



## Education Interim Committee

68th Montana Legislature

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TO: Education Interim Committee and Education Interim Budget Committee  
FROM: Pad McCracken, Committee Staff, and Paul Taylor, OPI School Finance  
RE: School Funding Issues for Possible Clean-up Legislation  
DATE: March 7, 2024

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

1. Various sections. There are a number of artifacts of prior school funding regimes related to state and county equalization levies and aid, "equalization advances", etc. found in Title 20, chapter 9, part 3, MCA. Examining these remnants and modifying/removing/making sense of them would be a great interim accomplishment. This may involve coordinating with school funding and property tax proposals coming from the Revenue Interim Committee or the Governor's Property Tax Task Force or others.
2. Kindergarten clean-up. There are provisions in [20-9-311](#) and [20-9-313](#) that relate to the first year a district offers kindergarten. These are no longer applicable now that a kindergarten program is required in all districts. Specifically, 20-9-313(1)(d) and (2) can be removed; possibly 20-9-311(5) as well.
3. When K-12 districts are formed, the budget limitations are calculated based on the district's elementary, middle school (if applicable), and high school budget units. [20-6-703\(3\)](#) is erroneous and should be stricken.
4. Spring enrollment count date under [20-9-311\(1\)\(a\)](#). The current spring enrollment count date, the first Monday in February, can create a time crunch for issuing preliminary

budget data sheets by March 1 as required by statute so that districts can begin the budgeting process. Moving the spring count date to the last Monday in January would help.

5. Align [20-9-116](#) and [15-10-425](#) for tax estimates on home values. Previously, estimates of property tax impacts for bond and levy elections were done on homes valued and \$100K and \$200K. HB 543 (2013; J. Hinkle) changed these to \$100K, \$300K, and \$600K. For consistency in informing the public, the amounts required under 20-9-116, requiring public notice of increases in nonvoted school district levies could be updated to align with those under HB 543.
6. Subsection (4) of [20-9-638](#) deals with a contingency for the closure of certain coal-fired generating units that has passed. The contingency never occurred, and sub (4) can be stricken.
7. HB 36 (2023; Bedey) changed the manner in which districts can receive additional funding for "significant enrollment increases" if these increases exceed an "absorption factor". Enrollment increases have always been based on a specific budget unit (EL, MS, HS) of a district, rather than the district as a whole. The fiscal note for HB 36 and OPI's implementation maintained that methodology. [20-9-166](#) could be amended to more clearly align with this longstanding practice.