

POTENTIAL SAVINGS TO STATE FROM SCHOOL DISTRICT REDUCTIONS

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This is a rough back of the envelop analysis of potential savings. It only hits the two main areas of potential state savings if you make the following assumptions. There will be other financial impacts such changes to GTB, decrement influences and other minor financial impacts. It is not a recommendation of Montax. Its purpose is to show the potential savings in minimal, therefore the commission should devote its time to other issues that will have more impact on school funding and budgets.

ASSUMPTIONS:

1. 100 small elementary districts close and students transfer to other existing districts
2. 30 small High Schools close and students transfer to existing districts
3. 50 Junior High schools are eliminated
4. Approximately 3 teaching positions are eliminated with each elementary closure
5. Two teaching positions are eliminated with each Jr. High closure
6. Six certified positions are eliminated with each High School closure

7. The State pays 67% of the cost of the BASE Entitlement, through Direct State Aid and GTB, and 100% of the Quality Educator payments
8. Other accounts are not included such as teacher retirement and transportation.
9. The consolidation incentives of base entitlements and budget adjustments are not considered.

Savings to the State of Montana:

Base entitlement reductions

Elementary—	$100 \times \$50,000 \times .67 =$	\$3,350,000
Jr High—	$50 \times \$100,000 \times .67 =$	\$ 3,350,000
High School—	$30 \times \$300,000 \times .67 =$	<u>\$6,000,000</u>
	Total	\$12,700,000

Quality Educator Payments Reductions

Elementary—	$100 \times 3 \times \$3100 =$	\$930,000
Junior High--	$50 \times 2 \times \$3100 =$	\$310,000
High School--	$30 \times 6 \times \$3100 =$	<u>\$558,000</u>
	<u>Total</u>	<u>\$1,798,000</u>

TOTAL STATE REDUCTIONS \$14,498,000*

*Additional costs will be incurred in receiving districts for transportation, building expansion, supplies, etc.

Savings to taxpayers will be greater than this number as local money is added to the state's share to make up total school spending