

**INCREASED ENTITLEMENTS & SPECIAL EDUCATION (Joan/Bob)
DP 61 SCHWEITZER BUDGET (page 26)**

| | FY 2006 | FY 2007 | Biennium |
|---|--------------|--------------|--------------|
| Increase Schedules \$250/ANB elem & \$50/ANB HS | \$9,638,287 | \$9,554,163 | \$19,192,450 |
| School District GTB on increased BASE Mills | \$3,932,778 | \$3,918,887 | \$ 7,851,665 |
| County Retirement due to Gen Fund increases | \$ 451,880 | \$ 466,803 | \$ 918,683 |
| Special Ed Increase | \$1,339,009 | \$1,368,288 | \$ 2,707,297 |
| Total DP61 | \$15,361,954 | \$15,308,141 | \$30,670,095 |

Decision Package 61, also labeled as "NP61, Increased Entitlements and Special Education" is found on page 26 of the Governor's Budget handout.

This package is dependent on passage of legislation.

The Governor's proposal is outlined on a handout _____.

In his proposal, the Governor addresses the difference between elementary and high school funding by increasing the per-student entitlements by \$250 per elementary student and \$50 per high school student. This request is not affected by the present law inflation factors of 2.1% in FY 2006 and 2.19% in FY 2007. Funding for the inflation factors is already covered in the present law Decision Package "DP1 K-12 BASE Aid".

The proposal includes 4 pieces that are interrelated in the school funding formulas:

One piece is the amount needed to fund the state's portion (44.7%) of the per-ANB entitlements themselves, using \$250 per ANB for the elementary and \$50 per ANB for HS. That amounts to \$9.6 million in FY 2006 and \$9.5 million in FY 2007.

The second piece funds 3.5% toward the special education block grants, which amounts to \$1.33 million in FY 2006 and \$1.36 million in FY 2007.

In school budgets, the entitlements are supported partly by state entitlement payments and partly by a local mill levy. State law requires districts to levy taxes to match the state special education funding at a rate of one (1) local dollar for every three (3) state dollars. This BASE (or minimum) levy requires a state subsidy under the guaranteed tax base subsidy program. So, that subsidy payment is the third piece of this decision package, totaling about \$3.9 million in each year.

Lastly, the schools will spend some of the new money for staff, resulting in state subsidies on the related retirement contributions in the amount estimated to be \$451,880 and \$466,803 in FY 2006 and 2007, respectively.

The passage of this bill will provide much needed relief to school budgets for districts of every size.