

# Budget and Levy Committee Meeting

## Agenda

04.11.24

1. Updated Projections—Pat McHugh
  - a. General Fund Projections FY25
  - b. General Fund Proposed Revenues and Reductions
  - c. Elementary/High School General Fund Budget Projections
  - d. Projected FY25 Revenue Budgets
2. Review district levy and budget information—Tyler Christensen
  - a. District Website
    1. FAQs
    2. Budget and Levy Committee
    3. Other Financial Information
  - b. Brochures and Mailers
3. Levy presentations to community groups—Micah Hill

**MCPS General Fund**  
**Budget Projections - 3% Inflationary Increase**  
**FY25**

Highest Budget Without Vote

Over Base Levy (Voted)

**Proposed Adopted Budget**

Prior Year Adopted Budget

Estimated Increase to General Fund

Estimated Certified & Classified Retiree Savings

Estimated Salary & Benefit Obligations to Build into the Budget:

Certified Step Increases

Certified Lane Movement

ESSER Funds Built into the Budget

MMCEO Step/Longevity Increases

Estimate of Additional Pay Increase (other)

**Subtotal of Salary & Benefit Obligations**

Other Obligations to Build into the Budget:

Liability insurance (estimated 15% increase)

SRO/CRO/SSO (estimated 2% increase)

Utilities

Student Athletics and Activities Travel

Work Comp Credit Utilized in FY24

Adjust IDEA B Allowance

Tuition Funding for Excess SPED

**Subtotal of Other Obligations**

**before Other Adds & Reductions**

Reductions, Savings and Offsets

See Attached

**Anticipated Budget Balance**

**before other Adds & Reductions**

ELEMENTARY	HIGH SCHOOL
\$ 43,529,868	\$ 35,780,614
\$ 105,133.77	\$ 403,627.43
<b>\$ 43,635,002</b>	<b>\$ 36,184,241</b>
\$ 43,181,480	\$ 34,591,338
<b>\$ 453,522</b>	<b>\$ 1,592,904</b>
\$ 260,000	\$ 260,000
\$ (434,664)	\$ (311,647)
\$ (230,000)	\$ (135,000)
\$ (355,769)	\$ (753,000)
\$ (73,754)	\$ (55,257)
\$ (1,351,600)	\$ (1,110,000)
<b>\$ (2,445,788)</b>	<b>\$ (2,364,904)</b>
\$ (92,800)	\$ (76,800)
\$ (3,152)	\$ (4,728)
\$ (160,700)	\$ (131,000)
\$ -	\$ (340,000)
\$ (63,800)	\$ (46,200)
\$ 350,000	\$ (350,000)
\$ 100,000	
<b>\$ 129,548</b>	<b>\$ (948,728)</b>
<b>\$ (1,602,718)</b>	<b>\$ (1,460,729)</b>

Elementary General Fund Proposed Revenues and Reductions (Recalibration)				
		OPTION A	OPTION B	OPTION C
		No Levies	Operational Levy	Operational & Safety Levy
<b>Proposed Revenue</b>				
Increase Extracurricular Participation Fees	\$5,000-\$10,000	0	0	0
Increase External Facility User Fees (this includes \$105K for renting Emma Dickinson)	\$195,000	\$90,000	\$90,000	\$90,000
<b>Total Proposed Revenue</b>		<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>
<b>Proposed Reductions</b>				
K-8 Enrollment Based Reductions in Certified Staffing	\$756,000	\$756,000	\$756,000	\$756,000
K-8 Additional Reductions in Certified Staff	\$189,000	\$189,000	\$189,000	\$189,000
Reduce (Decentralize) District Office or Building Administration and Supports Funded in GF	\$500,500	\$500,500	\$500,500	\$500,500
Reduce .5 Secretary Support at 4 Buildings	\$66,000	\$66,000	\$66,000	\$66,000
Eliminate Lifeworks Agreement	\$24,186	\$24,186	\$24,186	\$24,186
Decrease Building Budgets	\$37,500	\$37,500	\$37,500	\$37,500
Decrease Activity Budgets	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total Proposed Reductions</b>		<b>\$1,583,186</b>	<b>\$1,583,186</b>	<b>\$1,583,186</b>
<b>Expenditure Offsets</b>				
Shift Transportation Supervisor Salary to Transportation Fund	\$31,700	\$31,700	\$31,700	\$31,700
Shift Benefits Technician Salary to Insurance Trust	\$33,000	\$33,000	\$33,000	\$33,000
Shift Custodial Supervisor Salary to Rental Proceeds Fund	\$21,000	\$21,000	\$21,000	\$21,000
Offset Expenditures with Advanced Opportunity Grant	\$54,000	\$54,000	\$54,000	\$54,000
Offset Spark Expenditure with Grant Funds	\$45,000	\$45,000	\$45,000	\$45,000
Utilize a Portion of Interlocal Funds (year 1)	\$333,000	\$333,000	\$333,000	\$0
Tuition Fund to Fund Special Education (SPED) Preschool	\$1,280,000	\$250,000	\$250,000	\$250,000
Change in Allocation from 58/42 to 55/45	\$180,000	\$180,000	\$180,000	\$180,000
General Fund (GF) Over Base Levy*	\$105,134		\$105,134	\$105,134
Safety Levy				
Total Levy Voted: \$1,500,000 Tax Impact \$11.24 per \$100K	\$1,500,000	\$0	\$0	\$1,500,000
Current safety related costs moved out of general fund and coded to safety levy instead (SRO's, School Counselors, etc.)				
<b>Total Expenditure Offsets</b>		<b>\$947,700</b>	<b>\$1,052,834</b>	<b>\$2,219,834</b>
<b>Budget Additions</b>				
Administration consolidation and restructure - Meadow Hill Teacher on Special Assignment; SPED Coordinator from ESSER; Academic & Community Services Director	(\$195,000)	(\$195,000)	(\$195,000)	(\$195,000)
Increase support for Native American Student Services, English Language Learners, Gifted & Talented	(\$126,500)	(\$126,500)	(\$126,500)	(\$126,500)
Add SPED Positions Originally charged to Medicaid Funds	(\$1,000,000)	(\$575,000)	(\$575,000)	(\$1,000,000)
Behavior Interventionists / Other Safety Support	(\$750,000)			(\$750,000)
Centralize K-8 Enrollments	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)
<b>Total Budget Additions</b>		<b>(\$962,500)</b>	<b>(\$962,500)</b>	<b>(\$2,137,500)</b>
<b>Summary</b>				
Original Budget Deficit (without GF Over Base Levy)		(\$1,707,852)	(\$1,707,852)	(\$1,707,852)
Total Proposed Revenue		\$90,000	\$90,000	\$90,000
Total Proposed Reductions		\$1,583,186	\$1,583,186	\$1,583,186
Total Expenditure Offsets		\$947,700	\$1,052,834	\$2,219,834
Total Proposed Additions		(\$962,500)	(\$962,500)	(\$2,137,500)
<b>(Deficit/Balance)</b>		<b>(\$49,466)</b>	<b>\$55,668</b>	<b>\$47,668</b>

\*This number has been updated by OPI since the February 13, 2024 Board of Trustees meeting causing changes in the summary portion of the document

High School General Fund Proposed Revenues and Reductions (Recalibration)				
		OPTION A	OPTION B	OPTION C
		No Levies	Operational Levy	Operational & Safety Levy
<b>Proposed Revenue</b>				
Increase Extracurricular Participation Fees (estimate of 25% incr.)	\$25,000	\$25,000	\$25,000	\$25,000
Increase Gate Fees	\$15,000	\$15,000	\$15,000	\$15,000
Increase External Facility User Fees (this includes \$105K for renting Emma Dickinson)	\$10,000	\$10,000	\$10,000	\$10,000
<b>Total Proposed Revenue</b>		<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>Proposed Reductions</b>				
9-12 Enrollment Based Reductions in Certified Staff	\$702,000	\$702,000	\$702,000	\$702,000
Reduce (Decentralize) District Office or Building Administration and Supports in GF	\$363,500	\$363,500	\$363,500	\$363,500
Eliminate Lifeworks Agreement	\$19,788	\$19,788	\$19,788	\$19,788
Seeley HS Block Grant Reduction	\$15,000	\$15,000	\$15,000	\$15,000
Decrease Building Budgets	\$75,000	\$75,000	\$75,000	\$75,000
Decrease Activity Budgets	\$75,000	\$75,000	\$75,000	\$75,000
<b>Total Proposed Reductions</b>		<b>\$1,250,288</b>	<b>\$1,250,288</b>	<b>\$1,250,288</b>
<b>Expenditure Offsets</b>				
Shift Transportation Supervisor salary to Transportation Fund	\$26,000	\$26,000	\$26,000	\$26,000
Shift Benefits Technician salary to Insurance Trust	\$27,000	\$27,000	\$27,000	\$27,000
Offset Expenditures with Advanced Opportunity Grant	\$39,000	\$39,000	\$39,000	\$39,000
Utilize a portion of Interlocal fund ( year 1)	\$100,000	\$0	\$0	\$0
Spend One-time only funds (Budget Amendment FY22)	\$595,000	\$595,000	\$595,000	\$100,000
Tuition Levy to Fund Excess Special Education (SPED) Costs	\$200,000	\$200,000	\$200,000	\$200,000
General Fund (GF) Over Base Levy*	\$403,627	\$0	\$403,627	\$403,627
Safety Levy				
Total Levy Voted: \$1,000,000 Tax Impact \$4.08 per \$100K	\$1,000,000	\$0	\$0	\$1,000,000
Current safety related costs moved out of general fund and coded to safety levy instead (SRO's, School Counselors, etc.)				
<b>Total Expenditure Offsets</b>		<b>\$887,000</b>	<b>\$1,290,627</b>	<b>\$1,795,627</b>
<b>Budget Additions</b>				
Administration consolidation and restructure - SPED Coordinator from ESSER; Academic & Community Services Director	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)
Increase support for Native American Student Services, English Language Learners, Gifted & Talented	(\$103,500)	(\$103,500)	(\$103,500)	(\$103,500)
Behavior Interventionists / Other Safety Support	(\$372,000)	\$0	\$0	(\$372,000)
Add SPED positions originally charged to Medicaid funds	(\$400,000)	(\$200,000)	(\$200,000)	(\$400,000)
Change in Allocation from 58/42 to 55/45	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)
<b>Total Budget Additions</b>		<b>(\$563,500)</b>	<b>(\$563,500)</b>	<b>(\$1,135,500)</b>
<b>Summary</b>				
Original Budget Deficit (without GF Over Base Levy)		(\$1,864,356)	(\$1,864,356)	(\$1,864,356)
Total Proposed Revenue		\$50,000	\$50,000	\$50,000
Total Proposed Reductions		\$1,250,288	\$1,250,288	\$1,250,288
Total Expenditure Offsets		\$887,000	\$1,290,627	\$1,795,627
Total Proposed Additions		(\$563,500)	(\$563,500)	(\$1,135,500)
<b>(Deficit/Balance)</b>		<b>(\$240,568)</b>	<b>\$163,059</b>	<b>\$96,059</b>

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**Elementary General Fund  
Budget Projections - 3% Inflationary Increase  
FY25**

	DETAIL	TOTALS
<b>REVENUE INCREASE</b>		
Highest Budget Without Vote		\$ 43,529,868
Plus Over Base Voted Levy		\$ 105,133.77
<b>Proposed Adopted Budget at Maximum</b>		<b>\$ 43,635,002</b>
LESS Prior Year Adopted Budget		\$ 43,181,480
Estimated Increase for FY25		<b>\$ 453,522</b>
PLUS Estimated Certified & Classified Retiree Savings		\$ 260,000
<b>Revenue Increase to Support FY25 Obligations</b>		<b>\$ 713,522</b>
<b>EXPENDITURE INCREASES</b>		
<u>Contractual Salary &amp; Benefit Obligations to Build into the Budget:</u>		
Certified Step Increases	\$ (434,664)	
Certified Lane Movement	\$ (230,000)	
ESSER Funds Built into Budget	\$ (355,769)	
MMCEO Step/Longevity Increases	\$ (73,754)	<b>\$ (1,094,188)</b>
<b>Subtotal</b>		<b>\$ (380,666)</b>
<u>Other Obligations to Build into the Budget:</u>		
Liability insurance (estimated 15% increase)	\$ (92,800)	
SRO/CRO/SSO (estimated 2% increase)	\$ (3,152)	
Utilities	\$ (160,700)	
Work Comp Credit Utilized in FY24	\$ (63,800)	<b>\$ (320,452)</b>
<b>Subtotal</b>		<b>\$ (701,118)</b>
<u>Initial Expenditure Offsets:</u>		
Change in Allocation from 58/42	\$ 180,000	
Adjust IDEA B Allowance	\$ 350,000	
Tuition Funding for Excess SPED, including Preschool	\$ 350,000	<b>\$ 880,000</b>
<b>Balance Before Proposed Additions</b>		<b>\$ 178,882</b>
<b>ADDITIONS TO BUDGET</b>		
Estimate of Additional Pay Increases (other)	\$ (1,351,600)	
Proposed Additional Staff Linked to Reductions/Consolidation	\$ (387,500)	
SPED Positions to Build into Budget	\$ (575,000)	<b>\$ (2,314,100)</b>
<b>Subtotal</b>		<b>\$ (2,135,218)</b>
<u>Proposed Offsets to Address Deficit and Additions:</u>		
Misc. Attached Expenditure Offsets	\$ 184,700	
Utilize a Portion of Interlocal Funds	\$ 333,000	<b>\$ 517,700</b>
<b>Subtotal</b>		<b>\$ (1,617,518)</b>
<u>Proposed Revenue to Address Deficit and Additions:</u>		
Increase External Facility User Fees		<b>\$ 90,000</b>
<u>Proposed Reductions to Address Deficit and Additions:</u>		
<b>See Proposed Revenues and Reductions</b>		<b>\$ 1,583,186</b>
<b>Anticipated Budget Balance</b>	<b>\$ 55,668</b>	<b>\$ 55,668</b>

**High School General Fund  
Budget Projections - 3% Inflationary Increase  
FY25**

	DETAIL	TOTALS
<b>REVENUE INCREASE</b>		
Highest Budget Without Vote	\$	35,780,614
Over Base Voted Levy	\$	403,627.43
<b>Proposed Adopted Budget at Maximum</b>	<b>\$</b>	<b>36,184,241</b>
LESS Prior Year Adopted Budget	\$	34,591,338
Estimated Increase for FY25	\$	<b>1,592,904</b>
PLUS Estimated Certified & Classified Retiree Savings	\$	260,000
<b>Revenue Increase to Support FY25 Obligations</b>	<b>\$</b>	<b>1,852,904</b>
<b>EXPENDITURE INCREASES</b>		
<u>Contractual Salary &amp; Benefit Obligations to Build into the Budget:</u>		
Certified Step Increases	\$ (311,647)	
Certified Lane Movement	\$ (135,000)	
ESSER Funds Built into Budget	\$ (753,000)	
MMCEO Step/Longevity Increases	\$ (55,257)	<b>\$ (1,254,904)</b>
<b>Subtotal</b>		<b>\$ 598,000</b>
<u>Other Obligations to Build into the Budget:</u>		
Liability insurance (estimated 15% increase)	\$ (76,800)	
SRO/CRO/SSO (estimated 2% increase)	\$ (4,728)	
Utilities	\$ (131,000)	
Student Athletics and Activities Travel	\$ (340,000)	
Work Comp Credit Utilized in FY24	\$ (46,200)	
Adjust IDEA B Allowance	\$ (350,000)	<b>\$ (948,728)</b>
<b>Subtotal</b>		<b>\$ (350,729)</b>
<u>Initial Expenditure Offsets and Obligations:</u>		
Change in Allocation from 55/45 to 58/42	\$ (180,000)	
Tuition Levy to fund Excess SPED Costs	\$ 200,000	<b>\$ 20,000</b>
<b>Balance Before Proposed Additions</b>		<b>\$ (330,729)</b>
<b>ADDITIONS TO BUDGET</b>		
Estimate of Additional Pay Increases (Other)	\$ (1,110,000)	
Additional Staff Linked to Reductions/Consolidation	\$ (183,500)	
SPED Positions Built into Budget	\$ (200,000)	<b>\$ (1,493,500)</b>
<b>Subtotal</b>		<b>\$ (1,824,229)</b>
<u>Initial Expenditure Offsets to Balance the Budget:</u>		
Misc. Attached Expenditure Offsets	\$ 92,000	
Spend One-Time Only Funds	\$ 595,000	<b>\$ 687,000</b>
<b>Subtotal</b>		<b>\$ (1,137,229)</b>
<u>Proposed Revenue to Address Deficit and Additions:</u>		
<b>See Proposed Revenues &amp; Reductions</b>		<b>\$ 50,000</b>
<u>Proposed Reductions to Address Deficit and Additions:</u>		
<b>See Proposed Revenues &amp; Reductions</b>		<b>\$ 1,250,288</b>
<b>Anticipated Budget Balance</b>	<b>\$ 163,059</b>	<b>\$ 163,059</b>

PROJECTED FY24-FY25 REVENUE BUDGET  
ELEMENTARY GENERAL FUND

REVENUE DESCRIPTION	2024 BUDGET	PROJECTED 2025 BUDGET	DIFFERENCE	% CHANGE
Direct State Aid	\$ 15,737,290	\$ 16,156,460	\$ 419,170	2.66%
Special Ed Allowable Costs	2,882,934	2,592,242	(290,693)	-10.08%
<b>Guaranteed Tax Base</b>	<b>8,473,344</b>	<b>9,583,470</b>	<b>1,110,126</b>	<b>13.10%</b>
Non-Levy Revenue	58,113	35,000	(23,113)	-39.77%
Tuition Over Base	26,500	-	(26,500)	-100.00%
State Block Grants	-	-	-	-
Natural Resources Development	-	-	-	-
Quality Educator	1,675,735	1,700,867	25,132	1.50%
At Risk Student	192,862	189,926	(2,936)	-1.52%
Indian Education For All	130,764	134,184	3,420	2.62%
American Indian Achievement Gap	84,600	87,120	2,520	2.98%
Data for Achievement	125,185	128,464	3,278	2.62%
<b>STATE REVENUE</b>	<b>29,387,327</b>	<b>30,607,732</b>	<b>1,220,405</b>	<b>4.15%</b>
<b>Base Levy</b>	<b>5,049,599</b>	<b>4,177,332</b>	<b>(872,268)</b>	<b>-17.27%</b>
Over-Base Levy	8,744,554	8,849,937	105,384	1.21%
<b>LOCAL REVENUE</b>	<b>13,794,153</b>	<b>13,027,269</b>	<b>(766,884)</b>	<b>-5.56%</b>
Total Revenue	\$ 43,181,480	\$ 43,635,002	\$ 453,522	1.05%

MILLS LEVIED:	76.61	72.32	(4.29)	-5.60%
ANB:				
K-6	4,262	4,256	(6)	-0.14%
7-8	1,207	1,192	(15)	-1.24%
TAXABLE VALUE	\$ 180,088,744	\$ 180,088,744	\$ -	0.00%

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PROJECTED FY24-FY25 REVENUE BUDGET  
HIGH SCHOOL GENERAL FUND

REVENUE DESCRIPTION	2024 BUDGET	PROJECTED 2025 BUDGET	DIFFERENCE	% CHANGE
Direct State Aid	\$ 14,091,719	\$ 14,669,799	\$ 578,080	4.10%
Special Ed Allowable Costs	828,197	896,423	68,226	8.24%
<b>Guaranteed Tax Base</b>	<b>6,361,207</b>	<b>7,588,866</b>	<b>1,227,658</b>	<b>19.30%</b>
Non-Levy Revenue	49,228	35,000	(14,228)	-28.90%
Flex Increase	-	-	-	-
Tuition Over-Base	21,250	-	(21,250)	-100.00%
State Block Grants	-	-	-	-
Natural Resources Development	-	-	-	-
Quality Educator	1,147,125	1,227,046	79,921	6.97%
At Risk Student	95,929	91,324	(4,606)	-4.80%
Indian Education For All	96,309	100,195	3,885	4.03%
American Indian Achievement Gap	61,100	58,564	(2,536)	-4.15%
Data for Achievement	92,201	95,923	3,723	4.04%
<b>STATE REVENUE</b>	<b>22,844,266</b>	<b>24,763,140</b>	<b>1,918,874</b>	<b>8.40%</b>
<b>Base Levy</b>	<b>5,049,203</b>	<b>4,319,579</b>	<b>(729,625)</b>	<b>-14.45%</b>
Over-Base Levy	6,697,868	7,101,522	403,654	6.03%
<b>LOCAL REVENUE</b>	<b>11,747,072</b>	<b>11,421,101</b>	<b>(325,971)</b>	<b>-2.77%</b>
Total Revenue	\$ 34,591,338	\$ 36,184,241	\$ 1,592,903	4.60%

MILLS LEVIED:	35.50	34.52	(0.98)	-2.76%
ANB:	4,028	4,068	40	0.99%
TAXABLE VALUE	\$ 330,968,825	\$ 330,968,825	\$ -	0.00%

## FREQUENTLY ASKED QUESTIONS

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### **My property taxes have gone way up! Doesn't that mean MCPS is getting a lot more money?**

There is a perception that, because property taxes went up and a large portion of that was directed towards school funding, somehow school districts received a windfall of money. However, this is just not true.

- The taxable value in our elementary district increased by \$34.4 million and the taxable value in our high school district increased by \$69.2 million. This increase in taxable value did not result in any additional tax revenue to MCPS.
- When taxable values increase, so do mill values. With the recent increase in taxable value, the elementary district mill value increased by \$34,400 and the high school district mill value increased by \$69,200. When the mill value increased, MCPS levied fewer mills. MCPS levied 11.5 fewer mills in the elementary general fund and 6.6 fewer mills in the high school general fund.
- Not all taxing jurisdictions reduce their mills when mill values increase. The state will collect the same 95 mills under the school equalization obligation reflected on your tax statement. Collecting the same mills means a significant increase in property taxes paid to the state. MCPS taxpayers will send a total of \$9.8 million more to the state as part of the 95 mill state equalization obligation, beginning this year.
- Despite receiving \$9.8 million more from MCPS taxpayers, the state sent the MCPS elementary district \$50,000 less and the high school district \$491,000 more. In other words, the state netted \$9.75 million from MCPS taxpayers in FY24.
- Looking towards next year (FY25), however, it is anticipated that the state will send an additional \$2.3 million in support of the MCPS general funds. This is significantly higher than the total budgeting increases to the General Fund as it allows under Montana law. That means that the local levies in support of the MCPS general funds will decrease in 2025. Even if the two operating levies pass - approximately \$105,000 in the Elementary District and \$403,000 in the High School District - local taxpayer levies in the general fund are estimated to go down by more than \$1 million in total.
- Levies in support of all of the district's nine budgeted funds do not increase as a result of increases in property tax values. They increase and decrease based upon the



following factors: approval of levies; expiration of levies; reductions in bonded indebtedness; and changes in state funding. In the past six years, total levies went down twice in the Elementary District and three times in the High School District. The FY24 increase in the Elementary District was \$2.8 million, which is significantly higher than any other year during the recent six years. The larger increase in FY24 levies is tied to the following: less state funding and more local levies in the general fund; more levies to support the increased transportation; and the voter-approved \$700,000 levy in the Building Reserve Fund. Other than the Transportation Fund, it is not anticipated that levies in these funds will increase significantly in FY25.

Additional property tax analysis can be viewed [by downloading this Word document](#).

## **How do charter schools and enrollment affect school funding?**

One way to illustrate school funding is to think of it as money that goes into a backpack. Wherever that student goes, so does the money allocated by the state. In this way, student enrollment is directly tied to the funding MCPS receives.

A new state law allows public school districts like MCPS to establish charter schools. Other new legislation makes it easier for students to enroll in school districts outside their area of residence.

MCPS is offering two charter schools - Missoula CONNECT Academy and Missoula TEACH Academy - starting in Fall 2024. Students who are already enrolled with MCPS, as well as students who are not currently enrolled with our District, may be eligible for enrollment. At the same time, current MCPS students may decide to enroll at a school outside of MCPS.

At this time, MCPS does not anticipate that enough students will leave our District, or a particular school or grade within a school, to significantly impact our enrollment. In some cases, a small fluctuation in students could even lead to reduced need for additional para support in some schools for classrooms that are overloaded, resulting in budget savings and less need to level enrollments across schools.

It is also possible that students in private, home school and other neighboring districts will enroll with MCPS, which will drive up revenue from enrollment and other funding sources.

## **How much state funding did the Montana Legislature direct toward charter schools?**

The nonprofit news organization Montana Free Press has an in-depth article answering this question: "[The money allocated to Montana's new charter schools.](#)"

According to this article, "The short answer is about \$1.2 million."

So far this year, 19 public charter schools have been approved for school districts across Montana. Two of these new charter schools are being established within MCPS.

## **Why doesn't MCPS sell some property to fill budget gaps?**

MCPS has a Facilities Committee that meets regularly to examine the status of various District properties. It also has a Budget & Levy Committee that has discussed the feasibility of selling properties to fill budget gaps. Ultimately, it was decided that the sale of any properties at this time would result in a long-term loss for the District while providing relatively insignificant short-term relief.

For example, if the District were to sell one of its properties for \$1 million, that amount would not cover the entire \$8 million deficit we are facing this year. Next year, that \$1 million would be gone, and the District would once again have to find a way to close that funding gap.

## **Why is MCPS adding a baseball program at a time when we are looking to reduce expenses?**

The MCPS Board of Trustees voted to approve high school baseball for our District starting in 2025, with the requirement that the entire first year's costs be covered by fundraising led by community groups, with funding milestones that must be met in order to establish the new sport. If successfully established in 2025, the District will then include baseball in the general fund as a revenue-neutral addition in 2026.

## **Does the County or City of Missoula provide funding for MCPS?**

No, MCPS does not receive funding from the city or from the county for our general fund budgets. The District does receive a small amount of money from the county for student transportation costs; however, most of that comes through local taxpayers.

The District does receive basically all of the revenue needed for the elementary retirement fund and the high school retirement fund from the county through a countywide levy. Additionally, a small portion of the transportation fund revenue comes from a similar countywide levy.

More information about city and county property taxes is available on the [City of Missoula website](#). The Clerk & Treasurer section of the [Missoula County website](#) also provides information about property taxes. Information regarding property taxes and school districts can be found in FAQ under "[My property taxes have gone way up! Doesn't that mean MCPS is getting a lot more money?](#)"

## **What are other Montana school districts doing about their budget shortfalls?**

School districts across Montana are facing many of the same budget challenges as MCPS: flatlining or declining enrollment at the elementary level, the end of federal ESSER funding, and steep increases in the costs of goods and services. In response, some of the larger districts have proposed closing schools, shuttering programs, and reducing staff.

The nonprofit news organization Montana Free Press has an article describing the situation statewide: "[Montana school leaders attribute budget crises to pandemic funding cliff, state funding frustrations.](#)"

This KTVH news segment includes a description of the state funding system's role: "[Montana's largest school districts facing financial challenges.](#)"

Individual school district budget reports are available on the [Montana Office of Public Instruction website](#).

## **What will happen if the levies don't pass?**

MCPS is requesting [General Fund levies](#) and [Safety levies](#) for both the Elementary (grades K-8) and High School (grades 9-12) Districts.

A school district's general fund budget is calculated in accordance with a formula as defined in state law, and based on the school district's prior year enrollment. The funding formula sets both the minimum and maximum general fund budget, as well as the levy amount that a school district can request of local voters. The state budget limit and other district budgets do not grow as a result of increases in local property values. If the General Fund levies are not approved by voters in the May 7, 2024 school election, MCPS will be forced to make additional reductions.

The Safety levies are meant to provide a funding source for safety-related expenses. Currently, those expenses are largely paid for out of the General Fund. If the Safety levies are not approved by voters, many safety-related expenditures will no longer have funding.

## **How can I learn more about school funding without breaking my brain?**

The nonprofit news organization Montana Free Press has recently published articles that do a great job of breaking down the complexities of school funding into easily understandable and digestible pieces:

- "[How Montana pays for its public schools, in pictures.](#)"
- "[Five things to know about Montana's school funding formulas.](#)"

MCPS also offers a report, titled "[School Funding and Budgets 101.](#)"

### Impact to MCPS Associated with Significant Increase in Assessed Property Value

The Department of Revenue issued new certified taxable values in August of 2023, which showed significant increases in taxable value across most areas of the state. The taxable value in our elementary district increased by \$34.4m from \$145.7m to \$180.1m and the taxable value in our high school district increased by \$69.2m from \$262.8m to \$331m. This growth does not include the incremental increase in value of the TIF districts, which grew by \$18.8m in the elementary district and \$22.6m in the high school district.

The significant increase in school district's taxable value translates to a significant increase in mill value (tax value x .001). The mill value in the elementary district increased by \$34,386 (from \$145,703 to \$180,089) and the mill value in the high school district increased by \$69,167 (from \$261,802 to \$330,969). When the mill value increases, school districts like MCPS levy fewer mills to receive the specific levy increase contemplated prior to the change in taxable value. In the general fund, MCPS levied 11.5 fewer mills in the elementary district and 6.6 fewer mills in the high school district. If MCPS levied the same mills in FY24, the revenue to the general fund alone would have increased by \$2.1m in the elementary district and by \$2.2m in the high school district.

Not all taxing jurisdictions reduce the number of mills that they levy when tax values increase. As a result, and as demonstrated below, the increase in mill value can result in a windfall of tax revenue to the taxing jurisdiction because the same number of mills are levied at the higher value.

### Local Taxpayer Impact of 95 Mills for School Equalization

With the significant increase in taxable values and the same statewide property tax rate, property taxes in Missoula County and many other counties across Montana increased dramatically. The increase in property tax values, however, did not result in an increase in property tax revenue to MCPS. It did result in a significant increase in property taxes paid to the state under the 95 mill state equalization payment. As reflected below, MCPS taxpayers paid \$9.8m more to the state as part of the 95 mill state equalization obligation because the same number of mills (95) were levied in 2024 as 2023.

### FY23-FY24 PAYMENT TO THE STATE AS PART OF 95 MILLS FOR STATE EQUALIZATION SUMMARY

REVENUE DESCRIPTION	2023 REMITTANCE	2024 REMITTANCE	CHANGE IN LOCAL PMT TO STATE	% CHANGE
State Equalization - Elementary	\$ 13,841,765	\$ 17,108,431	\$ 3,266,665	23.60%
State Equalization - High School	\$ 24,871,161	\$ 31,442,038	\$ 6,570,877	26.42%
Total Elem & HS Equalization	\$ 38,712,927	\$ 48,550,469	\$ 9,837,542	25.41%

### Change in State Revenue Distributed to MCPS in Light of Significant Growth in State Equalization

As reflected above, the increase of \$69k in mill value meant that the taxpayers in the Missoula high school district paid \$6.57m more to the state under the 95 mill equalization payment (69k x 95 mills). The elementary district mill value increase of \$34k meant that the taxpayers in the Missoula elementary district paid \$3.26m more to the state under the 95 mill equalization payment (\$34k x 95 mills). Equalization funds are used, in part, to fund the state's Guaranteed Tax Base (GTB) subsidy to school districts as part of the school funding formula. Despite the boost of equalization funds paid to the state, the state contribution of GTB subsidy paid to MCPS decreased. In other words, Missoula taxpayers, like many others across the state, paid more equalization dollars to the state and the state paid less GTB subsidy to their school districts. The high school district received \$167k less in GTB from the state at the same time the high school taxpayers sent \$6.6m more equalization dollars to the state. The elementary district received \$400k less GTB from the state and our elementary taxpayers sent \$3.2m more equalization dollars to the state. Among all budgeted funds, state funding in the elementary district decreased by \$50k and increased by \$491k in the high school district. The kicker is that the reduction in the GTB subsidy meant local taxpayers were required by the school funding formula to pick up the base budget shortfall in the general fund.

## Outlook for FY25 (2024-2025) State Support of MCPS General Fund Budgets

The outlook of the statewide distribution of GTB subsidy for FY25 is much better. The GTB subsidy is anticipated to be \$1.1m in the elementary district and \$1.2m in the high school district. The GTB subsidy and other state funding for FY25 is significantly higher than the maximum increase in both general fund budgets. The large boost in state GTB subsidy in FY25 means that the local levies in both general funds will decrease. The voted levies of \$105k in the elementary and \$403k in the high school will be more than offset by the increase in GTB subsidy resulting in a decrease in local general fund levies of \$767k in the elementary district and \$326k in the high school district. *A summary of the projected change in state and local revenue* supporting the MCPS general funds can be found at the end of this document.

### Historical look at MCPS levies

As reflected above, levies in support of MCPS do not increase as a result of increases in assessed property values. That is not to say that levies in support of the district's nine budgeted funds do not increase. They increase when voter approved levies and permissive levies are assessed to support district obligations in one of the nine budgeted funds. School district levies also decrease as a result of budget caps, increases in state funding, paydown of bonded indebtedness and expiring levies. The following reflects the changes in budget, levies, mills and tax impact for the elementary and high school budgeted funds since 2019:

#### Elementary Total Levies and Mills

FISCAL YEAR	BUDGET	LEVY AMOUNT	LEVY INC/DEC	MILLS INC/DEC	TOTAL MILLS	\$100K HOME INC/DEC
FY24	\$ 68,017,984	\$ 28,868,228	\$ 2,837,297	(18.33)	160.30	\$ (24.75)
FY23	\$ 64,164,083	\$ 26,030,931	\$ 803,147	2.70	178.63	\$ 3.64
FY22	\$ 62,417,403	\$ 25,227,784	\$ (658,541)	(23.16)	175.93	\$ (31.27)
FY21	\$ 63,603,761	\$ 25,886,324	\$ (232,116)	(2.60)	199.09	\$ (3.51)
FY20	\$ 62,103,734	\$ 26,118,440	\$ 969,264	(14.35)	201.69	\$ (19.37)
FY19	\$ 60,170,512	\$ 25,149,176	\$ 400,910	3.50	216.04	\$ 4.72
<b>6 Yr Total</b>	<b>\$380,477,477</b>	<b>\$157,280,883</b>	<b>\$4,119,962</b>	<b>(52.24)</b>	<b>1,131.68</b>	<b>(\$70.53)</b>

#### High School Total Levies and Mills

FISCAL YEAR	BUDGET	LEVY AMOUNT	LEVY INC/DEC	MILLS INC/DEC	TOTAL MILLS	\$100K HOME INC/DEC
FY24	\$ 54,009,198	\$ 21,519,813	\$ 1,311,066	(12.16)	65.02	\$ (16.42)
FY23	\$ 51,684,924	\$ 20,208,746	\$ 1,077,276	2.81	77.18	\$ 3.79
FY22	\$ 49,391,248	\$ 19,131,470	\$ (1,046,606)	(12.92)	74.37	\$ (17.44)
FY21	\$ 49,409,471	\$ 20,178,077	\$ (953,045)	(4.96)	87.29	\$ (6.70)
FY20	\$ 49,246,459	\$ 21,131,122	\$ 428,270	(7.78)	92.25	\$ (10.50)
FY19	\$ 48,042,229	\$ 20,702,852	\$ (298,978)	3.07	100.03	\$ (4.14)
<b>6 Yr Total</b>	<b>\$301,783,529</b>	<b>\$ 122,872,081</b>	<b>\$ 517,982</b>	<b>(31.94)</b>	<b>496.14</b>	<b>\$ (51.41)</b>

Of the six years reflected above, three saw declining levies in the high school district and two saw declining levies in the elementary district. The FY24 increase in elementary levies of \$2.8m was 2.9 times higher than the \$969k levied in FY20, the previous high during the past six years. The larger increase in FY24 levies is tied to levy increases in three funds – the general fund, transportation fund and building reserve fund. The general fund increased by \$895k, largely the result of a reduction in state support as discussed above; the transportation fund increased by \$929k, primarily the result of an 11.3% increase in the rates paid to Beach transportation; and the building reserve increased by \$700k following a voted levy of this same amount. Other than the transportation fund, we do not anticipate significant increases in levies for these funds in FY25. In fact, the general fund levy is estimated to decline by \$1.1m in total, even with the passage of the voted levies.