

Browning Public Schools
Board Agenda Request
Meeting To Be Held: May 31, 2017



Recognition: ☐ Students ☐ Staff ☐ Parents
Information: ☐ Building Report ☐ Old Business ☒ Superintendent's Report
Action: ☐ Resignation ☐ Hiring ☐ Contract Service Agreements
 ☐ Travel Out-of-State ☐ Travel In State ☐ Approvals
 ☐ Termination ☐ Legal Matters ☐ Other:
 This action request pertains to ☐ Elementary (only) ☒ High School/District Wide

Date: May 22, 2017

To: **Board of Trustees**

From: John P. Rouse
Title: Superintendent

Subject: Recap of Legislative Actions from the 2017 Session

Description: Mr. Rouse will present a summary of the legislative action from the 2017 legislative session. He will also discuss whether or not the Board is interested in maintaining a representative on the MQEC Board of Directors.

Financial Impact: None

Attachment(s): MTSBA Legislative Summary

Superintendent Action: ☐ Approved ☐ Denied ☐ Deferred Initial & date: _____

Comments: _____

Board Action: ☐ N/A (Info) ☐ Approved ☐ Denied ☐ Tabled to: _____

Overview of Key Impacts of the 2017 Legislature, by the Montana Public Education Center, May 3, 2017

Introduction:

The 2017 Legislature has completed its work and Montana's Public Schools now know, on a broad basis, what they will be working with in the way of funding for the coming two years. The 2017 Legislature had its work cut out for it, with an ending fund balance that dropped from a high of \$354 million shortly after the 2015 Session down to \$110 million as they entered the session. The Governor proposed a budget cutting spending approximately \$75 million, along with tax increases and shifts of another \$50 million or so to avoid more drastic cuts. Among the cuts proposed by the Governor's Office were both reductions to K-12 budget authority and tax shifts. The Legislature began its work with plans to cut spending by **another** \$50 million on top of the Governor's proposal (\$125 million total) and with K-12 Public Education representing 1/3 of the state general fund, **that meant potential cuts of approximately \$42 million for K-12 Public Education.**

K-12 public education gained increases in budget authority above all other public agencies

Despite the negative state of affairs as outlined above, **K-12 Public Education did far better than every other state general fund spending priority.** K-12 Public Education avoided cuts to budget authority entirely, coming out of the 2017 Session with **inflation on all formula elements** (including special education for the first time in several years), with new **increased flexibility in personalizing learning** without regard to the traditional one size fits all seat time restrictions, with new enhancements to **help address recruitment and retention** of educators, with a new state/local partnership/**solution to school facility maintenance** and having **defeated every school privatization proposal** introduced in the 2017 Session.

The legislature implemented significant changes in the distribution of the state's share

K-12 Public Education did not come out of the session completely untouched. To protect against reductions in budget authority, the 2017 **Legislature chose to implement a change in the distribution of the state's share** of funding that will create impacts on local property taxes as it phases in its solution over the next 4 years. However, **most (but not all) district property taxpayers will gain** by the end of this 4-year phase in, with some gaining immediately in FY18 and others gradually gaining over the ensuing 3 years. For those property taxpayers not gaining, their BASE mills after the phase in will largely remain within a reasonable range of the statewide average and in many cases, will remain substantially below that average after the phase in.

The three primary elements of the formula affecting local taxes in this regard are school district general fund block grants (\$54 million annually, dissolved), the natural resource development K-12 funding payment (\$10.2 million annually, dissolved, but brought back as a new SB 307 levy match beginning in FY19) and guaranteed tax base aid (immediately expanded by approximately \$31 million to cover half of the tax shift that would otherwise occur, then by \$50 million by FY19 and ultimately by the full amount of the shift by FY21).

With all the above incorporated, K-12 public schools will see nonvoted growth in their general fund budgets of approximately \$7.2 million next year, plus expanded nonvoted levy authority for major maintenance of another \$22 million (\$29.25 million total in FY18) and by another \$22 million in FY19. **We would be hard pressed to find another recent year in which nonvoted budget authority has been expanded to this extent.** On ensuing pages and spreadsheets, we have provided information on both statewide and district by district impacts to help our members in understanding and explaining these changes within your communities.

Key Bills Implementing Changes:

1. **House Bill 191, House Bill 2 and House Bill 647 Companion (funding increases and changes in state's share of funding)**
 - a. Funds 0.5% and 1.83% on all general fund entitlements, including:
 - i. Basic and Per ANB Entitlements
 - ii. Special Education
 - iii. State Paid Entitlements (Quality Educator Payment; At Risk Payment; American Indian Achievement Gap; American Indian Education for All; and Data for Achievement)
 - b. Funds CTE increase of \$500,000 per year and Digital Academy increase of \$830,000 per year
 - c. Substantially changes the calculation of the state's share (which is both an obligation and authority of the Legislature under Article X of the Montana Constitution which provides that the state "shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system." Changes:
 - i. School District Block Grants dissolved, \$54 million reduction
 - ii. Natural Resource Development payment dissolved, \$10.2 million reduction.
 - iii. Expanded Guaranteed Tax Base Aid, \$30 million increase in FY18, phased in to a \$64 million increase by FY21.
2. **Senate Bill 307 (major maintenance formula and state/local funding partnership)**
 - a. Provides a formula for major maintenance of up to \$15,000 per district (\$30,000 for K-12 districts) plus \$100 per ANB.
 - b. Levy authority is capped at 10 mills per district (affects approximately 30 school districts statewide)
 - c. Total annual increase of \$22 million
 - d. State starts to pick up \$5.8 million of the total in FY19, rising to \$10 million by FY22 and inflation adjusted thereafter.
 - e. Requires adoption of a resolution of intent to **increase** any of several **nonvoted** levies (transportation, bus depreciation, adult education, tuition, building reserve for major maintenance). **Deadline for adoption this year is June 1** (changed by amendatory veto) and by March 31 in subsequent years. **Remember tuition levy can be used for unfunded special education costs.**
 - i. Notice must show change in revenue and mills and impact on homes valued at \$100,000 and \$200,000.
 - ii. Notice of the existing base levy amounts is **NOT** required. Notice is required for projected increases only.
 - iii. Notice of increases in other levies (voted and nonvoted) is **NOT** required. Notice is required for only those levies listed in the law.
 - iv. Notice must include the **anticipated** school facility projects to be addressed with levy proceeds.
3. **Senate Bill 115 (state and local stipends for teachers gaining or renewing national board certification on or after July 1, 2017):**
 - a. Up to \$4,000 per year depending on district:
 - i. Up to \$1,500 (\$1,000 state, \$500 local) for a teacher gaining/renewing national board certification in any district;
 - ii. Up to an additional \$2,500 (\$2,000 state, \$500 local) for a teacher gaining/renewing national board certification in a high needs school or a school impacted by a critical educator shortage.
4. **Senate Bill 103 (personalized learning):**
 - a. Eliminates financial penalty in law for districts not offering the minimum aggregate hours of instruction for students gaining proficiency.
 - b. Allows greater flexibility and customization in the facilitation of learning for each child.