



Education Interim Committee

69th Montana Legislature

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TO: Education Interim Committee
FROM: Pad McCracken, Committee Staff, and Paul Taylor, OPI School Finance
RE: School Funding Issues for Possible Clean-up Legislation
DATE: March 12, 2026

For the past decade or so, legislative staff have collaborated with OPI school finance staff to present a list of school funding statutory clean-up possibilities for consideration during the interim. We limit these clean-up suggestions to technical matters and will note any that veer into a policy decision in any way. This memo will list and briefly describe these possibilities in something of a priority order. At your direction, staff will work with school finance experts to prepare a bill draft(s) addressing any/all of these issues for your initial consideration at your June meeting.

- 1. Special education requirements and funding for 19-21 year olds.** In August 2025, a federal district court order found that Montana state law violates federal law by failing to provide FAPE (a Free Appropriate Public Education) to students with disabilities to age 22, and therefore state statutes need to be brought into compliance with the federal Individuals with Disabilities Education Act (IDEA). Montana statutes have only required school districts to provide FAPE under these circumstances to age 19 and only recently allowed for state funding of a subset of students with disabilities to age 21. The clean-up for this issue would involve aligning statutes with this requirement so school districts clearly know their responsibilities and so that these students are included in ANB calculations. This change is not the typical technical clean-up we suggest in these lists but is also not a policy choice we are suggesting; the Office of Public Instruction has consented to implement these changes under the court order and must do so until Montana laws are updated accordingly.
- 2. Put new transportation reimbursement rates and countywide BASE GTB multiplier in statute.** Several changes to school funding in the 2025 session required “post-session reckonings” due to changes in property tax rates and valuations. Now that these calculations have been made, it would be good to get these rates and percentages re-established in statute for clarity and transparency.
- 3. Advance opportunity aid that requires a supplemental appropriation.** HB 252 removed the proration of advanced opportunity aid in the event of an insufficient appropriation and instead directs the superintendent of public instruction to seek a supplemental appropriation. This supplemental appropriation would be approved by the Legislature during a regular session, but advanced opportunity aid is to be distributed by

October 1. Clean-up language could be added to clarify the process and payment schedule in this circumstance.

4. **Definition of “state equalization aid”.** Recent changes to the SEPTR account, school facilities programs, and guaranteed tax base aid warrant an examination of this term and its use in related statutes to ensure clarity and accuracy.
5. **Terminology consistency: cash balance vs. fund balance.** Two sections of statute use the term “cash balance” rather than the more broadly used and understood “fund balance.”
6. **Printed budget forms.** There is an antiquated requirement in 20-9-103(1) that the superintendent print enough copies of the budget forms for each district to fill out. Budgeting has been done electronically for decades now.