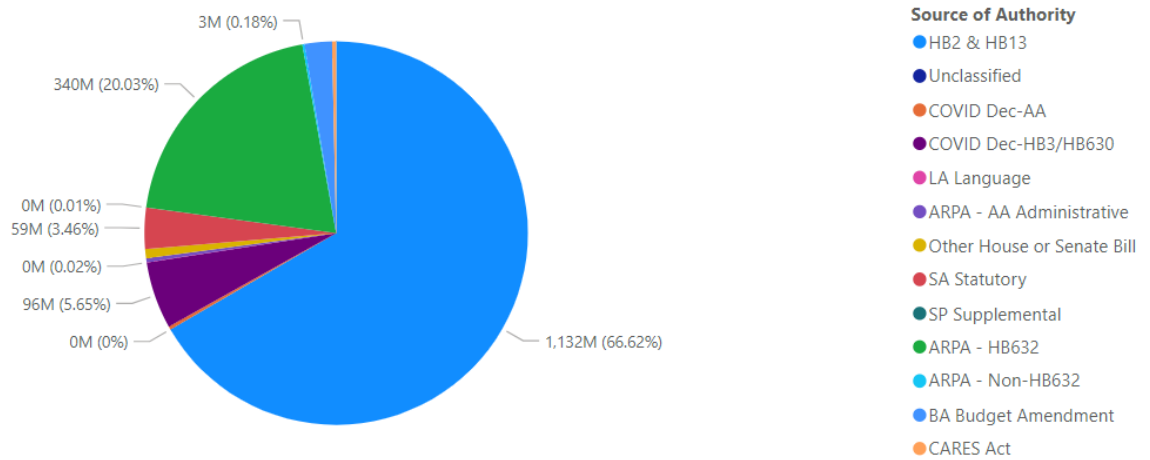


OFFICE OF PUBLIC INSTRUCTION

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 66.6% 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.



| Source of Authority | FYE23 Modified Budget | FYE23 Expended Budget | Percent Expended |
|----------------------------|-----------------------|-----------------------|------------------|
| HB2 & HB13 | 1,131,860,254 | 1,093,964,922 | 96.7% |
| BA Budget Amendment | 39,173,209 | 28,675,825 | 73.2% |
| LA Language | 300,000 | 300,000 | 100.0% |
| Other House or Senate Bill | 13,082,424 | 13,050,424 | 99.8% |
| SA Statutory | 58,844,866 | 55,506,524 | 94.3% |
| SP Supplemental | 86,000 | 76,500 | 89.0% |
| Unclassified | 9,055 | | |
| CARES | 5,822,991 | 5,822,991 | 100.0% |
| CARES II | 100,641,273 | 97,596,592 | 97.0% |
| ARPA | 349,183,641 | 117,634,698 | 33.7% |
| Total | 1,699,003,713 | 1,412,628,476 | 83.1% |

Report Period

- Jul
- Aug
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- Dec
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- Feb
- Mar
- Apr
- May
- Jun

The Office of Public Instruction had total budgeted authority of \$1.7 billion for FY 2023. This amount includes approximately \$1.1 billion in HB 2 spending authority, which makes up 66.6% 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 \$455.6 million or 26.8% of the budget. The remainder of the budget consists primarily of budget amendments and statutory authority. As of the end of FY 2023, OPI had expended 83.1% of its total budgeted spending authority and 96.7% of its HB 2 spending authority.

Budget Amendments

OPI had approximately \$39.2 million in budget amendment authority for FY 2023, of which 73.2% was expended. This budget amendment authority in OPI is primarily federal grants, many of which have deadlines at the end of September 2023 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), 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, and a federal Supply Chain Assistance Grant. Smaller amounts of budget amendment authority are for the Striving Readers Program, Project AWARE (Advancing Wellness and Resiliency in Education), Montana Alternative Student Testing (MAST), and a Rural Mental Health Preparation Pathway Award.

Statutory Appropriations

The Office of Public Instruction had \$58.8 million in statutory spending authority for FY 2023. Nearly all of this amount is from the guarantee account, which is a statutorily appropriated state special revenue fund dedicated to school funding. There was also a minor amount of statutory authority for a technology payment, which was paid in its entirety at the beginning of FY 2023.

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. Revenue from the guarantee account offsets general fund expenditures for K-12 BASE Aid. Income into the guarantee account came in higher than expected by \$11.7 million, which offset general fund expenditures for K-12 BASE Aid. 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.

Other Bills

OPI has approximately \$13.1 million in other house and senate bill appropriations for FY 2023, of which 99.8% was expended at fiscal year-end. These appropriations are from HB 13, HB 644, and HB 663, all of which passed in the 2021 Legislative Session.

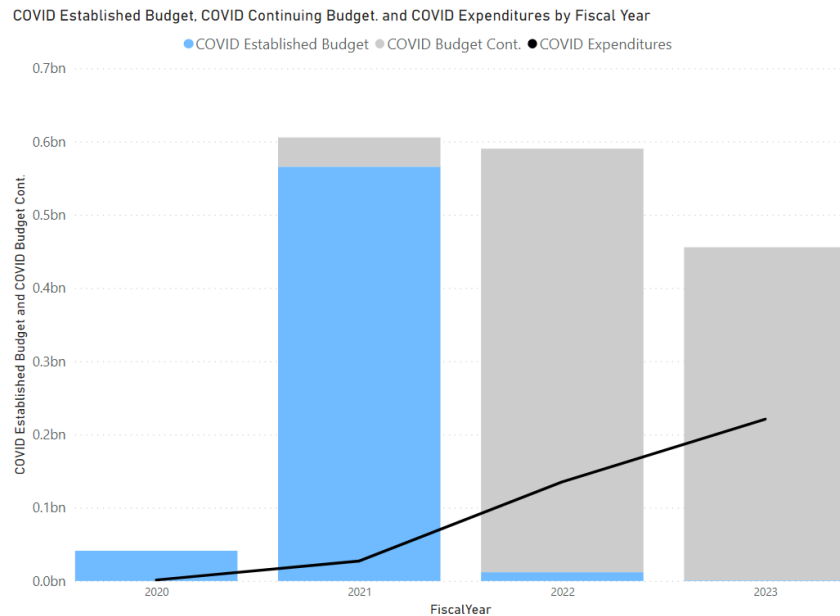
HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The Office of Public Instruction expended approximately \$161,000 in FY 2023 for these lump-sum payouts.

HB 644 allocated \$32,000 to establish a tribal computer programming scholarship program, and in June 2022, OPI reported that the application for the program was open. The appropriation was 0.0% expended at FYE 2023, which was due to lack of applicants for the program according to OPI. HB 346 (2023 Legislative Session) made some changes to the program and moved administration of the program to the Department of Labor and Industry.

HB 663 allocated \$12.9 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.

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 2023. 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 100.0% was expended or obligated by the September 30, 2022 federal deadline.

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 FYE 2023, OPI had expended about \$175.6 million or 96.6% 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 \$168.9 million or 44.1% of HB 632 funding. Most of the remaining funds are available for expenditure through September 2024.

Unclassified

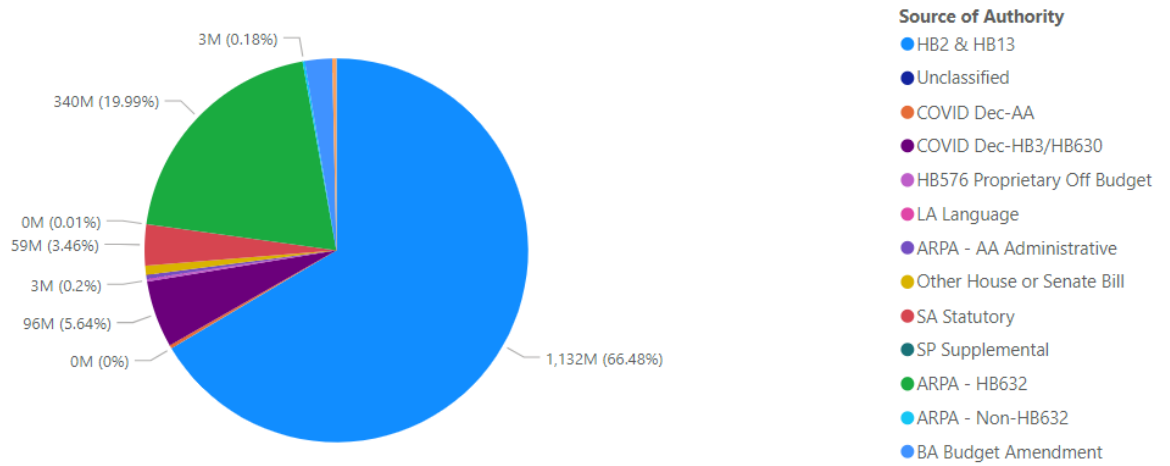
Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriations are not reduced, instead the Governor's 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. The Governor's Office reduced personal services appropriations in the OPI budget by \$9,055 for workers' compensation premium savings.

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.



| Source of Authority | FYE23 Modified Budget | FYE23 Expended Budget | Percent Expended |
|------------------------------|-----------------------|-----------------------|------------------|
| HB2 & HB13 | 1,131,860,254 | 1,093,964,922 | 96.7% |
| BA Budget Amendment | 39,173,209 | 28,675,825 | 73.2% |
| HB576 Proprietary Off Budget | 3,467,304 | 3,088,709 | 89.1% |
| LA Language | 300,000 | 300,000 | 100.0% |
| NB Non-Budgeted | | 279,102 | Infinity |
| Other House or Senate Bill | 13,082,424 | 13,050,424 | 99.8% |
| SA Statutory | 58,844,866 | 55,506,524 | 94.3% |
| SP Supplemental | 86,000 | 76,500 | 89.0% |
| Unclassified | 9,055 | | |
| CARES | 5,822,991 | 5,822,991 | 100.0% |
| CARES II | 100,641,273 | 97,596,592 | 97.0% |
| ARPA | 349,183,641 | 117,634,698 | 33.7% |
| Total | 1,702,471,017 | 1,415,996,287 | 83.2% |

Report Period

- Jul
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- Jan
- Feb
- Mar
- Apr
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- Jun

Non-Budgeted Proprietary Funding

OPI had approximately \$3.5 million in non-budgeted proprietary funding for FY 2023. 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 approximately \$3.5 million non-budgeted proprietary funding, 89.1% was expended by fiscal year end.

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 | Starting Budget | Prior Period Modifications | Legislative Budget | Net Modifications | Modified Budget |
|--------------------------------|----------------------|----------------------------|----------------------|-------------------|----------------------|
| ☐ Office of Public Instruction | 1,111,176,638 | | 1,111,176,638 | 20,683,616 | 1,131,860,254 |
| Total | 1,111,176,638 | | 1,111,176,638 | 20,683,616 | 1,131,860,254 |

| Acct & Lvl 1 DESC | Starting Budget | Prior Period Modifications | Legislative Budget | Net Modifications | Modified Budget |
|----------------------------|-----------------|----------------------------|--------------------|-------------------|-----------------|
| ☐ 61000 Personal Services | 13,829,171 | | 13,829,171 | 1,206,628 | 15,035,799 |
| ☐ 62000 Operating Expenses | 15,579,216 | | 15,579,216 | 1,724,958 | 17,304,174 |
| ☐ 65000 Local Assistance | 910,946,488 | | 910,946,488 | 424,252 | 911,370,740 |
| ☐ 66000 Grants | 157,315,051 | | 157,315,051 | 16,383,271 | 173,698,322 |
| ☐ 67000 Benefits & Claims | 10,958,252 | | 10,958,252 | -10,958,252 | 0 |
| ☐ 68000 Transfers-out | 2,548,460 | | 2,548,460 | 11,793,147 | 14,341,607 |
| ☐ 69000 Debt Service | | | | 109,611 | 109,611 |

| Fund Type | Starting Budget | Prior Period Modifications | Legislative Budget | Net Modifications | Modified Budget |
|---------------------------|-----------------|----------------------------|--------------------|-------------------|-----------------|
| ☐ 01 General | 920,335,554 | | 920,335,554 | 6,272,202 | 926,607,756 |
| ☐ 02 State/Other Spec Rev | 17,040,017 | | 17,040,017 | -95 | 17,039,922 |
| ☐ 03 Fed/Other Spec Rev | 173,801,067 | | 173,801,067 | 14,411,509 | 188,212,576 |

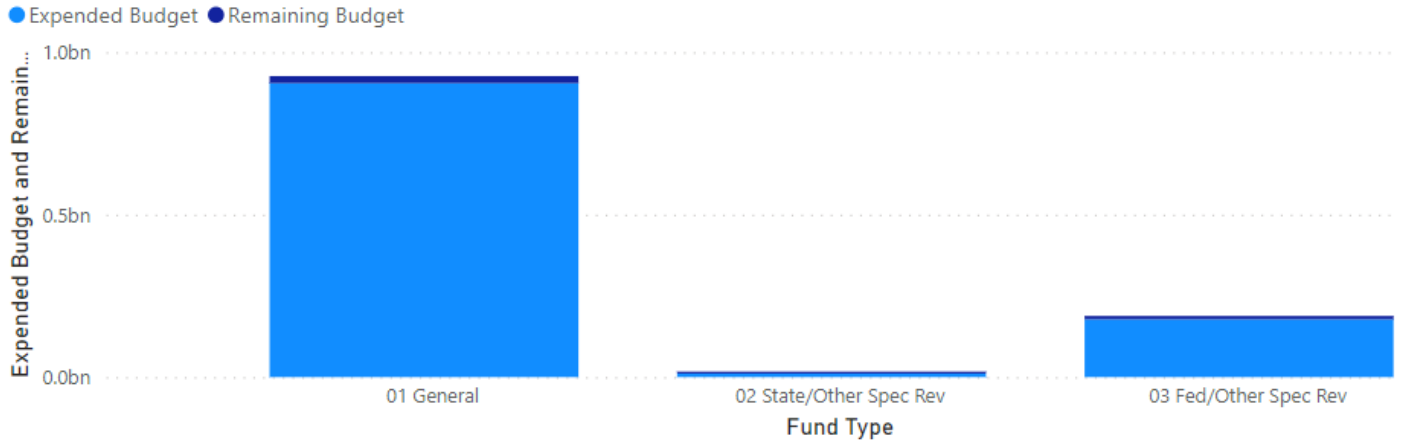
The Office of Public Instruction had several budget modifications in FY 2023. In total, these modifications increased OPI's total HB 2 budget by approximately \$20.7 million, the majority of which was due to continuing authority into FY 2023 for unspent biennial appropriation authority left over at the end of FY 2022. Of that amount, approximately \$6.3 million was general fund, and the remainder was federal special revenue.

Additionally, there were several net-zero transfers between expenditure categories, the largest of which was a transfer of approximately \$11.0 million from benefits & claims to transfers out for Comprehensive School and Community Treatment (CSCT).

HB 2 APPROPRIATION AUTHORITY

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

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



| acclv1_descr | Modified Budget | Expended Budget | Percent Expended |
|--------------------|-----------------|-----------------|------------------|
| Personal Services | 15,035,799 | 12,044,824 | 80.1% |
| Operating Expenses | 17,304,174 | 13,973,434 | 80.8% |
| Local Assistance | 911,370,740 | 890,844,212 | 97.7% |
| Grants | 173,698,322 | 168,907,149 | 97.2% |
| Benefits & Claims | 0 | | |
| Transfers-out | 14,341,607 | 8,087,444 | 56.4% |
| Debt Service | 109,611 | 107,859 | 98.4% |

| Program Name | Modified Budget | Expended Budget | Percent Expended |
|----------------------------|----------------------|----------------------|------------------|
| LOCAL EDUCATION ACTIVITIES | 1,097,159,099 | 1,065,667,373 | 97.1% |
| STATE LEVEL ACTIVITIES | 34,701,154 | 28,297,549 | 81.5% |
| Total | 1,131,860,254 | 1,093,964,922 | 96.7% |

The majority of the Office of Public Instruction’s HB 2 modified budget for FY 2023 was from general fund at 81.9%. State and federal special revenues made up the remaining percentage, with federal special revenue accounting for 16.6% of funding and state special revenue accounting for 1.5% 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 96.7% of its HB 2 modified budget in FY 2023.

Local Assistance

Local assistance made up the majority of OPI’s HB 2 modified budget for FY 2023, at approximately \$911.4 million or 80.5%. Though OPI expended 97.7% of its local assistance authority in FY 2023, the agency still had approximately \$20.5 million in unspent authority. Income into the guarantee account (which is statutorily appropriated and not included in HB 2) came in higher than expected by \$11.7 million, which offset general

fund expenditures for K-12 BASE Aid. Additionally, OPI had \$5.4 million of continuing authority general fund local assistance into FY 2023 from unspent biennial appropriation authority left over at the end of FY 2022.

Grants

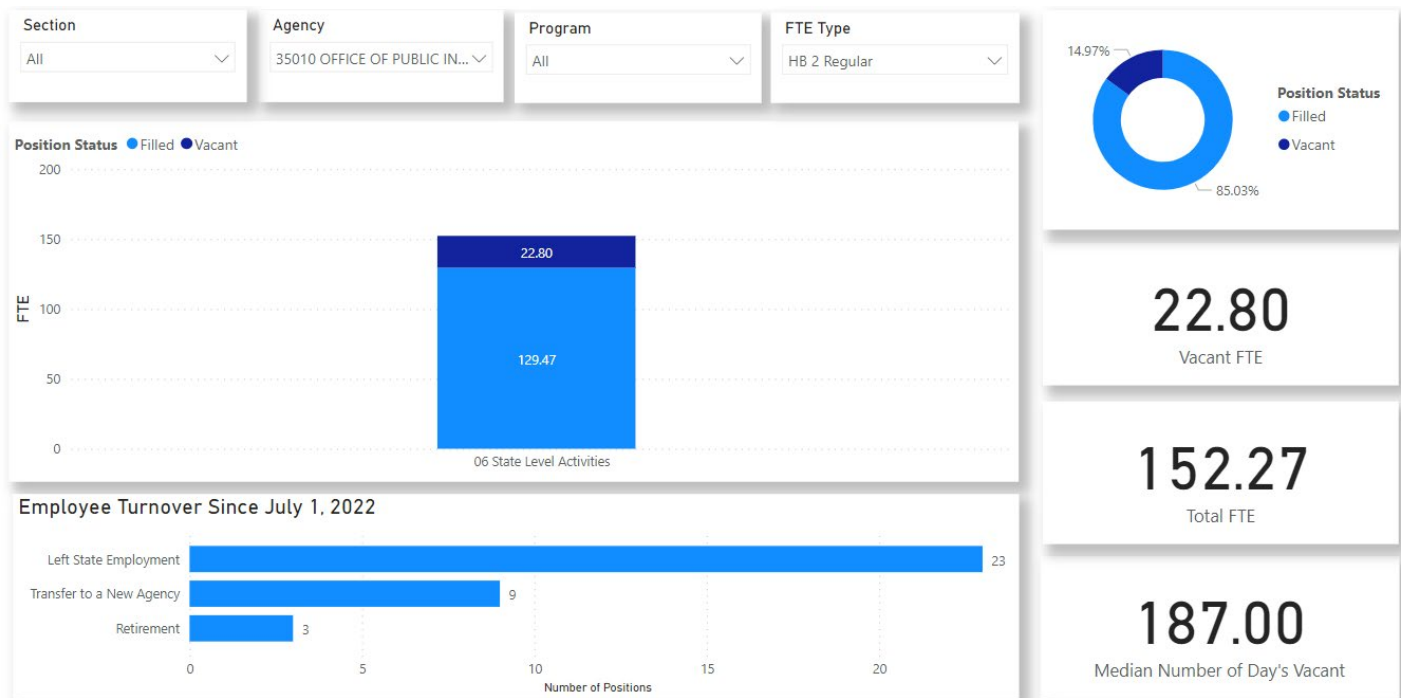
Grants were approximately \$173.7 million or 15.3% of the HB 2 modified budget for FY 2023. The majority of grant funding is from federal education grants, at \$165.7 million; the remaining grant funding from the state general fund is for a few smaller grant programs— Transformational Learning, Advanced Opportunities, Montana Indian Language Preservation, Adult Education, Recruitment and Retention, Gifted and Talented, and School Safety. As of fiscal year-end, 97.2% of OPI's grants budget has been expended. The remaining expenditure authority 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 2023.

Personal Services

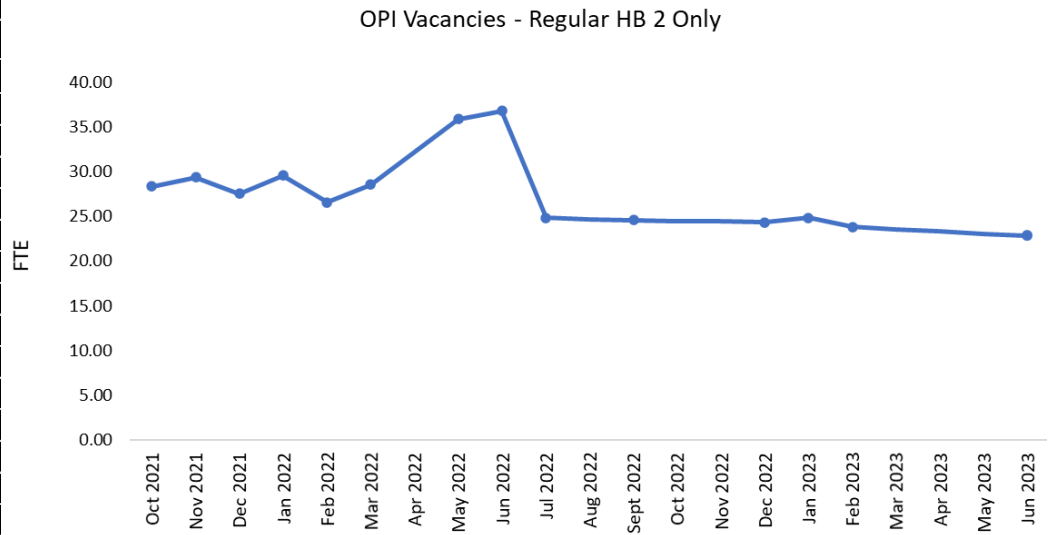
Personal services were approximately \$15.0 million or 1.3% of the HB 2 modified budget for FY 2023, with 80.1% of that amount expended as of fiscal year-end. This lower than expected percentage expended is due to vacant positions. The following chart shows the filled and vacant FTE within the agency as of fiscal year-end.

OPI had 22.80 FTE or 15.0% of its HB 2 positions vacant as of June 1, 2023. The percentage of FTE hours utilized in FY 2023 was 86.7%, which slightly increased from the FTE utilization in FY 2022 of 84.9%. The median amount of time positions remain vacant is about 3.5 months, with the length of vacancies ranging from a few days to over five years. Of the 22.80 vacant FTE, OPI reports 14 positions are in recruitment, 2 positions are currently being reclassified and will be in recruitment after reclassification, and 4 positions are on hold for needs assessment to determine where there are potential gaps within the agency that recent vacancies may address.

| OPI Vacancies HB 2 Regular FTE | | |
|--|--------------|---------------|
| | Vacant FTE | Total FTE |
| Assessment | 1.76 | 8.76 |
| Career & Technical Adult Education | 2.00 | 10.25 |
| Centralized Services | 0.01 | 4.01 |
| Data & Information Technology | 2.00 | 16.00 |
| Data & Technology Reporting | 0.00 | 5.00 |
| Federal Programs | 4.00 | 10.00 |
| Indian Education Programs | 1.02 | 10.02 |
| Legal | 0.00 | 4.50 |
| Operations | 1.00 | 7.00 |
| Other | 0.00 | 10.35 |
| School Finance | 2.00 | 12.00 |
| School Health | 1.00 | 6.00 |
| School Nutrition | 4.01 | 9.79 |
| Special Education | 1.00 | 21.04 |
| Superintendent's Office & Personal Staff | 0.00 | 9.55 |
| Teaching & Learning | 3.00 | 9.00 |
| TOTAL | 22.80 | 153.27 |



| 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 |
| 12/1/2022 | 24.30 |
| 1/1/2023 | 24.80 |
| 2/15/2023 | 23.80 |
| 6/1/2023 | 22.80 |



Operating Expenses

Operating expenses were approximately \$17.3 million or 1.5% of the HB 2 modified budget for FY 2023. Operating expenses were 80.8% 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 they have been utilizing technology when possible to reduce travel expenditures. Additionally, a large portion of the unspent appropriation authority is in federal special revenue due to the timing of federal grant expenditures and various federally funded contracts.

Operating expenses include appropriations for school food, advancing agricultural ed, in-state treatment, national board certification, and Indian language preservation, all of which are biennial appropriations.

Transfers Out

Transfers out were approximately \$14.3 million or 1.3% of the HB 2 modified budget for FY 2023. Transfers out were 56.4% expended as of fiscal year-end. There are two main appropriations for transfers out—\$11.0 million for payments to the Department of Public Health and Human Services (DPHHS) for Comprehensive School and Community Treatment (CSCT) services and \$2.0 million for the Montana Digital Academy (MTDA).

Of the total \$11.2 million state special revenue for CSCT, \$5.1 million was expended in FY 2023. According to OPI, the CSCT appropriation was higher than the participation in the program.

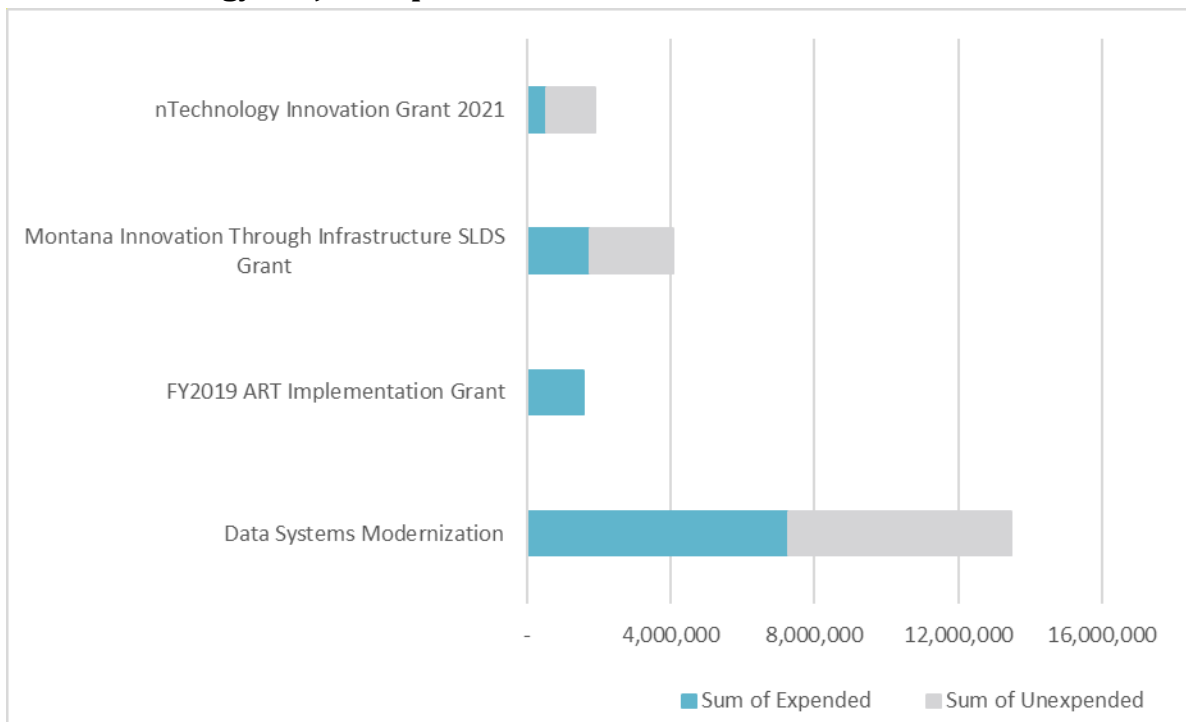
All the funds for MTDA were expended in a one-time payment to the MTDA at the beginning of the fiscal year. Transfers out also included \$1.4 million in federal special revenue related to the health division and special education, of which approximately \$927,000 was expended in FY 2023.

Debt Service

Debt service was approximately \$110,000 or less than 1.0% of the HB 2 modified budget for FY 2023. The appropriation for debt service was 98.4% expended as of fiscal year-end.

OTHER ISSUES

Information Technology Project Expenditures



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 \$1.9 million budget, approximately \$519,000 or 27.4% has been expended. The projected delivery date for the project is September 30, 2024.

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 \$1.8 million or 43.4% has been expended. The projected delivery date for the project is February 28, 2024.

The Administrative Review and Training (ART) implementation project will upgrade and enhance a comprehensive child nutrition system platform. The revised delivery date for the project was December 30, 2022, and of the project's \$1.6 million budget, 100.0% has been expended.

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 \$7.3 million or 53.9% has been expended. 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.