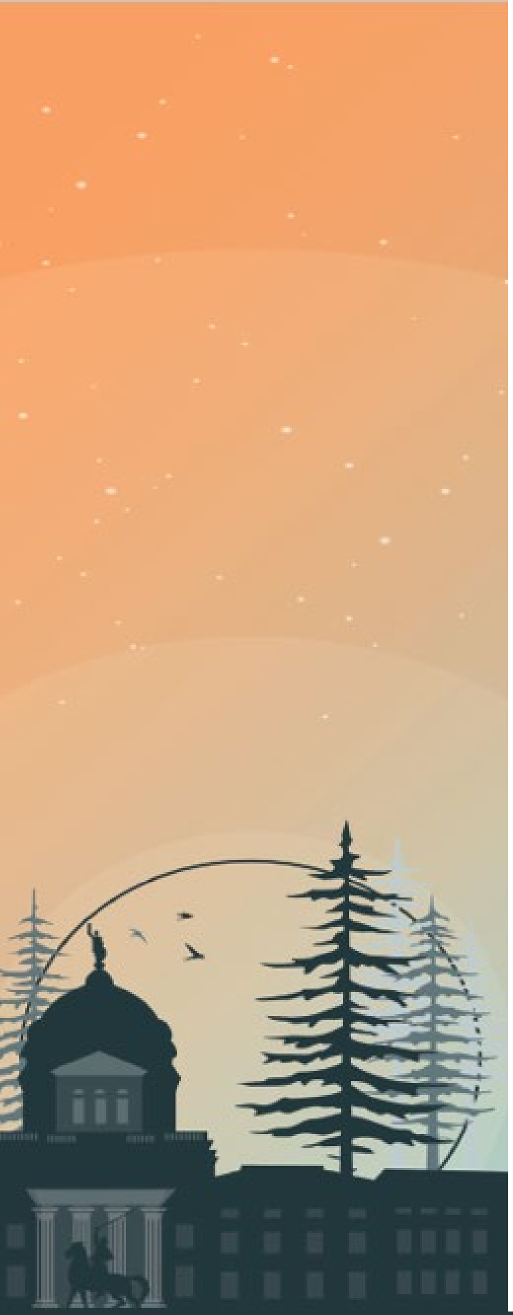


K-12 Funding Follow-Ups: Round 2

(Various Topics)

School Funding Interim Commission

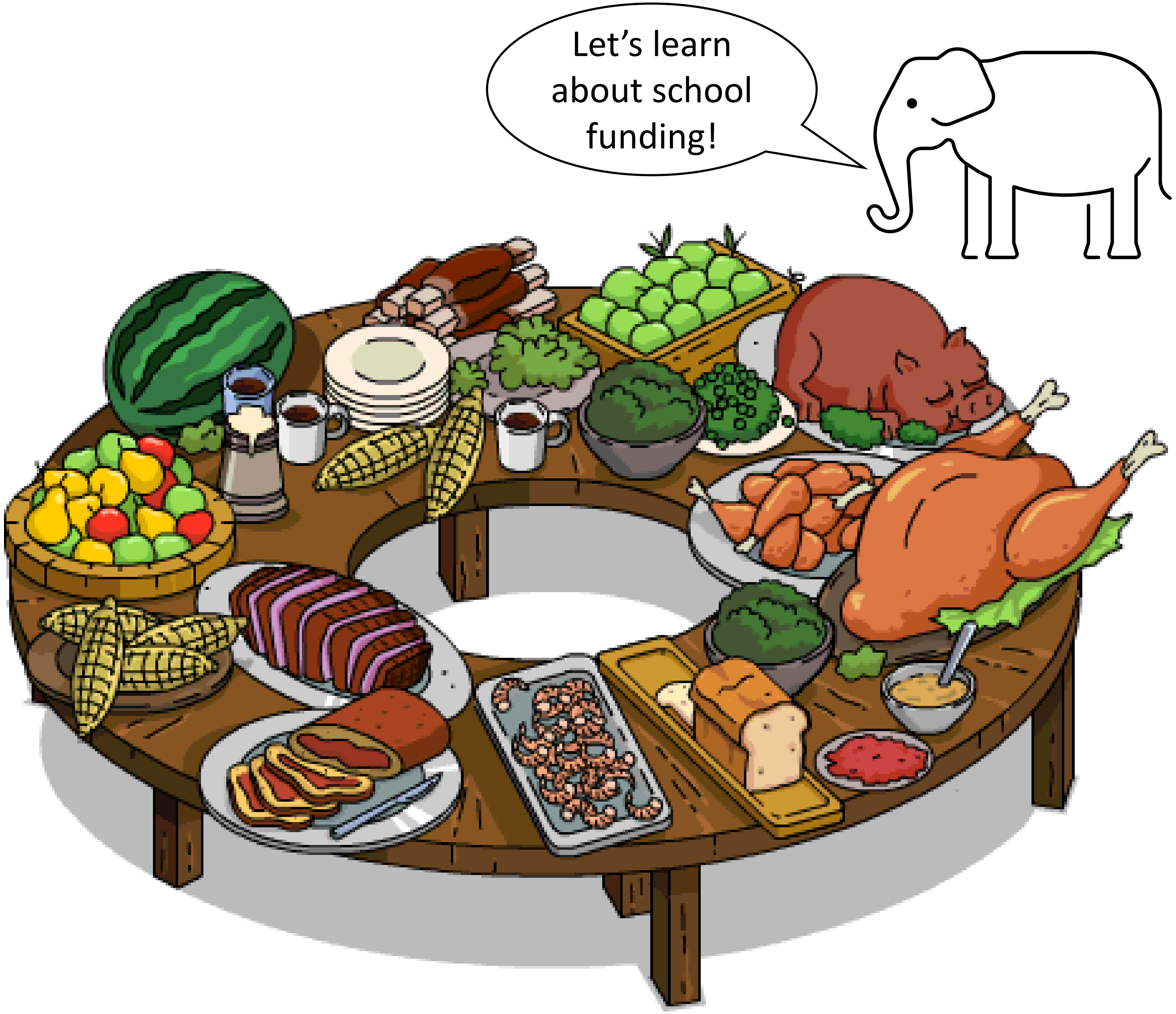
June 17th and 18th, 2026

Prepared by

Pad McCracken, LSD

Julia Pattin, LFD

Kate Johnson, LFD

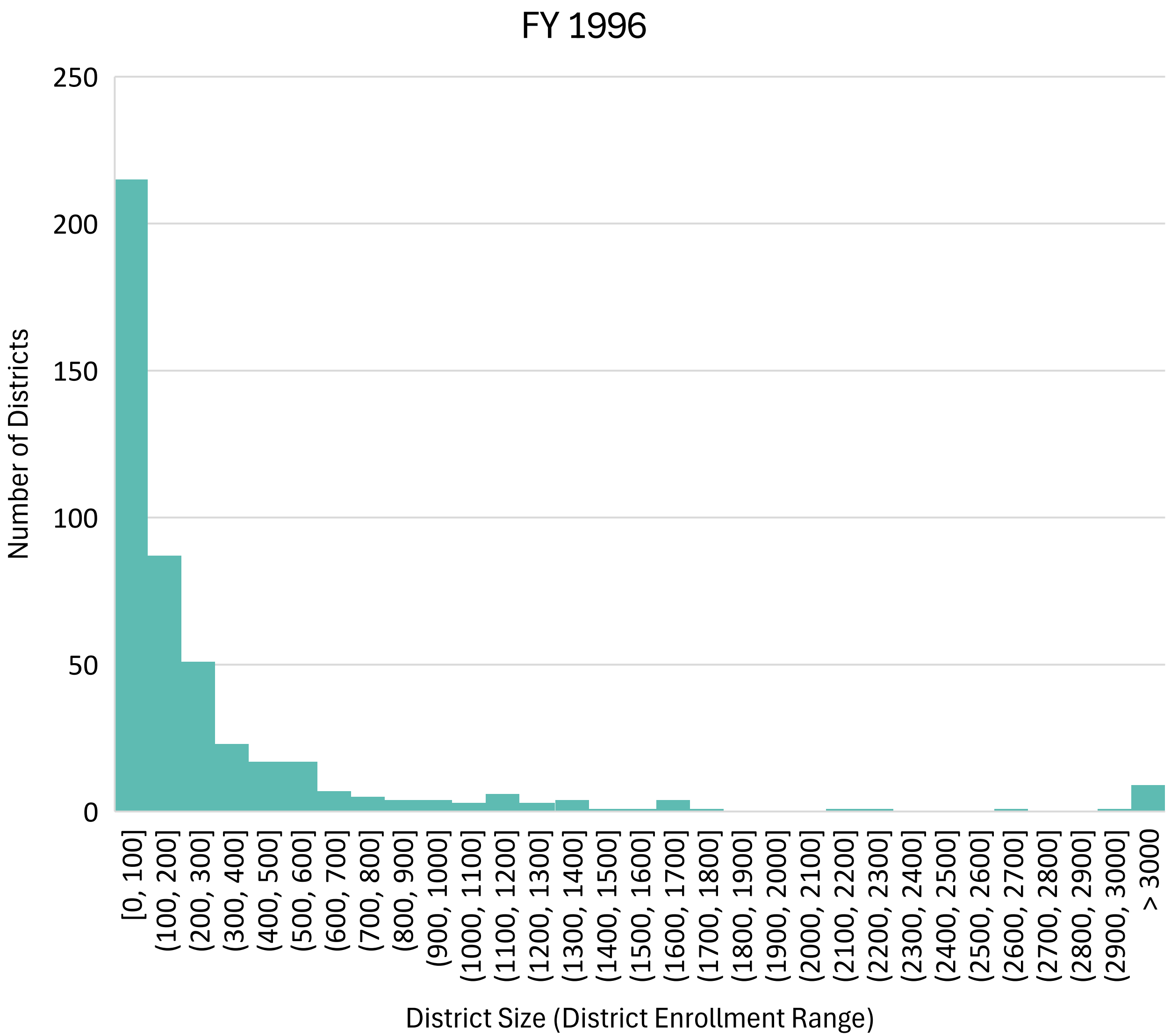


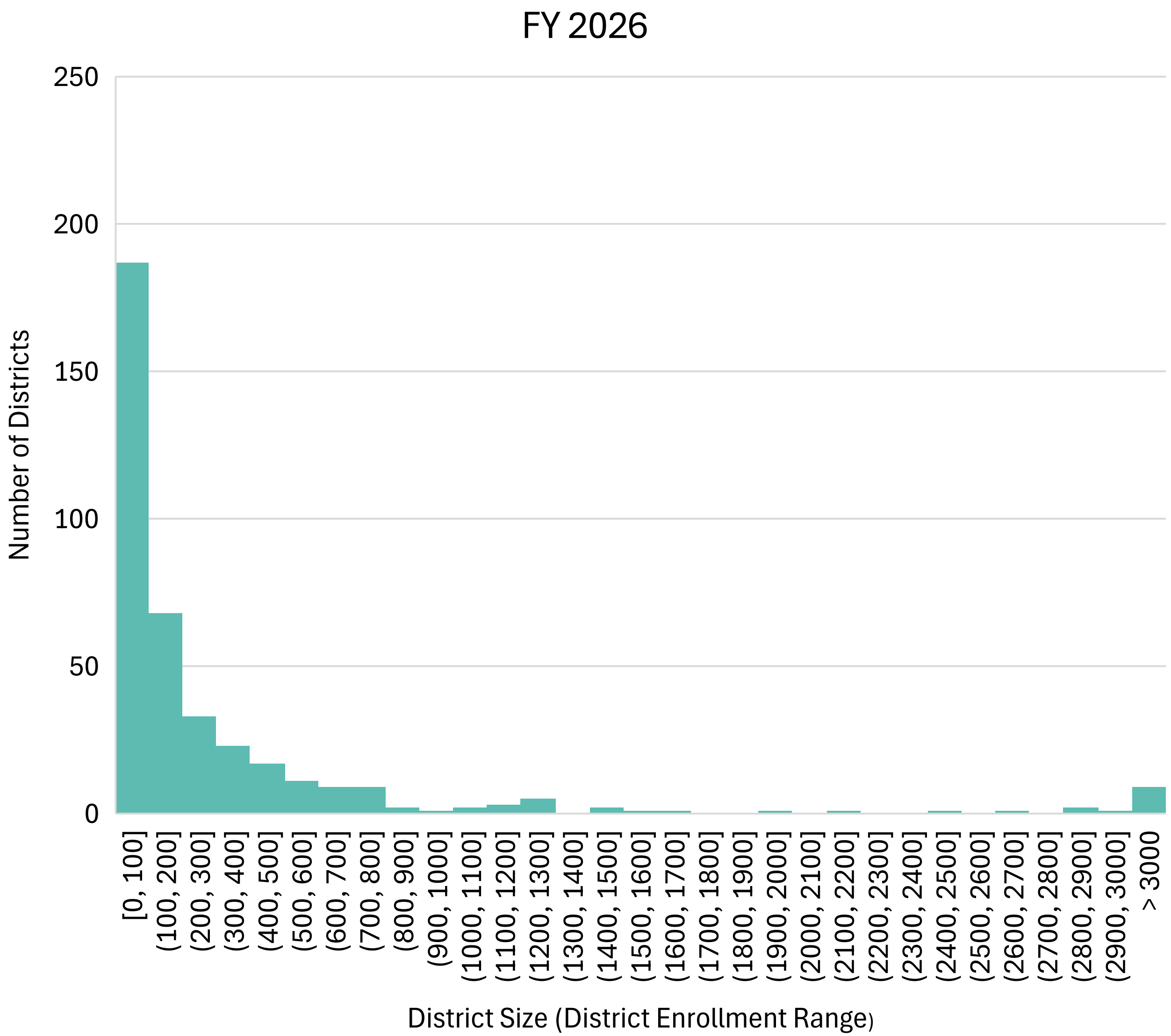
Today's school funding training will be another smorgasbord of various topics:

- Enrollment trends
    - District size histograms over time
    - Public, private, and home school enrollment over time
- Early Targeted Intervention enrollment
- ANB as a proxy for costs

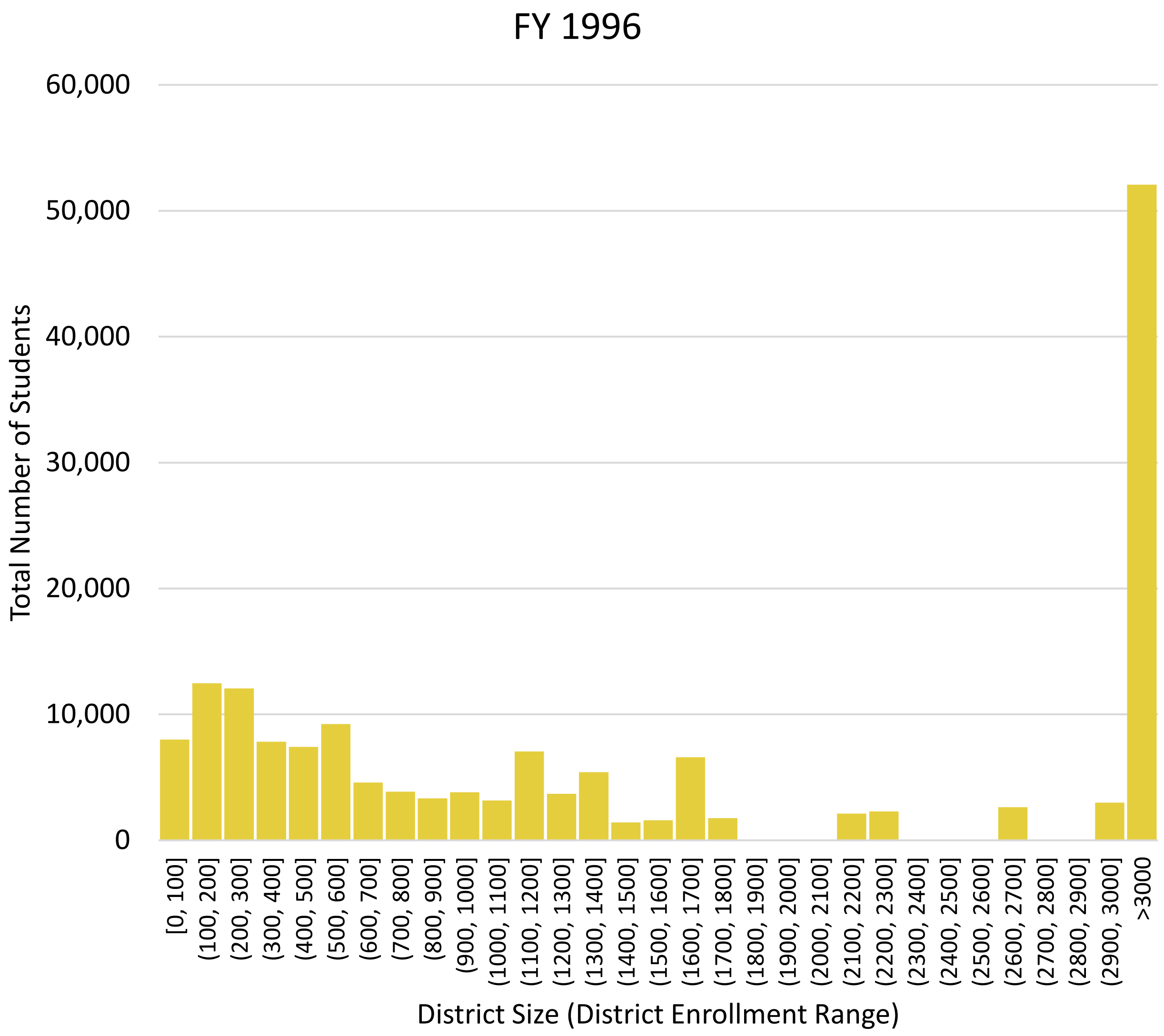
Enrollment Trends

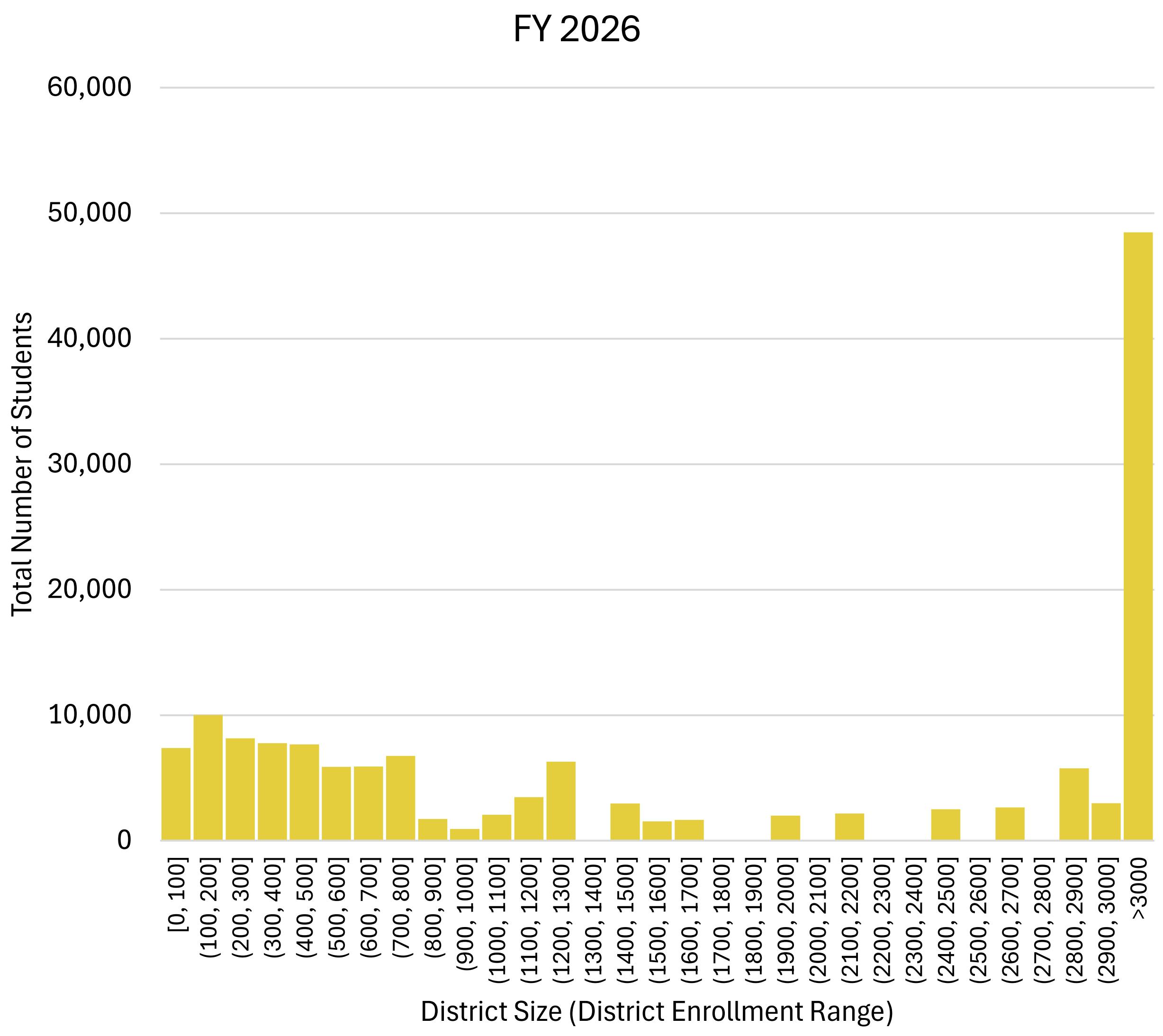
Histogram of Enrollment FY 1996 vs. 2026



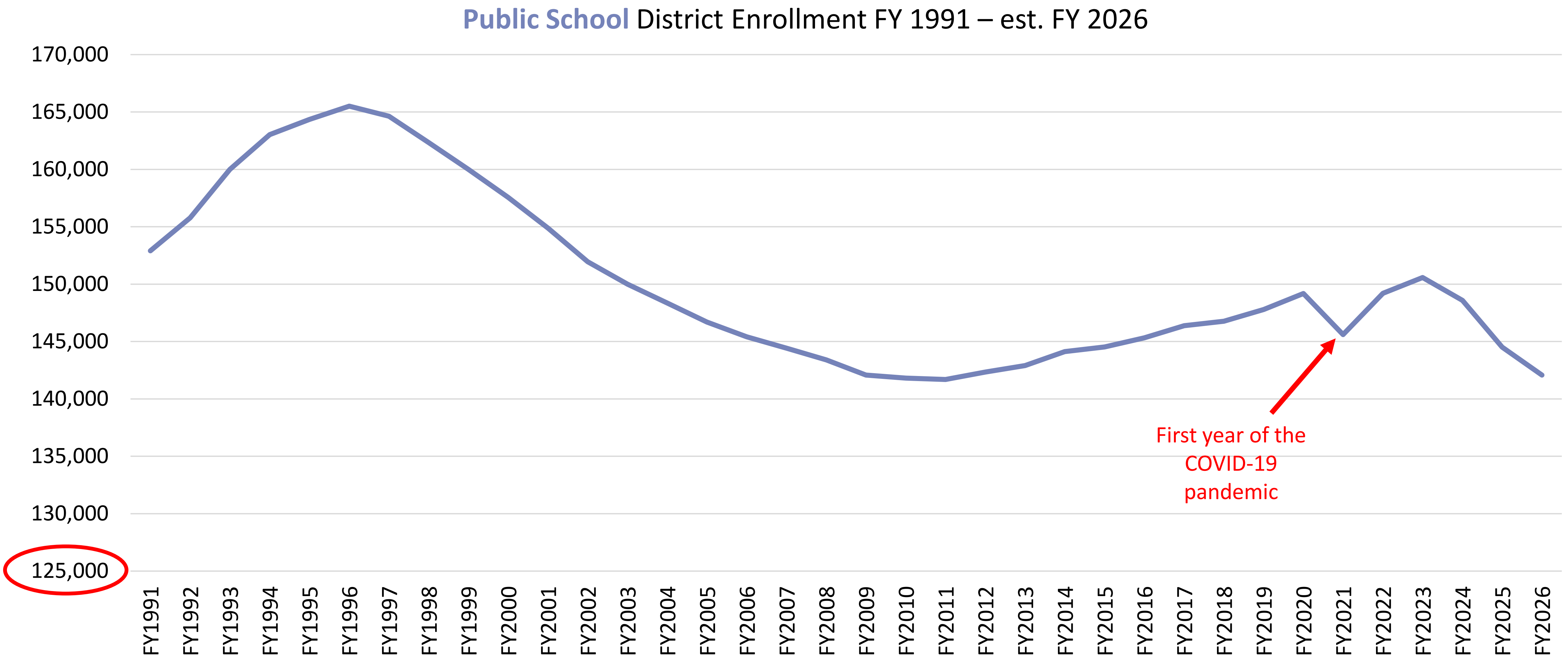


Enrollment Distribution by District Size FY 1996 vs. 2026

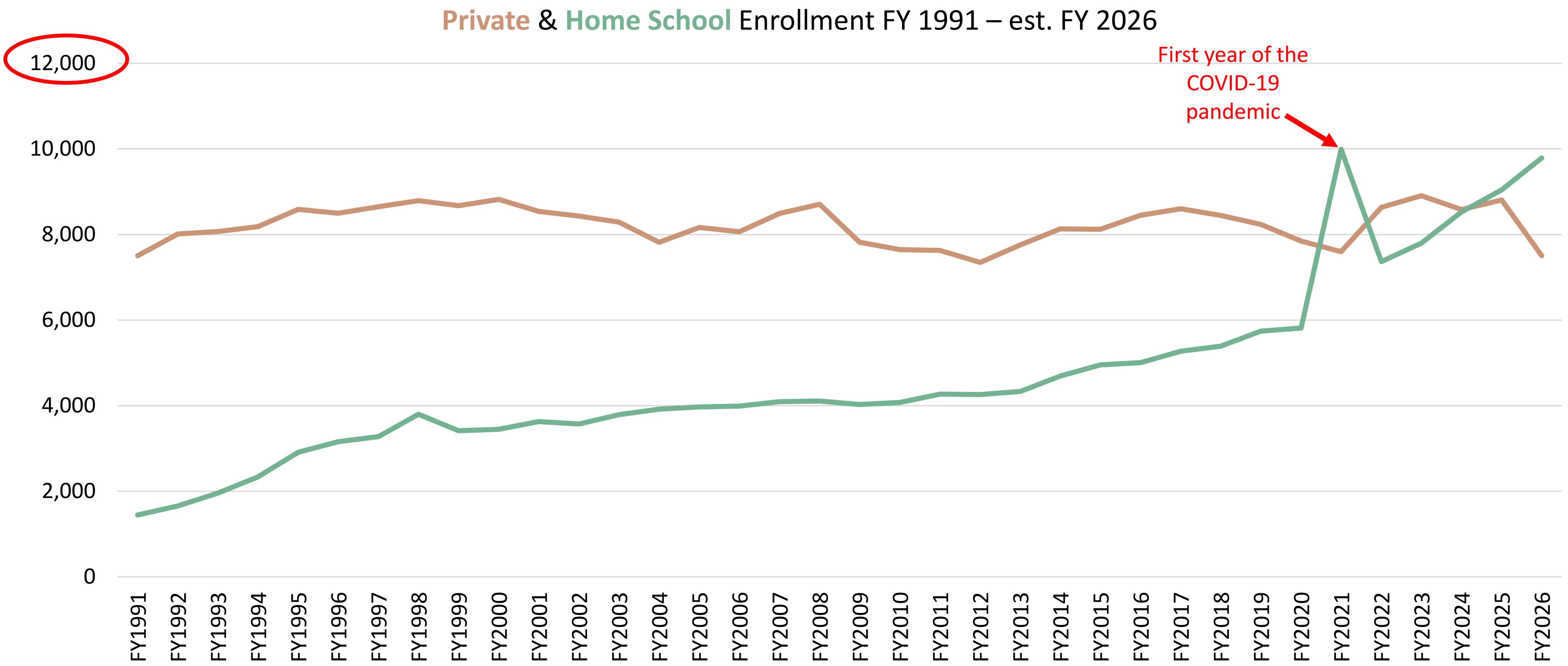




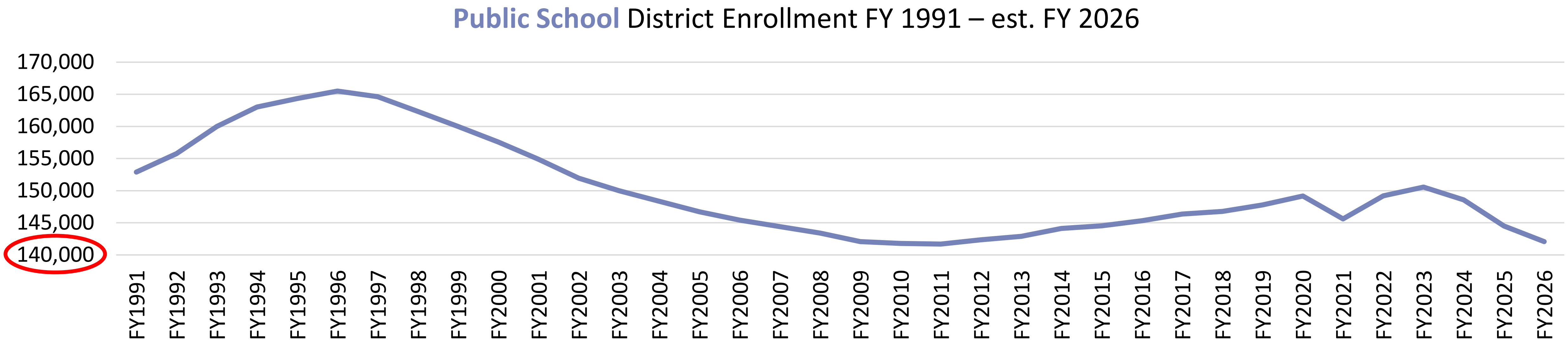
Enrollment Trends

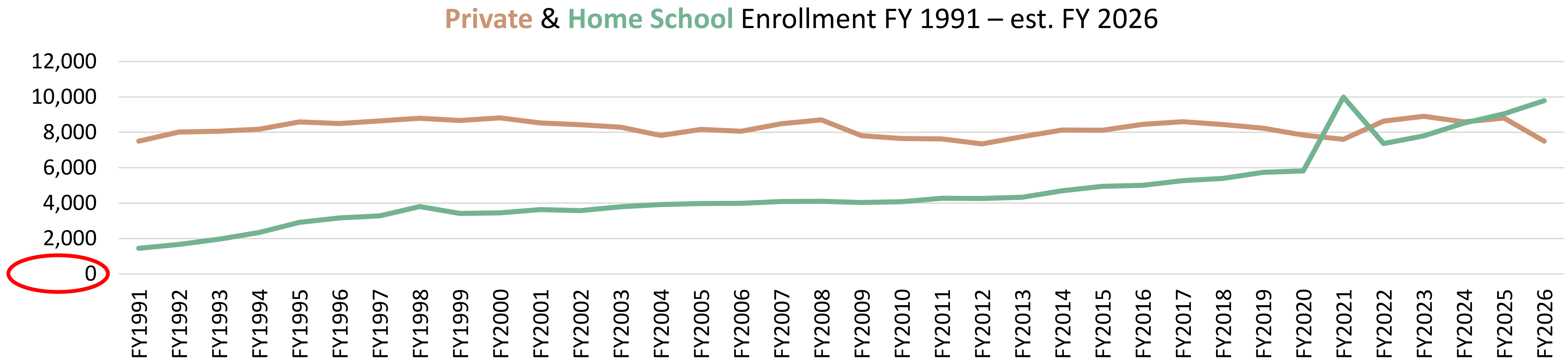


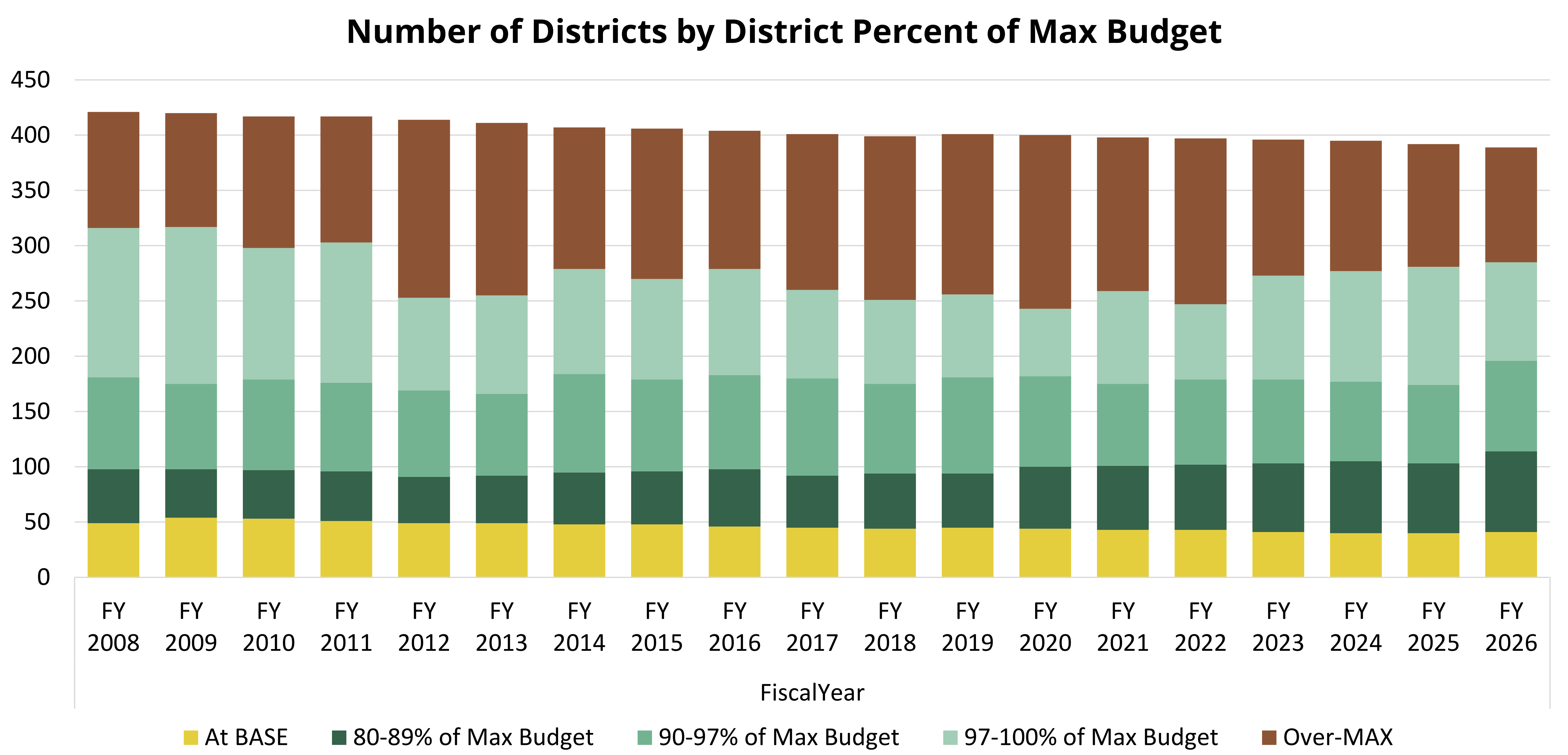
Enrollment Trends

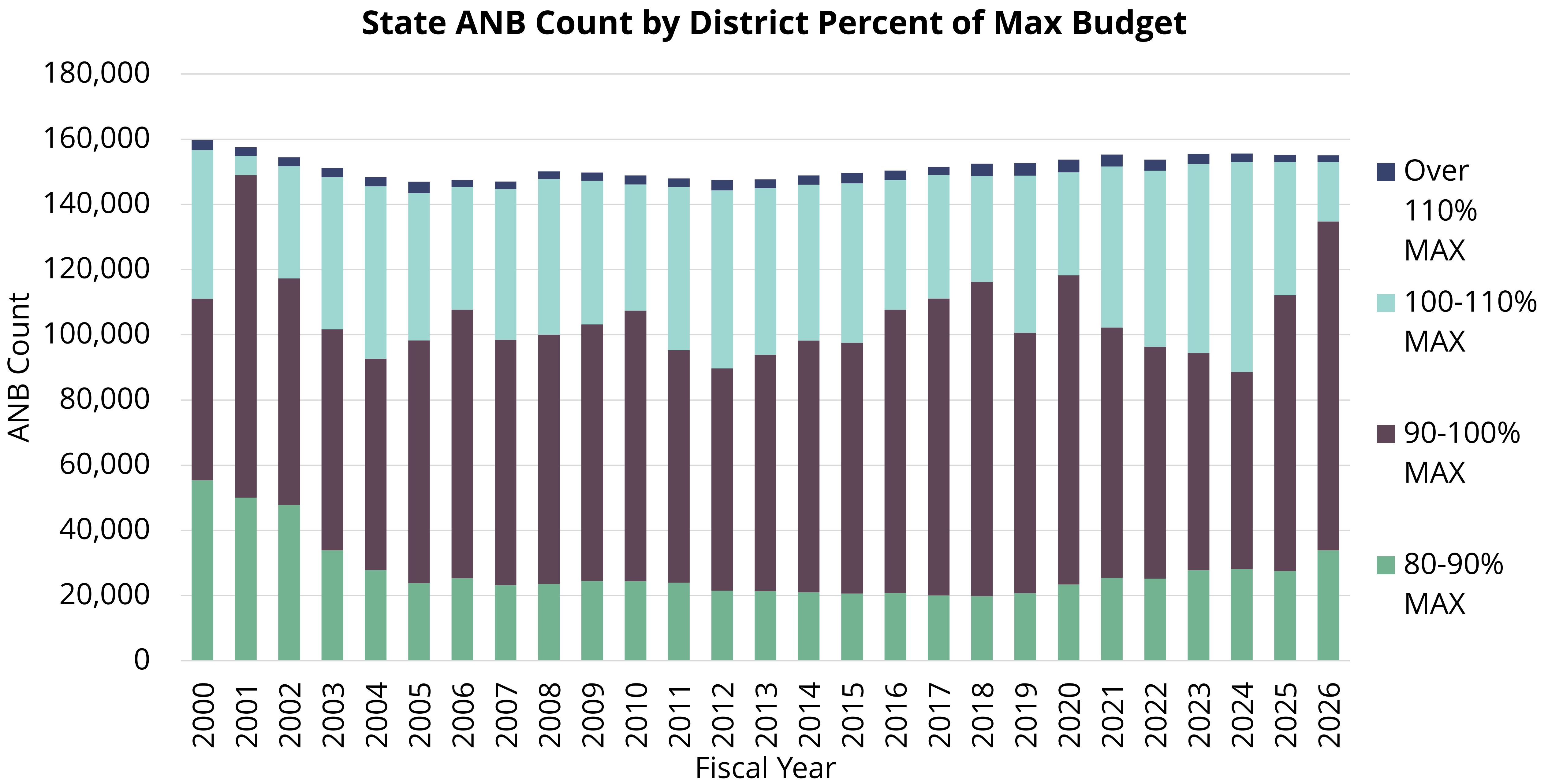


Enrollment Trends






Number of Districts by District Percent of Max Budget
450
400
350
300
250
200
150
100
50
0
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026
FiscalYear
At BASE
80-89% of Max Budget
90-97% of Max Budget
97-100% of Max Budget
Over-MAX


State ANB Count by District Percent of Max Budget
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
ANB Count
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Fiscal Year
Over 110% MAX
100-110% MAX
90-100% MAX
80-90% MAX

Early Targeted Intervention Enrollment Numbers

Early Targeted Interventions Enrollment

Data from OPI's Early Literacy Targeted Interventions Annual Report to the Education Interim Committee in Sep. 2025

Early Literacy Targeted Intervention Program Enrollment, 2024-2025 School Year	
Jumpstart	1,204
Classroom-Based	2,025
Home-Based	129

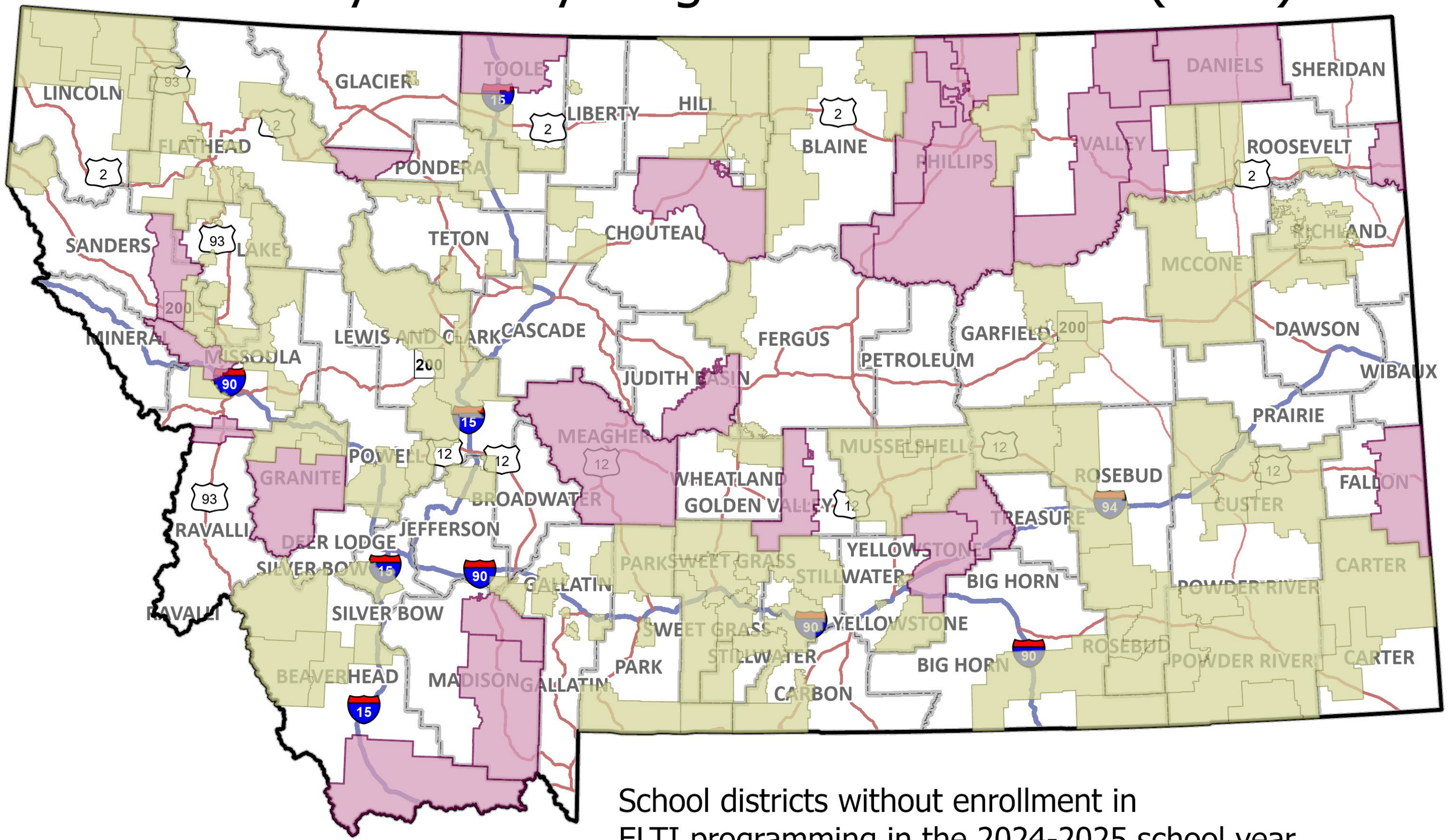
Jumpstart Early Literacy Screening and Enrollment by Grade, 2024-2025 School Year	
Prior to Kindergarten	255
Prior to 1st Grade	280
Prior to 2nd Grade	335
Prior to 3rd Grade	334
Total	1,204

Early Targeted Interventions Enrollment

- Program funding (ANB by program type):
  - Jumpstart: 0.25 ANB per participant
  - Classroom-based: 1.00 ANB per participant
  - Home-based: no ANB generated (fixed appropriation)
- Early Targeted Intervention ANB, 2024-2025:
  - Jumpstart: 0.25 ANB per participant x 1,204 participants ≈ 301 ANB
  - Classroom-based: 1.00 ANB per participant x 2,025 participants* ≈ 2,025 ANB

    *assuming all participants count as full-time enrolled students
  - Home-based: no ANB generated (fixed appropriation)

Early Literacy Targeted Intervention (ELTI)



School districts without enrollment in
ELTI programming in the 2024-2025 school year

Elementary School Districts (106)

K-12 School Districts (24)

Montana State Library

Map produced by LSD data analyst Dan Kayser; data provided by Sep. 2025 OPI Early Literacy Targeted Interventions Annual Report.

ANB as a Proxy for Costs

Average Number Belonging (ANB)

Data inputs:

✓ Spring and fall enrollment counts for current year, prior year, and 2 years prior by budget unit*

*__Budget unit__ means the unit for which the ANB of a district is calculated separately pursuant to 20-9-311.

Full-Time Equivalent (FTE) enrollment

Current Year

$$\text{ANB} = \frac{\text{Fall Enrollment (1st Monday in October)} + \text{Spring Enrollment (1st Monday in February)}}{2} \times \frac{180 + \textit{up to 7 PIR days}}{180}$$

3 Year Average

$$\text{ANB} = \frac{\text{Current Year ANB} + \text{Prior Year ANB} + \text{2 Years Prior ANB}}{3}$$

Budget Limit

ANB =

Whichever ANB number calculates the highest budget for the district

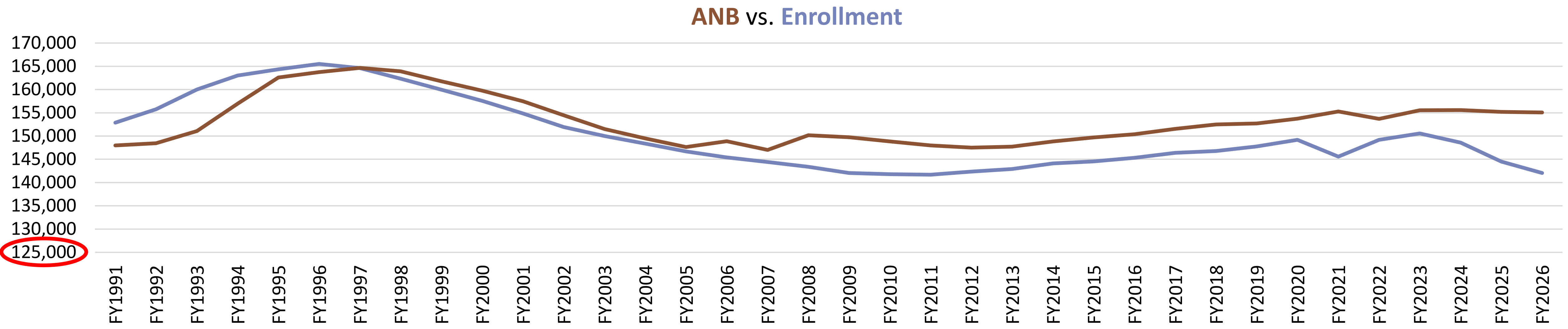
Formulas which use ANB as a Proxy for Costs

- "The funding formula" (for the district general fund)
  - Not based only on ANB, but largely driven by the per-ANB amount
  - The CAMPS proposal would shift funding away from being so heavily ANB-driven, while still maintaining the per-ANB entitlement as a component in the formula
- Teacher professional development (PIR days) funding
  - Built into the ANB calculation as an inflator on enrollment
- Debt service assistance
  - This calculation uses $\frac{District\ taxable\ value}{ANB}$ as a measure of revenue generating capacity
- Major maintenance aid
  - Permissive budget size calculation (HB 515, 2025)

    SMMA Permissive Budget = $40,000 (fixed base amount) + $115 per ANB
- Retirement GTB
  - If the county's revenue generating capacity ($\frac{County\ taxable\ value}{ANB}$) is less than the statewide guarantee amount ($\frac{Statewide\ taxable\ value}{ANB} \times 1.89$), the county is eligible for a state GTB subsidy on every mill it levies. The amount of the subsidy is the amount necessary to bring the county up to the statewide guarantee; "poorer" counties receive a larger subsidy per mill

ANB as a Proxy for Costs: PIR Days

- Using ANB inflates FTE (the average of the October and February counts of students) by approximately 3.9% to generate additional funding for teacher professional development (PIR days)
  - ANB ≈ FTE x 1.039
- Total statewide ANB includes three-year average ANB for certain districts (generally ones with declining enrollment), which is separate from the inflation factor for PIR days

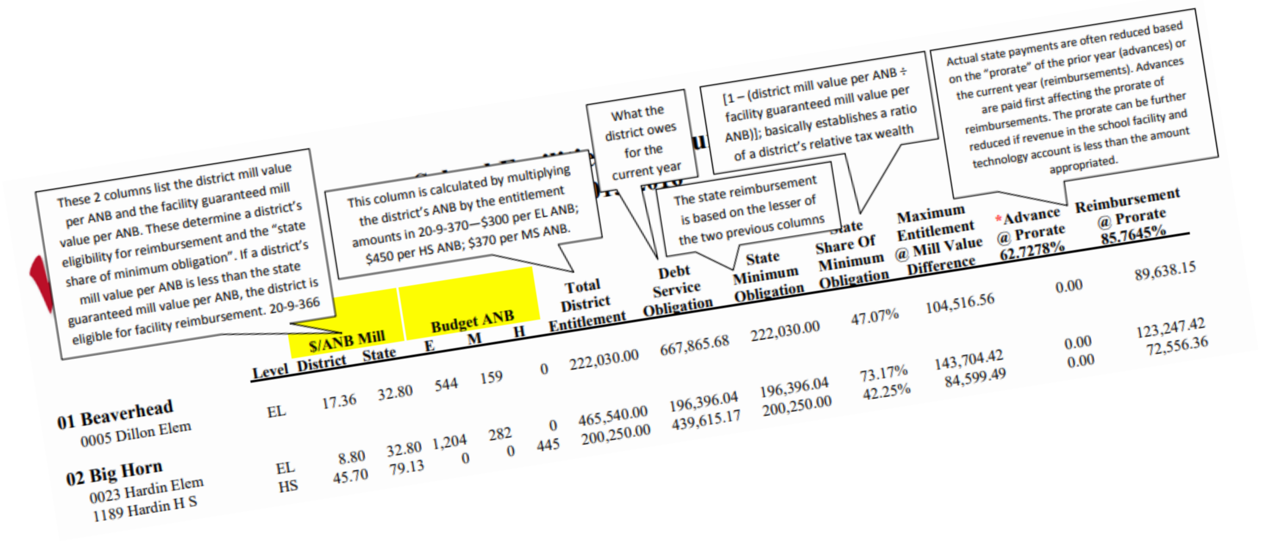


ANB as a Proxy for Costs: Debt Service Assistance & Major Maintenance Aid

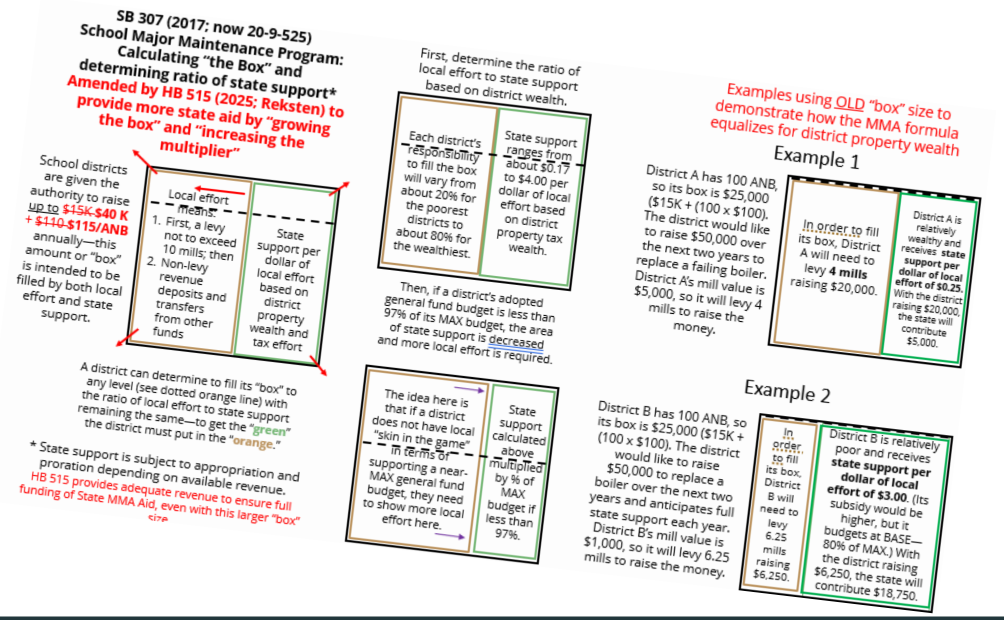
Smaller districts generally need higher square footage of facilities per student than larger districts (and therefore likely higher construction/O&M costs relative to ANB).

However, the state has historically not maintained data on school facilities– aside from the one-time facilities inventory in 2008. LFD is working to update the inventory for square footage and will likely have additional information to present at the July meeting.

- *More info on this topic will be included in the facilities memos*



	Level	$/ANB Mill District	$/ANB Mill State	Budget ANB E	Budget ANB M	Budget ANB H	Total District Entitlement	Debt Service Obligation	State Minimum Obligation	State Share Of Minimum Obligation	Maximum Entitlement @ Mill Value Difference	*Advance @ Prorate 62.7278%	Reimbursement @ Prorate 85.7645%
01 Beaverhead													
0005 Dillon Elem	EL	17.36	32.80	544	159	0	222,030.00	667,865.68	222,030.00	47.07%	104,516.56	0.00	89,638.15
02 Big Horn													
0023 Hardin Elem	EL	8.80	32.80	1,204	282	0	465,540.00	196,396.04	196,396.04	73.17%	143,704.42	0.00	123,247.42
1189 Hardin H S	HS	45.70	79.13	0	0	445	200,250.00	439,615.17	200,250.00	42.25%	84,599.49	0.00	72,556.36

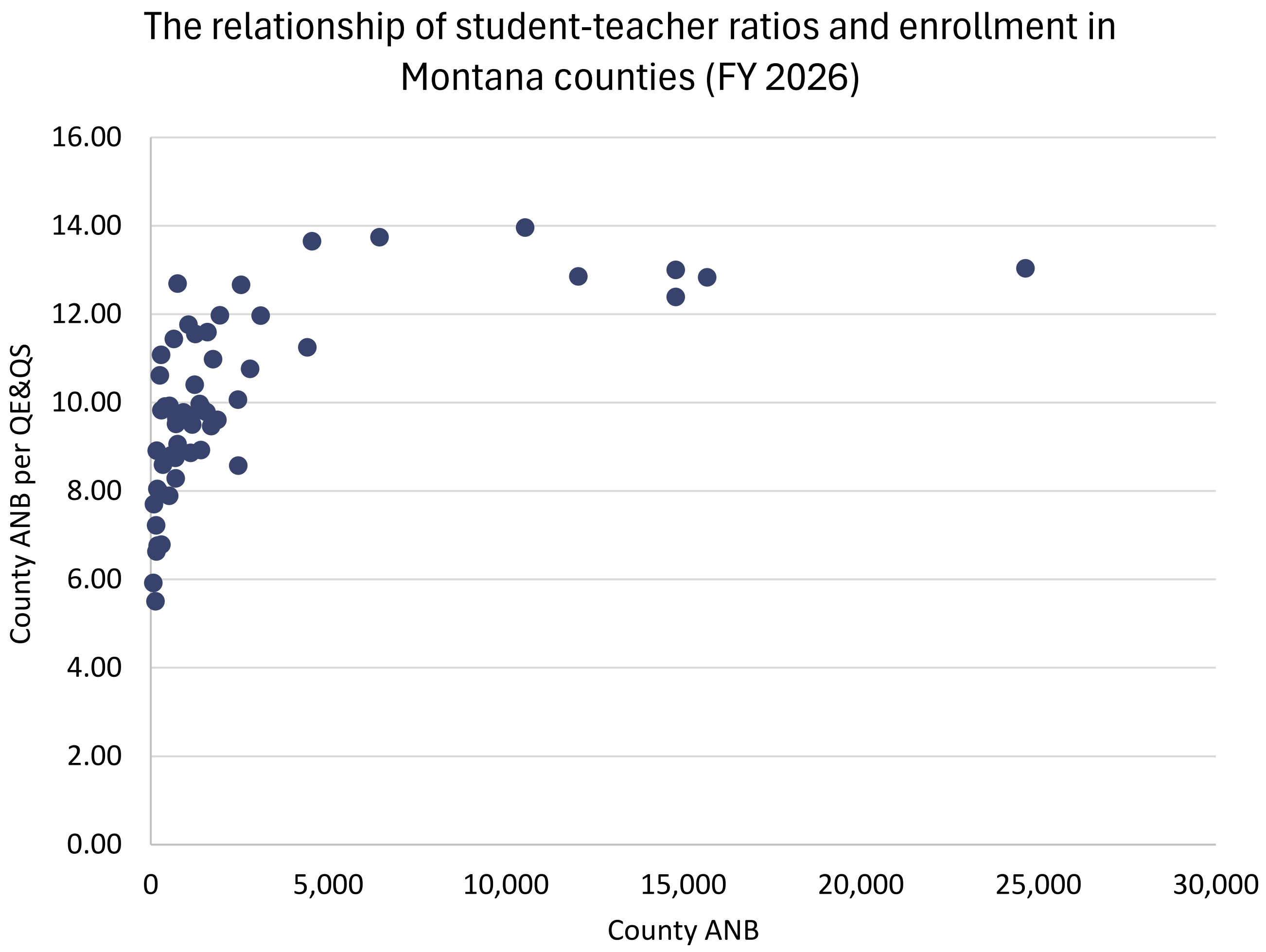


ANB as a Proxy for Costs: Retirement

Montana's funding formula has a payment based on the full time equivalent (FTE) of Quality Educators & Qualified Staff (QE&QS), but it accounts for less than 10% of the district general fund adopted budget statewide. The QE&QS count does not meaningfully factor into any of the other funding formulas (retirement GTB, major maintenance aid, debt service assistance, transportation aid, or the state tech payment).

Smaller districts generally have lower student (ANB) to teacher (QE&QS) ratios, maybe 5:1 to 10:1. Larger districts can often maintain ratios closer to 15:1. Yellowstone County, Montana's largest enrollment-wise, operates at a ratio of 13 ANB for every QE&QS. Meanwhile, Golden Valley County with only 137 ANB operates with 25 QE&QS for a ratio of 5.5.

The scatterplot to the right shows that as a county's enrollment increases, so too does its student-teacher ratio. **Counties (and schools/districts) with lower enrollment generally have more staff per student in their districts (and therefore likely higher retirement costs relative to ANB).**



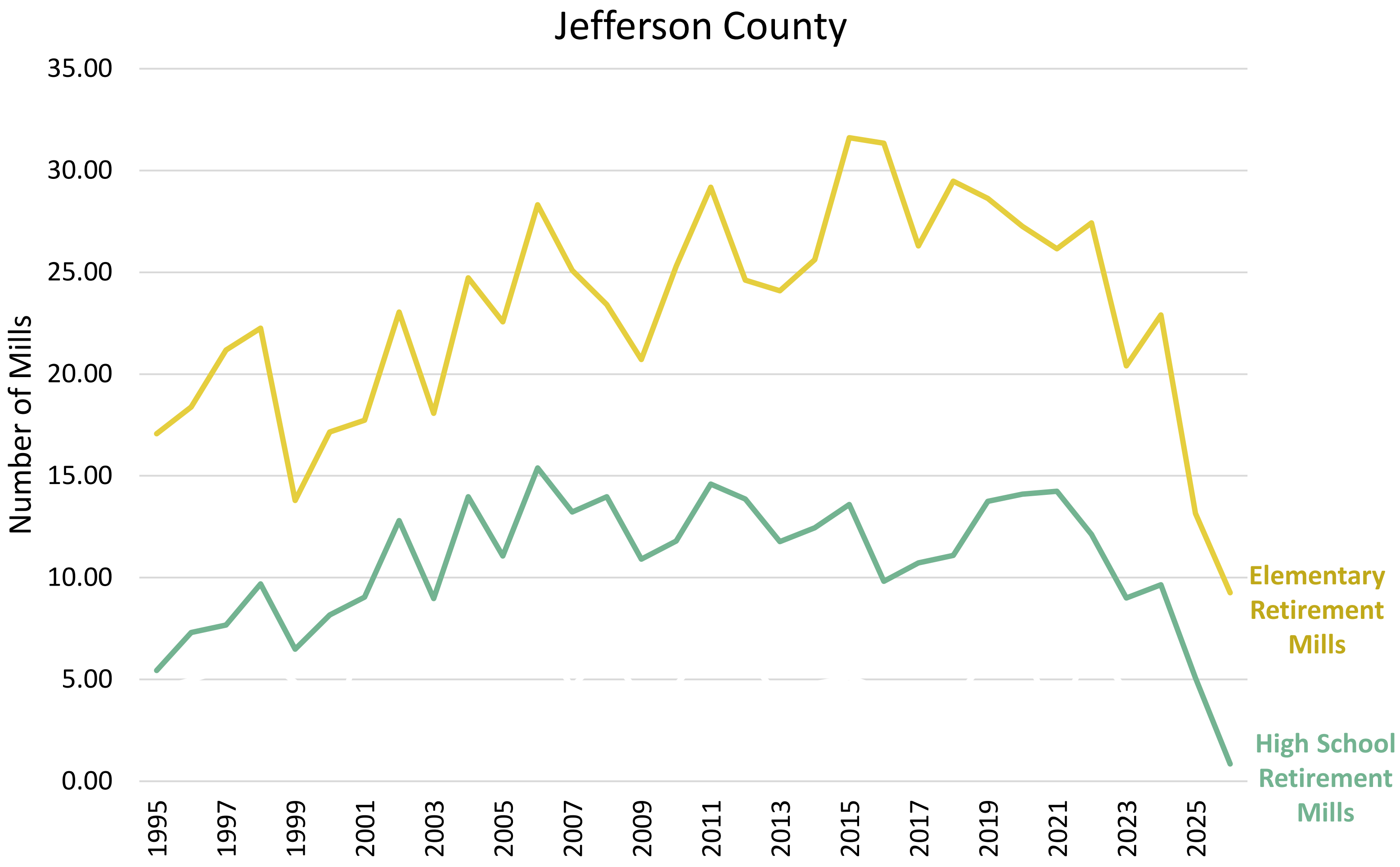
ANB as a Proxy for Costs: Retirement

Some considerations of the current retirement GTB formula:

- **Retirement costs are split into high school and elementary amounts, even for K-12 districts.** The purpose of this split is not clear and may be a remnant of the days when elementary districts were local but high school districts were countywide
- **Joint districts, which are where school districts have territory in more than one county, make calculations more complicated.** The revenue requirements for school funding that are raised at the county level—retirement and some transportation—are split between these counties based on where students actually reside
- **Expenditures for retirement are based on an individual employee's salary.**
- **Legislative changes impact budgets.**

ANB as a Proxy for Costs: Retirement

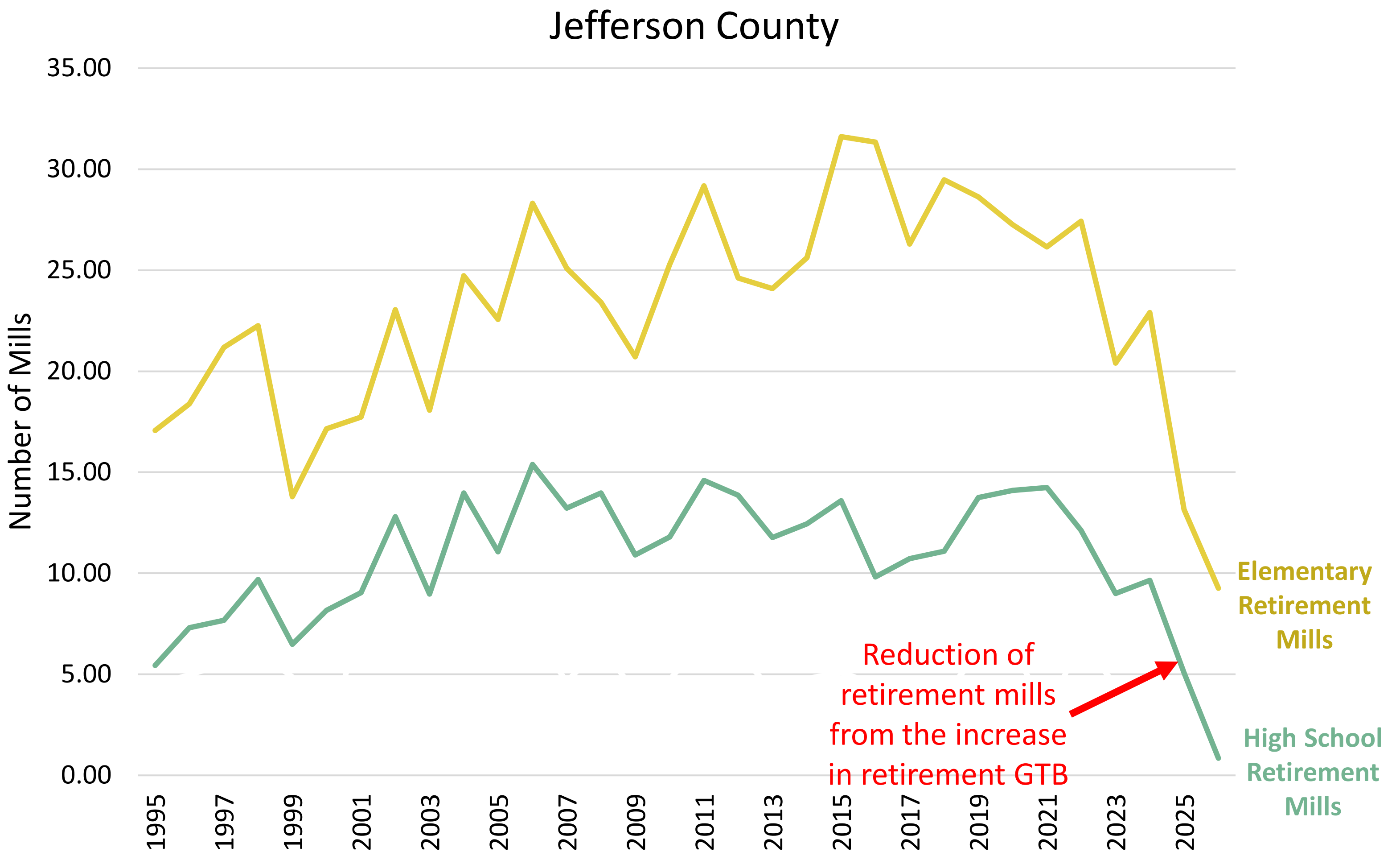
- **Expenditures for retirement are based on an individual employee's salary.** When a higher-salaried employee is replaced with a lower-salaried employee, retirement costs for that position can be greatly reduced (and vice versa); when a long-serving teacher retires, the district may have to pay a significant extra amount to TRS based on termination pay. In counties with large numbers of teachers and other employees, these effects are smoothed from year to year, but less so in counties with few teachers; this variability in retirement expenditures drives fluctuations in the number of mills levied (see the chart to the right)



ANB as a Proxy for Costs: Retirement

Legislative changes impact budgets.

- When the legislature changes employer contribution rates for TRS, district expenditures are impacted
- Other changes, like the "cap and sweep" of district retirement funds in 2013 create variations as well
- The legislature increased retirement GTB significantly in FY 2025 (HB 587, 2023)
    - *More info on this topic will be included in the revenue training slides*



ANB as a Proxy for Costs: Retirement

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Some rural Montana counties have lost population and experienced declining school enrollment in recent decades. At the same time, population and enrollment have increased in Montana counties with "urban" centers.

Because retirement GTB eligibility is a function of taxable values and ANB (and therefore enrollment), this population shift may be responsible for several counties losing retirement GTB eligibility between 2004 and 2024.

However, **the increase in retirement GTB in FY 2025 resulted in more counties becoming eligible for retirement GTB and increased the amount of GTB that the already-eligible counties received**

School Funding Resources:

https://www.legmt.gov/lfd/publications/school-funding-library/

Property Tax Resources:

https://www.legmt.gov/lfd/publications/property-tax-library/

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Questions?