

# OFFICE OF PUBLIC INSTRUCTION

An Agency Profile Prepared by the  
Legislative Fiscal Division

November 2018



# INTRODUCTION

The Superintendent of Public Instruction is an elected official authorized by Article VI, Section 1, of the Montana Constitution. The Office of Public Instruction (OPI) distributes funding to school districts and provides services to Montana's school-age children and to teachers in approximately 400 active school districts. The core processes of the agency include:

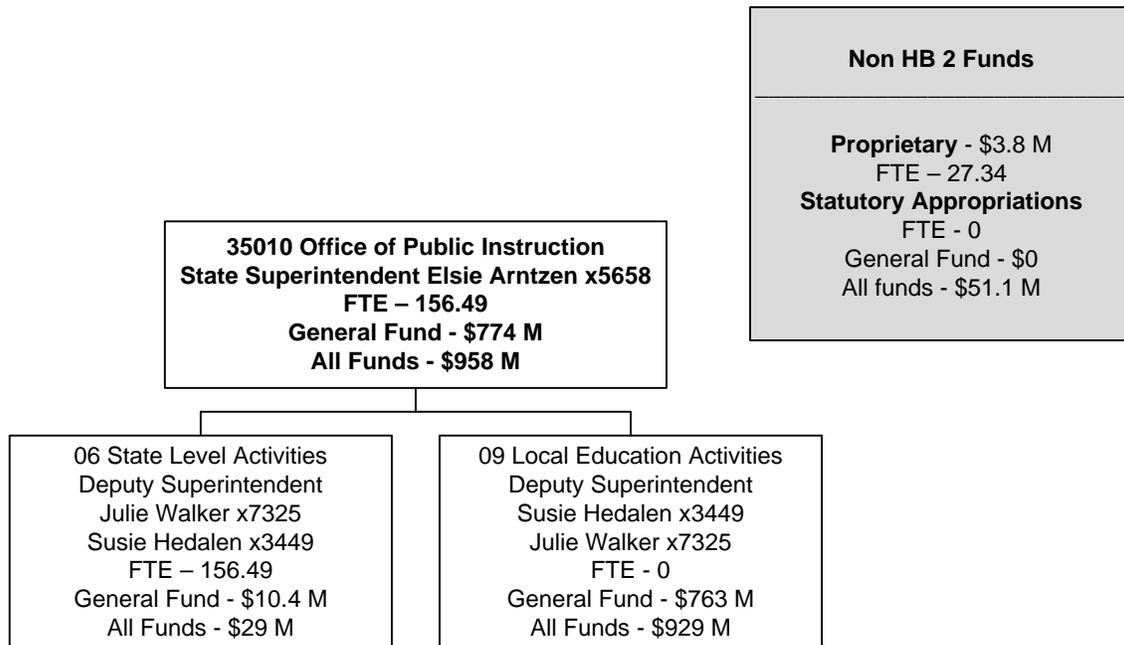
- o Licensure of educators,
- o accreditation of schools,
- o administration of statewide student assessments,
- o distribution of state and federal grants/aid to schools,
- o collection and reporting of data, and
- o dissemination of information about K-12 education.

The superintendent's staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as:

- o Teacher preparation,
- o teacher certification,
- o school accreditation,
- o academic standards and curriculum,
- o school finance, and
- o school law.

The staff also administers a number of federally funded programs and provides a variety of information services, including the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system.

Below is an organizational chart of the branch, including full-time employee (FTE) numbers and the HB 2 base general fund appropriations and the total of all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



## HOW SERVICES ARE PROVIDED

Services are provided through two programs

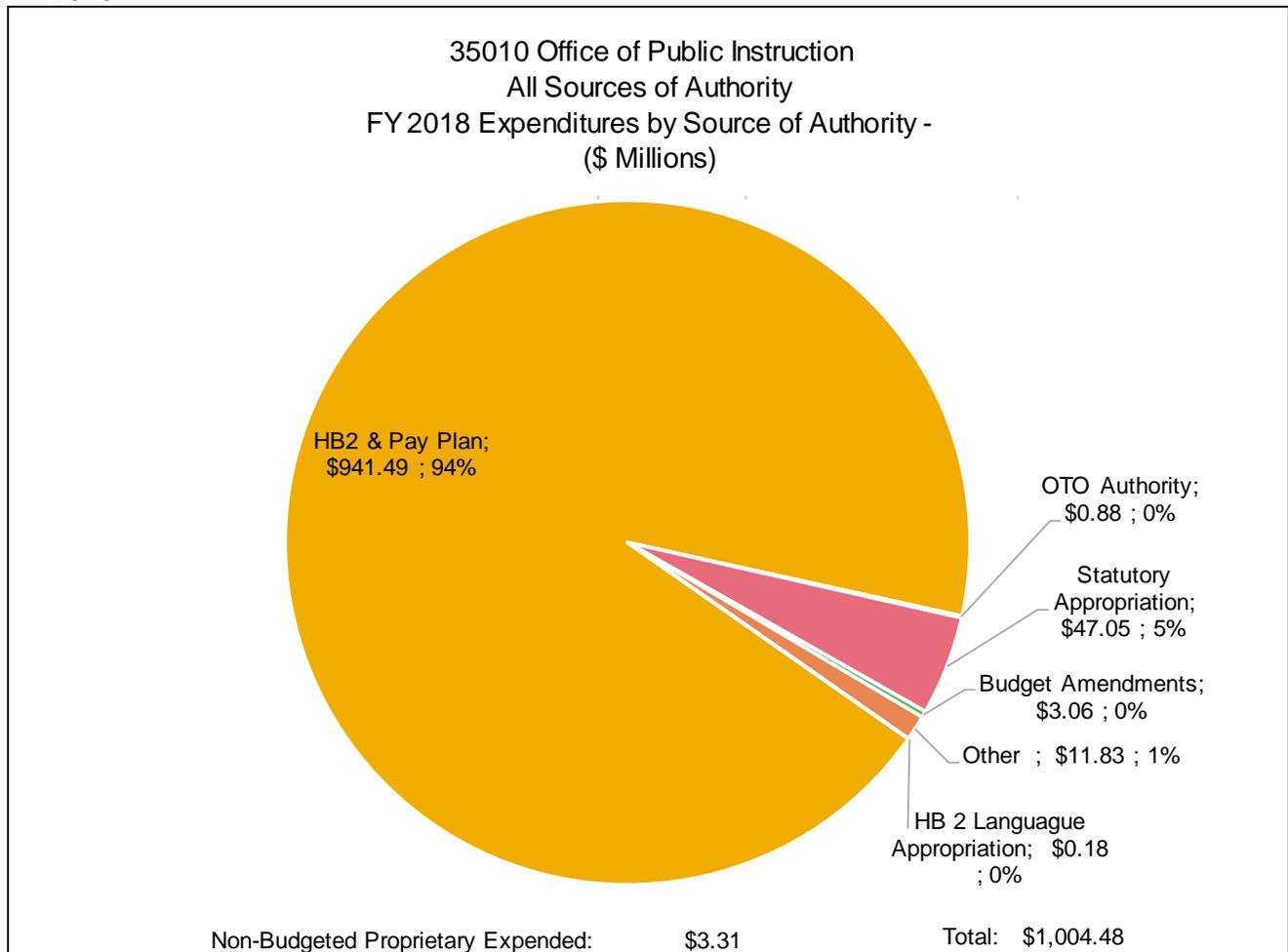
The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. Additionally, the program:

- Supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board
- is responsible for the distribution and accounting of state and federal funds provided to school districts
- maintains the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system
- provides assistance and information to school districts
- administers all federal grants received by OPI, including curriculum assistance, special education, ESEA administration, secondary vocational education administration, and other educational services

The Local Education Activities Program is used by OPI to distribute state and federal funds to local education agencies.

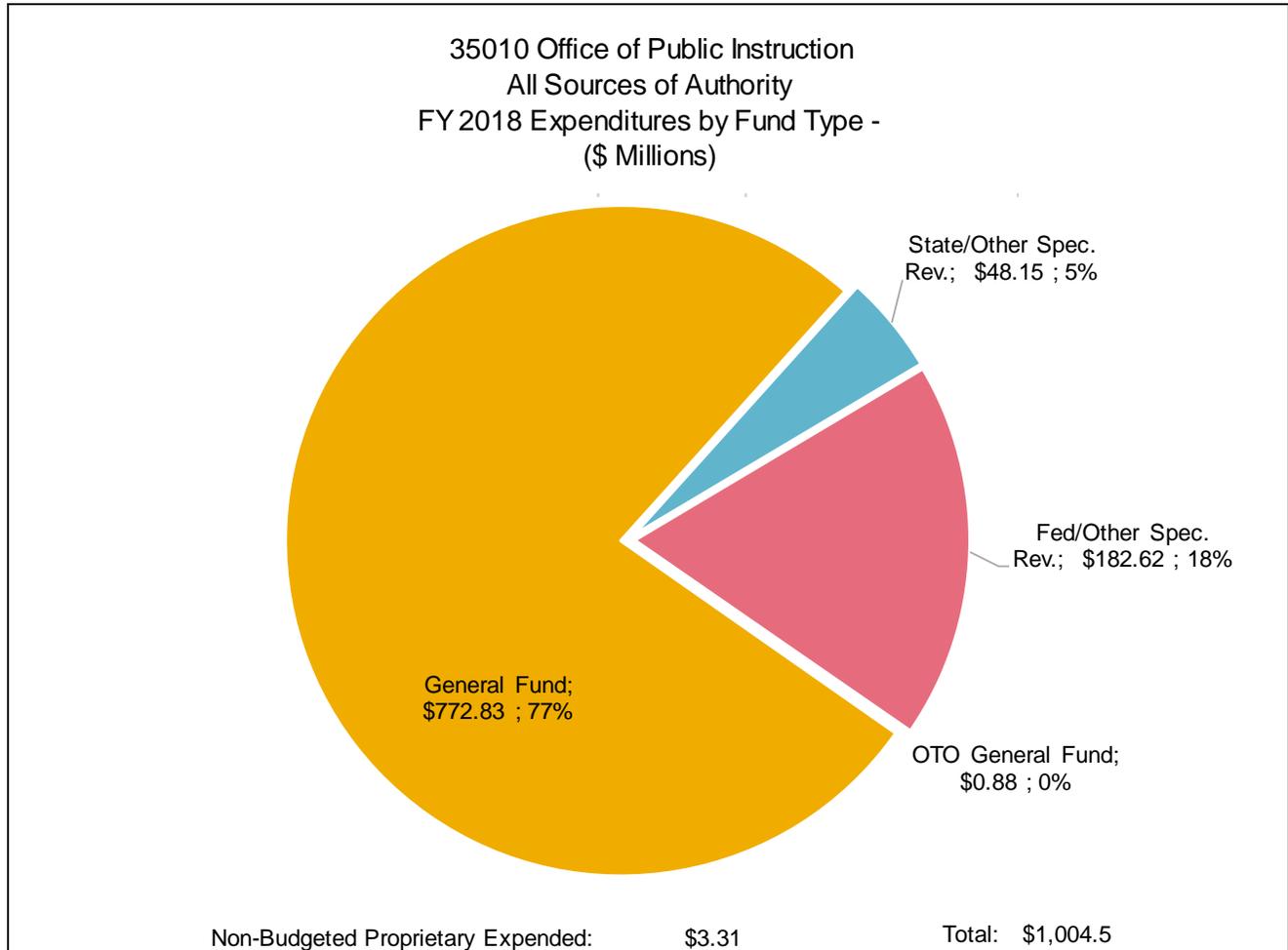
## Sources of Spending Authority

The chart below shows the source of authority for the Office of Public Instruction that was expended in FY 2018.

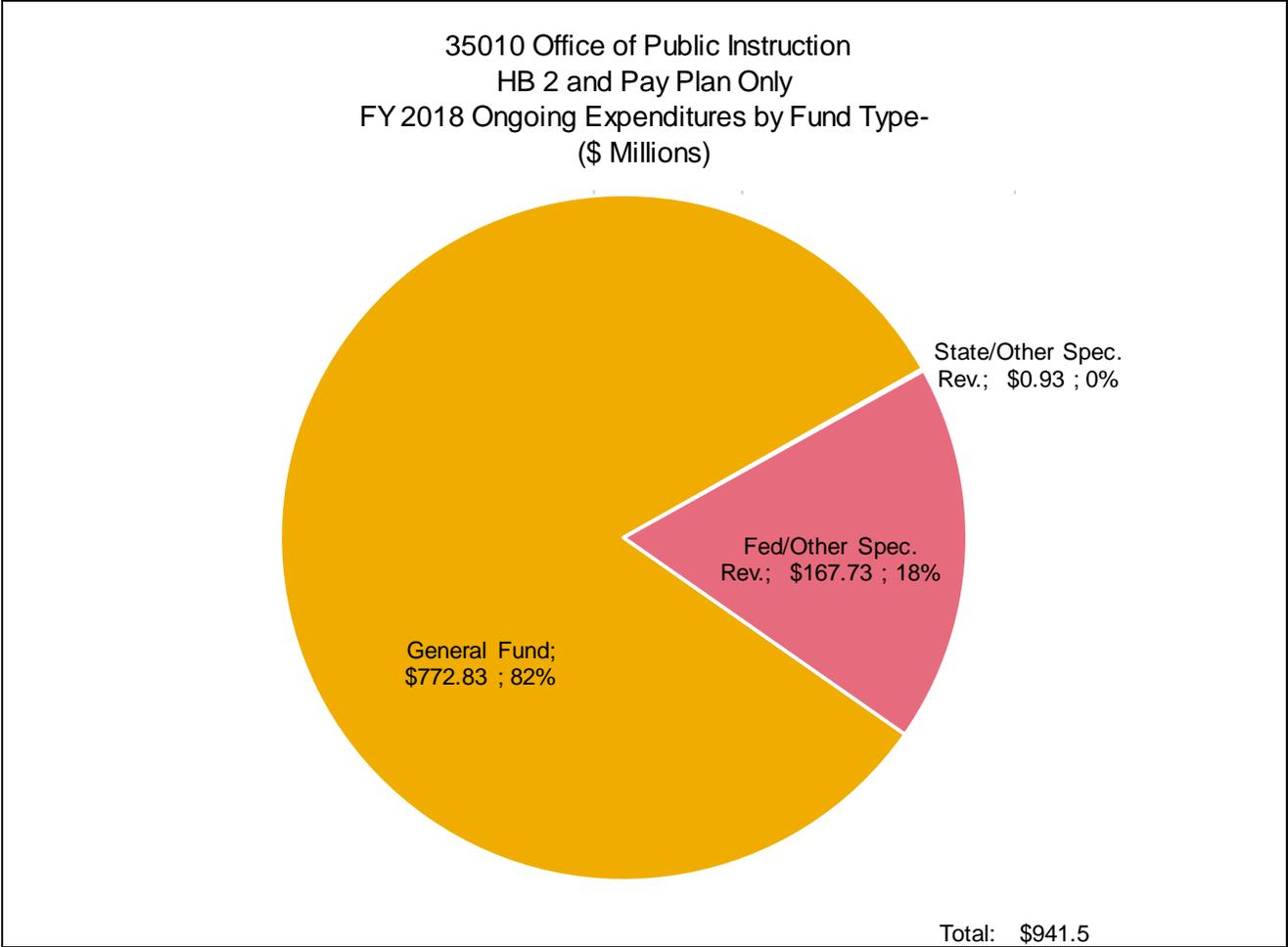


## Funding

The following charts show the agency's funding authority by fund type from all sources. State general fund, appropriated primarily in HB2, is 77% of total funding. Federal funds comprise 18% of the total appropriation for the agency. \$16.8 million, or 11.6% of federal funds, is used within the superintendent's office to administer federal programs, the remaining \$150.9 million, or 85.6%, is passed on to local districts as grants. 97.6% of state special revenue, \$47.0 million, is interest and income from the Guarantee Account, which is statutorily appropriated and distributed to school districts as BASE Aid. The chart below shows FY 2018 all actual expenditures by fund type.

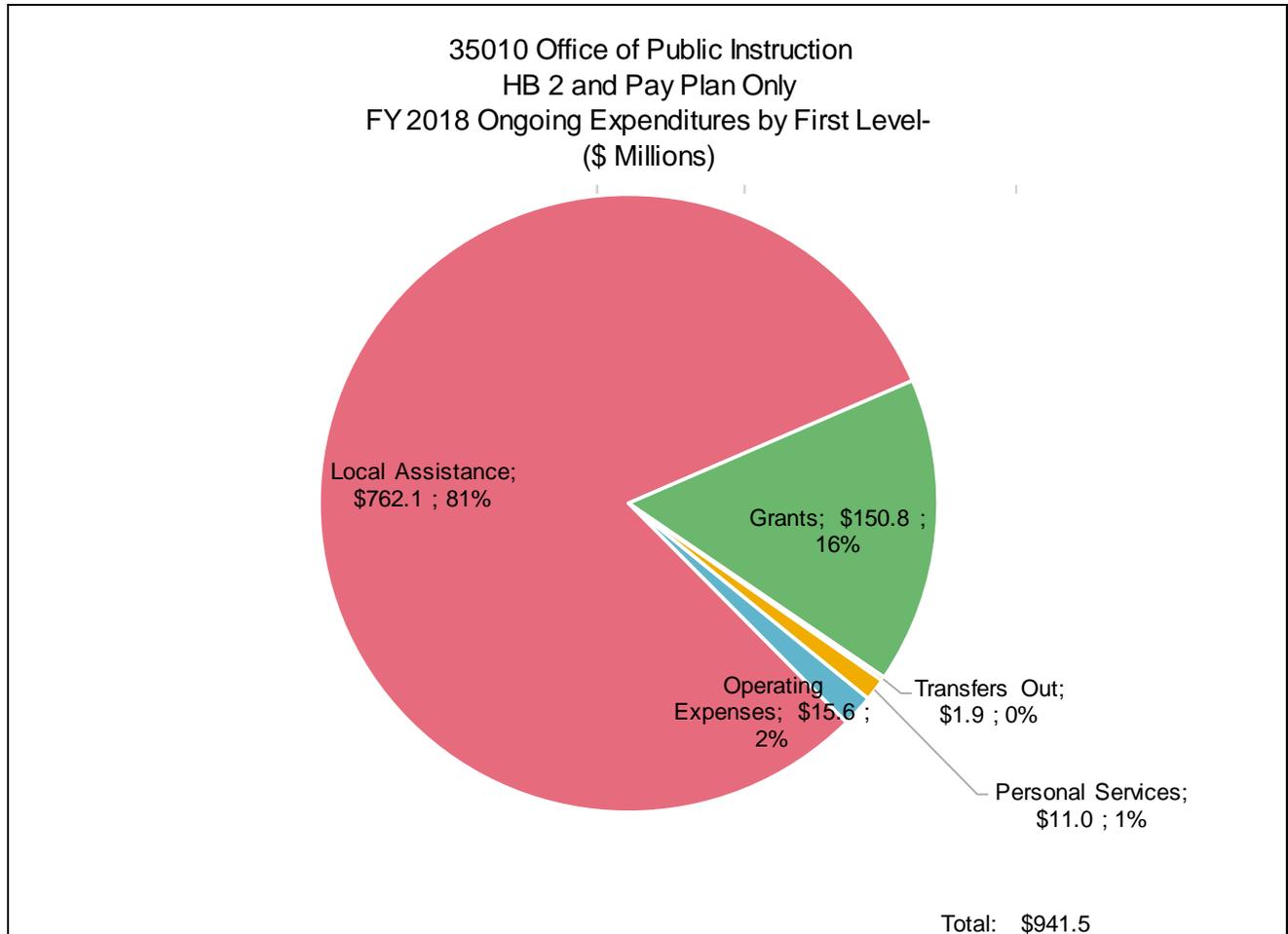


The chart below shows the agency's HB2/pay plan expenditures by fund type.



## Expenditures

The chart below explains how the HB 2/pay plan authority is spent. 81% of OPI's HB 2 and pay plan expenditures go to local assistance. Local assistance is comprised almost entirely of general fund with the exception of \$750,000 state special for traffic safety and education. Grants comprise 16% of OPI's HB 2 and pay plan expenditures, this is almost entirely the federal funds directed to schools.



## How the 2019 Legislature Can Effect Change

The legislature has the ability to change expenditure levels through the following basic elements that drive costs:

- The legislature sets in statute the formula for the BASE Budget for all school districts and the amount of BASE Aid provided to school districts from state sources.
- The legislature also sets special education appropriations, transportation rates, debt service contributions, retirement contributions.
- The legislature prescribes the number of funds a district may have and may restrict how they are to be used.

The legislature does not have supervision and control over individual school districts. This power is vested in district's school boards in accordance with Article X, Section 8 of the Montana Constitution.

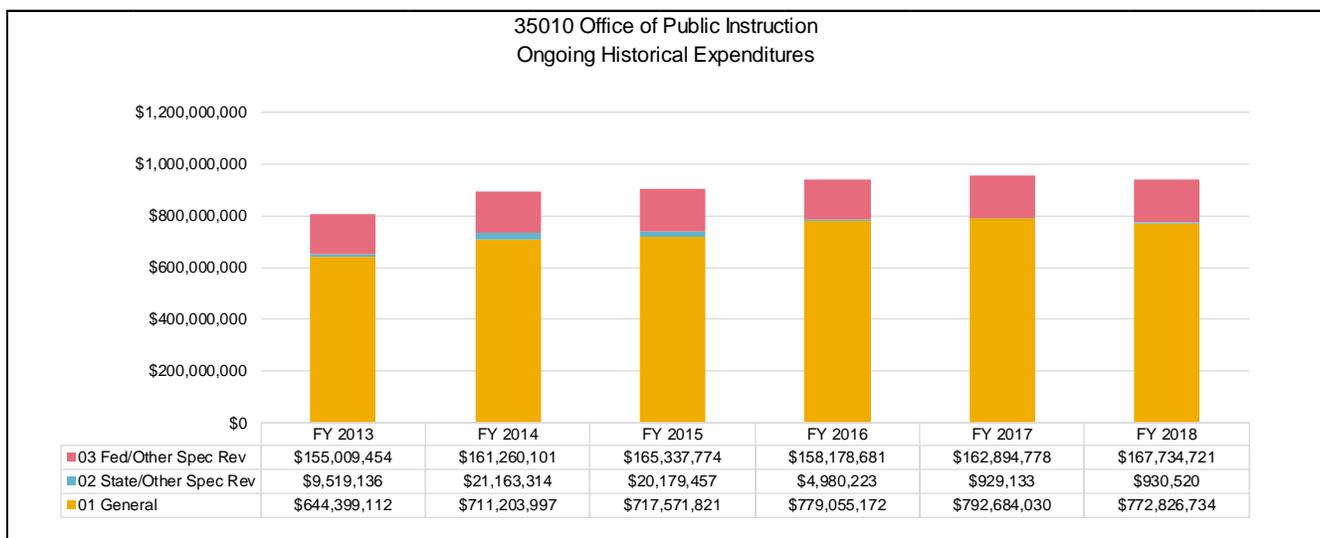
## Major Cost Drivers

The primary cost driver for school funding is enrollment and the amount of funding the state requires to be budgeted for each student.

Major Cost Drivers						
Element	FY 2011	FY 2013	FY 2015	FY 2017	Trend	Significance of Data
Enrollment (ANB)	147,965	147,705	149,410	151,433		Increase in total direct state aid related to enrollment
Spending Per Student	\$10,488	\$10,536	\$11,045	\$11,437		Inflationary and statutory increases in direct state aid per student equates to higher spending per student
Number of Districts	417	410	406	400		Each district is entitled to a basic entitlement; fewer districts mean fewer entitlements.
Quality Educators	12,416	11,997	12,191	12,247		For each quality educator the district is entitled to a quality educator payment
Retirement Contributions (GTB)	\$30.1 Million	\$31.7 Million	\$36.3 Million	\$39.3 Million		Retirement cost for school personnel are paid for by districts out of property taxes, but are subsidized by the state.

## Funding/Expenditure History

Increases in enrollment and changes to the school funding model that increased basic entitlements as well as inflationary increases to state funded components have driven increases in recent years. The chart does not show expenditures from the Guarantee Account. The guarantee account receives revenue generated from common school lands and interest on the Common School Trust account. The Guarantee Account is statutorily appropriated for BASE Aid offsetting the need for general fund appropriations. The Guarantee Account provided about \$43.2 million in FY 2017, and \$47.0 million in FY 2018.



# Major Legislative Changes in the Last Ten Years

The table below shows major school funding bills over the last ten years, with bill number and percent increase in entitlements for each fiscal year:

Component	Elements of School Funding											
	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Budget
<b>Bill Authorizing Entitlement Change</b>	SB1 (SS)	SB1 (SS)	HB676	HB676	SB 329	SB329	SB 175	SB 175	HB 27	HB 27	HB 647 SB 02(SS)	HB 647 SB 02(SS)
<b>Basic Entitlements (Per District)</b>												
Elementary	\$21,290	\$21,922	\$22,141	\$22,805	\$23,033	\$23,593	\$40,000	\$40,000	\$50,000	\$50,895	\$51,149	\$52,105
Percent Change	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	69.5%	0.0%	25.0%	1.8%	0.5%	1.9%
Middle School	60,275	62,083	\$62,704	\$64,585	\$65,231	\$66,816	\$80,000	\$80,000	\$100,000	\$101,790	\$102,299	\$104,212
Percent Change	NA	3.0%	1.0%	3.0%	1.0%	2.4%	19.7%	0.0%	25.0%	1.8%	0.5%	1.9%
High School	\$236,552	\$243,649	\$246,085	\$253,468	\$256,003	\$262,224	\$290,000	\$290,000	\$300,000	\$305,370	\$306,897	\$312,636
Percent Change	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	10.6%	0.0%	3.4%	1.8%	0.5%	1.9%
<b>Basic Entitlements Increments (Per District)</b>												
Elementary (Each 25 ANB > 250 ANB)							\$2,000	\$2,000	\$2,500	\$2,545	\$2,558	\$2,606
Percent Change							NA	0.0%	25.0%	1.8%	0.5%	1.9%
Middle School (Each 45 ANB > 450 ANB)							\$4,000	\$4,000	\$5,000	\$5,090	\$5,115	\$5,211
Percent Change							NA	0.0%	25.0%	1.8%	0.5%	1.9%
High School (Each 80 ANB > 800 ANB)							\$12,000	\$12,000	\$15,000	\$15,269	\$15,345	\$15,632
Percent Change							NA	0.0%	25.0%	1.8%	0.5%	1.9%
<b>Per ANB Entitlements</b>												
Elementary	\$4,579	\$4,716	\$4,763	\$4,906	\$4,955	\$5,075	\$5,120	\$5,226	\$5,348	\$5,444	\$5,471	\$5,573
Percent Change	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	0.9%	2.1%	2.3%	1.8%	0.5%	1.9%
High School	\$5,861	\$6,037	\$6,097	\$6,280	\$6,343	\$6,497	\$6,555	\$6,691	\$6,847	\$6,970	\$7,005	\$7,136
Percent Change	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	0.9%	2.1%	2.3%	1.8%	0.5%	1.9%
<b>Quality Educator Payment</b>	\$3,036	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,113	\$3,169	\$3,185	\$3,245
	51.8%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	1.8%	0.5%	1.9%
<b>At Risk Payment</b>	\$5,000,000	\$5,000,000	\$1	\$1	\$5,000,000	\$5,000,000	\$5,044,500	\$5,149,426	\$5,269,408	\$5,363,730	\$5,363,596	\$5,463,895
	0.0%	0.0%	-100.0%	0.0%	Large	0.0%	0.9%	2.1%	2.3%	1.8%	0.0%	1.9%
<b>Indian Ed For All Payment</b>	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.88	\$21.25	\$21.36	\$21.76
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	1.8%	0.5%	1.9%
<b>Data for Achievement</b>							\$10.00	\$15.00	\$20.00	\$20.36	\$20.46	\$20.84
								50.0%	33.3%	1.8%	0.5%	1.9%
<b>Natural Resource Development Payment</b>								\$3,000,000	\$4,900,000	\$8,100,000	\$0	\$0
									63.3%	65.3%	-100.0%	
<b>Indian Achievement Gap Payment</b>	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$205	\$209	\$210	\$214
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.0%	0.5%	1.9%
<b>GTB Guarantee Ratio</b>	193%	193%	193%	193%	193%	193%	193%	193%	193%	193%	193%	216%
<b>Base Budget Components</b>												
Direct State Aid	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%	44.7%
Guaranteed tax base aid	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%	35.3%

Legislative changes in school funding and the fiscal year in which the change took effect.

- FY 2019 - Eliminated combined block grant, transportation block grant, county retirement block grant, and county transportation block grant.
- FY 2018 - Eliminated the district general fund block grants; transferred the Natural Resource Development Payment to a new NRD facilities payment; phased in a GTB increase in FY 2019 – FY2022
- FY 2016 – Eliminated the third count for the calculation of ANB.
- FY 2015 - Natural Resource Development payment begins.
- FY 2014 - Instituted a third count for the calculation of ANB and creation of the Data for Achievement payment. Changed the distribution method of oil and gas revenue to districts, “concentric circles”.
- FY 2008 - Full time kindergarten begins

For more information on this agency, please view their website, here: <http://opi.mt.gov/>