



**IMPACTS OF CURRENT K-12 FUNDING LEVELS**

March 19, 2011

Senate Finance and Claims Committee

These requests fund several crucial items for state support for K-12 schools. Impacts of those items are explained below.

Appropriation Item	What does it support?	Amount Requested (biennial)  and status as of 3/18/2011
K-12 BASE Aid	<p>This request provides the \$29.58 million present law adjustment to increase the basic and per-ANB entitlements for K-12 schools by 1.90% in FY 12 and by 1.53% in FY 13 in accordance with 20-9-326, MCA. The request includes direct state aid of \$21.02 million and the accompanying guaranteed tax base (GTB) costs of \$8.57 million for the biennium. This is the state's largest appropriation to public schools and supports the operating budgets of K-12 school districts.</p> <p><u>Failure to fund</u> - Without this additional aid, state support will drop below the FY 2011 levels.</p>	<p>\$29.584 Million requested</p> <p><i>HB 2 Status:</i> \$12.084 Million funded using guarantee account and is \$17.5 Million below the present law request</p>
Special Education Maintenance of Effort	<p>Provides on-going funding to serve students with disabilities at a level that meets Maintenance of Effort requirements under IDEA. Federal law requires the state to maintain fiscal effort from year to year in order to receive funds under the Individuals with Disabilities Act (IDEA), Part B for education of children with disabilities. This funding was provided in HB 645 for the 2011 biennium, so the base expenditure was zero. This request includes increased GTB costs of \$245,459 in FY 12 and \$250,571 in FY 13 associated with the state special education appropriation of \$1.284 million per year.</p> <p><u>Failure to fund</u> - Will result in a dollar for dollar loss of federal funding for education of children with disabilities.</p>	<p>\$3.065 Million requested</p> <p><i>HB 2 Status:</i> \$3.065 Million funded using guarantee account</p>
Special Education Inflationary Increase	<p>This request funds an inflationary increase in the state appropriation for state special education funding for K-12 public schools based on the same inflationary adjustment included for basic and per-ANB entitlements in section 20-9-326, MCA.</p> <p>The increase is \$2,681,398 for the biennium. The adjustment for</p>	<p>\$2.681 Million requested</p> <p><i>HB 2 Status:</i> -0-</p>



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	<p>inflation of special education funding is \$791,299 (1.9%) for FY 12 and \$1.441 million (1.53%) for FY 13. This proposal would increase the state special education appropriation to \$42.44 million for FY 12 and \$43.09 million in FY 13. The request includes the estimated increase of GTB costs associated with the state special education appropriation for \$160,791 in FY 12 and \$288,698 in FY 2013.</p> <p><u>Failure to fund</u> – Special education services are required; therefore, if the state does not fund services, the schools must use dollars that would have been used for general education.</p>	
Pupil Transportation	<p>This request funds the state obligation for pupil transportation required under 20-10-145, MCA. The formula-driven reimbursements to K-12 public school districts are expected to increase by \$200,000 in FY 12 and \$300,000 in FY 13 over base year FY 10. This amount is matched by county property taxes. This appropriation provides additional funding to transport students to and from school in areas of residential growth.</p> <p><u>Failure to fund</u> – A supplemental request will be needed in the 2013 Legislature.</p>	<p>\$500,000 requested</p> <p><i>HB 2 Status:</i>            \$500,000 funded using guarantee account</p>
School Block Grants	<p>State statute requires an inflationary increase of 0.76% annually in the school block grants.</p> <p><u>Failure to fund</u> - Local property taxpayers will make up the difference.</p>	<p>\$1.979 Million requested</p> <p><i>HB 2 Status:</i>            \$420,498 below FY 2010 base, then adds \$2.579 Million if SB 403 fails.</p>
School District Audit Filing Fees	<p>This request funds the Office of Public Instruction's (OPI) payments to the Department of Administration for school district audit filing fees as required by 2-7-514(2), MCA. The projection assumes school district revenues, which are the basis for the fees, will increase 3% each year.</p> <p><u>Failure to fund</u> – OPI must make these payments, so OPI will need a supplemental appropriation request in the 2013 Session.</p>	<p>\$28,732 requested</p> <p><i>HB 2 Status:</i>            \$28,732 funded using guarantee account</p>



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School Lunch State Matching Requirement	<p>The National School Lunch Act requires a state revenue match. OPI requests an increase to meet the matching requirements.</p> <p><u>Failure to fund</u> - The State will lose \$66 million for the biennium and low-income students lose 10 million breakfasts and lunches.</p>	<p>\$42,937 requested</p> <p><i>HB 2 Status:</i>            \$42,937  <i>funded using guarantee account</i></p>
In-State Residential Treatment	<p>Provides funding for education services to students in psychiatric residential treatment facilities who are not Medicaid-eligible. State law requires that OPI allocate funding to pay for education for children who are placed in psychiatric residential treatment facilities in the state. The law says the state is obligated to pay those costs.</p> <p><u>Failure to fund</u> - Will discontinue educational services for students placed in psychiatric facilities.</p>	<p>\$1.575 Million requested</p> <p><i>HB 2 Status:</i>            \$1.575 Million  <i>funded using guarantee account</i></p>
Adult Basic Education Programs	<p>State adult basic education (ABE) funding supports 56 adult education centers and satellite programs across the state.</p> <p>The monies support instruction in reading, writing, mathematics, science, social studies and English as a Second Language and other skills required for attaining employment, or entering post secondary education.</p> <p>The program serves approximately 200 adults in the Montana State Prison system, 1,500 individuals between 16-18 years of age and 4,500 adults.</p> <p>These programs are essential for adults who, for various reasons, need help to gain necessary basic skills so they can get a job, whether that means getting a GED, the skills they need to get into college, or job retraining. ABE programs provide valuable resources to communities.</p> <p><u>Failure to fund</u> -Will result in a reduction to the maintenance of effort required to receive continued federal funding for this program and would place this requirement at the local level. Once the level of required maintenance of effort is breached, Montana loses one federal dollar for each state dollar.</p>	<p>\$1.050 Million requested</p> <p><i>HB 2 Status:</i>            \$1.050 Million  <i>funded using guarantee account</i></p>



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Secondary Vocational Education Programs	<p>State funding for Secondary Vocational Education programs supports career and technical education programs in Montana high schools. These are the necessary funds for meeting the maintenance of effort requirement for the federal Carl Perkins grant money that enables high schools to offer valuable career and technical courses that prepare students for college and career after high school. Every high school student in Montana takes at least one technical course.</p> <p><u>Failure to fund</u> – Will result in loss of valuable programs such as business education, agricultural education, and other career and technical courses. Loss of vocational education money will lead to the loss of the entire allocation of federal Carl Perkins funding of \$5.4 million per biennium.</p>	<p>\$2 Million requested</p> <p><i>HB 2 Status:</i>            \$2 Million funded using guarantee account</p>
Gifted & Talented Programs	<p>Provides state grants to local school districts to supplement their educational offerings for gifted students. This small allocation is the only state support for gifted education programs. These students are at risk for dropping out unless they are able to engage in academic activities that challenge their capabilities and keep them connected to school. Our state can't afford to have our brightest students drop out.</p> <p><u>Failure to fund</u> –Schools will have to use regular funds to support the programs because schools are required by law to provide a gifted and talented program. Fewer students will have access to these programs and fewer activities will be offered.</p>	<p>\$500,000 requested</p> <p><i>HB 2 Status:</i>            \$500,000 funded using guarantee account</p>
At-Risk Student Payment	<p>Provides funding for schools to serve students who are at-risk of not graduating or not reaching grade level expectations. The At-Risk Student Payment was created by the Legislature to achieve adequacy of funding for the state's K-12 public schools and upheld by the district court.</p> <p>The 2009 Legislature expressed its intention to restore funding for the At-Risk Student Payment through a decision package that is documented in the LFD Fiscal Report for the 2011 biennium (Page E-30). The Decision Package states: "DP 917 – At Risk Payment Reduction – This decision package reduces the at-risk payment in the base by \$4,999,999 in each year of the 2011 biennium. This will reduce district general fund maximum and base budgets by a like amount. It is the intent of the legislature</p>	<p>\$10 Million requested</p> <p><i>HB 2 Status:</i>            \$10 Million funded using guarantee account</p>



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	<p>that the executive include the at-risk payment at \$5 million per year in its 2013 biennium submission."</p> <p><u>Failure to fund</u> – Schools will have fewer resources to provide services to help the most socio-economically disadvantaged students in the state, which will lessen schools' ability to improve academic achievement.</p>	
In-state Treatment Language	<p>This request provides language in HB0002 for the OPI to distribute funds from the appropriation for In-state Treatment to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs.</p>	<p>Language only.</p> <p><u>HB 2 Status:</u>  <i>No action. HB 2 does not yet include the wording</i></p>
Audiological Services	<p>Provides an increase of 3% annually to maintain audiological services through Hearing Conservation Program contracts.</p> <p>The federal Individuals with Disabilities Education Act (IDEA) requires public schools to have an effective child-find system in place for children through age 21 who are suspected of having disabilities. The Hearing Conservation Program is the primary method for schools to identify students with hearing impairments. It's critical for schools to find hearing deficits in time so students avoid falling behind in their education.</p> <p><u>Failure to fund</u> - The state will not be able to provide screening services to all schools in the current cost-efficient manner. Additionally, it will be at least twice as expensive for districts to carry out the federal requirement for child-find. Schools will have to help pay for the services at greater expense, which passes this cost to local districts and lowers funds available for regular education programs.</p>	<p>\$66,191 requested</p> <p><u>HB 2 Status:</u>  <i>-0-</i></p> <p><i>HB 2 includes FY 10 base only, without present law increase.</i></p>
National Board Certification Teacher Stipends	<p>One-time \$3,000 stipends are paid to Montana teachers who achieve certification from the National Board for Professional Teaching Standards.</p> <p>To date, 92 Montana teachers have achieved national certification; in this past year 7 teachers became nationally certified. The out-of-pocket costs for a teacher to become</p>	<p>\$27,000 requested</p> <p><u>HB 2 Status:</u>  <i>-0-</i></p> <p><i>HB 2 includes FY 10 base only, without present law increase.</i></p>



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	<p>national board certified exceed \$3,000/teacher.</p> <p><u>Failure to fund</u> – The state will not recognize teachers for the worthy accomplishment. We won't be able to offer this incentive for the best and brightest teachers in the state who pursue teaching excellence.</p>	
<p>Montana Digital Academy</p>	<p>This proposal transfers the academy from the Montana University System. The Montana Digital Academy (MTDA) (formerly the Virtual Academy) is a very popular program that provides courses for students across Montana through the public school districts. The MTDA program is designed to help students meet college admissions requirements, make up missed or failed classes, resolve scheduling conflicts, and take advanced coursework.</p> <p><u>Failure to fund</u> - Will de-fund the entire program. This program is currently successful and is growing, serving approximately 2,700 students this school year.</p>	<p>\$2.336 Million requested</p> <p><i>HB 2 Status:            \$2.336 Million contingent upon HB 316 amending 17-3-240 to redirect federal mineral leases to the guarantee account.</i></p>