

Agency Biennium Comparison

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

Agency Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	512,109	521,578	9,469	1.85 %
Operating Expenses	191,118	276,511	85,393	44.68 %
Total Expenditures	\$703,227	\$798,089	\$94,862	13.49 %
General Fund	333,420	468,089	134,669	40.39 %
State/Other Special Rev. Funds	369,807	330,000	(39,807)	(10.76)%
Total Funds	\$703,227	\$798,089	\$94,862	13.49 %
Total Ongoing	\$703,227	\$798,089	\$94,862	13.49 %
Total OTO	\$0	\$0	\$0	0.00 %

Mission Statement

The Montana Constitution created and empowered the Board of Public Education (BPE) to supervise, serve, maintain, and strengthen Montana’s system of free quality public elementary and secondary schools. The board exists to promote high academic achievement for all Montana students.

Please refer to the agency profile for the Board of Public Education at <https://leg.mt.gov/lfd/state-agency-profiles/board-public-education/> for additional information about the agency's organizational structure, historical expenditures, FY 2020 expenditure dashboard, and recent studies, audits, and legislation.

Agency Highlights

Board of Public Education Major Budget Highlights
<ul style="list-style-type: none"> • The Board of Public Education’s 2023 biennium ongoing budget request is approximately \$95,000 or 13.5% higher than the 2021 biennium budget. This increase includes: <ul style="list-style-type: none"> ◦ Approximately \$27,000 in general fund in FY 2022 and \$12,000 in FY 2023 for the statewide present law adjustments for personal services, fixed costs, and inflation/ deflation ◦ \$25,000 in general fund in each fiscal year for a new proposal for legal costs ◦ \$10,000 in general fund in each fiscal year for a new proposal for operations funding ◦ A fund switch to reduce state special revenue by approximately \$21,000 in each year of the biennium and increase general fund the same amount

Agency Actuals and Budget Comparison

The following table compares the last full fiscal year actuals, previous biennium appropriations by year, and current annual biennium budget request by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	3.00	3.00	3.00	3.00
Personal Services	239,489	254,309	257,800	260,055	261,523
Operating Expenses	61,382	103,488	87,630	146,876	129,635
Total Expenditures	\$300,871	\$357,797	\$345,430	\$406,931	\$391,158
General Fund	158,706	173,901	159,519	241,931	226,158
State/Other Special Rev. Funds	142,165	183,896	185,911	165,000	165,000
Total Funds	\$300,871	\$357,797	\$345,430	\$406,931	\$391,158
Total Ongoing	\$300,871	\$357,797	\$345,430	\$406,931	\$391,158
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Discussion

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Board of Public Education modified HB 2 budget of approximately \$358,000 was 84.1% expended as of the end of FY 2020. Personal services were 94.2% expended. Operating expenses were 59.3% expended. Lower operating expenditures were partially due to not enough cash in the state special revenue accounts to support the appropriation. Additionally, due to the COVID-19 pandemic, BPE employees have been working remotely since March, and all Board and Council meetings have been conducted via Zoom, together which have resulted in a savings of approximately \$10,000 according to the agency.

FY 2020 Appropriations Compared to FY 2021 Appropriations

FY 2021 total appropriations are approximately \$12,000 or 3.5% lower than the FY 2020 total appropriation, primarily due to a difference in fixed costs for SITSD and IT funding between the two fiscal years.

Comparison of FY 2021 Legislative Budget to FY 2021 Base

Figure 1 illustrates the beginning FY 2021 budget as adopted by the 2019 Legislature compared to the finalized 2021 Base Budget, which includes modifications done by the executive (as authorized in statute) during the interim. The 2021 Base Budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2023 biennium budgeting process.

FY 2021 Legislative Appropriations - Board of Public Education				
	Legislative Action	Executive Modifications per Statutory Authority	Executive Base	% Change from Legislative Action
51010 BOARD OF PUBLIC EDUCATION				
01 K-12 EDUCATION				
61000 Personal Services	257,800	-	257,800	0.0%
62000 Operating Expenses	87,630	-	87,630	0.0%
01 K-12 EDUCATION Total	345,430	-	345,430	0.0%
51010 BOARD OF PUBLIC EDUCATION Total	\$345,430	\$0	\$345,430	0.0%

There were no modifications to the FY 2021 legislative budget.

Executive Request

The total budget proposed by the executive is approximately \$95,000 or 13.5% greater than the 2021 biennium budget. These budgetary changes can be seen in the agency biennium comparison table at the beginning of this summary.

Personal services were approximately \$258,000 or 74.6% of total FY 2021 appropriations. The executive proposes an increase in personal services above the FY 2021 base, totaling approximately \$2,000 in FY 2022 and \$4,000 in FY 2023. This increase is entirely due to the statewide present law adjustment for personal services, which is discussed in the Program Personal Services and Present Law Adjustments sections below.

Operating expenses were approximately \$88,000 or 25.4% of total FY 2021 appropriations. The executive proposes an increase in operating expenses above the FY 2021 base, totaling approximately \$59,000 in FY 2022 and \$42,000 in FY 2023. This increase is due:

- Approximately \$24,000 in FY 2022 and \$7,000 in FY 2023 for the statewide present law adjustment for fixed costs
- \$25,000 in both FY 2022 and FY 2023 for legal fees
- \$10,000 in both FY 2022 and FY 2023 for operations funding

General fund was approximately \$160,000 or 46.2% of total FY 2021 appropriations. The executive proposes an increase in general fund totaling approximately \$82,000 in FY 2022 and \$67,000 in FY 2023. The statewide present law adjustments for personal services, fixed costs, and inflation/deflation totaled increases of approximately \$27,000 in general fund in FY 2022 and approximately \$11,000 in general fund in FY 2023. New proposals for legal costs and operations funding totaled increases of \$35,000 in general fund in each year of the biennium, and a new proposal for state special revenue reductions proposes to increase general fund by approximately \$21,000 in each year of the biennium and reduce state special revenue by the same amount each year.

These changes will be discussed in detail in the Present Law Adjustments and New Proposals sections below.

5.0% Reduction Plan

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5.0%. However, because the Board of Public Education has fewer than 20.00 FTE, it is exempt from this requirement (per 17-7-11(f), MCA).

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 three categories, as follows:

1. Expected Changes - This category includes those adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs including FY 2021 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.
2. Personal Services Management Decisions - Any agency management decisions that adjusted employee pay. 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 between programs.
3. Modifications to the Personal Services Base Budget - Other modifications to the FY 2021 personal services base like operating plan transfers that occurred during the interim may impact the overall size of the personal services present law adjustment (DP 1)

The figure below shows the analysis of the executive budget for personal services compared to the expected personal services budget for each program.

Personal Services Present Law - Board of Public Education				
DP 1 - FY 2022				
Program	Expected Changes	Management Decisions	Budget Modifications	DP1 SWPL

01 K-12 EDUCATION	2,645	(390)	-	2,255
Agency Total	\$2,645	(\$390)	\$0	\$2,255

The personal services table above shows a breakdown of DP 1, which is primarily made up of expected changes.

Funding

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

Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	468,089	0	0	0	468,089	58.65 %
State Special Total	330,000	0	0	0	330,000	41.35 %
Federal Special Total	0	0	0	0	0	0.00 %
Proprietary Total	0	0	0	0	0	0.00 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$798,089	\$0	\$0	\$0	\$798,089	
Percent - Total All Sources	100.00 %	0.00 %	0.00 %	0.00 %		

The primary functions for the Board of Public Education are funded through HB 2 and the pay plan.

HB 2 Funding

The BPE is funded through a combination of general fund and state special revenue funds. Generally, slightly less than one-half of the budget is funded with general fund. State special revenue makes up the remainder and is provided by teacher certification fees of \$6.00 per year. By statute, these fees are collected by the Office of Public Instruction (OPI) and deposited into two accounts: two-thirds of the fees are deposited in the advisory council state special revenue account, which supports the activities of The Certification Standards and Practices Advisory Council (CSPAC), and one-third is deposited into the research fund and used to fund the statutory duties of the BPE and CSPAC. All revenue to the advisory council fund is expended each year before general fund is expended. As originally created, the research fund was to be a reserve for special projects. However, statute has been changed to allow for the appropriation of a portion of the fund for operations with the balance reserved for special projects.

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	159,519	159,519	319,038	68.16 %	345,430	345,430	690,860	86.56 %
SWPL Adjustments	26,501	10,728	37,229	7.95 %	26,501	10,728	37,229	4.66 %
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	55,911	55,911	111,822	23.89 %	35,000	35,000	70,000	8.77 %
Total Budget	\$241,931	\$226,158	\$468,089		\$406,931	\$391,158	\$798,089	

HB 2 Language

The executive is not proposing HB 2 language for the Board of Public Education.

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed 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.

	-----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	2,255	0	0	2,255	0.00	3,723	0	0	3,723
DP 2 - Fixed Costs	0.00	24,257	0	0	24,257	0.00	7,012	0	0	7,012
DP 3 - Inflation Deflation	0.00	(11)	0	0	(11)	0.00	(7)	0	0	(7)
Grand Total All Present Law Adjustments	0.00	\$26,501	\$0	\$0	\$26,501	0.00	\$10,728	\$0	\$0	\$10,728

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

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget.

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed 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 executive requests 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.

New Proposals

The New Proposals table shows new changes to spending

	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 10 - Legal Fees	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
DP 11 - Operations Funding	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
DP 12 - State Special Funds Allocation Reduction	0.00	20,911	(20,911)	0	0	0.00	20,911	(20,911)	0	0
Total	0.00	\$55,911	(\$20,911)	\$0	\$35,000	0.00	\$55,911	(\$20,911)	\$0	\$35,000

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

DP 10 - Legal Fees -

The executive is requesting an increase in general fund for legal fees for the 2023 biennium. The Board conducts hearings on educator licenses and revisions to Administrative Rules, which require legal services.

**LFD
COMMENT**

In the last three legislative sessions, the Board of Public Education has requested an appropriation of \$30,000 for legal fees in each year of the biennium:

- The 2015 Legislature approved a restricted, one-time-only appropriation of general fund
- The 2017 Legislature approved a restricted, one-time-only appropriation of state special revenue
- The 2019 Legislature did not approve the request for an appropriation for legal fees. Legal costs were instead paid out of the operational budget

DP 11 - Operations Funding -

The executive is requesting an increase in general fund for operations funding for the 2023 biennium. The funds would increase the operating expenses budget for the agency in order to pay for basic operational costs, professional development for staff and Board members, travel to educational conferences, and travel costs for Board meetings. Prior to the COVID-19 pandemic, the Board conducted at least one Board meeting per year via conference call only, in order to save on travel costs.

DP 12 - State Special Funds Allocation Reduction -

The executive requests a fund switch from state special revenue to general fund for the Board of Public Education.

**LFD
COMMENT**

The 2021 biennium budget appropriated \$60,050 from the Research Fund and \$122,000 from the Advisory Council Fund. The Board was not able to spend the full amount appropriated in these accounts for FY 2020 because cash was not available. The five-year average for revenue in the Research Fund was \$55,000 and in the Advisory Council Fund was \$110,000.