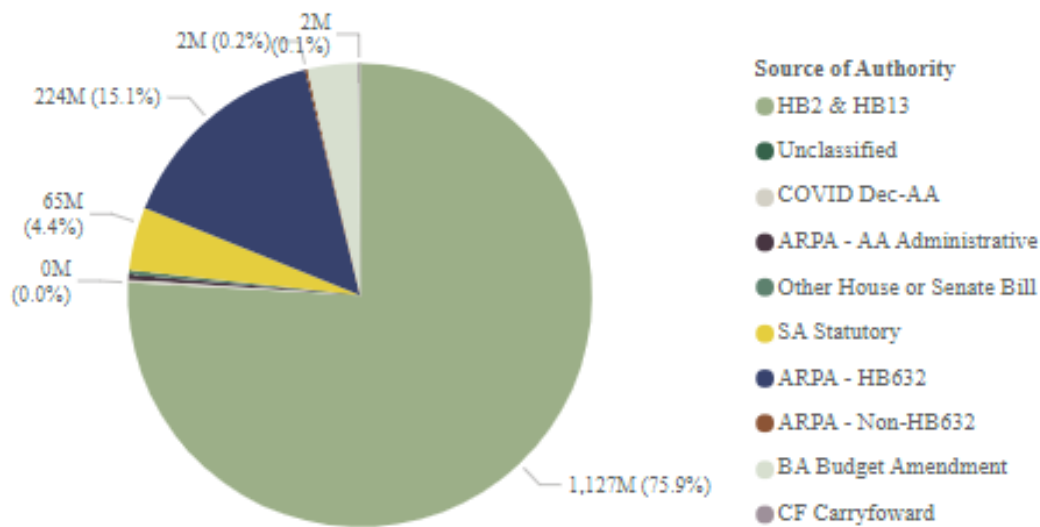


# OFFICE OF PUBLIC INSTRUCTION

## 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 75.9% 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	% Expended
HB2 & HB13	1,127,323,577	1,090,889,436	96.8%
BA Budget Amendment	52,387,024	39,866,741	76.1%
CF Carryforward	1,912,024	1,912,024	100.0%
Other House or Senate Bill	4,425,000	3,674,321	83.0%
SA Statutory	65,478,483	65,478,483	100.0%
Unclassified	12,210		
CARES II	2,833,047	2,483,882	87.7%
ARPA	231,548,944	110,232,222	47.6%
<b>Total</b>	<b>1,485,920,309</b>	<b>1,314,537,110</b>	<b>88.5%</b>

The Office of Public Instruction had total budgeted authority of approximately \$1.5 billion for FY 2024, of which approximately \$1.1 billion was HB 2 spending authority. The second largest portion of OPI's spending authority was made up of federal fund allocations (CARES II and ARPA) related to COVID-19,

which in combination totaled \$234.4 million or 15.8% of the budget. The remainder of the budget consisted primarily of budget amendments and statutory authority. As of fiscal year end, OPI had expended 88.5% of its total budgeted spending authority and 96.8% of its HB 2 spending authority.

## **Budget Amendments**

OPI had approximately \$52.4 million in budget amendment authority for FY 2024, of which 76.1% was expended as of fiscal year end. Budget amendment authority for OPI is primarily made up of federal grants, many of which have deadlines that do not align with the state fiscal year. There are about half a dozen federal grant programs that made up the budget amendment authority for OPI:

- School Nutrition: \$28.2 million
- Montana Comprehensive Literacy Development Project (MCLDP): \$12.5 million
- Supply Chain Assistance Grant: \$5.0 million
- Project AWARE (Advancing Wellness and Resiliency in Education): \$3.0 million
- Montana Alternative Student Testing (MAST): \$3.0 million
- Rural Mental Health Preparation Pathway Award: \$753,000

## **Other Bills**

OPI had approximately \$4.4 million in other house and senate bill appropriations for FY 2024, of which 83.0% was expended as of fiscal year end. These appropriations were from HB 257, HB 382, and HB 393, all of which passed in the 2023 Legislative Session.

HB 257 expanded the Advanced Opportunities Aid Program, which provides personal learning opportunity payments to K-12 school districts. Of the \$4.0 million appropriation, \$3.2 million or 81.2% was expended as of fiscal year end. OPI reports that all schools that applied to the program were funded in FY 2024, but that the appropriation exceeded the number of applications. Though this appropriation has historically been designated as biennial, it was not given a biennial designation in HB 257, and the unspent funds will not be available for expenditure in the second year of the biennium.

HB 382 provided grant funding to seven career and technology student organizations (CTSOs). The \$350,000 appropriation was 100.0% expended as of fiscal year end.

HB 393 established a program for special needs education savings accounts. The bill appropriated \$75,000 general fund in FY 2024 for the administration of the program, of which approximately \$23,000 or 30.2% was expended as of fiscal year end. OPI reports that the program is in effect for the FY 2025 school year, and the \$23,000 has been spent on personal services for the administration of the program. OPI also reports they have received 45 applications from families of special needs

students, 23 of which were approved as allowable under the program. Of the approved applications, OPI reports they have received 19 signed contracts with approved families, while two have decided to unenroll, leaving 17 active enrollments. HB 2 also contained an additional general fund language appropriation for approximately \$18,000 in FY 2024 and 1.00 FTE to administer the program.

## **Statutory Appropriations**

The Office of Public Instruction had \$65.5 million in statutory spending authority for FY 2024, which was 100% expended by the end of the fiscal year. Nearly all statutory appropriations for OPI were 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 2024. 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 and other state special revenue 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. The total amount of revenue from common school interest and income that was transferred to the guarantee account for FY 2024 was \$59.5 million, which is above the \$56.0 million cap specified in 20-9-342, MCA. The \$3.5 million amount above the cap will be transferred out of the guarantee account and into the school major maintenance aid account (see 20-9-525, MCA). OPI reports that since the agency does not currently have cash available to make the transfer, they will make the transfer once they receive the next round of guarantee account revenue in February 2025. The major maintenance aid account will be used to make payments to schools in May 2025.

## **Unclassified**

The Office of Public Instruction had unclassified appropriation authority of \$12,000 because of lower workers' compensation premiums. 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 were not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations

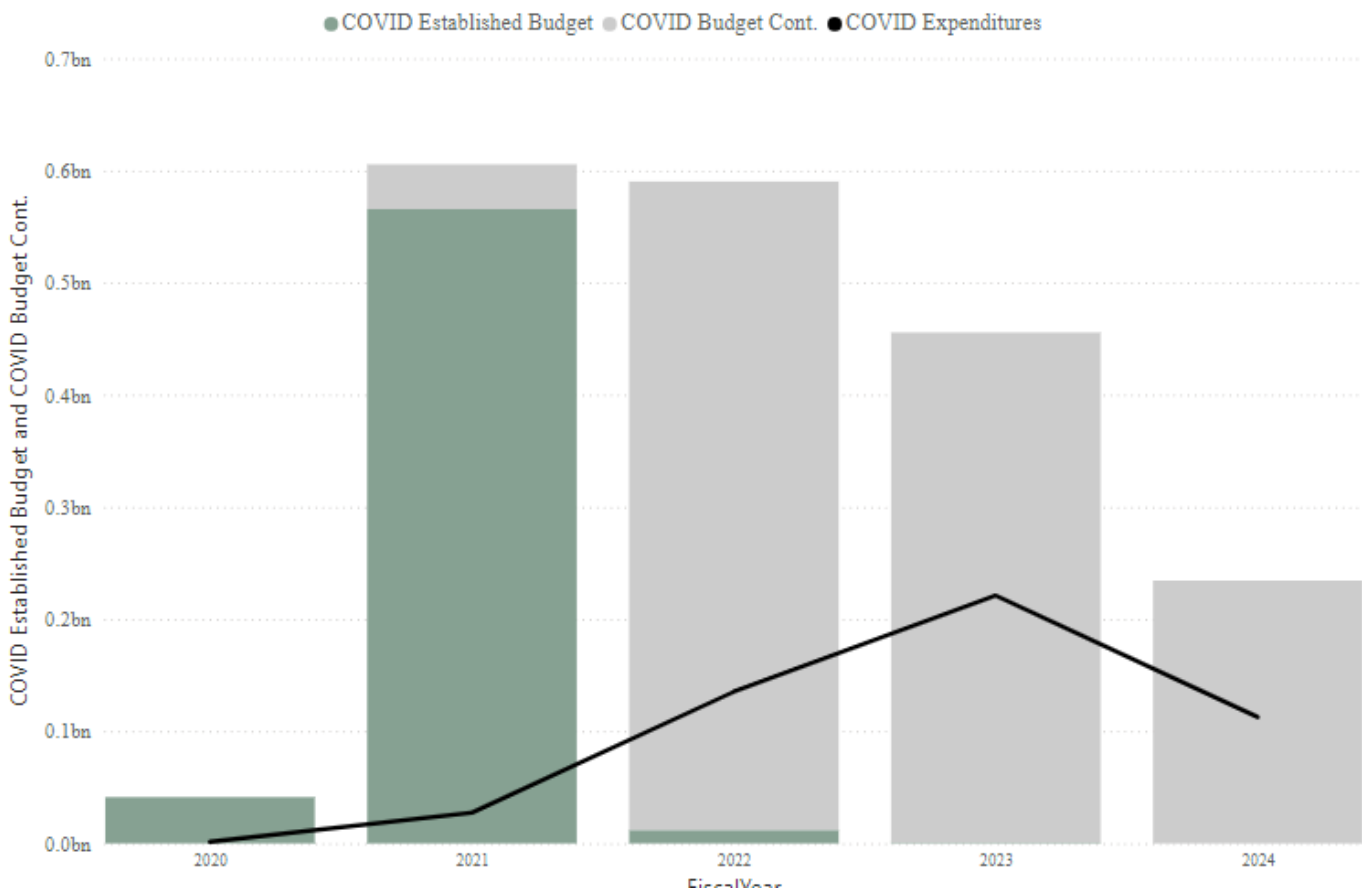
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries were identified as “frozen” appropriations, which means the appropriations could not be spent unless authorized by OBPP.

### 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. 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 portion of the unspent COVID-19 federal funds authority remains available for expenditure past FY 2024. The [OPI website](#) includes 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 primarily through the Elementary and Secondary School Emergency Relief (ESSER) fund, but each round of funding has its

own specific allocation details. There was also a small amount of funding provided through Emergency Assistance to Non-Public Schools (EANS). Please refer to the [OPI COVID-19 report](#) for additional details on the various ESSER and EANS expenditures that are summarized below.

### CARES I

OPI received approximately \$41.4 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 generally 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 2024, OPI had expended about \$179.3 million or 98.0% of this HB 630 funding.

### HB 632

This allocation is also generally 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 \$279.1 million or 72.9% of this HB 632 funding. The remaining funds must be obligated by the end of September 2024, but remain available for expenditure beyond the obligation deadline.

## **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 from June 1, 2024 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	1,127,333,867	-10,290	1,127,323,577	0	1,127,323,577
LOCAL EDUCATION ACTIVITIES	1,095,601,409	0	1,095,601,409	0	1,095,601,409
STATE LEVEL ACTIVITIES	31,732,458	-10,290	31,722,168	0	31,722,168
<b>Total</b>	<b>1,127,333,867</b>	<b>-10,290</b>	<b>1,127,323,577</b>	<b>0</b>	<b>1,127,323,577</b>

Acct & Lvl 1 DESC	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
61000 Personal Services	13,790,705	55,910	13,846,615	30,878	13,877,493
62000 Operating Expenses	18,151,517	367,738	18,519,255	-1,284,460	17,234,795
65000 Local Assistance	932,728,617	-475,112	932,253,505	0	932,253,505
66000 Grants	159,719,906	174,337	159,894,243	1,003,582	160,897,825
68000 Transfers-out	2,780,365	-10,000	2,770,365	250,000	3,020,365
69000 Debt Service	162,757	-123,163	39,594	0	39,594

Fund Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
01 General	508,871,797	-5,043	508,866,754	0	508,866,754
02 State/Other Spec Rev	444,874,805	-137	444,874,668	0	444,874,668
03 Fed/Other Spec Rev	173,587,265	-5,110	173,582,155	0	173,582,155

The Office of Public Instruction had three HB 2 budget modifications from June 1, 2024 through fiscal year end:

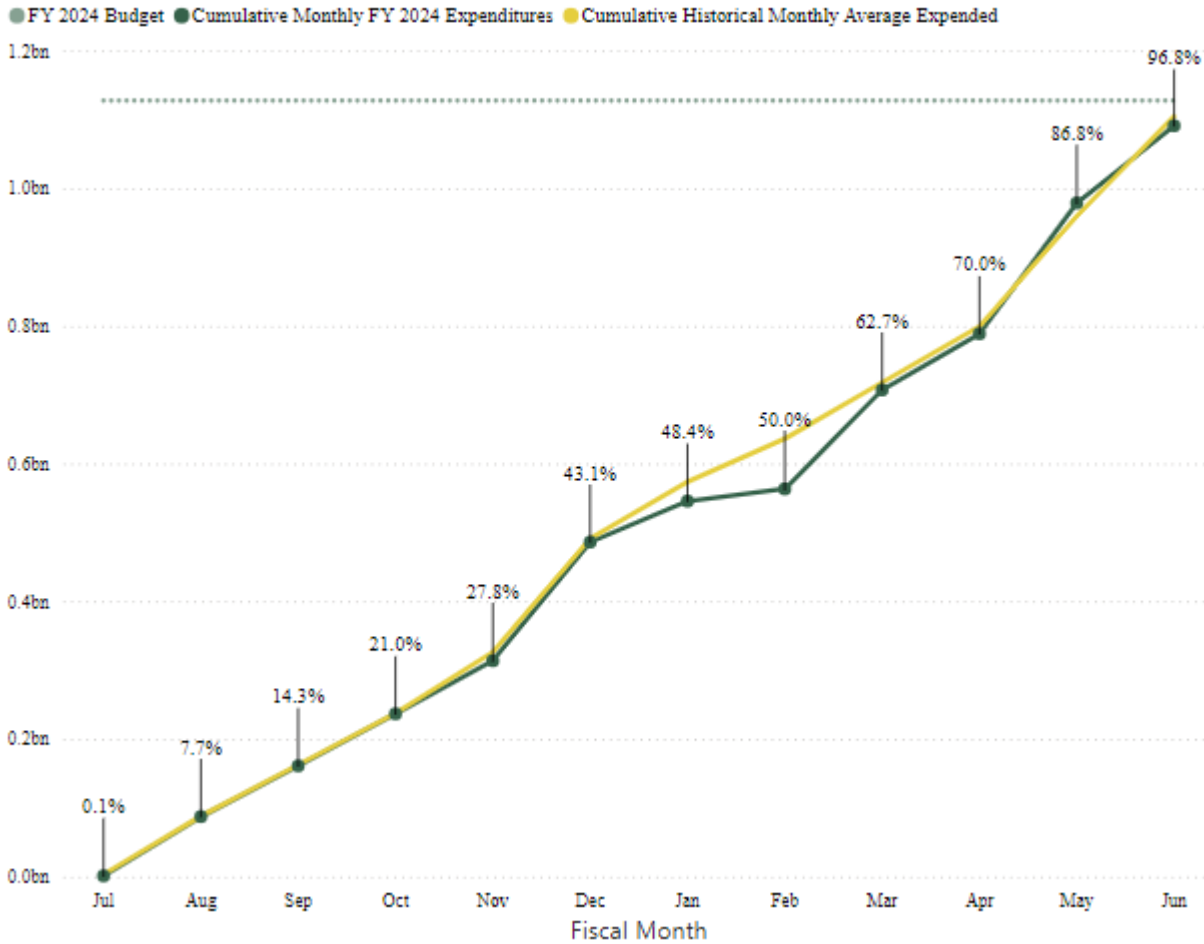
- Approximately \$39,000 was transferred from operating expenses to personal services in order to fund additional personnel costs for the Teacher Licensure system
- Approximately \$1.2 million was moved from operating expenses to grants in order to correctly record expenditures for fiscal year end
- Approximately \$8,000 was moved from personal services to transfers out, approximately \$13,000 from operating expenses to transfers out, and approximately \$228,000 from grants to transfers-out. These modifications resulted in a net \$250,000 increase to transfers-out in order to correctly record expenditures for fiscal year end

In total, these changes resulted in reductions of approximately \$1.3 million from operating expenses, with corresponding increases of approximately \$31,000 to personal services, about \$1.0 million to grants, and \$250,000 to transfers-out.

**HB 2 APPROPRIATION AUTHORITY**

The following chart shows the appropriated budget for the agency compared to expenditures through fiscal year end. The cumulative FY 2024 expenditures were consistent with the recent cumulative historical expenditures at fiscal year end.

## Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
06 STATE LEVEL ACTIVITIES	31,722,168	27,462,654	86.6%
09 LOCAL EDUCATION ACTIVITIES	1,095,601,409	1,063,426,783	97.1%
<b>Total</b>	<b>1,127,323,577</b>	<b>1,090,889,436</b>	<b>96.8%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
Personal Services	13,877,493	12,798,587	92.2%
Operating Expenses	17,234,795	14,171,170	82.2%
Local Assistance	932,253,505	902,127,263	96.8%
Grants	160,897,825	158,779,546	98.7%
Transfers-out	3,020,365	2,973,276	98.4%
Debt Service	39,594	39,594	100.0%
<b>Total</b>	<b>1,127,323,577</b>	<b>1,090,889,436</b>	<b>96.8%</b>

Fund Type	Modified Budget	Expended Budget	% Expended
01 General	508,866,754	493,764,232	97.0%
02 State/Other Spec Rev	444,874,668	428,766,430	96.4%
03 Fed/Other Spec Rev	173,582,155	168,358,775	97.0%
<b>Total</b>	<b>1,127,323,577</b>	<b>1,090,889,436</b>	<b>96.8%</b>

The Office of Public Instruction’s HB 2 modified budget for FY 2024 is made up of 45.1% general fund, 39.5% state special revenue, and 15.4% federal special revenue. OPI has a larger state special revenue appropriation than it had in FY 2023 due to a newly established state special revenue account which receives property tax revenue from the 95 mills and offsets general fund expenditures for K-12 BASE Aid. OPI also has state special revenue 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 receives federal grants that support public education, school nutrition, education for the disadvantaged, special education, professional development for educators, and various other functions. OPI expended 96.8% of its HB 2 modified budget as of fiscal year end, which is in line with historic spending patterns.

### Local Assistance

Local assistance makes up the majority of OPI’s HB 2 modified budget for FY 2024, at approximately \$932.2 million or 82.7%. Local assistance is paid out to school districts throughout the year and was 96.8% expended as of fiscal year end, leaving \$30.1 million of the appropriation unexpended at fiscal year end. The unexpended amount is partially due to revenue in the Guarantee Account coming in higher than expected, which offset expenditures from the state general fund. Additionally, OPI reports that the need for direct state aid was lower than expected due to lower than expected enrollment numbers and due to the statute changes for significant enrollment increases that did not materialize to the extent of the estimate; OPI reports that these two variances lowered the direct state aid need by approximately \$6.2 million. OPI also reports that the school district general fund guaranteed tax base (GTB) aid and retirement GTB aid were lower by approximately \$4.2 million and \$3.9 million respectively, related to differences in non-levy revenue, fund balance reappropriated, and taxable valuation. Per OPI, taxable value increases are the largest driver of the district general fund GTB decrease. Additionally, OPI reports that the Quality Educator Component payment is lower by \$1.9 million and is related to TEACH act funding decreases and overall FTE declines. Smaller sources of



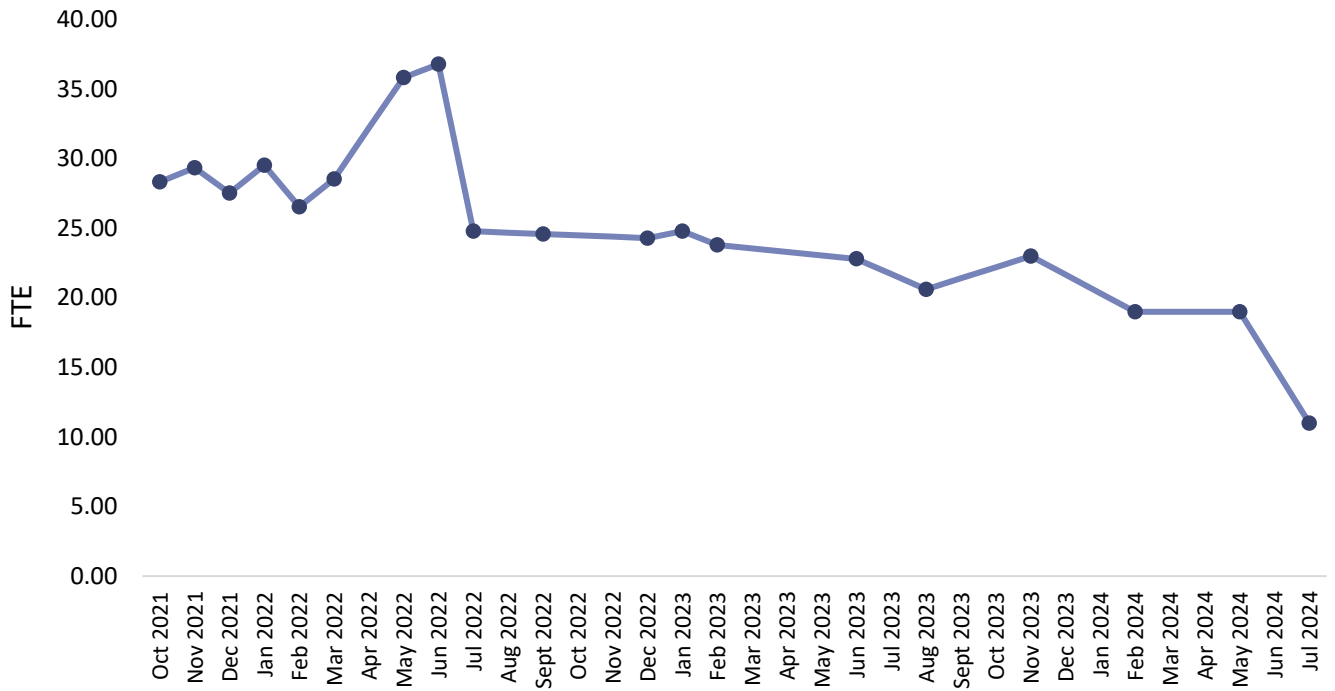
variation reported by OPI are due to districts entering non-operation status (e.g. Sand Springs, Garfield County), as well as adjustments relating to new legislation and other items.

## **Personal Services**

Personal services are approximately \$13.8 million or 1.2% of the HB 2 modified budget for FY 2024, with 92.2% of that amount expended as of fiscal year end. OPI has 153.27 FTE, of which 11.00 FTE or 7.2% were vacant as of July 1, 2024. The chart below shows the filled and vacant FTE within the agency as of July 1, 2024.



### OPI Vacancies - Regular HB 2 Only



The percentage of FTE hours utilized through fiscal year end was 86.3%. The chart below shows the hourly utilization percentage for the Office of Public Instruction for each fiscal year when compared to the available hours.

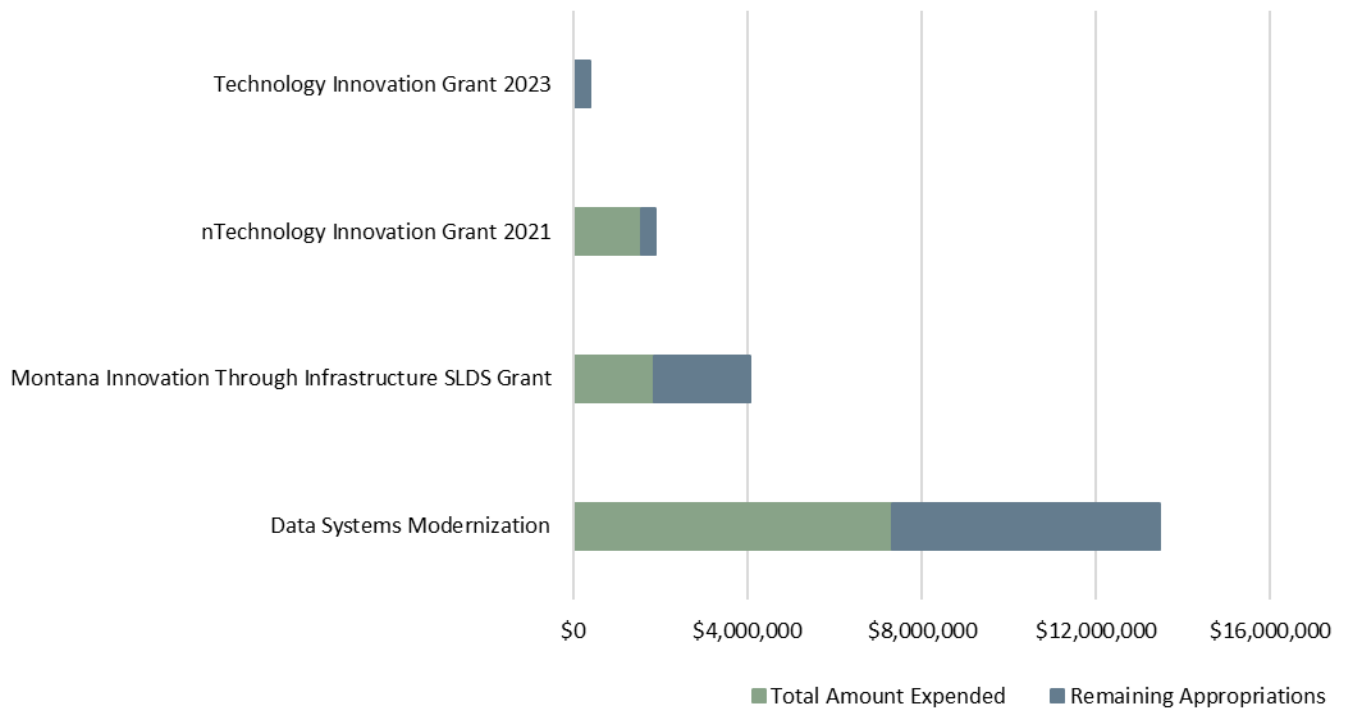


The median amount of time positions remain vacant is about two months, with the length of vacancies ranging from a few days to about a year. Of the 11.00 vacant FTE, OPI reports that 5.00 FTE positions have been filled as of August 28, 2.00 FTE are in recruitment phase, 3.00 FTE are in preparation to recruit, and 1.00 FTE is not being filled at this time due to a dual role. The chart below shows the vacant FTE, the number of months each position has been vacant, and the midpoint hourly pay rate.

### Vacant Positions Report

	FTE	Median Months Vacant	Market Midpoint (Hourly)
<b>35010 OFFICE OF PUBLIC INSTRUCTION</b>	<b>11.00</b>	<b>2.43</b>	<b>37.57</b>
<b>06 STATE LEVEL ACTIVITIES</b>	<b>11.00</b>	<b>2.43</b>	<b>37.57</b>
School Improvement Specialist	1.00	11.54	30.05
Fiscal & Reporting Manager	1.00	6.43	39.86
Chief Legal Counsel	1.00	5.70	
Business Analyst/Project Mgr	1.00	5.11	42.74
Dir of Amer Indian Ed For All	1.00	3.67	33.05
Research Analyst	1.00	2.43	38.50
21st CCLC Program Specialist	1.00	2.26	30.05
Coor. School Health Director	1.00	0.56	51.21
Lead Budget Analyst	1.00	0.46	37.57
Senior Data Operations Manager	1.00	0.23	51.21
Learning Data & Admin Spec.	1.00	0.07	26.38
<b>Total</b>	<b>11.00</b>	<b>2.43</b>	<b>37.57</b>

## Information Technology Project Expenditures



The Technology Innovation Grant 2023 (TIG) project is in its early phases. None of the project’s approximately \$373,000 budget has been expended. The projected delivery date for the project is September 30, 2026.

The non-competitive Technology Innovation Grant 2021 (nTIG) project for OPI will 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), per the United States Department of Agriculture (USDA) requirements. Of the project’s approximately \$1.9 million budget, approximately \$1.5 million or 81.8% has been expended. This delivery date for the project was extended by a year to September 30, 2025, because of delays from the software company. The USDA automatically granted states using this software company an extension.

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 \$1.9 million or 45.6% has been expended. The projected delivery date for the project is February 28, 2025.

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 (ESSER II) and

ARPA (ESSER III) funds. Of the project's \$13.5 million budget, approximately \$7.3 million or 54.4% has been expended. The \$8.0 million of ESSER II funds associated with the project had 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 projected delivery date for the project is December 31, 2024. The Department of Education also has provided guidance which allows states to request an extension for the liquidation period of ESSER funds. See the [OPI Database Modernization report](#) for additional details.