STATE SCHOOL FINANCE PROFILE 2019-20 SCHOOL YEAR

MONTANA

Summary: This 2019-20 profile of Montana’s public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), Montana scores 70 out of 100, which ranks 6th out of the 48 states with possible ratings.

FISCAL EFFORT

Fiscal effort is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

<table>
<thead>
<tr>
<th>Montana effort</th>
<th>4.18%</th>
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</thead>
<tbody>
<tr>
<td>U.S. average</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

- MT is a **high effort** state.
- In FY 2020, MT spent 4.18 percent of its economic capacity (GSP) on its K-12 public schools.
- This was 0.57 percentage points higher than the unweighted national average of 3.61 percent.
- MT’s effort level ranks #11 in the nation (out of 50).

STATEWIDE ADEQUACY

Statewide adequacy compares actual per-pupil (PP) spending in each state to district-level cost model estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student’s district. The graphs include regional and national averages.

- Overall adequacy in MT is relatively **moderate**.
- By the modest standard of U.S. average scores, 18.2 percent of MT students attend inadequately funded districts, which ranks #13 in the nation (out of 49).
- The typical MT student’s district spends 29.0 percent above adequate levels, which ranks #13 in the nation.

EQUAL OPPORTUNITY

Equal opportunity is the comparison of adequacy between each state’s higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in pct. points) between the lowest- and highest-poverty groups is a state’s “opportunity gap.”

- Educational opportunity in MT is **highly unequal**.
- Spending in MT’s highest-poverty districts is 2.8 percent ($436 PP) below the estimated adequate level, compared with 40.9 percent ($3,288 PP) above adequate in the state’s most affluent districts.
- This opportunity gap of -43.6 percentage points is ranked #20 in the nation (out of 48).

Effort trend and capacity

- MT’s 2020 effort level is 0.05 pct. points lower than it was pre-recession (2006).
- This net change in effort between 2006 and 2020 is ranked #19 in the nation.

Net change by period (% pts.)

<table>
<thead>
<tr>
<th>Period</th>
<th>MT</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 recession (2006-12)</td>
<td>-0.36</td>
<td>-0.13</td>
</tr>
<tr>
<td>Post-recession (2012-20)</td>
<td>0.31</td>
<td>0.01</td>
</tr>
<tr>
<td>Full period (2006-20)</td>
<td>-0.05</td>
<td>-0.12</td>
</tr>
</tbody>
</table>

- MT’s effort was lower than its 2006 level in 5 of 5 years between 2016-2020; had effort recovered to its 2006 level during these years, total 2016-2020 spending would have been $0.55 billion (5.6 percent) higher.
- MT is a relatively **low capacity** state, with a GSP per capita ranked #45 in the nation.

- Statewide, spending is **below** estimated adequate levels in 158 of the 397 MT districts with available data.
- Closing all these negative gaps would require $72.0 million in new funding.

Adequacy in 10 largest MT districts

| Percent above/below adequate spending, ten largest MT school districts |
|---------------------------|------------------|------------------|
| BILLINGS ELEM             | 116.0            |
| GREAT FALLS ELEM          | 87.5             |
| MISSOULA ELEM             | 98.5             |
| BILLINGS H S              | 18.6             |
| HELENA ELEM               | 94.2             |
| BOZEMAN ELEM              | 260.3            |
| MISSOULA H S              | 22.3             |
| KALISPELL ELEM            | 141.4            |
| BUTTE ELEM                | 159.0            |
| GREAT FALLS H S           | -7.7             |

- MT’s opportunity gap contributes to a student outcome gap: the state’s highest-poverty districts (pink dot) score 0.91 s.d. **below** its lowest-poverty districts (blue dot).

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General

The data in this state profile are from the School Finance Indicators Database (SFID), a collection of public K-12 school finance and resource allocation indicators published annually by researchers from the Albert Shanker Institute, University of Miami School of Education and Human Development, and Rutgers University Graduate School of Education. The primary product of the SFID is the State Indicators Database (SID), a state-level dataset containing roughly 125 variables. This profile focuses on three types of measures included in the SID: fiscal effort, statewide adequacy, and equal opportunity. The full SID dataset, along with accessible documentation of and data sources for all the measures presented in this profile, as well other SFID datasets, tools, and reports, are freely available to download at schoolfinancedata.org. The following are some general notes about the profiles, followed by descriptions and notes pertaining to the three types of measures they present:

- The years in the profile refer to the spring semester of the school year (e.g., 2020 is 2019-20).
- Estimates may differ slightly from previous profiles, as some measures are changed or improved each year, and all years are recalculated annually with updated data.
- Due to rounding, changes and differences published in this profile may vary slightly from users' manual calculations.
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