

General Fund- Part II

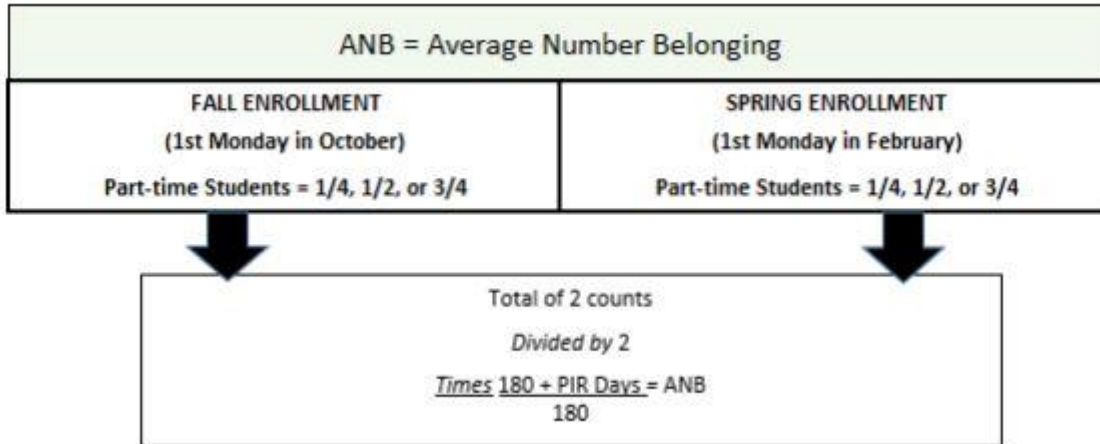
Recap:

What is the General Fund?

The general fund budget is used to finance instructional, administrative, facility maintenance, and other operational costs of a district not financed by other funds established for special purposes. In an effort to equalize school funding in Montana, state law requires schools to adopt general fund budgets within an equalized range between the BASE and Maximum.

What is ANB and how is it calculated?

Average Number Belonging (ANB) for each district is derived from the October Student Count for ANB reported to OPI on the Fall Student Count for ANB Report and the February Student Count for ANB reported to OPI on the Spring Student Count for ANB Report.



Current year example:

	Elementary (K-6)	Middle School (7-8)
Total October 2016 Enrollment:	119	29
Total February 2017 Enrollment	114	28
Average Enrollment (no rounding)	116.5	28.5
PIR Days	7	7
Total Pupil Days	180	180
Current Year ANB	122	30
	152	

School districts are allowed to use current year ANB or 3-year average ANB for each budget unit by level (elementary or high school), whichever generates the greatest Maximum General Fund budget.

- “**Current year ANB**” means the ANB for the budget unit for the ensuing school fiscal year.
- “**3-year average ANB**” means an average ANB over the most recent 3-year period, calculated by adding the current year ANB to the current ANB for each of the previous two school fiscal years, dividing the sum by 3, and rounding up to the next whole number.

Gallatin Gateway School’s General Fund Budget is currently calculated using a 3-year average ANB for FY17. This will also be true for FY18.

FUNDING THE GENERAL FUND BUDGET

A district may fund its general fund budget from the following sources:

- DSA equal to 44.7% of the district's basic and per-ANB entitlements;
- 100% of the total Quality Educator payment;
- 100% of the total At-Risk component;
- 100% of the total Indian Education for All component;

- 100% of the total American Indian Achievement Gap component;
- 100% of the total Data for Achievement component
- Natural Resource Development payment
- Special Education Allowable Cost payment from the state (amounts directly paid to district);
- Non-levy revenue and fund balance reappropriated (fund balance reappropriated is limited to 15% of the maximum General Fund budget), 20-9-104, MCA;
- Non-voted local levies subsidized with GTB aid to fund up to 35.3% of its basic and per-ANB entitlement and 40% of its special education allowable cost payment, including the related services block grant paid directly to cooperatives; and
- Voted and non-voted local levies

Basic Entitlement

The basic entitlement for an elementary program, with an approved and accredited junior high school, 7th-8th grade or middle school, is \$51,149 up to the first 250 ANB, plus \$2,558 for each additional 25 ANB over 250. The basic entitlement for the District’s junior high school, 7th and 8th grade programs is \$102,299 up to the first 450 ANB, plus \$5,115 for each additional 45 ANB over 450.

Example for Gallatin Gateway:

FY18 Budget:

Elementary School (K-6) Basic Entitlement:	\$51, 149.00
Middle School (7-8) Basic Entitlement:	<u>\$102,299.00</u>
Total:	\$153,448.00

Per-ANB Entitlement

The per-ANB entitlement varies based on the total number of ANB in the district. "Total per-ANB entitlement" means the district entitlement resulting from the following calculations using current year ANB or the 3-year average ANB for all budget units, whichever generates the greatest maximum general fund budget.

For an elementary district, with an approved and accredited junior high school, 7th and 8th grade program, or middle school, the per-ANB entitlement is \$5,471 for each K-6 ANB, decreased at a rate of \$0.20 per-ANB for each additional K-6 ANB, up to 1,000 ANB. For each K-6 ANB over 1000, the district per-ANB entitlement is \$5,271.20. For the 7th and 8th grade program, the per-ANB entitlement is \$7,005 per-ANB, decreased at a rate of \$0.50 per-ANB for each additional 7th and 8th grade ANB, up to 800. For each 7th and 8th grade ANB over 800, the district per-ANB entitlement is \$6,605.5.

Example for Gallatin Gateway:

FY18 Budget:

Elementary School (K-6) Per-ANB Entitlement:	\$665,985.80*
Middle School (7-8) Per-ANB Entitlement:	<u>\$237,889.50*</u>
Total:	\$903,875.30

*Based on 3-year average ANB: 122 (Elementary) and 34 (Middle School)

Direct State Aid:

44.7% of the district's basic and per-ANB entitlements

Example for Gallatin Gateway:

FY18 Budget:

Total Basic Entitlement:	\$153,448.00*
Total Per-ANB Entitlement:	<u>\$903,875.30*</u>
Total:	\$1,057,323.30
	<u> x 44.7%</u>
	\$472,623.52

ADDITIONAL FUNDING COMPONENTS

Schools receive five additional funding components, which expand the General Fund. These components are 100% funded by the state in the BASE portion of the district’s General Fund budget.

Quality Educator Payment – Each school district and special education cooperative will receive a \$3,185 payment for each full-time equivalent (FTE) licensed educator and for other licensed professionals employed by the school district as referenced in 20-9-327(3), MCA. Districts report FTE for calculating the Quality Educator payment through Terms of Employment, Accreditation, and Master Schedule (TEAMS).

Indian Education for All Payment – Each district will receive an Indian Education for All payment to implement the provisions of the Montana constitution (Article X, section 1(2)) and the statutory requirements for the recognition of American Indian cultural heritage, 20-1-501, MCA. The Indian Education for All payment is the greater of \$100 for each district or \$21.36 per Budget ANB.

American Indian Achievement Gap Payment – A school district will receive \$210 for each American Indian student reported by the district to the OPI through the Achievement in Montana (AIM) system in the Fall Enrollment Count.

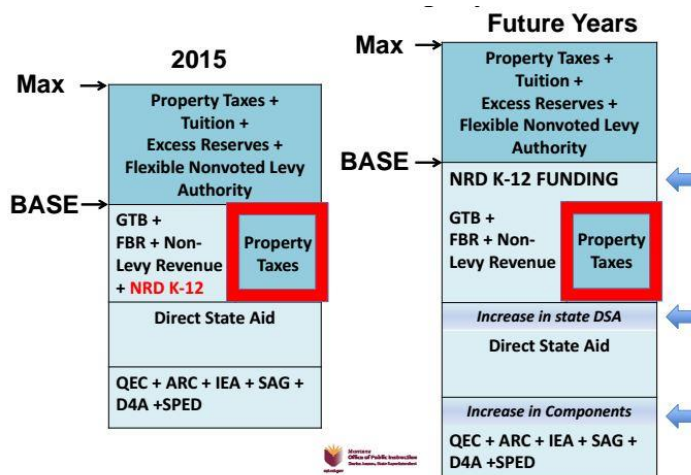
At-Risk Payment – The legislature appropriated \$5,390,549 for FY 2018 for distribution to public schools to address the needs of at-risk students. The money is to be distributed in the same manner as Title I monies are distributed to schools. For FY 2018, OPI will base the distribution of this payment on FY 2017 Title I allocations paid to school districts.

Data For Achievement - Each district will receive \$20.46 per Budgeted ANB. Funds received must be used to pay for costs associated with a statewide data system per 20-9-325, MCA

NATURAL RESOURCE DEVELOPMENT PAYMENT

Starting in FY 2015, each district receives a Natural Resource Development (NRD) Payment. The FY 2018 appropriation is 9.2 million and will be allocated based on a district’s percentage of the statewide total DSA without consideration for isolated status.

The payment is an amount sufficient to offset any estimated increase in the general fund base budget levy resulting from increases in the basic or per-ANB entitlements plus any excess interest and income revenue appropriated by the legislature.



STATE FUNDING FOR SPECIAL EDUCATION COSTS

The state's special education funding is allocated in:

- two block grants for districts, based on ANB
- reimbursement for disproportionate costs to districts, and
- an additional administrative/travel costs payment to cooperatives

Block grants are based on the **current year ANB** of a district. ANB generally includes children served in regular and special education programs.

Instructional Block Grant

The Instructional Block Grant (IBG) per **current year ANB** is sent to each qualified district. The district must match the block grant by spending \$1 of local money for every \$3 received in the IBG. The matching funds and the block grant are spent for allowable special education costs in accordance with 20-7-431, MCA.

Related Services Block Grant

Each qualified district will also be allocated a Related Services Block Grant (RSBG) per **current year ANB**. If the district is a member of a special education cooperative, the district's RSBG will be sent directly to the cooperative from the OPI. The district must match the block grant by providing \$1 of local revenue for every \$3 received from the state RSBG.

The district's special education allowable cost payments for the Special Education block grants and reimbursements are deposited in the general fund.

GUARANTEED TAX BASE AID (GTB)

Each school district receives DSA for the first 44.7% of its basic and per-ANB entitlements and 100% of each of the Quality Educator, At-Risk, Indian Education of All, American Indian Achievement Gap, and Data for Achievement components. The district may also receive a special education allowable cost payment to fund a portion of the district's special education program. The next 35.3% of the basic and per-ANB entitlements plus up to 40% of the special education allowable cost payment, including the related services block grant received directly by a cooperative, is the **GTB budget area**. The GTB budget area is funded by fund balance reappropriated from the prior year (not to exceed 15% of the maximum general fund budget), non-levy revenues (i.e., School Block Grant, Oil and Gas Production Taxes, Coal Gross Proceeds, investment earnings, etc.), district property taxes, and state GTB aid.

A district is eligible for GTB aid if its GTB ratio is less than the statewide elementary or high school GTB ratio. If a district is eligible for GTB aid, then **for every mill levied to fund the GTB budget area**, the district will receive a subsidy per BASE mill from the state. A district first funds its budget with fund balance available for reappropriation and non-levy revenues before it levies property taxes to fund the GTB budget area.

The preliminary calculation of the weighted GTB subsidy per BASE mill is reported to districts in March. Any adjustments of GTB are reflected in the final subsidies shown on the final budget forms. The OPI pays the GTB subsidy to eligible school districts twice per year, in November and May.

FUNDING THE BASE BUDGET

