

**Agency Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	25,890,629	27,209,751	1,319,122	5.09 %
Operating Expenses	29,975,216	31,126,517	1,151,301	3.84 %
Local Assistance	1,673,270,544	1,779,948,000	106,677,456	6.38 %
Grants	312,459,302	314,630,102	2,170,800	0.69 %
Benefits & Claims	0	22,136,060	22,136,060	0.00 %
Transfers	5,076,708	5,306,695	229,987	4.53 %
<b>Total Expenditures</b>	<b>\$2,046,672,399</b>	<b>\$2,180,357,125</b>	<b>\$133,684,726</b>	<b>6.53 %</b>
General Fund	1,692,679,248	1,801,140,499	108,461,251	6.41 %
State/Other Special Rev. Funds	8,321,718	31,794,222	23,472,504	282.06 %
Federal Spec. Rev. Funds	345,671,433	347,422,404	1,750,971	0.51 %
<b>Total Funds</b>	<b>\$2,046,672,399</b>	<b>\$2,180,357,125</b>	<b>\$133,684,726</b>	<b>6.53 %</b>
<b>Total Ongoing</b>	<b>\$2,046,672,399</b>	<b>\$2,156,345,824</b>	<b>\$109,673,425</b>	<b>5.36 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$24,011,301</b>	<b>\$24,011,301</b>	<b>100.00 %</b>

**Agency Description**

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 school districts statewide. The core processes of the agency include licensure of educators, accreditation of schools, administration of statewide student assessments, distribution of state and federal grants/aid to schools, collection and reporting of data and dissemination of information about K-12 education. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, academic standards and curriculum, school finance and school law. The staff also administer 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.

**Agency Highlights**

<b>Office of Public Instruction Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Office of Public Instruction’s total biennial appropriation of approximately \$133.7 million or 6.5% compared to the 2021 biennium appropriation. Major budget changes include:                             <ul style="list-style-type: none"> <li>◦ Increases in general fund for K-12 BASE aid inflation, which has been adjusted to account for a change in the inflationary rate and for a decline in enrollment associated with the COVID-19 pandemic</li> <li>◦ Increases in general fund and state special revenue for Comprehensive School and Community Treatment (CSCT)</li> <li>◦ An increase in general fund to incentivize increasing starting teacher pay in Montana</li> <li>◦ An increase in general fund to offset decreases in the guarantee account</li> <li>◦ An increase in general fund and state special revenue for the natural resource development (NRD) K-12 facilities payment</li> <li>◦ Increases in general fund for the Advanced Opportunities and Transformational Learning grant programs</li> <li>◦ An increase in general fund for the Montana Indian Language Preservation Program, which will be transferred to OPI from the Department of Commerce</li> <li>◦ Increases in general fund for the Montana Digital Academy, including an inflationary increase and funding for several additional titles</li> </ul> </li> </ul>

**Agency Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	152.27	152.27	154.27	154.27
Personal Services	11,708,366	12,846,313	13,044,316	13,523,629	13,686,122
Operating Expenses	13,849,411	14,966,166	15,009,050	15,547,301	15,579,216
Local Assistance	817,828,634	824,543,690	848,726,854	869,001,512	910,946,488
Grants	152,733,986	155,756,751	156,702,551	157,315,051	157,315,051
Benefits & Claims	0	0	0	11,177,808	10,958,252
Transfers	2,720,236	2,558,368	2,518,340	2,758,235	2,548,460
<b>Total Expenditures</b>	<b>\$998,840,633</b>	<b>\$1,010,671,288</b>	<b>\$1,036,001,111</b>	<b>\$1,069,323,536</b>	<b>\$1,111,033,589</b>
General Fund	828,559,717	835,780,228	856,899,020	880,864,329	920,276,170
State/Other Special Rev. Funds	2,514,928	2,613,412	5,708,306	14,755,959	17,038,263
Federal Spec. Rev. Funds	167,765,988	172,277,648	173,393,785	173,703,248	173,719,156
<b>Total Funds</b>	<b>\$998,840,633</b>	<b>\$1,010,671,288</b>	<b>\$1,036,001,111</b>	<b>\$1,069,323,536</b>	<b>\$1,111,033,589</b>
<b>Total Ongoing</b>	<b>\$998,840,633</b>	<b>\$1,010,671,288</b>	<b>\$1,036,001,111</b>	<b>\$1,057,167,257</b>	<b>\$1,099,178,567</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,156,279</b>	<b>\$11,855,022</b>

### Summary of Legislative Action

The legislature adopted an increase to the Office of Public Instruction's total biennial appropriation of approximately \$133.7 million or 6.5% compared to the 2021 biennium appropriation. Legislative increases to the agency's budget include:

- Increases in general fund and state special revenue for the statewide present law adjustments for personal services, fixed costs, and inflation/deflation
- An increase in personal services funding for general fund, state special revenue, and federal special revenue to reduce vacancy savings from 4.0% to 2.0%
- Increases in general fund for K-12 BASE aid inflation per the school funding formula, which has been adjusted to account for a change in the inflationary rate (in coordination with HB 15), a decline in enrollment associated with the COVID-19 pandemic, and the effects of legislation (HB 233 and SB 72)
- Increases in general fund for other components of the school funding formula, such as the at-risk payment
- An increase in general fund to incentivize increasing starting teacher pay in Montana
- An increase in general fund to offset decreases in the guarantee account
- An increase in general fund and state special revenue for the natural resource development K-12 facilities payment
- Increases in general fund for the Advanced Opportunities and Transformational Learning grant programs
- An increase in general fund for the Montana Indian Language Preservation Program, which will be transferred to OPI from the Department of Commerce
- An increase in federal special revenue to adjust federal grant awards
- Increases in general fund for the Montana Digital Academy, including an ongoing inflationary increase and one-time-only funding for several additional course titles
- One-time-only increases in general fund and state special revenue to be used as state match for federal funds for Comprehensive School and Community Treatment (CSCT), which provides Medicaid services to schools
- An increase in general fund and federal special revenue to transfer 1.00 FTE and associated personal services funding from the Department of Public Health and Human Services to OPI for a state-wide Medicaid services to schools director
- An increase in general fund and federal special revenue for personal services funding for a modified FTE to provide technical support for Medicaid services to schools
- An increase in general fund for in-state treatment expenses for K-12 students residing in children's psychiatric hospitals and residential treatment facilities (in coordination with HB 206)
- An increase in general fund for larger state tuition rates for out of district placements of students (in coordination with HB 206)
- An increase in general fund for 1.00 FTE and associated personal services funding to administer the Advanced Opportunities and Transformational Learning grant programs
- An increase in general fund for national board certification stipends for eligible teachers
- An increase in general fund for the Indian Language Immersion Program
- A one-time-only increase in general fund for state lands block grants (in coordination with SB 305)
- An increase in general fund to fully fund audiological services
- A small increase in fixed costs for the natural resource information system (NRIS) and the geographic information system (GIS)

The increases to the budget were partially offset by decreases adopted by the legislature, which include:

- Decreases in federal special revenue for the statewide present law adjustments for personal services, fixed costs, and inflation/deflation
- A one-time-only reduction in general fund for a two-month state share holiday for the employer paid portion for health insurance (in coordination with SB 110)
- A small decrease in fixed costs for warehouses, storage rooms, and information technology

There were also two net-zero changes adopted by the legislature:

- A transfer of Career and Technical Student Organization (CTSO) funding from the State Level Activities Program to the Local Education Activities Program, in order to separate CTSO funding from Career and Technical Education (CTE) funding

- A transfer within the Local Education Activities Program to combine budgets within school safety grants

**Funding**

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

Total Office of Public Instruction Funding by Source of Authority 2023 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	1,797,139,680	4,000,819	0	0	1,801,140,499	79.19 %
State Special Total	11,893,740	19,900,482	0	87,300,573	119,094,795	5.24 %
Federal Special Total	347,312,404	110,000	0	0	347,422,404	15.27 %
Proprietary Total	0	0	6,923,003	0	6,923,003	0.30 %
Other Total	0	0	0	0	0	0.00 %
<b>Total All Funds</b>	<b>\$2,156,345,824</b>	<b>\$24,011,301</b>	<b>\$6,923,003</b>	<b>\$87,300,573</b>	<b>\$2,274,580,701</b>	
<b>Percent - Total All Sources</b>	<b>94.80 %</b>	<b>1.06 %</b>	<b>0.30 %</b>	<b>3.84 %</b>		

*HB 2 Funding*

General Fund

General fund accounts for a majority of spending for OPI, and nearly all general fund dollars are passed through to local school districts, primarily as K-12 BASE aid.

State Special Revenue

The school facility and technology account provides 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 hydroelectric 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. The school facility state special revenue account also 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. State special revenue for the School Lunch Program is generated through reimbursements for the costs of shipping, handling, and other related costs of school food commodities used in the program. The traffic & safety education state special revenue 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.

Federal Special Revenue

OPI receives federal grants that support public education, school nutrition, education for the disadvantaged, special education, professional development for educators, and various other functions.

*Statutory Funding*

The guarantee account is a state special revenue fund dedicated to school funding, and its funds are statutorily appropriated. 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. Revenues from the guarantee account offset general fund received by OPI.

**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](#).

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	856,899,020	856,899,020	1,713,798,040	95.15 %	1,036,001,111	1,036,001,111	2,072,002,222	95.03 %
SWPL Adjustments	390,196	404,845	795,041	0.04 %	(15,399)	21,597	6,198	0.00 %
PL Adjustments	20,082,428	58,865,127	78,947,555	4.38 %	20,280,409	59,322,951	79,603,360	3.65 %
New Proposals	3,492,685	4,107,178	7,599,863	0.42 %	13,057,415	15,687,930	28,745,345	1.32 %
<b>Total Budget</b>	<b>\$880,864,329</b>	<b>\$920,276,170</b>	<b>\$1,801,140,499</b>		<b>\$1,069,323,536</b>	<b>\$1,111,033,589</b>	<b>\$2,180,357,125</b>	

**Other Legislation**

The major changes to K-12 funding for the 2023 biennium centered around inflationary increases to K-12 BASE Aid in HB 2 and increases in federal funding for COVID-related relief funds in HB 630 and HB 632.

The following list only includes bills that affect funding:

**HB 2** – HB 2 and the guarantee account, which is a statutorily appropriated state special revenue account, contain the majority of the appropriations for OPI. Changes to appropriations in HB 2 are primarily due to inflationary increases for K-12 BASE Aid (at rates of 1.50% in FY 2022 and 2.57% in FY 2023, as passed in HB 15) and increases for CSCT.

**HB 3** – HB 3 provides supplemental general fund appropriations to meet the state’s statutory obligations for the fiscal year ending June 30, 2021. The appropriation to OPI in the bill is for \$4,500,000 to offset reduced revenue in the guarantee account.

**HB 4** – HB 4 extends all remaining fiscal year 2021 federal budget amendment authority for the Project Aware grant, the School Violence Prevention grant program, and the Elementary and Secondary School Emergency Relief (ESSER) fund into federal fiscal year 2022. The bill also authorizes all remaining fiscal year 2021 federal budget amendment authority for the Troops-to-Teachers program to continue into state fiscal year 2023.

**HB 13** – HB 13 implements the state employee pay plan for the 2023 biennium.

**HB 15** – HB 15 applies an inflationary increase of 1.50% in FY 2022 and 2.57% in FY 2023 to the basic entitlement, per-average number belonging (per-ANB) entitlement, quality educator payment, the Indian education for all payment, the American Indian achievement gap payment, and the data for achievement payment.

**HB 46** – HB 46 includes the special education allowable cost payment in the definition of BASE aid and modifies the calculation that determines the amount of special education allowable cost payment adjustments in ANB and inflation. The increase becomes effective for the 2025 biennium, and there is no significant impact to the state general fund in the 2023 biennium.

**HB 143** – HB 143 provides additional K-12 BASE Aid funding through the quality educator payment to districts who meet the legislative goal for competitive base teacher pay.

**HB 206** – HB 206 modifies the tuition rates paid by the district of residence for out of district placements and clarifies how the educational costs will be paid for children placed in in-state treatment facilities.

**HB 233** – HB 233 allows for students with disabilities, who have not reached 21 years of age by September 10 of the school year and have not yet met graduation requirements, to be included in the calculation of the ANB in a school district.

**HB 279** – HB 279 changes two income tax credits, the Student Scholarship Organization (SSO), and the Educational Improvement Account credits. The fiscal note states that the OPI would require 1.00 FTE to distribute the funds in the Educational Improvement Account. The agency is allowed up to 5.0% of the funds deposited into the IEP Innovative Educational Improvement state special revenue account for administrative costs, which would be used to cover the costs of this FTE. The new FTE would start mid-way through FY 2022.

**HB 303** – HB 303 increases the current property tax exemption for class 8 business equipment from \$100,000 to \$300,000. Due to the resulting reduction in taxable value, the bill also provides for revenue replacement for school districts. The reductions are reimbursed through an increase of 4.0% in the guaranteed tax base (GTB) ratio, beginning in FY 2023.

**HB 630** – HB 630 provides federal appropriations to state agencies for funds received from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The bill appropriates approximately \$170.1 million for the Office of Public Instruction for the following purposes: basic and supplemental allocations to school districts, allocations to other educational institutions, special needs, targeted support to school districts, education leadership, OPI database modernization, and administration.

**HB 632** – HB 632 provides federal appropriations to state agencies for funds received from the American Rescue Plan Act of 2021. The bill appropriates approximately \$391.3 million for the Office of Public Instruction for the following purposes: basic and supplemental allocations to school districts, allocations to other educational institutions, special needs, targeted support to school districts, education leadership, OPI database modernization, administration, learning loss, summer enrichment, afterschool programs, and the Individuals with Disabilities Education Act (IDEA).

**HB 644** – HB 644 provides OPI with an appropriation for the 2023 biennium to distribute grant awards to school districts for the Tribal Computer Programming Boost Scholarship Program.

**HB 663** – HB 663 revises school funding laws by increasing the GTB aid multiplier by dedicating a formula-driven portion of the estimated increasing general fund revenue from marijuana taxes to GTB. The bill increases the GTB multiplier by 18.0% in FY 2022 and each succeeding fiscal year.

**HB 671** – HB 671 is the companion bill for the Section E Joint Budget Subcommittee on Education. HB 671 creates a subcommittee to the Legislative Finance Committee (LFC) to direct a study of Indian Language Preservation Program (ILIP) and a study of the Montana Digital Academy.

**SB 72** – SB 72 allows for one sixteenth ANB of non-fulltime enrolled students who participate in extracurricular activities to be included in the school funding formula.

**SB 110** – SB 110 suspends the employer contribution to the state employee group benefit plan and the Montana university group benefit plan for a period of up to two months in FY 2022. Savings are generated due to employer contributions not being made for this two-month period.

**SB 305** – SB 305 would revive the State Lands Block Grant program through the end of FY 2023.

## Executive Budget Comparison

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2021	Executive Budget Fiscal 2022	Legislative Budget Fiscal 2022	Leg — Exec. Difference Fiscal 2022	Executive Budget Fiscal 2023	Legislative Budget Fiscal 2023	Leg — Exec. Difference Fiscal 2023	Biennium Difference Fiscal 22-23
FTE	152.27	153.27	154.27	1.00	153.27	154.27	1.00	1.00
Personal Services	13,044,316	13,000,567	13,523,629	523,062	13,162,376	13,686,122	523,746	1,046,808
Operating Expenses	15,009,050	15,543,066	26,725,109	11,182,043	15,583,060	26,537,468	10,954,408	22,136,451
Local Assistance	848,726,854	878,239,203	869,001,512	(9,237,691)	910,550,175	910,946,488	396,313	(8,841,378)
Grants	156,702,551	156,702,551	157,315,051	612,500	156,702,551	157,315,051	612,500	1,225,000
Transfers	2,518,340	2,518,340	2,758,235	239,895	2,518,340	2,548,460	30,120	270,015
<b>Total Costs</b>	<b>\$1,036,001,111</b>	<b>\$1,066,003,727</b>	<b>\$1,069,323,536</b>	<b>\$3,319,809</b>	<b>\$1,098,516,502</b>	<b>\$1,111,033,589</b>	<b>\$12,517,087</b>	<b>\$15,836,896</b>
General Fund	856,899,020	886,743,231	880,864,329	(5,878,902)	918,967,659	920,276,170	1,308,511	(4,570,391)
State/other Special Rev. Funds	5,708,306	5,810,455	14,755,959	8,945,504	6,076,880	17,038,263	10,961,383	19,906,887
Federal Spec. Rev. Funds	173,393,785	173,450,041	173,703,248	253,207	173,471,963	173,719,156	247,193	500,400
<b>Total Funds</b>	<b>\$1,036,001,111</b>	<b>\$1,066,003,727</b>	<b>\$1,069,323,536</b>	<b>\$3,319,809</b>	<b>\$1,098,516,502</b>	<b>\$1,111,033,589</b>	<b>\$12,517,087</b>	<b>\$15,836,896</b>
<b>Total Ongoing</b>	<b>\$1,036,001,111</b>	<b>\$1,071,627,637</b>	<b>\$1,057,167,257</b>	<b>(\$14,460,380)</b>	<b>\$1,098,516,502</b>	<b>\$1,099,178,567</b>	<b>\$662,065</b>	<b>(\$13,798,315)</b>
<b>Total OTO</b>	<b>\$0</b>	<b>(\$5,623,910)</b>	<b>\$12,156,279</b>	<b>\$17,780,189</b>	<b>\$0</b>	<b>\$11,855,022</b>	<b>\$11,855,022</b>	<b>\$29,635,211</b>

The legislature adopted a budget that is approximately \$15.8 million higher than the proposed executive budget for the 2023 biennium. There are several notable differences in the legislative budget as compared to the executive budget:

- A reduced increase for K-12 BASE Aid inflation due to adjustments to the inflation rates (as amended into HB 15), reduced enrollment related to the COVID-19 pandemic, and the effects of other legislation (SB 305)
- Reduced increases for the at-risk student payment, transformational learning aid, and advanced opportunities aid due to adjustments to the inflation rates (as amended into HB 15)
- A reduced increase in general fund to offset decreases in the guarantee account. The amount was adjusted to align the guarantee account estimate with HJ 2
- Reduced increases in state tuition payments and in-state treatment, which have been adjusted in coordination with HB 206. HB 206 modifies the tuition rates paid by the district of residence for out of district placements and clarifies how the educational costs will be paid for children placed in in-state treatment facilities
- An increase for the Indian Language Immersion Program and an increase to move the Montana Indian Language Preservation Program from the Department of Commerce to OPI
- Increases for the Montana Digital Academy to adjust for inflation and to create additional course titles, including several Indian language courses
- An increase in personal services due to a reduction in vacancy savings for OPI from 4.0% to 2.0%
- An increase for Comprehensive School and Community Treatment (CSCT)
- A transfer of personal services funding and one permanent FTE from the Department of Public Health and Human Services to OPI
- A transfer of personal services funding for a modified FTE from the Department of Public Health and Human Services to OPI
- Increases to implement the costs of HB 233, SB 72, and SB 305 in HB 2

**Language and Statutory Authority**

The legislature included the following language in HB 2:

"If HB 46 is passed and approved, the appropriation for Special Education becomes part of K-12 BASE Aid."

"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 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 are biennial. All general fund appropriations in local education activities are biennial, except Major Maintenance Aid, Debt Service Assistance, and Incentivize Increase in Starting Teacher Pay."

"The Major Maintenance Aid and Debt Service Assistance restricted line item appropriation is restricted to the major maintenance aid program established in 20-9-525 unless funding requirements for the program are less than the available funds. Any remaining appropriation authority from the restricted appropriations may be used to augment the appropriations for debt service assistance established in 20-9-367."

"Incentivize Increase in Starting Teacher Pay is part of K-12 BASE Aid."

"If HB 206 is not passed and approved, State Tuition Payments are increased by \$214,944 general fund in FY 2022 and \$220,649 general fund in FY 2023."

"If HB 206 is not passed and approved, In-State Treatment is increased by \$477,893 general fund in FY 2022 and \$450,724 general fund in FY 2023."



**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Personal Services	25,890,629	27,209,751	1,319,122	5.09 %
Operating Expenses	27,288,330	28,323,743	1,035,413	3.79 %
Grants	94,200	1,425,000	1,330,800	1,412.74 %
Transfers	4,021,000	4,291,015	270,015	6.72 %
<b>Total Expenditures</b>	<b>\$57,294,159</b>	<b>\$61,249,509</b>	<b>\$3,955,350</b>	<b>6.90 %</b>
General Fund	21,597,790	24,716,147	3,118,357	14.44 %
State/Other Special Rev. Funds	495,718	581,740	86,022	17.35 %
Federal Spec. Rev. Funds	35,200,651	35,951,622	750,971	2.13 %
<b>Total Funds</b>	<b>\$57,294,159</b>	<b>\$61,249,509</b>	<b>\$3,955,350</b>	<b>6.90 %</b>
<b>Total Ongoing</b>	<b>\$57,294,159</b>	<b>\$59,448,584</b>	<b>\$2,154,425</b>	<b>3.76 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$1,800,925</b>	<b>\$1,800,925</b>	<b>100.00 %</b>

**Program Description**

The State Level Activities Program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing statutorily prescribed duties. 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

The program also administers all federal grants received by OPI, including curriculum assistance, special education, Every Student Succeeds Act (ESSA), secondary vocational education, and other educational services.

**Program Highlights**

**State Level Activities  
Major Budget Highlights**

- The legislature adopted an increase to the State Level Activities Program's total biennial appropriation of approximately \$4.0 million or 6.9% compared to the 2021 biennium appropriation. Major budget changes include:
  - Increases in general fund and state special revenue and decreases in federal special revenue for the statewide present law adjustments for personal services, fixed costs, and inflation/deflation
  - An increase in personal services funding for general fund, state special revenue, and federal special revenue to reduce vacancy savings from 4.0% to 2.0%
  - An increase in general fund for the Montana Indian Language Preservation Program, which will be transferred to OPI from the Department of Commerce
  - An increase in federal special revenue to adjust federal grant awards
  - Increases in general fund for the Montana Digital Academy, including an inflationary increase and funding for several additional titles
  - An increase in general fund and federal special revenue to transfer 1.00 FTE and associated personal services funding from DPHHS to OPI for a state-wide Medicaid services to schools director
  - An increase in general fund and federal special revenue for personal services funding for a modified FTE to provide technical support for Medicaid services to schools
  - An increase in general fund for 1.00 FTE and associated personal services funding to administer the Advanced Opportunities and Transformational Learning grant programs
  - An increase in general fund to fully fund audiological services
  - A one-time-only reduction in general fund for a two-month state share holiday for the employer paid portion for health insurance

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
FTE	0.00	152.27	152.27	154.27	154.27
Personal Services	11,708,366	12,846,313	13,044,316	13,523,629	13,686,122
Operating Expenses	12,476,413	13,593,167	13,695,163	14,158,414	14,165,329
Grants	86,200	94,200	0	712,500	712,500
Transfers	2,000,500	2,010,500	2,010,500	2,250,395	2,040,620
<b>Total Expenditures</b>	<b>\$26,271,479</b>	<b>\$28,544,180</b>	<b>\$28,749,979</b>	<b>\$30,644,938</b>	<b>\$30,604,571</b>
General Fund	10,724,163	10,755,511	10,842,279	12,386,352	12,329,795
State/Other Special Rev. Funds	147,928	246,412	249,306	290,729	291,011
Federal Spec. Rev. Funds	15,399,388	17,542,257	17,658,394	17,967,857	17,983,765
<b>Total Funds</b>	<b>\$26,271,479</b>	<b>\$28,544,180</b>	<b>\$28,749,979</b>	<b>\$30,644,938</b>	<b>\$30,604,571</b>
<b>Total Ongoing</b>	<b>\$26,271,479</b>	<b>\$28,544,180</b>	<b>\$28,749,979</b>	<b>\$29,704,013</b>	<b>\$29,744,571</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$940,925</b>	<b>\$860,000</b>

**Funding**

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

Office of Public Instruction, 06-State Level Activities Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	24,716,147	0	0	24,716,147	36.25 %
02001 School Lunch Program	142,388	0	0	142,388	24.37 %
02012 Misc Grants/Contracts-Budgeted	0	0	0	0	0.00 %
02019 EDUCATIONAL IMPROVEMENT	0	0	2,500	2,500	0.43 %
02402 Traffic & Safety Education	439,352	0	0	439,352	75.20 %
02587 State School Oil & Gas Distrib	0	0	0	0	0.00 %
<b>State Special Total</b>	<b>\$581,740</b>	<b>\$0</b>	<b>\$2,500</b>	<b>\$584,240</b>	<b>0.86 %</b>
03002 Public Instruction	35,706,622	0	0	35,706,622	99.32 %
03580 Medicaid Admin	245,000	0	0	245,000	0.68 %
<b>Federal Special Total</b>	<b>\$35,951,622</b>	<b>\$0</b>	<b>\$0</b>	<b>\$35,951,622</b>	<b>52.73 %</b>
06067 Advanced Drivers Education	0	321,568	0	321,568	4.64 %
06512 Indirect Cost Pool	0	6,601,435	0	6,601,435	95.36 %
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$6,923,003</b>	<b>\$0</b>	<b>\$6,923,003</b>	<b>10.15 %</b>
<b>Total All Funds</b>	<b>\$61,249,509</b>	<b>\$6,923,003</b>	<b>\$2,500</b>	<b>\$68,175,012</b>	

HB 2 Funding

General Fund

General funds support about one third of the State Level Activities Program total budget, with the remainder supported by state special revenue, federal special revenue, and proprietary funds.

State Special Revenue

State special revenues fund the School Lunch Program and the Traffic and Safety Education Program. Revenues for the School Lunch Program are generated through reimbursements for the costs of shipping, handling, and other related costs of school food commodities used in the program. Traffic and Safety Education revenues are generated through a percentage of drivers' license fees.

Federal Special Revenue

Federal funds support just over half of the Office of Public Instruction's total budget authority.

*Statutory Funding*

Statutory appropriations are SB 410 donations to public schools and student scholarship organizations.

*Non-Budgeted Proprietary Funding*

Proprietary funds are used for the indirect cost pool and the Advanced Drivers' Education Program. For a detailed discussion of programs funded through proprietary funds, see the discussion on proprietary rates.

**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](#).

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	10,842,279	10,842,279	21,684,558	87.73 %	28,749,979	28,749,979	57,499,958	93.88 %
SWPL Adjustments	390,196	404,845	795,041	3.22 %	(15,399)	21,597	6,198	0.01 %
PL Adjustments	110,816	109,578	220,394	0.89 %	244,797	237,402	482,199	0.79 %
New Proposals	1,043,061	973,093	2,016,154	8.16 %	1,665,561	1,595,593	3,261,154	5.32 %
<b>Total Budget</b>	<b>\$12,386,352</b>	<b>\$12,329,795</b>	<b>\$24,716,147</b>		<b>\$30,644,938</b>	<b>\$30,604,571</b>	<b>\$61,249,509</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	296,816	29,339	(827,593)	(501,438)	0.00	310,763	29,625	(809,155)	(468,767)
DP 2 - Fixed Costs	0.00	94,844	9,160	392,645	496,649	0.00	95,001	9,168	392,852	497,021
DP 3 - Inflation Deflation	0.00	(1,464)	(350)	(8,796)	(10,610)	0.00	(919)	(219)	(5,519)	(6,657)
DP 50 - SWPLA Fixed Cost Reductions	0.00	(2,501)	(245)	(10,519)	(13,265)	0.00	(4,026)	(394)	(16,924)	(21,344)
DP 623 - Change OPI Vacancy Savings from 4% to 2%	0.00	113,317	3,519	141,226	258,062	0.00	113,604	3,525	141,617	258,746
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$501,012</b>	<b>\$41,423</b>	<b>(\$313,037)</b>	<b>\$229,398</b>	<b>0.00</b>	<b>\$514,423</b>	<b>\$41,705</b>	<b>(\$297,129)</b>	<b>\$258,999</b>

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

DP 1 - Personal Services -

The budget includes adjustments to annualize various personal services costs including FY 2021 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

DP 2 - Fixed Costs -

The legislature made adjustments to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature made adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include food, postage, gasoline, and others.

DP 50 - SWPLA Fixed Cost Reductions -

The legislature reduced fixed costs for warehouses, storage rooms, and information technology.

DP 623 - Change OPI Vacancy Savings from 4% to 2% -

The legislature approved a reduction in vacancy savings from 4.0% to 2.0% for the Office of Public Instruction.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 603 - Fully Fund Audiological Services (RST)	0.00	25,460	0	0	25,460	0.00	36,129	0	0	36,129
DP 604 - Federal Grant Award Adjustments	0.00	0	0	500,000	500,000	0.00	0	0	500,000	500,000
DP 612 - Indirect Cost Base Adjustment	0.00	0	0	0	0	0.00	0	0	0	0
DP 614 - CTE FTE for HB 351/HB 387	1.00	86,764	0	0	86,764	1.00	86,827	0	0	86,827
DP 616 - NRIS/GIS Fixed Costs	0.00	517	0	0	517	0.00	517	0	0	517
DP 617 - MTDA Inflationary Increase for Technology (RST/BIEN)	0.00	29,895	0	0	29,895	0.00	30,120	0	0	30,120
DP 618 - MTDA Additional Titles (RST/BIEN/OTO)	0.00	130,000	0	0	130,000	0.00	0	0	0	0
DP 620 - MTDA Indian Language Titles (RST/BIEN/OTO)	0.00	80,000	0	0	80,000	0.00	0	0	0	0
DP 624 - MT Indian Language Preservation (RST/BIEN/OTO)	0.00	750,000	0	0	750,000	0.00	750,000	0	0	750,000
DP 626 - Medicaid Services to Schools Director (RST)	1.00	67,500	0	67,500	135,000	1.00	67,500	0	67,500	135,000
DP 627 - Medicaid Services to Schools Technical Support (RST/OTO)	0.00	55,000	0	55,000	110,000	0.00	55,000	0	55,000	110,000
DP 913 - Separate CTSO Funding; Move FFA Funding to CTSO	0.00	(53,000)	0	0	(53,000)	0.00	(53,000)	0	0	(53,000)
DP 5555 - Reduce GF Budget for State Share Holiday (OTO)	0.00	(129,075)	0	0	(129,075)	0.00	0	0	0	0
<b>Total</b>	<b>2.00</b>	<b>\$1,043,061</b>	<b>\$0</b>	<b>\$622,500</b>	<b>\$1,665,561</b>	<b>2.00</b>	<b>\$973,093</b>	<b>\$0</b>	<b>\$622,500</b>	<b>\$1,595,593</b>

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

DP 603 - Fully Fund Audiological Services (RST) -

The legislature increased general fund for operating expenses to fund the activities in 20-7-403(12), MCA, which requires the superintendent to contract for audiological services for children throughout Montana. The amount increases the base funding each year to the amount actually expended in FY 2020. In addition, an inflation adjustment of 2.0% per year is provided to keep up with ongoing audiological cost rates and stable funding for the required equipment calibration and

repairs.

DP 604 - Federal Grant Award Adjustments -

The legislature provided federal special revenue for personal services to support a part-time modified FTE. Changes in state and federal law do not allow the agency to contract for services as in previous years, and the state personal services funding process does not reinstate personal services expenditures for these workers.

DP 612 - Indirect Cost Base Adjustment -

The legislature increased operating expenses for fixed costs charged to the indirect cost pool. The indirect cost pool is an internal service proprietary fund used to allocate various centralized services costs such as payroll, accounting, or budgeting to all of OPI's State Level Activities Program state and federally funded programs, using a federally pre-approved indirect cost rate.

DP 614 - CTE FTE for HB 351/HB 387 -

The legislature provided general fund to support 1.00 FTE to administer the Transformational Learning and Advanced Opportunity grant programs established in the 2019 Legislative Session.

DP 616 - NRIS/GIS Fixed Costs -

The 2019 Legislature enacted HB 633 requiring the Legislative Finance Committee (LFC) to conduct a study of the funding of digital library services. The LFC recommended that the Office of Budget and Program Planning include an assessment for the natural resource information system (NRIS) and the geographic information system (GIS) as a fixed cost to state agencies beginning in the 2023 biennium. The assessment is made to those agencies that utilize the NRIS/GIS.

DP 617 - MTDA Inflationary Increase for Technology (RST/BIEN) -

The legislature approved a restricted, biennial appropriation of general fund for an inflationary increase for technology in the Montana Digital Academy.

DP 618 - MTDA Additional Titles (RST/BIEN/OTO) -

The legislature provided a restricted, biennial, one-time-only appropriation of general fund for developing thirteen additional titles within the Montana Digital Academy in FY 2022.

DP 620 - MTDA Indian Language Titles (RST/BIEN/OTO) -

The legislature approved a restricted, biennial, one-time-only appropriation of general fund for Native American and cultural courses in the Montana Digital Academy, as outlined in HB 286.

DP 624 - MT Indian Language Preservation (RST/BIEN/OTO) -

The legislature approved a restricted, biennial, one-time-only general fund increase for the Montana Indian Language Preservation Program (MILP). The program was previously housed in the Department of Commerce, but is being transferred to the Office of Public Instruction. The MILP was established to address the rapid language loss of Native American languages in the state and to preserve this rich aspect of Montana and tribal heritage. Each tribal nation develops and makes accessible curricula, audio, and video recordings and reference materials to assist in preserving and perpetuating Indian languages.

DP 626 - Medicaid Services to Schools Director (RST) -

The legislature approved the transfer of 1.00 FTE and associated funding from the Medicaid and Health Services Management Division in the Department of Public Health and Human Services to the Office of Public Instruction for a director of Medicaid services to schools. This funding was approved as a restricted appropriation.

DP 627 - Medicaid Services to Schools Technical Support (RST/OTO) -

The legislature approved the addition of 1.00 FTE and associated funding to the Office of Public Instruction for technical support for Medicaid services to schools. This funding was approved as a restricted, one-time-only appropriation.

DP 913 - Separate CTSO Funding; Move FFA Funding to CTSO -

The legislature reduced Career and Technical Education (CTE) state match distribution and increased by the same amount Career and Technical Student Organizations (CTSO) to clarify the appropriations. Historically, this has been paid to the Future Farmers of America (FFA), a CTSO organization, to pay for the FFA executive director. This change combines all CTSO funding and separates it from the CTE state match appropriation. The net effect of this change package between OPI's programs is zero.

DP 5555 - Reduce GF Budget for State Share Holiday (OTO) -

The legislature approved the removal of the general fund portion of the savings generated by the contribution holiday from the budget (in coordination with SB 110). Savings from other funding sources will remain in the agency to be able to address ongoing functions of the agency.

**Other Issues****Proprietary Rates**

The State Level Activities Program has two proprietary funds. These programs are described separately along with a discussion of program expenses, revenues, and rates being requested to finance the program. There are two proprietary programs:

- Indirect cost pool
- Advanced Driver Education Program

**Indirect Cost Pool – 06512***Proprietary Program Description*

The OPI indirect cost pool 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. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees approved in HB 2 are the maximum fees that may be charged in the biennium.

*Program Description*Revenue

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying the approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. In FY 2020, OPI federal programs contributed \$1,990,892 towards indirect costs; general and other state-funded programs contributed a combined \$1,153,526.

OPI negotiates an annual predetermined rate with the U.S. Department of Education. It is anticipated this rate will be

consistent with previous years and remain around 17.0%, which is the current legislatively approved rate. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA. The agency may not charge more than the lower of the rate negotiated with the Department of Education or the rate approved by the legislature.

### Expenses

Costs of OPI operations that are paid from the indirect cost pool include:

- Termination payouts (for vacation, comp time, and sick leave) for all staff, except the state superintendent and personal staff
- Partial costs for services provided to OPI by other state agencies, known as fixed costs
- Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, mail delivery, and resource center services to all OPI programs
- Operating costs associated with 25.85 FTE, including the cost of rent for space occupied, office supplies, postage, equipment, training, travel, photocopy charges, etc.
- General-use items such as paper, FAX lines, and shared equipment, including maintenance contracts on equipment

It should be noted that the legislative audit costs are appropriated on a biennial basis causing expenditures for the OPI indirect cost pool to be higher in the first year of the biennium.

### *Rate and Rate Explanation*

OPI negotiates an annual predetermined rate with the U.S. Department of Education. The rate is calculated in accordance with federal regulations and section 17-3-111, MCA. The approved rate for FY 2022 is 17.0%. A new rate will be negotiated in December of 2021 and will be applicable for FY 2023.

### *Projected Fund Balance, Including Cash Fluctuations*

There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for ongoing operations. If a significant balance accumulates because direct expenses increase at a faster rate than indirect expenses, the approved rate will adjust downward to reduce the excess over time.

### *Working Capital and Fees Commensurate Analysis*

Working Capital is not considered in the rate determination. Sufficient working capital is needed for cashflow during the first 30 to 60 days of the fiscal year.

## **Advanced Drivers Program (Montana DRIVE) in Lewistown - 06067**

### *Proprietary Program Description*

The Advanced Driver Education Program (DRIVE) is a seasonal, hands-on, behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of OPI at a training facility in Lewistown. The one-day and half-day courses provides training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews, and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers, and the public.

### Revenue

Revenues are generated from workshop fees collected from program users (authority Title 20 MCA). Typically, the program serves 450 to 500 participants a season. The current fee is \$350 for a full-day workshop per person. Program fees should remain \$315 to \$350 for the 2023 biennium. This should cover any unusual maintenance costs that are incurred during a season. It is anticipated that services will remain approximately the same as present for the 2023 biennium.

### Expenses



Cost drivers for fees include instructor expenses (includes salaries, travel, and per diem); vehicle maintenance and operating expenses (fuel and repairs), classroom and track supplies, track lease, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). Continued facility maintenance is anticipated to be an on-going cost.

#### Working Capital Discussion

This program is a summer seasonal program that operates 45 to 55 days during June, July, and August utilizing 13 to 16 vehicles. The program typically employs four professional instructors for each workshop (10 to 11 hours per day each) totaling 1.30 FTE. A director (0.15 FTE) and a program specialist (0.23 FTE) provide administrative support during the year. Most revenue is received between April and June through pre-paid workshop registrations. Most expenses are realized June through August, with continuing administrative expenses during the remainder of the year. The program requires 30.0% to 45.0% of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July through March.

#### Fund Equity and Reserved Fund Balance

In addition to operating expenses during non-revenue months, the program also incurs periodic (every two to five years) expenditures for replacement of vehicles and facility maintenance and improvement. Payment of these services requires accumulation and an amount of revenue to carryover from the previous fiscal year of approximately 10.0% to 20.0% of its year-end budget.

**Program Budget Comparison**

The following table compares the 2021 biennium appropriated budget and the 2023 biennium adopted budget by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 20-21	Legislative Budget 22-23	Biennium Change	Biennium % Change
Operating Expenses	2,686,886	2,802,774	115,888	4.31 %
Local Assistance	1,673,270,544	1,779,948,000	106,677,456	6.38 %
Grants	312,365,102	313,205,102	840,000	0.27 %
Benefits & Claims	0	22,136,060	22,136,060	0.00 %
Transfers	1,055,708	1,015,680	(40,028)	(3.79)%
<b>Total Expenditures</b>	<b>\$1,989,378,240</b>	<b>\$2,119,107,616</b>	<b>\$129,729,376</b>	<b>6.52 %</b>
General Fund	1,671,081,458	1,776,424,352	105,342,894	6.30 %
State/Other Special Rev. Funds	7,826,000	31,212,482	23,386,482	298.83 %
Federal Spec. Rev. Funds	310,470,782	311,470,782	1,000,000	0.32 %
<b>Total Funds</b>	<b>\$1,989,378,240</b>	<b>\$2,119,107,616</b>	<b>\$129,729,376</b>	<b>6.52 %</b>
<b>Total Ongoing</b>	<b>\$1,989,378,240</b>	<b>\$2,096,897,240</b>	<b>\$107,519,000</b>	<b>5.40 %</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$22,210,376</b>	<b>\$22,210,376</b>	<b>100.00 %</b>

**Program Description**

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

**Program Highlights**

<b>Local Education Activities Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The legislature adopted an increase to the Local Education Activities Program’s total biennial appropriation of approximately \$129.7 million or 6.5% compared to the 2021 biennium appropriation. Major budget changes include:                             <ul style="list-style-type: none"> <li>◦ Increases in general fund for K-12 BASE aid inflation, which has been adjusted to account for a change in the inflationary rate, a decline in enrollment associated with the COVID-19 pandemic, and the effects of legislation (HB 233 &amp; SB 72)</li> <li>◦ Increases in general fund and state special revenue for Comprehensive School and Community Treatment (CSCT)</li> <li>◦ An increase in general fund to incentivize increasing starting teacher pay in Montana</li> <li>◦ An increase in general fund to offset decreases in the guarantee account</li> <li>◦ An increase in general fund and state special revenue for the natural resource development (NRD) K-12 facilities payment</li> <li>◦ Increases in general fund for the Advanced Opportunities and Transformational Learning grant programs</li> <li>◦ Several smaller increases in general fund for state tuition, in-state treatment, national board certification stipends, the Indian Language Immersion Program, and state lands block grants (per SB 305)</li> </ul> </li> </ul>

**Program Actuals and Budget Comparison**

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium adopted budget by year, type of expenditure, and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Legislative Fiscal 2022	Legislative Fiscal 2023
Operating Expenses	1,372,998	1,372,999	1,313,887	1,388,887	1,413,887
Local Assistance	817,828,634	824,543,690	848,726,854	869,001,512	910,946,488
Grants	152,647,786	155,662,551	156,702,551	156,602,551	156,602,551
Benefits & Claims	0	0	0	11,177,808	10,958,252
Transfers	719,736	547,868	507,840	507,840	507,840
<b>Total Expenditures</b>	<b>\$972,569,154</b>	<b>\$982,127,108</b>	<b>\$1,007,251,132</b>	<b>\$1,038,678,598</b>	<b>\$1,080,429,018</b>
General Fund	817,835,554	825,024,717	846,056,741	868,477,977	907,946,375
State/Other Special Rev. Funds	2,367,000	2,367,000	5,459,000	14,465,230	16,747,252
Federal Spec. Rev. Funds	152,366,600	154,735,391	155,735,391	155,735,391	155,735,391
<b>Total Funds</b>	<b>\$972,569,154</b>	<b>\$982,127,108</b>	<b>\$1,007,251,132</b>	<b>\$1,038,678,598</b>	<b>\$1,080,429,018</b>
<b>Total Ongoing</b>	<b>\$972,569,154</b>	<b>\$982,127,108</b>	<b>\$1,007,251,132</b>	<b>\$1,027,463,244</b>	<b>\$1,069,433,996</b>
<b>Total OTO</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,215,354</b>	<b>\$10,995,022</b>

**Funding**

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

Office of Public Instruction, 09-Local Education Activities Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,776,424,352	0	0	1,776,424,352	80.51 %	
02001 School Lunch Program	0	0	0	0	0.00 %	
02018 Guarantee Fund	0	0	85,250,573	85,250,573	71.94 %	
02019 EDUCATIONAL IMPROVEMENT	0	0	47,500	47,500	0.04 %	
02218 School Facility & Tech Account	5,000,000	0	2,000,000	7,000,000	5.91 %	
02402 Traffic & Safety Education	1,500,000	0	0	1,500,000	1.27 %	
02487 School Fac State Spcl Revenue	4,812,000	0	0	4,812,000	4.06 %	
02195 CSCT	19,900,482	0	0	19,900,482	16.79 %	
<b>State Special Total</b>	<b>\$31,212,482</b>	<b>\$0</b>	<b>\$87,298,073</b>	<b>\$118,510,555</b>	<b>5.37 %</b>	
03170 Grant Clearance Discretionary	311,470,782	0	0	311,470,782	100.00 %	
<b>Federal Special Total</b>	<b>\$311,470,782</b>	<b>\$0</b>	<b>\$0</b>	<b>\$311,470,782</b>	<b>14.12 %</b>	
<b>Proprietary Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00 %</b>	
<b>Total All Funds</b>	<b>\$2,119,107,616</b>	<b>\$0</b>	<b>\$87,298,073</b>	<b>\$2,206,405,689</b>		

The Local Education Activities Program 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 the majority of the distribution to school districts, with the addition of some state and federal funds. Details of state and federal special revenue are described below.

*State Special Revenue*

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 provides 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.

**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](#).

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	846,056,741	846,056,741	1,692,113,482	95.25 %	1,007,251,132	1,007,251,132	2,014,502,264	95.06 %
SWPL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
PL Adjustments	19,971,612	58,755,549	78,727,161	4.43 %	20,035,612	59,085,549	79,121,161	3.73 %
New Proposals	2,449,624	3,134,085	5,583,709	0.31 %	11,391,854	14,092,337	25,484,191	1.20 %
<b>Total Budget</b>	<b>\$868,477,977</b>	<b>\$907,946,375</b>	<b>\$1,776,424,352</b>		<b>\$1,038,678,598</b>	<b>\$1,080,429,018</b>	<b>\$2,119,107,616</b>	

**Present Law Adjustments**

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments	Fiscal 2022					Fiscal 2023				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 907 - NRD K-12 Facilities Payment (RST/BIEN)	0.00	2,336,000	64,000	0	2,400,000	0.00	2,070,000	330,000	0	2,400,000
DP 932 - Adjusted K-12 BASE Aid Inflationary Increase (RST/BIEN)	0.00	9,385,188	0	0	9,385,188	0.00	47,799,387	0	0	47,799,387
DP 933 - Adjusted At Risk Inflationary Increase (RST/BIEN)	0.00	84,630	0	0	84,630	0.00	231,804	0	0	231,804
DP 940 - Adjusted State Transformational Learning Aid (RST/BIEN)	0.00	2,123,916	0	0	2,123,916	0.00	2,155,760	0	0	2,155,760
DP 941 - Adjusted State Advanced Opportunities Aid (RST/BIEN)	0.00	1,673,558	0	0	1,673,558	0.00	2,547,973	0	0	2,547,973
DP 944 - Guarantee Account Adjustment Aligned with HJ 2 (RST/BIEN)	0.00	3,901,257	0	0	3,901,257	0.00	3,462,098	0	0	3,462,098
DP 949 - Adjusted State Tuition Appropriation Increase (RST/BIEN)	0.00	157,956	0	0	157,956	0.00	152,251	0	0	152,251
DP 950 - Adjusted In-State Treatment Appropriation Increase (RST/BIEN)	0.00	309,107	0	0	309,107	0.00	336,276	0	0	336,276
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$19,971,612</b>	<b>\$64,000</b>	<b>\$0</b>	<b>\$20,035,612</b>	<b>0.00</b>	<b>\$58,755,549</b>	<b>\$330,000</b>	<b>\$0</b>	<b>\$59,085,549</b>

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

DP 907 - NRD K-12 Facilities Payment (RST/BIEN) -

The natural resource development (NRD) K-12 facilities payment (20-9-635, MCA) is composed of general fund and state special coal sub-trust interest. The legislature provided increased general fund and state special revenue to meet the statutorily required \$10.0 million appropriation per year of the 2023 biennium.

DP 932 - Adjusted K-12 BASE Aid Inflationary Increase (RST/BIEN) -

The legislature approved a restricted, biennial K-12 BASE Aid inflationary increase as directed by 20-9-326, MCA, 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. This appropriation has been adjusted to align with the inflationary rates of 1.5% in FY 2022 and 2.57% in FY 2023, as amended in HB 15, to account for a COVID-related decline in enrollment, and to implement the costs of HB 303 and SB 305.

DP 933 - Adjusted At Risk Inflationary Increase (RST/BIEN) -

The legislature approved a restricted and biennial inflationary increase in general fund for the at-risk payment. This appropriation has been adjusted to align with the inflationary rates of 1.5% in FY 2022 and 2.57% in FY 2023, as amended in HB 15.

DP 940 - Adjusted State Transformational Learning Aid (RST/BIEN) -

The legislature provided a restricted, biennial appropriation of general fund for the Transformation Learning Program (20-7-16, MCA). The 2021 biennium general fund appropriation was \$2.6 million, but was not included in the base funding. These increases represent 10.0% of the estimated statewide number of full-time equivalent educators from the fiscal year immediately preceding the year to which distribution of transformational aid applies, as directed in section 20-7-1602(8)(b)(iii), MCA. This appropriation has been adjusted to align with the inflationary rates of 1.5% in FY 2022 and 2.57% in FY 2023, as amended in HB 15.

DP 941 - Adjusted State Advanced Opportunities Aid (RST/BIEN) -

The legislature approved an appropriation of general fund for the Montana Advanced Opportunities Act (20-7-15, MCA). The 2021 biennium appropriation was \$750,000, but was not included in base funding. These increases represent an amount sufficient to provide Advanced Opportunities aid to 50.0% of districts in FY 2022 and 75.0% of districts in FY 2023, as per section 20-7-1506(7), MCA. This appropriation has been adjusted to align with the inflationary rates of 1.5% in FY 2022 and 2.57% in FY 2023, as amended in HB 15.

DP 944 - Guarantee Account Adjustment Aligned with HJ 2 (RST/BIEN) -

The legislature aligned the guarantee account adjustment with the estimates adopted in HJR 2.

DP 949 - Adjusted State Tuition Appropriation Increase (RST/BIEN) -

The legislature approved a restricted, biennial increase for the state tuition appropriation due to state tuition rate increases and changes in which districts are funded. The cost of state tuition provided under 20-7-435, MCA, has increased on the per student level and has increased the number of students served. This increase has been adjusted to align with HB 206, which modifies the tuition rates paid by the district of residence for out of district placements.

DP 950 - Adjusted In-State Treatment Appropriation Increase (RST/BIEN) -

The legislature provided a restricted, biennial increase of general fund for payment of in-state treatment expenses for Montana K-12 students at children's psychiatric hospitals and residential treatment facilities. Since 1997, the OPI has not paid for education services provided to children who are at these facilities and are covered by Medicaid. However, Medicaid does not pay for education services, and these children receive no state funding support for their education. State statute 20-7-403(13), MCA, specifically excludes these students from receiving this funding. OPI decided this statute was in error and began making payments to these facilities for these students in FY 2020 without a sufficient appropriation. This change caused a shortfall in funding for in-state treatment payments in FY 2020 and FY 2021, which OPI prorated. This change package has been adjusted to align with HB 206, which clarifies how the educational costs will be paid for children placed in children's psychiatric hospital or residential treatment facility and who are covered by Medicaid.

**New Proposals**

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 901 - National Board Certification Stipends (RST/BIEN)	0.00	75,000	0	0	75,000	0.00	100,000	0	0	100,000
DP 913 - Separate CTSO Funding; Move FFA Funding to CTSO	0.00	53,000	0	0	53,000	0.00	53,000	0	0	53,000
DP 921 - Incentivize Increase in Starting Teacher Pay (RST)	0.00	0	0	0	0	0.00	2,492,048	0	0	2,492,048
DP 946 - Combine BEO with School Safety Grants (RST/BIEN)	0.00	0	0	0	0	0.00	0	0	0	0
DP 948 - Indian Language Immersion Program (RST/BIEN)	0.00	48,500	0	0	48,500	0.00	48,500	0	0	48,500
DP 951 - State Lands Block Grants (RST/BIEN/OTO)	0.00	37,546	0	0	37,546	0.00	36,770	0	0	36,770
DP 954 - Comprehensive School & Community Treatment (RST/OTO)	0.00	2,235,578	8,942,230	0	11,177,808	0.00	0	10,958,252	0	10,958,252
DP 955 - K-12 BASE Aid Increase to Implement Legislation (RST/BIEN)	0.00	0	0	0	0	0.00	403,767	0	0	403,767
<b>Total</b>	<b>0.00</b>	<b>\$2,449,624</b>	<b>\$8,942,230</b>	<b>\$0</b>	<b>\$11,391,854</b>	<b>0.00</b>	<b>\$3,134,085</b>	<b>\$10,958,252</b>	<b>\$0</b>	<b>\$14,092,337</b>

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

DP 901 - National Board Certification Stipends (RST/BIEN) -

The legislature approved a restricted, biennial appropriation of general fund operating expenses for the National Board Certification Teacher Stipend Program in 20-4-134, MCA. Teachers receiving national board certification or renewal are eligible for a state stipend if they retain certification and continue teaching at an impacted school. The number of teachers receiving certification will continue to grow each year. Funding in the 2021 biennium was one-time-only, and there is no base funding for these stipends.

DP 913 - Separate CTSO Funding; Move FFA Funding to CTSO -

The legislature reduced Career and Technical Education (CTE) state match distribution and increased by the same amount Career and Technical Student Organizations (CTSO) to clarify the appropriations. Historically, this has been paid to the Future Farmers of America (FFA), a CTSO organization, to pay for the FFA executive director. This change combines all CTSO funding and separates it from the CTE state match appropriation. The net effect of this change package between OPI's programs is zero.

DP 921 - Incentivize Increase in Starting Teacher Pay (RST) -

The legislature provided ongoing, restricted general fund to incentivize school districts to modify pay scales in order to increase base pay for starting teachers beginning in FY 2023 (in coordination with HB 143).

DP 946 - Combine BEO with School Safety Grants (RST/BIEN) -

The legislature approved combining the budgets within school safety grants.

DP 948 - Indian Language Immersion Program (RST/BIEN) -

The legislature approved a restricted and biennial increase of general fund for the Indian Language Immersion Program.

DP 951 - State Lands Block Grants (RST/BIEN/OTO) -

The legislature approved a restricted, biennial, one-time-only increase in general fund to implement the costs of SB 305, which revives the State Lands Block Grant Program through the end of FY 2023. This decision package includes an

increase in funding for state lands block grants and a corresponding, smaller decrease in the K-12 BASE aid appropriation for GTB.

DP 954 - Comprehensive School & Community Treatment (RST/OTO) -

The legislature approved a restricted, one-time-only appropriation of general fund and state special revenue to be used as state match for federal funds for Comprehensive School and Community Treatment (CSCT).

DP 955 - K-12 BASE Aid Increase to Implement Legislation (RST/BIEN) -

The legislature approved a restricted, biennial increase in general fund to implement the costs of SB 72 and HB 233. SB 72 will allow for one sixteenth ANB of non-fulltime enrolled students who participate in extracurricular activities to be included in the school funding formula. HB 233 will allow for students with disabilities, who have not reached 21 years of age by September 10 of the school year and have not yet met graduation requirements, to be included in the calculation of the average number belonging (ANB) in a school district. Both bills will increase the appropriation for K-12 BASE Aid.