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FOR MONTANA'S PUBLIC SCHOOLS

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Memorandum to the School Funding Interim Commission from the Coalition of Advocates for Montana's Public Schools - June 5, 2026

FY2024 U.S. CENSUS SCHOOL FINANCE DATA - What the New National Data Tell Us About Montana's School Funding System

Key Takeaways of this Memo at a Glance

1. **Introduction** — Newly released FY2024 Census data show that Montana's comparative funding position deteriorated significantly from FY2023 and therefore warrant an updated review by the Commission.
2. **Executive Summary** — Montana ranks near the bottom nationally on multiple measures of educational investment and continues to fall further behind both national averages and many peer states.
3. **Understanding Montana's Position Relative to the Nation** — Montana schools operate approximately $611 million below the national average level of current educational spending.
4. **Regional Comparisons Provide Additional Perspective** — Several western and northern plains states invest hundreds of millions of dollars more in public education than Montana when adjusted for student enrollment.
5. **Understanding Revenue Sources** — Montana's state and overall investment in public education is substantially below the national average.
6. **Revenue Relative to Personal Income** — Montana ranks near the bottom nationally in educational investment even when funding is measured relative to the economic resources available within the state.
7. **Understanding Montana's Cost Structure** — Montana's geography and extraordinary population sparsity create educational service delivery costs that differ significantly from those in more densely populated states.
8. **Understanding Different State Comparisons** — Comparisons to both lower-spending and higher-spending states provide useful information but answer different policy questions regarding cost, adequacy, and educational opportunity.
9. **COVID-Era Federal Funding** — The principal findings of this memorandum are not driven by temporary pandemic-related federal funding.
10. **Implications for the Commission's Ongoing Work** — Identifying successful Montana schools is valuable, but understanding the relationship between educational outcomes and resource levels requires examining successful states that are not constrained by current resources as well as successful schools within Montana that are operating under such constraints.

Introduction

On May 7, 2026, the U.S. Census Bureau released its FY2024 Annual Survey of School System Finances. These data were released approximately one month after the Commission's April 7-8 meeting and provide the most current national benchmark available for evaluating Montana's public school funding system.

The value of these data lies not simply in where Montana ranks among the states. They provide important context for understanding the scale of Montana's educational investment, how Montana compares to both national averages and regional peers, and how Montana's funding system relates to the constitutional expectation of a system of free quality public schools.

Because the Commission has previously received information based upon FY2023 Census finance data, we believed it would be helpful to provide an update using the newly released FY2024 data. While the annual Census survey is released each year, the changes reflected in the FY2024 data are particularly noteworthy. In several important respects, the gap between Montana and both the national average and many peer states has widened as other states have increased educational investments at a faster pace. Accordingly, this memorandum updates the Commission's understanding of Montana's national position using the most current information available.

Several themes emerge consistently throughout the FY2024 data. Montana remains below national averages on multiple measures of educational investment. Montana ranks near the bottom nationally when educational funding is measured relative to personal income. The gap between Montana and many peer states remains substantial and, in several cases, has grown significantly from the comparisons previously presented using FY2023 data.

Most importantly, the data help illustrate the magnitude of these differences in practical terms.

Top Level Numbers

The FY2024 Census data reveal five significant findings:

1. Montana remains in the lower tier of states nationally in educational investment.

Montana ranks:

- 39th in current spending per pupil.
- 46th in total elementary-secondary revenue relative to personal income.
- 46th in state-source revenue relative to personal income.
- 45th in current spending relative to personal income.
- 45th in instructional spending relative to personal income.

2. Montana schools operate substantially below national average funding levels.

If Montana funded schools at the national average level of current spending, Montana public schools would receive approximately **$611 MILLION MORE ANNUALLY**

3. The funding gap between Montana and many western peer states is substantial.

Using Montana's enrollment as the benchmark:

Comparison	FY2023 Gap	FY2024 Gap	Growth in Gap, FY2023 to FY2024
National Average	$421.4 million	$610.8 million	**+$189.3 million**
Colorado	$166.2 million	$347.1 million	**+$180.8 million**
North Dakota	$358.5 million	$531.1 million	**+$172.6 million**
Oregon	$518.7 million	$682.2 million	**+$163.5 million**
Washington	$674.7 million	$756.4 million	**+$81.6 million**
Wyoming	$849.6 million	$1.058 billion	**+$208.3 million**

4. Montana invests less state support than the nation as a whole.

Montana's state investment in public education falls substantially below the national average. State revenue accounts for approximately 39.0 percent of Montana school funding compared to 45.2 percent nationally.

5. Montana's funding position is slipping relative to other states.

While Montana has increased school funding in recent years, many states have increased investments more rapidly, resulting in a widening gap between Montana and both the national average and many peer states. Although the 2025 Legislature made significant new investments in public education, those investments are unlikely to materially close the gap given the magnitude of the increases made by other states and the extent to which Montana's comparative position deteriorated between FY2023 and FY2024.

Understanding Montana's Position Relative to the Nation

National rankings are useful because they provide context.

Montana is often compared to its own historical funding levels or to annual legislative appropriations. National data allow policymakers to evaluate Montana's investment levels relative to the broader educational landscape.

According to FY2024 Census data, Montana spends approximately $13,656 per pupil in current expenditures and ranks 39th nationally.

One way to understand the significance of this ranking is to examine what funding would look like if Montana simply matched the national average.

Applying national average current spending levels to Montana's enrollment of approximately 155,084 students produces a difference of roughly $611 million annually.

This figure does not represent a comparison to the highest-spending states. It does not assume Montana should replicate any particular state's funding model. Instead, it provides a useful illustration of the difference between Montana and the average educational investment made across the nation.

The calculation highlights an important reality: Montana's funding challenges are not measured in marginal differences. The gap between Montana and national averages is measured in hundreds of millions of dollars annually.

Adjusting to Reflect 2025 Session Progress

Some Commission members may note that the FY2024 Census data do not yet reflect the significant investments made in Montana public schools during FY2025 or the additional funding enacted by the 2025 Legislature. That observation is correct. According to the Office of Public Instruction, however, total current spending across all funds excluding COVID-related funds increased by approximately $87.2 million between FY2024 and FY2025. In addition, the 2025 Legislature increased state support for public schools by approximately $68.5 million above prior funding levels. Combined, those increases total approximately $155.7 million. Even if those amounts were fully reflected in the FY2024 Census comparisons, and even if one assumes that every other state in the nation made no additional investments after FY2024, Montana would still remain approximately $455 million below the FY2024 national average level of educational spending. Because other states *have* continued to increase educational investments during this same period, Montana's actual comparative position is likely less favorable than this simplified illustration suggests. The significance of the FY2024 Census data is therefore not diminished by Montana's recent investments. Rather, the data help illustrate the scale of the challenge. The actions taken by the 2025 Legislature represent meaningful progress, but they do not materially alter the conclusion that Montana remains substantially below national averages and many peer states in overall educational investment.

Regional Comparisons Provide Additional Perspective

National averages are informative, but regional comparisons may be even more useful because they involve states that share many of Montana's geographic, economic, and demographic characteristics. When Montana's enrollment is used as a common benchmark, several western and northern plains states invest substantially more in public education.

State	Additional Annual Funding
Colorado	$347 million
North Dakota	$531 million
Oregon	$682 million
Washington	$756 million
Wyoming	$1.06 billion

These comparisons are noteworthy because they involve states that are frequently viewed as peers or competitors.

North Dakota and Wyoming are particularly instructive. Both states face many of the same geographic and rural service delivery challenges that Montana experiences. Yet both invest substantially more in public education when adjusted to Montana's student population.

Similarly, Colorado, Oregon, and Washington have all increased educational investments at levels that place them significantly ahead of Montana in current spending.

These comparisons do not establish what Montana should spend. They do, however, help illustrate the range of educational investments being made by states operating within the broader western region.

Understanding Revenue Sources

The Census data also provide insight into how states finance public education.

Nationally, approximately 45.2 percent of school revenue comes from state sources.

In Montana, state revenue accounts for approximately 39.0 percent of total school funding.

At the same time, federal revenue represents approximately 17.8 percent of Montana school revenue compared to a national average of 11.6 percent.

Revenue Source	Montana	National Average
State Revenue	39.0%	45.2%
Local Revenue	43.2%	43.2%
Federal Revenue	17.8%	11.6%

These figures indicate that Montana invests less state support and relies more heavily on federal support than the nation as a whole.

This provides important context regarding Montana's position relative to national funding patterns, which is particularly relevant given the strong evidence of intent for higher shares of funding evident from the constitutional convention notes.

Revenue Relative to Taxpayer Affordability based on Personal Income

One of the most useful measures in the Census data evaluates school funding relative to personal income. This measure helps answer a different question than simple spending rankings. Rather than asking how much a state spends, it asks how educational investment compares to the economic resources available within that state.

Montana ranks:

Measure	National Rank
Total Revenue Relative to Personal Income	46th
State Revenue Relative to Personal Income	46th
Current Spending Relative to Personal Income	45th
Instructional Spending Relative to Personal Income	45th

These rankings indicate that Montana is near the bottom nationally not only in spending levels but also in educational investment relative to personal income.

This finding is particularly significant because it demonstrates that Montana's position cannot be explained solely by population size or rural geography. Relative to available economic resources, Montana devotes a comparatively small share to public education.

Understanding Montana's Cost Structure

National expenditure comparisons are most meaningful when considered alongside the realities of the educational systems being compared.

Montana has fewer residents per square mile than any state in the contiguous United States. Public schools serve communities spread across nearly 147,000 square miles, many separated by significant geographic distances and operating far from major population centers.

These conditions influence virtually every aspect of educational service delivery.

Transportation routes are longer. Specialized services often require extensive travel. Educational programs must be maintained in communities where enrollment may be small but access to educational opportunity remains essential.

The same realities affect administrative expenditures.

Every school district must maintain core business operations, personnel management, financial reporting, budgeting, compliance responsibilities, transportation oversight, student records systems, and community governance functions. Many of these responsibilities exist regardless of whether a district serves hundreds of students or tens of thousands of students.

As a result, expenditure categories such as administration should be understood within the context of Montana's geography and scale. Montana's administrative spending profile reflects the realities of operating a statewide public education system across one of the most sparsely populated and geographically dispersed landscapes in America.

The same factors that influence administrative expenditures also influence transportation, facilities, special education delivery, recruitment and retention, technology infrastructure, and numerous other components of educational service delivery.

Understanding Montana's geography is therefore essential to understanding Montana's school finance system.

Understanding Different State Comparisons

School finance discussions often include comparisons with states such as Idaho, Utah, Arizona, and South Dakota.

These comparisons can be informative, but they answer a different question than the one currently before the Commission.

States that spend less than Montana help illustrate how some states operate lower-cost educational systems. They provide insight into alternative funding models and expenditure patterns.

The Commission's current work, however, focuses on adequacy, educational opportunity, and the resources necessary to support a constitutional system of free quality public schools.

For that purpose, comparisons with states such as Colorado, North Dakota, Oregon, Washington, and Wyoming may provide additional insight because they illustrate funding levels associated with systems that have chosen to make larger educational investments while operating within the broader western region.

Both sets of comparisons are valuable. They simply provide different perspectives on the policy choices available to states.

A Note Regarding COVID-Era Federal Funding

The principal findings contained in this memorandum are not driven by temporary COVID-era relief funding. FY2024 reflects the final phase-out period of ESSER and other pandemic-related federal programs. The comparisons discussed throughout this memorandum are based primarily on current spending levels, revenue composition, and revenue relative to personal income.

While residual federal funding effects may still appear in portions of the FY2024 data, the overall conclusions remain clear and are not dependent upon temporary federal relief programs.

Montana remains below national averages and below many regional peers regardless of those temporary funding streams.

Implications for the Commission's Ongoing Work

The Commission's effort to identify successful Montana schools is an important component of understanding educational performance within the state's current funding framework. Examining schools that achieve strong outcomes despite existing constraints may provide valuable insights into leadership, instructional practices, organizational structures, and other factors associated with success.

The FY2024 Census data suggest, however, that Montana's schools operate within a funding environment that differs substantially from both the national average and many states whose educational outcomes are frequently cited as aspirational. Montana schools collectively operate with approximately $611 million less annually than would be available at average national funding levels, with substantially larger gaps compared to several western peer states.

As the Commission considers findings regarding successful schools within Montana, it may also be helpful to view those findings alongside information from states that consistently achieve strong educational outcomes at substantially different levels of investment. Success within Montana's current funding framework can provide important insight into what is working under the current system today. Comparisons with high-performing states can provide additional insight into the relationship between educational outcomes and the resources available to support them.

Together, these perspectives may provide a more complete understanding of both the opportunities available within Montana's current system and the investments associated with the outcomes Montana hopes to achieve.

Conclusion

The FY2024 Census data provide the most current national snapshot available regarding public school finance and were released after the Commission's most recent meeting.

The data reveal a consistent picture.

Montana ranks below national averages on multiple measures of educational investment. Montana ranks near the bottom nationally in both total educational revenue and state educational revenue relative to personal income. Montana invests less state support than the nation as a whole and more heavily on federal revenue. Montana trails the national average and many western peer states by substantial margins measured in hundreds of millions of dollars annually.

These findings provide important context as the Commission evaluates adequacy, equity, sustainability, and the long-term capacity of Montana's public school funding system.

Most importantly, they help place Montana's school finance discussions within a broader national framework and provide a clearer understanding of where Montana stands relative to both the nation and many of its regional peers.