



MONTANA DIGITAL ACADEMY

Budget Process Update, 4/5/2017

Summary: House Bill 2 left the House of Representatives on 3/16/2017 at roughly 50% of MTDA's requested funding for the 2017-2019 biennium. On 3/28/2017, the Senate Finance and Claims Committee approved an amendment to HB2 adding one-time-only money to each year which restores future funding to the current (2015-17) level of \$4,001,000 with no increase. The net effect is MTDA funding is frozen at the current (2015-17) level for the next two years and is \$660,000 short of our original request which allowed for continued student enrollment growth. The Senate passed HB2 on 4/4/17 and now it returns to the House and likely is headed to a House -Senate Conference Committee. Even though the budget process is not complete we understand the challenges of waiting until the end to announce the opening of enrollment for MTDA summer original credit and credit recovery classes. **So to help schools prepare for summer we will open enrollment on April 12, 2017 with the actual start of classes contingent on final budget approval.**

Background:

The method for funding for MTDA is significantly different from the public school per pupil funding process for K-12 Montana schools. Our process begins with a submission of our budget request to the Office of Public Instruction in the spring before the legislative session which opens the following January. For example, the current request for funding for the 2017-18 and 2018-19 school years was submitted to OPI on April 1, 2016. The challenge, as you might surmise, is to predict enrollment growth, and associated costs one to two years into the future so that we can request adequate funding to support this growth. During the past three sessions, MTDA has received our "base budget," of \$2.33 million, plus additional funding in the form of "one time only" monies, creating our two-year budget.

During the 2016-2017 program year, MTDA exceeded expected growth, with enrollment increases that will be in the 12% range year-over-year. The largest increase is found in our original credit program, our most resource-intensive program to deliver. When creating our budget for the upcoming biennium, MTDA proposed a budget with a conservative 8% growth increase.

MTDA, along with our educational partners (MT-PEC), has been actively engaged with policymakers in the Legislature, including hearings in front of the Joint Education Appropriations Subcommittee, the House Appropriation Committee, and the Senate Finance and Claims Committee.

The current proposed funding level is \$660,000 short of our requested budget for the next two program years. The MTDA budget request was based on a conservative growth model and with anticipated funding very likely to be at the 2015-17 level it is inevitable that program costs will exceed the available funding sometime during the 2017-2019 biennium. Due to this the MTDA staff is exploring options and scenarios with the goal of operating within these financial constraints while at the same time allowing us to continue to offer high quality online courses to students in partnership with their Montana public schools.

If you have any questions, please don't hesitate to contact the MTDA staff to discuss!

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