



Kirk Miller <samkm@sammt.org>

SB 261 – Potential Reductions to School Funding in FY 2018

The Office of Public Instruction <kbailey2@mt.gov>
 Reply-To: kbailey2@mt.gov
 To: samkm@sammt.org

Thu, Jul 13, 2017 at 2:19 PM

Elsie Amtzen, Superintendent
 PO Box 202501
 Helena, MT 59620-2501
 406.444.5643
 www.opi.mt.gov

OFFICE OF PUBLIC INSTRUCTION
 STATE OF MONTANA

Putting Montana Students First **A⁺**



The purpose of this note is to communicate the impact of SB 261 on state funding to schools in the current fiscal year. During the 2017 legislative session, the legislature passed SB 261, a fiscal bill which forces spending cuts in the event that the revenue estimates used during the state budgeting process do not materialize. The goal of the bill is to maintain a healthy balanced budget for the state. The bill established four revenue levels below the estimate used for the budget and mandated reductions of appropriations for each level.

Unfortunately, all indications are that the state revenues for FY 2017 that just ended will be less than the revenue estimates used in the budget. The Governor's Budget Director has asked the OPI and other agencies to prepare implementation plans for the spending cuts mandated by SB 261 though the official notice will not occur until August 15 of this year once the financial close is complete.

SB 261 identified four levels of revenue shortfalls and identified cuts that would be triggered by each level. For education funding, only level 2 (a 0.4% shortfall) and level 4 (a 1.5% shortfall) affect appropriations. The OPI is preparing for the level 4 shortfall. **The reductions are additive, meaning that if the level 4 shortfall occurs, both the level 2 and level 4 reductions will go into effect.**

The table below shows the legislated FY 2018 appropriation and the SB 261 reductions for each program affected:

Program	FY 18 HB2 Appropriation	Level 2 Reduction	Level 4 Reduction	Total Reduction
Data for Achievement	3,109,343	0	3,109,343	3,109,343
Combined Fund Block Grants	5,872,888	0	2,800,000	2,800,000
Secondary Vo-Ed (CTE)	2,000,000	10,000	500,000	510,000
Special Education	43,509,471	217,547	0	217,547
At-risk Student Payment	5,390,549	26,953	0	26,953
In-State Treatment	787,800	3,939	0	3,939
School Foods	663,861	3,319	0	3,319
Adult Basic Education	525,000	2,625	0	2,625

Gifted and Talented	250,000	1,250	0	1,250
Advancing Agricultural Education	151,941	760	0	760
Total	62,260,853	266,393	6,409,343	6,675,736

For the programs highlighted in green above that are distributed to schools by the OPI School Finance Division, the reductions will be prorated across all schools as required by statute. The OPI's School Finance Division has estimated the impact on each school district and posted this estimate [here](#). The table shows which school district fund is affected.

For the other large reduction, Secondary Vo-Ed, other legislation from the 2017 legislative session established new factors to consider when allocating these funds to schools. The OPI will consult with CTE leaders across the state to determine the best way to do this allocation in light of the reduction.

For the remaining programs highlighted in yellow, the impact on schools is minimal. Each OPI program manager will work within E-Grants to adjust the distribution of funds.

The SB 261 reductions do not go into effect until August 15 of this year when the Governor's Budget Director notifies all agencies of the actual state revenues for FY 2017. The OPI will immediately communicate this notification to all school districts. If, as expected, the reductions are necessary, the OPI will adjust the August payments to schools to reflect the reductions.

This memo addresses the impact on schools for FY 2018, but everyone should be aware that similar reductions will occur in FY 2019 regardless of what happens with revenues in FY 2018. In other words, any cuts put into place will not be restored even if state revenues rebound. In addition, an appropriation for a \$5.8 million Natural Resource Development payment will be cancelled in FY 2019. In total, SB 261 will reduce school funding by \$19,151,976 over the FY 2018 - FY 2019 biennium if the FY 2017 total revenue is below the level 4 target.

Should you have any questions concerning how these reductions will affect the budgeting process this year, please contact Kara Sperle (406) 444-3249 ksperle2@mt.gov or Paul Taylor (406) 444-1257 ptaylor2@mt.gov in the OPI School Finance Division.

Having trouble reading this email? [View it in your browser.](#)

This message was intended for 'samkm@sammt.org' You have received this message because you are subscribed to 'District Superintendents'

[Manage Your Subscriptions](#)

Office of Public Instruction
P.O. Box 202501, Helena, Montana 50620-2501

Powered by


Putting Montana Students First