

Montana

Funding Basics

Formula Type

Montana has a hybrid funding formula incorporating both student-based elements and extensive program-based allocations. It assigns a cost to the education of a student with no special needs or services, called a base amount; it also allocates a certain minimum amount to each district. Both of these amounts vary from district to district based on a district's enrollment size and the grade levels its serves. The formula then accounts for the additional cost of educating specific categories of students. The categories of students considered in Montana's funding policy are students in certain grade levels, students from low-income households, students in high-poverty districts, students with disabilities, students identified as gifted, students enrolled in career and technical education (CTE) programs, and students in small districts.

Montana expects school districts to contribute to the funding of their public schools, with the amount of the local share based on a defined percentage of the formula amounted, adjusted based on districts' property values and proceeds from other local taxes. Districts in Montana are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for students in certain grade levels and students in small districts is allocated by providing different per-district and per-student base amounts. Services for students from low-income households, students in high-poverty districts, students identified as gifted, and students enrolled in CTE programs are funded through program-specific allocations. Services for students with disabilities are funded with a flat amount and through program-specific allocations.

Base Amount

Montana does not have a single, statewide base amount. Instead, the state provides both a per-student amount and a per-district amount; both vary from district to district.

The per-student amount is dependent on both the district's enrollment size and the grade levels it serves, in accordance with a formula set by the state legislature. For FY2022, the maximum per-student amount a district could receive based on the formula was $5,813 for elementary school students and $7,443 for middle and high school students.

The per-district amount is also dependent on both the district's enrollment size and the grade levels it serves. The basis of the distribution is a lump sum for the first group of students in the district (for instance, $54,344 for the first 250 students in elementary-serving districts); then, the state increases the amount for additional students in accordance with a formula set by the state legislature.

Local Revenue

Expected Local Share

Montana expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students.

Each district is funded with both a per-district amount and a per-student amount (see "Base Amount" for a description of these allocations). The state automatically funds 44.7% of each of these amounts for every district. Districts may be expected to contribute up to the remaining 35.3% of the per-district and per-student amounts, along with 40% of the estimated allocation for special education (see "Special Education" for a description of this allocation), using local funds. For districts whose local funding base is insufficient to fully support these percentages, the state provides additional aid. The remaining 20% of the per-district amount and the per-student amount, if included in the district's budget, is covered entirely with local funds.

In addition to funding 44.7% of the per-district and per-student allocations and the aid to districts with low tax bases, the state funds a number of allocations in their entirety—without any local funding expected. These include funding for students from low-income households and support for certain targeted programs for American Indians. Districts must budget at least 80% of the per-district amount and the per-state amount, 100% of the amounts fully covered by the state, and 140% of the estimated allocation for special education in each year. It is optional for districts to budget for, and impose taxes to fund, the remaining 20% of the per-district amount and the per-student amount.

Property Tax Floors and Ceilings

Montana sets a floor and a ceiling on local property tax rates, and a level above which voter approval is required. These limitations vary by district.

School districts are required to impose a levy sufficient to meet their expected local contribution amount (see "Expected Local Share" for a description of how this amount is calculated). Districts may impose further taxes, up to the prior year's spending plus the highest optional levy imposed in the past five years, without voter approval. With voter approval, school districts may impose additional taxes to meet a maximum, equal to 100% of the district's per-district amount, per-student amount, and other program-specific allocations. In limited cases, with voter approval, school districts may also exceed the maximum.

In addition, school districts may impose levies for transportation, bus depreciation, tuition, and adult education without voter approval. If districts levy less for these purposes than authorized, they may instead use that limited authority to levy a local property tax for flexible purposes without voter approval.

Other Local Taxes for Education

School districts in Montana may receive local revenue from property taxes; from taxes on coal, oil, and gas; and from other sources of local revenue.

School districts in Montana may impose only property taxes. However, school districts receive local revenue from a variety of other sources. County treasurers in Montana collect the coal gross proceeds tax and distribute it to school districts and other local taxing districts based on the value of the coal produced there. Oil and natural gas taxes are collected and distributed in a similar manner. School districts also receive some revenue from the rental of buildings and equipment and from summer school.

Student Characteristics

Grade Level

Montana provides different levels of funding for students in different grade levels. It does so though its standard per-pupil and per-district allocations, which are calculated differently for districts serving different grade levels.

The calculation for each allocation is different for districts with elementary grades (K-6) and nonaccredited programs for grades 7 and 8; districts with accredited middle schools, junior high schools, or programs for grades 7 and 8; and districts with high school grades (9-12).

English-Language Learner

Montana does not provide increased funding for English-language learners.

Poverty

Montana provides increased funding for students from low-income households and for districts with high concentrations of students from low-income households. It does so through a program-specific allocation, which is prorated among eligible districts.

Montana distributes this supplemental allocation to districts in the same manner as federal Title I funds. The formula for Title I funding distribution considers both absolute numbers of students from low-income households and districts serving especially high proportions of such students. In this way, Montana's supplemental funding for these students includes support for both individual students from low-income households and districts whose populations include high concentrations of such students.

For FY2022, the state legislature appropriated $5.73 million for this purpose, which is prorated among districts. This funding is provided entirely by the state and is not subject to a state-local cost-sharing arrangement.

Special Education

Montana funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

The state allocates a small flat amount for every student in the district rather than for each student with disabilities. The state provides the greater of a flat amount per student ($287.93 for FY2022) or the district's prior-year total amount for special education instruction and related services. As part of the 40% local share requirement for special education costs, districts must raise $1 of local funds for every $3 in state funds provided for these purposes. If a district has allowable costs exceeding the grants plus that required local match, the state will provide a partial reimbursement of at least 40% of those costs, pursuant to statutory limits.

The remainder of state special education funding is distributed through specific program-based allocations, including funding for special education cooperatives (for administration and travel) and for services for disabled students who are placed by the state in a district other than their district of residence.

Gifted

Montana provides increased funding for gifted and talented students. It does so in the form of a matching grant. Districts must apply for this grant funding and match state funds with local funds.

For FY2022, the state legislature appropriated $350,000 for this purpose.

Career and Technical Education

Montana provides increased funding for career and technical education (CTE) programs. It does so through a grant program intended to support and improve CTE at the high school level.

For FY2022, the state legislature appropriated $1.5 million for this purpose.

District Characteristics

Concentrated Poverty

Montana provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so through a program-specific allocation, which is prorated among eligible districts.

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Sparsity and/or Small Size

Montana provides increased funding for small school districts through the calculation of its per-student and per-district amounts.

Montana considers district size in the calculation of each district's per-student amount, which decreases above a certain enrollment threshold. Montana also provides a base level of funding for all districts, distributed on a per-district rather than per-student basis, including for small districts. As a result, low-enrollment districts receive a higher average per-student amount and are assured a minimum level of funding (for more information, see "Base Amount").

Charter Funding

Montana does not have a law establishing charter schools.

The State Board of Public Education in Montana has established a process whereby school districts may apply to have one of their schools designated a charter. However, Montana has no state law pertaining to charter schools or charter school funding. Schools designated as a charter continue to be funded through the state and through their local school district in the same way as for traditional public schools.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org