

SFIC Possible Findings and Recommendations Table

SCHOOL FUNDING INTERIM COMMISSION (SFIC)
COMMISSION STAFF – JULY 2026

This table is intended to provide SFIC Commissioners with a list of the various findings and recommendations that have been percolating. This is not a comprehensive list. The Commission has provided more direction on several of these recommendations and staff has prepared provisional bill drafts for them – they will be noted in **bold with PD #s or names**. Other possible recommendations have been discussed, but less direction has been provided. Some of these could become (with more direction) provisional bill drafts for the Commission’s consideration in August or could simply be stated recommendations in the Commission’s final report. The Commission will need to provide direction at the July meeting as to which findings and recommendations it wants included in its final report. Findings with an asterisk (*) indicate that the finding was also part of the “Phase I” Innovation and Excellence in Education Work Group (IEEWG) Final Report.

POSSIBLE FINDINGS	POSSIBLE RECS
The SFIC needs to be restructured to meet more frequently.	Bill draft PD 08 - SFIC to meet every 4/6/other # of years instead of every 10 years.
If a future SFIC or legislature undertakes a rewrite of the funding formula, lessons learned by the 2025-26 SFIC will be helpful.	Include a list of formula design principles and funding issues identified by the 2026-26 SFIC as warranting more attention. (The SFIC will need to articulate these; a more complete overhaul of special education funding is one example.) Based on the outcome of the SSD study, a future SFIC or legislature may want to consider a more traditional weighted student formula design based on recommendations from APA Consulting.
The Phase I/Constitutional Players work needs to be continued, but not via the SFIC, and instead through ongoing interagency collaboration. *	Bill draft to require EDIC and EIBC to meet jointly and convene the “Constitutional Players” at least once each calendar year of the interim. PD 10 - MEET
The current inflationary mechanism in 20-9-326 is not functioning and needs to be revised. *	Bill draft to eliminate the 3% “cap”, minimize the lag, and use a more appropriate inflation metric. PD 12 (Pad)
The lack of regular inflationary adjustments to funding components outside the district general fund often results in cost shifts onto local property taxpayers.	Consider adding inflationary mechanisms to funding outside K-12 BASE Aid so that funding levels do not fall behind inflation over time. Bill draft or statement in report

State special education funding has fallen behind inflation and the increased percentage of identified students. *	Bill draft to increase the special education allowable cost payment. PD 13 (Pad)
Federal IDEA funding has never provided its goal level of support and, apart from a bump during the pandemic, is decreasing in inflation-adjusted dollars.	Resolution urging the US Congress to fully fund IDEA. Bill draft or statement in report
Districts, especially small ones, can face budgetary hardship when a student with a disability requires special education services with extraordinary costs. *	Bill draft to create an extraordinary cost fund. PD 10 (Pad)
State support for school facilities needs to be consistent, targeted on need, and flexible for the wide variety of district needs. *	Bill draft to shore up the SFTA, revise MMA distribution ("box" size), and remove allowance to spend building reserve money on counselors/SROs. PD 11 (Pad) Require or recommend that OPI/school districts maintain an inventory of school district building square footage, building purpose, and/or building condition. Bill draft or statement in report
There are alternative/better options than using ANB as a proxy for costs in funding formulas.	Adjust the retirement GTB formula to calculate on the number of Quality Educators and Qualified Staff and to adjust the MMA and debt service assistance formulas to calculate on building square footage and/or condition. Bill draft or statement in report Use enrollment in the BASE aid formula instead of ANB, while keeping the Feb/Oct enrollment count days and 3-year-averaging "soft landing." Teacher PIR days could be funded separately. Bill draft or statement in report
Student mental health is an increasing concern. *	Recommend continued collaborative multi-agency efforts to support schools in supporting student mental health. Statement in report
Montana has unique geographic conditions that require the existence of small, isolated, and necessary school districts.	Revise the school district isolation and non-isolation definitions and/or adjust funding for necessarily isolated schools. Bill draft or statement in report

Current state support for at-risk students is among the lowest in the nation.	Increase the current At-Risk Payment and base its distribution on economically disadvantaged students as determined through direct certification. Bill draft or statement in report
Montana is the only state that provides no supplemental funding for English Language Learners. *	Create a new funding component based on the # of ELLs in a school district. Bill draft or statement in report
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 less than 5 students to 10,000 students, MT's formula has some unnecessary complexities that should be remedied. *	• Remove the decrement • Change current 80/100 BASE/Max to 100/125 • Other simplifications TBD Bill draft or statement in report
Montana's current grade-level adjustments (via different ANB and basic entitlement amounts) do not reflect costs. For example, in the early grades due to class-size limits or in 6 th graders in middle school being funded less than 7 th and 8 th graders. *	Revise EL and HS per-ANB and/or basic entitlement amounts to better reflect costs. Bill draft or statement in report
Montana's school data and accounting systems need to be improved. *	Specific recs could include: • Avoid opacity when providing flexibility (fund transfers, interlocal funds) • Modernize/integrate data collection systems • OPI review and update chart of accounts • OPI ensure economically disadvantaged students are fully visible in accountability system • OPI simplify/merge/automate systems for receiving smaller grant funds to reduce administrative burden and "make the juice worth the squeeze" Statement in report
State support for high-quality instructional materials (HQIM) would create efficiencies for school districts, increase teacher effectiveness, and raise student achievement. *	Create a program that provides state support for HQIM selection and procurement, including professional development. Could be piloted for specific content area or at specific age group (ex. early grades literacy and/or numeracy) Bill draft or statement in report