

At-Risk / Economically Disadvantaged funding

SCHOOL FUNDING INTERIM COMMISSION
PAD MCCracken AND BECCA BROWN, LSD – JULY 2026

The Commission has expressed interest in revising the existing at-risk payment. This paper provides information to aid the Commission's consideration.

Montana's "at-risk payment" is specified in section 20-9-328¹ as follows:

At-risk student payment. (1) *The state shall provide an at-risk student payment to public school districts, as defined in 20-6-101 and 20-6-701, for at-risk students, as defined in 20-1-101 and referred to in 20-9-309.*

(2) *The at-risk student payment must be distributed to public school districts by the office of public instruction in the same manner that the office of public instruction allocates the funds received under 20 U.S.C. 6332, et seq. The office of public instruction shall prorate payments to districts based upon the available appropriation.*

(3) *The office of public instruction shall report to the governor and the legislature in accordance with 5-11-210 on the change in status of standardized test scores, graduation rates, and drop-out rates of at-risk students.*

The reference above to 20 U.S.C. 6332, et seq. means federal Title I-A funding under the Elementary and Secondary Education Act. Montana simply piggybacks on the distribution of Federal Title I-A money – if a school district receives 1.3% of the total federal money distributed in Montana (about \$60M annually) then the district receives 1.3% of the total state At-Risk Payment (about \$6.5M in FY 2027). The Commission has previously been informed by APA that Montana's spending on at-risk students is among the lowest in the nation. According to GEMS data², roughly half of Montana's public school students are economically disadvantaged. Montana provides less than \$100 in additional funding per economically disadvantaged student.

The formula (actually four formulas) used to allocate federal Title I-A funding to states and to school districts within states is among the most byzantine of any school funding formula. And that is saying something! If you are interested in understanding the intricacies, see "Determining

¹ https://mca.legmt.gov/bills/mca/title_0200/chapter_0090/part_0030/section_0280/0200-0090-0030-0280.html

² <https://gems.opi.mt.gov/student-data>

Grants Under Title I-A of the ESEA” a report published by the Congressional Research Office in March 2026.³

In June, the Commission expressed interest in modifying at-risk funding in the following ways:

1. Change the term “at-risk” to “economically disadvantaged” in statute.
2. Allow for direct certification with Medicaid so that the state payment can be separated from the federal Title I-A distribution and be based on actual student counts in each district and so that economically disadvantaged students are accounted for in reporting systems.

#1 – CHANGE THE TERM “AT-RISK” TO “ECONOMICALLY DISADVANTAGED” IN STATUTE

The term “at-risk student” is currently defined in Montana statute section 20-1-101⁴ as: “*any student who is affected by environmental conditions that negatively impact the student's educational performance or threaten a student's likelihood of promotion or graduation*” and is also referenced in section 20-9-309⁵(b)(ii) as one category of “*students with special needs*.”

This language is very broad and could be interpreted to include or exclude a wide variety of students. The intent of the “at-risk” payment, as discussed by the Commission, is to provide for students with a low socio-economic status.

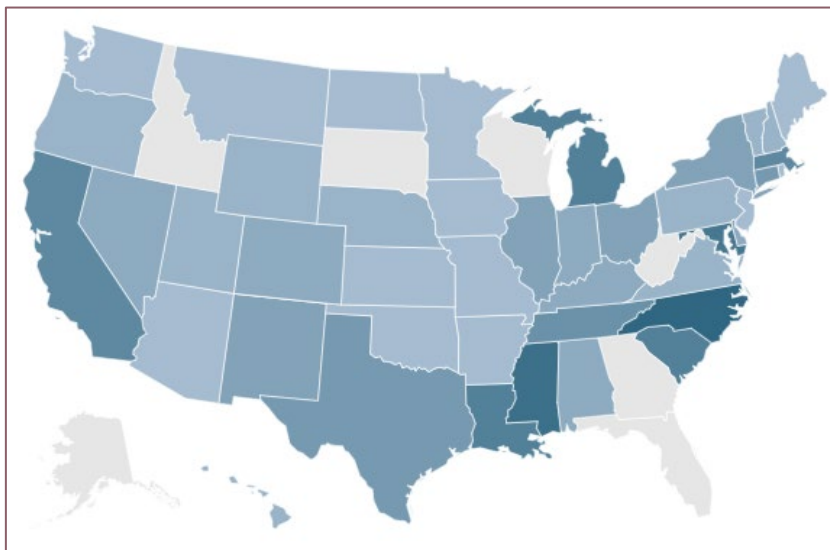
Alternatively, the Commission could consider leaving that broader definition as is, but clarifying in the statute describing the At-Risk Payment that for the purpose of the payment, at-risk means a student who is economically disadvantaged. The determination of economic disadvantage is what the next section of this paper addresses. Another option is to mimic Wyoming (see example on page 6) and use the at-risk payment to cover multiple groups of students: those eligible for free and reduced-price lunch, English language learners, and homeless or migrant students.

³ <https://www.congress.gov/crs-product/R48890>

⁴ https://mca.legmt.gov/bills/mca/title_0200/chapter_0010/part_0010/section_0010/0200-0010-0010-0010.html

⁵ https://mca.legmt.gov/bills/mca/title_0200/chapter_0090/part_0030/section_0090/0200-0090-0030-0090.html

Figure 1. According to a 2025 analysis from the National Conference of State Legislatures (NCSL)⁶, there are 44 states who include some form of poverty adjustment in their school funding formulas.



#2 – USE DIRECT CERTIFICATION WITH MEDICAID FOR THE STATE AT-RISK PAYMENT

According to the USDA, “**direct certification with Medicaid (DC-M)** is the use of Medicaid data files to identify children eligible to receive meals through the NSLP and SBP at free or reduced price without need of application.”⁷

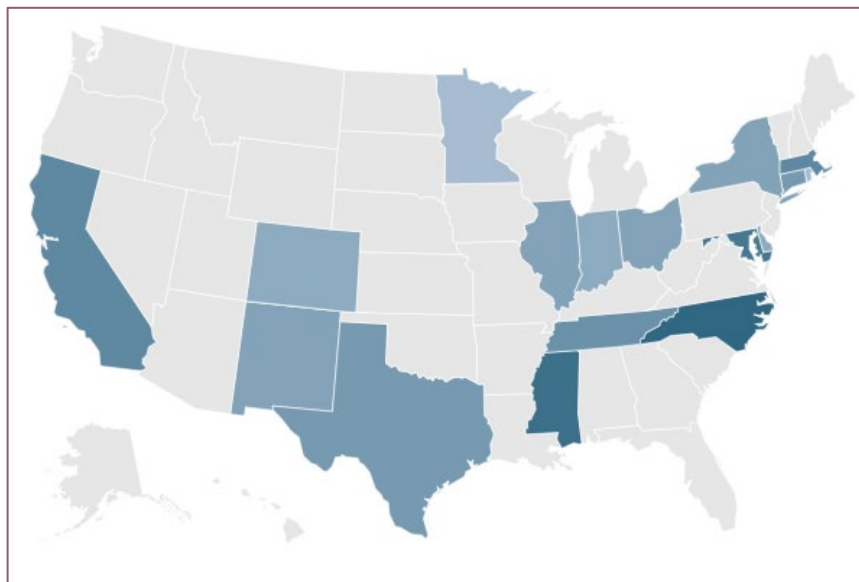
According to guidance from the Centers for Medicare & Medicaid Services (CMS)⁸, DC-M will “allow the state agencies to **directly certify** students to receive both free and reduced price school meals **based on the child’s Medicaid eligibility and verified income**. Direct certification has the potential to improve student access to school meals, reduce administrative burden for schools and families, and improve certification accuracy. Direct certification cannot be used to negatively impact any child already certified for the free and reduced meals programs.”

⁶<https://app.powerbi.com/view?r=eyJrljoiMzE2ZGM5NTUtMTFmNS00ZWZhLWE3ODMtYzZIMGRlODVlODUxliwidCI6IjM4MmZiOGIwLTRkYzMtNDUwNy04MGJkLTMTOTVlMjQzMmZhZSIsImMiOiZ9>

⁷ <https://www.fna.usda.gov/cn/direct-certification-medicare-demonstration-project>

⁸ <https://www.medicare.gov/federal-policy-guidance/downloads/cib08182022.pdf>

Figure 2. According to a 2025 analysis from the National Conference of State Legislatures (NCSL)⁹, there are 17 states who specifically allow for DC-M as a poverty indicator in their school funding formulas.



OTHER STATES' STATUTORY LANGUAGE

Following are several examples of the language other states use to allow direct certification to determine economic disadvantage in their funding formula.

Colorado 22-54-103 (1.5)(e)¹⁰: *For purposes of this subsection (1.5), a pupil's eligibility for free or reduced-price lunch may be demonstrated by any means, including identification through an application for free or reduced-price lunch pursuant to the federal "Richard B. Russell National School Lunch Act", 42 U.S.C. sec. 1751 et seq. or Colorado's participation in the demonstration project operated pursuant to 42 U.S.C. sec. 1758 (b)(15) for **direct certification** for children receiving benefits through Medicaid.*

⁹<https://app.powerbi.com/view?r=eyJrIjoiMzE2ZGM5NTUtMTFmNS00ZWZhLWE3ODMtYzZlMGRlODVlODUxliwidCI6IjM4MmZiOGlwLTRkYzYtMjEwNDUwYzY4Zi1mNjgyLTRkN2YtYmE4OS03NTYzNzYzOTg0OGEKAFBvZENhdGFsb2d592q2Kywlf8caKqYROP5&pddocfullpath=%2Fshared%2Fdocument%2Fstatutes-legislation%2Furn%3AcontentItem%3A6JRT-8JD3-S6V5-B267-00008-00&pdcontentcomponentid=234176&pdteaserkey=sr1&pdtab=allpods&ecomp=6s65kkk&earg=sr1&prid=a023142b-435c-4eff-b509-7fcc168cdf9e>

¹⁰ <https://advance.lexis.com/documentpage/?pdmfid=1000516&crd=8cc6d341-a484-40f2-bb8f-33853e557918&config=014FJAAyNGIkY2Y4Zi1mNjgyLTRkN2YtYmE4OS03NTYzNzYzOTg0OGEKAFBvZENhdGFsb2d592q2Kywlf8caKqYROP5&pddocfullpath=%2Fshared%2Fdocument%2Fstatutes-legislation%2Furn%3AcontentItem%3A6JRT-8JD3-S6V5-B267-00008-00&pdcontentcomponentid=234176&pdteaserkey=sr1&pdtab=allpods&ecomp=6s65kkk&earg=sr1&prid=a023142b-435c-4eff-b509-7fcc168cdf9e>

Kentucky Rev. Stat. Ann. Section 157.360¹¹ (2)(a) *"The number of at-risk students in the district. At-risk students shall be identified as those approved for the free lunch program under state and federal guidelines. The number of at-risk students shall be multiplied by a factor to be established by the General Assembly. [...]"*

Michigan Comp. Laws Serv. Section 388.1631A¹² (24)(b) *"Economically disadvantaged" means a pupil who has been determined eligible for free or reduced-price meals as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j; who is in a household receiving supplemental nutrition assistance program or temporary assistance for needy families assistance; or who is homeless, migrant, or in foster care, as reported to the center.*

Mississippi Code Ann. Section 37-151-201¹³ (j) *"Low income student" means a student who has been identified by the department, through inclusion in the identified student percentage, as having been approved for free meals based on documentation of:*

(i) *Receipt of benefits from the following federally funded programs:*

1. *Supplemental Nutrition Assistance Program (SNAP);*
2. *Temporary Assistance for Needy Families (TANF);*
3. *Food Distribution Program on Indian Reservations (FDPIR); or*
4. *Medicaid, where applicable, as approved by United States Department of Agriculture (USDA) to conduct matching with Medicaid data to identify children eligible for free meals; or*

(ii) *The inclusion of students who are identified as homeless children, migrant children, runaway children or Head Start children, who are approved for free school meals without application and not subject to verification, which includes foster children certified for free meals through means other than an application for free and reduced price school meals.*

¹¹ <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=58169>

¹² <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-388-1631a>

¹³ <https://advance.lexis.com/documentpage/?pdmfid=1000516&crd=e8e83d17-8691-4146-ac4d-acc6f814936c&config=00JABhZDIzMTViZS04NjcxLTQ1MDItOTIiOS03MDg0ZTQxYzU4ZTQKAFBvZENhdGFsb2f8inKxYiqNVSihJeNKRIUp&pddocfullpath=%2Fshared%2Fdocument%2Fstatutes-legislation%2Furn%3AcontentItem%3A6CNK-1SX3-RXH2-T46B-00008-00&pdcontentcomponentid=234190&pdteaserkey=sr0&pdtab=allpods&ecomp=6s65kkl&earg=sr0&prid=d1829556-43cc-402f-9e8c-220cbe9ec87c>

Tennessee Code Ann. Section 49-3104¹⁴ (10) *“Economically disadvantaged” means, as defined in Tennessee’s Every Student Succeeds Act (ESSA) plan established pursuant to the federal Every Student Succeeds Act (20 U.S.C. § 6301 et seq.), a home-less, foster, runaway, or migrant student or a student eligible for free or reduced-price school meals or milk through the direct certification eligibility guidelines established pursuant to 42 U.S.C. §§ 1751-1769;*

Wyoming Statute Annotated Section 21-13-309¹⁵ (m)(v)(A) *“At-risk students, for purposes of model computations, shall include students within a school who are eligible for participation in the free and reduced price lunch program under the national school lunch program established by 42 U.S.C. 1751 et seq., who are identified as limited English proficiency in accordance with rules and regulations of the department of education or who are mobile students as defined by department rule and regulation and enrolled in grades six (6) through twelve (12) for the applicable school year. A student shall be counted only once for purposes of computing school at-risk student populations even though that student may simultaneously be eligible to participate in the free and reduced price lunch program, in programs serving students with limited English proficiency or is defined as a mobile student;”*

COMMISSION DIRECTION

The table of potential findings and recommendations includes one on at-risk funding. If the Commission wants to include a bill draft as part of a recommendation, staff can develop one based on the above examples. The Commission will need to determine the funding level per economically disadvantaged student. APA recommended a .25 weight on a Foundation amount of \$8,586, roughly \$2,125 per student and in the vicinity of \$150 million statewide annually, depending on the measure of poverty used.

¹⁴ <https://advance.lexis.com/documentpage/?pdmfid=1000516&crid=c5598c55-1185-4945-9f7f-bc845c8ca695&config=025054JABlOTJjNmlyNi0wYjI0LTRjZGEtYWE5ZC0zNGFhOWNhMjFINDgKAFBvZENhdGFsb2cDFQ14bX2GfyBTaI9WcPX5&pddocfullpath=%2Fshared%2Fdocument%2Fstatutes-legislation%2Furn%3AcontentItem%3A65S9-M490-R03N-73DV-00008-00&pdcontentcomponentid=234179&pdteaserkey=sr0&pdtab=allpods&ecomp=6s65kkk&earg=sr0&prid=34b1c379-4490-4ce3-a3d7-f037faa0a2ab>

¹⁵ <https://advance.lexis.com/documentpage/?pdmfid=1000516&crid=29397fa7-008b-450b-b817-ccb3c4153246&config=00JABmMTEzODA5Zi0wOWExLTQ3NTAtOThmNy0xYjc5ZjUwYzRkZmIKAFBvZENhdGFsb2f3sjqEYfYX7EMD8yWYBYCu&pddocfullpath=%2Fshared%2Fdocument%2Fstatutes-legislation%2Furn%3AcontentItem%3A8MHY-0YH2-D6RV-H4PD-00008-00&pdcontentcomponentid=234174&pdteaserkey=sr0&pdtab=allpods&ecomp=6s65kkk&earg=sr0&prid=1a4a85b8-5a27-4be4-94a0-4048219a58af>