

Agency Legislative Budget

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

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	135.23	10.13	12.00	157.36	10.13	12.00	157.36	157.36
Personal Services	7,095,501	1,386,890	783,950	9,266,341	1,422,298	778,680	9,296,479	18,562,820
Operating Expenses	9,367,657	1,260,270	2,486,782	13,114,709	1,355,850	2,176,558	12,900,065	26,014,774
Equipment	42,023	10,000	160,000	212,023	10,000	0	52,023	264,046
Local Assistance	526,527,149	54,597,389	57,965,930	639,090,468	57,738,698	56,860,875	641,126,722	1,280,217,190
Grants	133,713,635	6,094,609	1,250,000	141,058,244	11,958,267	1,250,000	146,921,902	287,980,146
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$676,745,965	\$63,349,158	\$62,646,662	\$802,741,785	\$72,485,113	\$61,066,113	\$810,297,191	\$1,613,038,976
General Fund	531,682,484	55,520,462	62,600,555	649,803,501	58,727,859	61,020,284	651,430,627	1,301,234,128
State/Other Special	970,495	9,512	0	980,007	9,762	0	980,257	1,960,264
Federal Special	144,092,986	7,819,184	46,107	151,958,277	13,747,492	45,829	157,886,307	309,844,584
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$676,745,965	\$63,349,158	\$62,646,662	\$802,741,785	\$72,485,113	\$61,066,113	\$810,297,191	\$1,613,038,976

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Executive Budget Comparison

The following table compares the proposed budget for the 2009 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg - Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg - Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	135.23	157.36	157.36	0.00	157.36	157.36	0.00	
Personal Services	7,095,501	9,153,758	9,266,341	112,583	9,189,766	9,296,479	106,713	219,296
Operating Expenses	9,367,657	13,122,326	13,114,709	(7,617)	12,907,730	12,900,065	(7,665)	(15,282)
Equipment	42,023	212,023	212,023	0	52,023	52,023	0	0
Local Assistance	526,527,149	625,564,557	639,090,468	13,525,911	640,233,315	641,126,722	893,407	14,419,318
Grants	133,713,635	140,058,244	141,058,244	1,000,000	145,921,902	146,921,902	1,000,000	2,000,000
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$676,745,965	\$788,110,908	\$802,741,785	\$14,630,877	\$808,304,736	\$810,297,191	\$1,992,455	\$16,623,332
General Fund	531,682,484	635,171,797	649,803,501	14,631,704	649,437,324	651,430,627	1,993,303	16,625,007
State/Other Special	970,495	980,014	980,007	(7)	980,265	980,257	(8)	(15)
Federal Special	144,092,986	151,959,097	151,958,277	(820)	157,887,147	157,886,307	(840)	(1,660)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$676,745,965	\$788,110,908	\$802,741,785	\$14,630,877	\$808,304,736	\$810,297,191	\$1,992,455	\$16,623,332

This bill raises the budget for the Office of Public Instruction by \$16.6 million biennial compared with the executive's budget recommendation. Of this amount, state level activities is above the executive by \$219,000 and local education activities is above by \$16.4 million.

The executive recommended for OPI's state level activities a total biennial budget increase of \$12.6 million, which included \$9.4 million general fund, with the remainder state special and federal fund increases. This bill contains a biennial increase of \$12.8 million for OPI's state level activities from all funds, including \$9.6 million general fund.

This bill contains the following provisions recommended by the Governor, with biennial appropriations in parentheses:

- Increase statewide student assessment (\$70,000)
- Increase the hearing conservation program (78,000)
- Reestablish Indian Education for All (\$3.3 million)
- Little Shell Tribal History (\$0.475 million)
- Increase the surplus computers program (\$26,200)
- K-12 education data systems (\$3.5 million)
- Six new curriculum specialists (\$1.9 million)
- Traffic education operating costs (\$8,000)
- Replacement of a computer server (\$160,000)

In addition HB 809 adds \$219,000 for a mental health and referral program in the Superintendent's office.

The executive recommended for OPI's local education activities a total biennial budget increase of \$230.3 million for all funds over the FY 2006 base budget. This bill contains a total biennial budget increase for OPI's local education activities of \$246.7 million compared with the FY 2006 base budget. The entire difference of \$16.6 million between this bill and the executive recommendation is in general fund. This bill and the executive's recommendation are nearly identical in present law adjustments, as new ANB data increased BASE aid in this bill relative to the Governor's recommendation.

This bill contains most of the executive's recommended new proposals, including:

- Full day kindergarten (\$26.6 million);
- New middle school entitlement of \$55,500 (-\$200,000);
- Divert royalties from state lands to a school facility trust (\$40.8 million);
- Increase special education by inflation (\$3.9 million);
- Increase facility debt service payments to account for new school district bond issues (\$2.2 million);
- Increase adult education payments (\$0.5 million)

The executive requested an increase in the quality educator payment from \$2,000 to \$2,790. This bill increases the quality educator payment to \$3,036 in FY 2008 and to \$3,042 in FY 2009, for an increase of \$26.4 million in the 2009 biennium. This bill does not contain any money to pay retirement costs for federally salaried school employees as the executive had requested.

In addition this bill adds:

- One-time-only money for full-time kindergarten start-up costs (\$10 million)
- One-time-only money for the Indian Education for All payment (\$4.2 million)
- One-time-only money for Gifted and Talented (\$2.0 million)

Agency Highlights

Department of Office of Public Instruction
Major Budget Highlights

- ◆ This bill contains a biennial increase in OPI's budget of \$259.5 million above the FY 2006 base budget. Of this amount, \$12.8 million is state level activities and \$246.7 million is in local education activities.
- ◆ In state level activities, this bill contains \$3.0 million in federal fund increases, \$19,334 in state special funding and a \$9.6 million increase in general fund. The biennial general fund increases are for: present law increases of \$2.4 million and new proposals of \$7.2 million. The new proposals are:
 - K-12 education data system (\$3.5 million)
 - 6 Curriculum Specialists (\$1.9 million)
 - Indian Education For All and Achievement Gap (\$2.8 million)
 - Little Shell Tribal History (\$0.5million)
 - A new computer server – OTO (\$160,000)
 - Surplus computers for schools (\$26,000)
 - Mental health screening and referral (\$219,296)
- ◆ This bill increases local education activities by \$246.8 million and contains the following provisions:
 - Present law increases for federal funds of \$18.5 million
 - Present law general fund increases of \$111.9 million for base aid reflecting enrollment declines and adjustments for inflation, adjustments for 2005 special session funding, and changes due to special education, higher common school trust revenues, state tuition payments, HB 124 block grants, and other changes
 - New proposals of \$116.4 million, which include:
 - Full-time kindergarten (\$26.6 million);
 - Full-time kindergarten startup costs (\$10 million) – OTO;
 - An increase in the quality educator payment to \$3,036 in FY 2008 and \$3,043 in FY2009 (\$26.4 million);;
 - A new middle school entitlement of \$55,000 (-\$0.2 million);
 - Diversion of royalties to a facilities trust account (\$40.8 million);
 - One-time-only money for the Indian Education for All Payment (\$4.2 million);
 - One-time-only money for gifted and talented (\$2.0 million);
 - Increases for Special education for inflation (3.9 million);
 - Increases for the school facility payment (\$2.2 million); and
 - Increases for adult education (\$0.5 million);

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
06 State Level Activities	\$ 19,968,592	\$ 460,264	\$ 25,410,440	\$ 45,839,296	2.84%
09 Local Education Activities	<u>1,281,265,536</u>	<u>1,500,000</u>	<u>284,434,144</u>	<u>1,567,199,680</u>	<u>97.16%</u>
Grand Total	<u>\$ 1,301,234,128</u>	<u>\$ 1,960,264</u>	<u>\$ 309,844,584</u>	<u>\$ 1,613,038,976</u>	100.00%

Language

"The Office of Public Instruction may 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."

"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 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 educational activities are biennial."

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	135.23	10.13	12.00	157.36	10.13	12.00	157.36	157.36
Personal Services	7,095,501	1,386,890	783,950	9,266,341	1,422,298	778,680	9,296,479	18,562,820
Operating Expenses	9,366,690	1,259,238	2,486,782	13,112,710	1,354,818	2,176,558	12,898,066	26,010,776
Equipment	42,023	10,000	160,000	212,023	10,000	0	52,023	264,046
Local Assistance	25,827	0	475,000	500,827	0	475,000	500,827	1,001,654
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$16,530,041	\$2,656,128	\$3,905,732	\$23,091,901	\$2,787,116	\$3,430,238	\$22,747,395	\$45,839,296
General Fund	5,180,391	1,148,844	3,859,625	10,188,860	1,214,932	3,384,409	9,779,732	19,968,592
State/Other Special	220,495	9,512	0	230,007	9,762	0	230,257	460,264
Federal Special	11,129,155	1,497,772	46,107	12,673,034	1,562,422	45,829	12,737,406	25,410,440
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$16,530,041	\$2,656,128	\$3,905,732	\$23,091,901	\$2,787,116	\$3,430,238	\$22,747,395	\$45,839,296

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Funding

The following table shows a summary of decision packages in state level activities and the funding for them.

Legislative Action for OPI - 2009 Biennium				Fiscal 2008	Fiscal 2009	Biennium
By Fund and Decision Package Number						
Present Law Adjustments						
Decision Package	Page #					
		Statewide Adjustments (All Funds)	\$966,551	\$1,014,867	\$1,981,418	
		General Fund	426,713	451,320	878,033	
		State Special	4,577	4,781	9,358	
		Federal	535,261	558,766	1,094,027	
DP6015	NA	Lower Motor Pool Rates	(\$1,480)	(\$1,530)	(\$3,010)	
		General Fund	(653)	(680)	(1,333)	
		State Special	(7)	(8)	(15)	
		Federal	(820)	(842)	(1,662)	
General Fund						
PL19	E-8	Statewide Student Assessment	\$27,500	\$42,500	\$70,000	
PL21	E-8	Hearing Conservation Program	28,007	49,990	77,997	
PL30	E-8	Indian Ed for All Reestablished	573,200	573,200	1,146,400	
PL51	E-9	Indirect Cost of Base Adjustments	82,301	86,826	169,127	
PL33002	E-9	Gifted and Talented Staff Request	11,776	11,776	23,552	
Total General Fund			\$722,784	\$764,292	\$1,487,076	
State Special Funds						
PL34	E-9	Traffic Education 0.125 FTE	\$4,046	\$4,052	\$8,098	
PL51	E-9	Indirect Cost of Base Adjustments	896	937	1,833	
Total State Special			\$4,942	\$4,989	\$9,931	
Federal Funds						
PL31	E-8/E-9	Federal Grant Increases	\$865,012	\$901,966	\$1,766,978	
PL51	E-9	Indirect Cost of Base Adjustments	98,319	102,530	200,849	
Total Federal Funds			\$963,331	\$1,004,496	\$1,967,827	
Total Present Law Changes			\$2,657,608	\$2,788,644	\$5,446,252	
New Proposals						
General Fund						
NP6	E-10	K-12 Education Data Systems (4 new FTE)	\$1,866,814	\$1,592,133	\$3,458,947	
NP8	E-13	Curriculum Specialists Support to Quality Schools (6 FTE)	959,700	924,816	1,884,516	
NP16	E-17	Storage Area Network Replacement OTO	160,000	0	160,000	
NP53	E-17	Indian Education Programs (1 FTE)	509,928	510,147	1,020,075	
NP54	E-17	Indian Ed For All Tribal History	237,500	237,500	475,000	
NP55		Mental Health Screening and Referral	112,583	106,713	219,296	
NP23002	E-17	Surplus Computers for Schools	13,100	13,100	26,200	
Total General Fund			\$3,859,625	\$3,384,409	\$7,244,034	
NP33	E-17	School Support System Assistant (Federal) (1 FTE)	\$46,107	\$45,829	\$91,936	
Total New Proposals			\$3,905,732	\$3,430,238	\$7,335,970	
Total Present Law and New Proposals			\$6,563,340	\$6,218,882	\$12,782,222	
Approval of	E-18	Indirect cost rate (19.4 %)				
	E-21	Advanced Drivers Ed rates				
Language:	"The Office of Public Instruction may distribute funds from the appropriation for instate treatment to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs."					
	"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provide 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 educational activities are biennial."					

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the proposed adjusted base budget. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies, unless otherwise noted. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,230,650					1,267,091	
Vacancy Savings				(328,150)					(329,604)	
Inflation/Deflation				32,266					38,488	
Fixed Costs				31,785					38,892	
Total Statewide Present Law Adjustments				\$966,551					\$1,014,867	
DP 19 - Statewide Student Assessment (NRT)	0.00	27,500	0	0	27,500	0.00	42,500	0	0	42,500
DP 21 - Hearing Conservation Program	0.00	28,007	0	0	28,007	0.00	49,990	0	0	49,990
DP 30 - Indian Education for All Reestablished	0.00	573,200	0	0	573,200	0.00	573,200	0	0	573,200
DP 31 - Federal Grant Award Adjustment - 06	10.00	0	0	865,013	865,013	10.00	0	0	901,966	901,966
DP 34 - Traffic Education 0.125 FTE HB 0002	0.13	0	4,046	0	4,046	0.13	0	4,052	0	4,052
DP 51 - Indirect Cost of Base Adjustments	0.00	82,301	896	98,319	181,516	0.00	86,826	937	102,530	190,293
DP 6015 - State Motor Pool Rate Change	0.00	(653)	(7)	(821)	(1,481)	0.00	(680)	(8)	(840)	(1,528)
DP 33002 - Gifted and Talented Staff Request	0.00	11,776	0	0	11,776	0.00	11,776	0	0	11,776
Total Other Present Law Adjustments	10.13	\$722,131	\$4,935	\$962,511	\$1,689,577	10.13	\$763,612	\$4,981	\$1,003,656	\$1,772,249
Grand Total All Present Law Adjustments				\$2,656,128					\$2,787,116	

DP 19 - Statewide Student Assessment (NRT) - This bill contains increased spending for costs associated with the OPI contract for administration of a statewide norm-referenced test in grades 4, 8 and 11. These costs estimated to be \$27,500 in FY 2008 and \$42,500 in FY 2009. The statewide student assessment is required by the Administrative Rules of the Board of Public Education for the accreditation of schools. The Office of Public Instruction estimates that the cost of a new contract will be \$310,000 in FY 2008 and \$325,000 in FY 2009. The present law base for the Statewide Student Assessment is \$282,500.

DP 21 - Hearing Conservation Program - This bill includes spending for contracts with regional audiological evaluators for the hearing conservation program. The cost is estimated to grow 3 percent or \$18,007 in FY 2008 and \$39,990 in FY 2009. Additionally, replacement and maintenance of equipment used to test hearing for K-12 school children across the state is proposed at \$10,000 in each year of the 2009 biennium. Contracts with providers expire on June 30, 2007.

DP 30 - Indian Education for All Reestablished - This bill reestablishes the Indian Education for All in state level activities for OPI. The 2005 Legislature established a biennial appropriation of \$2,310,846 in the 2007 biennium (\$1,155,423 each year) to create the Indian Education for All program. In FY 2006, only \$582,223 was spent. This decision package would add \$573,200 in each year of the 2009 biennium to the FY 2006 amount, making the 2009 biennial appropriation slightly less than during the 2007 biennium.

DP 31 - Federal Grant Award Adjustment - 06 - This appropriation is to adjust federal spending authority for grant awards due to standard increases in federal funding. Funds are used to support the administration of current federal grants and provide technical assistance to schools. The adjustment is \$865,012 in FY 2008 and \$901,966 in FY 2009. This is a biennial appropriation.

DP 34 - Traffic Education 0.125 FTE HB 0002 - The bill contains state special spending authority increase of \$8,098 for the 2009 biennium and 0.125 FTE for increased administrative support for the traffic education program. This position is part of the Superintendent's staff to fulfill statutory requirements of M.C.A. Title 20, Chapter 7, Part 5, Traffic Education for Montana schools.

The legislature approved a total of 0.25 FTE increase split between two budgets. It increases state special funded administrative support position for the traffic education program by 0.125 FTE - from 0.4 to 0.525; and proprietary enterprise funded administrative support position for the Montana DRIVE program by 0.125 FTE - from 0.1 to 0.225. The proprietary funded position is not included in HB 2 (See the "Proprietary Rates" Section)

DP 51 - Indirect Cost of Base Adjustments - This bill includes additional appropriation authority for the indirect cost portion of the general fund, state special revenue fund, and federal fund base adjustments. The general fund increase is \$82,301 in FY 2008 and \$86,826 in FY 2009. The federal funds increase is \$98,319 in FY 2007 and \$102,530 in FY 2008. In addition to providing central services within the agency, these adjustments fund increases in statewide cost assessments for the legislative audit, SABHRS costs, a portion of the increases in rent, and others. For a further discussion, see the "Proprietary Rates" section.

DP 6015 - State Motor Pool Rate Change - The rates for the State Motor Pool from the rates requested by the Governor. This adjustment aligns agency budgets to correspond to the approved State Motor Pool rates.

DP 33002 - Gifted and Talented Staff Request - Continuation of the operating expenses not in the base year for the 0.50 FTE gifted and talented specialist funded in FY 2007 by the 2005 legislature will cost \$11,776 each year of the biennium. This position assists school gifted and talented programs across the state. The personal services money associated with this position are in the statewide present law adjustments. This money in this proposal is for operating expenses.

New Proposals

Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6 - K12 Education Data Systems										
06	4.00	1,866,814	0	0	1,866,814	4.00	1,592,133	0	0	1,592,133
DP 8 - Curriculum Specialist Support to Quality Schools										
06	6.00	959,700	0	0	959,700	6.00	924,816	0	0	924,816
DP 16 - Storage Area Network (SAN) Replacement - OTO										
06	0.00	160,000	0	0	160,000	0.00	0	0	0	0
DP 33 - School Support System Assistant (Federal)										
06	1.00	0	0	46,107	46,107	1.00	0	0	45,829	45,829
DP 53 - Indian Education Programs										
06	1.00	509,928	0	0	509,928	1.00	510,147	0	0	510,147
DP 54 - Indian Ed for All Tribal History - Biennial OTO										
06	0.00	237,500	0	0	237,500	0.00	237,500	0	0	237,500
DP 55 - Mental Health Screening and Referral -Restricted										
06	0.00	112,583	0	0	112,583	0.00	106,713	0	0	106,713
DP 23002 - Surplus Computers for Schools										
06	0.00	13,100	0	0	13,100	0.00	13,100	0	0	13,100
Total	12.00	\$3,859,625	\$0	\$46,107	\$3,905,732	12.00	\$3,384,409	\$0	\$45,829	\$3,430,238

DP 6 - K12 Education Data Systems - This bill provides continued funding for a K-12 education data system that was developed with one time only funding in the 2005 legislature. This data system will continue to improve data collection practices and data quality about K-12 students and be enhanced to include data on educators. Continuation, enhancement, and expansion of the K-12 education data system would cost \$3.459 million in the 2009 biennium and provide 4.0 FTE to the Office of Public Instruction (OPI) for the operation and maintenance of the systems.

DP 8 - Curriculum Specialist Support to Quality Schools - This bill contains funding for curriculum specialists to support schools at a biennial cost of \$1.885 million. The new 6.0 FTE would provide technical assistance to K-12 quality public schools in curricular areas such as science, mathematics, early childhood (kindergarten), communications arts (including reading, writing, listening, and speaking), library media, and high school curriculum/dropout prevention.

DP 16 - Storage Area Network (SAN) Replacement - OTO - The OPI Storage Area Network (SAN) is a machine that houses the OPI servers that contain OPI's data and computer software. The SAN was purchased in 2004, will be obsolete in 2008, and will no longer be on a maintenance contract. The state's standard replacement period for this type of equipment is 4 years, and the equipment and software must be replaced in 2008. The cost is \$71,000 for SAN equipment, \$66,000 for SAN software, and \$23,000 for fiber switches. This results in a one-time cost of \$160,000 in the first year of the biennium.

The SAN replacement was included in the State IT Plan for the biennium (OPI IT Plan, March 2006 "ITO 3-0 Replace existing SAN").

DP 33 - School Support System Assistant (Federal) - This bill adds \$46,107 in FY 2008 and \$45,829 in FY 2009 in federal money for 1.00 FTE administrative support position to assist the Title I director and accreditation specialist in operating the federally required School Support System. The position will schedule and manage logistics for up to 50 school visitations per year to comply with federal law.

DP 53 - Indian Education Programs - This bill contains continued funding of \$509,928 in FY 2008 and \$510,147 in FY 2009 for the Office of Public Instruction to assist quality schools with the unique needs of American Indian students and ensuring that Indian Education for All is imbedded in the classroom instruction. This request includes funding 1.0 FTE for an Indian achievement gap analyst to gather data, analyze successful strategies, and provide technical assistance to improve Indian student achievement to coordinate with the Indian Achievement Gap component of the school funding formula.

DP 54 - Indian Ed for All Tribal History - Biennial OTO - This bill appropriates funding to complete an effort started in the 2007 legislature to record Montana's tribal histories for K-12 students as part of Indian Education for All. The funds would be distributed as follows:

- \$200,000 is requested for the Little Shell Tribal Nation to write their history since they were not included in the 2007 legislative appropriation for the seven tribal colleges to detail tribal histories. These funds would be distributed to the Great Falls College of Technology who will work with the Little Shell Tribal Nation.
- \$175,000 is requested for the seven tribal colleges (\$25,000 each) to coordinate with OPI for completion of the history project started in the 2007 biennium. These funds will be distributed through the OPI.
- \$100,000 is requested for OPI for oversight of the tribal history curriculum development and implementation for use by K-12.

DP 55 - Mental Health Screening and Referral -Restricted - This bill contains \$112,583 in FY 2008 and \$106,713 in FY 2009 to create a mental health and referral program in the superintendent office of OPI. The program would be voluntary. This would require another bill to implement the new program.

DP 23002 - Surplus Computers for Schools - This bill adds \$13,100 in each year of the biennium to pay a portion of the rent on the facility used by OPI to warehouse, process, and distribute surplus state computer equipment to school districts across the state under the Surplus Computer Program.

Proprietary Rates

Proprietary Program Description

OPI Indirect Cost Pool - OPI's internal service fund (A/E 06512) is used to pool internal and statewide central service type costs that are charged back to all of OPI's state and federally funded programs using a pre-approved indirect cost rate.

The Advanced Driver Education program (also known as Montana D.R.I.V.E.) - This is a seasonal hands-on behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of the Office of Public Instruction at their training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, MDT employees, ambulance drivers, and others who drive as a part of their employment. The program offers its services to employees of government services and to the general public.

Proprietary Revenues and Expenses

Revenue Description

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying an approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. Last fiscal year OPI federal programs contributed \$1,099,972 (SABHRS revenue account 584002) towards the cost of "indirects"; general and other state-funded programs contributed \$879,092 (SABHRS revenue account 520260). State and federal program payments to the indirect cost pool are recorded using SABHRS account 62827.

Expense Description

Costs of OPI operations that are paid from the indirect cost pool include:

Termination payouts (vacation/comp time/sick leave) for all staff (except the State Superintendent and her personal staff).

Services provided to OPI by other state agencies for a fee:

- Depart. of Admin. (DofA) General Liability Insurance and Employee Bonds
- DofA Warrant writing fees
- DofA Payroll Service fees
- DofA telephone equipment charges
- DofA rent charge for common areas (bathrooms, halls, conference rooms)
- Legislative Audit fees
- DofA network service fees
- Fish, Wildlife and Parks grounds maintenance fee
- OPI's share of statewide indirect costs, allocated through a Statewide Cost Allocation Plan (SWCAP) prepared by the Department of Administration
- Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, word processing, mail delivery and resource center services to all OPI programs. Operating costs associated with 22.15 positions are paid from the pool, including the cost of rent for space they occupy, office supplies, postage, long distance phone charges, equipment, training, travel, photocopy charges, etc.
- General-use items such as paper, FAX lines and shared equipment, including maintenance contracts on that equipment

Working Capital Discussion

Working Capital is not considered in the rate determination. Sufficient working capital is needed for cash flow during the first 30 - 45 days of the fiscal year.

Fund Equity and Reserved Fund Balance

There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for on-going operations. If a significant balance accumulates because direct expenses increase at a faster rate than indirect expenses, the approved rate will adjust downward to reduce the excess over time.

DRIVE (Driver In-Vehicle Education) Program in Lewistown**Revenue Description**

Revenues are generated from workshop fees collected from participants in the program and from other track users for the use of the facility. Typically the program services 450-550 participants a season. The current fee is \$225 for full-day workshop per person and \$135 for a half-day. There will be anticipated growth in services to participants of 10 percent. This increase is due to an agreement with MDT to conduct a teen research project. It is also expected to see modest growth in other users of the track who pay for its use.

Expense Description

Cost drivers for fees include instructor expenses (includes salaries, travel and per diem); vehicle maintenance and operating expenses, classroom and track supplies, track lease, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). Unexpected increases in fuel costs this last year consumed the revenue projected to support periodic capital and maintenance costs. It is anticipated that an increase in fees is needed to keep abreast of inflation.

Working Capital Discussion

This program is a summer seasonal program that operates 45 - 55 days during June, July and August. The program typically employs four grade 16 instructors for each workshop (10 - 11 hours per day each). A director (0.15) and a program specialist (0.125) provide administrative support during the year. Most revenue is received in April - June through pre-paid workshop registrations. Most expenses are realized June through August, with continuing administrative expenses during the remainder of the year. The program requires 30 - 45 percent of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July - March.

Fund Equity and Reserved Fund Balance

In addition to operating expenses during non-revenue months, the program also incurs periodic (every 2 - 5 years) expenditures for replacement of vehicles and facility maintenance/improvement. Payment of these services requires accumulation and carryover of revenues from year to year an amount of approximately 10 - 20 percent of its annual budget.

Proprietary Rate Explanation

OPI negotiates a three year "predetermined rate" with the U.S. Department of Education every year. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA. The proposed rate for fiscal years 2008 through 2010 is 19.4 percent.

The DRIVE Program Rates

Workshop rates are fixed rates evaluated against workshop personnel expenses, operating expenses and depreciated vehicle costs on a seasonal basis to ensure workshop operating expenses are covered. Inflationary influences are anticipated as best as possible to ensure that inflation does not leave the program in a deficit situation. All attempts are made to keep workshop fees low since the potential customers such as bus drivers, volunteer firemen and ambulance drivers have small training budgets. Facility use rates are fixed rates that reflect a share of facility costs to lease and maintain track and buildings.

Proprietary Rate Explanation

OPI negotiates a three year "predetermined rate" with the U.S. Department of Education every year. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA. The proposed rate for fiscal years 2008 through 2010 is 19.14 percent.

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	967	1,032	0	1,999	1,032	0	1,999	3,998
Local Assistance	526,501,322	54,597,389	57,490,930	638,589,641	57,738,698	56,385,875	640,625,895	1,279,215,536
Grants	133,713,635	6,094,609	1,250,000	141,058,244	11,958,267	1,250,000	146,921,902	287,980,146
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$660,215,924	\$60,693,030	\$58,740,930	\$779,649,884	\$69,697,997	\$57,635,875	\$787,549,796	\$1,567,199,680
General Fund	526,502,093	54,371,618	58,740,930	639,614,641	57,512,927	57,635,875	641,650,895	1,281,265,536
State/Other Special	750,000	0	0	750,000	0	0	750,000	1,500,000
Federal Special	132,963,831	6,321,412	0	139,285,243	12,185,070	0	145,148,901	284,434,144
Total Funds	\$660,215,924	\$60,693,030	\$58,740,930	\$779,649,884	\$69,697,997	\$57,635,875	\$787,549,796	\$1,567,199,680

Page Reference

Legislative Budget Analysis, E-22

Funding

The following tables show funding in total and by decision package for local education activities.

Distribution to Schools, General Fund, State Special, and Federal Funds								
Description	Base Budget 2006	PL Base Adjustments Fiscal 2008	New Proposals Fiscal 2008	Total Fiscal 2008	PL Base Adjustments Fiscal 2009	New Proposals Fiscal 2009	Total Fiscal 2009	
Base Aid (General Fund & Guarantee Acct)	\$479,673,912	\$52,807,982	\$25,625,455	\$558,107,350	\$61,955,627	\$27,714,788	\$569,344,327	
General Fund								
Base Aid								
Direct State Aid	\$281,180,149	\$8,939,461	\$17,581,718	\$307,701,329	\$8,167,596	\$23,174,302	\$312,522,047	
GTB - School General Fund	109,475,518	4,600,330	179,932	114,255,780	6,956,300	338,225	116,770,043	
GTB - School Retirement	22,186,712	2,445,484	0	24,632,196	3,561,624	0	25,748,337	
Indian Ed Ongoing	0	2,971,940	0	2,971,940	2,932,260	0	2,932,260	
Close Achievement Gap	0	3,293,200	0	3,293,200	3,281,200	0	3,281,200	
Per Educator	0	24,638,320	13,138,915	37,777,235	24,638,320	13,270,588	37,908,908	
Create Middle School Entitlement	0	0	-93,392	-93,392	0	-94,026	-94,026	
At Risk Payment (Appropriated Separately)	0	5,000,000	0	5,000,000	5,000,000	0	5,000,000	
Full-Time Kindergarten	0	0	12,400,000	12,400,000	0	14,200,000	14,200,000	
School District Audits	147,150	29,300	0	176,450	34,600	0	181,750	
Special Education	38,488,071	860,218	1,086,013	40,434,302	860,218	2,299,042	41,647,331	
Transportation	12,142,550	330,000	0	12,472,550	430,000	0	12,572,550	
School Facility Reimbursement	9,411,293	0	1,097,744	10,509,037	0	1,097,744	10,509,037	
Instate Treatment	858,038	116,857	0	974,895	116,857	0	974,895	
Secondary Vo Ed	1,000,000	0	0	1,000,000	0	0	1,000,000	
Adult Basic Ed	274,997	3	250,000	525,000	3	250,000	525,000	
Gifted & Talented	235,821	14,179	0	250,000	14,179	0	250,000	
School Food	648,655	0	0	648,655	0	0	648,655	
HB 124 Block Grants	50,213,185	766,141	0	50,979,326	1,153,584	0	51,366,769	
State Tuition Payments	0	606,138	0	606,138	606,138	0	606,138	
Indian Education For All	239,953	-239,953	0	0	-239,953	0	0	
Full-Time Kindergarten Startup Costs (OTO)	0	0	10,000,000	10,000,000	0	0	0	
Gifted and Talented Payment (OTO)	0	0	1,000,000	1,000,000	0	1,000,000	1,000,000	
Indian Education for All Payment (OTO)	0	0	2,100,000	2,100,000	0	2,100,000	2,100,000	
Total General Fund	\$526,502,093	\$54,371,617	\$58,740,930	\$639,614,641	\$57,512,926	\$57,635,875	\$641,650,894	
State Special Revenue								
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000	
Total State Special	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000	
Federal Special Revenue								
Federal School Foods Programs	\$22,164,929	\$1,108,247	\$0	\$23,273,176	\$2,271,905	\$0	\$24,436,834	
ESEA - Title I - Assistance to Disadvantaged	41,869,959	2,100,210	0	43,970,169	4,100,210	0	45,970,169	
ESEA Title II - Teacher & Principal Training	17,309,684	582,881	0	17,892,565	1,082,881	0	18,392,565	
ESEA Title III-Language Acquisition	561,232	0	0	561,232	0	0	561,232	
ESEA Title IV Drug Free & 21 st Cent Schools	6,366,474	119,418	0	6,485,892	119,418	0	6,485,892	
ESEA Title V & VI - Innovative Ed & Rural	939,618	0	0	939,618	0	0	939,618	
ESEA Title X - Ed of Homeless Children	104,736	0	0	104,736	0	0	104,736	
IDEA	32,361,825	2,969,254	0	35,331,079	5,019,254	0	37,381,079	
Adult Basic Education	1,212,269	0	0	1,212,269	0	0	1,212,269	
Carl Perkins	2,961,327	0	0	2,961,327	0	0	2,961,327	
Learn and Serve Montana	39,721	0	0	39,721	0	0	39,721	
Reading First	4,512,465	237,534	0	4,749,999	387,534	0	4,899,999	
Advanced Placement Fee Reimbursement	200,426	0	0	200,426	0	0	200,426	
Bilingual Education	2,500	0	0	2,500	0	0	2,500	
Character Education	521,924	0	0	521,924	0	0	521,924	
Christa McAuliffe	25,000	0	0	25,000	0	0	25,000	
Comprehensive School Reform	796,132	-796,132	0	0	-796,132	0	0	
Foreign Language Assistance	64,314	0	0	64,314	0	0	64,314	
Hurricane Katrina	60,750	0	0	60,750	0	0	60,750	
Migrant Incentive	273,876	0	0	273,876	0	0	273,876	
Rural and Low Income Schools	369,450	0	0	369,450	0	0	369,450	
State Tuition Payments	-	0	0	0	0	0	0	
Workforce Investment	4,399	0	0	4,399	0	0	4,399	
Homeland Security	240,821	0	0	240,821	0	0	240,821	
Total Federal Special	\$132,963,831	\$6,321,412	\$0	\$139,285,243	\$12,185,070	\$0	\$145,148,901	
Funding								
Total General Fund	\$526,502,093	\$54,371,617	\$58,740,930	\$639,614,641	\$57,512,926	\$57,635,875	\$641,650,894	
Total State Special	750,000	0	0	750,000	0	0	750,000	
Total Federal Special	132,963,831	6,321,412	0	139,285,243	12,185,070	0	145,148,901	
Total Distribution to Public Schools	\$660,215,924	\$60,693,029	\$58,740,930	\$779,649,884	\$69,697,996	\$57,635,875	\$787,549,795	
Statutory Appropriations								
Guarantee Account - Interest & Income	\$66,684,383	\$889,948	-\$17,581,718	\$49,992,613	\$7,383,727	-\$23,174,302	\$50,893,808	
Guarantee Account - Timber	4,891,695	-1,091,695	0	3,800,000	-491,695	0	4,400,000	
Total Statutory	\$71,576,078	-\$201,747	-\$17,581,718	\$53,792,613	\$6,892,032	-\$23,174,302	\$55,293,808	
HJR 2 Guarantee Account - Base Aid	66,684,383	889,948	-	67,574,331	7,383,727	-	74,068,110	
HJR 2 Timber for Tots	4,891,695	(2,366,695)	-	2,525,000	(2,164,695)	-	2,727,000	

**Legislative Action for K-12 Distribution to Schools - 2009 Biennium
By Fund and Decision Package Number
Program 09**

Present Law Adjustments			Fiscal 2008	Fiscal 2009	Biennium
Decision Package	General Fund Page				
		Base Aid Changes			
PL03	HB701	Inflation Adjustment (2.76% - FY08; 3.0% FY09) SB 152	\$16,738,338	\$25,927,323	\$42,665,661
PL27	E-30	School District Audit Filing Fee Increase	29,300	34,600	63,900
PL28	E-30	Special Education Increase to FY2007 for Maintenance of Effort	136,885	141,924	278,809
PL36	E-31	Adjustment for higher Common School Revenue	(889,948)	(7,383,727)	(8,273,675)
PL37	E-31	Adjust for 2005 Special Session Funding	35,903,460	35,851,780	71,755,239
		Total Base Aid Changes	<u>\$51,918,034</u>	<u>\$54,571,900</u>	<u>\$106,489,934</u>
PL24	E-29	Transportation	\$330,000	\$430,000	\$760,000
PL25	E-29	County and District HB 124 Block Grants - 0.76 percent per year	766,141	1,153,584	1,919,725
PL26	E-29	State Tuition Payments (HB 83 - 2005 session)	606,138	606,138	1,212,276
PL28	E-30	Special Education	860,218	860,218	1,720,436
PL29	E-30	Other Biennial	131,039	131,039	262,078
PL38	E-31	Remove Indian Ed For All (Replaced by Special Session IEFA)	(239,953)	(239,953)	(479,906)
		Total General Fund	<u>\$54,371,617</u>	<u>\$57,512,926</u>	<u>\$111,884,543</u>
PL32	E-30	Federal Increases	\$6,321,412	\$12,185,070	\$18,506,482
		Total Federal	<u>\$6,321,412</u>	<u>\$12,185,070</u>	<u>\$18,506,482</u>
		Total Present Law Adjustments	<u>\$60,693,029</u>	<u>\$69,697,996</u>	<u>\$130,391,025</u>
New Proposals			Fiscal 2008	Fiscal 2009	Biennium
Decision Package	General Fund Page				
		Base Aid Changes			
NP01	E-32	Full Time Kindergarten (HB 417)	\$12,400,000	\$14,200,000	\$26,600,000
NP07	E-35	Base Aid Increase Due to Increasing Special Ed by Inflation	179,932	338,225	518,158
NP40	NA	Divert Royalties from State Lands to Facility Trust (HB 417)	17,581,718	23,174,302	40,756,020
NP39	E-36	Increase Quality Educator Payment from \$2,000 to \$3,036 & \$3,042 (HB417)	13,138,915	13,270,588	26,409,503
NP39	E-36	Create New Middle School Basic Entitlement at \$55,500 (HB 417)	(93,392)	(94,026)	(187,418)
NP5		Full-Time Kindergarten Startup Costs (OTO)	10,000,000	0	10,000,000
NP8		Indian Education for All Payment (OTO)	2,100,000	2,100,000	4,200,000
		Total Base Aid Changes	<u>\$55,307,173</u>	<u>\$52,989,090</u>	<u>\$108,296,263</u>
NP07	E-35	Increase Special Ed by Inflation	\$1,086,013	\$2,299,042	\$3,385,055
NP13	E-35	Increase Adult Basic Education Payment	250,000	250,000	500,000
NP23	E-35	Increase School Facility Payment	1,097,744	1,097,744	2,195,488
NP6		Gifted and Talented (OTO)	1,000,000	1,000,000	2,000,000
		Total Other Changes in Distribution to Schools	\$3,433,757	\$4,646,786	\$8,080,543
		Total General Fund - New Proposals	<u>\$58,740,930</u>	<u>\$57,635,875</u>	<u>\$116,376,806</u>
		Net Change General Fund Over FY06 Base (Present Law + New Proposals)	<u>\$113,112,548</u>	<u>\$115,148,801</u>	<u>\$228,261,349</u>
		Net Change All Funds Over FY06 Base	<u>\$119,433,960</u>	<u>\$127,333,871</u>	<u>\$246,767,831</u>
		State Spending in the 2006 general fund base budget			\$526,502,093
		BASE Aid paid for out of the Guarantee Fund (Interest and Income on State Lands)			66,684,383
		Total State Spending on K-12 - FY2006			<u>\$593,186,476</u>

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the proposed adjusted base budget. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies, unless otherwise noted. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3 - K-12 BASE Aid	0.00	16,701,840	0	0	16,701,840	0.00	25,880,226	0	0	25,880,226
DP 24 - Pupil Transportation Appropriation	0.00	330,000	0	0	330,000	0.00	430,000	0	0	430,000
DP 25 - School Block Grants - HB 124	0.00	766,141	0	0	766,141	0.00	1,153,584	0	0	1,153,584
DP 26 - State Tuition Payments	0.00	606,138	0	0	606,138	0.00	606,138	0	0	606,138
DP 27 - School District Audit Filing Fee Increase	0.00	29,300	0	0	29,300	0.00	34,600	0	0	34,600
DP 28 - Special Education Increase to FY 2007 Level	0.00	997,103	0	0	997,103	0.00	1,002,142	0	0	1,002,142
DP 29 - Biennial Appropriations	0.00	131,039	0	0	131,039	0.00	131,039	0	0	131,039
DP 32 - Federal Grant Award Adjustment -	0.00	0	0	6,321,412	6,321,412	0.00	0	0	12,185,070	12,185,070
DP 36 - Higher Interest & Income in Guarantee Account	0.00	(889,948)	0	0	(889,948)	0.00	(7,383,727)	0	0	(7,383,727)
DP 37 - 2005 Special Session Funding	0.00	35,939,958	0	0	35,939,958	0.00	35,898,878	0	0	35,898,878
DP 38 - Indian Education For All-Biennial	0.00	(239,953)	0	0	(239,953)	0.00	(239,953)	0	0	(239,953)
Total Other Present Law Adjustments	0.00	\$54,371,618	\$0	\$6,321,412	\$60,693,030	0.00	\$57,512,927	\$0	\$12,185,070	\$69,697,997
Grand Total All Present Law Adjustments					\$60,693,030					\$69,697,997

DP 3 - K-12 BASE Aid - This bill includes funding for the K-12 BASE Aid Present Law Adjustment as defined by Section 20-9-326, MCA. It includes inflation on the basic and per-ANB entitlements and adjustments for changes in enrollment. The inflator for FY 2008 (calculated using CPI-Urban indexes for July 2002 and July 2005) is 2.76 percent. The inflator for FY 2009 (calculated using CPI-Urban indexes for July 2003 and July 2006) is 3.4 percent, however statute limits inflation to a cap of 3 percent. ANB (number of students) are anticipated to decline 0.1 percent in FY 2008 and 1.3 percent in FY 2009. The resulting net increases in state aid to district base budgets are \$16.7 million in FY 2008 and \$25.9 million in FY 2009.

DP 24 - Pupil Transportation Appropriation - In the December 2005 Special Session, SB 1 amended 20-10-142, MCA, to raise the individual pupil transportation contract mileage rate from \$0.25 to \$0.35 effective in FY 2007. This cost is not in the base. The amount approved by the legislature is \$330,000 in FY 2008 and \$430,000 in FY 2009.

DP 25 - School Block Grants - HB 124 - Present law (20-9-630 and 632, MCA) provides for an annual 0.76 percent increase in the county transportation and school district block grants. This is a biennial appropriation increase of \$766,141 in FY 2008 and \$1,153,584 in FY 2009.

DP 26 - State Tuition Payments - This bill approves 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. The 2005 Legislature passed HB 83, which moved the responsibility for paying the state's tuition obligation from the county superintendents to OPI starting in FY 2007. The legislature approved an appropriation of \$606,138 per year, the amount that will be spent in FY 2007.

DP 27 - School District Audit Filing Fee Increase - This bill provides an increase in general fund authority for school district audit filing fees of \$29,300 in FY 2008 and \$34,600 in FY 2009. Payment of this fee will allow OPI to pay school district audit filing fees. Payment of this fee from the OPI to the Department of Administration is required by 2-7-514(2), MCA. This increase assumes school district revenues will increase 3.0 percent each year. This is a biennial appropriation.

DP 28 - Special Education Increase to FY 2007 Level - Maintenance of fiscal effort requirements under federal law specifies that a state may not decrease its support of special education programs from one year to the next. The state special education general fund base in FY 2006 was \$38,488,071. The state special education general fund appropriation in FY 2007 is \$39,348,289. This represents an increase over base of \$860,218 in both FY 2008 and FY 2009.

DP 29 - Biennial Appropriations - This present law adjustment establishes biennial appropriations in each year at half of the amount appropriated for the 2007 biennium. The biennial appropriations include:

- o Instate treatment - \$1,949,792 - adjusted \$116,857 each year
- o Secondary Vo-ed - \$2,000,000 - no adjustment needed
- o Adult Basic Ed - \$550,000 - adjusted \$3 each year
- o Gifted and Talented - \$500,000 - adjusted \$14,179 each year
- o School Foods - \$1,297,306 - no adjustment needed

DP 32 - Federal Grant Award Adjustment - - This is an adjustment in federal spending authority for grant awards currently administered by the Office of Public Instruction. The adjustments in federal grant awards are due to normal increases in federal funding. These funds are distributed to school districts and other local education agencies. This is a biennial appropriation.

The following table lists the areas in which increases in federal money are expected in the 2009 biennium.

Federal Grant Awards Present Law Adjustments			
Programs Increased	Base 2006	Increase / Decrease	
		Fiscal 2008	Fiscal 2009
Federal School Foods Programs	\$22,164,929	\$1,108,247	\$2,271,905
ESEA - Title I	41,869,959	2,100,210	4,100,210
ESEA Title II - Teacher & Principal Training	17,309,684	582,881	1,082,881
ESEA Title IV Drug Free & 21 st Cent Schools	6,366,474	119,418	119,418
IDEA	32,361,825	2,969,254	5,019,254
Reading First	4,512,465	237,534	387,534
Total	\$124,585,336	\$7,117,544	\$12,981,202
Programs Decreased			
Comprehensive School Reform	796,132	-796,132	-796,132

DP 36 - Higher Interest & Income in Guarantee Account - This bill reduces general fund due to an anticipated increase in guarantee fund revenues. This increase reflects the action of the Revenue and Transportation Interim Committee in its November 15th action. The amount of the reduction in general fund BASE aid authority is \$0.9 million in FY 2008 and \$7.4 million in FY 2009.

DP 37 - 2005 Special Session Funding - The December 2005 Special Session included four new components for K-12 schools distribution. The per educator, at risk, achievement gap, and Indian education components are not included in the FY 2006 base. The biennial cost of this package is \$71.8 million, \$35.9 million in FY 2008 and \$35.9 million in FY 2009.

DP 38 - Indian Education For All-Biennial - This bill eliminates the "Ready to Go" grants to school districts from the FY 2007 biennium and replaces them with Indian education programs in the state activities programs.

New Proposals

New Proposals	-----Fiscal 2008-----					-----Fiscal 2009-----						
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1 - Full-Time Kindergarten												
09		0.00	12,400,000		0	0	12,400,000	0.00	14,200,000	0	0	14,200,000
DP 4 - Create Middle School Basic Entitlement												
09		0.00	(93,392)		0	0	(93,392)	0.00	(94,026)	0	0	(94,026)
DP 5 - Full-Time Kindergarten Startup - OTO												
09		0.00	10,000,000		0	0	10,000,000	0.00	0	0	0	0
DP 6 - Gifted and Talented - OTO												
09		0.00	1,000,000		0	0	1,000,000	0.00	1,000,000	0	0	1,000,000
DP 7 - Special Education												
09		0.00	1,265,945		0	0	1,265,945	0.00	2,637,267	0	0	2,637,267
DP 8 - Indian Ed for All Payment - OTO												
09		0.00	2,100,000		0	0	2,100,000	0.00	2,100,000	0	0	2,100,000
DP 13 - Adult Basic and Literacy Education												
09		0.00	250,000		0	0	250,000	0.00	250,000	0	0	250,000
DP 23 - School Facilities Reimbursement												
09		0.00	1,097,744		0	0	1,097,744	0.00	1,097,744	0	0	1,097,744
DP 39 - Increase Quality Per Educator Component												
09		0.00	13,138,915		0	0	13,138,915	0.00	13,270,588	0	0	13,270,588
DP 1000 - Divert State Lands Royalties to Facilities Trust												
09		0.00	17,581,718		0	0	17,581,718	0.00	23,174,302	0	0	23,174,302
Total		0.00	\$58,740,930		\$0	\$0	\$58,740,930	0.00	\$57,635,875	\$0	\$0	\$57,635,875

DP 1 - Full-Time Kindergarten - This bill includes an increase in K-12 BASE aid for students enrolled in full-time kindergarten. This request is for \$26.6 million in the 2009 biennium to provide full-time ANB funding for students enrolled in a full-time public school kindergarten programs. This proposal does not require schools to offer a full-time kindergarten program, but provides full-time funding for those districts that choose to provide it.

The estimate of \$12.4 million per year in FY 2008 and \$14.2 million in FY 2009 is based on an estimated participation rate of 80 percent in FY 2008 and 90 percent in FY 2009 of the state's 10,300 kindergarten students. These participation rates are the executive's best estimate given that not all schools have the facilities or staff to offer full-time kindergarten and not all parents would choose to enroll their students in a full-time program. This requires companion legislation to accomplish.

DP 4 - Create Middle School Basic Entitlement - This bill creates a new middle school basic entitlement of \$55,000. This actually saves general fund in the amount of \$187,000 during the 2009 biennium. The current basic entitlement for districts with a middle school is a weighted average where grades K-6 receive the elementary basic entitlement and grades 7 and 8 receive the high school basic entitlement. A slightly higher middle school basic entitlement would be cost neutral statewide. The new basic entitlement will mean some K-8 schools will have higher basic entitlements and some lower than under current law. Districts with current high proportions of 7th and 8th graders will have lower budget authority under the new law, and districts with low proportions of 7th and 8th graders will have higher budget authority under the new law. This requires companion legislation to accomplish.

DP 5 - Full-Time Kindergarten Startup - OTO - This bill contains \$10 million in one-time-only money for full-time kindergarten startup costs. This money could be used to develop space, buy materials, hire new staff to develop a full-time kindergarten program. The appropriation would require another piece of legislation to distribute the money to schools. The amount is approximately \$1,000 per kindergarten student.

DP 6 - Gifted and Talented - OTO - This bill contains one-time-only money of \$1.0 million per year to expand temporarily the state's gifted and talented program. The ongoing program is \$250,000 per year and is distributed on a grant basis. This OTO money would be distributed on a similar basis.

DP 7 - Special Education - This bill contains \$3.9 million for the 2009 biennium to provide an inflationary increase in the state appropriation for special education based on the same inflationary adjustment included for basic and per ANB entitlements in DP 3, section 20-9-326, MCA. The inflator for FY 2008 is 2.76 percent. The inflator for FY 2009 is 3.0 percent. ANB (number of students) are anticipated to decline 0.1 percent in FY 2008 and 1.3 percent in FY 2009.

The additional cost for district and county guaranteed tax base (GTB) aid is included in the executive's request. This proposal would increase the state special education appropriation to \$40.434 million in FY2008 and \$41.647 million in FY2009. The estimates of increased GTB costs associated with the state special education appropriation are \$180,000 in FY2008 and \$338,000 in FY 2009.

DP 8 - Indian Ed for All Payment - OTO - This bill contains \$2.1 million in each year of the 2009 biennium in one-time-only money to increase temporarily the Indian Education for All Payment from \$20.40 per ANB to \$35 per ANB. The additional \$14.60 will cease after June 30, 2009. This requires companion legislation to accomplish.

DP 13 - Adult Basic and Literacy Education - This bill contains an increase in the adult basic and literacy education (ABLE) appropriation of \$255,000 per year in state general fund. The total appropriation would increase to \$525,000 per year.

DP 23 - School Facilities Reimbursement - To promote safe school facilities and as a measure of taxpayer fairness, Montana has established a statutory formula for providing state payments to low property tax wealth school districts to assist with debt service payments on school bonds. The state school facility reimbursement expenditure in the base year was \$9,411,293 general fund. This bill increases the appropriation by \$1,097,744 each year of the 2009 biennium. This would be a restricted biennial appropriation.

DP 39 - Increase Quality Per Educator Component - The per quality educator component was created by the legislature in the December 2005 Special Session of \$2,000 per qualified educator. The new per educator payment in this bill is \$3,036 in FY 2008 and \$3,042 in FY 2009. This would increase state base aid by \$13.2 million in FY 2008 and \$13.3 million in FY 2009. This requires companion legislation to accomplish.

DP 1000 - Divert State Lands Royalties to Facilities Trust - This bill diverts \$40.7 million in royalties earned on school lands to a facilities trust. This money under present law fund Base Aid. Saving this money would require that general fund make up the difference. This requires companion legislation to accomplish.