

**Program Budget Comparison**

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	1,308,209	1,120,835	1,308,138	1,308,164	2,429,044	2,616,302	187,258	7.71%
Local Assistance	620,260,239	642,976,162	697,121,987	725,234,311	1,263,236,401	1,422,356,298	159,119,897	12.60%
Grants	142,889,668	140,292,700	157,907,123	159,467,123	283,182,368	317,374,246	34,191,878	12.07%
Transfers	507,840	311,139	507,840	507,840	818,979	1,015,680	196,701	24.02%
<b>Total Costs</b>	<b>\$764,965,956</b>	<b>\$784,700,836</b>	<b>\$856,845,088</b>	<b>\$886,517,438</b>	<b>\$1,549,666,792</b>	<b>\$1,743,362,526</b>	<b>\$193,695,734</b>	<b>12.50%</b>
General Fund	613,007,446	635,535,999	688,869,125	717,281,475	1,248,543,445	1,406,150,600	157,607,155	12.62%
State Special	9,336,000	9,336,000	10,336,000	10,036,000	18,672,000	20,372,000	1,700,000	9.10%
Federal Special	142,622,510	139,828,837	157,639,963	159,199,963	282,451,347	316,839,926	34,388,579	12.18%
<b>Total Funds</b>	<b>\$764,965,956</b>	<b>\$784,700,836</b>	<b>\$856,845,088</b>	<b>\$886,517,438</b>	<b>\$1,549,666,792</b>	<b>\$1,743,362,526</b>	<b>\$193,695,734</b>	<b>12.50%</b>

**Program Description**

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

**Program Highlights**

<b>Office of Public Instruction – Local Education Activities</b>
<b>Major Budget Highlights</b>
<p>The legislature passed HB 2 and SB 175. Both funded local education activities. In HB 2 there was:</p> <ul style="list-style-type: none"> <li>◆ A general fund increase above base of \$180.1 million in local education activities.</li> <li>◆ An increase for all funds of \$213.4 million in the local education activities program.</li> <li>◆ Significant present law general fund adjustments in HB 2 include the following:                             <ul style="list-style-type: none"> <li>• Annualization of entitlements and funding components and adjustments for ANB to FY 2013 levels, \$32.7 million</li> <li>• Inflation of the basic and per-ANB entitlements of \$22.2 million</li> <li>• SB 372 reimbursement block grants, \$20.5 million</li> <li>• Guarantee account revenue adjustments, \$94.5 million</li> <li>• Other categorical adjustments, \$0.7 million</li> </ul> </li> <li>◆ Significant general fund new proposals in HB 2 include:                             <ul style="list-style-type: none"> <li>• Inflation applied to special education and the at-risk payment, \$2.1 million</li> <li>• Chapter 55 implementation, \$0.5 million</li> <li>• An increase in career and technical education, \$1 million, contingent on HB 86</li> <li>• A one-time only payment for school technology, \$1 million</li> <li>• Adjustments to HB 2 for impacts of SB 96. SB 96 lowered the tax rate and increased the exemption on business equipment. SB 96 also increased reimbursements to school districts and the county education accounts by \$7.9 million. The resulting general fund GTB savings were estimated to be \$3.1 million. SB 96 changed the line items in HB 2 for reimbursement block grants and for Base Aid by the same amounts respectively.</li> </ul> </li> </ul>

<b>Office of Public Instruction – Local Education Activities (Continued)</b>	
<b>Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislature added \$15.0 million federal funds for a new striving readers competency and literacy program, along with \$0.8 million administrative costs</li> </ul>	
In addition to a number of statutory changes, SB 175:	
<ul style="list-style-type: none"> <li>◆ Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; cost is in HB 2</li> <li>◆ Increases the basic entitlements and creates multiple basic entitlements per district</li> <li>◆ Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond</li> <li>◆ Appropriates \$25.8 million for aspects of the bill except the change to the basic entitlements</li> <li>◆ Transfers \$22.9 million from the state general fund ending fund balance in FY 2013 to a new state special account; half of that is transferred each year to the guarantee account to pay for the increase in the basic entitlement</li> <li>◆ Appropriates \$22.3 in excess oil and gas revenue from a new 1 and gas distribution account to pay for districts that are eligible because of oil and gas development impacts but that have no or little oil and gas revenues</li> </ul>	

**Program Narrative**

*Comparison to 2013 Biennium*

The main table does not give an accurate reflection of the actual increase in general fund between biennia for two reasons:

- 1) The guarantee account which pays for Base Aid is not shown, and
- 2) The general fund appropriated for the 2013 biennium assumed the passage of HB 316, which increased the revenue going to the guarantee account, thereby reducing the amount of general fund required to fund BASE Aid in HB 2. When the Governor vetoed the bill, the legislature was required to pass a general fund supplemental of almost \$39.9 million, in FY 2013, but this is not shown in the table above.

The following table shows both the general fund and the guarantee account, and adjusts FY 2013 to reflect the supplemental appropriation required due to the veto of HB 316.

Biennial Comparison for OPI - Distribution to Schools - State GF (HB 2) and Guarantee Account.				
	General Fund	Guarantee Account	SB 175	Total
2012	\$613.01	\$103.37	\$0.00	\$716.38
2013	\$679.12	\$65.50	\$0.00	\$744.62
2014	\$688.87	\$57.47	\$25.80	\$772.14
2015	\$717.28	\$54.67	\$22.95	\$794.90
2013 Biennium	\$1,292.12	\$168.87	\$0.00	\$1,460.99
2015 Biennium	\$1,406.15	\$112.13	\$48.75	\$1,567.03
Biennial Difference	\$114.03	(\$56.74)	\$48.75	\$106.04
Biennial Percent Growth	8.8%	-33.6%		7.3%

SB 175

SB 175 changed school law in a number of ways. The bill:

- o Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; Cost is in HB 2
- o Increases the basic entitlements and creates multiple basic entitlements per district
- o Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
- o Creates a data task force
- o Counts students three times per year compared with two times under previous law
- o Pays state share for anticipated unusual enrollment increases from one year to the next of at least 4% or 40 students
- o Shares excess oil and gas retained by state with districts that have enrollment impacts but no direct oil and gas revenue
- o Starting in FY 2015 creates a natural resource development payment
- o Caps the amount of interest and income in the guarantee account that may be used for direct state aid; 50% of excess I&I is reserved for appropriation in the following session and 50% is distributed to school districts on quality educator basis to be used for maintenance and repairs
- o Allows districts to sell revenue bonds backed by oil and gas revenue
- o Appropriates \$25.8 million for aspects of the bill except the change to the basic entitlements
- o Transfers \$22.9 million from the state general fund ending fund balance in FY 2013 to a new state special account; half of that is transferred each year to the guarantee account to pay for the increase in the basic entitlement
- o Appropriates \$22.3 million in excess oil and gas revenue from a new oil and gas distribution account to pay for districts that are eligible because of oil and gas development impacts but that have no or little oil and gas revenues

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Office Of Public Instruction Funding by Source of Authority 2015 Biennium Budget - Local Education Activities							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,406,150,600	\$0	\$0	\$1,406,150,600	75.7%		
State Special Total	\$20,372,000	\$0	\$114,133,518	\$134,505,518	7.2%		
02018 Guarantee Fund	\$0	\$0	\$112,133,518	\$112,133,518	6.0%		
02218 School Facility Imprvmnt Acct	\$17,172,000	\$0	\$2,000,000	\$19,172,000	1.0%		
02402 Traffic & Safety Education	\$1,500,000	\$0	\$0	\$1,500,000	0.1%		
02584 State School Oil & Gas Impact Acct	\$1,700,000	\$0	\$0	\$1,700,000	0.1%		
Federal Special Total	\$316,839,926	\$0	\$0	\$316,839,926	17.1%		
03170 Grant Clearance Discretionary	\$316,839,926	\$0	\$0	\$316,839,926	17.1%		
Total All Funds	\$1,743,362,526	\$0	\$114,133,518	\$1,857,496,044	100.0%		
<b>Percent - Total All Sources</b>	<b>93.9%</b>	<b>0.0%</b>	<b>6.1%</b>				

HB 2 Distribution to Schools, General Fund, State Special, and Federal Funds							
Description	Base Budget 2012	PL Base Adjustments Fiscal 2014	New Proposals Fiscal 2014	Total Fiscal 2014	PL Base Adjustments Fiscal 2015	New Proposals Fiscal 2015	Total Fiscal 2015
<b>Base Aid Summary</b>	<u>\$601,287,856</u>	<u>\$21,139,312</u>	<u>\$70,399</u>	<u>\$622,497,567</u>	<u>\$33,803,980</u>	<u>(\$2,798,787)</u>	<u>\$632,293,049</u>
HB 2 General Fund	\$497,963,015	\$66,996,557	\$70,399	\$565,029,971	\$82,462,899	(\$2,798,787)	\$577,627,127
Guarantee Account (statutory appropriation)	\$103,324,841	(\$45,857,245)	\$0	\$57,467,596	(\$48,658,919)	\$0	\$54,665,922
<b>HB 2 General Fund</b>							
<b>Base Aid</b>							
Direct State Aid	\$284,387,890	\$58,094,840	\$0	\$342,482,730	\$69,267,622	\$0	353,655,512
GTB - School General Fund	140,621,720	5,173,714	70,399	145,865,833	8,443,453	(2,798,787)	146,266,386
GTB - School Retirement	28,690,929	3,970,463	0	32,661,392	5,001,811	0	33,692,740
Quality Educator	37,836,280	(793,660)	0	37,042,620	(793,660)	0	37,042,620
Indian Ed for All	3,009,641	(2,956)	0	3,006,685	(1,722)	0	3,007,919
Close Achievement Gap	3,226,800	542,600	0	3,769,400	527,800	0	3,754,600
School District Audits	189,755	11,556	0	201,311	17,595	0	207,350
At Risk Payment	5,000,000	0	44,500	5,044,500	0	149,426	5,149,426
Special Education	41,596,065	51,266	370,661	42,017,992	51,266	1,244,635	42,891,966
Transportation	12,216,253	100,000	0	12,316,253	200,000	0	12,416,253
Instate Treatment	775,372	12,428	0	787,800	12,428	0	787,800
Career and Technical Education	1,000,000	0	500,000	1,500,000	0	500,000	1,500,000
Adult Basic Ed	524,998	2	0	525,000	2	0	525,000
Gifted & Talented	250,000	0	0	250,000	0	0	250,000
School Food	663,861	0	0	663,861	0	0	663,861
Reimbursement Block Grants	52,164,499	6,404,631	0	58,569,130	14,169,926	7,931,716	74,266,141
State Tuition Payments	712,614	73,044	0	785,658	112,327	0	824,941
Advancing Agricultural Education in Montana	140,769	(11,809)	0	128,960	(11,809)	0	128,960
Chapter 55 Prof Development & Stipends (OTO/RST)	0	0	250,000	250,000	0	250,000	250,000
School Technology (OTO/RST)	0	0	1,000,000	1,000,000	0	0	0
<b>Total General Fund</b>	<u>\$613,007,446</u>	<u>\$73,626,119</u>	<u>\$2,235,560</u>	<u>\$688,869,125</u>	<u>\$96,997,039</u>	<u>\$7,276,990</u>	<u>\$717,281,475</u>
<b>State Special Revenue</b>							
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
Sch Facility & Technology Account - Debt Service	\$8,586,000	\$0	\$0	\$8,586,000	\$0	\$0	\$8,586,000
State School Oil and Gas Impact Account (2584)	\$0	\$0	\$1,000,000	\$1,000,000	\$0	\$700,000	\$700,000
<b>Total State Special</b>	<u>\$9,336,000</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$10,336,000</u>	<u>\$0</u>	<u>\$700,000</u>	<u>\$10,036,000</u>
<b>General Fund Appropriations in Bills other than HB 2</b>							
HB 454 - PERS Pension Bill - Retirement GTB	\$0	\$0	\$377,500	\$377,500	\$0	\$431,750	\$431,750
HB 377 - TRS Pension Bill - Retirement GTB	\$0	\$0	\$2,061,932	\$2,061,932	\$0	\$2,370,191	\$2,370,191
Subtotal - Base Aid In Pension Bills	<u>\$0</u>	<u>\$0</u>	<u>\$2,439,432</u>	<u>\$2,439,432</u>	<u>\$0</u>	<u>\$2,801,941</u>	<u>\$2,801,941</u>
SB 175 - Base Aid (Biennial)	\$0	\$0	\$25,800,000	\$25,800,000	\$0	\$0	\$0
<b>State Special Revenue Appropriations in Other Bills</b>							
SB 175 - Oil & Gas Dist Acct - Concentric Circles (Biennial)	\$0	\$0	\$22,300,000	\$22,300,000	\$0	\$0	\$0
<b>Funding</b>							
Total General Fund	\$613,007,446	\$73,626,119	\$2,235,560	\$688,869,125	\$96,997,039	\$7,276,990	\$717,281,475
Total State Special	9,336,000	0	1,000,000	10,336,000	0	700,000	10,036,000
Total Federal	142,622,510	7,541,710	7,475,743	157,639,963	9,101,710	7,475,743	159,199,963
<b>Total Distribution to Public Schools</b>	<u>\$764,965,956</u>	<u>\$81,167,829</u>	<u>\$10,711,303</u>	<u>\$856,845,088</u>	<u>\$106,098,749</u>	<u>\$15,452,733</u>	<u>\$886,517,438</u>
<b>Statutory Appropriations</b>							
Guarantee Account - Direct State Aid	\$103,324,841	(\$45,857,245)	\$0	\$57,467,596	(\$48,658,919)	\$0	\$54,665,922
Guarantee Account - SB 175 - Loss of Excess Oil and Gas	\$0	\$0	(\$8,194,684)	(\$8,194,684)	\$0	(\$7,402,843)	(\$7,402,843)
Guarantee Account - DSA - SB 175 - Basic Entitlement			\$11,475,089	\$11,475,089	\$0	\$11,475,089	\$11,475,089
School Facility and Technology Account - Timber for Tots	1,000,000	0	0	1,000,000	0	0	1,000,000
<b>Total Statutory</b>	<u>\$104,324,841</u>	<u>(\$45,857,245)</u>	<u>\$3,280,405</u>	<u>\$61,748,001</u>	<u>(\$48,658,919)</u>	<u>\$4,072,246</u>	<u>\$59,738,168</u>

Federal Appropriations for OPI Program 9 in HB 2							
	Base Budget	PL Base Adjustments	New Proposals	Total	PL Base Adjustments	New Proposals	Total
	2012	Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2015	Fiscal 2015	Fiscal 2015
Federal Special Revenue							
Federal School Foods Programs	33,908,716	1,579,287	-	35,488,003	3,089,287	-	36,998,003
ESEA - Title I - Improving Basic Program - Disadvantaged	42,895,975	3,136,584	-	46,032,559	3,136,584	-	46,032,559
ESEA - Title I - Achievement	1,754,518	-	-	1,754,518	-	-	1,754,518
ESEA - Title I - School Improvement	213,000			213,000			213,000
ESEA - Title I - Migrant Education	913,664	1,348	-	915,012	1,348	-	915,012
ESEA - Title I - Neglected & Delinquent	124,923	-	-	124,923	-	-	124,923
ESEA - Title I - Part B - Even Start	74,348	(74,348)	-	-	(74,348)	-	-
ESEA - Title I - SIG 1003G	924,439	2,075,561	-	3,000,000	2,075,561	-	3,000,000
ESEA Title II - Teacher & Principal Training	12,912,385	-	-	12,912,385	-	-	12,912,385
ESEA Title II - Math & Science	768,678	1,322	-	770,000	1,322	-	770,000
ESEA Title II - Part D - Ed Technology	395,779	(395,779)	-	-	(395,779)	-	-
ESEA Title III-Language Acquisition	657,833	-	-	657,833	-	-	657,833
ESEA Title IV - Part B - 21st Cent Schools	5,520,646	79,354	-	5,600,000	129,354	-	5,650,000
ESEA Title IV - Drug Free Schools	69,220	(69,220)	-	-	(69,220)	-	-
Title VI - Rural Low Income	224,356	644	-	225,000	644	-	225,000
IDEA - Children w/ Disabilities Part B	35,825,753	1,174,247	-	37,000,000	1,174,247	-	37,000,000
IDEA - Preschool	1,195,409	4,591	-	1,200,000	4,591	-	1,200,000
IDEA - Part D	134,641	359	-	135,000	359	-	135,000
Adult Basic Education	1,004,183	5,817	-	1,010,000	5,817	-	1,010,000
Carl Perkins	2,831,914	29,860	-	2,861,774	29,860	-	2,861,774
Carl Perkins State Leadership	38,226	-	-	38,226	-	-	38,226
Learn and Serve Montana	10,098	(10,098)	-	-	(10,098)	-	-
Education of Homeless Children	147,819	2,181	-	150,000	2,181	-	150,000
Migrant Incentive	75,987	-	-	75,987	-	-	75,987
Striving Readers Comp Literacy (RST)Blen(OTO)			7,475,743	7,475,743		7,475,743	7,475,743
<b>Total Federal Special</b>	<b>\$142,622,510</b>	<b>\$7,541,710</b>	<b>\$7,475,743</b>	<b>157,639,963</b>	<b>\$9,101,710</b>	<b>\$7,475,743</b>	<b>159,199,963</b>

The following table shows the projected average number belonging (ANB) through the 2015 biennium. As shown, K-8 are expected to increase slightly, while 9-12 continues to decline.

Average Number Belonging (ANB) And Certified FTE in Montana Schools									
Fiscal Year	K-6	Percent Change	7-8	Percent Change	9-12	Percent Change	Total	Percent Change	Certified FTE
<b>Current Year ANB</b>									
A	1998	85,374	27,068		51,432		163,874		
A	1999	83,030	-2.7%	26,822	-0.9%	51,885	0.9%	161,737	-1.3%
A	2000	81,175	-2.2%	26,556	-1.0%	52,025	0.3%	159,756	-1.2%
A	2001	79,854	-1.6%	26,114	-1.7%	51,507	-1.0%	157,475	-1.4%
A	2002	78,090	-2.2%	25,537	-2.2%	50,794	-1.4%	154,421	-1.9%
A	2003	76,060	-2.6%	25,080	-1.8%	50,357	-0.9%	151,497	-1.9%
A	2004	74,315	-2.3%	25,150	0.3%	50,003	-0.7%	149,468	-1.3%
A	2005	73,229	-1.5%	24,956	-0.8%	49,466	-1.1%	147,651	-1.2%
A	2006	71,985	-1.7%	24,540	-1.7%	49,302	-0.3%	145,827	-1.2%
A	2007	71,639	-0.5%	23,805	-3.0%	48,809	-1.0%	144,253	-1.1%
A	2008	76,118	6.3%	23,041	-3.2%	48,440	-0.8%	147,599	2.3%
A	2009	77,047	1.2%	22,618	-1.8%	47,502	-1.9%	147,167	-0.3%
A	2010	77,575	0.7%	22,241	-1.7%	46,152	-2.8%	145,968	-0.8%
A	2011	78,292	0.9%	22,053	-0.8%	44,984	-2.5%	145,329	-0.4%
A	2012	79,128	1.1%	21,947	-0.5%	44,247	-1.6%	145,322	0.0%
A	2013	80,046	1.2%	22,146	0.9%	43,626	-1.4%	145,818	0.3%
F	2014	80,782	0.9%	22,228	0.4%	43,683	0.1%	146,693	0.6%
F	2015	81,257	0.6%	22,593	1.6%	43,323	-0.8%	147,173	0.3%
<b>Budgeted ANB</b>									
A	2006	73,573		25,242		50,082		148,897	
A	2007	72,763	-1.1%	24,643	-2.4%	49,612	-0.9%	147,018	-1.3%
A	2008	76,826	5.6%	24,076	-2.3%	49,246	-0.7%	150,148	2.1%
A	2009	77,753	1.2%	23,353	-3.0%	48,642	-1.2%	149,748	-0.3%
A	2010	78,325	0.7%	22,874	-2.1%	47,660	-2.0%	148,859	-0.6%
A	2011	78,973	0.8%	22,510	-1.6%	46,482	-2.5%	147,965	-0.6%
A	2012	79,769	1.0%	22,290	-1.0%	45,466	-2.2%	147,525	-0.3%
A	2013	80,650	1.1%	22,457	0.7%	44,598	-1.9%	147,705	0.1%
F	2014	82,371	2.1%	22,523	0.3%	44,074	-1.2%	148,968	0.9%
F	2015	82,595	0.3%	22,717	0.9%	43,337	-1.7%	148,649	-0.2%
Beginning in FY 2006, budgeted ANB for each district is the larger of current year ANB and three-year averaged ANB.									
Full-time kindergarten began in FY 2008									

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	613,007,446	613,007,446	1,226,014,892	87.19%	764,965,956	764,965,956	1,529,931,912	87.76%
Statewide PL Adjustments	(71)	(45)	(116)	0.00%	(71)	(45)	(116)	0.00%
Other PL Adjustments	73,626,190	96,997,084	170,623,274	12.13%	81,167,900	106,098,794	187,266,694	10.74%
New Proposals	2,235,560	7,276,990	9,512,550	0.68%	10,711,303	15,452,733	26,164,036	1.50%
<b>Total Budget</b>	<b>\$688,869,125</b>	<b>\$717,281,475</b>	<b>\$1,406,150,600</b>		<b>\$856,845,088</b>	<b>\$886,517,438</b>	<b>\$1,743,362,526</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Inflation/Deflation					(71)					(45)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$71)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$71)</b>		<b>(\$45)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$45)</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	71	0	0	71	0.00	45	0	0	45
DP 52 - Adjustment for Statewide Operations	0.00	(71)	0	0	(71)	0.00	(45)	0	0	(45)
DP 901 - K-12 BASE Aid - Annualization (Bien)	0.00	16,034,188	0	0	16,034,188	0.00	16,665,994	0	0	16,665,994
DP 902 - K-12 BASE Aid - Inflationary Increase (Bien)	0.00	5,093,568	0	0	5,093,568	0.00	17,120,391	0	0	17,120,391
DP 912 - Special Education - MOE (Bien)	0.00	51,266	0	0	51,266	0.00	51,266	0	0	51,266
DP 915 - SB 372 Block Grant Reimbursements (Bien)	0.00	6,375,365	0	0	6,375,365	0.00	14,125,365	0	0	14,125,365
DP 917 - School District Audit Filing Fees (Bien)	0.00	11,556	0	0	11,556	0.00	17,595	0	0	17,595
DP 918 - Pupil Transportation (Bien)	0.00	100,000	0	0	100,000	0.00	200,000	0	0	200,000
DP 919 - State Tuition Payments (Bien)	0.00	73,044	0	0	73,044	0.00	112,327	0	0	112,327
DP 920 - Countywide School Transport Block Grants (Bien)	0.00	29,266	0	0	29,266	0.00	44,561	0	0	44,561
DP 932 - Federal Grant Award Adjustment - Pgm 09 (Bien)	0.00	0	0	7,541,710	7,541,710	0.00	0	0	9,101,710	9,101,710
DP 933 - General Fund Appropriation Adjustments (Bien)	0.00	692	0	0	692	0.00	666	0	0	666
DP 950 - Guarantee Account (Bien)	0.00	45,857,245	0	0	45,857,245	0.00	48,658,919	0	0	48,658,919
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$73,626,190</b>	<b>\$0</b>	<b>\$7,541,710</b>	<b>\$81,167,900</b>	<b>0.00</b>	<b>\$96,997,084</b>	<b>\$0</b>	<b>\$9,101,710</b>	<b>\$106,098,794</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$73,626,119</b>	<b>\$0</b>	<b>\$7,541,710</b>	<b>\$81,167,829</b>	<b>0.00</b>	<b>\$96,997,039</b>	<b>\$0</b>	<b>\$9,101,710</b>	<b>\$106,098,749</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the base adjustment the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 901 - K-12 BASE Aid - Annualization (Bien) - The legislature approved \$32.3 million general fund to annualize K-12 BASE Aid to the FY 2013 level of funding in the 2015 biennium.

DP 902 - K-12 BASE Aid - Inflationary Increase (Bien) - The legislature approved \$22.2 million general fund for the present law inflationary adjustment for K-12 BASE Aid for the 2015 biennium. The present law adjustment increases the basic and per-ANB entitlements by 0.89% in FY 2014 and by 2.03% in FY 2015 in accordance with 20-9-326, MCA, which requires annual inflation-related adjustments to the basic and per-ANB entitlements.

DP 912 - Special Education - MOE (Bien) - The legislature approved \$102,532 for the 2015 biennium to meet the MOE requirements of the IDEA.

DP 915 - SB 372 Block Grant Reimbursements (Bien) - The legislature approved \$20.5 million for the 2015 biennium to provide reimbursement to school districts through the block grant program established under 15-1-123(3), MCA, and reimbursement to county school retirement and county transportation for the reduction of class eight property tax revenue due to a rate reduction of class eight properties as per SB 372 of the 2011 session.

DP 917 - School District Audit Filing Fees (Bien) - The legislature approved \$29,151 of general fund for the 2015 biennium to fund school district audit filing fees. This increase would allow OPI to pay fees to the Department of Administration 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.

DP 918 - Pupil Transportation (Bien) - The legislature approved \$300,000 of general fund for the 2015 biennium to fund the state obligation for pupil transportation required under 20-10-145, MCA. This amount is matched by county property taxes.

DP 919 - State Tuition Payments (Bien) - The legislature approved \$185,371 of general fund for the 2015 biennium to fund the increased costs of state tuition payments to K-12 school districts. This request funds OPI's statutory obligation for tuition payments under 20-5-324, MCA, for students placed in a school district outside their district of residence by a state agency or court at \$712,614 in FY 2014 and \$824,941 in FY 2015. Tuition obligations are projected to increase an average of 5% each year.

DP 920 - Countywide School Transport Block Grants (Bien) - The legislature approved \$73,827 for the 2015 biennium to cover the 0.76% increase in countywide school transportation block grants as described in 20-9-632, MCA. During the FY 2011 legislative session, the annual 0.76% increase was eliminated for school district block grants in 20-9-630, MCA. However, the annual increase still applies to the countywide school transportation block grants but was not appropriated for in FY 2012 and FY 2013. Funding for this increase is included in the supplemental bill passed by the legislature for the 2013 biennium.

DP 932 - Federal Grant Award Adjustment - Pgm 09 (Bien) - The legislature approved a federal funding increase of \$7.54 million in FY 2014 and \$9.1 million in FY 2015 for a total biennial increase of \$16.6 million. The following federal grant awards are adjusted: 1) School Foods - \$1.6 million in FY 2014 and \$3.1 million in FY 2015; 2) Title programs - \$2.7 million in FY 2014 and FY 2015; 3) School Improvement grants - \$2.1 million in each year; 4) IDEA B - \$1.2 million each year; and 5) miscellaneous grants - \$34,689 each year.

DP 933 - General Fund Appropriation Adjustments (Bien) - The legislature approved a general fund increase for instate treatment, adult basic education, and a reduction to the advancing agriculture education base.

DP 950 - Guarantee Account (Bien) - The legislature approve a biennial increase of \$94.5 million general fund expenditures and a decrease of a like amount of guarantee account expenditures for BASE aid. This decision package aligns estimated revenues with proposed expenses for the special revenue guarantee account (20-9-622, MCA). The 2012 base included \$27.4 million in transfers from other funds and other one-time revenues that are not ongoing sources for this

fund. The guarantee account is statutorily appropriated for distribution to school districts through school equalization aid and is the first source of funding for K-12 BASE Aid.

**New Proposals**

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Special Ed/ At Risk/GTB											
09	0.00	485,560	0	0	485,560	0.00	1,648,984	0	0	1,648,984	
DP 905 - Chpt. 55 Prof. Dvlp.and Stipends (Rst/OTO)											
09	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000	
DP 914 - Career and Technical Education											
09	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000	
DP 928 - Striving Readers Comp Literacy (Rst/Bien/OTO)											
09	0.00	0	0	7,475,743	7,475,743	0.00	0	0	7,475,743	7,475,743	
DP 976 - School Technology (OTO/Rst)											
09	0.00	1,000,000	0	0	1,000,000	0.00	0	0	0	0	
DP 996 - SB96 Reimbursements and GTB Impact											
09	0.00	0	0	0	0	0.00	4,878,006	0	0	4,878,006	
DP 92584 - State School Oil and Gas Impact Account											
09	0.00	0	1,000,000	0	1,000,000	0.00	0	700,000	0	700,000	
<b>Total</b>	<b>0.00</b>	<b>\$2,235,560</b>	<b>\$1,000,000</b>	<b>\$7,475,743</b>	<b>\$10,711,303</b>	<b>0.00</b>	<b>\$7,276,990</b>	<b>\$700,000</b>	<b>\$7,475,743</b>	<b>\$15,452,733</b>	

DP 2 - Special Ed/ At Risk/GTB - The legislature appropriated \$2.13 million general fund for the 2015 biennium to increase special education payments and At-Risk payments by the statutory inflation rates of 0.89% in FY 2014 and 2.08% in FY 2015. The increases will be \$370,661 in FY 2014 and \$1,244,635 in FY 2015 for special education; GTB increases of \$70,399 in FY 2014 and \$254,923 in FY 2015; and \$44,500 in FY 2014 and FY 149,426 in FY 2015 for At-Risk payments.

DP 905 - Chpt. 55 Prof. Dvlp.and Stipends (Rst/OTO) - The legislature appropriated \$0.5 million of general fund for the 2015 biennium for the implementation of the revisions of Chapter 55 of the Montana Accreditation Standards. The funding will be used for stipends and professional development for mentors and mentees.

DP 914 - Career and Technical Education - The legislature approved \$1.0 million general fund for the 2015 biennium to support Career and Technical Student Organizations (CTSO), expand their mission to reach more students to increase graduation rates, develop employer demanded soft skills, and create a career and college ready work force that meets the needs of today's technical economy.

DP 928 - Striving Readers Comp Literacy (Rst/Bien/OTO) - The legislature approved \$15.0 million of federal funding for the 2015 biennium to implement the Montana Striving Readers Project (MSRP). The purpose of the MSRP is to further develop and implement a Montana Literacy Plan that makes provisions for literacy at all age/grade levels. The plans are aligned to Montana Standards for English Language Arts and Montana Early Learning Guidelines.

DP 976 - School Technology (OTO/Rst) - An appropriation of \$1.0 million one-time-only in FY 2014 will be made to K-12 schools' technology acquisition and depreciation fund in the same manner as the distributions in 20-9-534(2), MCA.

DP 92584 - State School Oil and Gas Impact Account - The legislature appropriated \$1.7 million from the state school oil and gas impact account to fund schools that are not receiving oil and natural gas production taxes under 15-36-331, MCA but are impacted by contiguous counties that are benefiting from receipt of oil and natural gas production taxes as per 20-9-517, MCA. School districts may apply to the superintendent of public instruction for funds from the account for circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas.

**Language and Statutory Authority**

The legislature included the following language in HB 2.

“The office of public instruction may distribute funds from the appropriation for in-state treatment to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs.”

“All revenue up to \$1.8 million in the traffic education account for distribution to schools under the provisions of 20-7-506 and 62-5-121 is appropriated as provided in Title 20, chapter 7, part 5.”

“All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local education activities are biennial.”