

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
Operating Expenses	1,010,161	1,308,164	1,306,597	1,306,599	2,318,325	2,613,196	294,871	12.72 %
Local Assistance	708,640,932	702,936,252	777,271,395	792,884,795	1,411,577,184	1,570,156,190	158,579,006	11.23 %
Grants	143,902,617	159,467,123	149,360,551	150,502,551	303,369,740	299,863,102	(3,506,638)	(1.16)%
Transfers	665,112	507,840	507,840	507,840	1,172,952	1,015,680	(157,272)	(13.41)%
<b>Total Costs</b>	<b>\$854,218,822</b>	<b>\$864,219,379</b>	<b>\$928,446,383</b>	<b>\$945,201,785</b>	<b>\$1,718,438,201</b>	<b>\$1,873,648,168</b>	<b>\$155,209,967</b>	<b>9.03 %</b>
General Fund	700,993,807	694,983,416	769,949,867	785,563,269	1,395,977,223	1,555,513,136	159,535,913	11.43 %
State/Other Special Rev. Funds	9,403,125	10,036,000	9,403,125	9,403,125	19,439,125	18,806,250	(632,875)	(3.26)%
Federal Spec. Rev. Funds	143,821,890	159,199,963	149,093,391	150,235,391	303,021,853	299,328,782	(3,693,071)	(1.22)%
<b>Total Funds</b>	<b>\$854,218,822</b>	<b>\$864,219,379</b>	<b>\$928,446,383</b>	<b>\$945,201,785</b>	<b>\$1,718,438,201</b>	<b>\$1,873,648,168</b>	<b>\$155,209,967</b>	<b>9.03 %</b>

### Program Description

The Local Education Activities Program is used by OPI to distribute state and federal funds to local education agencies.

### Program Highlights

Local Education Activities Major Budget Highlights	
<ul style="list-style-type: none"> <li>General fund present law increases of \$90 million compared to FY 2015 legislative base budget</li> <li>General fund increase of \$102 million <ul style="list-style-type: none"> <li>\$101.6 million increase in BASE Aid to adjust for changes in Average Number Belonging (ANB) and inflation applied to the basic and per-ANB entitlements, 2.33% in Fy 2016 and 1.79% in FY 2017</li> <li>\$0.33 million increase in At-Risk Student Payments</li> </ul> </li> <li>Increases are offset by general fund reductions (\$11.9 million): <ul style="list-style-type: none"> <li>\$11 million reduction in reimbursement block grants</li> <li>\$0.4 million reduction in transportation costs</li> <li>\$0.5 million reduction in state tuition payment</li> </ul> </li> </ul>	

### Funding

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

Office of Public Instruction, 09-Local Education Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,555,513,136	0	0	1,555,513,136	78.79 %
02018 Guarantee Fund	0	0	98,625,000	98,625,000	82.58 %
02218 School Facility Imprvmnt Acct	17,172,000	0	2,000,000	19,172,000	16.05 %
02402 Traffic & Safety Education	1,500,000	0	0	1,500,000	1.26 %
02584 State School Oil & Gas Impact Acct	134,250	0	0	134,250	0.11 %
<b>State Special Total</b>	<b>\$18,806,250</b>	<b>\$0</b>	<b>\$100,625,000</b>	<b>\$119,431,250</b>	<b>6.05 %</b>
03170 Grant Clearance Discretionary	299,328,782	0	0	299,328,782	100.00 %
<b>Federal Special Total</b>	<b>\$299,328,782</b>	<b>\$0</b>	<b>\$0</b>	<b>\$299,328,782</b>	<b>15.16 %</b>
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>
<b>Total All Funds</b>	<b>\$1,873,648,168</b>	<b>\$0</b>	<b>\$100,625,000</b>	<b>\$1,974,273,168</b>	

General fund accounts for 83% of the program's HB 2 funding, federal funds provide 16%, with the remaining 1% provided by state special funds. Not appropriated in HB 2 is statutory funding; the largest source of statutory funding is from the guarantee account. For the 2017 biennium, the guarantee account is expected to add \$98.6 million, this funding is statutorily appropriated for BASE Aid and thus offsets the requirement to spend general fund.

### 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								
-----General Fund-----					-----Total Funds-----			
Budget Item	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	732,733,416	732,733,416	1,465,466,832	94.21 %	894,493,636	894,493,636	1,788,987,272	95.48 %
PL Adjustments	37,216,451	52,829,853	90,046,304	5.79 %	33,952,747	50,708,149	84,660,896	4.52 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$769,949,867</b>	<b>\$785,563,269</b>	<b>\$1,555,513,136</b>		<b>\$928,446,383</b>	<b>\$945,201,785</b>	<b>\$1,873,648,168</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

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 527 - Inflation/Deflation Adjustment	0.00	(1,557)	0	0	(1,557)	0.00	(1,555)	0	0	(1,555)
DP 550 - Motor Pool Rate Adjustment	0.00	(10)	0	0	(10)	0.00	(10)	0	0	(10)
DP 901 - K-12 BASE Aid Guarantee Act. Transfer Adjustment (Rst/Bien)	0.00	11,475,089	0	0	11,475,089	0.00	11,475,089	0	0	11,475,089
DP 902 - K-12 BASE Aid Natural Resource Develop Payment (Rst/Bien)	0.00	1,900,211	0	0	1,900,211	0.00	5,100,211	0	0	5,100,211
DP 903 - K-12 BASE Aid School District Audits (Rst/Bien)	0.00	(8,824)	0	0	(8,824)	0.00	(2,868)	0	0	(2,868)
DP 904 - K-12 BASE Aid (Rst/Bien)	0.00	29,514,250	0	0	29,514,250	0.00	37,424,888	0	0	37,424,888
DP 905 - At-Risk Student Payment (Rst/Bien)	0.00	119,982	0	0	119,982	0.00	214,304	0	0	214,304
DP 906 - Pupil Transportation (Rst/Bien)	0.00	(249,727)	0	0	(249,727)	0.00	(149,427)	0	0	(149,427)
DP 907 - Reimbursement Block Grants (Rst/Bien)	0.00	(5,514,458)	0	0	(5,514,458)	0.00	(5,497,501)	0	0	(5,497,501)
DP 908 - State Tuition Payments (Rst/Bien)	0.00	(247,266)	0	0	(247,266)	0.00	(247,266)	0	0	(247,266)
DP 909 - State Special Revenue Adjustment	0.00	0	(632,875)	0	(632,875)	0.00	0	(632,875)	0	(632,875)
DP 910 - Federal Grant Award Adjustment	0.00	0	0	(2,630,829)	(2,630,829)	0.00	0	0	(1,488,829)	(1,488,829)
DP 912 - Adjust for HJ2 revenue adjustment and Feb enrollment count	0.00	228,761	0	0	228,761	0.00	4,513,988	0	0	4,513,988
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$37,216,451</b>	<b>(\$632,875)</b>	<b>(\$2,630,829)</b>	<b>\$33,952,747</b>	<b>0.00</b>	<b>\$52,829,853</b>	<b>(\$632,875)</b>	<b>(\$1,488,829)</b>	<b>\$50,708,149</b>

\*\*\*Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

#### DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

#### DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

#### DP 901 - K-12 BASE Aid Guarantee Act. Transfer Adjustment (Rst/Bien) -

The legislature approved \$22,950,178 of general fund for the 2017 biennium to cover a portion of the K-12 BASE aid paid from the Guarantee Account for FY 2014 and FY 2015. This appropriation continues the payment for the 2017 biennium.

#### DP 902 - K-12 BASE Aid Natural Resource Develop Payment (Rst/Bien) -

The legislature approved an increase of general fund of \$1,900,211 in FY 2016 and \$5,100,211 in FY 2017 for Natural Resource Development (NRD) payments (20-9-306, MCA). Total Payments for FY 2016 are \$4,900,000 and \$8,100,000 for FY 2017. The base year included \$2,999,789 in general fund. NRD payments generate savings in GTB payments of \$6.9 million for the biennium, this savings is included in the calculation of DP 904.

#### DP 903 - K-12 BASE Aid School District Audits (Rst/Bien) -

The legislature approved a reduction of general fund of \$8,824 in FY 2016 and \$2,868 in FY 2017 for the payment of school district audit filing fees (2-7-514(2), MCA).

DP 904 - K-12 BASE Aid (Rst/Bien) -

The legislature approved a general fund increase of \$29,514,250 in FY 2016 and \$37,424,888 in FY 2017 to cover portions of K-12 BASE aid not covered by DP 901 through DP 903. Factors affecting increases K-12 BASE aid include inflationary increases applied to funding components of 2.33% in FY 2016 and 1.79% in FY 2017, anticipated increases in enrollment of 0.6% in each year of the biennium, and adjustment for forecast revenue from the guarantee account available to offset general fund requirements for BASE Aid.

DP 905 - At-Risk Student Payment (Rst/Bien) -

The legislature approved an increase of general fund of \$119,982 in FY 2016 and \$214,304 in FY 2017 for the At-Risk student payment. This represents a statutory calculated inflationary increase of 2.33% in FY 2016 and 1.79% in FY 2017.

DP 906 - Pupil Transportation (Rst/Bien) -

The legislature approved a decrease in general fund of \$249,727 in FY 2016 and \$149,427 in FY 2017 for student transportation.

DP 907 - Reimbursement Block Grants (Rst/Bien) -

The legislature approved a general fund reduction from the FY 2015 legislative appropriation for reimbursement through block grants (non-levy revenue to schools) of \$5.5 million each year of the 2017 biennium. This Includes a reduction of \$7.9 million appropriated to block grants in SB 96 of the 2013 session which is included in the FY 2015 legislative base appropriation. This reduction is offset by additional GTB and inflationary increases for county transportation block grants of 0.076% (20-9-632, MCA).

DP 908 - State Tuition Payments (Rst/Bien) -

The legislature approved a reduction of general fund of \$247,266 in each year of the biennium for state tuition payments to K-12 school districts. This funding is for OPI's statutory obligation for tuition payments under 20-5-324, MCA, for students placed in a school district outside their district of residence by a state agency or court.

DP 909 - State Special Revenue Adjustment -

The legislature approved a reduction in the appropriation from the State School Oil and Gas Impact account of \$632,875 in FY 2016 and FY 2017.

DP 910 - Federal Grant Award Adjustment -

The legislature approved a decrease in federal appropriation of \$2,630,829 in FY 2016 and \$1,488,829 in FY 2017 for federal grants OPI distributes to school districts and other local education agencies administered by OPI.

DP 912 - Adjust for HJ2 revenue adjustment and Feb enrollment count -

The legislature lowered the revenue estimate for the guarantee account reducing the amount of state special revenue available for BASE Aid. In addition, February enrollment counts increased ANB by 1,042 in FY 2016 above the executives estimate. These two actions result in an increase in general fund of \$4.7 million for the biennium.