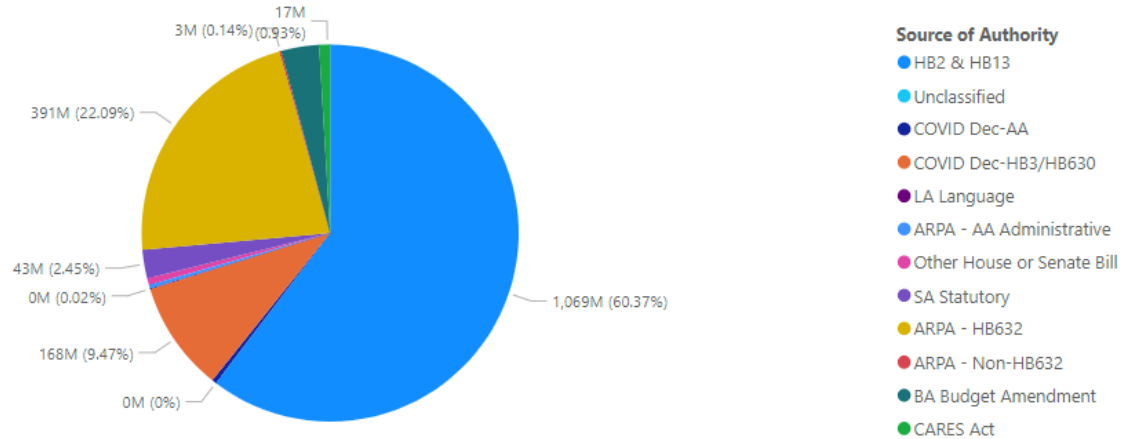


OFFICE OF PUBLIC INSTRUCTION

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 60.4% 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	1,069,272,052	940,561,364	88.0%
ARPA	399,544,957	31,025,592	7.8%
CARES II	174,162,139	56,829,856	32.6%
BA Budget Amendment	57,562,025	43,625,281	75.8%
SA Statutory	43,405,707	19,036,065	43.9%
CARES	16,530,003	8,839,247	53.5%
Other House or Senate Bill	10,277,460	10,245,460	99.7%
LA Language	300,000		
Unclassified	29,745		
Total	1,771,084,089	1,110,162,865	62.7%

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The Office of Public Instruction has total budgeted authority of \$1.8 billion for FY 2022. This amount includes \$1.1 billion in HB 2 spending authority, which makes up 60.4% 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 33.3% of the budget. The remainder of the budget consists primarily of budget amendments and statutory authority. As of May 31, 2022, OPI has expended 62.7% of its total budgeted spending authority and 88.0% of its HB 2 spending authority for FY 2022.

Budget Amendments

OPI has approximately \$57.6 million in budget amendment authority as of May 31, 2022, of which 75.8% 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 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, 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 \$4.1 million between March 1, 2022 and May 31, 2022. This increase is made up of approximately \$3.6 million for a federal Supply Chain Assistance Grant and approximately \$0.5 million for a Rural Mental Health Preparation Pathway Award.

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 May 31, 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 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.

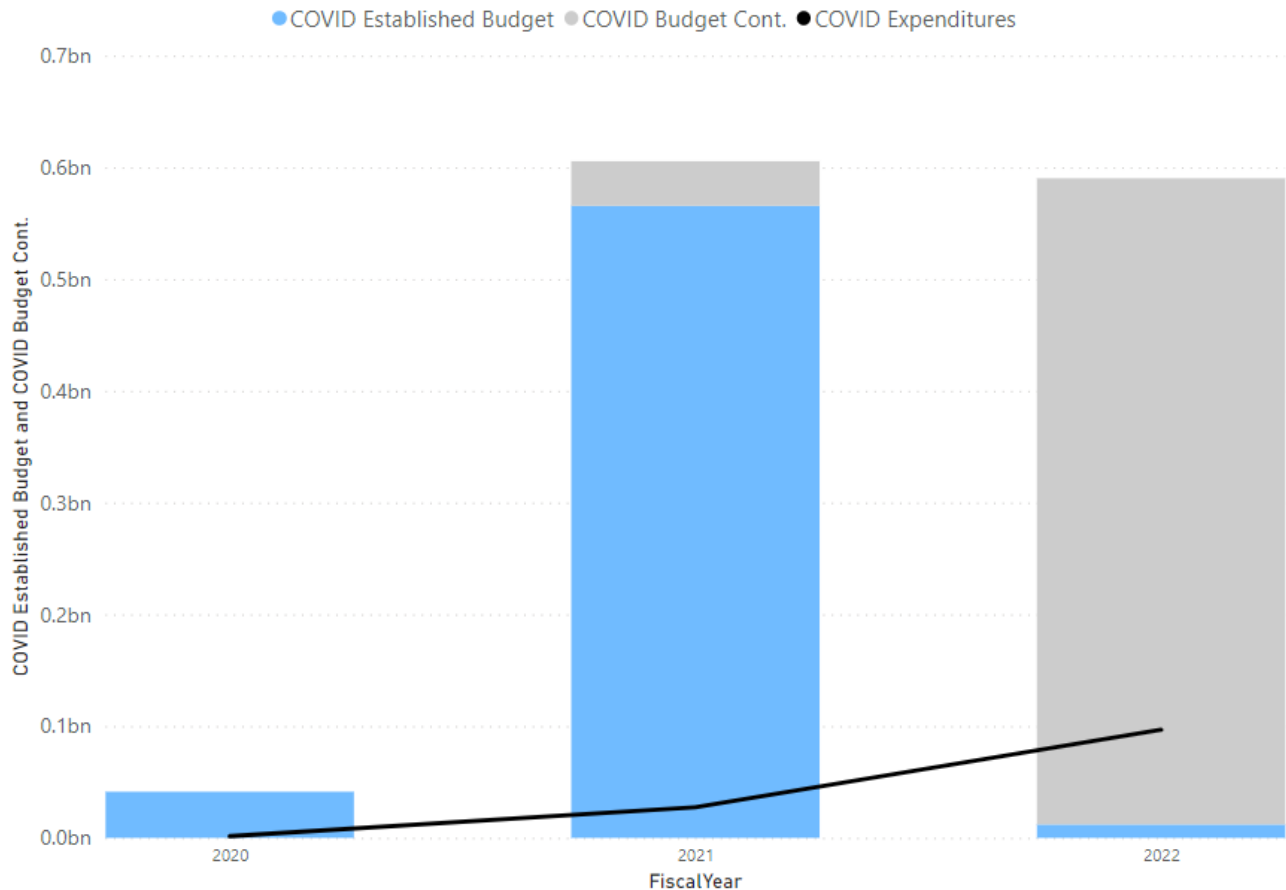
Other Bills

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 May 31, 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 the application for the program is open, and the funds will be fully expended by the end of the fiscal year.

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 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 \$33.7 million or 81.4% had been expended as of May 31, 2022. Most of the remaining funds are available for expenditure through September 2022.

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 May 31, 2022, OPI had expended about \$60.7 million or 33.2% 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 May 31, 2022 OPI had expended about \$31.1 million or 8.1% 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:

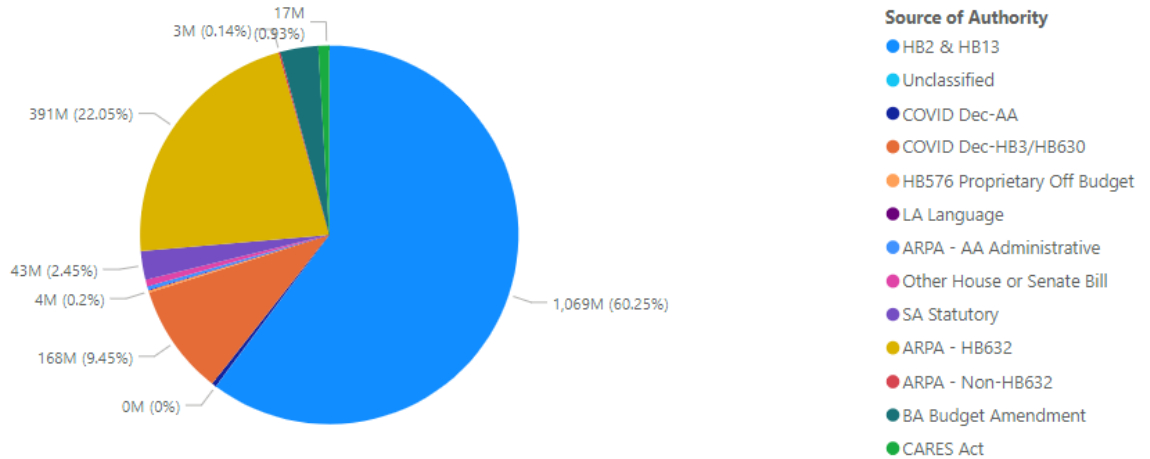
- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

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	1,069,272,052	940,561,364	88.0%
BA Budget Amendment	57,562,025	43,625,281	75.8%
HB576 Proprietary Off Budget	3,508,184	2,391,631	68.2%
LA Language	300,000		
NB Non-Budgeted		26,530	Infinity
Other House or Senate Bill	10,277,460	10,245,460	99.7%
SA Statutory	43,405,707	19,036,065	43.9%
Unclassified	29,745		
CARES	16,530,003	8,839,247	53.5%
CARES II	174,162,139	56,829,856	32.6%
ARPA	399,544,957	31,025,592	7.8%
Total	1,774,592,273	1,112,581,026	62.7%

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Non-Budgeted Proprietary Funding

OPI has approximately \$3.5 million in non-budgeted proprietary funding for FY 2022, of which 68.2% was expended by May 31, 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 through May 31, 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	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
Office of Public Instruction	1,069,333,345	0	1,069,333,345	-61,293	1,069,272,052
Total	1,069,333,345	0	1,069,333,345	-61,293	1,069,272,052

Acct & Lvl 1 DESC	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
61000 Personal Services	13,533,438		13,533,438	-73,788	13,459,650
62000 Operating Expenses	15,547,301	-289,533	15,257,768	-7,505	15,250,263
65000 Local Assistance	869,001,512	59,418	869,060,930	20,000	869,080,930
66000 Grants	157,315,051	178,115	157,493,166		157,493,166
67000 Benefits & Claims	11,177,808	-11,177,808	0		0
68000 Transfers-out	2,758,235	11,229,808	13,988,043		13,988,043

Fund Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
01 General	880,868,358	0	880,868,358	7,868	880,876,226
02 State/Other Spec Rev	14,755,959	0	14,755,959	-292	14,755,667
03 Fed/Other Spec Rev	173,709,028	0	173,709,028	-68,869	173,640,159

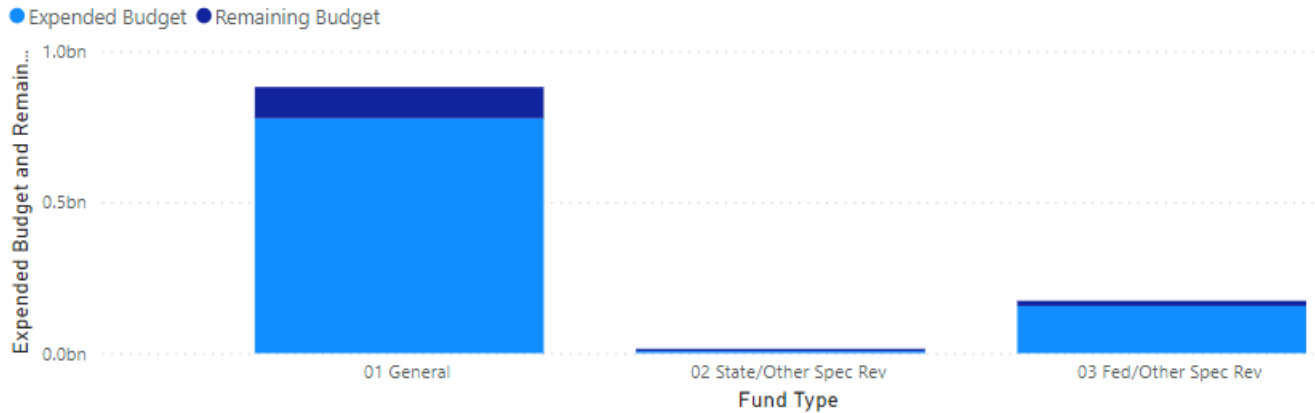
The Office of Public Instruction had three major budget modifications between March 1, 2022 and May 31, 2022. In total, these modifications had a negative impact to OPI's total budget of approximately \$61,000. The modifications consist of:

- A fiscal year transfer of \$20,000 general fund local assistance for the National Board Certification Stipends for Teachers from FY 2023 to FY 2022 to cover 2022 stipends
- The transfer of federal funding and the associated FTE to move the federal State Approving Agency (SSA) program for the Veterans Education Program to the Department of Labor and Industry. Of the approximately \$54,000 transferred, about \$47,000 was for personal services and about \$7,500 was operating expenses
- A workers' compensation reduction of approximately \$27,000 of personal services funding. This amount was made up of about \$12,000 general fund, \$292 of state special revenue, and about \$15,000 of federal special revenue

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 31, 2022.

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



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	13,459,650	9,768,135	72.6%
Operating Expenses	15,250,263	10,575,491	69.3%
Local Assistance	869,080,930	764,918,211	88.0%
Grants	157,493,166	148,265,396	94.1%
Benefits & Claims	0		
Transfers-out	13,988,043	7,034,131	50.3%

Program Name	Modified Budget	Expended Budget	Percent Expended
LOCAL EDUCATION ACTIVITIES	1,038,698,598	918,642,641	88.4%
STATE LEVEL ACTIVITIES	30,573,454	21,918,723	71.7%
Total	1,069,272,052	940,561,364	88.0%

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 has expended 88.0% of its HB 2 modified budget so far for FY 2022.

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 88.0% expended as of May 31, 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; there are various larger payments that will be made in June, such as payments for Major Maintenance and Traffic Education.

Grants

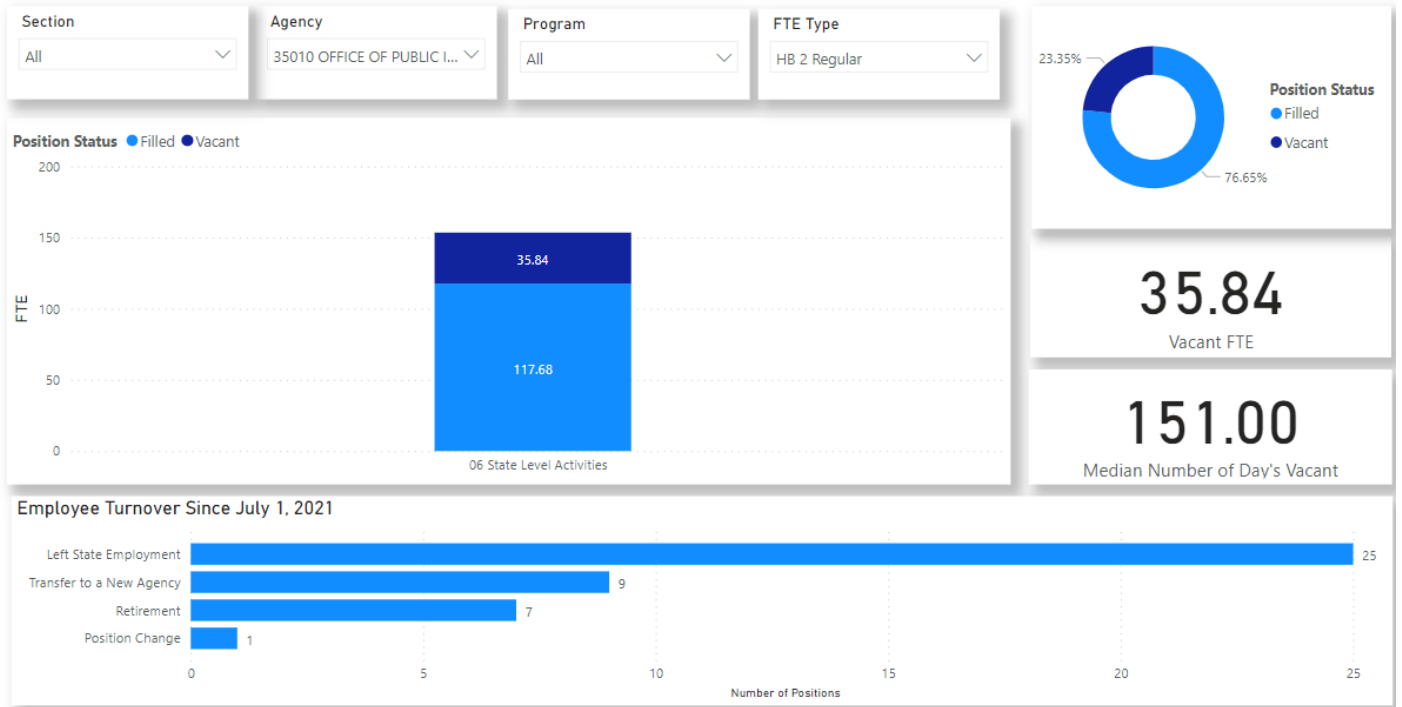
Grants are approximately \$157.5 million or 14.7% of the HB 2 modified budget for FY 2022. The majority of grant funding is from federal education grants, at \$151.3 million; the remaining grant funding is for a few smaller grant programs— Transformational Learning, Advanced Opportunities, Montana Indian Language Preservation, Adult Education, Recruitment and Retention, Gifted and Talented, and School Safety. As of May 31, 2022, 94.1% 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. OPI reports that as many of the 2021 grants are closing, there will be an increase in grant expenditure activity in June, which should bring the agency close to fully expending the grants appropriation.

Personal Services

Personal services are approximately \$13.5 million or 1.3% of the HB 2 modified budget for FY 2022, with 72.6% of that amount expended as of May 31, 2022. 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 May 1, 2022.

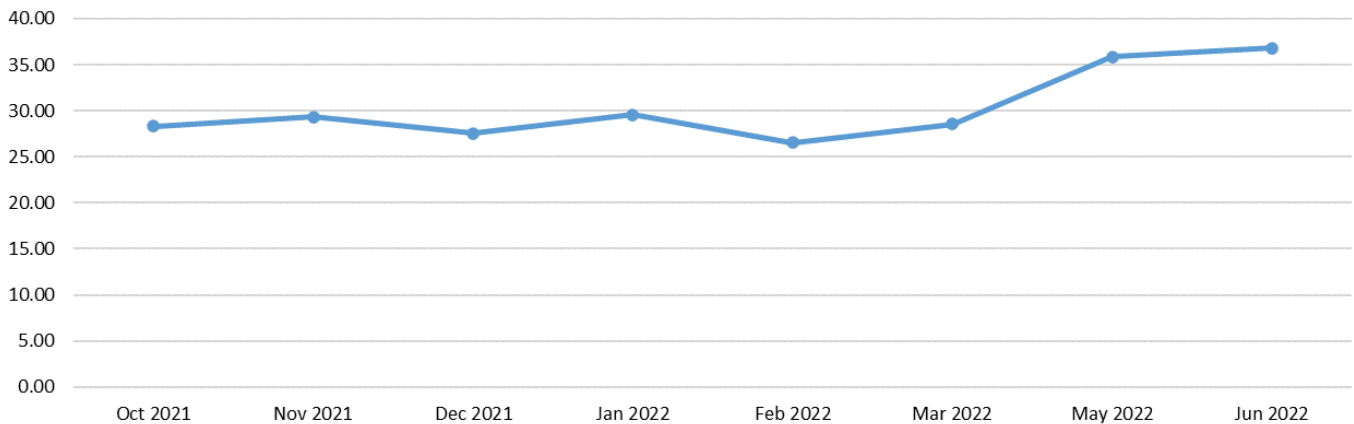
Vacancies - House Bill 2



OPI had 35.84 FTE or 23.4% of its HB 2 positions vacant as of May 1, 2022. The percentage of FTE hours utilized since the beginning of FY 2022 through May 1, 2022 was 85.0%.

OPI reports they are actively recruiting for vacant positions and plan to have the funds expended by the end of the fiscal year. According to the agency, they have been successful in filling several previously vacant positions in information technology (IT) and Medicaid services. They are still recruiting for some school finance positions and some new vacancies in IT. OPI also reports they have been doing operational assessments when a position becomes vacant.

OPI Vacancies - HB 2 Regular FTE Only



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

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 69.3% expended as of May 31, 2022, which is lower than would be expected at this point in the fiscal year but is consistent with historical expenditures. Operating expenses includes the appropriations for school food, advancing agricultural ed, in-state treatment, and national board certification, all of which are biennial appropriations. Because the school foods expense is 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.

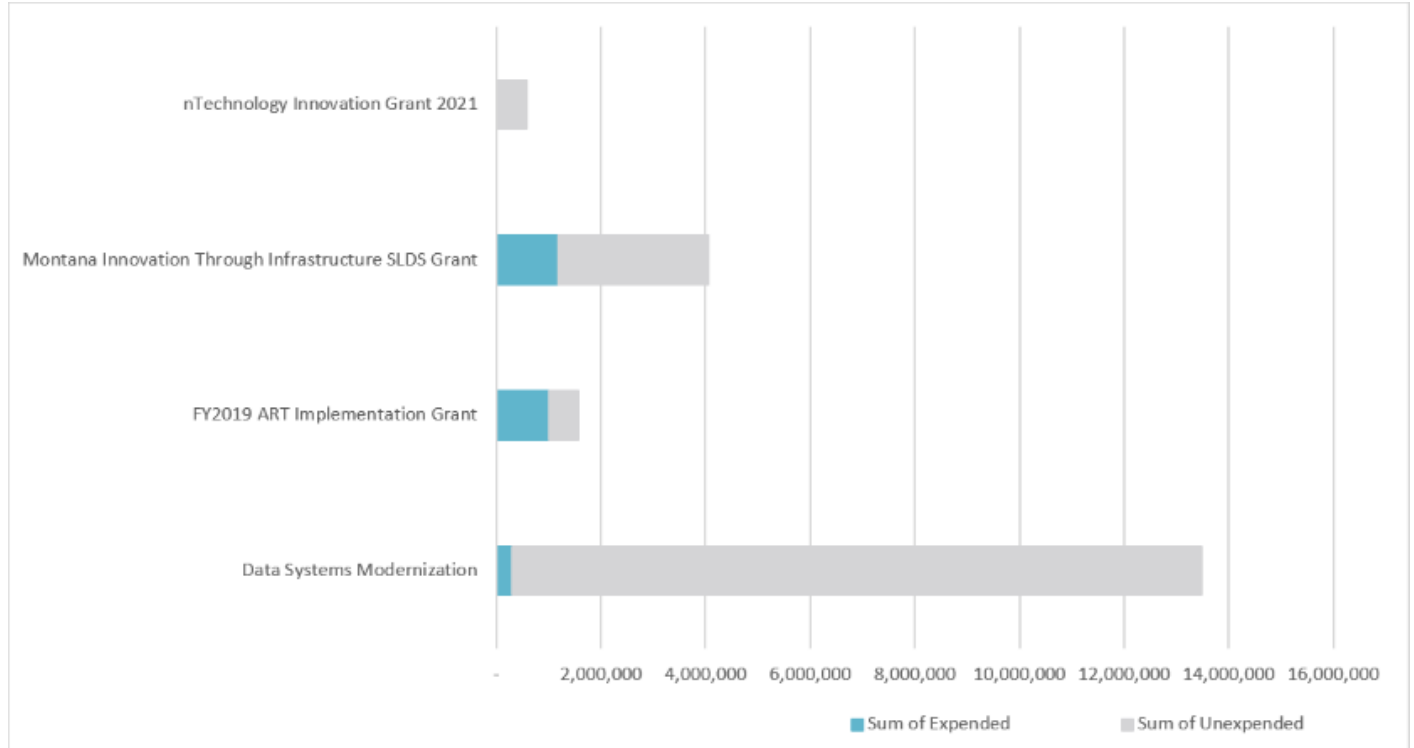
Transfers Out

Transfers out are approximately \$14.0 million or 1.3% of the HB 2 modified budget for FY 2022. Transfers out were 50.3% expended as of May 31, 2022. 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 \$2.0 million was expended by May 31, 2022. OPI reports that they do not anticipate expending the full appropriation for CSCT, as

activity has remained static. 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



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	-

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 \$314,000 or 2.3% was expended as of May 1, 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 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. OPI reports they have opened the new TeachMT system and are working on a Single Sign On system. They also report they are in the process of procuring the services of two vendors to do a system analysis and to implement a data storage repository.

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 \$1.0 million or 65.4% was expended as of May 31, 2022. OPI is currently working with the project vendor to extend the contract terms to finalize the project and to provide additional support in the implementation of database modernization activities.

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 \$1.2 million or 29.0% was expended as of May 31, 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 May 31, 2022. The projected delivery date for the project is September 30, 2024.