

Estimate of 'Higher-Cost' Special Education Services in Montana

To: Members of the School Funding Interim Commission

From: Robert J. Watson, EdD, School Administrators of Montana

Date: June 2026

Overview

Montana school districts are legally required to provide specialized services to students with disabilities regardless of cost. While state and federal special education funding helps offset some expenses, a small number of students require exceptionally intensive services that far exceed the funding districts receive.

Based on a statewide sample survey, an estimated 1,739 students require more than \$30,000 annually in special education services. These students represent only 1.12% of Montana's student population, yet districts incur an estimated \$49.6 million in annual costs associated with providing these higher-cost services beyond what is assumed to be covered through existing state and federal funding.

Methodology

To better understand the statewide impact of higher-cost special education services, a representative sample of Montana school districts was surveyed. The sample included districts of varying enrollment sizes and geographic locations, including both rural and larger population centers.

District administrators were asked to identify the number of students whose annual special education costs fell within specific expenditure ranges. The results from the participating districts were then extrapolated proportionally to estimate statewide totals.

While the exact number of students requiring higher-cost services may vary from year to year, the survey provides a reasonable estimate of the magnitude of special education costs currently being funded by Montana school districts and communities.

Key Findings

- It is estimated that there are 1,739 students statewide that require more than \$30,000 annually in special education services.
- These students represent approximately 1.12% of all Montana students. For comparison, the statewide percentage of students who qualify for special education services is 15%.

Distribution of Higher-Cost Services

Annual Cost Per Student	Number of Students	Percent of Students
\$30,000 – \$45,000	1,172	67.4%
\$45,000 – \$60,000	310	17.8%
\$60,000 – \$75,000	148	8.5%
\$75,000 – \$100,000	75	4.3%
More than \$100,000	34	2.0%
TOTAL	1,739	100%

- After accounting for an estimated first \$10,000 per student covered through existing state and federal funding streams, districts incur approximately \$49.6 million in additional costs associated with providing higher-cost special education services.

Estimated Annual Costs for Higher-Cost Special Education Services

Cost Category	Estimated Additional Cost
\$30,000 – \$45,000	\$23.4 million
\$45,000 – \$60,000	\$10.9 million
\$60,000 – \$75,000	\$7.4 million
\$75,000 – \$100,000	\$4.9 million
More than \$100,000	\$3.1 million
TOTAL	\$49.6 million

How Districts Currently Pay These Costs

School districts are currently using a variety of funding sources to meet these legally required obligations. These funding approaches vary widely across the state and often depend on local circumstances.

Districts reported using:

- Permissive levies, funded entirely by local property taxpayers;
- Federal Impact Aid funds or other federal funds, where available;
- Local revenue sources, including oil and gas revenues and other locally generated funds;
- District General Fund dollars, which would otherwise support classroom instruction and other educational services.

A consistent theme emerged from surveyed districts: while permissive levies are available as a funding tool, most administrators reported intentionally limiting their use because they do not want to place additional tax burdens on local property taxpayers. As a result, districts frequently redirect other resources to cover higher-cost special education expenses.

Conclusions

The students requiring the most intensive services often need one-on-one paraprofessional support, specialized instructional programs, behavioral interventions, nursing services, transportation accommodations, or residential placements. These services are not optional—they are required under federal and state law.

Because students who require higher-cost services are not evenly distributed across Montana, a single student with extraordinary needs can create substantial financial strain for a district, particularly in small and rural communities. Districts must provide these services regardless of whether sufficient funding is available.

Consequently, many districts are forced to shift resources away from other educational priorities or rely heavily on local taxpayers to meet these obligations.

For Consideration

Establishing a state higher-cost special education services reimbursement program would help ensure that students receive the services they need while reducing inequities between districts and limiting reliance on local taxpayers to fund costs mandated by state and federal law.