



OFFICE OF PUBLIC INSTRUCTION

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Denise Juneau
Superintendent

February 20, 2009

To: Denise Juneau, Superintendent of Public Instruction
From: Madalyn Quinlan, Chief of Staff
Subject: Defining the State's Primary Funding Formula for Purposes of the American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act, Title XIV- State Fiscal Stabilization Fund, Sec.14002. State Uses of Funds allocates 81.8 percent of the State's allocation for support of elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services.

Under this section the Governor shall first use the funds to provide the amount of funds, through the State's primary elementary and secondary funding formulae, that is needed

- 1) to restore, in each of fiscal years 2009, 2010, and 2011, the level of State support provided through the state formula to the greater of the fiscal year 2008 or fiscal year 2009 level; and
- 2) where applicable, to allow existing State formulae increases to support elementary and secondary education for fiscal year 2010 and 2011 to be implemented and allow funding for phasing in State equity and adequacy adjustments, if such increases were enacted pursuant to state law prior to October 1, 2008.

What constitutes Montana's Primary Elementary and Secondary Funding Formula? I would argue that the basic system of quality public elementary and secondary schools as defined in 20-9-309, MCA constitutes the primary elementary and secondary funding formula. The basic system includes eight components. The table below lists the eight components and the state payments to schools that support the first seven components.

Definition of a Quality Education	Funding Component
Educational program specified by the accreditation standards	<ul style="list-style-type: none">▪ Direct State Aid▪ Guaranteed Tax Base Aid (GF and Retirement)▪ Secondary Vocational Education payment▪ State Tuition payments▪ HB 124 block grants▪ Technology Acquisition

"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."

Definition of a Quality Education	Funding Component
Students with special needs <ul style="list-style-type: none"> ▪ Children with disabilities ▪ At-risk students ▪ Students with limited English proficiency ▪ Children who qualify for services under the Americans with Disabilities Act (ADA) ▪ Gifted and Talented Children 	<ul style="list-style-type: none"> ▪ Special education allowable cost payment ▪ In-state treatment ▪ Montana School for the Deaf and Blind ▪ At-Risk Student payment ▪ American Indian Achievement Gap payment ▪ Funding for Gifted and Talented Programs
Educational programs to implement the provisions of Article X, section 1(2), of the Montana constitution	<ul style="list-style-type: none"> ▪ Indian Education for All payment
Qualified and effective teachers or administrators and qualified staff	<ul style="list-style-type: none"> ▪ Quality Educator payment ▪ Quality Educator Loan Assistance ▪ Stipends for National Board Certified Educators ▪ State support for employer share of TRS/PERS
Facilities and distance learning technologies	<ul style="list-style-type: none"> ▪ School Facility Reimbursements ▪ School Facility Account
Transportation of students	<ul style="list-style-type: none"> ▪ State Transportation Reimbursements
Assess and track student achievement	<ul style="list-style-type: none"> ▪ Achievement in Montana – student information system
Preservation of local control of schools	<ul style="list-style-type: none"> ▪ Trustees determine level and allocation of general fund dollars

The attached chart shows the amount of funding that the state provided for each of these components in FY 2008 and FY 2009.

Montana's Primary Formula for Elementary and Secondary Education

Basic System of Quality Public Schools	State Payment	FY 2008	FY 2009	FY 2010	FY 2011	Shortfall to Restore
Educational program specified by the accreditation standards	Direct State Aid	366,895,201	374,521,519	335,907,406	345,318,497	0
	Guaranteed Tax Base Aid (GF and Retirement)	153,243,037	157,815,711	136,133,001	140,900,562	0
	Secondary Vocational Education payment	1,000,000	1,000,000	1,000,000	1,000,000	-
	State Tuition payments	477,230	606,138	477,230	477,230	257,816
	HB 124 block grants	50,979,326	51,366,769	51,757,156	52,150,511	-
	Technology Acquisition	895,804	4,400,000	2,722,000	800,000	-
Students with special needs						
▪ Children with disabilities	Special education allowable cost payment	40,413,567	41,647,331	40,413,567	40,413,567	2,467,528
	In-state treatment	787,800	974,895	787,000	787,000	375,790
	Montana School for the Deaf and Blind					
▪ At-risk students	At-Risk Student payment	4,999,891	5,000,000	-	-	10,000,000
	American Indian Achievement Gap	3,293,800	3,281,200	3,293,800	3,293,800	-
▪ Students with limited English		-	-	-	-	-
▪ Children who qualify for services under the Americans with Disabilities Act (ADA)		-	-	-	-	-
▪ Gifted and Talented Students	Funding for Gifted and Talented Programs	1,246,982	1,250,000	250,000	250,000	2,000,000
Educational programs to implement the provisions of Article X, section 1(2) of the Montana Constitution						
	Indian Education for All payment	4,563,152	4,432,260	3,019,653	3,000,816	3,000,000
Qualified and effective teachers or administrators and qualified staff	Quality Educator payment	38,521,876	37,964,447	39,821,876	41,121,876	-
	Quality Educator Loan Assistance	350,000	700,000	1,050,000	1,400,000	-
	Stipends for National Board Certified Educators	12,000	18,000	30,000	30,000	-
	State support for employer share of TRS					

Montana's Primary Formula for Elementary and Secondary Education

Basic System of Quality Public Schools	State Payment	FY 2008	FY 2009	FY 2010	FY 2011	Shortfall to Restore
Facilities and distance learning technologies	School Facility Reimbursements	9,744,392	10,509,037	9,744,392	9,744,392	1,050,000
	Capital Investment and Deferred Maintenance	29,966,285	-	-	-	29,966,285
	School Facility Account					
Transportation of students	State Transportation Reimbursements	12,338,475	12,572,550	12,338,475	12,338,475	500,000
Assess and track student achievement	Achievement in Montana – student information system					
Preservation of local control of schools	Trustees determine level and allocation of general fund dollars	-	-	-	-	
Total						\$49,617,419

American Recovery and Reinvestment Act

Stabilization Funds

Education Secretary's Portion

- Competitive Grant Applications – State Incentive grants and LEA Innovation grants
- Teacher Incentive Fund
- State Data Systems

Governor's Portion

- **18.2 %**
- Used for Public Safety Initiatives and other government services – can be used for education

- **81.2 %**
- Distributed between K-12 and Higher Education to cover budget shortfalls
- Based on State Funding Formulas

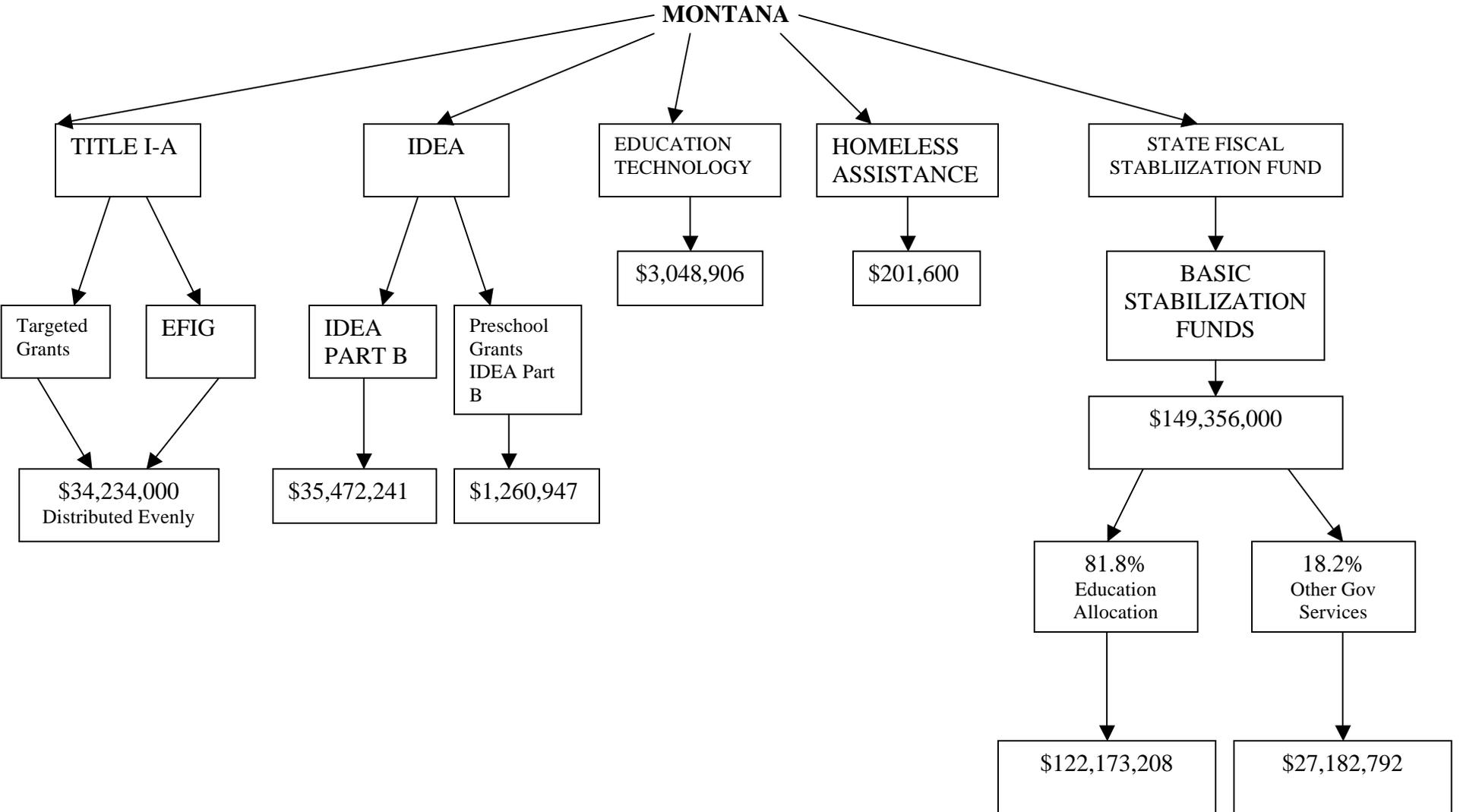
- Leftover Funds – those funds that were not needed to cover budget shortfalls
- Funds will be distributed to LEAs based on their portion of the Title I Allocations
- NOT Title I Funds – can be used for activities under ESEA, IDEA, Perkins, Adult & Family Literacy, or school modernization, repair and renovation consistent with "green" rating systems

Increases to Formula Grants

- Title I-A Allocation (Targeted and EFIG Only)
 - School Improvement Grants (1003 (g) Funds)
- Educational Technology Grant – to LEAs
 - 50 % by formula
 - 50 % by competitive
- Homeless Education (McKinney-Vento)

AMERICAN RECOVERY AND REINVESTMENT ACT

EDUCATION SPENDING



Federal Grant Awards to Montana Schools for Title I-A and IDEA

Elementary and Secondary Education Act: Title I-A																												
Grant Award	2008						2009						2010						2011									
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
FY 2009	\$42,530,274																											
ARRA			\$34,234,200																									
FY 2010													\$44,127,002															

Individuals with Disabilities Education Act: IDEA Part B																												
Grant Award	2008						2009						2010						2011									
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
FY 2009	\$31,880,309																											
ARRA			\$35,472,241																									
FY 2010													\$32,520,000															

Notes: The Tydings Amendment allows school districts to utilize funds for a total of 27 months.
 For IDEA Part B, the budget year runs from July 1 to June 30. School districts are allowed to carryover up to 100% of the IDEA grant award into the ensuing fiscal year and, with approval have until September 30 of the following year to expend the funds.

House Bill 645

Office of Public Instruction	Program 06	Program 09	
Education Program	State Level Activities	Local Education Activities	Total
Title I-A	415,800	34,234,200	34,650,000
Title I-A Improvement	468,150	8,894,850	9,363,000
IDEA Part-B (Section 611)	1,235,815	35,472,241	36,708,056
IDEA Part-B (Section 619 Pre-School)	0	1,260,947	1,260,947
Title II-D Education Technology	160,469	3,048,906	3,209,375
School Nutrition - Equipment	0	247,461	247,461
McKinney-Vento (Homeless Assistance)	22,400	201,600	224,000
Earmarked federal programs	2,302,634	83,360,205	85,662,839
State Fiscal Stabilization Fund			148,689,792
Education (81.8% for K-12 and Higher Ed)			121,628,250
General Purpose (18.2%)			27,061,542

Source: Based upon Preliminary Estimates from the U.S. Department of Education

Amendments to House Bill 645
House Appropriations Committee

March 13, 2009

Requested by _____

1. Page E-1, Line 10.
Insert: "d. Title I-A – FY 2009 415,800" [FY 10 federal special revenue]
2. Page E-1, Line 14.
Strike: "34,650,000" [FY 10 federal special revenue]
Insert: "34,234,200" [FY 10 federal special revenue]
3. Page E-1, Line 10.
Following: amendment 1
Insert: "e. McKinney-Vento (Homeless Assistance) – FY 2010-11 22,400" [FY 10 federal special revenue]
4. Page E-2, Line 8.
Strike: "224,000" [FY 10 federal special revenue]
Insert: "201,600" [FY 10 federal special revenue]
5. Page E-2, Line 12.
Insert: "All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local educational activities are biennial."



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Denise Juneau
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Improving Student Achievement through School Improvement and Reform

On March 6, the United States Department of Education clarified that the overall goals of the ARRA are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our nation.

According to the US Department of Education, four principles guide the distribution and use of ARRA funds:

- Spend funds quickly to save and create jobs
- Improve student achievement through School Improvement and Reform
- Ensure transparency, reporting and accountability
- Invest one time ARRA funds thoughtfully to minimize the "funding cliff" created by one-time only funds

This proposal is consistent with the four principles and focuses specifically on our effort to Improve Student Achievement through School Improvement and Reform.

The United States Department of Education has stated that state fiscal stabilization funds should be used to **improve student achievement and help close the achievement gap**. The state fiscal stabilization fund requires progress on four reform areas.

These are:

- Making progress toward rigorous college and career ready standards and high quality assessments
- Establishing pre-K. to college and career data systems to track progress and foster continuous improvement
- Making improvements in teacher effectiveness and in equitable distribution of qualified teachers for all students

- ☑ Providing intensive support and effective interventions for the lowest performing schools

The Office of Public Instruction proposes to improve student achievement through School Improvement and Reform. These activities focus on building the infrastructure of our education staff and programs by improving the quality of instruction now and into the future. There are four major initiatives outlined in this proposal:

- ☑ improving the quality of instruction by providing training and technical assistance to teachers on proven strategies to improve student outcomes
- ☑ addressing personnel shortages and improving the quality of instruction in math and science
- ☑ strengthening our programs for high achieving students by supporting gifted and talented instruction and the availability of advanced placement classes
- ☑ meeting federal training requirements for teachers who teach core academic subjects

Improving the Quality of Instruction – Total \$5 million

Education is undergoing a major change in the way it approaches methods for student instruction. Significant research has shown that particular methods of instruction have proven effectiveness in increasing student academic achievement. These proven strategies include scientifically based reading instruction, use of formative assessments to guide instruction on a daily basis, and strategies to track student progress and systematically provide interventions for students who are falling behind.

It has also been proven that it takes more than one-shot trainings at conferences to help teachers make the needed changes in how they deliver instruction. This proposal is designed around on-site availability of technical assistance providing the opportunity for experts or master teachers to demonstrate classroom techniques that are known to be effective at improving student achievement.

Regional Centers - \$1.5 million

During our hearings on HB 2, we discussed the need for regional centers to provide training and direct technical assistance to teachers. This proposal will strengthen the infrastructure of our three regional professional development centers and build the remaining two regions in our state. Through this model, we will support regionally controlled centers that will provide training and technical assistance specifically to improve the quality of instruction.

One component of this instruction includes support for teachers who serve children with autism. Children with autism present a special challenge for public schools. Schools need to be prepared and responsive to implement scientifically based interventions for children with autism. This will be accomplished through providing our teachers with one-on-one assistance in the design and implementation of effective programs to serve as the population.

Formative Assessment - \$640,000

Formative assessment is a planned process that takes place continuously during the course of instruction to shape and refine ongoing teaching and learning. Research shows conclusively that formative assessment improves learning. Formative assessment is successful when teachers are offered and participate in ongoing professional development and learning communities. To improve achievement in Montana, all teachers need the opportunity to learn how to systematically incorporate this process into their classrooms. Formative assessment professional development will focus particularly on improving math and writing achievement.

The goal of the OPI is to provide ongoing professional development and real time guidance on the elements and processes of formative assessment. The professional development, to be offered regionally and online, would result in self-sustaining training programs and learning communities enhanced by Montana educators working together. The one time stimulus money would provide the structure, training, and resources for all Montana students and classrooms.

Response to Intervention (RTI) - \$2 million

Response to Intervention (RTI) is a framework for improving educational outcomes that focuses on ensuring effective instruction for all students. Within an RTI framework, educators work collaboratively to use ongoing assessment (a.k.a. formative assessment) to regularly analyze student data and adjust instruction when students are not learning the skills that are essential to future success.

A well implemented RTI framework is complex and requires ongoing high-quality professional development for all school personnel. It is the goal of the OPI that all schools receive high-quality training on the essential components for effective RTI implementation. RTI trainers would be identified and trained regionally throughout the state to provide ongoing training off-site and differentiated on-site training to all school staff. The one time stimulus money would provide the opportunity to guarantee that all schools in the state receive a strong foundation on RTI.

Advanced Placement Summer Institutes - \$500,000

The Pre-Advanced Placement (Pre-AP) and Advanced Placement (AP) Summer Institutes are subject-specific professional development opportunities. They provide teachers with the support and training needed to use Pre-AP teaching strategies and to teach AP courses. Pre-AP preparation and AP courses infuse rigor into classrooms and prepare students, including students currently underrepresented in these programs, for success when they graduate. All students can benefit from Pre-AP learning strategies and AP classes. The goal of the Office of Public Instruction is to provide these professional development opportunities for Montana high school teachers so they will return to their schools ready to incorporate Pre-AP strategies into their regular classrooms and/or teach AP classes.

Summer Institutes: Content Specific Professional Development – \$1.5 million

The one-time-only funding will provide regional summer institutes, ongoing online support for Montana K-12 teachers, and financial and technical support for teachers required to take and pass the Praxis II content knowledge tests.

The summer institutes are professional learning opportunities designed to help teachers improve subject-matter knowledge to better meet the learning needs of all students. The design, delivery and evaluation of the summer institutes will be created by the regional service areas in partnership with Montana's postsecondary institutions. The funding will provide support for 5 summer institutes: one institute in each of the five regional service areas. The course content will be taught by high school and postsecondary faculty, experts in the specific content area. The content areas for these summer institutes will be: Science, Math, and English.

These one time funds will cover the costs for:

- Institute faculty (6 faculty per region) mileage, lodging, per diem and honoraria;
- 200 teachers lodging, per diem, and travel to a regional site to participate in a 3 day institute; and
- Materials and resources to support the institutes.

Institutes will be held in K-12 schools or postsecondary institutions at no cost.

Evaluation of the summer institute program and ongoing technical assistance for participants will be conducted using an online tool (e.g., Google.docs). This ongoing online support for participating teachers will be implemented and administered by the regional service areas.

These one time funds will cover the costs for:

- Establishment, maintenance, and evaluation of the online tool by the five regional service areas;

- Support to regional service areas to provide an annual report to the Office of Public Instruction and Board of Public Education on the effectiveness of the institutes in helping teachers to improve subject-matter knowledge and the impact on student learning.

Some Montana teachers do not meet the highly qualified teacher requirements of NCLB. These funds will assist K-12 teachers in the preparation, cost of registration and test fees to ensure these teachers take and pass the Praxis II subject matter tests.

These one time funds will cover the costs for:

- Payment for registration and test fees for 100 teachers required to take and pass the Praxis II content tests;
- Praxis II test preparation classes for Science, Math, and English in each regional service area;
- Faculty costs mileage, lodging, per diem and honoraria;
- 100 teachers lodging, per diem, and travel to a regional site to participate a 2-day Praxis II test preparation class; and
- Materials and resources for the participating teachers.

Praxis II test preparation classes will be held in K-12 schools or postsecondary institutions at no cost.

Elementary Math/Science Specialists Program: \$1,500,000

This pilot program will increase math and science content knowledge for a cohort of elementary teachers. Two schools within each of the five Regional Service Areas will be selected from a pool of volunteer schools. Experts from K-12 and postsecondary will collaborate in the design and delivery of the program. The math/science cohort teachers will serve as a model of best practices that include explicit math and science content instruction based on content and performance standards. Teachers with strong math and science content knowledge have the greatest impact on students' achievement. Funds will cover the costs of the design, delivery and evaluation of the math and science content and of travel, lodging, and per diem, at state rates, for the math/science cohort teachers and the experts from K-12 and postsecondary.



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Superintendent

Rapid Response through Adult Basic and Literacy Education

Total Request: \$500,000

Adult Basic and Literacy Education (ABLE) is designed to help individuals who do not have a high school diploma or GED and have yet to achieve sufficient mastery of basic educational skills. It is estimated that in Montana, approximately 120,000 adults 16 years and older are no longer in school and do not have a high school diploma or a GED.

The OPI ABLE Program works with twenty adult basic education programs in both large and small communities all across the state from Glendive to Kalispell.

During this current economic downturn, ABLE is one of the primary programs needed to serve the increasing numbers of dislocated workers. Once the immediate needs of dislocated workers such as food, insurance, and health care are addressed, many of our dislocated workers turn to education as their means of moving forward toward finding jobs and future careers.

ABLE provides dislocated workers free educational services in at least two primary ways:

1. Individuals lacking a high school diploma or GED can receive instruction to help them prepare for the GED test; and
2. Individuals access ABLE to brush up their skills in basic academics prior to enrollment in college or prior to taking college entrance exams to help them with a no-cost alternative to remedial classes from the University system.

Adult Basic enrollments have increased dramatically over the past two months and it is predicted that hundreds of dislocated workers will require adult basic services in the coming months. ABLE is charged with helping dislocated workers recognize their entry-level skill sets, develop a plan of improvement and help them reach their goals.

Over the last five years, ABLE programs have served approximately 4,000 individuals. However, without increased resources, ABLE programs simply cannot serve the needs of the ever growing number of dislocated workers who have educational needs.

Our experience with a rapid response to the closure of the Stimson Lumber Mill is a good example of both the impact on Adult Basic Education of an economic downturn, and how displaced workers turn to Adult Basic Education as an important step in the recovery from their job loss. There were a total of 287 individuals involved in the layoffs at Stimson. Adult Basic Education served 177 or 62% of those laid off.

- **In school year 2006/2007, 17 former employees of Stimson received a total of 1443 hours of instruction.**
- **In school year 2007/2008 145 former employees received a total of 4009 hours of instruction.**
- **In school year 2008/2009 to date, 67 former employees received a total of 4101 hours of instruction.**

The request covers the cost of adult basic education services for displaced workers. This proposal will expand the capacity of our adult basic education centers to serve, at a minimum, an additional 500 enrollees.

Funds under this proposal will be used to:

- purchase and administer pre-and post tests
- increase the number of hours on-site staff are available for intake, orientation and career exploration, and consultation
- Document program effectiveness through data collection
- expand distance learning opportunities
- increase the number of hours Adult Basic Education staff are available for instruction
- update curriculum materials
- update equipment and software

Accountability for how the funds will be used will include tracking the number of:

- dislocated workers served
- dislocated workers enrolling in postsecondary
- dislocated workers entering the workforce
- dislocated workers attaining a GED

For many reasons, our adult basic education centers are highly motivated to meet the needs of our dislocated workers. The centers are staffed by talented individuals who feel responsible for improving the economic well-being of dislocated workers. The centers are also motivated by accountability measures. Performance indicators are included as one of the measures used to determine funding levels for our adult basic education centers.

These programs have a positive track record of being responsive to communities that are experiencing an economic downturn. The demand for services from adult basic education increases as unemployment goes up. This proposal is intended to provide the funding necessary for these centers to adequately respond to the anticipated increase in demand for services.