



School Funding Interim Commission

64th Montana Legislature

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TO: School Funding Interim Commission
FROM: Pad McCracken, Research Analyst
RE: LC SPIN -- bill draft for applying inflationary adjustments to special education payment
DATE: April 27, 2016

Enclosed is a bill draft, LC SPIN, which would apply inflationary adjustments to the state special education payment. The draft is straightforward. However, because the amended law requires the superintendent of public instruction to include these adjustments in submitting an agency budget for the ensuing biennium, this draft would not impact the special education payment or state costs until the 2021 biennium.

Earlier this interim, Legislative Fiscal Division provided a state cost estimate for this change to be approximately \$1.8 million for the 2019 biennium, based on known consumer price indices (CPI). One could assume a similar cost for the 2021 biennium if CPI remains stable and the special education payment does not increase until the 2021 biennium.

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Unofficial Draft Copy

As of: April 25, 2016 (10:30am)

LCSPIN

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act applying inflationary adjustments to the special education allowable cost payment; and amending section 20-9-326, MCA."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 20-9-326, MCA, is amended to read:

"20-9-326. Annual inflation-related adjustments to ~~basic entitlements and per-ANB entitlements~~ district general fund components. (1) In preparing and submitting an agency budget pursuant to 17-7-111 and 17-7-112, the superintendent of public instruction shall determine the inflation factor for the basic and per-ANB entitlements, the special education allowable cost payment, the data-for-achievement payment, and the general fund payments in 20-9-327 through 20-9-330 in each fiscal year of the ensuing biennium. The inflation factor is calculated as follows:

(a) for the first year of the biennium, divide the consumer price index for July 1 of the prior calendar year by the consumer price index for July 1 of the calendar year 3 years prior to the prior calendar year and raise the resulting ratio to the power of one-third; and

(b) for the second year of the biennium, divide the consumer price index for July 1 of the current calendar year by

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LCSPIN

the consumer price index for July 1 of the calendar year 3 years prior to the current calendar year and raise the resulting ratio to the power of one-third.

(2) The present law base for the entitlements referenced in subsection (1), calculated under Title 17, chapter 7, part 1, must consist of any enrollment increases or decreases plus the inflation factor calculated pursuant to this section, not to exceed 3% in each year, applied to both years of the biennium.

(3) For the purposes of this section, "consumer price index" means the consumer price index, U.S. city average, all urban consumers, for all items, using the 1982-84 base of 100, as published by the bureau of labor statistics of the U.S. department of labor."

{*Internal References to 20-9-326:*
20-9-376 OK}

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