



AUGENBLICK,
PALAICH AND
ASSOCIATES

Successful School Districts Reflections and Potential Model Components

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Agenda

- Reflections/questions/concerns from yesterday's presentation
- Review potential components of a foundation formula:
 - BASE and MAX use in the formula
 - Funding/weights for special populations
 - Grade span adjustments
 - District size
 - Necessarily small school/district adjustments
 - Regional cost adjustments



REFLECTIONS ON SUCCESSFUL SCHOOL DISTRICTS, FOUNDATION, AND SURVEY

Reflections

- Providing time to go over any thoughts or questions about material presented yesterday



FUNDING FORMULA COMPONENTS

Foundation Formula Components

District Characteristic Adjustments – Might include adjustments for District Size, Necessarily Small Schools, and Regional Cost of Living differences.

Student Characteristic Adjustments – Might include adjustments for Special Education, Economically Disadvantaged, English Language Learners, American Indian, and Student Grade Span Differences.

Foundation Funding – Per Pupil amount representing what is needed for a student with no special needs in a district with no special circumstances. Often the majority of funding in a funding formula.

BASE/MAX Funding

- The **foundation amount** would represent the "floor" funding needed for a student with no special needs in a districts with no special circumstances
 - It would then be adjusted for the student and district characteristics of each district
- The formula would identify the total state formula funding with a set state/local split
- Additional local contribution could be allowed on top of the formula



STUDENT CHARACTERISTIC ADJUSTMENTS

At-Risk

Currently funded as part of the Five State-Funded Components

- Not specifically student based, but allocated by proportion of Title 1 funding
- Full state funding, no required local contribution

2025 FRL Percentages			
	Elementary	High	K-12
Average	54.8%	50.3%	54.0%
Minimum	6.2%	8.3%	6.6%
Maximum	100.0%	100.0%	100.0%

FRL percentages calculated by APA using either actual FRL, direct certification, or statewide average where no data available

At-Risk: Alternatives

Montana

No way to calculate current Montana funding as a weight

Weights in Other States

- Most states utilize a weight applied to eligible students, ranging from .01 to 1.3. Examples:
 - North Dakota: 0.025
 - Colorado: 0.25
 - Nevada: 0.45
 - Kentucky: 0.22
 - Maryland: 0.85

Weights from Costing Studies

- Costing out studies often produce higher weights, in part dependent on approach*
 - 2025 Colorado: 0.35 or 1.07
 - 2024 Washington DC: 0.32
 - 2023 Delaware: 0.47 or 0.66
 - 2019 New Hampshire: 1.89
 - 2018 Kansas: 0.89
- *states with multiple weights shown used multiple costing out approaches

At-Risk: Montana Considerations

Like many states, the Community Eligibility Provision (CEP) is making FRL counts less reliable to use in Montana

- Montana does have direct certification data that could be utilized
- Could stop treating as a categorical funding stream and require local contribution

English Learners (EL)

Currently no funding provided for English Learners

- Montana is the only state without EL funding

2025 EL Percentages			
	Elementary	High	K-12
Average	6.0%	6.0%	3.1%
Minimum	0.0%	0.0%	0.0%
Maximum	100.0%	100.0%	45.3%

EL: Alternatives

Montana

No EL Funding in Montana

Weights in Other States

- Most states utilize a single weight applied to all EL students, ranging from 0.07-2.49:
 - North Dakota: 0.2
 - Colorado: 0.25
 - Nevada: 0.45
 - Kentucky: 0.096
 - Maryland: 0.98

Weights from Adequacy Studies

- Costing out studies recommend either single weights, or tiered weights based on student language acquisition level:
 - 2022 Ohio: 0.22 to 1.2 based on WIDA level
 - 2024 Colorado: 0.40 or 1.28
 - 2024 Washington DC: 0.58
 - 2023 Delaware: 0.14 or 0.59
- *states with multiple weights used multiple costing out approaches

EL: Montana Considerations

- This would be new funding for the state
- EL percentages are generally low across districts
- Many states are differentiating funding based on WIDA levels, did not have that information for this analysis
- Could include in formula and assume local contribution

Special Education

Currently funded on a census-based approach, with funding per ANB and not associated with special education students specifically

- Also has funding for high-cost students and for Co-Ops

2025 Special Education Percentages			
	Elementary	High	K-12
Average	17.1%	12.8%	17.0%
Minimum	0.0%	0.0%	2.9%
Maximum	84.0%	33.3%	32.1%

Special Education: Alternatives

Montana

Imputed weight of .04 but on all students, not just special education students

Weights in Other States

- Large variation in approaches across the country
- Most states still use a weight, or series of weights to fund special education
 - Single weights ranging from 1.0 (Oregon) to 1.5 (Maine and Louisiana)
 - Series of weights a differentiated by disability or need-level. Examples:
 - Iowa: 0.72; 1.21; 2.74
 - Mississippi: 0.6; 1.10; 1.30
- States often have a high-cost funding pool in addition to weighted funding

Weights from Adequacy Studies

- Often recommend tiered weights by disability or need:
 - Nevada (2006): three-tiered weights: 0.89, 1.29 and 2.44
 - Pennsylvania (2007): 1.3
 - Maryland (2016): three-tiered weights: 0.82, 1.35 and 3.62
 - Michigan (2018): weights of 0.7 (mild) and 1.15 (moderate), then reimbursement (severe)
 - Ohio (2022): six-tiered weights ranging from 1.242 to 5.598
 - Colorado (2024): .44 (mild), 1.1 (moderate), reimbursement (severe); or 1.28 single

Special Education: Montana Considerations

- Does the state want to shift from a census-based approach to a student-based approach?
- If going to a student-based approach, would it be one or a series of weights?
- States are required to Maintain Fiscal Support for special education, need to ensure changes do not lower state support
- It would be important to keep a high-cost funding stream, especially with small districts

American Indian Achievement Gap Payment

Payment is per American Indian student enrolled in a district

- Funding is a fixed amount per American Indian Student, \$249 in 2025-26
- Funding acts as a categorical without specific dollar tracking

2025 American Indian Percentages			
	Elementary	High	K-12
Average	13.1%	19.0%	10.4%
Minimum	0.0%	0.0%	0.0%
Maximum	100.0%	100.0%	100.0%

American Indian Education Achievement Gap Payment: Alternatives

Montana

Imputed weight of .03

Weights in Other States

- Not frequently included in state systems but Minnesota does provide per pupil funding

Weights from Adequacy Studies

- N/A

American Indian Education Achievement Gap: Montana Considerations

- Does the state want to continue funding as a categorical or include as a weight?
- Is there overlap with other weights that may be applied, such as at-risk funding?



GRADE SPAN AND DISTRICT ADJUSTMENTS

Basic Entitlements

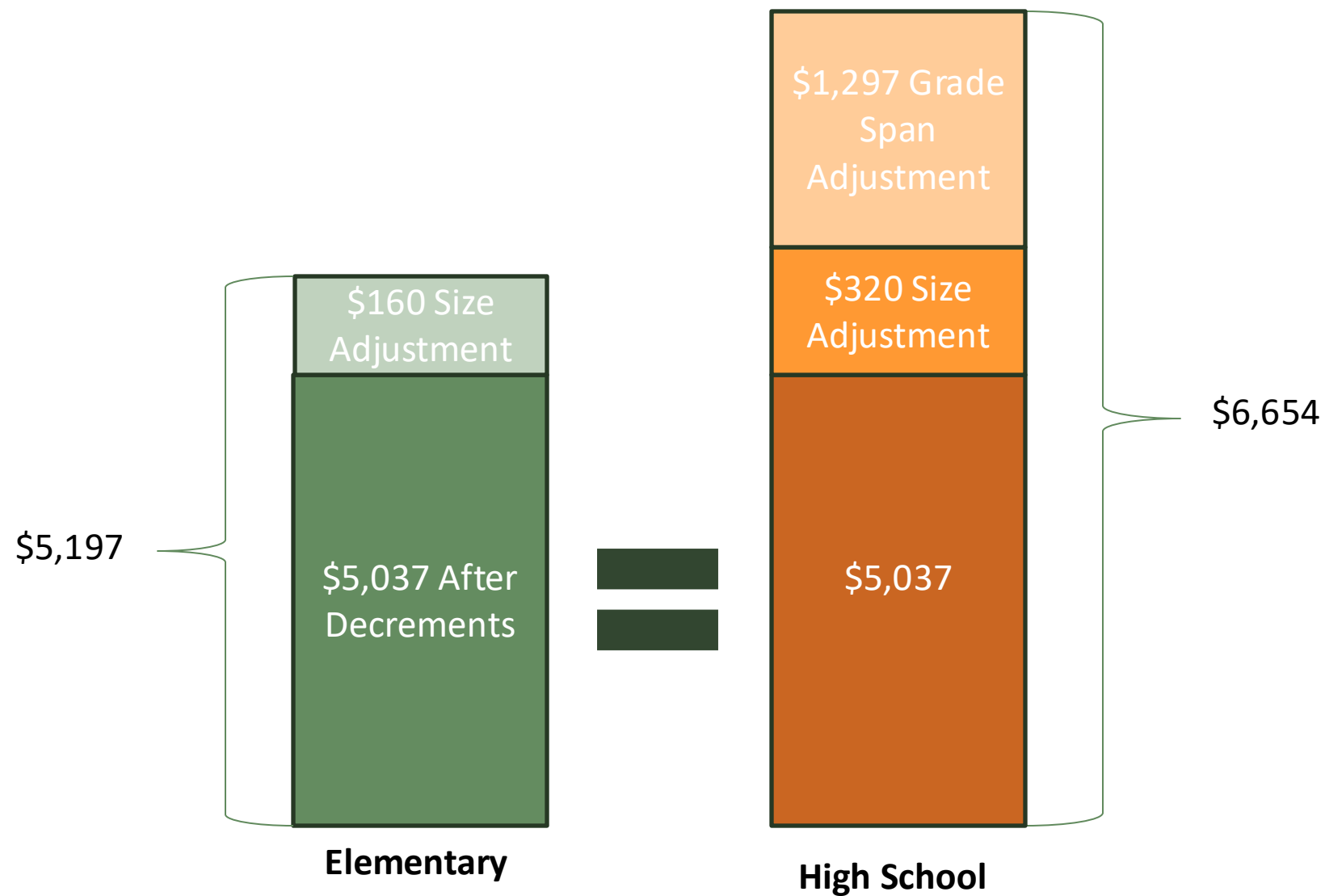
Block grant funding amount for each budget unit differentiated by grade level

Elementary \$60,732
(80%=\$48,586) in
2025-26 for 250
and below ANB

7th and 8th \$121,110
(80%= \$96,888) in
2025-26 for 450
and below ANB

High School
\$364,401 (80%=
\$291,521) in 2025-
26 for 800 and
below ANB

Per ANB: Imputed Adjustments



Grade Span Adjustments

Montana funds grade span adjustments in both the BE and per ANB

- BE minimum figures are lowest for elementary budget units and highest for high school budget units, with 7th/8th grade budget units in between
- The per ANB is around 25% higher for high school students
- SSD foundation figures also show a grade span differential:

Successful School Districts Foundation Figures					
Elementary Foundation	High School Foundation	% Difference	Elementary over 100 Foundation	High School over 100 Foundation	% Difference
\$11,933	\$17,241	44.5%	\$8,432	\$11,478	36.1%

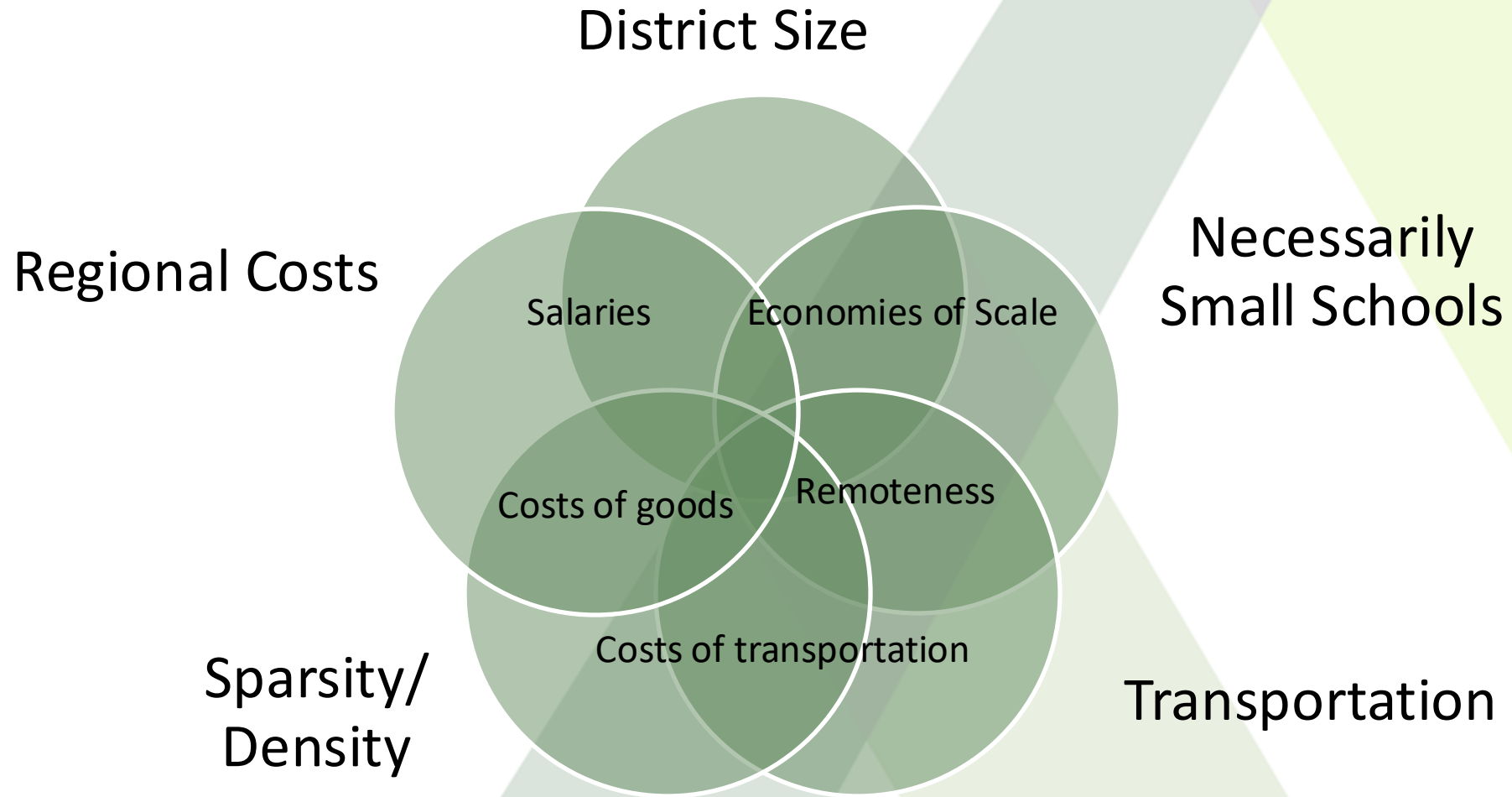
Grade Span: Alternatives

- 18 states provide grade span adjustments
- Among those states, it is not consistent which grades spans receive higher funding, though grades 4-6 often the lowest
- High school is the most common additional funding level
 - Followed by early grades

Grade Span: Montana Considerations

- Montana currently funds higher amounts for high school in both the BE and per ANB
- Results show spending at high school follows the pattern of the additional funding
- The number of small settings might make it less necessary to fund smaller settings in early grades
 - But this would not be true for the larger districts

Overlapping District Characteristic Adjustments

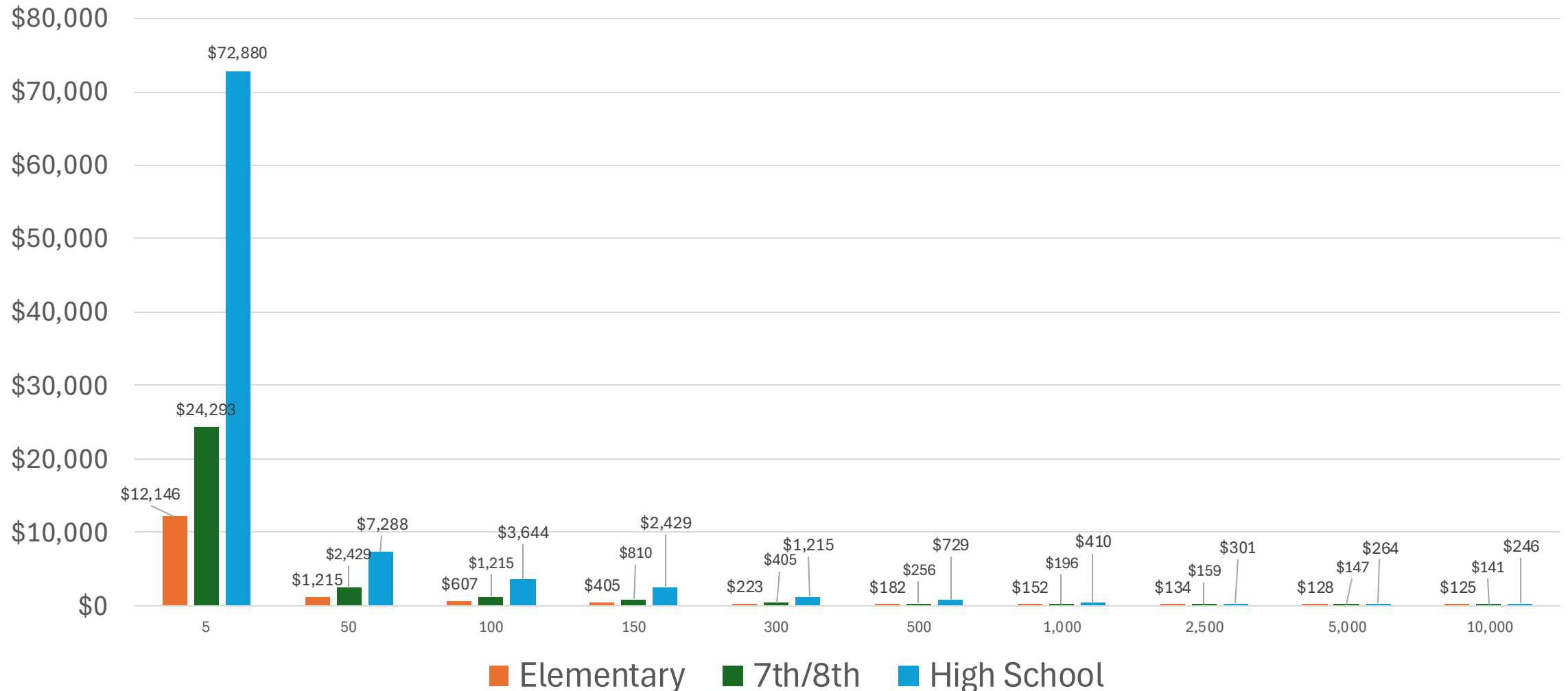


District Size Adjustment Background

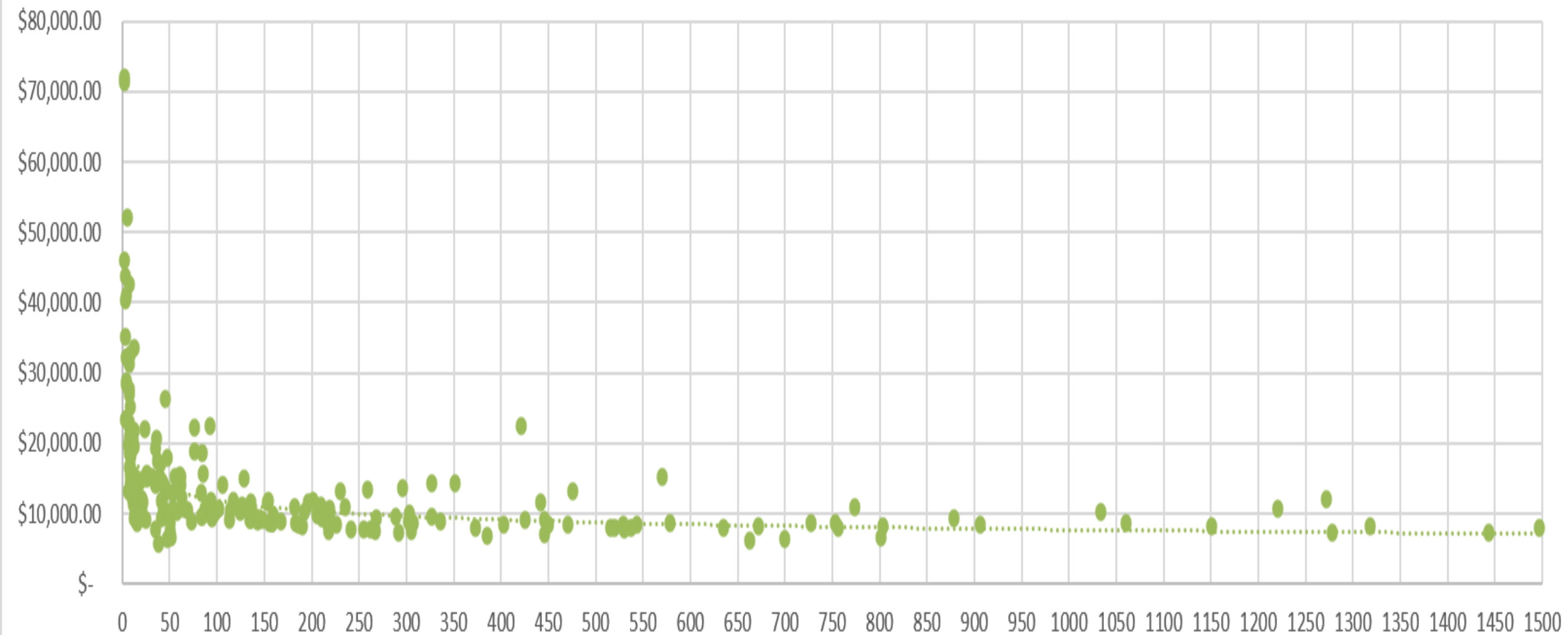
Montana does not currently have a specific district size adjustment, but has two components that provide some implicit adjustments for size

- The Basic Entitlement provides a fixed amount of funding for any budget unit, with small incremental adjustments for larger budget units
- The per ANB decrement provides higher funding for the smallest districts

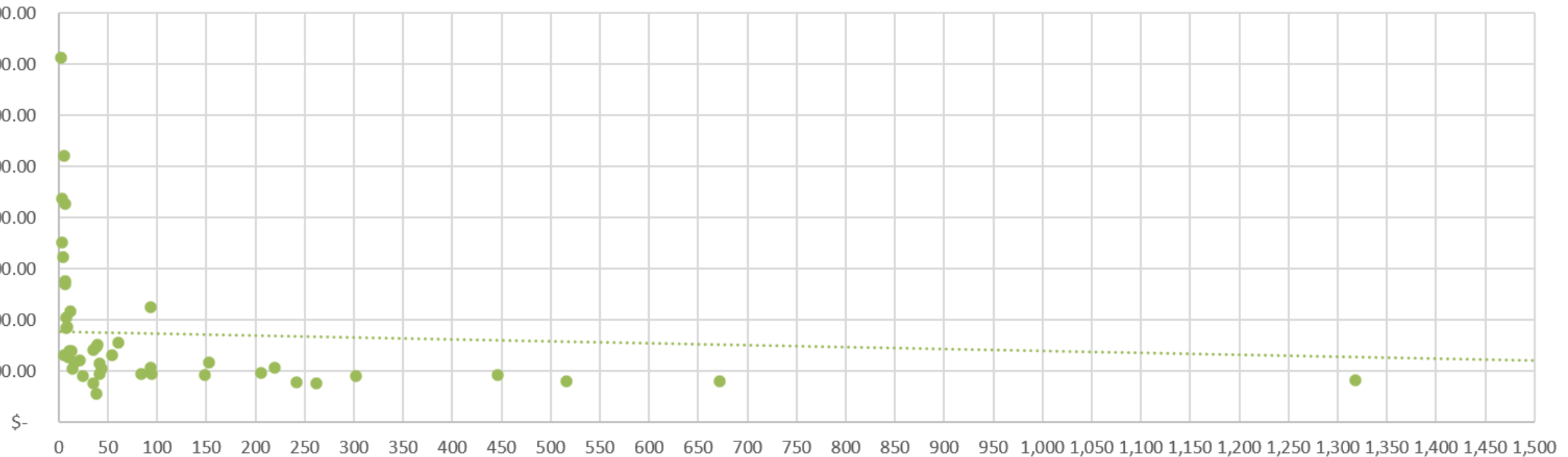
Basic Entitlements per ANB by District Size (MAX)



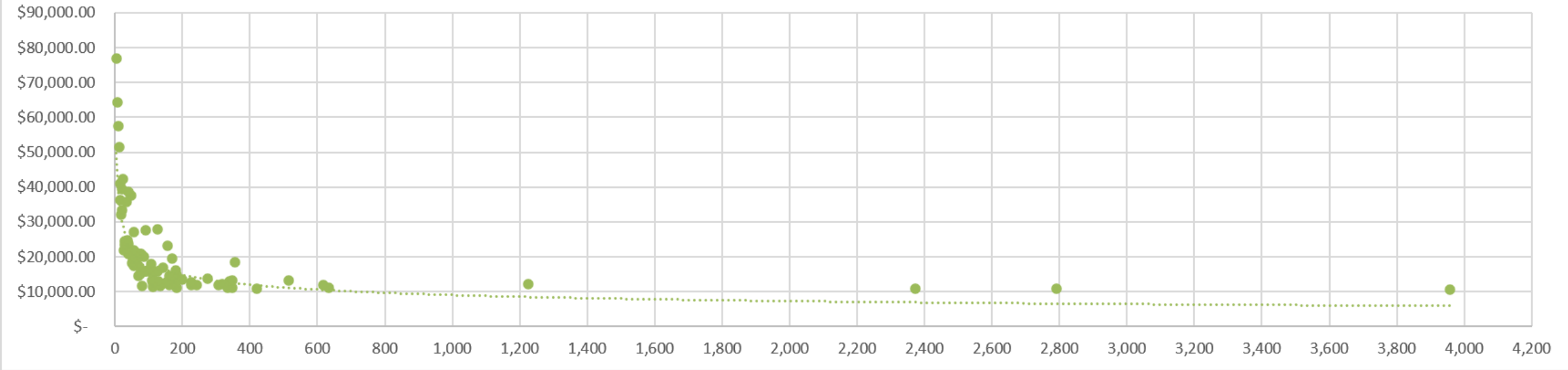
Foundation per Weighted Student by Size for All Elem Districts



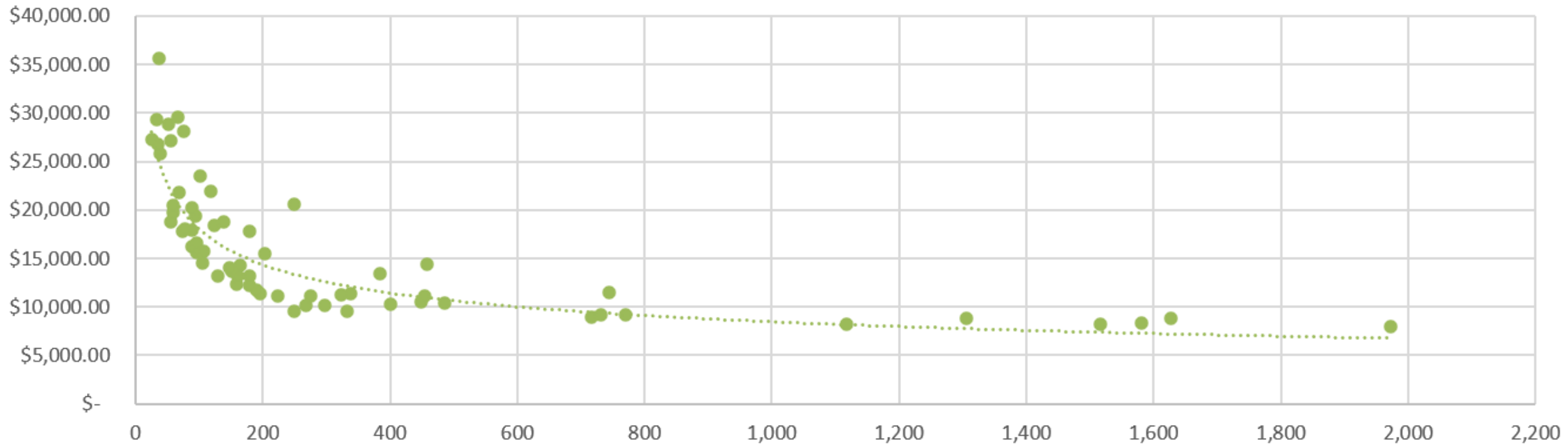
Foundation per Weighted Student by size for Successful Elem Districts



Foundation per Weighted Student by Size for All High School Districts



Foundation per Weighted Student by Size for All K-12 Districts



District Size: Alternatives

- 24 states adjust for district size, with a wide variation in approaches
- Colorado uses a classic J-curve plus minimum student count funding
 - Creates an approach more similar to the BE
- Other states focus on staffing adjustments
 - Not aligned to using a foundation amount

District Size: Montana Considerations

- Does the state want to keep the fixed cost nature of the BE?
 - This could be done using a size adjustment and minimum student count funding level
- Should the size adjustment differ by grade span?
 - Currently the BE provides more per pupil for high school and K-12 than elementary

Necessarily Small Schools/Districts Adjustments

Montana already has a couple of adjustments to funding in these areas

- For districts with **isolated schools either by mileage or another “unusual hardship”** an additional BE unit is provided and per ANB funding
- Conversely, for **districts/schools with 9 or fewer ANB for two years that are not “isolated”** the state provides only 50% of normal direct state aid
 - There is no similar funding mechanism for high schools/districts

Necessarily Small Schools/Districts: Alternatives

- 11 states adjust for schools that are small, primarily due to geographic isolation, which may be set based on factors like distance to other schools or population density
 - North Carolina provides funding for schools with less than 110 students in geographically isolated settings
 - North Carolina defines geographically isolated as fewer than 1.5 students per square mile, or more than 150,00 acres of federal forest land in the county the district resides in
 - Wyoming provides minimum staff for schools of at least 50 students, prorated below 50 to ensure at least two staff FTE

Necessarily Small Schools/Districts: Montana Considerations

- Montana has set parameters to identify “isolated settings”
- Currently the funding is driven primarily by an additional BE allocation
- If the state were to move to a more traditional district size adjustment, an alternative plan would need to be made for isolated settings
- The non-isolated funding approach likely could be kept

Regional Cost Adjustment Approaches

15 states adjust for regional cost differences (most often using a comparable wage index, or CWI, approach)

Three primary types of indices can be used to make a regional, or geographic, cost adjustment:

- **Cost-of-Living Index (COL):** Usually created by determining the cost for a given set of goods — often termed a “market basket” — in different locations
- **Hedonic Wage Index (HWI):** Uses regression analysis to predict wages by dividing the variation in *actual* wages across districts into spending that is and is not within control of the districts
- **Comparable Wage Index (CWI):** Uses regional differences in non-educator wages based on the recognition that if wages in comparable professions are higher in a given region, then teacher wages will also have to be higher

Regional Cost Adjustments: Alternatives

	Index Name	Index Type
Alaska	District Cost Factor	Hedonic Wage Index
Colorado	Cost of Living Factor	Cost of Living Index
Florida	District Cost Differential	Comparable Wage Index
Kansas	Cost-of-Living Weighting	Cost of Living Index*
Illinois	Regionalization Factor	Comparable Wage Index
Maine	Regional Labor Market Area Adjustment	Hedonic Wage Index
Maryland	Comparable Wage Index	Comparable Wage Index
Massachusetts	Wage Adjustment Factor	Comparable Wage Index
Missouri	Dollar Value Modifier	Comparable Wage Index
New Jersey	Geographic Cost Adjustment	Comparable Wage Index
New York	Regional Cost Index	Comparable Wage Index
Virginia	Cost of Competing Adjustment	Comparable Wage Index (Adjustment)
Wyoming	Regional Cost Adjustment	Cost of Living Index, Hedonic Wage Index (uses best of)

* *grant only for high-cost districts that apply*

Regional Cost Adjustments: Montana Considerations

- Main decision when using an RCA is what is a state trying to solve for, since the approaches measure different things
- Many states use readily available federal data
 - This can be difficult in a smaller state with a large number of districts, as data is often the same for many districts
 - Federal data has also become less reliable, and recommendation is not to rely on it in future



COMMISSION DISCUSSION

Commission Discussion

- Reflections on moving to a more traditional foundation formula?
- Are there components of the current formula that are critical to keep?
- Is there a model that the commission would like to examine for the July meeting?
- How would the state think about phase-in?
 - States generally do not change a formula all at once

Next Steps

- Staff will examine the revenue sources included in successful school districts' foundation amounts
- Staff will examine how dollars are spent in successful and non-successful districts
- Staff will analyze any requested formula models



QUESTIONS?