



School Funding Interim Commission

64th Montana Legislature

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TO: School Funding Interim Commission

FROM: Pad McCracken, Legislative Services

RE: Recommendations of 2003 School Renewal Commission and QSIC and related legislation (proposed and enacted)

DATE: October 28, 2015

Commissioners,

Following are two documents addressing a request for information submitted by Senator Hansen about the recommendations and subsequent legislation related to the 2003 Montana K-12 Public School Renewal Commission and the 2005 Quality Schools Interim Committee (QSIC).

Information and materials from these previous school funding studies are available online at:

<http://www.mt.gov/gov2/css/boards/renewal/default.asp>

<http://bpe.mt.gov/Home/Reports-and-Recommendations>

http://leg.mt.gov/css/Committees/Interim/2005_2006/qual_schools/default.asp

Description of following documents:

1. The first two-page table lists in the left column the recommendations made by the two studies. The right column then describes legislative proposals related to those recommendations and includes links to the proposals.
2. The second three-page document was prepared by Cathy Duncan and Rob Miller in LFD and lists K-12 facility assistance provided by the state going back to 2003, including on the final page a chart that displays this state assistance graphically.

I am providing these as background resources for the commission's work this interim. Please let me know if you have any questions.

Recommendations	Related changes through 2015
2003 Renewal Commission	
Building a quality education on the foundation of the Montana Accreditation Standards	SB 152 (2005) provided a definition of basic system of free quality public elementary and secondary school that includes “the educational program specified by the accreditation standards provided for in 20-7-111, which represent the minimum standards upon which a basic system of free quality public elementary and secondary schools is built.”
Providing greater flexibility in the school calendar to expand learning opportunities and professional development	SB 170 (2005) eliminated the requirement of 180 school days and switched to minimum aggregate hours.
Studying the regionalization of education services	OPI provides support for 5 regional education service areas (RESAs). SB 329 (2011) broadened districts’ ability to form multidistrict agreements.
Eliminating barriers to voluntary consolidation of school districts, both statutory and financial	HB 681 (2005) simplified the laws regarding annexation and consolidation; no legislation addressing financial barriers was found.
Supporting a statewide school district employee insurance pool with state incentives for participation	HB 124 (2005) proposed creating a separate and voluntary (but incentivized) statewide insurance program for K-12 employees
Restoring the position of Gifted and Talented Specialist and funding professional development and other outreach services	Restored in 2005; some federal grant support over the years; currently 1.0 FTE at OPI for G&T, AP workshops, RESAs, etc.
Phasing in increased state support for Special Education services	The special ed appropriation in HB 2 for FY 2006 was \$38.5 million or 4.75% of district general fund budgets statewide; for FY 2015 it was \$42.9 million or 4.12% of district general fund budgets. State support for special education has decreased as a proportion of general fund budgets.
Providing adequate funding to cover the costs of operating and maintaining quality public elementary and secondary schools	Significant changes were made to the formula, including the addition of new components and inflationary factors, in SB 1 (2005 December Special Session) and SB 175 (2013) .
Modernizing revenue and taxation to promote equalization for taxpayers and schools to balance the benefits and burden	There have been several proposals to increase statewide mills and increase equalization aid through GTB or state funding of BASE budgets. SB 428 (2011) and SB 382 (2013) are two examples.
Supporting state funding to expand kindergarten	SB 2 (2007 May Special Session) provided full-time ANB funding for kindergarten.
Supporting state funding for <i>Indian Education for All</i> curriculum, policies, and rules	HB 2 (2005) appropriated \$2.3 million to OPI and \$1.1 million to districts for Indian education for all. During the December Special Session of 2005, SB 1 created an Indian education for all payment in the funding formula and HB 1 provided \$7 million to districts for curriculum development.

Supporting state-facilitated public/private partnerships for local summer programs and extended school programs	HB 677 (2007) appropriated \$250,000 to the Board of Crime Control for the 2009 biennium for grants for after school programs for at-risk youth and authorized the board to use the grants to leverage federal or private funds. No other legislation was found related to this recommendation.
Recognizing the importance of an adequate infrastructure [physical plant and equipment] as a key component of a quality education	Rob Miller and Cathy Duncan of LFD will be providing a separate document on state investments in school infrastructure. [See accompanying table and chart.]
2005 QSIC	
Establish new funding formula with the following components: <ul style="list-style-type: none"> • Per-student • Classroom • Accredited program • Building operations and maintenance • Special education • Transportation • Capital projects • School facility payment/debt service • Indian education for all 	While QSIC ultimately determined that its proposed formula changes were not ready for consideration in the December 2005 Special Session, the revisions of SB 1 during that special session did include an Indian Education for All payment (and others related to the definition of “basic system”—see below) and HB 1 provided a \$23 million appropriation for immediate maintenance needs and \$2.5 million for a statewide facility condition inventory, both as recommended by QSIC. Variations of QSIC’s new formula, including classroom components were proposed in HB 701 (2007) and HB 539 (2009) .
Require school employees to participate in state employees’ health insurance program	HB 297 (2007) and SB 462 (2007) both proposed this. HB 124 (2005) proposed creating a separate and voluntary (but incentivized) statewide insurance program for K-12 employees
Reorganize school district fund structure	Several pieces of legislation have increased flexibility of certain district funds, but there has been no reorganization/simplification.
Revise school district general fund	The general fund of school districts has undergone many changes. For example, SB 1 (2005 Special Session) added four new 100% state-funded components based on the definition of “basic system”: <ul style="list-style-type: none"> • At-risk student payment; • Quality educator payment; • American Indian achievement gap payment; and • Indian education for all payment. SB 175 (2013) revised the basic entitlement to provide additional increments for larger districts and created a Data for achievement payment, among other things.

The following table and chart provides Montana's recent history of funding K-12 facilities and facility maintenance. The data was compiled from the state accounting system.

State Assistance with K-12 Facility Upgrades							
FY	Bill#	Payment/ program	Purpose & Restrictions	Funding Determination	Fund Type	Fund	Amount
2003	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	3,990,862
		Total K-12 Facility Assistance FY 2003					\$3,990,862
2004	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	8,270,735
		Total K-12 Facility Assistance FY 2004					\$8,270,735
2005	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	8,411,293
		Total K-12 Facility Assistance FY 2005					\$8,411,293
2006	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	9,435,508
		Total K-12 Facility Assistance FY 2006					\$9,435,508
2007	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	8,424,952
	HB 1	OPI-Weatherization & Deferred Maint.	Deferred maintenance and energy improvements		GF	1100	22,965,703
		Total K-12 Facility Assistance FY 2007					\$31,390,655
2008	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	9,744,392
	HB 2	OPI - HB 2 Language Approp. Capital Investment and Deferred Maintenance	Investment and deferred maintenance		GF	1100	29,966,285
		Total K-12 Facility Assistance FY 2008					\$39,710,676
2009	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	8,657,176
	HB 645	DOCom-Quick Start	Deferred maintenance and energy improvements	Competitive grant	SS	2218	52,932
		Total K-12 Facility Assistance FY 2009					\$8,710,108
2010	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	8,586,000
	HB 645	DOCom-Formula	Deferred maintenance and energy improvements	Quality educator formula	SS	2218	18,280,159
	HB 645	DOCom-Quick Start	Deferred maintenance and energy improvements	Competitive grant	SS	2218	14,481,365
	HB 512	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	21,485
	HB 512	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	416,491
		Total K-12 Facility Assistance FY 2010					\$41,785,500
2011	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	GF	1100	7,420,970
	HB 645	DOCom-Formula	Deferred maintenance and energy improvements	Quality educator formula	SS	2218	1,460,085
	HB 645	DOCom-Quick Start	Deferred maintenance and energy improvements	Competitive grant	SS	2218	350,008
	HB 512	DOCom-Quality Schools	Deferred maintenance and energy improvements	Competitive grant	SS	2218	11,376,904
	HB 512	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	96,008

FY	Bill#	Payment/ program	Purpose & Restrictions	Funding Determination	Fund Type	Fund	Amount
2011	HB 512	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	467,788
	HB 512	DOCom-Quality Schools	QS Accrual Reversal	-	SS	2218	(1,233,158)
Total K-12 Facility Assistance FY 2011							\$19,938,606
2012	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	SS	2218	8,586,000
	HB 15	DOCom-Quality Schools	Deferred maintenance and energy improvements	Competitive grant	SS	2218	5,005,557
	HB 15	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	59,726
	HB 15	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	64,610
	HB 512	DOCom-Quality Schools	QS Accrual Reversal	-	SS	2218	(723,817)
Total K-12 Facility Assistance FY 2012							\$12,992,076
2013	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	SS	2218	8,586,000
	HB 15	DOCom-Quality Schools	Deferred maintenance and energy improvements	Competitive grant	SS	2218	5,877,081
	HB 15	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	36,094
	HB 15	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	447,794
	HB 512	DOCom-Quality Schools	QS Accrual Reversal	-	SS	2218	(178,663)
Total K-12 Facility Assistance FY 2013							\$14,768,306
2014	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	SS	2218	8,586,000
	HB 15	DOCom-Quality Schools	Deferred maintenance and energy improvements	Competitive grant	SS	2218	4,657,765
	HB 15	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	0
	HB 15	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	0
Total K-12 Facility Assistance FY 2014							\$13,243,765
2015	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt	Formula calculated	SS	2218	8,086,000
	HB 15	DOCom-Quality Schools	Deferred maintenance and energy improvements	Competitive grant	SS	2218	5,953,758
	HB 15	DOCom-Quality Schools	QS-Emergency	Emergency requests-maintenance	SS	2218	59,500
	HB 15	DOCom-Quality Schools	QS-Project planning	Grant planning requests	SS	2218	618,322
Total K-12 Facility Assistance FY 2015							\$14,717,580
2016P	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt *As adjusted for anticipated revenues*	Formula calculated	SS	2218	5,646,198
	HB 2	OPI-School Facility Reimbursement	Remainder of appropriation				2,939,802
Total K-12 Facility Assistance FY 2016 (projected)							\$8,586,000
2017P	HB 2	OPI-School Facility Reimbursement	State assistance with K-12 bonded debt *As adjusted for anticipated revenues*	Formula calculated	SS	2218	5,776,732
	HB 2	OPI-School Facility Reimbursement	Remainder of appropriation				2,809,268
Total K-12 Facility Assistance FY 2016 (projected)							\$8,586,000

