K-12 Funding Basics – District General Fund

Budget Limits for school district general funds are based on percentages of various funding blocks.

Building Blocks	BASE Budget Limit (required)	MAX Budget Limit (allowed)
Per-ANB Entitlement	80%	100%
Basic Entitlement	80%	100%
Special Education Payment	140%	175-200%
Five State-Funded Components	100%	100%
Housing Adjustment	Not applicable	% increase to MAX bdgt for certain districts

The largest school district fund is the general fund. Statewide for FY 2026, districts adopted general fund budgets of $1.4 billion and will receive approximately $1.0 billion in state support.

1. Five Fully State-Funded Components

Quality Educator and Qualified Staff Payment – A per-FTE payment for teachers, other licensed professionals, and designated staff. **New for FY 2026:** the payment is doubled when districts meet teacher salary benchmarks

At Risk Payment – A payment to schools to address at-risk students; or students who are affected by an environment that negatively impacts performance and threatens the likelihood of promotion or graduation

Indian Education For All Payment – A per-ANB payment to fund the state's constitutional commitment to the preservation of American Indian cultural integrity

American Indian Achievement Gap Payment – A per-American Indian student payment for the purpose of closing the performance gap that exists between American Indian and non-Indian students

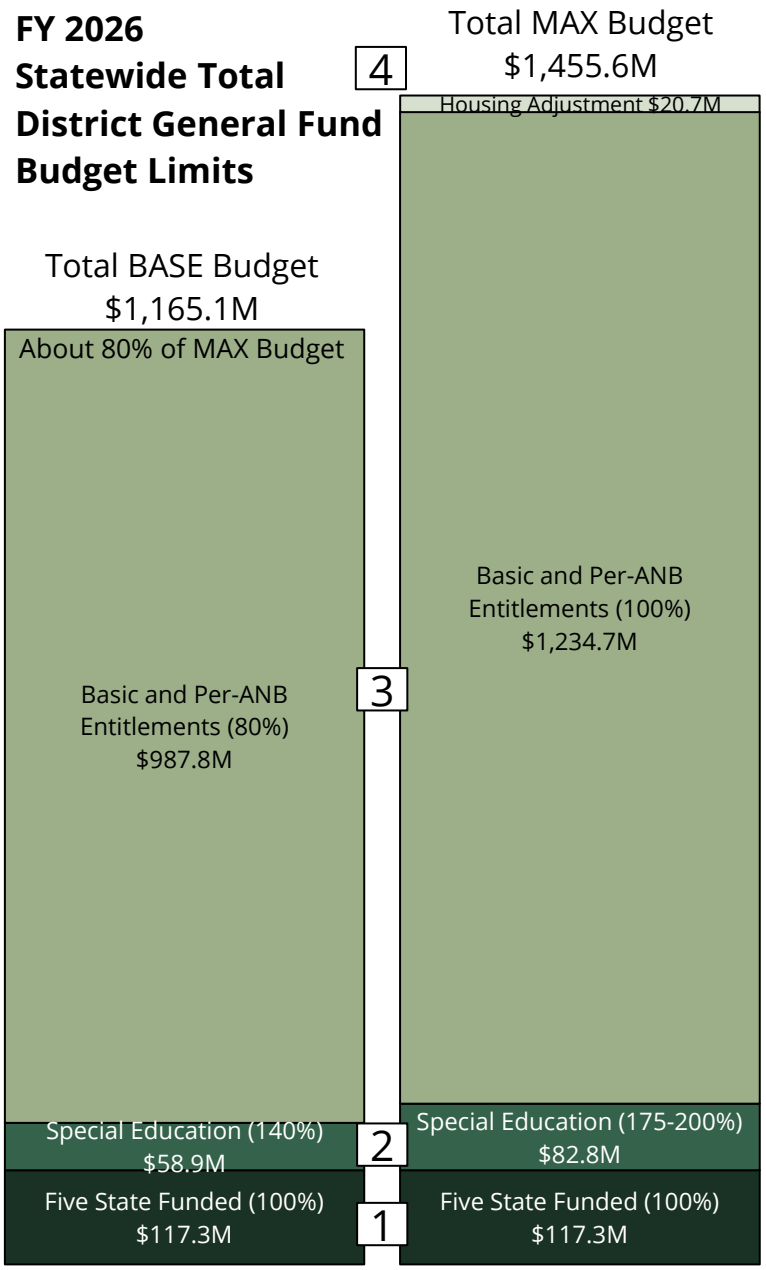
Data for Achievement – A per-ANB payment to pay for costs associated with student data systems

2. Special Education Payment – A per-ANB payment regardless of the count of special education students. Portions of the special education appropriation go to cooperatives and to reimbursements for high-cost students

3. Per-Average Number Belonging (ANB) Entitlement - A per-ANB dollar amount driven by the greater of the prior year's enrollment or a 3-year average. ANB is a proxy for enrollment

Basic Entitlement – A set amount per district based on whether it is an elementary school district, middle school district, or high school district. Districts with higher enrollment are eligible for additional basic entitlement "increments"

4. Housing Adjustment (new for FY 2026) – HB 252 (2025) allowed districts in or near counties with median housing costs higher than the statewide median to increase the district's MAX budget calculation by certain percentages



Adopted Budgets for the school district general fund are funded with a blend of state and local revenues.

State Aid (Non-GTB)	State GTB Aid
Local Property Tax	Fund Balance Reappropriated
Local Non-Levy Revenue	Tuition

1. The Five Fully State-Funded Components – 100% funded by the state

2. Special Education Payment – Formula funds provided to local school districts in the form of block grants

3. Direct State Aid – Received by every district and is equal to 44.7% of the district's Per-ANB and Basic entitlements

4. Fund Balance Reappropriated – Any excess district general fund from the previous year

5a. BASE Non-Levy Revenue – Items such as interest earnings, facility rental income, summer school, oil and gas revenues, and coal gross proceeds

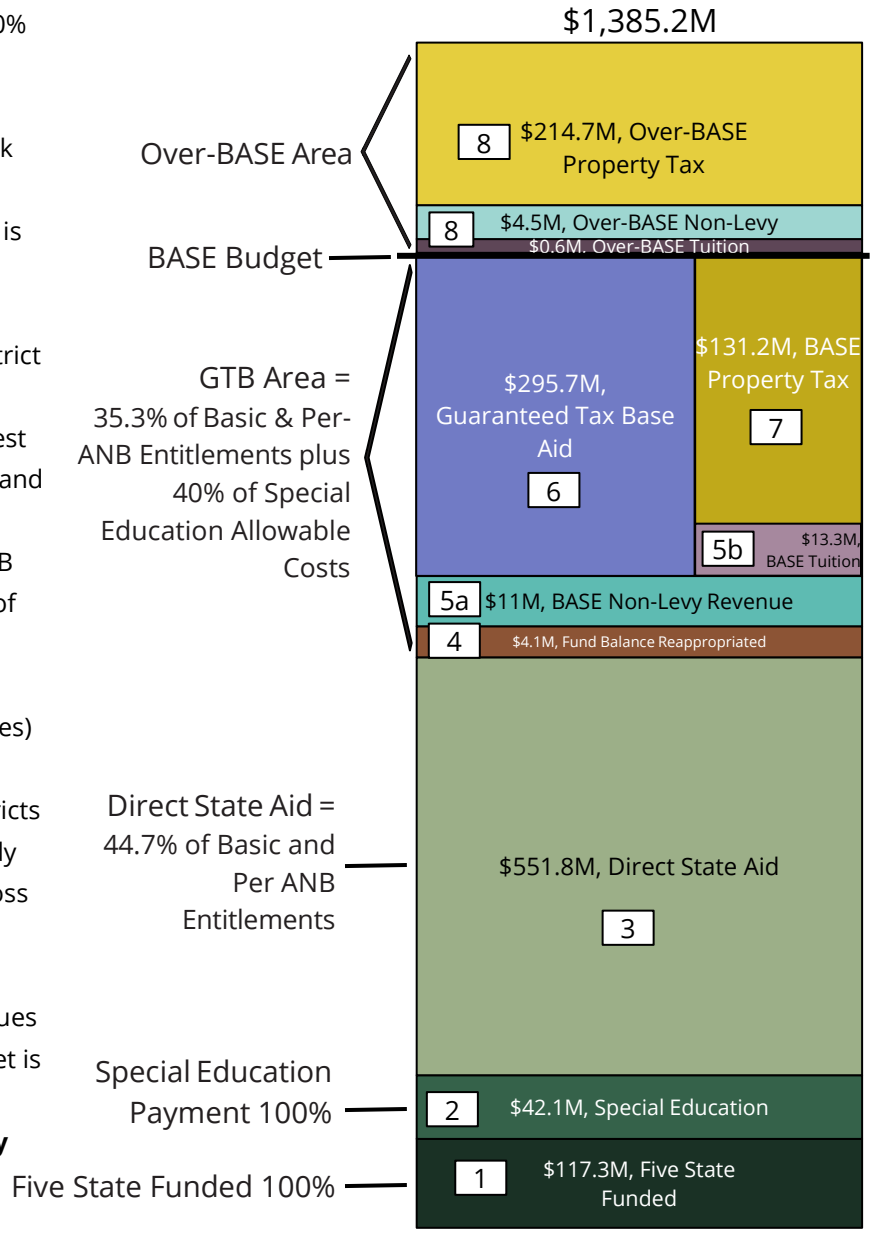
5b. BASE Tuition Payments **(new for FY 2026)** – HB 203 (2023) required tuition payments from district of residence to district of attendance, based on the percentage of local property taxes supporting the general fund budget (both BASE and over-BASE levies) in each district. BASE tuition payments offset local property taxes in the BASE budget of receiving districts

6. Guaranteed Tax Base (GTB) Aid – A state subsidy for mill levies used to equalize property wealth across the state. GTB aid provides a subsidy per mill to eligible districts

7. BASE Property Taxes – Local property tax revenues

8. Any **Over-BASE** area of a district's adopted budget is funded by available **non-levy revenues**, **tuition payments**, and/or an **over-BASE property tax levy** approved by voters

FY 2026 Statewide Total District General Fund Adopted Budget



Other State Funding

The legislature is also responsible for setting rates for state participation in teacher's retirement, transportation, technology, major maintenance, and debt service. Formulas for those payments can be found in Title 20, Chapter 9 of the Montana Code Annotated.

Impacts to Local Districts

The legislature's role is to assure adequate funding for a quality school system. If the legislature needs to adjust the formula, there could be local tax consequences. The main source of local contribution is property taxes.

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