

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
FTE	165.03	165.03	161.22	161.22	165.03	161.22	(3.81)	(2.31)%
Personal Services	10,984,611	12,093,659	12,234,551	12,227,943	23,078,270	24,462,494	1,384,224	6.00 %
Operating Expenses	14,974,202	12,113,481	15,804,667	16,023,002	27,087,683	31,827,669	4,739,986	17.50 %
Equipment & Intangible Assets	859,986	921,444	536,311	536,311	1,781,430	1,072,622	(708,808)	(39.79)%
Transfers	1,168,000	1,918,000	2,000,500	2,000,500	3,086,000	4,001,000	915,000	29.65 %
Total Costs	\$27,986,799	\$27,046,584	\$30,576,029	\$30,787,756	\$55,033,383	\$61,363,785	\$6,330,402	11.50 %
General Fund	10,206,213	11,655,418	11,817,582	11,827,549	21,861,631	23,645,131	1,783,500	8.16 %
State/Other Special Rev. Funds	211,388	269,223	251,479	251,284	480,611	502,763	22,152	4.61 %
Federal Spec. Rev. Funds	17,438,253	15,121,943	18,369,111	18,571,066	32,560,196	36,940,177	4,379,981	13.45 %
Proprietary Funds	130,945	0	137,857	137,857	130,945	275,714	144,769	110.56 %
Total Funds	\$27,986,799	\$27,046,584	\$30,576,029	\$30,787,756	\$55,033,383	\$61,363,785	\$6,330,402	11.50 %

Program Description

The State Level Activities division provides leadership, programs and services to support Montana's students, families, educators and public schools. The program includes the Office of the State Superintendent that supports Montana public education through the following functions; career and technical education, measurement and accountability, health enhancement and safety, special education, Indian education, school finance, educational opportunity and equity, centralized services and information and technology. Program staff assist the Superintendent of Public Instruction in performing statutorily prescribed duties as follows:

1. Supports the Superintendent's role with the Board of Public Education, Board of Regents, and Land Board
2. Distribution and accounting of state and federal funds provided to school districts
3. Maintenance of the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system
4. Provides assistance and information to school districts, and
5. Acts as a member of the governing board of the Montana Digital Academy (MTDA).

The program administers all federal grants received by OPI, including curriculum assistance, special education, Elementary and Secondary Education Act administration, secondary vocational education administration, and other educational services. The Montana digital Academy is budgeted within OPI but is administered through the University of Montana.

Program Highlights

State Level Activities Major Budget Highlights
<ul style="list-style-type: none"> • The legislature approved \$1.1 million in ongoing general fund increases, including: <ul style="list-style-type: none"> ◦ Present law adjustments of \$0.6 million for personal services, fixed costs, inflation, IT rates, liability, motor pool and indirect costs ◦ Adjustments of \$0.5 million for three new permanent FTE to support longitudinal data system (GEMS) and the high school transcript system • In addition to the ongoing funding detailed above, the legislature provided \$1.9 million in one-time-only general fund appropriations: <ul style="list-style-type: none"> ◦ An additional \$1.7 million above base funding to support anticipated enrollments at the Montana Digital Academy ◦ An increase of \$0.2 million in funding above the base for the state audiological services

Funding

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

Office of Public Instruction, 06-State Level Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	23,645,131	0	0	23,645,131	35.27 %
02001 School Lunch Program	174,127	0	0	174,127	34.63 %
02402 Traffic & Safety Education	328,636	0	0	328,636	65.37 %
State Special Total	\$502,763	\$0	\$0	\$502,763	0.75 %
03002 Public Instruction	36,940,177	0	0	36,940,177	100.00 %
Federal Special Total	\$36,940,177	\$0	\$0	\$36,940,177	55.11 %
06067 Advanced Drivers Education	0	275,714	0	275,714	4.64 %
06512 Indirect Cost Pool	0	5,672,012	0	5,672,012	95.36 %
Proprietary Total	\$0	\$5,947,726	\$0	\$5,947,726	8.87 %
Total All Funds	\$61,088,071	\$5,947,726	\$0	\$67,035,797	

Federal funds support 60% of the HB 2 budget, general funds support 39% and state special revenue supports 1%.

State Special revenues fund the school lunch program and traffic and safety education. Revenues for the School Lunch Program are generated through reimbursements for the costs of shipping, handling, and other related costs of school food commodities used in the program. Traffic and Safety Education revenues are generated through a percentage of driver's license fees.

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	10,371,525	10,371,525	20,743,050	87.73 %	27,507,090	27,507,090	55,014,180	89.65 %
PL Adjustments	1,216,057	1,226,024	2,442,081	10.33 %	2,838,939	3,050,666	5,889,605	9.60 %
New Proposals	230,000	230,000	460,000	1.95 %	230,000	230,000	460,000	0.75 %
Total Budget	\$11,817,582	\$11,827,549	\$23,645,131		\$30,576,029	\$30,787,756	\$61,363,785	

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 515 - State Share Health Insurance	0.00	30,107	1,113	44,858	76,078	0.00	30,107	1,113	44,858	76,078
DP 520 - Fully Fund 2015 Legislative Authorized FTE	0.00	86,736	4,337	125,768	216,841	0.00	86,736	4,337	125,768	216,841
DP 525 - Fixed Cost Adjustment	0.00	7,033	181	6,820	14,034	0.00	7,377	191	7,176	14,744
DP 527 - Inflation/Deflation Adjustment	0.00	(50,806)	1,343	(20,421)	(69,884)	0.00	(49,179)	1,357	(18,813)	(66,635)
DP 531 - SITSD Rate Adjustment	0.00	5,328	137	5,167	10,632	0.00	5,328	137	5,167	10,632
DP 532 - General Liability Insurance Rate Adjustment	0.00	(1,043)	(27)	(1,011)	(2,081)	0.00	(1,043)	(27)	(1,011)	(2,081)
DP 550 - Motor Pool Rate Adjustment	0.00	(3,019)	(57)	(4,559)	(7,635)	0.00	(3,057)	(58)	(4,587)	(7,702)
DP 560 - Montana Digital Academy (Rst/OTO/Bien)	0.00	832,500	0	0	832,500	0.00	832,500	0	0	832,500
DP 561 - Audiological Services (Rst/OTO/Bien)	0.00	86,907	0	0	86,907	0.00	101,308	0	0	101,308
DP 562 - Indirect Costs	0.00	80,695	5,607	70,185	156,487	0.00	80,119	5,581	70,448	156,148
DP 563 - Federal Grant Adjustment State Education Activities	0.00	0	0	1,200,000	1,200,000	0.00	0	0	1,400,000	1,400,000
DP 564 - Personal Service Present Law Adjustment	0.00	104,917	(14,431)	20,722	111,208	0.00	98,925	(14,628)	20,493	104,790
DP 565 - Present Law Adjustment	0.00	36,702	(15,947)	193,097	213,852	0.00	36,903	(15,942)	193,082	214,043
DP 600444 - Statewide 4% FTE Reduction - Program 06	(6.81)	0	0	0	0	(6.81)	0	0	0	0
Grand Total All Present Law Adjustments	(6.81)	\$1,216,057	(\$17,744)	\$1,640,626	\$2,838,939	(6.81)	\$1,226,024	(\$17,939)	\$1,842,581	\$3,050,666

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

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislative Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

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 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 560 - Montana Digital Academy (Rst/OTO/Bien) -

The legislature approved an increase of \$832,500 general fund in each year of the biennium. This increase is to address the growing enrollment in the Montana Digital Academy.

DP 561 - Audiological Services (Rst/OTO/Bien) -

The legislature approved an increase of \$188,215 general fund for the 2017 biennium to fund increased costs of the statewide program.

DP 562 - Indirect Costs -

The legislature approved \$160,814 general fund, \$11,188 state special revenue and \$140,633 federal special revenue (total for the biennium of \$312,635) to cover indirect costs related to services provided.

DP 563 - Federal Grant Adjustment State Education Activities -

The legislature approved \$2,600,000 of federal funds for the 2017 biennium to adjust for increases in federal grant awards including; the school foods grants, the IDEA-B grant, and the Title I grant.

DP 564 - Personal Service Present Law Adjustment -

The legislature approved a general fund increases of \$104,917 in FY 2016 and \$98,925 in FY 2017, state special revenue decreases of \$14,431 FY 2016 and \$14,628 in FY 2017 and federal special revenue increases of \$20,722 in FY 2016 and \$20,493 FY 2017. This funding is for personal services classified as other as presented in legislative present law package 98 as modified at the request of the office of public instruction, included are adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 565 - Present Law Adjustment -

The legislature approved general fund increases of \$36,702 in FY 2016 and \$36,903 in FY 2017, state special revenue decreases of \$15,947 FY 2016 and \$15,942 in FY 2017 and federal special revenue increases of \$193,097 in FY 2016 and \$193,082 FY 2017. This funding is for present law adjustments classified as other as presented in legislative present law package 99 as modified at the request of the Office of Public Instruction.

DP 600444 - Statewide 4% FTE Reduction - Program 06 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 600444 includes a reduction of 6.81 FTE each year.

New Proposals

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

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 566 - GEMS High School Transcripts Staffing	3.00	230,000	0	0	230,000	3.00	230,000	0	0	230,000
Total	3.00	\$230,000	\$0	\$0	\$230,000	3.00	\$230,000	\$0	\$0	\$230,000

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

DP 566 - GEMS High School Transcripts Staffing -

The legislature approved a general fund increase of \$230,000 in each year of the biennium for 3.00 FTE to support the K-20 Data Warehouse (GEMS) and the High School Transcript System.

Other Issues

Proprietary Rates

Proprietary Program Description

OPI's internal service fund is used to pool internal and statewide central service type costs that are charged back to all of the agency's state and federally funded programs using a pre-approved indirect cost rate. OPI receives approval for both restricted and unrestricted indirect cost rates. The "restricted" rate refers to federal regulations that prohibit federal funds being used to fund state funded projects. Therefore, OPI uses the restricted rate when applying the indirect cost rate. These rates are negotiated and approved on a three year cycle.

Revenue

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying the approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. OPI negotiated a three year "predetermined rate" with the U.S. Department of Education. The negotiated rate for fiscal years 2014 through 2016 is 15.2% for the restricted rate and 15.7% for the unrestricted rate. The negotiated rates for 2017 will be 17.0% for the restricted rate and 17.7% for the unrestricted rate.

Indirect Cost Pool Budget Forecast				
	FY 2014 Actual	FY 2016 Forecast	FY 2017 Forecast	Biennial Forecast
FTE	22.44	24.74	24.74	24.74
61000 Personal Services	\$1,555,084	\$1,677,570	\$1,677,835	\$3,355,405
62000 Operating Costs	1,057,731	1,046,851	976,316	2,023,167
Total Cost	<u>\$2,612,815</u>	<u>\$2,724,421</u>	<u>\$2,654,151</u>	<u>\$5,378,572</u>

Expenses

Indirect cost pool covers the expenses incurred by the 22.44 FTE, who provide administrative, finance, accounting and data management services to the rest of the agency. The rate also covers fees charged for services provided by other departments, including but not limited to warrant writing, worker's compensation fees, audit fees, rent, and grounds maintenance. The pool also covers termination payouts for staff, except the Superintendent and the Superintendent's personal staff.

Advanced Driver Education Program

The Advanced Driver Education program (D.R.I.V.E.) is a seasonal, hands-on, behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of the OPI at a training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews, and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers, and the general public.

Revenue

Revenues are generated from workshop fees collected from program users (Authority Title 20 MCA). Typically the program serves 450-500 participants a season. The current fee is \$315 per person for a full-day workshop. Program fees should remain within a range of \$315 - \$350 for the 2017 biennium. This should cover any unusual maintenance costs that are incurred during a season. It is anticipated that services will remain approximately the same as present for the 2017 Biennium.

The following table summarizes the total expense forecast for the biennium.

Advanced Drivers Education				
	FY 2015 Leg Apropr.	FY 2016 Request	FY 2017 Request	2017 Biennium
Personal Services	\$73,464	\$91,033	\$90,877	\$181,910
Operating Expense	<u>52,405</u>	<u>60,185</u>	<u>60,121</u>	<u>120,306</u>
Total Cost	<u>\$125,869</u>	<u>\$151,218</u>	<u>\$150,998</u>	<u>\$302,216</u>

Expense Description

Cost drivers for fees include instructor expenses (salaries, travel and per diem); vehicle maintenance and operating expenses (fuel and repairs), classroom and track supplies, track leases, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). Facility maintenance is anticipated to be an on-going cost.