

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	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	163.35	163.35	159.54	159.54	163.35	159.54	(3.81)	(2.33)%
Personal Services	10,911,428	12,093,659	12,161,087	12,154,479	23,005,087	24,315,566	1,310,479	5.70 %
Operating Expenses	15,926,601	13,421,645	17,058,859	17,277,196	29,348,246	34,336,055	4,987,809	17.00 %
Equipment & Intangible Assets	859,986	921,444	524,323	524,323	1,781,430	1,048,646	(732,784)	(41.13)%
Local Assistance	708,640,932	702,936,252	777,042,634	788,370,807	1,411,577,184	1,565,413,441	153,836,257	10.90 %
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	1,833,112	2,425,840	2,508,340	2,508,340	4,258,952	5,016,680	757,728	17.79 %
<b>Total Costs</b>	<b>\$882,074,676</b>	<b>\$891,265,963</b>	<b>\$958,655,794</b>	<b>\$971,337,696</b>	<b>\$1,773,340,639</b>	<b>\$1,929,993,490</b>	<b>\$156,652,851</b>	<b>8.83 %</b>
General Fund	711,200,020	706,638,834	781,538,688	792,876,830	1,417,838,854	1,574,415,518	156,576,664	11.04 %
State/Other Special Rev. Funds	9,614,513	10,305,223	9,654,604	9,654,409	19,919,736	19,309,013	(610,723)	(3.07)%
Federal Spec. Rev. Funds	161,260,143	174,321,906	167,462,502	168,806,457	335,582,049	336,268,959	686,910	0.20 %
<b>Total Funds</b>	<b>\$882,074,676</b>	<b>\$891,265,963</b>	<b>\$958,655,794</b>	<b>\$971,337,696</b>	<b>\$1,773,340,639</b>	<b>\$1,929,993,490</b>	<b>\$156,652,851</b>	<b>8.83 %</b>

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Executive Budget Comparison

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	163.35	162.71	159.54	(3.17)	162.71	159.54	(3.17)	(3.17)
Personal Services	10,911,428	12,375,486	12,161,087	(214,399)	12,368,306	12,154,479	(213,827)	(428,226)
Operating Expenses	15,926,601	16,829,917	17,058,859	228,942	17,044,058	17,277,196	233,138	462,080
Equipment & Intangible Assets	859,986	859,986	524,323	(335,663)	859,986	524,323	(335,663)	(671,326)
Local Assistance	708,640,932	794,573,061	777,042,634	(17,530,427)	805,041,692	788,370,807	(16,670,885)	(34,201,312)
Grants	143,902,617	149,203,279	149,360,551	157,272	150,345,279	150,502,551	157,272	314,544
Transfers	1,833,112	1,833,112	2,508,340	675,228	1,833,112	2,508,340	675,228	1,350,456
<b>Total Costs</b>	<b>\$882,074,676</b>	<b>\$975,674,841</b>	<b>\$958,655,794</b>	<b>(\$17,019,047)</b>	<b>\$987,492,433</b>	<b>\$971,337,696</b>	<b>(\$16,154,737)</b>	<b>(\$33,173,784)</b>
General Fund	711,200,020	798,442,862	781,538,688	(16,904,174)	808,916,666	792,876,830	(16,039,836)	(32,944,010)
State/other Special Rev. Funds	9,614,513	9,657,023	9,654,604	(2,419)	9,656,829	9,654,409	(2,420)	(4,839)
Federal Spec. Rev. Funds	161,260,143	167,574,956	167,462,502	(112,454)	168,918,938	168,806,457	(112,481)	(224,935)
<b>Total Funds</b>	<b>\$882,074,676</b>	<b>\$975,674,841</b>	<b>\$958,655,794</b>	<b>(\$17,019,047)</b>	<b>\$987,492,433</b>	<b>\$971,337,696</b>	<b>(\$16,154,737)</b>	<b>(\$33,173,784)</b>

The legislatively approved budget decreases general fund by \$33 million for the biennium compared to the budget proposed by the executive. The legislature made the following adjustments to the executive proposal.

Statewide education activities (\$1.2 million general fund above the executive proposed budget)

- \$0.5 million below executive proposed budget for personal services
- \$1.7 million above the executive proposed budget for the Montana Digital Academy

Local education activities (\$33.7 million general fund below the budget proposed by the executive)

- \$37 million below executive proposed budget for early childhood education
- \$1.0 million below executive proposed budget for raising the legal drop out age
- \$0.4 million below executive proposed budget ANB for nineteen year olds
- \$1.3 million below executive proposed budget for Direct State Aid, the legislature assumed a higher estimate for funding available from the Guarantee Account
- \$6.0 million above the executive proposed budget, the legislature choose not to re-direct the NRD payment to the School Facility & Technology account as per the executive proposal.

**Agency Highlights**

**Office of Public Instruction  
Major Budget Highlights**

The legislature approved general fund present law adjustments of \$87.7 million for the biennium and \$0.46 million general fund in new proposals.

State Level Activities

- The legislature eliminated 6.81 permanent FTE from the FY 2015 base budget
- The legislature appropriated \$460,000 for the biennium for 3.00 new permanent FTE to support GEMS and high school transcript system
- The legislature approved \$1.7 million OTO general fund above base funding for the biennium to support anticipated enrollments at the Montana Digital Academy.
- The legislature approved OTO funding of \$188,000 to support OPI's statewide audiological program.

Local Education Activities

Funding increases in OPI's distribution to schools program are \$79.9 million in state and federal funds in the 2017 biennium when compared to the legislative base. General fund increases are \$85.3 million due primarily to expected increase in enrollments of 0.6% in each year of the biennium and inflationary increase for BASE aid components of 2.33% in FY 2016 and 1.79% in FY 2017. Federal funds decrease by \$4.1 million.

- BASE Aid to local schools increases by \$96.9 million
- Funding for block grants, transportation and tuition payments decrease by \$11.0 million.
- Transportation costs decrease by \$400,000
- State Special funding decreased by \$1.3 million
- Federal grants decrease by \$4.1 million

The legislature appropriated general fund of \$9.4 million for the fiscal year ending June 30, 2015 to fund an anticipated shortfall for local assistance to schools as follows.

- \$3 million borrowed from the FY 2015 appropriation used to pay for a shortfall in the FY 2013 supplemental
- \$1.2 million for unexpected enrollment increases
- \$4.8 million due to combined effects of changes in taxable value that impact GTB payments
- \$400,000 for short fall in block grants

**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	1,574,415,518	0	0	1,574,415,518	77.31 %	
State Special Total	19,309,013	0	100,625,000	119,934,013	5.89 %	
Federal Special Total	336,268,959	0	0	336,268,959	16.51 %	
Proprietary Total	0	5,947,726	0	5,947,726	0.29 %	
Other Total	0	0	0	0	0.00 %	
<b>Total All Funds</b>	<b>\$1,929,993,490</b>	<b>\$5,947,726</b>	<b>\$100,625,000</b>	<b>\$2,036,566,216</b>		
<b>Percent - Total All Sources</b>	<b>94.77 %</b>	<b>0.29 %</b>	<b>4.94 %</b>			

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% 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, 98.5% 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	94.40 %	921,862,869	921,862,869	1,843,725,738	95.53 %
PL Adjustments	38,203,747	49,541,889	87,745,636	5.57 %	36,562,925	49,244,827	85,807,752	4.45 %
New Proposals	230,000	230,000	460,000	0.03 %	230,000	230,000	460,000	0.02 %
<b>Total Budget</b>	<b>\$781,538,688</b>	<b>\$792,876,830</b>	<b>\$1,574,415,518</b>		<b>\$958,655,794</b>	<b>\$971,337,696</b>	<b>\$1,929,993,490</b>	

**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	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 %
<b>Total Costs</b>	<b>\$27,986,799</b>	<b>\$27,046,584</b>	<b>\$30,576,029</b>	<b>\$30,787,756</b>	<b>\$55,033,383</b>	<b>\$61,363,785</b>	<b>\$6,330,402</b>	<b>11.50 %</b>
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 %
<b>Total Funds</b>	<b>\$27,986,799</b>	<b>\$27,046,584</b>	<b>\$30,576,029</b>	<b>\$30,787,756</b>	<b>\$55,033,383</b>	<b>\$61,363,785</b>	<b>\$6,330,402</b>	<b>11.50 %</b>

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**Funding**

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 the 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 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 %
<b>Total Budget</b>	<b>\$11,817,582</b>	<b>\$11,827,549</b>	<b>\$23,645,131</b>		<b>\$30,576,029</b>	<b>\$30,787,756</b>	<b>\$61,363,785</b>	

**Present Law Adjustments -**

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	
<b>Grand Total All Present Law Adjustments</b>										
<b>(6.81)</b>	<b>\$1,216,057</b>	<b>(\$17,744)</b>	<b>\$1,640,626</b>	<b>\$2,838,939</b>	<b>(6.81)</b>	<b>\$1,226,024</b>	<b>(\$17,939)</b>	<b>\$1,842,581</b>	<b>\$3,050,666</b>	

\*\*"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 general fund totaling \$832,500 in each year of the biennium. This increase is to address the growing enrollment in the courses offered by 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 fund for the 2017 biennium to adjust for increases in federal grant awards administered by the Office of Public Instruction 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 increase of \$104,917 in FY 2016 and \$98,925 in FY 2017, state special revenue decrease of \$14,431 FY 2016 and \$14,628 in FY 2017, federal special revenue increase 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 in other is funding 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 decrease of \$15,947 FY 2016 and \$15,942 in FY 2017, federal special revenue increase 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 changes from the legislative appropriation for FY 15 to the proposed budget.

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
<b>Total</b>	<b>3.00</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$230,000</b>	<b>3.00</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$230,000</b>

\*\*"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 needed to support the K-20 Data Warehouse (GEMS) and the High School Transcript System.

**Other Issues -**

**Proprietary Program Description**

The State Level Activities program provides the following functions funded with proprietary funds. These programs are described separately along with a discussion of program expenses, revenues, and rates being requested to finance the program. There are two proprietary programs:

- Indirect Cost Pool
- Advanced Driver Education Program

*Indirect Cost Pool*

The OPI Indirect Cost Pool is an internal service fund used to allocate various centralized costs such as payroll, accounting, or budgeting to all OPI's state and federally funded programs using a pre-approved indirect cost rate. Because the proprietary funds do not require and appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium.

*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 a restricted and unrestricted indirect cost rate. 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 percent for the restricted rate and 15.7% for the unrestricted rate. The negotiated rates for 2017 will be 17% 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	<u>\$1,057,731</u>	<u>\$1,046,851</u>	<u>\$976,316</u>	<u>\$2,023,167</u>
Total Cost	\$2,612,815	\$2,724,421	\$2,654,151	\$5,378,572

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 Superintendents 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 for a full-day workshop per person. 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				
	<u>FY 2015</u> Leg Apro.	<u>FY 2016</u> Request	<u>FY 2017</u> Request	<u>2017</u> 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	\$125,869	\$151,218	\$150,998	\$302,216

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

Working Capital Discussion - This program is a summer seasonal program that operates 45-55 days during June, July and August utilizing 13 – 16 vehicles. The program typically employs four professional instructors for each workshop (10 - 11 hours per day each) totaling 1.30 FTE. A director (0.15 FTE) and a program specialist (0.23 FTE) provide administrative

support during the year. Most revenue is received in April - June through pre-paid workshop registrations. Most expenses are realized June through August, with continuing administrative expenses during the remainder of the year. The program requires 30 - 45 percent of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July - March.

Fund Equity and Reserved Fund Balance - In addition to operating expenses during non-revenue months, the program also incurs periodic (every 2 - 5 years) expenditures for replacement of vehicles and facility maintenance/improvement. Payment of these services requires accumulation and an amount of revenue to carryover from year of approximately 10 - 20 percent of its annual budget.

**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	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	777,042,634	788,370,807	1,411,577,184	1,565,413,441	153,836,257	10.90 %
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>\$928,217,622</b>	<b>\$940,687,797</b>	<b>\$1,718,438,201</b>	<b>\$1,868,905,419</b>	<b>\$150,467,218</b>	<b>8.76 %</b>
General Fund	700,993,807	694,983,416	769,721,106	781,049,281	1,395,977,223	1,550,770,387	154,793,164	11.09 %
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>\$928,217,622</b>	<b>\$940,687,797</b>	<b>\$1,718,438,201</b>	<b>\$1,868,905,419</b>	<b>\$150,467,218</b>	<b>8.76 %</b>

**Page Reference**

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**Funding**

General fund accounts for 83% of the programs HB 2 funding, federal grants provide 16% of the programs HB2 funding, with the remaining 1% provided by state 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 \$103.15 million to the funding shown in the table above.

**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	732,733,416	732,733,416	1,465,466,832	94.50 %	894,493,636	894,493,636	1,788,987,272	95.72 %
PL Adjustments	36,987,690	48,315,865	85,303,555	5.50 %	33,723,986	46,194,161	79,918,147	4.28 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$769,721,106</b>	<b>\$781,049,281</b>	<b>\$1,550,770,387</b>		<b>\$928,217,622</b>	<b>\$940,687,797</b>	<b>\$1,868,905,419</b>	

**Present Law Adjustments -**

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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)	
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$36,987,690</b>	<b>(\$632,875)</b>	<b>(\$2,630,829)</b>	<b>\$33,723,986</b>	<b>0.00</b>	<b>\$48,315,865</b>	<b>(\$632,875)</b>	<b>(\$1,488,829)</b>	<b>\$46,194,161</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 requests \$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 in FY 2014 and FY 2015. SB175 contained a one-time transfer of \$22,950,178 from the state general fund to a newly created state special revenue account prior to the end of FY 2013. \$11,475,089 was transferred after the beginning of FY 2014 and the remaining \$11,475,089 will be transferred in FY 2015 to the state special revenue Guarantee Account to fund the ongoing costs of K-12 BASE aid. These expenditures for K-12 BASE aid will be made from the general fund in the 2017 biennium as proceeds from the one-time transfer will have been depleted.

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 in 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 CP 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 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 CP 901 through CP 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 pupil transportation required under 20-10-145, MCA.

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

The legislature requests 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 FY 2016 and \$247,266 in FY 2017 in appropriation 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.