

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	313,107	300,687	281,072	281,395	613,794	562,467	(51,327)	(8.36%)
Operating Expenses	80,960	107,886	94,276	77,946	188,846	172,222	(16,624)	(8.80%)
Debt Service	1,782	1,782	1,782	1,782	3,564	3,564	0	0.00%
<b>Total Costs</b>	<b>\$395,849</b>	<b>\$410,355</b>	<b>\$377,130</b>	<b>\$361,123</b>	<b>\$806,204</b>	<b>\$738,253</b>	<b>(\$67,951)</b>	<b>(8.43%)</b>
General Fund	215,806	222,033	209,115	192,921	437,839	402,036	(35,803)	(8.18%)
State Special	180,043	188,322	168,015	168,202	368,365	336,217	(32,148)	(8.73%)
<b>Total Funds</b>	<b>\$395,849</b>	<b>\$410,355</b>	<b>\$377,130</b>	<b>\$361,123</b>	<b>\$806,204</b>	<b>\$738,253</b>	<b>(\$67,951)</b>	<b>(8.43%)</b>

**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.

For additional information, please refer to the agency profile.

**Agency Highlights**

<b>Board of Public Education Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Significant payouts for 2.00 FTE in the 2013 biennium resulted in lower operating expenses and ongoing personal services to fund payouts</li> <li>◆ The Governor proposes to maintain lower operating expenses primarily by not renewing membership in a national education association</li> <li>◆ Personal services are lower primarily due to decreases in compensation for two positions only partially offset by increases for the other two</li> </ul>
<b>Legislative Action Issues</b>
<ul style="list-style-type: none"> <li>◆ Operating at less than the fully budgeted FTE would create vacancy savings that may be used to expand the base budget for operating expenses.</li> </ul>

Notes: The board will discontinue membership in NASBE (National Association of State Boards of Education). Former Director maintained this membership. The current staff is not interested in maintaining the relationship. The annual dues were \$20,000/year.

**Agency Discussion**

*Personal Services*

The board's budget request is a 9.0 percent decrease compared to the 2013 biennium. The majority of this decrease is in personal services. In the 2013 biennium, the BPE was budgeted and initially staffed by 4.00 FTE. Two members of the staff retired early in FY2012, resulting in unbudgeted personal services expenses related to these retirements representing

43% of the budgeted personnel expenses. The unbudgeted expenses were covered by leaving the two positions open to generate vacancy savings and by transferring \$19,000 in operating expenses to personal services.

The agency has four funded positions; 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 and the administrative clerk is staffed at 0.5 FTE for a total of 2.5 FTE. The board has no immediate plans to fill the vacant positions.

The personal services budget for the 2015 biennium is 8.4% lower than the budget approved for the 2013 biennium. This decrease is due primarily to an increase in compensation for the administrative specialist (CSPAC) and administrative assistant, offset by decreases in compensation for the administrator and administrative technician.

### LFD ISSUE

#### Staff is Budgeted at a Higher Level than Currently Filled

The executive has requested funding for 4.00 FTE, but only 2.50 FTE are filled. As stated earlier, these positions were held open in FY 2012 in order to generate vacancy savings to fund payouts due in that year to two long-term staff. However, the board has not filled the positions in FY 2013 even though the entirety of the payout has been funded.

The legislature may wish to discuss with the board whether the positions will be filled and when. Not filling the positions would result in significant vacancy savings that could then be used for purposes not discussed with the legislature, including but not limited to:

- Increased operating expenses, which would then be part of the budget base used to determine ongoing expenditures in the 2017 biennium
- Salary and other personal services increases
- Payouts or other unexpected expenses

If the board does not anticipate filling the positions the legislature may wish to reduce personal services to only those positions the board anticipates it will fill. If the executive proposes to increase operating expenses to pre-FY 2012 levels, and/or believes other expenses will arise during the interim, they should be discussed with the legislature. If the legislature chooses to fund all positions as requested, it may wish to restrict personal services appropriations to only that purpose to prevent expansion of the operating expenses base.

#### Options

- Reduce funding to 2.50 FTE
- Restrict personal services expenditures so they cannot be used for any other purpose

**Funding**

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Board Of Public Education Funding by Source of Authority 2015 Biennium Budget - K-12 Education							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$402,036	\$0	\$0	\$402,036	54.5%		
State Special Total	\$336,217	\$0	\$0	\$336,217	45.5%		
02122 Advisory Council	\$226,217	\$0	\$0	\$226,217	30.6%		
02219 Research Fund	\$110,000	\$0	\$0	\$110,000	14.9%		
Total All Funds	\$738,253	\$0	\$0	\$738,253	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The BPE is funded through a combination of general fund and state special funds. The general fund funds 54.5% of the board’s budget. The remainder of the funding is provided by fees paid by teachers for certification. By statute, these fees are collected by OPI and deposited into two accounts; the Advisory Council and the Research Fund. 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 advisory fund currently has a balance of 11% of proposed expenditures for the first year of the biennium; the Governor proposes an ending balance equivalent to 14% of proposed expenditures for the last year of the biennium.
- The Research fund currently has a balance equivalent to 85% of proposed expenditures for the first year of the biennium; the Governor proposes an ending balance equivalent to 37% of proposed expenditures for the last year of the biennium.

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 by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	215,806	215,806	431,612	107.92%	395,849	395,849	791,698	107.89%
Statewide PL Adjustments	(16,474)	(16,250)	(32,724)	(8.18%)	(30,218)	(29,807)	(60,025)	(8.18%)
Other PL Adjustments	409	623	1,032	0.26%	818	1,246	2,064	0.28%
New Proposals	17	17	34	0.01%	33	33	66	0.01%
<b>Total Budget</b>	<b>\$199,758</b>	<b>\$200,196</b>	<b>\$399,954</b>		<b>\$366,482</b>	<b>\$367,321</b>	<b>\$733,803</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(32,035)					(31,712)
Inflation/Deflation					40					84
Fixed Costs					13,243					(3,131)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$6,708)</b>	<b>(\$12,044)</b>	<b>\$0</b>	<b>(\$18,752)</b>		<b>(\$22,902)</b>	<b>(\$11,857)</b>	<b>\$0</b>	<b>(\$34,759)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$6,708)</b>	<b>(\$12,044)</b>	<b>\$0</b>	<b>(\$18,752)</b>	<b>0.00</b>	<b>(\$22,902)</b>	<b>(\$11,857)</b>	<b>\$0</b>	<b>(\$34,759)</b>

**New Proposals**

Program	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Professional Development Center Fee Allocation										
01	0.00	17	16	0	33	0.00	17	16	0	33
<b>Total</b>	<b>0.00</b>	<b>\$17</b>	<b>\$16</b>	<b>\$0</b>	<b>\$33</b>	<b>0.00</b>	<b>\$17</b>	<b>\$16</b>	<b>\$0</b>	<b>\$33</b>

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.