

The District General Fund Deep Dive

School Funding Interim Commission

February 11th, 2026

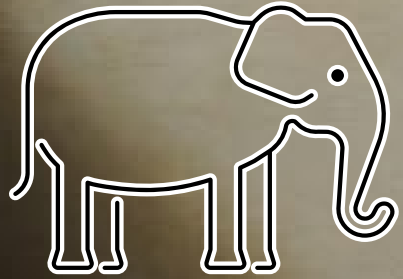
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Let's learn
about school
funding!



<https://www.nationaltrustcollections.org.uk/object/960080>

The theme of today's school funding *meal* is a deeper dive into "the funding formula" aka the funding formula for the school district general fund, including its mechanics and evolution.



Always a good place to start!

[Montana Constitution \(Article X, Part X, Section 1\)](#)

Section 1. Educational goals and duties.

(1) It is the goal of the people to establish a system of education which will develop the full educational potential of each person. Equality of educational opportunity is guaranteed to each person of the state.

(2)The state recognizes the distinct and unique cultural heritage of the American Indians and is committed in its educational goals to the preservation of their cultural integrity.

(3)The legislature shall provide a basic system of free quality public elementary and secondary schools. The legislature may provide such other educational institutions, public libraries, and educational programs as it deems desirable. **It [the legislature] shall fund and distribute in an equitable manner to the school districts the state's share of the cost of the basic elementary and secondary school system.**



Court cases and changes to Montana K-12 Finance

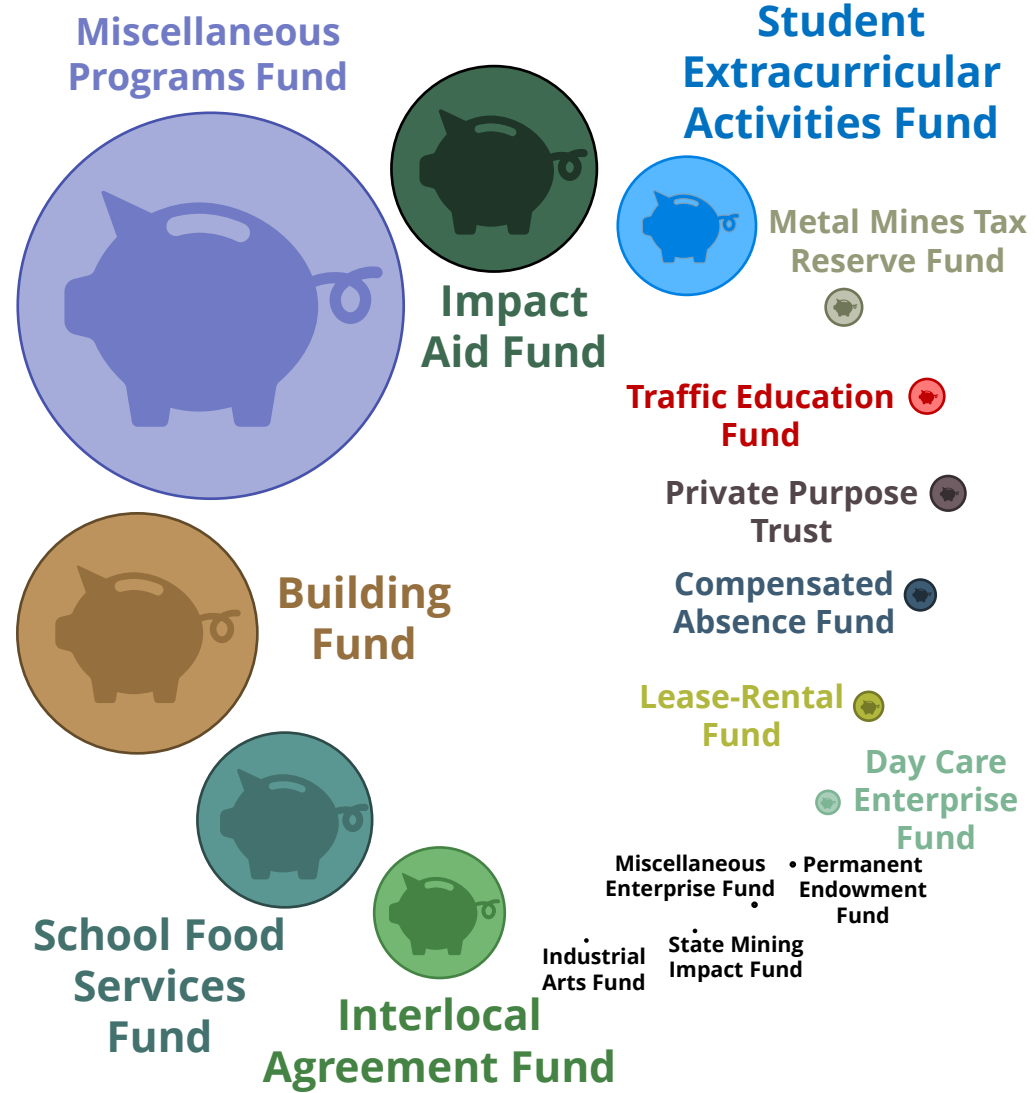
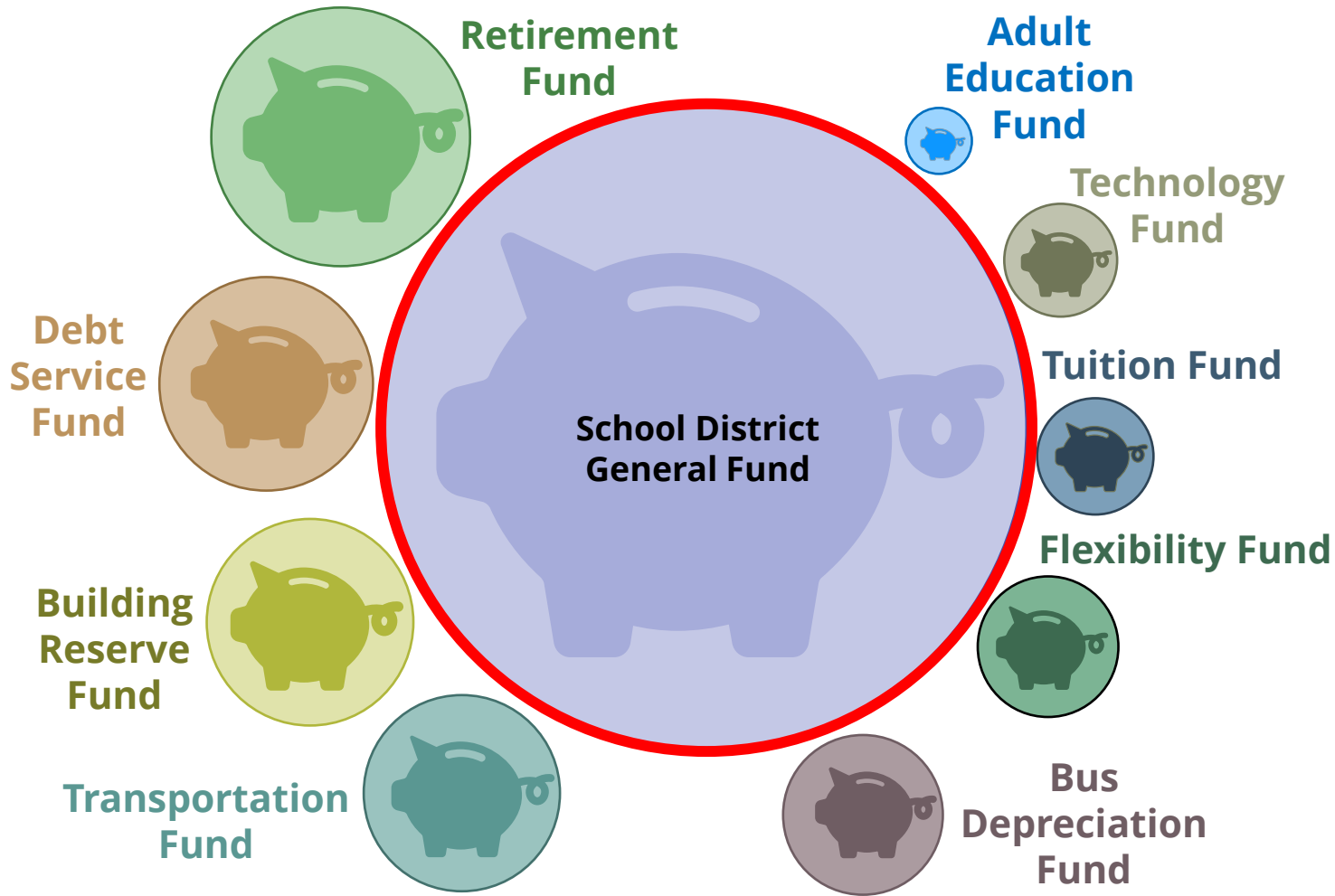
Year	Court Case	Finding	Legislation	Change to Formula
1989	Helena Elementary v. State (Equity)	Unequal spending per pupil means unequal educational opportunity; property poor districts were spending less (and often levying more mills)	HB 28 (1989 special session)	<ul style="list-style-type: none"> Increased state share Created GTB payments Created statewide equalization property tax levy of 40 mills; increased existing county equalization mills to 55 mills (new total = 95 mills)
1992	Lawsuits filed contending HB 28 had not fixed disparities		HB 667 (1993)	<ul style="list-style-type: none"> Eliminated existing Foundation Program Created new formula with BASE (minimum) and maximum budgets, basic and per-ANB entitlements GTB for debt service
2004	Columbia Falls v. State I (Adequacy)	Funding inadequate; basic system of quality school not defined; must fund Art X, Section 1(2) of the Montana Constitution (preservation of tribes' cultural integrity)	SB 424 (2003) SB 152 (2005) SB 525 (2005) SB 1 (2005 special session following QSIC)	<ul style="list-style-type: none"> (Annual inflationary adjustments to BE and per-ANB were added in 2003 during litigation) Defined basic system Created Quality Schools Interim Committee (QSIC) Created 4 new fully state-funded payments: QE; at-risk, IEFA, American Indian Achievement Gap
2008	Columbia Falls v. State II	Legislature has made good faith effort to address concerns regarding adequacy	Various	<ul style="list-style-type: none"> Increased GTB ratio; provided funding for facilities

<https://www.legmt.gov/lfd/publications/school-funding-library/>



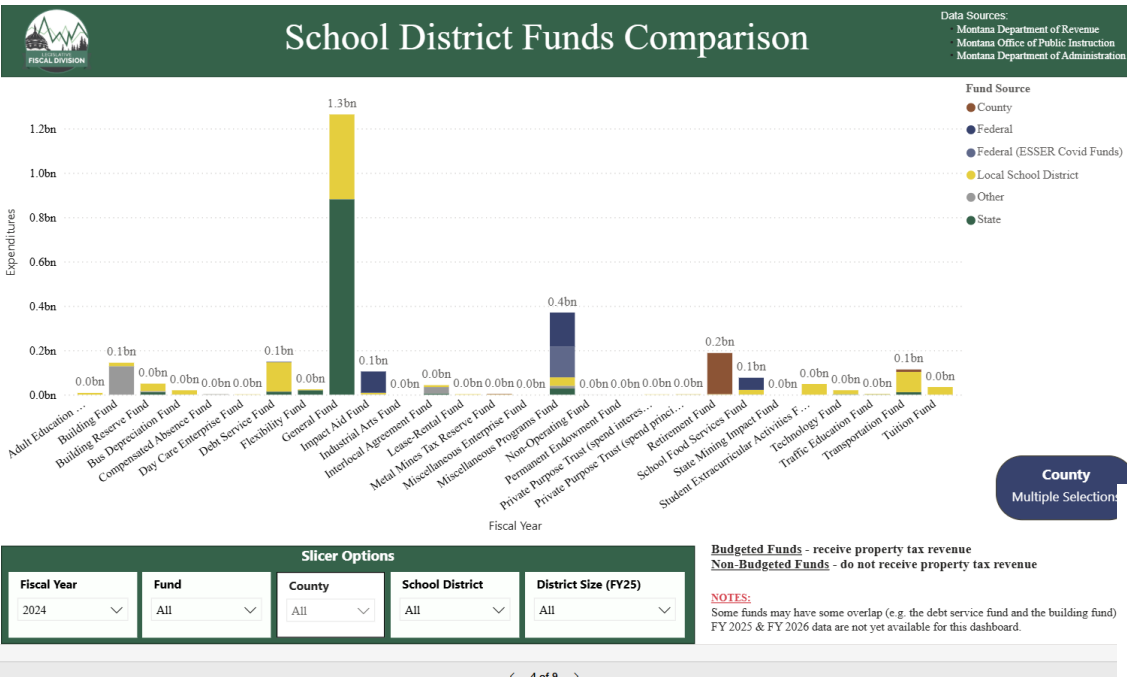
Budgeted Funds

Non-Budgeted Funds



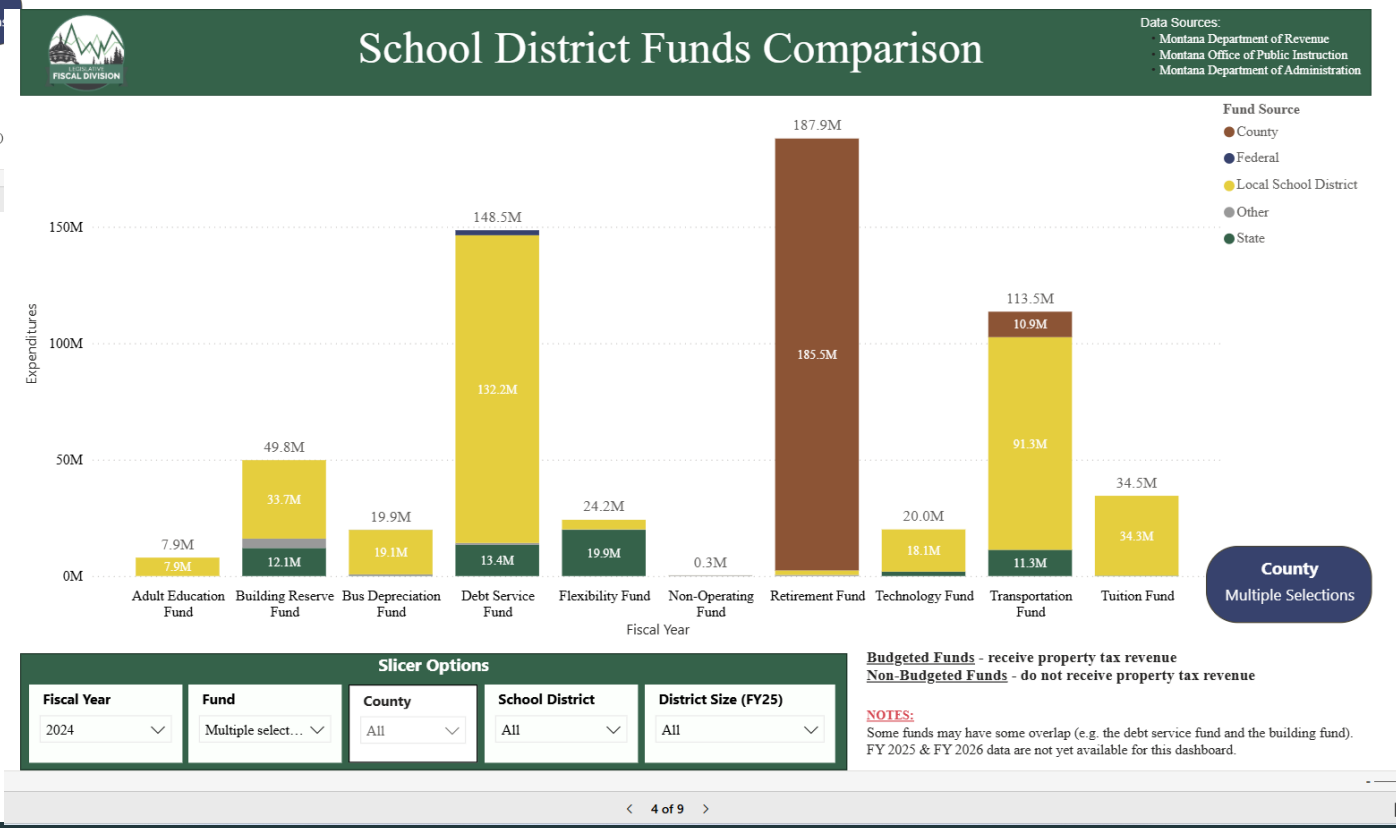
Big Picture: School District Funds

in relative proportion to revenue for FY 2024



The School Funding Data Tool also provides a perspective on the “Big Picture” showing that the district general fund towers above all the other funds in terms of dollars.

But remember the tool also allows you to “zoom in” by using the slicer options. The screenshot to the right is limited to all budgeted funds except the general fund.



Big Picture: School District Funds



Countywide & School District Budgeted Funds

Fund	Purpose/Use	Funding Sources (most funds allow use of NLR)	Levy Authority	Cap/Duration if voted	MCA
General (Base)	General operating costs, largely personnel	District levy Numerous state (including GTB)	Statutory requirement	Amount required to meet BASE minus state funding, FBR, and NLR	20-9-141
General (over-BASE)	General operating costs, largely personnel	District levy	Voters (aka a voted levy)	Allowable over-BASE area (formula; generally MAX budget)	20-9-353
Retirement	Costs of school district (employer) contributions to TRS and PERS	State RET GTB County levy	Statutory requirement	Estimated costs of employer contributions	20-9-501
Building Reserve	Finance building projects and maintenance; safety and security enhancements	District levy State Major Maintenance Aid (GTB-like)	Voters Trustees (aka a permissive or non-voted levy) – for Major Maintenance Aid)	Cost of projects; no longer than 20 years For Major Maintenance Aid, formulaic cap; no more than 10 mills	20-9-502
Debt Service	To repay principal, interest, and fees on construction bonds	State debt service assistance (GTB-like) District levy	Voters (requires supermajority based on turnout)	The amount of bond is limited based on district taxable value; bonds may be issued for up to 30 years	20-9-406 20-9-428 20-9-438
Transportation	Costs of providing transportation (to/from school only)	State on-schedule reimbursement County on-schedule reimbursement District over-schedule levy	Statutory requirement (on-schedule portion) Trustees (over-schedule portion)	Costs of providing transportation not covered by state and county on-schedule reimbursements	20-10-101 20-10-143 20-10-144
Bus Depreciation Reserve	Raise funds to replace buses over time	District levy	Trustees	20% of bus cost per year, not to exceed 150% of cost	20-10-147
Flexibility	The flexibility fund has broad uses, but the only property tax levy is for a match of Transformational Learning Grants	Grants Transfers District levy	Trustees	Up to 100% match of Transformational Learning Grant (4-year grant)	20-7-1602
Tuition	Finance costs of resident students attending out-of-district; pay for certain in-district student IEP costs	District levy	Trustees	Estimated costs of tuition Costs of providing special education under a student's IEP not covered by other state and federal funding	20-5-323 20-5-324
Technology Acquisition and Depreciation Fund	To acquire technology, including network access, cloud computing, and training	State technology payment (\$1 million statewide) District levy	Voters	Costs of technology and varies if levy approved prior to July 1, 2013 Levies approved after July 1, 2013, have 10-year limit	20-9-533
Adult Education	Provide instruction to 16+ year olds who are not enrolled/receiving ANB Limited match for state Advanced Opportunity Grants	Fees District levy	Trustees	Costs of adult education program Up to 25% of Advanced Opportunity Grant	20-7-705 20-7-1506

Note – intention to increase a permissive (non-voted) levy requires trustee resolution and public notice, including estimate property tax impact no later than March 31, pursuant to [20-9-116](#)



School District Non-Budgeted Funds

Fund	Purpose/Use	Funding Detail	MCA
Miscellaneous Programs Fund	For a variety of programs, grants, & reimbursements, including Title I-X, IDEA funds, COVID relief funds, Indian Language Immersion, etc.	Federal, state, & local	20-9-507
Building Fund	For the <u>proceeds of bonds sold</u> for the purposes provided in 20-9-403, MCA There is significant overlap between this fund and the debt service fund, which is used to <u>repay principal, interest, and fees on construction bonds</u>	Primarily local	20-9-508 20-9-403 20-6-604, 607, 608
Impact Aid Fund	For the receipt and expenditure of the US Department of Education Impact Aid Program . Impact Aid revenue is based on federally-connected children whose families live or work on nontaxable federal land (tribal land, forest land, national parks, military bases, etc.)	Federal	20-9-514
School Food Services Fund	For school food service operations, including state and federal reimbursements	Primarily federal	20-10-201
Student Extracurricular Activities Fund	For various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities. Separate fund accounts within the extracurricular fund are maintained to account for these various activities	Local	20-9-504
Interlocal Agreement Fund	For revenues and expenditures related to an interlocal agreement between two or more school districts or other local governments		20-3-363 20-7-457 20-9-511 20-9-703
Metal Mines Tax Reserve Fund	For revenues collected under 15-37-117(1), MCA, related to hard rock mining. Money may be expended from this fund for any purpose provided by law	Primarily local	20-9-231 15-37-117(1)
Traffic Education Fund	For traffic education activities for students within 6 months of turning 15 or older & are taught by a certified traffic instructor	State & local	20-7-507 20-9-510
Private Purpose Trust (Non-expendable trusts benefitting non-district operations)	This trust is used to account for gifts, legacies, and devises received by the school district when the trust agreement specifies that funds (interest only) may be expended for non-district operating purposes, such as student scholarships. Also can be used to account for revenues and expenditures related to other miscellaneous trust-type activities where the trust agreement allows both principal and interest to be used for purposes that do not support district programs	Local	This fund may be used when approved by OPI
Compensated Absence Fund	For financing accumulated sick leave and vacation pay that a non-teaching or administrative school district employee is entitled to upon termination of employment. Funds in excess of 30% of the total school district liability must be returned to the general fund	Funded using budgeted general fund transfers	20-9-512
Lease-Rental Fund	To account for revenues and expenditures related to lease or rental of school property. End of year fund balance is limited to \$10K for elementary & high school districts or \$20K for a K-12 district. The excess must be transferred to the district general fund	Local	20-9-509
Day Care Enterprise Fund	For day care services operated on a commercial basis with little or no financial support from federal or state sources	Primarily local	This fund may be used when approved by OPI
Permanent Endowment Fund	For endowments that only allow use of investment earnings only (not principal) to support the district's programs. If principal cannot be spent and the endowment benefits individuals, outside groups, or other governments, use the private purpose trust fund	Local	20-9-604
Miscellaneous Enterprise Fund	For programs operated on a commercial basis with little or no financial support from federal or state sources	Local	This fund may be used when approved by OPI
State Mining Impact Fund	For property tax pre-payments from a mineral developer. Receipts & subsequent expenditures of the tax prepayments must be tracked separately from other receipts & the district must provide tax credits in later years to the company making pre-payment	Local	90-6-307 90-6-309
Industrial Arts Fund	For major industrial arts programs operated on a commercial basis with little or no financial support from federal or state sources. Such programs include recurring construction of residential housing, fabrication or manufacture of furniture, tools, or other similar items, or service-oriented activities such as engine rebuilding, welding, or drafting	Local	This fund may be used when approved by OPI

The Funding Formula

AKA

**The School
District
General Fund**

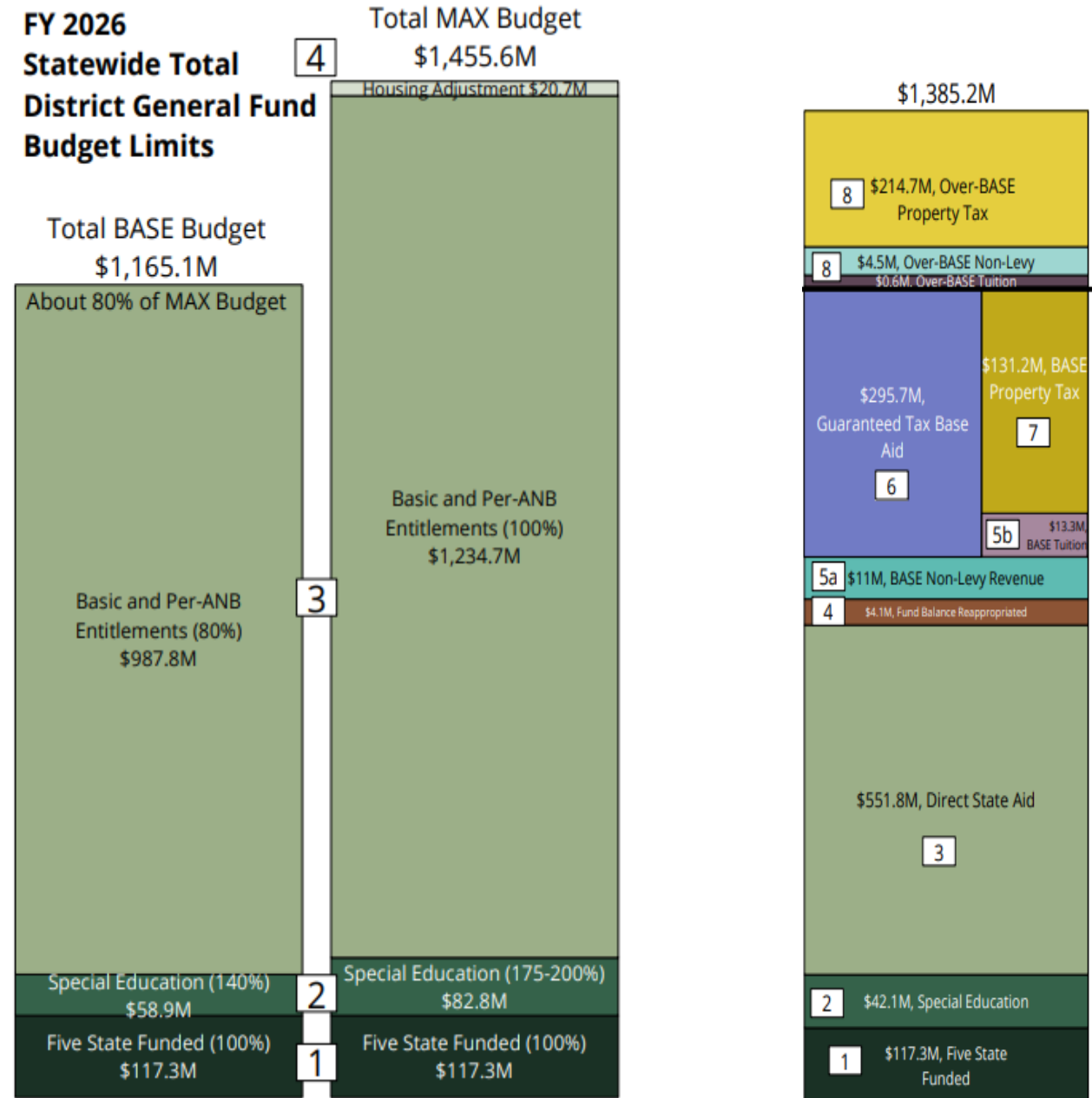


The Funding Formula

There are two parts to the school funding formula:

We have a formula to establish a district's general fund budget limits (left) and a formula for how a district's adopted budget is funded (right).

- See the [School District General Fund Interactive Tool](#) to look at these district general fund charts by school district.



Setting Budget Limits



These were the funding components when the new formula was enacted in 1993, largely driven by the equity lawsuit.

The Per-ANB and BE began receiving formulaic inflation adjustments in 2003 – Sp Ed in 2021.

These components were added in the Dec 2005 Special Session following the adequacy lawsuit.

They were included in inflation adjustments in SB 175 2013.

The D4A Payment was created in SB 175 2013

These components were added the STARS Act 2025.

Per-ANB Entitlement

Basic Entitlement

BE Increments SB 175 2013

Special Ed Allowable Cost Payment

Indian Ed for All Payment

Quality Educator and Qualified Staff Payment

Teach Act (2021) and STARS (2025)

American Indian Achievement Gap Payment

At-Risk Payment

Data for Achievement Payment

Future Ready Payment

Max Budget Housing Adjustment

The **per-ANB entitlement** is based on a district's **budget limit ANB** (the current year or 3-year average, whichever yields the highest budget). This ANB is multiplied by the entitlement amount which ranges from \$6,500 for EL ANB to \$8,300 for HS ANB (7th and 8th grade MS ANB receive the HS ANB amount). The **decrement** reduces the entitlement amount by 20 cents (EL) and 50 cents for each additional ANB up to a stop loss threshold of 1,000 ANB (EL) and 800 ANB (HS).

The **Basic Entitlement (BE)** was originally a fixed amount for each budget unit (EL, MS, HS) to reflect the fixed costs incurred by a district regardless of enrollment. Currently those amounts are \$60,000 for EL, \$120,000 for MS, and \$365,000 for HS. In 2013, the formula was modified to create **Basic Entitlement Increments** which increase a district's total BE based on ANB.

The **Special Education Allowable Cost Payment** has been explained in greater detail in previous presentations, but it is largely based on a district's current year ANB with the disproportionate cost reimbursement based on the district's special education expenditures two years prior.

The **Indian Education for All Payment** is currently \$25 per ANB.

The **Quality Educator and Qualified Staff Payment** is a fixed amount, currently \$3,800, for every full-time equivalent (FTE) employee meeting certain requirements (generally some sort of professional license). Under the STARS act, districts meeting salary benchmarks receive 2X the QE payment.

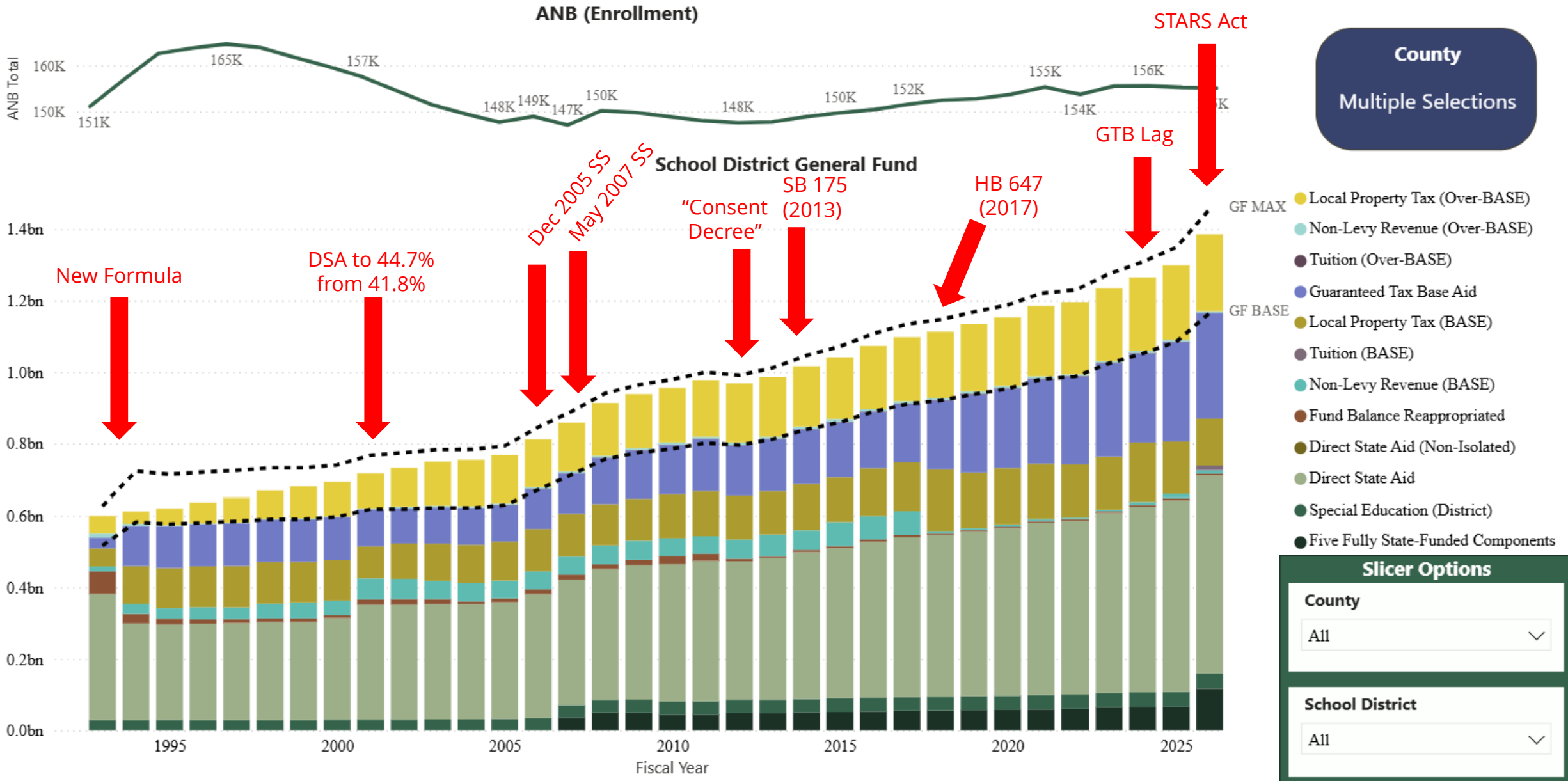
The **American Indian Achievement Gap Payment** is currently \$250 for every American Indian student enrolled in the district.

The **At-Risk Payment** is based on the amount of money the district received in the prior year in federal Title I dollars compared to the total received in the state. This proportion is then applied to the amount appropriated in HB 2, currently \$6.4 million.

The **Data for Achievement Payment** is currently \$24 per ANB.

The **Future Ready Payment** will be an additional component of district general fund budgets starting in FY 28. In a nutshell, the payment will be based on the number of dual credits and industry-recognized credentials earned by graduates of the district. The EL district in which the graduate finished 8th grade also receives a payment.

The **Max Budget Housing** Adjustment is not a funding component, but an adjustment that increases the Max Budget limit for districts with territory in a county with median residential market values above the statewide median IF the district also meets the salary benchmarks for teachers.



Screenshot taken from LFD BI data tool located here: <https://www.legmt.gov/lfd/publications/school-funding-library/>

School Funding Dashboard



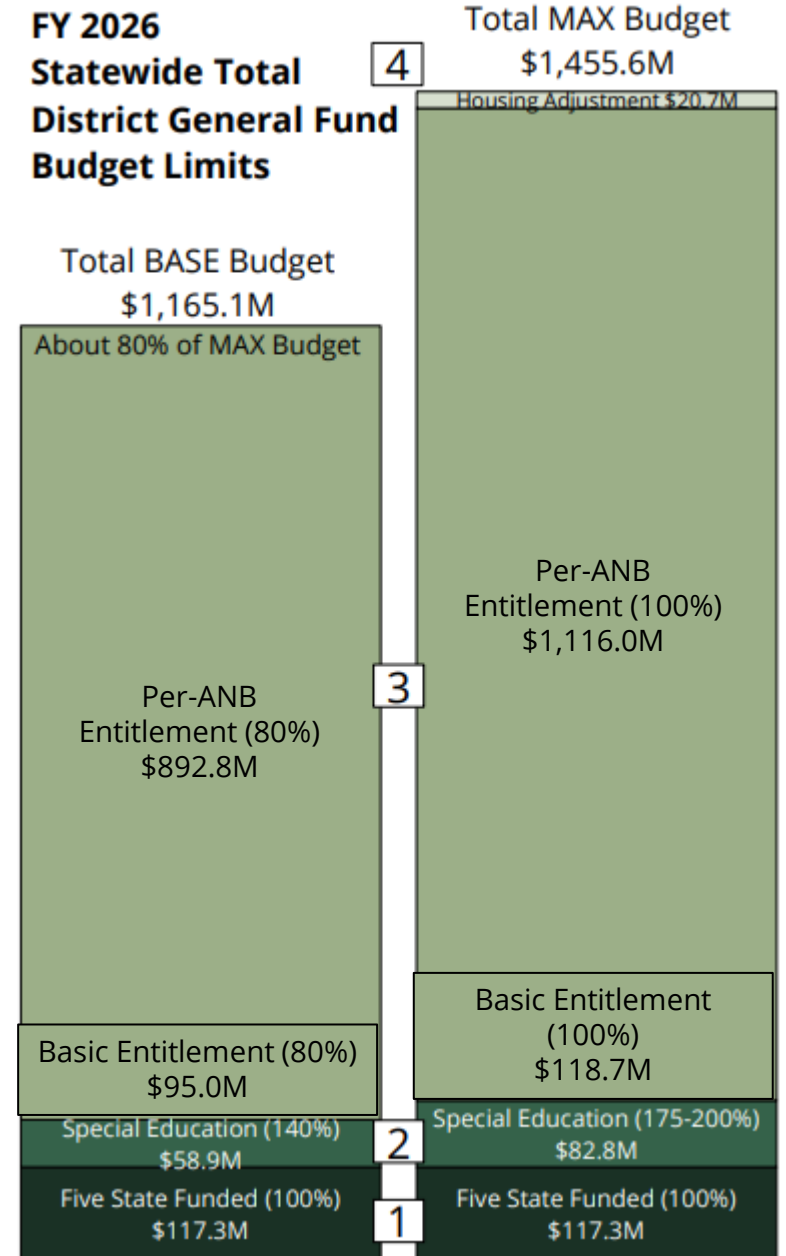
Formula for establishing a district's general fund budget limits.

The BASE and Max budget limits are built on *different* percentages of *identical* components.* This creates a roughly 25% range and was a way of ensuring “equality of educational opportunity” balanced with a degree of local control.

This local control via the over-BASE portion of the budget stems largely from voter-approved over-BASE levies. There are also certain limited exceptions that allow a district to adopt a budget over MAX, primarily due to declining enrollment.

*The MAX budget limit now contains an increase for districts located in counties with housing costs higher than the statewide median.

<https://archive.legmt.gov/content/Publications/fiscal/2027-Biennium/Publications-and-Libraries/Brochures/School-District-General-Fund-FY26.pdf>



Average Number Belonging

Data inputs:

- ✓ Spring and fall enrollment counts for current year, prior year, and 2 years prior by budget unit*

***Budget unit** means the unit for which the ANB of a district is calculated separately pursuant to [20-9-311](#).

Current Year ANB =
$$\frac{\text{Fall Enrollment (1st Monday in October)} + \text{Spring Enrollment (1st Monday in February)}}{2} \times \frac{180 + \text{up to 7 PIR days}}{180}$$

3 Year Average ANB =
$$\frac{\text{Current Year ANB} + \text{Prior Year ANB} + \text{2 Years Prior ANB}}{3}$$

Budget Limit ANB =
Whichever ANB number calculates the highest budget for the district

Per-ANB Entitlement

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of budget units
- ✓ District type (elementary, high school, K-12; accredited/non-accredited)

Elementary districts, K-12 district elementary school programs, and for grades 7 & 8 for every non-approved/accredited middle school budget unit:

Per-ANB Entitlement =

+	\$6,496 for FY 2026 Rate set in 20-9-306, MCA	-		For the 1 st ANB
+	\$6,496 for FY 2026 Rate set in 20-9-306, MCA	-	20¢ This is called <i>the decrement</i>	For the 2 nd ANB
+	\$6,496 for FY 2026 Rate set in 20-9-306, MCA	-	20¢ × 2	For the 3 rd ANB
	⋮		⋮	
+	\$6,496 for FY 2026 Rate set in 20-9-306, MCA	-	20¢ × 998	For the 999 th ANB
+	\$6,496 for FY 2026 Rate set in 20-9-306, MCA	-	20¢ × 999	For the 1000 th ANB and any ANB over 1000

Decrement example – Helena EL Budget Unit E1 (excludes charters)

No decrement:
4,085 ANB x \$6,496 = \$26.5 M

With decrement = \$25.8 M

The decrement results in Helena EL Budget Unit E1 having its Per-ANB entitlement reduced by about \$700,000.

Per-ANB Entitlement

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of budget units
- ✓ District type (elementary, high school, K-12; accredited/non-accredited)

High school districts, K-12 district high school programs, and for grades 7 & 8 for every approved and accredited middle school budget unit:

Per-ANB Entitlement =

+	\$8,317 for FY 2026 Rate set in 20-9-306, MCA	=	For the 1 st ANB	
+	\$8,317 for FY 2026 Rate set in 20-9-306, MCA	-	50¢ This is called <i>the decrement</i>	For the 2 nd ANB
+	\$8,317 for FY 2026 Rate set in 20-9-306, MCA	-	50¢ × 2	For the 3 rd ANB
	⋮		⋮	
+	\$8,317 for FY 2026 Rate set in 20-9-306, MCA	-	50¢ × 798	For the 799 th ANB
+	\$8,317 for FY 2026 Rate set in 20-9-306, MCA	-	50¢ × 799	For the 800 th ANB and any ANB over 800

Basic Entitlement

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of budget units
- ✓ District type (elementary, high school, K-12; accredited/non-accredited)

Elementary districts and K-12 districts for every elementary budget unit:

Basic Entitlement

=

\$60,732 for
FY 2026
Rate set in 20-9-306,
MCA

For districts
with ≤ 250 ANB

OR

\$60,732 for
FY 2026
Rate set in 20-9-306,
MCA

+

\$3,037
For each additional
25 ANB over 250

For districts
with > 250 ANB

BE "increments" example – Helena EL Budget Unit E1 (excludes charters)

4,085 ANB
 $4,085 - 250 = 3,835$
 $3,835 \div 25 = 153$ increments

So, Helena EL BE =
 $\$60,732 + (\$3,037 \times 153) =$
 $\$525,393$ or just under 9 full BEs;
Helena has 10 elementary schools

The BE increment provides Helena EL Budget Unit E1 an additional \$465,000.

Basic Entitlement

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of budget units
- ✓ District type (elementary, high school, K-12; accredited/non-accredited)

Elementary districts and K-12 districts for every approved and accredited middle school budget unit:

**Basic
Entitlement**

=

\$121,466 for
FY 2026
Rate set in 20-9-306,
MCA

For districts
with ≤ 450 ANB

OR

\$121,466 for
FY 2026
Rate set in 20-9-306,
MCA

+

\$6,073

For each additional
45 ANB over 450

For districts
with > 450 ANB

Basic Entitlement

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of budget units
- ✓ District type (elementary, high school, K-12; accredited/non-accredited)

High school districts for every budget unit:

**Basic
Entitlement =**

**\$364,401 for
FY 2026**
Rate set in 20-9-306,
MCA

For districts
with ≤ 800 ANB

OR

**\$364,401 for
FY 2026**
Rate set in 20-9-306,
MCA

+

\$18,221
For each additional
80 ANB over 800

For districts
with > 800 ANB

ANB or Enrollment-Based Payments

Data inputs:

- ✓ Budget limit ANB (see ANB slide for data inputs for that calculation)
- ✓ Number of American Indian students

One of the
Five Fully
State-funded
Components

**Data for
Achievement
Payment**

=

Budget Limit
ANB

×

\$24.29 for
FY 2026
Rate set in 20-9-306,
MCA

One of the
Five Fully
State-funded
Components

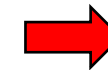
**Indian
Education For
All Payment**

=

Budget Limit
ANB

×

\$25.37 for
FY 2026
Rate set in 20-9-306,
MCA



**OR \$100,
whichever
is greater**

One of the
Five Fully
State-funded
Components

**Achievement
Gap Payment**

=

Number of
American
Indian
Students

×

\$249 for FY
2026
Rate set in 20-9-306,
MCA

State Special Education Allowable Cost Payment to Districts and Co-ops

Data inputs:

- ✓ Current year ANB (see ANB slide for data inputs for that calculation)
- ✓ District general fund Special Education expenditures (2 years prior)

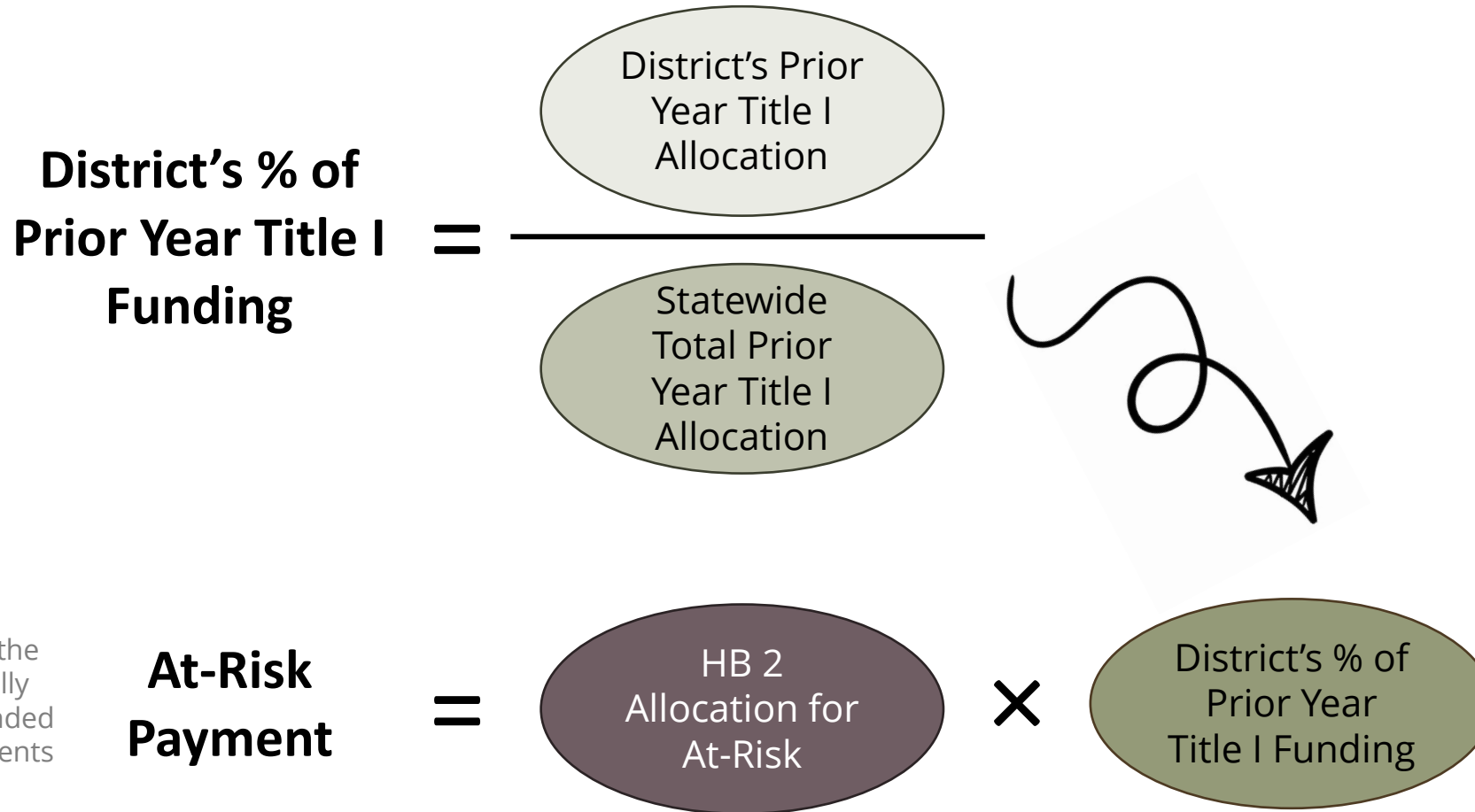
Component	Distribution	% of total	SpEd approp for FY 2026
Instructional Block Grant (IBG)	ANB (about \$150/ANB)	52.5%	\$25.0 million
Related Services Block Grant (RSBG)	ANB (about \$50/ANB)	17.5%	\$8.3 million
Reimbursement for Disproportionate Costs	Complex; high-cost students Based on special education allowable cost expenditures 2 years prior	25%	\$11.9 million
Co-op Admin and Travel	ANB, FTE, mileage	5%	\$2.4 million
Total State Special Education Approp HB 2		100%	\$47.5 million

The Block Grants are paid on ALL ANB, not just special education students.

At-Risk Payment

Data inputs:

- ✓ Amount of district and statewide Title I funding (prior year)
- ✓ HB 2 At-Risk line-item allocation (current year)



This is essentially a pro-rated payment, based on the state and district's Title I funding allocation.

One of the Five Fully State-funded Components

Quality Educator and Qualified Staff Payment

Data inputs:

- ✓ Number of Quality Educators and Qualified Staff (QE&QS)
- ✓ Does the district meet teacher salary benchmarks established in 20-9-324, MCA?
- ✓ Does the district meet the requirements of countywide resource sharing under 20-3-363, MCA?

One of the
Five Fully
State-funded
Components

QE&QS =
Payment

Full-Time
Equivalent
(FTE) QE&QS

×

\$3,783 for
FY 2026
Rate set in 20-9-306,
MCA

STARS Act (HB 252, 2025)

If a district meets the salary benchmarks established in 20-9-324, MCA, the district's total QE&QS payment is doubled.

Multidistrict Agreements (HB 567, 2025)

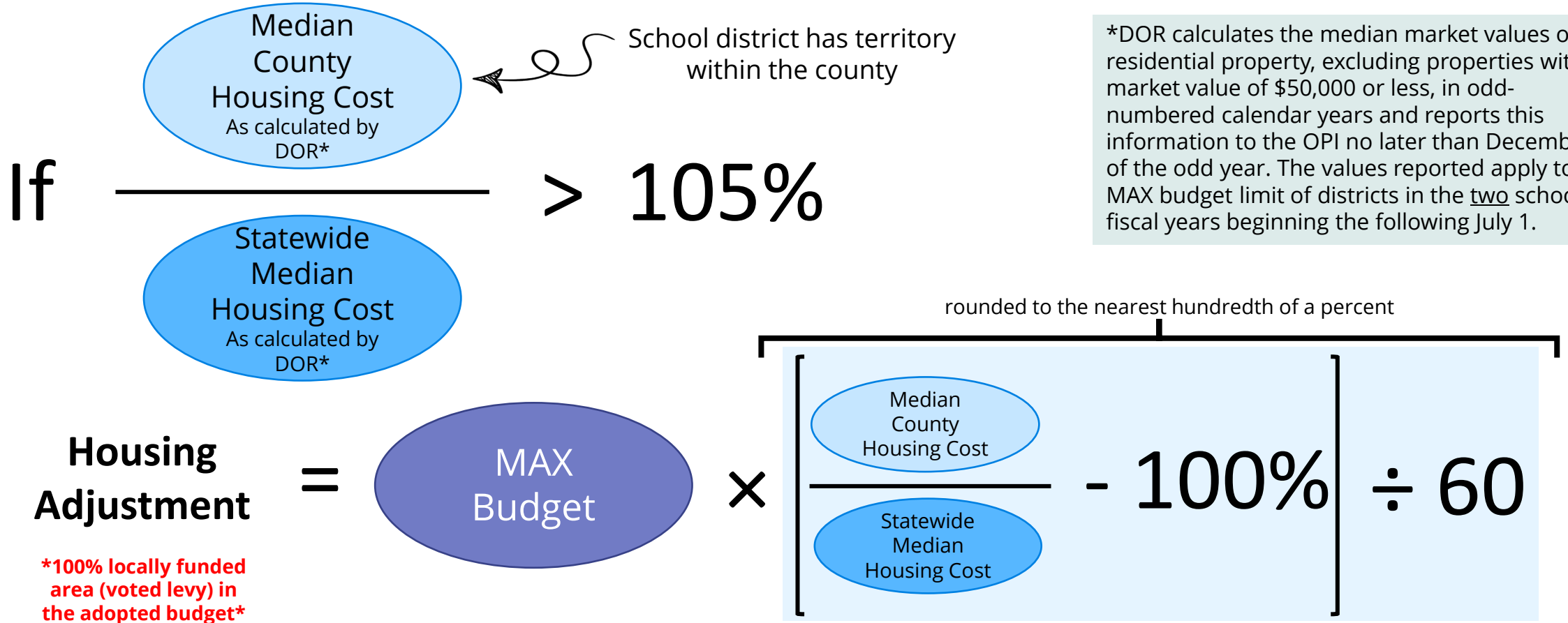
If a district meets the requirements of countywide resource sharing under 20-3-363, MCA, the district's total QE&QS payment is increased by 50%.

Teachers
Superintendents
School nurses
School physical therapists
Speech-language pathologists & audiologists
School psychologists
Occupational therapists
School nutritionists
Social workers
School counselors
Family therapists
American Indian language and culture licensed specialists

MAX Budget Housing Adjustment

Data inputs:

- ✓ Median housing cost of located county (odd-numbered year prior*)
- ✓ Statewide median housing cost (odd-numbered year prior*)
- ✓ Does the district meet teacher salary benchmarks established in 20-9-324, MCA?



100% locally funded area (voted levy) in the adopted budget

Future Ready Payment

Data inputs:

- ✓ Number of industry credentials and dual credits earned by high school graduates (2 years prior)
- ✓ Which district those graduates were counted in the spring enrollment count for the graduates' 8th grade year

For an elementary or K-12 district:

Goal level 1 – High school graduates who while in high school earned 15 or more postsecondary or CTE-equivalent credits

Goal level 2 – High school graduates who while in high school earned 30 or more postsecondary or CTE-equivalent credits

Goal level 3 – High school graduates who while in high school earned an associate-level degree

Future Ready Payment =

Starting in FY 2028, this will be a new, Sixth Fully State-funded Component

$$\begin{aligned} & \left(\begin{array}{l} \text{Number of HS graduates (2 years prior) who achieved} \\ \text{the future ready level 1 goal who were included in the} \\ \text{district's spring enrollment count in their 8th grade} \\ \text{year.} \end{array} \right) \times \left(\begin{array}{l} \text{Elem Per-ANB} \\ \text{Maximum} \\ \$6,496 \text{ for FY 2026} \\ \text{Rate set in 20-9-306,} \\ \text{MCA} \end{array} \right) \times 10\% \\ & + \left(\begin{array}{l} \text{Number of HS graduates (2 years prior) who achieved} \\ \text{the future ready level 2 goal who were included in the} \\ \text{district's spring enrollment count in their 8th grade} \\ \text{year.} \end{array} \right) \times \left(\begin{array}{l} \text{Elem Per-ANB} \\ \text{Maximum} \\ \$6,496 \text{ for FY 2026} \\ \text{Rate set in 20-9-306,} \\ \text{MCA} \end{array} \right) \times 20\% \\ & + \left(\begin{array}{l} \text{Number of HS graduates (2 years prior) who achieved} \\ \text{the future ready level 3 goal who were included in the} \\ \text{district's spring enrollment count in their 8th grade} \\ \text{year.} \end{array} \right) \times \left(\begin{array}{l} \text{Elem Per-ANB} \\ \text{Maximum} \\ \$6,496 \text{ for FY 2026} \\ \text{Rate set in 20-9-306,} \\ \text{MCA} \end{array} \right) \times 30\% \end{aligned}$$

Future Ready Payment

Data inputs:

- ✓ Number of industry credentials and dual credits earned by high school grads (2 years prior)

Goal level 1 – High school graduates who while in high school earned 15 or more postsecondary or CTE-equivalent credits

Goal level 2 – High school graduates who while in high school earned 30 or more postsecondary or CTE-equivalent credits

Goal level 3 – High school graduates who while in high school earned an associate-level degree

For a high school or K-12 district:

Future Ready Payment =

Starting in FY 2028, this will be a new, Sixth Fully State-funded Component

$$\begin{aligned} & \left(\text{Number of HS graduates (2 years prior) who achieved the future ready level 1 goal} \right) \times \left(\text{HS Per-ANB Maximum } \$8,317 \text{ for FY 2026} \right) \times 10\% \\ & + \left(\text{Number of HS graduates (2 years prior) who achieved the future ready level 2 goal} \right) \times \left(\text{HS Per-ANB Maximum } \$8,317 \text{ for FY 2026} \right) \times 20\% \\ & + \left(\text{Number of HS graduates (2 years prior) who achieved the future ready level 3 goal} \right) \times \left(\text{HS Per-ANB Maximum } \$8,317 \text{ for FY 2026} \right) \times 30\% \end{aligned}$$

Rate set in 20-9-306, MCA



Funding the Adopted Budget

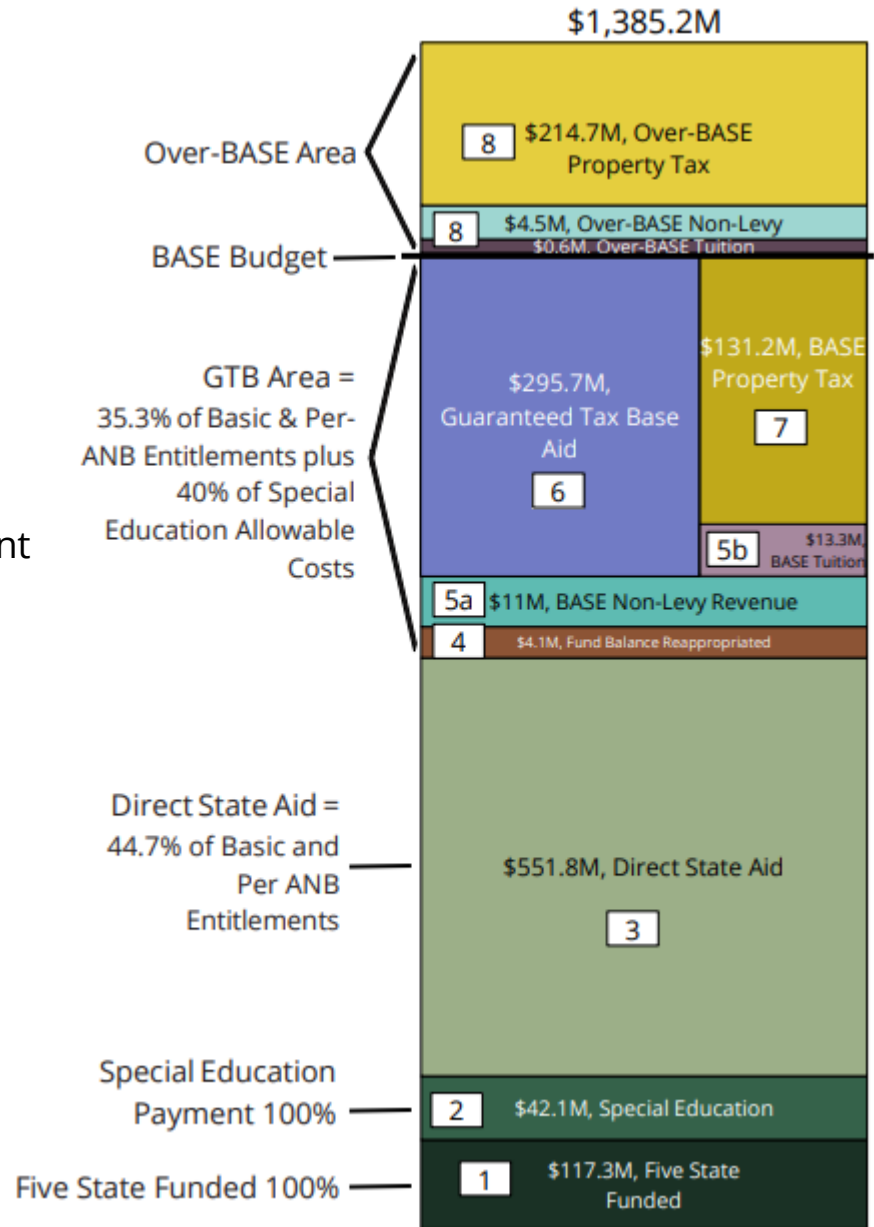
Formula for how a district's adopted **budget is funded.**

State funds:

- ✓ All districts: 100% of the five fully state funded components
- ✓ All districts: 100% of the Special Education Allowable Cost Payment
- ✓ All districts: Direct State Aid – 44.7% of the district's Per-ANB and Basic entitlements
- ✓ Eligible districts: Per-mill subsidy of GTB

Local funding:

- ✓ Fund balance reappropriated (BASE)
- ✓ BASE and Over-BASE non-levy revenue
- ✓ BASE and Over-BASE tuition payments
- ✓ Local property taxes (required – BASE; voted – over-BASE)



Five Fully State-Funded Components (soon to be Six)

Quality Educator and Qualified Staff Payment (adjusted for FY 2026)

At Risk Payment

Indian Education For All

American Indian Achievement Gap

Data for Achievement

Fund Balance Reappropriated

Any excess district general fund from the previous year

BASE Non-Levy Revenue

Items such as interest earnings, facility rental income, summer school, oil and gas revenues, and coal gross proceeds

BASE Tuition Payments (new for FY 2026)

HB 203 (2023) required tuition payments from district of residence to district of attendance, based on the percentage of local property taxes supporting the general fund budget (both BASE and over-BASE levies) in each district. BASE tuition payments offset local property taxes in the BASE budget of receiving districts

Guaranteed Tax Base (GTB) Aid

A state subsidy for mill levies used to equalize property wealth across the state

BASE Property Taxes

Local property tax revenues from required/formulaic mills

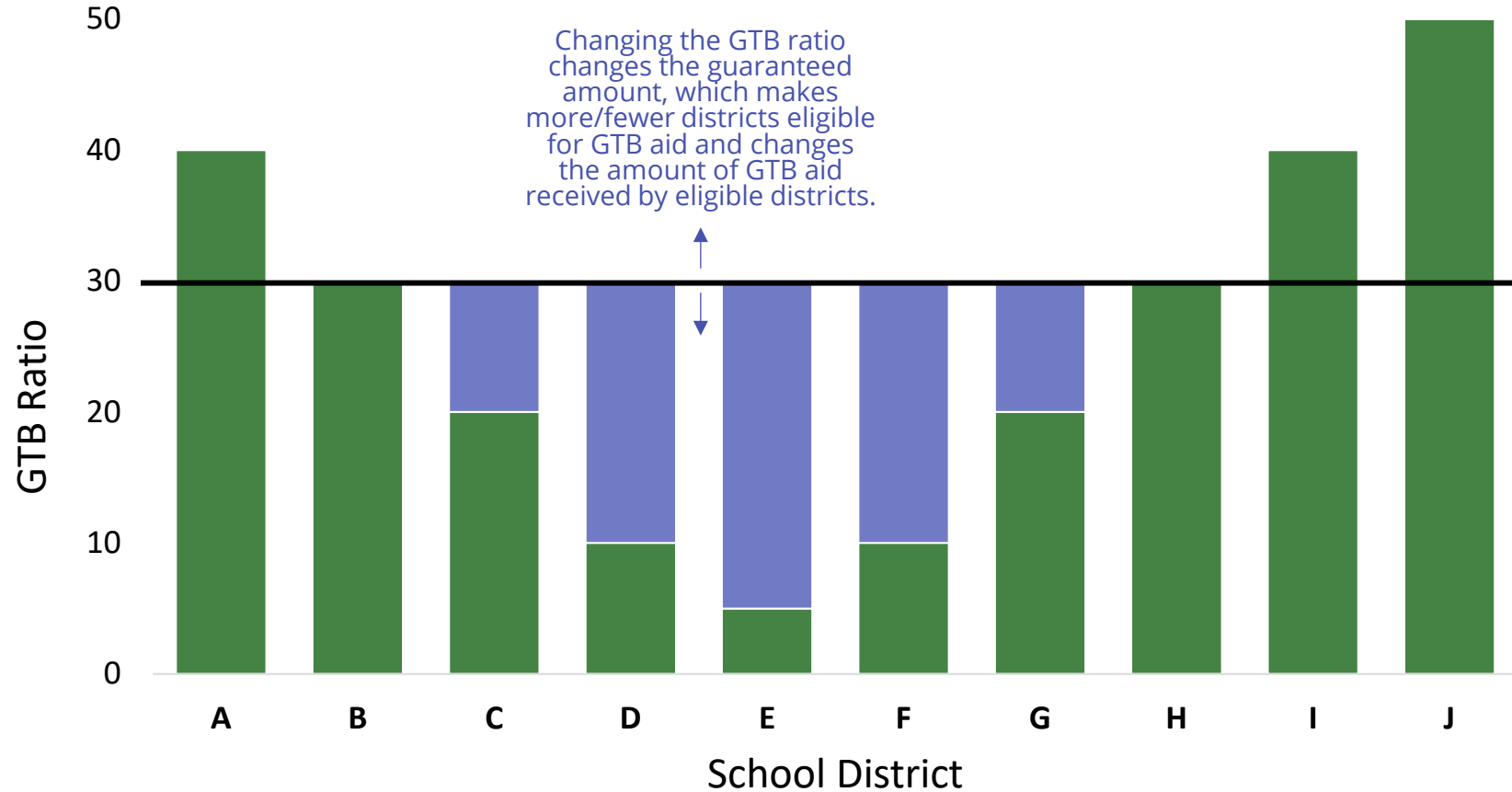
Over-BASE Area

Funded by available **non-levy revenues, tuition payments, and/or an over-BASE property tax levy approved by voters**



Reminder of how Guaranteed Tax Base (GTB) Aid works

GTB aid equalizes districts' revenue-generating capacity by providing a **state GTB aid subsidy** for districts with less property tax wealth to bring their **revenue-generating capacity (based on the district GTB ratio)** to a **guaranteed amount**



A district's **revenue-generating capacity** is measured as a ratio of the district's property wealth (taxable value) to its local funding needs and costs (sometimes ANB, but in our district general fund formula, the GTB area).

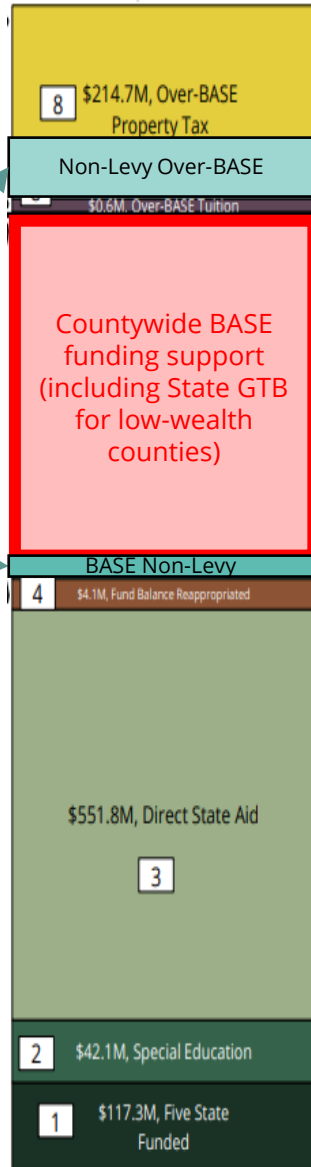
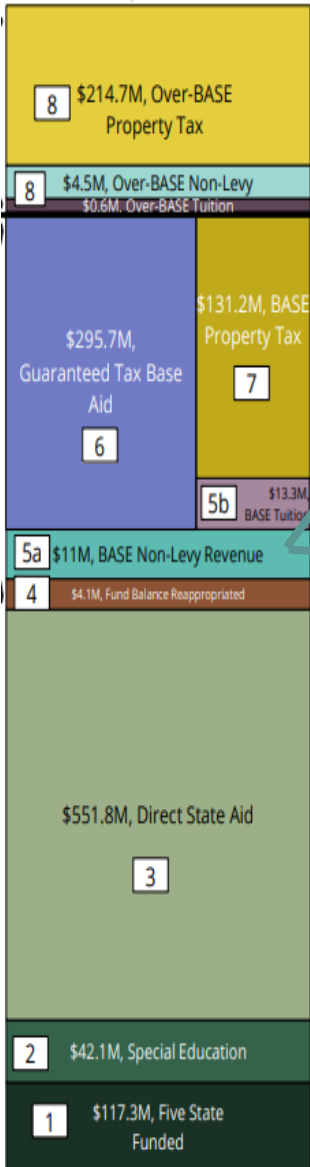
Current Law

HB 156

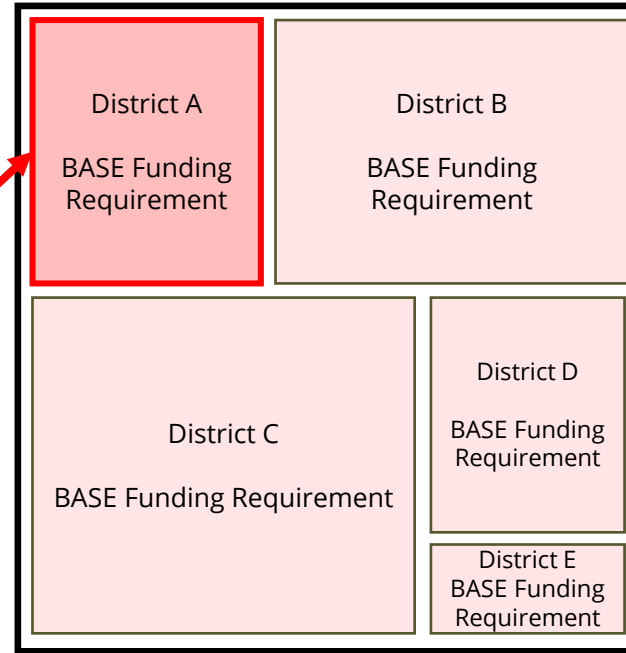
HB 156 takes effect in FY 2027

*This change also eliminates the need for **BASE tuition payments**. **Over-BASE tuition payments** will still be used.

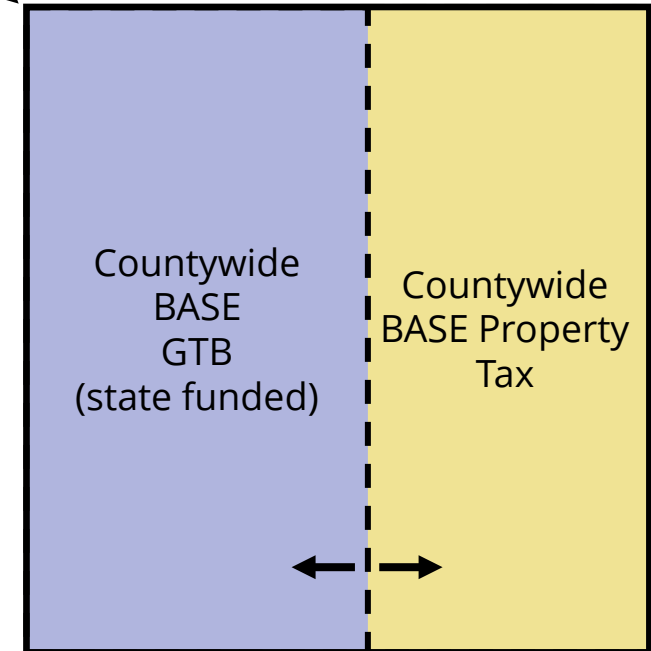
Then, in low-wealth counties, state GTB lowers property taxes to equalize.



Some of the non-levy revenue in the BASE area remains there, while some of it can now be devoted to the over-BASE area



The funding needs for all districts in a county are pooled in the same manner that school retirement costs are pooled now.



Budget Data Sheets



Budget Data Sheets – Building Blocks



PRELIMINARY BUDGET DATA SHEET

FY 2026

Post-Session

County: 15 Flathead

District: 0311 Flathead H S

NOTE: Information shown on the asterisked lines below (*) is subject to change if your district's certified ANB is changed; any changes will be reflected on the FY2026 final budget form. (+) This symbol indicates whether the current ANB or 3 year average ANB (whichever is greater) is used to determine budget funding. Information shown on the asterisked line below (**) means that if a District qualifies for the Teacher Incentive Program, payment is doubled.

1. Certified ANB		FY 2026			3 Year Avg ANB		
*Budget Unit	ANB	*Basic Entitlement	*Per ANB Entitlement	ANB	*Basic Entitlement	*Per ANB Entitlement	
H1 FLATHEAD HS 9-12	2,782	801,705.00	22,186,285.00	3,030	856,368.00	24,149,825.00+	
H2 KRW CHARTER 9-12	68	364,401.00	564,417.00	68	364,401.00	564,417.00+	
H3 FPA CHARTER 9-12	54	364,401.00	448,402.50	54	364,401.00	448,402.50+	
2. * Direct State Aid						11,956,273.08	
3. ** Quality Educator						1,672,509.70	
4. At Risk Student						67,571.97	
5. * Indian Education For All						79,966.24	
6. American Indian Achievement Gap						23,157.00	
7. * Data For Achievement						76,562.08	

Budget Data Sheets – Special Education

8. Special Education Funding (FY 2026):

NOTE: Block Grant Eligibility Status = "Yes" means OPI records indicate you are qualified and will receive the funding listed. Block Grant Eligibility Status = "No" means you have NOT yet qualified.

Special Education Block Grant Eligibility Status	Yes
Special Education Block Grant Rates Per Current ANB	
Instructional Block Grant Rate [IBG]	163.60
Related Services Block Grant Rate [RSBG]	54.53
Threshold to Determine Disproportionate Costs	3.15495336
Special Education Allowable Cost Payments	
* a. Instructional Block Grant Entitlement [IBG rate X Current Year ANB]	475,094.40
* b. Related Services Block Grant Entitlement [RSBG rate X Current Year ANB]	158,355.12
c. Reimbursement for Disproportionate Costs - See Page 2.	0.00
* d. Total Special Education Allowable Cost Payment (District) [8a + 8b + 8c]	633,449.52
Prorated Cooperative Cost Payments (Members of Cooperatives Only)	
* e. Related Services Block Grant Entitlement (Paid Directly to Coop)	N/A
Required Local Match	
* f(i). District's Required Match for IBG [8a X 0.33]	156,781.15
f(ii). District's Required Match for RSBG [8b X 0.33]	52,257.19
* f(iii). District's RSBG Match to be Paid by District to Cooperative [8e X 0.33]	N/A
* f(iv). Total Required Local Match to Avoid Reversions [8f(i) + 8f(ii) + 8f(iii)]	209,038.34
Minimum Special Education Budget to Avoid Reversions	
* g. Minimum Special Education Budget to Avoid Reversions [8a + 8b + 8f(iv)]	842,487.86

Reimbursement For Disproportionate Costs

	EL	HS	K12
a. FY 2024 Allowable Cost Expenditures Total K-12 Expenditures Prorated by FY 2024 ANB	0.00	1,911,022.82	0.00
b. FY 2024 Amount to Avoid Reversion	0.00	860,856.18	0.00
c. Reimbursement for Disproportionate Costs If (a-b) > 0 and a > (b * 3.15495336) then [a - (b * 3.15495336)] * 0.4	0.00	0.00	0.00

Budget Data Sheets – Budget Limits, OverBASE Levies, CTY RET GTB, and Debt Service Assistance

9. FY 2026 Budget Limits:

* a.	Required % of Special Ed Funding in Maximum [20-9-306(9), MCA]	100%
* b.	BASE Budget	24,204,847.92
c.	Maximum Budget Limit	30,602,019.45
* d.	Highest Budget Without A Vote (excluding tuition, excess reserves, flexible non-voted levy authority and other Over-BASE revenues)	26,825,226.24
* e.	Highest Budget With A Vote	30,602,019.45
* f.	Highest Voted Amount (9e-9d)	3,776,793.21

10. Prior Year Information for Budgeting:

a.	FY 2025 BASE Budget	22,802,734.44
b.	FY 2025 Maximum Budget	28,233,093.04
c.	FY 2025 Budget Limit ANB	3,159
d.	FY 2025 Adopted General Fund Budget	25,423,112.76
e.	Highest Levy Over-BASE Authorized or Imposed Between FY 2021 FY 2025	2,620,378.32

11. Debt Service Fund and County Retirement GTB:

	Elementary	High School	
County			
a.	Tax Year 2024 County Taxable Value	492,833,109	492,833,109
b.	FY 2024-2025 County ANB	10,728	4,801
c.	County Retirement Mill Value per ANB	45.94	102.65
District			
d.	Tax Year 2024 District Taxable Value	N/A	227,223,006
e.	FY 2024-2025 District Budget Limit ANB	N/A	3,159
f.	District Debt Service Mill Value per ANB	N/A	71.93
Statewide			
g.	Statewide Retirement Mill Value per ANB	78.62	182.48
h.	Debt Service Assistance Mill Value per ANB	58.24	135.17

Divide by ANB, then divide by 1,000 to get Mill Value per ANB

Divide by ANB, then divide by 1,000 to get Mill Value per ANB

Because Flathead County and Flathead HS District have Mill Values per ANB lower than the statewide guarantee amounts, they receive state RET GTB and debt service assistance.

Budget Data Sheets – District BASE GTB (going away – HB 156) and MMA subsidy

County: 15 Flathead
District: 0311 Flathead H S

12. General Fund Guaranteed Tax Base Aid (GTB) Ratios And Subsidies

I. STATEWIDE GTB RATIO:	Elementary	High School
a. Statewide Taxable Valuation (Tax Year 2024)***	4,512,374,412	4,512,374,412
b. FY 2025 Statewide GTB Subsidized Budget Area: 35.30% of the Basic Entitlement + 35.30% of the Per ANB Entitlement + 40% of Special Education Allowable Cost Payment (Including Cooperative Costs)	283,022,467.85	157,586,587.36
c. GTB Ratio: [(a) Divided by (b)] x 262%	41.77	75.02

II. DISTRICT GTB SUBSIDY:	Elementary	High School
a. Statewide GTB ratio (from c above)	N/A	75.02
b. FY 2025 District GTB Subsidized Budget Area: 35.30% of the Basic Entitlement + 35.30% of the Per ANB Entitlement	N/A	9,171,319.65
c. 40% of FY 2025 District Special Education Allowable Cost Payment plus District Coop Cost Payment	N/A	267,592.57
d. District's FY 2026 Guaranteed Tax Base (a) x [b + c]	N/A	708,107,194.74
e. District Taxable Valuation (Tax Year 2024)***	N/A	227,223,006
f. If (d) is Greater Than (e), Then: DISTRICT's FY 2026 GTB Subsidy Per BASE Mill [d - e] x 0.001	N/A	480,884.00

*** A final determination of the Taxable Value by the Department of Revenue based on information delivered to the county clerk and recorder as required in 15-10-305, MCA (December). Tax Increment Districts are excluded from taxable valuations used in GTB calculations.

Per 20-9-366(2)(a), MCA, GTB ratios for the ensuing year are calculated using prior year taxable values and GTB subsidized area as submitted. GTB ratios on I(c) are rounded to two decimal places.

13. Building Reserve Permissive Sub-Fund School Major Maintenance Aid Subsidy

	Elementary	High School	K-12
a. District State Major Maintenance Aid (SMMA) Allowable Amount		403,285.00	
b. Calculated Amount of State School Major Maintenance Aid Per Dollar of Local Effort****		1.11	

**** State major maintenance aid per dollar of local effort calculated as per 20-9-525, MCA assumes full state funding for this program. Proration may apply due to limitations in state appropriation and/or available state revenue for funding.



School Funding Resources:

<https://www.legmt.gov/lfid/publications/school-funding-library/>

Property Tax Resources:

<https://www.legmt.gov/lfid/publications/property-tax-library/>

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Questions?



STARS Act

HB 252, 2025 Session

- For a district that meets the benchmark for starting teacher pay, the district gets a teacher pay incentive through an enhanced Quality Educator (QE) payment. This raises the district's budget limits
 - As the QE payment is 100% state funded, there is no local property tax increase
- For a district that graduates students with dual credits, industry recognized credentials, etc., the district gets a new Future Ready payment. This raises the district's budget limits
 - As the Future Ready payment is 100% state funded, there is no local property tax increase
 - The amount of the payment is based on the per-ANB entitlement but is not added to the per-ANB payment
- For districts in or near counties with median housing costs higher than the statewide median, the district's MAX budget calculation is increased by percentages
 - This provides the district with higher budget authority and a larger over-BASE budget area. This area is generally filled with local voted levies. There is no state cost for this change

