



School Funding Interim Commission

64th Montana Legislature

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TO: School Funding Interim Commission
FROM: Pad McCracken, Research Analyst
RE: Spreadsheets on BASE mill equalization possibilities
DATE: April 27, 2016

Attached to this memo are spreadsheets showing district impacts for three possible changes to the funding formula aimed at equalizing BASE mills. The excel sheets will be posted to the website as well so that you can sort, filter, etc. We will devote time at next week's meeting to go over these possibilities and provide greater explanation and analysis. You may want to consult previous materials related to BASE mill equalization to refresh your memory on these mechanisms. As always you are welcome to call with questions.

- Equalizing BASE mills statewide.** Currently districts are responsible for filling the property tax portion of the BASE budget through local levies. Because of property wealth differences and varying amounts of available nonlevy revenue, there is disparity in the number of mills levied. You can see this disparity in the columns for current law mill rates. Based on assumptions we will explain next week, equalizing BASE mills statewide would require a levy of approximately 50 mills statewide. Districts currently paying less than 50 mills would pay more; districts currently paying more than 50 would pay less. See the far right column for the difference in mills.
- Eliminating Block Grants.** This spreadsheet shows two possibilities: (1) eliminating the block grants and not redistributing the money, creating some state "savings", but increased GTB local levies (shaded blue); and (2) eliminating the block grants and redistributing the entire amount by increasing the GTB multiplier (shaded green). The district impacts can be seen in the two columns "BASE Mill Diff."
- Including nonlevy revenue in the GTB calculations.** We discussed this at the April meeting, and it is fairly complicated, but the nutshell is this: our current GTB calculations ignore nonlevy revenue. This change would factor nonlevy revenue into the GTB calculation so that a district's per mill GTB subsidy would reflect the amount of nonlevy revenue the district has available. Only currently GTB-eligible districts are affected, with some seeing an increase in mills and some a decrease. See the far right column.