

## 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.

# MISSOULA COUNTY PUBLIC SCHOOLS

## 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>
<b>Total Revenue</b>	<b>\$ 43,181,480</b>	<b>\$ 43,635,002</b>	<b>\$ 453,522</b>	<b>1.05%</b>

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>
<b>Total Revenue</b>	<b>\$ 34,591,338</b>	<b>\$ 36,184,241</b>	<b>\$ 1,592,903</b>	<b>4.60%</b>

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%