PUBLIC SCHOOL FUNDING – A PRIMER

OVERVIEW

The purpose of this section is to explain how K-12 education is funded. This section focuses on the major district and county funds for which the state supplies at least some of the funding.

The state’s share is one of the more controversial concepts in school funding. The state share of district general fund revenue has declined over the years. In FY 1991, the state’s
share of district general fund revenue was 71.0%. As shown in Figure 1, the state’s share of general fund revenue has fallen to 57% in FY 2011. However, this will be a one-time occurrence because in FY 2011 $67.5 million of what would have been the state’s share has been replaced by federal money – the Ed Jobs money and the American Recovery and Reinvestment Act money. Without this replacement money the state share would have been 64%.

The state’s share includes property tax (95 mills) and other state tax revenues (primarily income tax). The local share includes property taxes levied for schools by the district or the county, as well as other district and county revenue. HB 124 block grants are state payments to districts and county education accounts to reimburse these funds for loss of local revenues that now flow to the state. They are not included in this measure of the state share.

As shown in Figure 2, the state’s share of revenue in all district funds was 46% in FY 2009, of which 2.8 million was one time only. State HB 124 block grants add another 3 percent.

School districts typically may spend out of 11 budgeted funds, and many schools spend out of smaller non-budgeted funds. Any fund that is supported by property tax must be budgeted.

School districts’ budgeted funds include: 1) general fund; 2) retirement fund; 3) transportation fund; 4) debt service fund; 5) bus depreciation fund; 6) adult education fund; 7) tuition fund; 8) building reserve fund; 9) flexibility fund; 10) technology fund and 11) the
non-operating fund. This primer will focus on the first four of these, since the state provides support for these funds.

**A Short History of Legislative Changes in K-12 Funding**

Figure 3 shows the impact of legislation on BASE Amount for School Equity (BASE) aid entitlements since FY 1994.
## Figure 3

### School District Entitlements

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### Base Budget Components

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### Legislative Fiscal Division

- **2013 Biennium Budget Analysis**
- **Public School Funding**
- **General Reference**
In the regular session in 1993, HB 667 created the current system of school funding. The bill put into law the method by which districts build their general fund budgets and how they are to fund the general fund budget. (See below for the details). At that time, districts built their general fund budgets by adding two entitlements defined in law, the basic entitlement (one per district) and the per ANB entitlement. ANB stands for Average Number Belonging and is a measure of the number of children in a district.

HB 667 created a system of funding schools in which the state mandates the limits within which a school district may budget its general fund expenditures. The maximum and BASE budgets are related by a formula in statute to Average Number Belonging (ANB), which is enrollment in the prior year adjusted by teacher days. The maximum budget was the sum of the district’s basic per-district entitlement, its per-ANB entitlement, and up to 200% of its special education allowable costs. The BASE (or minimum) budget for a district was the sum of 80% of the district’s basic per-district entitlement, 80% of its per-ANB entitlement, and up to 140% of its special education allowable costs.

The levels of entitlements under HB667 were in operation for FY 1994 only. The legislature then passed HB 22 during the special session of 1993 and cut entitlements by 4.5% for FY 1995 through FY 1997. On average statewide, ANB was increasing in these years. HB 22 also required districts to reduce their general fund spending by 4.5%.

HB 667 allowed schools that had been budgeting above the newly created maximum budget in the past to continue budgeting at that level indefinitely. Subsequently, this grandfather clause was altered in HB 22 (1993 special session), which required district voters to approve any budget authority above the maximum budget.

In FY 1994 when the new system was first implemented, many schools had general fund budgets that were below the BASE budget. Districts with budgets below the BASE budget were required to incrementally increase budget authority and budget at the BASE level by FY 1998.

HB 47 was passed by the 1997 legislature and raised per-ANB entitlements beginning in FY 1998 by 1% per year, and the basic entitlement in FY 1998 by 4.7%. ANB began declining in FY 1998.

SB 100 was passed by the 1999 legislature and increased per-ANB entitlements by 1% for high schools and by 3.5% for elementary schools in each year of the 2001 biennium. The direct state aid percent was raised from 40.0% to 41.1% in FY 2000 and to 41.8% in FY 2001. SB 100 also increased special education funding by approximately $1.5 million per year.

Then in special session, in May 2000, HB 4 further raised the per-ANB entitlements in FY 2001 by 3.0% for both elementary and high schools, and raised the direct state aid to 44.7%. The latter resulted in a substantial property tax reduction for local taxpayers in FY 2001.
During the 2001 legislative session, HB 121 raised entitlements by 1.88% in FY 2002 and by an additional 1.88% in FY 2003. In addition, SB 390 created a new flexibility account from which districts could spend for nearly the same purposes as the district general fund. The legislature funded the district flexibility accounts with $5.0 million in state general fund dollars. This was reduced to $4.3 million in the August 2002 special session, no new dollars have been allocated for this fund since then.

During the 2003 legislative session, SB424 raised entitlements by 1.1% in FY 2004 and by 2.1% in FY 2005. In addition, entitlements were tied to inflation increases beginning in FY 2006. The inflation factors for FY 2006 and FY 2007 were 2.1% and 2.19% respectively. The inflation adjustment may be no larger than 3%.

In June 2004, District Court Judge Sherlock declared the current system of K-12 funding unconstitutional, stating it was not based on “educationally relevant factors”. The decision also concluded that K-12 education is under-funded. The decision was upheld by the Montana Supreme Court in November 2004. The state was given a deadline of October 2005 to comply with the court findings. The 2005 Legislature developed a definition of a quality system of elementary and secondary schools. An interim committee attempted to create a new funding system that would agree with that definition.

In the December 2005 special session, the legislature created four new funding payments for implementation in FY 2007 and added both on-going and one-time spending increases to reflect the revised methodology.

Beginning in FY 2007, four new components were added to the school district budgeting formula: 1) the quality educator payment, based on the number of certified educators in the district; 2) the Indian education for all payment, based on the ANB in the district; 3) the at risk payment, distributed as federal Title I funds are distributed; and 4) the Indian achievement gap payment, distributed on the count of Indian children in each district.

The 2007 legislature passed SB 2 which applied inflation of 2.8% to FY 2008 entitlements and 3.0% to FY 2009 entitlements. A new middle school entitlement was added, and kindergarten children were for the first time funded on a full time basis by the state. In addition the quality educator payment was increased from $2,000 per educator to $3,036 in FY 2008 and to $3,042 in FY 2009. In FY 2008 the statewide GTB multiplier was increased from 175% to 193%, making more schools eligible for GTB.

The state was again sued for inadequate support in 2008. This suit was dismissed by Judge Sherlock in late 2008. The judge cited the creation of a new definition and the creation of the 4 new components in his arguments.

The 2009 legislature increased the basic and per-ANB entitlements by 3% in FY 2010 and by 3% in FY 2010 on a one-time-only basis. The permanent increase was 1% in FY 2010 and 3% in FY 2011. Approximately $60 million of the cost of school funding was paid out of federal funds known as the American Recovery and Reinvestment ACT (ARRA). These funds were supplied as stabilization dollars to school districts around the country to
forestall job layoffs in schools. In addition the legislature reduced the at-risk payment from $5 million a year to $1 million per year.

**ANB and Maximum and BASE Budgets**

The maximum and BASE budgets are related by a formula in statute to ANB (which is enrollment in the prior year adjusted by teacher days). Districts may choose to use the current year’s ANB or a three year average of ANB when building their budgets. ANB is also related to the time a child spends in school. Law allows for quarter time, half time and three-quarter time ANB. Full-time kindergarten became state funded for the first time in FY 2008, adding approximately 5,000 new ANB. Up until then the state funded only half-time kindergarten.

**Enrollment**

As shown in Figure 4, enrollment peaked in FY 1996 and has been declining since, mainly as a result of falling birth rates in the mid 1980’s through the late 1990’s. As of 2001, births have increased every year, and enrollment increases are expected to begin in FY 2012.

Between FY 1997, when enrollment was at its peak, and FY 2010, enrollment fell 14.5%. During the period, elementary enrollment fell 16.1% and high school enrollment fell 10.7%. In FY 2010 there were 24,013 fewer students served than in FY 1996. During the same period, basic entitlements were increased by the legislature 37.3% for both elementary and high school districts. Elementary per-ANB entitlements were increased 51.8% and high school per-ANB entitlements were increased by 38.8%, although the majority of this increase has come in recent years.
**Inflation**

As stated, maximum and BASE budgets are based on percentage of per district and per ANB entitlements and special education. Beginning in FY 2006, both the per district and per-ANB entitlements have been adjusted by the rate of inflation. The rate of inflation used is the Consumer Price Index – Urban Consumers as published by the US Department of Labor. The rate is calculated as a three-year average lagged three years. The application of inflation applies only to the basic and per ANB entitlements. The law requires the executive to measure and propose inflation adjustments. The legislature may accept or reject these proposals.

**Distribution**

Figure 5 shows the distribution of districts in the general fund budget window in FY 2003, FY 2006, FY 2009 and FY 2011 for all districts. The adopted general fund budget for each district is divided by the maximum budget for each year. The number of districts in each of the brackets is then counted. The number of districts budgeting at the BASE level and below 90% has declined significantly. Many districts facing declining enrollments found their maximum and BASE budgets falling while they attempted to maintain their actual adopted budgets.
The number of districts budgeting above 90% and below the maximum budget has not changed much, however, the number of districts budgeting above the maximum budget has grown substantially. As of FY 2008, districts may budget above their maximum budgets indefinitely with voter approval. The rule is that a district may choose to budget at the higher of last year’s actual budget or this year’s maximum budget. Prior to FY 2008, a district could only budget above their maximum budget for 5 years.

As shown in Figure 6, the average general fund budget, as a percent of the average maximum budget in FY 1994, was about 84.0%. This has risen to 96.8% in FY 2011, primarily as a result of reduced ANB, which was more than offset by legislated entitlement increases and voter approved increases in general fund budgets.
FUNDING THE GENERAL FUND BUDGET

As shown in Figure 7, districts’ general fund budgets are funded by state and local funds. State funds consist of the four new payments, direct state aid, state guaranteed tax base (GTB), state special education grants and state HB 124 block grants. The sources of local funding are nonlevy revenue (oil, natural gas, coal gross proceeds, investment interest and other smaller sources), property taxes, and reappropriated fund balances.
As stated, during the December 2005 special session the legislature created four new payments, each of which is paid 100% from the state general fund. As of FY 2011, the quality educator payment is $3,042 per licensed educator (including teachers and administrators and specialized staff) in the previous school year in each district. The amount in FY 2011 is $37.8 million for 12,416 FTE.
The at-risk payment must be distributed to public school districts by the Office of Public Instruction in the same manner that the Office of Public Instruction allocates the funds received under the federal Title 1 statute, which distributes money to districts with disadvantaged children defined by the income of their parents. The amount for FY 2009 is $5 million. The amount for FY 2010 and FY 2011 was cut to $1 per year.

The American Indian Achievement Gap payment is $200 per American Indian student enrolled in the district based on the count of regularly enrolled students on the first Monday in October of the prior school year. In FY 2011, this payment is $3.3 million spread over 16,511 American Indian students in 285 out of 419 districts.

The Indian Education for all payment is $20.40 per ANB, or $100 per district, whichever is greater. For FY 2011, it is $3.1 million.

Direct state aid is a grant from the state to the district. In FY 2011, direct state aid is 44.7% of the -basic and per-ANB entitlements used to calculate the maximum budget. The direct state aid percent was 40.0% until FY 2000 when it was raised to 41.1%. The current level of 44.7% was instituted during the May 2000 special session for FY 2001. Because it is directly related to entitlements, the geographic distribution of direct state aid is directly related to where children live.

The portion of the budget above the level funded by direct state aid and below the BASE budget is called the GTB budget area. This is partially funded by a combination of special education revenue from the state, state HB 124 block grants, nonlevy revenue, and fund balance reappropriated. The remaining area of the GTB budget area is funded with state GTB aid and property taxes.

Special education revenue ($41.6 million in FY 2011) reimburses districts for allowable costs associated with special needs children. Nonlevy revenues are revenues from taxes on oil, natural gas, coal, investment earnings and state HB 124 block grants. Nonlevy revenues budgeted in the district general fund totaled $57.0 million in FY 2009. These revenues are distributed based on where the revenue was earned and are unrelated to the number of children in a district.

Beginning in FY 2002, HB 124 block grants are payments made by the state to districts to reimburse districts for revenue that now flows to the state. These revenues were motor vehicle taxes, taxes on financial institutions, and reimbursements from the state for legislated reductions in districts’ business equipment property tax base in prior sessions. While HB 124 block grants are state appropriations to schools, they do not represent an infusion of new state money into district budgets, but rather replace money that used to be considered local revenue. To the extent these monies were reimbursements for property tax cuts in previous sessions, HB 124 block grants are highly dis-equalizing since the money flows where this property used to be and not where the children are today. HB 124 block grants make up $45.2 million in the district general fund in FY 2011. Approximately another $6 million flows to other district and county funds.
Reappropriated fund balances are unreserved general fund balances left over from the previous year (approximately $19.7 million in FY 2011). A district may hold in reserve at most an amount equal to 10.0% of its general fund budget, and must reappropriate the rest in the ensuing year. When districts under-predict current year revenues, fund balances reappropriated in the following year go up, and vice versa.

The remaining portion of the GTB area is funded with BASE property taxes ($120.2 million in FY 2011) and state GTB aid ($144.7 million in FY 2011). The amount of GTB aid a district receives depends on its relative wealth, as measured by the taxable value per dollar of GTB budget area. A relatively poor district’s BASE mill levy generates local property taxes and a certain amount of GTB aid. The poorer the district, the more a BASE mill will be worth in terms of GTB aid. Statewide, the average ratio of GTB aid to BASE property tax revenue is a little more than one. This may vary from zero for wealthy districts to over ten for poor districts. The state may also increase GTB aid by increasing the statewide guarantee ratio which increases the state GTB subsidy. This was done in the 2007 special session for FY 2008 and beyond. The guarantee ratio was raised to 193% from 175%. This in effect raised the subsidy for each GTB-eligible district and made more districts eligible for GTB aid. This change added around $10 million per year in state cost and reduced local property taxes by the same amount.

Districts that budget above the BASE level must do so out of own-source revenue and tuition from other districts, parents, or the state. Some districts are able to use nonlevy revenue to fund a portion of this budget area, but the vast majority levy over-BASE mills against property. Over-BASE property taxes are $158.3 million in FY 2011, and are a growing source of revenue for district general fund budgets. Over-Base property taxes were only $34.8 million in FY 1994.

**District General Fund Spending by Function**

Figure 8 spending by school districts by function. Instruction consumes approximately 54% of all spending by districts. Administration accounts for another 10.0%. The remaining functions include transportation, student services, spending on facilities, and other expenses. This data does not include spending from the adult education fund, the building fund, trust funds, and enterprise funds.
SPECIAL EDUCATION

The state will pay approximately $41.6 million in FY 2011 in special education grants and reimbursements to districts and special education cooperatives. Special education cooperatives are groups of districts offering special education services. Districts and co-ops receive about 89% of this money in their general funds and spend it for services to children with various disabilities or impairments. The remainder (11%) is used for co-op travel and administration for those districts that use co-ops to deliver their special education services. The disabilities range from speech-language impairments and physical impairments to multiple disabilities.

In FY 2008, there were 18,158 students identified as special education children, 12.7% of all children in public schools. In FY 2008, districts and coops spent $83.0 million in state and local contributions and $30.4 million in federal contributions on the allowable costs associated with the education of impaired students. Allowable costs are defined by the state, which provides grants for special education instruction and related services (70%), which are based on enrollment. State reimbursements (25%) are made to schools with extraordinary special education costs. As costs have risen, the amount of reimbursements has also risen. Special education coops travel and administration account for the remaining 5% of the state costs associated with special education.

For every $3 the state spends in special education block grants, the local district must contribute $1. A district that is a cooperative member is required to provide the 25% match of the special education-related services grant amount to the special education cooperative.
The proportion of the total state appropriation distributed in the form of reimbursement for disproportionate costs grew both in total dollars and in the number of districts receiving reimbursement for disproportionate costs through FY 2001. The funding for disproportionate reimbursement was revised in FY 2002 to hold constant the proportion of funds distributed under reimbursement for disproportionate costs and shift funding back to instructional and related services block grants. Today, any increase in funds distributed for purposes of reimbursement of disproportionate costs is due to an increase in overall appropriations for special education.

**Figure 9**

**Special Education Spending, by Source**

![Bar chart showing special education spending by source for selected fiscal years.](image)

The state special education grants and reimbursements flow to district general fund and are incorporated in calculating a district’s maximum and BASE general fund budget limits. For each dollar increase in district receipts of state special education dollars, the maximum budget of the district increases by $2.00 and the BASE budget increases by $1.40. Increases in special education receipts by district also increase the state GTB aid paid to a district, since GTB aid depends on the level of the BASE budget.

Special education students were about 12.7% of the student population in FY 2008. Enrollments of special education students grew by close to 2% per year between FY 1991 and FY 1994, but growth through FY 2005 was less than 1%. Since FY 2005 growth in special education students has been negative.

A new state funding system was put in place in FY 1994 that granted districts state special education dollars based on the number of ANB in the entire district. The old system
had granted such dollars based on the number of identified special education students in each district.

The amount the state appropriates in special education grants to districts and cooperatives remained between $32.0 and $33.0 million between FY 1989 and 1999, but has risen to $41.6 million in FY 2011. The annual growth in spending on special education by districts and coops in funds from all sources between FY 1994 and FY 2009 was 4.9% per year. The annual growth rate of the state special education appropriation in the same period was 1.6% per year, the federal share rose at 9.6% per year and the local share rose at 6.9% per year.

Districts spend more on special education students than regular students. Spending for special education students was 164% of spending for regular students in FY 2008.

**Voting Rules**

Many of the decisions regarding the level and funding of general fund budgets must, by law, be referred to district voters. Beginning in FY 2001, the general fund voting provisions for districts adopting a general fund budget between the BASE and the maximum budget limits were amended to require voter approval for an increase in over-BASE property tax revenue. Previous law had required a vote in order to increase ensuing year budgets above current year budgets regardless of the property tax revenue consequences. Under the new law, if an increase in budget authority can be funded without increasing over-BASE property taxes revenue, the budget increase does not require voter approval. A 4% limitation on annual budget growth, or on annual budget growth per ANB, was in effect until July 1, 2001. HB 164, passed during the 2001 legislative session, eliminated the growth cap and districts may now increase their general fund budget by any amount up to the maximum with voter approval.

The 2007 legislature eliminated some very complex rules on voting requirements that had been in place since 2000. Beginning in FY 2008, a district may choose to budget at the higher of last year’s actual adopted budget or this year’s maximum budget. If the choice results in an increase in over-BASE property tax revenue, then the excess year over year property tax revenue must be voted on.

Districts that have general fund budgets exceeding the maximum budget must annually ask voters to approve the part of the budget in excess of the maximum. If a district’s budget in the current year is below the BASE budget in the upcoming year, either due to ANB increases or legislated increases in entitlements, district trustees must increase the budget to the BASE budget level and no voter approval is required.

Effective in FY 2000, the regular school and trustee election date is changed to the first Tuesday after the first Monday in May. Only one levy election may be held in a calendar quarter.

For budgets other than the general fund, both at the district level and the retirement and transportation budgets at the county level may be increased at the discretion of the trustees of the district or the county superintendent without going to the voters.
DISTRICT TRANSPORTATION BUDGET

Montana law provides for two types of public school transportation - a publicly funded home to school bus program and/or individual transportation contracts with a student’s parents or guardian. School bus transportation may be provided directly by the school district, or the trustees of a district may contract with a private contractor to provide bus transportation for eligible students.

The trustees of a district may provide school bus transportation to any pupil of a public or private school. However, the district will receive reimbursement from the state and county only for eligible transportees. An eligible transportee must:

- Be a resident of the State of Montana and attend a public school in Montana
- Be between the ages of 5 and 21 or be a preschool child with disabilities between the ages of 3 and 6
- Reside at least 3 miles from the nearest operating public elementary school or high school
- Be considered to reside with his or her parent or guardian, who maintains legal residence within the boundaries of the district furnishing the transportation, regardless of where the eligible transportee lives when attending school.

The trustees of a district are not required by law to provide pupil transportation unless directed to do so by the county transportation committee. However, if the trustees decide to furnish transportation for any eligible transportee, they must ensure transportation for all eligible transportees. In addition, trustees may direct that children within three miles of a school be transported. However, in doing so the district will not be reimbursed by the state.

ON-SCHEDULE COSTS

A district’s transportation budget is funded by receipt of state reimbursements for on-schedule costs, an amount that is matched by the county, and by district revenues, which fund “over-schedule” costs.

On-schedule costs are defined by the legislature and are expressed on a per mile basis. The per mile schedule costs depend on the size of the bus. Before FY 2004 these costs were adjusted depending on the extent that the bus is filled with riders. On-schedule costs are determined as the product of the per mile amount times miles traveled times 180 days. The state general fund reimbursement is one-half this amount or one-half the amount a district budgets for transportation, whichever is less. The county must match the state reimbursement amount with funds derived from the county school transportation fund. County revenues in the county transportation fund include non-levy revenue and property tax revenues.

District over-schedule costs are the difference between the transportation fund budgeted amount and state and county on-schedule reimbursements. Some districts are able to provide transportation services for the on-schedule amount, but the vast majority of districts incur costs above the on-schedule amount. On-schedule costs vary between 95 cents per mile per day and $1.80 per mile per day with larger buses receiving the larger
reimbursement. Larger districts generally have higher per mile costs than small districts. Small districts have generally higher costs per ANB, and per ANB per mile, than do large districts.

Districts fund the over-schedule amount through a combination of non-levy revenues and district property taxes. District trustees may budget the over-schedule amount at their discretion and are not required to ask voters to approve that level. For on-schedule costs, the county superintendent determines the property tax requirements, and the county commissioners set the required levy.

In FY 2009, total district spending on transportation was $68.3 million. On schedule costs were $24.8 million, of which half was paid by the county and half by the state.

Some districts budget for transportation but do not engage in providing transportation. These districts do not own buses and do not contract with a private bus company. In many cases, these districts coordinate their transportation needs with a nearby district. For instance, many elementary districts coordinate with their high school district, if the high school is in the same community.

Approximately one-third of the bus routes in Montana are contracted with private bus companies. These contracts are usually observed in the larger districts. Some small districts, however, also contract and may contract with many private individuals to provide bus service. Contracts in the larger districts are often multi-year, and some provide inflation adjustments and/or gas price adjustments. The contracts are usually on a per mile basis or on a yearly basis for a set number of miles per day. The bus company usually must provide specially equipped buses and bus aides if necessary.

School districts may also contract with parents or guardians of pupils in need of transportation. Under section 20-10-142, MCA, the state and county must reimburse a district that makes a contract with a parent or guardian for transportation of eligible transportees at a minimum rate of 35 cents per mile per day. The district may contract with a parent at a higher rate, and in fact federal rules regarding transportation of special needs students require that parents be reimbursed by the district at 29 cents per mile. Allowable miles are determined by multiplying the distance between the eligible transportee’s residence and school, minus 6 miles. The total reimbursement is limited to one round trip per day. Districts with parents who transport their children to the nearest bus stop on an approved route are also reimbursed 35 cents per mile per day, with 3 miles deducted from the distance between the home and the bus stop.

**Retirement Fund**

School districts employing personnel who are members of the teachers retirement system or other defined retirement systems must establish retirement funds from which to pay the districts’ contributions to the systems. The amount each district must pay into the retirement fund is set by statute and is a set percentage of the employee’s annual wage, and includes payments to the retirement system, social security, Medicare and unemployment insurance. Thus the spending requirements in the retirement fund increase with increases in wages and in the number of employees. Also, because teacher wages are paid from the district general
fund, the level of spending in the retirement fund is closely related to the level of spending in the general fund. Retirement costs associated with salaries in other state and federal funds are also paid for out of the district retirement fund. Districts may hold up to 35% of the final retirement budget in reserve, and any money above that must be reappropriated in the ensuing budget year.

The retirement fund is managed at the county level. The county collects the money and deposits it in district retirement accounts. The district then pays for the retirement contributions. The county retirement fund is funded by nonlevy revenue, state GTB, and local property taxes. A county is eligible for GTB if its taxable value per ANB is less than 121.0% of the state average taxable value per ANB. The amount of state GTB varies inversely with the value of a county’s taxable property per ANB. Thus, less wealthy counties receive more GTB aid than do relatively more wealthy counties.

The retirement fund has been a nonvoted fund. That is, the county superintendent determines the amount of the levy, and the county commissioners fix and set the levy without putting the issue before the voters.

The total payment to districts by counties in FY 2009 was $111.9 million. The state GTB payment to counties for retirement purposes was $26.9 million in FY 2009.

Beginning in FY 2005, retirement costs for federal employees (except those paid for with Indian Impact aid) must be paid out of federal funds, not state or local funds, with exceptions for employees funded by a special education cooperative inter-local fund, the districts’ food services fund, and any other state or local fund.
Figure 10 shows the spending history by school districts between FY 1991 and FY 2009, by source of spending. The sources are state, federal and local.

### Figure 10

Historical K-12 Spending Data, by Source of Spending

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Equalized State Spending</th>
<th>Nonequalized State Reimbursements</th>
<th>Total State Funding</th>
<th>Local</th>
<th>Federal</th>
<th>Total School Spending</th>
<th>State Share</th>
<th>CPI-U</th>
<th>Jul-Jun Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>$410,008,339</td>
<td>$6,194,034</td>
<td>$416,262,373</td>
<td>$261,244,899</td>
<td>$62,292,449</td>
<td>$739,799,721</td>
<td>56.3%</td>
<td>12.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>1992</td>
<td>410,683,944</td>
<td>6,194,034</td>
<td>416,877,978</td>
<td>288,276,952</td>
<td>67,504,393</td>
<td>772,659,324</td>
<td>54.0%</td>
<td>13.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>1993</td>
<td>449,284,428</td>
<td>6,194,034</td>
<td>455,478,462</td>
<td>280,496,495</td>
<td>71,248,888</td>
<td>807,223,844</td>
<td>56.4%</td>
<td>14.2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>1994</td>
<td>449,022,117</td>
<td>6,194,034</td>
<td>455,216,151</td>
<td>316,568,353</td>
<td>78,593,987</td>
<td>850,378,491</td>
<td>53.5%</td>
<td>14.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>1995</td>
<td>454,407,079</td>
<td>6,194,035</td>
<td>460,601,114</td>
<td>322,033,178</td>
<td>82,291,327</td>
<td>864,925,619</td>
<td>53.3%</td>
<td>15.0%</td>
<td>4.1%</td>
</tr>
<tr>
<td>1996</td>
<td>456,761,270</td>
<td>14,107,524</td>
<td>470,868,794</td>
<td>331,652,997</td>
<td>85,761,667</td>
<td>928,283,458</td>
<td>53.0%</td>
<td>15.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>1997</td>
<td>461,430,512</td>
<td>14,107,524</td>
<td>475,538,036</td>
<td>356,982,459</td>
<td>87,510,909</td>
<td>920,031,404</td>
<td>51.7%</td>
<td>15.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>1998</td>
<td>475,819,055</td>
<td>14,107,524</td>
<td>489,926,579</td>
<td>392,463,959</td>
<td>98,565,659</td>
<td>952,472,728</td>
<td>51.4%</td>
<td>16.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>1999</td>
<td>463,136,715</td>
<td>14,107,524</td>
<td>477,244,239</td>
<td>392,463,959</td>
<td>106,952,451</td>
<td>976,660,649</td>
<td>48.9%</td>
<td>16.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2000</td>
<td>478,973,310</td>
<td>19,716,889</td>
<td>498,690,199</td>
<td>380,507,204</td>
<td>124,778,384</td>
<td>1,003,975,788</td>
<td>49.7%</td>
<td>16.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2001</td>
<td>504,920,062</td>
<td>43,932,391</td>
<td>548,852,453</td>
<td>386,035,173</td>
<td>123,577,327</td>
<td>1,058,464,953</td>
<td>51.9%</td>
<td>17.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2002</td>
<td>489,205,888</td>
<td>77,646,820</td>
<td>566,852,708</td>
<td>385,032,759</td>
<td>143,671,140</td>
<td>1,095,556,607</td>
<td>51.7%</td>
<td>17.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2003</td>
<td>504,044,202</td>
<td>71,967,152</td>
<td>576,011,354</td>
<td>407,450,946</td>
<td>163,000,823</td>
<td>1,146,860,124</td>
<td>50.2%</td>
<td>18.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>2004</td>
<td>508,181,340</td>
<td>56,298,948</td>
<td>564,480,288</td>
<td>439,560,383</td>
<td>176,465,571</td>
<td>1,180,506,242</td>
<td>47.8%</td>
<td>18.6%</td>
<td>3.9%</td>
</tr>
<tr>
<td>2005</td>
<td>514,843,803</td>
<td>55,306,755</td>
<td>570,150,558</td>
<td>458,657,444</td>
<td>177,067,526</td>
<td>1,205,875,528</td>
<td>47.3%</td>
<td>19.1%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2006</td>
<td>556,949,606</td>
<td>54,317,419</td>
<td>611,267,025</td>
<td>484,045,070</td>
<td>175,080,235</td>
<td>1,270,392,329</td>
<td>48.1%</td>
<td>19.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2007</td>
<td>615,204,696</td>
<td>53,309,061</td>
<td>668,535,657</td>
<td>484,653,994</td>
<td>174,620,559</td>
<td>1,327,792,210</td>
<td>50.3%</td>
<td>20.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2008</td>
<td>680,867,858</td>
<td>52,347,404</td>
<td>733,215,262</td>
<td>506,575,120</td>
<td>172,184,564</td>
<td>1,411,974,945</td>
<td>51.9%</td>
<td>21.1%</td>
<td>3.0%</td>
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<tr>
<td>2009</td>
<td>659,170,555</td>
<td>51,366,769</td>
<td>710,537,324</td>
<td>554,777,556</td>
<td>182,683,794</td>
<td>1,447,998,674</td>
<td>49.1%</td>
<td>21.4%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Annual Growth: 2.7% 12.5% 3.0% 4.3% 6.2% 3.8% 2.7%


Nonequalized because money does not follow students, but rather goes to jurisdictions where property was before reimbursements for tax reductions were instituted.