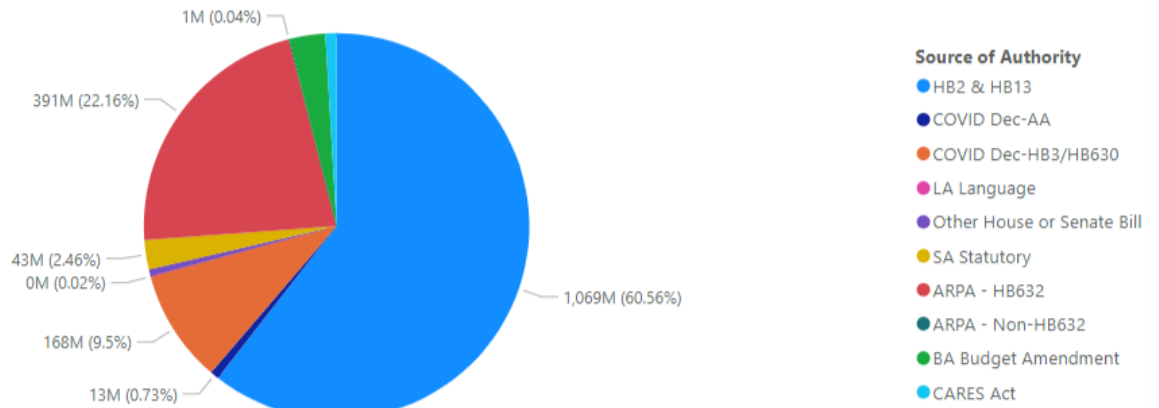


OFFICE OF PUBLIC INSTRUCTION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Office of Public Instruction (OPI) is shown in the pie chart below. HB 2 and HB 13 provide 60.6% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	1,069,333,345	618,565,413	57.8%
ARPA	391,886,263	14,369,178	3.7%
CARES II	180,455,591	41,502,458	23.0%
BA Budget Amendment	53,422,329	12,519,025	23.4%
SA Statutory	43,405,707	19,036,065	43.9%
CARES	16,530,003	8,290,191	50.2%
Other House or Senate Bill	10,277,460	10,245,460	99.7%
LA Language	300,000		
Total	1,765,610,699	724,527,790	41.0%

Report Period

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The Office of Public Instruction has a total budgeted authority of \$1.8 billion for FY 2022. This amount includes \$1.1 billion in HB 2 spending authority, which makes up 60.6% of OPI’s total budgeted authority. The secondlargest portion of OPI’s spending authority is made up of several federal fund allocations related to COVID-19, which in combination total \$588.9 million or 33.4% of the budget. The remainder of the budget consists primarily of budget amendments and statutory authority. As of February 28, 2022, OPI has expended 41.0% of its total budgeted spending authority and 57.8% of its HB 2 spending authority for FY 2022.

Budget Amendments

OPI has approximately \$53.4 million in budget amendment authority as of February 28, 2022, of which 23.4% has been expended. This budget amendment authority in OPI is primarily federal grants, many of which have deadlines in September 2022 or beyond and may not be fully expended by the end of state FY 2022.

There are about a half a dozen federal grant programs which make up the budget amendment authority for OPI, the majority of which is for the Montana Comprehensive Literacy Project (MCLP). Smaller amounts of budget amendment authority are for the Striving Readers Program, Project AWARE (Advancing Wellness and Resiliency in Education), the Stop School Violence Program, and the federal Statewide Longitudinal Data Systems Grant which funds the Montana Innovation through Infrastructure (MITI) project.

Budget amendment authority for OPI for FY 2022 increased by approximately \$24.0 million between December 1, 2021 and February 28, 2022. This increase is almost entirely due to an appropriation for increased school food funding as a result of higher reimbursement rates approved by the United States Department of Agriculture (USDA) for the school year due to COVID-19.

Statutory Appropriations

The Office of Public Instruction has \$43.4 million in statutory spending authority for FY 2022. Nearly all of this amount is from the guarantee account, which is a statutorily appropriated state special revenue fund dedicated to school funding. The guarantee account receives revenue generated from common school state land as well as interest from the common school trust. Revenues are primarily generated from interest off the trust, as well as agriculture and extraction industry leases. Revenues from the guarantee account offset general fund received by OPI. OPI has expended 43.9% of its statutory authority for FY 2022 as of February 28, 2022. OPI receives the proceeds from the guarantee account in January and June, which is then used to make the Basic Amount for School Equity (BASE) aid payment in those months. There is also a minor amount of statutory appropriation authority for a technology payment, which was paid in its entirety at the beginning of FY 2022.

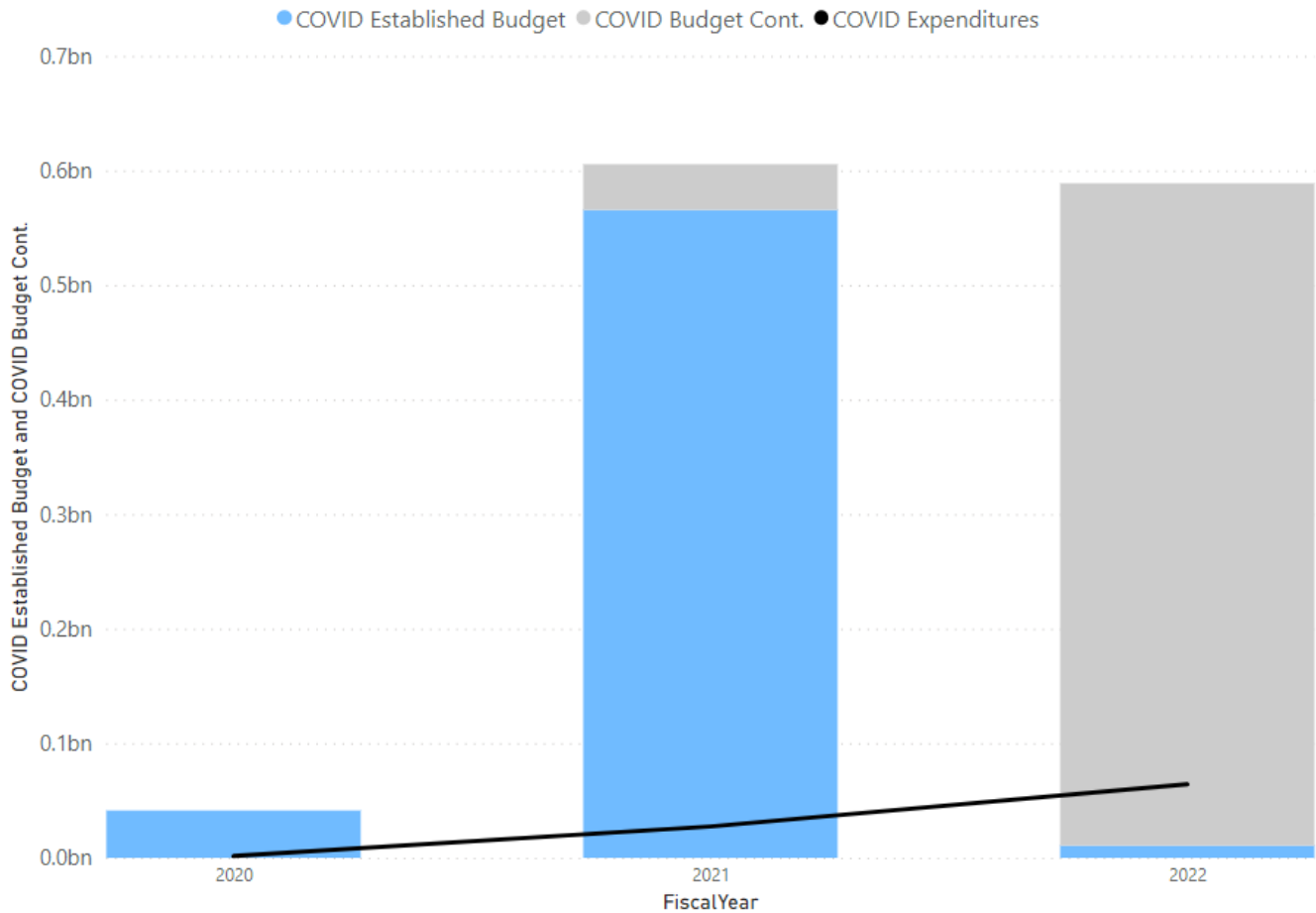
Other Bills

OPI has approximately \$10.3 million in other house and senate bill appropriations for FY 2022, of which 99.7% has been expended as of February 28, 2022. These appropriations are from HB 644 and HB 663, both passed in the 2021 Legislative Session. HB 663 allocated \$10.2 million to revise the school funding formula in order to increase Guaranteed Tax Base Aid (GTB) and lower property taxes. The entire appropriation of funding in HB 663 was used to make a portion of the GTB payment to schools in December. HB 644 allocated \$32,000 to establish a tribal computer programming scholarship program, and none of this appropriation has been expended yet. OPI reports that they are still working to establish the program criteria.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts from FY 2020 through FY 2022. The chart shows the budget established in each fiscal year, any authority that continued into a following fiscal year because it was not spent in the previous fiscal year, and expenditures. A large portion of the unspent COVID-19 federal funds authority remains available for expenditure past FY 2022. The [OPI website](#) includes some additional background information.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



All three rounds of federal COVID-19 funding for education were provided to OPI through the Elementary and Secondary School Emergency Relief (ESSER) fund, but each round of funding has its own specific allocation details.

Please refer to the [OPI COVID-19 report](#) for additional details on the various ESSER expenditures that are summarized below.

CARES I

This allocation is referred to as CARES I, or ESSER I, and was provided to OPI from the Governor’s Office through the budget amendment process. The funding was allocated according to federal guidance and, where allowable, OPI’s discretion.

OPI received approximately \$41.3 million in federal coronavirus relief funds, of which \$33.2 million or 80.3% had been expended as of February 28, 2022. Most of the remaining funds are available for expenditure through September 2023.

HB 630

This allocation is also referred to under three other names—Coronavirus Response and Relief Supplemental Appropriations (CRRSA), CARES II, and ESSER II.

OPI received approximately \$182.9 million in federal coronavirus relief funds, which were appropriated in HB 630 during the 2021 Legislative Session. As of February 28, 2022, OPI had expended about \$45.4 million or 24.8% of HB 630 funding. Most of the remaining funds are available for expenditure through September 2023.

HB 632

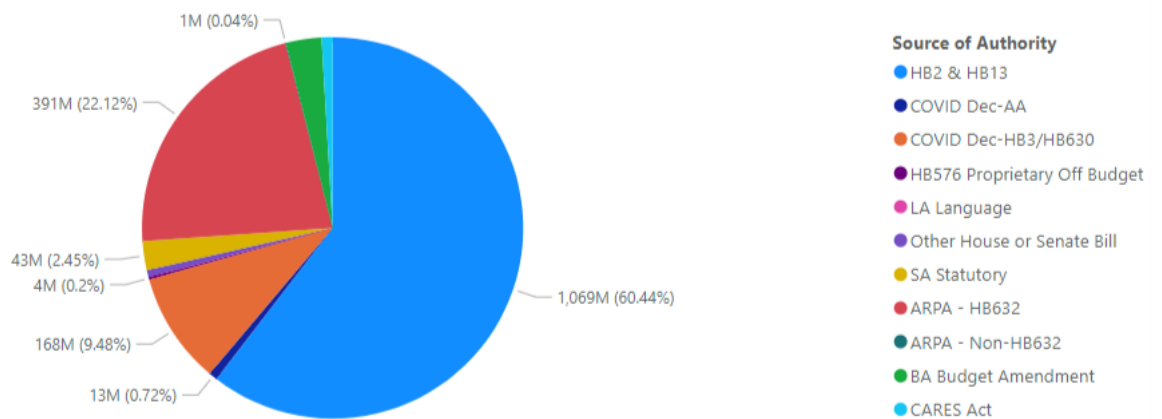
This allocation is also referred to as the American Rescue Plan Act (ARPA) or ESSER III, and the allocation authority was provided in HB 632 during the 2021 Legislative Session.

OPI received approximately \$382.6 million in federal coronavirus relief funds, which were appropriated in HB 632 during the 2021 Legislative Session. As of February 28, 2022, OPI had expended about \$14.4 million or 3.8% of HB 632 funding. Most of the remaining funds are available for expenditure through September 2023.

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for OPI is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	1,069,333,345	618,565,413	57.8%
BA Budget Amendment	53,422,329	12,519,025	23.4%
HB576 Proprietary Off Budget	3,510,969	1,764,195	50.2%
LA Language	300,000		
NB Non-Budgeted		22,770	Infinity
Other House or Senate Bill	10,277,460	10,245,460	99.7%
SA Statutory	43,405,707	19,036,065	43.9%
CARES	16,530,003	8,290,191	50.2%
CARES II	180,455,591	41,502,458	23.0%
ARPA	391,886,263	14,369,178	3.7%
Total	1,769,121,668	726,314,755	41.1%

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Non-Budgeted Proprietary Funding

OPI has approximately \$3.5 million in non-budgeted proprietary funding for FY 2022, of which 50.2% was expended by February 28, 2022. The largest source of non-budgeted proprietary funding is OPI’s indirect cost

pool, which is an internal service fund used to allocate various centralized costs such as payroll, accounting, or budgeting, to all of OPI's state and federally funded programs using a pre-approved indirect cost rate. The other sources of non-budgeted proprietary funding for OPI include legislative audit fees, State Information Technology Services Division (SITSD) fees, and the Advanced Driver Education Program (DRIVE) fund. DRIVE is a seasonal, hands-on, behind-the-wheel crash avoidance program for adult and teen drivers, operated by the Health Enhancement and Safety Division of OPI at a training facility in Lewistown.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from December 1, 2021 through February 28, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	December Modified Budget	March Modified Budget	Net Modifications
Office of Public Instruction	1,069,333,345	1,069,333,345	0
Total	1,069,333,345	1,069,333,345	0

Acct & Lvl 1 DESC	December Modified Budget	March Modified Budget	Net Modifications
61000 Personal Services	13,533,438	13,533,438	
62000 Operating Expenses	15,369,186	15,257,768	-111,418
65000 Local Assistance	869,001,512	869,060,930	59,418
66000 Grants	157,493,166	157,493,166	
67000 Benefits & Claims	0	0	
68000 Transfers-out	13,936,043	13,988,043	52,000

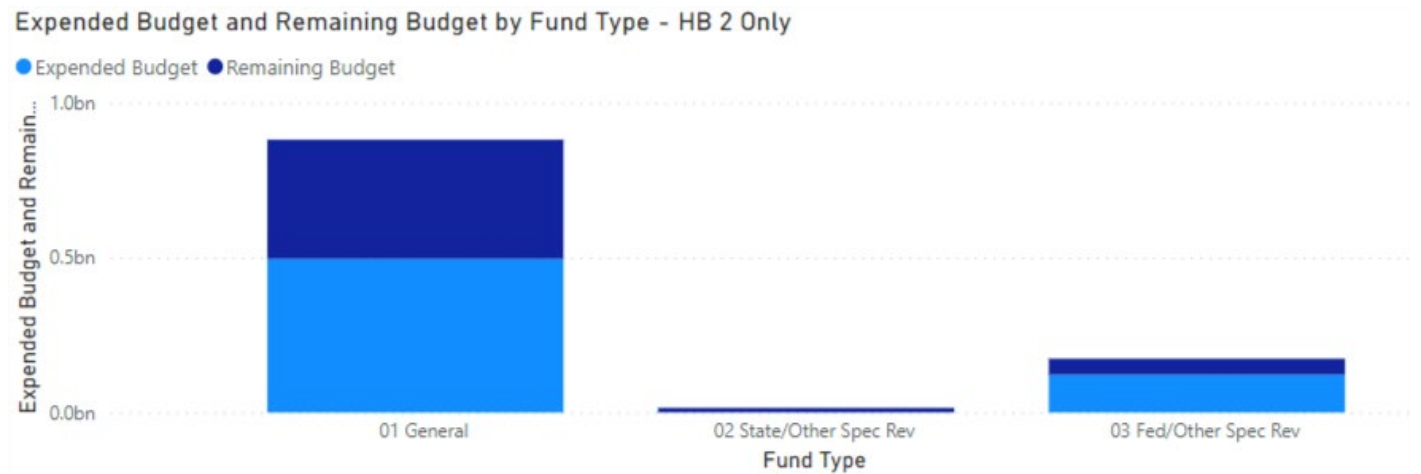
Fund Type	December Modified Budget	March Modified Budget	Net Modifications
01 General	880,868,358	880,868,358	0
02 State/Other Spec Rev	14,755,959	14,755,959	
03 Fed/Other Spec Rev	173,709,028	173,709,028	

The Office of Public Instruction had three budget modifications between December 1, 2021 and February 28, 2022. In total, these modifications had a net-zero impact on OPI's total budget:

- A shift of approximately \$75,000 of general fund from operating expenses to local assistance in order to make payments for the National Board Certification Program
- A \$52,000 shift of general fund from operating expenses to transfers out in order to process a transfer to the Department of Justice for legal fees
- A shift of approximately \$16,000 of general fund from local assistance to operating expenses in order to make payments for the Advancing Agricultural Education Program

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 28, 2022.



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	13,533,438	6,941,556	51.3%
Operating Expenses	15,257,768	7,564,645	49.6%
Local Assistance	869,060,930	481,892,303	55.4%
Grants	157,493,166	117,072,428	74.3%
Benefits & Claims	0		
Transfers-out	13,988,043	5,094,481	36.4%

Program Name	Modified Budget	Expended Budget	Percent Expended
LOCAL EDUCATION ACTIVITIES	1,038,678,598	602,051,438	58.0%
STATE LEVEL ACTIVITIES	30,654,747	16,513,974	53.9%
Total	1,069,333,345	618,565,413	57.8%

The majority of the Office of Public Instruction’s HB 2 modified budget is from general fund, at 82.4%. State and federal special revenues make up the remaining percentage, with federal special revenue accounting for 16.2% of funding and state special revenue accounting for 1.4% of funding. OPI receives federal grants that support public education, school nutrition, education for the disadvantaged, special education, professional development for educators, and various other functions. Most of state special revenue utilized by the

department is from the school facility account, which receives interest from the school facility sub-trust within the state coal trust. This money is then distributed to school districts to help support major maintenance.

OPI has expended 57.8% of its HB 2 modified budget so far for FY 2022, which is consistent with recent historical expenditures at this point in the fiscal year.

Local Assistance

Local assistance makes up the majority of OPI's HB 2 modified budget for FY 2022, at approximately \$869.1 million or 81.3%. Local assistance was 55.4% expended as of February 28, 2022. This amount is consistent with recent historical expenditures at this point in the fiscal year. Local assistance contains the bulk of the K-12 BASE aid appropriation, which has a specific pattern of payments; various larger payments will be made in June, such as payments for Major Maintenance and Traffic Education.

Grants

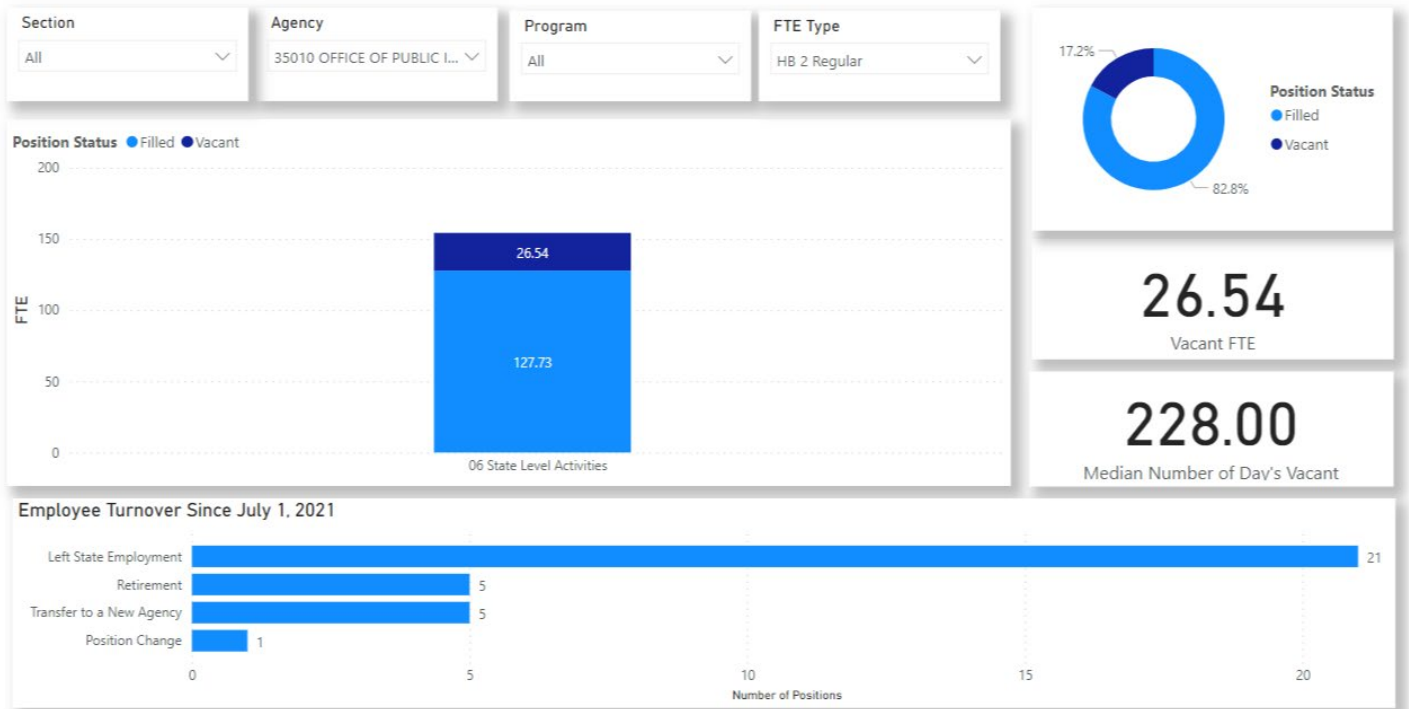
Grants are approximately \$157.5 million or 14.7% of the HB 2 modified budget for FY 2022. The majority of grant funding is from federal education grants, at \$151.3 million; the remaining grant funding is for a few smaller grant programs— Transformational Learning, Advanced Opportunities, Montana Indian Language Preservation, Adult Education, Recruitment and Retention, Gifted and Talented, and School Safety. As of February 28, 2022, 74.3% of OPI's grants budget has been expended. The higher percentage expended for this point in the fiscal year is due to the timing of payments and the expiration dates of various programs. For the ongoing grants like Title I and Individuals with Disabilities Education Act (IDEA), payments are aligned with the school year rather than the fiscal year. There are also some multi-year federal grants that do not need to be expended by the end of FY 2022.

Personal Services

Personal services are approximately \$13.5 million or 1.3% of the HB 2 modified budget for FY 2022, with 51.3% of that amount expended as of February 28, 2022. This lower than expected percentage expended is due in part to vacant positions in the Information Technology and Accreditation Divisions.

The following chart shows the filled and vacant FTE within the agency as of February 1, 2022.

Vacancies - House Bill 2

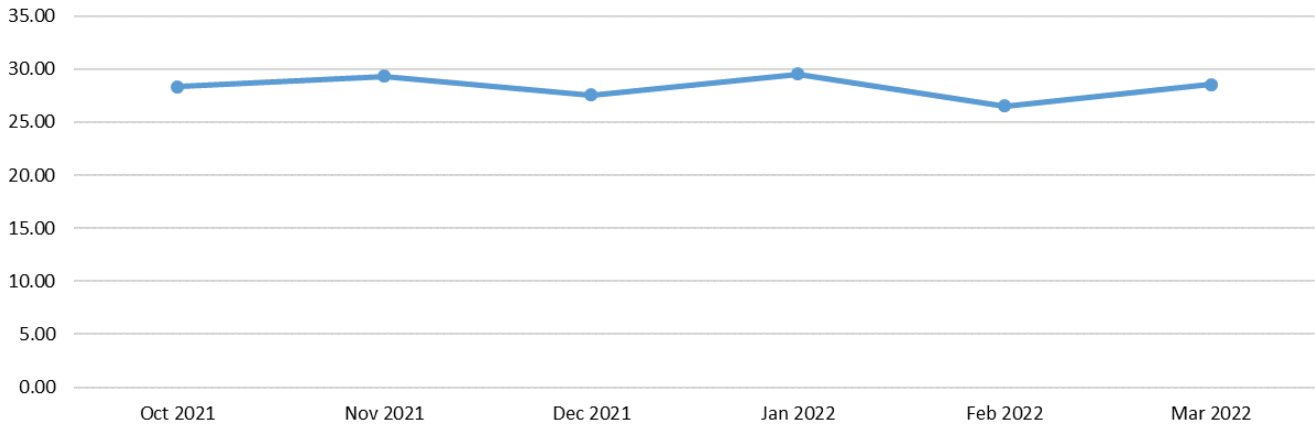


OPI had 26.54 FTE or 17.2% of its HB 2 positions vacant as of February 1, 2022. The percentage of FTE hours utilized since the beginning of FY 2022 through February 1, 2022 was 85.5%. For the 26.54 vacant FTE, OPI provided the following breakdown of the status of the positions:

OPI Vacant FTE as of Feb. 1, 2022	
In Recruitment	8.00
On-Boarding	1.00
Agency Transfer (DLI)	1.00
Promotion	2.70
Program Ending	2.00
Vacant	11.84
Total	26.54

OPI reports that they are in the process of recruiting for the Medicaid Services Director. Additionally, the OPI reports only 8.0% of the appropriation for an FTE for Medicaid Services Tech Support was expended as of February 14, 2022, but that the position was recently filled.

OPI Vacancies - HB 2 Regular FTE Only



Office of Public Instruction - Vacancies Timeline						
Date of Data Pull	10/12/2021	11/1/2021	12/15/2021	1/4/2022	2/1/2022	3/3/2022
HB 2 Reg FTE	28.34	29.34	27.54	29.54	26.54	28.54

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots”— July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

Operating Expenses

Operating expenses are approximately \$15.3 million or 1.4% of the HB 2 modified budget for FY 2022. Operating expenses were 49.6% expended as of February 28, 2022, which is lower than would be expected at this point in the fiscal year but is consistent with historical expenditures. Operating expenses include appropriations for school food, advancing agricultural ed, in-state treatment, and national board certification, all of which are biennial appropriations. Because school foods are a match appropriation, OPI reports there will be no issue in expending all of the funds. The expenditures for in-state treatment are contingent on the amount of claims submitted by the treatment facilities, which is down by 14.0% from 2021 according to OPI. However, the agency anticipates that the appropriation for in-state treatment will be fully expended, as they typically have enough claims submitted that they prorate the payments due to maxing out the appropriation.

Transfers Out

Transfers out are approximately \$14.0 million or 1.3% of the HB 2 modified budget for FY 2022. Transfers out were 36.4% expended as of February 28, 2022. There are two main appropriations for transfers out—\$11.2

million for payments to DPHHS for Comprehensive School and Community Treatment (CSCT) services and \$2.2 million for the Montana Digital Academy (MTDA). Of the total \$11.2 million for CSCT, \$2.2 million is general fund bridge funding, which was transferred to DPHHS in December of 2021. The remaining \$8.9 million for CSCT is state special revenue which has not yet been expended. As of February 14, 2022, OPI reported that the Intergovernmental Transfer Guidance (IGT) process was started, and the agency will start to use the appropriation as payments from CSCT districts are received. All the funds for MTDA were expended in a one-time payment to the MTDA at the beginning of the fiscal year.

OTHER ISSUES

Information Technology Project Expenditures

Large Information Technology Projects Original and Revised Budgets				
Project	Original Budget	Revised Budget	Change from Original Budget	
Data Systems Modernization	13,475,248	13,475,248	-	_____
FY2019 ART Implementation Grant	1,561,279	1,561,279	-	_____
Montana Innovation Through Infrastructure SLDS Grant	4,057,867	4,057,867	-	_____
nTechnology Innovation Grant 2021	579,597	579,597	-	_____

Large Information Technology Projects Original and Revised Delivery Date					
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date	
Data Systems Modernization	4/26/2021	9/30/2024	N/A	0.0%	_____
FY2019 ART Implementation Grant	7/22/2019	6/30/2022	N/A	0.0%	_____
Montana Innovation Through Infrastructure SLDS Grant	3/1/2020	2/28/2024	N/A	0.0%	_____
nTechnology Innovation Grant 2021	10/1/2021	9/30/2024	N/A	0.0%	_____

The OPI data systems modernization project funding will be used to repair, improve, and replace existing data systems so as to respond to learning loss associated with the COVID-19 pandemic. Funding for this project is entirely made up of federal CARES II and ARPA funds. Of the project's \$13.5 million budget, approximately \$73,000 or less than 1.0% was expended as of February 28, 2022. The projected delivery date of the project is September 30, 2024. However, the \$8.0 million of ESSER II funds associated with the project have a federal deadline to be expended by November 10, 2023; the approximately \$5.5 million of ESSER III funds have until November 10, 2024, to be expended. Please see the [OPI Database Modernization Project Status and Overview](#) for additional details on the project modules and their status.

The Administrative Review and Training (ART) implementation project will upgrade and enhance a comprehensive child nutrition system platform. Of the project's \$1.6 million budget, approximately \$962,000 or 61.6% was expended as of February 28, 2022. The projected delivery date for the project is June 30, 2022.

The Montana Innovation through Infrastructure (MITI) project will update the Statewide Longitudinal Data Systems (SLDS), which is becoming outdated. The funds will be used to make improvements to data warehouses and expanded data linkages. Of the project's \$4.1 million budget, approximately \$1.0 million or 25.1% was expended as of February 28, 2022. The projected delivery date for the project is February 28, 2024.

The non-competitive Technology Innovation Grant 2021 (nTIG) project for OPI is in its early phases. Per USDA requirements, these funds will be used to develop, improve, and maintain automated information technology

systems used to operate and manage all federal child nutrition programs (the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, and the Child and Adult Care Food Program). Of the project's approximately \$580,000 budget, 0.0% was expended as of February 28, 2022. The projected delivery date for the project is September 30, 2024.