

# Basics of School Funding

Highlighting Options for Legislative Action in the 2013  
Biennium

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# Disclaimer

- The options for altering K-12 funding presented here were developed by the Legislative Fiscal Division. OPI has not endorsed any of these options.
- Some informational slides were developed earlier by the Office of Public Instruction. Those slides are labeled as such.

## Legislative Options for K-12 in the 2013 Biennium

- Alter Elements of the K-12 System
  - Reduce High School Basic entitlement to \$200,000 (\$10.8 m)
  - Eliminate Full Time Kindergarten (\$36.8 m)
  - Reduce Basic and Per-ANB entitlements by 10 percent (\$124 m)
  - Lower direct state aid to 30 percent from 44.7 percent (\$124 m)

# Legislative Options for K-12 in the 2013 Biennium

- Alter Elements of the K-12 System
  - Eliminate Present law adjustments in 2013 Biennium
    - Eliminate 2% OTO adjustment (\$22.7 m)
    - Eliminate adjustment for Inflation (\$31.8)
    - Continue elimination of at-risk payment (\$10m)
    - Eliminate special ed maintenance of effort (\$2.5m)

# Legislative Options for K-12 in the 2013 Biennium

- Alter Elements of the K-12 System
  - Nonlevy and Fund Balance Options
    - Require districts send excess general fund balances to state (\$35 m)
    - Distribute excess oil and gas revenues to state (\$16.4 m)
    - HB 124 Block grants
      - Eliminate growth in HB 124 block grants (\$2.0 m)
      - If get oil and gas, eliminate HB 124 BG (\$10.8 m)
      - Eliminate HB 124 BG to district general fund (\$48 m)
      - Eliminate HB 124 BG to funds other than gen Fund (\$8.4 m)

## Legislative Options for K-12 in the 2013 Biennium

- Alter Elements of the K-12 System
  - Eliminate district flexibility fund – transfer balances to state (\$41.7 m)
  - Require High schools to consolidate if within 20 miles of each other and one has less than 40 ANB (\$3.4 m)

# Legislative Options for K-12 in the 2013 Biennium

- Alter State K-12 Funding Options
  - Eliminate deposit of ongoing riverbed rents in facility account; put in state guarantee account (\$20.4 m)
  - Require back riverbed rents (\$41M) be deposited in state general fund
  - Eliminate deduction for tax increment financing from 95 mills (\$6.0 m)
  - Lower allowable reserves for district retirement accounts (\$4 m OTO state, \$11 m OTO Local)

# Budgeted/Non-Budgeted Funds

## 1. Budgeted Funds (11 Funds)

- District trustees adopt expenditure budget annually
- Revenue may include tax levies
- Examples:
  - General
  - Transportation
  - Retirement
  - Debt Service





# Budgeted/Non-Budgeted Funds

## 2. Non-Budgeted Funds

- District can spend up to cash balance in fund
- No tax revenue
- Examples:
  - Food Service
  - Miscellaneous Programs
  - Extracurricular



# General Fund

- Authorized by 20-9-308, MCA
- Purpose: To finance general maintenance and operational costs of a district not financed by other funds
- Budgeted Fund (Tax Levy)
- Funding Model
- Funding Sources



# Principles of Equalization

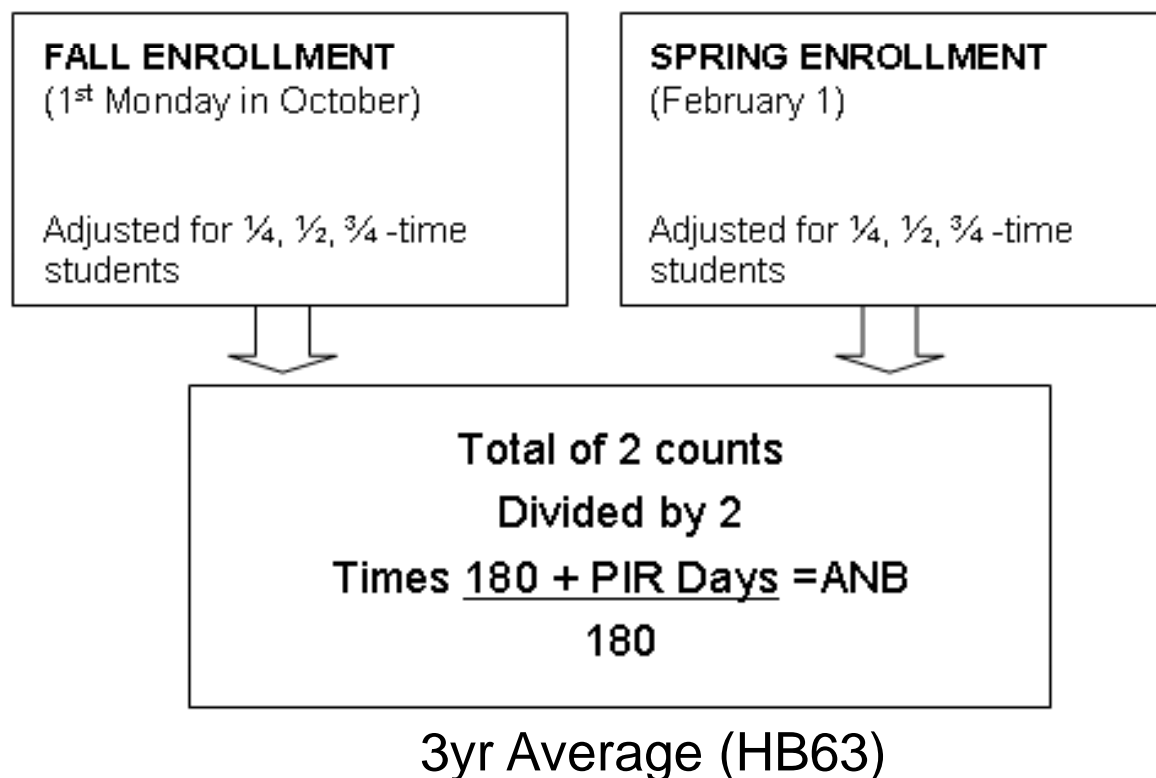
Basis for HB 667 (L.1993)

- Limit expenditure disparities to 25% from lowest to highest spending districts
- Recognize school district size and special education costs as educationally-relevant reasons for expenditure disparities

## Average Number Belonging

- ANB – Average Number Belonging is a student count for each school district used for school funding purposes. The ANB count for the current year is derived from school enrollment counts conducted in October and February of the previous school year.

## ANB = Average Number Belonging



## General Fund Budget Elements

- Basic Entitlement
- Per-Student Entitlement
- State Special Education Payment
- Local Special Education Match Amount
- Quality Educator Payment (New FY2007)
- At-Risk Student Payment (New FY2007)
- Indian Education for All Payment (New FY2007)
- American Indian Achievement Gap Payment (New FY2007)

## Entitlements (FY04)

Basic Entitlement	
Elementary	\$ 19,456
High School	\$ 216,171
Per ANB Entitlement	
Elementary	\$3,949 - \$0.20/ANB to 1,000 ANB
High School	\$5,262 - \$0.50/ANB to 800 ANB
Special Education Block Grant	
Instructional	\$122.67/ANB
Related-Services	\$ 40.89/ANB

## Entitlements (FY11)

Basic Entitlement	
Elementary	\$ 23,257
Middle School	\$ 65,877
High School	\$ 258,487
Per ANB Entitlement	
Elementary	\$5,003 - \$0.20/ANB to 1,000 ANB
High School	\$6,406 - \$0.50/ANB to 800 ANB
Special Education Block Grant	
Instructional	\$150.60/ANB
Related-Services	\$ 50.20/ANB

## Special Education

- **Funding Allocations**
  - 52.5% Instructional Block Grants
  - 17.5% Related Services Block Grants
  - 25% Disproportionate Cost Reimbursement
  - 5% Co-op Travel and Administrative Costs
- Money is distributed on a per ANB basis not based on the number of students with disabilities.



## SPED Entitlements (FY04)

Special Education Block Grant	
Instructional	\$122.67/ANB
Related-Services	\$ 40.89/ANB
State Special Education Appropriation	
\$ 34,912,640	

## SPED Entitlements (FY11)

Special Education Block Grant	
Instructional	\$150.60/ANB
Related-Services	\$ 50.20/ANB
State Special Education Appropriation	
\$ 41,647,331	

## General Fund Components

- Quality Educator Payment  
FY11 \$3,042 per educator
- American Indian Achievement Gap Payment  
FY11 \$200 per American Indian Student
- Indian Education for All Payment  
FY11 \$20.40 per ANB min \$100 district
- At Risk Payment  
FY11 \$1based on Title I Allocations. Was \$5 million per year FY07-FY09

## Quality Educator

**Quality Educator** is defined as a person who holds a valid certificate and is employed by a school District or Coop in a position that requires an educator license or other professional license to provide services to students.

## Quality Educator Payment

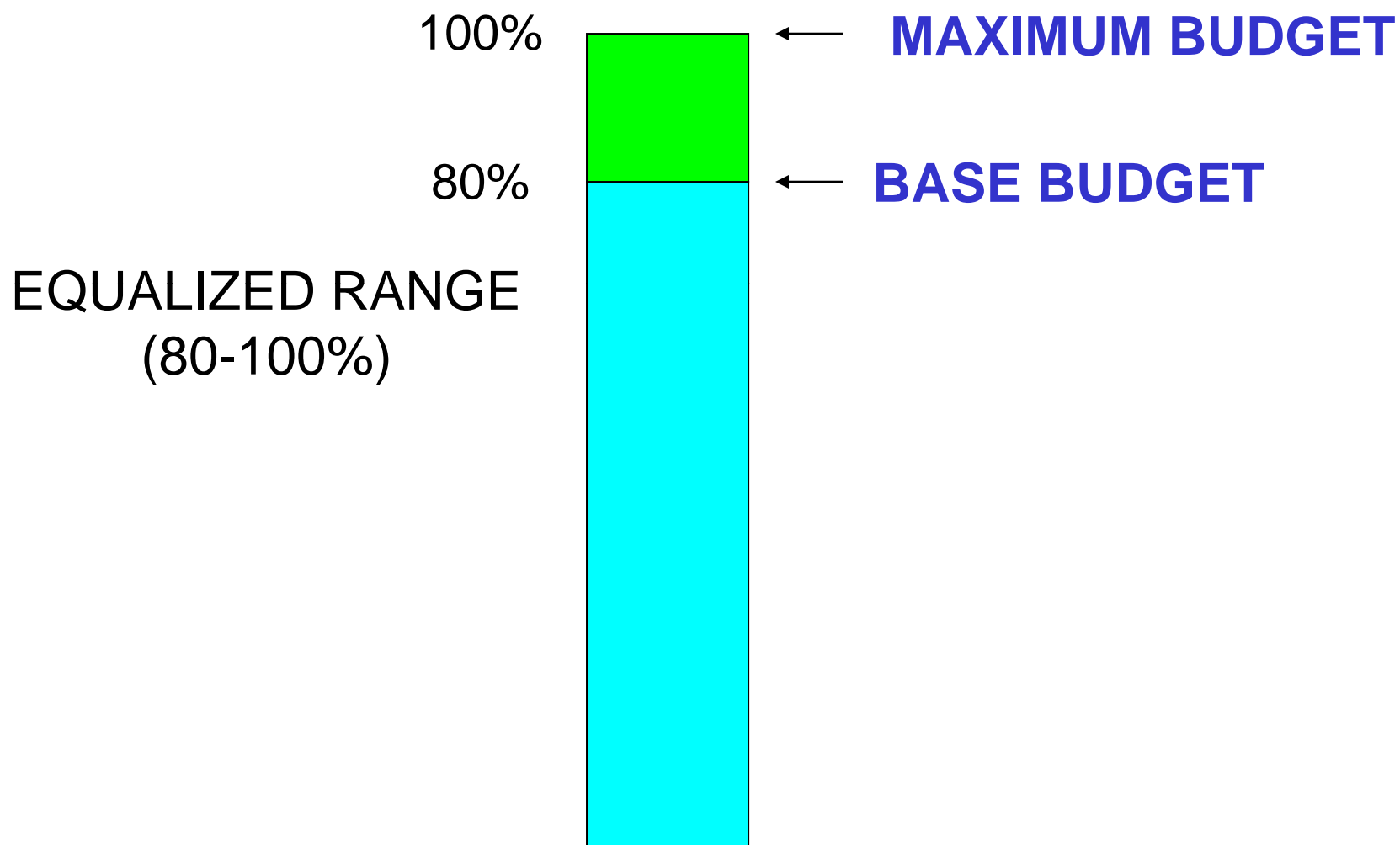
Each district and special education cooperative receives a \$3,042 payment for each full-time equivalent (FTE) licensed educator and other licensed professional employed by the school district, including registered nurses, licensed practical nurses, physical therapists, speech language professionals, counselors, occupational therapists and nutritionists. Social workers, psychologists and other professionals were added in the 2007 Session.

## Maximum Budget (FY10)

- Basic Entitlement
- + Per-ANB Entitlement
- + 200% Special Ed Per Student
- + Quality Educator Payment
- + At-Risk Student Payment
- + Indian Education for All Payment
- + American Indian Achvmnt Gap Payment

MAXIMUM BUDGET (100%)

# General Fund Budget Limits



Maximum

BASE

Over-BASE

**BASE**

**80% Per-Student Entitlement**

**80% Basic Entitlement**

**100% Quality Educator Payment**

**100% At-Risk Student Payment**

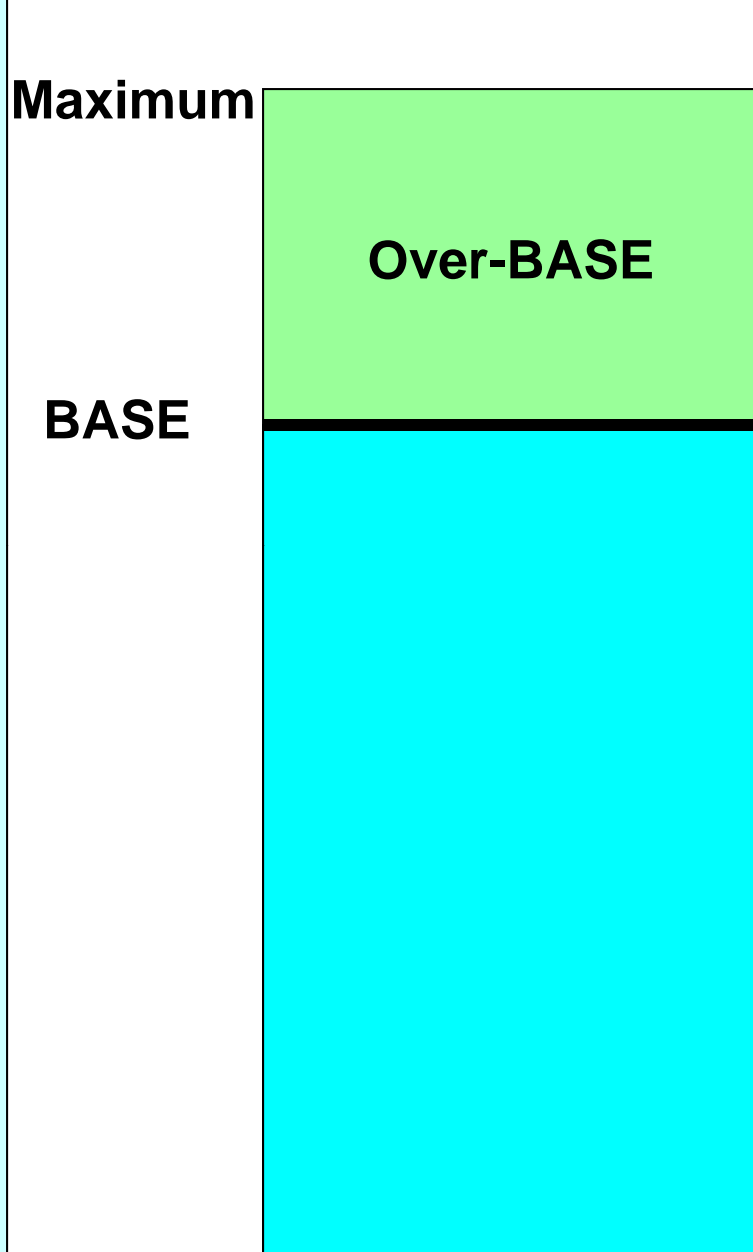
**100% Indian Education for All Payment**

**100% Amer Indian Achvmnt Gap Payment**

**140% Spec Ed Allowable Cost Funding  
(State)**

*The BASE is 80% of the basic and per-student entitlements, 100% of the other state entitlements, plus 140% of the state special education funding.*



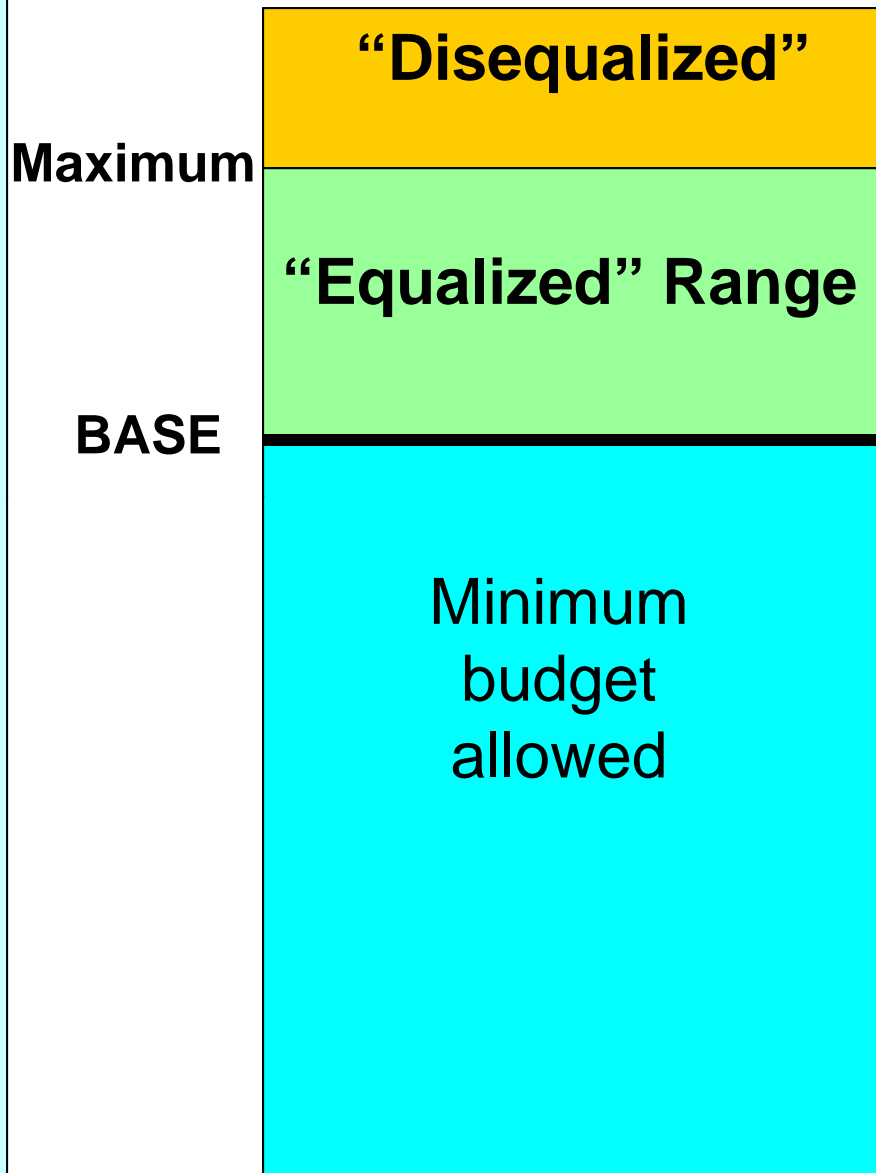


**Maximum**  
**100% Per-Student Entitlement**  
**100% Basic Entitlement**  
**100% Quality Educator Payment**  
**100% At-Risk Student Payment**  
**100% Indian Education for All Payment**  
**100% Amer Indian Achvmnt Gap Payment**  
**200% Spec Ed Allowable Cost Funding (State)**

*The Maximum for a district is based on state entitlements that are driven by enrollment and other factors. From 175% to 200% of the state funding for special education is also included in the Maximum, depending on the district's previous costs of special education.*



# General Fund Budget Limits



A district may adopt a budget that exceeds the Maximum in limited cases.

In an effort to equalize school funding in Montana, state law encourages schools to adopt general fund budgets within an “equalized” range between the “BASE” and “Maximum.”

The BASE is the minimum legal budget for a district.

# Highest Budget Without a Vote

General Fund Budget Limits

Over-BASE portion

## Without a vote:

Prior Yr Over-BASE  
Tax Levy Amt

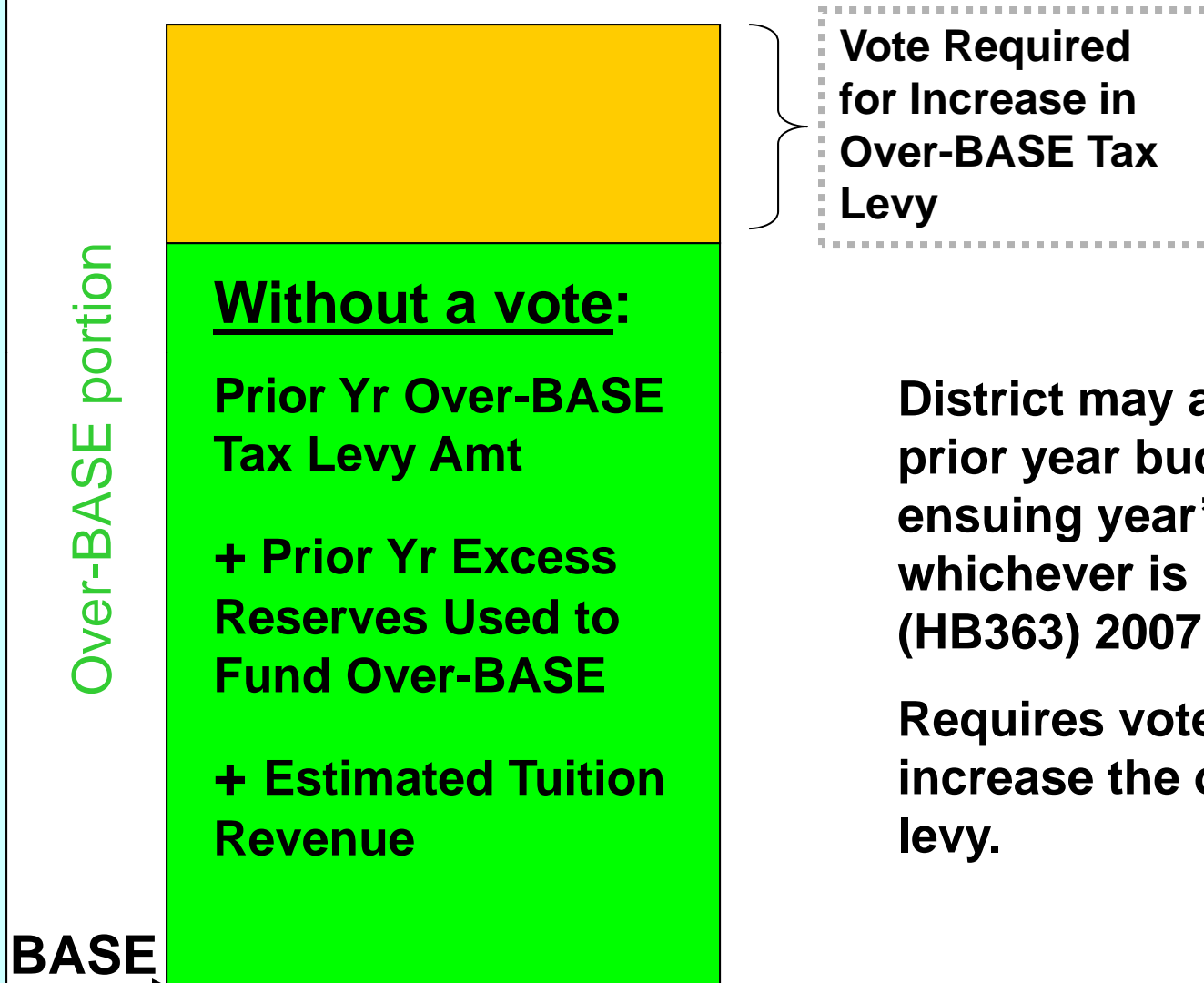
+ Prior Yr Excess  
Reserves Used to  
Fund Over-BASE

+ Estimated Tuition  
Revenue

BASE  
→



# Highest Budget With a Vote



District may adopt up to prior year budget or ensuing year's Maximum, whichever is higher.  
(HB363) 2007 Session

Requires voter approval to increase the over-BASE levy.

# Voting Requirements

General Fund Budget Limits

Max  
Over-BASE portion  
BASE

## Without a vote:

Prior Yr Over-BASE  
Tax Levy Amt

+ Prior Yr Excess  
Reserves Used to  
Fund Over-BASE

+ Estimated Tuition  
Revenue

**Vote Required  
for Increase in  
Over-BASE Tax  
Levy**

A district that adopted an equalized budget in the prior year may budget up to the Maximum. However, voter approval is required in order to increase the Over-BASE tax levy.

**Equalized  
District**

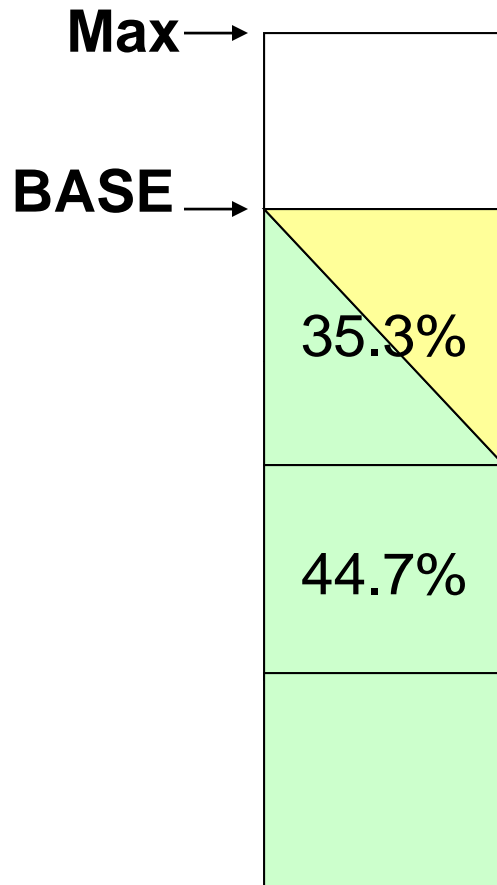
## Changes to Budget Limits 2007 Session

- Beginning FY08, a school district may adopt a general fund budget up to the maximum general fund budget or the previous year's general fund budget, whichever is greater.
- If the state provides increases in the new general fund payments, the district may increase its budget to spend the money without going to the voters for approval.

(HB363) 2007 Session

# Funding the BASE Budget

General Fund Revenues



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Local Mills  
Guaranteed Tax Base Aid  
Fund Balance Reappropriated  
Non-Levy Revenue

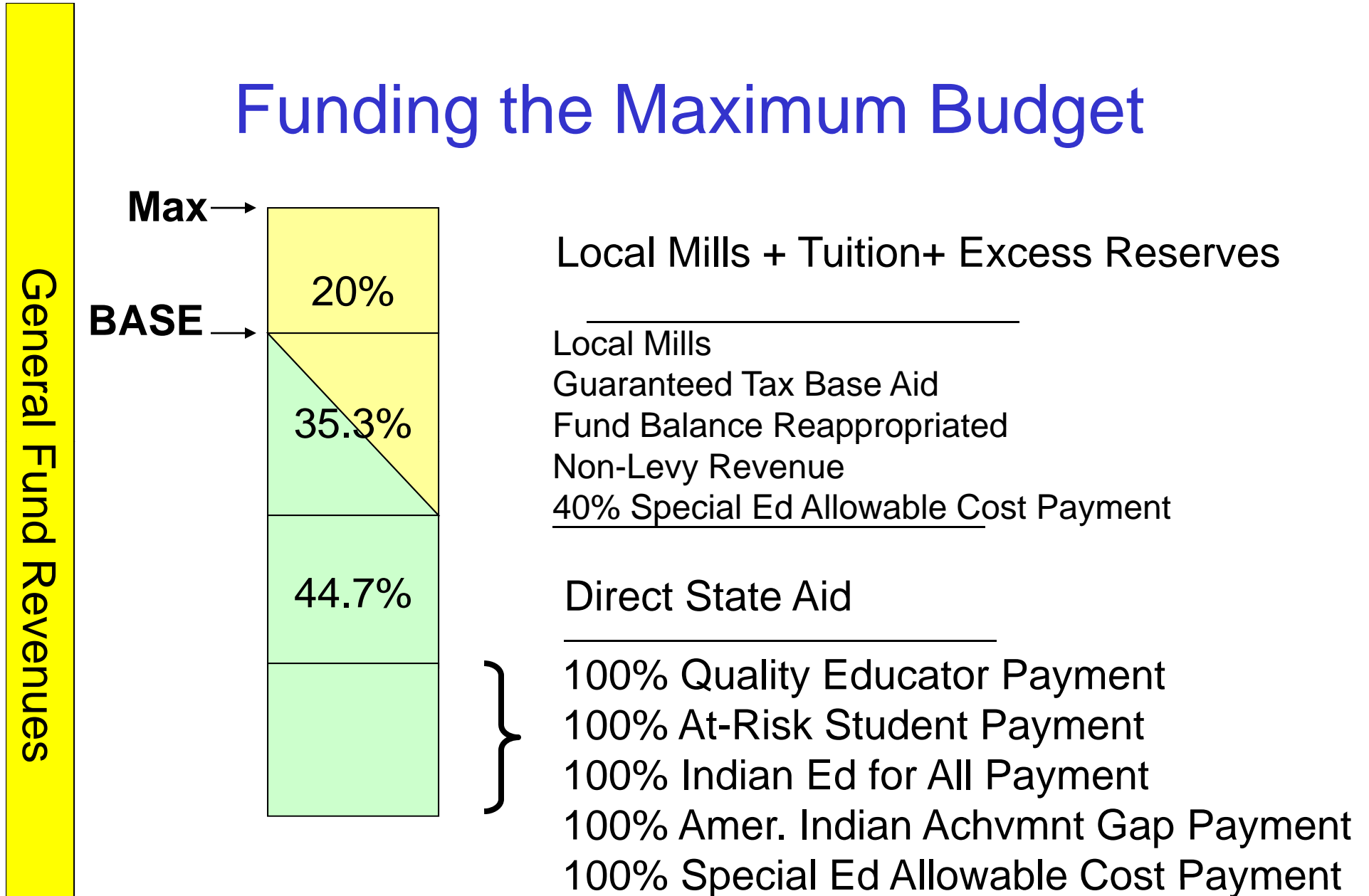
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Direct State Aid

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} 100% Quality Educator Payment  
100% At-Risk Student Payment  
100% Indian Ed for All Payment  
100% Amer. Indian Achvmnt Gap Payment

# Funding the Maximum Budget



## How Guaranteed Tax Base Works

- State Taxable Value  
\$2,097,723,580 (2009 tax year)
- State guarantees that for every dollar of the BASE budget that the district must fund locally (i.e. GTB Area), there will be \$20.84 (FY10) of taxable valuation at the elementary level and \$34.00 (FY10) at the high school level to fund that budget.
- The GTB level is recalculated each year.

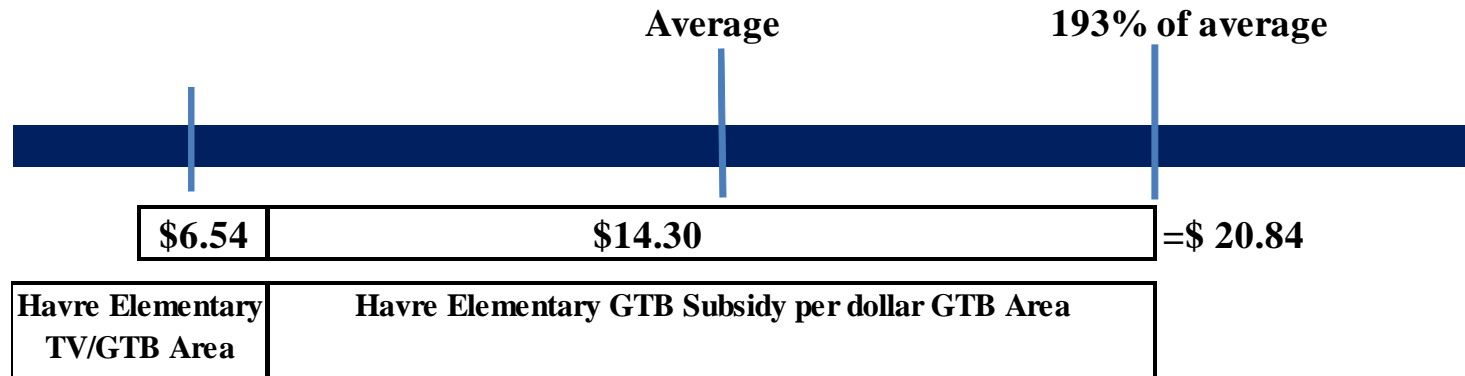


## Changes to General Fund GTB

- **Statewide GF GTB Ratio** changed from 175% to 193% effective in FY08. 318 districts received GF GTB in FY10, up from 306 districts in FY07.

(HB2) 2007 Session

### Taxable Value per Dollar of GTB Area - FY 2010



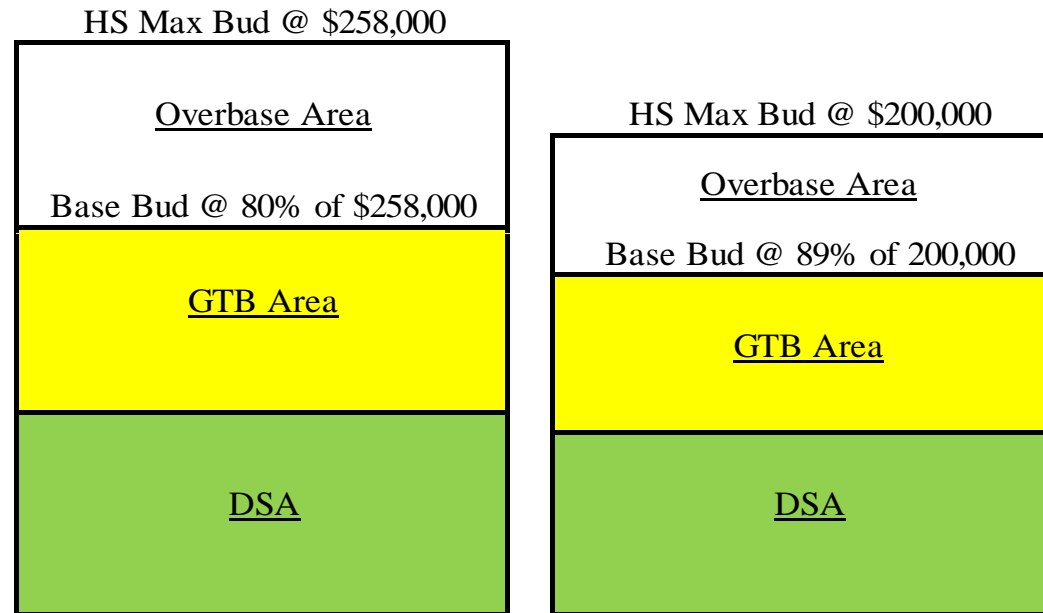
**If Havre Elementary had not had GTB it would have levied 81 base mills to fund its GTB area. With GTB it levied 25.13 Base Mills**

	<u>Average</u>	<u>193 Percent</u>
Statewide Elementary GTB Ratio	\$10.80	\$20.84
Statewide High School GTB Ratio	\$17.62	\$34.00
 FY 2009 Statewide Taxable Value	 \$2,097,723,580	
 FY 2009 GTB Area - Elem	 \$193,723,580	
FY 2009 GTB Area - HS	\$119,054,972	

### Havre Elementary GTB and Base Taxes

Ratio of Base Taxes to Statewide GTB Ratio	6.54/20.84 =	31.3%
Ratio of GTB Subsidy to Statewide GTB Ratio	14.30/20.84 =	68.7%
Havre Elementary GTB Area FY 2010	\$1,288,000	
Base Taxes	\$403,144	
GTB Subsidy	\$884,856	

**Option: Reduce High School Basic Entitlement to \$200,000  
(\$10.8 m)**



**Reduces District General Fund budgets for high schools and K-12's**

**Reduces state direct state aid and GTB costs, reduces local property taxes**

### **Restore Half Day Kindergarten (\$36.8 m)**

**Meaning: State would pay for only half day while child is at school in kindergarten**

**Districts could continue offering full day Kindergarten**

**Approximately 5,400 ANB attend kindergarten in FY 2010**

**Approximately 580 FTE teachers teach kindergarten in FY 2010**

**Half day Kindergarten would save state around \$36.8 million in the 2013 biennium.**

**Districts that continue to offer full-time kindergarten would have lower maximum budgets than with full time kindergarten.**

**Local property taxes would likely increase by the amount the state saves, but would need voter approval to do it.**

**Option: Reduce Basic and Per-ANB Entitlements by 10%  
(\$124 m)**

Actual Budget	Max Bud @ Current Law	Actual Budget	
Overbase area = Property Tax	<u>Overbase Area</u> Base Bud @ 80% of Current Law	Overbase area = Property Tax	Max Bud down 10 percent <u>Overbase Area</u> Base Bud down 10 percent
Revenue = GTB + Property Tax + Nonlevy = FBR	<u>GTB Area</u>	Revenue = GTB + Property Tax + Nonlevy = FBR	<u>GTB Area Down 10 percent</u>
DSA	<u>DSA</u>	DSA	<u>DSA Down 10 percent</u>

**Each 1 percent reduction in entitlements reduces State costs by \$6.2 million per year**

**Reduces District General Fund budgets for all Districts**

**Reduces state direct state aid and GTB costs, reduces base local property taxes**

**Districts can get back to prior year budget, but because it requires an increase in overbase taxes, it  
requires a vote**

**Option: Reduce Direct State Aid from 44.7% to 30%  
(\$124 m)**

Actual Budget	Max Bud @ Current Law	Actual Budget	Max Bud @ Current Law
Overbase area = Property Tax	<u>Overbase Area</u>  Base Bud @ 80% of Current Law	Overbase area = Property Tax	<u>Overbase Area</u>  Base Bud @ 80% of Current Law
Revenue = GTB + Property Tax + Nonlevy = FBR	<u>GTB Area</u>	Revenue = GTB + Property Tax + Nonlevy = FBR	<u>GTB Area</u>
DSA	<u>DSA</u>	DSA	<u>DSA</u>

**Each 1 percent reduction in DSA percent reduces Net State costs by \$4.2 million per year**

**Maintains District General Fund budgets for all Districts**

**Reduces state direct state aid but increases state GTB costs, Increases base local property taxes**

**Requires a mandated base property tax increase in the GTB area, unless district has enough nonlevy to fill the gap left by removal of state money**

## Non-Levy Revenue

- Schools must budget non-levy revenue
- Must include non-levy revenue BEFORE levying property taxes
- Examples of non-levy revenue include:
  - Investment earnings
  - State Reimbursements (for tax law changes)
  - Oil, gas and coal payments
  - State Paid Tuition
  - HB 124 Block Grants



<p style="text-align: center;">Oil and Gas Receipts and HB 124 Block Grants - FY 2009</p>
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School District Fund	HB 124 Block Grants	Oil and Gas
General Fund	44,512,880	30,092,844
Transportation Fund	1,890,314	5,487,796
Bus Depreciation Fund	60,179	1,938,594
School Food Services Fund	-	
Tuition Fund	11,074	356,005
Retirement Fund	-	
Miscellaneous Programs Fund	-	
Traffic Education Fund	-	
Lease-Rental Fund	-	
Compensated Absence Fund	-	
Metal Mines Tax Reserve Fund	-	
State Mining Impact Fund	-	
Impact Aid Fund	-	
Technology Fund	205,892	2,381,286
Flexibility Fund	1,813,819	14,555,989
Permanent Endowment Fund	-	
Debt Service Fund	118,770	306,149
Building Reserve Fund	690,508	8,865,852
Interlocal Agreement Fund	-	
Total Revenue	49,303,436	63,984,516

Top Twenty Recipients of HB 124 Block Grants - FY 2009

LE	County	District Name	ANB	HB 124 Block Grants - All Funds	GTB Area + OverBase Area - District GF	Percent HB 124 BG per Dollar Needed in GF	District Mills - General Fund
0965	Yellowstone	Billings Elem	10,271	3,558,587	30,706,560	11.6%	106
0966	Yellowstone	Billings H S	5,652	1,888,649	19,400,022	9.7%	59
0098	Cascade	Great Falls Elem	7,260	1,572,430	20,526,101	7.7%	101
0487	Lewis & Clark	Helena Elem	5,181	1,388,145	15,391,663	9.0%	114
0584	Missoula	Missoula H S	3,973	1,324,732	14,016,838	9.5%	56
0583	Missoula	Missoula Elem	5,024	1,274,128	15,338,812	8.3%	102
0796	Rosebud	Colstrip Elem	423	1,096,679	1,373,439	79.8%	12
0350	Gallatin	Bozeman Elem	3,626	1,043,943	10,860,738	9.6%	79
0488	Lewis & Clark	Helena H S	3,071	1,013,689	10,245,083	9.9%	63
0840	Silver Bow	Butte Elem	3,095	965,179	9,026,642	10.7%	124
0311	Flathead	Flathead H S	2,611	852,778	8,751,240	9.7%	51
0310	Flathead	Kalispell Elem	2,785	767,376	8,058,014	9.5%	95
0797	Rosebud	Colstrip H S	251	694,936	1,028,262	67.6%	6
0099	Cascade	Great Falls H S	3,623	662,890	12,076,744	5.5%	60
0351	Gallatin	Bozeman H S	1,987	645,237	6,879,602	9.4%	41
1212	Silver Bow	Butte H S	1,588	620,222	5,446,746	11.4%	65
0599	Missoula	Frenchtown K-12 Schools	1,288	597,521	4,182,433	14.3%	150
0427	Hill	Havre Elem	1,320	521,078	3,890,472	13.4%	118
0967	Yellowstone	Lockwood Elem	1,200	501,976	3,627,619	13.8%	115
0970	Yellowstone	Laurel Elem	1,335	497,025	4,059,391	12.2%	85
Totals			65,564	21,487,199	204,886,422	10.5%	82

Top Twenty Recipients of HB 124 Block Grants Relative to GTB area and Overbase Area - FY 2009

LE	County	District Name	ANB	HB 124 Block Grants - All Funds	GTB Area + OverBase Area - District GF	Percent HB 124 BG per Dollar Needed in GF	District Mills - General Fund
0491	Lewis & Clark	Trinity Elem	11	35,993	41,796	86.1%	8
0796	Rosebud	Colstrip Elem	423	1,096,679	1,373,439	79.8%	12
0797	Rosebud	Colstrip H S	251	694,936	1,028,262	67.6%	6
0506	Liberty	Whitlash Elem	4	15,371	22,951	67.0%	-
1216	Blaine	North Harlem Colony Elem	9	20,552	36,284	56.6%	-
0807	Sanders	Trout Creek Elem	63	122,541	230,168	53.2%	30
0811	Sanders	Noxon Elem	127	215,569	412,267	52.3%	41
1203	Phillips	Saco Elem	49	80,547	201,022	40.1%	-
0196	Daniels	Peerless K-12 Schools	33	112,055	290,532	38.6%	107
0812	Sanders	Noxon H S	91	166,139	444,642	37.4%	34
0671	Pondera	Dupuyer Elem	15	17,687	52,123	33.9%	43
0853	Stillwater	Fishtail Elem	12	14,473	44,303	32.7%	23
0244	Fallon	Baker K-12 Schools	397	468,811	1,446,769	32.4%	-
0096	Carter	Alzada Elem	3	6,380	20,244	31.5%	-
0875	Sweet Grass	McLeod Elem	9	11,279	36,284	31.1%	15
0911	Toole	Shelby H S	189	220,604	801,774	27.5%	50
0657	Phillips	Saco H S	32	69,981	255,132	27.4%	-
0790	Rosebud	Forsyth Elem	270	222,398	823,216	27.0%	96
0872	Sweet Grass	Greycliff Elem	12	14,357	53,652	26.8%	13
0020	Big Horn	Spring Creek Elem	8	8,586	33,578	25.6%	2
Totals			2,008	3,614,935	7,648,438	47.3%	12

Top Twenty Recipients of Oil & Gas Revenue Relative to GTB area and Overbase Area - FY 2009

LE	County	District Name	ANB	Oil and Gas Revenues - All Funds	GTB Area + OverBase Area - District GF	Percent Oil & Gas Revenue per Dollar Needed in GF	District Mills - General Fund
0768	Richland	Lambert Elem	51	5,513,738	201,597	2735.0%	-
0769	Richland	Lambert H S	34	5,483,823	251,362	2181.6%	-
0749	Richland	Brorson Elem	7	768,329	43,149	1780.7%	3
0244	Fallon	Baker K-12 Schools	397	11,480,704	1,446,769	793.5%	-
0748	Richland	Savage H S	48	2,138,638	298,935	715.4%	1
0819	Sheridan	Westby K-12 Schools	60	1,768,549	373,972	472.9%	21
1203	Phillips	Saco Elem	49	934,825	201,022	465.0%	-
0746	Richland	Sidney H S	435	7,642,829	1,658,737	460.8%	40
0256	Fallon	Plevna K-12 Schools	88	1,773,320	459,552	385.9%	-
0657	Phillips	Saco H S	32	884,825	255,132	346.8%	-
0785	Roosevelt	Bainville K-12 Schools	104	1,677,123	503,007	333.4%	48
0751	Richland	Fairview H S	113	1,667,391	545,488	305.7%	10
0754	Richland	Rau Elem	81	661,069	231,038	286.1%	77
0750	Richland	Fairview Elem	156	1,449,656	523,904	276.7%	14
0822	Sheridan	Medicine Lake K-12 Schools	108	1,355,140	523,734	258.7%	49
0227	Dawson	Richey Elem	49	464,918	189,876	244.9%	73
0076	Carbon	Belfry K-12 Schools	84	1,049,625	452,588	231.9%	-
0607	Musselshell	Melstone Elem	57	364,089	212,270	171.5%	10
0964	Wibaux	Wibaux K-12 Schools	156	1,143,468	681,156	167.9%	59
0048	Blaine	Bear Paw Elem	9	53,512	36,483	146.7%	-
Total			2,118	48,275,569	9,089,770	531.1%	6.5
Percent of Statewide Totals			1.4%	75.4%	1.8%	12.8%	62.5

**Oil & Gas - District X EL & HS - General Fund Budgeted Revenues and Actual Revenues**

	FY 2008		FY 2009		FY 2010
	Budgeted	Actuals	Budgeted	Actuals	Budgeted
ANB	1,163		1,174		1,165
Taxable Value	13,250,327		14,267,704		15,430,990
Base Budget	5,858,868		6,061,705		6,173,006
Maximum Budget	7,296,205		7,568,504		7,724,971
Adopted Budget	7,296,205		7,568,504		7,670,731
Revenues					
State Revenues					
Direct State Aid	2,859,117	2,859,117	2,953,601	2,953,601	3,016,392
Guaranteed Tax Base	502,725	502,725	487,927	487,927	525,162
Other State Revenue	625,430	625,430	652,102	652,102	639,643
HB 124 Block Grants	524,561	524,561	528,548	528,548	532,565
Local Revenues					
Base Property Tax	238,204	238,204	237,116	237,116	244,873
OverBase Property Tax	1,380,541	1,438,573	1,380,512	1,329,829	1,380,455
Oil & Gas Revenues	780,000	5,073,966	950,000	5,950,283	1,154,700
Other Local Revenue	236,823	246,714	200,668	138,642	136,413
Fund Balance Reappropriated	148,805	-	178,031	-	40,528
Total Revenues	<u>7,296,205</u>	<u>11,509,289</u>	<u>7,568,504</u>	<u>12,278,047</u>	<u>7,670,731</u>
Budget Amendment	5,025,000		7,150,000		3,900,000

# Budget Amendments

- Unanticipated enrollment increases
- Destruction or impairment of property
- Court judgment for damages against district
- Enactment of legislation after adoption of budget
- Deferred projects funded from receipt of protested taxes, audit or delinquent taxes
- Unforeseen needs of district that can't be postponed w/o affecting safety of students and employees or educational functions of district (oil & gas?)

Oil & Gas - District Y - General Fund Budgeted Revenues and Actual Revenues						
	FY 2008		FY 2009		FY 2010	
	Budgeted	Actuals	Budgeted	Actuals	Budgeted	
ANB	396		397		408	
Taxable Value	15,974,534		17,523,724		17,289,828	
Base Budget	2,164,203		2,245,375		2,366,050	
Maximum Budget	2,693,845		2,800,067		2,958,967	
Adopted Budget	3,253,989		3,254,409		3,256,374	
Revenues						
State Revenues						
Direct State Aid	1,070,374	1,070,374	1,101,821	1,101,821	1,153,718	
Guaranteed Tax Base	-	-	-	-	-	
Other State Revenue	214,726	214,726	232,298	232,298	250,088	
HB 124 Block Grants	393,918	393,918	396,911	446,911	449,928	
Local Revenues						
Base Property Tax	-	-	-	-	-	
OverBase Property Tax	-	-	-	-	-	
Oil & Gas Revenues	-	3,248,627	350,000	5,000,000	350,000	
Other Local Revenue	171,028	173,921	220,038	149,522	94,259	
Fund Balance Reappropriated	3,516,279	-	5,364,913	-	9,041,780	
Total Revenues	5,366,326	5,101,566	7,665,981	6,930,552	11,339,773	
Budget Amendment	-		-		-	

**Top Twenty Elementary Districts with High Taxable Values per Dollar GTB Area  
Plus OverBase Area in their General Funds - FY 2009**

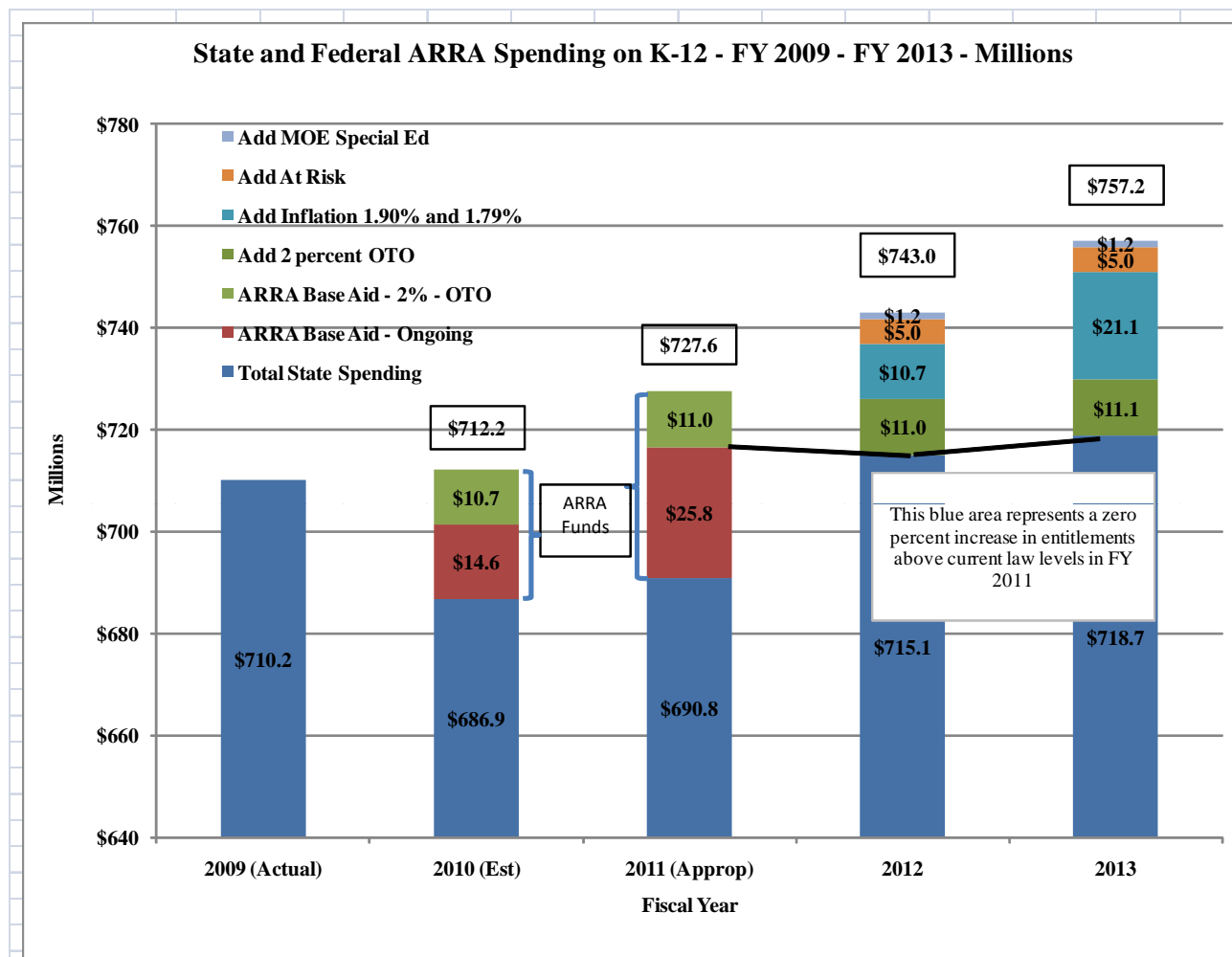
LE	County	District Name	ANB	Taxable Value	GTB Area + OverBase Area - District GF	Taxable Value per Dollar Needed in GF	District Mills - General Fund
0020	Big Horn	Spring Creek Elem	8	9,855,352	33,578	293.5	2
0495	Lewis & Clark	Wolf Creek Elem	13	5,018,474	47,306	106.1	7
0749	Richland	Brorson Elem	7	3,691,423	43,149	85.6	3
0568	Meagher	Lennepe Elem	4	1,854,828	22,851	81.2	10
0875	Sweet Grass	McLeod Elem	9	2,941,902	36,284	81.1	15
0491	Lewis & Clark	Trinity Elem	11	3,372,061	41,796	80.7	8
0096	Carter	Alzada Elem	3	1,372,647	20,244	67.8	-
0048	Blaine	Bear Paw Elem	9	2,434,793	36,483	66.7	-
0796	Rosebud	Colstrip Elem	423	90,630,043	1,373,439	66.0	12
0857	Stillwater	Nye Elem	7	1,712,893	31,070	55.1	15
0947	Wheatland	Shawmut Elem	7	2,247,546	43,248	52.0	19
0915	Toole	Galata Elem	15	2,800,087	54,041	51.8	4
0617	Park	Cooke City Elem	4	1,119,287	22,951	48.8	22
0486	Lake	Swan Lake-Salmon Elem	5	1,709,589	35,727	47.9	18
0853	Stillwater	Fishtail Elem	12	1,907,267	44,303	43.1	23
0216	Dawson	Lindsay Elem	12	1,919,141	44,601	43.0	16
1238	Custer	S H Elem	7	1,249,977	30,912	40.4	11
1211	Lake	Upper West Shore Elem	43	5,442,442	136,103	40.0	20
0445	Hill	Cottonwood Elem	18	2,398,993	60,536	39.6	23
0981	Yellowstone	Elysian Elem	125	16,133,965	411,981	39.2	23
Total			742	159,812,710	2,570,601	62.2	13
Percent of Statewide Totals			0.5%	7.6%	0.5%	4.2	62



Top Twenty High School & K-12 Districts with High Taxable Values per Dollar GTB Area Plus							
LE	County	District Name	ANB	Taxable Value	GTB Area + OverBase Area - District GF	Taxable Value per Dollar Needed in GF	District Mills - General Fund
0797	Rosebud	Colstrip H S	251	90,630,043	1,028,262	88.14	6
1239	Gallatin	Ophir K-12	180	20,282,391	555,028	36.54	26
0546	Madison	Ennis K-12 Schools	373	48,867,285	1,353,451	36.11	23
0812	Sanders	Noxon H S	91	11,702,048	444,642	26.32	34
0331	Flathead	Bigfork H S	370	30,435,843	1,402,542	21.70	36
0979	Yellowstone	Broadview H S	59	7,271,052	348,425	20.87	45
0882	Sweet Grass	Sweet Grass County H S	213	17,387,182	871,087	19.96	42
0862	Stillwater	Absarokee H S	114	10,487,213	525,521	19.96	40
0351	Gallatin	Bozeman H S	1,987	130,543,804	6,879,602	18.98	41
0946	Wheatland	Harlowton H S	106	9,583,959	507,616	18.88	44
0154	Chouteau	Geraldine H S	43	5,306,642	282,821	18.76	47
0769	Richland	Lambert H S	34	4,705,231	251,362	18.72	-
0859	Stillwater	Rapelje H S	25	4,130,499	224,012	18.44	44
0335	Flathead	Whitefish H S	710	46,365,148	2,533,739	18.30	46
0570	Meagher	White Sulphur Spgs H S	87	7,952,572	448,814	17.72	47
0657	Phillips	Saco H S	32	4,511,228	255,132	17.68	-
0097	Carter	Carter County H S	63	6,220,298	353,158	17.61	20
0478	Lake	Polson H S	555	34,116,748	2,062,259	16.54	43
0057	Carbon	Red Lodge H S	199	13,444,159	822,607	16.34	43
1237	Liberty	Chester-Joplin-Inverness HS	87	8,600,431	539,037	15.96	31
Total			5,579	512,543,776	21,689,115	23.63	41
Percent of Statewide Totals			3.7%	24.3%	4.3%	4.2	62

## Fund Balance Reappropriated

- Determine the fund balance in the district's general fund as of June 30
- Set aside up to 10% for an operating reserve for the ensuing year
- Set aside "excess reserves" (as defined in 20-9-104, MCA)
- Remaining fund balance must be used to fund the budget for the ensuing year before property taxes may be levied



This chart shows state and federal ARRA spending for FY 2010 and FY 2011, and potential state spending in FY 2012 and 2013.

State Funds include those passed through OPI and include distributions to schools from the guarantee account, the general fund, state special and the federal education stabilization fund. Does not include the infrastructure and energy upgrade money passed through the Department of Commerce.

The legislature appropriated a 3 percent increase in the entitlements in FY 2010 and an additional 3 percent in FY 2011. Of the increase in FY 2010, 2 percent of the 3 percent was OTO and was funded by federal ARRA money. In addition, federal ARRA money funded \$14.6 million in Base aid in FY 2010 and \$25.8 million in FY 2011. Also the \$5.0 million per year at-risk payment was cut to \$1 per year.

For FY 2012 and FY 2013, the dark blue area shows state spending on K-12 if the entitlements are fixed at 2011 levels. And then adds on various elements that enhance the state's contribution to K-12. If, after these elements are added, and a ten percent cut is made to the entitlements, the state's contribution would be cut by around \$57 million per year.

# Special Revenue Funds

Purpose: Account for proceeds of revenue sources that must be used for specified purposes.

- Budgeted or non-budgeted



## Special Revenue Funds

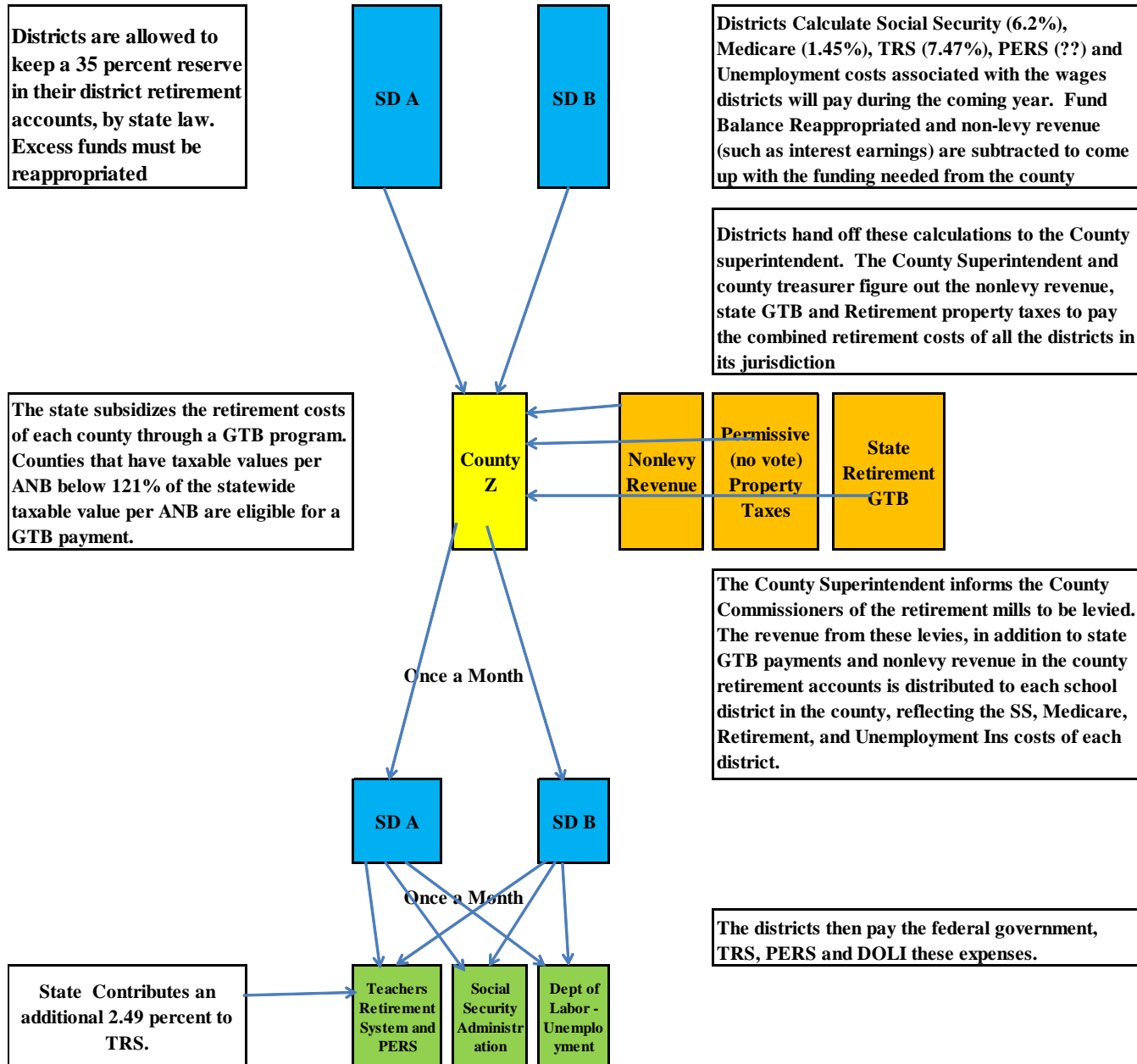
**Transportation Fund:** For financing the maintenance and operation of district's school buses, private carrier contracts, and any amount necessary for the purchase, rental, or insurance of school buses or operation of the transportation program.



## Pupil Transportation

- County transportation committee approves bus routes
- Each district calculates its transportation cost
- Budget needs given to County Supt.
- Total \$ needed is calculated
- Commissioners set county levy for 50% of on-schedule costs
- State pays remaining 50% of on-schedule costs
- District levies excess on district taxpayers
- Levy is made permissively (no vote)

## Retirement Accounts - Funding for School Districts in Montana



<p><b>School District Retirement Revenues - FY 2009</b></p>
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County Accounts		
Beginning Cash Balance	\$	18,738,770
Nonlevy Revenue	\$	17,395,712
Retirement Property Taxes	\$	81,649,893
State Retirement GTB	\$	26,886,507
 Total Available	 \$	 144,670,883
Paid to School Districts	\$	117,391,849
 Ending Cash Balance	 \$	 27,279,034

District Accounts		
Beginning Cash Balance	\$	45,712,286
Interest Earnings + Other	\$	2,098,435
Payments from Counties	\$	117,391,849
 Total Available	 \$	 165,202,570
 Payments to SSA, TRS, PERS, UII	 \$	 113,462,846
Ending Cash Balance	\$	51,739,724



## Other Special Revenue Funds

### **Budgeted:**

- Bus Depreciation: Financing replacement buses
- Tuition: Costs of students who attend school outside their district
- Technology Fund: Purchase and maintain tech equipment and provide tech training
- Others

# Other Special Revenue Funds

## **Non-Budgeted:**

- Food Service: School food service operations
- Miscellaneous Programs: Local, state, and federal grants and reimbursements
- Others

# Debt Service Funds

## Debt Service Fund:

- Principal, interest on bonds and Special Improvement Districts (SIDs)
- Bond proceeds
- Budgeted fund with voted levy

## School Facilities Payments

- Available to districts that have sold general obligation bonds
- Debt service mills are matched by state aid in low-wealth districts (GTB)
- State support is capped
- \$9.74 million is appropriated (FY11)

# Capital Projects Funds

## Building Fund:

- Bond proceeds
- Insurance proceeds, federal funds, and property sold by district for building and construction projects
- Non-budgeted fund

## Building Reserve Fund:

- Voter-approved building or construction projects
- Budgeted Fund

# Flexibility Fund

- **20-9-543. School flexibility fund -- uses.** (1) (a) The trustees of a district shall establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:
  - (i) technological equipment enhancements and expansions.....;
  - (ii) facility expansion and remodeling.....;
  - (iii) supplies and materials.....;
  - (iv) student assessment and evaluation;
  - (v) the development of curriculum materials;
  - (vi) training for classroom staff.....;
  - (vii) purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers;
  - (viii) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom teachers and other certified staff, subject to collective bargaining when applicable; or
  - (ix) increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment, or other resources of the district.
- This list does not include expenses associated with building new structures

## Montana School District Flexibility Fund - FY2003 - 2009

Fiscal Year	Flex Fund Revenue	Transfers to Flex Fund	Flex Fund Expnditures	Unreserved Fund Balance
2003	4,312,265	161,623	1,123,913	3,412,913
2004	2,173,611	667,047	917,800	5,321,238
2005	3,820,704	1,113,251	2,735,334	7,647,480
2006	4,310,062	1,136,147	2,178,783	10,871,957
2007	6,443,771	1,502,859	3,323,475	15,474,003
2008	12,524,759	4,003,841	6,312,494	25,578,834
2009	17,424,750	4,452,104	6,487,579	41,659,664
Total	51,009,922	13,036,872	23,079,379	

School Flexibility Fund Revenues - FY2003 - 2009								
		Fiscal Year						
		2003	2004	2005	2006	2007	2008	2009
Property Tax		151,374	14,983	1,533	1,401	1,025	701	4
Other Local Revenue		59,818	140,290	206,058	616,805	831,075	681,264	1,054,937
Oil & Gas Revenue		3	980,161	2,188,259	2,281,560	3,920,054	10,079,576	14,555,989
State HB 124 Block Grants + Misc		1,071	1,038,177	1,424,854	1,410,296	1,691,618	1,763,219	1,813,819
State Flexibility Fund Allocation		4,100,000	-	-	-	-	-	-
Total Revenues		4,312,265	2,173,611	3,820,704	4,310,062	6,443,771	12,524,759	17,424,750
School Flexibility Fund Expenditures by Function - FY 2003 - 2009								
		Fiscal Year						
		2003	2004	2005	2006	2007	2008	2009
Instruction		649,283	678,428	1,781,391	1,369,966	1,595,749	1,860,231	1,859,188
Operation and Maintenance		138,960	104,392	214,655	328,608	403,464	944,379	337,160
Administration		38,122	29,513	225,569	224,338	292,036	293,879	422,530
Facilities Acquisition and Construction		-	-	108,522	109,196	873,305	2,968,935	3,545,064
Other		297,547	105,468	405,197	146,674	158,921	245,070	323,638
Total		1,123,913	917,800	2,735,334	2,178,783	3,323,475	6,312,494	6,487,579



# Consolidation of Districts

Financial Amelioration When Districts Consolidate
<b>20-9-311 (8) (iv). Calculation of average number belonging (ANB) -- three-year averaging.</b>
(iv) two or more districts consolidate or annex under the provisions of 20-6-422 or 20-6-423, the ANB and the basic entitlements of the component districts must be calculated separately for a period of 3 years following the consolidation or annexation. Each district shall retain a percentage of its basic entitlement for 3 additional years as follows:
(A) 75% of the basic entitlement for the fourth year;
(B) 50% of the basic entitlement for the fifth year; and
(C) 25% of the basic entitlement for the sixth year.

High Schools Less than 20 miles From Each Other Where One has Less than 40 ANB
--

Larger Districts				Smaller Districts		
LE	Name	FY 2010 ANB	Miles	LE	Name	FY 2010 ANB
0862	ABSAROCKE HIGH SCHOOL	113	14.0	0851	REED POINT HIGH SCHOOL	29
0785	BAINVILLE HIGH SCHOOL	114	18.2	0787	FROID HIGH SCHOOL	29
0849	COLUMBUS HIGH SCHOOL	236	14.8	0851	REED POINT HIGH SCHOOL	29
0778	CULBERTSON HIGH SCHOOL	103	13.1	0787	FROID HIGH SCHOOL	29
0946	HARLOWTON HIGH SCHOOL	96	17.2	0949	JUDITH GAP HIGH SCHOOL	20
0657	SACO HIGH SCHOOL	36	12.8	0933	HINSDALE HIGH SCHOOL	34
0659	MALTA HIGH SCHOOL	600	17.3	0648	DODSON HIGH SCHOOL	24
0348	MANHATTAN HIGH SCHOOL	217	15.4	0355	WILLOW CREEK HIGH SCHOOL	20
0822	MEDICINE LAKE HIGH SCHOOL	103	11.6	0787	FROID HIGH SCHOOL	29
0361	THREE FORKS HIGH SCHOOL	218	6.8	0355	WILLOW CREEK HIGH SCHOOL	20

Navigable River Lease Revenues		
FY 2000 – FY 2007	FY 2008 – FY 2011	FY 2012 FWD
Compensatory damages of \$41.0M plus interest ordered by the MT Supreme Court.	Distributable revenues deposited to the Guarantee Account. (\$10.0 Million)	Distributable revenues deposited to the School Facility and Technology Account. (\$10.0 Million plus annual index)
Land board resolution to purchase additional lands to benefit common schools.	Used to support BASE aid.	Used to fund facility repairs and upgrade technology. Outside BASE aid.

# Budgeted Fund Statewide Totals

<u>Fund</u>	<u>FY10 Adopted Budgets</u>
General	\$ 946,182,672
Transportation	\$ 82,022,712
Bus Depreciation	\$ 44,071,352
Tuition	\$ 4,814,950
Retirement	\$ 128,468,497
Adult Education	\$ 14,560,709
Non-Operating (5 districts)	\$ 95,118
Technology	\$ 25,466,554
Flexibility	\$ 45,713,741
Debt Service	\$ 45,440,432
<u>Building Reserve</u>	<u>\$ 63,741,484</u>
Grand Total	\$ 1,400,578,222

# General Fund Budgets

## Number of Districts

Percent Group	2001	2004	2007	2008	2009	2010
Below Base	0	0	0	0	0	0
At Base	95	62	54	49	54	53
< 90%	96	57	48	49	44	44
90 to 97%	72	64	78	83	77	82
97 to Max	147	122	147	135	142	119
Over Max	38	133	98	105	103	119
Grand Total	448	438	425	421	419	417

