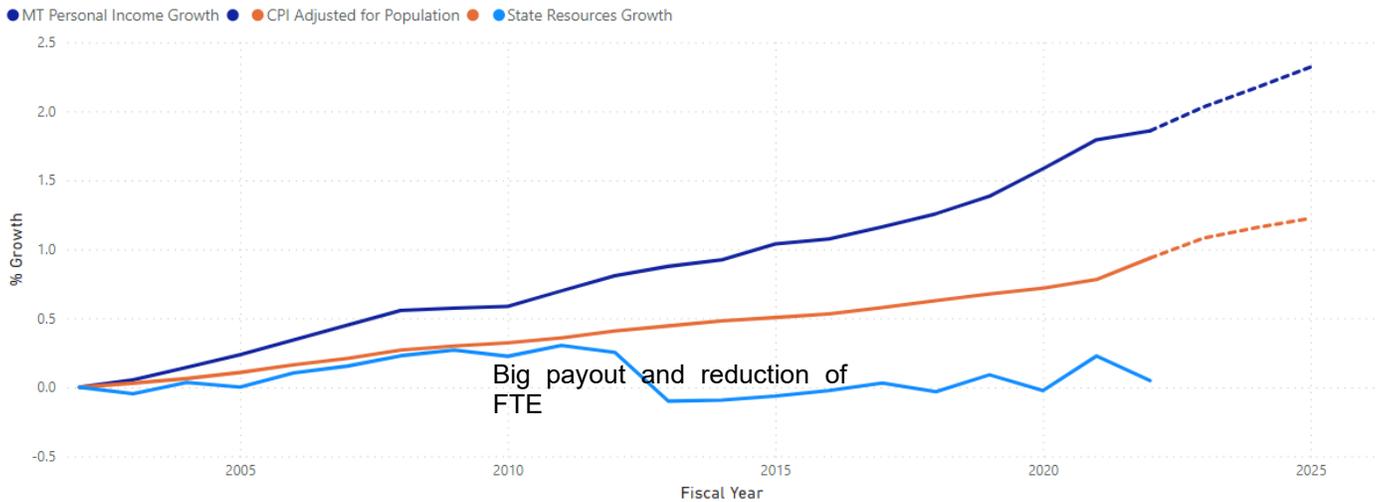


Board of Public Education

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



This report includes a series of charts that compare state resource expenditure growth to the growth in personal income and growth in inflation adjusted for population. Montana statute, 17-8-106, MCA, recommends using growth in personal income for comparison purposes. Personal income is a measure for growth in the economy. Comparing growth allows financial planners to consider past and future demands in services or changes in revenues.

The following list discusses in more detail the inflection points on the charts:

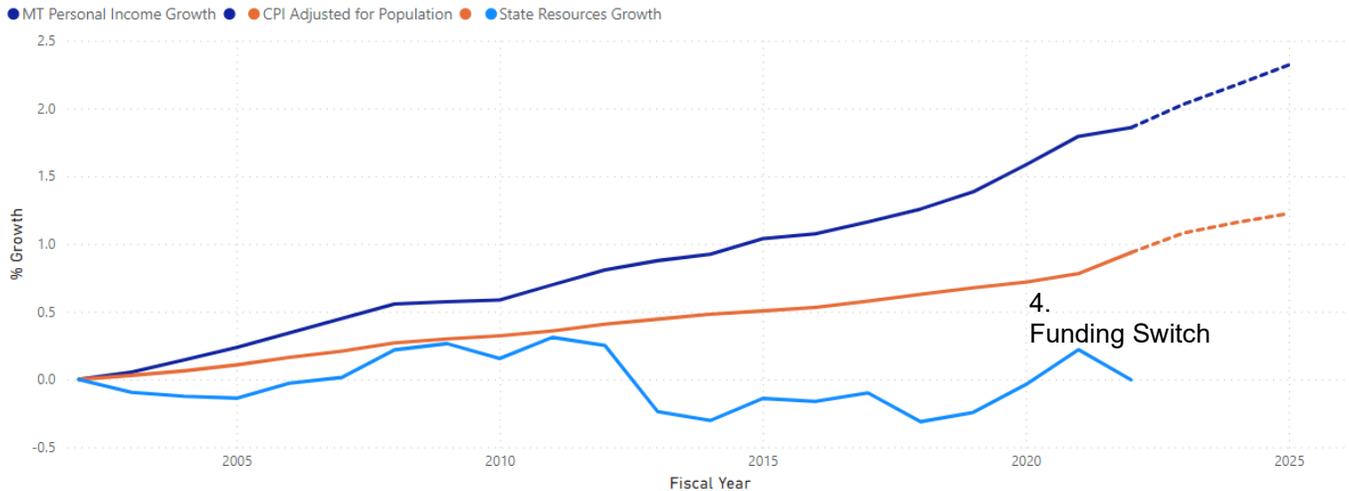
1. In FY 2012 the board held open 1.50 FTE of its 4.00 FTE to fund large payouts to two long-term employees including the executive director that year. In the same year, the agency discontinued membership to the professional organization NASBE (National Association of State Boards of Education). Dues to this organization were \$20,000 per year. Following the employee payouts, the board continued to hold the positions open in an attempt to generate vacancy savings that could be used to expand the base budget for operating expenses to cover increasing legal fees.
2. In FY 2016, the legislature permanently reduced the agency's FTE from 4.00 to 3.00. The legislature funded legal fees as a restricted/one-time-only appropriation of \$30,000 in each fiscal year.
3. In the November 2017 special session, the legislature reduced general fund appropriations by \$30,000 in operating expenses.

General Fund

The BPE is funded through a combination of general fund and state special revenue funds. Generally, one-half of the budget is funded with general fund.

General Fund Only

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



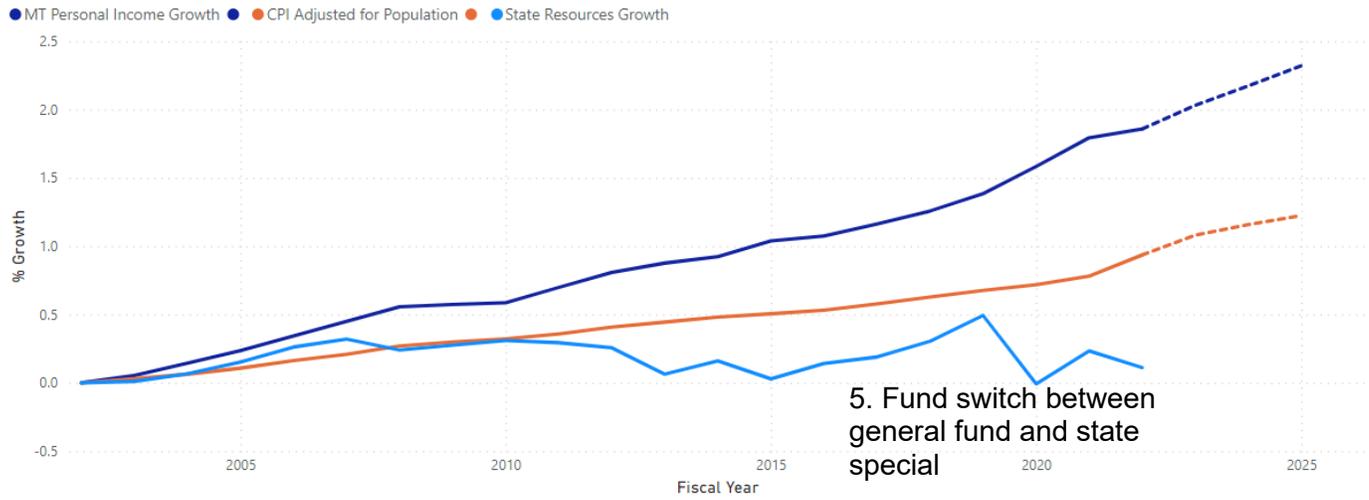
4. The decrease in general fund in FY 2018 is due to reductions made in anticipation of the projected revenue shortfall. Unlike previous biennia, where funding was evenly split between general fund and state special revenue, the legislature funded 40.7% of the budget in the 2019 biennium with general fund and the remaining 59.3% with state special revenue. In FY 2020 and FY 2021, the legislature approved a fund switch to again fund the BPE with approximately 47.4% general fund over the biennium. This change was made to reflect a fund switch to return to previous funding levels after spending down the state special revenue fund balance during the 2019 biennium.

State Special Revenue

State special revenue for the BPE provided by teacher certification fees of \$6.00 per year. By statute, these fees are collected by the Office of Public Instruction (OPI) and deposited into two accounts: two-thirds of the fees are deposited in the advisory council state special revenue account, which supports the activities of the Certification Standards and Practices Advisory Council (CSPAC), and one-third is deposited into the research fund and used to fund the statutory duties of the BPE and CSPAC. As originally created, the research fund was to be a reserve for special projects. However, statute has been changed to allow for the appropriation of a portion of the fund for operations with the balance reserved for special projects.

State Special Only

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



5. In the 2019 session the legislature decreased the state special appropriation and increased general fund. The fund balances in the advisory council fund and research funds were depleted.