Understanding Montana School Finance And School District Budgets

MONTANA OFFICE OF PUBLIC INSTRUCTION

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OPI School Finance Webpage

Introduction

The purpose of this document is to provide Montana citizens, legislators, parents, and school board trustees with an overview and basic understanding of Montana school finance and school district budgets. It is written in a question/answer format and addresses some of the major aspects of school finance and the budgeting process.

The concepts outlined are subject to change with every legislative session and as new laws affecting school finance are enacted.

Many of the topics covered may be found at the Montana Office of Public Instruction website. In addition, more detailed information about a school district may be obtained by contacting the school district superintendent and/or district clerk, the county superintendent of schools, the county treasurer, or the county commissioners.

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Montana Constitution

Article X, Section 1 of the Montana Constitution of 1972 states:

> *"(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 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."*

Commonly Used K-12 Education Acronyms

The following list of acronyms are commonly used in K-12 education and throughout this guide:

Acronym	Meaning
ANB	Average Number Belonging - A student count used for school funding purposes. It is the formula based on factors that include enrollment on two count dates, PIR days, and an average school year of 180 days. ANB used to determine ANB based entitlements as well as calculate school BASE and maximum general fund budgets 20-9-311, MCA.
ARM	Administrative Rules of Montana - Administrative rules are agency regulations, standards or statements of applicability that implement, interpret, or set law or policy. An agency can also adopt administrative rules that describe the organization, procedures, or practice requirements of the agency. Agencies are given rulemaking authority through the legislative process.
BASE	Base Amount for School Equity - The minimum general fund budget that all public-school districts must adopt in Montana 20-9-306, MCA.
BPE	Montana Board of Public Education - The BPE was created by the Montana Constitution of 1972 to exercise general supervision over the elementary and secondary schools of the state.
DSA	Direct state aid - means state aid paid to each district in support of the district’s general fund budget. The amount paid is 44.7% of the district's basic entitlements and per-ANB entitlements.
GTB	Guaranteed tax base (GTB) is calculated state aid to help equalize the differences in revenue generating capacity between districts with different property tax bases and to help balance the principles of educational local control and equality of opportunity embodied in the Montana Constitution.
MAEFAIRS	Montana Automated Education Financial Accounting and Information Reporting System
MCA	Montana Code Annotated - The laws of Montana
Mill Value	1/1000 of the taxable value of a jurisdiction
OPI	The Office of Public Instruction
TIF	Tax Increment Financing
TFS	Trustees’ Financial Summary
TRS	Teachers’ Retirement System
PIR	Pupil-Instruction-Related - The term for a day of teacher activities devoted to improving the quality of instruction.

Statewide Overview

Q: How many public-school districts does Montana have?

A: For the five most recent school years, Montana had the following number of school districts:

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Elementary	243	240	239	238	238
High School	100	100	99	98	98
K-12	60	62	63	64	64
Grand Total	**403**	**402**	**401**	**400**	**400**

Note: This chart includes non-operating districts. There were three non-operating districts in FY 2022.

Q: How much of Montana's school funding comes from local property taxes, federal, state, county, and local sources?

A: The revenue sources for statewide total public school district expenditures are listed in the table below.

Funding Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State	43.34%	42.99%	43.43%	40.63%	39.69%
Local Property Taxes	30.45%	30.57%	30.81%	28.99%	27.87%
County	8.97%	8.75%	8.88%	8.35%	7.87%
Local Non-Tax	4.86%	4.86%	4.52%	2.98%	3.45%
Federal	12.38%	12.83%	12.36%	19.05%	21.12%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Q: What is the total general fund budget for Montana's school districts?

A: The revenue sources for statewide public school district general fund adopted budgets are listed in the table below.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total General Fund	**$1.134B**	**$1.153B**	**$1.185B**	**$1.196B**	**$1.234B**
State Revenue	$775.9M / 68.4%	$787.5M / 68.3%	$817.7M / 69.0%	832.5M / 69.6%	870.4M /70.5%
Local Revenue	$340.8M / 30%	$348M / 30.2%	$349M / 29.5%	348.6M / 29.2%	350.2M /28.4%
Other Revenue	$17.6M / 1.6%	$17.7M / 1.5%	$17.7M / 1.5%	14.6M / 1.2%	13.4M /1.1%

The funding included in the table above is comprised of:

State – Direct State Aid, Special Education, Guaranteed Tax Base Aid, American Indian Achievement Gap, Quality Educator, At-Risk, Indian Education for All, and Data for Achievement.

Local – Property tax levies.

Other – Includes non-levy revenues, such as oil and gas, tuition, coal gross proceeds, interest earnings, and fund balance reappropriated.

Q: What does a school district's general fund budget pay for?

A: The school general fund is defined as the fund used to account for the financing of a district's operation and maintenance costs not accounted for in another fund. Some *examples* of general fund expenditures include salaries and benefits, supplies associated with pupil instruction, administration, support services to students, loans paid to the Board of Investments, and extracurricular activities not paid by the student activities fund. The general fund is the main budgeted fund of a district.

Q: What portion of Teachers' Retirement is funded by employers and employees?

A: The Teachers' Retirement System benefits schoolteachers in Montana, who contribute up to 8.15% of their salaries into the system. As of 7/1/2022, school district employers contribute 9.37% for active employees and 11.75% for working retirees. See the TRS website for additional information.

Q: What is the average school general fund budget per pupil in Montana?

A: Please see the chart below.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY2023
Total Budget Per Pupil	$7,626	$7,721	$7,782	$8,176	$8,051	$8,239
State Support (Included in Total)	$5,067	$5,281	$5,314	$5,645	$5,605	$5,811

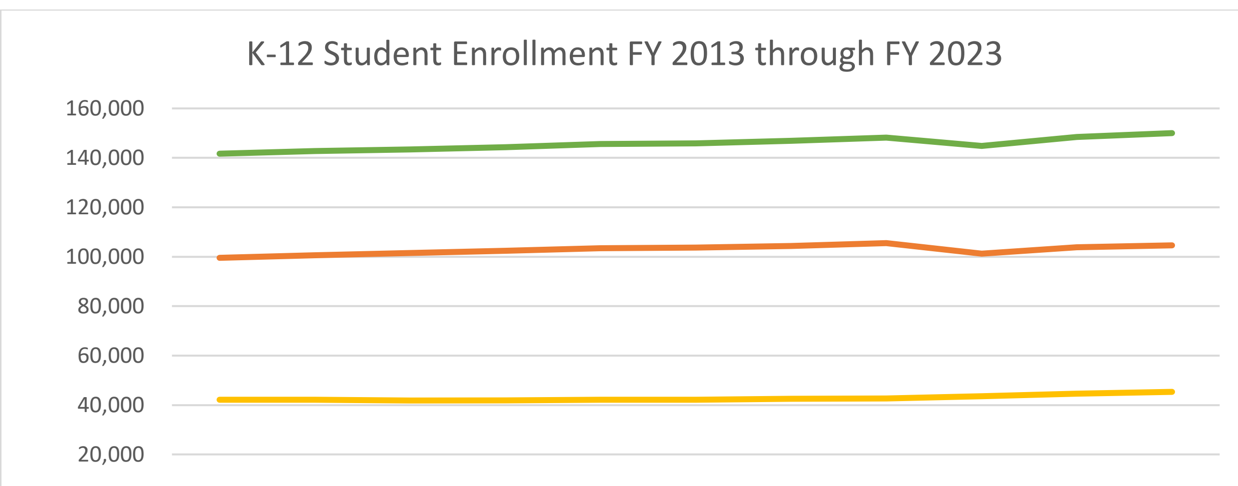
Q: What are school trust lands?

A: Under the Enabling Act that granted Montana its statehood in 1889, the federal government ceded 5.2 million acres of land across Montana for common school support. The State Board of Land Commissioners has the authority to direct, control, lease, exchange, and sell school trust lands and lands which have been or may be granted for the support and benefit of the various state educational institutions. Income from school trust lands and interest from the public-school permanent fund are set aside in a "Guarantee Account" and statutorily appropriated to fund K-12 BASE aid. The Legislature builds these school trust funds into its revenue estimates for schools. If income and interest earnings from the school trust lands exceeds $56 million annually, the excess interest and income revenue is distributed to the school major maintenance account. A portion of the revenue from the sale of timber on Common Schools land and income received from certain lands and riverbeds, are deposited in the School Facility and Technology Account, which was established to provide money to schools for facilities and technology improvements and facility debt service assistance.

Q: How many students are enrolled in Montana's public schools?

A: See the table and chart below to see enrollment.

<u>Enrollment Table:</u>



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ELEM	99,572	100,612	101,554	102,411	103,454	103,747	104,365	105,522	101,228	103,900	104,658
HS	42,123	42,198	41,858	41,871	42,148	42,176	42,544	42,673	43,622	44,608	45,358
K-12	141,695	142,810	143,412	144,282	145,602	145,923	146,909	148,195	144,850	148,508	150,016

Q: How much tax revenue is raised by the county equalization (55) and statewide equalization (40) mills?

A: The table below demonstrates how much equalization is collected statewide.

Mill Type	FY 2018	FY 2019	FY 2020	FY 2021	FY2022
County Equalization (55) Elem & HS	$164.8	$171.1	$177.2	$186.7	$201.4
Statewide Equalization (40)	$112.0	$116.8	$125.9	$126.9	$139.1
Total Equalization Dollars	**$276.8M**	**$287.9M**	**$303.1M**	**$313.6M**	**$340.5M**

Note: Information as reported from the Department of Revenue as of 10/2022

Organization of a School District

Each school district is governed by a board of trustees who are responsible for every action of the school district. The trustees are elected officials and, as a board, must carry out their duties according to the Montana Constitution, the laws of Montana, and the Administrative Rules of Montana, the Board of Public Education (BPE), and other pertinent state agencies, such as the Office of Public Instruction (OPI). The trustees hire a district superintendent and school clerk (required) to assist with the general supervision and fiscal responsibilities of the school district. The trustees also work with the county superintendent of schools, county commissioners, and county treasurer.

Election information is available on the OPI Website under School Finance – Elections.

Q: Why does the board of trustees control the school district?

A: Article X, Section 8 of the Montana Constitution establishes local control of a school district: "The supervision and control of schools in each school district shall be vested in a board of trustees to be elected as provided by law."

Q: When are school district trustees elected?

A: Trustee elections take place on the regular school Election Day, which is the first Tuesday after the first Monday in May. 20-20-105, MCA

Q: How long do the trustees serve on the board?

A: Trustees are elected for three-year terms, unless filling a vacancy.

Q: What are the qualifications to become a school district trustee?

A: A school district trustee must be a registered voter and a resident of the school district.

Q: How many members are on the board of trustees?

A: The number of trustees on the board depends on the population within school district boundaries. Typically, small school districts have three trustees, medium sized school districts have five trustees, and large school districts have seven trustees. See 20-3-341 and 20-3-351, MCA for specific information.

Q: Are trustees paid for their positions?

A: No, the trustees of a school district do not receive compensation for their services as trustees, except for the treasurer of the school board.

Q: What are the powers and duties of the trustees of each district?

A: The trustees are ultimately responsible for every aspect of the school district. The trustees make policy, adopt and administer the annual budget, approve expenditures, make required reports to various agencies, establish elections, and enforce the requirements for government of the school district according to state law and the Administrative Rules of Montana, the BPE and the OPI. A list of these duties is found in 20-3-324, MCA.

Q: Does an individual board member have any authority in the operation of a school district?

A: No board member, including the chairperson, has authority as an individual in the operation of a school or school district. The only authority an individual has is as a member of the board when acting as part of a collective unit in a regular or properly called special meeting.

Q: What is the role of the district superintendent?

A: The superintendent is responsible for the general supervision of all the schools of the district, for implementing and administering the policies of the board of trustees, recommending the courses of instruction and the selection of reference and library books, general supervision of pupils, including compulsory attendance, responsibility to report attendance, absence, and enrollment to the superintendent of public instruction and the county superintendent, and other duties as prescribed by the trustees . In very small schools that do not hire a district superintendent, the county superintendent of schools fulfills this role. The district superintendent must hold a valid administrative license in the state of Montana. See 20-4-402, MCA for additional information.

Q: What is the role of the *district clerk*?

A: By law, the trustees must employ and appoint a clerk of the district. The district clerk is the custodian of all documents, records and reports of the trustees and is required to attend all meetings of the trustees to keep an accurate and permanent record of all the proceedings of each meeting. Most clerks are also employed to perform accounting and financial reporting functions for the school district. See 20-3-325, MCA for additional information.

Q: What is the role of the *county superintendent of schools*?

A: The county superintendent provides general supervision of the schools located in the county as outlined in 20-3-205 and 20-3-206, MCA. Other duties found in state law include chairing the county transportation committee, acting as attendance officer for a third-class school district, if one is not appointed, serving as clerk of a joint board of trustees, and assisting trustees with school supervision if a district superintendent or principal is not employed there. The county superintendent is an elected position and must be a qualified elector, hold a valid Montana teaching or administrative certificate, and have at least 3 years of successful teaching experience.

Fund Accounting

School district accounting systems are organized and established on a fund basis. A fund is a self-balancing set of accounts used to track the fiscal activity for a specific purpose or activity. Each fund must be accounted for separately so that its resources, obligations, revenue, and expenditures are kept apart from other funds. Legal reference to fund accounting for schools may be found at 20-9-201, MCA. The Governmental Accounting Standards Board, (GASB) establishes accounting and financial reporting standards for U.S., state, and local governments that follow Generally Accepted Accounting Principles (GAAP).

The School Accounting Manual is a great resource to find additional information. Visit the School Finance – Accounting Webpage for more information.

Q: What *types of funds* are used by school districts?

Governmental Funds—Most school district functions are financed through four types of governmental funds: General, Special Revenue, Capital Projects, and Debt Service. These funds are classified as either budgeted or non-budgeted funds.

Proprietary Funds—The two types of proprietary funds, Enterprise and Internal Service, are used to account for a school district's ongoing organizations and business-type activities that are similar those found in the private sector. Proprietary funds are non-budgeted funds.

Fiduciary Funds—The two types of fiduciary funds, Trust and Custodial, are used to account for assets held by a school district in a trustee capacity or as a custodian for another entity or fund. Fiduciary funds are non-budgeted funds.

Q: What are district budgeted funds?

A: A budgeted fund means any fund for which a budget must be officially adopted by the board of trustees to expend money from the fund. 20-9-201(2)(a), MCA. A budgeted fund is a fund for which a budget must be adopted to expend money from the fund. Budgeted funds include: General Fund, State Special, Debt Service, and Building Reserve Fund.

Q: What are district *non-budgeted funds*?

A: A non-budgeted fund is any fund for which an official budget is not required to be adopted in order to expend money on deposit in the fund, 20-9-201(2)(b), MCA. Expenditures from these funds are limited to the amount of cash balance in the fund. Non-budgeted funds include: Special Revenue, Permanent, Capital Projects, Enterprise, Internal Service, Trust, and Custodial.

For a more detailed list of funds please visit the Appendix section SCHOOL DISTRICT FUND STRUCTURE.

Q: What are district accounting codes?

A: By law, each district must use the accounting codes designated by the OPI. This ensures continuity and uniformity across the state. The OPI uses accounting codes suggested by the U.S. Department of Education. More information about the NCES manual is found HERE.

Q: What are the different components of an expenditure accounting code?

A: District clerks issue payments for expenditures using codes that identify the purpose, program, function and other details of the transaction.

The accounting structure is designed to give the desired informational breakdown of expenditures and other financing sources. This structure includes the following structure to be reported into the OPI MAEFAIRS system. Districts should discuss local accounting system structures with software vendors to assure compliance with reporting into the MAEFAIRS system. An expenditure code can be made up of seven different parts. They are:

1. Fund — Three Digits (Two digits in MAEFAIRS), (General Fund, Transportation Fund, etc.)
2. Subfund — Three Digits (Only applicable to the Building Reserve Fund)
3. School Code — Four Digits
4. Program — Three Digits, (regular programs, special education programs, etc.)
5. Function — Four Digits, (instruction, student support services, etc.)
6. Object — Three Digits, (salaries, supplies, utilities, etc.)
7. Project Reporter Code — Three Digits, (code for district's separate accounting of projects)

For example, an expenditure code might look like this: 161-613-0234-100-1000-680-123

XXX - XXX - XXXX - XXX - XXXX - XXX - XXX

Fund Subfund School Code Program Function Object Project Reporter Code

For districts that are required to report the federal Every Student Succeeds Act (ESSA), MAEFAIRS requires a school code for expenditure coding. The four-digit school code is based on the OPI designated school code number.

In the building reserve fund, there is a requirement for the inclusion of a subfund code. The subfund code is a three-digit code directly after the Fund Code described above. For more information on subfund coding please see the Building Reserve Guidance document on the OPI website.

A description and list of codes is found in the Chart of Accounts at: Accounting Guidance.

Q: Are school districts audited?

A: Yes. Audit requirements are listed in the chart below. For additional information please visit the OPI Audit webpage.

Type of Audit or Review Required:	Threshold	Contractor	Term	Comments:
(State law) Review Due June 30	*REVENUES (All Funds) Less than or equal to $750,000	By Contracted Auditor The OPI or Dept. of Administration will notify district. Contract must be done through the Dept. of Administration as 3rd party.	One year at a time with a rotating 4-year schedule	A review of procedures, especially for recording and reporting revenues and expenditures.
(State Law) Regular (Yellowbook Audit) Due June 30	*REVENUES (All Funds) More than $750,000 (Federal threshold amount)	By Contracted Auditor Dept. of Administration has standard contracts and a roster of authorized Auditors.	Usually Annual	May be for two years, if approved by Department of Administration.
(Federal Law) Federal Audit Due March 31	FEDERAL EXPENDITURES (Including USDA Commodities) $750,000 or more	By Contracted Auditor Department of Administration has standard contracts and a roster of authorized Auditors.	Annual	Regular Audit, plus additional procedures to review and report on federal programs.

Funding and the Budget Process

Most discussion about Montana school budgets and the budget process concentrates on the general fund. The general fund budget is used to finance instruction, administration, facility maintenance, and other operational costs of a district not financed by other funds established for special purposes. To equalize school funding in Montana, state law requires schools to adopt general fund budgets within an equalized range between the BASE and Highest Budget allowed. The Highest Budget Allowed is either the current year maximum or the previous year’s adopted budget, plus increases in the BASE aid components as defined in 20-9-325 and 20-9-327-330, MCA and increases in the per-ANB and Basic Entitlements.

To see the history of the school funding system, please see the HISTORY OF SCHOOL FINANCE LAWS.

Q: How are BASE (minimum) and Maximum general fund budget levels calculated?

A: Budget levels are calculated based on state entitlements, driven by enrollment, number of educators and licensed professionals, and number of American Indian students. The basic and per-ANB entitlements, Quality Educator, Indian Education for All, American Indian Achievement Gap, At-Risk Student and Data for Achievement components, along with the district's special education funding, define BASE (minimum) and Maximum general fund budget limits.

Q: What is ANB?

A: In October and February of each school year, school districts report the number of students enrolled in their schools to the OPI. From these counts, ANB (Average Number Belonging) is calculated. The calculation is figured by computing the average enrollment (October and February counts) and then multiplying the average enrollment by the 187 and then divide by 180. ANB is then used to calculate the per-ANB entitlement, Special Education, Indian Education for All, and the Data for Achievement components. Together with the Basic Entitlement, At-Risk Student component, and the Quality Educator component, make up the BASE and Maximum general fund budget limits for the following school year.

A school district can use current year ANB or 3-year average ANB for each budget unit by level (elementary or high school), whichever generates the greatest Maximum general fund budget. Current year ANB is the ANB for the budget unit for the ensuing school fiscal year. 3-year average ANB means an average of ANB over the most recent 3-year period, calculated by adding the current year ANB to the current ANB for each of the previous two school fiscal years, dividing the sum by 3, and rounding up to the next whole number.

Q: What is the *Basic Entitlement*?

A: The Basic Entitlement is the minimum funding each school district will receive from the state if in operating status. Basic Entitlement rates are set by the legislator and codified in 20-9-306 (6), MCA.

The FY 2023Basic Entitlement rates are:

Elementary K – 6 grades:

- $55,741 for the first 250 or fewer ANB plus $2,788 for each additional 25 ANB over 250

Middle School 7 – 8 grades:

- If *non-accredited*, include in the elementary ANB calculation and if *accredited* the rate is $111,483 for the first 450 or fewer ANB plus $5,574 for each additional 45 ANB over 450

High School 9 – 12 grades:

- $334,453 for the first 800 or fewer ANB plus $16,723 for each additional 80 ANB over 800

IN THE 2021 LEGISLATIVE SESSION:

- HB 15 AMENDS SECTION 20-9-306, MCA, PROVIDING INFLATIONARY INCREASES OF 1.5% FOR FY 2022 AND 2.57% FOR FY 2023 FOR FUNDING OF BASE AID COMPONENTS.
- HB 630 PROVIDES APPROPRIATION FOR FEDERAL FUNDS FOR COVID-19 RELIEF, ESTABLISHES A TEMPORARY MAINTENANCE OF EQUITY PAYMENT FOR SCHOOL DISTRICTS, TEMPORARILY SUSPENDS ANTICIPATED ENROLLMENT INCREASES DUE TO COVID-19, TEMPORARILY MODIFIES FINANCIAL SUPPORT FOR UNANTICIPATED ENROLLMENT INCREASES DUE TO COVID-19
- HB 632 APPROPRIATES FEDERAL FUNDS FOR COVID-19 EMERGENCY RELIEF PURSUANT TO THE AMERICAN RESCUE PLAN ACT OF 2021
- HB 46 SECTION 20-9-306, MCA IS AMENDED TO INCLUDE THE SPECIAL EDUCATION ALLOWABLE COST PAYMENT AS A PART OF THE DEFINITION OF BASE AND TO DESCRIBE THE CALCULATION FOR DETERMINING THE SIZE OF THE "TOTAL SPECIAL EDUCATION ALLOCATION".

- HB 143 PROVIDES ADDITIONAL QUALITY EDUCATOR COMPONENT PAYMENTS FOR DISTRICTS THAT MEET LEGISLATIVE GOALS FOR COMPETITIVE BASE PAY OF TEACHERS.
- HB233 AMENDS SECTION 20-9-311, MCA, THE CALCULATION OF AVERAGE NUMBER BELONGING (ANB), IS MODIFIED TO INCLUDE A PUPIL WITH DISABILITIES WHO IS OVER 19 YEARS OF AGE AND HAS NOT YET REACHED 21 YEARS OF AGE BY SEPTEMBER 10 OF THE SCHOOL YEAR AND WHO IS RECEIVING SPECIAL EDUCATION SERVICES FROM A SCHOOL DISTRICT.
- HB 303 PERMITS AN INCREASE TO CLASS EIGHT BUSINESS EQUIPMENT TAX EXEMPTION FROM $100,000 TO $300,000 PROVIDED FOR IN 15-6-138(4), MCA. AND PROVIDES A REIMBURSEMENT TO SCHOOL DISTRICTS BY INCREASING THE DISTRICT GENERAL FUND GUARANTEED TAX BASE AID (GTB) MULTIPLIER IN 20-9-366, MCA FROM 232% TO 236% BEGINNING IN FY 2023, HOWEVER CERTAIN CONTINGENCIES APPLY.
- HB 663 AMENDS SECTION 20-9-366, MCA BY INCREASING THE DISTRICT GENERAL FUND GUARANTEE TAX BASE AID (GTB) MULTIPLIER FROM 232% TO 250% BEGINNING IN FY 2022.

HISTORICAL BASIC ENTITLEMENT RATES for historical rate comparisons including FY 2021 rates, please see the HISTORICAL BASIC ENTITLEMENT RATES

Q: What is the *per-ANB* entitlement?

A: Per-ANB entitlement (also known as per-student entitlement) varies based on the total number of ANB in the school district. The per-ANB entitlement rates are determined by the Legislature and included in 20-9-306 (15), MCA. A reduction commonly referred to as "the decrement" gradually decreases the amount of entitlement provided for each ANB until a threshold number is reached, once this threshold is met each ANB past the stop loss garners the same entitlement amount.

The FY 2023 per-ANB entitlement rates are:

Elementary K – 6 grades:

1. Under 1,000 ANB - the 1st ANB is $5,962 and each following ANB -$0.20 up to 1,000 ANB
2. Over 1,000 ANB is $5,762.20 each

Middle School 7 – 8 grades:

1. If *non-accredited*, use the Elementary rate and ANB count
2. If *accredited* program, calculate as Middle school ANB using High School calculation

High School 9 – 12 grades:

1. the 1st ANB is $7,634, each following ANB -$0.50 up to 800 ANB and each ANB over 800 is $7,234.50 each.

For historical rate comparisons including the FY 2023 rates, please see the HISTORICAL PER-ANB ENTITLEMENT RATES.

Q: What are the General Fund Elements?

A: The elements include: Direct State Aid (44.7% of the BASIC and per-ANB Entitlement), Quality Educator, At-Risk Student, Indian Education for All, American Indian Achievement Gap, Data for Achievement, and Special Education.

Calculations of these elements are:

- American Indian Achievement Gap - A payment for each American Indian student enrolled in the district on the fall enrollment count date. See 20-9-306 (11) and 20-9-330, MCA. The FY 2023 rate is $229 per American Indian Student.
- At-Risk Student - The At-Risk Student component is intended to address the needs of at-risk students. Once the legislature allocates an appropriation to the OPI, the appropriation is allocated based on the Title I distribution amount. See 20-9-306 (12) and 20-9-328, MCA. The FY 2023 state appropriation distributed to school is $5,873,777.

- Data for Achievement - A school district receives a payment for each ANB in the district. See 20-9-306 (13) and 20-9-325, MCA. The FY 2023 rate is $22.29 per ANB.
- Indian Education for All - A payment to assist with the implementation of the provisions of the Montana Constitution (Article X, section 1(2)) and the statutory requirements for the recognition of American Indian cultural heritage (20-1-501, MCA). See in 20-9-306 (14) and 20-9-329, MCA. The FY 2023 rate is $23.28 per ANB or $100 per district, whichever is greater.
- Quality Educator - Each district and special education cooperative will receive a payment for each full-time equivalent licensed educator and for other licensed professionals employed by the school district, including registered nurses, licensed practical nurses, physical therapists, speech language professionals, psychologists, licensed social workers, counselors, occupational therapists, and nutritionists. See 20-9-306 (16) and 20-9-326, 20-9-327, MCA. The FY 2023 rate per Quality Educator is $3,472.
- Special Education – Funding to schools begins with a legislatively approved allocation defined in section 20-9-306, MCA, for special education provided for in 20-9-321 and 20-7-431 (5), MCA. This allocation is distributed to schools and coops through four calculations. These include the Instructional Block Grant and Related Services Block Grant which are based on current year ANB, a reimbursement for disproportionate costs, and an additional distribution for special education cooperatives related to travel and administration.

For historical rate comparisons including the FY 2023, please see HISTORICAL GENERAL FUND COMPONENT RATES.

Q: How does the state fund special education?

A: The OPI distributes state funding for special education in following categories:

1. Instructional Block Grant (IBG) and Related Services Block Grant (RSBG)—These block grants are based on the current year ANB of a district. Allowable expenditures are defined in 20-7-431, MCA. The district must spend $1 of local money for every $3 received from each block grant. If a school district is a member of a special education cooperative, the state pays the district's RSBG directly to the cooperative.
2. Disproportionate Costs (40%) Reimbursement —Districts with unusually high special education costs may be eligible for additional special education reimbursements.
3. Special Education Cooperatives receive state funding support for administration and travel expenditures.

Q: What is a *special education* cooperative?

A: Special education costs involve the services of specialists, such as speech or physical therapists and psychologists. Large school districts can pay for these special services through their own programs. However, smaller districts may not have adequate resources to run a special education program. The result is that small- and mid-sized school districts usually pool their resources by forming a cooperative to maximize their special education services. A special education cooperative is an organization developed for providing special education services. Cooperative boundaries are set by law under the authority of the State Superintendent of Public Instruction and district participation is voluntary based on the district's ability to provide SPED services to students.

Q: What does the state spend on special education?

To see the historical payment amounts for special education, please see the HISTORICAL SPECIAL EDUCATION

Q: What is the *BASE* budget?

A: The BASE budget is the minimum budget that a district must adopt for its general fund. It is equal to 80% of the basic entitlement, 80% of the district's per-ANB entitlement, 100% of the Quality Educator component, 100% of the At-Risk Student component, 100% of the Indian Education for All component, 100% of the American Indian Achievement Gap component, 100% of the Data for Achievement component, 140% of the district's Special Education allowable cost payment, and includes the 40% of the district's prorated Special Education cooperative cost payment.

Q: What is the *Maximum budget*?

A: The Maximum general fund budget is the sum of 100% of the district's basic entitlement, 100% of the district's per-ANB entitlement, 100% of the Quality Educator component, 100% of the At-Risk Student component, 100% of the Indian Education for All component, 100% of the American Indian Achievement Gap component, 100% of the Data for Achievement component, between 175% and 200% of its Special Education allowable cost payment, and includes between 75% and 100% of the district's prorated Special Education cooperative cost payment.

Maximum	**BASE**
100% Per-ANB Entitlement	80% Per-ANB Entitlement
100% Basic Entitlement	80% Basic Entitlement
100% Quality Educator Component	100% Quality Educator Component
100% At-Risk Student Component	100% At-Risk Student Component
100% Indian Education for All Component	100% Indian Education for All Component
100% American Indian Achievement Gap Component	100% American Indian Achievement Gap Component
100% Data for Achievement Component	100% Data for Achievement Component
100% Special Ed Allowable Cost Funding (State)	100% Special Ed Allowable Cost Funding (State)
If not in co-op, includes Related Services Block Grant -	If not in co-op, includes Related Services Block Grant -
75% to 100% X [Special Ed Allowable Cost Funding PLUS Prorated Co-Op Payment if a member]	40% X [Special Ed Allowable Cost Funding PLUS Prorated Co-Op Payment if a member]

Q: What if a district's current budget is between the BASE and Maximum levels?

A: The district's budget is equalized if it is between the BASE and Maximum levels.

Districts generally must obtain voter approval to adopt a budget over the BASE. A district may adopt a budget without an over-BASE levy up to the amount of the current year BASE budget plus the highest over-BASE levy authorized or imposed in the past five years, this is termed the *highest budget without a vote*. A district may adopt a budget greater than the highest budget without a vote; however, any increase requires an approved over-BASE levy.

A district may adopt a budget that exceeds the Maximum in limited cases.

Q: How does a district determine how to budget in the general fund?

A: Districts can adopt the higher of the Maximum budget or the adjusted prior year adopted budget. Districts may be required to seek voter approval to attain these budget levels. In no case can any district budget below the minimum "BASE level."

Q: What is the adjusted prior year adopted budget?

The adjusted prior year adopted budget is calculated as follows:
Prior year adopted budget amount

+ any increases in the following general fund components:

- ± Quality Educator
- ± At-Risk Student
- ± Indian Education for All
- ± American Indian Achievement Gap
- ± Data for Achievement

+ any increases in direct state aid for the following:

- ± Basic entitlement

± Per ANB entitlement

+ Full-time kindergarten transition amount

= **ADJUSTED PRIOR YEAR ADOPTED BUDGET**

Q: How does a district fund its general fund budget?

A: A district may fund its general fund budget from the following sources: .

1. Direct State Aid equal to 44.7% of the district's basic and per-ANB entitlements
2. At Risk Payment, Indian Education for All Payment, American Indian Achievement Gap Payment, Data for Achievement Payment, and Quality Educators Component.
3. Special Education Allowable Cost payments from the state that are paid directly to the district.
4. Non-levy revenue and fund balance reappropriated.
5. Non-voted local levies subsidized with Guaranteed Tax Base (GTB) aid to fund 35.3% of its basic and per-ANB entitlement and 40% of its special education allowable cost payment, including Related Services Block Grant paid directly to cooperatives.
6. Voted and authorized non-voted local levies with no GTB aid for that portion of the general fund budget that exceeds the BASE budget limit.

Q: What is the difference between Highest Budget Without a Vote and the Highest Budget?

A: See the chart below for a description.

HIGHEST BUDGET WITHOUT A VOTE	HIGHEST BUDGET WITH A VOTE	VOTING REQUIREMENT
FY2023 BASE budget limit + The highest levy Over-BASE authorized or imposed between FY2018 and FY2022 + Estimated FY2023 Tuition Revenue + Non-Levy Revenues available to fund the over-BASE budget + FY2022 Excess Reserves used to fund the FY2023 Over-BASE budget + Fund Balance Reappropriated available to fund the Over-BASE budget + Flexible Non-Voted Levy Authority transferred from the Transportation, Bus Depreciation, Tuition, or Adult Ed funds.	Greater of: FY2022 Maximum Budget - or - FY2022 Adopted Budget + increases resulting from individually comparing the FY2023 Basic Entitlement, Per– ANB Entitlement, Quality Educator, Indian Ed for All, At Risk, American Indian Achievement Gap and Data For Achievement payments to each FY2022 payment received. + Fulltime Kindergarten Transition Amount (FY2022 Average Kindergarten Enroll/2 X (PAA-3)% X 5,226 + 20.40)	Any increase in Over-BASE tax dollars needed to fund the budget **Note:** Equals the difference between the proposed budget (up to Highest Budget) and the permissive budget (Highest Budget Without a Vote).

Q: How is the BASE Mill Levy calculated?

A: The BASE Mill Levy is a required local permissive (non-voted) tax levy. It is calculated by taking the BASE budget and subtracting all non-tax revenue sources that will be available to the district, including state funding, non-levy revenues such as oil and gas production revenues, and fund balance that can be reappropriated to fund the BASE budget next year. The remainder of the BASE must be funded with the BASE mill levy. The state subsidizes the BASE mill levy through GTB aid for districts that qualify.

Q: What is *non-levy revenue*?

A: School districts receive revenues from other sources in addition to those levied on property. Some examples are:

- Interest earnings
- Summer school revenues
- Coal gross proceeds tax
- Montana oil and gas tax
- Rental of buildings and equipment
- School Block Grants – *coal mitigation & state lands*
- Property tax reimbursements
- Tuition

Q: What is GTB aid, and how does a school district qualify to receive it?

A: GTB means *Guaranteed Tax Base. GTB aid* is a state subsidy for general fund BASE mills. It is used to equalize property-generated wealth across the state. This is the state revenue source that helps school districts maintain minimum (BASE) funding levels. If a district's taxable value compared to the locally funded part of the BASE budget is below the comparable statewide ratio, the eligible district will receive GTB aid to assist in funding to minimum base funding limits**.**

Q: How is the statewide GTB ratio figured for the elementary or high school?

A: The statewide taxable valuation is multiplied by 254% for FY 2023. This is then divided by the locally funded portion of BASE budgets, which includes 35.3% of the basic and per-ANB entitlements and 40% of the total special education allowable costs payments for all schools statewide.

The State GTB Ratio is calculated as follow:
Statewide Taxable Valuation x 254% Divided by (35.3% of Basic Entitlement + 35.3% of per-ANB Entitlement + 40% Special Education)

This process is done for elementary and high schools separately. A similar process is applied to individual districts and if the district falls below the statewide ratio, the district will qualify to receive GTB.

Q: What is *Unreserved Fund Balance Reappropriated*?

A: At the end of the fiscal year (June 30), most districts still have cash on hand. After considering any unpaid obligations, the remainder is referred to as fund balance. School districts can set aside, or reserve, some or all their fund balance (not to exceed 10% of the ensuing year's adopted budget or $10,000 whichever is greater in the district general fund) to continue operation of the school district until funding is received from the state and property taxes. Fund Balance Reappropriated is the difference between the end-of-year fund balance and the amount reserved for operations. It must be used to fund the next year's budget. The maximum amount of fund balance that may be reappropriated to the general fund budget is limited to 15% of the ensuing year's Maximum general fund budget. Unreserved fund balance that exceeds this amount must be remitted to the state guarantee account (70%) and the state school facility account (30%) per 20-9-104, MCA.

Q: How much fund balance is a district allowed to reserve for operations?

A: By law, a district cannot carry over more than $10,000 or 10% of the upcoming school year adopted budget of the general fund (whichever is greater). Reserve limits have also been established for some of the other budgeted funds (Transportation Fund 20%, Retirement Fund 20%, and Adult Education Fund 35%). The general fund also provides a provision for Excess Reserves to be designated when delinquent and protested tax revenues have been identified by the county treasurer.

Q: Are school districts required to budget non-levy revenue sources?

A: Section 20-9-141, MCA, says that school districts must budget in the current year the same amount of non-levy revenue as actually received in the prior year in the general fund. Non-levy revenues that must be anticipated including interest earnings and other non-levy revenue received in the previous year.

In addition, [20-9-310](20-9-310) , MCA, allows a school district to deposit its oil and natural gas production tax revenues in any budgeted fund of the district. If a district allocates an amount to its BASE budget that is less than 12.5 percent of its prior year receipts of oil and natural gas production taxes, the district must levy permissive mills to make up the difference between 12.5 percent of its prior year receipts and the amount allocated to its BASE budget. This portion of the BASE levy will not be matched by guaranteed tax base aid for eligible districts.

Q: What is the *Over-BASE budget*?

A: If a district adopts a budget over the BASE (minimum) budget, that amount of budget is called the over-BASE budget. The over-BASE budget of an equalized district would be, at most, the amount of budget between the BASE and Maximum. That difference would be equal to 20% of the basic entitlement, 20% of the per-ANB entitlement and between 35% and 60% of state Special Education funding.

Q: How is the Over-BASE budget funded?

A: The over-BASE budget, including any amount of budget that exceeds the Maximum, is funded using a local over-BASE tax levy and a flexible non-voted levy, if needed. The state does not help finance these mill levies. Some districts receive tuition and other non-levy revenues that help fund this part of the budget.

Q: What happens if a district's budget is over the Maximum level?

A: Any budget over the Maximum is "disequalized." The district may adopt a budget over the Maximum up to the amount of the prior year adopted budget plus the highest over- BASE levy authorized or imposed in the past five years. A flexible non-voted levy may also be imposed.

Q: What is a Flexible Non-Voted Levy?

A: Districts may increase the over-BASE budget levy without a vote if non-voted or permissive property tax levies are reduced by at least that much in other budgeted funds. The funds that would reduce their levies would be the tuition, adult education, bus depreciation, and transportation funds. The ongoing budget authority for any non-voted increase in the over-BASE budget levy must be reduced in future years to the extent that non-voted levies increase in the other funds.

Q: What happens if *enrollment decreases* from the prior year?

A: Montana laws provide a three-year averaging of enrollment to reduce the effects of enrollment decreases on funding. If ANB decreases from the prior year, the BASE and Maximum budget levels will usually decrease for the year.

Q: Does a district have to lower its budget if enrollment drops?

A: If the district needs an increase in the prior year over-BASE levy to maintain its prior year budget level and voters do not approve the increase, the district will have to lower its budget. In some cases, districts may be able to use the Flexible Non-Voted Levy to avoid reducing the budget.

Q: How does a district get the required voter approval for an over-BASE tax increase?

A: To obtain voter approval for an over-BASE tax increase, the trustees adopt a resolution calling for an election. Budget elections are held on the regular school election day (the first Tuesday following the first Monday in May). School districts may conduct the election on a date other than the regular school election day in years the legislature meets and passes laws that affect school funding.

Q: How do voters know how much the voted tax increase will be?

A: State law requires certain information be stated in the ballot language. Required language includes the total amount of the tax increase, the approximate number of mills and an estimate of the increase in the home property taxes with market values of $100,000 and $200,000.

Q: What happens if *a budget election* fails?

A: If voters do not approve the increase, the school district may adopt a budget that is no greater than its highest budget without a vote. For an equalized district, the over-BASE levy can be no more than the highest over-BASE levy authorized or imposed in the past five years, plus any Flexible Non-Voted Levy authority transferred to the general fund.

Q: How does the board of trustees set the budgets of the school district?

A: Generally, the school district superintendent makes recommendations to the board regarding funding levels needed to meet the district's objectives. The trustees set the official budgets. The adoption of a budget is done at a meeting, or series of meetings, open to the public. Taxpayers in the district may participate in board meeting discussions that can affect the district's decisions.

Q: Do the trustees call for a mill levy election prior to the adoption of a budget or after it is adopted?

A: The trustees have preliminary budget figures for use in considering a resolution to call for a levy election. Elections must be held in May, or later in legislative years. The trustees can adopt the final budget no later than August 15 but must have obtained voter approval before taking actions that require a vote.

Q: When is the final budget prepared?

A: The board of trustees must adopt a final budget no later than August 25th. Within three days after final approval, the adopted budget is delivered to the county superintendent, to be placed before the county commissioners. 20-9-131, MCA

Q: What is the county commissioners' role in the school district budget process?

A: Although the trustees control the budget process in a school district, the county commissioners levy the required mills for the final budget. The commissioners cannot alter the budget, but they can send it back to the trustees if there is insufficient revenue to fund the budget. By law, commissioners set the mill levies by the later of the first Thursday in September, or within 30 calendar days after receiving certified taxable values. 7-6-4036, MCA

Q: Does a district have to spend all the money budgeted in a school year?

A: No law forces a district to spend what is budgeted and raised through the various revenue sources. However, the amount carried over from one fiscal year to another (the fund balance reappropriated) must offset local non-voted revenue, and the amount of fund balance that may be reappropriated is limited to 15% of the ensuing year's maximum general fund budget. Any excess over the limit must be reverted to the state.

Q: What is the budget process for the *other budgeted funds*?

A: The process for the other budgeted funds is like the general fund. Since these funds are established for specific purposes, the types of expenditures and revenue sources are varied. Tax levies in the Transportation, Bus Depreciation, Tuition, and Adult Education funds are non-voted (permissive). Voter approval is required for tax levies in the Debt Service, Building Reserve, Technology and Flexibility funds.

Q: What is the purpose of the Transportation Fund?

A: The Transportation Fund is used to pay for the costs of getting students from home to school and back. This can include the purchase of buses, building a bus barn, bus maintenance, bus driver salaries and benefits, hiring a private contractor to run the transportation program, and transportation reimbursement contracts. The state and county share in funding "on-schedule costs" based on bus routes and mileage contracts with parents. Additional funding is provided through fund balance reappropriated, non-levy revenues and a non-voted district transportation fund levy.

Q: What is the purpose of the Bus Depreciation Reserve Fund?

A: The Bus Depreciation Reserve Fund is used to accumulate funds for bus replacement and additional school buses. Revenue may come from fund balance reappropriated, non-levy revenues, and a non-voted district tax levy which cannot exceed 20% of the original cost of a bus or communication systems and safety devices installed on the bus and the amount budgeted may not, over time, exceed 150% of the original cost.

Q: What is the purpose of the Tuition Fund?

A: The Tuition Fund is used in limited cases to pay tuition for a student who attends school outside the student's district of residence. Students may be attending under mandatory or discretionary agreements paid by the resident school district. The rates of tuition charged for a resident student may not exceed 20% of the tuition per-ANB amount for the year of attendance. Tuition for a child with a disability must be determined by the rules adopted by the OPI Tuition for a child with a disability must be determined by the rules adopted by the OPI under ARM 10.16.3818. . Funding sources include fund balance reappropriated, direct state aid, non-levy revenue, and a non-voted district tax levy.

Q: What is the purpose of the Retirement Fund?

A: The Retirement Fund is used to pay the school district's share of specific employer contributions, including social security and Medicare taxes, Teachers' Retirement System (TRS) and Public Employees Retirement System (PERS) contributions, and state unemployment insurance. It is funded by a countywide retirement levy.

School districts must use federal funds for employer contributions to the retirement, federal social security, and unemployment insurance systems for all employees whose salaries are paid from a federal funding source, excluding employees paid from the Impact Aid and Food Service Fund.

Q: What is the purpose of the Debt Service Fund?

A: The Debt Service Fund is used to budget for expenditures for bonded debt (principal and interest) issuance costs and agent fees, and to levy for special improvement district assessments. State subsidies for eligible districts known as Debt Service Assistance is available contingent upon funding to school districts with a district mill value per ANB that is less than the statewide mill value per ANB. Debt Service Fund revenues also include fund balance reappropriated and non-levy revenues.

Q: What is the purpose of the Adult Education Fund?

A: State law authorizes districts to establish an adult education program. The program may provide any area of instruction approved by the trustees, including basic and secondary general education and vocation/technical education for persons 16 years of age or older who are not regularly enrolled, full-time pupils. Revenue sources for this fund include fund balance reappropriated, non-levy revenue (including student fees), and a non-voted district tax levy. State and federal money received for an adult basic education program are accounted for in a different fund. 20-7-702, MCA

Q: How much can be permissively levied in the building reserve fund?

A: 20-9-502, MCA, defines a calculation to determine the annual amount a district can budget as the school major maintenance amount. This calculation is the sum of $15,000 per elementary program and high school program plus the product of $110 multiplied by the district's budgeted ANB for the prior fiscal year. This is referred to as the SMMA (State Major Maintenance Amount) Box size (a calculated limit). Local effort revenues for the school major maintenance amount may consist of permissive levies not to exceed 10 mills (or 20 mills for K-12 district), deposits, and transfers from lawfully available revenue sources.

Q: What is the purpose of the Flexibility Fund?

A: The Flexibility fund is used for technology, facility expansion, student assessment and evaluation, curriculum development, and other types of expenditures as described in 20-9-543, MCA. Revenues include non-levy revenues, state and permissively levied funds related to the Transformational Learning Aid program under section 20-7-1602, MCA

(Terminates the end of FY2027) are to be deposited to the fund as well as state support for the Advanced Opportunities Aid program authorized under section 20-7-1506, MCA.

Q: What is the purpose of the Technology Fund?

A: The Technology Fund is used for the purchase, rental, repair, and maintenance of technology equipment, and associated technical training for school district personnel. Districts can purchase computer network access, software, data storage, desktop virtualization, network security, and technology curriculum. The levy is based on the actual cost of service and no depreciation is required. District tax levies that were approved prior to July 1, 2013, may be perpetual or durational, and is limited to 20% of the cost of the computer equipment and computer network access, not to exceed 150% of the cost over time. The term of district levies approved after July 1, 2013, may not exceed 10 years. If the district passes a new levy or votes to change an old levy to a new levy, the term of any existing perpetual levies must also be revised and limited to 10 years. Technology fund revenues include the state technology grant, fund balance reappropriated, non-levy revenues, state, federal and private grants, or donations that will be spent in the budget year, and a district tax levy.

Q: What is the purpose of the Building Reserve Fund (61)?

A: The Building Reserve Fund is used to accumulate funds for future construction, equipping or enlarging school buildings, or for purchasing land needed for school purposes. The fund is separated into four subfunds.

20-9-502, MCA, identifies subfunds within the building reserve fund for the following purposes:

1. Safety Subfund (611)– Transfer of funds to the building reserve fund for school safety and security.
2. Voted Levy Subfund (612) - Voted building reserve levies to raise money for future construction, equipping, or enlarging of school buildings or for the purchase of land needed for school purposes.
3. Permissive Levy Subfund (613) – Permissive levy not to exceed 10.00 mills (or 20.00 mills for a K-12 district) per fiscal year for school facility maintenance and repair. Also allows for deposits and transfers to the sub-fund, and limits as defined in statute.
4. Transition Levy Subfund 614 – Voted transition levies.

Q: Do the Building Reserve and Technology Funds elections need to be held along with the general fund election in May?

A: No. These are special elections that may be held at any time if the proper election procedures are followed. To allow enough time for completing the election before the budget is adopted, the school district would need to hold the election no later than August 1.

Q: What is a *budget amendment*?

A budget amendment is a procedure used to adjust an adopted budget. The law allows amendments for:

1. Unanticipated enrollment increases (currently suspended for FY2022 & FY2023);
2. Destruction or impairment of school property;
3. Court judgment for damages against the district;
4. Enactment of legislation after the adoption of the budget;
5. Deferred projects to be funded from receipt of protested taxes, tax audit, or delinquent taxes; or
6. Unforeseen needs of the district that cannot be postponed without affecting the safety of students and employees or the educational functions of the school district.

Q: Do budget amendments have to be approved by the Office of Public Instruction?

A: The only budget amendments that must be approved by the Office of Public Instruction are the unanticipated enrollment increase (currently suspended for FY2022 & FY2023) and an emergency levy. All other budget amendments are approved at the trustee level. These amendments do, however, need to be filed with the OPI, even though they do not need OPI approval. Steps for a resolution, public hearing, and timeline are set by statute. Any budget amendment adopted pursuant to 20-9-161(6)(b), MCA that, in combination with other budget amendments, within the same fiscal year exceeds 10% of the districts adopted general fund budget must be reported by the school district to the Education and Local Government Interim Committee and the Board of Public Education with an explanation of why the budget amendments were necessary.

How to Read a Property Tax Bill

Property taxes are based on the market value of the property and the taxable rate. The Montana Constitution places the responsibility for property tax values on the state. All taxing jurisdictions must use the assessed valuation of property established by the state (Article VIII, Sections 1 and 4). The Department of Revenue is responsible for the appraisal, assessment, and equalization of the value of all property in the state for taxation. The Legislature establishes various classes of property and the rate of tax on each class. Local governments (counties, cities, school districts, fire districts, etc.) determine the mill levy requirements for each taxing jurisdiction. By the later of the first Thursday in September or within 30 calendar days after receiving certified taxable values. (7-6-4036, MCA). Department of Revenue staff calculates the property tax liability for each property using the mill levies, including special district fees and charges. The county treasurer is responsible for the billing, collection, and reconciliation of property taxes.

Information about property taxes is available at the Department of Revenue's website at Revenue - Property Assessment Division.

Q: What is property *tax liability*?

A: It is the amount of taxes a property owner must pay to the county treasurer each year. The first half is due in November and the second half is due in May. Property tax liability depends on the taxable value of property owned by the taxpayer and the number of mills levied.

Q: What is *taxable value*?

A: Taxable value is the market value of a piece of property times the tax rate for that property. Taxable value times the number of mills levied by the different taxing jurisdictions (i.e., school districts, cities, counties, state) will determine the property tax liability.

Taxable Value = Market Value × Tax Rate

Taxable Value × .001 = Mill Value

Mill Value × Mills = Property Tax Liability

Q: What is a *tax rate*?

A: The tax rate is the percentage of market value of property that is considered taxable.

Q: Do all property owners pay the same tax rate?

A: Under state law, different types, or "classes," of property are taxed at different rates. *The property classification system* can be located at the Montana Department of Revenue website located at Revenue - Classifications or visit the Revenue - Property Assessment Division.

Q: What is a *mill*?

A: A mill is one-thousandth (.001) of a dollar. School districts can determine how much a mill will raise by taking the total taxable value in a district (an amount provided to the school district by the county assessor) and multiplying it by .001. This result is equal to what one mill will raise.

Example: The taxable value of property in an elementary district is $46,000,000. This amount multiplied by .001 equals $46,000. In other words, the amount of money raised by levying one mill would be $46,000. If this district needs to raise $2,500,000, it would divide $2,500,000 by $46,000, thus determining that 54.34 mills are needed.

Q: How is a property tax bill calculated?

A: An individual's property tax bill is calculated using the market value of the property, the tax rate, and the mill value. Example: For a residential property owner whose house has an assessed market value of $100,000, the taxable value in FY2023 would be $1,350 and the mill value would be $1.35 figured as follows:

Taxable Value

Market value	$100,000
Multiply by: Tax rate for Class 4 property	x 1.35%
FY2023 Taxable value	$1,350.00

Mill Value

Taxable Value	$1,350.00
Multiply by:	x One mill .001
Mill Value	$1.35

Property Tax Liability

Mills (from example above)	54.34
Multiply by: Mill value	$1.35
Property Tax Liability	$73.36

Q: Are any properties exempt from property tax?

A: Several different properties are not subject to property taxes. Examples include:

- ✓ Disabled Veterans' Land
- ✓ School, City, Local Governments, and County Lands
- ✓ Churches
- ✓ U.S. Government Land
- ✓ Municipal Corporations
- ✓ Some Nonprofit Organizations (such as nonprofit health care facilities)
- ✓ Public Facilities (such as museums, art galleries, zoos, etc.)

For a complete list of exempt properties, please visit MT DOR website Revenue - Property Exemptions.

Q: In addition to the local school district property taxes, do property owners pay other property taxes for education?

A: In addition to county mill levy taxes for local schools, there is a statewide equalization mill levy of 40 mills. Taxpayers also pay 33 mills for elementary county equalization and 22 mills for high school county equalization, and 6 mills to support the university system. Counties also assess mills to support school retirement and county transportation expenditures.

Q: What is the purpose of *state and county equalization levies*?

A: Every property owner in the state is assessed a 40-mill state equalization levy and a 55-mill county equalization levy. Money raised by these levies goes to the State General Fund. The purpose of these levies is to support statewide funding of school districts in the form of direct state aid, guaranteed tax base (GTB) aid, state transportation aid, and state special education funding.

Q: How does business taxation affect a school district?

A: In districts where there are large industrial plants, high personal property valuation of business property increases the tax base of a district. This can assist greatly in raising tax dollars to support a school district.

Grants and Other Funding Sources

Most of the revenue that a school district uses for its general fund budget comes from local, county, state, and federal taxes. The exact percentage that a district receives from each source depends upon the economic and population conditions of the district. School districts commonly look for other ways to bring revenue into the district without using direct tax dollars.

Q: Are grants a common source of revenue among school districts?

A: Grants are quite common as a method of supplementing school district budgets. The two common types of grants are "discretionary" and "entitlement."

Q: What is a *discretionary grant*?

A: Discretionary grants are competitive and can be obtained either through governmental agencies, a private sponsor, or the corporate sector. The skill of the grant writer is crucial to the success of this process; a district's needs alone may not be enough to ensure a competitive grant. It is becoming more common for small school districts to work together in a cooperative manner, pooling resources to fund a qualified grant writer. Large districts might hire their own writer or assign grant writing responsibilities to an administrator.

Q: What is an *entitlement grant*?

A: An entitlement grant is a grant awarded to a district based on a formula which may focus on enrollment or other factors rather than need.

Q: What grants are administered by the Office of Public Instruction (OPI)?

A: An overview of federal grant programs administered by the OPI may be found at its website at Title & Other Federal Programs and state programs can be found at State School Payments.

Q: Can school districts receive *donations or endowments*?

A: Yes, schools can accept and use donations or endowments from individuals, businesses, or public or private foundations.

Q: How do schools fund athletics and activities?

A: School districts fund athletics and activities, such as football, basketball, band, speech, etc., using gate receipts and participation fees, fundraisers, donations from booster clubs and parent organizations. Districts also support these programs using their general fund budgets.

Appendix Items:

School District Fund Structure

Fund	MCA	Fund	MCA
01 – General Fund	20-9-308	27 – Litigation Reserve Fund	20-9-515
10 – Transportation Fund	20-10-143	28 – Technology Fund	20-9-533
11 – Bus Depreciation Fund	20-10-147	29 – Flexibility Fund	20-9-543
12 – Food Service Fund	20-10-207	45 -Permanent Endowment Fund	20-9-604
13 – Tuition Fund	20-5-323 20-5-324	50 – Debt Service Fund	20-9-438
14 – Retirement Fund	20-9-501	60 – Building Fund	20-9-508
15 – Miscellaneous Programs Fund	20-9-507	61 – Building Reserve Fund	20-9-502
17 – Adult Education Fund	20-7-705	78 – Self Insurance Health Fund	20-3-331
18 – Traffic Education Fund	20-9-510	79 – Self Insurance Liability Fund	20-3-331
19 – Non-operating Fund	20-9-505	82 – Interlocal Agreement Fund	20-9-511
20 – Lease Rental Fund	20-9-509	84 – Student Extracurricular Activities Fund	20-9-504
21 – Compensated Absence Fund	20-9-512	85 – Miscellaneous Trust Fund	20-9-504
24 – Metal Mines Tax Fund	20-9-231 15-37-117	86 – Payroll Clearing Fund	20-9-220
25 – State Mining Impact Fund	90-6-307 90-6-309	87 – Claims Clearing Fund	20-9-220
26 – Impact Aid Fund	20-9-514	89 – COBRA/ Retirement Fund	2-18-704

Applicable Law and Administrative Rules

- Accounting — 20-9-302/376, 20-9-306, MCA
- Budgeting — 20-9-101/168, 20-9-306, MCA
- County Information — 20-9-212(6), 20-9-121, 20-9-141, MCA
- Election Information — 20-20-105, 20-20-311/312, 20-20-401/417, 20-9-353, MCA
- Student Count for ANB — 20-1-101, 20-5-101, 20-9-311/4, 20-9-369, 20-9-302(1) MCA
- Impact Aid — 20-9-514, MCA
- Pupil Transportation — 20-10-101 thru 20-10-147 MCA, ARM 10.7.101
- Tuition/Attendance — 20-5-101/111, 20-5-323/324, 20-7-420(2) MCA, ARM 10.10.301
- School Audit Monitoring — 2-7-503 & 2-7-514, MCA; ARM 2-4-402 & 2-4-410, Federal 2 CFR 200-501

Entitlements

- Direct State Aid — 20-9-306, MCA
- Guaranteed Tax Base Aid~
  - ✓ General Fund — 20-9-366, MCA
  - ✓ Retirement Fund — 20-9-366, MCA
  - ✓ Debt Service — 20-9-366 & 20-9-371, MCA
- Quality Educator — 20-9-306, 20-9-326 & 20-9-327, MCA
- Indian Education for All — 20-9-306 & 20-9-329, MCA

- American Indian Achievement Gap 20-9-306 & 20-9-330, MCA
- Data for Achievement 20-9-306 & 20-9-325, MCA
- Special Education 20-9-321, MCA
- At-Risk Student 20-9-306 & 20-9-328, MCA
- Pupil Transportation 20-10-141 & 20-10-142, MCA
- State Tuition 20-7-420, MCA
- Technology Fund 20-9-534, MCA

History of School Finance Laws

In 1985, a coalition of 64 school districts filed a lawsuit in Helena District Court claiming that the funding of the education system in Montana, guaranteed under the Montana Constitution, was unconstitutional. On January 13, 1988, the "Loble Decision" was handed down. This decision, which was challenged by the state of Montana and subsequently upheld by the Montana Supreme Court, confirmed that the State of Montana:

". . . Has failed to provide a system of quality public education granting to each student the equality of education opportunity guaranteed under Article X, Section I of Montana's Constitution."

In June of 1989, a special session was called to address the problem. During that session, HB 28 was passed to solve the equity problem. HB 28 increased funding and instituted a Guaranteed Tax Base System (a mechanism designed to assist low wealth districts by subsidizing their tax base through state assistance). However, the under-funded coalition did not feel that this solved the equity problem and the funding disparity issue ended up back in District Court. The result was two additional equity lawsuits filed in 1991. Subsequent legislative action passed by HB 667 established the current method of school funding for all public-school districts in the state. It established a formula that created maximum and minimum general fund budget levels for all school districts. Each school district was required to be within that range on or before 1998. SB 460 (1999 session) and SB 390 (2001 session) expanded the capacity of districts to adopt budgets that exceed the "Maximum" level.

In April 2004, the Sherlock decision in *Columbia Falls v. Montana* found the state share of school district spending inadequate and found that Montana's funding formula is not reasonably related to the costs of providing a basic system of free quality public elementary and secondary schools. The state appealed the decision to the Montana Supreme Court and the Court upheld the Sherlock decision.

In the 2005 legislative session, the legislature adopted a definition of a quality education and appointed a committee to study the formula and propose changes that would align it with the new definition. Also, schools received additional funding for FY 2007 from several new funding components, some which expanded the district general fund and some which were deposited as One-Time-Only payments (OTO) in the district miscellaneous programs fund.

In the 2007 legislative session, the legislature provided additional funding which further expanded the district general fund and state OTO payments in the miscellaneous programs fund.

In the 2009 legislative session, federal funds allocated to Montana in the American Recovery and Reinvestment Act (ARRA) were appropriated to support K-12 BASE aid in the district general fund and for federal grants to school districts for existing programs administered by the U.S. Department of Education in the miscellaneous programs fund. School districts and special education cooperatives received state OTO payments in the miscellaneous programs fund in support of deferred maintenance and energy efficiency expenditures.

In the 2011 legislative session, the Pathway to Excellence Program was established to promote educational excellence in Montana's public schools through data-driven decision making and to maintain a focus on continuous improvement and increased academic achievement for public school students. The session also authorized the creation of multidistrict cooperatives, in addition to establishing new mechanisms for the distribution of oil and natural gas production taxes.

In the 2013 legislative session, SB 175 redesigned the Basic Entitlement to provide additional resources for larger school districts. A new general fund budget component, the Data for Achievement (D4A) component, was added. The Natural Resource Development Funding (NRD) payment was established to provide a payment to each district in proportion to the district's direct state aid and to reduce local property taxes in support of general funds. Oil and gas production taxes were required to be remitted to the state when amounts exceeded thresholds of budget authority, and amounts were redistributed among districts with oil and natural gas production within their boundaries or which border on districts with the revenues. In some cases, depending on the size of district budgets, oil and gas revenues were not required to be anticipated to fund the general fund and could instead be redirected to the general fund from other budgeted funds to make up revenue shortfalls. In the general fund~~s~~, districts could transfer unused levy authority from other budgeted funds to the Flexible Non-voted Levy for the general fund over-BASE. The law established a third annual enrollment for determining funding. Schools gained authority to establish voted revenue bonds to be repaid using oil and gas production taxes.

In the 2015 legislative session:

- HB 87 amended 20-9-311, MCA to eliminate the official enrollment count in December that was instituted in SB 175 (2013 session).
- HB 114 required school districts that received a remittance from a tax increment financing districts to use the remittance to reduce property taxes or to fund the general fund operating reserve.
- HB 373 provided for the bonding capacity of a school district to be the greater of 100 percent of the district's taxable valuation (200 percent for K-12 districts) or the amount determined by applying the facility guaranteed mill value.
- SB 252 amended 20-9-310, MCA to allow a school district to deposit its oil and natural gas production tax revenues in any budgeted fund of the district. If a district allocated an amount to its BASE budget that is less than 12.5 percent of its prior year receipts of oil and natural gas production taxes, the district must levy permissive mills to make up the difference between 12.5 percent of its prior year receipts and the amount allocated to its BASE budget. This portion of the BASE levy will not be matched by guaranteed tax base aid.
- SB 260 eliminated the concentric circles funding mechanism effective July 1, 2016. Any monies deposited in the state school oil and natural gas distribution account will be distributed to school districts that are directly impacted by oil and natural gas development but that receive insufficient oil and natural gas production taxes to address the impacts.
- SB 410 created two new tax credits: 1) donations to a new educational improvement special revenue account for distribution to school districts to fund innovative educational programs and technology deficiencies in public schools and 2) donations to organizations that would give scholarships to students in private schools.

In the 2017 legislative session:

- HB 2 provided an increase of 1.44% in FY 2018 to Special Education and a 0.50% increase in FY 2018 and 1.86% increase in FY 2019 to the At-Risk Payment.
- HB 191 provided inflationary increases of 0.5 percent for FY 2018 and 1.87 percent for FY 2019 to the funding components of school district general fund budgets. The increases were applied to the basic and per-ANB entitlements, the quality educator payment, the Indian Education for All payment, the American Indian achievement gap payment, and the data for achievement payment.
- HB 355 added a new school bus type which allows for a "multi-purpose vehicle" to be used as a school bus if it has a 5-star NHTSA rating and reimbursed at $0.50 per mile.
- HB 390 required local funding associated with non-materialized ANB be automatically calculated as an overpayment for BASE and Over-BASE budget levies in the ensuing fiscal year. This bill also suspended the tech payment for FY 2018 and FY 2019 (to fund the e-rate match in Commerce). The payment will begin again in FY 2020.
- HB 647 eliminated two entitlement payments: 1. the school general fund block grants (statewide total reduction of $54 M, but also increased the GTB payment by approximately $25.7 M); 2. The K-12 Natural Resources Development (NRD) Fund payments (statewide reduction of $9.2 M but also an increase in GTB payments by approximately $4.8 M). In FY 2019, the GTB ratio will increase to 216%, in FY 2019 the state major maintenance aid funding (the new K-12 Facilities Natural Resources Development payment) will begin and a total of up to $5.8 M (if revenues are

sustained see SB 261) may be available, this bill also creates a coal-fired generating unit closure mitigation block grant, and amended the oil and gas section of law to direct oil and natural gas production taxes that exceed 130% of a districts maximum general fund budget to the state guarantee account.

- SB 5 amended the INTERCAP loans program to allow loans to finance storage buildings for vehicles and equipment and modular classrooms and extends the term up to 15 years (instead of 5).
- SB 95 implemented a temporary new payment of $100,000 to schools located in a county with 20% or more of state school trust land which will be included as general fund revenue. This program terminates June 30th, 2019.
- SB 103 revised laws to clarify minimum aggregate hours for proficient students.
- SB 115 revised stipends for National Board Certified Teachers to allow newly certified teachers a stipend ranging from $500 - $2,000 from OPI paid to the district.
- SB 139 revised K-12 school district expansion laws.
- SB 227 revised state school transportation laws to amend 180 days to aggregate hours.
- SB 260 revised the coal tax trust fund to help fund the school major maintenance aid (SB 307). If this fund were to fully fund the state's major maintenance aid payment allowed in SB 307, then the additional revenues can be transferred to help fund the state's facility reimbursement.
- SB 261 adjusted payments for schools if HB 2 revenue projections reach certain trigger points. There are two levels that affect schools. Level 2 – a reduction of 0.50% to the At Risk and Special Education appropriations. Level 4 – suspended the data for achievement payment, reduced the school combined block grants by 47.68%, and suspended the state general fund portion of the new Natural Resources Development K-12 Facilities (SB 307) payment. These reductions did not change district general fund budget limits.
- SB 307 created a new mechanism for funding major maintenance and building improvement expenditures for public schools. The new program allows districts to permissively levy up the sum of $15,000 per district plus the product of $100 multiplied times the district's budgeted ANB for the prior fiscal year not to exceed 10 mills. This bill repealed the Quality School Facility Grant program at the Department of Commerce and makes permanent the safety transfers for school improvements. This bill requires districts to publicly notice increases in permissively levied funds yearly.
- SB 372 Legislature revised the audit threshold of reviews by increasing from the current $500,000 of revenues to $750,000 of revenues. The amendment doesn't refer to $750,000 directly – instead it refers to USC and OMB references (the Uniform Grant Guidance expenditure threshold), which is currently $750,000.
- SB 372 Legislature revised the audit threshold of reviews by increasing the threshold from the current $500,000 of revenues to $750,000 of revenues. The amendment doesn't refer to $750,000 threshold directly, but references USC and OMB levels (the Uniform Grant Guidance expenditure threshold), which is currently $750,000.

In the 2017 legislative special session: Due to lower than anticipated state revenues, the Governor called the Legislators back for a Special Session. The total appropriation reductions to the school funding line items totaled $42.52 million (included already implemented SB 261 reductions).

The following changes were addressed:

- The triggered reductions from SB 261 and the reductions initiation by the Governor's Office for 17-7-140 reductions were codified in HB 2. Total biennial reductions are $19.67 million. This included:

Line Item Reduction SB 261	FY 2018	FY 2019	Total Biennium
0.50 % Reduction – At Risk	($26,953)	($27,457)	($54,410)
0.50 % Reduction – Special Education	($217,547)	($217,547)	($435,094)
0.50 % Reduction – In State Treatment	($ 3,939)	($ 3,939)	($ 7,878)
0.50 % Reduction – Career and Technical Ed	($ 10,000)	($10,000)	($20,000)
0.50 % Reduction – Adult Basic Education	($2,625)	($2,625)	($5,250)
0.50 % Reduction – Gifted and Talented	($1,250)	($1,250)	($2,500)
0.50 % Reduction – School Food	($3,319)	($3,319)	($6,638)

Line Item Reduction SB 261	FY 2018	FY 2019	Total Biennium
0.50 % Reduction – Advancing Agricultural Ed	($760)	($757)	($1,517)
Suspension of the Data for Achievement Payment	($3,109,347)	($3,180,038)	($6,289,385)
Combined Block Grant Reduction	($2,800,000)	($2,800,000)	($5,600,000)
Career and Technical Education Reduction	($500,000)	($500,000)	($1,000,000)
Suspension of the Natural Resources K-12 Facilities General Fund Appropriation		($5,800,000)	($5,800,000)
Total from SB 261	**($6,675,740)**	**($12,546,932)**	**($19,222,672)**

Governors	Line Item Reduction	FY 2018	FY 2019	Total Biennium
17-7-140	State Tuition	($25,000)	($25,000)	($50,000)

- HB 6 transferred funding to offset projected general fund shortfalls and moves projected revenues from the school facility and technology (state special revenue) to the guarantee account to fund BASE Aid. The school facility and technology account funds the technology payment (already suspended to schools this biennium) and the facilities debt service payment (which was projected to be $0 due to litigation for riverbed rents). The state general fund appropriation was reduced to match the amount anticipated in the guarantee account ($3,400,000 in FY 2018 and $4,800,000 in FY 2019). This bill also removes the state special funding associated with SB 307 (state major maintenance aid) to the general fund. A total of $500,000 in FY 2018 and $1,200,000 in FY 2019 for a biennial transfer of $1,700,000. No state major maintenance aid payment will be issued in FY 2019. Total biennial reductions are $9.9 million.
- SB 2 removed the requirement in 20-9-630 and 20-9-632 for OPI to pay schools for the school combined block grant, school transportation block grant, the county retirement block grant, and the county transportation block grant. In addition, the transportation appropriation for OPI is reduced by $1.7 million each fiscal year of the current biennium and restricts payments to schools to the appropriation level. Total biennial reductions are $15.04 million.

In the 2019 legislative session:

- HB 41 provided funding and extended the Indian language immersion program. The program is extended to June 30th, 2023.
- HB 127 adjusted the state payment schedule by aligning state payments with state revenue collections. The guaranteed tax base payments were moved to December, as opposed to November, and then the funding components are paid in November instead of December.
- HB 153 requires the OPI to report on even-numbered years on the status and effectiveness of programs serving gifted and talented students.
- HB 159 provided inflationary increases of 0.91 percent for FY 2020 and 1.83 percent for FY 2021 to the funding components of school district general fund budget and provided funding for the state major maintenance aid formula.
- HB 211 renews the quality educator loan assistance program as a teacher recruitment and retention aid for rural schools and moves the responsibility for administering the program from the Office of the Commissioner of Higher Education to the OPI.
- HB 351 amends section 20-9-116, MCA, and revises education laws to support transformational learning which is defined in the bill as a flexible system of pupil-centered learning that is designed to develop the full educational potential of each pupil and provides an appropriation of $2.6M.
- HB 387 amends section 20-7-701, MCA, and creates the Montana Advanced Opportunity Act, defined as any course, exam, experiential, online, or other learning opportunity that is incorporated in a district's advanced opportunity

plan and that is designed to advance each qualifying pupil's opportunity for postsecondary career and educational success and provides an appropriation of $750,000.

- HB 413 amends section 20-1-220, MCA, prohibiting the use of tobacco products on public school property. The amended language extends the prohibition on the use of tobacco products on public school property to vapor products, or alternative nicotine products.
- HB 576 amends section 20-9-604, MCA, relating to donations made to the endowment fund in school districts.
- HB 601 allows school districts to apply for school safety professional development grants that give teachers, administrators, and other school district personnel skills to combat mental and physical threats to students. The OPI had $100,000 each fiscal year for distribution.
- HB 638 appropriates $393,957 for FY 2020 and $1,193,409 for FY 2021 over the base for state special education payments to schools.
- HB 643 amends section 20-9-640, MCA, extending the state lands reimbursement block grant for schools through the end of FY 2021 and provides an annual appropriation of $100,000 for the 2021 biennium.
- HB 652 amends Title 17 with the addition of several statutes providing for infrastructure funding in the form of general obligation bonds, general fund appropriations, and state special revenues from bonds. This bill appropriates $10.75 million to the Department of Commerce for local governments for school district infrastructure projects related to safety or security issues, major repairs or deferred maintenance, and major improvements or enhancements.
- HB 657 provides for a legislative study of education-related topics to be conducted by a bipartisan subcommittee of the legislative finance committee.
- HB 745 creates the Montana Pupil Online Personal Information Protection Act which addresses the issue of third-party education software providers who collect student information and then sell the data to marketers.
- HJ 3 is an interim study bill designed to examine state and federal laws related to electors with disabilities, regarding accessible voting machines and technology, improving accessibility for electors with disabilities, and conflicts between state and federal laws.
- SB 9 amends sections 20-9-141, 20-9-308, 20-7-457, and 20-9-314, MCA, revising laws related to overpayments of school district property taxes, ensuring that overpayments of school district general fund property taxes resulting from anticipated unusual enrollment increases that are not realized are fully returned to local taxpayers.
- SB 12 repeals outdated statutes related to oil and gas accounts.
- SB 40 adds a new section to Title 20, chapter 7, part 13, MCA, and directs the OPI to create and maintain an electronic directory photograph repository of individual students for the purposes of providing photographs to law enforcement for any student who has been identified as a missing child.
- SB 92 amends sections 20-9-236, 20-9-502, and 20-9-525, MCA and clarifies permissible expenditures for school and student safety and security within the school safety sub-fund of the building reserve fund and authorizes the trustees of a school district to seek voter approval of a levy for school and student safety and security within the district’s school safety sub-fund of the building reserve fund.
- SB 130 extends the time to canvass issue certificates of election and hold the school board’s annual organizational meeting from 15 to 25 days.
- SB 140 establishes the Montana Dyslexia Screening and Intervention Act. SB 140 requires school districts to identify children with disabilities and evaluate for special education as early as possible.
- SB 197 amends section 10-1-1402, MCA, to add a provision that allows students participating in the Montana Youth Challenge Academy (MYCA) to earn a high school diploma. The bill provides that the ability to receive a diploma is based on the student’s proficiency and is at the discretion of the resident district trustees.
- SB 291 directs county election administrators to ensure that at least one voter interface device is available at every polling location.
- SB 292 amends section 20-9-235, MCA, allowing the Office of Public Instruction to remit transportation and debt service payments directly to school districts with investment accounts separate from the county.
- SB 302 amends Title 2, Chapter 7, requiring the Department of Justice (DOJ) to monitor and investigate noncompliance of local government entities regarding timely submission of financial reports and audits to the state. If local governments fail to report either financial audits or adopt budgets within two years of the deadline, the DOJ can file a cause of action against the local government entity.

In the 2021 legislative session:

- HB 15 amends section 20-9-306, MCA, providing inflationary increases of 1.5% for FY 2022 and 2.57% for FY 2023 for funding of BASE aid components.
- HB 630 provides appropriation for federal funds for COVID-19 relief, establishes a temporary maintenance of equity payment for school districts, temporarily suspends anticipated enrollment increases due to covid-19, temporarily modifies financial support for unanticipated enrollment increases due to COVID-19
- HB 632 appropriates federal funds for COVID-19 emergency relief pursuant to the American Rescue Plan Act of 2021
- HB 46 Section 20-9-306, MCA is amended to include the special education allowable cost payment as a part of the definition of BASE and to describe the calculation for determining the size of the "total special education allocation".
- HB 143 provides additional quality educator component payments for districts that meet legislative goals for competitive base pay of teachers.
- HB233 amends section 20-9-311, MCA, the calculation of average number belonging (ANB), is modified to include a pupil with disabilities who is over 19 years of age and has not yet reached 21 years of age by September 10 of the school year and who is receiving special education services from a school district.
- HB 303 permits an increase to class eight business equipment tax exemption from $100,000 to $300,000 provided for in 15-6-138(4), MCA. and provides a reimbursement to school districts by increasing the district general fund guaranteed tax base aid (GTB) multiplier in 20-9-366, MCA from 232% to 236% beginning in FY 2023, however certain contingencies apply.
- HB 663 amends section 20-9-366, MCA by increasing the district general fund guarantee tax base aid (GTB) multiplier from 232% to 250% beginning in FY 2022.

Historical Basic Entitlement Rates

Basic Entitlement	FY 2020	FY 2021	FY 2022	FY 2023
Elementary K – 6	▪ $52,579 for the first 250 or fewer ANB ▪ plus $2,630 for each additional 25 ANB over 250	▪ $53,541 for the first 250 or fewer ANB ▪ plus $2,678 for each additional 25 ANB over 250	▪ $54,344 for the first 250 or fewer ANB ▪ plus $2,718 for each additional 25 ANB over 250	▪ $55,741 for the first 250 or fewer ANB ▪ plus $2,788 for each additional 25 ANB over 250
Middle School 7 – 8 ***(if accredited; not accredited count in Elementary)***	▪ $105,160 for the first 450 or fewer ANB ▪ plus $5,258 for each additional 45 ANB over 450	▪ $107,084 for the first 450 or fewer ANB ▪ plus $5,354 for each additional 45 ANB over 450	▪ $108,690 for the first 450 or fewer ANB ▪ plus $5,434 for each additional 45 ANB over 450	▪ $111,483 for the first 450 or fewer ANB ▪ plus $5,574 for each additional 45 ANB over 450

Basic Entitlement	FY 2020	FY 2021	FY 2022	FY 2023
High School 9 – 12	▪ $315,481 for the first 800 or fewer ANB ▪ plus $15,774 for each additional 80 ANB over 800	▪ $321,254 for the first 800 or fewer ANB ▪ plus $16,063 for each additional 80 ANB over 800	▪ $326,073 for the first 800 or fewer ANB ▪ plus $16,304 for each additional 80 ANB over 800	▪ $334,453 for the first 800 or fewer ANB ▪ plus $16,723 for each additional 80 ANB over 800

Historical per-ANB Entitlement Rates

Per ANB Entitlement	FY 2020	FY 2021	FY 2022	FY2023
Elementary K – 6	▪ 1st ANB is $5,624 each following ANB - $0.20 up to 1,000 ▪ ANB over 1,000 is $5,424.20 each	▪ 1st ANB is $5,727, each following ANB - $0.20 up to 1,000 ANB ▪ ANB over 1,000 is $5,527.20 each	▪ 1st ANB is $5,813, each following ANB - $0.20 up to 1,000 ANB ▪ ANB over 1,000 is $5,613.20 each	▪ 1st ANB is $5,962, each following ANB - $0.20 up to 1,000 ANB ▪ ANB over 1,000 is $5,762.20 each
Middle School 7 – 8	▪ If non-accredited, include in Elementary rate and ANB count ▪ If accredited program, calculate as Middle school ANB using High School calculation.	▪ If non-accredited, include in Elementary rate and ANB count ▪ If accredited program, calculate as Middle school ANB using High School calculation.	▪ If non-accredited, include in Elementary rate and ANB count ▪ If accredited program, calculate as Middle school ANB using High School calculation.	▪ If non-accredited, include in Elementary rate and ANB count ▪ If accredited program, calculate as Middle school ANB using High School calculation.
High School 9 – 12	▪ 1st ANB is $7,201 each following ANB - $0.50 up to 800 ANB ▪ ANB over 800 is $6,801.50 each	▪ 1st ANB is $7,333, each following ANB - $0.50 up to 800 ANB ▪ ANB over 800 is $6,933.50 each	▪ 1st ANB is $7,443, each following ANB - $0.50 up to 800 ANB ▪ ANB over 800 is $7,043.50 each	▪ 1st ANB is $7,634, each following ANB - $0.50 up to 800 ANB ▪ ANB over 800 is $7,243.50 each

Historical General Fund Component Rates

Component	FY 2020	FY 2021	FY 2022	FY 2023
American Indian Achievement Gap (SAG)	$216	$220	$223	$229
At-Risk Student – *Annual amount all schools*	$5,541,074	$5,641,973	$5,726,603	$5,873,777
Data for Achievement	$21.03	$21.41	$21.73	$22.29
Indian Education for All	$21.96	$22.36	$22.70	$23.28
Quality Educator	$3,275	$3,335	$3,385	$3,472

Historical Special Education Appropriations / Allocations beginning FY2019

Special Education Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Instructional Block Grant	$22,728,260	$23,049,300	$23,469,012	$23,469,012	$23,469,012
Related Services Block Grant	$7,576,087	$7,683,100	$7,823,004	$7,823,004	$7,823,004
Disproportionate Costs	$10,822,981	$10,975,857	$11,175,720	$11,175,720	$11,175,720
Special Education Cooperatives	$2,164,596	$2,195,171	$2,235,144	$2,235,144	$2,235,144
Totals	**$43,291,924**	**$43,903,428**	**$44,702,880**	**$44,702,880**	**$44,702,880**