MEETING PROJECT NAME: Education Advocates Meeting

DATE OF MEETING: January 07, 2020
TIME: 9:00 AM – 9:45 AM
LOCATION: OPI – 1227 11th Avenue 1st Floor Conference Room

ATTENDEES:

PRESENT

Pete Donovan, Executive Director, Board of Public Education (BOPE)
Nancy Hall, Governor’s Office of the Budget and Program Planning (OBPP)
McCall Flynn, Education Policy Advisor, Governor’s Office
Pad McCracken, Legislative Services
Stevie Schmidtz, Dean of Education, Montana Council of Deans of Education (MCDE) (via phone)
Dianne Burke, Executive Director, Montana Quality Education Coalition (MQEC) (via computer)
Dan Rask, Executive Director, Montana Small Schools Alliance (MSSA) (via computer)
Dennis Parman, Executive Director, Montana Rural Education Association (MREA) (via phone)

OPI STAFF

Elsie Arntzen, State Superintendent
Jule Walker, Deputy Superintendent
Jason Butcher, Assistant Deputy Superintendent
Dylan Klapmeier, Director of Communications and Federal Regulations
Jenifer Cline, Student Support Services Division Administrator
Dick Trerise, Student Support Services Assistant Division Administrator
Paul Taylor, Budget Analyst

RECORD KEEPER

Virginia Díaz, Administrative Clerk, Office of Public Instruction
TOPIC & PRESENTER INFO

Preparation for Legislative Week, January 13-17, 2020, Dylan Klapmeier

- Specialists from the OPI will be at the Fan Window informally engaging with legislators on topics that have been of mutual interest during the past couple legislative sessions.
  - Monday, Health Enhancement regarding safety and mental health.
  - Tuesday, Career and Technical Adult Education regarding our Montana Ready and work, force development initiative, along with Transformational and Innovative learning.
  - Video interviewing CTE Legislative Champions
- Thursday, OPI specialists from Assessment will be in room 422 from 11:30 am – 12:30 pm, presenting information regarding the role of statewide testing in Montana.

TOPIC & PRESENTER INFO

Special Education Funding, Paul Taylor, Pad McCracken

- Request for feedback/comments on language of Bill DRAFT intended to make sure that the appropriations won’t shrink with a change in the economy. Refer to meeting recording at 5:04 through 22:50.
- Materials follow. Also available on the Montana State Legislature website.

TOPIC & PRESENTER INFO

2018-2019 Graduation, Completion, and Drop Out Rates, Dylan Klapmeier

- Materials follow.

TOPIC & PRESENTER INFO

New education grant for rural counseling positions, Dylan Klapmeier

- See MSU News post at this link.

TOPIC & PRESENTER INFO

Federal education funding, Dylan Klapmeier

- Materials follow.

TOPIC & PRESENTER INFO

Other business, Superintendent Arntzen

- Email communication from the OPI to Representative Eric Moore regarding DPHHS Rules (email thread follows).

Full Education Advocates meeting can be listened to at this link
TO: LFC Education Subcommittee (HB 657)
FROM: Pad McCracken, LSD Research Analyst, and Paul Taylor, OPI School Finance
RE: Financial models for special education funding options
DATE: January 3, 2020

At your December 16, 2019, meeting you directed staff to prepare financial models for several options for modifying special education funding. This memo and the attached documents reflect that direction. As a reminder the options you wanted info on were:

1. Providing initial and ongoing inflationary adjustments to the special education allowable cost payment like the BASE Aid entitlements receive.
2. Creating a mechanism by which the special education allowable cost payment increases as statewide ANB increases.
3. Providing a “catch-up” adjustment to the special education allowable cost payment reflecting what that payment would be in FY 22 if the amount appropriated in FY 17 had received the same inflationary adjustments that other components of BASE Aid received in those 5 years pursuant to 20-9-326, MCA. (see boxes 4, 5, and 6 on page 3)

The attached financial estimates in the tables that follow were created using the current school funding model and utilize the known inflationary adjustment for FY 22 (2.16%) calculated pursuant to 20-9-326, MCA, and an estimate of the calculation based on the latest forecasts from IHS Global Insight for FY 23 (2.26%). We will go over the tables with you at the meeting.

Also attached is a preliminary bill draft that shows how the option that provides an inflationary adjustment (not the 5-year catch-up under #3 above, just the inflationary adjustment applied to the other BASE Aid components in the ensuing biennium) and provides a mechanism for growth of the special education allowable cost payment based on ANB growth (#s 1 and 2 above combined and box 3 on page 2). This draft was prepared at the direction of Chairman Bedey for discussion purposes only.
## Special Education Appropriation Adjustments with Inflationary Adjustment

### 1. SPED appropriation adjusted for estimated inflation

<table>
<thead>
<tr>
<th></th>
<th>Est 2.16%</th>
<th>Est 2.26%</th>
<th>Est 2.16%</th>
<th>Est 2.26%</th>
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### 2. SPED appropriation adjusted for estimated enrollment increases

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### 3. SPED appropriation adjusted for estimated inflation & adjusted for estimated enrollment increases

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Page 2 of 3
Special Education Appropriation Adjustments with Five Year Inflationary Adjustment

### 4. SPED appropriation increased for "catch-up" & adjusted for estimated inflation

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### 5. SPED appropriation increased for "catch-up" & adjusted for estimated enrollment increases

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### 6. SPED appropriation increased for "catch-up" & adjusted for estimated inflation & adjusted for estimated enrollment increases

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<th>FY 2023</th>
<th>Biennium</th>
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### OFFICE OF PUBLIC INSTRUCTION (35010)

1. **State Level Activities (06)**
   - **8,207,321** 245,145 17,474,245 0 0 25,926,711 8,213,618 245,433 17,474,789 0 0 25,933,840
     - a. **Audiological Services (Restricted)**
       - 508,000
     - b. **Montana Digital Academy (Restricted)**
       - 2,000,500

2. **Local Education Activities (09)**
   - 0 750,000 154,735,391 0 0 155,485,391 0 750,000 155,735,391 0 0 156,485,391
     - a. **Advancing Agricultural Education (Restricted/Biennial)**
       - 151,956
     - b. **In-State Treatment (Restricted/Biennial)**
       - 787,801
     - c. **Secondary Vo-ed (Restricted/Biennial)**
       - 2,000,000
     - d. **Adult Basic Education (Restricted/Biennial)**
       - 525,000
     - e. **Gifted and Talented (Restricted/Biennial)**
       - 350,000
     - f. **K-12 BASE Aid (Restricted/Biennial)**
       - 751,265,382
     - g. **At-Risk Student Payment (Restricted/Biennial)**
       - 5,541,074
     - h. **State Block Grants (Restricted/Biennial)**
       - 1,693,274
     - i. **State Tuition Payments (Restricted/Biennial)**
       - 377,675
     - j. **Special Education (Restricted/Biennial)**
       - 43,509,471
     - k. **Debt Service Assistance (Restricted)**
       - 0
     - l. **School Food (Restricted/Biennial)**
       - 663,862
     - m. **Transportation (Restricted/Biennial)**

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Note—The sp ed base used in the preceding tables is the sum of the FY 21 approp in HB 2 and the increase to the sp ed approp in HB 638 (2019; Bedey); $43,509,471 + $1,193,409 = $44,702,880
FOR LFC ED SUBCOMMITTEE DISCUSSION PURPOSES ONLY

A Bill for an Act entitled: "An Act revising special education funding; establishing a method for calculating the special education allowable cost payment; including the special education allowable cost payment in the definition of BASE aid; applying the inflation factor calculated under 20-9-326, MCA, to the special education allowable cost payment for determining the present law base calculated under Title 17, chapter 7, part 1, MCA; amending sections 20-9-306 and 20-9-326, MCA; and providing an effective date and an applicability date."

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

Section 1. Section 20-9-306, MCA, is amended to read:

"20-9-306. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "BASE" means base amount for school equity.

(2) "BASE aid" means:

(a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district;

(b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement, up to 35.3% of
the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the special education allowable cost payment;

(c) the total quality educator payment;
(d) the total at-risk student payment;
(e) the total Indian education for all payment;
(f) the total American Indian achievement gap payment; and
(g) the total data-for-achievement payment; and
(h) the special education allowable cost payment.

(3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian achievement gap payment, 100% of the total data-for-achievement payment, and 140% of the special education allowable cost payment.

(4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through 20-9-369.

(5) "BASE funding program" means the state program for the equitable distribution of the state's share of the cost of Montana's basic system of public elementary schools and high schools, through county equalization aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the BASE budgets of districts and special education
allowable cost payments as provided in 20-9-321.

(6) "Basic entitlement" means:

(a) for each high school district:

(i) $315,481 for fiscal year 2020 and $321,254 for each succeeding fiscal year for school districts with an ANB of 800 or fewer; and

(ii) $315,481 for fiscal year 2020 and $321,254 for each succeeding fiscal year for school districts with an ANB of more than 800, plus $15,774 for fiscal year 2020 and $16,063 for each succeeding fiscal year for each additional 80 ANB over 800;

(b) for each elementary school district or K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school:

(i) $52,579 for fiscal year 2020 and $53,541 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

(ii) $52,579 for fiscal year 2020 and $53,541 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus $2,630 for fiscal year 2020 and $2,678 for each succeeding fiscal year for each additional 25 ANB over 250;

(c) for each elementary school district or K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school:

(i) for the district's kindergarten through grade 6 elementary program:

(A) $52,579 for fiscal year 2020 and $53,541 for each
succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of 250 or fewer; and

(B) $52,579 for fiscal year 2020 and $53,541 for each succeeding fiscal year for school districts or K-12 district elementary programs with an ANB of more than 250, plus $2,630 for fiscal year 2020 and $2,678 for each succeeding fiscal year for each additional 25 ANB over 250; and

(ii) for the district's approved and accredited junior high school, 7th and 8th grade programs, or middle school:

(A) $105,160 for fiscal year 2020 and $107,084 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of 450 or fewer; and

(B) $105,160 for fiscal year 2020 and $107,084 for each succeeding fiscal year for school districts or K-12 district elementary programs with combined grades 7 and 8 with an ANB of more than 450, plus $5,258 for fiscal year 2020 and $5,354 for each succeeding fiscal year for each additional 45 ANB over 450.

(7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

(8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the general fund budget of a district and funded with state and county equalization aid.

(9) "Maximum general fund budget" means a district's general fund budget amount calculated from the basic entitlement for the district, the total per-ANB entitlement for the district,
the total quality educator payment, the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement gap payment, the total data-for-achievement payment, and the greater of the district's special education allowable cost payment multiplied by:

(a) 175%; or

(b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a maximum allowable ratio of 200%.

(10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

(11) "Total American Indian achievement gap payment" means the payment resulting from multiplying $216 for fiscal year 2020 and $220 for each succeeding fiscal year times the number of American Indian students enrolled in the district as provided in 20-9-330.

(12) "Total at-risk student payment" means the payment resulting from the distribution of any funds appropriated for the purposes of 20-9-328.

(13) "Total data-for-achievement payment" means the payment provided in 20-9-325 resulting from multiplying $21.03 for fiscal year 2020 and $21.41 for each succeeding fiscal year by the district's ANB calculated in accordance with 20-9-311.

(14) "Total Indian education for all payment" means the
payment resulting from multiplying $21.96 for fiscal year 2020 and $22.36 for each succeeding fiscal year times the ANB of the district or $100 for each district, whichever is greater, as provided for in 20-9-329.

(15) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

(a) for a high school district or a K-12 district high school program, a maximum rate of $7,201 for fiscal year 2020 and $7,333 for each succeeding fiscal year for the first ANB, decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

(b) for an elementary school district or a K-12 district elementary program without an approved and accredited junior high school, 7th and 8th grade program, or middle school, a maximum rate of $5,624 for fiscal year 2020 and $5,727 for each succeeding fiscal year for the first ANB, decreased at the rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(c) for an elementary school district or a K-12 district elementary program with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the sum of:

(i) a maximum rate of $5,624 for fiscal year 2020 and $5,727 for each succeeding fiscal year for the first ANB for
kindergarten through grade 6, decreased at the rate of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

(ii) a maximum rate of $7,201 for fiscal year 2020 and $7,333 for each succeeding fiscal year for the first ANB for grades 7 and 8, decreased at the rate of 50 cents per ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB.

(16) "Total quality educator payment" means the payment resulting from multiplying $3,275 for fiscal year 2020 and $3,335 for each succeeding fiscal year by the number of full-time equivalent educators as provided in 20-9-327.

(17) "The total special education allocation" means the state payment distributed pursuant to 20-9-321 that is the greater of the amount resulting from multiplying $298.32 for fiscal year 2022 and $305.07 for each succeeding fiscal year by the statewide current year ANB or the amount necessary to meet federal maintenance of effort requirements for state support of special education pursuant to IDEA."

Section 2. Section 20-9-326, MCA, is amended to read:
"20-9-326. Annual inflation-related adjustments to basic entitlements and per-ANB entitlements. (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 data-for-achievement payment, the per-ANB amount used to calculate the total special education allocation in 20-9-306, 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 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   20-9-635   53-6-125
}

NEW SECTION. Section 3. {standard} Effective date. [This act] is effective July 1, 2021, and applies to school fiscal years beginning on or after July 1, 2021.

- END -

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Graduation Rates 2018 - 2019

Here are some impact points with the numbers this year:

- Overall graduation rates are up slightly, to 86.6% this year vs. 86.4% last year.
- Overall dropout rates are also up slightly: 2.4% in 2019 vs. 2.3% in 2015-2018. The fact that both dropout and graduation rates are up is likely due to a large increase in the dropout rate for 11th graders in 2019. The total number of 11th graders who dropped out increased by 20% (461 students in 2018 vs 553 students in 2019) while enrollment numbers are roughly stable. In fact, the number of 11th grades dropouts exceeded the number of 12th grader dropouts for the first time in many years. There are tabs (Dropout Reasons and 11th Grade and Dropout Rate Summaries tabs) on the spreadsheet that explore this a little more. We’re not identifying any underlying causes or causes for concern and one year does not make a trend. According to the analysts, we see occasional spikes and dips in the data from time to time and this appears to be that. It is likely that
- The overall completion rate is stable at 87.1%, which is at historic highs, and the American Indian completion rate is at 70.2%, which is also an all-time high.

Here are some other noteworthy Completion/Graduation facts:

- Great Falls CMR is had the highest completion rate of AA school with 91.2%. Butte had a 91.1% completion rate, a marked improvement over the last couple of years.
- The largest school with a 100% completion rate is Missoula Loyola-Sacred Heart with 42 completers. The largest public school with a 100% completions rate is Fairfield with 28 completers.
- The largest school with a 100% cohort graduation rate is Frenchtown HS with 84 graduates.

American Indian schools of note:

- St Ignatius had 33 graduates and a cohort rate of 91.67%
- Ronan had 65 graduates and a cohort rate of 90.3%
- Heart Butte had 13 graduates and a cohort rate of 86.67%
- Frazer had 4 graduates and cohort rate of 100%
Federal Funding

The Labor-HHS-Education bill will provide a total of $72.8 billion for the U.S. Department of Education (ED), a $1.3 billion increase over FY2019 funding. All nine of CCSSO’s FY 2020 funding priorities received increased or level funding in this legislation:

- $16.31 billion for Title I (increase of $450 million over 2019)
- $12.76 billion for IDEA Part B grants to states ($400 million increase)
- $2.13 billion for Title II ($76 million increase)
- $1.21 billion for Title IV-A ($40 million increase)
- $1.25 billion for 21st Century Community Learning Centers ($28 million increase)
- $1.28 billion for Career and Technical Education ($20 million increase)
- $787 million for Title III, English Language Acquisition ($50 million increase)
- $33 million for Statewide Longitudinal Data Systems ($700,000 increase)
- State assessment grants are level-funded at $378 million.

The Impact Aid program also saw a $40 million increase to $1.49 billion.

Outside of ED funding, this spending deal also includes:

- Increases in the HHS budget of $550 million each for Head Start ($10.6 billion total) and the Child Care and Development Block Grant ($5.8 billion)
- $7.6 billion for the 2020 Census
- Increased funding for rural broadband access

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Hi Rep. Moore,

Below is a recap from Tracy Moseman (OPI’s Administrator for School Health & Safety) on where the OPI stands with regards to DPHHS’ proposed rules which will be filed on January 7th. I would just add that OPI has made it clear that we will be the central point of contact for communicating information to schools and we will be putting together a communication committee with reps from OPI, DPHHS, and DEQ to ensure that information that is sent to schools is coordinated through OPI. As the legislative oversight for DPHHS, we would also ask that your committee hold them accountable for appropriate implementation that is done in coordination with schools and not punitive measures done to schools. That was a commitment they made to OPI and your committee.

Superintendent Arntzen also wanted to add that this should be implemented with schools as part of a bigger picture school safety planning in general and that DPHHS and DEQ need to be transparent to your committee as to any costs that come up throughout implementation. This should not be a burden on local schools or local taxpayers. OPI can assist in providing this information as we become aware of it. BJ Biskupiak, 444-0995, is the DPHHS contact and Tim Davis, 444-4632, is the DEQ contact.

Please don’t hesitate to call today or over the weekend (on my cell) if you have any questions.

Dylan Klapmeier
Director of Communications & Federal Relations
Montana Office of Public Instruction

After reviewing the amended rules from DPHHS, OPI would offer the following comments. OPI still maintains the implementation of the new rules and updates to existing rules will impact the resource and staffing within districts as staff will be required to perform new functions including playground inspections, implementation of chemical hygiene plans, implementation of pest management plans, and lead testing. However, if DPHHS holds strong to their commitment to provide templates, model policies, checklists and resources to assist with implementation, OPI is hopeful that by working collaboratively with DPHHS to disseminate these resources to schools, we can minimize the burden on schools.

OPI appreciates DPHHS’s willingness to stagger implementation dates. Examples include the New Rule 1 implementation date for September 2020, New Rule III implementation set for September 2021, and the...
staggered water testing dates for the lead rules. This will help schools prioritize and give time for internal discussions and planning.

DPHHS heard OPI’s concerns regarding the fiscal impact of the construction costs including janitorial facilities, hot water to hand washing facilities, and drainage of surface water away from the buildings. Moving these items to the pre-construction section and eliminating the requirement for existing buildings to retrofit existing facilities will reduce the fiscal impact originally assessed by OPI.

Third, OPI appreciates the removal of the punitive language including “stop work orders” and “citations for each violation”. The removal of this language appears to reflect DPHHS’s commitment to supporting schools in implementation versus a compliance/non-compliance feel the rules previously had.

OPI looks forward to the planning meetings with DEQ to determine the best strategy for fiscally supporting schools in the lead testing of water in schools. Further, OPI feels it is imperative to collaborate with DPHHS in the unified communication to schools and communities regarding the new rules. Schools will easily become overwhelmed with information if it is released on individual topics identified in the rules, and it will be essential to have a communication plan that puts OPI in the lead with the schools regarding the changes as well as resources available to assist schools.

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