



K-12 School Funding & Budgeting

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Revenue Interim Committee

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Multiple entities share governance for K-12 education in Montana

The Legislature

- Provides a basic system of free quality public schools, and funds and distributes the state share to the school districts in an equitable manner

The Superintendent of Public Education

- Has duties as provided by law
- Serves as an ex-officio non-voting member of the Board of Public Education

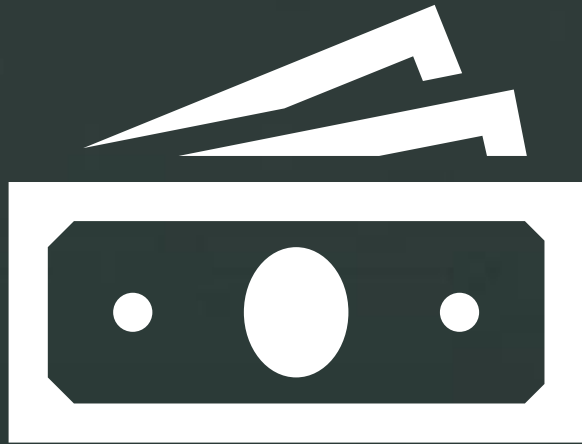
The Board of Public Education

- Exercises general supervision over the public school system and such other public educational institutions as assigned by law

School District Trustees

- 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





School Funding

School funding is constitutionally required



“The legislature shall provide a basic system of free quality public elementary and secondary schools. ... 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.”

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

Montana Constitution



Article X – Education and Public Lands

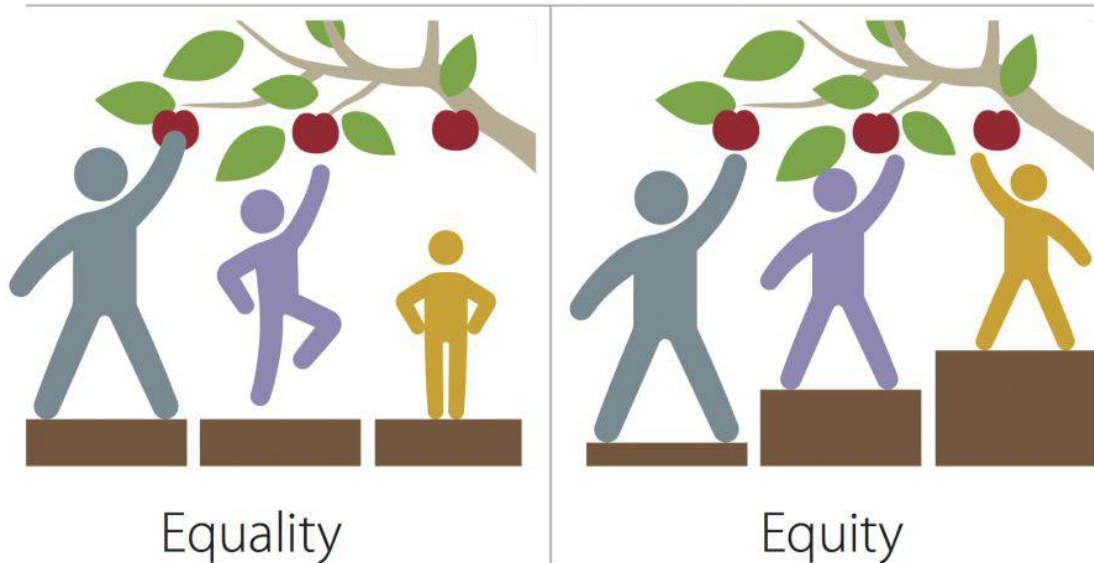
Section 1. Educational goals and duties.

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

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

(3)The legislature shall provide a basic system of free quality public elementary and secondary schools. The legislature may provide such other educational institutions, public libraries, and educational programs as it deems desirable. **It 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.**

Equality vs. Equity



Equity is about fairness. In the right-hand picture, resources are allocated equitably in varying amounts in order to provide equality of opportunity.

Similarly in Montana's school funding formula, resources are allocated based on need in varying amounts to reflect two realities:

- 1) Children (and schools/districts) require varying amounts of resources to develop their educational potentials; and
- 2) Districts have varying capacities to generate local revenue.

Montana's funding formula takes both kinds of need into consideration to ensure students across the state have quality schools. In this sense, **equitable** distribution of funding helps ensure the "**equality** of educational opportunity" guaranteed in Montana's constitution.



School Funding Formula

Per [20-9-309, MCA](#), the legislature shall:

- (a) determine the costs of providing the basic system of free quality public elementary and secondary schools;
- (b) **establish a funding formula that:**
 - (i) is based on the definition of a basic system of free quality public elementary and secondary schools and reflects the costs associated with providing that system as determined in subsection (4)(a);
 - (ii) **allows the legislature to adjust the funding formula** based on the educationally relevant factors identified in this section;
 - (iii) is self-executing and includes a mechanism for annual inflationary adjustments;
 - (iv) is based on state laws;
 - (v) is based on federal education laws consistent with Montana's constitution and laws; and
 - (vi) distributes to school districts in an equitable manner the state's share of the costs of the basic system of free quality public elementary and secondary schools; and
- (c) consolidate the budgetary fund structure to create the number and types of funds necessary to provide school districts with the greatest budgetary flexibility while ensuring accountability and efficiency.

The only entity that can modify Montana's school funding formula is the Montana Legislature.

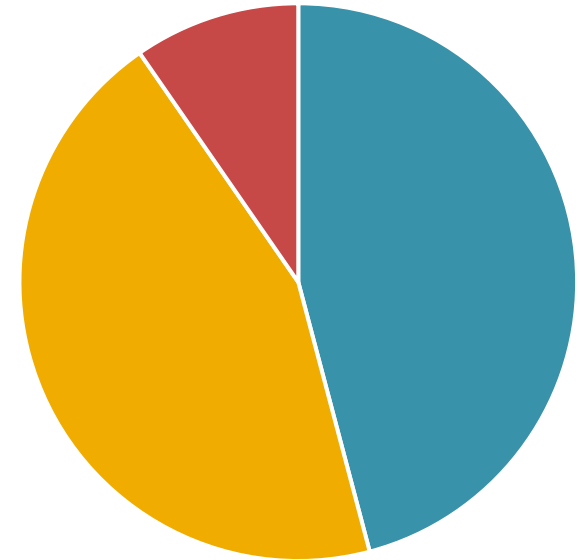


Court cases and changes to Montana K-12 Finance

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

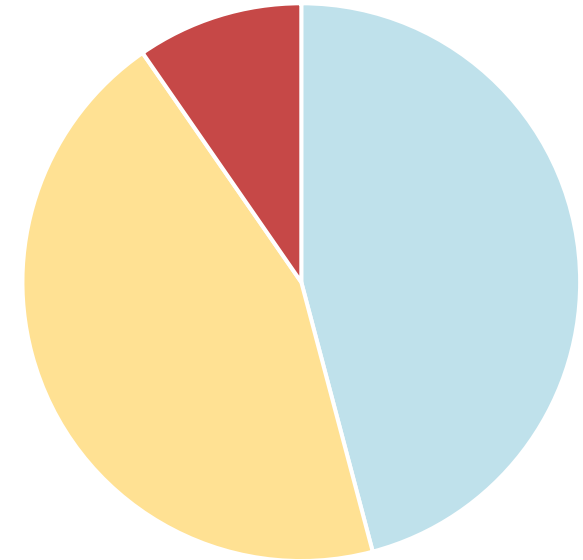
K-12 Revenue

- Revenue for K-12 education in Montana comes from three main sources
 - **The federal government**
 - **The state of Montana**
 - **Local governments (counties & school districts)**



Federal K-12 Revenue

- Approximately **13%*** of K-12 revenue comes from the federal government as of FY 2022. Federal revenue for education comes from four main programs.



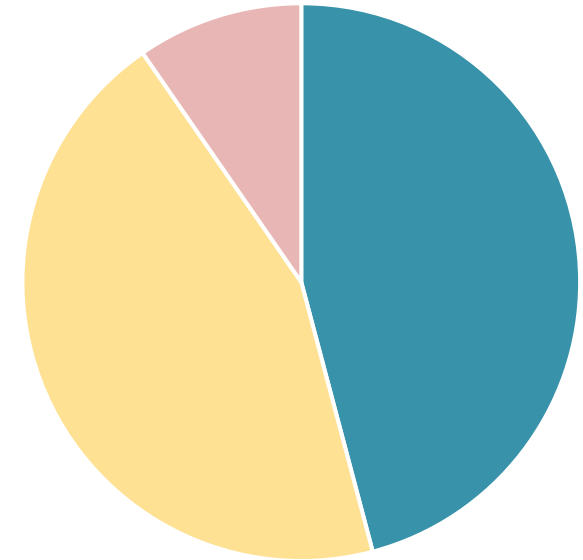
*These numbers do not include federal COVID relief ESSER funds, since they were a one-time source of funding for the state and school districts

Federal K-12 Revenue

- **Impact Aid Funding** – federal funding for federally-connected children whose families live or work on nontaxable federal land (tribal land, forest land, national parks, military bases, etc.); totaled \$67 million in FY 2022
- **School Food Funding** – federal funding for school lunches from the U.S. Department of Agriculture (USDA); totaled \$88 million in FY 2022 (which is usually high in response to the Covid-19 pandemic)
- **Individuals with Disabilities Education Act (IDEA) Funding** – federal funding for the education of children with disabilities; totaled \$38 million in FY 2022
- **Title I Funding** – federal funding for schools with high percentages of low-income students; totaled \$61 million in FY 2022

State K-12 Revenue

- Approximately **41% of K-12 revenue comes from state sources** as of FY 2022* and is distributed to school districts by the Office of Public Instruction (OPI), based largely on enrollment in each district (Average Number Belonging or ANB).



*These numbers do not include federal COVID relief ESSER funds, since they were a one-time source of funding for the state and school districts

State Sources of School Funding

as of July 1, 2023

Guarantee Account

1st Source of State
School Funding

Unchanged

Statutory Appropriation
~\$50 M

School Equalization and Property Tax Reduction Account (SEPTR)

2nd Source of State
School Funding

New (HB 587; 2023)

Receives \$ from the 95 mills
(the 95 mills do not support the full amount of K-12
funding)

HB 2 State Special Revenue Appropriation
~\$430 M

State General Fund

3rd and Final Source of State
School Funding (ultimate backfill)

*Update (HB 587; 2023) - no longer
receives revenue from the 95 mills*

HB 2 General Fund Appropriation
~\$500 M

(School funding is appropriated from
the general fund in HB 2 as always, but
will require less general fund due to
the movement of the 95 mills to
SEPTR)

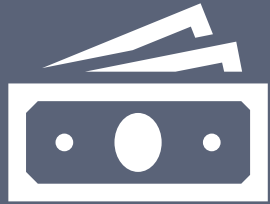
State sources of school funding total approximately \$1.0 billion for FY 2024 and include:

- \$880 million for BASE Aid
- \$12 million for state transportation reimbursements
- \$12 million for major maintenance aid
- \$15 million for debt service assistance

State K-12 Revenue – Guarantee Account (1st Source)

The guarantee account – this state special revenue account receives earnings off the Common School Permanent Trust and revenue generated on the state common school trust lands. When more revenue is available in the guarantee account, less revenue from the other two sources is required, and vice versa. The guarantee account receives approximately \$50 million each year, but the amount can vary.

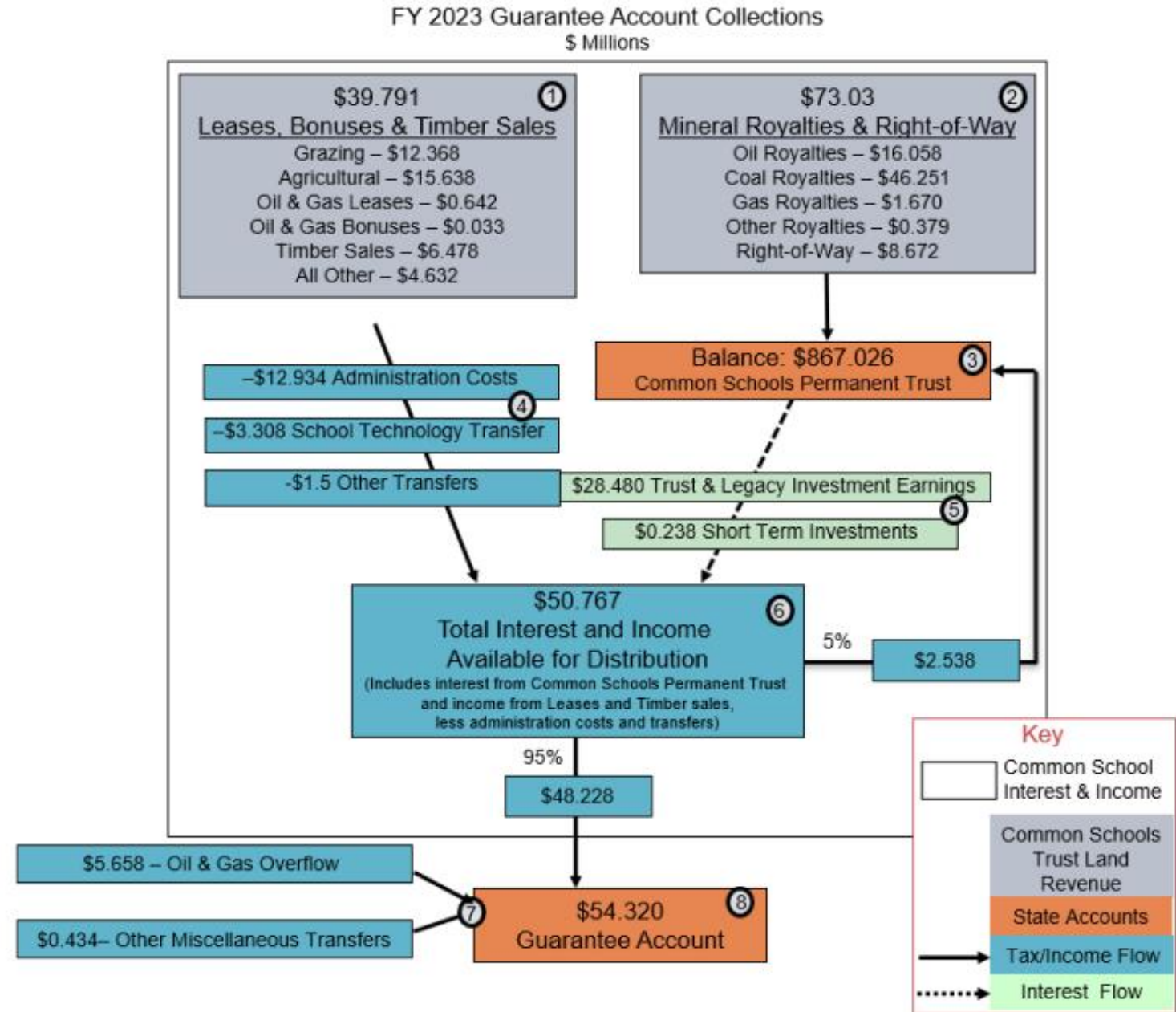
- See the [Guarantee Account Brochure](#) for more information on the guarantee account



The Guarantee Account

(Approximately
\$50 million/year)

Source: [Guarantee Account Brochure](#)



*Totals may not sum exactly due to rounding

State K-12 Revenue – SEPTR (2nd Source)

School Equalization and Property Tax Reduction account – this NEW state special revenue account receives revenue from the 95 mill statewide school equalization property tax levy. (Technically, the 95 mills are made up of 33 mills for countywide elementary equalization, 22 mills for countywide high school equalization, and 40 for state equalization.) The SEPTR account will bring in approximately \$430 million each year of the 2025 biennium. Beginning in FY 2026, 55% of any increase in the revenue from the 95 mills over the prior year's revenue will be used to increase various equalization mechanisms within the school funding formula and lower property taxes.

New SEPTR Account
(School Equalization and
Property Tax Reduction)

Receives revenue from the 95 mill
statewide equalization levies, with 55%
of increased revenue over prior year
triggering a reduction in local property
taxes through equalization mechanisms

2nd Source of State School Funding;
any remaining state obligation
comes from the
general fund

55% of Δ



Each equalization mechanism is “dialed up”
until the ratio of state to local revenue
reaches approximately 70:30 (debt service
20:80) then the revenue increase from the 95
mills flows to next mechanism

Increase
countywide school
retirement GTB to
lower county
property taxes

Increase state
major
maintenance aid
to lower school
district property
taxes

Increase debt
service
assistance
to lower school
district property
taxes

If there is a reduction in revenue brought in by the
95 mills from the prior year, BASE GTB and
countywide retirement GTB are “dialed down” by
the full amount of the decrease, shifting costs back
onto local taxpayers

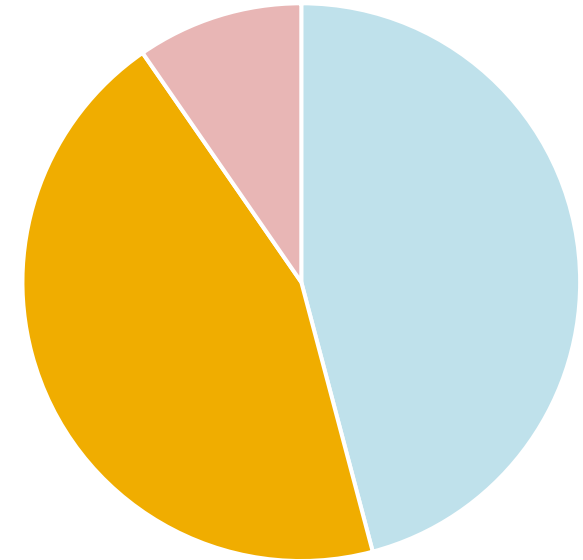
State K-12 Revenue – General Fund (3rd Source)

Following the guarantee account and the SEPTR account, the state general fund is the third and final source to meet the state's obligation of school funding distributed to local school districts (and counties through county retirement GTB*). The state general fund receives revenue through a variety of taxes, with individual income tax being the largest source. (Approximately \$500 million for FY 2024)

*Note: In addition to county retirement GTB support, the state also contributes approximately \$50 million annually from the state general fund directly to the teachers retirement system (TRS) and public employees retirement system (PERS).

Local K-12 Revenue

- Approximately **42% of K-12 revenue comes from local governments** as of FY 2022.*



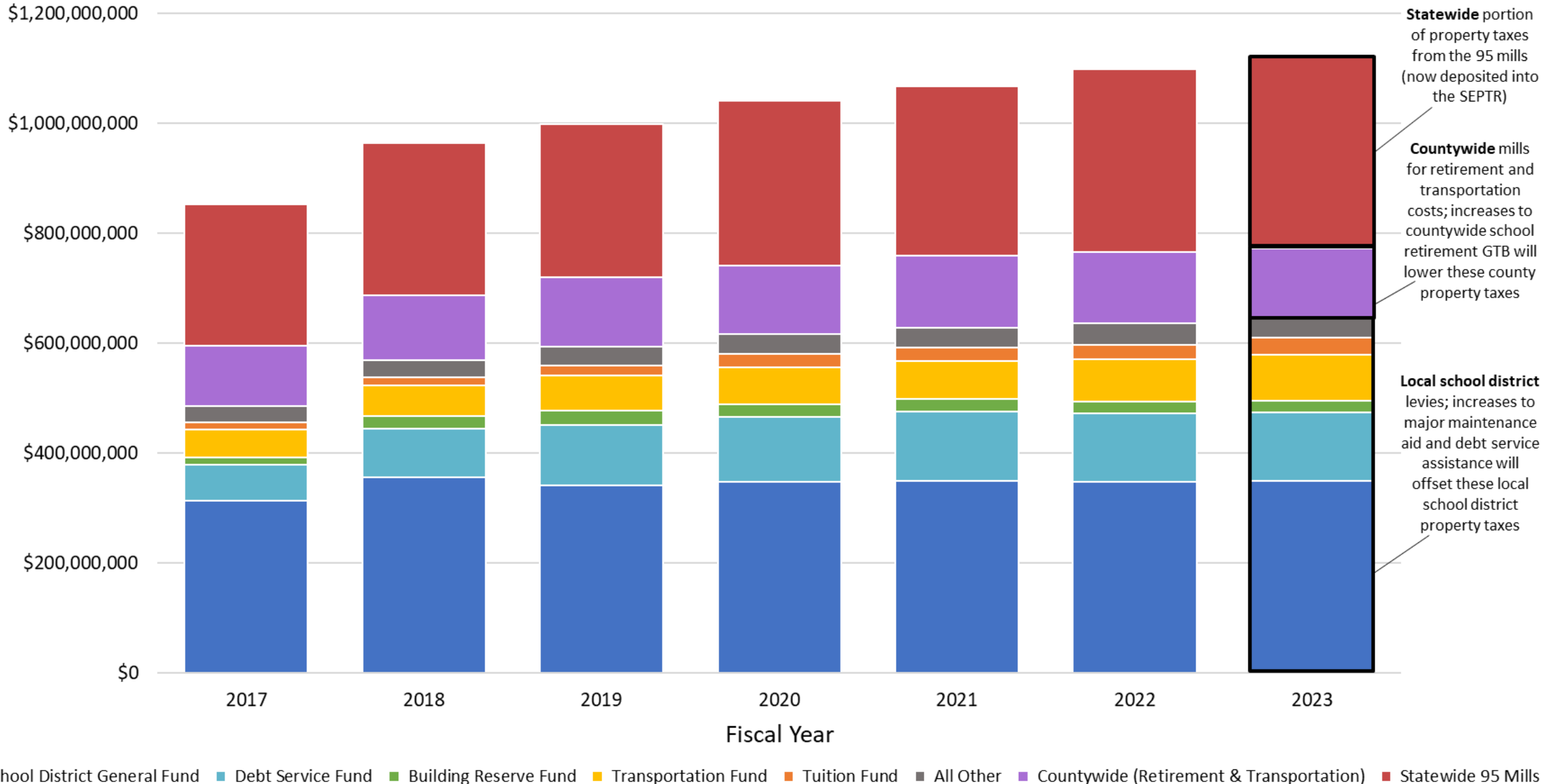
*These numbers do not include federal COVID relief ESSER funds, since they were a one-time source of funding for the state and school districts

Local K-12 Revenue

- **Local property tax levies** – including required levies, voted mills, and permissive (non-voted) levies by the school districts. All county taxpayers also support countywide school retirement costs and certain transportation costs through permissive countywide levies
- **Local non-levy revenue (NLR)** – NLR includes certain natural resource revenues and tuition payments
- **Fund balance reappropriated** – 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 15.0% of the ensuing year's maximum general fund budget

All School Funds

This graphic includes school funding from the state, counties, & school districts. *All other* includes school district levies for bus depreciation, adult education, non-operating districts, technology, and flexibility.



How Property Taxes are Calculated

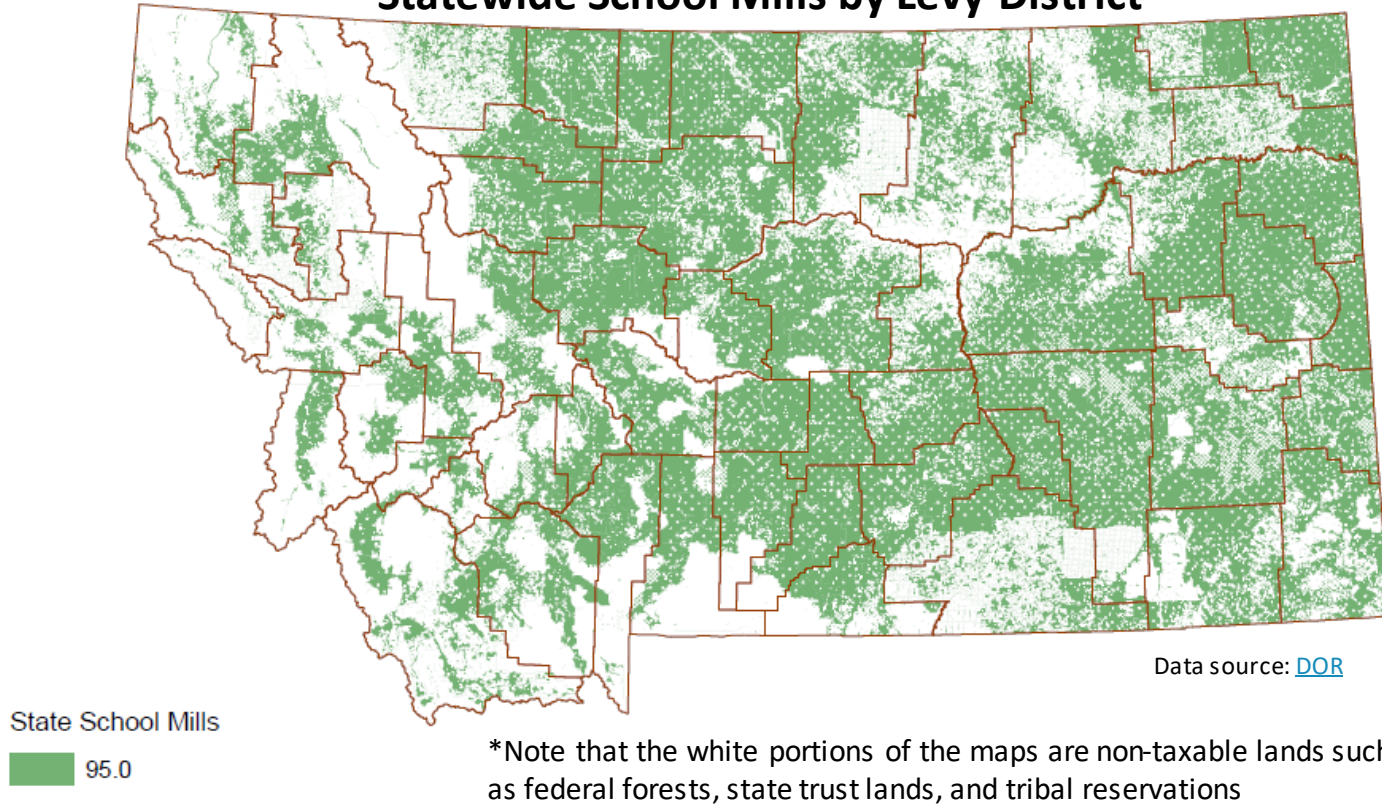
➤ Property Taxes Paid = **Market Value** × **Tax Rate** × **Total Mills**



For example, a home with \$300,000 value at 95 mills:

- Taxable Value = **Market Value** × **Tax Rate** = **\$300,000** × **1.35%** = **\$4,050**
- Value of One Mill = **Taxable Value** × $\frac{1}{1000}$ = **\$4,050** × $\frac{1}{1000}$ = **\$4.05**
- Property Tax Bill = **Value of 1 Mill** × **# of Mills** = **\$4.05** × **95** = **\$384.75**

Statewide School Mills by Levy District



Mills levied for schools include the state levy, countywide school mill levies, required school district mill levies, voted school mill levies, and permissive (non-voted) school mill levies.

The **state levies 95 mills on all property in Montana**, which will go to the SEPTR account for K-12 school funding.

- This statewide levy is made up of county equalization levies of 33 mills for elementary schools and 22 mills for high schools, and a state equalization levy of 40 mills.

Property Tax Levies – State



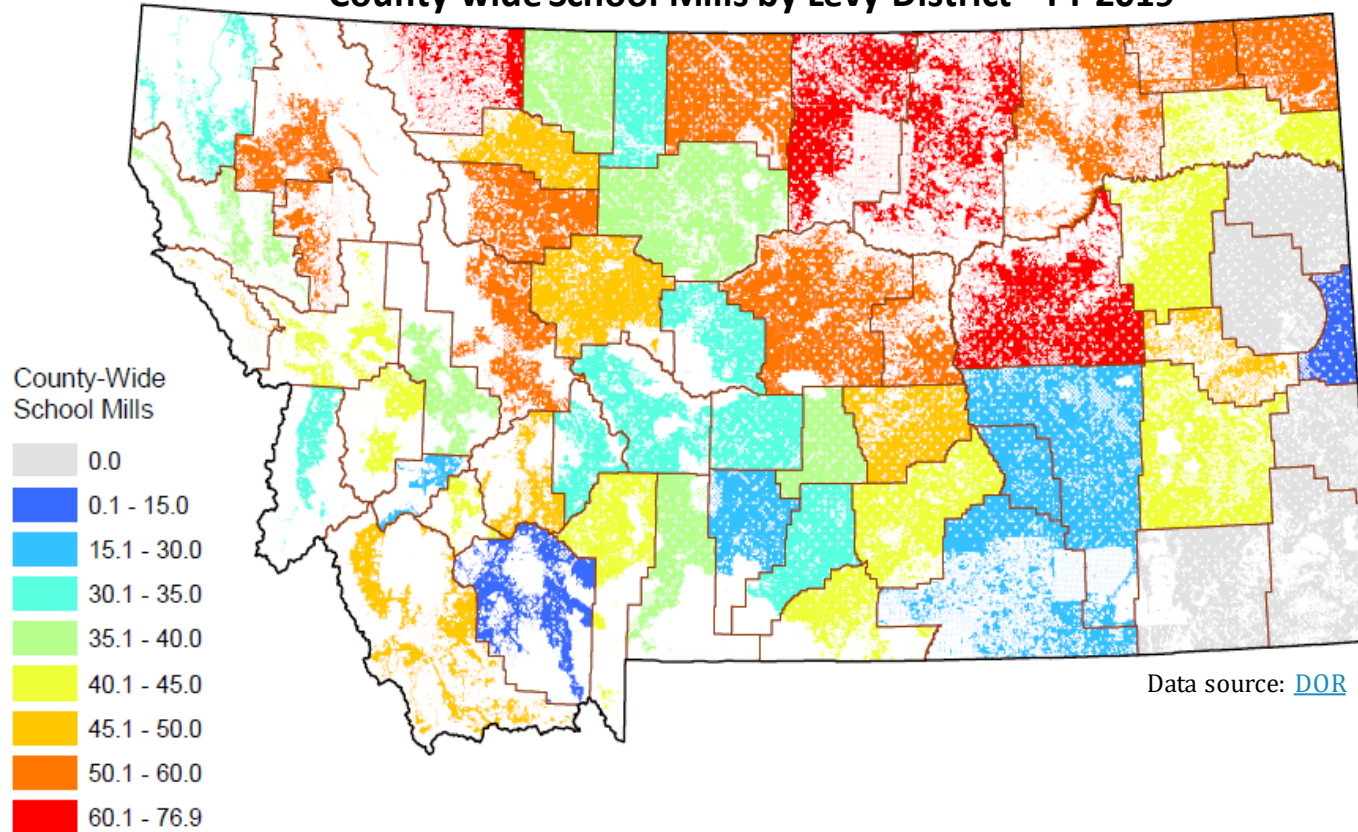
Local Property Tax Levies



Mills levied for schools include the state levy, countywide school mill levies, required school district mill levies, voted school mill levies, and permissive (nonvoted) school mill levies.

- Each county and school district levies a certain number of mills to fund K-12 education within their district

County-wide School Mills by Levy District – FY 2019



Mills levied for schools include the state levy, county-wide school mill levies, required school district mill levies, voted school mill levies, and permissive (non-voted) school mill levies.

- All county taxpayers support county-wide school retirement costs and a portion of transportation costs through county-wide school levies

Local Property Tax Levies: Countywide School Mills



Sources of Variation

Taxable Value per Student

Gallatin County

41.45 countywide school mills

- Taxable value = \$361.6 million
- Total ANB = 14,420

Gallatin County has \$25,073 in taxable value per ANB

Madison County

9.25 countywide school mills

- Taxable value = \$147.0 million
- Total ANB = 925

Madison County has \$158,875 in taxable value per ANB

Sources of Variation

Nonlevy Revenue

McCone County

43.43 countywide school mills

- Countywide school prop. tax = \$335,782
 - Taxable value = \$7.7 million
- Nonlevy revenue (NLR) = \$3,414
- Total ANB = 243

McCone County has \$1,382 in countywide property tax per ANB and \$14 in county-wide NLR per ANB

Richland County

0 countywide school mills

- Countywide school prop. tax = \$56.7 million
 - Taxable value = \$56.7 million
- Nonlevy revenue (NLR) = \$2.4 million
- Total ANB = 2,002

Richland County has \$0 in countywide property tax per ANB and \$1,180 in county-wide NLR per ANB

Sources of Variation

Cost to Provide Services

Garfield County

76.88 countywide school mills

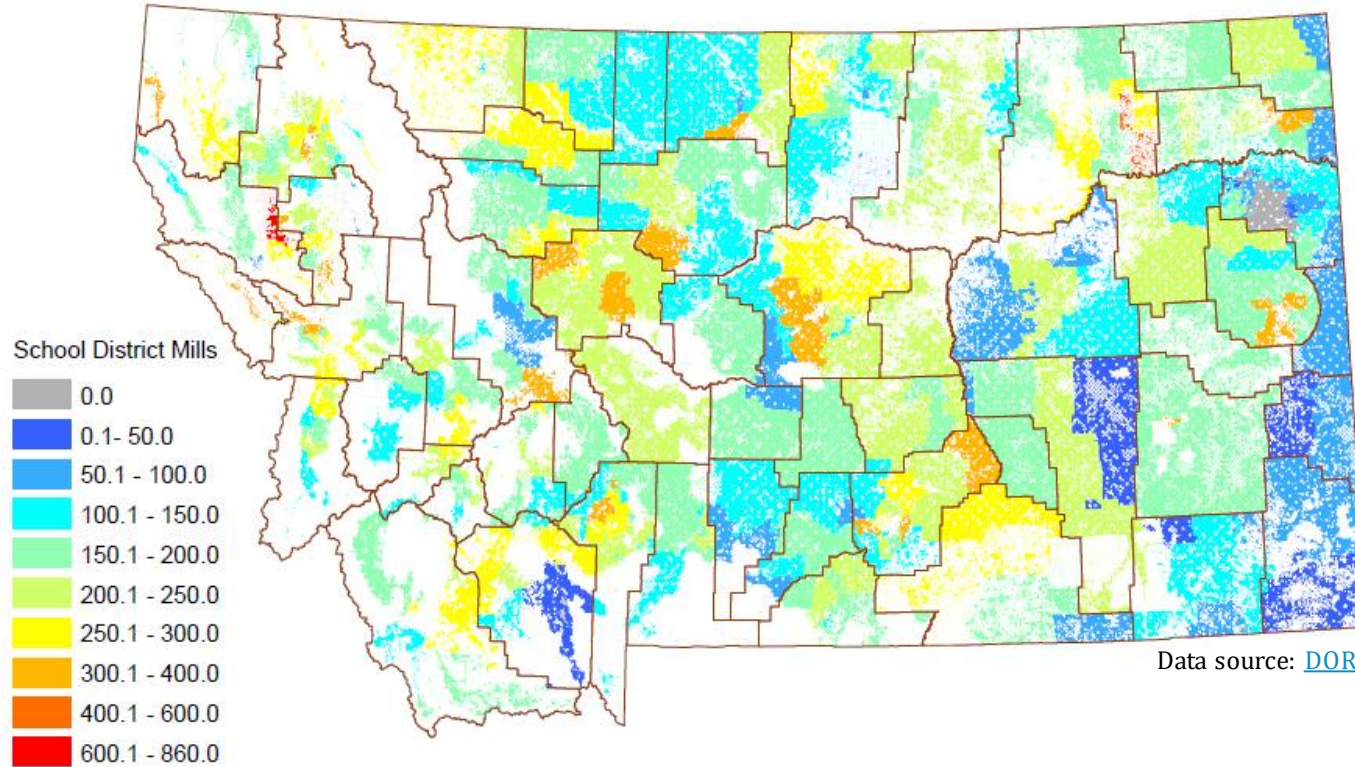
- Collects \$1,523/ANB
 - Dollars to schools = \$269,528
 - Total ANB = 177

Yellowstone County

42.94 countywide school mills

- Collects \$928/ANB
 - Dollars to schools = \$22.7 million
 - Total ANB = 24,412

Combined Elementary & High School Mills by Levy District – FY 2019



Mills levied for schools include the state levy, countywide school mill levies, required school district mill levies, voted school mill levies, and permissive (non-voted) school mill levies.

- Most school district mills are levied for the school district general fund, but each district also has funds for specific purposes

Local Property Tax Levies: School Districts



Sources of Variation

Taxable Value per Student

Big Sky K-12 District (Gallatin)

104.09 local school district mills

- Taxable value = \$130.9 million
- Total ANB = 382

\$92,547 in taxable value per ANB

Ennis K-12 District (Madison)

21.39 local school district mills

- Taxable value = \$35.4 million
- Total ANB = 399

\$328,066 in taxable value per ANB

Sources of Variation

Non-Levy Revenue

Vida Elem. & Circle HS (McCone)

144.38 local school district mills

- Local school prop. tax = \$868,120
 - Taxable value = \$2.7 million
- Non-levy revenue (NLR) = \$7,877
- Total ANB = 95

\$9,138 in district property tax per ANB and \$83 in district NLR per ANB

Lambert Elem. & Savage HS (Richland)

66.05 local school district mills

- Local school prop. tax = \$219,207
 - Taxable value = \$1.2 million
- Non-levy rev. (NLR) = \$1.4 million
- Total ANB = 120

\$1,827 in district property tax per ANB and \$13,347 in district NLR per ANB

Sources of Variation

Cost to Provide Services

Cohagen Elem. & Garfield Co. HS (Garfield)

142.49 local school district mills

- Collects \$19,602/ANB
 - Taxable value = \$7.3 million
 - Total ANB = 53
- 45.45 BASE mills + 46.81 over-BASE = 92.26 district general fund mills
 - \$12,692/ANB
- Transportation & bus depreciation mills = 50.23
 - Permissive mills
 - \$6,910/ANB

Broadview Elem. & HS (Yellowstone)

105.31 local school district mills

- Collects \$14,857/ANB
 - Taxable value = \$20.7 million
 - ANB = 147
- 45.27 BASE mills + 38.97 over-BASE = 84.24 district general fund mills
 - \$11,884/ANB
- Transportation & bus depreciation mills = 16.24
 - Permissive mills
 - \$2,291/ANB

Sources of Variation

Local Choice

East Helena K-12 District (Lewis & Clark)

375.60 local school district mills

- Collects \$4,663/ANB
 - Taxable value = \$15.8 million
 - Total ANB = 1,269
- 66.69 BASE + 49.88 over-BASE = 116.57 district general fund mills
 - \$1,437/ANB
- Debt service mills = 185.60
 - Voted mills
 - \$2,304/ANB

Clancy Elem. & Jefferson HS (Jefferson)

172.71 local school district mills

- Collects \$1,943/ANB
 - Taxable value = \$7.1 million
 - Total ANB = 628
- 57.28 BASE + 69.41 over-BASE = 126.69 district general fund mills
 - \$1,425/ANB
- Debt service mills = 0
 - Voted mills
 - \$0/ANB



School Budgeting:

Funding Formula

The state distributes funding to school districts

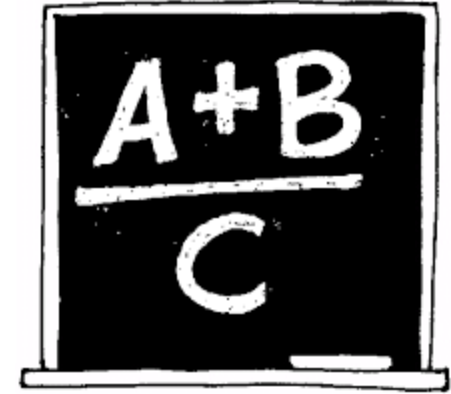


The Office of Public Instruction distributes state and federal funding to districts over the course of the year, using the school funding formula.

Montana has about 400 school districts serving roughly 150,000 students. In school funding, we use an enrollment metric called Average Number Belonging (ANB) when to talk about a district's enrollment.

- See the [K-12 Funding in Montana - Big Picture Overview Story Map](#), Tab 9 for an interactive map of ANB.

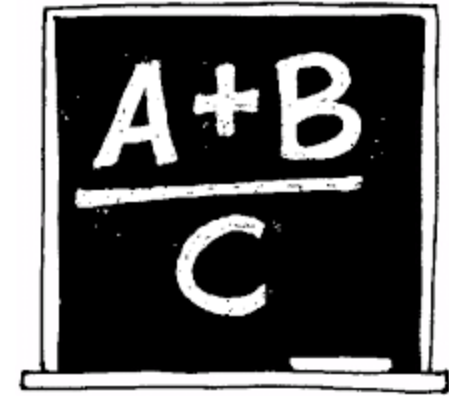
School Funding Formula



Each school district in Montana establishes a minimum **Basic Amount for School Equity (BASE) budget** and a maximum (MAX) budget, based on percentages of certain school funding components.

The **five fully state-funded components** are:

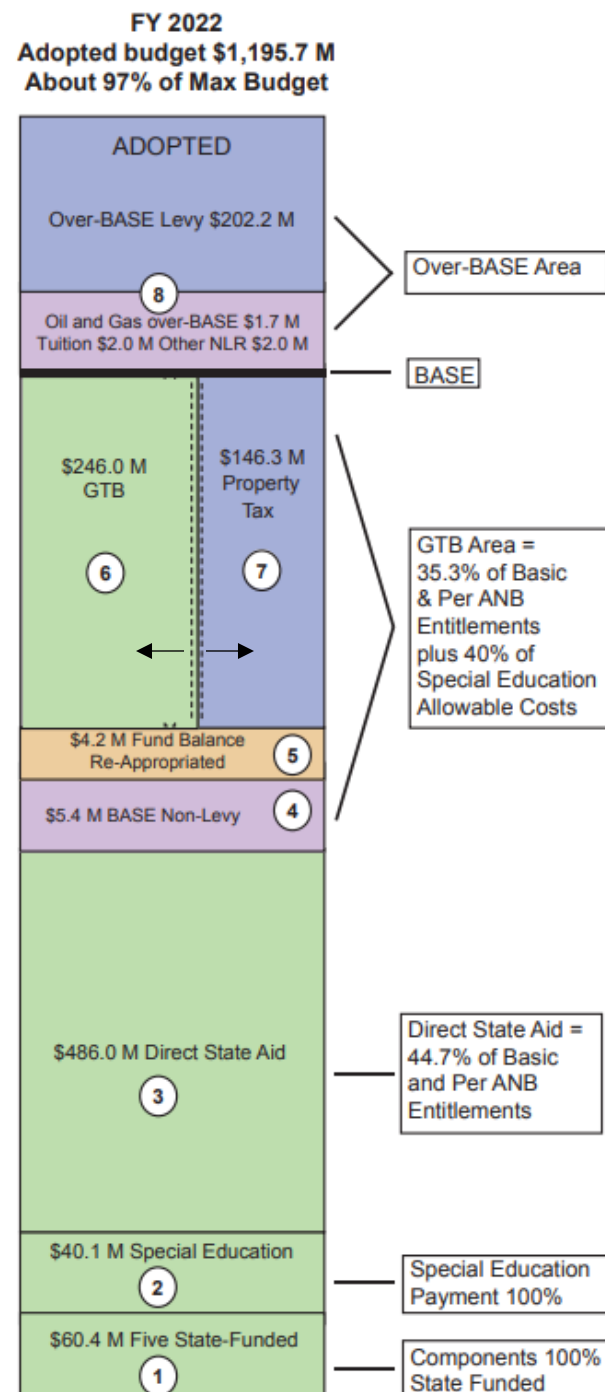
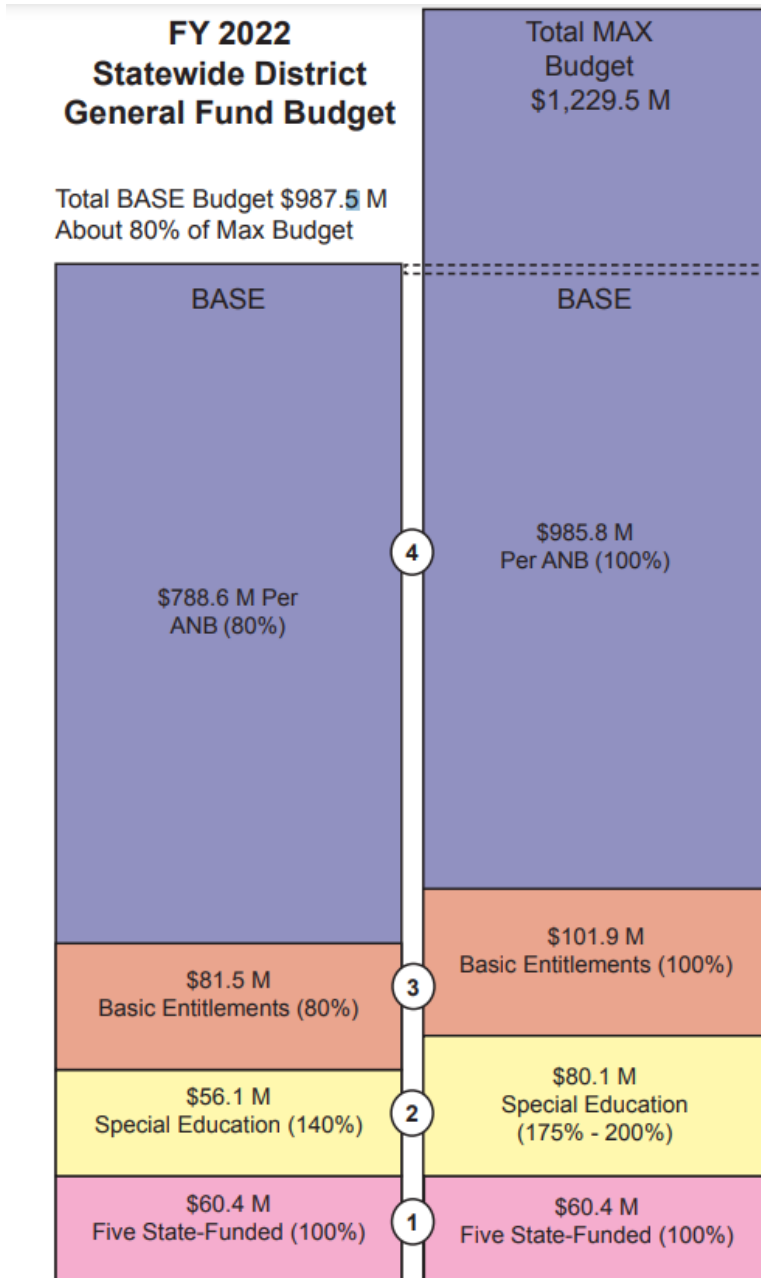
1. **Quality Educator Payment** – a per-FTE payment for teachers and other licensed professionals (\$3,566 per FTE; FY 2024)
2. **At-Risk Payment** – a payment to schools to address at-risk students (\$6 million statewide; FY 2024)
3. **Indian Education for All Payment** – a per-ANB payment to fund the constitutionally required education regarding the cultural heritage of American Indians (\$23.91 per ANB; FY 2024)
4. **American Indian Achievement Gap Payment** – a per-American Indian student payment to help close the performance gap that exists between American Indian students and non-Indian students (\$235 per AI student; FY 2024)
5. **Data for Achievement Payment** – a per-ANB payment used by school districts to pay for costs related to student data systems (\$22.89 per ANB; FY 2024)



School Funding Formula

Other components (aside from the five fully state-funded) are:

- **Special Education Payments**
 - **Special Education Allowable Cost Payment** – a per-ANB payment, regardless of the number of special education students
 - **Special Education Disproportionate Cost Payment** – varies based on the needs of the student in a district
- See the [Montana Special Education Funding Basics Story Map](#) for more information on special education
- **Direct State Aid**
 - **Basic Entitlement** – a per-district payment for elementary and high school districts that varies based on enrollment and the presence of a middle school program in elementary districts
 - **Per-ANB Entitlement** – a per-ANB payment based on the count of students attending school in the district
- **Guaranteed tax base (GTB) funding** – a payment to help equalize differences in revenue generating capacity between school districts with different property tax bases and relative to the size of the direct state aid components



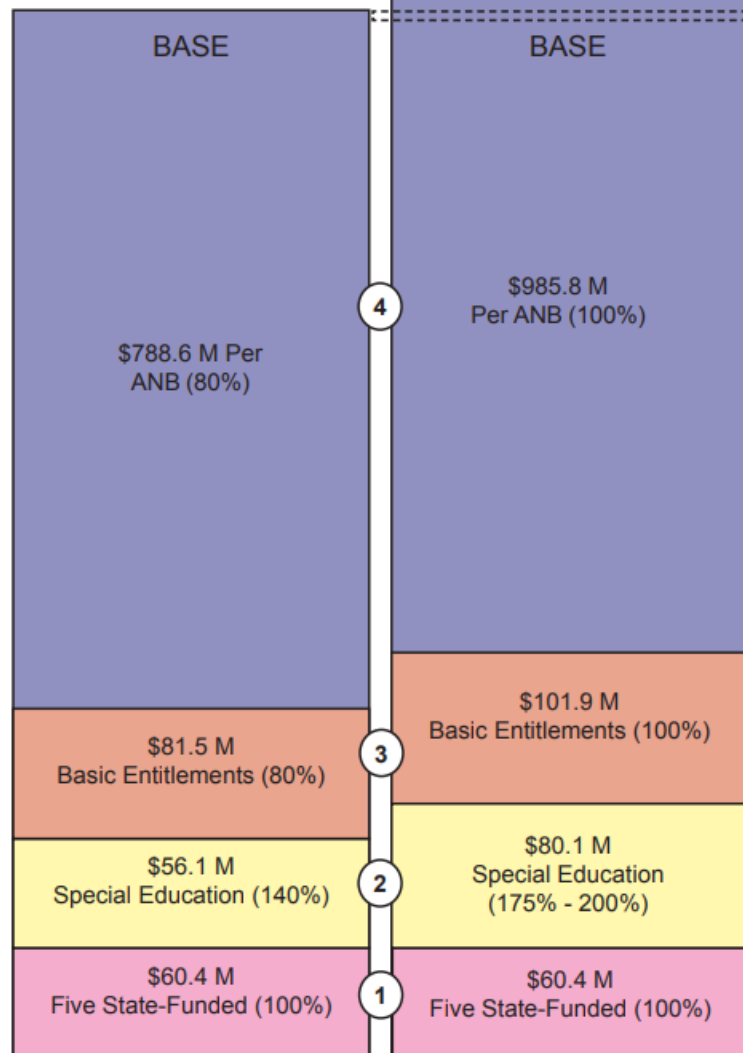
Concept of major importance:

We have a formula to establish a district's general fund budget limits (left) and a formula for how a district's adopted budget is funded (right). Adopted general fund budgets are often supported by property taxes in both the BASE and over-BASE.

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

FY 2022 Statewide District General Fund Budget

Total BASE Budget \$987.5 M
About 80% of Max Budget



District General Fund

The largest school district fund is the general fund. Statewide districts adopted general fund budgets of \$1.2 billion and received \$841 million in state support.

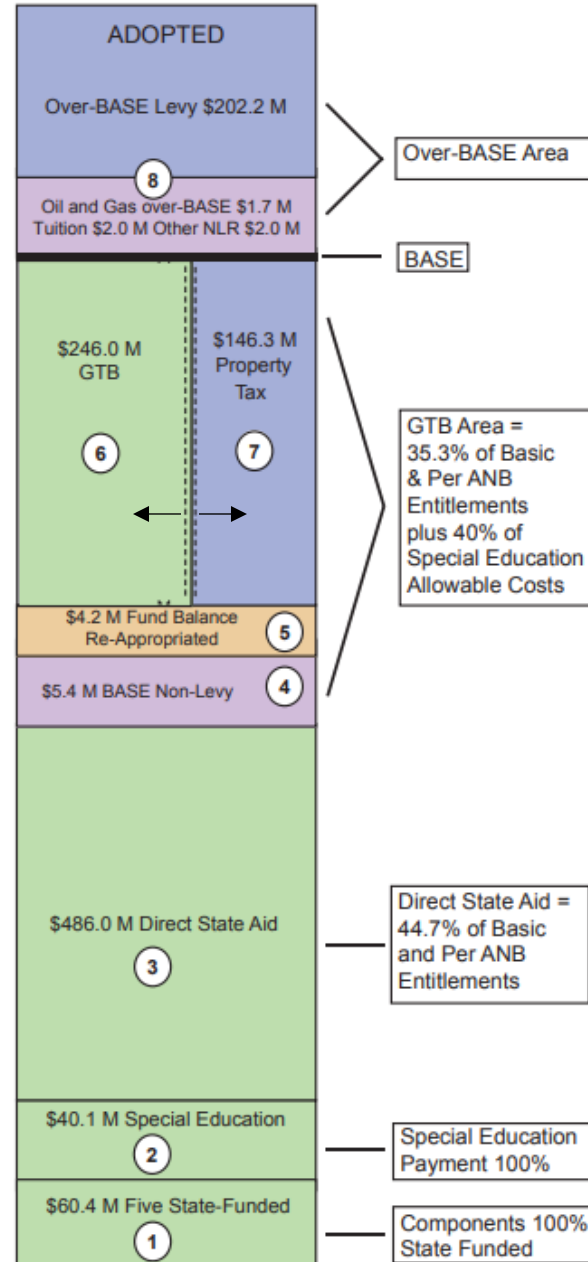
- 4 **Per ANB Entitlement**- Average Number Belonging - A per-ANB dollar amount driven by the greater of the prior year's enrollment or a 3-year average.
- 3 **Basic Entitlement** - A set amount per district based on whether it is an elementary school district, middle school district, or high school district. Districts with higher enrollment are eligible for additional basic entitlement "increments."
- 2 **Special Education Payment** - an amount per ANB regardless of the count of special education students. Portions of the special education appropriation go to cooperatives and to reimbursements for high-cost students.
- 1 **Five State-Funded Components**
 1. Quality Educator Payment - A per-FTE payment for teachers and other licensed professionals
 2. At Risk Payment - A payment to schools to address at-risk students; or students who are affected by an environment that negatively impacts performance and threatens the likelihood of promotion or graduation
 3. Indian Education For All Payment - A per-ANB payment to fund the state's constitutional commitment to the preservation of American Indian cultural integrity
 4. American Indian Achievement Gap Payment - A per-American Indian student payment for the purpose of closing the performance gap that exists between American Indian students and non-Indian students
 5. Data for Achievement - A per-ANB payment used by school districts to pay for costs associated with student data systems

Concept of major importance:

We have a **formula to establish a district's general fund budget limits** and a formula for how a district's adopted budget is funded. Adopted general fund budgets are often supported by property taxes in both the BASE and over-BASE.

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

FY 2022
Adopted budget \$1,195.7 M
About 97% of Max Budget



School district general fund adopted budgets are funded with a blend of state and local revenues.

- 8 Any Over-BASE area of a district's adopted budget is funded by available nonlevy revenues, tuition payments, and/or an Over-BASE levy approved by voters.
- 7 • BASE Property Taxes - Local property tax revenues
- 6 • GTB - Guaranteed Tax Base Aid - A state subsidy for mill levies used to equalize property wealth across the state. GTB aid provides a subsidy per mill to eligible districts
- 5 • Fund Balance Re-appropriated - Any excess district general fund from the previous year
- 4 • BASE Non-levy Revenue - Items such as interest earnings, facility rental income, summer school, oil and gas revenues, coal gross proceeds
- 3 Direct State Aid - received by every district and is equal to 44.7 percent of the district's Per-ANB and Basic entitlements
- 2 Special Education Payment - Formula funds provided to local school districts in the form of block grants
- 1 Five State-Funded Components - 100% funded by the state
- The GTB Area is funded by:

Other State Funding

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

Impacts to Local Districts

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

Concept of major importance:

We have a formula to establish a district's general fund budget limits and a **formula for how a district's adopted budget is funded**. Adopted general fund budgets are often supported by property taxes in both the BASE and over-BASE.

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

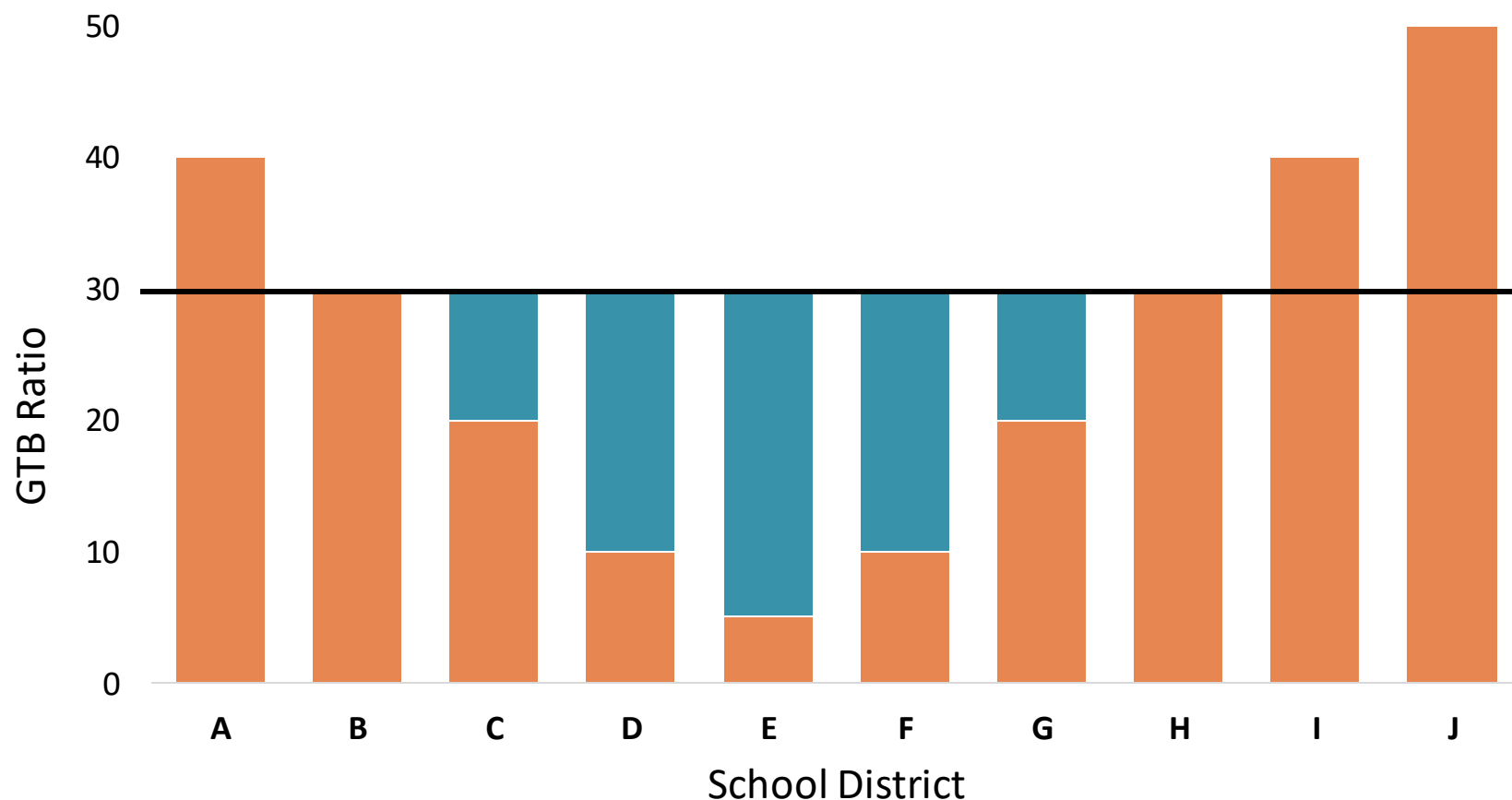
Process for Establishing a Budget

1. The BASE budget is calculated as 100.0% of the five fully state-funded components, 140.0% of the special education allowable costs payment, 80.0% of basic entitlement payments, and 80.0% of per-ANB payments.
2. The MAX budget is calculated as 100.0% of the five fully state-funded components, 200.0% of the special education allowable costs payment, 100.0% of basic entitlement payments, and 100.0% of per-ANB payments.
3. Each district adopts a district general fund budget of at least BASE, and with some exceptions, no more than MAX. The BASE portion of the adopted budget is funded first with 100.0% of the five fully state-funded components, 100.0% of the special education allowable costs payment, 44.7% of the basic entitlements, and 44.7% of the per-ANB payment.
4. The remaining portion of the BASE budget (40.0% of the special education allowable costs payment, 35.3% of the basic entitlements, and 35.3 % of the per-ANB payment) is funded with a combination of non-levy revenue, fund balance re-appropriated, and local property tax required levies.
5. If the remaining portion of the BASE budget is still not met, a district may qualify for GTB aid. GTB provides a per-mill subsidy that brings a district's revenue-generating capacity (as a ratio of property wealth/mill value to funding need) up to a statewide guarantee.
6. Local school district trustees determine the final adopted budget between BASE and MAX, and the school funding formula dictates how that budget is funded.
7. There are exceptions that allow school districts to adopt over-MAX budgets.



GTB Aid

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



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



GTB Aid

GTB provides support for low tax value and/or high student areas. When combined with the school funding formula, this promotes base level equal opportunities for students across Montana.

For example, Ennis K-12 and Superior K-12 school districts have relatively comparable enrollment (ANB), and Superior K-12 receives GTB aid while Ennis K-12 does not:

School District	ANB	Taxable Value	GTB	BASE Levy Revenue	Mill Value	Number of Mills
Ennis K-12	425	\$191.4M	\$0	\$1,217,878	\$191,381	6.36
Superior K-12	351	\$5.2M	\$791,827	\$249,824	\$5,196	48.08

This is due to the difference in tax bases for the districts.

The number of mills it would take to raise \$1.0 million for those two districts WITHOUT GTB are calculated below:

School District	ANB	Taxable Value	GTB	Levy Revenue	Mill Value	Number of Mills
Ennis K-12	425	\$191.4M	\$0	\$1,000,000	\$191,381	5.23
Superior K-12	351	\$5.2M	\$0	\$1,000,000	\$5,196	192.46

It would take Superior K-12 192.46 mills to collect \$1.0 million, while Ennis K-12 would need only 5.23 mills to do the same. GTB aid helps equalizes the tax burden for education between different areas.



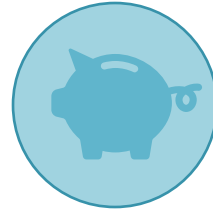
Local School District Funds

School District Funds

in relative proportion to budget size

Transportation Fund

used for **to-and-from school transportation costs** including buses, fuel, and drivers (not for extracurricular activities or field trips); funded with **countywide and district levies and state reimbursement**



Bus Depreciation Fund

used to accumulate funds for bus replacement and additional school buses; funded through **district levy**



Tuition Fund

used to pay tuition for a student who attends school outside the student's district of residence and for certain special education costs; funded through **district levy**



Adult Education Fund

used for general and vocational education and for individuals 16 years of age or older who are not regularly enrolled students; can be used to supplement advanced opportunity aid; funded through **district levy**



School District General Fund

used for the **basic instructional and operational costs** of the district not provided for in another fund, including salaries and benefits (other than retirement) for most employees, instructional materials, and basic facility operational costs; funded with **district levies and state aid, including BASE GTB aid**



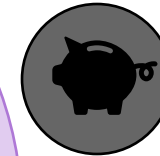
Technology Fund

used for the purchase, rental, repair and maintenance of technology equipment, and associated technical training for school district personnel; funded through **district levy and state tech payment**



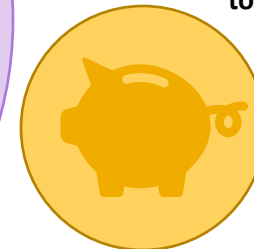
Flexibility Fund

used for technology, facility expansion, student assessment and evaluation, curriculum development, and certain other types of expenditures; funded through **transfers, grants, and a limited district levy to supplement transformational learning aid**



Debt Service Fund

used to service (pay off) the debt the district has incurred from issuing (selling) bonds, typically for major construction; funded through **district levy and state debt service assistance (GTB-like)**



Building Reserve Fund

used for school major maintenance projects and safety improvements; funded with transfers, **district levies and State Major Maintenance Aid (GTB-like)**



Retirement Fund

For **employer (district) contributions** to the teacher retirement system (TRS) and the public employees retirement system (PERS)*, based on statutorily established rates; retirement benefits are paid by TRS and PERS, not districts; also for FICA and unemployment insurance; funded through **countywide levy with state RET GTB support**



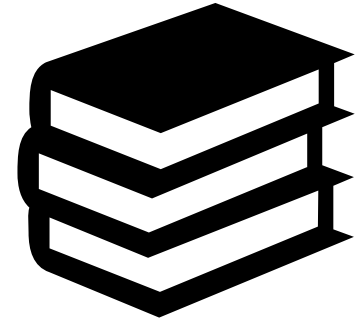


School levies are set in different ways

Required	Allowed/Permissive	Voted
<ul style="list-style-type: none">• District general fund BASE mills• County school mills for retirement and transportation	<ul style="list-style-type: none">• Bus depreciation• Transportation• Adult Ed• Building reserve*• Flexibility (only to supplement transformational learning aid)	<ul style="list-style-type: none">• School district general fund over-BASE budget• Debt service• Building reserve*• Technology

* Building reserve fund has some allowed and some voted levies

Resources & Sources



Brochures

- [K-12 Funding Basics – District General Fund](#)
- [Guarantee Account Brochure](#)

Story Maps

- [K-12 Funding in Montana - Big Picture Overview Story Map](#)
- [Montana Special Education Funding Basics Story Map](#)
- [School District General Fund Story Map](#)
- [School District Retirement Fund Story Map](#)
- [School District Transportation Fund Story Map](#)
- [School District Debt Service Fund Story Map](#)
- [Property Taxes in Montana Story Map](#)

Property Tax Resources

- [Property Tax Library](#)

Interactive Tools

- [Property Tax Interactive Model](#)
- [School District General Fund Interactive Tool](#)
- [School Mills Interactive Map](#)
- [School Enrollment, Revenues, and Expenditures Tool](#)

Data Sources

- [Office of Public Instruction Financial Data Files](#)
- [Dept. of Revenue Biennial Reports \(Property Tax\)](#)
- [OPI Understanding Montana School Finance and School District Budgets](#)

Legislative staff

- Julia Pattin – Legislative Fiscal Division
- Pad McCracken – Legislative Services Division (Research)
- Laura Sankey Keip – Legislative Services Division (Legal)

Questions?

