

Senator Fischbach introduced--

S.F. No. 1515: Referred to the Committee on Finance.

1 A bill for an act
2 relating to education; authorizing a fund transfer for
3 Independent School District No. 750, Rocori.
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
5 Section 1. [ROCORI; FUND TRANSFER.]
6 Notwithstanding Minnesota Statutes, sections 123B.79,
7 123B.80, and 475.61, subdivision 4, on June 30, 2005,
8 Independent School District No. 750, Rocori, may permanently
9 transfer up to \$100,000 from its debt redemption fund to the
10 undesignated balance in its general fund without making a levy
11 reduction.
12 [EFFECTIVE DATE.] This section is effective the day
13 following final enactment.

Senator Ruud introduced-

S.F. No. 2357: Referred to the Committee on Finance.

A bill for an act

1.2 relating to education; authorizing a fund transfer for Independent School District
1.3 No. 118, Northland Community Schools.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **NORTHLAND COMMUNITY SCHOOLS; FUND TRANSFER.**

1.6 Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on or before
1.7 June 30, 2006, Independent School District No. 118, Northland Community Schools,
1.8 may permanently transfer up to \$196,905 from its reserved for disabled accessibility
1.9 account to its reserved for operating capital account in its general fund without making a
1.10 levy reduction.

EFFECTIVE DATE. This section is effective the day following final enactment.

Fiscal Note – 2005-06 Session

Bill #: S2357-0 **Complete Date:** 03/10/06

Chief Author: RUUD, CARRIE

Title: IDS 118 FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

SF 2357 authorizes ISD 118, Northland Community, to permanently transfer up to \$196,905 from its reserve for disabled accessibility account to the general fund reserve for operating capital.

Assumptions

As of June 30, 2005, the district had the following account balances.

Operating Capital	329,487
Disabled Accessibility	196,905
Undesignated General Fund Balance	2,184,626

This transfer will give the district more flexibility in the use of funds, as the disabled accessibility reserve may be used only for accessibility projects. MDE does not have information available as to whether the school district's buildings are currently accessible.

If the district notifies the department of an excess amount in the disabled accessibility reserve, the levy limitations in the following year would be adjusted downward to reflect the excess amount, reducing taxpayer burden. Therefore, this bill would result in an increase in the Pay 2007 levy of \$196,905 compared to the amount that would have been authorized had the department been made aware of the excess, with no special legislation.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

This is a one-time transfer of levy funds.

Local Government Costs

If the district chose to report the excess balance after completing all accessibility projects, property taxes would decrease by \$196,905 or a lesser amount if the district chooses to transfer a smaller amount.

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/09/06 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/10/06 Phone: 296-8674

1.1 A bill for an act
 1.2 relating to education; authorizing a fund transfer for Independent School District
 1.3 No. 409, Tyler.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **FUND TRANSFER; TYLER SCHOOL DISTRICT.**

1.6 Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent
 1.7 School District No. 409, Tyler, on June 30, 2006, may permanently transfer up to \$451,000
 1.8 from its reserved for capital operating account to its debt redemption fund.

1.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

Senator Skoe introduced-

S.F. No. 2845: Referred to the Committee on Finance.

A bill for an act

relating to education finance; increasing the emergency aid appropriation to Independent School District No. 138, Red Lake; amending Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 6.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 6, is amended to read:

Subd. 6. **Emergency aid, Red Lake.** For Independent School District No. 38, Red Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High School as a result of the March 21, 2005, school shooting:

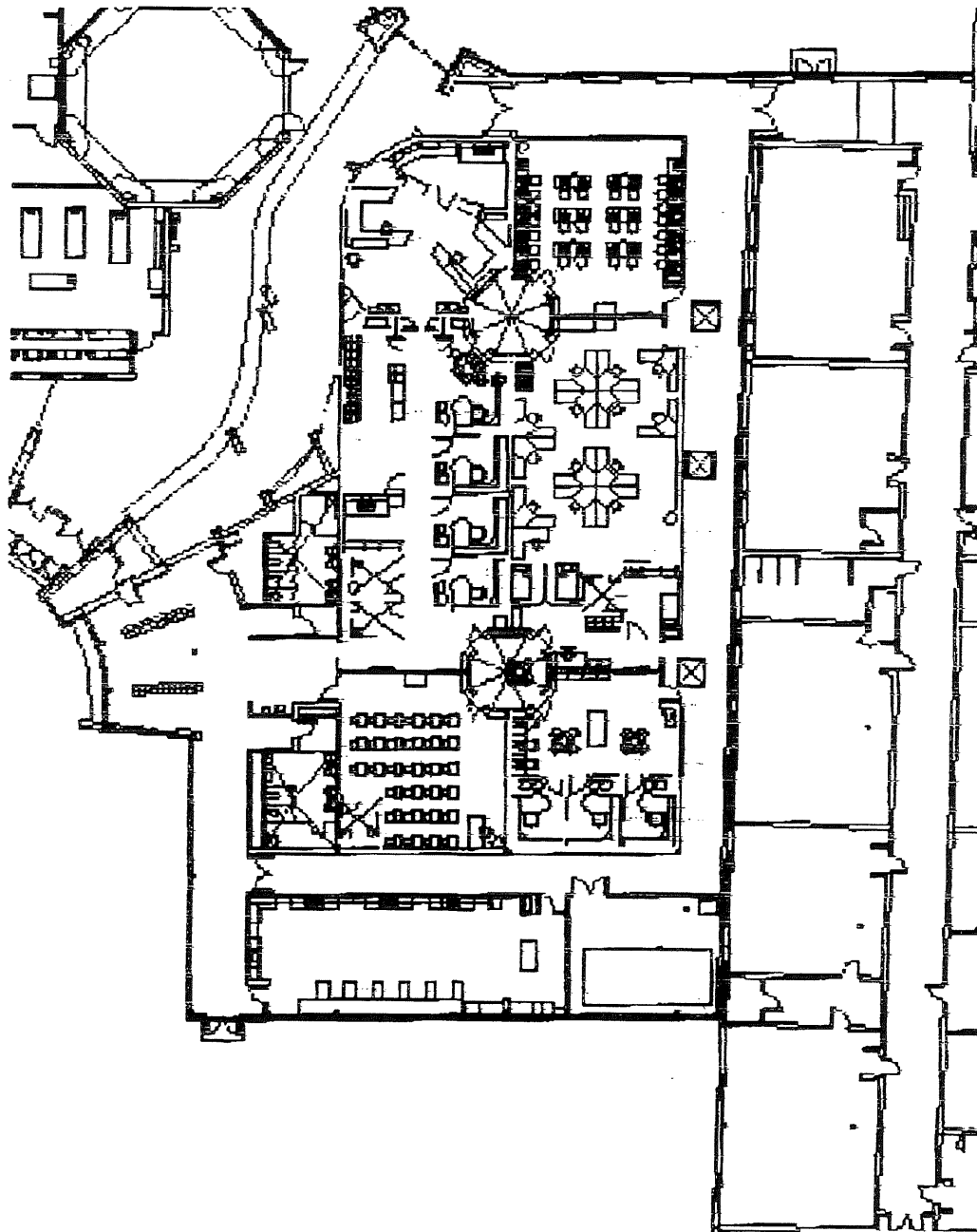
50,000		
\$ <u>523,000</u>	2006

The school district must submit proposed expenditures for these funds for review and comment approval under Minnesota Statutes, section 123B.71, before the commissioner releases the funds to the district. The district must report the amount of its unreimbursed costs to the commissioner.

PROJ: Red Lake HS Admin Renovation
 ARCH: DLR Group
 DATE: 11/28/05

OVERALL BUDGET SNAPSHOT
 TOTAL REVENUE: 1,402,548
 TOTAL COSTS: (1,402,548)
 PROJECT BALANCE: 0

		BUDGETS		
		RED LAKE HIGH SCHOOL ADMIN RENOVATION		
REVENUE				REMARKS
1 FUNDING SOURCE				
1.01	Bond Funding		-	
1.02	Insurance Reimbursement		373,256	
1.03	Justice Department Contribution		455,000	
1.04	State Legislature Contribution		50,000	
1.05	Funding by ISD #38		524,292	
	TOTAL REVENUE:		1,402,548	
COSTS				
2 SITE DEVELOPMENT COSTS				
			-	
	SUBTOTAL:		-	
3 FEES/SERVICES/BUDGETS				
3.01	Architectural/Structural/M&E/ Basic Fees		63,425	
3.02	Architectural Reimbursable Expenses		-	In 3.01
3.03	MSBA Trust		3,640	
3.04	Site Clean Up		19,041	Paid for by Berkeley
3.05	Review & Comment		-	
3.06	Builders Risk Insurance		1,345	
3.07	Administration/ Moving Expenses		-	
	SUBTOTAL:		87,451	
4 FURNITURE / EQUIPMENT / TECHNOLOGY				
4.01	Technology/Security/Phone Systems		12,875	
4.02	Relocate Ind. Tech Lab		15,025	
4.03	Computer Reinstallation		30,914	
4.04	Revise Classroom Hardware		231,541	Paid by ISD #38
4.05	Revise Security Camera/Mag. Locks		118,641	Paid by ISD #38
4.06	Revise Paging System		13,460	Paid by ISD #38
	SUBTOTAL:		422,456	
5 CONSTRUCTION COSTS				
5.01	Building Construction		468,653	
5.02	CM Site Services		92,505	
5.03	General Conditions		37,000	
5.04	Plan Set Printing		6,318	
5.05	T.E.R.O.		9,783	
5.06	Construction Management Fees		16,995	
5.07	Consultants		20,000	
5.08	Insurance Repairs		31,650	
5.09	Purchase Orders		6,765	
5.10	Construction Contingency		34,314	
	SUBTOTAL:		723,983	
6 COST REVISIONS				
6.01	Change Orders to Date		168,658	\$160,650 for Alt. #1.2 by ISD #38
6.02	Pending Purchase Orders/Change Orders		-	
	SUBTOTAL:		168,658	
	TOTAL COSTS:		1,402,548	
7 BOND vs. CONSTRUCTION VARIANCE				
7.01	BUDGETED AMOUNT		1,402,548	
7.02	COSTS PAID BY ISD #38		(524,292)	
7.03	REMAINING TOTAL COST		(878,256)	
	VARIANCE SUBTOTAL:		-	



After March 21, 2005



Senator Dille introduced—

S.F. No. 2773: Referred to the Committee on Finance.

A bill for an act
relating to education finance; authorizing fund transfers for Independent School
District No. 424, Lester Prairie.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **FUND TRANSFERS; LESTER PRAIRIE.**

Notwithstanding Minnesota Statutes, sections 123B.79 or 123B.80, on June 30, 2006, Independent School District No. 424, Lester Prairie, may permanently transfer up to \$150,000 from its reserved for operating capital account and up to \$107,000 from its reserved for severance account, to its undesignated balance in the general fund.

EFFECTIVE DATE. This section is effective the day following final enactment.

Senators Bonoff, Hann and Kelley introduced-
S.F. No. 3025: Referred to the Committee on Finance.

1.2 A bill for an act
1.3 relating to education finance; authorizing a fund transfer for Independent School
1.4 District No. 270, Hopkins.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. FUND TRANSFER; HOPKINS.

1.7 Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2006,
1.8 Independent School District No. 270, Hopkins, may permanently transfer up to \$150,000
1.9 from its community education fund to its undesignated general fund balance to assist the
district in decreasing its statutory operating debt.

1.1 Senator moves to amend S.F. No. 3025 as follows:

1.2 Page 1, line 7, delete "\$150,000" and insert "\$300,000"

1.3 Page 1, line 8, after "education" insert "reserve" and after "fund" insert "balance"

Fiscal Note – 2005-06 Session

Bill #: S3025-0 (R) **Complete Date:** 03/15/06

Chief Author: BONOFF, TERRI

Title: ISD #270, PERMANENT FUND TRANSFER

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill allows District 270 (Hopkins) to permanently transfer up to \$150,000 from its "community education fund" to the undesignated general fund.

Assumptions

- At the end of FY 2005, District 270 had a balance of (\$4,227,688) in the unreserved undesignated general fund account. As of June 30, 2005, the district is in violation of expenditure limitations (M.S. 123B.81).
- "Community education fund" means the reserve account for community education in the community service fund.
- The community service fund is comprised of five components, each with its own fund balance (audited amounts as of June 30, 2005):
 1. \$717,831 in the reserved for community education account,
 2. \$63,877 in the reserved for early childhood education account,
 3. \$18,953 in the reserved for school readiness account,
 4. \$45,708 in the reserved for adult basic education account, and
 5. (\$109,553) in the undesignated community service fund.
- Except for the reserve for adult basic education, each of the community service fund accounts is subject to a statutory fund balance limit. Program revenue is reduced when an account exceeds its limit. At the close of FY 2005, the district's School Readiness reserve account had exceeded its fund balance limit; consequently the program's FY 2006 aid entitlement was reduced. The transfer proposed by this bill would only affect the community education reserve account, which fund balance is combined with the community service fund's undesignated balance for determining whether the accounts are within the fund balance limit. These accounts' combined balances are well within their statutory limit. This bill will have no effect on possible excess community service revenue fund balance penalty calculations for the school district in FY 2006 or FY 2007.

Expenditure and/or Revenue Formula

No state impact.

Long-Term Fiscal Considerations

None. This is a one-time transfer.

Local Government Costs

While this bill does not increase local district costs, it does allow the district to reassign funds from a reserved account in the community service fund to the unreserved undesignated general fund. Funds designated by law for community education programs, when transferred, will no longer be available for those programs.

References/Sources

Agency Contact Name: DeRemee, Lisa - 651-582-8467
FN Coord Signature: AUDREY BOMSTAD
Date: 03/14/06 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/15/06 Phone: 296-8674

Excerpt from Hopkins ISD #270 Statutory Operating Plan

Revenue factors:

The amount of revenue is directly contingent on the number of students attending our schools. Since it is obvious our enrollment is still slightly declining (see graph on page 8), our revenue will likewise be diminishing accordingly. The revenue in the proposed SOD plan spreadsheet includes only unreserved revenues in the general fund. It does not include any reserve fund revenues or expenses. The plan shows prior year amounts, beginning with FY05, and identifies reductions due to declining enrollment factors, as well as projected increases that are based on projected estimated increases in funds.

In the SOD plan, the district shows six fiscal years of revenue experience. Using Bob Porter's What If 2005-09 spreadsheet, the district has entered its projected enrollments for each year. This provides a total general education aid for each year, which factors in any decline or increase in revenue due to enrollment. This would then be totaled to determine the approximate amount of revenue increase for that year. In the spreadsheet there are rows hidden that can be displayed, revealing additional detail on any category of revenue that is in the spreadsheet. This data then is totaled to determine the approximate expected revenue for that fiscal year.

The SOD plan also considers the net loss of interest due to the lack of the complete state aid payment in each fiscal year of the plan and further assumes that there will be an increase in the cost of borrowing money to offset that loss. The SOD plan spreadsheet also has four different scenarios: Scenario A and B, in which there is no further increase in the district's operating levy, and Scenario C and D, in which there is an increase in the district's operating levy beginning in FY09.

The factors used to determine each of these category estimates is as follows:

Scenario A and Scenario C

	Basic Formula Allowance <u>Per Student</u>	<u>Formula Increase</u>
2006	\$4,783	4.0%
2007	\$4,974	4.0%
2008	\$5,073	2.0%
2009	\$5,175	2.0%
2010	\$5,278	2.0%
2011	\$5,383	2.0%

Scenario B and Scenario D

	Basic Formula Allowance <u>Per Student</u>	<u>Formula Increase</u>
2006	\$4,783	4.0%
2007	\$4,974	4.0%
2008	\$5,024	1.0%
2009	\$5,074	1.0%
2010	\$5,125	1.0%
2011	\$5,176	1.0%

Expenditures:

The amount of expenditure is directly determined by the program needs of our schools. The reduction in enrollment has caused our district to carefully determine its expenditures. The expenditures, during the past several years, have exceeded the revenues, which is the root cause of statutory operating debt.

The expenditures, in the proposed SOD plan spreadsheet, include all unreserved expenditures. The plan shows prior year amounts, beginning with the FY05, and identifies existing cuts as well as inflationary increases. In the SOD plan spreadsheet, the district shows six fiscal years of expenditure experience. Using the prior year amount, for each fiscal year, the district injects some budget cuts due to enrollment decline, and then determines the approximate amount of inflation increase for that year. Contractual obligations for all bargaining units are known for FY06 and FY07, so those increases have been calculated into the spreadsheet. These values are totaled to determine the approximate expected unreserved expenditure for that fiscal year. For subsequent years after FY07 the following assumptions are used:

The factors used to determine each of these category estimates is as follows:

	<u>Scenario A (2%)</u>	<u>Scenario B (1%)</u>	<u>Inflation</u>
2006	\$1,566,097 (actual)	\$1,566,097 (actual)	3.89%
2007	\$3,050,798 (proposed)	\$3,050,798 (proposed)	2.61%
2008	\$2,244,320 (estimate)	\$2,709,036 (estimate)	3.77%
2009	\$1,750,000 (estimate)	\$2,250,000 (estimate)	3.70%
2010	\$1,750,000 (estimate)	\$2,250,000 (estimate)	4.10%
2011	\$1,152,000 (estimate)	\$1,300,000 (estimate)	4.20%

	<u>Scenario C (2%)</u>	<u>Scenario D (1%)</u>	<u>Inflation</u>
2006	\$1,566,097 (actual)	\$1,566,097 (actual)	3.89%
2007	\$3,050,798 (proposed)	\$3,050,798 (proposed)	2.61%
2008	\$2,244,320 (estimate)	\$2,709,036 (estimate)	3.77%
2009	\$1,250,000 (estimate)	\$1,750,000 (estimate)	3.70%
2010	\$1,000,000 (estimate)	\$1,350,000 (estimate)	4.10%
2011	\$ 675,000 (estimate)	\$1,150,000 (estimate)	4.20%

The SOD plan contains numerous scenarios. There are proposed budget cuts that are based upon levy passage and proposed cuts that are based upon a levy failure. The board will not wait until any subsequent year to make catch-up cuts because of failed plans.

Specific cuts that will be made irrespective of the levy increases include:

- 2007 Proposed budget (reduction of \$3,050,798 in expenditures, including but not limited to)
 - Proposed reduction of 13.2 FTE teaching positions
 - Proposed reduction of 1.4 FTE clerical positions
 - Proposed reduction of 6.85 FTE paraprofessional positions
 - Proposed reduction of 6.984 FTE leadership/administrative team positions
 - Proposed reduction of 5.0 FTE custodial staff
 - Proposed reduction of \$310,000 in transportation costs by reducing bus contractor paraprofessionals riding on buses
 - Proposed reduction in co-curricular activities staffing \$58,777
 - Proposed reduction in costs for alternative learning centers \$73,886
 - Proposed elimination of staff development beyond workshop days \$83,000

- 2008 Budget and future years:

The school board and staff are committed to making sufficient cuts in order to eliminate any debt, and to building a reasonable fund balance. Our budget projections (see SOD spreadsheet) anticipate a combination of budget cuts and revenue increases in each of the next five years, in order to climb out of statutory operating debt.

 - For FY07, the board is committed to making budget cuts of \$3,050,798, even with the successful passage of an operating levy generating an additional \$800,000. With these reductions the district would be out of SOD one year earlier than required.
 - For FY08, the district projects a need to make additional cuts of \$2,244,320 or \$2,709,036, depending on whether the general education formula allowance increases 2 percent or 1 percent. At this point, the district would be eliminating its deficit fund balance.
 - For FY09, the district projects a need to make additional reductions of \$1,750,000 or \$2,250,000, depending again on whether the general education formula allowance increases 2 percent or 1 percent. If an excess operating levy was successfully passed for FY09, the amount of needed reductions would be \$1,250,000 or \$1,750,000.
 - For FY10, following the two tracks of no additional operating levy or the passage of an additional operating levy, the reductions would be \$1,750,000 or \$2,250,000 with general education formula allowances increasing 2 percent or 1 percent respectively, and \$1,000,000 or \$1,350,000 if a referendum passes and the general education formula allowance increases 2 percent or 1 percent.

For FY11 the reductions would be \$1,152,000 and \$1,300,000 with no additional operating levy and general education formula allowances increasing 2 percent and 1 percent. The additional operating levy would reduce FY11 reductions down to \$675,000 and \$1,150,000 depending on whether the general education formula allowance increases 2 percent or 1 percent. These reductions, following either of the two tracks in the reduction amounts listed for each track, would bring the district's general fund unreserved fund balance to its minimum policy requirement of 3 percent.