

Agency Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	4.00	4.00	3.00	3.00	4.00	3.00	(1.00)	(25.00)%
Personal Services	202,245	303,990	231,180	230,980	506,235	462,160	(44,075)	(8.71)%
Operating Expenses	82,454	77,941	157,495	143,111	160,395	300,606	140,211	87.42 %
Debt Service	0	1,782	0	0	1,782	0	(1,782)	(100.00)%
Total Costs	\$284,699	\$383,713	\$388,675	\$374,091	\$668,412	\$762,766	\$94,354	14.12 %
General Fund	119,381	206,567	207,925	193,542	325,948	401,467	75,519	23.17 %
State/Other Special Rev. Funds	165,318	177,146	180,750	180,549	342,464	361,299	18,835	5.50 %
Total Funds	\$284,699	\$383,713	\$388,675	\$374,091	\$668,412	\$762,766	\$94,354	14.12 %

Mission Statement

The Montana Constitution created and empowered the Board of Public Education to supervise, serve, maintain, and strengthen Montana's system of free quality public elementary and secondary schools. The board exists to promote high academic achievement for all Montana students.

Agency Highlights

Board of Public Education Major Budget Highlights
<ul style="list-style-type: none"> • The executive requests a reduction of 1.00 FTE • 80% (\$75,519) of the agency budget increase is supported by general fund
Legislative Action Issues
<ul style="list-style-type: none"> • Reduction in personal services used to increase operating expense

Agency Personal Services

The Board of Public Education realized significant vacancy savings in the base year. In the base year, the agency had four funded position: administrator, administrative specialist for Certification Standards and Practices Advisory Council (CSPAC), administrative assistant and administrative clerk. Currently, the positions of administrator and administrative specialist are filled by 1.0 FTE each while the administrative clerk is staffed at 0.7 FTE in the base year. The Executive proposes to eliminate the remaining FTE, which has been vacant since FY 2012.

The board is exempt from the implementation of statutory vacancy savings.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015

FY 2015 Appropriation Transactions - Board of Public Education			
Program	Legislative Appropriation	Legislative Approps OTO	Total Executive Implementation
01 K-12 EDUCATION	\$383,713		\$383,713
Personal Services	303,990		303,990
Operating Expenses	77,941		77,941
Debt Service	1,782		1,782
Agency Total	\$383,713		\$383,713

Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation

Actual FY 2014 general fund expenditures are \$100,000 less than FY 2015 legislative appropriation due to the agency operating at less than budgeted FTE.

Funding

The following table shows proposed agency funding by source of authority as proposed. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Board of Public Education Funding by Source of Authority 2017 Biennium Budget - Board of Public Education					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	401,467	0	0	401,467	52.63 %
State Special Total	361,299	0	0	361,299	47.37 %
Federal Special Total	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0.00 %
Other Total	0	0	0	0	0.00 %
Total All Funds	\$762,766	\$0	\$0	\$762,766	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %		

The BPE is funded through a combination of general fund and state special funds. One half of the budget is funded with general fund, the remainder of the funding is provided by teacher certification fees. By statute, these fees are collected by OPI and deposited into two accounts; two thirds (2/3) of the fees are deposited in the Advisory Council which supports the activities of CSPAC, and one third is deposited into the Research Fund and used to fund the statutory duties of the BPE and CSPAC.

- The executive proposes to appropriate all revenue designated to the advisory council fund, ending the biennium with a balance of zero.
- The executive proposes to appropriate 97% of expected revenues designated to the research fund, ending the biennium with a balance of \$38,000. As originally created, the research fund was to be a reserve for special projects. Statute was changed to allow for the appropriation of a portion of the fund for operations with the balance reserved for special projects.

Historical revenues and expenditures over the last five years are in line with the plan proposed by the Governor for both funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	206,567	206,567	413,134	102.91 %	383,713	383,713	767,426	100.61 %
PL Adjustments	28,726	14,116	42,842	10.67 %	32,330	17,519	49,849	6.54 %
New Proposals	(27,368)	(27,141)	(54,509)	(13.58)%	(27,368)	(27,141)	(54,509)	(7.15)%
Total Budget	\$207,925	\$193,542	\$401,467		\$388,675	\$374,091	\$762,766	

Program Budget Comparison

The following table summarizes the total proposed budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	4.00	4.00	3.00	3.00	4.00	3.00	(1.00)	(25.00)%
Personal Services	202,245	303,990	231,180	230,980	506,235	462,160	(44,075)	(8.71)%
Operating Expenses	82,454	77,941	157,495	143,111	160,395	300,606	140,211	87.42 %
Debt Service	0	1,782	0	0	1,782	0	(1,782)	(100.00)%
Total Costs	\$284,699	\$383,713	\$388,675	\$374,091	\$668,412	\$762,766	\$94,354	14.12 %
General Fund	119,381	206,567	207,925	193,542	325,948	401,467	75,519	23.17 %
State/Other Special Rev. Funds	165,318	177,146	180,750	180,549	342,464	361,299	18,835	5.50 %
Total Funds	\$284,699	\$383,713	\$388,675	\$374,091	\$668,412	\$762,766	\$94,354	14.12 %

Program Description

The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education as outlined in the powers and duties of 20-2-121, MCA .

Program Highlights

Funding

The following table shows proposed program funding by source from all sources of authority.

Board of Public Education, 01-K-12 Education Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	401,467	0	0	401,467	52.63 %	
02122 Advisory Council	251,299	0	0	251,299	69.55 %	
02219 Research Fund	110,000	0	0	110,000	30.45 %	
State Special Total	\$361,299	\$0	\$0	\$361,299	47.37 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$762,766	\$0	\$0	\$762,766		

The BPE is funded through a combination of general fund and state special funds. One half of the budget is funded with general fund, the remainder of the funding is provided by teacher certification fees. By statute, these fees are collected by OPI and deposited into two accounts; two thirds (2/3) of the fees are deposited in the Advisory Council which supports the activities of CSPAC, and one third is deposited into the Research Fund and used to fund the statutory duties of the BPE and CSPAC.

- The executive proposes to appropriate all revenue designated to the advisory council fund, ending the biennium with a balance of zero.
- The executive proposes to appropriate 97% of expected revenues designated to the research fund, ending the biennium with a balance of \$38,000. As originally created, the research fund was to be a reserve for special

projects. Statute was changed to allow for the appropriation of a portion of the fund for operations with the balance reserved for special projects.

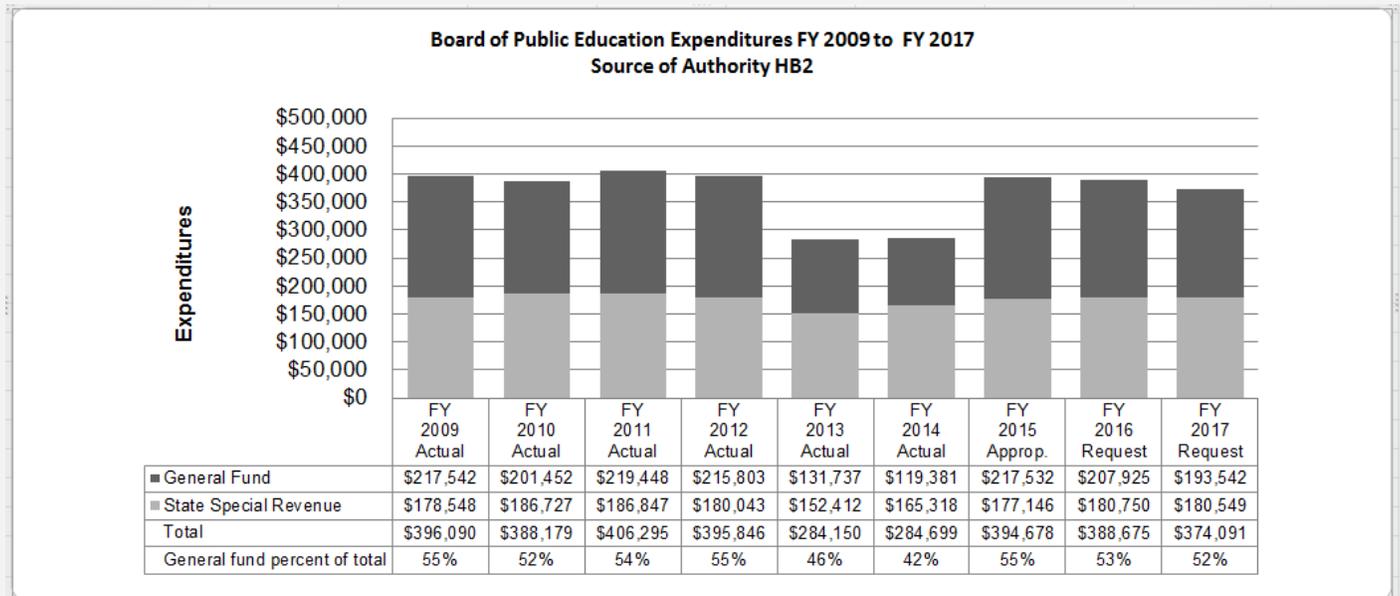
Historical revenues and expenditures over the last five years are in line with the plan proposed by the Governor for both funds.

LFD COMMENT

General Fund increase is 80% of total increase in appropriation

The agency plans to eliminate 1.00 FTE in the 2017 biennium and use two thirds of the savings to fund legal expenses. The table below shows actual expenditures for FY 2009 through FY 2014. The decrease in total expenditures for FY 2013 and FY 2014 reflects the fact that the agency operated at less than budgeted FTE resulting in significant saving in general fund. The request for the 2017 biennium would increase general fund appropriation from the 42% actually spent in FY 2014 to 53% in the 2017 biennium.

For FY 2014, the base year, the board ended the year with \$97,000 un-used general fund appropriation.



Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	206,567	206,567	413,134	102.91 %	383,713	383,713	767,426	100.61 %
PL Adjustments	28,726	14,116	42,842	10.67 %	32,330	17,519	49,849	6.54 %
New Proposals	(27,368)	(27,141)	(54,509)	(13.58)%	(27,368)	(27,141)	(54,509)	(7.15)%
Total Budget	\$207,925	\$193,542	\$401,467		\$388,675	\$374,091	\$762,766	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	12,935	1,623	0	14,558	0.00	11,386	2,745	0	14,131
DP 99 - LEG. Present Law	0.00	15,791	1,981	0	17,772	0.00	2,730	658	0	3,388
Grand Total All Present Law Adjustments	0.00	\$28,726	\$3,604	\$0	\$32,330	0.00	\$14,116	\$3,403	\$0	\$17,519

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PSPL adjustments.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	4.00	\$1,700	\$244	\$0	\$1,944
Executive Implementation of 2015 Pay Increase		4,828	692	-	5,519
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		6,407	688	-	7,095
Personal Services Present Law Adjustments	4.00	\$12,935	\$1,623	\$0	\$14,558
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	4.00	1,700	244	-	\$1,944
Executive Implementation of 2015 Pay Increase		4,835	685	-	5,519
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		4,851	1,817	-	6,668
Personal Services Present Law Adjustments	4.00	\$11,386	\$2,745	\$0	\$14,131

In FY 2014, staff received a 3% increase given to all employees. All staff is expected to receive a 5% pay increase in FY 2015. The board is exempt from the implementation of statutory vacancy savings.

Statewide present law adjustments are the only present law adjustments for the agency. Statewide present law adjustments provide funding required to pay increases in fixed costs assed by other agencies within state government for the services they provide. Also included in present law adjustments are adjustments for inflation or deflation. The table below summarizes the state wide present law adjustments.

DP 99 - LEG. Present Law -

Statewide present law adjustments are the only present law adjustments for the agency. Statewide present law adjustments provide funding required to pay increases in fixed costs assed by other agencies within state government for the services they provide. Also included in present law adjustments are adjustments for inflation or deflation. The table below summarizes the state wide present law adjustments.

Legislative Present Law Adjustments				
CP 99 Item	FY 2016			
	General Fund	State Special	Federal Special	Total Funds
Fixed Cost	14,254	1,981		16,235
Inflation Deflation	(69)		0	(69)
Other Present Law Adjustments	1,606	0	0	1,606
Legislative Present Law Adjustments	\$15,791	\$1,981	\$0	\$17,772
CP 99 Item	FY 2017			
	General Fund	State Special	Federal Special	Total Funds
Fixed Cost	(\$139)	\$658		\$519
Inflation Deflation	(60)		0	(60)
Other Present Law Adjustments	2,929	0	0	2,929
Legislative Present Law Adjustments	\$2,730	\$658	\$0	\$3,388

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	Fiscal 2016					Fiscal 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - FTE reduction for Legal Fees	(1.00)	(27,368)	0	0	(27,368)	(1.00)	(27,141)	0	0	(27,141)
Total	(1.00)	(\$27,368)	\$0	\$0	(\$27,368)	(1.00)	(\$27,141)	\$0	\$0	(\$27,141)

DP 4 - FTE reduction for Legal Fees -

The executive request a reduction in general fund reduction of \$27,368 in FY 2016 and \$27,141 reducing 1.00 permanent FTE for \$175,510 savings. The agency request \$120,000 of the savings be used for legal fees appropriation of \$120,000 for the 2017 biennium.

LFD ISSUE	Reduction in personal services used to increase operating expense.
	This proposal reduces the BPE staff by 1.00 FTE saving \$174,510 in pay and benefits in the 2017 biennium. A portion of this savings in personal services is to be used as an operating expense to fund legal fees related to

teacher licensure issues. From time to time educators make legal challenges to decisions made by the BPE regarding their certification, which may result in significant legal fees for the BPE. In the last five years, legal fees have averaged about \$5,400 per year. The executive proposes to budget \$60,000 per year for legal fees as an operating expense.

The executive proposes an increase of \$120,000 general fund for operating expense, but is not requesting it be restricted for legal services. Any portion of this proposal not used for legal purposes could be used other purposes not discussed with the legislature.

Legislative Options

- The legislature may wish to consider a separate line item in the budget for legal expenses and restrict the appropriation for that purpose. Restricting the appropriation would prevent the agency from using the funding for purposes other than those discussed with the legislature.
- The legislature may wish to designate funding for legal fees as one-time-only; this would give the next legislature the opportunity review and adjust the level of funding needed for legal issues.
- The legislature may wish to reduce the amount of savings in personal service directed to legal expenses.