

TO: School Funding Interim Commission (SFIC)  
FROM: Becca Brown and Pad McCracken, Commission Staff  
RE: Framework of the School Funding Interim Commission  
DATE: April 7, 2026

Greetings Commissioners,

This memo is intended to walk through the constitutional mandate and statutory charge of the SFIC under current law. Constitutional and statutory language have been copied directly from the Montana Code Annotated. Emphasis added by commission staff.

## Montana Code Annotated 2025

THE CONSTITUTION OF THE STATE OF MONTANA

ARTICLE X. EDUCATION AND PUBLIC LANDS

Part X. EDUCATION AND PUBLIC LANDS

**Section 1. Educational goals and duties.** (1) It is the goal of the people to establish a system of education which will develop the full educational potential of each person. Equality of educational opportunity is guaranteed to each person of the state.

(2) The state recognizes the distinct and unique cultural heritage of the American Indians and is committed in its educational goals to the preservation of their cultural integrity.

(3) The legislature shall provide a basic system of free quality public elementary and secondary schools. The legislature may provide such other educational institutions, public libraries, and educational programs as it deems desirable. It shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system.

## Montana Code Annotated 2025

TITLE 5. LEGISLATIVE BRANCH

CHAPTER 20. EDUCATIONAL COMMITTEES

Part 3. School Funding Interim Commission

**5-20-301. School funding interim commission.** (1) There is a school funding interim commission that must be formed during the 2015-2016 interim and each successive fifth interim pursuant to 20-9-309. The commission **shall**:

(a) conduct a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools;

(b) if necessary, recommend to the following legislature changes to the state's funding formula;

(c) *in considering changes to the funding formula or in designing a new funding formula, strive for a funding formula that:*

*(i) is understandable, transparent, and equitable, including adjustments for student needs, district characteristics, and local property wealth disparities;*

**Subsection (1)(c) contains the new aspirations (strivings) added by the 2025 legislature**

- (ii) utilizes revenue sources that are stable and predictable;
  - (iii) prioritizes funding the education of children in the current year, and not simply funding a system of schools based on prior year enrollment;
  - (iv) reduces administrative burdens and costs and drives funding toward classroom instruction;
  - (v) allows for parental choice within an expanded public education system;
  - (vi) eliminates the need for tuition payments between school districts;
  - (vii) minimizes property tax impacts related to the reappraisal cycle; and
  - (viii) incorporates free market principles where appropriate and rewards school districts based on student academic growth, achievement, and proficiency rather than head counts and seat time; and
- (d) for the commission formed during the 2025-2026 interim, prior to conducting the study under subsection (1)(a), form an innovation and excellence in education working group to develop recommendations, objectives, and an implementation plan as described in subsection (10) to improve the basic system of free, quality, public elementary and secondary schools.

**Subsection (1)(d) describes “Phase I” IEEWG efforts of the 2025 SFIC**

(2) In conducting the study, the commission **may**:

- (a) review the work of previous studies and commissions.
- (b) consider recommendations and topics provided by other interim or standing legislative committees, the board of public education, the office of public instruction, the governor's office, private organizations, professional educators, school trustees, and members of the public;
- (c) review how the state's education funding policy has evolved as a result of litigation;
- (d) seek input from representatives from the board of public education, the office of public instruction, the governor's office, private organizations, professional educators, school trustees, and members of the public;
- (e) consider the state's existing and projected financial resources as well as the needs and concerns of Montana taxpayers;
- (f) authorize research and studies to be conducted by reputable and reliable experts in the public or private sectors; and
- (g) request research and analysis from the legislative fiscal division, the office of public instruction, the department of revenue, and any other state agency or entity that maintains information or data relevant to the study.



**The 2025-26 SFIC has not yet reviewed this perspective**



(3) The members of the commission are:

**Subsection (3) prescribes SFIC membership**

- (a) six members of the house of representatives, three from the majority party and three from the minority party, appointed by the speaker of the house in consultation with the house majority leader and the house minority leader;

(b) six members of the senate, three from the majority party and three from the minority party, appointed by the president of the senate in consultation with the senate majority leader and the senate minority leader;

(c) four members of the public to be appointed as follows:

(i) two public members appointed by the speaker of the house with the consent of the house minority leader; and

(ii) two public members appointed by the president of the senate with the consent of the senate minority leader;

(d) the presiding officer of the board of public education or the presiding officer's designee;

(e) the superintendent of public instruction or the superintendent's designee;

(f) the presiding officer of the board of regents of higher education or the presiding officer's designee; and

(g) the governor or the governor's designee.

(4) Appointments to the commission must be made by May 1 in a year the commission is to form, pursuant to subsection (1).

(5) The commission shall select its presiding officer and vice presiding officer, who must be legislators, at the first meeting of the commission.

(6) The commission is attached for administrative purposes to the legislative services division, and the legislative services division shall provide sufficient and appropriate support to the commission in order that it may carry out its statutory duties, within the limitations of legislative appropriations.

(7) The commission is staffed by the legislative services division. The legislative fiscal analyst shall assign staff to assist the commission.



(8) The commission shall issue a report to the legislature in accordance with [5-11-210](#) on the commission's findings and recommendations, including any draft legislation for amending the state school funding formula.

(9) Unless the person is a full-time salaried officer or employee of the state or a political subdivision of the state, a nonlegislative member appointed to the commission is entitled to salary and expenses to the same extent as a legislative member. If the appointee is a full-time salaried officer or employee of the state or of a political subdivision of the state, the appointee is entitled to reimbursement for travel expenses as provided for in [2-18-501](#) through [2-18-503](#).

## Subsection (10) describes “Phase I” IEEWG requirements of the 2025 SFIC

(10) (a) *The innovation and excellence in education working group is composed of the commission and others as determined by the commission. The commission shall include representation from teachers, school administrators, school trustees, and parent advocacy groups in forming the working group.*

(b) *The innovation and excellence in education working group shall:*

(i) conduct a benchmarking or gap analysis study comparing the education policies of Montana to the education policies of high-performing international and domestic education systems or review a similar analysis conducted for another state;

(ii) develop recommendations to adapt the appropriate education policies of high-performing education systems for the public education system in Montana;

(iii) identify objectives to put the education performance of pupils in Montana in parity with that of pupils in high-performing education systems and make recommendations on how to meet the identified objectives;

(iv) develop an implementation plan for the recommendations made pursuant to this subsection (10)(b), which includes an analysis of the costs of the plan; and

(v) publish its recommendations and implementation plan no later than January 30, 2026.

(c) The innovation and excellence in education working group may contract with a reputable national organization to support the working group's efforts under this subsection (10).

**History:** En. Sec. 1, Ch. 359, L. 2015; amd. Sec. 29, Ch. 261, L. 2021; amd. Sec. 1, Ch. 641, L. 2025.

## Montana Code Annotated 2025

### TITLE 20. EDUCATION

#### CHAPTER 9. FINANCE

##### Part 3. Funding of Basic System of Quality Public Schools

**20-9-309. Basic system of free quality public elementary and secondary schools defined -- identifying educationally relevant factors -- establishment of funding formula and budgetary structure -- legislative review.** (1) Pursuant to [Article X, section 1](#), of the Montana constitution, the legislature is required to provide a basic system of free quality public elementary and secondary schools throughout the state of Montana that will guarantee equality of educational opportunity to all.

### Recall the constitutional mandate to “develop the full educational potential of each person”

(2) As used in this section, a “basic system of free quality public elementary and secondary schools” means:

(a) the educational program specified by the accreditation standards provided for in [20-7-111](#), which represent the minimum standards upon which a basic system of free quality public elementary and secondary schools is built;

(b) educational programs to provide for students with special needs, such as:

(i) a child with a disability, as defined in [20-7-401](#);

(ii) an at-risk student;

(iii) a student with limited English proficiency;

(iv) a child who is qualified for services under [29 U.S.C. 794](#); and

**Definition encompasses subsections (2)(a) - (2)(h)**

### Section 504 of the Rehabilitation Act of 1973

(v) gifted and talented children, as defined in [20-7-901](#);

(c) educational programs to implement the provisions of [Article X, section 1\(2\)](#), of the Montana constitution and [Title 20, chapter 1, part 5](#), through development of curricula designed to integrate the distinct and unique cultural heritage of American Indians into the curricula, with particular emphasis on Montana Indians;

(d) qualified and effective teachers or administrators and qualified staff to implement the programs in subsections (2)(a) through (2)(c);

(e) facilities and distance learning technologies associated with meeting the accreditation standards;

(f) transportation of students pursuant to [Title 20, chapter 10](#);

(g) a procedure to assess and track student achievement in the programs established pursuant to subsections (2)(a) through (2)(c); and

## Board of Public Education

(h) preservation of local control of schools in each district vested in a board of trustees pursuant to [Article X, section 8](#), of the Montana constitution.

(3) In developing a mechanism to fund the basic system of free quality public elementary and secondary schools and in making adjustments to the funding formula, the legislature shall, at a minimum, consider the following educationally relevant factors:

(a) the number of students in a district;

(b) the needs of isolated schools with low population density;

(c) the needs of urban schools with high population density;

(d) the needs of students with special needs, such as a child with a disability, an at-risk student, a student with limited English proficiency, a child who is qualified for services under [29 U.S.C. 794](#), and gifted and talented children;

(e) the needs of American Indian students; and

(f) the ability of school districts to attract and retain qualified educators and other personnel.

(4) The legislature shall:

(a) determine the costs of providing the basic system of free quality public elementary and secondary schools;

(b) establish a funding formula that:

(i) is based on the definition of a basic system of free quality public elementary and secondary schools and reflects the costs associated with providing that system as determined in subsection (4)(a);

(ii) allows the legislature to adjust the funding formula based on the educationally relevant factors identified in this section;

(iii) is self-executing and includes a mechanism for annual inflationary adjustments;

## Subsections (3) through (5) prescribe considerations of the State's School Funding Formula

(iv) is based on state laws;

(v) is based on federal education laws consistent with Montana's constitution and laws; and

(vi) distributes to school districts in an equitable manner the state's share of the costs of the basic system of free quality public elementary and secondary schools; and

(c) consolidate the budgetary fund structure to create the number and types of funds necessary to provide school districts with the greatest budgetary flexibility while ensuring accountability and efficiency.

(5) At least every 10 years, the legislature shall form the school funding interim commission pursuant to 5-20-301 for the purpose of reassessing the state's school funding formula.

**History:** En. Sec. 2, Ch. 208, L. 2005; amd. Sec. 2, Ch. 359, L. 2015.