coalition of advocates
FOR MONTANA'S PUBLIC SCHOOLS
MASBO | MREA | MTSBA | MQEC | SAM

AN ADVOCACY PLAYBOOK

FOR K-12 FUNDING FORMULA CHANGES

A call to action by the Coalition of Advocates for Montana's Public Schools - A Historic Opportunity for Montana – Before the Commission Acts

Montana has a historic opportunity to modernize its public school funding system in a manner that fulfills our constitutional commitment to equality of educational opportunity, strengthens local public schools, and provides meaningful property tax relief.

The recommendations developed by the School Funding Interim Commission this summer will help shape the future of Montana's public schools for years to come. This comprehensive review of Montana's school funding system occurs only once each decade, and the Commission will soon complete its work. The opportunity to influence its recommendations is now.

This is also a historic opportunity to modernize one of Montana's most complex public funding systems. The Coalition proposal creates a funding system that is more transparent, easier to understand, and easier to explain while preserving local control and strengthening educational opportunity. School funding should be understandable not only to finance professionals, but also to trustees, educators, legislators, taxpayers, and the communities they serve.

This is also a historic opportunity for those who believe in Montana's public schools. Commissioners have heard from consultants, researchers, and organizations. They now need to hear directly from the trustees, educators, school employees, parents, business leaders, and community members who experience the importance of strong public schools every day.

We are asking for your personal assistance.
A single thoughtful communication from each person receiving this resource could make a meaningful difference as the School Funding Interim Commission develops its recommendations during its July and August meetings. Your voice and personal experience are more persuasive than any policy paper or prepared testimony.

The Coalition of Advocates for Montana's Public Schools has provided the Commission with a comprehensive proposal grounded in Montana's Constitution, supported by extensive research, and informed by the practical experience of school districts across our state. The Commission now has an opportunity to recommend meaningful reform. Whether it seizes that opportunity may depend upon hearing broad, positive, and unmistakable support from the people who know Montana's public schools best.

Understanding the Coalition Proposal
The Coalition has provided the School Funding Interim Commission with a comprehensive implementation framework reflected in the accompanying graphics in **Appendix A**.

These materials explain the proposal in detail and should be used as the primary reference for understanding its individual components.

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Where You Come In

Every trustee, superintendent, principal, teacher, classified employee, school business official, parent, business leader, and community member has a valuable perspective to share. Thoughtful, respectful, and coordinated communication demonstrates that support for meaningful school funding reform extends well beyond any single organization. It reflects a shared commitment to strengthening educational opportunity while preserving strong local schools and responsible stewardship of public resources.

We are asking for your personal assistance. If every person receiving this resource sends just one thoughtful communication to the School Funding Interim Commission, together we can make a meaningful difference as the Commission develops its recommendations during its July and August meetings.

Four Principles Should Guide Every Communication

The Coalition proposal is:

1. **Constitutional.** It fulfills Montana's constitutional promise of equality of educational opportunity for every child.
2. **Comprehensive.** It modernizes the school funding formula through an integrated approach that addresses the structural strengths and weaknesses of the current system.
3. **Achievable.** It can be implemented responsibly over time while preserving the integrity of the proposal and providing gradual benefits for schools and taxpayers alike.
4. **Transparent.** It creates a funding system that is easier to understand, easier to explain, and easier for communities to trust while improving accountability and long-term planning.

We need your help encouraging the Commission to pursue meaningful, lasting reform rather than treating isolated improvements as a substitute for comprehensive modernization. The Coalition supports meaningful progress wherever it occurs, but we encourage the Commission to preserve a clear path toward a constitutional, comprehensive, and achievable funding system that can be responsibly phased in over time.

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Encouraging Meaningful Progress Toward Comprehensive Reform

As you communicate with members of the School Funding Interim Commission, encourage them to pursue meaningful, lasting modernization of Montana's public school funding system. Reinforce that the Coalition proposal represents a balanced, constitutional approach to reform rather than a collection of independent policy ideas.

Encourage the Commission to:

- **Support meaningful improvements** that strengthen Montana's current school funding system wherever they are appropriate.
- **Recognize that comprehensive reform does not require an all-or-nothing decision.** A responsible four-year phase-in can preserve the integrity of the proposal while recognizing fiscal realities.
- **Preserve a clear path toward comprehensive modernization** so that each step builds toward a constitutional, comprehensive, and sustainable funding system.
- **Distinguish between independent improvements and comprehensive reform.** Incremental progress should become a building block toward modernization — not a substitute for it.
- **Maintain the integrity of the Coalition proposal.** Its components were intentionally designed to work together to improve educational opportunity, support schools of every size, and provide meaningful property tax relief.
- **Support a funding system** that is transparent enough for trustees, educators, legislators, taxpayers, and community members to understand while maintaining fairness and educational quality.

Reinforce These Principles

- A coordinated phase-in preserves the proposal's long-term vision while recognizing fiscal realities.
- Independent improvements and comprehensive reform are complementary — not competing — approaches.
- The ultimate goal is a constitutional, comprehensive, and achievable funding system that strengthens educational opportunity while supporting local communities and responsible stewardship of taxpayer resources.
- Transparency builds confidence. A funding system that is easier to understand improves accountability and strengthens public trust in how education is funded.

Remember that the Commission's recommendations will help shape Montana's school funding system for years to come. Encourage Commissioners to preserve a clear path toward comprehensive modernization, even if implementation must occur over time.

Today's recommendations should build toward tomorrow's constitutional funding system — not define the limits of it.

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Communicating Effectively

The most persuasive communications are personal, respectful, and solution oriented. Commissioners do not need hundreds of identical letters. They need to hear the same underlying principles expressed through the experiences of the people they serve.

As You Prepare Your Communication

- **Begin with appreciation.** Thank Commissioners for the time and effort they have devoted to one of Montana's most important public policy issues.
- **Lead with opportunity.** Frame your message around the opportunity to modernize Montana's public school funding system rather than focusing on frustration or criticism.
- **Speak from personal experience.** Explain why strong public schools matter to you, your students, your community, or your profession.
- **Support solutions.** Encourage meaningful modernization and recognize that comprehensive reform may be responsibly implemented over time if fiscal realities require it.
- **Reinforce the long-term vision.** Encourage Commissioners to ensure that today's improvements become building blocks toward comprehensive modernization rather than substitutes for it.
- **Explain why modernization matters.** A funding system that is easier to understand helps communities better appreciate how public education is funded and why these reforms matter.

Effective Communications Are

- Respectful.
- Optimistic.
- Professional.
- Forward-looking.
- Grounded in personal experience.
- Focused on solutions.
- Confident that Montana can strengthen both public education and responsible stewardship of taxpayer resources.
- Easy for non-experts to understand.

Remember

Your communication should sound like **you**.

The Coalition is not asking advocates to use the same words. It is asking advocates to reinforce the same principles through their own experiences and perspectives. Hundreds of authentic voices expressing a common vision are far more persuasive than hundreds of identical letters.

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Communicating From Your Own Perspective

You do not need to be a school finance expert. The most persuasive communications draw upon your own experiences while reinforcing the Coalition's shared vision for constitutional, comprehensive, and achievable school funding reform.

If you are a...	Consider emphasizing...
School Trustee	Local control, constitutional governance, stewardship of taxpayer resources, a funding system trustees can confidently explain to their communities, and the importance of strong public schools and property tax relief together.
Superintendent	Stable, predictable funding that allows school leaders to focus on students, educational quality, and recruiting and retaining outstanding educators.
Building Principal	Student success, stable staffing, quality instruction, and learning environments supported by long-term financial stability.
Teacher	Every student deserves access to an outstanding teacher. Strong schools are built through long-term investment in educators and classroom learning.
Classified Employee	Successful schools depend on the entire educational team. Stable funding helps recruit and retain the people who support students.
School Business Official	Predictable, transparent funding that improves accountability, simplifies administration, and supports responsible long-term planning
Rural School District	Rural schools sustain local communities. A modern funding formula should recognize fixed operating costs and the importance of educational opportunity in every community.
Large School District	Funding should scale appropriately with enrollment and operational complexity while maintaining fairness across districts of every size.
American Indian District	Equality of educational opportunity, Montana's constitutional commitments, and strengthening opportunities for future generations.
Parent	Every child deserves access to quality educational opportunities, and every taxpayer deserves a funding system that is transparent and understandable.
Business Leader	Strong public schools support workforce development and healthy local economies. Transparent funding builds confidence in public investment.

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Speak in your own voice. Authenticity, Not Repetition.

No one understands your community better than you. The strongest communications connect these themes with your own experiences, your own students, your own community, and your own reasons for supporting meaningful school funding reform.

Remember that one of the Coalition proposal's greatest strengths is that it creates a funding system that is easier for everyone — not just school finance professionals — to understand.

Sample Letter — Use This as a Starting Point — Not a Script

The most persuasive communications are those that reflect **your own experiences, your own community, and your own reasons** for supporting Montana's public schools. Commissioners are far more interested in hearing from the people they serve than in receiving identical form letters. Use the sample on the following page to organize your thoughts but make it your own.

Letter Pointers

- **Begin with appreciation.** Thank Commissioners for their service and the time they have devoted to studying Montana's school funding system.
- **Share your perspective.** Explain why strong public schools matter in your community and why this issue is important to you.
- **Encourage meaningful reform.** Support comprehensive modernization while recognizing that thoughtful implementation may occur over time if fiscal realities require it.
- **Keep your message positive.** Focus on opportunities and solutions rather than criticism or frustration.
- **Close with encouragement.** Thank the Commissioners again and encourage them to recommend a constitutional, comprehensive, and achievable path forward.

Before sending your communication to the School Funding Interim Commission, ask yourself:

- Did I thank the Commissioners for their service?
- Did I write in my own voice rather than copying someone else's?
- Did I keep my message respectful, optimistic, and focused on solutions?
- Did I explain why strong public schools matter in my community?
- Did I encourage meaningful, constitutional, and comprehensive modernization?

- Sample Letter on Next Page -

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Sample Letter

Dear Members of the School Funding Interim Commission,

Thank you for your service on the School Funding Interim Commission and for the considerable time and effort you have devoted to studying Montana's public school funding system.

I appreciate the thoughtful work the Commission has undertaken and encourage you to continue pursuing meaningful modernization of Montana's school funding formula. Montana has a unique opportunity to strengthen educational opportunity for students across our state while also improving long-term fiscal stability and providing meaningful property tax relief. I also appreciate that the proposal creates a funding system that is easier for local communities to understand while preserving local decision-making and strengthening public confidence in how education is funded.

I encourage you to view the Coalition proposal as a comprehensive framework for modernization. Some individual improvements can certainly strengthen Montana's current funding system and deserve serious consideration. At the same time, I hope the Commission will continue working toward a comprehensive solution rather than viewing isolated improvements as a substitute for broader reform. If fiscal realities require implementation over several years, a coordinated phase-in can preserve the integrity of the proposal while providing gradual benefits for schools, communities, and taxpayers alike.

From my perspective as a **[trustee / teacher / superintendent / principal / classified employee / parent / business leader / community member]**, I believe strong public schools are essential to the future of Montana. Every community depends upon schools that can attract outstanding educators, provide meaningful educational opportunities for students, and remain financially stable over the long term.

Thank you again for your willingness to study this issue carefully and for your service to the people of Montana. I respectfully encourage you to recommend a constitutional, comprehensive, and achievable path toward modernizing Montana's public school funding system.

Sincerely,
Your Name
Community

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Contacting the School Funding Interim Commission

You've prepared your message. Now it's time to share it. The information below will help you submit your comments to the School Funding Interim Commission.

Email Commission Members

Commissioner	Title	Email
David Bedey	Chair, Representative	David.Bedey@legmt.gov
Eric Matthews	Vice Chair, Representative	Eric.Matthews@legmt.gov
Brad Barker	Representative	Brad.Barker@legmt.gov
Becky Beard	Senator	Becky.Beard@legmt.gov
Lee Deming	Representative	Lee.Deming@legmt.gov
Dave Fern	Senator	Dave.Fern@legmt.gov
Forrest Mandeville	Senator	Forrest.Mandeville@legmt.gov
Jacinda Morigeau	Senator	Jacinda.Morigeau@legmt.gov
Luke Muszkiewicz	Representative	Luke.Muszkiewicz@legmt.gov
Sara Novak	Senator	Sara.Novak@legmt.gov
Melissa Romano	Representative	Melissa.Romano@legmt.gov
Sue Vinton	Senator	Sue.Vinton@legmt.gov
Manish Bhatt	Policy Advisor	Manish.Bhatt@mt.gov
Tom Burnett	Public Member	Burnett.tom@gmail.com
Clayton Christian	Commissioner of Higher Ed	cchristian@montana.edu
Susie Hedalen	State Superintendent	Susie.Hedalen@mt.gov
Martha Potter	Public Member	marthap@savagepublicschool.com
Matt Schreiber	Public Member	iammatt1@gmail.com
Dr. Tim Tharp	Public Member	timtharpmt@gmail.com
Mike Waterman	Public Member	mike.waterman@bsd7.org
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Laura Sankey Keip	Attorney	Laura.SankeyKeip@legmt.gov
Rebecca Brown	Research Analyst	Rebecca.Brown@legmt.gov

Submit Comments to the Full Commission

Use the Montana Legislature's online committee messaging system to send your comments to the entire School Funding Interim Commission: Public Participation

Stay Informed

View meeting agendas, materials, livestreams, and public participation information on the Commission's webpage: School Funding Interim Commission

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One Final Thought

Montana has a rare opportunity to modernize its public school funding system in a way that is constitutional, comprehensive, transparent, and sustainable. Modernization is about more than updating funding formulas—it is about creating a funding system that better reflects today's students, today's schools, and today's expectations for accountability, transparency, and public understanding.

The Coalition has provided a constitutional, comprehensive, and achievable framework for reform. The time for advocacy is now.

By sharing your own experiences and encouraging thoughtful modernization, you can help demonstrate that support for meaningful reform extends across Montana's communities — not just across educational organizations.

A funding system that people understand is a funding system they are more likely to trust and support.

Thank you for lending your voice to this important effort!

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How You Can Help

Advocate for the Coalition Proposal

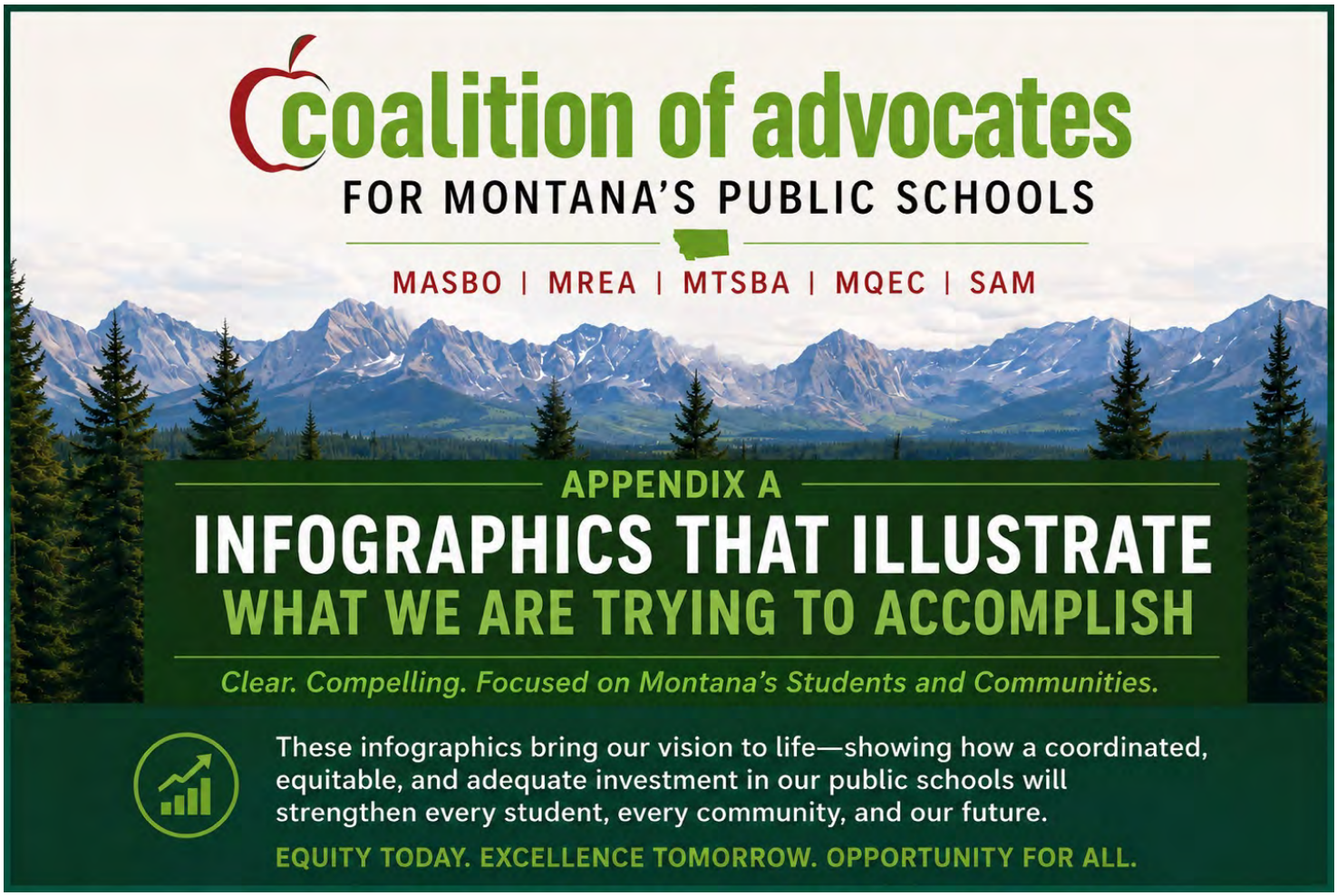
1. **Know the Proposal**
   Review this Playbook and understand the Coalition Proposal.

2. **Speak From Experience**
   Contextualize what these improvements would mean for your district and students.

3. **Send One Communication**
   Write to the Commission in July and August to advocate for the proposal.

4. **Engage Your Community**
   Connect with local legislators to educate them on school funding and this proposal.

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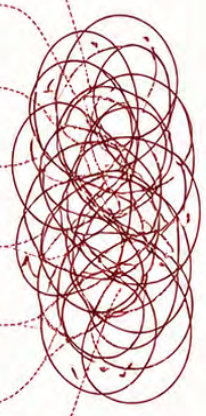
SIMPLER. CLEARER. STRONGER FOR MONTANA.

The Coalition Proposal replaces a complicated system with a transparent formula that is easier for schools, communities, legislators, and taxpayers to understand.

TODAY: COMPLEX AND HARD TO FOLLOW

Multiple limits, calculations, and funding streams make school funding difficult to understand, administer, and explain.

- **BASE BUDGET** — Different calculation
- **OVER-BASE BUDGET** — Separate formula
- **GTB (Guarantee Tax Base)** — Complex adjustment
- **SCHOOL ENTITLEMENTS** — Many components
- **ANB (Average Number Belonging)** — Multiple definitions
- **SPECIAL EDUCATION** — Separate funding stream
- **INFLATION FACTORS** — Different calculations and timing
- **DOZENS OF STATUTES AND RULES** — Hard to navigate



RESULT: COMPLEX, HARD TO UNDERSTAND, DIFFICULT TO ADMINISTER

TOMORROW: SIMPLE AND TRANSPARENT

Four clear components in one coordinated formula that is easier to understand, explain, and administer.

1. ANB PAYMENT
Funds students based on their needs. Simple, consistent, and transparent.

2. BASIC ENTITLEMENT
Provides a stable foundation for every district.

3. FUND PAYMENT
Ensures adequate funding by applying the equalization formula.

4. QUALITY EDUCATOR PAYMENT
Supports recruiting, retaining, and rewarding quality educators.

RESULT: TRANSPARENT, PREDICTABLE, EASIER TO UNDERSTAND

WHY SIMPLIFICATION MATTERS

FOR TRUSTEES AND LEADERS
Spend less time figuring out the formula and more time focusing on students.

FOR EDUCATORS
Understand how funding supports schools and classrooms.

FOR LEGISLATORS
Easier to evaluate, compare, and make informed decisions.

FOR COMMUNITIES
Clear, transparent information builds confidence and trust.

FOR TAXPAYERS
A funding system that is fair, accountable, and easy to understand.

ONE SIMPLE FORMULA. STRONGER SCHOOLS. BETTER FUTURES FOR MONTANA.

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The CAMPS Proposal in 10 Points

1	QUALITY ASSURANCE FUNDING GUARANTEE	Every district receives funding sufficient to provide a quality educational program for all students.
2	REPLACE BASE AND MAXIMUM BUDGET CONSTRAINTS	Eliminate outdated budget structures and establish a single Quality Assurance funding line.
3	REDUCE RELIANCE ON PROPERTY TAXES	Shift greater responsibility to statewide funding sources while relieving pressure on local taxpayers.
4	PRESERVE LOCAL CONTROL	Maintain voter authority through Discretionary Funding Enhancement above the Quality Assurance line.
5	INCREASE EQUITY	Reduce disparities created by differences in local property wealth so every student has opportunity to succeed.
6	MODERNIZE STUDENT FUNDING	Provide transparent statewide ANB payments of approximately $5,000 elementary and $6,300 secondary.
7	INVEST IN STUDENTS WITH GREATER NEEDS	Expand support for poverty, special education, American Indian achievement, and other targeted programs through the FUND payment.
8	STRENGTHEN THE EDUCATOR WORKFORCE	Create Quality Educator Payments tied to educator recruitment, retention, and competitive compensation.
9	SUPPORT SCHOOLS OF ALL SIZES	Increase emphasis on school-unit funding to better recognize fixed operational costs and Montana's unique geography.
	FIX INFLATION GOING FORWARD	Create a self-executing inflation mechanism that uses current data, removes the 3% cap, and better reflects actual costs.

★ ONE GOAL: EQUALITY OF EDUCATIONAL OPPORTUNITY FOR EVERY MONTANA STUDENT ★

1. WHY MONTANA MUST ACT NOW

Our schools face new realities. Our funding system has not kept pace.

THEN
Around 2008

- Pre-pandemic era
- Lower technology expectations
- Lower special education costs and needs
- Different student supports
- Different cost environment

A different era requires a modern funding approach.

NOW
2026 and Beyond

- Mental health challenges
- Cybersecurity requirements
- Artificial intelligence
- Expanded student supports
- Higher educator recruitment challenges.

Should Montana continue funding today's schools using assumptions from a different era?

2. THE PROBLEM IS NOT ONE THING

Five Pressures Are Converging



PROPERTY TAX PRESSURE
Local taxpayers are asked to do more as budgets strain.

EDUCATOR SHORTAGES
Recruiting and retaining quality educators is increasingly difficult and expensive.

DEMOGRAPHIC CHANGE
School-age population is a smaller share of total population.

INFLATION GAPS
Funding growth has not kept pace with actual cost increases.

CONSTITUTIONAL EQUITY CONCERNS
Disparities tied to local wealth persist, challenging equality of opportunity.

All five pressures point toward the same conclusion:
Montana's funding formula deserves a comprehensive review.

3. FROM PROBLEM TO SOLUTION

How CAMPS Responds to Today's Challenges

CHALLENGE	CAMPS RESPONSE
Property tax pressure	Increased state share of the cost of a quality system
Funding disparities	Equity-focused formula that reduces differences due to local wealth
Inflation lag	Self-executing inflation using current data; no 3% cap
Educator shortages	Quality Educator Payment to recruit, retain, and reward quality educators
Declining enrollment share / Fixed costs	Greater school-unit funding to recognize essential fixed costs and Montana's geography
Student needs	Expanded FUND payment for poverty, special education, American Indian achievement, and other needs

ONE GOAL: Equality of Educational Opportunity for Every Montana Student

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OUR CONSTITUTIONAL FOUNDATION

ARTICLE X OF THE MONTANA CONSTITUTION

1. Develop the Full Educational Potential of Each Person
2. Guarantee Equality of Educational Opportunity
3. Provide a Basic System of Free Quality Schools
4. Fund and Distribute the State's Share Equitably
5. Self-Executing Funding Formula

1. STUDENTS

53%

Fair funding for every student.

2. UNIQUE NEEDS

12%

Funding for students who need more support.

3. GREAT EDUCATORS

23%

Invest in people. Attract, support, and retain great educators.

4. STRONG SCHOOLS

12%

Support the learning environment and school operations.

QUALITY ASSURANCE FUNDING

$1.7 BILLION STATE INVESTMENT

(FY2028 DOLLARS)

A self-executing funding formula that delivers equality of educational opportunity for every student in Montana.

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HOW THE FORMULA WORKS

The Quality Assurance General Fund (QAGF) is the general fund of every school district.



ANB PAYMENT

Per-pupil amount based on Average Number Belonging (ANB).

+



BASIC ENTITLEMENT

District and school unit amounts that provide stability.

+



FUND PAYMENT

Targeted funding for students with unique needs and statewide priorities.

+



QUALITY EDUCATOR & QUALIFIED STAFF PAYMENT (QEP)

Invest in educators and support staff through competitive compensation.

QUALITY ASSURANCE GENERAL FUND (QAGF)

The state's constitutionally required share of the cost of a basic system of free quality public elementary and secondary schools.

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QUALITY ASSURANCE GENERAL FUND (QAGF)

Montana Educational Opportunity, Quality Assurance, and Property Tax Relief Act

TOTAL FY2028 QUALITY ASSURANCE FUNDING: $1.7 BILLION

This is the Quality Assurance General Fund (QAGF) – the General Fund of every accredited school district in Montana. It implements 20-9-309 and satisfies the state's obligation under Article X, Section 1 of the Montana Constitution.

1. ANB PAYMENT — 53%

Student-Based Foundational Funding

- $5,000 per ANB (Grades P–5)
- $6,300 per ANB (Grades 6–12)
- No decrement
- Fully funded at the Quality Assurance line
- Inflation adjusted

Provides every student with fair, predictable, and sufficient foundational resources.

2. FUND — 12%

Funding for Unique Needs and Development

- 15× At-Risk Student Payment
- 3× American Indian Achievement Gap Payment
- 2× Indian Education for All Payment (minimum $5,000)
- 2× State Special Education Funding
- Data for Achievement Payment
- Future Ready Payment
- Shared Resource Incentive Payment

Targets additional resources to students with unique needs and to close opportunity gaps.

3. QUALITY EDUCATOR & QUALITY STAFF PAYMENT — 23%

- $30,000 per Quality Educator/Qualified Staff for STARS-compliant districts
- $15,000 per Quality Educator/Qualified Staff for non-compliant districts
- Legislative goal of $45,000 minimum base teacher salary
- Based on the existing statutory definition of quality educator and qualified staff
- Inflation adjusted

Invests in and retains high-quality educators and staff – the most important in-school factor in student success.

4. BASIC ENTITLEMENT PAYMENT — 12%

- Every accredited school unit receives at least one entitlement regardless of size
- Elementary: $100,000 for first 100 ANB; additional entitlements for excess ANB ÷ 100 (rounded up to nearest tenth)
- Middle School: $200,000 for first 200 ANB; additional entitlements for excess ANB ÷ 200 (rounded up to nearest tenth)
- High School: $400,000 for first 400 ANB; additional entitlements for excess ANB ÷ 400 (rounded up to nearest tenth)
- Inflation adjusted

Ensures every school unit has the resources needed to provide a safe, operating, and effective learning environment.

DISCRETIONARY ENHANCED FUNDING (DEF)

- Subject to voter approval
- Innovation and excellence purposes only

Up to 10% above QA line

A fair, adequate, and constitutionally aligned funding system that expands educational opportunity, assures quality, and relieves property taxes.

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STATE FUNDING, TAX EQUITY & PROPERTY TAX RELIEF

Unity in Taxation. Quality Education for Every Student. Property Tax Relief for Every Home.

STATEWIDE REVENUE SOURCES

95 UNIFORM STATEWIDE SCHOOL MILLS

- 33 mills elementary
- 22 mills high school
- 40 mills statewide equalization

Paid uniformly by all property taxpayers across Montana

SCHOOL TRUST LAND REVENUES

- Constitutional trust earnings
- Deposited through the Guarantee Account
- Existing education revenue source

EXISTING STATE APPROPRIATIONS

- Current state support for public education
- Preserved and consolidated
- Includes ongoing state commitments

MONTANA PUBLIC SCHOOL INVESTMENT TAX

- 1% income tax surcharge
- Dedicated statewide education investment
- Supports educational adequacy
- Creates capacity for approximately $546 million in property tax relief
- Replaces reliance on local property taxes

STATE SPECIAL REVENUE ACCOUNT FOR PROPERTY TAX RELIEF (SEPTR)

A unified statewide education revenue account that collects and distributes the state's share of public school funding.

COMBINES:

- ✓ 95 Uniform School Mills
- ✓ School Trust Land Revenues
- ✓ Existing State Appropriations
- ✓ Montana Public School Investment Tax (1%)

PURPOSE:

- Fund the state's share of quality education
- Create unity and equity in taxation
- Reduce dependence on local property wealth
- Generate approximately $346 million of General Fund property tax relief
- Provide approximately $200 million of equalization assistance for locally voted levies
- Support long-term adequacy and sustainability
- Fulfill constitutional obligations under Article X

ONE STATEWIDE ACCOUNT.
ONE EQUITABLE SYSTEM.
ONE STRONG FUTURE.

QUALITY ASSURANCE GENERAL FUND (QAGF)

The SEPTR Account distributes funding through the Quality Assurance General Fund, creating a single transparent statewide structure that funds and equitably distributes the state's share of a basic system of free quality public schools.

EDUCATIONAL OPPORTUNITY
Ensures every student has access to the resources needed to reach their full potential.

QUALITY ASSURANCE
Provides stable, adequate funding to support quality educators, programs, and safe learning environments.

LOCAL CHOICE & INNOVATION
DFE (up to 10% of QAGF) supports local innovation with voter approval.

TRANSPARENCY & EQUITY
One uniform system replacing reliance on varying local tax bases.

PROPERTY TAX RELIEF

A CENTRAL OBJECTIVE OF THE PROPOSAL

The proposal replaces approximately $346 million in BASE and Over-BASE property taxes with statewide revenues and provides approximately $200 million in state equalization support for locally voted levies, reducing pressure on residential taxpayers while preserving local voter authority.

$546 MILLION TOTAL RELIEF & EQUALIZATION SUPPORT

RESULTS

- Approximately $546 million in combined property tax relief and equalization support
- Elimination of General Fund BASE and Over-BASE levies
- Reduced dependence on local property wealth
- Greater equity among communities
- Preservation of local voter control for discretionary enhancements
- Sustainable statewide funding structure supporting Article X obligations

QUALITY EDUCATION • TAX EQUITY • PROPERTY TAX RELIEF • STRONGER MONTANA

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LOCAL CONTROL THROUGH EQUALITY OF EDUCATIONAL OPPORTUNITY

Montana's Constitution guarantees equality of educational opportunity and preserves local supervision and control through locally elected boards of trustees.

COMMUNITIES CONTINUE TO DIRECT LOCAL PRIORITIES

- Building Reserve
- Technology Levies
- School Safety Levies
- Discretionary Funding Enhancement (DFE)

COMMUNITIES CONTINUE TO DIRECT LOCAL PRIORITIES

- Innovation and Expansion
- Career and Technical Education
- Advanced Opportunities
- Other Locally Approved Initiatives

STATE EQUALIZATION SUPPORT



Small Rural School



Mid-Size Community School



Large Urban School

State equalization support helps ensure that local decisions are not determined solely by differences in local property wealth.

The proposal provides **state equalization assistance** for eligible local levies, helping ensure that local decisions have meaningful value regardless of differences in local tax base.

Communities **retain authority** to pursue innovation, opportunity, and excellence while the state fulfills its constitutional responsibility to support equality of educational opportunity.

LOCAL CONTROL THROUGH EQUALITY OF EDUCATIONAL OPPORTUNITY

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INFLATION FLAW RESOLVED: TIMELY, ACCURATE, AND RESPONSIVE

The proposal eliminates outdated data and arbitrary caps, ensuring funding keeps pace with actual costs and provides timely, accurate adjustments.

CURRENT LAW: OUTDATED & CAPPED

3–5 YEAR OLD DATA
Many payment factors rely on 3–5 year old cost data, leading to funding that lags behind current costs.

3% CAP ON INFLATION
Limits annual adjustments to 3%, regardless of actual inflation or the true cost of providing quality education.

ERODING PURCHASING POWER
Outdated data and the cap cause funding to fall behind, reducing schools' ability to meet student needs.

PROPOSAL: TIMELY & ACCURATE

CURRENT YEAR DATA
All key funding factors are based on current year cost data, ensuring resources reflect today's realities.

NO ARTIFICIAL CAP
Adjustments reflect actual inflation for education costs—no arbitrary limits.

STRONGER, MORE STABLE FUNDING
Funding keeps pace with costs, protecting educational opportunity and supporting student success.

STATUTORY APPROPRIATION OF SEPTR FUNDS

The proposal statutorily appropriates a portion of SEPTR funds for inflation adjustments. → Ensures adjustments are funded each year and remain timely, relevant, and reliable.

EXECUTIVE BRANCH EXPERTISE ENSURES ACCURACY

Like GTB adjustments under HB 483 (2025 Session), executive branch agencies:

- Monitor actual education cost trends
- Calculate precise inflation adjustments
- Recommend necessary updates
- Deliver accurate, data-driven results

TIMELY DATA. NO CAP. DEDICATED FUNDING. EXPERT ADMINISTRATION.
INFLATION ADJUSTMENTS THAT WORK FOR SCHOOLS AND STUDENTS.

MEETS THE REQUIREMENT OF A SELF EXECUTING FORMULA IN 20-9-309.
The proposal uses current data, removes arbitrary caps, and provides a statutory appropriation—ensuring adjustments occur automatically each year.

The result: Funding that reflects the real cost of providing quality education today—protecting opportunity, stabilizing budgets, and strengthening Montana's schools.

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RESPONSIBLE IMPLEMENTATION
A COORDINATED FOUR-YEAR TRANSITION

Modernization Begins Immediately. Full Implementation Occurs Responsibly.

Coalition of Advocates FOR MONTANA'S PUBLIC SCHOOLS
MASBO | MREA | MTSBA
MQEC | SAM

The Coalition supports a coordinated four-year implementation that preserves the integrity of the proposal while recognizing fiscal realities.

FY2028
BEGIN MODERNIZATION

Immediate Improvements

FORMULA INTEGRITY
- Inflation modernization implemented immediately.
- First proportional formula adjustments begin.

REVENUE
- Montana Investment Income Tax begins.

PROPERTY TAX RELIEF
- First reduction in General Fund property taxes.

FY2029
BUILD MOMENTUM

Second Phase

- Revenue continues increasing.
- General Fund property taxes continue decreasing.
- Quality Assurance funding continues increasing.
- Every formula component advances proportionally.

FY2030
CONTINUE TRANSITION

Third Phase

- Additional property tax relief.
- Additional Quality Assurance funding.
- Further proportional implementation of every formula component.

FY2031
FULL IMPLEMENTATION

Full Implementation

- General Fund property taxes eliminated.
- Complete Quality Assurance funding achieved.
- Modern constitutional funding formula fully implemented.

KEEP THE FORMULA IN BALANCE

ANB PAYMENT	Gradually decreases as decrement is eliminated.
QUALITY EDUCATOR PAYMENT	Gradually increases.
BASIC ENTITLEMENT	Gradually increases.
FUND PAYMENT	Gradually increases.

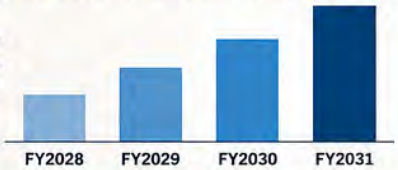
Every adjustment occurs in proportional tandem.

Formula components designed to counterbalance one another should be implemented together—not independently.

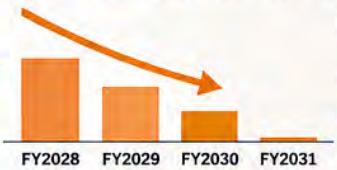
PROPERTY TAX & REVENUE TRANSITION

MONTANA INVESTMENT INCOME TAX

Gradually increases over four years.



PROPERTY TAX RELIEF



Gradually increases each year through:
- Elimination of BASE General Fund property taxes
- Elimination of Over-BASE General Fund property taxes
- Expanding state equalization for Discretionary Funding Enhancement, Technology, and School Safety levies

RESULT: GENERAL FUND SCHOOL PROPERTY TAXES = $0

COORDINATED IMPLEMENTATION
- ✓ Inflation corrected immediately.
- ✓ Revenue grows predictably.
- ✓ Property tax relief grows every year.
- ✓ School funding grows every year.
- ✓ Counterbalancing formula elements remain proportional.
- ✓ No district is advantaged or disadvantaged by isolated implementation.

AVOID SELECTIVE IMPLEMENTATION
- ✗ Cherry-picking individual provisions.
- ✗ Permanently implementing only selected formula changes.
- ✗ Creating unintended winners and losers.
- ✗ Treating isolated improvements as comprehensive modernization.

MODERNIZE IMMEDIATELY. | IMPLEMENT RESPONSIBLY. | PRESERVE THE BALANCE OF THE COMPLETE FORMULA.

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