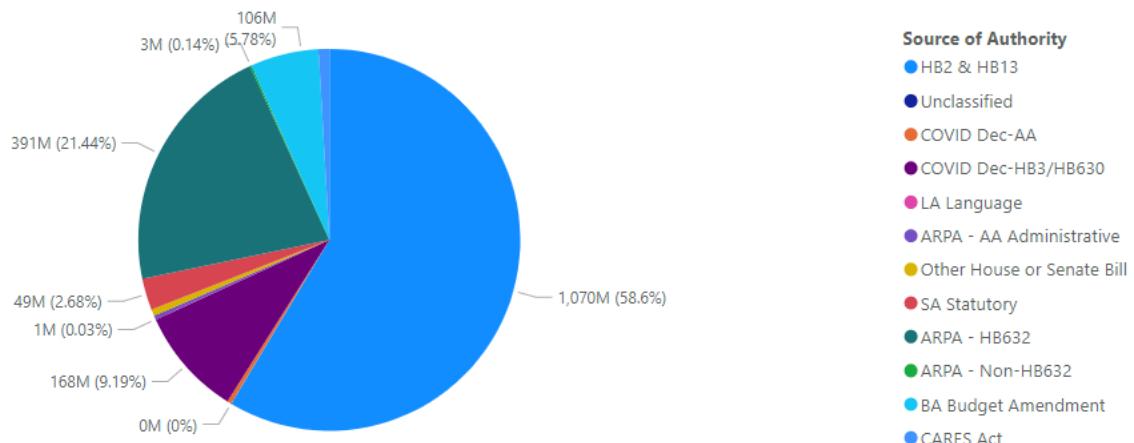


OFFICE OF PUBLIC INSTRUCTION

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 58.6% 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	FYE22 Modified Budget	FYE22 Expended Budget	Percent Expended
HB2 & HB13	1,069,522,052	1,042,803,222	97.5%
BA Budget Amendment	105,562,025	86,434,927	81.9%
LA Language	550,000	550,000	100.0%
Other House or Senate Bill	10,277,460	10,277,460	100.0%
SA Statutory	48,843,507	48,593,432	99.5%
Unclassified	29,745		
CARES	16,530,003	10,707,012	64.8%
CARES II	174,162,139	73,471,819	42.2%
ARPA	399,544,957	51,174,801	12.8%
Total	1,825,021,889	1,324,012,671	72.5%

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The Office of Public Instruction had total budgeted authority of \$1.8 billion for FY 2022. This amount includes approximately \$1.1 billion in HB 2 spending authority, which makes up 58.6% of OPI's total budgeted authority. The second largest portion of OPI's spending authority is made up of several federal fund allocations related to COVID-19, which in combination total \$590.2 million or 32.3% of the budget. The remainder of the budget consists primarily of budget amendments and statutory authority. As of the end of FY 2022, OPI had expended 72.5% of its total budgeted spending authority and 97.5% of its HB 2 spending authority.

Budget Amendments

OPI had approximately \$105.6 million in budget amendment authority for FY 2022, of which 81.9% was expended. This budget amendment authority in OPI is primarily federal grants, many of which have deadlines at the end of September 2022 or beyond and thus were not fully expended by the state fiscal year end.

There are about half a dozen federal grant programs that made up the budget amendment authority for OPI, the majority of which is for the Montana Comprehensive Literacy Project (MCLP) and increased school food funding, resulting from higher reimbursement rates approved by the United States Department of Agriculture (USDA) for the school year due to COVID-19. 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, federal Statewide Longitudinal Data Systems Grant which funds the Montana Innovation through Infrastructure (MITI) project, a federal Supply Chain Assistance Grant, and a Rural Mental Health Preparation Pathway Award.

Budget amendment authority for OPI for FY 2022 increased by approximately \$48.0 million between June 1, 2022 and fiscal year end. This increase is made up entirely of federal child nutrition grant money.

Statutory Appropriations

The Office of Public Instruction had \$48.8 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 expended 99.5% of its statutory authority in FY 2022. OPI receives the proceeds from the guarantee account in January and June, which are then used to make the Basic Amount for School Equity (BASE) aid payment in those months. There was also a minor amount of statutory authority for a technology payment, which was paid in its entirety at the beginning of FY 2022.

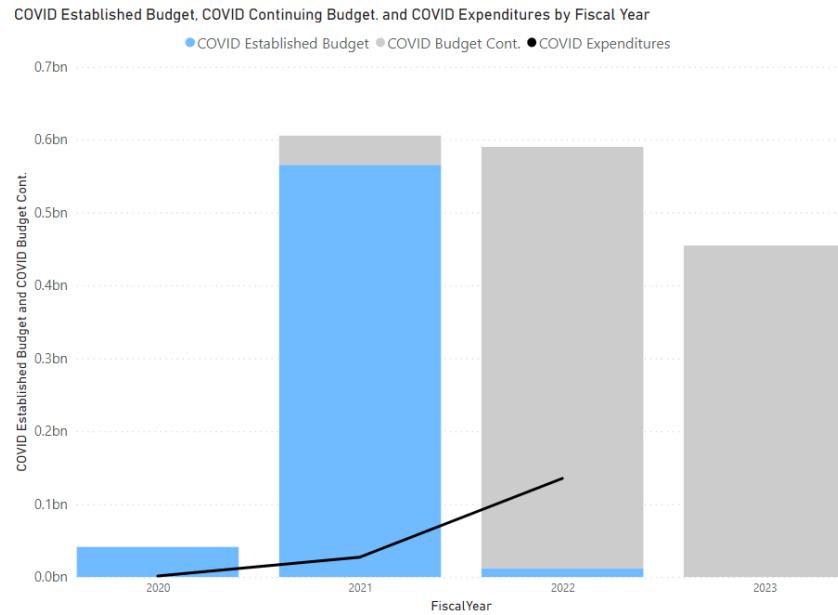
Other Bills

OPI has approximately \$10.3 million in other house and senate bill appropriations for FY 2022, of which 100.0% was expended in FY 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 in June OPI reported that the application for the program was open. The entire \$32,000 appropriation was obligated at fiscal year end.

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 2023. 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.



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 also 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 these federal coronavirus relief funds, of which \$35.6 million or 86.1% had been expended as of fiscal year end. OPI reports that the remaining funds will be obligated by the September 30, 2022 deadline and expended in November, per federal law.

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 these federal coronavirus relief funds, which were appropriated in HB 630 during the 2021 Legislative Session. As of fiscal year end, OPI had expended about \$77.4 million or 42.3% 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 these federal coronavirus relief funds, which were appropriated in HB 632 during the 2021 Legislative Session. As of fiscal year end, OPI had expended about \$51.2 million or 13.4% of HB 632 funding. Most of the remaining funds are available for expenditure through September 2024.

Unclassified

Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

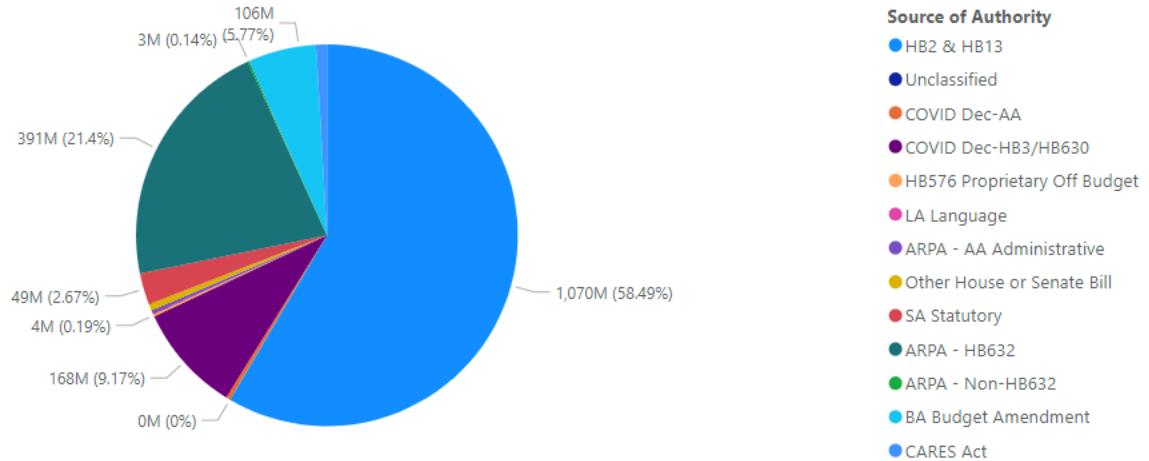
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP.

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	1,069,522,052	1,042,803,222	97.5%
BA Budget Amendment	105,562,025	86,434,927	81.9%
HB576 Proprietary Off Budget	3,508,184	2,731,913	77.9%
LA Language	550,000	550,000	100.0%
NB Non-Budgeted		27,152	Infinity
Other House or Senate Bill	10,277,460	10,277,460	100.0%
SA Statutory	48,843,507	48,593,432	99.5%
Unclassified	29,745		
CARES	16,530,003	10,707,012	64.8%
CARES II	174,162,139	73,471,819	42.2%
ARPA	399,544,957	51,174,801	12.8%
Total	1,828,530,073	1,326,771,736	72.6%

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Non-Budgeted Proprietary Funding

OPI had approximately \$3.5 million in non-budgeted proprietary funding for FY 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.

Of the \$3.5 million non-budgeted proprietary funding, 77.9% was expended by fiscal year end. OPI reported that the primary reason for the lower percentage expended was due to a change in the rent allocation, with an increase in direct charges for rent instead of charges to the indirect cost pool. OPI also reported that the indirect cost pool had some vacancy savings.

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 through fiscal year end. 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

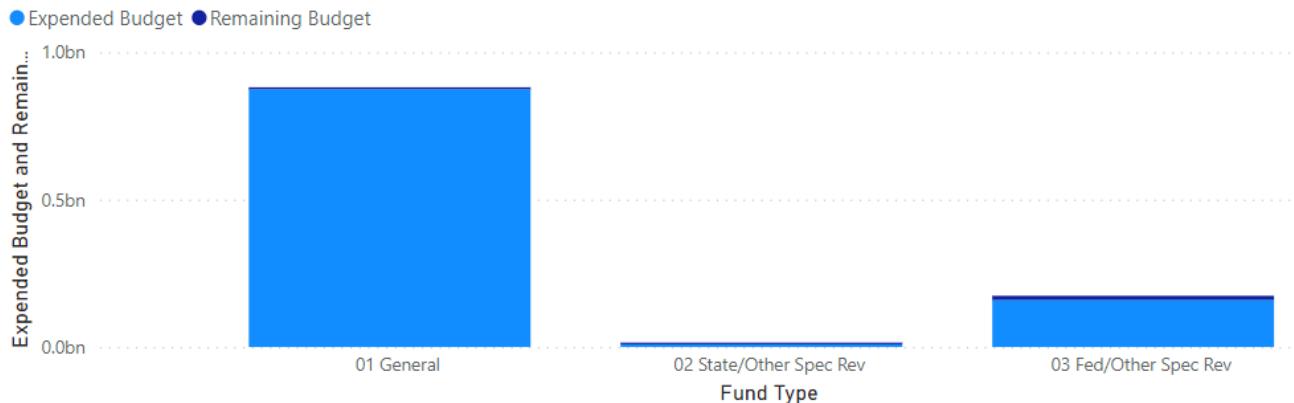
Agency Name	June Modified Budget	FYE22 Modified Budget	Net Modifications	
Office of Public Instruction	1,069,272,052	1,069,522,052	250,000	<div style="width: 100%; background-color: #0070C0;"></div>
Total	1,069,272,052	1,069,522,052	250,000	
Acct & Lvl 1 DESC	June Modified Budget	FYE22 Modified Budget	Net Modifications	
61000 Personal Services	13,459,650	12,948,096	-511,554	<div style="width: 10%; background-color: #FFA500;"></div>
62000 Operating Expenses	15,250,263	15,218,660	-31,603	<div style="width: 10%; background-color: #D9D9D9;"></div>
65000 Local Assistance	869,080,930	865,623,125	-3,457,805	<div style="width: 10%; background-color: #FFA500;"></div>
66000 Grants	157,493,166	160,602,748	3,109,582	<div style="width: 10%; background-color: #0070C0;"></div>
67000 Benefits & Claims	0	0	0	
68000 Transfers-out	13,988,043	14,960,766	972,723	<div style="width: 10%; background-color: #0070C0;"></div>
69000 Debt Service		168,657	168,657	<div style="width: 10%; background-color: #0070C0;"></div>
Fund Type	June Modified Budget	FYE22 Modified Budget	Net Modifications	
01 General	880,876,226	881,126,226	250,000	<div style="width: 100%; background-color: #0070C0;"></div>
02 State/Other Spec Rev	14,755,667	14,755,667	0	<div style="width: 100%; background-color: #D9D9D9;"></div>
03 Fed/Other Spec Rev	173,640,159	173,640,159	0	<div style="width: 100%; background-color: #D9D9D9;"></div>

The Office of Public Instruction had several budget modifications between June 1, 2022 and fiscal year end. In total, these modifications increased OPI's total HB 2 budget by approximately \$250,000, which was due entirely to a fiscal year transfer of general fund local assistance from FY 2023 to FY 2022 for K-12 BASE Aid. There was also a large transfer of authority out of local assistance to grants in order to realign the budget where expenditures were coded for fiscal year end.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through fiscal year end.

Expenditure Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expenditure Budget	Percent Expenditure
Personal Services	12,948,096	11,560,839	89.3%
Operating Expenses	15,218,660	13,221,895	86.9%
Local Assistance	865,623,125	860,241,324	99.4%
Grants	160,602,748	148,924,333	92.7%
Benefits & Claims	0	0	0%
Transfers-out	14,960,766	8,689,396	58.1%
Debt Service	168,657	165,434	98.1%

Program Name	Modified Budget	Expenditure Budget	Percent Expenditure
LOCAL EDUCATION ACTIVITIES	1,038,948,598	1,016,337,379	97.8%
STATE LEVEL ACTIVITIES	30,573,454	26,465,843	86.6%
Total	1,069,522,052	1,042,803,222	97.5%

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 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 the 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 expended 97.5% of its HB 2 modified budget in FY 2022.

Local Assistance

Local assistance made up the majority of OPI's HB 2 modified budget for FY 2022, at approximately \$865.6 million or 80.9%. Though OPI expended 99.4% of its local assistance authority in FY 2022, the agency still had approximately \$5.4 million in unspent authority. 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 for K-12 BASE Aid.

Grants

Grants were approximately \$160.6 million or 15.0% 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 fiscal year end, 92.7% of OPI's grants budget has been expended. The lower percentage expended at fiscal year end is due to the timing of payments and the expiration dates of various programs. For ongoing grants like Title I and Individuals with Disabilities Education Act (IDEA), payments are aligned with the school year rather than the fiscal year. Some multi-year federal grants did not need to be expended by the end of FY 2022.

Personal Services

Personal services were approximately \$12.9 million or 1.2% of the HB 2 modified budget for FY 2022, with 89.3% of that amount expended as of fiscal year end. This lower than expected percentage expended is due to vacant positions.

The following chart shows the filled and vacant FTE within the agency as of fiscal year end.

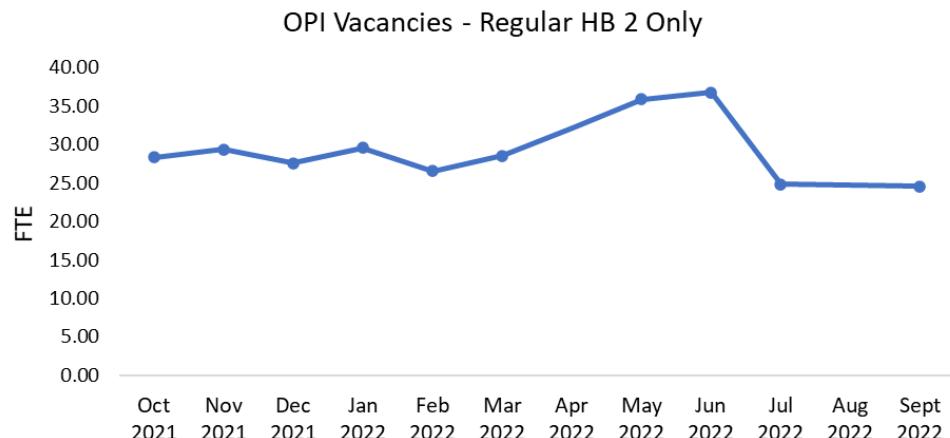


Status of OPI Vacancies	
HB 2 Regular FTE	
Status	FTE
In recruitment	10.00
Hired, but not started	9.00
In temporary position*	1.00
Reverting (federal positions)	4.00
Holding for evaluation	0.80
TOTAL	24.80

*Completed 9/19

OPI had 24.80 FTE or 16.3% of its HB 2 positions vacant as of fiscal year end. The percentage of FTE hours utilized in FY 2022 was 84.9%. The median amount of time positions remain vacant is about four months, with the length of vacancies ranging from a few days to over five years.

Office of Public Instruction HB 2 Vacancies	
Date	Vacant FTE
10/12/2021	28.34
11/1/2021	29.34
12/15/2021	27.54
1/4/2022	29.54
2/1/2022	26.54
3/3/2022	28.54
5/1/2022	35.84
6/6/2022	36.79
7/1/2022	24.80
9/8/2022	24.58



Operating Expenses

Operating expenses were approximately \$15.2 million or 1.4% of the HB 2 modified budget for FY 2022. Operating expenses were 86.9% expended as of fiscal year end, which is lower than would be expected at fiscal year end. The majority of unexpended operating expenses were funded with federal dollars, which were lower due indirectly to vacant positions and less than historical travel expenditures. OPI reports that the vacancies are being addressed, and travel is starting to go back to pre-pandemic levels.

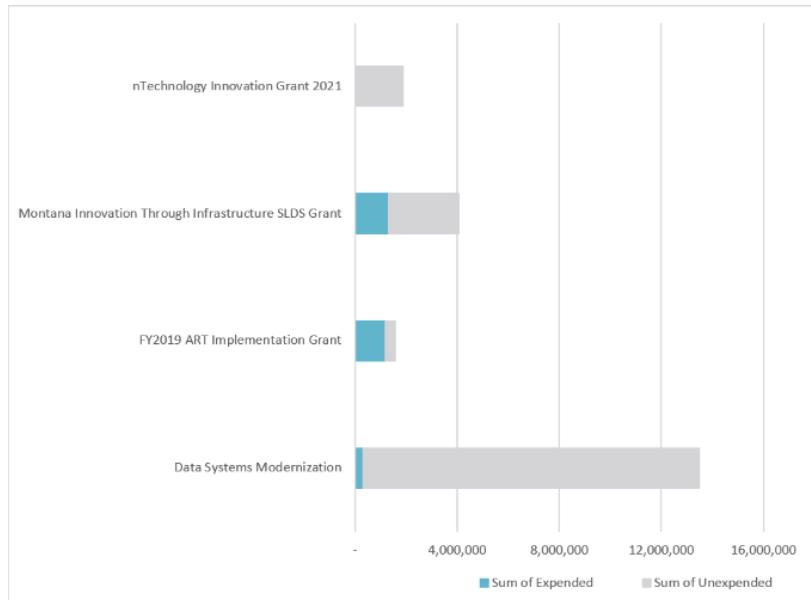
Operating expenses include the appropriations for school food, advancing agricultural ed, in-state treatment, and national board certification, all of which are biennial appropriations. Additionally, in the June 2022 Quarterly Financial Report, the expenditures for in-state treatment were looking low; however, that appropriation was fully expended by fiscal year end.

Transfers Out

Transfers out were approximately \$15.0 million or 1.4% of the HB 2 modified budget for FY 2022. Transfers out were 58.1% expended as of fiscal year end. There are two main appropriations for transfers out—\$11.2 million for payments to the Department of Public Health and Human Services (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, of which \$3.3 million was expended in FY 2022. 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



The [OPI data systems modernization project](#) funding will be used to repair, improve, and replace existing data systems. Funding for this project is entirely made up of federal CARES II and ARPA funds. Of the project's \$13.5 million budget, approximately \$314,000 or 2.3% was expended as of fiscal year end. 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 obligated by September 30, 2023; the approximately \$5.5 million of ESSER III funds have until September 30, 2024 to be obligated. The Department of Education also has provided guidance which allows states to request an extension for the liquidation period of ESSER funds.

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 \$1.2 million or 75.4% was expended as of fiscal year end. The revised delivery date for the project is December 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 \$1.3 million or 32.3% was expended as of fiscal year end. 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 fiscal year end. The projected delivery date for the project is September 30, 2024.