

FUNDING THE BASIC SYSTEM OF FREE QUALITY PUBLIC ELEMENTARY AND SECONDARY SCHOOLS

**FINAL REPORT TO THE 70TH
MONTANA LEGISLATURE**

School Funding Interim Commission (SFIC)

Commission Staff

DRAFT For Review on 8/13/2026



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This report is a summary of the work of the School Funding Interim Commission

, specific to the statutory requirements as outlined in section [5-20-301, MCA](#) and the School Funding Interim Commission’s 2025-26 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the School Funding Interim Commission in reaching its conclusions. To review additional information, including video recordings, minute logs, and exhibits, visit the School Funding Interim Commission website: <https://committees.legmt.gov/#/nonStandingCommittees/43>

SCHOOL FUNDING FINAL REPORT

EXECUTIVE SUMMARY

The Commission's findings and recommendations are **summarized** below, grouped by category. The full findings and recommendations are elucidated in each detail section of this report.

Adequacy

- **Finding:** Montana's current BASE-level school funding is not adequate to meet the constitutional goal of "*develop[ing] the full educational potential of each person*" and providing equality of educational opportunity.
- **Recommendation:** The 2027 Legislature should enact legislation envisioned by the SFIC to bring Montana's BASE-level school funding to an adequate level, and the 2025-26 SFIC's work should be used as the basis for a comprehensive funding formula redesign aimed at achieving adequacy and equalization.

Inflation

- **Finding:** The current inflationary mechanism has resulted in school district BASE budgets losing purchasing power during, and in the years following, periods of high inflation.
- **Recommendations:** Revise the inflationary mechanism to: remove the 3% "cap;" minimize the "lag;" and replace the CPI metric with a composite that is less volatile.

Special Education

- **Findings:** 1. Schools' requirement to provide special education services may affect local property taxpayers and/or other educational programs when special education funding is insufficient to cover the costs of providing services; 2. The state special education allowable cost payment has not kept pace with inflation or with the increased number of students; and 3. IEPs requiring extraordinarily high-cost services can cause budgetary strain, particularly in small districts.
- **Recommendations:** 1. Increase and revise the state special education allowable cost payment through **PD 13 – SPED COST**; 2. Establish a high-cost pool through **PD 10 – SPED POOL**; and 3. Continue examining regionalization, cooperative boundaries, disproportionate cost reimbursement, student-based payments, and funding "weights" based on actual cost of services.

Facilities

- **Finding:** State support needs to be consistent, targeted, and flexible for the wide variety of district needs.
- **Recommendations:** 1. Revise the Major Maintenance program through **PD 11 – FAC** to increase revenue into the SFTA, ensure district facility reporting, and revise the SMMA "box" calculation; and 2. Enact a bond guarantee program to give districts access to lower interest rates.

Educational Governance, Coordination, and Strategic Planning

- **Finding:** The "Phase I" / "Constitutional Players" work needs to be continued through ongoing interagency collaboration rather than through SFIC.
- **Recommendation:** Require EDIC and EIBC to meet jointly and convene the "Constitutional Players" at least twice each interim, through bill draft **PD 10 – MEET**.

SFIC Going Forward

- **Finding:** The SFIC must meet more frequently for better nimbleness and responsiveness to needs.
- **Recommendation:** Revise the SFIC statute through **PD 08 – SFIC** to meet every four years, and clarify the funding formula focus of the SFIC.

Revise and Increase At-Risk Payment

- **Finding:** Current state support for at-risk students is among the lowest in the nation.
- **Recommendation:** Increase the current At-Risk Payment and revise its distribution through **PD 15 – AT RISK**, to decouple from federal Title I funding and use actual student counts.

English Language Learners (ELLs)

- **Finding:** Montana is the only state that provides no supplemental state funding for ELLs.
- **Recommendation:** Create a new per-ELL-student funding component through **PD 11 – ELLS**.

Fund 6th Graders in Middle School at Same ANB Rates as 7th and 8th Graders

- **Finding:** 6th grade students generate a lower per-ANB entitlement than their 7th and 8th grade classmates.
- **Recommendation:** Revise the per-ANB entitlement through **PD 12 – ANB6** to fund 6th in parity with 7th and 8th graders.

American Indian Education

- **Findings:** 1. State support for Indian Education For All (IEFA) is insufficient for low-population schools; and 2. State support for the American Indian Achievement Gap (AIAG) payment is insufficient for closing the educational achievement gap between American Indian students and non-Indian students.
- **Recommendations:** 1. Increase the minimum IEFA payment to \$1000/district, through **PD 08 – IEFA**; 2. Increase the AIAG payment to \$750 per identified student, through **PD 09 – AIAG**; 3. Reevaluate the IEFA program and district spending to ensure objectives are being met; and 4. Consider moving IEFA funding into a specialized fund.

High-Quality Instructional Materials (HQIM)

- **Finding:** High-performing education systems ensure access to world-class instructional materials.
- **Recommendation:** Create a state program through **PD 16 – HQIM** to support district access to HQIMs and accompanying professional development.

Simplification of the Current Funding Formula

- **Finding:** While some sophistication is necessary, Montana's formula has some unnecessary complexities.
- **Recommendation:** Prioritize reducing, rather than increasing, complexity when revising the formula.

Redesigning Montana's School Funding Formula

- **Finding:** Montana's school funding formula needs a more thorough redesign.
- **Recommendation:** Using the work of the 2025-2026 SFIC, future SFICs and legislatures must consider: the foundation formula design; components that address fixed costs, incurred by districts of all sizes and circumstances, of providing education; and moving money that has "strings attached" into funds designed for granular accountability.

Data Systems

- **Finding:** Montana's school and student data systems need to be improved.
- **Recommendations:** 1. Modernize/integrate school and student data systems; 2. Review and update the chart of accounts; 3. Avoid opacity when providing school districts with greater flexibility (LEG); and 4. Ensure meaningful data sharing between state agencies

Student Mental Health

- **Finding:** Students report increasing rates of sadness, hopelessness, and feeling unsafe at school.
- **Recommendations:** 1. Devote budget and staffing resources to continue efforts to understand and support mental health; and 2. Define the state's and state entities' roles in addressing student mental health.

Average Number Belonging (ANB) Generally and as a Proxy for Costs

- **Finding:** The term "average number belonging" or "ANB" in Montana's current formula adds complexity, and should not be used as a proxy for educational costs.
- **Recommendation:** Define a term to mean full-time equivalent student count, and find a different proxy for certain educational costs.

Geographic Isolation / Non-isolation

- **Finding:** Montana's funding formula makes little distinction between all small schools and districts and those small schools and districts that are isolated and necessary.
- **Recommendation:** Examine the school and district isolation and non-isolation definition and funding mechanisms, and ensure adequate funding for small, isolated, and necessary schools.

HIGH-LEVEL FISCAL ESTIMATES OF SFIC RECOMMENDATIONS

In the table below, Commission staff has endeavored to **estimate and briefly summarize** the fiscal impact(s) of each recommendation in this report.

PLEASE NOTE THAT THIS INFORMATION IS PROVIDED FOR REFERENCE ONLY AND DOES NOT REPRESENT A "FISCAL NOTE" THAT WOULD BE PROVIDED DURING THE LEGISLATIVE PROCESS.

Topic	Bill Draft #	Current Law (State Cost) Estimated for FY 2028 unless otherwise noted	Proposed <u>Increase</u> Above Current Law (State Cost) Estimated for FY 2028 unless otherwise noted
Inflation	PD 09 – INFL	<i>rolled into the current funding formula</i>	cost to be determined
Special Education	PD 10 – SPED POOL	=\$0	=\$20M appropriation in the bill
	PD 13 – SPED COST	≈\$50 M	≈\$70 M
Facilities	PD 11 – MMA	≈\$25 M major maintenance aid	≈\$7 M
		≈\$15 M debt service assistance	=\$0
Governance, Coordination	PD 10 – MEET	=\$0	=\$0
SFIC Going Forward	PD 08 – SFIC	=\$0 for the 2029 biennium	=\$300,000 appropriation in the bill
At-Risk Payment	PD 15 – AT RISK	≈\$7 M	≈\$80 M estimated for FY 2028 ≈\$160 M estimated for FY 2029
English learners (ELLs)	PD 11 – ELLS	=\$0	≈\$10 M
6th Grade ANB Rates	PD 12 – ANB6	<i>rolled into the current funding formula</i>	≈\$20 M
American Indian	PD 08 – IEFA	≈\$4 M	≈\$60,000
	PD 09 – AIAG	≈\$5 M	≈\$10 M
HQIM	PD 16 – HQIM	=\$0	≈\$5 M

FULL REPORT

If the children are untaught, their ignorance and vices will in future life cost us much dearer in their consequences than it would have done in their correction by a good education. –Thomas Jefferson

The 2025-26 School Funding Interim Commission (SFIC) convened for the first time on June 4, 2025, embarking on a tightly packed 15 months of exploration, discovery, and education about Montana’s K-12 school funding formula. The Commission met 13 times, for a total of 21 meeting days, in addition to 6 “roadshow” days outside of Helena, which many Commissioners were able to attend.

The interim was divided into two phases: the first to examine Montana’s system of education, and the second to review how that system is funded.

In the pages that follow, the Commission’s work will be explained as briefly as possible while giving readers a comprehensive overview. Selected additional links and resources are provided in the **Appendices** of this report. As always, significantly more detail can be found on the Commission webpage:

<https://committees.legmt.gov/#/nonStandingCommittees/43>

To encourage literature and the arts is a duty which every good citizen owes to his country. –George Washington

BACKGROUND OF THE SFIC

Anything that we have to learn, we learn by the actual doing of it; people become builders by building, and instrumentalists by playing instruments. Similarly, we become just by performing just acts, temperate by performing temperate ones, and brave by performing brave ones. –Aristotle

The ten-year review of Montana's school funding formula, sometimes referred to as the "decennial study," is a relatively new process, instituted largely as a result of school funding litigation in the last few decades.

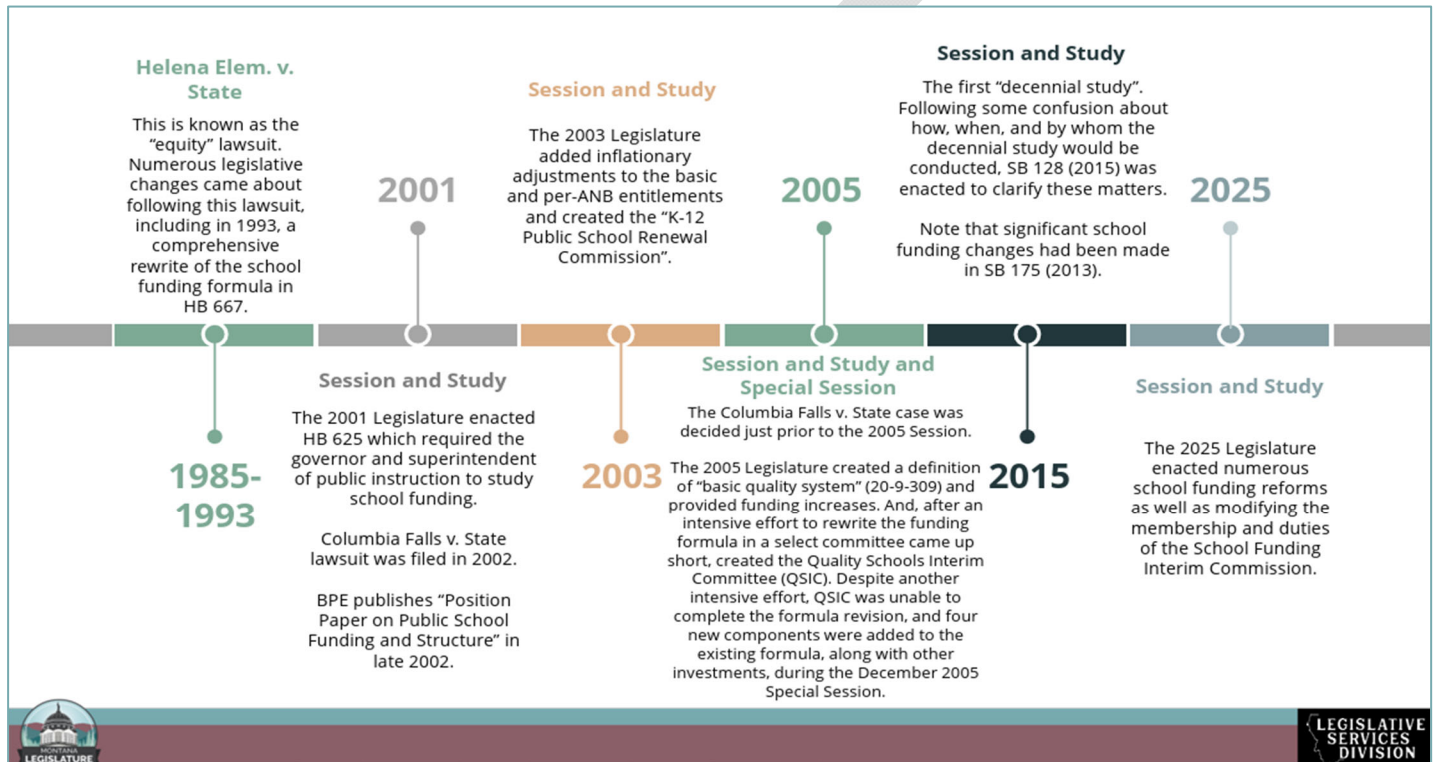


Figure X (above). This [timeline](#) illustrates a broad overview of school funding litigation and study efforts since 1985.

Selected information about the legal history is available in **Appendix B** of this report. More details can be found in the Legislature's [School Funding Library](#), curated by the Legislative Fiscal and Services Divisions; simply click on the "Litigation Background & Historical Materials" tab at the top of the webpage. The Board of Public Education has a robust record¹ of the 2003 K-12 Public School Renewal Commission's work (which also includes summaries of the efforts made in 2001). The Montana Quality Education Coalition (MQEC) website also has an excellent school funding history timeline² with links to study reports and court decisions.

¹ <https://bpe.mt.gov/Home/Reports-and-Recommendations>

² <https://www.mqec.org/school-funding-history>

2005 QUALITY SCHOOLS INTERIM COMMITTEE (QSIC)

During the 2005 regular Legislative session, two key pieces of legislation were enacted, starting the first “decennial review” of Montana’s school funding formula. [Senate Bill No. 152](#) codified the terminology of “free quality public elementary and secondary schools” into statute, and instituted the ten-year review of the school funding formula. [Senate Bill No. 525](#) created the quality schools interim committee to continue the work of the joint select committee on education funding that was established during the legislative session, and providing a deadline of December 1, 2005, for the QSIC’s findings.

FINAL REPORT OF THE QSIC

Figure X (right) shows the front page of QSIC’s final report: [Defining and Funding a Basic System of Free Quality Public Elementary and Secondary Schools](#)

QSIC CONSULTANTS' FINAL REPORTS

[Recruitment, Retention, and Salaries of Teachers and Other School Personnel](#) - Dr. Douglas Young and Dr. Christiana Stoddard

[Determining the Cost of Providing an Adequate Education in the State of Montana](#) - R.C. Wood & Associates

DRAFT LEGISLATION RESULTING FROM QSIC

[Revised LC0001](#) – bill draft to revise the School Funding Formula

[LC2005](#) – bill draft to revise Health Insurance

2005 SPECIAL SESSION

Then-governor Brian Schweitzer convened the 59th Montana Legislature in a special session on December 14, 2005,³ with a primary focus on enacting a new school funding system that would meet the requirements of Article X, section 1 of the Montana Constitution and also fulfill the requirements of the Montana Supreme Court’s recent decision in *Columbia Falls Elementary School v. State of Montana*. In the end, QSIC did not recommend their bill to replace the existing formula, and the special session enacted [Senate Bill No. 1](#) instead.

Defining and Funding a Basic System of Free Quality Public Elementary and Secondary Schools

Final Report of the Quality Schools Interim Committee
October 2006
Prepared by Connie Erickson
Research Analyst



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³ https://formergovernors.mt.gov/schweitzer/meetings/Call_for_special_session.pdf

2015-2016 SCHOOL FUNDING INTERIM COMMISSION

The 2015 Legislature passed [Senate Bill No. 128](#), creating a 16-member School Funding Interim Commission for the 2015-16 interim and each successive fifth interim (every ten years). The bill clarified some language that had been codified ten years prior. The 2015 SFIC did not conduct a broad cost/adequacy study, choosing instead to examine a few specific topics. The issues that emerged and were taken up by the Commission were:

1. Recruitment and Retention
2. School Facilities
3. Special Education and Special Needs
4. District Size, Structure, and Equity
5. K-12 Employee Health Benefits

The Commission conducted an online survey⁴ asking for public input, including perspectives from school employees, trustees, parents, and students. The survey was open from August 19, 2015 through September 9, 2015 and received 677 responses.

FINAL REPORT OF THE 2015-16 SFIC

Figure X (right) shows the front page of the 2015 SFIC's final report:
[K-12 School Funding: A 10-Year Review](#)



DRAFT LEGISLATION RESULTING FROM THE 2015-16 SFIC

Recruitment and Retention

[LC QELP](#) – bill draft to revise Quality Educator Loan Assistance Program

School Facilities

[LC ICAP](#) – bill draft to revise INTERCAP loan program

[LC EFBT](#) – bill draft to provide transferability of funds to building reserve

[LC GRT1](#) – bill draft for new facility grant program

[LC GRT2](#) – bill draft revising Quality Schools Facility Grant Program

- [LFD memo on impacts of eliminating the Natural Resource Development \(NRD\) payment](#)

⁴ <https://www.surveymonkey.com/results/SM-YMCPNJC2/>

Special Needs

[LCs SE01, SE02, SE03](#) – multiple bill drafts, each taking a different approach, to increase the state special education allowable cost payment and revise its distribution

- [OPI memo on fiscal impacts of LCs SE01, SE02, SE03](#)

[LC GFTD](#) – bill draft creating a state-funded per-ANB component to serve high-ability/high-potential students

[LC SNSY](#) – draft resolution to request an interim study of funding for programs to serve special needs students

School Employee Health Benefits

[LC HLTH](#) – bill draft to create task force study of K-12 health benefits

HOUSE BILL NO. 153 (2025)

Ahead of the formation of the 2025-2026 SFIC, the 2025 Legislature made significant changes to the SFIC enabling statute. [House Bill No. 153](#):

- expanded the 2025-2026 Commission's mission (see "Phase I and IEEWG" section of this report);
- provided aspirational goals for changes to the funding formula; and
- modified the Commission's membership to add:
 - the presiding officer of the Board of Public Education (or designee);
 - the Superintendent of Public Instruction (or designee);
 - the presiding officer of the Board of Regents (or designee); and
 - the Governor (or designee).

PHASE I AND IEEWG

Don't force children into your ways, for they were created for a time different from your own. –Plato

The 2025-26 SFIC contracted with consultants from the National Center on Education and the Economy (NCEE) to complete its "Phase I" work between August 2025 – January 2026.

PURPOSE / ORIGIN

The 2025 Legislature passed [House Bill No. 153](#) amending section [5-20-301, MCA](#), in order to require the 2025-26 SFIC, prior to reviewing the funding formula, to *"form an **innovation and excellence in education working group** to develop recommendations, objectives, and an implementation plan ... to improve the basic system of free, quality, public elementary and secondary schools."*

By first examining the system by which Montana's students are educated, and determining how the system could be improved (Phase I), the SFIC could then approach assessing the school funding formula (in Phase II) and determining what, if any, changes would need to be made to align the formula with the objectives outlined in Phase I.

***IEEWG** = Innovation and
Excellence in Education
Working Group*

In many ways, the origin of "Phase I" can be traced back to the National Conference of State Legislatures' landmark 2016 report "No Time to Lose: How to Build a World-Class Education System State by State."⁵ The report aimed to identify the common characteristics of high-performing education systems and identified four key elements of world-class education systems, one being:

Element #4: Individual reforms are connected and aligned as parts of a clearly planned and carefully designed comprehensive system.

Top performing countries have adopted a comprehensive, systemic approach to building world-class education systems. They understand that success is not achieved by adopting only one or two "silver bullet" policies; instead, these countries have reimagined and re-engineered their entire systems. Typically, this vision is established at the national level with the ministry of education, while states or provinces are charged with implementation. This is not dissimilar to how states can enact reform: with a clear vision at the state level, while local entities are responsible for implementation.

Unlike top-performing countries, states commonly take a piecemeal approach, where policymakers fail to set overarching goals for the education system and instead experiment with individual strategies that can sometimes change from year to year. States have designed and implemented many different education reform policies that are not always connected and consequently do not have the desired impact.

Clearly, a decentralized system of education governance exists and is traditionally preferred in the U.S., where state and local boards, agencies, governors and legislatures all control and often set differing

⁵ <https://www.ncsl.org/education/no-time-to-lose-how-to-build-a-world-class-education-system-state-by-state>

priorities for their own systems. Parents, teachers and students are frustrated with reform efforts that come and go, leaving them with a system built on an ever-shifting foundation.

States are well-positioned to instead create the kind of clear vision and systemic reform that high-performing countries do. State systems more closely resemble education governance in the high-performing countries. With input from stakeholders, state legislatures, state boards of education, governors and state education agencies can agree to a clear vision for the state and allow local entities to implement specific strategies.

House Bill No. 153 was designed to ensure that Montana follows the lead of high-performing education systems and establishes a true education system driven by a shared vision.

APPROACH

The innovation and excellence in education working group (IEEWG) was tasked with:

- Comparing the education policies of Montana with the policies of high-performing international and domestic educational systems;
- Developing recommendations to adapt the appropriate education policies of high-performing education systems for the public education system in Montana;
- Developing an implementation plan for the recommendations; and
- Publishing its recommendations and implementation plan no later than January 30, 2026.



Figure XX (above). The first roadshow stop at Flathead Valley Community College (FVCC) in Kalispell had robust in-person turnout, resulting in deeply valuable conversations about Montana's system of education.

ROADSHOWS

The Commission communicated at its initial meeting a desire to robustly seek input from stakeholders throughout the IEEWG effort by incorporating outreach “roadshows”, participating in the October educator conferences, and including opportunities for meaningful public comment at SFIC meetings.⁶ The roadshows were not Commission or IEEWG meetings, but facilitator-led sessions, with several local Commission/IEEWG members attending each.⁷

Roadshow opportunities included:

- Kalispell, MT – 2 sessions on 9/17/2025
- Havre, MT – 2 sessions on 9/18/2025
- Billings, MT – 2 sessions on 9/22/2025
- Virtual (Zoom) session on 9/24/2025
- Missoula, MT – 1 session at the MFPE Educator Conference on 10/16/2025
- Helena, MT – 1 session at the MCEL Conference on 10/17/2025



Figure XX (above). NCEE consultants facilitate a roadshow discussion in Kalispell about Montana’s system of education.

CONTINUED INPUT AND FINAL REPORT

The roadshows and NCEE-facilitated learning led the Commission to four main areas of focus:

- Transforming Teaching
- Early Learning
- Pathways to Graduation
- Learner-Centered Design

At its November 2025 meeting the Commission invited stakeholders and subject matter experts to come together and discuss priorities in each of these four areas of focus. These highly interactive breakout sessions provided much of the content for the IEEWG Final Report, which includes recommended system design features, policy recommendations, and an implementation plan staged over multiple time horizons.

The IEEWG Final Report (see **Appendix B**) can serve as a roadmap for legislators and other policymakers in moving Montana’s education system forward.

⁶ IEEWG memo to SFIC members, Aug. 2025: <https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/August-14-2025/Aug14-SFIC-MEMO-Parent-Advocacy-Organizations.pdf>

⁷ IEEWG membership memo, July 2025: <https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/June-23-2025/IEEWG-membership-memo-June-23-2025.pdf>

PHASE II ADEQUACY STUDY

All who have meditated on the art of governing mankind have been convinced that the fate of empires depends on the education of youth. –Aristotle

ADEQUACY STUDIES, GENERALLY

The Commission's foundational duty under [5-20-301\(1\)\(a\), MCA](#) is to "...conduct a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools." This requirement of the Commission mirrors the requirement of the Legislature as a whole under [20-9-309, MCA](#):

"(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);"

Determining and periodically reassessing the costs of an elementary and secondary school system is typically achieved by what is known as an adequacy study or cost study. At the Commission's August 14, 2025 meeting, Mike Griffith from the Learning Policy Institute walked through the [basics of these studies](#) (see slides 14-22), including who typically conducts them, the methodologies employed, the time it takes, and the cost range. **There are four generally accepted approaches to cost studies:**

- Professional Judgment
- Successful School/District
- Evidence-Based
- Education Cost Function

Most adequacy/cost studies of state education funding formulas use a combination of two or more of the generally accepted methodologies. The methodologies vary from being more input-based to more output-based. Food services, pupil transportation, and facilities costs are usually not considered in an adequacy study.

The 2005 [Quality Schools Interim Committee \(QSIC\)](#) contracted for an adequacy study,⁸ and the four methodologies used produced a wide range of increased funding requirements. The 2015-2016 SFIC did not conduct any sort of cost study, as the SFIC was not provided the necessary appropriation to contract for one, and instead decided to focus on exploring what seemed to be the areas of greatest concern with the funding formula at the time.

⁸ https://archive.legmt.gov/content/Committees/interim/2005_2006/qual_schools/FINALMONTANAREPORT.pdf

SUCCESSFUL SCHOOLS / DISTRICTS (SSD) METHODOLOGY

In a nutshell, this methodology identifies schools/districts that meet or exceed state standards, then examines funding levels and expenditure patterns for the identified schools/districts to estimate an amount needed for all districts to be successful.

The School Funding Interim Commission contracted with Augenblick, Palaich, and Associates Inc. (APA or APA Consulting) to conduct an SSD Study of Montana's school funding. The process of conducting an SSD Study is generally to identify criteria for success, select successful districts based on those criteria, examine the expenditures of the identified districts, apply efficiency screens, and then estimate the resources needed for all districts (see [APA's introductory slides for the SSD Study](#) from February 2026). The final SSD study report from APA is linked [here](#).

The **Successful Schools/Districts (SSD)** cost study methodology was developed by APA in the late 1990s.

KEY TERMS NEEDED TO UNDERSTAND THE SSD STUDY RESULTS:

- **Successful districts** – school districts that meet the definition of success as narrowly defined for the study with input from the Commission; note that these districts may not be the only successful districts in the state when viewed outside the lens of the SSD Study
- **Student circumstances** – generally include special education, at-risk or economically disadvantaged, and English Language Learner students; grade span adjustments; and for Montana, American Indian students
- **District circumstances** – can include district size, small and/or isolated schools, and differences in the costs districts face
- **Foundation amount** – the amount of funding needed for “a student with no special circumstances in a district with no special circumstances;” the foundation amount can then be adjusted for each district's unique district and student circumstances; the foundation amount is not directly comparable to the current per-ANB entitlement, total per-pupil expenditures, or the current district general fund BASE or adopted budget
- **Foundation formula/foundation formula recommendation** – the foundation amount plus adjustments for each school district's unique district and student circumstances
- **Foundation formula total** – the total dollar amount if the foundation formula were to be applied to every school district in the state (calculated for FY 2025)
- **Current (funding) framework** – the totality of current funding in the district general fund and all other school district funds

MEASURES OF SUCCESS

For this study, the Commission determined that the following measures of success would be used (see [APA's SSD Study slide deck](#) from June 2026):

- Absolute performance – districts consistently performing at a high level

- Growth performance – districts demonstrating promising improvement in performance over time
- Beat the odds (BTO) – districts performing better than expected given their context

Ultimately, 47 elementary districts, 24 high school districts, and 14 K-12 districts were [selected as successful](#), with some districts qualifying through more than one of the criteria.

The analysis identified **85** total successful school districts:
47 Elementary Districts
24 High School Districts
14 K-12 Districts

QUALITATIVE SURVEY OF IDENTIFIED SUCCESSFUL DISTRICTS

APA and legislative staff sent those districts a survey in order to collect some information on the more qualitative aspects of how the districts operate. The survey was sent to all 85 identified successful school districts, and 59 responses were received as of the July 2026 SFIC meeting (including 4 systems that had both an elementary and a high school successful district but submitted one response addressing both). Some common themes self-described as contributing to the success of these districts from the [survey responses](#) included:

- Multi-Tiered System of Supports (MTSS),⁹ Professional Learning Communities (PLCs),¹⁰ or some braided system of both, and Early targeted interventions¹¹
- Teacher expertise, quality, and stability
- High-quality instructional materials/structured core curriculum
- Small class sizes and individualized instruction
- Ongoing professional development (PD) and coaching, with an emphasis that regular PD builds teacher capacity, rather than one-off training

EXPENDITURE ANALYSIS OF IDENTIFIED SUCCESSFUL DISTRICTS

APA conducted an analysis of successful school district expenditures, and non-K-12-student-centered expenditures were removed, based on categories and definitions in the OPI School Accounting Manual:¹² adult education, construction costs, school food services, community services, enterprise services, and transportation costs to-and-from school. The remaining expenditures were examined, and funding for both student and district characteristics was excluded to establish a foundation amount of funding per student.

⁹ <https://opi.mt.gov/Educators/Teaching-Learning/Multi-Tiered-Systems-of-Support>

¹⁰ <https://www.discoveryeducation.com/blog/educational-leadership/professional-learning-communities/>

¹¹ <https://opi.mt.gov/Educators/Teaching-Learning/Literacy-Programs/Early-Literacy-Resources>

¹² <https://opifiles.mt.gov/portals/182/Page%20Files/School%20Finance/01.Accounting/Guidance%20and%20Manuals/Most%20Accessed/School%20Accounting%20Manual.pdf>

Expenditures for special education were relatively straightforward to exclude since the state tracks these expenditures, but when actual expenditures are not tracked to a subgroup (such as at-risk, English Language Learners, American Indian students, etc.), an estimated level of need is used to estimate the cost of these populations. Federal funds were examined as part of the SSD Study as a factor contributing to success, but were largely backed out of the foundation amount either directly or via a weighted student count.

The analysis established a foundation amount of **\$8,586 per student** for a total of **\$1.333 billion**.

It is important to note that this amount is not directly comparable to the per-ANB entitlement, total per-pupil expenditures, or district general fund.

There are some other limitations to the analysis of expenditures, largely due to the way transfers between districts are tracked, and the degree of detail in the data set. This is discussed in more detail in the Data Systems section of this report (pages 64-67).

Ultimately, the foundation amount (the amount of funding needed for “a student with no special circumstances in a school district with no special circumstances”) was established at \$8,586 per student, or roughly \$1.333 billion for all school districts, based on FY 2025 expenditures. It is important to note that these amounts are not directly comparable to the per-ANB entitlement, total per-pupil expenditures, or the district general fund adopted budget.

APA FOUNDATION FORMULA RECOMMENDATION

After the foundation amount was established, APA recommended student and district characteristic adjustments to be layered back on the foundation amount to come up with a foundation formula recommendation. This recommendation includes:

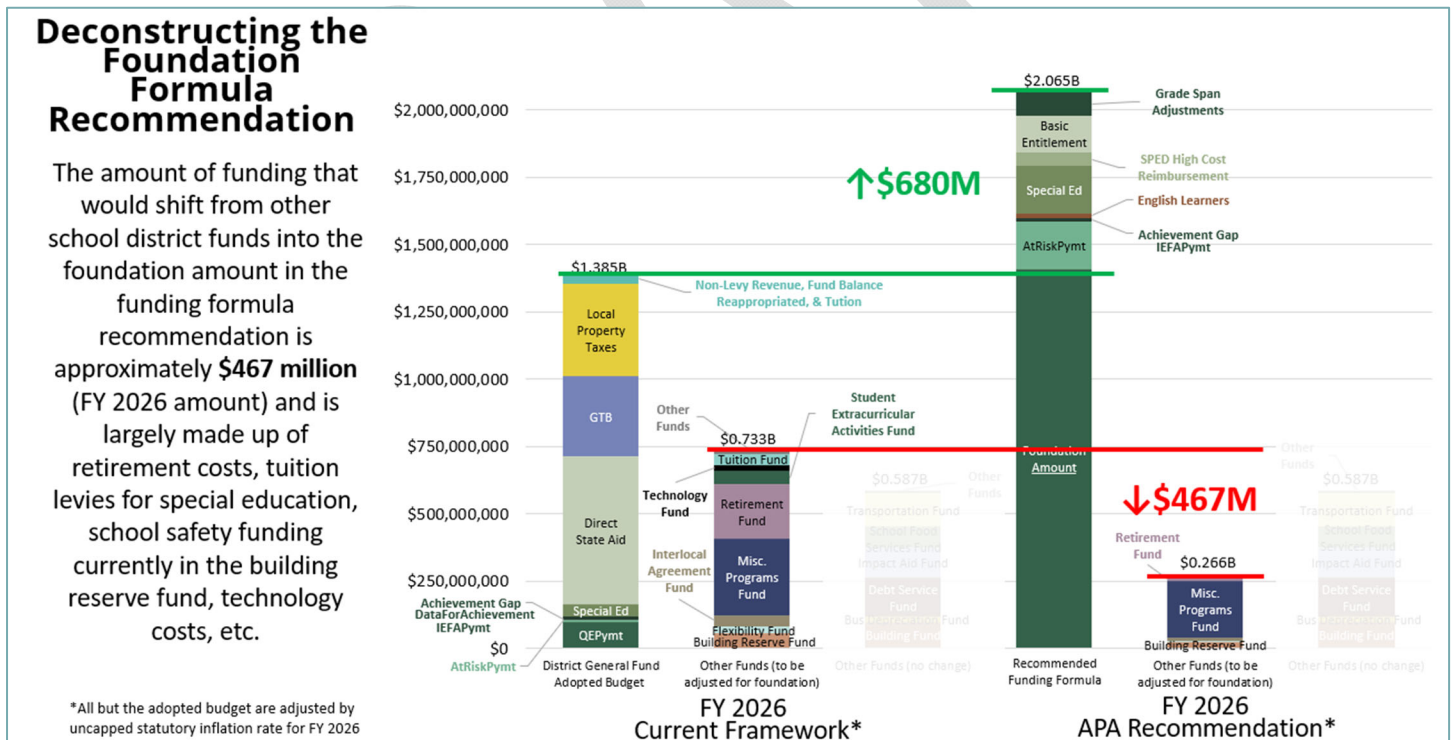
- The foundation amount
- New basic entitlement amounts applied to current budget units to reflect minimum staffing assumptions
- A 20% weight for high school students based on difference in spending between elementary and high schools in K-12 systems
- A 25% weight for at-risk students
- A 25% weight for English Language Learners
- A 5% weight for American Indian students
- A 100% weight for special education students
- A high-cost special education reimbursement
- Funding for special education cooperatives
- Indian Education for All in its current form

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

Figure XX (right). The table shows the statewide summary of costs of APA's foundation formula recommendation calculated for FY 2025 (see [APA's SSD Study slide deck](#) from July 2026).

APA's analysis was made on the most recent year of expenditure data available (FY 2025). In order to be able to compare the Foundation Formula Total (originally calculated for FY 2025) with the FY 2026 district general fund BASE and adopted budgets, the FY 2025 amounts were inflated by the uncapped three-year statutory inflation factor of 5.67%, resulting in a Foundation Formula Total for FY 2026 of \$2.065 billion.

Figure XX (below). Comparison of the current funding framework to the APA recommendation, adjusted for inflation in FY 2026 (extracted from the [staff presentation](#) made during the SFIC's August meeting).



APA's foundation formula recommendation would incorporate funding for the student-centered expenditures currently outside the district general fund into a new version of the district general fund via a weighted student formula.

THE ADEQUACY QUESTION: COMPARING THE FOUNDATION FORMULA FROM THE SUCCESSFUL SCHOOL DISTRICT STUDY AND MONTANA'S CURRENT FUNDING FORMULA

If Montana maintains those funds outside the general fund formula, the \$2.065 billion Foundation Formula Total would need to be adjusted to \$1.598 billion. However, APA recommends the adoption of the full foundation formula due to the theory of action of the SSD methodology.

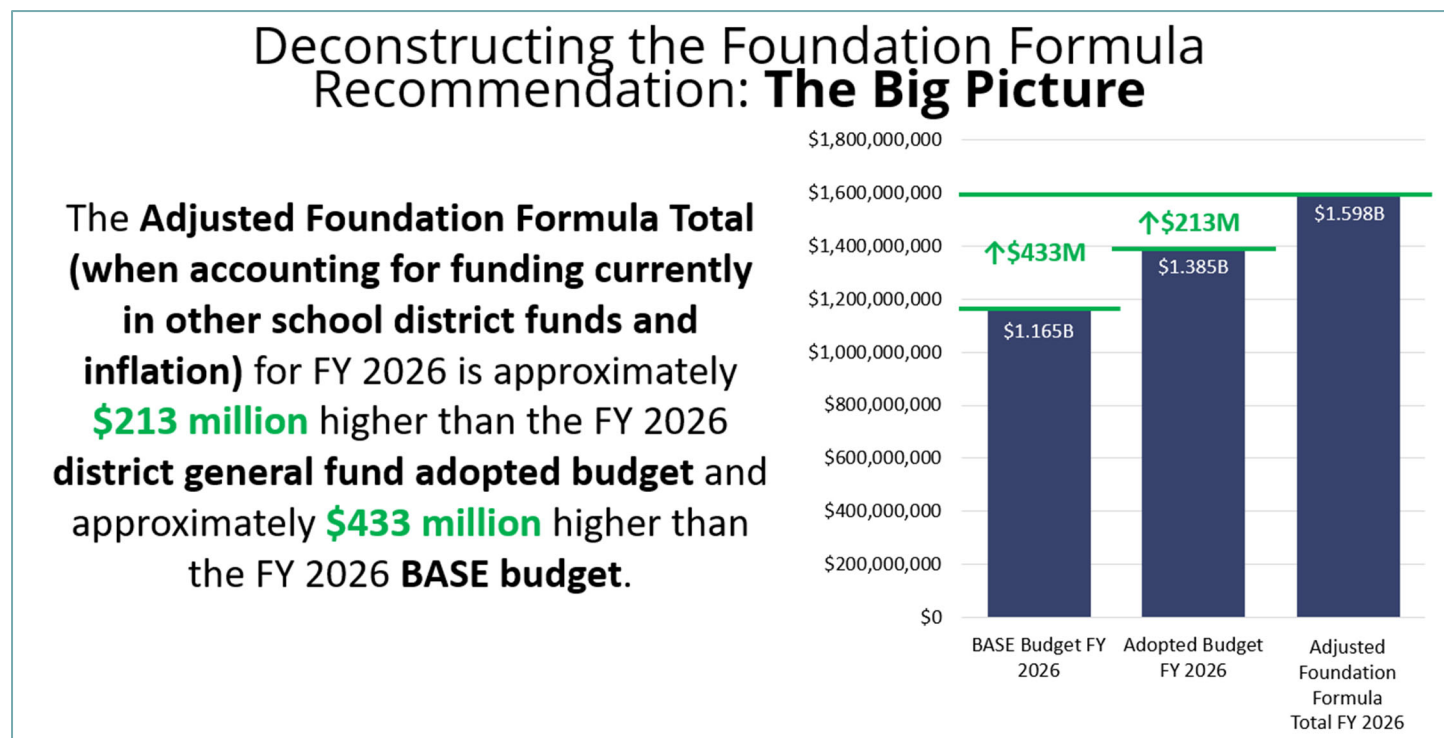
A comparison of this \$1.598 billion Adjusted Foundation Formula Total to the FY 2026 BASE budget represents a maximum state spend to reach the adjusted foundation formula total, which would mean the elimination of local property tax levies and non-levy revenue in the over-BASE area, to be replaced with state funding (but would keep local funding as it currently exists in the GTB area). The Adjusted Foundation Formula Total (when accounting for funding currently in other school district funds and inflation) for FY 2026 is approximately \$433 million higher than the FY 2026 BASE budget.

A comparison of the \$1.598 billion Adjusted Foundation Formula Total for FY 2026 to the FY 2026 adopted budget represents the minimum state spend to reach the foundation amount total, which would mean keeping all local BASE and over-BASE levies at their current level and only filling the remaining gap with state funding. There would likely be equity implications in this scenario because not all districts currently have over-BASE levies, and for the ones that do, the percent of MAX varies between districts. The Adjusted Foundation Formula Total for FY 2026 is approximately \$213 million higher than the FY 2026 district general fund adopted budget.

Therefore, the SSD study would recommend an increase of between \$213 million and \$433 million (calculated for FY 2026) to reach an adequate level of funding. Ultimately, the question of how much the state should pay versus how much should be funded with local property taxes or other local revenue is a policy decision and does not impact the adequacy of the formula but would have an impact on the state budget.

The recommended **Adjusted Foundation Formula Total** for FY 2026 is approximately \$213 million higher than the FY 2026 district general fund adopted budget and approximately \$433 million higher than the FY 2026 BASE budget.

Figure X (below). Comparison of current BASE funding to that determined in the adequacy study (extracted from the [staff presentation](#) made during the SFIC's August meeting).



COMMISSION FINDINGS AND RECOMMENDATIONS

The direction in which education starts a man will determine his future life. –Plato

The Commission's adopted work plan includes the task of developing findings and recommendations for the 2027 Legislature and beyond. As required under section [5-20-301, MCA](#):

(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.

It may be helpful to think about **findings** as "statements of fact" that the Commission needs to communicate to others, and **recommendations** as actions driven by those findings; recommended actions *may* take the form of bill drafts to be recommended to the 2027 Legislature.

Finding – a conclusion reached as a result of an inquiry, investigation, or trial.

(Oxford dictionary)

ADEQUACY

The best means of forming a manly, virtuous, and happy people will be found in the right education of youth. Without this foundation, every other means, in my opinion, must fail. –George Washington

Commission finding: Based on the results of the commission's adequacy study, and consistent with other indicators revealed during its work, the present school funding formula's Base Amount for School Equity (BASE) budget for school district general funds is not adequate to meet the requirements set forth in [Article X, Section 1](#), of the Montana Constitution. Per the adequacy study, the BASE funding gap stands at approximately \$433 million (for FY 2026). A portion of that gap currently is being bridged by \$220 million in revenue from other sources, primarily voted over-BASE levies, leaving a net shortfall of \$213 million.

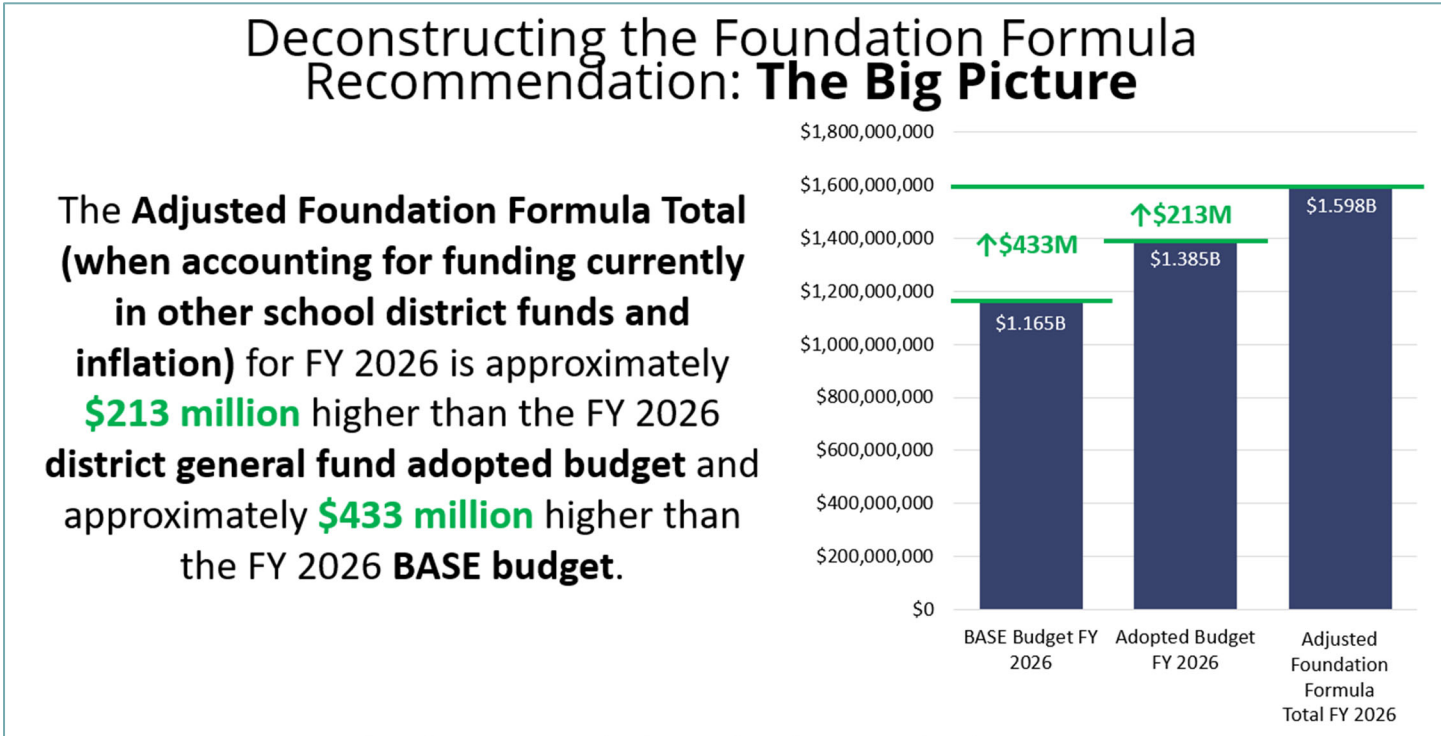
Commission recommendation: In the short run, the Legislature should close the \$213 million funding shortfall by adopting recommendations included in this report to increase BASE funding while leaving over-BASE components of the current funding formula in place. However, this move alone is not sufficient to ensure equalization requirements are met. Going forward, the Commission's research and findings should serve as the basis for a comprehensive redesign of the formula for calculating the BASE-level funding needed to achieve both adequacy and equalization.

BASE funding is the amount necessary to adequately fund Montana school districts, and appears in a school district's general fund budget.

Legislative branch fiscal analysts, in conjunction with subject matter experts from Augenblick, Palaich, and Associates Consulting (APA), used the Successful School District (SSD) methodology to determine whether the current funding formula's calculation of BASE is indeed adequate. The study was complicated by the fact that BASE-related expenditures are increasingly funded by sources outside the funding formula, e.g., technology levies, building reserve levies used to hire school counselors, and tuition levies to cover special education costs. A comprehensive reform of the funding formula should be undertaken to bring these funding streams into the formula.¹³ After accounting for this complication, the study revealed that Montana's current BASE level of funding is \$433 million too low. A portion of that gap currently is being bridged by \$220 million in revenue from other sources, primarily over-BASE general fund levies, leaving a net shortfall of \$213 million. (See **Figure X below**.)

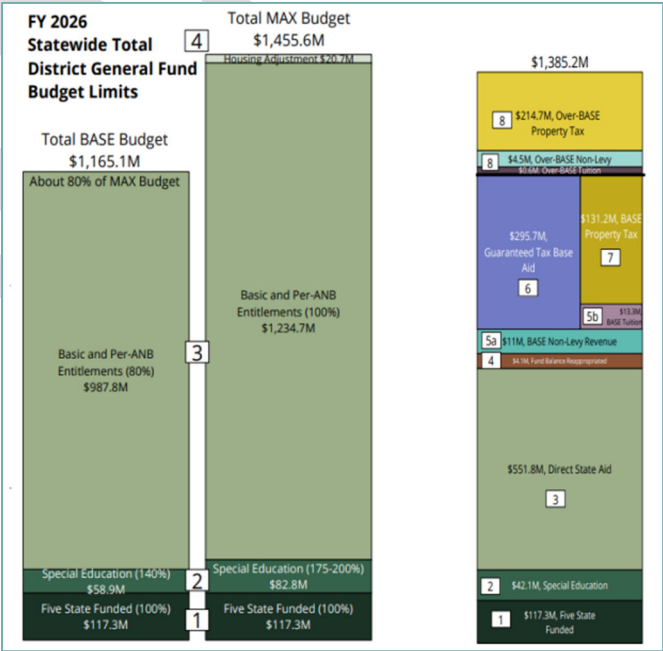
¹³ See the report section on "Formula Redesign."

Figure X (below). Comparison of current BASE funding to that determined in the adequacy study (extracted from the [staff presentation](#) made during the SFIC’s August meeting).



The adequacy study’s findings are bolstered by an analysis of district General Fund budgets. One way to answer the question “Is BASE adequate?” would be to look at whether districts are able to operate at BASE. On a statewide basis, school districts operate well above BASE, at 95% of MAX. This percentage has actually declined a bit in recent years, but this likely has more to do with districts choosing NOT to run over-BASE levy elections, or having those elections fail, than with the adequacy of the BASE funding level increasing.¹⁴

Figure X (right). This graphic was part of a [presentation](#) to SFIC in February 2026 on the District General Fund. On a statewide basis, districts adopt budgets much closer to MAX than to BASE.



¹⁴ See this [Analysis of Levy Passage Rates](#) presented by MTSBA to the SFIC in February 2026.

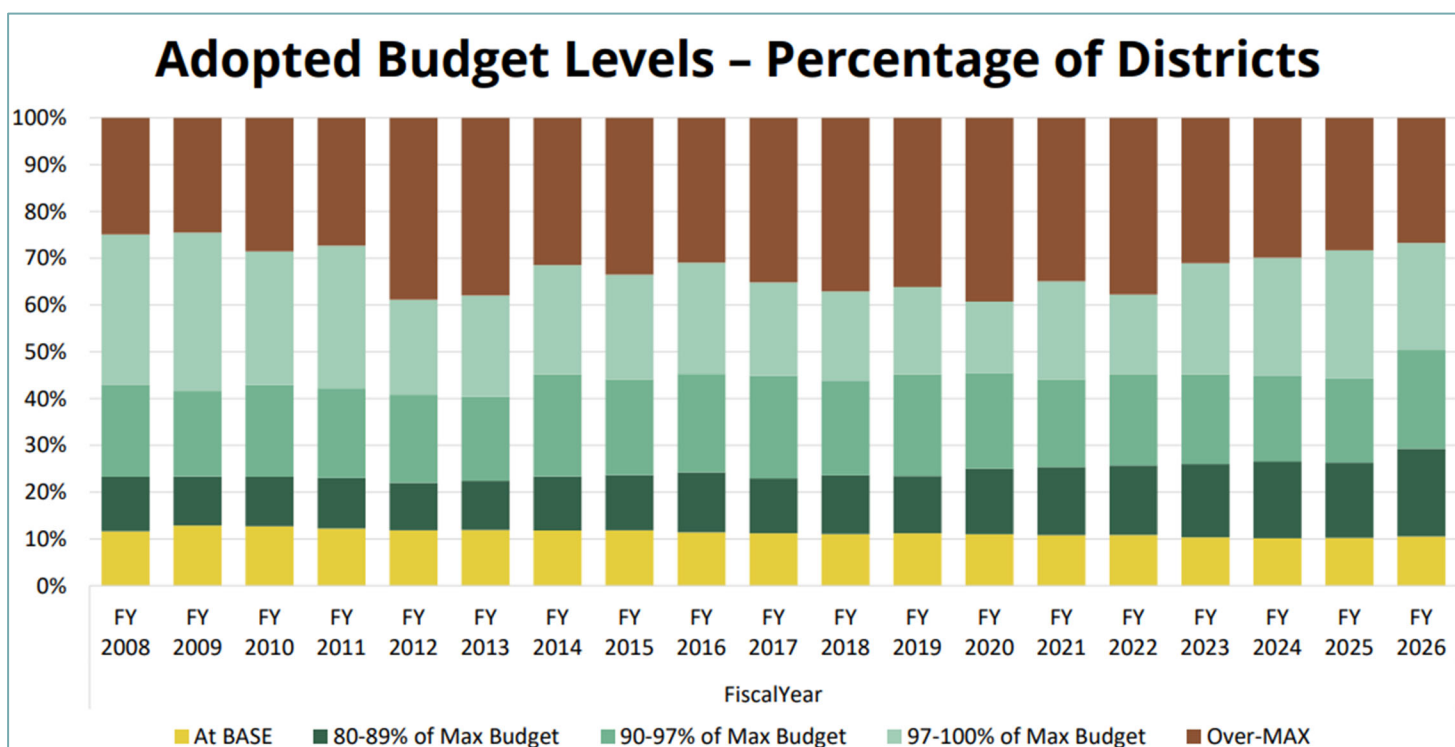
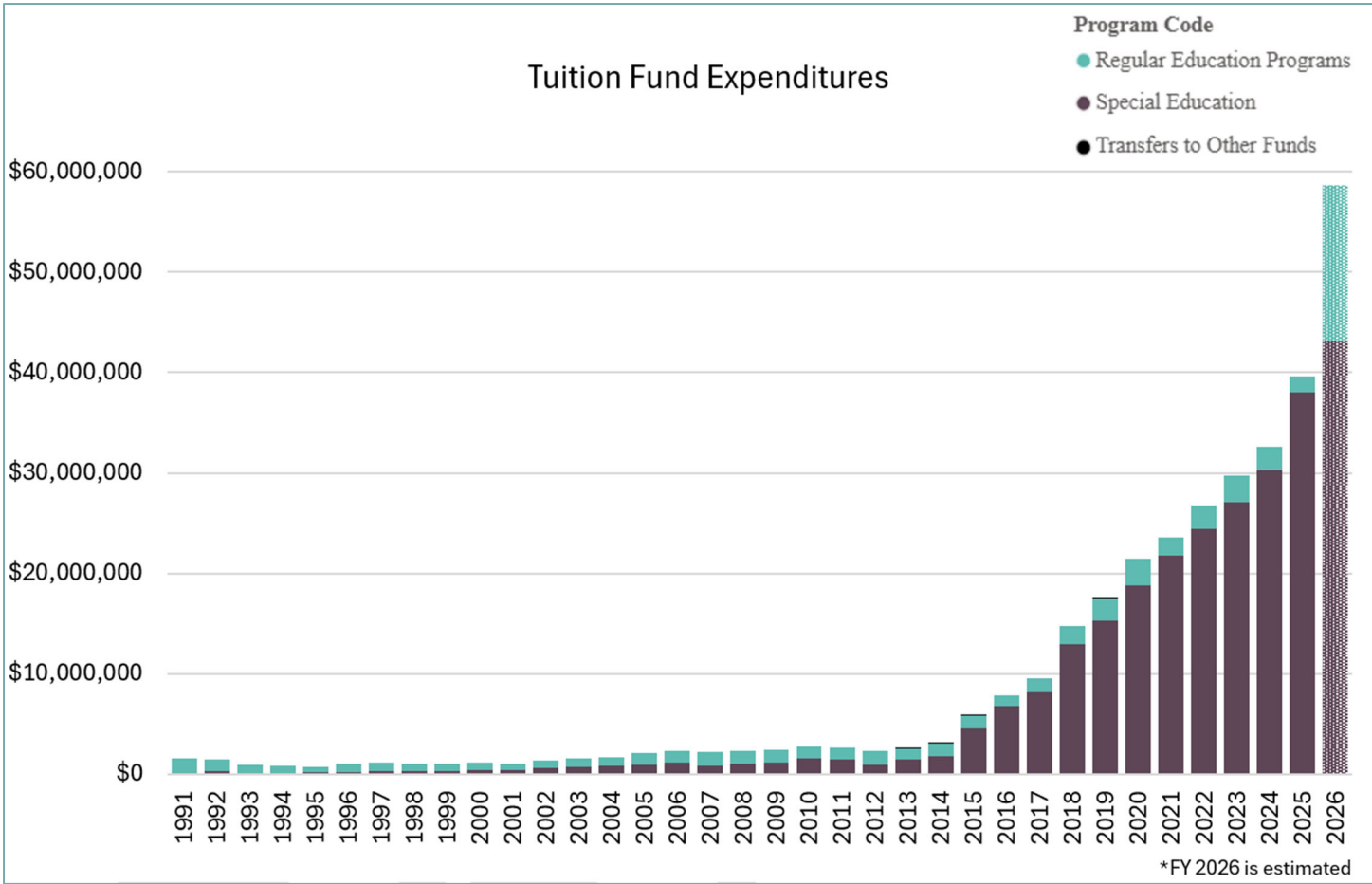


Figure X (above). This graphic was part of a [presentation](#) to SFIC in April. Unpacking the statewide average adopted budget from above serves as a reminder that districts are allowed to adopt budgets above the MAX budget limit in certain circumstances. But two-thirds of Montana school districts adopt budgets at 90% of MAX or more. The majority of districts operating at BASE receive federal Impact Aid, which is intended in part to replace the over-BASE portion of district General Fund budgets in districts with lower tax bases due to the presence of children “connected” to federal land that is not taxable (Indian reservations, military bases, national parks and forests, etc.).

Topic for further study: As the adequacy study was being conducted, a feature of Montana’s funding system not directly related to the adequacy question came to light. As alluded to above, the Legislature has over the years sanctioned ways for districts to “offload” general fund costs onto other funds. As the APA consultants stated, “Montana has a lot of funds.” The next pages contain three examples that reveal growth in expenditures from other funds that would, properly, be covered by the BASE portion of a district’s General Fund budget. A comprehensive redesign of the school funding formula should seek to capture these items in the determination of the BASE-level of funding. This would also help to simplify Montana school funding.

Figure X (below). This dynamic is also discussed in the final report section on special education. Since 2013, districts have been allowed to permissively levy in the **Tuition Fund** for certain special education costs.



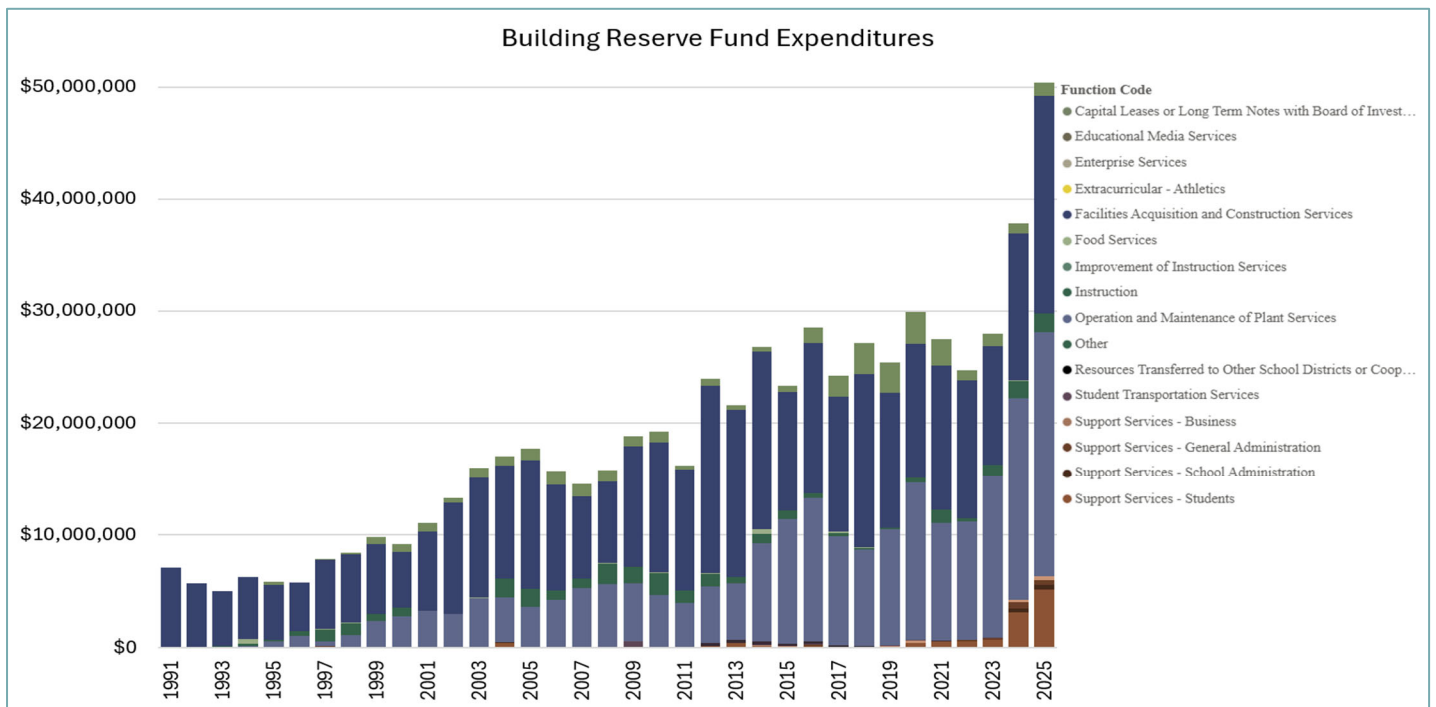
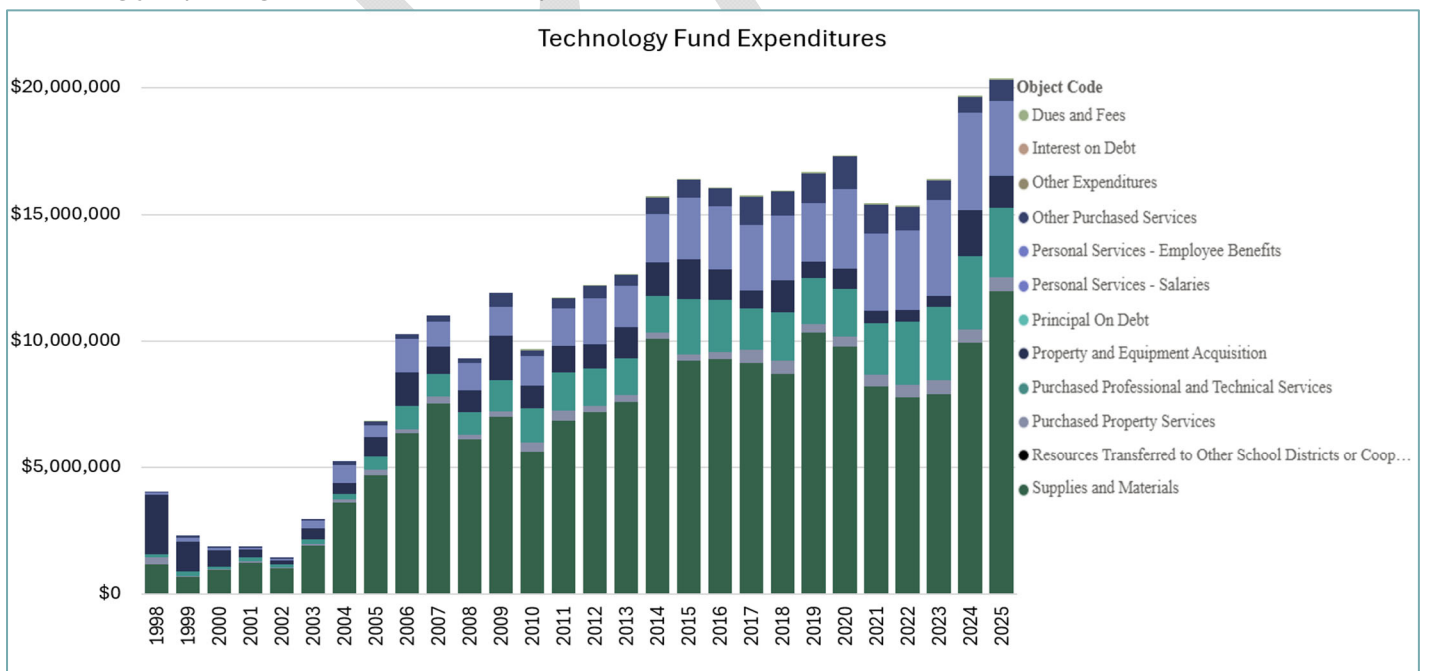


Figure X (above). The SFIC discussed the increased use of the **Building Reserve Fund** to pay for school counselors and school resource officers (shown in shades of reddish brown at the base of the columns). While only \$6 million statewide in FY 2025, districts appear to be using this flexibility more and more.

Figure X (below). As technology plays a larger and larger role in education, some district costs that used to be in the general fund are now appearing in the **Technology Fund**; for example, laptops and other devices are increasingly replacing textbooks and other printed curricular materials.



The snapshots above are taken from [LFD's School Funding Tool](#).

Funding recommendations. Below is a list of recommendations the SFIC is making that will increase the BASE budget limit for district general funds and serve to close the “adequacy gap.” The SFIC recommendations are focused on specific areas of concern within the current funding formula and targeted on addressing cost pressures where those pressures are the greatest as well as on closing achievement gaps among subgroups of students. Increases to BASE are estimates and are annual amounts, and are not equal to state cost increases. For much greater detail, see the sections of the report addressing each.

Approximate Increases to BASE

Special Education	≈ \$70 M
At-Risk	≈ \$80 M in FY 2028 ≈ \$160 M in FY 2029
6 th graders	≈ \$20 M
ELL funding	≈ \$10 M
AIAG	≈ \$10 M
IEFA	< \$0.1 M

Approximate TOTAL Increase to BASE

\$190 M in FY 2028; \$270 M in FY 2029

1. Increasing the **special education** allowable cost payment. The combination of the state payment increase and additional 40% for local effort required under the formula result in about an **\$80 M** increase to the BASE. (The special education high-cost pool will be outside the district general fund formula but will add an additional \$20 million in state funding to support special education.)
2. Revising and increasing the **At-Risk** Payment. The SFIC is recommending this increase be phased in over two years, resulting in an increase of approximately **\$80 M for FY 2028** and **\$160 M for FY 2029**.
3. Counting **6th graders** in middle school programs at high school per-ANB rates along with 7th and 8th graders. With state and local support for the per-ANB entitlements in the formula, the increase to BASE will be roughly **\$20 M**.
4. **ELL funding.** The addition of this new funding component will increase the BASE by approximately **\$10 M**.
5. Revising the **Indian Education for All (IEFA) payment and increasing the American Indian Achievement Gap (AIAG) payment** will increase the BASE by approximately **\$10 M**.
6. **Inflation.** The changes to the inflationary adjustment will not increase the BASE in the 2029 biennium but will ensure that improvements to BASE-level adequacy will not erode in high-inflation environments.

The SFIC has other recommendations that do not impact BASE-level funding but may support overall adequacy and ease pressure in the district general fund. These include:

- The creation of a high-cost special education pool;
- Increased funding available for major maintenance; and
- State support for high-quality instructional materials (HQIM).

The SFIC has additional suggestions in various sections of the report that could also contribute to closing the BASE-level adequacy gap, including:

- Eliminating the per-ANB decrement (and perhaps the basic entitlement increments) as part of **Formula Simplification**
- Considering moving to a 100% BASE from the current 80% structure as part of **Formula Simplification**
- Providing adequate funding within a guaranteed funding level in the district general fund, and avoid forcing districts to chase adequacy in other funds as part of **Formula Redesign**

INFLATION

An investment in knowledge pays the best interest. –Benjamin Franklin

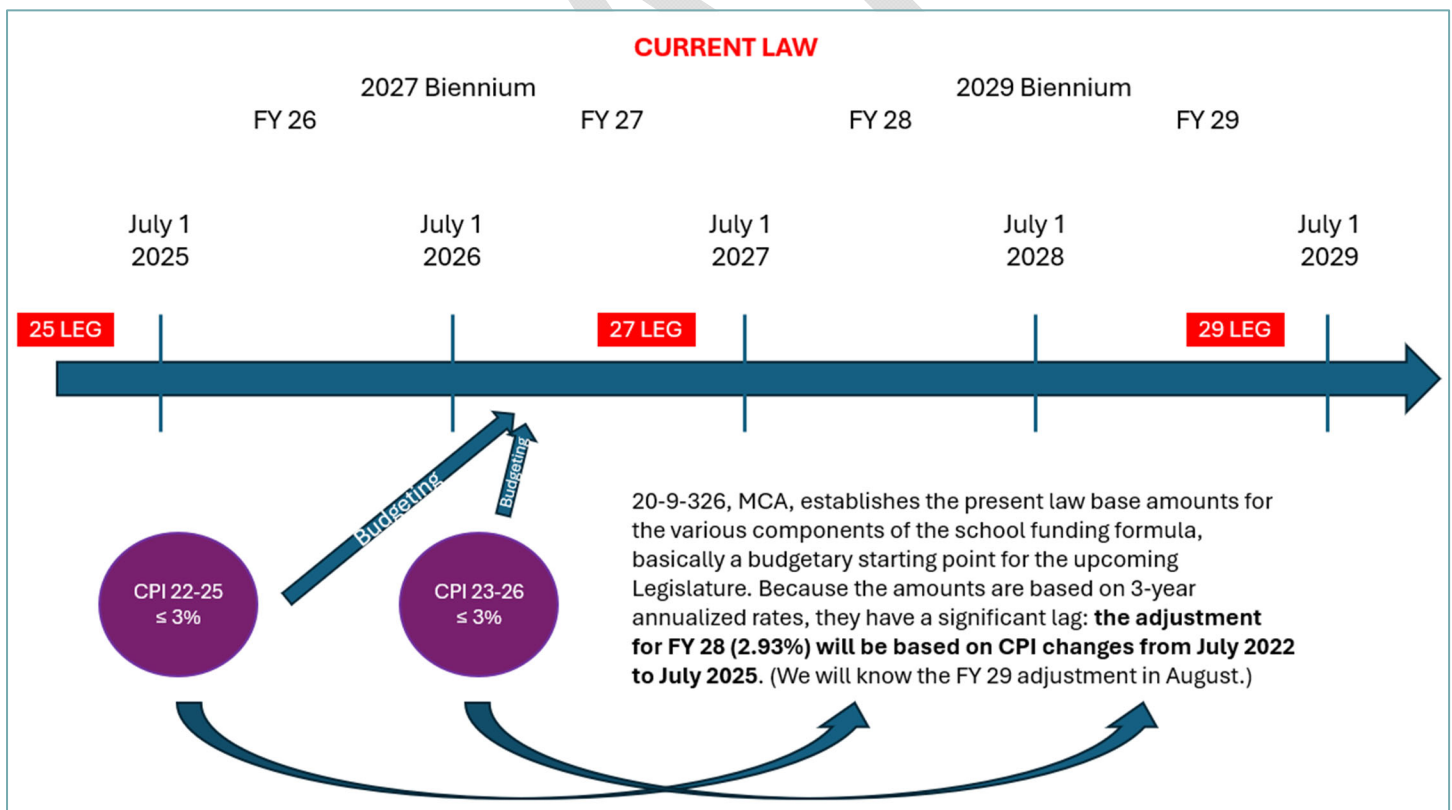
Commission finding: The current inflationary mechanism in section [20-9-326, MCA](#), has resulted in school district BASE budgets losing purchasing power during and in the years following periods of high inflation.

Commission recommendation: Revise the inflationary mechanism in [20-9-326, MCA](#), through **PD 09 – INFL** to:

- Remove the 3% “cap” on present law base;
- Minimize the “lag” between inflationary changes and school budgets; and
- Replace the current Consumer Price Index (CPI) metric with a composite metric that is less volatile and better reflects school district expenses.

The inflationary adjustment in Montana’s school funding formula is often misunderstood. The adjustment described under [20-9-326, MCA](#), directs that the superintendent utilize the inflationary adjustment in submitting an agency budget and that the “present law base” (basically the budgetary starting point for all state agency budgets) be established using the adjustment, capped at 3%.

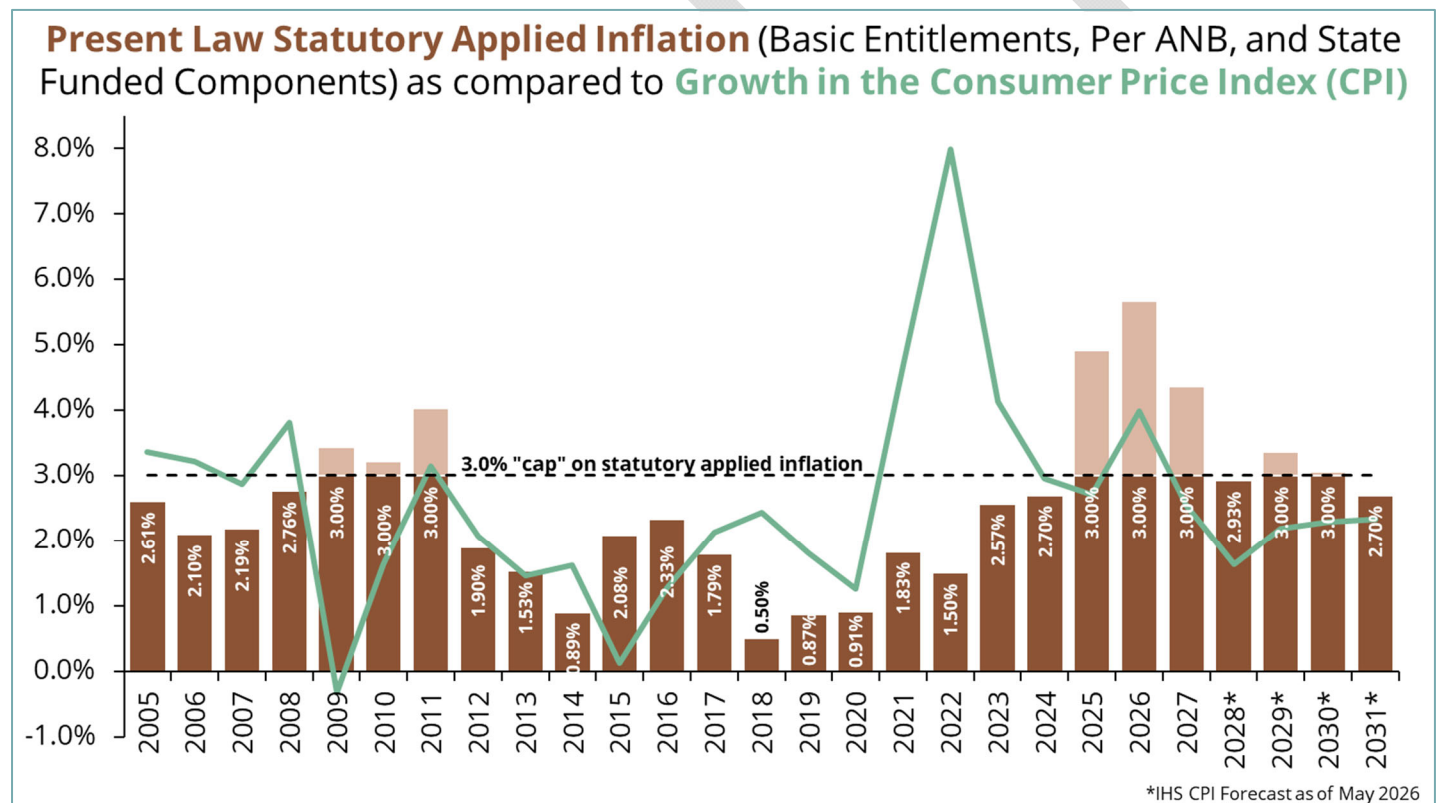
Figure X. The graphic below depicts how [20-9-326, MCA](#) functions currently, highlighting the lag.



However, It's important to remember that [20-9-326, MCA](#), only establishes the budget starting point and that the formula itself and school budgets are driven by statutory changes determined by the Legislature in section [20-9-306, MCA](#), through HB 15 (aka "the school funding bill").¹⁵ This distinction has often been lost, and the legislature has rarely strayed from the starting point and the 3% cap under [20-9-326, MCA](#).

The 3% "cap," along with a significant lag built into how the current calculation is structured (a three-year annualized rate spanning back six years earlier than the fiscal year to which the adjustments will apply) have led to a widening gap between where schools would have been funded if inflation was fully captured and where schools have actually been funded. This budgetary pain became acute in and following the years of high inflation experienced during the pandemic.

Figure X (below) is a graphic produced by LFD and provided to the SFIC in February illustrating both the lag in the present law inflation adjustment and the impact that the 3% cap has on the present law inflation adjustment following periods of high inflation.

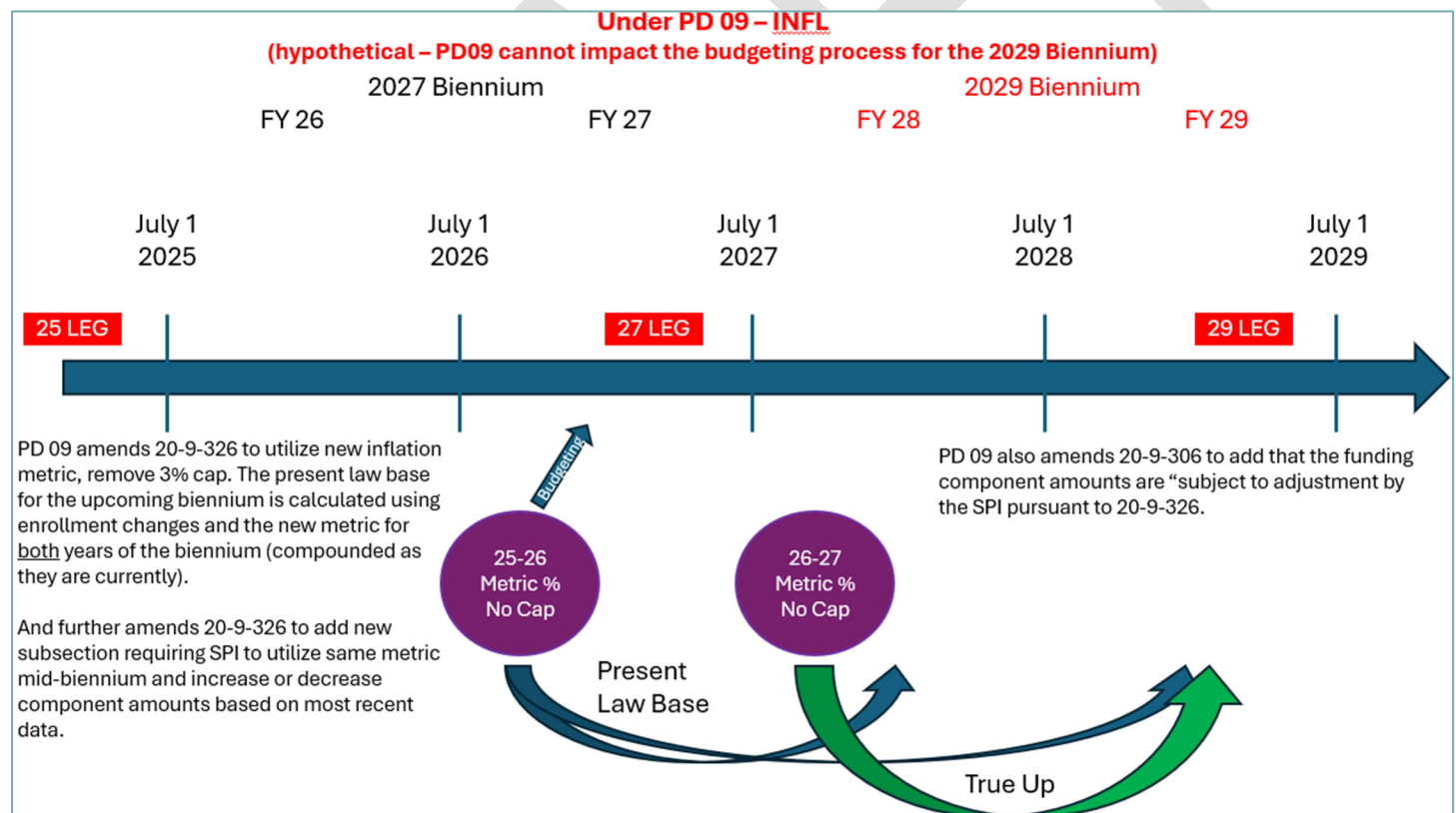


¹⁵ Note that, since the 2021 Legislative Session, bill number HB 15 has been reserved for school funding inflation.

After considering a variety of solutions,¹⁶ including various inflation metrics, the SFIC landed on the following approach, incorporated in bill draft **PD 09 – INFL**:

1. Replace the current 3-year annualized CPI calculation, with a weighted composite metric using the most recently available data for the annual percent change of:
 - a. the employment cost index (ECI) total compensation, all civilian workers published by the U.S. Bureau of Labor Statistics (weight = 75%); and
 - b. the consumer price index, U.S. city average, all urban consumers (CPI-U), all items published by the U.S. Bureau of Labor Statistics (weight = 25%);
2. Remove the 3% “cap”;
3. Use the most recent year available data to set BOTH years of the biennial present law base; and
4. Require that the funding components for the second fiscal year of the biennium be “trued up” based on ECI and CPI-U data that will become available at the start of the first fiscal year of the biennium.

Figure X. The graphic below depicts how 20-9-326, MCA, would function under **PD 09 – INFL**. **NOTE** – while depicting impacts for the 2029 Biennium, **PD 09 – INFL** would not impact the budgeting process until the 2031 Biennium.



¹⁶ See SFIC meeting materials from June 2026 and July 2026:
<https://www.legmt.gov/committees/interim/sfic/previous-materials/>

SPECIAL EDUCATION

To learn is a natural pleasure, not confined to philosophers, but common to all men. –Aristotle

Commission findings:

1. School districts are **required** under federal and [state law](#) to provide a free and appropriate public education (FAPE)¹⁷ to students with disabilities. When state (or federal) financial support for special education does not keep up with inflation or school district costs in providing special education:
 - a. Local property taxpayers pick up an increasing share of the costs; and/or
 - b. Districts may be forced to use funds that were intended for other educational programs.
2. The state special education allowable cost payment did not receive inflationary increases until FY 2022 ([House Bill No. 46](#), 2021) and still has not kept pace with inflation due to the 3% “cap” in the inflation calculation. The special education allowable cost payment has also not kept pace with the increased number of students requiring special education and related services, and district costs of providing special education and related services.
3. Individualized education programs (IEPs) requiring extraordinarily high-cost services can cause budgetary strain, particularly in small districts. While the permissive tuition levy for special education provides something of a relief valve in these situations, it can be a problematic tool in small and/or low-property-wealth districts.

Commission recommendations:

1. Increase and revise the calculation for the state special education allowable cost payment through **PD 13 – SPED COST**.
2. Establish a high-cost pool through **PD 10 – SPED POOL**.
3. Continue examining special education funding, including the following topics:
 - a. Seeking ways to strengthen regionalization of special education and related services, including revising the special education cooperative¹⁸ boundaries¹⁹ to better reflect geography and population changes;
 - b. Phasing out the disproportionate cost reimbursement;
 - c. Moving to an allocation of the special education block grants (or a completely revised special education funding mechanism) driven by special education student counts rather than total enrollment counts (“current year ANB”); and
 - d. If the state revises the school funding formula as a foundation, or weighted-student, formula, consider establishing categories of weights based on actual costs of required services.

*FAPE = Free and
Appropriate Public
Education*

¹⁷ <https://www.ed.gov/laws-and-policy/civil-rights-laws/disability-discrimination/disability-discrimination-key-issues/disability-discrimination-providing-free-appropriate-public-education-fape>

¹⁸ <https://archive.legmt.gov/content/Committees/Interim/2015-2016/School-Funding/Meetings/Jan-2016/Special%20Education%20Cooperatives%20in%20Montana.pdf>

¹⁹ See Administrative Rule 10.16.3809: <https://rules.mt.gov/browse/collections/aec52c46-128e-4279-9068-8af5d5432d74/policies/5f8c4d1a-f923-410b-9637-fe58869f6898>

Special education is a perennial topic when school funding is examined. The Commission began exploring this topic at its October 2025 meeting. Special education funding is particularly complicated with expenditures supported by numerous sources, including:

- The state, through the special education allowable cost payment
- School districts, through:
 - the required match of the allowable cost payment;
 - additional general fund spending; and
 - increasingly, the use of the permissive special education levy in the tuition fund; and
- The federal government, through both IDEA and Medicaid

Much of the SFIC's attention was spent on the allowable cost payment as that is the state's primary way of supporting special education. The allowable cost payment totaled about \$46 million in FY 2025. While it received some ad hoc increases over the decades, the allowable cost payment did not receive inflationary adjustments until 2021, and the state's share of special education costs has decreased as the allowable cost payment remained stagnant compared to cost increases.

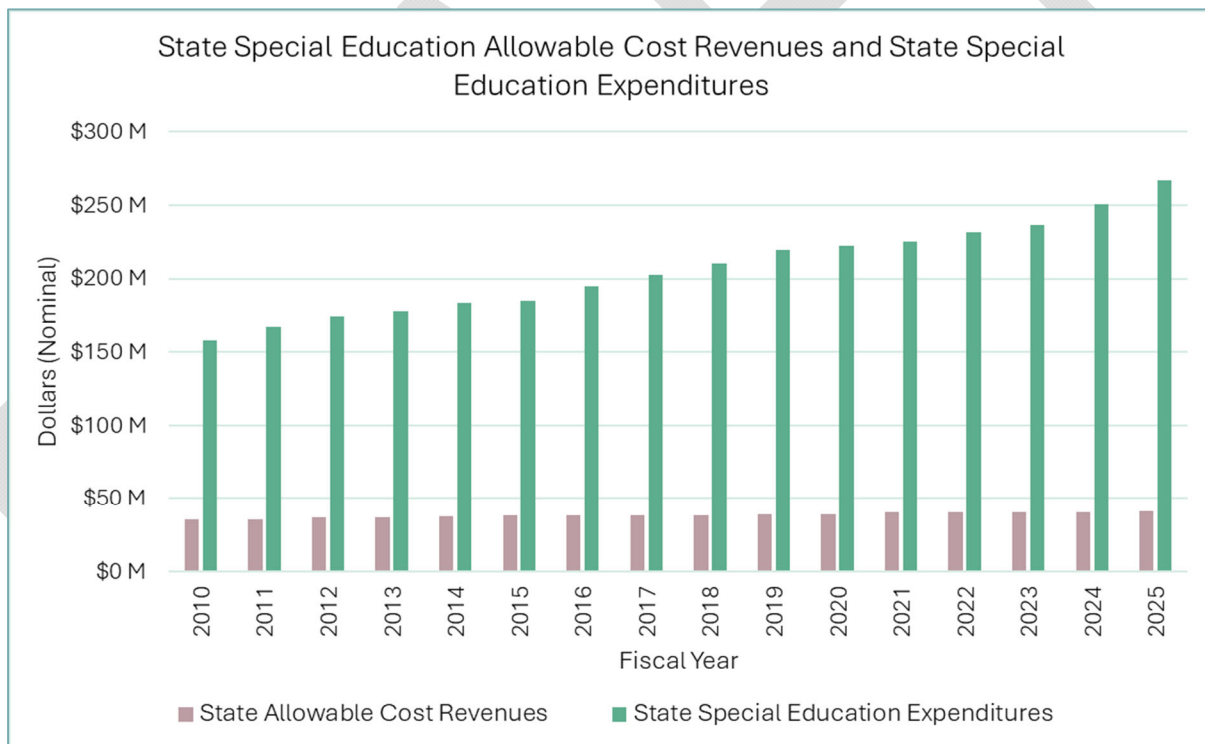


Figure XX (above). This chart compares the state allowable cost payment to special education expenditures since 2010. (Expenditures not covered by the allowable cost revenues are covered by other sources, e.g., federal IDEA aid.)

Some of the cost increases stem from inflation, but the number and percentage of students requiring special education has also been increasing in Montana and across the nation. In the past decade, Montana has seen larger proportional increases in the number of special education students compared to total student enrollment.

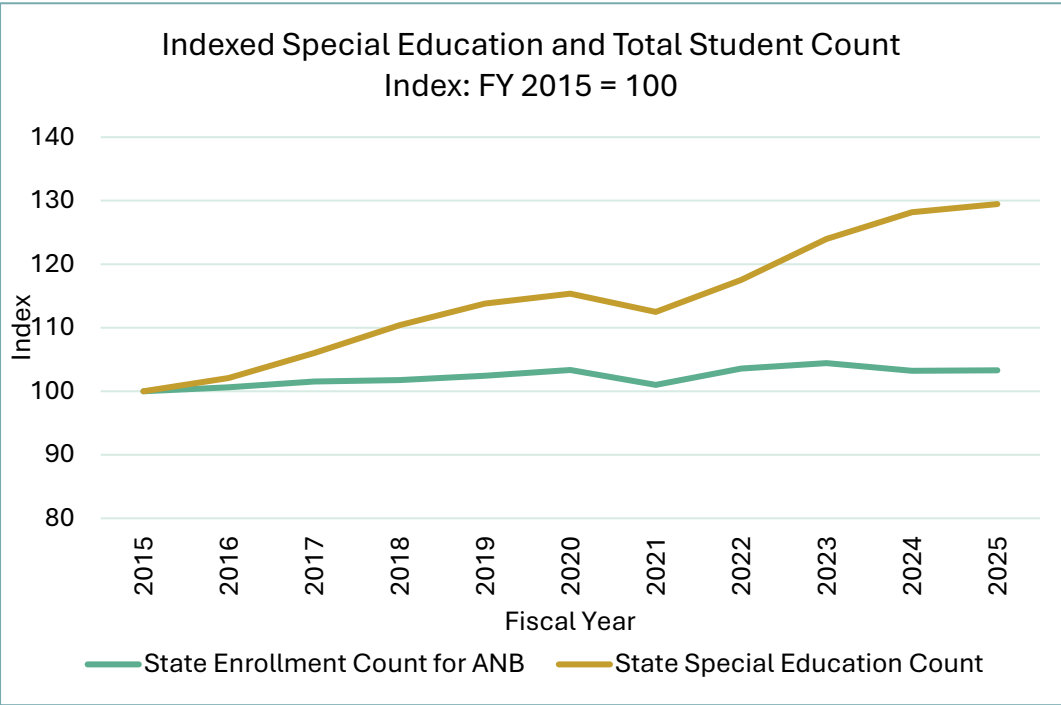
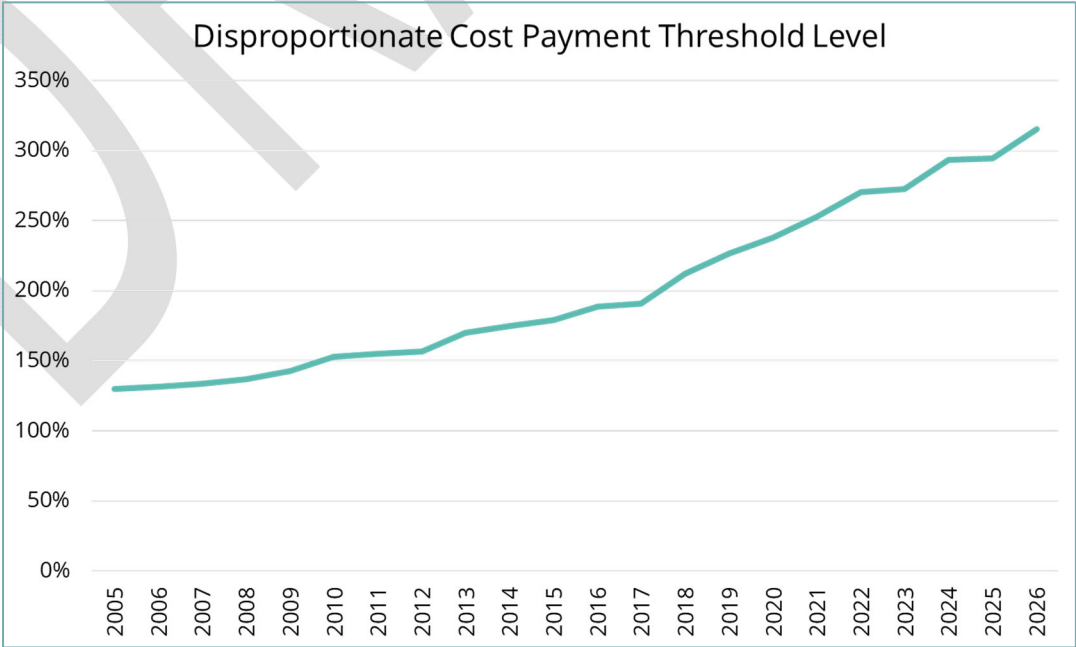


Figure XX (left). This graph shows the indexed changes in special education student count and total student count for ANB from FY 2015 to FY 2025. FY 2015 is the base year and is set to 100, and the data points for each successive year show the percent difference in each measure compared to the FY 2015 base.

Another indicator of the erosion of the state allowable cost payment is that the threshold used in the disproportionate cost reimbursement more than doubled in the last two decades. This reimbursement involves a complicated formula, but the increase in the threshold means that districts have been covering a greater portion of special education costs out of their general funds, and receiving less and less help with those disproportionate costs from the state.

Figure XX (right). This graph tracks the disproportionate cost reimbursement threshold since 2005.



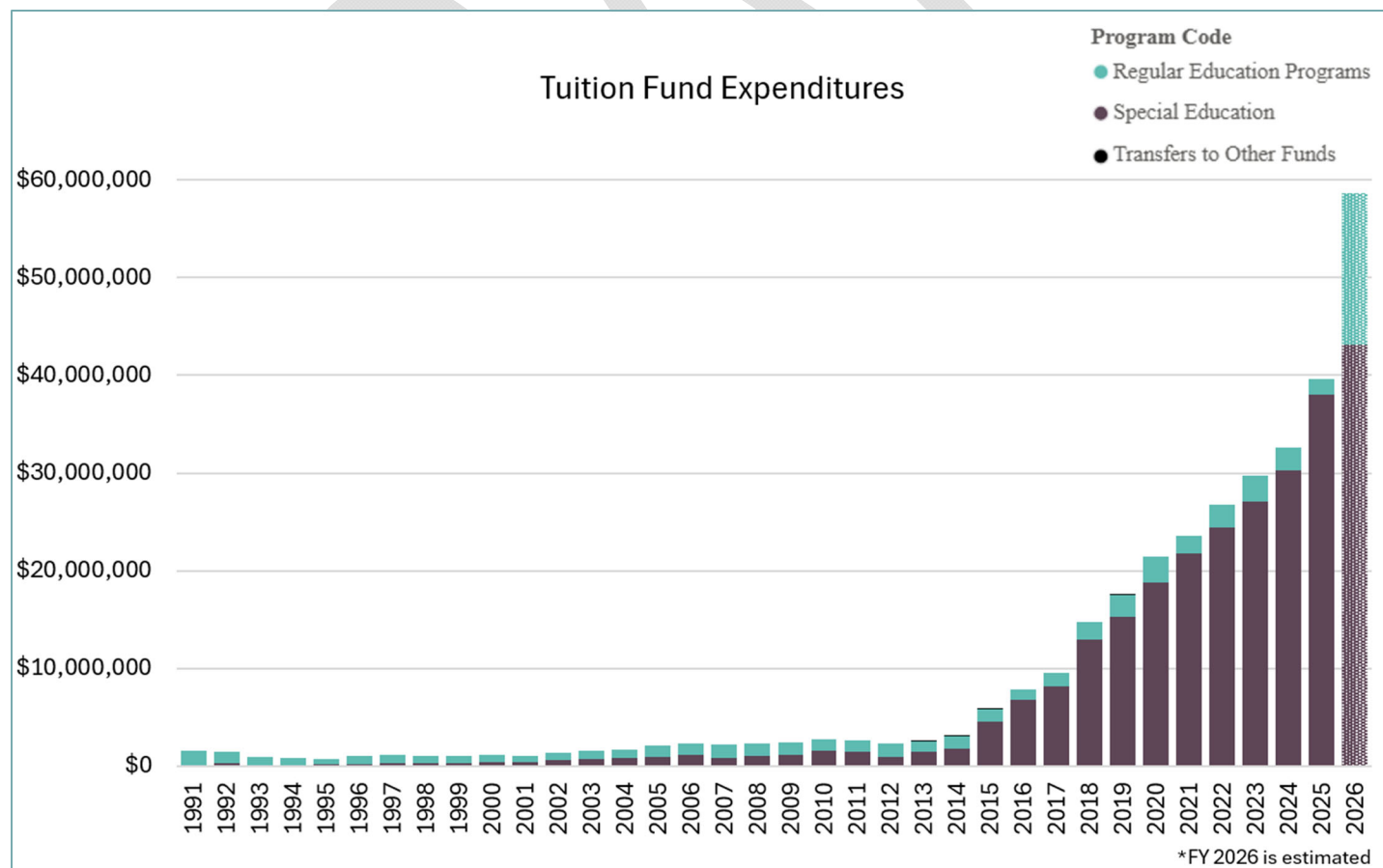
The SFIC also looked at the increased use of the permissive levy for special education in the tuition fund (sometimes still referred to as the [SB 191](#) levy). This levy was created by the 2013 Legislature for two main reasons:

1. As a pressure relief valve for districts struggling to cover special education costs within their general funds; and
2. To allow districts the same ability to raise money for resident students requiring special education who stayed in the district as those who attended outside the district. Tuition laws had long allowed districts to permissively levy for the special education costs of special education students educated by another district.

The use of this levy has skyrocketed since its establishment – permissive levies for special education in the tuition fund totaled \$38 million in FY 2025, an approximate 2,500% increase over the \$1.5 million of permissive levies for special education in the tuition fund in FY 2013. In a sense, it is working exactly as designed, but several concerns were raised in testimony to the SFIC:

- the increase in property taxes;
- the levy is unequalized, meaning that it can lead to high tax burdens in low-property-wealth districts; and
- because this levy is tied to the costs of an individual student, in low-population districts, everyone in the community may know the identity of the child for whom this levy is being used.

Figure XX (below). This chart shows expenditures from the tuition fund over the past few decades and highlights the use of the [SB 191](#) permissive levy for special education since it was enacted in 2013.



REC: PD 13 - SPED COST

This recommendation and bill draft are fairly straightforward and stem directly from the finding on the state special education allowable cost payment not keeping up with the cost of providing special education services, as described above.

Per the current funding formula for special education, a school district's BASE general fund receives the state's allowable cost payment and a combination of state GTBA aid and a portion of the local BASE levy that together amount to 40% of the allowable cost payment. As can be seen in the below figure, the formula's level of support is not adequate to cover BASE special education expenditures, which in turn requires school districts to divert general fund dollars that could be devoted to other purposes and/or to cover these expenses with non-voted tuition levies.

PD 13 – SPED COST increases the allowable cost payment to an amount sufficient to fully fund BASE special education expenditures and dramatically reduce the need for special education tuition levies.

Figure X (below). This chart shows the increasing amount of district general fund and tuition fund special education expenditures compared to the amount of formula-based special education support in the general fund.

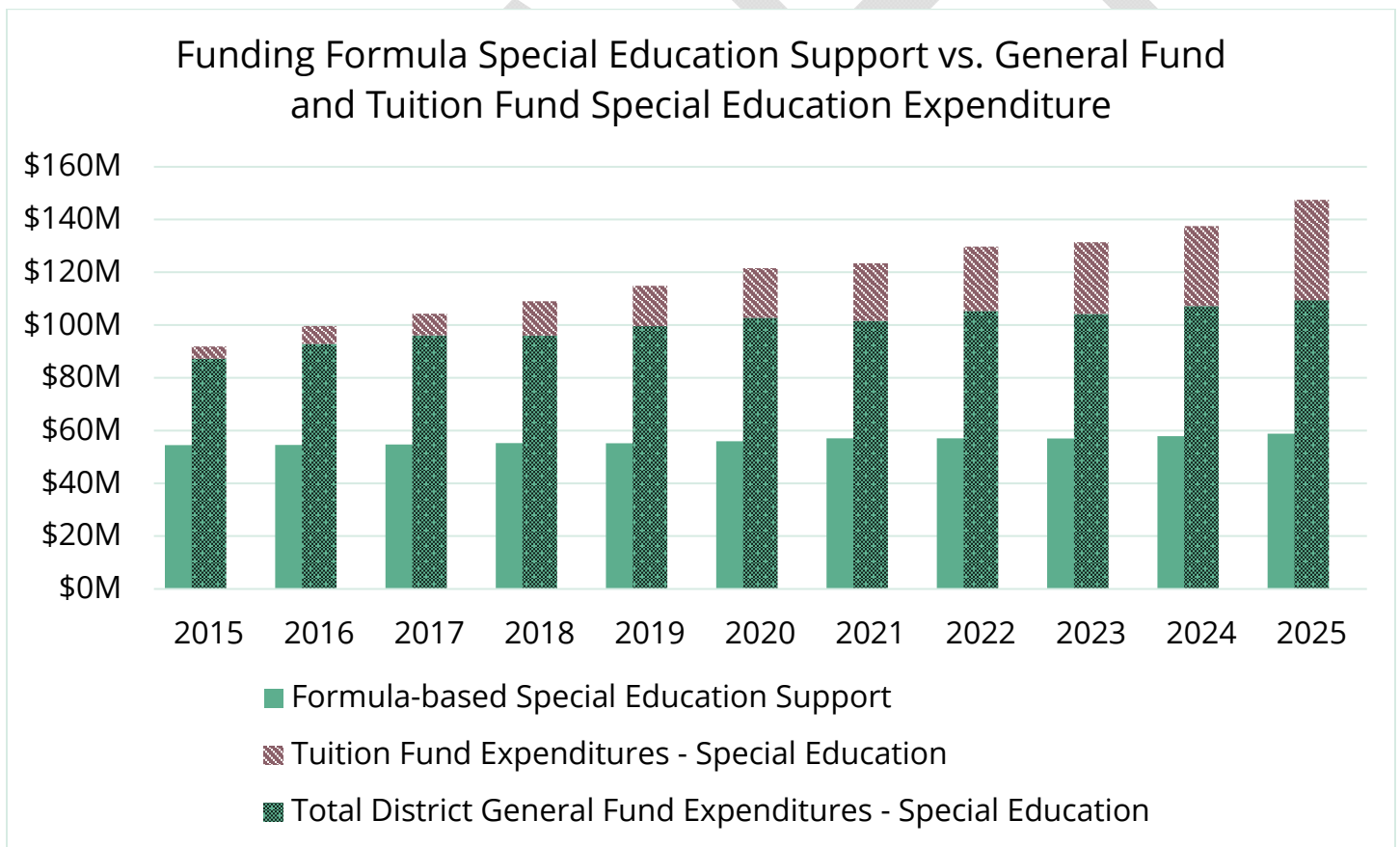
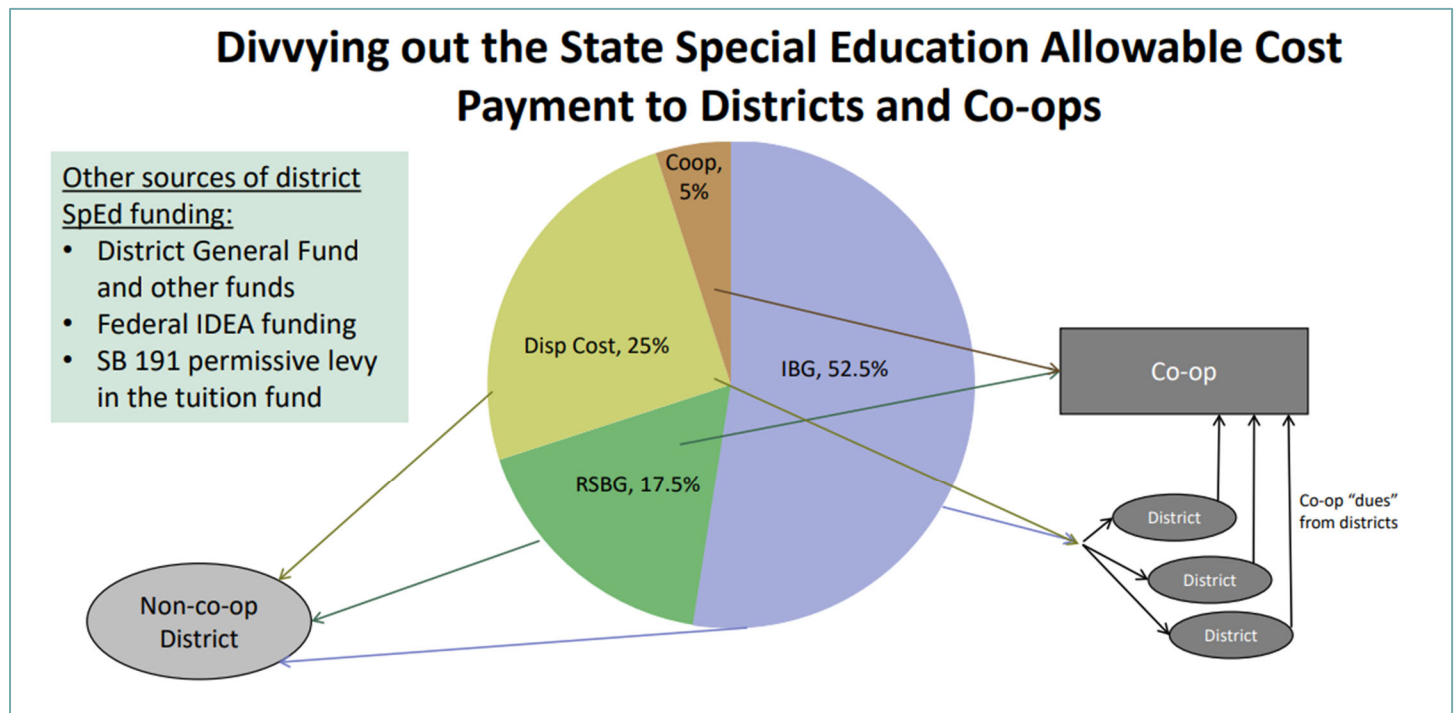


Figure XX (below). Legislative staff have long used the graphic below to explain how the allowable cost payment is distributed. IBG = Instructional Block Grant; RSBG = Related Services Block Grant.



If you think about the above graphic as how a pie is divided, the easiest way to describe **PD 13 – SPED COST** is that it creates a much larger pie to begin with, increasing the allowable cost payment to about \$105 million per year. Each of the above “slices” will get bigger. Districts and special education coops will all receive more funding from the state, reducing competition in the district general fund between regular and special education and reducing reliance on the permissive levy in the tuition fund. It will also drive the disproportionate cost reimbursement threshold down. Growing the pie also provides an opportunity to adjust the percentages allocated to each slice; the SFIC considered this but did not recommend changes.

The amount of the increase is calculated to cover the amount of total statewide special education expenditures out of the general fund in 2025 plus the statewide special education expenditures out of the tuition fund in 2025 (while accounting for the local match required by districts for the allowable cost payment).

PD 13 – SPED COST also modifies the way the pie is adjusted over time. In [20-9-306\(19\)](#), MCA, the pie is called the “total special education allocation”; currently this allocation is calculated by applying an inflationary adjustment to a dollar amount and then multiplying that dollar amount by the total state enrollment (“current year ANB”). As mentioned previously, total enrollment has been varied, but special education numbers have been increasing. **PD 13 – SPED COST** changes the multiplier from total enrollment to the

ESTIMATED **STATE-FUNDED PRICE TAG OF PD 13 – SPED COST:**

ALLOWABLE COST PAYMENT INCREASE: **≈\$55M**
STATE GTB INCREASE: **≈\$15M**

TOTAL STATE IMPACT: ≈\$70M

BASED ON FY 2028 STATE ALLOWABLE COST PAYMENT AND GTB ESTIMATES

special education count and increases the dollar amount significantly to adjust for this much smaller multiplier (and to increase the state allowable cost payment for special education).

REC: PD 10 - SPED POOL

The permissive levy for special education in the tuition fund was described above as a pressure relief valve, but one with some limitations, especially in small and/or low-property-wealth districts. The SFIC began discussing the possibility of a high-cost pool early in its look at special education funding.

A number of states have high-cost pools for special education. Idaho just created one²⁰ after wrestling with special education funding issues similar to what Montana is experiencing. In a nutshell, these pools are designed so that extraordinarily high special education expenditures above a certain threshold for an individual student (or for total special education program costs) are covered in whole or in large part by the state.

Smaller districts are especially exposed to the financial impact of a student(s) requiring services with very high costs. A high-cost pool acts like a catastrophic health insurance plan. Nearly half of the states have this type of program, often layered on top of other special education funding approaches.

**PD 10 - POOL HAS AN
APPROPRIATION OF \$20 M
FOR EACH FISCAL YEAR OF
THE 2029 BIENNIUM**

The SFIC weighed numerous design considerations in developing **PD 10 - SPED POOL**:

- How will the threshold amount be set? Will it be designed to change over time? Some states use a fixed dollar amount, like \$30,000. While this is easily understandable, if the amount is never changed, as expenditures increase, the state will pay a larger portion. Other states use a multiple of per-pupil expenditures (for example 3x PPE) or of per-pupil funding provided to school districts. (**PD 10 - SPED POOL** uses 4X the high school per-ANB entitlement amount, roughly \$35,000; this entitlement receives inflationary adjustments).
- Will the threshold amount be the same for all districts, or lower for smaller districts? (**PD 10 - SPED POOL** uses the same threshold for all districts.)
- Will there be any eligibility requirements (or prioritization) based on district characteristics or financial circumstances? For example, districts with more than a certain amount of IDEA carry-over would not be eligible. (**PD 10 - SPED POOL** does not include eligibility requirements or prioritization.)
- Will the state pay 100% of costs above the threshold or 90-10 or 80-20? Will this be the same for all districts or will it vary? (**PD 10 - SPED POOL** has the state pay 100% of the costs above the threshold.)
- Will there be a cap amount on what the state will pay for an individual student? (**PD 10 - SPED POOL** has no cap on payments for individual students.)

²⁰ <https://legislature.idaho.gov/sessioninfo/2026/legislation/S1288/>

- Will the total state program cost be capped (with a prorate or prioritization mechanism) or will there be no cap with a request for supplemental appropriation if necessary? (**PD 10 – SPED POOL** has no cap and requires a request for supplemental appropriation when necessary.)
- Will districts apply for the funding in the current year based on documented IEP cost estimates or will it be formula based on reported expenditures? The latter would result in a delay in payments, one of the issues with the existing disproportionate cost reimbursement. (**PD 10 – SPED POOL** has districts apply and receive funding in the same year they incur the extraordinary costs.)
- Will there be an application review board or will the approval authority rest with the Superintendent of Public Instruction? Some states utilize a review board when a student's costs exceed a certain amount. (**PD 10 – SPED POOL** leaves approval authority solely to the SPI.)
- Under Montana tuition laws, the district of residence is responsible for raising the full costs of a student's IEP (minus what the district of attendance generates for the student via the formula). Should the high-cost pool be available to the district of residence in these circumstances? (**PD 10 – SPED POOL** allows the district of residence to utilize the pool for a student with disabilities attending another district.)
- Should the permissive tuition levy for special education be capped at the extraordinary cost threshold? (Because increased reliance on the permissive tuition levy is one of the issues the high-cost pool is trying to address and because costs above the threshold are 100% funded by the state, **PD 10 – SPED POOL** caps the tuition levy at the threshold amount and makes other revisions to the calculation of that levy.)
- Is there a mechanism through which a district struggling to cover high-cost services can seek state support earlier in the school year? Some states include this feature in their high-cost programs. (**PD 10 – SPED POOL** has a rolling application period to address this.)

FACILITIES

The sweetest path of life leads through the avenues of learning, and whoever can open up the way for another, ought, so far, to be esteemed a benefactor to mankind. –David Hume

Commission finding: State support for school facilities needs to be consistent, targeted on need, and flexible for the wide variety of district needs.

Commission recommendations:

1. Revise the Major Maintenance program through **PD 11 – MMA** to:
 - a. Increase the amount of revenue into the School Facility and Technology Account (SFTA) to help ensure full funding of state school facility assistance programs;
 - b. Require that districts receiving state major maintenance aid submit basic information on school buildings (age, square footage, purpose/use).
 - c. Revise the calculation of the School Major Maintenance Amount (aka SMMA box) to better align with district major maintenance needs and provide most districts with access to more money to maintain their buildings; and
2. The state should enact some form of bond guarantee program so that school districts can access money for school facility improvements at the lowest interest rate possible.

Funding for school facilities is another perennial topic when school funding is examined. The Commission began exploring this topic at its November 2025 meeting which included a review of the 2015-16 SFIC's work in this area.

The 2015-16 SFIC devoted considerable time to school facilities, including the following in its [Final Report](#) findings:

1. *The commission identified three “tiers” related to facility needs:*
 - a. **Tier 1—Operations and regular maintenance (O&M)** – basically the normal costs of heating, cleaning, and running a building (the state and district share a large portion of these costs via the district general fund);
 - b. **Tier 2—Major maintenance** – those larger, periodic investments, like replacing a roof or boiler, resurfacing floors, fixing or replacing windows (this was an area of funding concern due to unpredictable state support of the QSFDP and lack of district commitment evidenced by just over a quarter of districts utilizing building reserve funds); and
 - c. **Tier 3—New construction including additions and major renovations** (district bond levies are the main funding vehicle for this and state support of poorer districts through the facility reimbursement program [now “debt service assistance”] has eroded over the last decade).
2. *Local effort in building and maintaining district facilities helps ensure prudent planning and ongoing maintenance.*
3. *District capital improvement planning is more effective when:*
 - a. *districts are provided greater budgetary flexibility;*

- b. state support for school facilities is consistent;
- c. state programs are flexible in meeting the varied needs of districts; and
- d. districts have a long-term facilities plan based on an updated facility condition inventory.

That last reference to a **facility condition inventory** is worth explaining briefly. Following the *Columbia Falls v. State* lawsuit of the early 2000s (in which the court found that the state's funding of the basic system of schools was constitutionally inadequate, and cited facility concerns as one reason why) the state made several one-time-only investments in school facilities including spending about \$2.5 million and about 15,000 hours inspecting 2,200 school buildings around the state. This 2008 Facility Condition Inventory (FCI) provided districts with a prioritized to-do list of facility improvements and was meant to be updated by districts every few years. An estimated \$360 million backlog of facility deficiencies was identified. This inventory led to the creation of the Quality Schools Facility Grant Program which existed for several years before being replaced with the School Major Maintenance Aid Program in [Senate Bill No. 307 \(2017\)](#).

The 2008 **Facility Condition Inventory (FCI)** identified an estimated \$360 million backlog of facility deficiencies.

The 2008 FCI also exemplifies one of the ongoing questions around school facilities in Montana: how much of a role should the state play in managing school facilities? Other states, such as Wyoming,²¹ take a much more centralized approach, with a state-level commission making decisions and taking financial responsibility for school facilities. Montana has taken a decentralized approach.

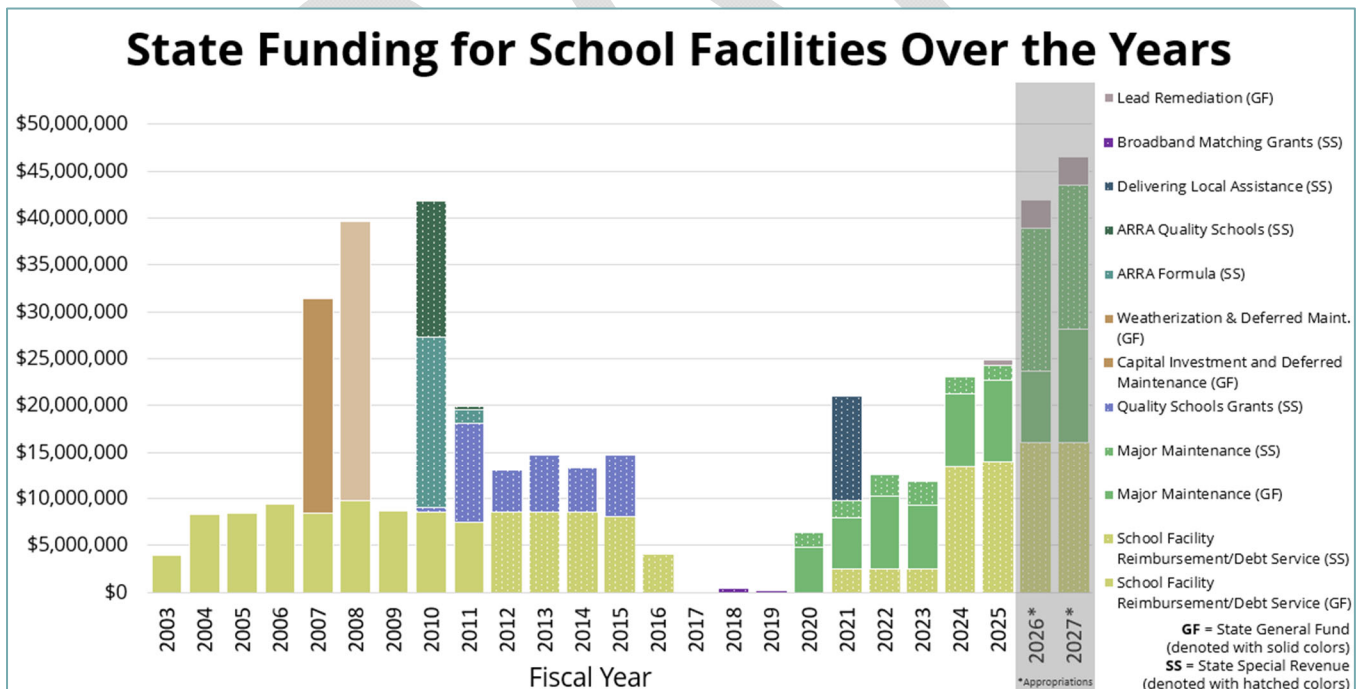


Figure XX (above) is from a [staff presentation](#) in November 2025, showing the various state school facility programs over the years and how these programs have been inconsistently funded.

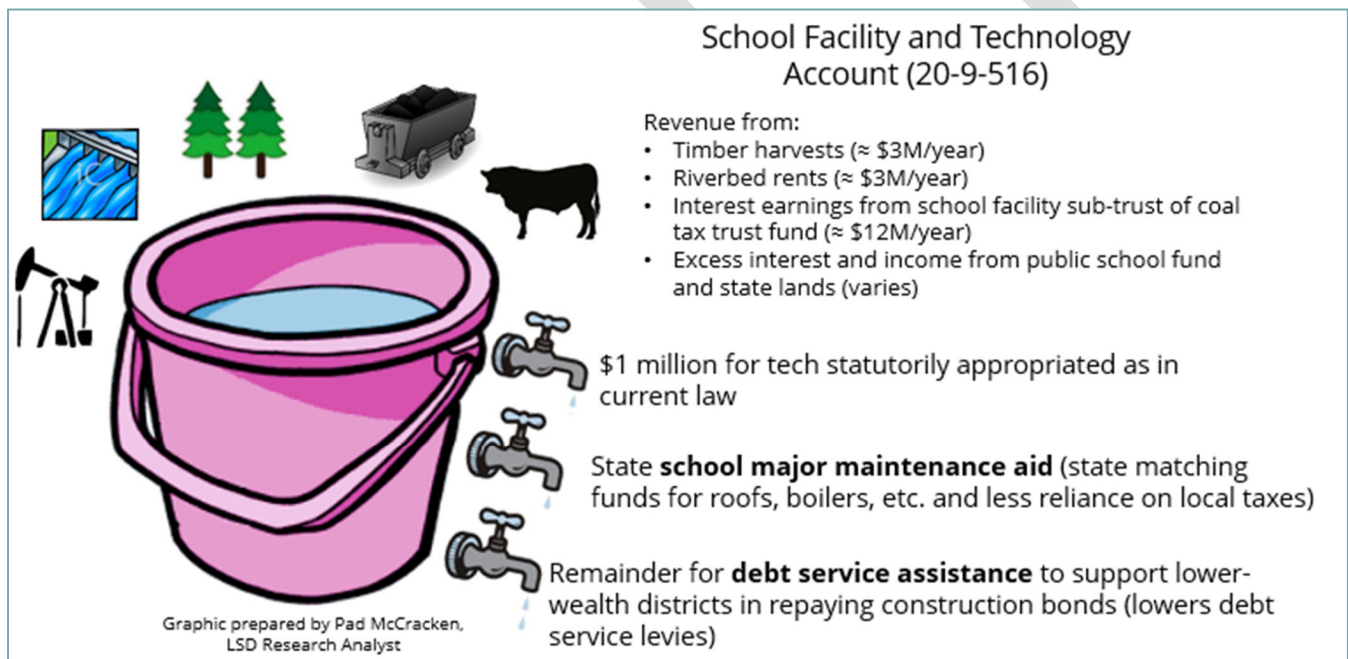
²¹ <https://stateconstruction.wyo.gov/school-facilities/school-facilities-commission>

Recent Legislatures have acted to strengthen state support for school facilities, largely through two programs:

1. The School Major Maintenance Aid Program allows each district to access a set amount of money (the School Major Maintenance Amount or SMMA “box” as it is commonly referred to) through a blend of local effort and State Major Maintenance Aid.
2. The Debt Service Assistance Program provides state support to lower-property-wealth districts in repaying voter-approved construction bonds.

Both programs are funded primarily through a state special revenue account, the School Facility and Technology Account (SFTA). When the 2017 Legislature created the School Major Maintenance Aid Program, it also created a new “subtrust” within the Coal Tax Trust Fund called the School Facility Fund. Interest earnings from the School Facility Fund go into the SFTA along with various other special revenues.

Figure XX (below). The clip-art-heavy graphic shows the various revenue sources into the SFTA and the programs funded out of the SFTA “bucket.”



RECOMMENDATION: PD 11 - MMA

The SFIC is recommending **PD 11 - MMA** related to school facilities. The bill draft has three main components.

First, in order to avoid potential funding shortfalls in the SFTA, leading to the proration of state payments to school districts and property tax increases, **PD 11 - MMA** redirects excess oil and gas tax revenue (revenue generated from wells within a school district but above the state-imposed limit on what the district can retain) from the guarantee account to the SFTA as a way of bolstering the SFTA. In recent years, these excess revenues have been about \$5 million/year, but as with all natural resource tax revenues, they can be volatile.

ESTIMATED **STATE-FUNDED** PRICE TAG OF
PD 11 – MMA:
\$5M – STATE GENERAL FUND COST OF
EXCESS OIL AND GAS REDIRECT

\$2M – STATE COST FOR INCREASE IN STATE
MAJOR MAINTENANCE AID (FROM SCHOOL
FACILITY AND TECHNOLOGY STATE
SPECIAL REVENUE ACCOUNT)

CALCULATED FOR FY 2028

Second, **PD 11 – MMA** requires school districts receiving state major maintenance aid to submit basic information on school buildings (age, square footage, purpose/use). The intention of this requirement is to ensure that the state has some basic metrics regarding school buildings. This will allow the state to assess whether the School Major Maintenance Aid Program is providing sufficient support and may allow the program to allocate resources on more exacting metrics (for example, using square footage instead of ANB counts in the SMMA box calculation).

Third, **PD 11 – MMA** revises the SMMA box calculation to better align the resources available to districts with estimates of major maintenance needs derived from square footage.

The SFIC's work in this area coincided with, and benefitted from, efforts spurred by the [Modernization and Risk Analysis Committee \(MARAC\)](#) to update some basic information from the 2008 FCI. The work conducted by Legislative Fiscal Division staff allowed the SFIC to examine the current alignment and determine that revision was necessary. Basically, the current calculation provides small-footprint districts access to much more revenue than large-footprint district when looking at the proportion of SMMA box to 2% of current replacement value (CRV; 2% CRV is one metric used to estimate annual facility major maintenance needs). Staff papers on this from June and July 2026 explain this in greater detail.²²

To address this without a large decrease in the amount of money available to smaller districts, **PD 11 – MMA** reduces the per-district base amount slightly from \$40,000 to \$35,000, increases the per-ANB component of the calculation from \$115 to \$225, and reduces the GTB-like multiplier in the major maintenance aid calculation from 355% to 185%. This increases the amount of money available to districts through the program from \$36 million to \$51 million. Most of this increase comes from an expansion in permissive levy authority of about \$13 million (bringing that authority to \$25 million total), with another \$2 million coming from the state (bring the state share to \$26 million total). The average mill increase is about 2 mills, but as with the current program, districts have the option to not use the program at all or to only partially fill their calculated SMMA box.

RECOMMENDATION: BOND GUARANTEE PROGRAM

At the SFIC's April 2026²³ and July 2026 meetings, Board of Investments²⁴ Executive Director Dan Villa visited with the Commission about the ways other states have developed school district bond guarantee programs as a way of

²² June 2026 staff paper: <https://docs.legmt.gov/download-ticket?ticketId=611737d4-4f55-454a-8ec5-873f373d44ff>

July 2026 staff paper: <https://docs.legmt.gov/download-ticket?ticketId=c0cc05c2-04c1-41ab-bf69-1bfb13b2f9d6>

July 2026 LFD memo: <https://docs.legmt.gov/download-ticket?ticketId=36d80b88-de6e-40ef-9357-2e395119d144>

²³ <https://docs.legmt.gov/download-ticket?ticketId=fabd12b4-c250-46fe-8dfc-5333c3f494e2>

²⁴ <https://investmentmt.com/>

accessing funding for school facility improvements at a lower cost to taxpayers. In a nutshell, by having the state back school district bonds, districts benefit from the state's higher bond rating and receive lower interest rates.

While time ran out for the Commission to explore further, SFIC feels this concept should be pursued; Senator Fern and Representative Barker are working with Director Villa on a proposal for the 2027 Legislature.

DRAFT

EDUCATIONAL GOVERNANCE, COORDINATION, AND STRATEGIC PLANNING

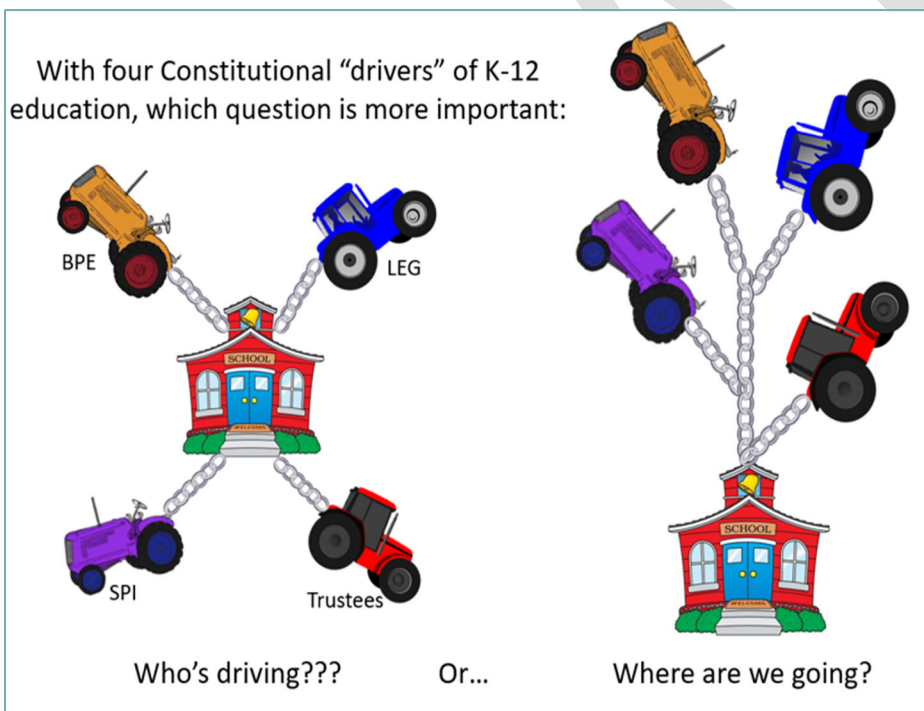
The beginning of every government starts with the education of our youth. –Pythagoras

Commission finding: The “Phase I” / “Constitutional Players” work needs to be continued but should be pursued through ongoing interagency collaboration rather than through SFIC’s work.

Commission recommendation: Require EDIC and EIBC to meet jointly and convene the “Constitutional Players” at least twice each interim, through bill draft **PD 10 – MEET**.

The Montana Constitution provides duties for several educational entities regarding the governance and supervision of public education in Montana. The **Legislature** is responsible for providing “a basic system of free quality public elementary and secondary schools” and must also “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.” [Art. X, sec. 1\(3\)](#).

The Constitutional Players must continue to **meet regularly** and **collaborate** to ensure Montana’s public school system continues to move forward in the right direction.



The **Board of Public Education (BPE)** “exercise[s] general supervision over the public school system” while the **Board of Regents of Higher Education (BOR)** is vested “with the government and control of the Montana university system”. [Art. X, sec. 9](#). Locally-elected **school board trustees** are granted “[t]he supervision and control of schools in each school district”. [Art. X, sec. 8](#). The **Superintendent of Public Instruction** oversees the Office of Public Instruction (OPI) and is also responsible to generally supervise the public schools and districts and to perform the duties assigned to the office as provided by law. [Art. VI, sec. 4; 20-3-106, MCA](#).

Figure X (left). This figure, familiar to folks who have been watching legislative education meetings over the past decade, shows the potential challenges, or benefits, of the combined efforts of Montana’s Constitutional Players in education. This screenshot was taken from a [staff summary](#) at your July 2026 meeting.

With so many entities involved in directing and overseeing public education in Montana, the members of the joint Education Interim Committee and the Education Interim Budget Committee organized a K-12 Visioning meeting in June 2022, bringing together representatives from each of the Constitutional entities, as well as the Governor's office, the Department of Labor and Industry (DLI), and the Montana School Boards Association (MTSBA). The original meeting included facilitators from the National Center on Education and the Economy (NCEE) and the National Conference of State Legislatures (NCSL), and the meeting proved to be an opportunity for meaningful and robust discussion among these "Constitutional Players," as the group came to be known.

In subsequent interims, the Constitutional Players have continued to meet²⁵ and have further conversations and collaboration²⁶ about the direction the Montana public education system should be moving in. Their work included identification of 4 specific policy areas for further investigation and improvement:

- Early Learning/Ready to Learn
- Transform Teaching and Support Teachers as Professionals
- CTE and Postsecondary Pathways
- Learner-Centered and Proficiency-Based Models of Instruction.

Recognizing that making meaningful and coherent changes to Montana's public education system will require long-term strategizing, cooperation, and implementation, SFIC is proposing to "codify" the ongoing collaboration by the Constitutional Players through **PD 10 – MEET**. This bill draft would require the Legislature's [Education Interim Committee \(EDIC\)](#) to hold a joint meeting with the [Education Interim Budget Committee \(EIBC\)](#) at least twice per interim to bring all of the Constitutional Players back to the table to continue the work of implementing a common statewide strategic vision for the public education system.

The regular convening of the Constitutional Players will also provide a continuing forum to identify areas for increased collaboration, and reduction in gaps or duplication of educational programs among the various educational entities, and will provide an opportunity to invite participation and input from other stakeholders and

PD 10 – MEET would require the EDIC and EIBC to meet jointly at least **twice per interim**, to bring the Constitutional Players back to the table and continue implementing a common statewide vision for the public education system.

interested parties who are involved in the education of Montana's public school students. Additionally, the bill draft **PD 10 – MEET** requires the Constitutional Players to document their discussions and any findings, conclusions, and recommendations, in an interim report to be provided to future commissions to consider when SFIC takes up its work regarding the funding of public schools in Montana.

²⁵ Recap of Constitutional Players' 2022 meetings and 2023 legislation:

<https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/June-4-2025/edic-const-player-recap-sep-2023.pdf>

²⁶ Audio recording of Constitutional Players Convening, June 17, 2024: https://archive.legmt.gov/audio/2023-2024%20Interim/EDIC/Joint%20Education%20Committee%20and%20Interim%20Budget%20Committee%20Section%20E_2024-06-17.mp3

SFIC GOING FORWARD

A child is a person who is going to carry on what you have started... the fate of humanity is in his hands. – Abraham Lincoln

Commission finding: The SFIC needs to be restructured to meet more frequently in order to be more nimble and better equipped to amend the school funding formula to reflect changes in the circumstances affecting Montana's public schools.

Commission recommendations: Revise the School Funding Interim Commission statute through **PD 08 – SFIC** to:

1. Amend the SFIC enabling statute, [5-20-301, MCA](#), to require the Commission to be formed in the 2027-2028 interim and then every 6 years after that.
2. Direct the next SFIC to use the findings and recommendations in this final report to draft and propose a redesign of the state's school funding formula
3. Clarify the ongoing mission of SFIC to focus specifically on evaluating the school funding formula, while the Constitutional Players continue the work of examining and facilitating school policy-related discussions.

Ahead of the formation of the 2025-2026 SFIC, the 2025 Legislature made significant changes to the SFIC enabling statute. [House Bill No. 153](#) expanded the Commission's mission, amending [5-20-301, MCA](#), to provide sideboards for the Commission's consideration of the funding formula and to require the commission to form the innovation and excellence in education working group, also known as the Phase I working group, to develop recommendations, objectives, and an implementation plan to improve Montana's public schools (see the "Phase I and IEEWG" section on [page 6](#) of this report). The Commission contracted with the National Center on Education and the Economy to shepherd the working group through Phase I and the first half of the interim.

Following NCEE's issuance of a Phase I report and implementation plan, SFIC turned to Phase II and contracted with APA to conduct a study of the adequacy of school funding in Montana (see "Phase II Adequacy Study" section on [page 8](#) of this report). As SFIC dug deep into several topics of interest, a common theme emerged: waiting every 10 years to form the School Funding Interim Commission was too long of a period to delay, with the resultant turnover

in legislators and staff, and potential loss of institutional knowledge, requiring a significant amount of time to bring the current Commission members up-to-speed on the funding formula.

The commission finds that waiting **10 years** between SFICs is too long of a delay, considering the turnover in legislators and staff, and potential loss of institutional knowledge, and the **increased rate of technological change** in the 21st century.

To reduce the amount of training that would be needed to educate future commissioners about the mechanics of school funding, along with the reality that the circumstances in which schools are functioning are changing rapidly, especially in the realm of technology, the Commission recommends a bill draft to revise [5-20-301, MCA](#). To sustain the momentum of this interim and to continue the Commission's progress working toward a funding formula redesign, SFIC is recommending in **PD 08 – SFIC**

that the Commission be reconvened in the 2027-2028 interim. The 2027-2028 SFIC would be tasked with determining what would be necessary to implement a significant redesign of the current funding formula, including by using this final report as a starting point for the next commission's work.

The **PD 08 – SFIC** also shortens the amount of time between creation of Commissions and tasks the Legislature with forming the SFIC at least every six years following the 2027-2028 interim. The bill draft provides further direction that future Commissions should focus specifically on school funding and the school funding formula, by reviewing the educational needs, assessing the related costs, and evaluating whether the existing funding formula adequately addresses those needs and costs.

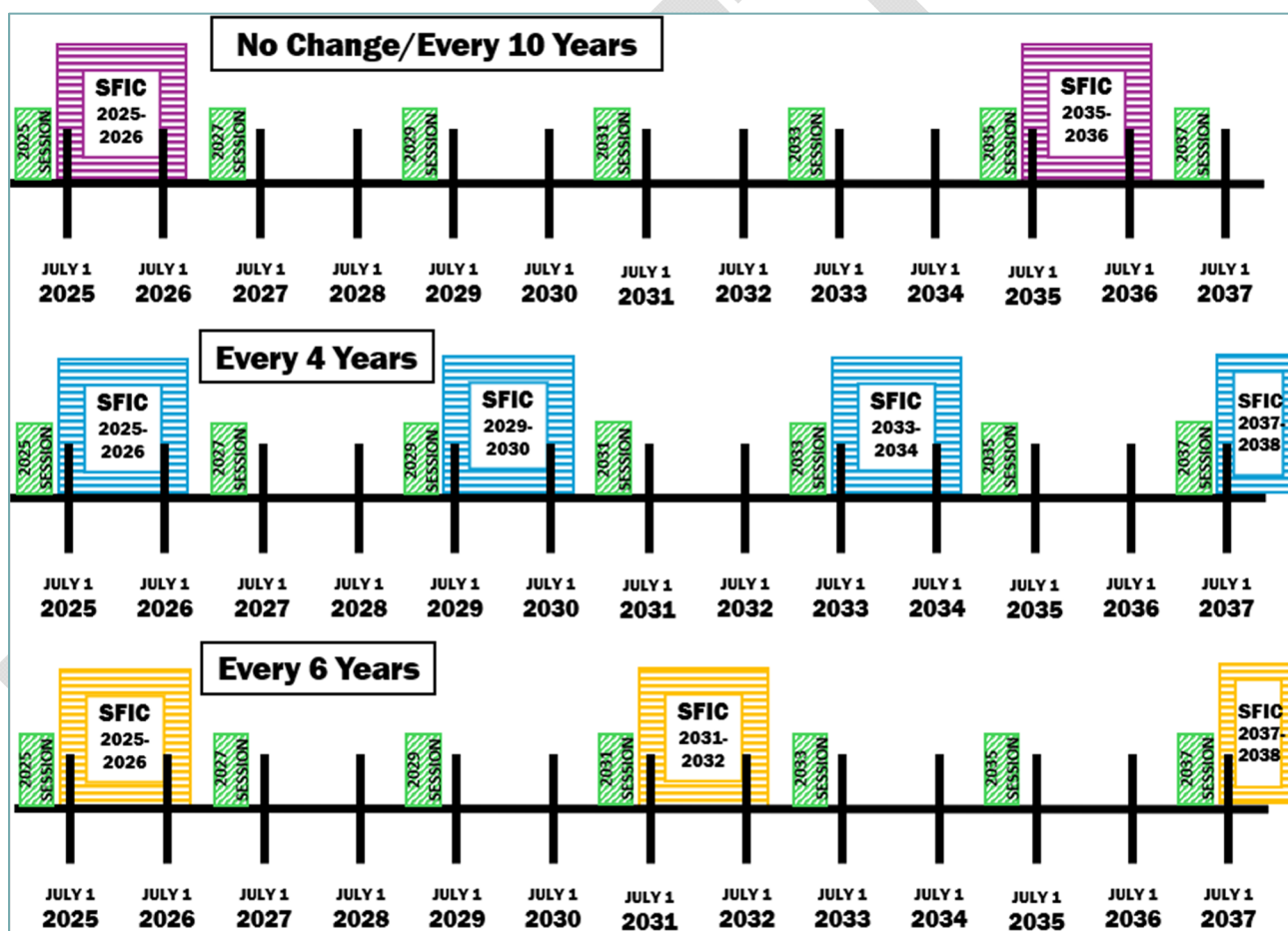


Figure X (above). As [staff presented](#) to the Commission during your July 2026 meeting, this timeline illustrates how the School Funding review frequency – every 4, 6, or 10 years – would fall between Montana’s biennial legislative sessions.

REVISE AND INCREASE AT-RISK PAYMENT

Prefer knowledge to wealth, for the one is transitory, the other perpetual. –Socrates

Commission finding: Current state support for at-risk students is among the lowest in the nation.

Commission recommendation: Increase the current At-Risk Payment and revise its distribution through bill draft **PD 15 – AT RISK**, so that the distribution is no longer based on proportionality with federal Title I funding, but based on at-risk student counts, derived by multiplying direct certification numbers by 1.6.

Montana established the At-Risk Student Payment in the Special Session of December 2005. The At-Risk Payment was one of the “four new state-funded components” added to the formula at that time; the Quality Educator Payment, the Indian Education for All Payment, and the American Indian Achievement Gap Payment were the others. The At-Risk Payment has always been unique for a couple reasons:

- The payment simply piggybacks on the distribution of Federal Title I-A money – if a school district receives 1.3% of the total federal Title I-A 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).
- While included in the statutory definition of BASE Aid, the payment has always been a standalone line item outside of the BASE Aid appropriation in House Bill No. 2. Unlike the other components of BASE aid, the At-Risk Payment is a set dollar amount and does not fluctuate with ANB or any other count of students.

Because the At-Risk Payment is distributed to districts based on Title I-A, it has never been tied to individual at-risk students, and the biennial report on the “status of standardized test scores, graduation rates, and drop-out rates of at-risk students” required under [20-9-328, MCA](#), has never been about a category of students, but about a category of schools: Title I schools.

The visibility in terms of academic achievement of economically disadvantaged students has been hampered further by changes in the federal school nutrition programs. In the past, participation in Free or Reduced-price Lunch (FRL) was based on applications from families verifying income level. Montana, like most other states, then tagged these FRL students as “economically disadvantaged” and their academic achievement could be tracked. But since the federal authorization of what’s called the “community eligibility provision” (CEP), more and more schools have been able to offer *all* students FRL, based on hitting an increasingly low percentage (now 25%)²⁷ of students identified as eligible. For a number of years now, Montana has been tagging ALL students in CEP schools as economically disadvantaged, meaning that the truly economically disadvantaged students in those schools are unidentifiable. To be blunt, Montana has no idea what our true achievement gap is for economically disadvantaged

ESTIMATED STATE-FUNDED
PRICE TAG OF PD 15 – AT RISK
≈\$80M IN FY 2028
≈\$160M IN FY 2029

ESTIMATED FOR THE 2029
BIENNIUM BASED ON FY 2025
DATA

²⁷ <https://www.fna.usda.gov/cn/cep-final-rule-summary>

students. This is not something we would tolerate for any other subgroup of students. To be fair, Montana is not the only state struggling with this issue.

PD 15 – AT RISK decouples the At-Risk Payment from federal Title I funding, but will still lean on a federal mechanism in identifying at-risk students, utilizing what is known as direct certification. Direct certification is the process of matching student enrollment lists with data from public assistance programs for the purpose of determining eligibility for free school meals. Children in households participating in assistance programs like SNAP or TANF and children who are migrant, homeless, or in foster care are eligible without further application for free school meals via direct certification.²⁸

However, one of the concerns about using a strict count of direct certification as the only method for counting at-risk students is that it tends to produce an under-count of otherwise eligible students. A significant number of families who would be eligible for public assistance programs based on their economic circumstances never apply, so to capture a more complete picture of the number of students who are truly at an economic disadvantage, OPI uses a federally accepted multiplier of 1.6 times the number of DC students in a school to generate a more accurate count of students who are eligible for the FRL program. **PD 15 – AT RISK** will base the At-Risk Payment on a district's direct certification count and apply the same 1.6 multiplier.

PD 15 – AT RISK distributes a much larger amount of state funding based on the number of students in a district who are identified as eligible for free or reduced-price lunch through direct certification. The Commission was informed by APA that Montana's spending on at-risk students is among the lowest in the nation. The APA Foundation Formula recommendation included a 25% weight, equaling \$2,125 applied to about 80,000 students statewide (using a different means of estimating the number of economically disadvantaged students in districts), for a total state investment of \$167 million in targeted at-risk funding. Because the student count methodology in **PD 15 – AT RISK** identifies fewer students statewide²⁹ in FY 2026 than APA's methodology, the per-at-risk-student amount was increased in **PD 15 – AT RISK** to \$2,460 in order to maintain the \$167 million recommended by APA³⁰. The SFIC is recommending that the funding ramp up over 2 years to help districts better deploy these new resources, so the first-year per-at-risk-student amount is \$1,230.

²⁸ <https://nces.ed.gov/learn/blog/understanding-school-lunch-eligibility-common-core-data>

²⁹ 42,454 direct certification students x 1.6 multiplier = 67,926 at-risk students

³⁰ APA's recommendation was based on FY 2025 data, and the proposed amount has not been adjusted for inflation in the bill draft. Using the present law statutory inflation factor in [20-9-326, MCA](#) to inflate the APA recommendation in accordance with current law, the recommended amount would total approximately \$182 million in FY 2028 and \$187 million in FY 2029 (with \$7 million of each of those amounts already accounted for in the current At-Risk Payment).

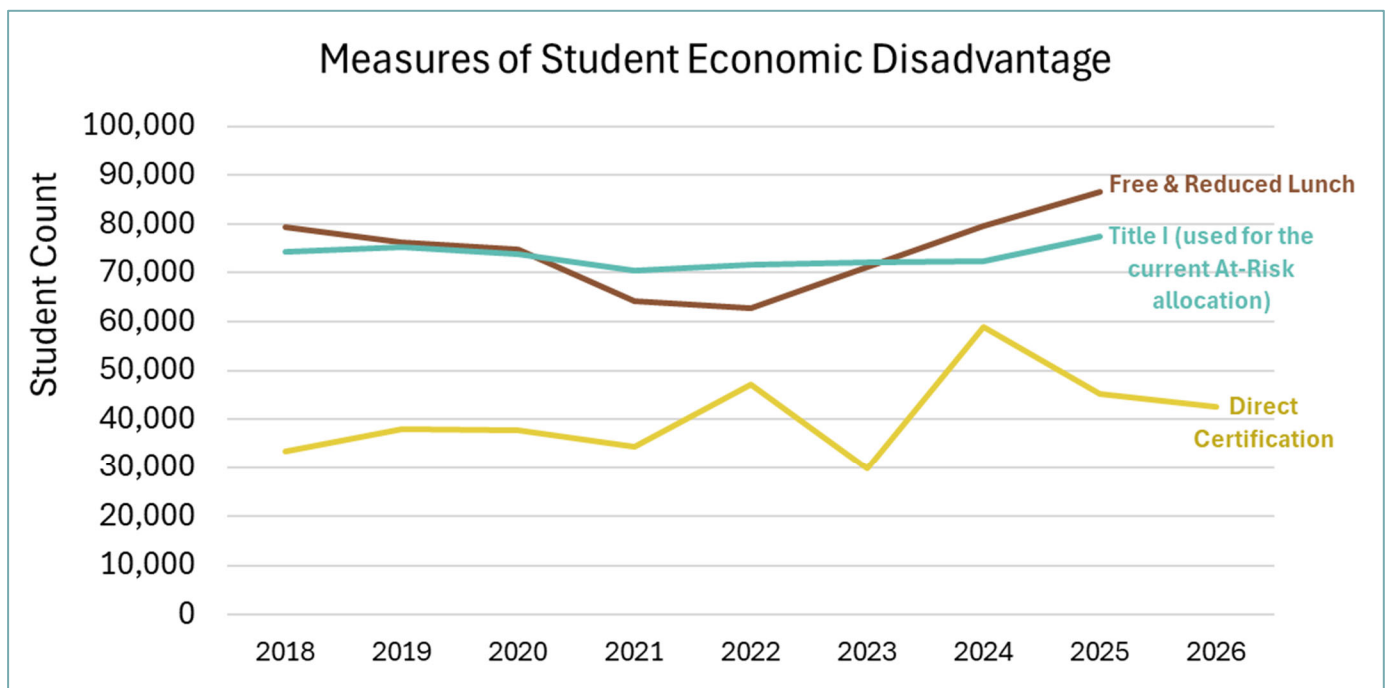


Figure X (above). This chart was included in [follow-up slides](#) presented to the Commission at the July 2026 meeting and shows data from OPI on students who are identified under the Free & Reduced Lunch (FRL) program, Title I, and Direct Certification. Note that the FRL and Title I “counts” are not based on individually identified students, but on census and other estimates. According to OPI, the volatility in the Direct Certification counts is largely due to federal policy changes coming out of the pandemic.

ENGLISH LANGUAGE LEARNERS (ELLs)

Educate and inform the whole mass of the people... They are the only sure reliance for the preservation of our liberty. –Thomas Jefferson

Commission finding: Montana is the only state that provides no supplemental state funding for English Language Learners (ELLs).

Commission recommendation: Create a new per-ELL-student funding component through **PD 11 – ELLs** to provide additional support for ELLs in a school district.

Section [20-1-101\(29\), MCA](#), defines a “student with limited English proficiency” as a student:

- (a) (i) who was not born in the United States or whose native language is a language other than English;*
- (ii) who is an American Indian and who comes from an environment in which a language other than English has had a significant impact on the individual's level of English proficiency; or*
- (iii) who is migratory, whose native language is a language other than English, and who comes from an environment in which a language other than English is dominant; and*
- (b) whose difficulties in speaking, reading, writing, or understanding the English language may be sufficient to deny the student:*
 - (i) the ability to meet the state's proficiency assessments;*
 - (ii) the ability to successfully achieve in classrooms in which the language of instruction is English; or*
 - (iii) the opportunity to participate fully in society.*

Pursuant to federal law³¹, school districts in the United States are required to identify and provide supplemental supports to students who are identified as English language learners (ELLs)³². Students are initially identified upon enrollment in the district through a home language survey, as well as through teacher observation, including identified need for support in reading, writing, speaking, and listening in English³³. When a student is identified as an ELL, the student is given the WIDA Screener assessment to determine the student's level of proficiency as an ELL and what services the student will need to gain proficiency in the English language. Once a student has been identified as an ELL, the student remains in that status and must receive

The **ultimate goal** of providing ELL supports is for the student to **achieve proficiency** in the English language and **exit ELL status**

³¹ Title VI of the Civil Rights Act of 1964; section 3113(b)(2) of the Every Student Succeeds Act.

³² While SFIC has generally used the term “English language learners” or “ELLs” throughout its discussions about this topic, several other terms are used interchangeably. In addition to “student with limited English proficiency” in Montana statute, other terms used have included: English as a second language (ESL), multilingual English learners (ML/EL) and English learners (EL).

³³ [“Montana English Language Learner Overview”](#) – OPI Handout, presented to SFIC on February 11, 2026.

appropriate services and supports until that student tests proficient in the English language and can be exited from the ELL program.

Title III is a federal formula grant program that provides supplemental funding for ELL students. In FY 2026, Montana's entire allocation was \$500,000, of which \$150,000 was retained for the state administration budget and \$350,000 flowed through to local school districts. For FY 2026, this funding was allocated to 61 local school districts serving 4,011 ELL students, which amounted to just over \$82 per ELL student. SFIC also heard throughout the interim that there are likely several districts who are currently serving ELL students but who have declined to apply for federal funding, because the administrative burden outweighs the \$82-per-student benefit. This intentional choice by school officials likely explains much of the gap between the 4011 ELL students who were counted for Title III purposes, and the 4,695 ELL students who were identified in the table of Montana ELL students in OPI's handout for SY 2024-2025.

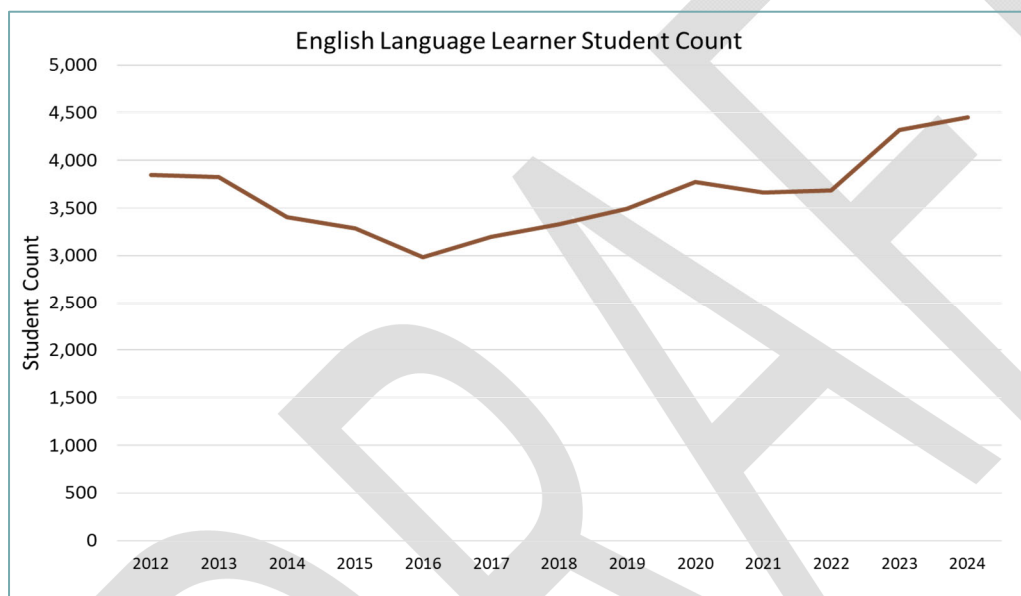


Figure X (left). This chart was included in a [staff presentation](#) at your July 2026 meeting, showing that the number of English language learner (ELL) students in Montana has been generally trending upward since 2016. *Student count data provided by OPI.*

As the Commission learned this interim, Montana is currently the only state in the nation that does not provide any supplemental state funding for ELL students³⁴. Yet, Montana's school funding formula specifically identifies students with limited English proficiency as students who have special needs for whom educational programs should be provided.³⁵ To address this gap, SFIC has proposed the creation of a student with limited English proficiency payment in **PD 11 – ELLS**.

The total student with limited English proficiency payment in **PD 11 – ELLS** would provide additional, fully-state-funded money to a district's general fund based on the number of students who are identified by the district as an ELL. The amount of the payment comes from the foundation amount and the suggested additional weight from the recommendations by APA. The suggested 0.25 weight multiplied by the rounded foundation amount of \$8500

³⁴ See, e.g., slides 12-14 from APA's presentation to SFIC on June 18, 2026: <https://docs.legmt.gov/download-ticket?ticketId=1c64c5be-b448-4013-ab36-a29f3fded1fd>

³⁵ Section [20-9-309\(2\)\(iii\)](#) and [\(3\)\(d\)](#), MCA

results in a per-ELL-student payment of \$2125 in the first year of the biennium. Estimating 4,700 ELL students statewide, that would result in an estimated cost of \$9,987,500 per fiscal year.

PD – 11 ELLS includes similar reporting requirements to those that already exist for the At-Risk and American Indian Achievement Gap Payments. OPI would be required to report to the governor and the legislature every other year about the number of ELL students across the state and their status and academic progress.

The Commission also considered potential disparities in accessing English language instruction services, especially in small or rural areas of the state, and the impact that a lack of services might have on districts' capacity to provide ELL instruction. To address possible barriers to providing in-person ELL instruction and services, the Commission recommends exploring the possibility of the Montana Digital Academy (MTDA) providing digital ELL instruction. This recommendation acknowledges the possibility of adjusting MTDA's budget accordingly.

ESTIMATED **STATE-FUNDED**
PRICE TAG OF **PD 11 – ELLS**:
≈\$10M

CALCULATED FOR FY 2028
USING FY 2026 ELL DATA

FUND 6TH GRADERS IN MIDDLE SCHOOL AT SAME ANB RATES AS 7TH AND 8TH GRADERS

Teach the children so it will not be necessary to teach the adults. –Abraham Lincoln

Commission finding: Sixth grade students in accredited Montana middle schools generate the lower elementary per-ANB entitlement, compared to their 7th and 8th grade classmates who generate the higher high school per-ANB entitlement.

Commission recommendation: Revise the per-ANB entitlement statutes through **PD 12 – ANB6** so that 6th grade students in accredited middle schools are funded in parity with 7th and 8th graders.

Under Montana’s current funding formula, the per-ANB amounts are different between students in an elementary district and students in a high school district. When it comes to the middle grades, Montana’s current grade-level adjustments (via different per-ANB entitlement amounts) fund 7th and 8th graders in non-accredited middle school programs and all 6th graders at the same level as elementary (K-5th grade) students, while 7th and 8th graders in accredited middle school programs are funded at the same per-ANB entitlement amount as high school (9th-12th grade) students.

ESTIMATED STATE-FUNDED
PRICE TAG OF PD 12 – ANB6:
≈\$20M

FY 2028 AMOUNT FROM THE
HB 339 (2025) FISCAL NOTE

One rationale for the difference in funding amounts is that the costs to educate a student increases as the student progresses through the grade levels – starting in middle school, student are taught by several teachers in different classrooms each day, and the costs of materials and hands-on activities grow as the level of difficulty increases, particularly in science labs and elective classes.

The Commission started discussing this issue as part of the small group breakout discussions at the November 14, 2025 meeting³⁶. The Early Learning group had a robust conversation about the per-student funding amounts, whether it is appropriate to continue funding students at different amounts for different grades, and what those funding amounts should be; the small group ultimately settled on a descriptor of “right-sizing” the per-ANB amounts³⁷.

During the Commission’s discussion of potential findings and recommendations at the July 21, 2026 meeting, staff was instructed to bring a bill draft addressing this issue to the final meeting of the interim. SFIC has focused specifically on the funding disparity for 6th graders with the bill draft **PD 12 – ANB6**. In this bill draft, the 6th graders

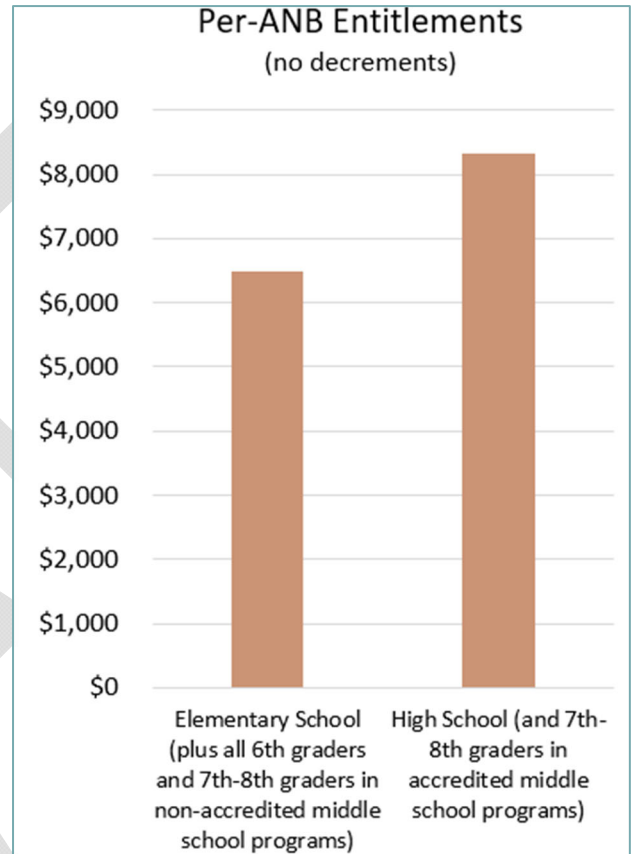
³⁶ The Early Learning small group highlighted this issue in the afternoon report-out session (see the comments starting at about the 5:53:05 mark in the video recording of the meeting [available here](#)).

³⁷ Graphic of the Early Learning small group discussion notes:

<https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/November-13-14-2025/Early-Learning-Exh-14.pdf>

would be funded at the same per-ANB entitlement rate as 7th and 8th graders. The Legislature considered a similar bill sponsored by Representative Melissa Romano in the prior session ([House Bill No. 339, 2025](#)), and the fiscal note for the most recently amended version of the bill estimated that it would have cost roughly \$18 million in FY 2028. That bill passed out of the House as amended, but was tabled in the Senate Education and Cultural Resources Committee.

Figure X (right). This chart was included in a [staff presentation](#) at your July 2026 meeting, showing the differences in the per-ANB entitlements by grade level for FY 2026.



AMERICAN INDIAN EDUCATION

In order to improve the mind, we ought less to learn, than to contemplate. –Rene Descartes

Commission findings:

1. State support for school districts to meet the constitutional requirements of Indian Education For All is insufficient for low-population schools.
2. State support for the American Indian Achievement Gap payment has been shown to be insufficient for closing the educational achievement gap between American Indian students and non-Indian students.



Figure XX (above). The Flag Plaza in front of Montana's Capitol building displays the flag of the United States, Montana's state flag, and the flags of the eight sovereign tribal nations in Montana. [Image courtesy of OPI.](#)

Commission recommendations:

1. Increase the minimum IEFA payment from \$100/district to \$1000/district, through bill draft **PD 08 – IEFA**, to ensure that smaller districts receive adequate support for IEFA programming.
2. Increase the American Indian Achievement Gap (AIAG) payment from about \$250 to \$750 per identified American Indian or Alaska Native (AIAN) student, through bill draft **PD 09 – AIAG**.
3. Reevaluate the IEFA program, and district-reported spending, to ensure program objectives are being met.
4. Consider moving IEFA funding out of the General Fund and into a specialized fund, such as Miscellaneous Programs, since those dollars have specific purpose(s) and reporting requirements.

[Article X, section 1\(2\)](#) of the Montana Constitution states: "*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.*"

Accordingly, Montana's school accreditation standards³⁸ include requirements that local boards of trustees ensure their district's curriculum and instruction integrates "*the history, contemporary portrayals, and contributions of American Indians, with an emphasis on Montana Indians, for all students, across all content areas.*"

ESTIMATED STATE-FUNDED PRICE TAG OF

PD 08 – IEFA:
≈\$60K

PD 09 – AIAG:
≈\$10M

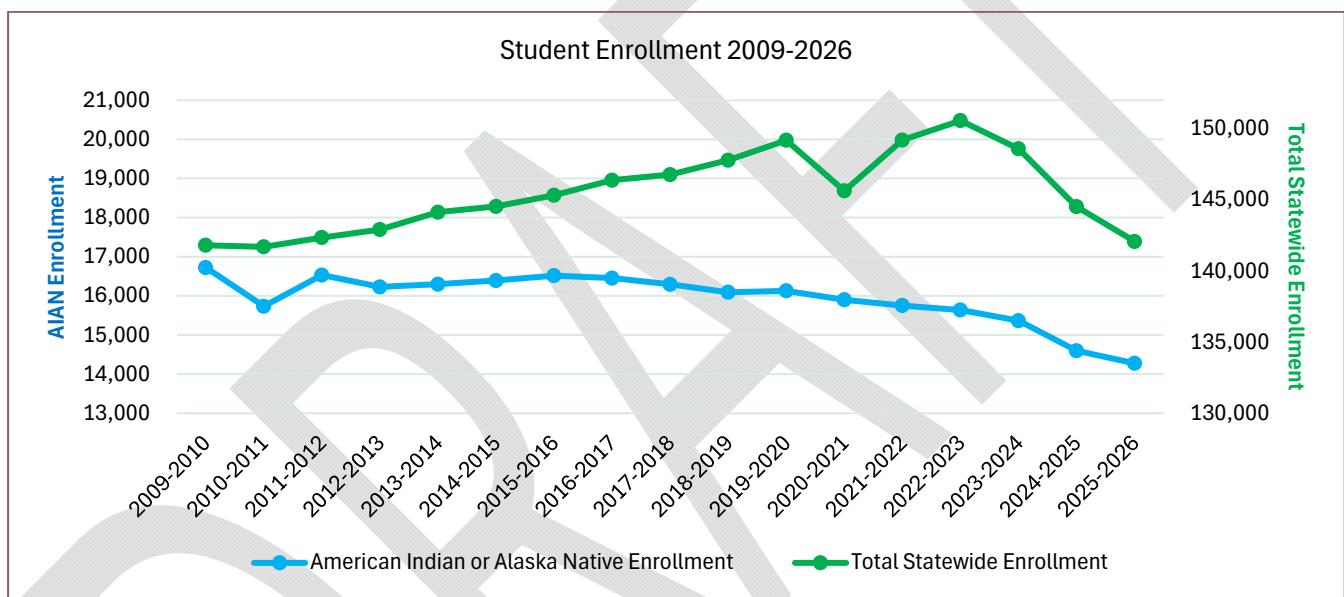
ESTIMATED FOR FY 2028

³⁸ See administrative rules [ARM 10.53.102](#) and [ARM 10.55.1003](#)

This SFIC reviewed two sources of additional financial support for American Indian students:

- **Indian Education For All (IEFA)**, required pursuant to section [20-1-503, MCA](#), has a payment calculated in section [20-9-306\(16\), MCA](#), based on the total student enrollment in the district. In FY 2026, the IEFA payment was \$25.37 per student, or \$100 per district, whichever amount is greater.
- **American Indian Achievement Gap (AIAG)** payment, provided for in section [20-9-330, MCA](#), is calculated in section [20-9-306\(12\), MCA](#), based on the enrollment of American Indian students in the district. In FY 2026, the AIAG payment was \$249 per identified student.

Figure XX (below). This graph from the [July 2026 meeting](#) shows the student enrollment counts of American Indian or Alaska Native (AIAN) students in **blue** (left-hand vertical axis), compared to the total statewide student enrollment in **green** (right-hand vertical axis).



	Total Enrollment Count	Indian Education For All (IEFA) Payment FY 2026	American Indian or Alaska Native Enrollment Count	American Indian Achievement Gap (AIAG) Payment FY 2026
Arlee	417	\$ 10,579	284	\$ 70,716
Billings	17,143	\$ 434,918	2,205	\$ 549,045
Browning	1,965	\$ 49,852	1,793	\$ 446,457
Great Falls	10,453	\$ 265,193	1,612	\$ 401,388
Hardin	1,789	\$ 45,387	1,371	\$ 341,379
Statewide TOTAL	148,984	\$ 3,779,713	20,138	\$ 5,014,362

Figure XX (above). This table from a July 2026 [staff presentation](#) shows student enrollment counts, IEFA payments, and AIAG payments for FY 2026. Data from a select few districts is shown, in addition to the statewide totals, to illustrate how a district's population of AIAN students can affect the level of funding the district receives.

HIGH-QUALITY INSTRUCTIONAL MATERIALS (HQIM)

It does not matter how many books you have, but how good the books are which you have. –Seneca

Commission finding: High-performing education systems ensure that all schools, teachers, and students have access to world-class instructional materials.

Commission recommendation: Enact legislation through **PD 16 – HQIM** to create a state program to support school district access to high-quality instructional materials (HQIM) and accompanying teacher professional development.

**PD 16 – HQIM HAS AN
APPROPRIATION OF \$5
MILLION TOTAL FOR
THE 2029 BIENNIUM**

This finding and recommendation is largely driven by the SFIC’s “Phase I” work. From the outset, the SFIC-contracted consultants from the National Center on Education and the Economy (NCEE) emphasized that high-performing education systems share the common commitment to “cultivate high-capacity, forward-thinking educators.” Additionally, the commission has noted the relevance of regional education and economic factors that impact the outcomes expected of Montana’s system of education. One way these systems support teachers is by ensuring they have access to high-quality instructional materials and the professional development necessary to ensure effective implementation of those materials. The Phase I final report described this access to HQIM as a “critical systems level commitment.”³⁹

Montana policymakers have paid attention to the progress made in states like Mississippi⁴⁰, where a state-level commitment to HQIM has been a core component of recent educational reform and significant increases in student achievement. The 2025 Legislature passed [House Bill No. 462](#) to create a program through which HQIM would be a part of the recurring content standards revision and adoption process. While the bill was ultimately vetoed, the Governor’s opposition seemed more about budgetary concerns than opposition to the bill’s policy.⁴¹

The SFIC is looking to ensure that increased state investments in public education are made in ways that reflect what the SFIC has learned about high-performing education systems, and taking another run at HB 462 is one way to do so. **PD 16 – HQIM** is nearly identical to HB 462, but targets investment in HQIM at the newest batch of content standards, English language arts, which have an implementation date of July 1, 2027.

³⁹ See page 22: <https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/Other-Resources/Montana-IEEWG-Report-and-Implementation-Plan-1.30.26-FINAL.pdf>

⁴⁰ <https://mdek12.org/elementaryedu/resources-for-teachers/>

⁴¹ Veto letter: <https://docs.legmt.gov/download-ticket?ticketId=dcf28e5e-2d59-4d15-9dcc-cb5b913bfeae>

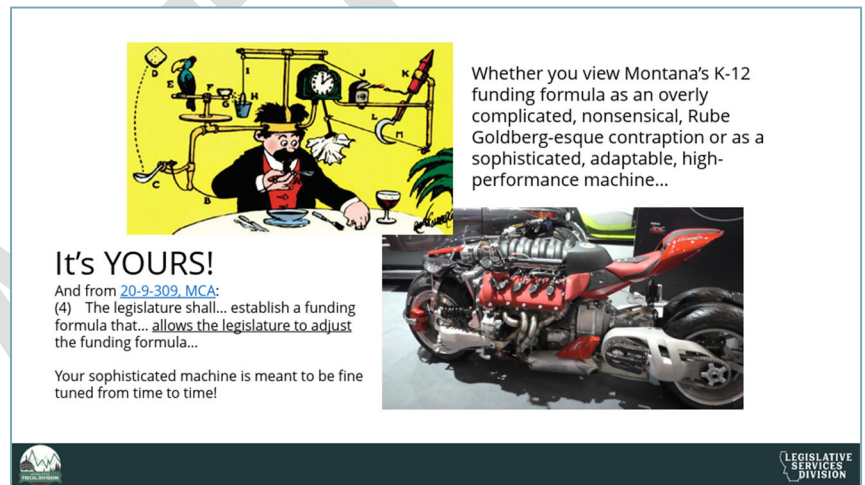
SIMPLIFICATION OF THE CURRENT FUNDING FORMULA

It is not enough to have a good mind. The main thing is to use it well. –Rene Descartes

Commission finding: While some sophistication is necessary in a school funding formula serving nearly 400 school districts of three different types (EL, HS, K-12) ranging in size from fewer than 5 students to over 10,000 students, Montana's formula has some unnecessary complexities.

Commission recommendation: As changes to the formula are proposed, reducing, rather than increasing, complexity should be a primary consideration.

That only a handful of people in a state understand the state's school funding formula is a common observation and an increasingly unfunny joke. **Figure X (right)** from [June 2025](#) illustrates how Montana's funding formula is perceived as either Rube-Goldberg-complex or precision-machinery-sophisticated. With citizen trust in governmental institutions at historically low levels,⁴² transparency and understandability are more important than ever.



While the SFIC prioritized addressing several areas of concern with the current formula, it highlighted several specific elements (among many others) that future revisions could target to simplify the formula:

- I. **Eliminating the decrement.** The decrement decreases the 2nd and subsequent per-ANB entitlement amount in each budget unit up to a “stop-loss” number. For example, the maximum elementary per-ANB entitlement in FY 2026 is \$6,496. That is what the first ANB generates in the formula, the second generates 20¢ less, the third 40¢ less, and so on up to the 1,000th ANB. Every ANB past 1,000 generates \$6,296, \$200 less than the first ANB. While originally designed with “economies of scale” in mind, other components of the formula, like the basic entitlement, address this. Because it reduces all district budgets, the decrement is also viewed negatively.

ESTIMATED STATE-FUNDED
PRICE TAG OF ELIMINATING
THE DECREMENT:
\$15M

CALCULATED FOR FY 2026

⁴² <https://www.pewresearch.org/politics/2025/12/04/public-trust-in-government-1958-2025/>

II. **Eliminating both the decrement and the increment.** One way to mitigate the impact of eliminating the per-ANB entitlement decrement would be to eliminate the basic entitlement increment at the same time. The increment increases the basic entitlement amount for each budget unit based on increments of additional ANB above a minimum amount. For example, the minimum elementary basic entitlement in FY 2026 is \$60,732. That is what a single elementary budget unit generates in the formula, with an additional \$3,037 added to that amount for every additional 25 ANB over 250. The decrement generally cancels out the increment in many districts; for example, in the Helena Elementary district, the basic entitlement increment provides Helena Elementary Budget Unit E1 an additional \$465,000, while the Helena Elementary Budget Unit E1 has its per-ANB entitlement reduced by about \$700,000 due to the decrement.

ESTIMATED STATE-FUNDED
PRICE TAG OF **ELIMINATING
BOTH THE DECREMENT AND
THE INCREMENT:**
\$7M

CALCULATED FOR FY 2026

III. **Replacing the current 80% BASE, 100% MAX formula with one established on 100% BASE and 125% MAX.** Similar to the decrement, using 80% of the basic and per-ANB entitlements in establishing BASE budgets is viewed as a diminishment and leads to much confusion. The basic entitlement for an elementary budget unit is \$60,732 for FY 2026. This would lead most people to believe that every elementary budget unit “gets” \$60,732, but in reality, the district with that budget unit is only guaranteed 80% of \$60,732. If BASE is intended to be the marker for adequacy in Montana’s formula, establishing BASE on 100% of the entitlement amounts would make the formula much more comprehensible.

ESTIMATED STATE-FUNDED
PRICE TAG OF **REPLACING
THE 80/100 COMPARISON
WITH 100/125:**
\$0

IV. **Eliminating, simplifying, or unifying the various guaranteed tax base (GTB) formulas.** Guaranteed tax base (GTB) mechanisms exist in many state school funding formulas. They address a common problem that exists because school districts along with many other local government subdivisions (counties, cities, fire districts, etc.) are funded through local property taxes and local property tax wealth can vary greatly. GTB “levels the playing field” so that taxpayers in low-property-wealth school districts don’t need to pay excessively high mill rates to generate the revenue needed to fund various educational functions.

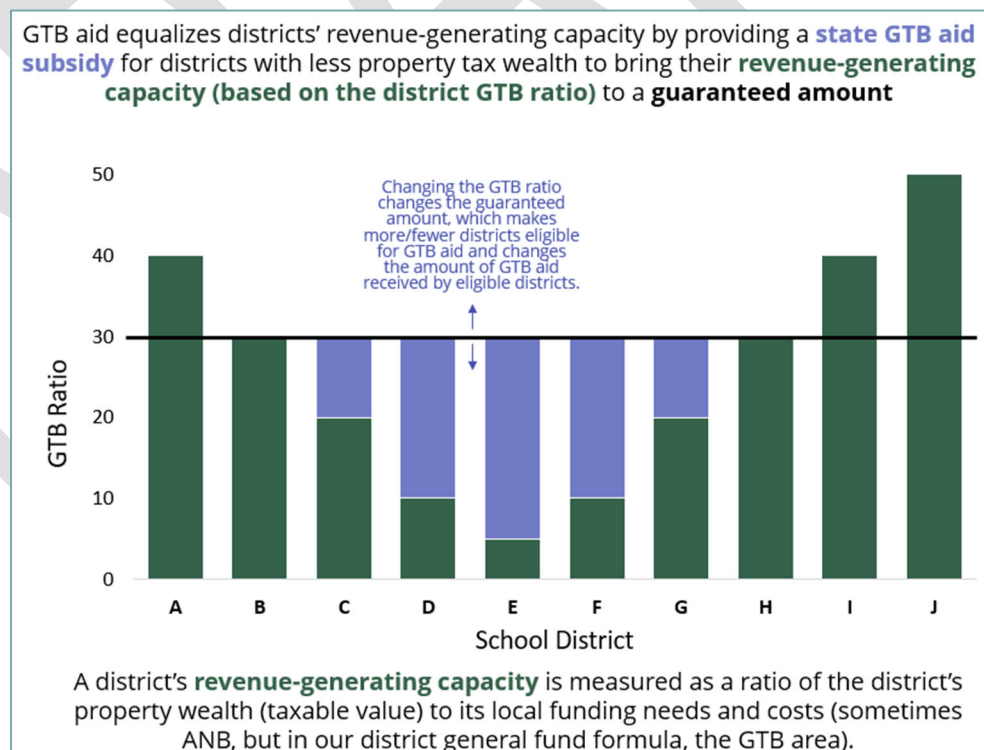
But GTB is complicated. Montana has several GTB or GTB-like formulas to equalize the revenue generating capacity of school districts and counties in funding schools: countywide BASE GTB (previously school district BASE GTB for FY 2026 and earlier), countywide retirement GTB, state major maintenance aid distributed by district, and state debt service assistance distributed by district. Each has its own measure of revenue generating capacity and complex mathematical formula to distribute equitable state support for educational programs.

It might be possible to simplify the funding formula if statewide property tax levies were used instead of relying on local property tax levies. For example, a statewide BASE levy could be used instead of having each county levy BASE mills with many receiving varying levels of GTB support.

In terms of simplifying or unifying the GTB formulas, it might be possible to use one metric for local revenue generating capacity rather than four separate ones as we do currently, but this may be complicated by the fact that we fund some educational functions at the county level and some at the district level. The Commission also examined some alternatives to the use of ANB as a proxy for costs in the retirement GTB, state major maintenance aid, and debt service assistance formulas; the number of quality educators and qualified staff may make more sense as a proxy for costs in the retirement GTB formula, while a percentage of current replacement value of school building square footage may make more sense in the formulas to support facilities, major maintenance aid and debt service assistance.

ANY CHANGES TO THE GTB FORMULAS COULD BE EXECUTED TO INCREASE, DECREASE, OR MAINTAIN THE CURRENT LEVEL OF STATE FUNDING. LOCAL IMPACTS WOULD VARY EVEN IF THE STATEWIDE TOTAL REMAINED EQUAL.

Figure XX. The snapshot below is used frequently by legislative staff to explain GTB, and was provided to the SFIC in several school funding presentations.



REDESIGNING MONTANA'S SCHOOL FUNDING FORMULA

There is frequently more to be learned from the unexpected questions of a child than the discourses of men. – John Locke

Commission finding: Montana's school funding formula needs a thorough redesign.

Commission recommendations:

1. Form the School Funding Interim Commission in the 2027-2028 Interim with the explicit task of redesigning the funding formula. (See the report section "SFIC going forward" on pages 49-50.)
2. In redesigning Montana's school funding formula, the work of the 2025-2026 SFIC should be utilized and the following considered:
 - a. The foundation formula design proposed by APA, with its focus on a single student foundation amount which then receives additional funding via weighted adjustments based on student, grade level, and district characteristics, provides a desirable framework.
 - b. The proposal from the Coalition of Advocates for Montana Public Schools (CAMPS) may also be used as a reference. (See **Appendix B.**)
 - c. Certain components of Montana's existing formula should be incorporated in any redesign, particularly those components that address the fixed costs of providing education in Montana's small, isolated, and necessary schools and are less dependent on enrollment, for example the Quality Educator and Qualified Staff Payment and the Basic Entitlement.
 - d. Money that is intended for a specific purpose ("with strings attached") should be moved out of the district General Fund (intended for general education purposes) into funds designed for more granular accountability, the Miscellaneous Programs Fund for example.
 - e. Any redesign effort should strive to provide adequate funding within a guaranteed funding level (currently called BASE) in the district general fund and avoid forcing districts to chase adequacy in other funds.

Figure X (right) may help to illustrate how the funding formula "house" has been continually added onto over time. When a pipe bursts or the roof leaks, is it time for a remodel, or is it worth a complete tear-down and rebuild?

On July 20, 2026, the SFIC welcomed a panel of school funding experts⁴³ who have worked in numerous states



⁴³ The video of this panel begins at 5:08: <https://streaming-video.legmt.gov/browse/item/f94fb4bb-8a30-4a17-bc38-50de59168fb5?videoPlayback=true>

on school funding formula redesign. When asked the question “How does a state know when a full redesign is needed?”, responses included:

- Simply the age of the formula (Montana’s last full redesign was 1993)
- When only a handful of people in the state understand the formula
- When inequities become apparent, for example, when per-pupil spending is noticeably lower in low-property-wealth districts or in districts with more students with higher needs

During discussion of this finding and recommendation on July 21, 2026,⁴⁴ the SFIC indicated that they thought it possible to address current concerns with Montana’s funding formula through modification rather than a more complete redesign but acknowledged that there is increasing fatigue among policymakers and the public with the complexity of Montana’s formula. This complexity decreases transparency and can undermine trust. The SFIC emphasized the need for any funding formula to be adaptable to evolving needs; adjustability is paramount considering the rate of change in the 21st century.

Adaptability to evolving needs is paramount in a funding formula, considering the rate of change we’ve already seen in the 21st century.

Additionally, the SFIC’s enabling statute [5-20-301, MCA](#), provides some guidance to redesign efforts:

(1) ... The commission shall:

...

(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;*
- (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...*

⁴⁴ The video of this discussion begins at 2:50: <https://streaming-video.legmt.gov/browse/item/232e28f6-93b4-469f-9d0e-90fb0b821372?videoPlayback=true>

DATA SYSTEMS

It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts. –Sir Arthur Conan Doyle, Sherlock Holmes

Commission finding: Montana's school and student data systems, including school finance and accounting systems, need to be improved.

Commission recommendations:

1. Modernize/integrate school and student data systems
2. Review and update the chart of accounts
3. Avoid opacity when providing school districts with greater flexibility
4. Ensure meaningful data sharing between state agencies
5. Review required data collections and reporting requirements at all levels to prevent unnecessary or duplicative reporting

MODERNIZE/INTEGRATE SCHOOL AND STUDENT DATA SYSTEMS

This recommendation has several origins. For two decades, the Legislature has communicated its desire to see more functional and less burdensome data systems in place for Montana's public education system. In 2005, the Legislature provided a \$2.8 million general fund appropriation:

*...for the development of a **comprehensive education information system to be used by K-12 public schools and the Office of Public Instruction**. The system will be used to:*

- *Provide information about student achievement and progress toward standards*
- *Enable local districts to benchmark their own educational programs*
- *Allow parents and community members to learn more about their schools*
- *Assist policymakers in understanding the relationship among education policies, strategies and outcomes*
- *Maintain an effective method of transferring and accessing accurate and timely educational information among school districts and the educational community*
- *Allow OPI to deliver relevant information to users in a timely and reliable manner*
- *Improve the ability of researchers to study trends for school improvement*
- *Improve the state's ability to collect and report state and federal mandated data*
- *Interact with data systems at the Office of the Commissioner of Higher Education and programs in the workforce development arena (including Department of Labor, Workforce Investment, Department of Revenue, Adult Basic and Literacy Education, and Temporary Assistance for Needy Families)⁴⁵*

⁴⁵ See page E-11: https://archive.legmt.gov/content/Publications/fiscal/fr_2007/FR-2007-Biennium-Section-E.pdf

These same purposes would likely be articulated by policymakers today, even after 20 years and tens of millions of state and federal dollars being spent on “data modernization.”

One feature that a modernized data system would have is accessibility. Members of the Commission specifically mentioned data being available in accessible formats for data analysis rather than in static documents, and displayed in more user-friendly, public-facing dashboards. In addition, per the federal Department of Justice, heightened ADA Accessibility requirements will go into effect on April 24th, 2027. OPI has recently launched a new public-facing school report card platform that allows

families, educators, community members, and policymakers to search and filter state, district, and school-level data through a more modern and user-friendly and accessible formats.⁴⁶

For two decades, the Legislature has communicated its desire to see more functional and less burdensome data systems in place for Montana’s public education system.

Throughout the interim, MASBO has provided public testimony⁴⁷ on behalf of district clerks and school business officials (SBOs), noting:

- MASBO membership covers 98% of Montana schools
- It takes a minimum of 4 years to achieve proficiency with Montana’s funding formula
- Over 50% of SBOs have less than 5 years of experience – average of 30% turnover each year
- Over 60% of SBOs have no backup – they are the only accounting staff for their entire district
- MASBO provides services to districts, but cannot meet the needs of the entire state
- Districts are forced to hire outside consultants, which cost significantly more than in-house staff

While some of the strain on clerks can be attributed to the complexity of the school funding formula itself, much of the strain could be alleviated with better data systems. The Legislature has heard complaints for years about “redundant data collections” and “siloed data systems” and requires OPI to address those specific issues and others in [20-7-104, MCA](#). Another concern is that smaller districts in particular are overly burdened with applying for, and reporting on, grants that may only bring the district a small amount of revenue. The phrase “the juice isn’t worth the squeeze” was used to describe this dynamic.

The [IEEWG Final Report](#) also emphasized the importance of data systems:

The state has a compelling interest in providing appropriate access to accurate data consistently and on an ongoing basis, so that state agencies such as OPI, BPE, and the Legislature can make data-informed decisions. Non-state-agency partners, such as professional organizations, contracted vendors, civic and nonprofit agencies, will also request appropriate access to state data, and there will be many instances where it serves state interests to make this data readily available. (p. 18)

⁴⁶ <https://montanaopi-ce.hoonuit.com/Dashboard/dashboard/93>

⁴⁷ <https://docs.legmt.gov/download-ticket?ticketId=7b6a1683-1c48-461f-9742-6eb48b26c05c>

Again, this desire for data-informed policy echoes what was stated in 2005. The effort to modernize and integrate school and student data systems may require coordination and collaboration among all of the constitutional entities with responsibility for education in Montana.

ACCOUNTING STANDARDS AND THE CHART OF ACCOUNTS

The School Accounting Manual (SAM)⁴⁸ is the go-to guide of accounting practices that Montana SBOs must follow. The most recent version, published in January 2021, is 458 pages long. Section 3 of the School Accounting Manual is known as the Chart of Accounts,⁴⁹ which lists the specific codes SBOs may use to record school revenues and expenditures. Most recently updated in July 2026, the Chart of Accounts is a *mere* 80 pages long. As staff [presented](#) to the SFIC in June 2025, school accounting practice uses a combination of Fund, Program, Function, Object, and Project Reporter codes, specified in the Chart of Accounts, which gives districts the ability to separate out and track expenditures for specific accounting and reporting purposes.

Federal ESSA requirements mandate Per Pupil Expenditure reporting,⁵⁰ meaning that school accounting often needs to be broken down even further, to building-level and grade-level costs.⁵¹

For example, a single electric bill for a district may get separated into multiple different lines of accounting code, based on the number of school buildings in the district, and the grade levels each of those buildings contain (Elem, MS, or HS).

In another example, the monthly payroll for a Gym teacher who serves all grades K-12 in a district must be coded separately according to the ANB percentage for grades K-6, 7-8, and 9-12 and the amount of time the teacher spends with each group, meaning there will be 3 lines of code for the teacher's salary, and another 3 lines for benefits.

From the examples above, it is easy to see how the process of school accounting can quickly become complex, especially for those teachers and staff who “wear multiple hats” in a district.

⁴⁸<https://opifiles.mt.gov/portals/182/Page%20Files/School%20Finance/01.Accounting/Guidance%20and%20Manuals/Most%20Accessed/School%20Accounting%20Manual.pdf>

⁴⁹<https://opifiles.mt.gov/Portals/182/Page%20Files/School%20Finance/01.Accounting/Guidance%20and%20Manuals/Most%20Accessed/Chart%20Of%20Accounts.pdf>

⁵⁰<https://opifiles.mt.gov/portals/182/Page%20Files/School%20Finance/00.School%20Finance%20Home%20Page/ESSA/Guidance%20and%20Documents/ESSA%20Per%20Pupil%20Expenditure%20Reporting.pdf>

⁵¹<https://opifiles.mt.gov/portals/182/Page%20Files/School%20Finance/00.School%20Finance%20Home%20Page/ESSA/Trainings/ESSA%20Per%20Pupil%20Training.pdf>

AVOID OPACITY WHEN PROVIDING SCHOOL DISTRICTS WITH GREATER FLEXIBILITY

This issue was brought to light through the Successful School District study conducted by APA. The study depended on having clear expenditure records for every school district, but there were a couple of stumbling blocks:

1. When districts enter into interlocal cooperative agreements and one district holds the interlocal agreement fund into which other districts transfer money, the expenditures out of that fund will be reflected only on the district holding the fund, even if expenditures were made to the benefit of other districts. Districts pooling resources to create efficiencies is an unequivocal good thing, but doing so in a manner that reduces transparency about spending and leads to the inability to truly know what a district is expending needs remedying.
2. Similarly, providing districts with the ability to transfer funds from one fund to another increases flexibility, but it can also reduce transparency. If taxes were levied for getting students to and from school in the transportation fund, when some of those funds are then transferred to the building reserve fund for safety improvements, which can include paying the salaries and benefits of school counselors and school resource officers, the public may be justifiably confused about for what purpose they are being taxed. Many of Montana's district-level funds are categorized as "special purpose funds"; if greater budgetary flexibility is a shared policy objective, perhaps reducing the number of funds could produce the same result.

ENSURE MEANINGFUL DATA SHARING BETWEEN STATE AGENCIES

This objective goes back to the 2005 investment mentioned above and is also a requirement under [20-7-104, MCA](#): the statewide data system must at a minimum "*facilitate matching of student-level K-12 data with higher education and workforce data.*" The Legislature established the Education and Workforce Data Governing Board.⁵² through [House Bill No. 949](#) in 2023. A forthcoming report from the Board to the Education Interim and Education Interim Budget Committees will provide further information on the Board's work and progress, or perhaps the need for statutory revision to better enable the Board to fulfill its mission.

⁵² <https://doa.mt.gov/ewdgb/>

STUDENT MENTAL HEALTH

If there must be trouble, let it be in my day, that my child may have peace. –Thomas Paine

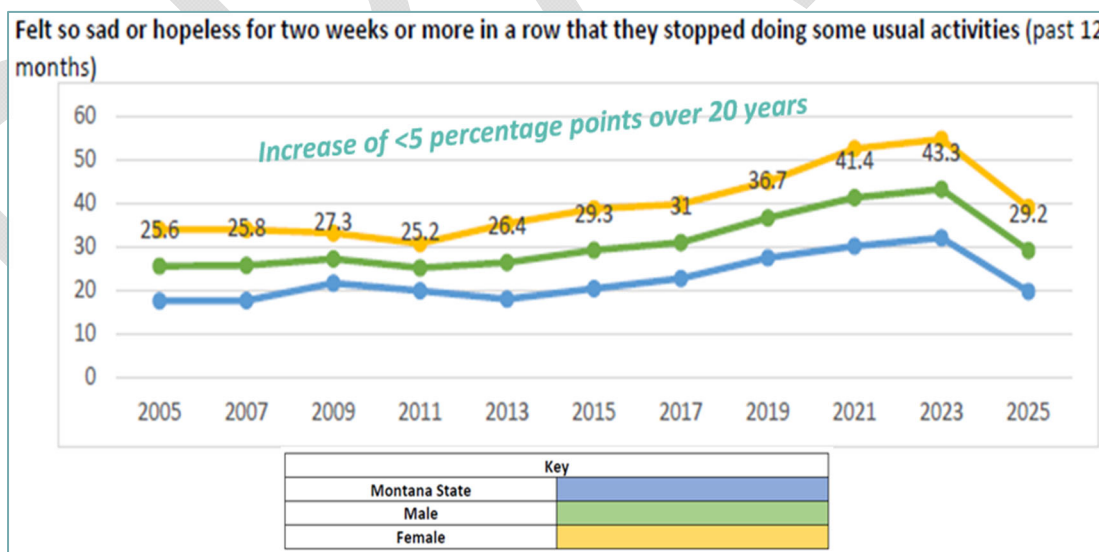
Commission finding: Montana students are not insulated from the national and societal mental health crisis. In fact, students in Montana report increasing rates of sadness, hopelessness, and feeling unsafe at school.

Commission recommendations:

1. Devote budget and staffing resources to continue collaborative multi-agency efforts to understand and support student mental health.
2. Define the state's role in addressing student mental health, and then define which state entities must be involved in that support.

The Commission's investigation into student mental health has generated more questions than answers. In Phase I, the Commission found troubling indications of mental health crises in Montana, correlating with national trends. SFIC members agree that student mental health is a significant issue, but it goes beyond funding, speaking to a larger cultural need. However, while the SFIC effort wraps up at the end of the interim, both the [Education Interim Committee \(EDIC\)](#) and the [Education Interim Budget Committee \(EIBC\)](#) are also examining youth mental health, and will be able to continue this important work in subsequent interims. The EDIC is conducting a study on school safety pursuant to [Joint Resolution No. 53](#), highlighting substantial overlap between a student's sense of safety and security, and their reported mental health.

Figure X (below) shows longitudinal data from the Youth Risk Behavior Survey (YRBS) since 2005. Despite a recent drop, the rate at which students report feeling sad or hopeless has grown over the last 20 years. *YRBS data courtesy of OPI.*⁵³



⁵³ <https://opi.mt.gov/Leadership/Data-Reporting/Youth-Risk-Behavior-Survey>

A caution, as you examine the chart, is that one reporting period “dip” does not indicate a trend. It is encouraging to see indications of improvement, but we need a better understanding of the cause(s). Was this an impact of specific school programming, or perhaps training for school staff?

The Commission’s examination of student mental health challenges has highlighted a need to devote resources to deeper research and study, so that future action and policy decisions are data-driven. Mental health issues have a myriad of definitions and explanations, which the Legislature needs to understand more clearly.

In the search for understanding, the following questions must be addressed:

- What is “mental health” and how could it be defined in statute for policymaking?
- What are the issues that Montana’s youth are facing when it comes to mental health?
- When do instances of mental health crisis begin in Montana’s young population?

While studying the questions above, a broad range of entities must be taken from their individual “silos” and brought to the table, including but not limited to:

- Office of Public Instruction (OPI)
- Department of Public Health and Human Services (DPHHS)
- Board of Public Education (BPE)
- Montana University System (MUS) and/or the Office of the Commissioner of Higher Education (OCHE)
- Legislative committees including Education (EDIC), Education Budget (EIBC), and Children/Families (CFHHS).

As data is gathered, and policy decisions begin to be made, it is crucial to address the issue comprehensively. While a student spends most of their day in a classroom, we know that mental health is affected by a much wider range of interactions:

How can **families** be educated about their children’s holistic needs?

Do **classroom teachers** and **substitutes** have the necessary time and resources to support students while also meeting curriculum standards?

Are **bus drivers, foodservice staff, custodians, and administrative personnel** prepared to support students while also providing these crucial services throughout the district?

Are **school counselors** and **security personnel** adequately equipped to recognize and address mental health concerns?

Ultimately, our students are our future. In order to have strong and wise leaders tomorrow, we must support our children’s foundational needs today.

AVERAGE NUMBER BELONGING (ANB) GENERALLY AND AS A PROXY FOR COSTS

The mind, once stretched by a new idea, never returns to its original dimensions. –Ralph Waldo Emerson

Commission finding: The use of the term “average number belonging” or “ANB” in Montana’s current formula is an example of unnecessary complexity. The frequent use of ANB as a proxy for educational costs is particularly concerning.

Commission recommendation: As changes to the formula are proposed, consideration should be given to finding other ways than ANB to talk about enrollment and students. Future SFICs and legislatures should examine the use of ANB (or whatever term is used to mean full-time equivalent student count) as a proxy for educational costs, to ensure the formula equitably distributes the state’s share of the costs as required under [Article X, Section 1](#), of the Montana Constitution.

If a person desired to be confounded by Montana’s school funding formula, a good place to start would be section [20-9-311, MCA](#), the bafflingly long section of law that deals with the calculations for average number belonging, or to put it another way, how Montana counts students for school funding purposes. As with so many aspects of school funding, some degree of complexity is necessary, but should counting kids require that many pages of statutory language?

As with so many aspects of school funding, **some degree of complexity is necessary**, but should counting kids require *that many* pages of statutory language?

Fundamentally, ANB is simply a full-time equivalent (FTE) measure of the number of kids enrolled in a school district. A student only taking one course at a high school, a home school student for example, would not be counted as a full 1.0 enrollment, but as a 0.25 enrollment. That makes sense. But at some point in time, Montana decided to inflate enrollment counts to account for PIR days (pupil-instruction-related days; basically in-service days without instruction but related to instruction). A district’s FTE enrollment count is multiplied by the ratio of (180 regular school days + up to 7 PIR days, then divided by 180 regular school days). Every district uses the 7 PIR days, so effectively every district’s (technically, every budget unit’s) FTE enrollment is multiplied by about 104% to get their ANB. Of course, the ANB journey isn’t over yet, because a district’s budget is not necessarily established on that ANB count, but on that count **or** their three-year-average ANB count, whichever produces the higher budget. Three-year-averaging provides a “soft landing” if a district’s enrollment declines.

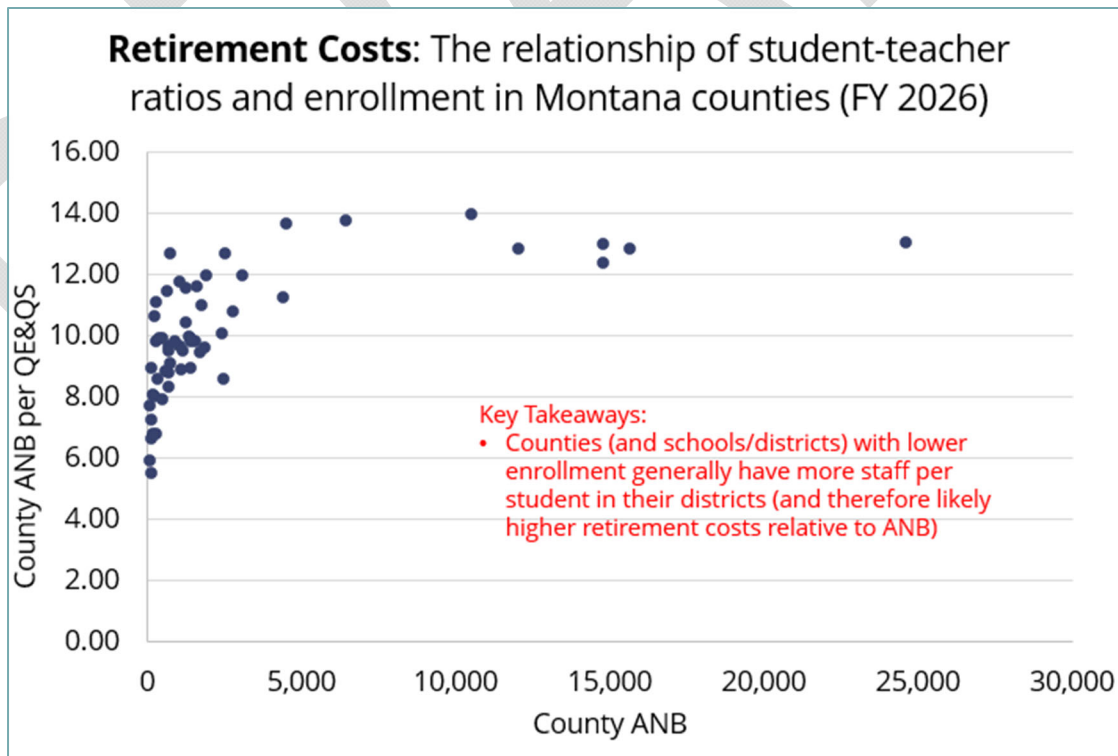
The per-ANB entitlement is the main driver of Montana’s school funding formula. It is not unusual to hear people say things like “our district is losing a lot of that ANB money since the mill closed.” ANB means kids. The per-ANB entitlement is a per-pupil/student/kid funding component. Maybe Montana should refer to it by a more understandable name.

ANB is used not only in the main district general fund formula, but also in numerous places throughout Montana school funding. It is not always a good proxy for costs, and can disadvantage smaller, low-enrollment districts whose costs for nearly everything are typically higher on a per-pupil basis.

Some examples that warrant future examination:

1. **The retirement GTB formula.** GTB formulas typically establish a ratio of a district's (or county's) revenue-generating capacity to its funding need. The revenue-generating capacity is fairly straightforward if property taxes are the method by which revenue is generated, although taxable value is often used (or sometimes mill value, which is just taxable value/1,000). But funding need can be harder to calculate, and often ANB is utilized as an easily available proxy. The countywide retirement GTB formula uses ANB in this manner. The issue is that ANB is a particularly poor proxy for employee retirement costs, especially in counties composed of numerous small rural districts which often have lower student-to-staff ratios, maybe 6-10 students per staff in contrast with the 12-14 students per staff in more populous counties. See **Figure XX** below. The result is that low-population counties may appear to have lower funding needs than they actually have. This generates a lower GTB subsidy for them, and results in higher local property taxes.
2. **Facility funding.** Two of Montana's school facility programs use ANB as at least one measure of facility funding needs. While lower enrollment schools generally have smaller footprints, the relationship between enrollment and square footage is not perfectly linear. In the Major Maintenance Aid program, the school major maintenance amount (the amount of money that is made available to school districts through a blend of state aid and permissive local levies) is partially based on ANB. The facility entitlement calculations in the Debt Service Assistance program are entirely based on ANB.

Figure XX (below). This chart, from a [July 2026 slide deck](#), shows that counties with lower enrollment require more staff on a per-student basis than more populous counties.



GEOGRAPHIC ISOLATION / NON-ISOLATION

Only the educated are free. –Epictetus

Commission finding: Montana has numerous small schools and school districts in a variety of locations, but Montana’s funding formula makes little distinction between all small schools and districts and those small schools and districts that are isolated and necessary.

Commission recommendation: Future school funding revisions should examine the school and school district isolation and non-isolation definition and funding mechanisms and ensure adequate funding for small, isolated, and necessary schools.

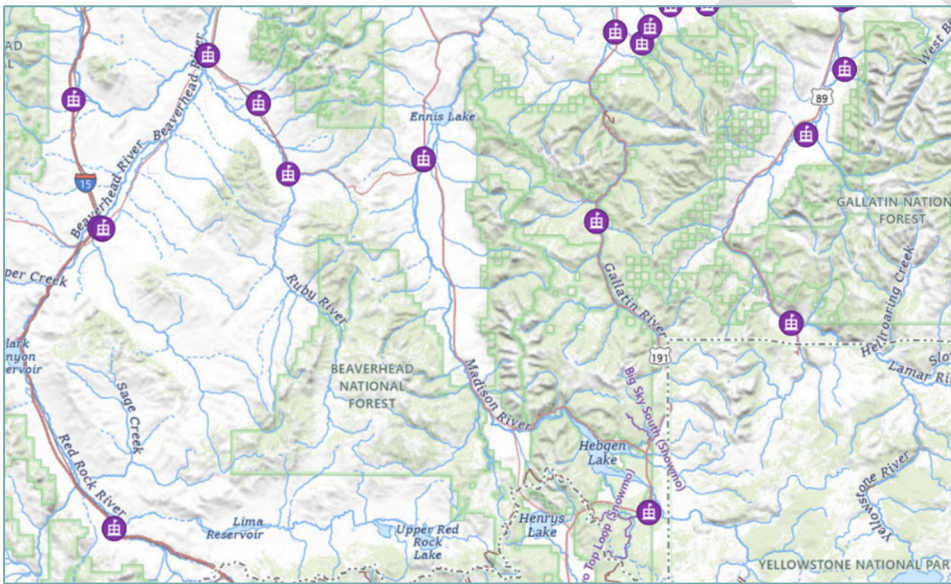


Figure X (left). This screenshot from the Montana State Library’s “Schools and Districts” interactive map⁵⁴ shows how geographic features such as mountain ranges have an undeniable effect on the location of communities and their schools. Short linear (“as the crow flies”) distances do not reflect the terrain difficulties between those points.

This topic percolates, but never fully brews, in nearly every study of Montana school funding. The [QSIC-contracted study in 2005](#) had this to say:

As a result of comparing the state of Montana with other selected states the overall policy observation was offered as to the conclusion that the state of Montana faces a series of fiscal challenges if it is to fund a quality education. These fiscal challenges are exacerbated given the number of small schools and small school districts and the necessary state and local funding to meet the legislative mandates of a quality education. The critical element is to identify isolated schools and school districts as opposed to simply funding all small schools and school districts. Thus, this essential policy issue must be addressed in understanding the distinctions between small isolated schools and school districts from that of simply small schools and school districts. (Page 4)

⁵⁴ <https://experience.arcgis.com/experience/10ac5b5c987449339f658631ead114e9>

The 2015-2016 SFIC included this in its [final report](#) recommendations under the heading “District Size, Structure, and Equity”:

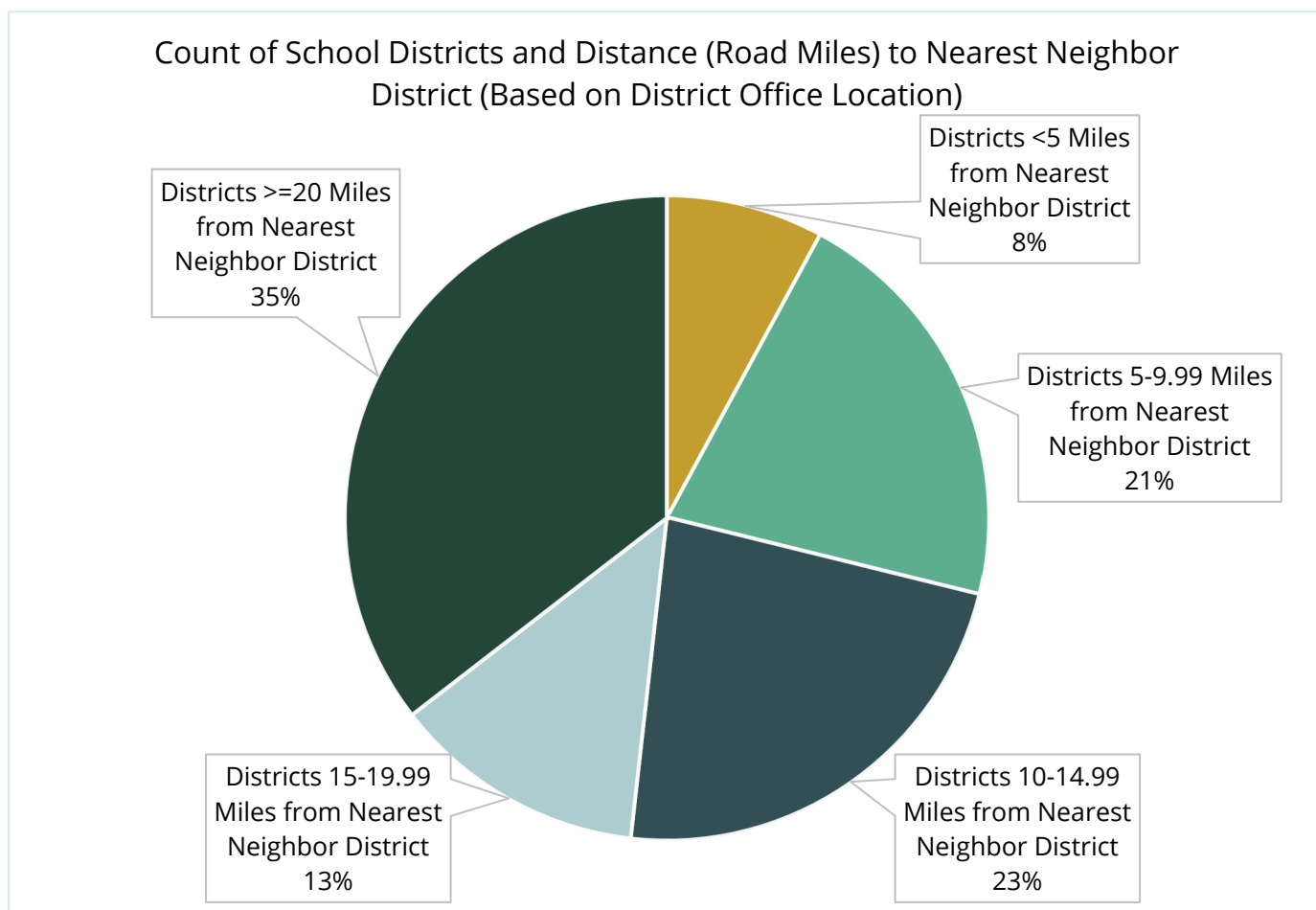
Further study is needed to develop a definition of “isolated and necessary school” based on geography and travel time. This definition can then be used to ensure identified schools have sufficient financial capability, perhaps through additional state support or budgetary flexibility, in order to guarantee the equality of educational opportunity. (Page 44)

Staff presented [information](#) (see slides 13-22) to the SFIC on this topic at its April meeting. Under current law, school districts that operate schools geographically removed from other schools of the district are provided additional funding through the **“separate budget unit”** mechanism, which provides that the district receive an additional basic entitlement for that school *and* that the school’s ANB be calculated separately. In FY 2026 there were eight districts with nine schools that qualify as additional “separate budget units” due to geography (e.g. Missoula HS District and Seeley-Swan HS; Browning EL District and Babb School). Six of these nine schools are remote schools located on Hutterite colonies.

School isolation is defined in section [20-9-302, MCA](#).

In opposite fashion, schools with consistently low enrollment (less than 10 ANB for two consecutive years for an elementary school; less than 25 ANB for high schools) that are NOT geographically isolated are categorized as **“nonisolated schools”**. Elementary schools categorized as nonisolated receive one-half of the direct state aid they would normally receive, and the district is required to raise the other half through a local property tax levy. This *seems* to be the state saying something along the lines of “You are operating a school more by choice than necessity, so you need to pay more of your own way.” While this dynamic exists for nonisolated elementary schools (there were four in FY 2026; all single-school districts), high schools categorized as nonisolated receive their full direct state aid.

Figure XX (below). As part of the [April 2026 presentation](#), staff also presented information on the distance between Montana school districts (based on district office locations) and their nearest neighboring district, and distinguished between linear miles (“as the crow flies”) and road miles. One takeaway is that almost 30% of Montana’s roughly 400 school districts are within 10 miles of a neighboring district.



APPENDIX A:

SCHOOL FUNDING INTERIM COMMISSION MEMBERS

Pursuant to [House Bill No. 153](#), Commission members were appointed from both legislative chambers, and other entities, prior to May 1, 2025. This information is included in order to comply with section [2-15-155, MCA](#).

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Julia Pattin and Kate Johnson, Fiscal Analysts, Legislative Fiscal Division | Jolanda Songer, Secretary

APPENDIX B:

ADDITIONAL MATERIALS FOR REFERENCE

NCEE IEEWG (PHASE I) REPORT

The 2025-26 SFIC contracted with the National Center on Education and the Economy⁵⁵ (NCEE) to complete its “Phase I” work between August 2025 and January 2026. This report summarizes system design and policy considerations for Montana’s system of public education, based on the commission’s discussions and public input. Detailed information on the Phase I work with NCEE can be found in the “Phase I and IEEWG” section of this report.

Innovation and Excellence in Education Working Group Final Report (January 30, 2026):

<https://archive.legmt.gov/content/Committees/Interim/2025-2026/SFIC/Other-Resources/Montana-IEEWG-Report-and-Implementation-Plan-1.30.26-FINAL.pdf>

APA SSD (PHASE II) REPORT

The School Funding Interim Commission contracted with Augenblick, Palaich, and Associates Inc.⁵⁶ (APA or APA Consulting) to conduct an SSD Study of Montana’s current school funding formula. Detailed information about the Phase II work and SSD study with APA can be found in the “Phase II Adequacy Study” section of this report.

Montana Successful School Districts Final Report (August 10, 2026): <https://docs.legmt.gov/download-ticket?ticketId=5c82da92-50df-4a1e-9add-2afdf27f9a3>

⁵⁵ <https://ncee.org/>

⁵⁶ <https://www.apaconsulting.com/>

CAMPS PROPOSAL

The **Coalition of Advocates for Montana's Public Schools (CAMPS)**⁵⁷ is a group composed of members from the following educational entities:

- Montana Association of School Business Officials (MASBO)⁵⁸
- Montana Rural Education Association (MREA)⁵⁹
- Montana School Boards Association (MTSBA)⁶⁰
- Montana Quality Educator Coalition (MQEC)⁶¹
- School Administrators of Montana (SAM)⁶²

Throughout the 2025-26 interim, CAMPS provided public comment and suggestions to the Commission. The CAMPS-submitted input, memos, and infographics can be found on the Commission's webpage:

<https://committees.legmt.gov/#/nonStandingCommittees/43?tab=Other+Resources>

Among those resources, CAMPS provided a summary, referred to in SFIC discussions as the "CAMPS Proposal," of specific ways to improve Montana's school funding formula, preserving most of the existing "familiar" structural elements, while adjusting funding categories and simplifying some of the more "complex" elements.

⁵⁷ <https://www.coalitionofmtk12advocates.org/home>

⁵⁸ <https://masbo.com/>

⁵⁹ <https://mrea-mt.org/>

⁶⁰ <https://www.mtsba.org/home>

⁶¹ <https://www.mqec.org/>

⁶² <https://sammt.org/>

LEGAL BACKGROUND OF SCHOOL FUNDING

Selected resources are listed below with hyperlinks. More details can be found on the Legislature's [School Funding Library](#), curated by the Legislative Fiscal and Services Divisions; simply click on the "Litigation Background & Historical Materials" tab at the top of the webpage.

LITIGATION

[School Funding Litigation Background](#) (presented to the Joint Education Interim Committees on January 7, 2021)

COURT DECISIONS

[Helena School District v. State of Montana](#) (January 13, 1988)

- [Helena School District Supreme Court Opinion](#)

[Columbia Falls School District v. State of Montana](#) (April 2004)

- [Columbia Falls School District Supreme Court Opinion](#)

[Columbia Falls School District v. State of Montana](#) (December 15, 2008)

PUBLIC COMMENT SUBMITTED TO THE 2025-26 SFIC

Input from stakeholder organizations, including SAM, MTSBA, MFPE, Frontier Institute, MOFE, CAMPS, CCSC, and MASBO, can be found on the “Other Resources” tab of the Commission’s webpage:

<https://committees.legmt.gov/#/nonStandingCommittees/43?tab=Other+Resources>

Written public comment has been compiled into PDF documents and posted on the [SFIC webpage](#), organized below by date.

- [Public Comment for 8/13/2026](#)
- [Public Comment for 8/12/2026](#)
- [Public Comment as of 8/10/2026](#)
- [Public Comment for 7/21/2026](#)
- [Public Comment for 7/20/2026](#)
- [Public Comment for 6/17-18/2026](#)
- [Public Comment for 4/7-8/2026](#)
- [Public Comment for 2/12/2026](#)
- [Public Comment for 2/11/2026](#)
- [Public Comment for 1/13/2026](#)
- [Public Comment for 12/15/2025](#)
- [Public Comment for 11/14/2025](#)
- [Public Comment for 11/13/2025](#)
- [Public Comment for 10/14-15/2025](#)
- [Public Comment for 9/15-16/2025](#)
- [Public Comment for 8/14/2025](#)
- [Public Comment for 6/23/2025](#)
- [Public Comment for 6/4/2025](#)

APPENDIX C:

COMMISSION BILL DRAFTS (IF APPROVED)

In the list below, the hyperlinks connect to the provisional bill drafts presented to the Commission at their final meeting on Thursday, August 13, 2026, organized by topic.

Revise the inflationary adjustment

- [PD 09 – INFL](#)

Revise special education funding

- [PD 10 – SPED POOL](#)
- [PD 13 – SPED COST](#)

Facilities

- [PD 11 – MMA](#)

Educational governance, coordination, and strategic planning

- [PD 10 – MEET](#)

SFIC going forward

- [PD 08 – SFIC](#)

Revise and increase At-Risk Payment

- PD 15 – AT RISK

Provide funding for ELLs

- [PD 11 – ELLS](#)

Fund 6th graders in MS at HS ANB rates

- [PD 12 – ANB6](#)

American Indian education

- [PD 08 – IEFA](#)
- [PD 09 – AIAG](#)

Support HQIM

- [PD 16 – HQIM](#)