OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: SIMMONS

FROM: RILEY

SUBJECT: COMMENTS ON K-12 EDUCATION APPROPRIATION BILLS

DATE 3/26/01

CC: GILBERT
FILE

HB 776 (Conference Report)

- Divert EEF designated for textbooks and a portion of EEF allocated for classroom supplies to the support of educational programs until July 1, 2002.
- Allow state GO bonds to be issued to provide funds for the payment of allocations of Adequate Education Program funds to school districts for capital expenditures which have not been pledged for debt.
- Delete "HB 400" provision of 50% of the unencumbered year-end cash balance being transferred into EEF; unencumbered year-end cash to remain in State General Fund.

HB 776 wireworks MDE/K-12's funding and simply shuffles existing revenue sources to cover FY 01 deficits and 02 expenses. K-12 is left to fend for itself, whereas community/junior colleges and IHL have received additional funding via the Budget Contingency Fund ($34 million for IHL and $16 million to community/junior colleges).

According to documentation provided by Judy Rhodes, MDE needed $47.3M over LBR for FY 02. During the appropriation process, additional funding sources of $55.4 were identified – a $8.1 million difference. This $55.4 million included $30.5 million in textbook and school supply funds (HB 776). Instead of decreasing this $30.5 million to $22.4 million, the Legislature simply transferred this $8.1 million "excess" to the Budget Contingency Fund to fund IHL, community college and other activities.

SB 3055 (Conference Report)

The Conference Report on SB 3055 provides for the restoration of FY 01 school district deficits. According to Judy Rhodes of MDE, districts will still face a $14.4 million FY 01 shortfall. HB 776 allows districts to use any remaining unobligated EEF textbook and classroom supply funds to offset the remaining shortfall. Most districts won't be able to offset the shortfalls and will be faced with going to local taxing authorities to increase millage, i.e., a tax increase.

HB 1609 (Conference Report): MDE General Program

- Sections 9 (line 163) and 10 (line 171) provide the funding for Vocational Education. According to Judy Rhodes, funding is at the 01 level and reductions in cost of approximately $240,000 will be necessary in order to fund the 2% teacher pay raise and annual salary increment.
- Section 29 (line 378) provides $800,000 for the Walnut Grove Youth Correction Facility for educational costs
- Section 32 (line 391) requires MDE to expend an amount not more than $300,000 for the purpose of providing technical assistance and training to local school districts for the development of behavior modification plans and to defray the costs of psychological evaluations performed on a child (under 13 years of age) in compliance with SB 2239 (School Safety Act of 2001). SB 2239 was promoted as having no costs and SB 2239 stipulated that MDE implement other sections of the bill (School Safety Center, quick response team, peer mediation models) with existing resources. MDE will have to take this $300,000 from other programs, thus diverting even more funds from K-12 operations.
- Section 34 (line 408) provides for $22,875,000 of MDE's appropriation be from the Budget Contingency Fund created in SB 2680.
- According to Judy Rhodes, HB 1609 provides a 10% reduction in State Department operations and remaining programs including state funded staff

HB 1611 (Conference Report): MDE Minimum Program

- According to Judy Rhodes, Minimum Program is fully funded by utilizing the $30.5 million EEF textbook and classroom supply funds as authorized by HB 776.
- Section 7 (line 142) states that up to $25,000,000 of the funds appropriated may be used by the State Department of Education for the purpose of increasing the salaries of teachers and assistant teachers.

HB 1612 (Conference Report): Schools for Deaf and Blind

- Section 5 (line 82) states that it is the intention of the Legislature that the Deaf and Blind School teachers receive their annual increment.