

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	163.35	163.35	162.71	162.71	163.35	162.71	(0.64)	(0.39)%
Personal Services	10,911,428	12,093,659	12,375,486	12,368,306	23,005,087	24,743,792	1,738,705	7.56 %
Operating Expenses	15,926,601	13,421,645	16,829,917	17,044,058	29,348,246	33,873,975	4,525,729	15.42 %
Equipment & Intangible Assets	859,986	921,444	859,986	859,986	1,781,430	1,719,972	(61,458)	(3.45)%
Local Assistance	708,640,932	702,936,252	794,573,061	805,041,692	1,411,577,184	1,599,614,753	188,037,569	13.32 %
Grants	143,902,617	159,467,123	149,203,279	150,345,279	303,369,740	299,548,558	(3,821,182)	(1.26)%
Transfers	1,833,112	2,425,840	1,833,112	1,833,112	4,258,952	3,666,224	(592,728)	(13.92)%
Total Costs	\$882,074,676	\$891,265,963	\$975,674,841	\$987,492,433	\$1,773,340,639	\$1,963,167,274	\$189,826,635	10.70 %
General Fund	711,200,020	706,638,834	798,442,862	808,916,666	1,417,838,854	1,607,359,528	189,520,674	13.37 %
State/Other Special Rev. Funds	9,614,513	10,305,223	9,657,023	9,656,829	19,919,736	19,313,852	(605,884)	(3.04)%
Federal Spec. Rev. Funds	161,260,143	174,321,906	167,574,956	168,918,938	335,582,049	336,493,894	911,845	0.27 %
Total Funds	\$882,074,676	\$891,265,963	\$975,674,841	\$987,492,433	\$1,773,340,639	\$1,963,167,274	\$189,826,635	10.70 %

Mission Statement

The Montana Office of Public Instruction provides vision, advocacy, support and leadership for schools and communities to ensure that all students meet today's challenges and tomorrow's opportunities.

Agency Highlights

Office of Public Instruction Major Budget Highlights
<p>For the 2017 biennium, new funding for the Office of Public Instruction is \$120.7 million state and federal funds when compared to the legislative base. General funds increase by \$121.1 million that includes \$87.7 million in present law adjustments and \$33.5 million in new proposals. Federal funds decrease by \$0.4 million.</p> <p>State Level Activities</p> <p>For the 2017 biennium, funding increase in State Level activities are \$5.9 million in state and federal funds when compared to the legislative base. General funds increases are \$2.2 million that include \$1.1 million in present law adjustment and \$1.2 million in new proposals. Federal funds increase by \$3.7 million.</p> <ul style="list-style-type: none"> • Personal service present law adjustments increase by \$0.6 million which includes general fund increase of \$1.3 million and federal fund decrease of \$0.8 million • Legislative present law adjustments increase by \$4.2 million which include a general fund decrease of \$0.2 million and a federal fund increase of \$4.5 million • New proposal requested total \$1.2 million in general for 6.0 FTE to support early childhood education, K-20 Data Warehouse (GEMS), the High School Transcript System and a Compliance System Analyst. <p>Local Education Activities</p> <p>Funding increases in OPI’s distribution to schools program are \$114.8 million in state and federal funds in the 2017 biennium when compared to the legislative base. General fund increases are \$118.9 million that includes present law adjustments of \$86.6 million and new proposals of \$32.3 million. Federal funds decrease by \$4.1 million.</p> <ul style="list-style-type: none"> • BASE Aid to local schools increases by \$98.5 million • Funding for block grants, transportation and tuition payments decrease by \$11.9 million. • New proposals for childhood early education, raising the dropout age and ANB funding for 19 year olds total \$32.3 million • Federal grants decrease by \$4.1 million
Legislative Action Issues
<ul style="list-style-type: none"> • Proposed funding for the Montana Digital Academy is not sufficient for current or forecasted enrollment in the 2017 biennium. • The executive underestimates the amount of revenue deposited in the guarantee account in the 2017 biennium, by approximately \$2.0 million compared to the LFD estimate. • Revenue in the School Facility and Technology account will not support the expenditures proposed by the executive.

Agency Personal Services

All personal services expense is contained in the State Level Activities Program. Funding sources for personal expenses are shown in the tables below.

- The agency utilized 95.4% of the budgeted FTE hours in FY 2014
- 9.3 FTE positions are currently vacant; on average vacant positions have been open less than one year
- OPI generally advertises positions at 95.8% of the 2006 or 85% of the 2010 market whichever is higher
- The agency reports that it has generally been successful in recruitment efforts, with the exception of instructional coordinators and IT professionals. The agency competes with local school districts when hiring and retaining coordinators, the agency must compete with other state agencies when hiring and retaining IT professionals.
- At this point the agency is beginning to see increased retirements of key people

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The difference between the FY 2015 Legislative appropriation and the total executive implementation includes:

FY 2015 Appropriation Transactions - Office of Public Instruction						
Program	Legislative Appropriation	Legislative Approps OTO	House Adjustment	Operating Plan	Executive Not Considering Base	Total Executive Implementation
State Level Activities	\$27,434,471	\$1,612,113	(\$2,000,000)	\$0	\$0	\$27,046,584
Personal Services	11,307,850	285,809	-	500,000	-	12,093,659
Operating Expenses	14,037,177	576,304	(2,000,000)	(500,000)	-	12,113,481
Equipment & Assets	921,444	-	-	-	-	921,444
Transfers	1,168,000	750,000	-	-	-	1,918,000
Local Education Activities	894,493,636	7,725,743	(25,100,000)	-	(12,900,000)	864,219,379
Operating Expenses	1,308,164	-	-	-	-	1,308,164
Local Assistance	727,786,252	250,000	(25,100,000)	-	-	702,936,252
Grants	151,991,380	7,475,743	-	-	-	159,467,123
Transfers	507,840	-	-	-	-	507,840
SB 175 BASE Aid	12,900,000	-	-	-	(12,900,000)	-
Agency Total	\$921,928,107	\$9,337,856	(\$27,100,000)	\$0	(\$12,900,000)	\$891,265,963

State Level Activities

- Federal fund transfer from FY 2015 to FY 2014 (\$2.0 million)
- One-time-only funding not included in the legislative appropriation (\$1.6 million)

Local Education Activities

- Fund transfers from FY 2015 to FY 2014 (\$25.1 million)
- One-time-only funding not included in the legislative appropriation (\$7.7 million)

Comparison of 2014 actual expenditures to FY 2015 Legislative Appropriation

Actual 2014 expenditures are \$39.9 million lower than the FY 2015 legislative appropriation. Funding for State Level Activities is higher than the FY 2015 legislative appropriation due to lower funding for the Montana Digital Academy in FY 2014 (\$0.8 million). Funding for Local Education Activities is lower than the FY 2015 legislative appropriation due to higher funding for local assistance to school districts (\$19.1 million).

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 Office of Public Instruction Funding by Source of Authority 2017 Biennium Budget - Office of Public Instruction						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	1,607,359,528	0	0	1,607,359,528	77.55 %	
State Special Total	19,313,852	0	103,836,366	123,150,218	5.94 %	
Federal Special Total	336,493,894	0	0	336,493,894	16.23 %	
Proprietary Total	0	5,680,788	0	5,680,788	0.27 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$1,963,167,274	\$5,680,788	\$103,836,366	\$2,072,684,428		
Percent - Total All Sources	94.72 %	0.27 %	5.01 %			

Almost 95% of the total budget is appropriated in HB 2. Non-budgeted proprietary funds support the centralized services functions. Statutory Appropriations are from the guarantee account for distribution to local schools and are discussed in the Local Education Activities Program. General fund provides 77.6% of total funding for the agency; an increase compared to the previous biennium in which general fund provided 74.5% of the total funding. This is due primarily to funding shifts from federal and statutory funding to the general fund. Of the \$1.6 billion of general fund, 98.6% is for distribution to local school and the remainder supports state level activities.

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	743,104,941	743,104,941	1,486,209,882	92.46 %	921,862,869	921,862,869	1,843,725,738	93.92 %
PL Adjustments	38,525,128	49,179,601	87,704,729	5.46 %	36,999,179	48,997,440	85,996,619	4.38 %
New Proposals	16,812,793	16,632,124	33,444,917	2.08 %	16,812,793	16,632,124	33,444,917	1.70 %
Total Budget	\$798,442,862	\$808,916,666	\$1,607,359,528		\$975,674,841	\$987,492,433	\$1,963,167,274	

Supplemental Appropriations -

The table below summarizes those areas that the agency anticipates expenses for the FY 2015 will exceed the appropriation authorized by the 2013 legislature. Detail provided below.

Supplemental Appropriations Request for the 2015 Legislature	
Subject	Request in Millions
BASE Aid	\$9.00
Block Grants	<u>\$0.40</u>
Total Supplemental Request	<u>\$9.40</u>

The office of public instruction is anticipating a shortfall in funding for local assistance to school of \$9.4 million general fund for the 2015 biennium. OPI has calculated the statutory required payments for FY 2015 to be \$661 million; available appropriation for FY 2015 is \$653 million a shortfall of \$8 million. Unusual enrollment increases of 4% or 40 students, whichever is less, in several districts may add an additional \$0.75 million to this total. SB 175 changed the law related to anticipated unusual enrollment increases from 6% to 4% or 40 students, increasing the amount of direct state aid payments occurring in the current fiscal year from \$400,000 to \$1 million or more. SB 96 reduced Business Equipment Taxes statewide and created a decrease in property tax values. Schools receive block grant payments from the state to reimburse for the loss of taxes collected due to SB 96. Other changes to property tax values between 2013 session and current taxable values create a shortfall of \$400,000 in the block grant appropriation for FY 2015.

Other factors in addition to the unusual enrollment increases discussed above include, adjustments for SB 96, loss of tax base due to the settlement of gold creek protested tax case, and \$3 million of the FY 2015 biennium appropriation that was used to pay for a shortfall in the supplemental appropriation of the 2013 session. Expected savings in other components of school funding total \$1.3 million will offset this shortfall.

Elected Official Requests

As an elected official, the Superintendent of Public Instruction has the opportunity to request additional budget items. As of this writing, the LFD has been notified of several requests by the Superintendent that is in addition to the requests by the executive. These are summarized in the table below, and detail is provided below the table.

2017 Biennium Appropriation Request of the Superintendent of Public Instruction			
Subject	Request		
	FTE	General Fund	State Special
State Level Activities			
Montana Digital Academy		\$1,465,000	\$0
Advancing Early College Opportunities		126,888	0
Staffing for OPI Information Systems	1.50	320,334	0
Standards of Accreditation Support for Schools	1.00	199,416	0
Total State Level Activities	2.50	\$2,111,638	\$0
Local Education Activities			
Special Education Allowable Cost Payment		\$4,532,423	\$0
ANB funding for 19 year olds, FY 2016		418,300	0
Novice Traffic Education Funding Increase		0	1,842,442
Total Local Education Activities		\$4,950,723	\$1,842,442
Total Superintendent Request	2.50	\$7,062,361	\$1,842,442

- CP 606 Montana Digital Academy – This request is for \$732,500 of general fund in FY 2016 and \$732,500 in FY 2017 to fund the expansion of the Montana Digital Academy (MTDA). The base budget is \$1,168,000, which was the FY 2012 general fund appropriation. The funding increases that were provided for FY 2014 (\$715,000) and FY 2015 (\$750,000) were one-time-only (OTO) appropriations. This request replaces the OTO funding.
- CP 612 Advancing Early College Opportunities – This request is for \$63,444 of general fund in both years of the 2017 biennium to provide College Board approved professional development to prepare teachers to teach Advanced Placement (AP) classes. The agency expects 150 educators to receive training in the 2017 biennium.
- CP 613 Staffing for OPI Information Systems – This request is for \$160,350 of general fund in FY 2016 and \$159,984 in FY 2017 for the continued support of 1.5 FTE and associated operating expense. The 2013 legislature approved one-time-only funding for these positions to support the collection and processing of information from schools districts and provide for system security and protection of student privacy.
- CP 614 Standards of Accreditation Support for Schools – This request is for \$101,317 of general fund for FY 2016 and \$98,099 for FY 2017 for continued funding for 1.00 FTE and associated operating expenses. The 2013 legislature approved one-time-only funding for these positions to provide assistance to Montana school districts with the implementation of new rules of Chapter 55 Standards of Accreditation.
- CP 903 Special Education Allowable Cost Payment – This request is for \$1,873,384 of general fund for FY 2016 and \$2,659,039 for FY 2017 inflationary adjustments to the state special education allowable cost payment. These increases represent a 2.33% increase in FY 2016 and 1.7% in FY 2017 and are the same increases associated

with the present law adjustments for K-12 BASE Aid. Increasing the allowable cost payments will also increase state GTB payments.

**LFD
COMMENT**

This request will impact state GTB payments

FY 2014 special education allowable cost payments totaled \$42,017,992. The superintendents proposal would increase general fund payments to \$43,891,376 in FY 2016 and \$44,667,031 in FY 2017. In addition, LFD estimates GTB general fund payments would increase by \$200,000 in FY 2016 and \$321,000 in FY 2017

- CP 905 ANB funding for 19 year olds - This is a request for \$353,700 general fund in FY 2016 and \$64,600 in addition to the executive request of \$353,700 general fund in FY 2017. The request is based on an estimated 88 additional ANB should 19 year olds be counted.
- CP 926 Novice Traffic Education Funding Increase – This request is for an increase of state special revenue appropriation of \$890,650 in FY 2016 and \$951,792 in FY 2017. The increased appropriation from the state traffic education special revenue fund supports schools providing driver education. Driver's license fees partially fund driver education through the Cooperative Driver Testing Program under 61-5-110(3), MCA

Language and Statutory Authority -

The following language is requested in HB 2:

"The office of public instruction may distribute funds from the appropriation for In-state Treatment to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs."

"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121, MCA, is appropriated as provided in Title 20, chapter 7, part 5, MCA."

"All appropriations for federal special revenue appropriations in state level activities and in local education activities and all general fund appropriations in local education activities are biennial."

"Early Childhood Education may only be used by the office of public instruction to distribute block grants for voluntary, high-quality, pre-kindergarten for 4-year olds. School districts may partner with Head Start, local child care centers, family child care providers, or provide services within district facilities."