

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	1,824	176	0	2,000	176	0	2,000	4,000
Local Assistance	509,964,988	8,462,265	2,170,593	520,597,846	13,895,729	3,090,015	526,950,732	1,047,548,578
Grants	119,604,611	14,082,528	85,000	133,772,139	21,003,299	85,000	140,692,910	274,465,049
Total Costs	\$629,571,423	\$22,544,969	\$2,255,593	\$654,371,985	\$34,899,204	\$3,175,015	\$667,645,642	\$1,322,017,627
General Fund	509,632,139	8,470,114	2,255,593	520,357,846	13,903,578	3,175,015	526,710,732	1,047,068,578
State/Other Special	750,000	0	0	750,000	0	0	750,000	1,500,000
Federal Special	119,189,284	14,074,855	0	133,264,139	20,995,626	0	140,184,910	273,449,049
Total Funds	\$629,571,423	\$22,544,969	\$2,255,593	\$654,371,985	\$34,899,204	\$3,175,015	\$667,645,642	\$1,322,017,627

Program Description

The Local Education Activities program is used by OPI to distribute various state and federal funds to local education agencies.

Program Highlights

Office Of Public Instruction
Local Education Activities – Distribution to Schools Program
Major Budget Highlights

- OPI's budget for distribution to schools increases by \$62.9 million during the 2007 biennium. Of this amount, \$27.8 million is an increase in state general fund and \$35.1 million is an increase in federal authority.
 - The Governor's recommendations are based on the current funding methodology and do not take into consideration the recent court decision that the existing method is unconstitutional
- In the general fund, the executive proposes to:
 - Increase present law BASE aid by \$16.4 million, which reflects a BASE aid reduction of \$11.9 million for declines in ANB, a BASE aid increase of \$29.0 million for inflation, and adjustments for higher common school revenue estimates (which result in reductions in general fund BASE aid) of \$0.7 million
 - Increase present law special education spending by \$1.5 million, and add new special education spending of \$2.3 million
 - Increase present law school facility spending by \$0.3 million and new school facility spending by \$2.0 million.
 - Increase present law transportation spending by \$0.3 million
 - Increase present law HB 124 block grants by \$1.9 million.

<ul style="list-style-type: none"> • Increase secondary vocational education spending by \$0.6 million • Increase gifted and talented spending by \$0.2 million • Increase present law biennial appropriations by \$0.4 million • In federal spending the executive proposes to: <ul style="list-style-type: none"> • Increase spending on special education by \$18.5 million • Increase spending for the federal school foods program of \$9.9 million • Increase spending on the Elementary and Secondary Education Act (ESEA) program by \$6.8 million primarily for the 21st Century Program
Major LFD Issues
<ul style="list-style-type: none"> • Higher revenue estimates for Base Aid adopted by the Revenue and Transportation Interim Committee in the guarantee fund account could reduce general fund costs by \$6.9 million

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the executive.

Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 509,632,139	80.9%	\$ 520,357,846	79.5%	\$ 526,710,732	78.9%
02402 Traffic & Safety Education	750,000	0.1%	750,000	0.1%	750,000	0.1%
03170 Grant Clearance Discretionary	<u>119,189,284</u>	<u>18.9%</u>	<u>133,264,139</u>	<u>20.4%</u>	<u>140,184,910</u>	<u>21.0%</u>
Grand Total	<u>\$ 629,571,423</u>	<u>100.0%</u>	<u>\$ 654,371,985</u>	<u>100.0%</u>	<u>\$ 667,645,642</u>	<u>100.0%</u>

The following Figure provides a more detailed summary of the executive’s recommendations.

Figure 3
Distribution to Schools, General Fund, State Special, and Federal Funds

Description	Base Budget 2004	PL Base Adjustments Fiscal 2006	New Proposals Fiscal 2006	Total Fiscal 2006	PL Base Adjustments Fiscal 2007	New Proposals Fiscal 2007	Total Fiscal 2007
General Fund							
Direct State Aid	\$275,803,071	\$6,061,843	\$0	\$281,864,914	\$9,499,752	\$0	\$285,302,823
GTB - School General Fund	102,899,850	1,733,881	122,047	104,755,778	2,534,189	228,581	105,662,620
GTB - School Retirement	23,585,922	-2,067,820	0	21,518,102	-1,357,211	0	22,228,711
School Facility Reimbursement	8,270,735	140,558	1,000,000	9,411,293	140,558	1,000,000	9,411,293
Special Education	34,867,755	1,535,812	763,546	37,167,113	1,535,812	1,576,434	37,980,001
Transportation	12,042,550	100,000	0	12,142,550	200,000	0	12,242,550
Instate Treatment	778,794	196,102	0	974,896	196,102	0	974,896
Secondary Vo Ed	715,000	0	285,000	1,000,000	0	285,000	1,000,000
Adult Basic Ed	275,000	0	0	275,000	0	0	275,000
Gifted & Talented	142,151	7,849	85,000	235,000	7,849	85,000	235,000
School Food	648,653	0	0	648,653	0	0	648,653
Other	144,100	7,256	0	151,356	10,270	0	154,370
HB 124 Block Grants	<u>49,458,558</u>	<u>754,633</u>	<u>0</u>	<u>50,213,191</u>	<u>1,136,257</u>	<u>0</u>	<u>50,594,815</u>
Total General Fund	\$509,632,139	\$8,470,114	\$2,255,593	\$520,357,846	\$13,903,578	\$3,175,015	\$526,710,732
State Special Revenue							
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
Total State Special	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
Federal Special Revenue							
Federal School Foods Programs	\$20,655,534	\$3,700,000	\$0	\$24,355,534	\$6,150,000	\$0	\$26,805,534
ESEA - Title I	41,837,295	500,000	0	42,337,295	500,000	0	42,337,295
ESEA Title II - Teacher & Principal Training	15,684,664	675,000	0	16,359,664	675,000	0	16,359,664
ESEA Title III-Language Acquisition	514,494	0	0	514,494	0	0	514,494
ESEA Title IV Drug Free & 21 st Cent Schools	4,304,061	2,200,000	0	6,504,061	2,200,000	0	6,504,061
ESEA Title V & VI - Innovative Ed & Rural	2,199,786	0	0	2,199,786	0	0	2,199,786
ESEA Title X - Ed of Homeless Children	173,500	0	0	173,500	0	0	173,500
IDEA	27,706,176	6,999,855	0	34,706,031	11,470,626	0	39,176,802
Adult Basic Education	1,239,214	0	0	1,239,214	0	0	1,239,214
Carl Perkins	3,135,477	0	0	3,135,477	0	0	3,135,477
Learn and Serve Montana	30,462	0	0	30,462	0	0	30,462
Emergency School Renovation	312,804	0	0	312,804	0	0	312,804
Reading Excellence	<u>1,395,816</u>	<u>0</u>	<u>0</u>	<u>1,395,816</u>	<u>0</u>	<u>0</u>	<u>1,395,816</u>
Total Federal Special	\$119,189,284	\$14,074,855	\$0	\$133,264,139	\$20,995,626	\$0	\$140,184,910
Funding							
Total General Fund	\$509,632,139	\$8,470,114	\$2,255,593	\$520,357,846	\$13,903,578	\$3,175,015	\$526,710,732
Total State Special	750,000	0	0	750,000	0	0	750,000
Total Federal Special	<u>119,189,284</u>	<u>14,074,855</u>	<u>0</u>	<u>133,264,139</u>	<u>20,995,626</u>	<u>0</u>	<u>140,184,910</u>
Total Distribution to Public Schools	\$629,571,423	\$22,544,969	\$2,255,593	\$654,371,985	\$34,899,204	\$3,175,015	\$667,645,642
Statutory Appropriations							
Guarantee Account - Interest & Income	\$47,257,759	\$619,241	\$0	\$47,877,000	\$441,241	\$0	\$47,699,000
Guarantee Account - Timber (HB537)	0	1,700,000	0	1,700,000	1,700,000	0	1,700,000
Total Statutory	\$47,257,759	\$2,319,241	\$0	\$49,577,000	\$2,141,241	\$0	\$49,399,000

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - K-12 BASE Aid	0.00	5,727,904	0	0	5,727,904	0.00	10,676,730	0	0	10,676,730
DP 5 - Special Education Increase to FY 2005 level	0.00	1,535,812	0	0	1,535,812	0.00	1,535,812	0	0	1,535,812
DP 19 - Transportation Aid - Increased State Obligation	0.00	100,000	0	0	100,000	0.00	200,000	0	0	200,000
DP 20 - School Facility Reimbursement	0.00	140,558	0	0	140,558	0.00	140,558	0	0	140,558
DP 22 - School Block Grants	0.00	754,633	0	0	754,633	0.00	1,136,257	0	0	1,136,257
DP 23 - School District Audit Filing Fee	0.00	7,256	0	0	7,256	0.00	10,270	0	0	10,270
DP 25 - Biennial Appropriations	0.00	203,951	0	0	203,951	0.00	203,951	0	0	203,951
DP 28 - Increasing Federal authority to anticipated level	0.00	0	0	14,074,855	14,074,855	0.00	0	0	20,995,626	20,995,626
Total Other Present Law Adjustments	0.00	\$8,470,114	\$0	\$14,074,855	\$22,544,969	0.00	\$13,903,578	\$0	\$20,995,626	\$34,899,204
Grand Total All Present Law Adjustments					\$22,544,969					\$34,899,204

DP 1 - K-12 BASE Aid - This request is for funding for the K-12 BASE Aid present law adjustment as defined by Section 20-9-326, MCA and adjusted for available guarantee fund revenue. It includes inflation on the basic and per-ANB entitlements and changes in enrollment. The inflator for FY 2006 (calculated using CPI-Urban indexes for July 2000 and July 2003) is 2.10 percent. The inflator for FY 2007 (calculated using CPI-Urban indexes for July 2001 and July 2004) is 2.19 percent. ANB (number of students) are anticipated to decline 1.5 percent in FY 2006 and 1.2 percent in FY 2007.

An anticipated increase in the guarantee fund revenues of \$0.6 million in FY 2006 and \$0.4 million in FY 2007 offset increases in general fund by a like amount. The net increase in general fund cost is \$5.7 million in FY 2006 and \$10.7 million in FY 2007. The total \$16.4 million is a biennial appropriation.

LFD COMMENT

The following figure shows historical and expected Average Number Belonging (ANB), a measure of the number of funded enrollees by fiscal year. ANB is expected to decline 1.5 percent in FY 2006 and by 1.2 percent in FY 2007. ANB declines are expected for at least 8 to 10 more years as declines in the birth rate in the nineties results in fewer children attending public school. Recent increases in the birth rate are expected to continue but will not increase school populations for several more years.

Figure 4
Average Number Belonging (ANB) in Montana Schools

Fiscal Year	Elementary	Percent Change	High School	Percent Change	Total	Percent Change
Actual & Present Law						
A 1994	111,507		45,403		156,910	
A 1995 *	114,735	2.9%	47,891	5.5%	162,626	3.6%
A 1996	114,697	0.0%	49,043	2.4%	163,740	0.7%
A 1997	114,093	-0.5%	50,586	3.1%	164,679	0.6%
A 1998	112,442	-1.4%	51,432	1.7%	163,874	-0.5%
A 1999	109,852	-2.3%	51,885	0.9%	161,737	-1.3%
A 2000	107,731	-1.9%	52,025	0.3%	159,756	-1.2%
A 2001	105,968	-1.6%	51,507	-1.0%	157,475	-1.4%
A 2002	103,627	-2.2%	50,794	-1.4%	154,421	-1.9%
A 2003	101,140	-2.4%	50,357	-0.9%	151,497	-1.9%
A 2004	99,465	-1.7%	50,003	-0.7%	149,468	-1.3%
A 2005	98,186	-1.3%	49,466	-1.1%	147,652	-1.2%
E 2006	96,212	-2.0%	49,299	-0.3%	145,511	-1.5%
E 2007	95,110	-1.1%	48,604	-1.4%	143,714	-1.2%

Beginning in fiscal 1995, ANB Includes students who spend more than 1/2 day in special education class.

LFD COMMENT

The Figure 5 provides data on the present law proposed change in Base Aid, as well as other changes in present and proposed law in the distribution to schools program. The estimates for the present law BASE aid change include the following assumption:

- ANB declines of 1.5 percent in fiscal 2006 and 1.2 percent in fiscal 2007, resulting in biennial Base Aid savings of \$11.9 million
- Inflation applied to the Basic and Per-ANB entitlements in both elementary and high school of 2.1 percent in FY 2006 and 2.19 percent in FY2007, resulting in biennial increases in Base Aid spending of \$29 million
- An increase in Special Education allowable costs of \$1.5 million in each year of the 2007 biennium, which increases Guaranteed Tax Base (GTB) aid
- Slightly more common school revenue (in the guarantee fund) available for Base Aid of approximately \$1 million, over the biennium, is assumed. Base Aid is paid for first from the guarantee fund out of common school revenues which consist of interest from the common school trust, income from leasing agricultural land and royalties from oil, natural gas and coal sales from common school land. The remainder of the Base Aid required for present law comes from the general fund. When there are more revenues in the guarantee fund, the amount required by the general fund is reduced

**LFD
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CONT.**

Figure 5
Executive Proposals for K-12 Distribution to Schools - 2007 Biennium
By Fund and Decision Package Number

Present Law Adjustments		Fiscal 2006	Fiscal 2007	Biennium
Decision Package	General Fund			
	Base Aid Changes			
DP01	Reduction Due to Fewer ANB	(\$3,380,356)	(\$8,481,001)	(\$11,861,357)
DP01	Inflation Adjustment (2.1% - FY06; 2.19% FY07)	9,554,956	19,429,308	28,984,264
DP05	BASE Aid Due to Spec Ed Present Law Adjustment	172,545	169,664	342,209
None	Adjustment for Higher Common School Revenue	(619,241)	(441,241)	(1,060,482)
	Total Base Aid Changes	\$5,727,904	\$10,676,730	\$16,404,634
DP19	Transportation	\$100,000	\$200,000	\$300,000
DP05	Special Education	1,535,812	1,535,812	3,071,624
DP20	School Facility	140,558	140,558	281,116
DP22&25	Other Biennial	211,207	214,221	425,428
DP22	HB 124 Block Grants	754,633	1,136,257	1,890,890
	Total General fund	\$8,470,114	\$13,903,578	\$22,373,692
New Proposals		Fiscal 2006	Fiscal 2007	Biennium
	General Fund			
	Base Aid Changes			
DP06	BASE Aid Due to Spec Ed Increase	\$122,047	\$228,581	\$350,628
DP06	Special Education Increase	763,546	1,576,434	2,339,980
DP21	School Facility Increase	1,000,000	1,000,000	2,000,000
DP51	Secondary Vo-Ed Increase	285,000	285,000	570,000
DP50	Gifted and Talented Increase	85,000	85,000	170,000
	Total General Fund - New Proposals	\$2,255,593	\$3,175,015	\$5,430,608
	Net Change General Fund Over Base	\$10,725,707	\$17,078,593	\$27,804,300
	State Spending in the 2004 general fund base budget			509,632,139
	BASE Aid in the Guarantee Fund			47,257,759
	Total State Spending on K-12 - FY2004			\$556,889,898

The executive revenue projections for common school revenue available for Base Aid in the guarantee fund are \$6.9 million below those adopted by the Revenue and Transportation Interim Committee (RTIC) on November 16, 2004. The RTIC adopted revenue estimates are \$3.7 million higher in FY 2006 and \$3.2 million higher in FY 2007. The projections used for BASE Aid in the guarantee fund should be adjusted during the legislative process to match the projections in the legislative revenue estimates (HJR 2). If the legislature adopts the RTIC numbers for guarantee revenue available for Base Aid, the amount of required Base Aid in the general fund will fall by \$6.9 million.

There is a possibility that revenue estimates for guarantee revenues for BASE Aid are overstated and that amendments may be necessary that will reduce the estimates. At issue is the potential reduction in capital gains income from the sale of bonds. LFD staff is researching this issue and, if necessary, will recommend HJR 2 amendments to the appropriate tax committee.

DP 5 - Special Education Increase to FY 2005 level - Special education services to students with disabilities. - State and federal laws require schools to provide these services. The Individuals with Disabilities Education Act (IDEA) includes a provision in 34 CFR 300.154(b) that requires state maintenance of fiscal effort. If state appropriations decline from one year to the next, federal funding to the state is reduced dollar for dollar to the amount of the reduction in state funds.

The amount of special education dollars spent in FY 2004 was \$34,900,310, and the amount appropriated for FY 2005 was \$36,436,122 for a difference of \$1,535,812 per year. This is the amount added to the base special education appropriation for fiscal 2006 and 2007. This is a biennial appropriation.

DP 19 - Transportation Aid - Increased State Obligation - An increase in the state obligation for school district on - schedule transportation costs is anticipated to increase by \$100,000 in each year of the next biennium. Increased costs are primarily due to changes in the number of bus miles and the size of the buses approved by the county school transportation committee. This is a biennial appropriation.

**LED
COMMENT**

This request provides additional funding for district on-schedule transportation costs so claims can be paid as required by law. The request is to establish the 2007 biennial appropriation for state transportation aid payments at the 2005 biennium appropriated amount of \$24.2 million plus \$100,000/year. Several things, including increases in bus sizes, increases in the number of bus miles traveled, increases in the number of individual contracts, and declines in the amount of district reappropriations will all affect the amount of this statutorily mandated payment.

DP 20 - School Facility Reimbursement - To promote safe school facilities and as a measure of taxpayer fairness, Montana has established a statutory formula for providing state payments to low property tax wealth school districts to assist with debt service payments on school bonds. The state school facility reimbursement expenditure in the base year was \$8,270,735. In FY 2005 the amount available to distribute is \$8,411,293, for a difference of \$140,588 per year. The increase to the FY 2005 level is a present law adjustment. This is a biennial appropriation.

DP 22 - School Block Grants - 20-9-630 and 632, MCA provides for an annual 0.76 percent increase in the county transportation and school district block grants. These block grants originated from HB 124 of the 2001 legislative session and are intended to replace former local sources of revenue to school districts with state general fund. This is a biennial appropriation.

DP 23 - School District Audit Filing Fee - This increase in general fund authority for school district audit filing fees of \$7,256 in FY 2006 and \$10,270 in FY 2007 would allow OPI to pay school district audit filing. Payment of this fee from OPI to the Department of Administration is required by 2-7-514(2), MCA. This increase assumes school district revenues will increase 3 percent each year. Base year expenditures are \$144,000. This is a biennial appropriation.

DP 25 - Biennial Appropriations - This \$203,951 per year present law adjustment establishes biennial appropriations in each year at half of the amount appropriated for the 2005 biennium. In the base year each of these appropriations spent less than half of the biennial appropriation. The increase maintains the present law amounts. The biennial appropriations include:

- Instate treatment - \$1,949,792
- Secondary Vo-ed - \$1,430,000
- Adult Basic Ed - \$550,000
- Gifted and Talented - \$300,000
- School Foods - \$1,297,306

DP 28 - Increasing Federal authority to anticipated level - This \$35 million biennial adjustment in federal spending authority for grant awards currently administered by the Office of Public Instruction adjusts appropriations to the anticipated level of federal revenue. This is a biennial appropriation.

LFD COMMENT

The figure below shows the purposes for which the increased federal authority is expected. A large increase is expected in special education, in the federal foods program, and in elementary and secondary education act monies, especially for the 21st century program.

The 21st century program supports the creation of community learning centers that provide academic enrichment opportunities for children, particularly students who attend high-poverty and low-performing schools. The program helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

**Figure 6
Federal Grant Awards
Present Law Adjustments**

Programs Increased	Base 2004	Increase / Decrease	
		Fiscal 2006	Fiscal 2007
Individuals with Disabilities Education Act, Part B	\$26,320,546	\$6,999,855	\$11,470,626
Title IV, Part B - 21st Century	2,764,679	2,200,000	2,200,000
Child Nutrition - School Lunch	16,060,616	2,200,000	3,600,000
Child Nutrition - School Lunch	3,838,161	1,000,000	1,800,000
Child Nutrition - School Lunch	756,755	500,000	750,000
Title II, Part B - Math.Science	28,214	675,000	675,000
Title I	36,690,193	500,000	500,000
Total	\$86,459,164	\$14,074,855	\$20,995,626

New Proposals

Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6 - Special Education Increase										
09	0.00	885,593	0	0	885,593	0.00	1,805,015	0	0	1,805,015
DP 21 - Additional School Facility Reimbursement										
09	0.00	1,000,000	0	0	1,000,000	0.00	1,000,000	0	0	1,000,000
DP 50 - Additional funding - Gifted and Talented										
09	0.00	85,000	0	0	85,000	0.00	85,000	0	0	85,000
DP 51 - Additional funding - Career & Technical Education										
09	0.00	285,000	0	0	285,000	0.00	285,000	0	0	285,000
Total	0.00	\$2,255,593	\$0	\$0	\$2,255,593	0.00	\$3,175,015	\$0	\$0	\$3,175,015

DP 6 - Special Education Increase - In addition to the amount appropriated in FY 2005, the executive is recommending that the inflationary adjustment provided in Section 20-9-326, MCA be applied to special education funding as well as basic and per ANB entitlements. The inflators used are 2.10 percent in FY 2006 and 2.19 percent in FY 2007. The additional general fund requirement is \$2.8 million in the biennium. This is a biennial appropriation.

LFD COMMENT

The increase in the special education appropriation is actually \$2.3 million. Because the minimum district general fund budget includes 40 percent of the special education appropriation, the increase in the special education appropriation results in additional GTB aid, as well as an increase in local mandatory property taxes. The GTB increase is expected to be \$0.4 million for the biennium. The sum of these amounts is shown in the table above.

DP 21 - Additional School Facility Reimbursement - In addition to the present law increase provided for school facility reimbursement, the executive recommends an additional \$1 million in each year of 2007 biennium to be distributed to school districts for school facility bond payments. As additional bonds are passed throughout the state additional state support is needed to keep the proration of eligible costs close to 100 percent. This is a biennial appropriation.

**LFD
ISSUE**

The school facility appropriation subsidizes debt service on the bonds districts incur for the construction of buildings. It is distributed to schools inversely, relative to taxable value wealth per ANB. If the appropriation is not enough to fully fund all eligible districts, then the amount each district receives is prorated. If all probable bonds are passed by voters during the 2007 biennium, the increased need would be \$2.5 million to keep the pro-ration percentage at 100 percent. However, this was predicated on passage of the Billings High School bond issue in the Fall of 2004, and would have required over \$1 million in state school facility payments. This bond issue failed. It is expected, however, that the bond issue will again be up for consideration in the Spring of 2005.

DP 50 - Additional funding - Gifted and Talented - This proposal adds \$85,000 general fund per year to the current gifted and talented block grant of \$150,000 per year. These funds are used to provide a small amount of earmarked funds for the gifted and talented programs in schools. Most gifted and talented funding services are provided by the district general fund budgets. This is a biennial appropriation.

**LFD
COMMENT**

Spending in the gifted and talented program has been at \$150,000 per year since 1994 when it was reduced from \$300,000 per year. Since then inflation has been 28 percent. If the gifted and talented appropriation had risen with inflation, school districts would have had a cumulative increase of \$225,000 between 1994 and 2004. This program is required by state statute and by the Board of Public Education.

DP 51 - Additional funding - Career & Technical Education - This request increases the state Vocational-Education or Career and Technical Education allocation from \$715,000 to \$1,000,000 general fund per year. The requested funding is to support Career and Technical Education programs to keep pace with the nature of student needs for the needs of today's technical economy. This is a biennial appropriation.

**LFD
COMMENT**

The secondary vo-ed appropriation was increased to \$715,000 from \$650,000 per year in FY 2000. If the appropriation for secondary vo-ed had grown at the rate of inflation, the cumulative increases between 2000 and 2004 would have been \$67,000.

- This allocation is distributed among 173 schools and serves 490 CTE Programs.
- The executive allocated \$250,000 in federal Jobs and Growth reconciliation Act monies to be distributed to secondary Vo-ed. This money was distributed to schools in FY 2004.

Language

All revenue received in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5. This appropriation may not exceed \$1 million a year.

The office of public instruction may distribute funds from the appropriation in item (Instate Treatment) to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs.