

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: OFFICE OF PUBLIC INSTRUCTION (35010)

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 38,641,337	\$ 46,526
Priority	SERVICE(S) TO BE ELIMINATED OR REDUCED	General Fund Annual Savings	State Special Revenue Annual Savings
1	Reduce Traffic & Safety Education Program in State Level Activities (Pgm 06)		\$ 9,026
2	Reduce Traffic & Safety Education Program in State Level Activities (Pgm 09)		\$ 37,500
3	Reduce State Level Activities by 5% (Pgm 06)	\$ 477,287	
4	Reduce Direct State Aid in Local Education Activities (Pgm 09)	\$ 38,164,050	
5			
6			
7			
8			
9			
10			
11	TOTAL SAVINGS	\$ 38,641,337	\$ 46,526
	DIFFERENCE	\$ -	\$ -

Form A

5% Base Budget Reduction Form

AGENCY CODE & NAME: OFFICE OF PUBLIC INSTRUCTION (35010)

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce Traffic & Safety Education Program in State Level Activities (Pgm 06)

#2 THE SAVINGS THAT ARE EXPECTED:

A reduction of \$9,026 state special revenue from State Level Activities in OPI program 06

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

A reduction would result in decreased funding available to personal services and/or staff to operate the Traffic & Safety Education Program.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Districts may have to reschedule pupils taking the course or offer fewer courses in the summer program for students.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 20-7-5010through 507, MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: OFFICE OF PUBLIC INSTRUCTION (35010)

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce Traffic & Safety Education Program in Local Education Activities (Pgm 09)

#2 THE SAVINGS THAT ARE EXPECTED:

A reduction of \$37,500 in state special revenue from the Local Education Activities (Pgm 09)

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

A reduction would result in decreased training time by an approved instructor for students or the reduction in the number of students served.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Districts may have to reschedule pupils taking the course or offer fewer courses in the summer program for students.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 20-7-501 through 507, MCA

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME:

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce State Level Activities by 5% (Program 06)

#2 THE SAVINGS THAT ARE EXPECTED:

State Level Activities (Pgm 06) reduction of \$477,287

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

OPI would have to reduce personal services and/or operating expenses by this amount reducing services to schools.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Targeted positions or operating expenses have not been identified, so it is uncertain what specific services would be reduced or eliminated and what impact that would have.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Would be dependent on services reduced or eliminated. Title 20

Form B

5% Base Budget Reduction Form

AGENCY CODE & NAME: OFFICE OF PUBLIC INSTRUCTION (35010)

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduce Direct State Aid in Local Education Activities (Pgm 09)

#2 THE SAVINGS THAT ARE EXPECTED:

Local Education Activities (Pgm 09) reduction of \$38,164,050 from Direct State Aid (DSA) costs to schools

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reduction in the DSA would require statute change and reduction to school district budget levels.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

Local property taxes would increase as less state funding would be available.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, 20-9-306, MCA

Form B

HB 2 Agency Budget Submission for Distribution to Schools 2019 Legislature

Description	Actual Expend Fiscal 2018	Legislative Base Budget Fiscal 2020	PL Base Adjustments Fiscal 2020	New Proposals Fiscal 2020	Total Fiscal 2020	PL Base Adjustments Fiscal 2021	New Proposals Fiscal 2021	Total Fiscal 2021	Total 2021 Biennium
BASE Aid Summary	730,698,956	769,058,616	27,901,046	8,593,883	805,553,545	49,208,903	11,627,118	830,231,221	1,635,784,765
HB 2 General Fund	687,314,519	723,507,379	27,901,046	8,593,883	760,002,308	49,208,903	11,627,118	784,343,400	1,544,345,708
Guarantee Account (statutory appropriation)	43,384,437	45,551,237	-	-	45,551,237	-	-	45,887,821	91,439,057
HB 2 General Fund									
BASE Aid									
Direct State Aid	405,597,632	417,945,885	9,562,391	4,953,205	432,461,481	19,070,615	6,736,480	443,752,980	876,214,461
GTB - School General Fund	192,659,093	215,781,360	10,687,051	2,494,461	228,962,872	20,243,253	3,593,280	239,617,893	468,580,765
GTB - School Retirement	41,145,401	40,895,846	3,935,270	335,924	45,167,040	5,211,010	456,017	46,562,873	91,729,913
Quality Educator	40,065,281	40,903,291	422,739	650,000	41,976,030	1,179,857	650,000	42,733,148	84,709,178
Indian Ed for All	3,251,542	3,320,545	31,580	43,569	3,395,694	97,913	59,433	3,477,891	6,873,585
Close Achievement Gap	4,272,870	4,355,970	33,798	75,000	4,464,768	115,090	75,000	4,546,060	9,010,828
Data for Achievement	-	-	3,209,999	41,724	3,251,723	3,272,947	56,908	3,329,855	6,581,578
Audit	322,700	304,482	18,218	-	322,700	18,218	-	322,700	645,400
Special Education Distribution	43,195,111	43,291,924	-	611,504	43,903,428	-	1,410,956	44,702,880	88,606,308
Transportation Aid-Ft	10,071,778	10,073,552	1,900,000	-	11,973,552	1,900,000	-	11,973,552	23,947,104
At Risk Students	5,363,596	5,463,895	49,721	-	5,513,616	150,620	-	5,614,515	11,128,131
Voc Ed State Match Distribution	1,489,999	1,490,000	-	510,000	2,000,000	-	510,000	2,000,000	4,000,000
K-12 Other Expenses	-	-	-	1,800,000	1,800,000	-	-	-	1,800,000
State Block Grants	13,349,812	1,693,274	-	-	1,693,274	-	-	1,693,274	3,386,548
In-State Treatment	756,532	783,861	-	-	783,861	-	-	783,861	1,567,722
School Food Ft Gf	660,542	660,542	-	-	660,542	-	-	660,542	1,321,084
Adult Basic Education Gf	522,261	522,375	-	-	522,375	-	-	522,375	1,044,750
Gifted And Talented	126,615	248,750	-	211,250	460,000	-	211,250	460,000	920,000
State Tuition Payments	340,315	377,675	-	-	377,675	-	-	377,675	755,350
Advancing Ag Ed	89,923	151,184	-	-	151,199	-	-	151,203	302,402
National Board Certification	-	-	107,000	-	107,000	174,500	-	174,500	281,500
Senate Bill 9 Prog 09	-	25,000	-	-	25,000	-	-	25,000	50,000
Gf Major Maintenance Aid	-	-	-	-	-	-	-	-	-
Total General Fund	763,281,003	788,289,411	29,957,767	11,726,637	829,973,830	51,434,023	13,759,324	853,482,777	1,683,456,607
State Special Revenue									
School Major Maintenance	-	-	1,617,000	-	1,617,000	2,209,000	-	2,209,000	3,826,000
Traffic Education Flowthru	750,000	750,000	-	-	750,000	-	-	750,000	1,500,000
School Facility Reimbursement	-	8,586,000	(8,586,000)	-	-	(6,086,000)	-	2,500,000	2,500,000
Total State Special	750,000	9,336,000	(6,969,000)	-	2,367,000	(3,877,000)	-	5,459,000	7,826,000
Federal Special Revenue									
Adult Basic Education	984,261	1,041,582	-	-	1,041,582	-	-	1,041,582	2,083,164
Carl Perkins	2,850,488	2,696,374	-	-	2,696,374	-	-	2,696,374	5,392,748
Education Of Homeless Children	180,293	131,448	-	-	131,448	-	-	131,448	262,896
Gear Up	30,144	48,518	-	-	48,518	-	-	48,518	97,036
Idea Part B	36,969,728	30,327,522	500,000	-	30,827,522	1,000,000	-	31,327,522	62,155,044
Idea Part D	94,173	36,229	-	-	36,229	-	-	36,229	72,458
Idea Preschool	1,115,103	1,212,299	-	-	1,212,299	-	-	1,212,299	2,424,598
Migrant Incentive	-	99,329	-	-	99,329	-	-	99,329	198,658
School Nutrition Programs	43,076,249	41,355,628	-	-	41,355,628	-	-	41,355,628	82,711,256
Title I Grants To Local Education Agencies	47,651,087	46,564,052	2,000,000	-	48,564,052	2,500,000	-	49,064,052	97,628,104
Title I Migrant Education	920,781	770,483	-	-	770,483	-	-	770,483	1,540,966
Title I Neglected & Delinquent	191,663	115,617	-	-	115,617	-	-	115,617	231,234
Title I Part E Striving Readers	1,135,215	6,680,114	-	-	6,680,114	-	-	6,680,114	13,360,228
Title I Sig 1003G	-	1,246,784	-	-	1,246,784	-	-	1,246,784	2,493,568
Title II Part A Teacher	9,223,443	12,840,447	-	-	12,840,447	-	-	12,840,447	25,680,894
Title II Part B Math Science	281,023	630,699	-	-	630,699	-	-	630,699	1,261,398
Title III English Language	354,989	637,950	-	-	637,950	-	-	637,950	1,275,900
Title IV Part B 21st Century	6,907,394	5,366,107	-	-	5,366,107	-	-	5,366,107	10,732,214
Title VI - Rural Low Income	92,421	434,209	-	-	434,209	-	-	434,209	868,418
Budget Amendments	(1,135,215)	-	-	-	-	-	-	-	-
Total Federal Spending	150,923,240	152,235,391	2,500,000	-	154,735,391	3,500,000	-	155,735,391	310,470,782
Funding									
Total General Fund	763,281,003	788,289,411	29,957,767	11,726,637	829,973,830	51,434,023	13,759,324	853,482,777	1,683,456,607
Total State Special	750,000	9,336,000	(6,969,000)	-	2,367,000	(3,877,000)	-	5,459,000	7,826,000
Total Federal	150,923,240	152,235,391	2,500,000	-	154,735,391	3,500,000	-	155,735,391	310,470,782
Total Distribution to Public Schools	914,954,243	949,860,802	25,488,767	11,726,637	987,076,221	51,057,023	13,759,324	1,014,677,168	2,001,753,389
Statutory Appropriations									
Guarantee Account - Direct State Aid	43,384,437	45,551,237	-	-	45,551,237	-	-	45,887,821	91,439,057
Guarantee Account - Estimated Revenue Adjustm	-	-	-	-	-	-	-	-	-
Total Guarantee Account	43,384,437	45,551,237	-	-	45,551,237	-	-	45,887,821	91,439,057
School Facility and Technology Account	-	-	-	-	-	-	-	2,500,000	2,500,000
Total Statutory Appropriations	43,384,437	45,551,237	-	-	45,551,237	-	-	48,387,821	93,939,057

Elements of School Funding

Component	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Budget	FY2021 Budget
Bill Authorizing Entitlement Change	HB676	HB676	SB 329	SB329	SB 175	SB 175	HB 27	HB 27	HB 191	HB 191		
Basic Entitlements (Per District)												
Elementary	<u>\$22,141</u>	<u>\$22,805</u>	<u>\$23,033</u>	<u>\$23,593</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$50,000</u>	<u>\$50,895</u>	<u>\$51,149</u>	<u>\$52,105</u>	<u>\$52,579</u>	<u>\$53,541</u>
Percent Change	1.0%	3.0%	1.0%	2.4%	69.5%	0.0%	25.0%	1.8%	0.5%	1.9%	0.9%	1.8%
Middle School	<u>\$62,704</u>	<u>\$64,585</u>	<u>\$65,231</u>	<u>\$66,816</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$100,000</u>	<u>\$101,790</u>	<u>\$102,299</u>	<u>\$104,212</u>	<u>\$105,160</u>	<u>\$107,084</u>
Percent Change	1.0%	3.0%	1.0%	2.4%	19.7%	0.0%	25.0%	1.8%	0.5%	1.9%	0.9%	1.8%
High School	<u>\$246,085</u>	<u>\$253,468</u>	<u>\$256,003</u>	<u>\$262,224</u>	<u>\$290,000</u>	<u>\$290,000</u>	<u>\$300,000</u>	<u>\$305,370</u>	<u>\$306,897</u>	<u>\$312,636</u>	<u>\$315,481</u>	<u>\$321,254</u>
Percent Change	1.0%	3.0%	1.0%	2.4%	10.6%	0.0%	3.4%	1.8%	0.5%	1.9%	0.9%	1.8%
Basic Entitlements Increments (Per District)												
Elementary (Each 25 ANB > 250 ANB)					<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,500</u>	<u>\$2,545</u>	<u>\$2,558</u>	<u>\$2,606</u>	<u>\$2,630</u>	<u>\$2,678</u>
Percent Change					NA	0.0%	25.0%	1.8%	0.5%	1.9%	0.9%	1.8%
Middle School (Each 45 ANB > 450 ANB)					<u>\$4,000</u>	<u>\$4,000</u>	<u>\$5,000</u>	<u>\$5,090</u>	<u>\$5,115</u>	<u>\$5,211</u>	<u>\$5,258</u>	<u>\$5,354</u>
Percent Change					NA	0.0%	25.0%	1.8%	0.5%	1.9%	0.9%	1.8%
High School (Each 80 ANB > 800 ANB)					<u>\$12,000</u>	<u>\$12,000</u>	<u>\$15,000</u>	<u>\$15,269</u>	<u>\$15,345</u>	<u>\$15,632</u>	<u>\$15,774</u>	<u>\$16,063</u>
Percent Change					NA	0.0%	25.0%	1.8%	0.5%	1.9%	0.9%	1.8%
Per ANB Entitlements												
Elementary	<u>\$4,763</u>	<u>\$4,906</u>	<u>\$4,955</u>	<u>\$5,075</u>	<u>\$5,120</u>	<u>\$5,226</u>	<u>\$5,348</u>	<u>\$5,444</u>	<u>\$5,471</u>	<u>\$5,573</u>	<u>\$5,624</u>	<u>\$5,727</u>
Percent Change	1.0%	3.0%	1.0%	2.4%	0.9%	2.1%	2.3%	1.8%	0.5%	1.9%	0.9%	1.8%
High School	<u>\$6,097</u>	<u>\$6,280</u>	<u>\$6,343</u>	<u>\$6,497</u>	<u>\$6,555</u>	<u>\$6,691</u>	<u>\$6,847</u>	<u>\$6,970</u>	<u>\$7,005</u>	<u>\$7,136</u>	<u>\$7,201</u>	<u>\$7,333</u>
Percent Change	1.0%	3.0%	1.0%	2.4%	0.9%	2.1%	2.3%	1.8%	0.5%	1.9%	0.9%	1.8%
Quality Educator Payment	<u>\$3,042</u>	<u>\$3,042</u>	<u>\$3,042</u>	<u>\$3,042</u>	<u>\$3,042</u>	<u>\$3,042</u>	<u>\$3,113</u>	<u>\$3,169</u>	<u>\$3,185</u>	<u>\$3,245</u>	<u>\$3,275</u>	<u>\$3,335</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	1.8%	0.5%	1.9%	0.9%	1.8%
At Risk Payment	<u>\$1</u>	<u>\$1</u>	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>\$5,044,500</u>	<u>\$5,149,426</u>	<u>\$5,269,408</u>	<u>\$5,363,730</u>	<u>\$5,363,596</u>	<u>\$5,463,895</u>	<u>\$5,513,616</u>	<u>\$5,614,515</u>
	-100.0%	0.0%	Large	0.0%	0.9%	2.1%	2.3%	1.8%	0.0%	1.9%	0.9%	1.8%
Indian Ed For All Payment	<u>\$20.40</u>	<u>\$20.40</u>	<u>\$20.40</u>	<u>\$20.40</u>	<u>\$20.40</u>	<u>\$20.40</u>	<u>\$20.88</u>	<u>\$21.25</u>	<u>\$21.36</u>	<u>\$21.76</u>	<u>\$21.96</u>	<u>\$22.36</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	1.8%	0.5%	1.9%	0.9%	1.8%
Data for Achievement					<u>\$10.00</u>	<u>\$15.00</u>	<u>\$20.00</u>	<u>\$20.36</u>	<u>\$20.46</u>	<u>\$20.84</u>	<u>\$21.03</u>	<u>\$21.41</u>
					50.0%	33.3%	1.8%	0.5%	1.9%	0.9%	1.8%	
Natural Resource Development Payment						<u>\$3,000,000</u>	<u>\$4,900,000</u>	<u>\$8,100,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
						63.3%	65.3%	-100.0%				
School Major Maintenance Aid											<u>\$6,400,000</u>	<u>\$7,600,000</u>
											18.8%	
Indian Achievement Gap Payment	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>	<u>\$205</u>	<u>\$209</u>	<u>\$210</u>	<u>\$214</u>	<u>\$216</u>	<u>\$220</u>
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.0%	0.5%	1.9%	0.9%	1.9%
GTB Guarantee Ratio	193%	193%	193%	193%	193%	193%	193%	193%	193%	216%	224%	232%
Base Budget Components												
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%

Bill and session year: SB424, 2003. HB 63, 2005; HB1, 2005 SS; SB1 2007SS; 2009 HB 676, 2011 SB 329, 2013 SB 175

In FY 2010 and FY 2011, the basic and per-ANB entitlements were raised by 3% and 3%, but 2% in the first year was OTO.

Agency Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Personal Services	26,069,359	26,105,937	36,578	0.14 %
Operating Expenses	30,770,645	28,777,046	(1,993,599)	(6.48)%
Equipment & Intangible Assets	985,523	985,524	1	0.00 %
Local Assistance	1,571,679,181	1,704,878,607	133,199,426	8.47 %
Grants	303,997,352	311,419,852	7,422,500	2.44 %
Transfers	5,008,388	5,036,680	28,292	0.56 %
Total Expenditures	\$1,938,510,448	\$2,077,203,646	\$138,693,198	7.15 %
General Fund	1,578,870,904	1,715,164,646	136,293,742	8.63 %
State/Other Special Rev. Funds	19,079,719	16,316,578	(2,763,141)	(14.48)%
Federal Spec. Rev. Funds	340,559,825	345,722,422	5,162,597	1.52 %
Total Funds	\$1,938,510,448	\$2,077,203,646	\$138,693,198	7.15 %
Total Ongoing	\$1,936,724,424	\$2,075,518,646	\$138,794,222	7.17 %
Total OTO	\$1,786,024	\$1,685,000	(\$101,024)	(5.66)%

Agency Biennium Comparison -

The biennium comparison table shows a total growth of 7.2%, which for the Office of Public Instruction (OPI) is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 5.9%.

Mission Statement

The Office of Public Instruction serves Montana's students, parents, schools, and communities as we prepare each generation for success in careers and college.

Agency Highlights

**Office of Public Instruction
Major Budget Highlights**

- The executive request for the Office of Public Instruction (OPI) biennium ongoing budget is approximately \$138.7 million or 7.2% higher than the 2019 biennium budget. The biennial increase is significantly influenced by the 2018 reductions. When compared with the FY 2019 base the increase is \$117.0 million for the biennium
 - The request for State Level Activities has a biennial decrease of roughly 3.3% or \$1.9 million
 - The request for Local Education Activities has a biennial increase of roughly 7.5% or \$140.6 million, which mostly consists of inflationary increases to school funding components as well as the executive proposal for new preschool funding
- The Superintendent of Public Instruction made an elected official request which also includes restoration of funding to certain programs that was reduced during the previous biennium and funding for school safety training for educators
- Present law adjustments for personal services for this agency are negative due to transferring federal funds from operating expenses to fund modified FTE
- The executive estimates the amount of revenue deposited in the guarantee account in both FY 2020 and FY 2021 to be approximately \$4.0 million less than the estimate in HJ 2
- The executive request includes a reduction of operating expenses in State Level Activities operations by moving SB 9 restoration funds to items that were cut last biennium into Local Education Activities. The Superintendent requests an alternative to this reduction. See comment in Elected Official Request section

Legislative Action Issues

- The executive budget proposes to fund voluntary preschool through the K-12 quality education funding formula, contingent on passage of LC 949. This request totals roughly \$21.9 million over the 2021 biennium
- The Superintendent of Public Instruction has submitted an elected official request which includes:
 - Audiology funded at it's current level and included in HB 2 as a restricted line item
 - All funding for Montana Digital Academy (MTDA) be made ongoing and be included as a single restricted line item. In previous biennia approximately 40.0% of MTDA funding was one-time-only
 - An appropriation of \$0.5 million per year to provide school safety training to educators by moving general fund from State Level Activities to Local Education Activities
- In the executive budget proposal the present law request for school major maintenance is \$6.4 million in FY 2020 and \$7.6 million in FY 2021, this is calculated per (20-9-635, MCA). Currently the executive budget includes coal severance of \$1.6 million in FY 2020 and \$2.2 million in FY 2021 as part of this proposal. LFD's interpretation of statute suggests school major maintenance

appropriations would be additive, with the \$3.8 million coal trust money being in addition to the executive proposal

Agency Actuals and Budget Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
FTE	0.00	156.32	156.32	156.32	156.32
Personal Services	11,035,054	12,226,247	13,843,112	13,053,673	13,052,264
Operating Expenses	15,678,345	15,562,813	15,207,832	14,384,623	14,392,423
Equipment & Intangible Assets	0	492,761	492,762	492,762	492,762
Local Assistance	762,104,637	776,131,503	795,547,678	838,834,832	866,043,775
Grants	150,847,617	151,498,676	152,498,676	155,209,926	156,209,926
Transfers	2,704,420	2,504,211	2,504,177	2,518,340	2,518,340
Total Expenditures	\$942,370,073	\$958,416,211	\$980,094,237	\$1,024,494,156	\$1,052,709,490
General Fund	773,704,820	779,283,557	799,587,347	845,520,890	869,643,756
State/Other Special Rev. Funds	930,522	9,534,870	9,544,849	6,612,145	9,704,433
Federal Spec. Rev. Funds	167,734,731	169,597,784	170,962,041	172,361,121	173,361,301
Total Funds	\$942,370,073	\$958,416,211	\$980,094,237	\$1,024,494,156	\$1,052,709,490
Total Ongoing	\$941,491,986	\$957,538,124	\$979,186,300	\$1,023,651,656	\$1,051,866,990
Total OTO	\$878,087	\$878,087	\$907,937	\$842,500	\$842,500

Agency Discussion

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

The Office of Public Instruction HB 2 modified budget is comprised of general fund, state special, and federal revenue. The agency expended 98.3% of its HB 2 modified budget as of the end of FY 2018. This is in line with anticipated expenditures with the exception of state special funds. This is due to an appropriation of \$8.6 million from the school facility and technology state special revenue fund, which does not have revenues to support the authority.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$980.1 million, which is \$21.7 million or 2.3% higher than the FY 2018 total appropriation due to:

- November 2017 Special Session reductions in both fiscal years that were subsequently restored by SB 9 for FY 2019, in the amount of \$1.1 million
- SB 294 pay plan increase in FY 2019 of \$97,000
- Increases of approximately \$20.4 million in local assistance and grants

All appropriations for federal special revenue appropriations in State Level Activities and in Local Education Activities and all general fund appropriations in Local Education Activities are biennial.

Executive Request

The executive requests a funding increase of \$138.7 million from all sources.

Biennial budget changes are primarily due to the executive's recommendation for:

- A \$1.9 million reduction to State Level Activities
- An increase of \$140.6 million to Local Education Activities, primarily for local assistance and grants, of which \$21.7 million is for the provision of preschool in K-12 schools.

Elected Official Request

As an elected official the Superintendent of Public Instruction has the opportunity to request budget items. The superintendent requests that DP 926 be rejected and has submitted an alternative request. The affected values are shown in figure 1. The executive and the superintendent both include special education, secondary vocational education, and additional local education funds that were cut in SB 261 (2017 Regular Session) to be restored.

The differences arise in that the executive requests \$211,250 general fund per year for gifted and talented funding while the Superintendent requests \$500,000 general fund per year to school safety training for Montana educators. To help offset the cost of these requests, the executive is requesting \$978,361 general fund per year be transferred from State Level Activities to Local Education Activities. In contrast the Superintendent requests \$500,000 general fund per year be transferred from State Level Activities to Local Education Activities.

Figure 1

Superintendent Request		
	FY 2020	FY 2021
School Safety		
State Level Activities	(500,000)	(500,000)
School Safety	500,000	500,000
Reinstatement of SB 261 Cuts w/GTB		
Secondary Vo Ed	510,000	510,000
Special Education	217,547	217,547
GTB & Retirement	39,564	39,564
Additional Local Ed Activities	39,350	39,350
Reject DP 926		
State Level Activities	(978,361)	(978,361)
Gifted and Talented	211,250	211,250
Secondary Vo Ed	510,000	510,000
Special Education	217,547	217,547
GTB & Retirement	39,564	39,564
	\$806,461	\$806,461

While the funding is in the executive request, the superintendent proposes that all funding for the Montana Digital Academy (MTDA) be made ongoing as a restricted line item. In previous biennia, approximately \$1.2 million was included in the State Level Activities base with roughly \$800,000 as a one-time-only appropriation. This request does not increase the total amount for this program as proposed by the executive.

While the funding is in the executive request, the Superintendent proposes audiology funding to be a fully funded and restricted in the amount of \$508,000. This amount would be taken out of the State Level Activities line in HB 2 and does not require additional appropriation.

Comparison of the FY 2019 Legislative Budget the the FY 2019 Base

Figure 2 illustrates the beginning FY 2019 budget as adopted by the 2017 Legislature compared to the finalized 2019 base budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2019 base budget was agreed upon by the executive and legislature to be the point from which any changes would be recorded for the 2021 biennium budgeting process.

Figure 2

FY 2019 Legislative Appropriations - Office of Public Instruction				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
06 State Level Activities				
61000 Personal Services	12,555,612	1,287,500	13,843,112	10.3%
62000 Operating Expenses	15,134,124	(1,312,500)	13,821,624	-8.7%
63000 Equipment & Intangible Assets	492,762	-	492,762	0.0%
68000 Transfers-out	1,168,000	-	1,168,000	0.0%
Program Total	29,350,498	(25,000)	29,325,498	-0.1%
09 Local Education Activities				
62000 Operating Expenses	1,306,608	-	1,306,608	0.0%
65000 Local Assistance	795,522,678	25,000	795,547,678	0.0%
66000 Grants	152,498,676	-	152,498,676	0.0%
68000 Transfers-out	507,840	-	507,840	0.0%
Program Total	949,835,802	25,000	949,860,802	0.0%
Grand Total	979,186,300	-	979,186,300	0.0%

The legislative action budget includes the FY 2019 budget as adopted during the November 2017 Special Session, specific other house and senate bills, and SB 9 restorations. SB 9 restored general fund appropriations of approximately \$1.1 million to the Office of Public Instruction in FY 2019. Additionally there was one executive modification that transferred \$1.3 million in federal funds from operating expenses to personal services to fund modified FTE for federal grant programs.

5.0% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. The Office of Public Instruction has provided a plan for general fund reductions of approximately \$38.6 million, and state special reductions of approximately \$47,000. The plan includes reductions in local assistance, personal services, and operating expenses, which could impact local school district budgets, staffing, and services to schools. A summary of the entire 2021 biennium 5% plan submitted for this agency is in the appendix.

Agency Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into four categories, as follows:

1. Formula Based

Formula based changes are calculated independent of agency choices, such as: annualize personal services costs including FY 2019 statewide pay plan adjustments, changes to benefit rates, and longevity adjustments related to incumbents in each position at the time of the personal services snapshot, plus rate changes for workers' compensation and unemployment insurance.

A detailed illustration of this methodology is included in the Budget Analysis Appendix.

2. Personal Services Management Decisions

Any agency management decisions that adjusted employee pay or transferred personal services authority between programs. This includes raises or position changes that may increase or reduce a budget, such as hiring FTE at a lower rate to replace retired senior staff or moving FTE and funding between programs.

3. Proposed Reinstatement of Personal Services Base Budget Reductions

Most agencies requested reinstatement of personal services budget reductions taken last session. The single largest reinstatement is due to the lower vacancy savings rate requested by the executive. The FY 2019 personal services base included approximately 6.0% vacancy savings reduction as part of the funding adopted in HB 2. Generally, the executive requested a 2.0% vacancy savings reduction for 2021 biennium.

Agencies funded with general fund may have additional personal services reductions such as those reduced from the triggers in SB 261 from last session.

In some instances, the lower personal services budgets caused agencies to make management decisions that lowered the ongoing cost of personal services. When this occurred, the LFD reflected the lower reinstatement requested rather than the total of all personal services reductions made by the previous legislature.

4. Budget Modifications

This category includes modifications to the FY 2019 personal services budget such as transfer of personal services authority to operating expenses that occurred during the interim. These transfers may impact the overall size of the personal services present law adjustment (DP 1).

The Figure shows the analysis of the proposed changes.

Figure 3

Personal Services Present Law DP 1 - FY 2020					
Program	Formula Based	Management Decisions	Proposed Reinstatement of PS	Budget Modifications	DP1 SWPL
06 STATE LEVEL ACTIVITIES	139,813	(141,752)	-	(1,287,500)	(1,289,439)
Agency Total	\$139,813	(\$141,752)	\$0	(1,287,500)	(\$1,289,439)

Personal services were \$13.8 million or 1.4% of total FY 2019 appropriations. The executive proposes a statewide present law decrease of approximately \$1.3 million in FY 2020 and \$1.3 million in FY 2021, which is partially offset by a proposed increase of \$0.5 million federal funds for personal services in each year of the biennium.

The requested reduction stems from operating plan modifications to the personal services base that transferred federal operating expenses to personal services in order to fund modified FTE for federal grant programs. This had the effect of lowering the personal services base and resulted in DP 1 being negative.

In OPI only Statewide Education Activities uses personal services funding.

Funding

The following table shows proposed agency funding by source of authority.

Total Office of Public Instruction Funding by Source of Authority 2021 Biennium Budget Request - Office of Public Instruction						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	1,713,479,646	1,685,000	0	0	1,715,164,646	79.09 %
State Special Total	16,316,578	0	0	85,522,969	101,839,547	4.70 %
Federal Special Total	345,722,422	0	0	0	345,722,422	15.94 %
Proprietary Total	0	0	5,897,834	0	5,897,834	0.27 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$2,075,518,646	\$1,685,000	\$5,897,834	\$85,522,969	\$2,168,624,449	
Percent - Total All Sources	95.71 %	0.08 %	0.27 %	3.94 %		

Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget
2019 Base Budget	798,679,410	798,679,410	1,597,358,820	93.13 %	979,186,300	979,186,300	1,958,372,600	94.28 %
SWPL Adjustments	377,937	383,860	761,797	0.04 %	(1,186,687)	(1,180,296)	(2,366,983)	(0.11)%
PL Adjustments	34,722,767	56,807,023	91,529,790	5.34 %	34,753,767	60,930,023	95,683,790	4.61 %
New Proposals	11,740,776	13,773,463	25,514,239	1.49 %	11,740,776	13,773,463	25,514,239	1.23 %
Total Budget	\$845,520,890	\$869,643,756	\$1,715,164,646		\$1,024,494,156	\$1,052,709,490	\$2,077,203,646	

Language and Statutory Authority -

The following language is recommended for inclusion in HB 2.

"The office of public instruction may distribute funds from the appropriation for in-state treatment to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs."

"All revenue up to \$1.3 million in the traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121, MCA, is appropriated as provided in Title 20, chapter 7, part 5."

"All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local education activities are biennial."

OPI has statutory appropriations primarily from Guarantee Fund interest and income from common school trust land. This accounts for 3.9% of the total appropriation authority. This authority is used as part of the BASE calculation to offset use of state general funds.

Program Biennium Comparison

The following table compares the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 18-19	Requested Budget 20-21	Biennium Change	Biennium % Change
Operating Expenses	2,599,628	2,613,250	13,622	0.52 %
Local Assistance	1,571,679,181	1,704,878,607	133,199,426	8.47 %
Grants	303,997,352	311,419,852	7,422,500	2.44 %
Transfers	1,015,714	1,015,680	(34)	0.00 %
Total Expenditures	\$1,879,291,875	\$2,019,927,389	\$140,635,514	7.48 %
General Fund	1,557,149,093	1,693,630,607	136,481,514	8.76 %
State/Other Special Rev. Funds	18,672,000	15,826,000	(2,846,000)	(15.24)%
Federal Spec. Rev. Funds	303,470,782	310,470,782	7,000,000	2.31 %
Total Funds	\$1,879,291,875	\$2,019,927,389	\$140,635,514	7.48 %
Total Ongoing	\$1,879,291,875	\$2,019,927,389	\$140,635,514	7.48 %
Total OTO	\$0	\$0	\$0	0.00 %

Program Biennium Comparison -

The biennium comparison table shows a total growth of 7.5%, which for this program is significantly influenced by the FY 2018 appropriation reductions. Compared to the FY 2019 base appropriation, the growth is 6.3%.

Program Description

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

Program Highlights

Local Education Activities Major Budget Highlights
<p>The executive proposes an increase of \$120.2 million in Local Education Activities over the FY 2019 base, funded primarily with general fund.</p> <p><u>Present law adjustments</u> - appropriation increase of \$76.5 million (\$25.3 million could be considered restorations from reductions made last biennium, which includes \$15.0 million in Guaranteed Tax Base (GTB) restoration)</p> <ul style="list-style-type: none"> • BASE aid inflation - \$70.7 million biennial. Includes inflation adjustments, enrollment adjustments and increases in GTB state funding • Restoration of the data for achievement payment that was removed last biennium - \$6.5 million biennial • Restore and adjust transportation payment of \$1.9 million for each year of the biennium. \$1.7 million is restoration of removed funds, \$0.2 million is for increased need <p><u>New proposals</u> - increase of \$25.5 million in appropriation</p> <ul style="list-style-type: none"> • Provide preschool - \$8.5 million in FY 2020 and \$11.4 million in FY 2021 • Restoration of SB 9 funds - Total of approximately \$1.0 million per year. This funding would be used to primarily restore funding removed in SB 261 (2017 Regular Session) as well as increase gifted and talented funding by \$0.2 million • Add the school inflation adjustment to special education - \$1.9 million for the biennium
LFD Issues
<ul style="list-style-type: none"> • In the executive budget proposal the present law request for school major maintenance is \$6.4 million in FY 2020 and \$7.6 million in FY 2021, which includes \$1.6 million in FY 2020 and \$2.2 million in FY 2021 of state special revenue from the school major maintenance coal sub trust. LFD's interpretation of statute (20-9-635, MCA) suggests school major maintenance appropriations would be additive, with the \$3.8 million coal trust money being in addition to the executive proposal • The executive estimates the amount of revenue deposited in the guarantee account in both FY 2020 and FY 2021 to be approximately \$4.0 million less than the estimate in HJ 2

Program Actuals and Budget Comparison

The following table compares FY 2018 actual expenditures to the 2019 biennium appropriated budget and the 2021 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2018	Approp. Fiscal 2018	Approp. Fiscal 2019	Request Fiscal 2020	Request Fiscal 2021
Operating Expenses	1,277,456	1,293,020	1,306,608	1,306,623	1,306,627
Local Assistance	762,104,637	776,131,503	795,547,678	838,834,832	866,043,775
Grants	150,847,617	151,498,676	152,498,676	155,209,926	156,209,926
Transfers	713,923	507,874	507,840	507,840	507,840
Total Expenditures	\$914,943,633	\$929,431,073	\$949,860,802	\$995,859,221	\$1,024,068,168
General Fund	763,281,003	768,859,682	788,289,411	834,756,830	858,873,777
State/Other Special Rev. Funds	750,000	9,336,000	9,336,000	6,367,000	9,459,000
Federal Spec. Rev. Funds	150,912,630	151,235,391	152,235,391	154,735,391	155,735,391
Total Funds	\$914,943,633	\$929,431,073	\$949,860,802	\$995,859,221	\$1,024,068,168
Total Ongoing	\$914,943,633	\$929,431,073	\$949,860,802	\$995,859,221	\$1,024,068,168
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2018 Appropriations Compared to FY 2018 Actual Expenditures

Local Education Activities expended 98.4% of its FY 2018 modified HB 2 budget. Operating costs were 98.8% expended, local assistance was 98.2% expended, grants were 99.6% expended. This is in line with past expenditures as Local Education Activities typically spends between 98.0% and 99.0% of its total budget.

FY 2018 Appropriations Compared to FY 2019 Appropriations

FY 2019 total appropriations are \$949.8 million, which is \$20.4 million or 2.2% higher than the FY 2018 total appropriation primarily due to:

- Increases of \$36.2 million in BASE aid
- A decrease of \$11.7 million in block grants

Executive Request

The Office of Public Instruction is requesting increases from the base of \$46.0 million in FY 2020 and \$74.2 million in in FY 2021. These increases are discussed in detail in the Present Law and New Proposal sections but are primarily driven by:

- Increase in BASE aid of \$24.6 million in FY 2020 and \$46.2 million in FY 2021. This increase includes the inflationary adjustment of 0.91% in FY 2020 and 1.83% in FY 2021 as well as accounting for expected increases in the number of students. This number also includes increases in guarantee tax base aid (GTB). This increase in GTB is the return of state funding that was removed when the district general fund block grants were cut. This amounts to \$5.0 million in FY 2020 and \$10.0 million in FY 2021 and results in a corresponding decrease in local property taxes
- A new proposal for voluntary preschool. This proposal is for \$10.3 million in FY 2020 and \$11.4 million in FY 2021
- A decrease of \$4.6 million in FY 2020 and \$2.1 million in FY 2021 in debt service assistance. These funds come from a state special revenue account from common school trust land. This is not a true expenditure decrease as funds were not available to make the payment in FY 2019, but this adjustment would correspond to expected available revenue for this account in the upcoming biennium

Funding

The following table shows proposed program funding by source of authority.

Office of Public Instruction, 09-Local Education Activities Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,693,630,607	0	0	0	1,693,630,607	80.44 %	
02018 Guarantee Fund	0	0	0	83,472,969	83,472,969	82.36 %	
02019 Educational Improvement	0	0	0	47,500	47,500	0.05 %	
02218 School Facility & Tech Account	10,500,000	0	0	2,000,000	12,500,000	12.33 %	
02402 Traffic & Safety Education	1,500,000	0	0	0	1,500,000	1.48 %	
02487 School Fac State Spcl Revenue	3,826,000	0	0	0	3,826,000	3.78 %	
State Special Total	\$15,826,000	\$0	\$0	\$85,520,469	\$101,346,469	4.81 %	
03170 Grant Clearance Discretionary	310,470,782	0	0	0	310,470,782	100.00 %	
Federal Special Total	\$310,470,782	\$0	\$0	\$0	\$310,470,782	14.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$2,019,927,389	\$0	\$0	\$85,520,469	\$2,105,447,858		

Local Education Activities is funded by a combination of general fund, state and federal special revenue. The majority of funds are appropriated by HB 2 and the remainder are statutory appropriations.

General fund supports approximately 80% of the distribution to school districts, federal 15% and state special revenue the remaining 5%. Details of state and federal special are described below.

Guarantee Account

The guarantee account is a state special revenue account statutorily appropriated to school funding (20-9-622, MCA).The guarantee account receives revenue generated from common school trust lands and the subsequent interest on the common school trust account.

School Facility and Technology Account

The school facility and technology account supports state subsidies for school debt service from facilities bonds, technological improvements, and other infrastructure and facility needs. The school facility and technology account is funded from public land trust power site rent under the provisions of 77-4-208(2), MCA and timber harvest income from school trust lands under the provisions of 20-9-516(2)(a), MCA.

Traffic & Safety Education Account

The traffic & safety education account funds traffic education programs in Montana schools. Traffic and safety education revenues are generated from a percentage of drivers' license and commercial drivers' license fees.

School Facility State Special Revenue

The school facility state special revenue account 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.

Federal funds

Federal funds support school nutrition, education for the disadvantaged, special education, professional development for educators, and various other purposes.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the glossary section of the Budget Analysis.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	Budget Fiscal 2020	Budget Fiscal 2021	Biennium Fiscal 20-21	Percent of Budget	
2019 Base Budget	788,289,411	788,289,411	1,576,578,822	93.09 %	949,860,802	949,860,802	1,899,721,604	94.05 %	
SWPL Adjustments	15	19	34	0.00 %	15	19	34	0.00 %	
PL Adjustments	34,740,767	56,825,023	91,565,790	5.41 %	34,271,767	60,448,023	94,719,790	4.69 %	
New Proposals	11,726,637	13,759,324	25,485,961	1.50 %	11,726,637	13,759,324	25,485,961	1.26 %	
Total Budget	\$834,756,830	\$858,873,777	\$1,693,630,607		\$995,859,221	\$1,024,068,168	\$2,019,927,389		

Present Law Adjustments

The "Present Law Adjustments" table shows the changes from the FY 2019 base appropriation to the budget proposed by the executive. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 692 - National Board Certification Stipends RST	0.00	107,000	0	0	107,000	0.00	174,500	0	0	174,500
DP 902 - K-12 BASE Aid Inflation	0.00	24,572,480	0	0	24,572,480	0.00	46,158,348	0	0	46,158,348
DP 908 - Restore Transportation Payment	0.00	1,900,000	0	0	1,900,000	0.00	1,900,000	0	0	1,900,000
DP 909 - Federal Grant Award Adjustments-Pgm 09	0.00	0	0	2,500,000	2,500,000	0.00	0	0	3,500,000	3,500,000
DP 910 - Restore Data for Achievement	0.00	3,209,999	0	0	3,209,999	0.00	3,272,947	0	0	3,272,947
DP 920 - At Risk Inflation	0.00	49,721	0	0	49,721	0.00	150,620	0	0	150,620
DP 922 - NRD Major Maintenance Aid	0.00	4,783,000	1,617,000	0	6,400,000	0.00	5,391,000	2,209,000	0	7,600,000
DP 923 - Debt Service Assistance	0.00	0	(4,586,000)	0	(4,586,000)	0.00	0	(2,086,000)	0	(2,086,000)
DP 960 - Guarantee Account Adjustment	0.00	118,567	0	0	118,567	0.00	(222,392)	0	0	(222,392)
Grand Total All Present Law Adjustments	0.00	\$34,740,767	(\$2,969,000)	\$2,500,000	\$34,271,767	0.00	\$56,825,023	\$123,000	\$3,500,000	\$60,448,023

***Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 692 - National Board Certification Stipends RST -

The agency requests \$245,500 new general fund restricted to support stipends for National Board Certified teachers per 20-4-134, MCA. Stipends are to be distributed to the qualifying teacher's school district for distribution to the teacher, therefore, this change package moves base funding of \$18,000 to the agency Local Education Activities program, reducing the agency State Level Activities by the same amount. Additional general fund of \$89,000 in FY 2020 and \$156,500 in FY 2021 is included based upon projections of qualifying teachers.

DP 902 - K-12 BASE Aid Inflation -

This request is for \$70.7 million general fund for the 2021 biennium to support inflation increases per 20-9-326, MCA, of 0.91% in FY 2020 and 1.83% in FY 2021 for the basic entitlement, per-Average Number Belonging (ANB) entitlement, the quality educator payment, the Indian education for all payment, and the American Indian achievement gap payment. ANB counts are projected to increase by 0.9% in FY 2020 and by 1.2% in FY 2021, so the present law adjustment includes funding for both the growth in enrollment (ANB) and the inflationary increases in the statutory funding rates.

DP 908 - Restore Transportation Payment -

The pupil transportation appropriation was reduced by \$1,693,274 and capped in each year of the 2019 biennium at \$10,073,552 during the November 2017 Special Session (SB 2). This request restores that reduction. The request also increases the reduced amount by a total of \$1.9 million per year to meet estimated statutory pupil transportation costs. Statute (20-10-145, MCA) requires the state to reimburse school districts for pupil transportation expenses as established in 20-10-141 and 142, MCA. The total appropriation would be \$11.9 million in each year of the 2021 biennium.

DP 909 - Federal Grant Award Adjustments-Pgm 09 -

The OPI requests a \$6.0 million increase in federal funds appropriations for the 2021 biennium for anticipated increases in federal grant awards that OPI distributes to school districts and other local education entities administered by the OPI. Increases are primarily related to IDEA Part B and Title I Part A.

DP 910 - Restore Data for Achievement -

The data for achievement payment defined in 20-9-325, MCA, was suspended in SB 261, 2017 Regular Session for the 2019 biennium. This request for \$6.5 million general fund for the 2021 biennium restores that payment and provides inflationary increases in each year. The restoration of this payment requires \$3,180,038 each year of the biennium plus inflationary and ANB adjustments of \$29,960 in FY 2020 and \$92,909 in FY 2021. These increases represent a 0.91% increase in FY 2020 and 1.83% in FY 2021 as required for this payment in 20-9-326, MCA.

DP 920 - At Risk Inflation -

Inflation for the at-risk student payment in 20-9-328, MCA, of \$49,721 in FY 2020 and \$150,620 in FY 2021 represents a 0.91% increase in FY 2020 and 1.83% increase in FY 2021 as required for this payment in 20-9-326, MCA. The FY 2019 general fund base appropriation for the at-risk student payment is \$5,463,895.

DP 922 - NRD Major Maintenance Aid -

This request for \$6.4 million in FY 2020 and \$7.6 million in FY 2021 is for the Natural Resource Development K-12 School Facilities Payment (20-9-635, MCA). Funding includes \$1.6 million in FY 2020 and \$2.2 million in FY 2021 from the school major maintenance aid state special revenue fund (20-9-380, MCA) and \$4.8 million in FY 2020 and \$5.4 million in FY 2021 from the state general fund.

DP 923 - Debt Service Assistance -

This change package aligns the appropriation to anticipated revenue available for the purpose of the debt service assistance payment in 20-9-346, MCA. The appropriation in FY 2020 will be \$4.0 million, and \$6.5 million in FY 2021 if cash is still available.

DP 960 - Guarantee Account Adjustment -

This request is for a general fund decrease of \$0.1 million for the 2021 biennium to offset increased guarantee account state special revenue.

**LFD
COMMENT**

This decision package is based on the executive forecast of the guarantee account. If HJ 2 values were used, this decision package would need to be decreased by \$4.0 million per year of the biennium

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2020-----					-----Fiscal 2021-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 925 - Special Education Inflation	0.00	460,080	0	0	460,080	0.00	1,400,139	0	0	1,400,139
DP 926 - SB 9 Restoration Funds	0.00	978,361	0	0	978,361	0.00	978,361	0	0	978,361
DP 964 - Provide Preschool in K-12 Schools	0.00	10,288,196	0	0	10,288,196	0.00	11,380,824	0	0	11,380,824
Total	0.00	\$11,726,637	\$0	\$0	\$11,726,637	0.00	\$13,759,324	\$0	\$0	\$13,759,324

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 925 - Special Education Inflation -

The executive requests \$1.9 million general fund for the 2021 biennium to increase the special education allowable cost payment (20-9-321, MCA) by the K-12 BASE aid inflation factors in 20-9-326, MCA. The FY 2019 appropriation was \$43,291,924 and the statutory K-12 BASE aid inflation factors of 0.91% in FY 2020 and 1.83% in 2021 are applied to increase the special education appropriation by \$393,957 and \$1,193,409 respectively and create GTB increases of \$66,123 in FY 2020 and \$206,730 in FY 2021.

DP 926 - SB 9 Restoration Funds -

The executive budget requests a portion of the \$1.1 million per year SB 9 restoration funds be used to restore the special education allowable cost base by \$217,547 per year plus \$39,564 GTB and retirement costs in each year of the 2021 biennium; secondary Vo-Ed base by \$510,000 per year; and additional gifted and talented base authority by \$211,250 per year. The special ed base and secondary vo-ed base were reduced as part of the SB 261 reductions. The gifted and talented base appropriation was reduced by \$1,250 in SB 261 reductions and the additional funding would boost the appropriation to a total of \$460,000 per year. Gifted and talented funds have not been increased since FY 2006.

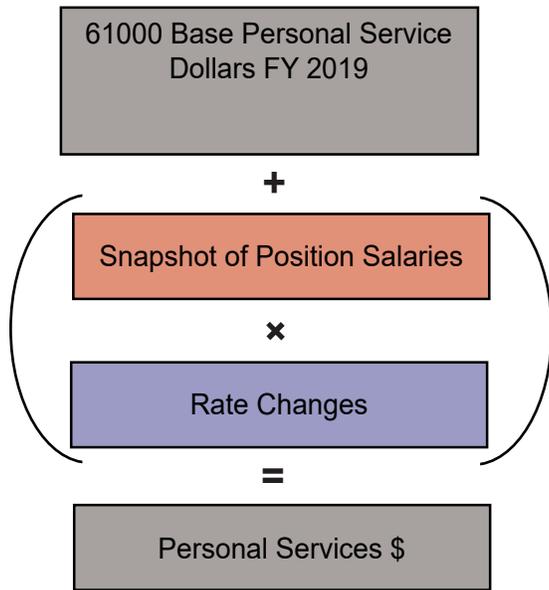
DP 964 - Provide Preschool in K-12 Schools -

The executive budget requests \$8.5 million in FY 2020 and \$11.4 million in FY 2021 general fund to implement a voluntary preschool program funded through the K-12 quality education funding formula. An additional \$1.8 million is requested as one-time-only startup funding to be distributed by direction of the legislation. This request is contingent on passage and approval of LC 949.

LFD ISSUE	This decision package includes both ongoing and one-time-only funding. If both ongoing and one-time-only funding were adopted, it would be more appropriate to adopt them as separate decision packages
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2021 Biennium Personal Services Comparison

Expected PS Calculations



Personal Services
- 61000 FY 2019 Personal Services Base
= Compare to DP1

Executive



Executive Personal Services
- 61000 FY 2019 Personal Services Base
= DP1 Statewide Present Law Adjustment

Expected Personal Services Calculation Details

(Base 61000 Amount plus Expected-Benefit-Changes-Amount)

