EXHIBIT 5
DATE 1/17/2005
HB

OFFICE OF PUBLIC INSTRUCTION
JOINT APPROPRIATIONS COMMITTEE
OPERATIONS DEPARTMENT
January 17 – 20, 2005

OPERATIONS DEPARTMENT OVERVIEW

Please direct your attention to the organization chart that's #2 in your packet.
The Department of Operations provides fiscal and computer support for the Office of Public Instruction and our schools. As you can see on the organization chart the Department of Operations is organized into three divisions.

The first is the:
**INFORMATION TECHNOLOGY SERVICES DIVISION (or "IT Services")**

The IT Services staff design and operate various electronic systems used by OPI to conduct our daily operations, communicate with our own staff and others, and to collect and report school district data. They're responsible for website development and maintenance; communications systems; computer security; and software development and support. These duties support our agency and school districts in ways that are critical to our mission and unique to our operations.

The OPI web site provides school personnel and the public with access to the most current news in education and information about all of OPI's programs and services.

Visitors use one or more of OPI's web pages on average 3500 times a day. Here are some of the services our website provides:

- Visitors can search the "Get Answers" page to find information about OPI, education, assessment, school funding, accreditation, elections—you name it! If the answer's not found, readers can e-mail their questions to OPI, where the system routes the question to appropriate staff and tracks to ensure the visitor receives a response within 48 hours.
- The web site helps schools find qualified teachers and administrators by posting job openings online. The school district's online job announcement e-mails to over 2000 teachers and administrators who subscribe to a mailing list. During the hiring season, this system typically sends 8,000 – 10,000 emails per day concerning job postings. Applicants can file an application online that e-mails automatically to all recruiting school districts. Each year, over 200 districts use this valuable service to recruit the best teachers available.
- Routine processes are quicker and more efficient on-line. For example, the OPI website accepts on-line registrations from teachers and administrators for workshops and conferences and OPI's educator licensure system now allows teachers to renew their licenses on-line.

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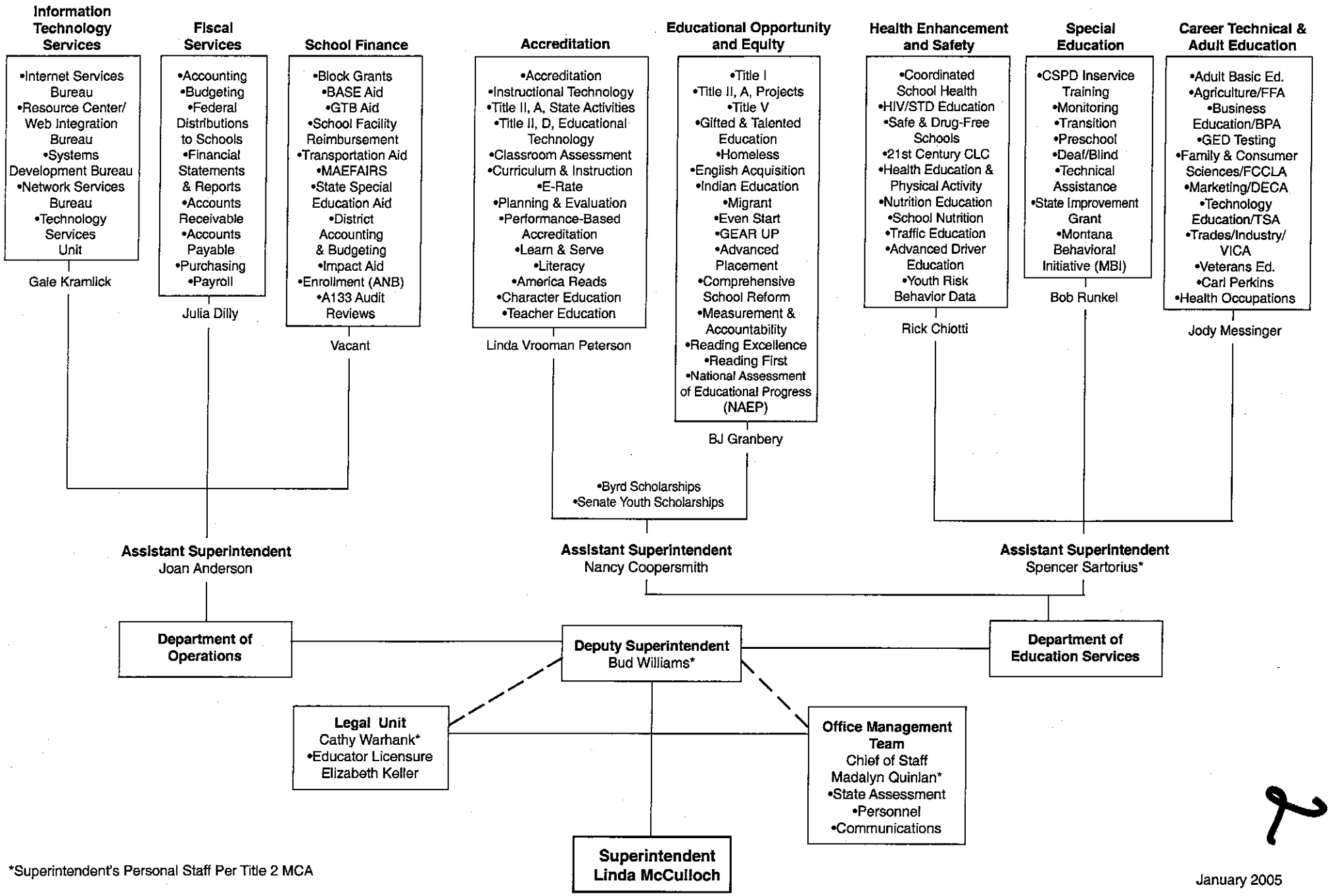
# Montana Office of Public Instruction Organizational Chart




*Superintendent's Personal Staff Per Title 2 MCA

January 2005

- OPI posts forms and numerous publications online, saving OPI thousands of dollars each year in mailing and printing costs, while offering users the convenience of electronic formats.

Technology is, through necessity, a constant focus at OPI, because it allows us to do more with less. OPI's survival though severe budget cuts in past years was due in large part to our focus on technology. OPI's IT Services Division helps all divisions of OPI use video streaming and teleconferencing extensively to share live or taped presentations, hold meetings, and provide information and training. In this way, we maximize our ability to train and communicate with tens of thousands of teachers, specialists, administrators, clerks, trustees, and county superintendents statewide over Montana's 147,000 square miles! Travel costs are minimized for OPI and schools.

This staff maintains OPI's "Official e-mail" system, which is now OPI's primary method of written communications with Montana's K-12 schools. We supply a single school district email address that doesn't change with staff turnover or a change in their Internet Service Providers. OPI can send email messages to one, some, or all school districts at one time and can automatically forward messages to multiple addresses, such as the superintendent, clerk, and trustees, at the district's request.

The IT Services staff maintains our local area network of over 165 computers, printers, scanners and fax machines. OPI's daily operations, including e-mail, word processing and data base software run on this network. In total, the network houses over 40 automated systems. Those systems support non-fiscal programs, like the Annual Data Collection information used to accredit Montana's 855 schools, and fiscal programs, like the annual school district revenue and expenditure reports and budgets, used to apportion and distribute over $600 million each year in state and federal funds to 436 school districts. The IT staff also provides technical assistance to an average of 25 schools per day in using the various data collection systems. Sharing information among systems that each collect hundreds of thousands of data elements is critical to the conduct of our business.

The Resource Center and Web Integration Service supports OPI's operations with reference materials, books, journals, and research services needed to support the work-related information needs of the OPI staff. The Center provides education research support for education policy development.

Finally, the IT Services Division administers the State's surplus computer program for schools. Each year, state agencies donate an average of 1500-2000 used computers and computer accessories that OPI places in Montana's schools, free of charge to the schools. This program makes it possible for even the smallest, poorest, and most rural Montana schools to get computers for their classrooms at no cost. There is constantly a list of schools waiting to receive computer equipment through this program, and donations of equipment from agencies are taxing our capacity to process them for the schools. Later this morning, I'll be telling you about the State Superintendent's request for funding to accommodate this growing program.

**Second, the:**
**FISCAL SERVICES DIVISION**

The Fiscal (or centralized) Services Division is funded from a proprietary fund that is not appropriated in HB2. Rather than appropriating a specific level of spending authority for this fund, the Legislature approves the indirect cost recovery rate that's charged back to all federal and other state–funded programs for services provided by this division. Julia Dilly will be discussing the indirect cost rate in her discussion of Proprietary Funds on Wednesday.

The primary responsibility of the Fiscal Services Division is to ensure that the Office of Public Instruction is accountable for the dollars we administer. This staff has frequent contact with the vendors providing goods and services to our office, and they have daily contact with school districts and other local education agencies that receive grants through our office.

Services provided by this staff include:

- maintenance of all accounting records, including detailed records for over 2000 subgrants made each year to school districts.
- processing all of our payments to vendors and subgrantees
- preparing and processing the biweekly payroll
- depositing and recording all revenue, including ordering and managing federal cash flows. They ensure that federal funds are in the state's treasury as close as possible to time our payments clear.
- compiling all fiscal and financial reports
- organizing and submitting our biennial budget request
- allocating and monitoring the budget for compliance with legislative and federal intent
- providing purchasing information and assistance to staff
- keeping track of office equipment by maintaining asset records and conducting an annual physical inventory of that property.

Over the past several years, the staff in this division has completely implemented electronic payments to schools, rather than paper warrants sent through the mail. We post all of our monthly payment reports to schools, county treasurers and county superintendents on the OPI web site, reducing both our paper and mailing costs. This division's staff is currently working with staff in the Education Services Department to update OPI's Grants Handbook for schools.

The Legislative Auditors Office recently completed their audit of our records for the 2002-2003 biennium. The audit is evidence of this staff's commitment to accountability – once again there we no audit findings that questioned our expenditures or reporting of the funds we're charged with administering. We think having a "clean" audit is a great accomplishment, considering that OPI is responsible for the largest general fund, and second largest total funds, budget in state government.

The third division is the:
**SCHOOL FINANCE DIVISION (Distributions to Schools)**

Staff in the School Finance Division provide services to district superintendents, clerks, county superintendents, county treasurers and district auditors. They also work closely with staff in the Governor's Office and Legislative Services Division, and they respond to taxpayers that have questions about how their schools budget is prepared or how state and local funding for a school's budget is determined. This staff's primary objective is to ensure that school districts are accountable for the dollars they receive.

Staff in this division manage all aspects of State financial aid programs for Montana's K-12 schools. They also,

- Prescribe school district accounting and budgeting policies, publish an accounting manual for schools, and assist districts with the preparation of their annual budgets and financial reports;
- They collect and compile school district fiscal data for use by Federal, state and local decision makers, and for OPI staff and staff in other state agencies;
- They provide technical assistance and training for school district and county officials and school district auditors;
- Monitor district compliance with state and Federal fiscal regulations;
- Review and approve district indirect cost plans, and they
- Collect, review and report district enrollment information, and
- A member of this staff serves as Montana's liaison to the U.S. Department of Education's Impact Aid program;

This staff carries out legislative directives affecting over 40% of the State's total general fund budget. Overhead costs of this division's operations are 1/10 % of the total funds managed. This staff allocates and distributes over $550 million of monthly state aid payments to Montana's 436 school districts.

They operate one of our largest computer systems, called MAEFAIRS. School districts use this system to electronically report school district budget, financial, and enrollment information to OPI. The system generates payments to schools under 9 state funding programs. Data collected on MAEFAIRS is used by virtually every division and program of OPI. The division maintains accurate, reliable fiscal data used for many Legislative decisions concerning K-12 education. The first version of MAEFAIRS was developed in 1992 by a contractor at a cost of over $300,000, but the current version was programmed in-house and is maintained by this division's staff and only one FTE on our computer programming staff.

This is also the staff that will implement any new legislation you adopt affecting state funding for schools. At last count there were 74 bill drafts listed under the subject "School Finance." The recent lawsuit involving school funding will likely result in major changes in school finance laws. Implementing legislation usually involves adopting new or revised administrative rules, updating or creating new forms and instructions,

reprogramming computer screens and calculations, and providing training and technical assistance for county officials, school district staff and auditors to help them understand and apply legislative changes to their operations.

Staff in the School Finance Division review approximately 250 school district audit reports each year. They monitor the audit reports for district compliance with federal and state audit requirements and for compliance with state budget laws and levy limitations, then provide technical assistance to help school districts implement the recommended corrective actions.

Those are the division of the Operations Department. This staff is proud to be accountable to the state for the distributions to schools, accountable to our fellow OPI workers for facilitating the daily operations that enable all of OPI's efforts to support education, and to the schools who rely on us to provide training, communications, and data systems needed for to foster educational services and ensure public accountability for K-12 education in Montana.