

# HOUSE RESEARCH

## Bill Summary

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### Overview

The 1997 omnibus school finance bill appropriated \$193,000 in fiscal year 1998 to independent school district, No. 330, Heron Lake-Okabena school district for activities related to the southwest star concept school (see Laws 1997 First Special Session, chapter 4, article 3, sections 22 and 25, subdivision 6). The appropriation was for fiscal year 1998 only and did not have any carry-over language accompanying the appropriation. This means that the appropriation is only valid for fiscal year 1998 (from July 1, 1997 to June 20, 1998).

As of July 1, 1998, the department of children, families and learning had sent \$154,000 to the Heron Lake-Okabena school district at which time the unencumbered appropriation canceled back to the state general fund. Of this \$154,000, the Heron Lake-Okabena school district had only encumbered \$101,000 prior to July 1, 1998. Therefore, of the \$193,000 appropriation, only \$101,000 is actually allowed for district expenditures.

According to the department of children, families and learning, the district has been notified of the overpayment and that it must return approximately \$54,000 to the state general fund. As I understand the problem, the Heron Lake-Okabena school district assumed that because the report on the southwest star concept school was not due to the legislature until February, 2002, the appropriation would be available until that time. Evidently, the district was making some facilities improvements, and was waiting to finish those changes before expending additional money from the grant.

At this point in time, the remaining amount of the grant (\$92,000) has canceled and the Heron Lake-Okabena district owes the state \$54,000 in order to balance the books. Regardless of how any new legislation is drafted (a new grant or a retroactive extension of the 1997 grant), there will be a fiscal cost for any amounts in excess of the \$101,000 that was actually encumbered in fiscal year 1998 by the Heron Lake-Okabena school district.

- 1 Southwest Star Concept School.** Extends the fiscal year 1998 appropriation of \$193,000 for the Southwest Star Concept School through the end of fiscal year 1999 (June 30, 1999).
- 2 Effective date.** Makes section 1 retroactive to July 1, 1997.