed language in subsection (2) terminate December 31, 2023--sec. 33, Ch. 457, L. 2015.*)

20-9-544. District school flexibility fund levy. (1) In addition to the money allocated in [20-9-542](#) for a district's school flexibility fund, the trustees of a school district may submit a proposition to the qualified electors of the district to approve a levy in an amount not to exceed 25% of the district's allocation in [20-9-542](#) to fund the school flexibility fund authorized under [20-9-543](#). An election called pursuant to this section must be called and conducted in the manner prescribed by this title for school elections. The ballot for a proposition must provide "FOR" and "AGAINST" provisions, stating whether the district is authorized to impose a levy of (state the dollars) dollars and (state the approximate number of mills) mills to fund the school flexibility fund in the school district. The school flexibility fund proposition is approved if a majority of those electors voting at the election approve the levy.

(2) Money collected from the levy must be deposited in the district's school flexibility fund and spent in accordance with [20-9-543](#).

History: En. Sec. 4, Ch. 237, L. 2001.

Future Laws Affecting the Flexibility Fund:

20-9-543. (Effective January 1, 2024). School flexibility fund -- uses. (1) (a) The trustees of a district shall establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:

(i) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;

(ii) facility expansion and remodeling considered by the trustees to support the delivery of educational programs or the removal and replacement of obsolete facilities;

(iii) supplies and materials considered by the trustees to support the delivery of enhanced educational programs;

(iv) student assessment and evaluation;

(v) the development of curriculum materials;

(vi) training for classroom staff considered by the trustees to support the delivery of enhanced educational programs;

(vii) purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers;

(viii) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom teachers and other certified staff, subject to collective bargaining when applicable; or

(ix) increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment, or other resources of the district.

(b) If the district's ANB calculated for the current fiscal year is less than the ANB for the current fiscal year when averaged with the 4 previous fiscal years, the district may use money from the school flexibility fund to phase in over a 5-year period the spending reductions necessary because of the reduction in ANB.

(2) The trustees of a district shall fund the school flexibility fund with the money allocated under [20-9-542](#) and with the money raised by the levy under [20-9-544](#).

(3) The financial administration of the school flexibility fund must be in accordance with the financial administration provisions of this title for a budgeted fund.

History: En. Sec. 3, Ch. 237, L. 2001; amd. Sec. 27, Ch. 457, L. 2015.