



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0215: Revise the definition of public school system and requirements of school funding formula**

Primary Sponsor: Becky Beard Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact

SB 215 revises school funding laws related to the definition of the "basic system of free quality public elementary and secondary schools", amends educationally relevant factors that the legislature shall consider in developing a school funding formula, and requires the school funding formula to address open enrollment, student achievement, and transparency. SB 215 directs added requirements to section 20-9-309, MCA, but does not provide defined formulaic changes that can be estimated as changes in state costs. There is not state fiscal impact related to SB 215.

### FISCAL ANALYSIS

#### Assumptions

#### Office of Public Instruction

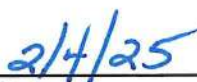
- SB 215, section 1, revises the definition of a basic system of free quality public elementary and secondary schools and identifies educationally relevant factors.
- The educational programs to provide for students with special needs is amended to include the following:
  - A statewide public-school open enrollment program that allows students to transfer to any public school in the state.*
  - Student achievement growth commensurate with increases in inflation-adjusted funding for each student.*
  - Transparency with how public-school districts spend additional per-student funding and whether these dollars resulted in improved student achievement.*

3. The bill further amends the requirements when developing a mechanism to fund the basic system of free quality public elementary and secondary schools and in adjusting the funding formula, the legislature shall, at a minimum, consider these additional educationally relevant factors:
  - a. *The ability for students to easily transfer among any public school in the state at no personal cost*
  - b. *The degree to which student achievement growth corresponds to increases in inflation-adjusted funding for each student*
  - c. *The degree to which the funding mechanism is transparent and easy for taxpayers to understand.*
4. SB 215 requires that the legislature shall in determining the costs under subsection (4)(a)(i) of section 20-9-215, MCA, account for the degree to which inflation adjusted public school funding increases have led to meaningful improvements in student achievement in states with the highest per-student funding growth in the most recent 2 decades.
5. It is also required that the state funding formula shall:
  - a. *Allocate funding using a statewide per-student amount with funding weights that account for student needs.*
  - b. *Ensures funding follows public school open enrollment participants across school district boundaries without additionally taxing the sending districts' or counties' residents.*
  - c. *Uses current-year enrollment counts for funding purposes.*
  - d. *Is transparent and easy for taxpayers to understand.*
6. The Office of Public Instruction has determined there will be no state costs related to SB 215.

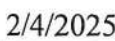
**Technical Concerns**

1. Requirements for Transparency with how public-school districts spend additional per-student funding and whether these dollars resulted in improved student achievement assumes a direct correlation between funding and student outcomes. Without further definition, this may not be an achievable measure.
2. Requiring a formula that is transparent and easy for taxpayers to understand is subjective and without defined measures may not be measurable.

  
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Sponsor's Initials

  
\_\_\_\_\_  
Date

  
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Budget Director's Initials

  
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Date