

FundEd: Montana Report

A Detailed Look at Montana's Funding Policies



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, and allocates a certain minimum amount to each district as a unit. Both of these amounts vary from district to district. The formula then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by adding supplemental dollar amounts to the base amount for each student in those categories.

The categories of students generating supplemental funding in Montana are students in certain grade levels, and low-income students. Services for students with disabilities, students identified as gifted, and students enrolled in career and technical education, and a number of other services are funded 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 legislature. For FY2018, the maximum per-student amount a district could receive based on the formula was \$7,005.

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, \$51,149 for the first 250 students in elementary-serving districts); then, the state adds to the amount for additional students in accordance with a formula set by the 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 receives 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. The next 35.3% of both of these amounts, along with 40% of the per-student allocations for special education (see “Special Education” for a description of these allocations) are funded through a local property tax. For districts whose local property tax 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 must be covered entirely with local funds. Since 2015, state limits aid for districts receiving revenue from oil and gas production.

In addition to the first 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 the funding for low-income students and support for certain targeted programs for American Indians. Districts must budget at least 80% of the per-district amount and the per-student amount, along with the amounts fully covered by the state, 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). With voter approval, school districts may impose further taxes to meet a maximum, equal to 100% of the district’s per-district amount and a per-student amount and other program-specific allocations. In limited cases, school districts may also exceed this maximum, with voter approval, up to the prior year’s spending plus the highest optional levy ever imposed.

In addition, school districts may also impose levies for transportation, bus depreciation, tuition, and adult education without voter approval.

Other Local Taxes for Education

School districts in Montana may receive local revenue from property taxes, from gross receipts taxes on coal, and from other sources of local revenue.

School districts in Montana may only impose 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. School districts also receive some revenue from the rental of buildings and equipment and summer school revenues and from a local sales tax on public power districts.

District Characteristics

Grade Level

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

The calculation for each allocation is different for elementary-only districts with and without an accredited seventh- and eighth-grade program; K-12 districts with and without an accredited seventh- and eighth-grade program; and high school districts.

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 low-income students.

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

For FY2018, the state legislature appropriated \$5.44 million for this purpose. 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.

It does so by allocating a small flat amount for every pupil in the district rather than for each student with disabilities. The state provides \$151.16 per student for special education instruction and \$50.38 per student for special education related services. 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 partially reimburse 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 FY2018, the state legislature appropriated \$250,000 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 career education at the high school level.

For FY2018, the state legislature appropriated \$1.5 million for this purpose.

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 its per-student amount, which decreases above a certain enrollment threshold. As a result, low-enrollment districts receive a higher average per-student amount. 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 are assured a minimum level of funding. (For more information, see “Base Amount.”)

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

