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FOR MONTANA'S PUBLIC SCHOOLS

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Coalition of Advocates for Montana's Public Schools
Memorandum to the School Funding Interim Commission
July 20, 2026

Re: Concerns Regarding the Comparison of APA's Recommended Foundation Amount to Current Law

Commission Members:

The Coalition of Advocates for Montana's Public Schools appreciates the opportunity to comment on the July Legislative Fiscal Division memorandum summarizing APA's school funding adequacy study. We recognize the significant work that has gone into this process. However, after reviewing the materials released to the Commission in the middle of this morning's session, we have significant concerns regarding the methodology used to compare APA's recommended Foundation Amount to current law.

APA's June presentation defines the Foundation Amount as follows:

"The foundation amount in an SSD study represents the amount of funding needed for a student with no special needs in a district with no special circumstances." It further explains that this *"requires **excluding** non-foundation expenditures that are tracked (like special education)."*

The presentation also explains that, in calculating the Foundation Amount, the study team *"began by totaling all included expenditures, excluding special populations expenditures (like special education)."*

Those statements are important because the July Legislative Fiscal Division memorandum, which was first made available when it was posted to the Commission's agenda in the middle of today's meeting, compares APA's adjusted Foundation Amount to approximately **$1.358 billion** in adopted General Fund budgets.

However, OPI reports that Montana school districts spent approximately **$112.6 million** of General Fund expenditures in FY2025 for special education (Program 280). Those expenditures are included in the approximately **$1.358 billion** statewide adopted General Fund budget used in the comparison—the same statewide budget total reported in OPI's FY2026 budget spreadsheet.

As presented, the comparison uses a proposed Foundation Amount that **excludes** special education expenditures and compares it to a current-law General Fund budget that **includes** approximately **$112.6 million** of General Fund special education expenditures.

Our concern is not necessarily that APA's Foundation Amount is incorrect. Rather, it is that the Foundation Amount appears to be compared to a current-law funding level that is not measuring the same categories of expenditures. If those special education expenditures were not removed before making the comparison, the materials presented to the Commission understate the difference between current law and the proposed Foundation Amount by more than **$100 million**.

We also remain concerned about the treatment of locally approved and purpose-specific revenues in the Foundation calculation.

Technology revenues deserve careful scrutiny. Technology levies generate only about **$16 million** annually statewide, while districts budget approximately **$41 million** for technology from a combination of local levies, grants, accumulated fund balance, and other one-time resources. The public materials do not explain why revenues that exist only where local voters approve a levy can appropriately be assumed to exist on a statewide formula basis. Nor do they explain whether the Foundation analysis incorporated the approximately **$16 million** of recurring technology levy revenues or the approximately **$41 million** of budgeted technology expenditures. That distinction materially affects the recommended Foundation Amount.

Tuition revenues likewise deserve careful scrutiny. We know that approximately half of the statewide **$72 million** in tuition levies provides property tax relief in the district of attendance. Those dollars do not increase school expenditures at all. The remaining half is dedicated to special education tuition costs. Neither portion functions as unrestricted general operating revenue, yet the public materials do not explain why these purpose-specific revenues were incorporated into a Foundation Amount defined by APA as funding for *"a student with no special needs in a district with no special circumstances."*

The Coalition believes the portion of tuition revenue used exclusively for property tax relief should not be included in the Foundation calculation at all. Likewise, the portion dedicated to special education tuition should be accounted for outside the Foundation Amount if APA's own definition of that term is to be applied consistently.

Finally, we note that the July memorandum—posted to the Commission's agenda in the middle of today's meeting—discloses for the first time that approximately **$385 million** of existing district expenditures were removed from APA's original Foundation recommendation before comparing it to current law. While that disclosure is helpful, it raises more questions than it answers. The public materials still do not provide a complete reconciliation showing how current district expenditures were transformed into the proposed Foundation Amount, why certain revenues and expenditures were included or excluded, or how the comparison to current law was made.

Given the magnitude of these recommendations, the Commission and the public should be able to independently verify the report's central comparisons. Before the Commission relies on the headline conclusions contained in the July memorandum, we respectfully urge it to request a complete public reconciliation showing how the current-law baseline was made comparable to APA's proposed Foundation Amount and how each major adjustment was derived.

Respectfully submitted,

Coalition of Advocates for Montana's Public Schools

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Convergence in the CAMPS and APA School Funding Proposals

Areas of Agreement and Remaining Policy Considerations

Prepared for the School Funding Interim Commission

By the ***Coalition of Advocates for Montana's Public Schools***

July 2026

Executive Summary

The CAMPS proposal and the APA analysis continue to demonstrate striking convergence. Developed independently and using different methodologies, the two proposals nevertheless arrive at remarkably similar conclusions regarding the funding required to support Montana's public schools. A detailed comparison reveals substantially more agreement than disagreement. Both proposals recommend nearly identical investments in Montana's core educational program, with statewide core funding differing by less than 2.5 percent. District-level comparisons likewise demonstrate that the proposals produce remarkably similar core funding outcomes for most Montana school districts. When existing funding streams are properly accounted for, the two proposals also provide comparable support for special education.

The principal structural distinction is that CAMPS better protects districts from long-term enrollment decline and annual enrollment volatility, while the APA analysis demonstrates the need for additional investment in at-risk students, other targeted student populations, and the elementary Basic Entitlement. Taken together, the analyses suggest that the strongest path forward is to preserve the structural reforms advanced by CAMPS while incorporating APA's targeted investments where they better address clearly identified educational needs.

Executive Comparison

Component	CAMPS	APA	Difference
Core Formula	$1.503 billion (ANB, QEP & Basic Entitlements)	$1.540 billion (ANB & Basic Entitlements)	APA +$37 million (2.5%)
Special Education	$236 million	$217 million	CAMPS +$19 million (8.8%)
At-Risk & Targeted Programs	$127 million	$196 million	APA +$69 million (54%)
Total	$1.866 billion	$1.953 billion	APA +$87 million (4.5%)

Bottom Line: The proposals differ by only $37 million (less than 2.5%) in funding for the core educational program, while the principal policy distinction is APA's additional investment in at-risk students, other targeted student populations, and the elementary Basic Entitlement. The Coalition recommends preserving CAMPS' structural reforms while incorporating these targeted investments.

Core Funding Comparison

The core funding components of the two proposals are remarkably similar. APA provides approximately $1.540 billion in foundation funding, grade-span adjustments, and basic entitlements, while comparable CAMPS components total approximately $1.503 billion. The difference of approximately $37 million represents less than 2.5 percent of total core funding. Both proposals distribute those dollars in ways that produce very similar results for students across districts of varying size, geography, and enrollment characteristics.

Where CAMPS differs is in its recognition that adequacy cannot be evaluated only at a single point in time. Montana has experienced declining school-age populations for more than thirty years, and demographic projections indicate that trend is likely to continue. CAMPS addresses this reality through decrement-free ANB and related stability measures. Those provisions better protect school districts of all shapes and sizes from abrupt funding reductions caused by enrollment fluctuations, allowing districts to preserve staffing, maintain instructional programs, and provide educational continuity while adapting to demographic change.

Special Education

At first blush, APA appears to invest substantially more in special education because it identifies approximately $217 million while CAMPS highlights only an additional $46 million in new state investment. That comparison is misleading. CAMPS assumes continuation of approximately $110 million in state general fund support (including the existing Special Education Assistance Payment), approximately $38 million in the tuition fund, approximately $42 million in federal IDEA funding, and then adds another $46 million in new state support. Total special education resources under CAMPS therefore approximate $236 million compared with approximately $217 million under APA. As state support increases, local tuition levy authority should decline because the tuition calculation nets out state and federal special education payments and the district's general fund budget authority.

Targeted Student Funding

After reconciling special education funding, the principal remaining policy distinction is targeted funding for at-risk students and related populations. APA recommends approximately $196 million compared with approximately $127 million under CAMPS. Given Montana's persistent achievement gaps associated with poverty, American Indian status, and other educational risk factors documented in the Association's prior memorandum to the Commission, we believe it is appropriate to defer to APA's expertise regarding the level of investment necessary to bend the curve on student outcomes. This recommendation for enhanced at-risk funding should be incorporated into the CAMPS framework.

The following summarizes the persistent opportunity gaps for Montana students participating in free or reduced lunch programs that the Coalition has previously provided to the Commission:

- Grades 3–8 Math: 22–28 percentage point gap
- Grades 3–8 ELA: 22–26 percentage point gap
- High School Science: 21–22 percentage point gap
- High School Math: 26–30 percentage point gap

- High School ELA: 23–30 percentage point gap
- Graduation Rate (American Indian): 27–33 percentage point gap
- Graduation Rate (Poverty): 10–12 percentage point gap
- College Enrollment: 17–29 percentage point gap

Despite sustained efforts by educators, school boards, and policymakers, Montana has experienced persistent and substantial opportunity gaps associated with poverty and other educational risk factors for nearly a decade. While individual measures fluctuate modestly from year to year, the overall magnitude of these gaps has remained remarkably consistent. Additional targeted investment in students with the greatest educational needs therefore represents a reasonable and evidence-based policy response.

Areas of Convergence and Difference

CAMPS Strengths	Shared Ground	APA Strengths
Decrement-free ANB	Comparable core investment	Greater at-risk funding
Enrollment stability through enhanced Basic Entitlement	Comparable special education investment	Higher elementary Basic Entitlement
Quality Educator emphasis	Commitment to adequacy	

Recommended Commission Conclusion

The strongest path forward is not to choose between CAMPS and APA, but to combine their respective strengths. CAMPS provides the more durable structural framework for funding Montana schools in an era of continued demographic change through decrement-free ANB, stronger recognition of fixed costs, and greater funding stability. APA provides persuasive evidence that Montana should make a greater investment in students whose educational circumstances require additional support. For this reason, although CAMPS provides the stronger structural framework for Montana's school finance system, the Commission should give serious consideration to incorporating APA's enhanced at-risk funding and elementary basic entitlement recommendations. Together, the proposals offer a roadmap for a school funding system that is constitutionally adequate, fiscally responsible, stable, equitable, and better positioned to improve student outcomes.