

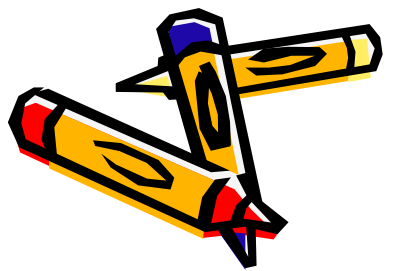


School Funding Charts
Supplement to Handout
Recent Developments In School Finance

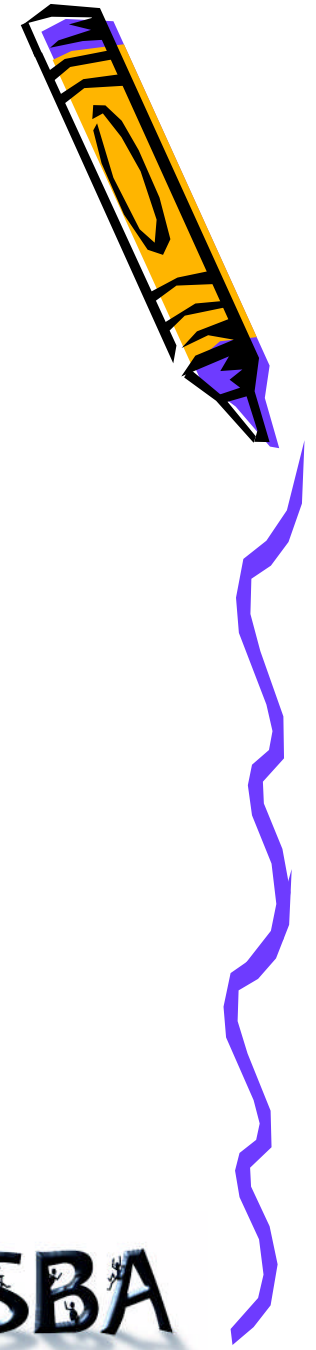
Lance Melton, Executive Director
MTSBA



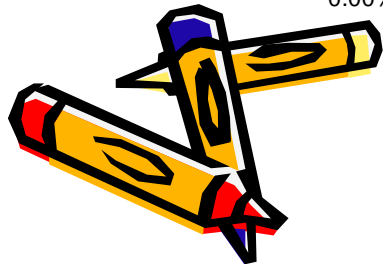
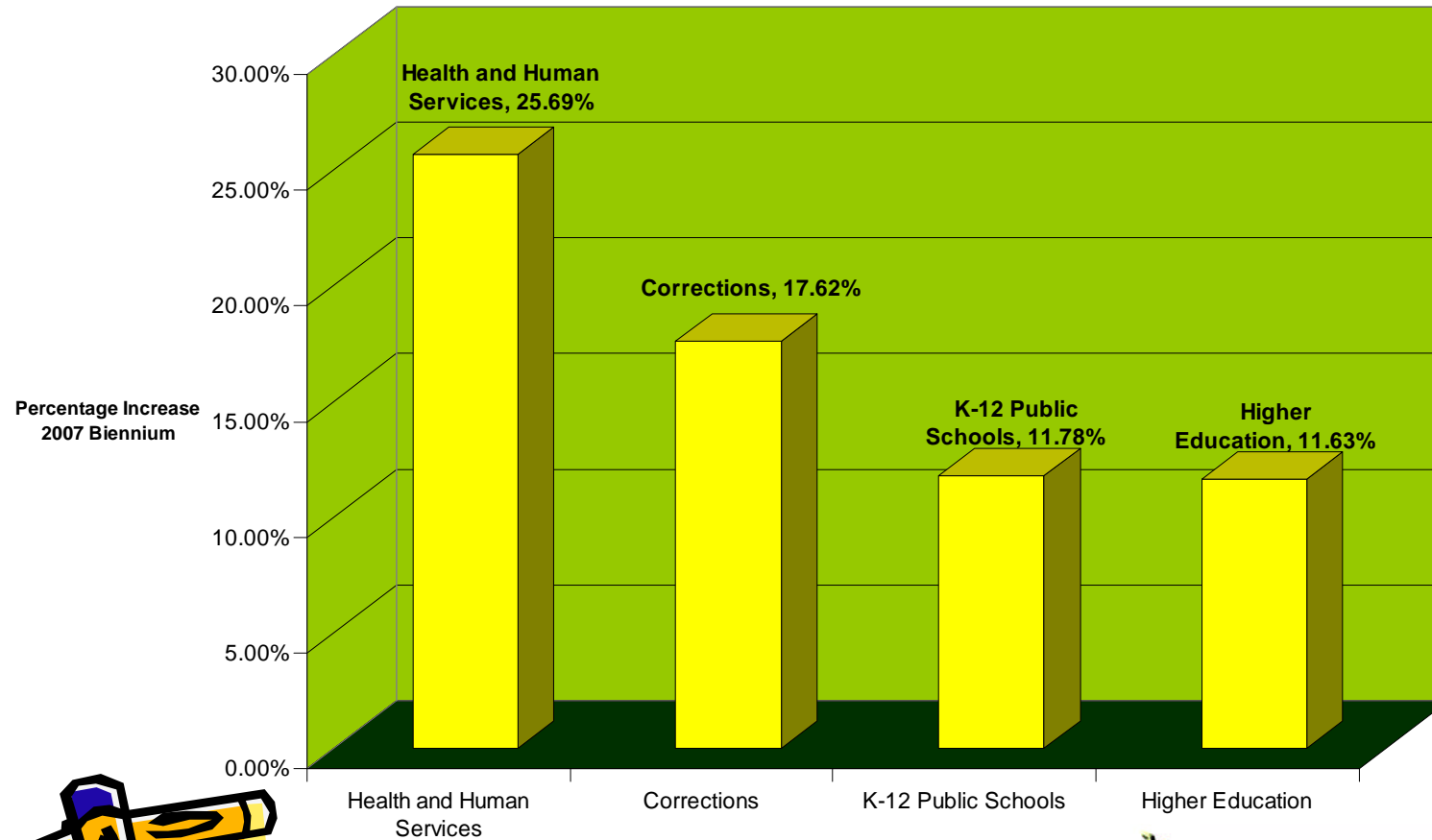
2005 Session Funding - Much better than usual but not enough to make up for 16 years of neglect



What Were the Percentage Increases in the 2005 Legislative Sessions for Key State Spending Programs?

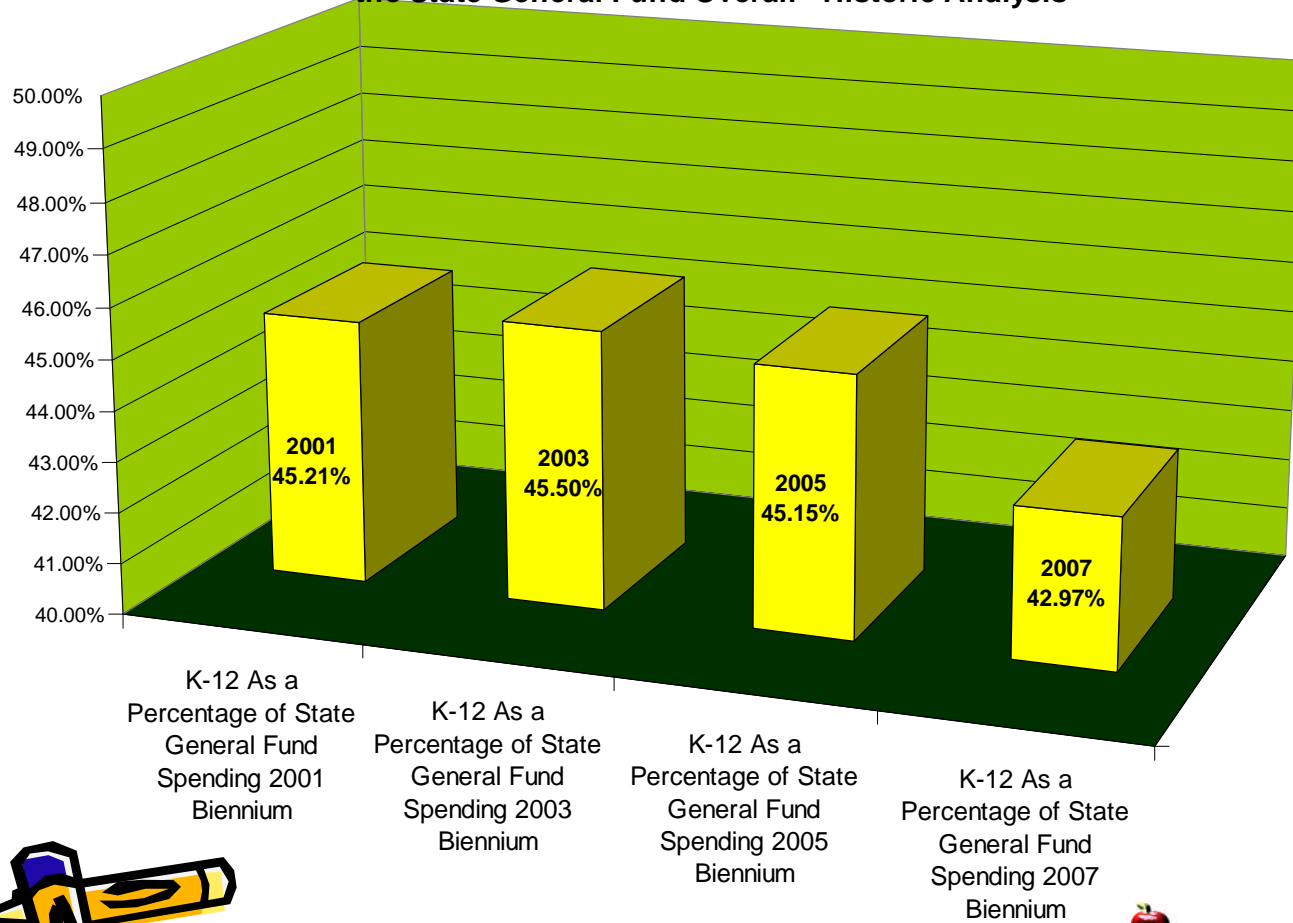


Percentage Increases, Key General Fund Expenditures
2007 Biennium (Special Session Included)



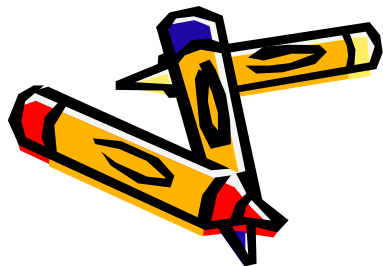
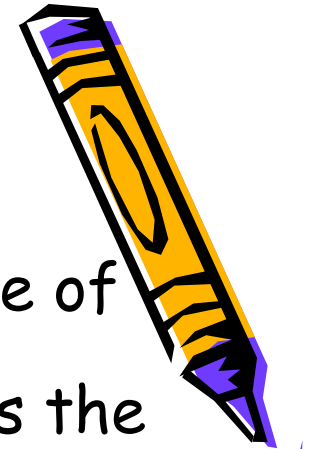
K-12 Has Fallen as a Share of State General Fund Spending

K-12 Public Schools Spending As a Share of the State General Fund Overall - Historic Analysis



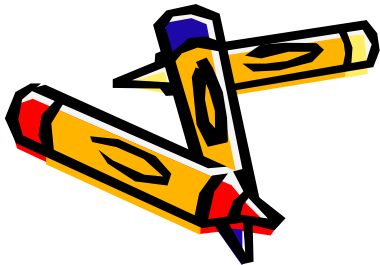
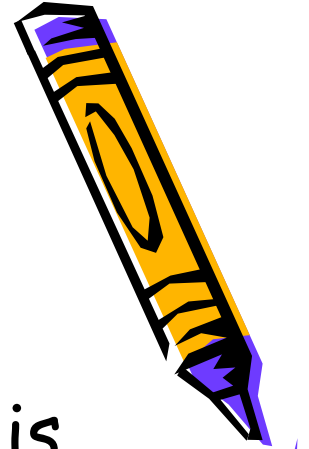
What are the Proposals for Funding at this Time

- Superintendent McCulloch's proposed increase of approximately \$99.1 million (a combination of present law adjustments and new proposals) is the largest funding proposal ever advanced by a superintendent of public instruction. Unfortunately, the May 1 submission date for executive agency budgets did not allow for consideration of either cost analyses currently underway, or two of the latest projections on the surplus (in June and October, 2006). Superintendent McCulloch has committed to pursuing additional funding increases in her budget upon completion of the APA cost analysis, and in light of the latest revenue projections.

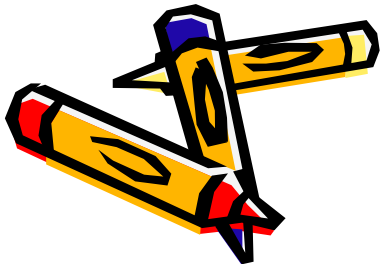
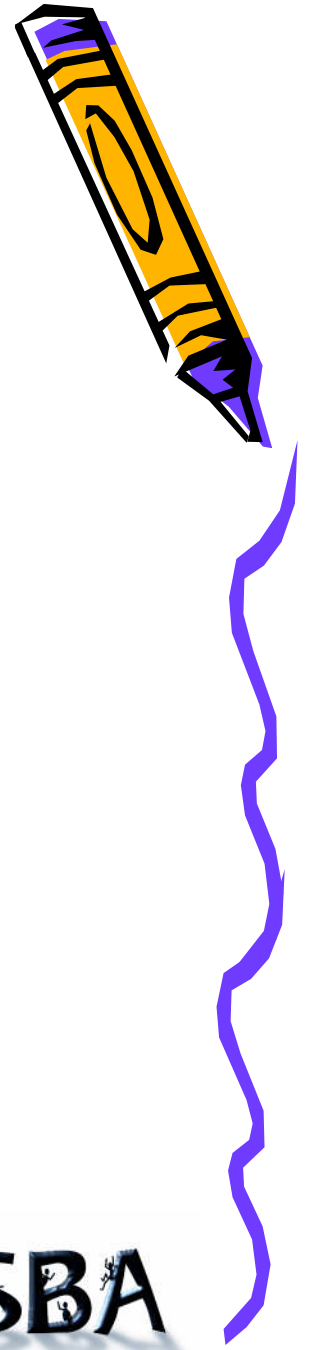
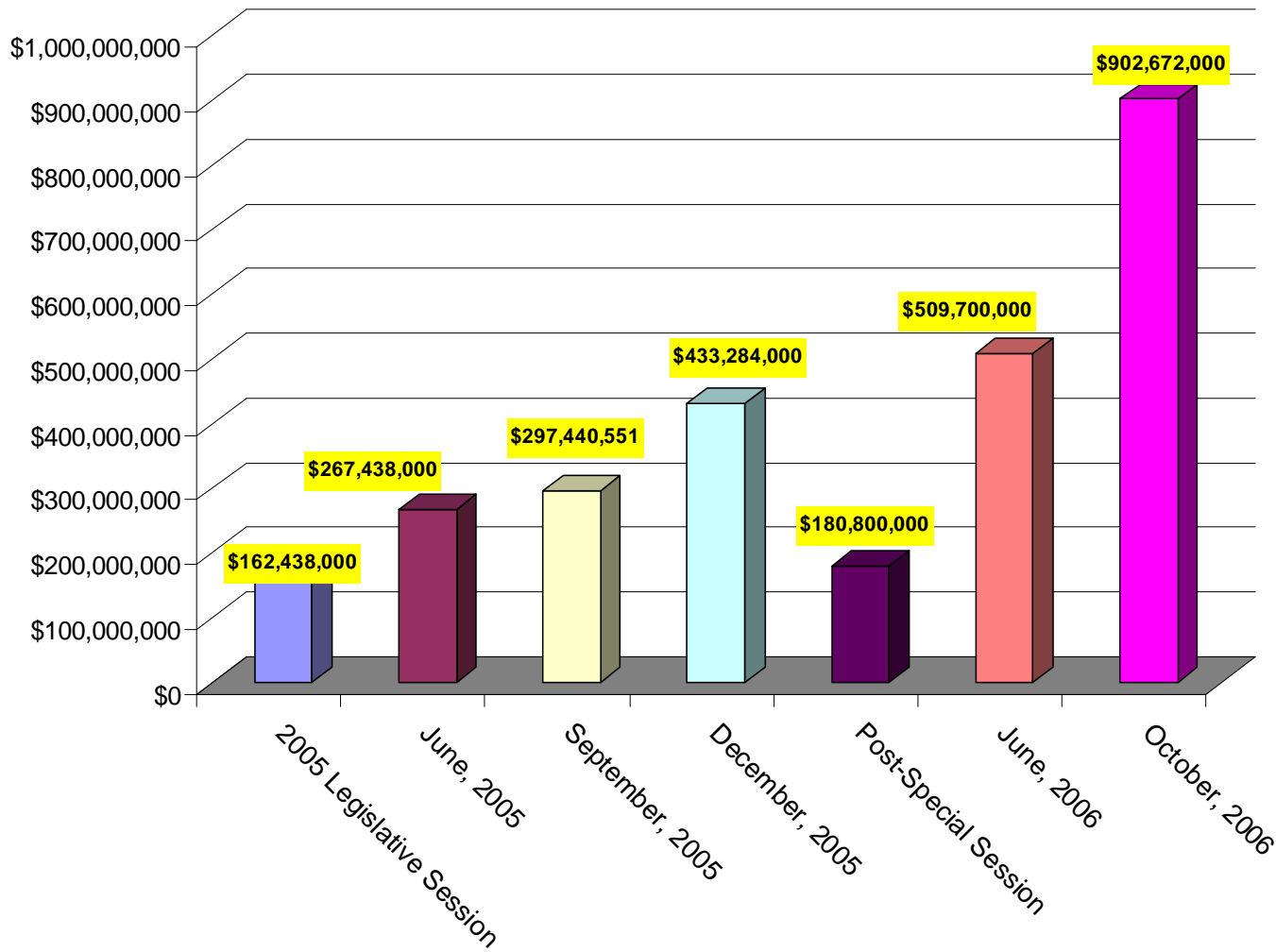


What are the Proposals for Funding at this Time

The Governor has not formally released his budget as of yet, but has committed to funding present law adjustments and full day kindergarten. We are hoping for significant additional funding beyond that, given the size of the projected ending fund balance as of October 4, 2006.

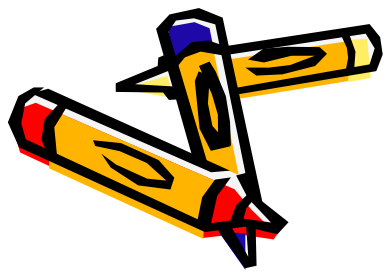
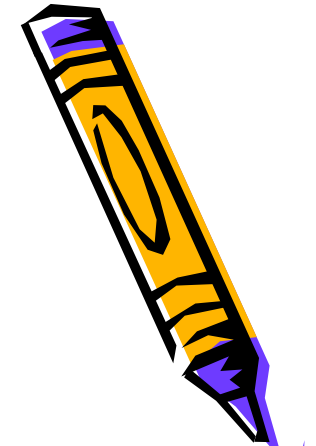
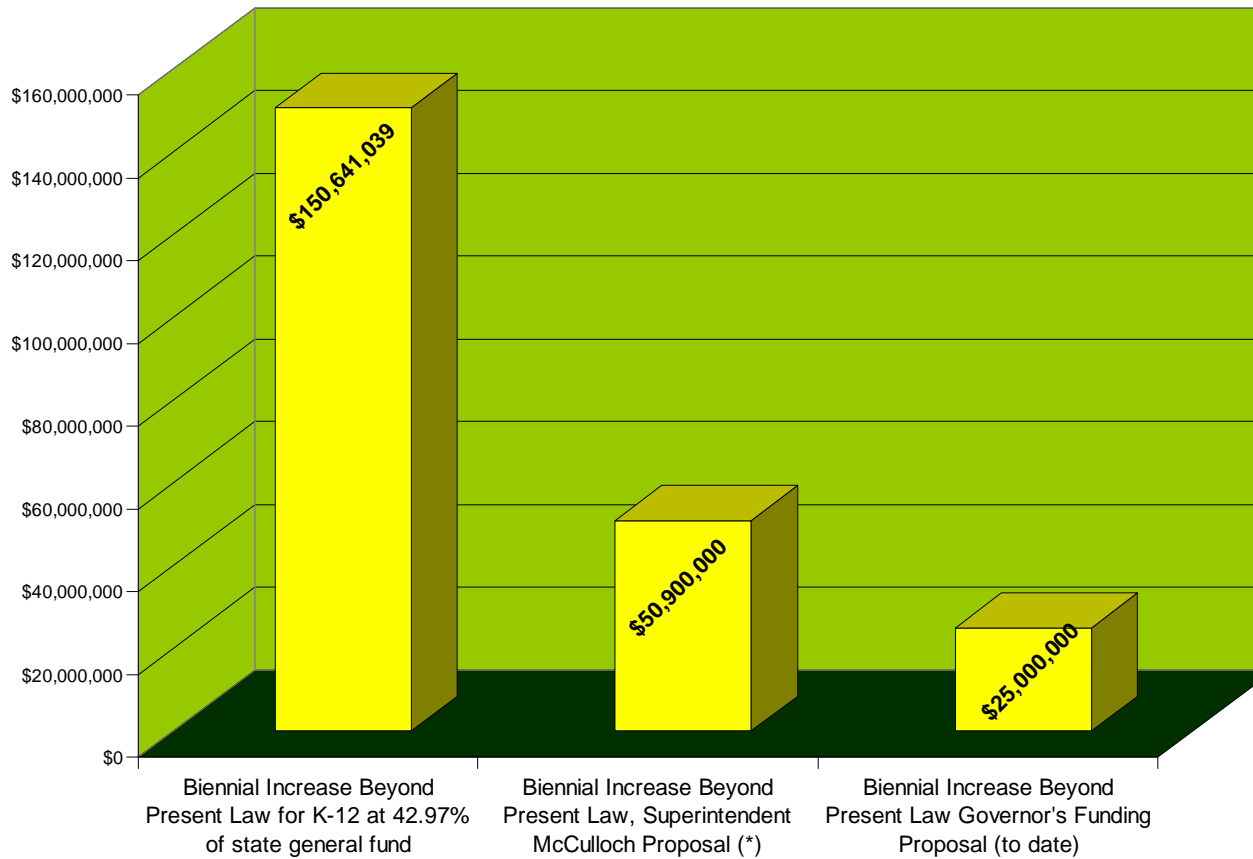


Progression of Projected Surplus Before Reserve, 2009 Biennium



What Has to be Done in the 2007 Session to Keep K-12 Public Education at Its Current Share of State General Fund Spending?

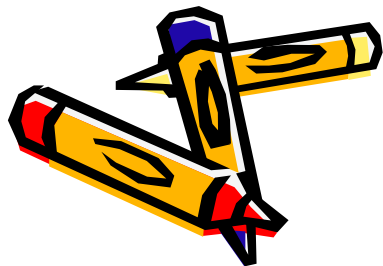
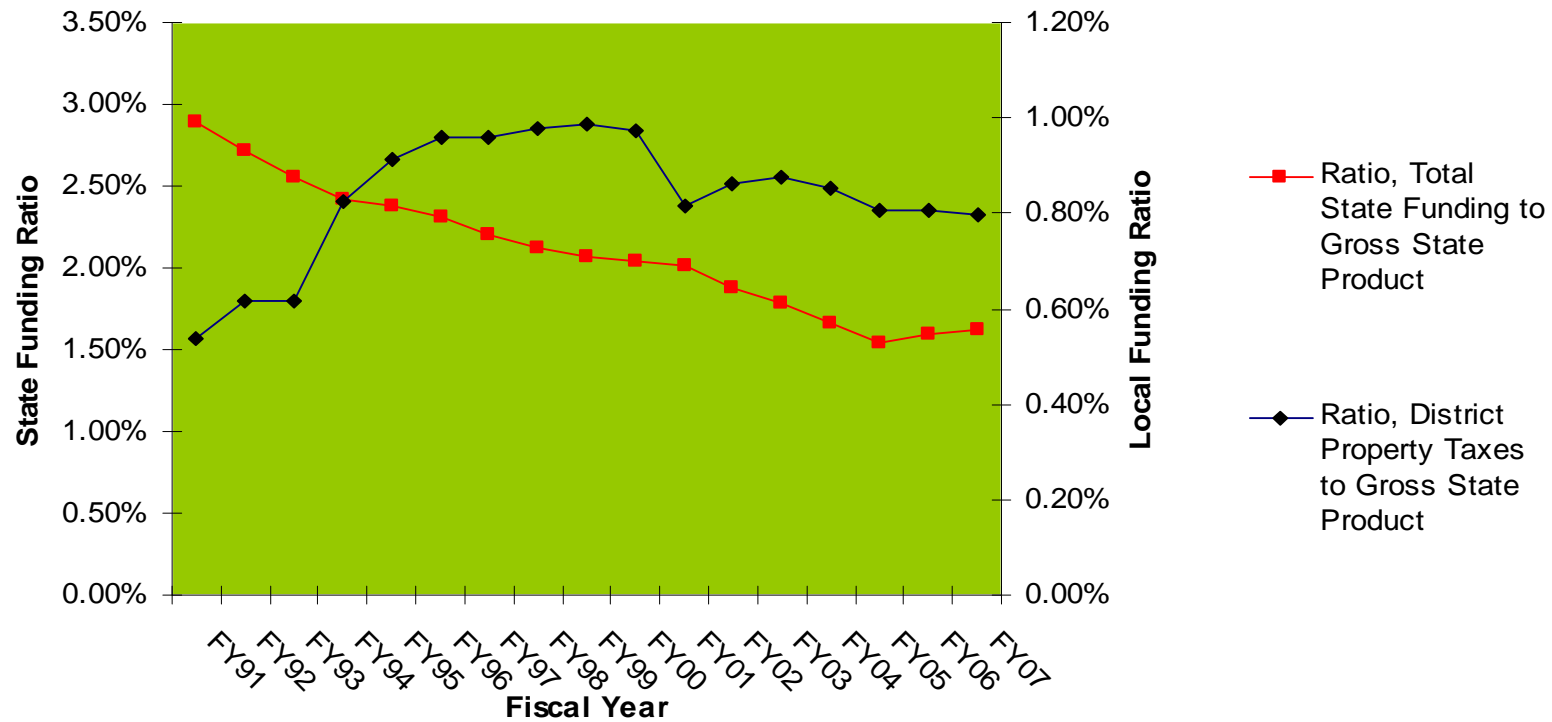
Biennial Increase Proposals - Comparison of Key State Funding Proposals to Biennial Increase Necessary to Maintain K-12 Public Education's Current Share of State General Fund Spending-Based on LFD Projection of \$350 million available beyond present law



Funding K-12 Public Education is Within the State's Means - Our Economy is Performing at Record Levels!

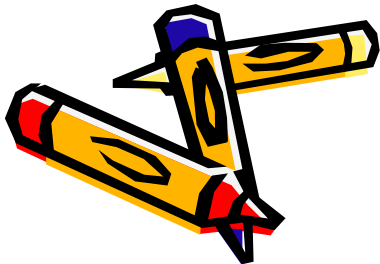
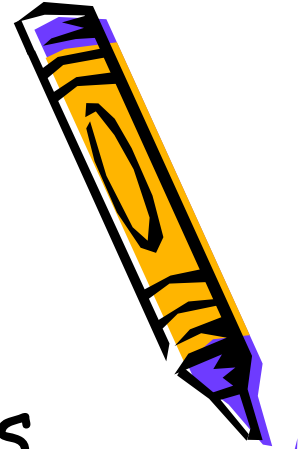


State and Local Funding Compared to Gross State Product

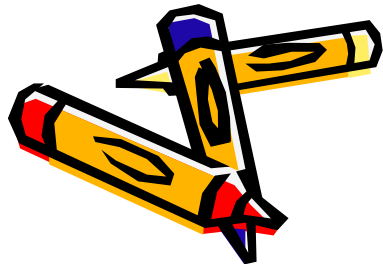
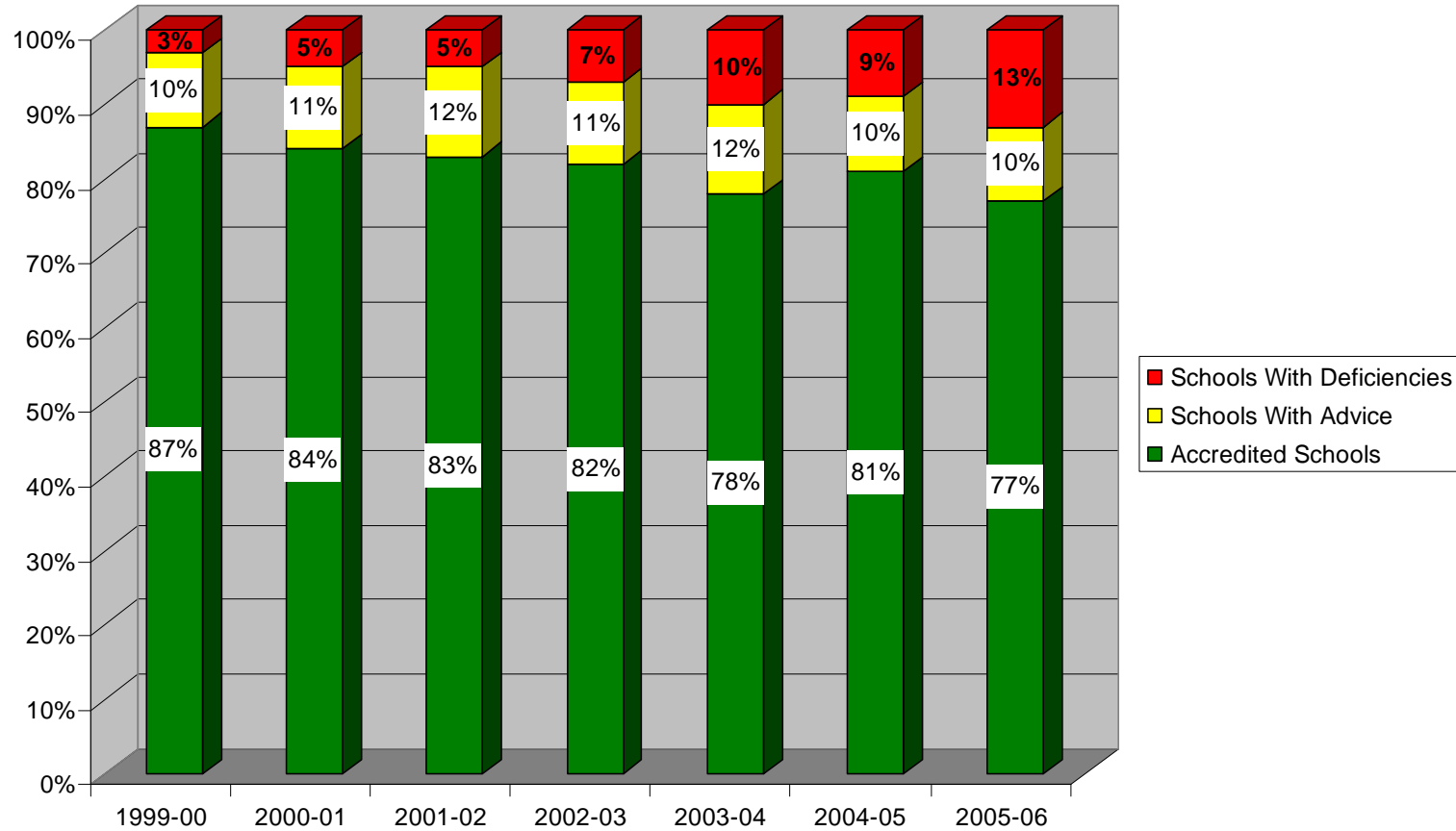


Examples of Needs That Must Be Addressed

- Increase in accreditation violations (Record High Number of Schools With Deficiency Status (13%))
- Perpetuation of Achievement Gaps (NAEP Test Scores)
- Graduation Rates for Minorities and Children in Poverty

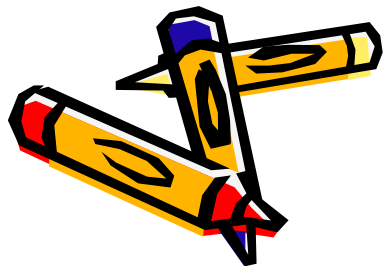
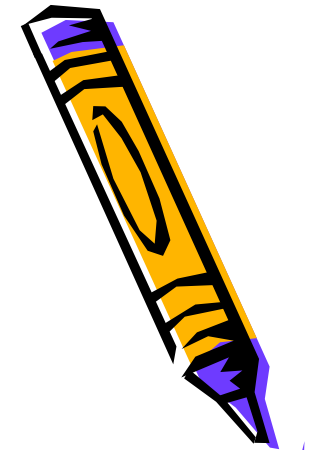
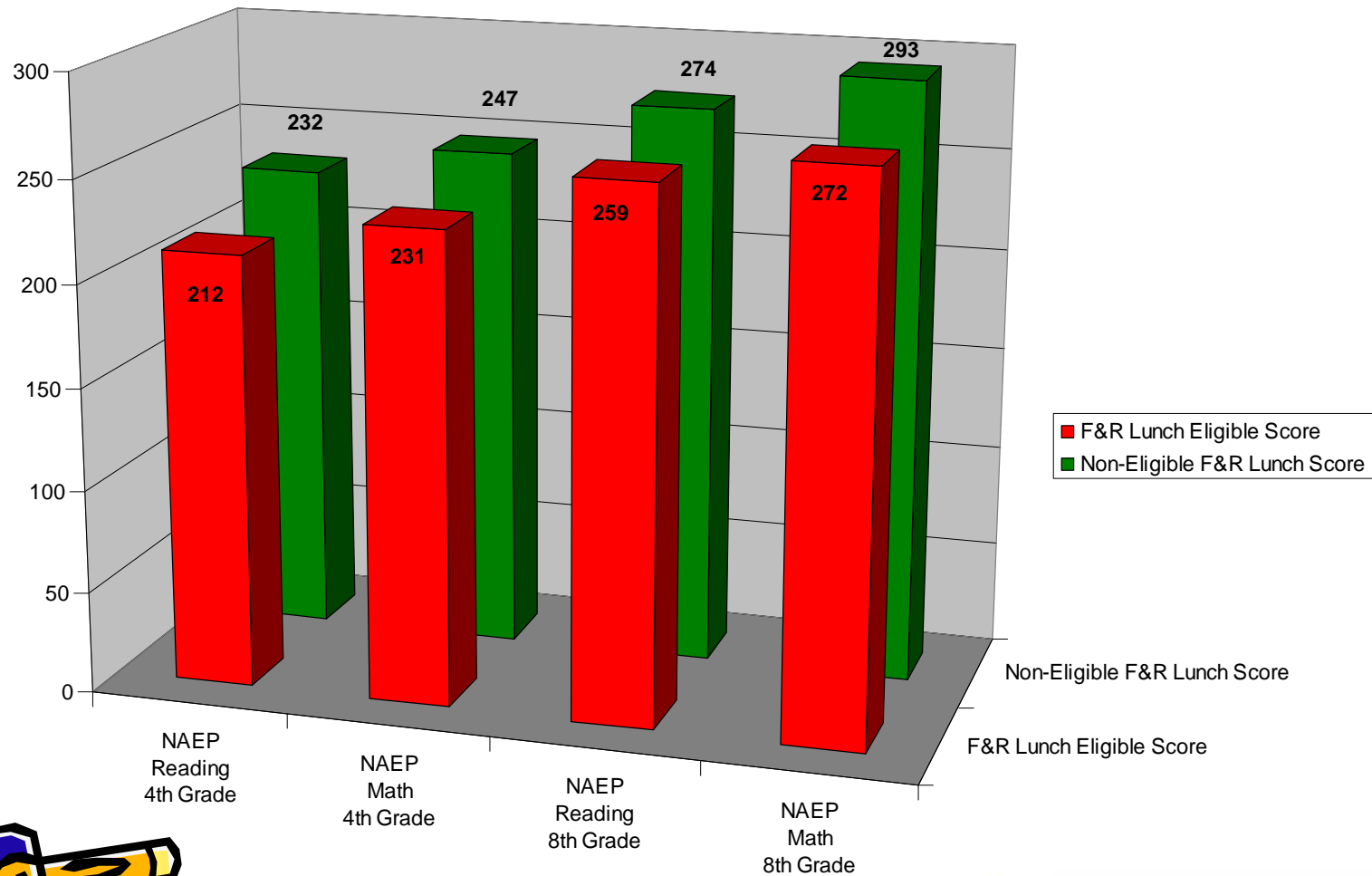


Accreditation Violations



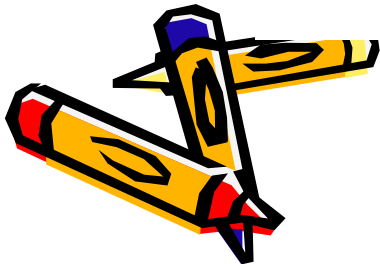
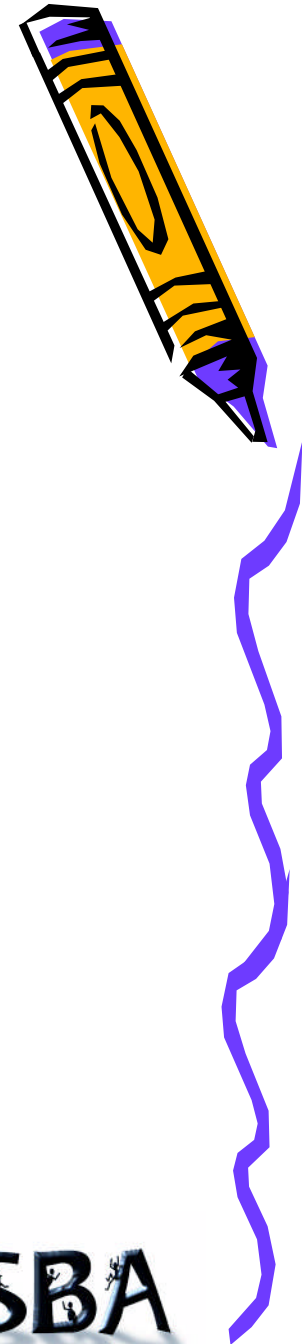
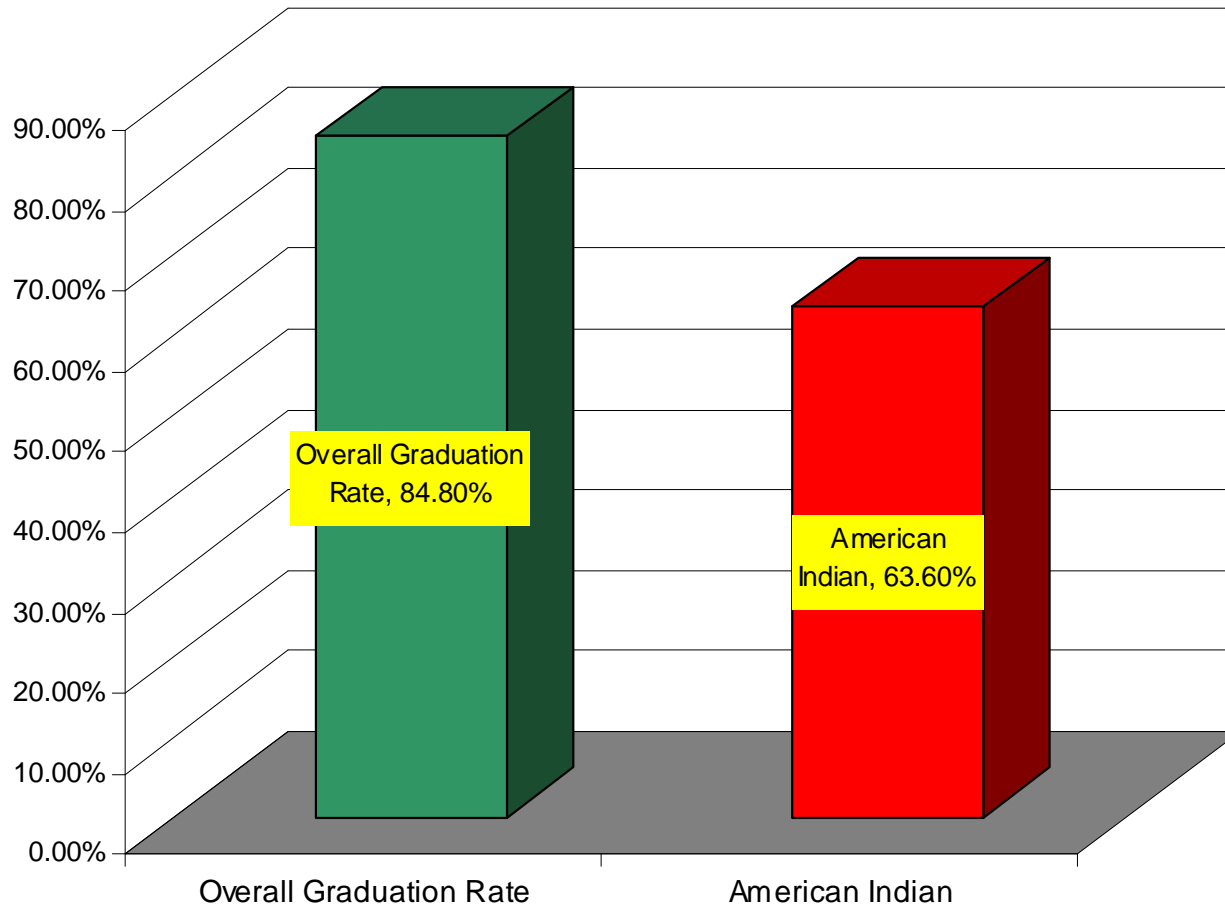
Achievement Gaps

NAEP Achievement Gaps



Graduation Rates

Montana Graduation Rates - 2005

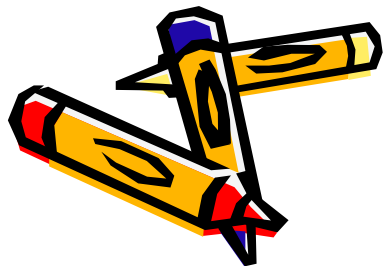
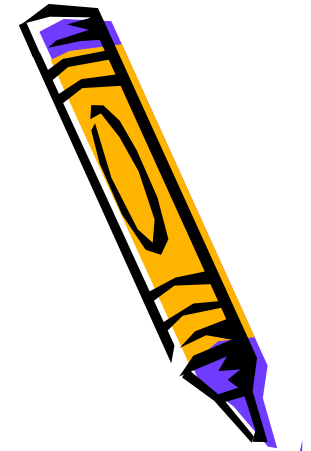


Note: Graduation rates for economically disadvantaged will be calculated starting next year and are anticipated to be similar to American Indian rates.

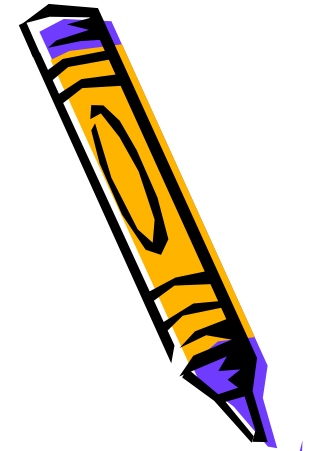


Summary of Steps Necessary to Restore Constitutionality of Funding

1. Define the basic system of quality schools (Accomplished - SB 152)
2. Assess educational needs (Not Accomplished - QSIC process broke down, but MQEC is conducting its own assessment, which could be used to satisfy the Court's Orders)
3. Implement Cost-Based Funding Formula (Must be based on the definition of quality and the assessment of educational needs)



What Can Policy Makers Do to Help?



1. Support a legitimate assessment of educational needs.
 - Note: MQEC is in the process of commissioning such analyses, using both professional judgment and successful schools methodologies, and focusing on the Legislature's definition of quality in SB 152. Legislation *will* be developed for the 2007 Session.
2. Support a funding formula based on educational needs, not on the basis of politics, power, and perceived affordability.

