

K-12 Funding: School Facilities – **A Quick Review of State Programs**

School Funding Interim Commission

Excerpts from the presentation provided November 13th & 14th, 2025

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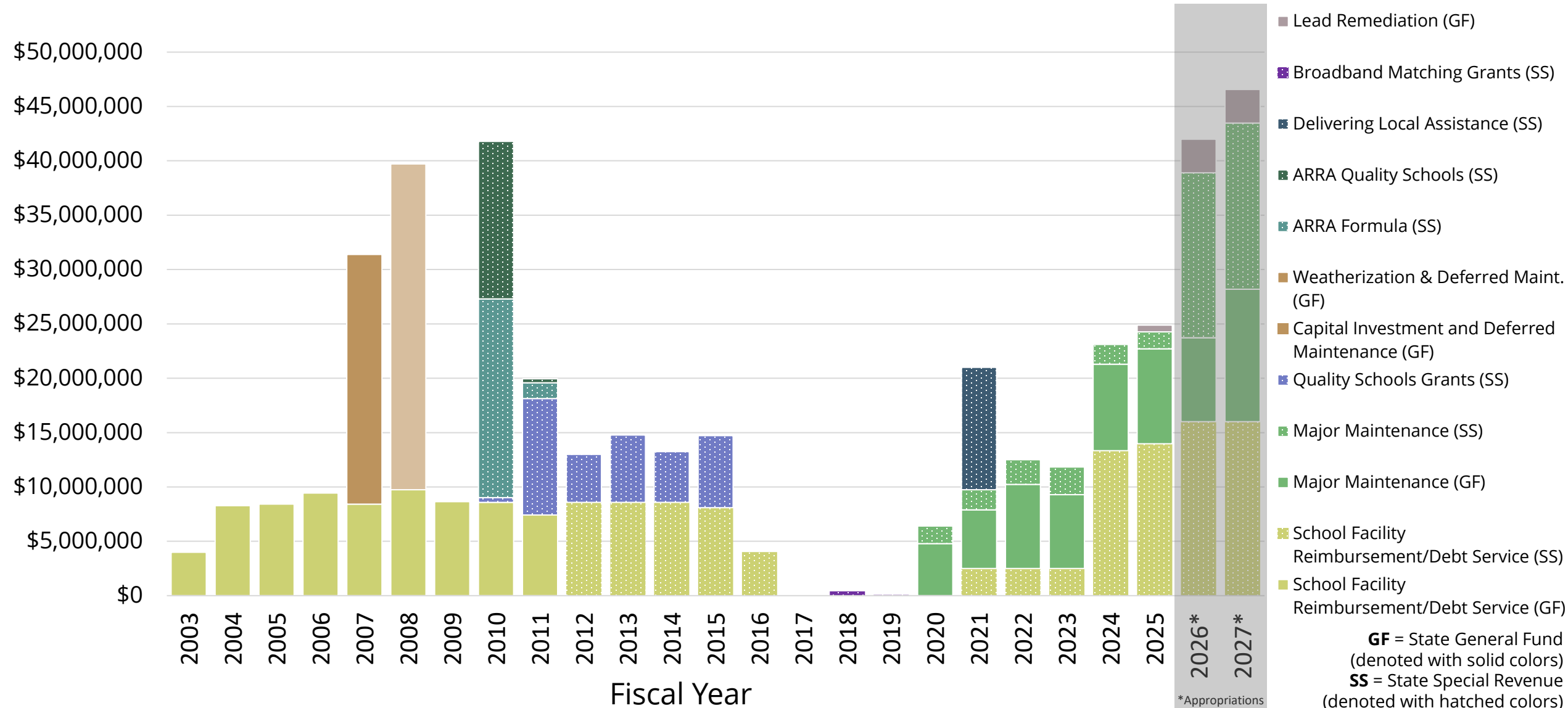


School Facilities – 3 Tiers

The 2015-16 School Funding Interim Commission devoted considerable time to School Facilities and included the following in its [Final Report](#) findings:

1. The commission identified three “tiers” related to facility needs:
 - a. **Tier 1—Operations and regular maintenance (O&M)** – basically the normal costs of heating, cleaning, and running a building (the state and district share a large portion of these costs via the district general fund);
 - b. **Tier 2—Major maintenance** – those larger, periodic investments, like replacing a roof or boiler, resurfacing floors, fixing or replacing windows (this was an area of funding concern due to unpredictable state support of the QSFGP and lack of district commitment evidenced by just over a quarter of districts utilizing building reserve funds); and
 - c. **Tier 3—New construction including additions and major renovations** (district bond levies are the main funding vehicle for this and state support of poorer districts through the facility reimbursement program [now “debt service assistance”] has eroded over the last decade).
2. Local effort in building and maintaining district facilities helps ensure prudent planning and ongoing maintenance.
3. District capital improvement planning is more effective when:
 - a. districts are provided greater budgetary flexibility;
 - b. state support for school facilities is consistent;
 - c. state programs are flexible in meeting the varied needs of districts; and
 - d. districts have a long-term facilities plan based on an updated facility condition inventory.

State Funding for School Facilities Over the Years

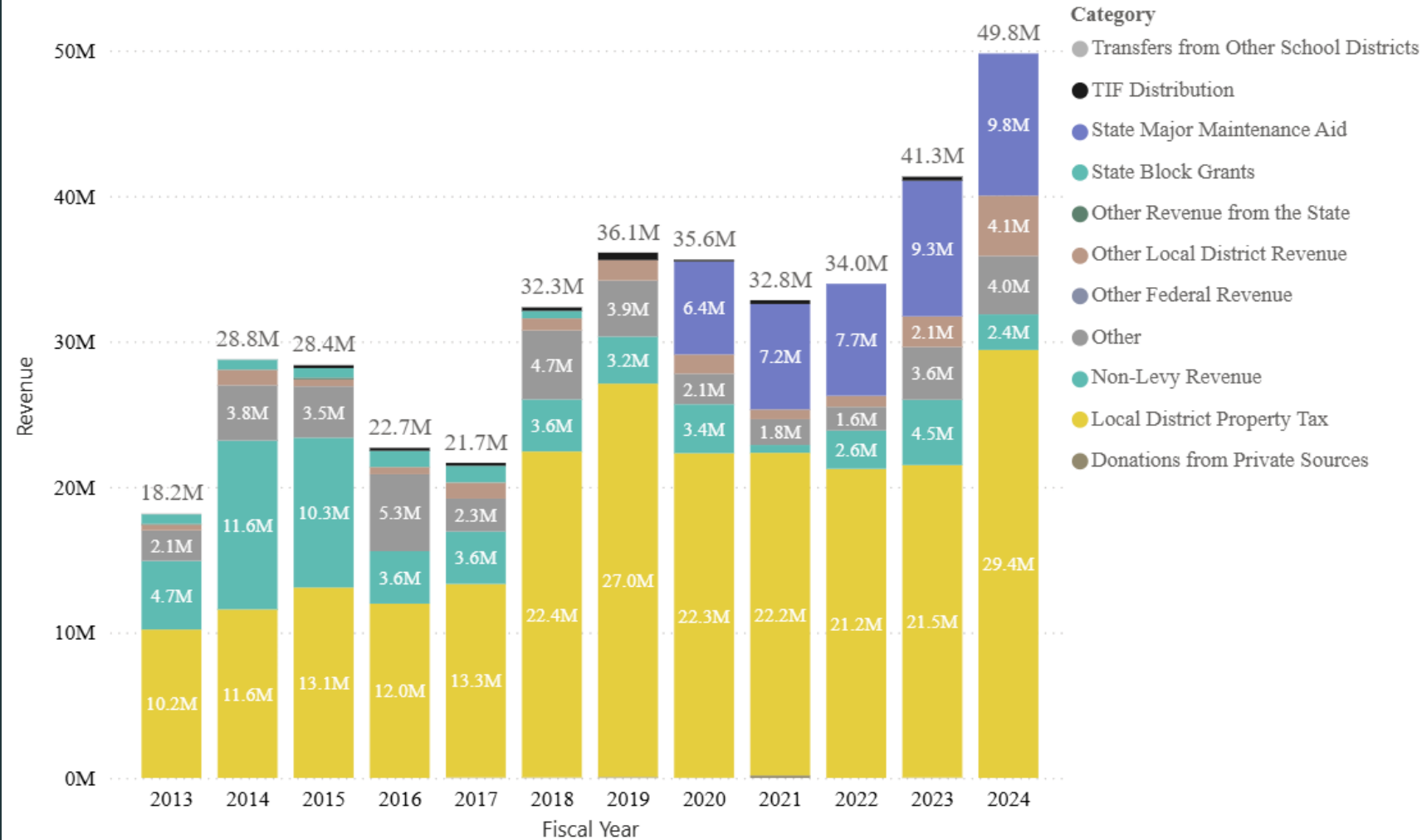


*Appropriations

The Building Reserve Fund – Revenues

- [20-9-502, MCA](#)
 - Voted property tax levies for major maintenance projects
 - State major maintenance aid
 - Matching funds for state major maintenance aid are funded through a permissive district property tax levy (up to 10 mills for EL/HS districts & 20 mills for K-12 districts) or by transfers from other funds
 - Non-levy revenues
- See the [Building Reserve Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

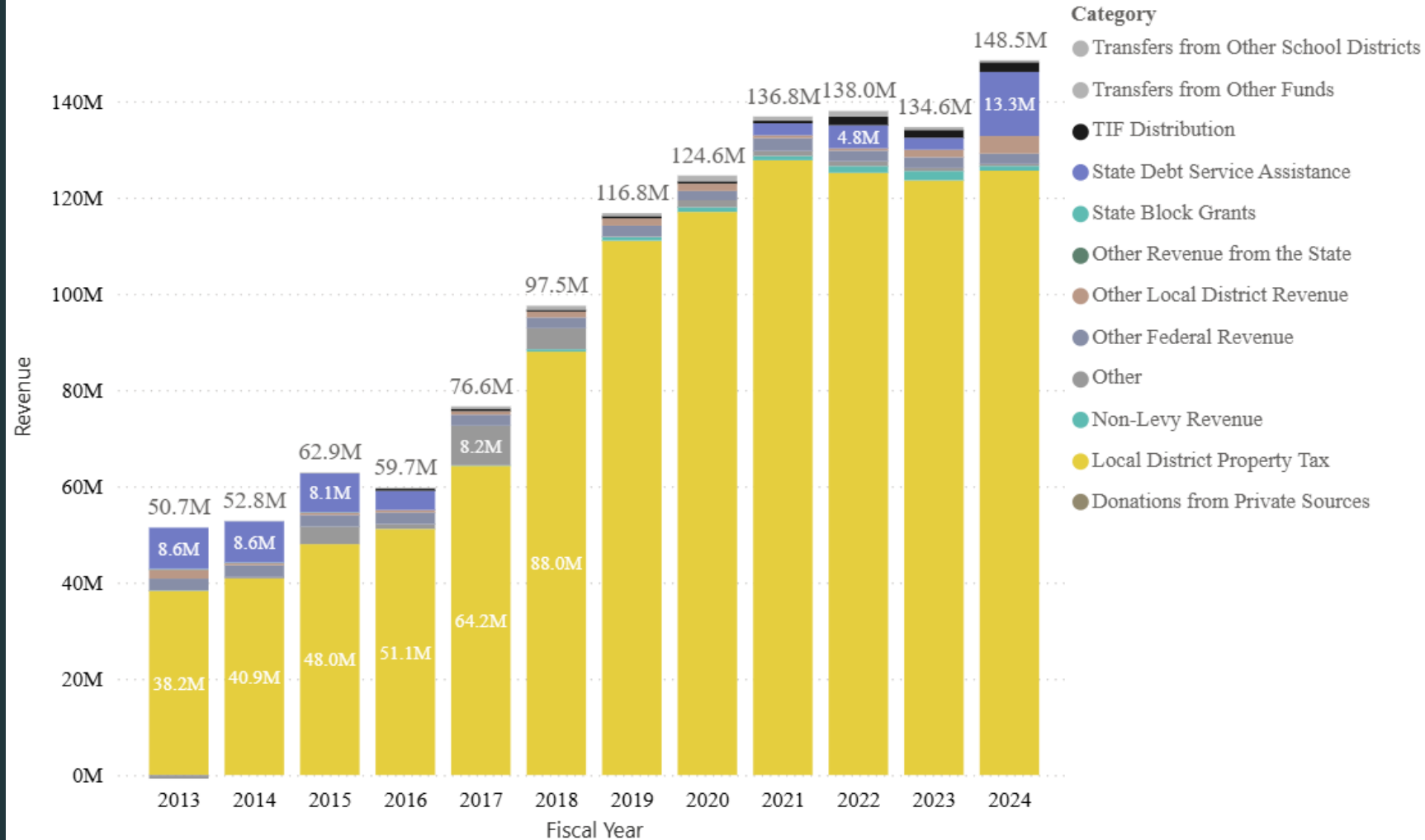
The addition of state major maintenance aid beginning in FY 2020 has provided more funding in the building reserve fund while lowering property taxes.



The Debt Service Fund – Revenues

- [20-9-483, MCA](#)
 - Voted property tax levies
 - State debt service assistance
 - Non-levy revenues
- See the [Debt Service Fund Brochure](#) and the [School District General Fund Interactive Tool](#) to learn more.

When voters approve a bond issue, they are giving the district their approval to be taxed in order to service (pay back) the debt on those bonds over a period of years.

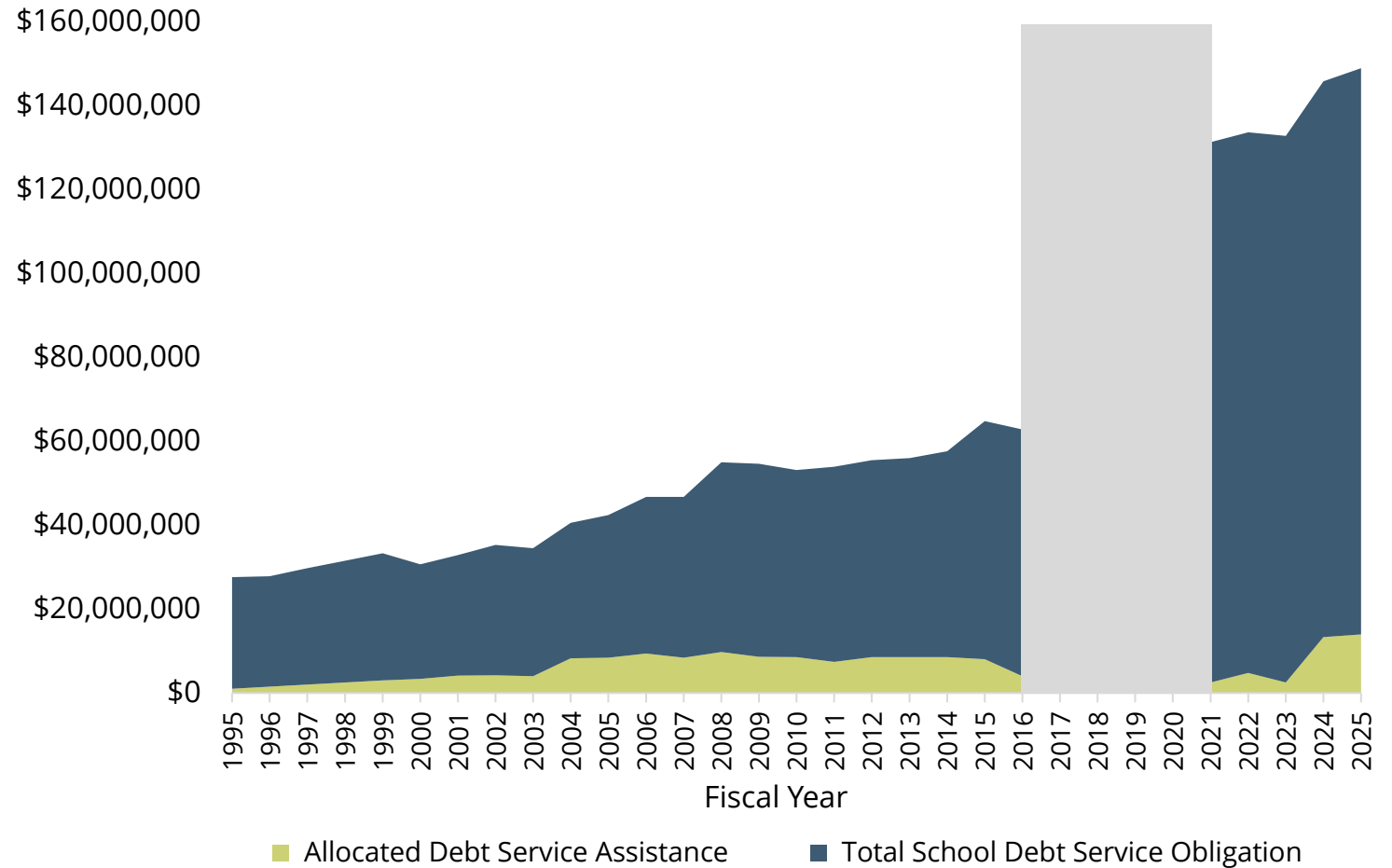


State Debt Service Assistance

In the mid-2000s when state debt service assistance was fully funded (and debt obligations were much lower), the program covered 20-25% of statewide debt obligation.

In recent years, the program has covered less than 5% of the statewide debt obligation, and in FY 2017 – 2020 the program was not funded at all.

Recent legislative efforts, including the creation of a school facilities fund within the coal tax trust, should help ensure more robust funding of the program going forward.



*Data unavailable for FY 2017-2020 when Debt Service Assistance was not funded

2008 FCI Basics

Remember the Special Session of December 2005???

Facilities had been an area of concern in the Columbia Falls I lawsuit, and part of the state's response was to allocate \$2.5 million for a **facility conditions inventory** of EVERY school district building in the state.

- January to April 2008
- 42 field inspectors
- 15,000 hours
- 2,200 buildings
- 31 million square feet
- Finding: statewide cost to address facility deficiencies = \$360 million

The inventory was intended to provide each district a prioritized list of improvement projects to work from and update every 2-4 years.

Initially, state major maintenance aid required districts to “dust off” and update this inventory, but this requirement was subsequently removed to provide greater flexibility and reduce reporting requirements.



School Funding Resources:

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

Property Tax Resources:

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

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