

EXHIBIT 4
DATE 1/18/2005
HB 2

DP 29 – Indirect Cost of Base Adjustments (pg. E-9)

The executive recommends additional appropriation authority for the indirect cost portion of the general fund, state special revenue fund and federal funds statewide level base adjustments. The general fund requirement is \$81,000 over the biennium. In addition to providing central services within the agency, these adjustments fund increases in statewide cost assessments for the legislative audit, SABHRS costs, a portion of the increases in rent, and others.

**LFD
COMMENT**

There is a contingency in the audiology contract that allows less to be contracted in the event of inadequate funding from the legislature.

DP 18 - Statewide Student Assessment - This request is for a present law adjustment to fund the increased costs associated with the Office of Public Instruction's contract with Riverside Publishing Company for administration of the Iowa Test of Basic Skills (ITBS) in grades 4 and 8, and the Iowa Test of Educational Development (ITED) in grade 11. The statewide student assessment is required by the Administrative Rules of the Board of Public Education for the accreditation of schools for grades 4, 8, and 11. The present law base for the Statewide Student Assessment is \$253,250 general fund. The executive proposes to extend the contract with Riverside Publishing Company for fiscal years 2006 and 2007. Riverside Publishing Company has provided a price quote of \$278,000 for fiscal 2006 and \$292,000 for fiscal 2007. The present law adjustment for FY 2006 is \$29,250 and for FY 2007 is \$43,250 general fund.

**LFD
COMMENT**

The Iowa Basic tests proposed here have been used in Montana since 2001. The Iowa Tests are norm-referenced tests that measure basic skills. In a norm-referenced test, student achievement is compared to the achievement of students in a national norm group. Montana also uses a criterion-referenced test that was first implemented in FY 2004. A criterion-referenced test is a test aligned to academic content standards. The Montana Criterion-Referenced Test (CRT) is aligned to Montana Content Standards in Reading and Mathematics. In the CRT, Montana student achievement is compared to achievement on those standards. The No Child Left Behind Act requires that adequate yearly progress (AYP) be measured by a criterion-referenced test. OPI has a contract to administer the current CRT with the firm Measured Progress. The contract with Measured Progress is approximately \$2.5 million a year for 5 years and is paid for with federal money. It is usual for criterion-referenced tests to be more expensive than norm-referenced tests. The Board of Public Education has an assessment committee that reviews and recommends assessments to the Board. The committee is currently reviewing the assessment options for after the 2007 biennium.

DP 26 - Growth in Commodities and Cooperative Purchasing - This increase of \$15,000 in state special spending authority for the Commodities and Cooperative Purchasing budget from the current \$85,000 to \$100,000 for each year of the new biennium is the result of growing use of the program by private and public entities.

DP 27 - Federal Grant Increases - This increase of \$15,000 in state special spending authority for the Commodities and Cooperative Purchasing budget from the current \$85,000 to \$100,000 for each year of the new biennium is the result of growing use of the program by private and public entities.

**LFD
COMMENT**

The increased spending authority would be used to cover the following: 1) an increase in the amount of commodity foods to be allocated resulting in increased food storage and transportation costs for non-public schools and private residential child care institutions; and 2) increased project costs for the cooperative food purchasing program, specifically, travel and meeting expenses of a newly developed committee of local school personnel that provides input on ordering and processing preferences for foods that are to be available on the state bid.

DP 29 - Indirect Cost of Base Adjustments - This \$5.2 million increase in federal spending authority for grant awards currently administered by the Office of Public Instruction is due to normal increases in federal funding. These funds are used to support the administration of current federal grants and to provide technical assistance to sub-grantees (districts and cooperatives). This is a biennial appropriation.