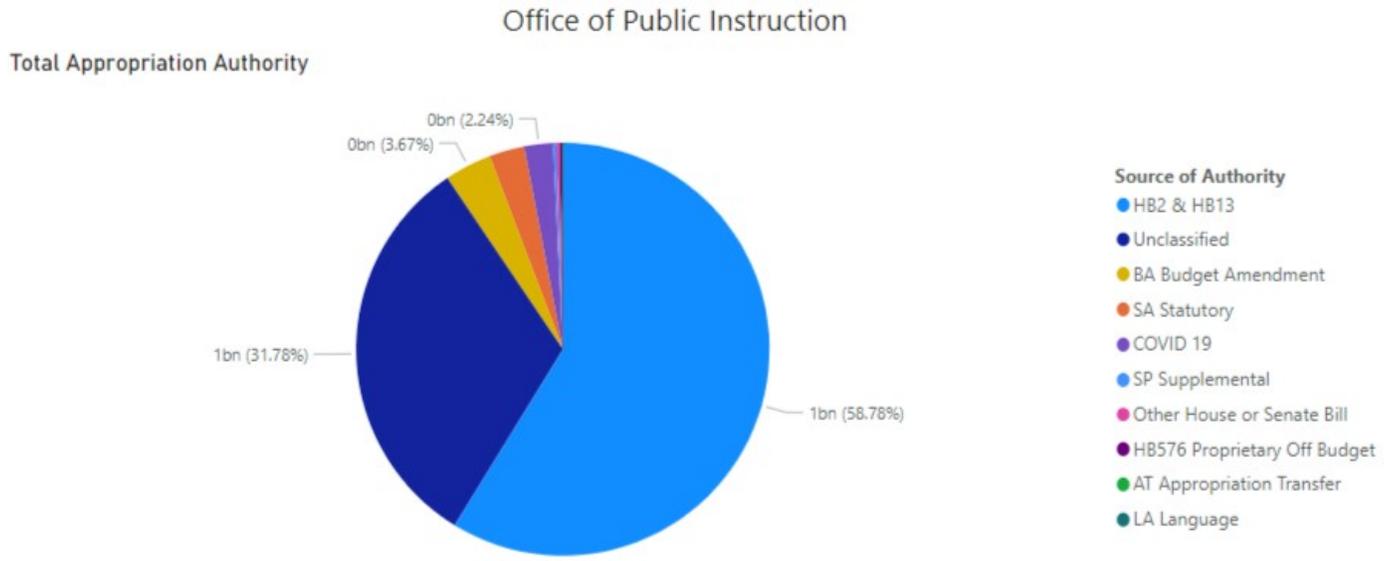


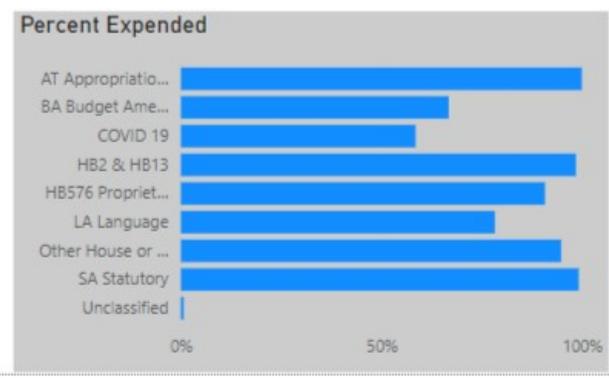
OFFICE OF PUBLIC INSTRUCTION

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 58.8% 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.



Fiscal Year	2021		
LFD_src_auth_descr	Budget	FYE Expended	Percent Expended
AT Appropriation Transfer	738,041	738,041	100.0%
BA Budget Amendment	65,360,655	43,671,088	66.8%
COVID 19	39,873,569	23,343,566	58.5%
HB2 & HB13	1,045,913,381	1,030,455,462	98.5%
HB576 Proprietary Off Budget	3,563,407	3,235,807	90.8%
LA Language	300,000	235,000	78.3%
Other House or Senate Bill	4,327,628	4,104,033	94.8%
SA Statutory	49,331,964	48,947,901	99.2%
SP Supplemental	4,500,000		
Unclassified	565,560,693	3,886,934	0.7%
Total	1,779,469,339	1,158,617,832	65.1%



The Office of Public Instruction had a total budgeted authority of \$1.8 billion for FY 2021. This amount includes \$1.0 billion in HB 2 spending authority, which makes up 58.8% of OPI’s total budgeted authority. The second largest portion of OPI’s spending authority is made up of unclassified federal funds related to COVID-19. The remainder of the budget consists primarily of budget amendments, statutory authority, and other COVID-19 funding. OPI expended 65.1% of its total budgeted spending authority in FY 2021; however, OPI expended 98.5% of its HB 2 spending authority in FY 2021. The majority of the unspent authority is in COVID-19 federal funds authority, which remains available for expenditure past FY 2021.

Appropriation Transfers

OPI had approximately \$738,000 in appropriation transfer authority for FY 2021. The entirety of this amount was for the transfer of the Indian Language Preservation Program to OPI from the Department of Commerce. Though the budget shows that OPI expended 100.0% of this appropriation in FY 2021, the expense was accrued for FY 2021 and the funds will be distributed in FY 2022.

Budget Amendments

OPI had approximately \$65.4 million in budget amendment authority for FY 2021. While there were about a dozen federal grant programs which made up the budget amendment authority for OPI, the majority of this authority was for federal COVID-19 relief funds, the Montana Comprehensive Literacy Project (MCLP), the Striving Readers Program, and Project AWARE (Advancing Wellness and Resiliency in Education). Many of the federal grants, which make up the budget amendment authority in OPI, have deadlines in September of either 2021 or 2022 and were not required to be expended by the end of FY 2021.

Non-Budgeted Proprietary Funding

OPI had approximately \$3.6 million in non-budgeted proprietary funding for FY 2021. 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 operated by the Health Enhancement and Safety Division of OPI at a training facility in Lewistown.

Other Bills

OPI had approximately \$4.3 million in other house and senate bill authority for FY 2021, including bills for the Transformational Learning and Advanced Opportunities Programs, funding for recruitment and retention of teachers and qualified staff, guaranteed tax base aid (associated with HB 638 from the 2019 Legislative Session), and state lands block grants.

HB 630

OPI has approximately \$170.1 million in federal coronavirus relief funds, which were appropriated in HB 630. COVID-19 federal funds authority remain available for expenditure past FY 2021, and at the end of FY 2021, OPI had expended about \$3.9 million or 2.3% of HB 630 funding. Most of the remaining funds are available for expenditure through September 2023.

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. Administrative authority for CARES I and ARPA appropriations was allocated to the agency by the Governor's Office. Administration authority is not an appropriation and thus is not included in the total

appropriation authority shown on the previous page. The appropriation authority for CARES I and ARPA shown below remains with the Governor’s Office.

For clarity, much of the naming of federal COVID-19 funding for education in this document does not match the naming used by the Office of Public Instruction. All three rounds of federal COVID-19 funding for education was provided through the Elementary and Secondary School Emergency Relief (ESSER) Fund, and listed below are some of the alternative names for each round of federal funding and additional details on the allocation process:

- CARES I (aka ESSER I) was provided to OPI from the Governor’s Office through the budget amendment process and the funding was allocated according to federal guidance and, where allowable, OPI’s disgression
- CARES II (aka ESSER II or Coronavirus Response and Relief Supplemental Appropriations (CRRSA)) allocation authority was provided to OPI in HB 630 during the 2021 Legislative Session
- ARPA (aka ESSER III) allocation authority was provided in HB 632 during the 2021 Legislative Session

Coronavirus Stimulus Appropriations Office of Public Instruction

Stimulus Authority	Budget	FYE Expended	Percent Expended
ARPA	382,644,843		
CARES I	39,963,491	23,433,488	58.6%
CARES II	182,915,850	3,886,934	2.1%

The Office of Public Instruction received a total of approximately \$605.5 million in federal COVID-19 funds. This amount was made up of \$40.0 million in federal CARES I funding, \$182.9 million in federal CARES II funding in FY 2021, and \$382.6 million in federal ARPA funding. Significant allocations include:

- Approximately \$541.5 million of CARES II and ARPA funding for primary and supplementary allocations to school districts
- Approximately \$19.1 million of ARPA funding to address learning loss
- Approximately \$13.5 million of CARES II and ARPA funding for a database modernization project, which is described in further detail in the Information Technology Projects portion of this report

The majority of the unspent authority is in COVID-19 federal funds authority, which remains available for expenditure past FY 2021. The [OPI website](#) includes some additional background information.

Supplemental Appropriations

OPI did not spend any of the \$4.5 million supplemental appropriation for FY 2021. OPI requested the supplemental because the previous projections of guarantee account revenue estimated that those funds would not have been sufficient to cover payments to schools. However, the actual amount that materialized in the guarantee account was higher than expected, and OPI did not end up needing to spend any of the supplemental appropriation.

Statutory Appropriations

The Office of Public Instruction had \$49.3 million in statutory spending authority for FY 2021. Nearly all of this appropriation 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 expended 99.2% of its statutory authority in FY 2021.

Unclassified

Unclassified funds consist of federal CARES I, CARES II, and ARPA funding, which is detailed in the COVID-19 Authority section of this report.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the ending FYE modified budget. 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.

HB 2 Modifications Office of Public Instruction

Agency Program	HB2 Budget	FYE Modified Budget	Net Modifications	
06 STATE LEVEL ACTIVITIES	28,749,979	31,002,861	2,252,882	
09 LOCAL EDUCATION ACTIVITIES	1,005,795,493	1,014,910,520	9,115,027	
Total	1,034,545,472	1,045,913,381	11,367,909	11,367,909.46
Expenditure Account	HB2 Budget	FYE Modified Budget	Net Modifications	
61000 Personal Services	13,044,316	13,989,523	945,207	
62000 Operating Expenses	14,516,288	16,470,632	1,954,344	
63000 Equipment & Intangible Assets	492,762	0	-492,762	
65000 Local Assistance	847,871,215	854,117,043	6,245,828	
66000 Grants	156,102,551	158,893,389	2,790,838	
67000 Benefits & Claims		1,323	1,323	
68000 Transfers-out	2,518,340	2,441,473	-76,867	
Fund Type	HB2 Budget	FYE Modified Budget	Net Modifications	
01 General	855,443,381	862,299,614	6,856,233	
02 State/Other Spec Rev	5,708,306	5,708,306	0	
03 Fed/Other Spec Rev	173,393,785	177,905,462	4,511,677	

The Office of Public Instruction had several budget modifications in FY 2021. Major changes include:

Increases

- Approximately \$7.0 million in general fund authority for the continuation of appropriation authority from FY 2020 to FY 2021 related to biennial appropriations
- Approximately \$4.5 million in federal special revenue authority for the continuation of appropriation authority from FY 2020 to FY 2021 related to biennial appropriations
- \$110,000 of personal services contingency funding from the Governor's Office due to agency shortfall of personal services funding for retirement payouts in FY 2021

Decreases

- \$270,000 for three fiscal year transfers from FY 2021 to FY 2020 to make payments to schools

Net Zero Modifications

- A shift of approximately \$493,000 from equipment and intangible assets to operating expenses. The equipment and intangible assets authority had been carried forward during the budgeting process

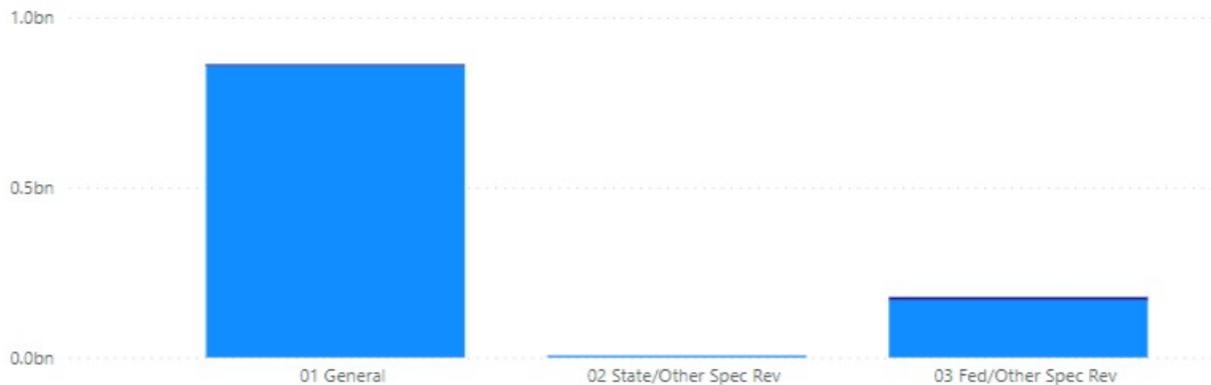
from years past, and OPI no longer needed the appropriation to be classified in that expenditure category

- Approximately \$243,000 shifted between expenditure categories, for various purposes such as transferring funds to another agency, reclassifying school nutrition and school safety funds so that the funds could be transferred out or expended in the correct expenditure category, etc.
- A shift of approximately \$170,000 between expenditure categories to align budgets with actual expenditures for FY 2021

HB 2 APPROPRIATION AUTHORITY

HB 2 Expenditures

● FYE Expended ● Remaining Budget



Expenditure Account	FYE Modified Budget	FYE Expended	Percent Expended
65000 Local Assistance	854,117,043	848,493,708	99.3%
66000 Grants	158,893,389	153,188,520	96.4%
62000 Operating Expenses	16,470,632	13,738,076	83.4%
61000 Personal Services	13,989,523	12,354,865	88.3%
68000 Transfers-out	2,441,473	2,678,970	109.7%
67000 Benefits & Claims	1,323	1,322	99.9%
63000 Equipment & Intangible Assets	0		
Agency Program	FYE Modified Budget	FYE Expended	Percent Expended
09 LOCAL EDUCATION ACTIVITIES	1,014,910,520	1,003,743,725	98.9%
06 STATE LEVEL ACTIVITIES	31,002,861	26,711,737	86.2%
Total	1,045,913,381	1,030,455,462	98.5%

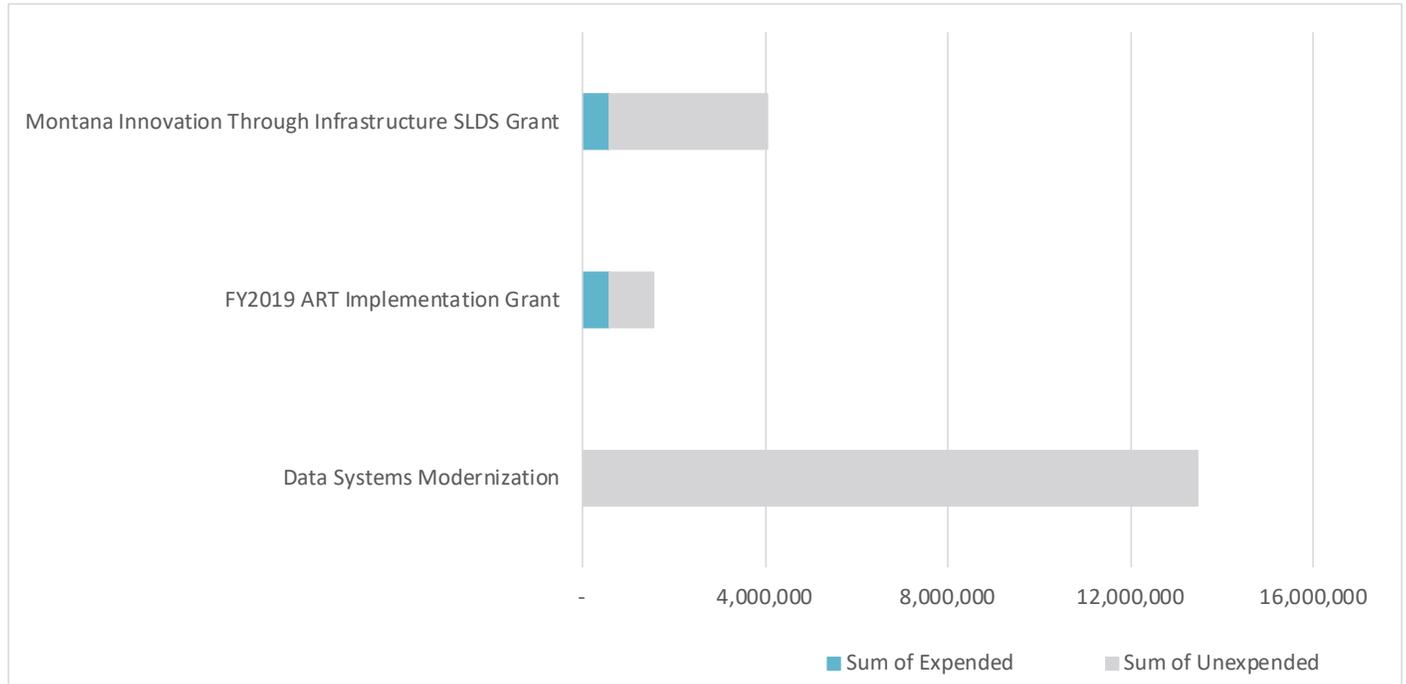
The majority of the Office of Public Instruction’s HB 2 modified budget is from general fund, at 82.4%. State and federal special revenues make up the remaining percentage, with federal special revenue accounting for 17.0% of funding and state special revenue accounting for less than 1.0% of funding. 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.

Though OPI expended 98.5% of its HB 2 modified budget as of the end of FY 2021, the agency still had approximately \$15.5 million in unspent authority. Approximately \$9.7 million of that amount was unexpended federal special revenue, of which about \$5.8 million was federal grant dollars. Operating expenses were 83.4% expended due to the COVID-19 pandemic, which resulted in \$2.6 million in unspent federal special revenue. Personal services were 88.3% expended due to vacant positions, which resulted in an additional \$1.6 million in unspent federal special revenue.

General fund was underexpended by about \$5.3 million, of which \$3.2 million was K-12 BASE aid funding. Income into the guarantee account (which is statutorily appropriated and not included in HB 2) came in higher than expected, which offset general fund expenditures. Additionally, state special revenue was only 91.9% expended at fiscal year end, due to lower expenditures from a restricted appropriation for school major maintenance aid and debt service assistance. According to OPI, although the spending authority was available, revenue for the coal sub-trust didn't materialize in full, and a full authority distribution was not possible.

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	0.0%
FY2019 ART Implementation Grant	1,561,279	1,561,279	0.0%
Montana Innovation Through Infrastructure SLDS Grant	4,057,867	4,057,867	0.0%

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%

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.

The Administrative Review and Training (ART) implementation project will upgrade and enhance a comprehensive child nutrition system platform.

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.