



STUDENT AND TEACHER ADVANCEMENT FOR RESULTS AND SUCCESS (STARS) ACT GUIDANCE

Overview

The Student and Teacher Advancement for Results and Success (STARS) Act was established with HB 252 of the 2025 legislative session. It amends the district general fund school funding formula by including the district clerk in the quality education component payment, replaces a limited incentive for increasing beginning teacher salaries under the TEACH act with an expanded incentive that doubles a district's quality educator payment, creates a new incentive for resource sharing among districts, restores full funding to the Advanced Opportunities program, renames and redefines the quality educator payment, establishes a new funding component related to post-graduation preparation termed the future ready payment, amends the maximum budget limitation calculation for districts with elevated housing costs, and requires the creation of a school funding data dashboard.

Inclusion of District Clerk for the Quality Staff Payment

HB 252 amends section 20-3-325, MCA, to describe the requirements for the district clerk to qualify for the quality educator component payment. The clerk must have a job description that includes performance of the following functions:

- Advise the board on financial and operational constraints as outlined by law.
- Serve as a member of the administrative team, working to align the goals and financial stability of the district.
- Assist the board in ensuring all district policies comply with local, state, and federal laws.
- Attend trustees' meetings and ensure that a permanent record is maintained.
- Act as the custodian of all documents, records, and reports of the trustees, including the trustees report.
- Maintain accurate and detailed accounting records of all financial transactions of the district.
- Serve as the election administrator for the district.

Section 20-9-327, MCA, is amended to include school district clerks for the qualified staff payment (former QEC payment) and is described as follows:

- is employed by a public school district, as defined in 20-6-101 and 20-6-701, MCA, as clerk of the district to perform the functions described in 20-3-325(3), MCA.

STARS Act Changes to Teacher Incentive Program

Section 20-9-324, MCA, is modified to include the educational entities eligible for incentives for meeting legislative goals for teacher base pay. Under the STARS Act, incentives may apply to and include: public school districts, special education cooperatives, the Montana School for the Deaf and Blind, education programs at correctional facilities, and the Montana Youth Challenge program.

Section 20-9-324, MCA, is further modified to include a definition of Full-Time Equivalent Teacher and is defined as follows: *A teacher who is contracted for employment for the entire academic year, fulfilling professional responsibilities throughout all periods of the day when the educational entity offers instruction. This includes time spent preparing for classes, delivering instruction, mentoring others and performing other duties set forth in the teacher's job description, individual contract or in the collective bargaining agreement governing the teacher's employment.*

Instead of the former limited incentive payment for teachers in the first three years of their career, the STARS Act provides a double QEC payment for all quality educators employed by the district if it meets the legislative goals for teacher base pay.

- After first meeting the legislative goal for teacher base pay, a district will continue to receive the incentive unless it fails to meet eligibility for two consecutive years. After two consecutive years of failing to meet the legislative goal for teacher base pay, the district must comply in the third year to avoid a loss of funding.
- Additional increases are provided to school districts qualifying for the shared resource incentive described in New Section 16 of HB 252 beginning in FY2027. That incentive applies to districts that share staff across multiple districts. Provided that each district sharing staff employ the individual at least 0.33 FTE, each district sharing a QEC qualified staff member (including district clerk) will each be allowed to receive a quality educator payment based on 1.0 FTE equivalent.

Section 20-9-324, MCA, is amended for the incentives for school districts meeting legislative goal for competitive base pay of teachers in public school districts. The following must be met to qualify for the Teacher Incentive Program:

- Base teacher pay is equal to at least 11 times as much as the quality educator payment in the current fiscal year. AND
- The base payment is not less than the following percentages of the teacher average pay in the **prior** fiscal year.
 - In fiscal year 2026, not less than 62% of the teacher average pay in the district.
 - In fiscal year 2027, not less than 64% of the teacher average pay in the district.

- In fiscal year 2028, not less than 66% of the teacher average pay in the district.
- In fiscal year 2029, not less than 68% of the teacher average pay in the district.
- In fiscal year 2030 and succeeding years, not less than 70% of the teacher average pay in the school.

Teacher Incentive application Guidance can be found [here](#).

Resource Sharing Among Districts

HB 252 creates incentives for school districts based on sharing resources to receive enhanced quality educator payments, and are described as follows:

- If two school districts, other than an elementary and high school district of a unified school system, employ an individual who qualifies as a quality educator under 20-9-327, MCA, with each district employing the individual as no less than 0.33 full-time equivalent, that employee must be counted as a 1.0 full-time equivalent employee for the purposes of the total quality educator payment under 20-9-306, MCA, and is qualified if the districts employ the individual directly or where the individual is determined eligible through a multidistrict agreement provided in section 20-3-363, MCA.

Maximum Budget Limit Increase for High Housing Cost Districts

Section 20-9-306, MCA is modified to include an adjustment to the maximum budget limit described as follows:

- A district who meets the legislative goal for base teacher pay under 20-9-324, MCA, (Qualifies for Teacher Incentive) AND.
- Any territory in the county in which the median market value for residential properties is greater than 105% of the median county market value for residential properties in the state will have an adjustment to its maximum budget limit. It will be required that these districts will have the maximum general fund budget calculated by multiplying the amount calculated as maximum budget limit by the percentage by which the county median market value exceeds the median county market value for residential properties in the state divided by 60. For example, the maximum budget of a district in a county with a median market value that is 300% higher than the statewide average will have its maximum budget expanded by 5% (e.g. 300% divided by 60 = 5%).

Data for determining the median home value shall be calculated by the Department of Revenue. Properties with a market value of \$50,000 or less will be excluded from the

calculation. The determination will be done in odd numbered calendar years and the information will be reported to the Office of Public Instruction no later than December 1st.

It is required that districts with increases to maximum budget limits spend the increase on specific items listed in the bill proposal under section 20-9-306(9)(b)(iii), MCA, generally surrounding costs associated with housing. The options in 20-9-306(9)(b)(iii), MCA, include:

- **Housing Stipends:** Districts can offer financial stipends to employees to help cover housing expenses.
- **District-Owned Housing:** Districts can construct or purchase housing to provide accommodations for employees.
- **Rental Assistance:** Districts can provide subsidies or discounts on rents for employees.
- **Down-Payment Assistance:** Districts can offer funds to assist employees with the initial down payment on a primary residence.
- **Shared Ownership:** Districts can enter into shared ownership agreements with employees, allowing employees to buy out the district's interest over time.
- **Guaranteed or Subsidized Housing Loans:** Districts can guarantee or subsidize housing loans for employees, including paying discount points on housing loans.
- **Relocation Assistance:** Districts can provide financial support to employees for relocation costs.
- **Other Financial Assistance:** Districts can offer any other housing-related financial assistance authorized by the Internal Revenue Code to improve employee access to affordable housing.

Future Ready Payment (enacted for FY2028)

Section 20-9-306, MCA, is amended to include a new 100% state paid funding component to be titled the future ready payment and is incorporated into the calculations of BASE and maximum budget limits.

The total future ready payment is calculated as follows:

- The per-pupil rate X 10% for every graduate of the district in the school year 2 years prior who achieved a level 1 goal.
- For an elementary school district, the product of 10% of the elementary school maximum per-ANB payment under this section for every graduate counted under subsection a. who was included in the district's spring enrollment count in the graduate's 8th grade year.
- The per-pupil rate X 20% for every graduate of the district in the school year 2 years prior who achieved a level 2 goal.
- For an elementary school district, the product of 20% of the elementary school maximum per-ANB payment under this section for every graduate counted under

subsection c. who was included in the district's spring enrollment count in the graduate's 8th grade year.

- The per-pupil rate X 30% for every graduate of the district in the school year 2 years prior who achieved a level 3 goal.
- For an elementary school district, the product of 30% of the elementary school maximum per-ANB payment under this section for every graduate counted under subsection e. who was included in the district's spring enrollment count in the graduate's 8th grade year.

Level 1, 2 and 3 goals are defined in New Section 14 under future ready payment, and are calculated as follows:

- The legislative goals for post-graduation preparation consist of three goal levels:
 - Goal level 1, high school graduates in the school year two years prior earning
 - 15 or more postsecondary credits. Or
 - One or more level 1 CTE-equivalent credit.
 - Goal level 2, high school graduates in the school year two years prior earning
 - 30 or more postsecondary credits. Or
 - One or more level 2 CTE-equivalent credit. Or
 - 15 or more postsecondary credits and one or more level 1 CTE-equivalent credit.
 - Goal level 3, high school graduates in the school year two years prior earning.
 - An associates-level degree.

Students attaining the highest goal level, that of 1, 2 or 3, is the basis for a future ready payment. Earning a level of 2 or 3 does not also avail future ready payments described in lower levels.

Additionally, HB 252 provides various definitions associated with the future ready payment and requires the commissioner of the Department of Labor and Industry shall, in consultation with the OPI and industry stakeholders, provide to the OPI an annually updated list of CTE-equivalent credit which designates level 1 and level 2 credentials. The list submitted applies to graduates the following school year, by no later than December 1, except that the list provided December 1, 2025, applies to graduates in the current and following school year.

HB 252 requires the Department of Labor and Industry to annually, but not later than December 1, adopt in rule a list of industry-recognized credentials, combinations of credentials, and work-based learning experiences, and the credit value of each. The list must:

- be developed, with input from industry stakeholders, school districts, the OPI, and the Office of the Commissioner of Higher Education.

- include credentials, combinations of credentials, and work-based learning experiences that lead to enhanced employment opportunities at higher rates of compensation and, when feasible, are stackable toward further credentialing.
- note the credit value available in 3-credit increments.
- be applicable from the date of adoption until the date a new list is adopted. However, if a credential or work-based learning experience is removed from the list, a high school student who is already enrolled in a listed course may receive credit for the course through the end of the current school term.

The Department of Labor and Industry shall adopt a process to add recognition for credentials and work-based learning experiences between list updates that are available to any student. The process must:

- be set forth in administrative rule, written to include factors for consideration of inclusion and exclusion
- solely allow for a high school district or K-12 school district to submit proposed recognition
- provide for posting added credentials and work-based learning experiences to the Department of Labor and Industry website

Transition Requirements

HB 252 describes a transition plan for the requirements of HB 252 in relation to FY2026 as follows:

- In association with the incentives to increase teacher base pay:
 - For the FY2026 budget only, each school district is to have the number of full-time equivalent quality educators and qualified staff increased by 1. This is to give OPI time to incorporate the reporting and calculation of district clerks in the quality educator and qualified staff payment.
 - A school district must receive the enhanced incentives based on the district's written commitment in a format prescribed by the superintendent of the Office of Public Instruction to meet the revised legislative goals for FY2026 established in HB 252. It should be noted that the commitment that a district makes for funding in FY2026 will be the same amount it must report in December 2025 to qualify for incentive funding in FY2027. Thereafter, reporting and funding will follow the same one year delay that currently exists for per-ANB and QEC_FTE funding.
 - The Superintendent of Public Instruction shall allow school districts the opportunity to provide this written commitment until May 15, 2025, and adjust a

district's general fund BASE and maximum budget limits for fiscal year 2026 accordingly.

- In association with increases in maximum budget limits for high-cost housing:
 - The legislature intends that the increases in maximum budget limits under HB 252 apply for FY2026 and that the Department of Revenue and the Superintendent of Public Instruction collaborate to meet this intention.
 - The December 1 deadline for the Department of Revenue to provide the housing cost data as described in HB 252 to OPI is changed to 10 days after the effective date of HB 252
 - the Superintendent of Public Instruction shall inform a school district of any increase to the district's maximum budget limit for FY2026, by June 1, 2025, only.
- In association with the future ready component under section 14.
 - The future ready payment is set to begin in Fiscal Year 2028 based on the achievements of high school graduates from the 2025-2026 school year during their high school careers. This is clarified in the transition section of HB 252.
- In association with the enhanced incentive for resource sharing:
 - To be fully operational for and result in distribution of funding by the OPI during, fiscal year 2027.