



AUGENBLICK,
PALAICH AND
ASSOCIATES

Successful School Districts Study and Funding Model Recommendations

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APA Consulting

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Agenda

- Updates
- Revised SSD Foundation Amount
- Spending patterns of SSDs vs. non-SSDs
- Designing a foundation formula
 - Foundation amount
 - Basic entitlement
 - Grade span adjustments
 - Funding/weights for special populations
- Cost estimates and comparison to current



UPDATES

Updates

- Since the last meeting:
 - Several additional districts completed the survey
 - Updated and expanded results included as handout in materials
 - SSD foundation amount updated to reflect additional spending out of Building Reserve Fund
 - Examined spending patterns and differences in total spending between elementary and high schools
 - Designed a starting point for a foundation funding formula for Montana
 - Includes starting point weights that could be revisited over time
 - Maintains current budget units and basic entitlement constructs to address district size



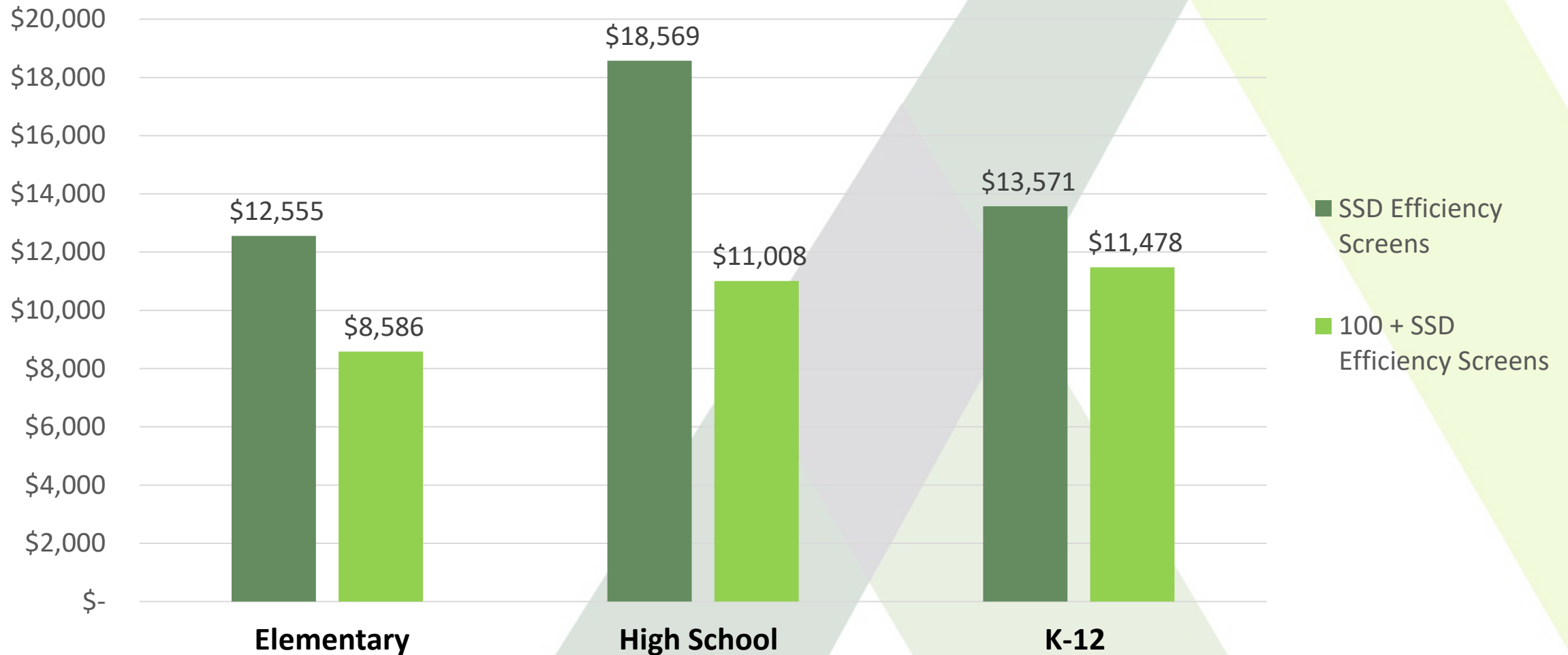
REVISED SSD FOUNDATION AMOUNT

Revision of the June Foundation Amount

- The study team introduced an initial foundation analysis at the June Commission meeting
 - Received feedback that there was additional spending that should be included in the analysis from the Building Reserve Fund
 - The addition of the funds created a change in the foundation amount for SSD districts over 100

SSDs	Old (June) Foundation	New (July) Foundation	% Change
Elem over 100	\$8,342	\$8,586	3%
High over 100	\$11,478	\$11,008	-4%
K-12 over 100	\$11,121	\$11,478	3%

Foundation Amount (with Efficiency Screens)



Comparison of LEs that are Part of a System to LEs Not in a System

- The study compared spending of Elementary LEs in a system to those not in a system

Metric (Elementary)	Part of System	Not Part of a System	All Elem LEs	% Diff: Part vs Not Part	% Diff: Part vs All
All Elem Avg Spend PP (No trans./food/cap./Adult Ed)	\$16,113	\$22,242	\$19,710	-28%	-18%
Elem 100 and Greater Avg Spend PP (No trans./food/cap./Adult Ed)	\$14,594	\$11,585	\$13,563	21%	8%

Comparison of Difference in Spending Between Elementary and High School LEs in or not in a System

- Found that the difference between spending for Elementary and High School LEs was smaller when in a system (30% vs. 20%)

	Elementary 100 and Over Per Pupil	High 100 and Over Per Pupil	% Difference between Elem and High
Part of a System	\$14,594	\$17,448	20%
Not Part of a System	\$11,585	\$15,067	30%

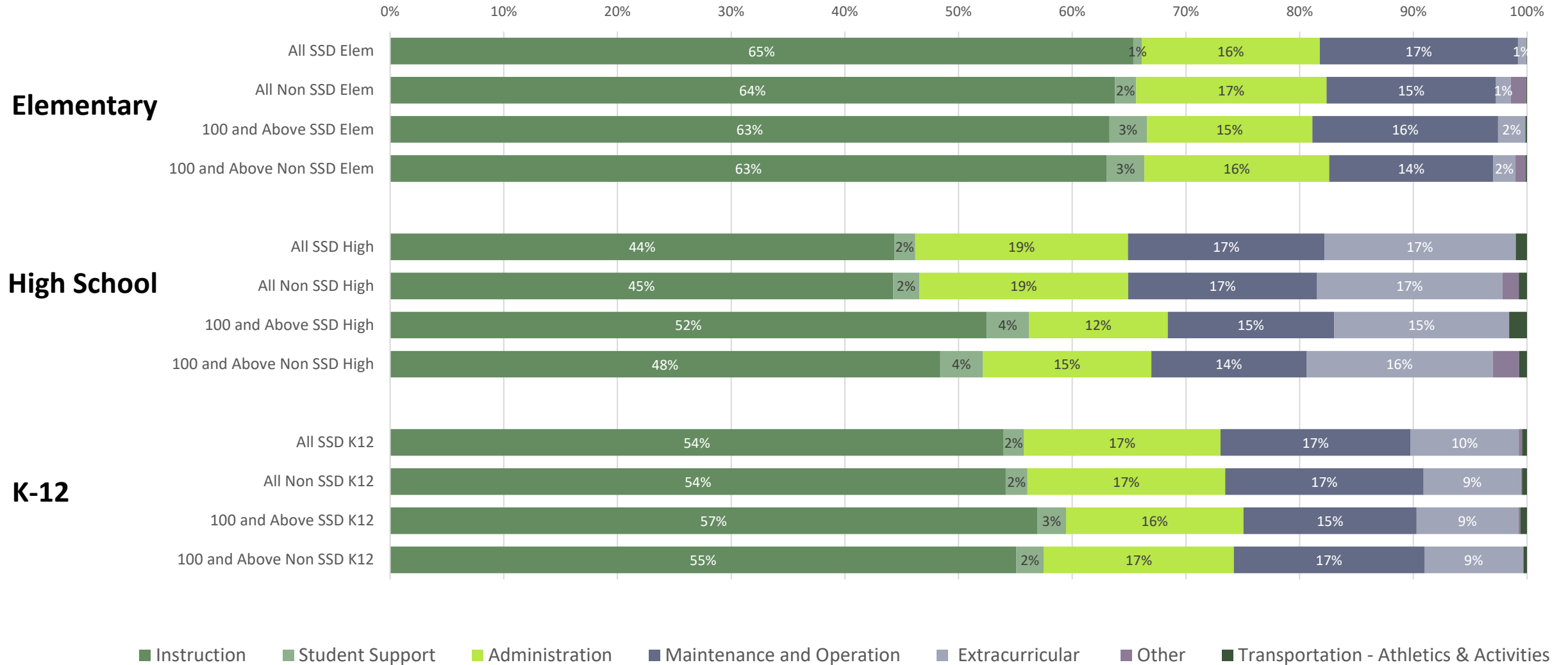
- Note, this analysis is limited to how/where expenditures are currently reported
 - For example, if a High School LE holds funds that they spend on Elementary LEs, those expenditures would still be reported to the High School



SPENDING PATTERNS OF SSDs VS. NON-SSDs

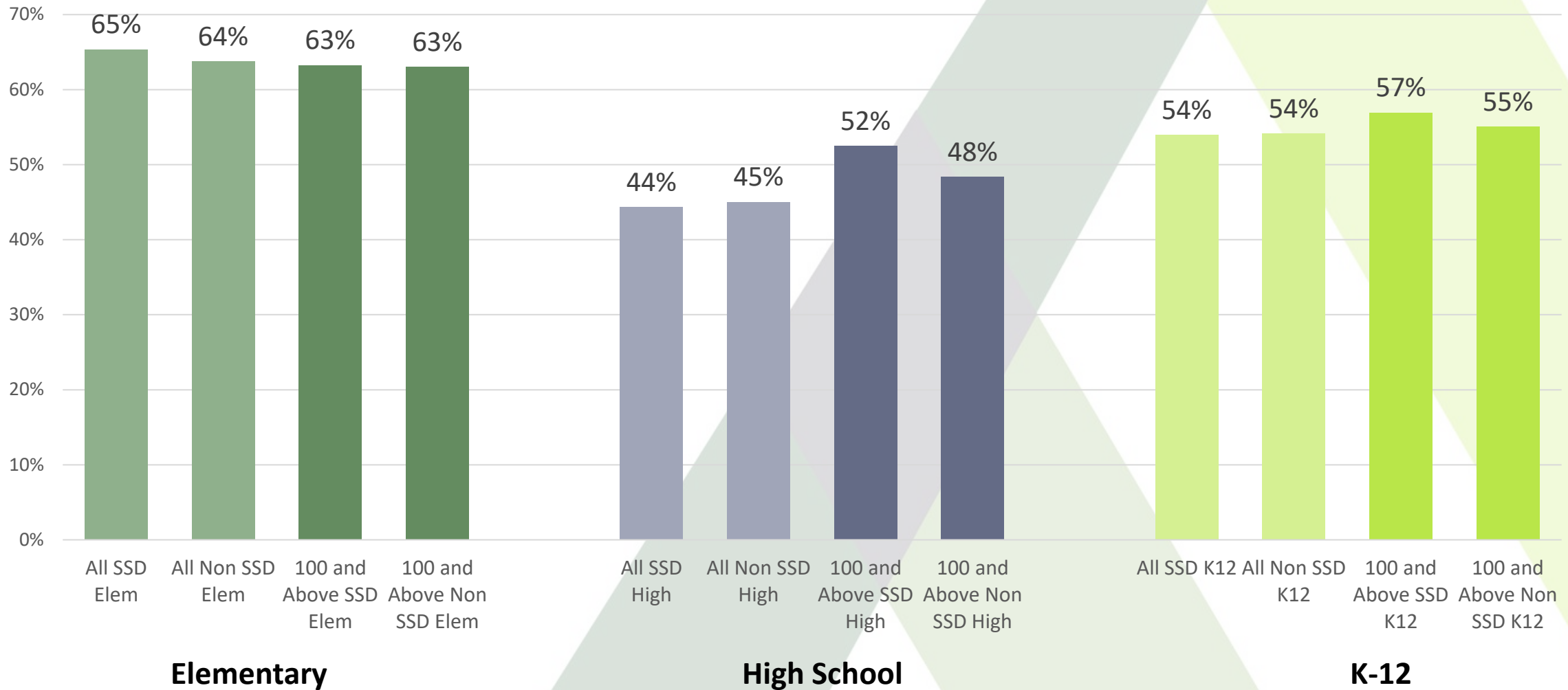
Spending by Area

Percentage of Foundation per Weighted Student



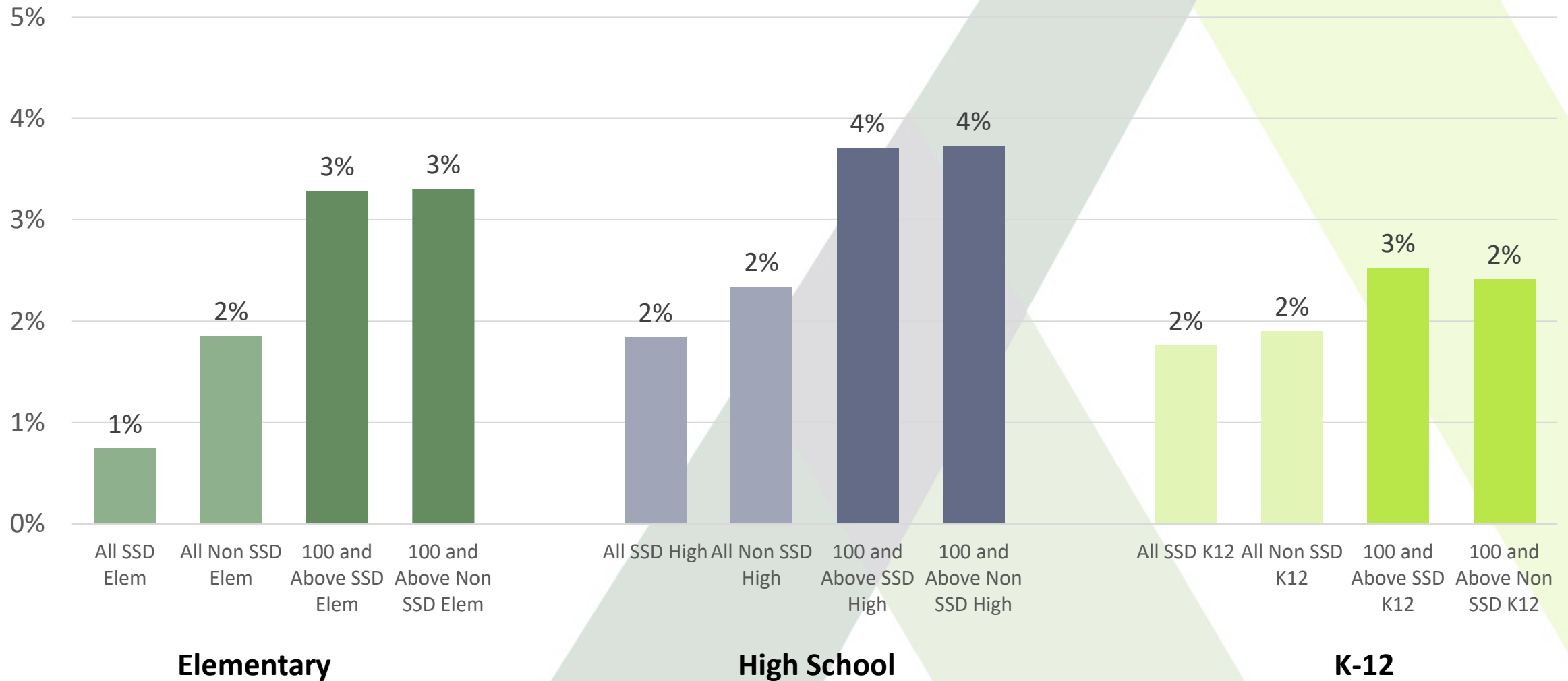
Instruction

Percentage of Foundation per Weighted Student



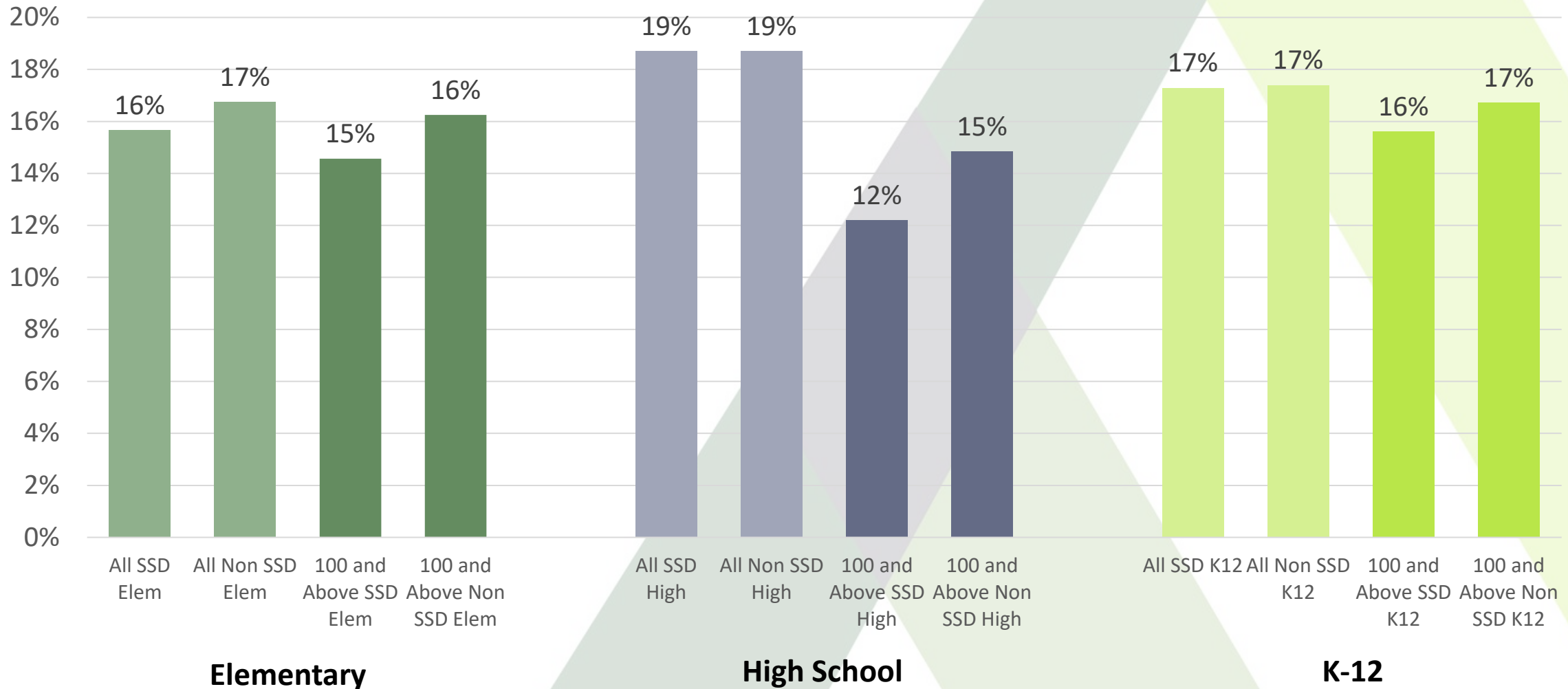
Student Support

Percentage of Foundation per Weighted Student



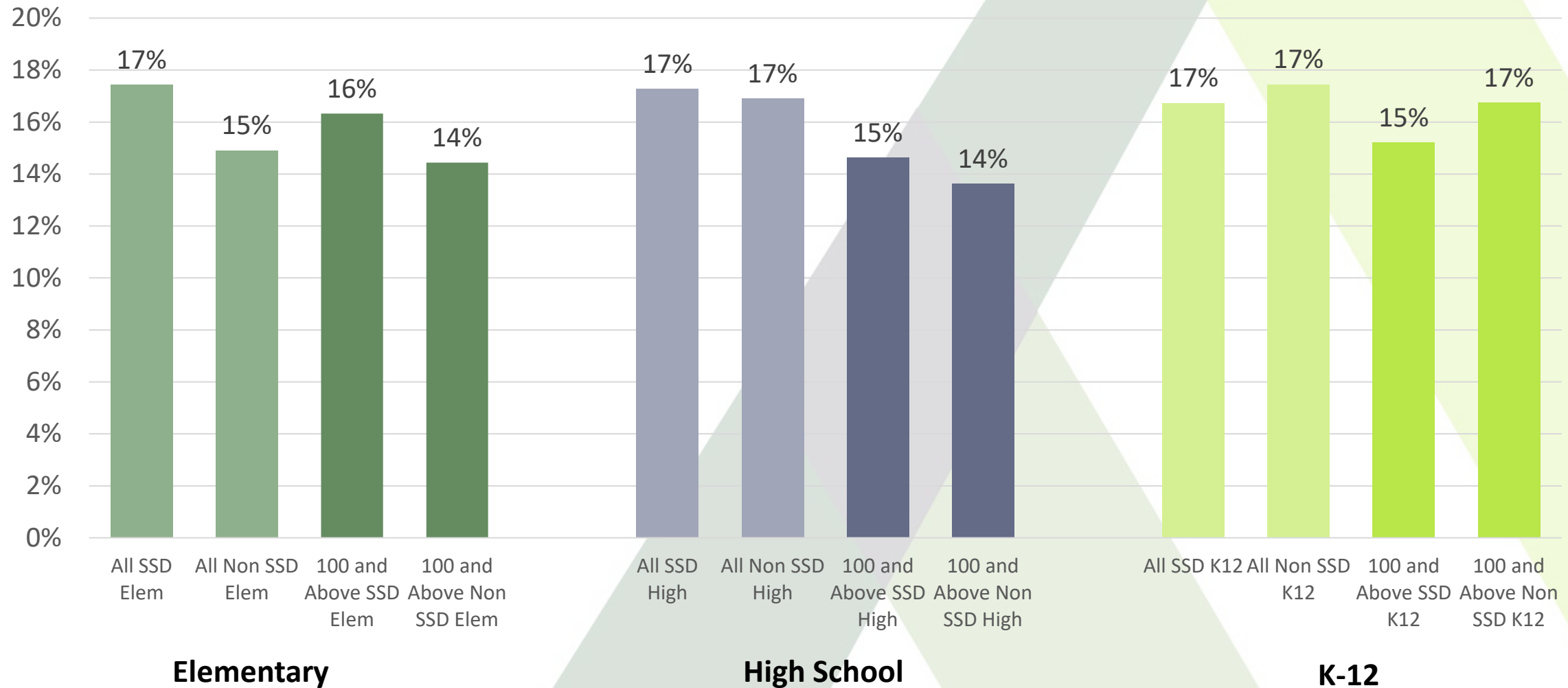
Administration

Percentage of Foundation per Weighted Student



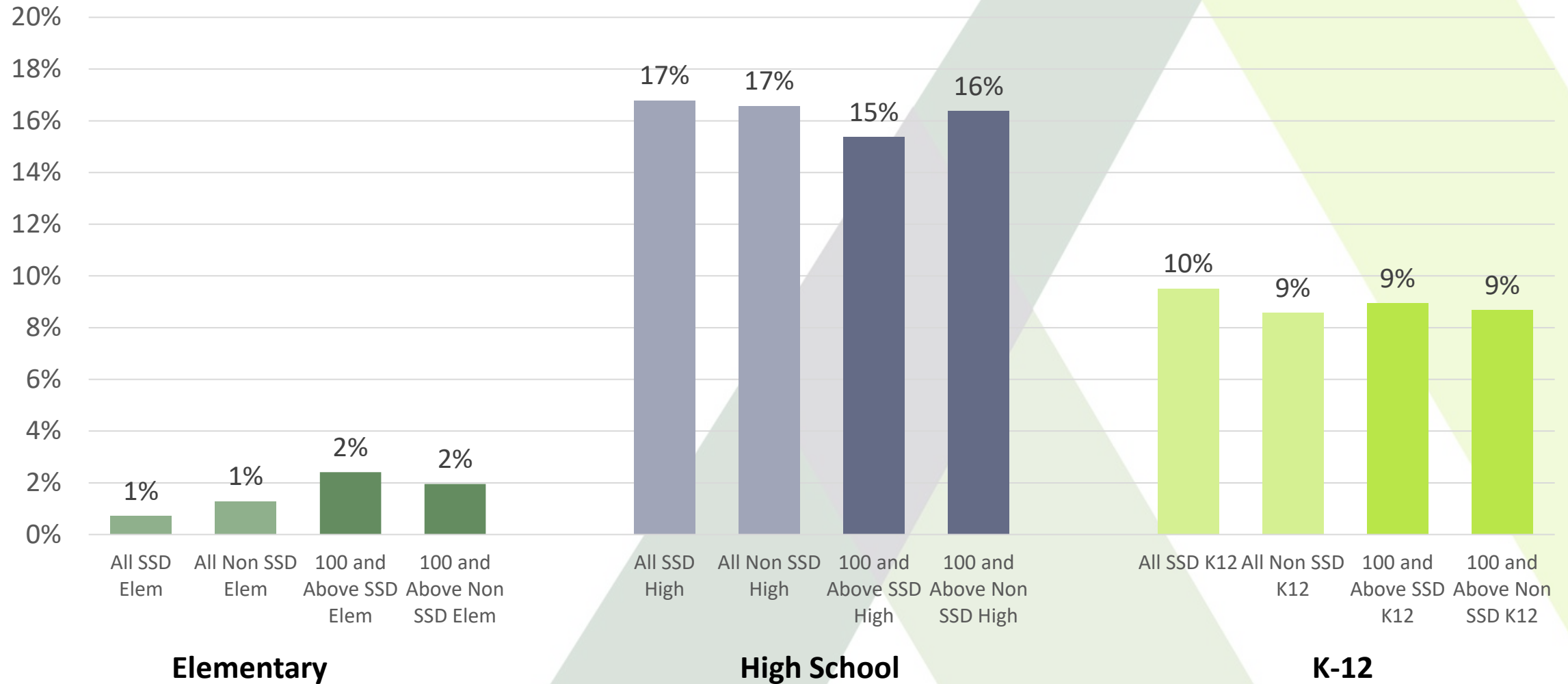
Maintenance and Operation

Percentage of Foundation per Weighted Student



Extracurricular

Percentage of Foundation per Weighted Student





FUNDING FORMULA DESIGN

Context for the Formula Work

- APA was hired to work with staff to design a process to identify a foundation amount
 - Study was not designed to identify Montana-specific cost figures for every element that might be included in a foundation formula
- The work in the next slides builds off the foundation amount identified through the SSD process
 - APA has utilized its national expertise to provide research-based recommendations for the other foundation formula components

Foundation Formula Components

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

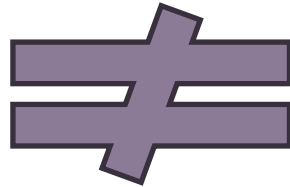
Student Characteristic Adjustments – Might include adjustments for Special Education, Economically Disadvantaged, English Language Learners, American Indian, and Student Grade Span Differences.

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.

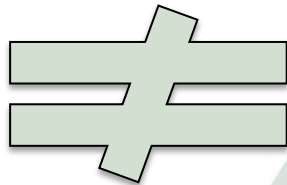
Reminder: What a Foundation Amount Isn't

Per Pupil Foundation – amount needed for a student with no special needs in a districts with no special circumstances.

The foundation does not include transportation, food service, or capital. Calculation includes all revenue sources. It is the key component of a formula but must be supplemented by other adjustments and funding.



Per ANB – figure in current formula that is key component of funding but does not represent all available funds to districts and is supplemented by BE and other available funding streams



Total per Pupil Expenditures – which include all expenditures including for students with special needs and district characteristic differences. Likely includes food service and transportation.

The stop sign symbol is used as a reminder later in the deck that it is important to not compare Foundation to per ANB or Total per Pupil Exp., and when looking at total cost estimates

Foundation Amount

Reminder: do not compare Foundation to per ANB or Total per Pupil Exp.

- **Recommendations:**

- Use the SSD Elementary Foundation Amount with Efficiency Screens (calculated based on elementary districts of over 100 students)
- This amount will be the foundation to which adjustments for grade span and student populations will be applied
 - Additionally, there will be basic entitlements for budget units

\$8,586 per student foundation amount

Basic Entitlements

- **Recommendations:**
 - Based on Commission feedback, APA recommends maintaining the current basic entitlement construct, applied to current budget units, instead of a more traditional size adjustment
 - Keep current criteria for separate budget units based on geographic isolation
 - Do not apply an additional size adjustment
 - Adjust basic entitlement amounts to reflect minimum staffing assumptions: 1 teacher (\$75,000) and 0.5 administrator (\$125,000) per elementary and middle school; 4 teachers and 0.5 administrator per high school

Basic Entitlements by Budget Unit

Elementary: \$137,500; Middle: \$137,500; High School: \$362,500

- **Comparison:**
 - Current BEs are: \$60,732 Elementary, \$121,466 Middle, and \$364,401 High School

Grade Span Adjustment

- **Recommendations:**

- Based on difference in spending between elementary and high schools in K-12 systems, reduce the scale of difference between high schools and elementary schools

0.20 weight for high school students

- **Comparison:**

- Currently about 25% difference in per ANB

Adjustments for Student Populations

- **Recommendations:**

- Initially fund the following starting weights and revisit over time
- Allow for weight stacking where a student receives each weight they are eligible for

0.25 for at-risk
students
(\$2,125 per)



0.25 for English
Learners
(\$2,125 per)



0.05 for American
Indian students
(\$425 per)

- **Comparison**

- At-risk currently funding is about at \$82 per FRL student (imputed estimate), English Learners are not funded, American Indian achievement Gap payment is \$249 per American Indian student

Special Education

- **Recommendations:**

- Fund special education at a level to fully fund current state and local expenditures through both a primary weighted allocation and a high-cost funding pool, and maintain funding for cooperatives

1.0 weight for special education students +
high-cost reimbursement + funding for cooperatives

- **Comparison:**

- Current special education payment
- In FY25, districts spent \$197 million on local/state special education expenditures
 - School Administrators of Montana estimates \$50 million is for students considered higher-cost, or over \$30,000 per student (June presentation)
 - A weight of 1.0 for special education students would generate \$165 million, with the remaining \$50 million estimated to be funded through a high-cost reimbursement fund

Indian Education for All

- **Recommendations:**

- Maintain funding as distinct funding source and fund at least at the current level

Maintain current funding approach/level

- **Comparison:**

- Current approach generates \$3.8 million for districts, no change



COST ESTIMATES AND COMPARISON TO CURRENT

Cost Estimates by Formula Component (FY26)

Formula Component	(in millions)
Foundation	\$1,333.1
Basic Entitlements	\$129.1
Grade Span (High School)	\$80.3
Indian Education for All	\$3.8
<i>Student Populations</i>	
At-Risk	\$167.4
English Learners	\$15.2
American Indian	\$9.7
Special Education, Weighted Allocation	\$165.4
Special Education, High-Cost Reimbursement	\$50.0
Total	\$1,954.0

Reminder: use
caution when
comparing to
current
General Fund
or Total
Expenditures



COMMISSION DISCUSSION

Commission Discussion

- Any reflections on moving to a more traditional foundation formula while still keeping some hybrid elements?
- These cost estimates are a first step to answer the question of “how much” should be spent on education in Montana but do not address the question “from where” as estimates include spending from non-general fund sources.
 - What are the implications on tax policy that need to be discussed?
 - What other considerations would you raise?



QUESTIONS?