

**Agency Biennium Comparison**

The following table compares the 2023 biennium appropriated budget to the 2025 biennium budget request by type of expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	518,117	508,605	(9,512)	(1.84)%
Operating Expenses	256,467	361,720	105,253	41.04 %
<b>Total Expenditures</b>	<b>\$774,584</b>	<b>\$870,325</b>	<b>\$95,741</b>	<b>12.36 %</b>
General Fund	402,796	870,325	467,529	116.07 %
State/Other Special Rev. Funds	371,788	0	(371,788)	(100.00)%
<b>Total Funds</b>	<b>\$774,584</b>	<b>\$870,325</b>	<b>\$95,741</b>	<b>12.36 %</b>
<b>Total Ongoing</b>	<b>\$724,584</b>	<b>\$800,325</b>	<b>\$75,741</b>	<b>10.45 %</b>
<b>Total OTO</b>	<b>\$50,000</b>	<b>\$70,000</b>	<b>\$20,000</b>	<b>40.00 %</b>

**Mission Statement**

The Board of Public Education has a mission statement as directed by Article X, Section 9 of the Montana Constitution, which states, “There is a board of public education to exercise general supervision over the public school system and such other public educational institutions as may be assigned by law”. The Board of Public Education was established to supervise, serve, maintain, and strengthen Montana’s system of free quality public elementary and secondary schools.

Agency Highlights

<b>Board of Public Education Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>• The executive request for the Board of Public Education is 12.4% greater than the previous biennium.</li> <li>• The biennial increase in operating expenses is partially offset by a negative statewide present law adjustment to personal services</li> <li>• The executive requests an increase to operations funding of \$20,000 for the biennium to support meeting costs, professional development and travel for staff and board members</li> <li>• The executive is requesting a fund switch that would replace its state special appropriation with general fund. This request requires legislation</li> <li>• The executive is requesting a one-time-only (OTO) appropriation of \$35,000 in each year of the biennium for legal fees</li> </ul>
<b>Legislative Action Items</b>
<ul style="list-style-type: none"> <li>• Proposed legislation, <a href="#">PD 0034</a>, allows teacher licensing fees to be deposited into a single account rather than two, for the use of the agency</li> <li>• The Office of Public (OPI) Instruction collects teacher licensing fees that are directed to the Board of Public Education per statute, 20-4-109. OPI has requested to keep the fees to fund maintenance for a new teacher licensing system and has requested legislation, <a href="#">LC1410</a>, to do so. The revenue to these funds has been insufficient to cover BPE's full appropriation for several years. The agency is requesting to fully fund the agency with general fund</li> </ul>

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the expenditures requested for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Request Fiscal 2024	Request Fiscal 2025
FTE	0.00	3.00	3.00	3.00	3.00
Personal Services	220,152	256,594	261,523	253,132	255,473
Operating Expenses	100,795	136,854	119,613	190,592	171,128
<b>Total Expenditures</b>	<b>\$320,947</b>	<b>\$393,448</b>	<b>\$381,136</b>	<b>\$443,724</b>	<b>\$426,601</b>
General Fund	161,801	207,571	195,225	443,724	426,601
State/Other Special Rev. Funds	159,146	185,877	185,911	0	0
<b>Total Funds</b>	<b>\$320,947</b>	<b>\$393,448</b>	<b>\$381,136</b>	<b>\$443,724</b>	<b>\$426,601</b>
<b>Total Ongoing</b>	<b>\$295,947</b>	<b>\$368,448</b>	<b>\$356,136</b>	<b>\$408,724</b>	<b>\$391,601</b>
<b>Total OTO</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$35,000</b>	<b>\$35,000</b>

**Agency Discussion**

*FY 2022 Appropriation Compared to FY 2022 Actual Expenditures*

The Board of Public Education's modified HB 2 budget of \$393,448 was 81.6% expended in FY 2022. Personal services were 85.8% expended. Operating expenses were 73.7% expended. Lower expenditures were partially due to cash flow issues of the state special revenue accounts that support the appropriation.

*FY 2022 Appropriations Compared to FY 2023 Appropriations*

FY 2023 appropriations are \$12,312 lower than FY 2022 total appropriations. Although the personal services appropriation for 2023 is \$4,929 higher than the FY 2022 appropriation, operating expenses are \$17,241 lower in FY 2023. This is mostly due to \$17,243 in biennial audit fees budgeted in FY 2022.

*Comparison of FY 2023 Legislative Budget to FY 2023 Base*

The figure below illustrates the beginning FY 2023 budget as adopted by the 2021 Legislature compared to the FY 2023 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2023 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2025 biennium budgeting process.

<b>Board of Public Education</b>				
<b>Comparison of the FY 2023 Legislative Budget to the FY 2023 Base Budget</b>				
	<u>Legislative</u>	<u>Executive</u>	<u>Base</u>	<u>Percent</u>
	<u>Budget</u>	<u>Modifications</u>	<u>Budget</u>	<u>Change</u>
<b><u>Board of Public Education</u></b>				
Personal Services	\$261,523		\$261,523	0.0%
Operating Expenses	94,613		\$94,613	0.0%
<b>Agency Total</b>	<b>\$356,136</b>		<b>\$356,136</b>	<b>0.0%</b>

There were no modifications to the FY 2023 legislative budget.

*Executive Request*

The total budget proposed by the executive is \$95,741 or 12.4% greater than the 2023 biennium budget. These budgetary changes can be seen in the agency biennium comparison table at the beginning of this summary.

Personal services were \$261,523 or 68.6% of total FY 2023 appropriations. The executive proposes a decrease in personal services below the FY 2023 base totaling \$8,931 in FY 2024 and \$6,050 in FY 2025. This adjustment is 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 31.4% of total FY 2023 appropriations. This includes \$25,000 in one-time-only (OTO) legal fees. The executive proposes an increase in operating expenses above the FY 2023 base, totaling \$70,797 in FY 2024 and \$51,515 in FY 2025. In each year the executive requests a \$35,000 OTO appropriation for legal fees, which is an increase of \$10,000 per fiscal year over the previous OTO appropriation.

Requested changes to operating costs include the following:

- \$47,788 in FY 2024 and \$27,625 in FY 2023 for the statewide present law adjustment for fixed costs
- One-time-only funding for legal fees of \$35,000 in FY 2024 and FY 2025
- \$10,000 in both FY 2024 and FY 2025 for operations funding

**LFD  
COMMENT**

The agency has had one-time-only appropriations for legal fees for several biennia. This expense is ongoing and should be part of the base budget.

General fund was \$195,225 or 51.2% of total FY 2023 appropriations. The executive proposal seeks to replace state special funds with general fund to streamline operations and provide stability to the agency. The statewide present law adjustments for personal services, fixed costs, and inflation/deflation total \$68,053 for the biennium.

These changes are detailed in the Present Law Adjustments and New Proposals sections below.

*5% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. Because this agency has fewer than 20.00 FTE it is exempt from this requirement.

*Right to Know Requests*

The agency did not have any right to know requests in the FY 2023 biennium.

*Agency Goals and Objectives*

Statute requires that agencies submit a statement of the agency mission and a statement of goals and objectives for each program of the agency. The goals and objectives are required to be concise, specific, quantifiable, and measurable. Goals and objectives, submitted by the agency, are included in the agency profile webpage.

**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:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2023 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring full time equivalent (FTE) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention
- Budget modifications – This category includes other modifications to the FY 2023 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

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

Statewide Present Law Adjustment for Personal Services FY 2024 Decision Package 1				
Program	Legislative Changes	Management Decisions	Budget Modification	Decision Package 1
Board of Public Education	(4,868)	(3,523)		(8,391)
<b>Grand Total</b>	<b>(4,868)</b>	<b>(3,523)</b>	-	<b>(8,391)</b>

The executive request for DP 1 is negative because a long-time employee retired and the position was filled at a lower wage.

**Funding**

The following table shows proposed agency funding for all sources of authority.

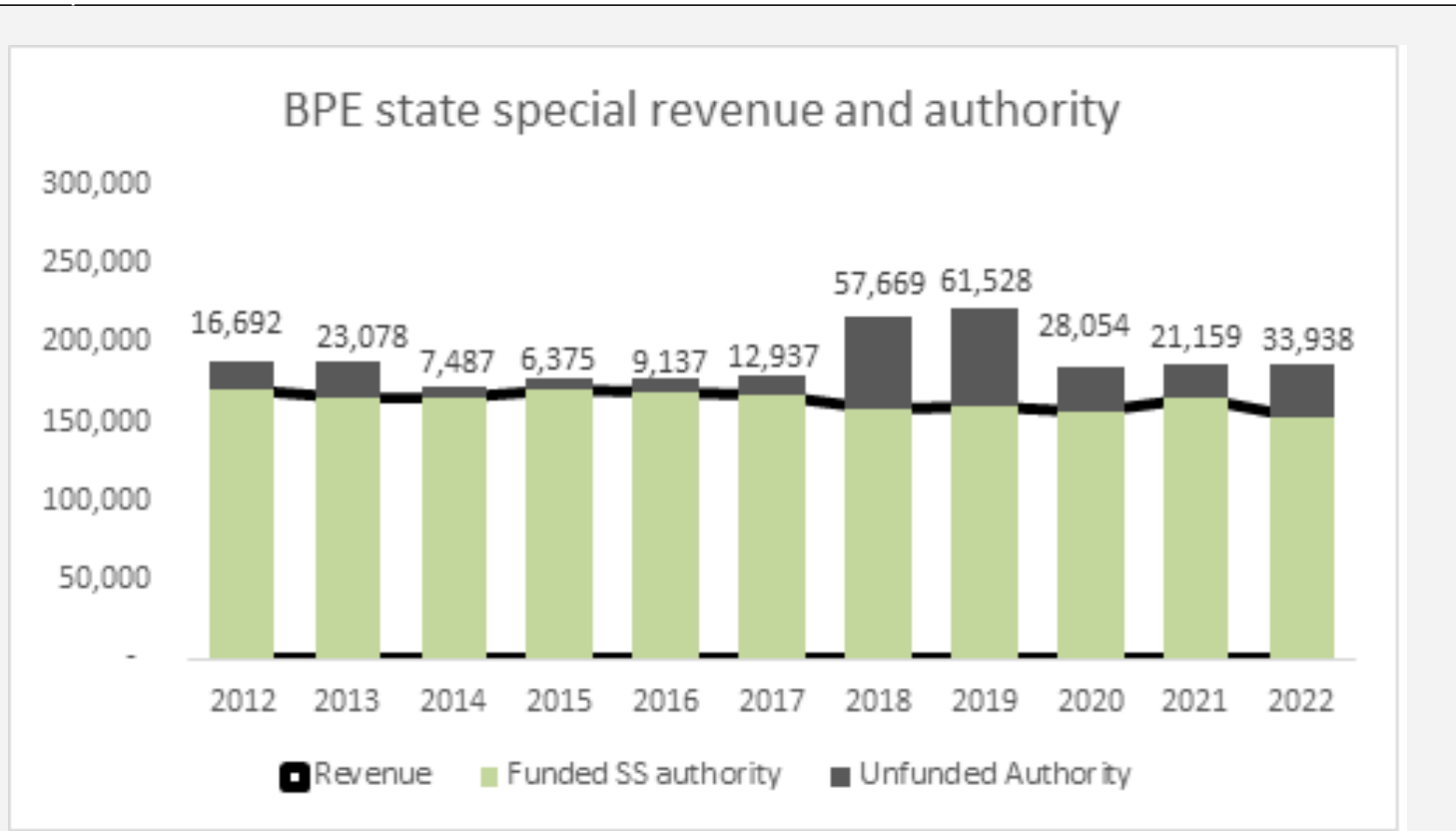
Total Board of Public Education Funding by Source of Authority 2025 Biennium Budget Request - Board of Public Education						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	800,325	70,000	0	0	870,325	100.00 %
State Special Total	0	0	0	0	0	0.00 %
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 %
<b>Total All Funds</b>	<b>\$800,325</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$870,325</b>	
<b>Percent - Total All Sources</b>	<b>91.96 %</b>	<b>8.04 %</b>	<b>0.00 %</b>	<b>0.00 %</b>		

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. State special revenue makes up just under half of BPE’s budget authority and receive revenue from \$6 teacher certification fees each 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. See LFD comment.

<b>LFD COMMENT</b>	there is currently a bill draft, PD0034 to have all funds go into a single account to support the duties of the BPE.
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BPE is funded in part by revenue generated from teacher license fees, which are set in statute at \$6.00 per year and have not increased since 1991.

State special revenues from teacher license fees have been insufficient to fund the full appropriation in recent years.

State special funds are required to be spent before general fund and it is challenging for the agency to plan expenditures.

The Office of Public Instruction (OPI) runs the licensure system and collects the fees while the revenue is appropriated to the BPE in statute.

The OPI has expressed interest in keeping the fees for maintenance of the new licensure system.

The BPE is requesting to replace the state special appropriation with general fund contingent upon the statutory change.

**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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	170,225	170,225	340,450	39.12 %	356,136	356,136	712,272	81.84 %
SWPL Adjustments	42,426	25,318	67,744	7.78 %	42,588	25,465	68,053	7.82 %
PL Adjustments	29,725	29,725	59,450	6.83 %	10,000	10,000	20,000	2.30 %
New Proposals	201,348	201,333	402,681	46.27 %	35,000	35,000	70,000	8.04 %
<b>Total Budget</b>	<b>\$443,724</b>	<b>\$426,601</b>	<b>\$870,325</b>		<b>\$443,724</b>	<b>\$426,601</b>	<b>\$870,325</b>	

**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 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - SWPL - Personal Services	0.00	(8,391)	0	0	(8,391)	0.00	(6,050)	0	0	(6,050)
DP 2 - SWPL - Fixed Costs	0.00	47,626	162	0	47,788	0.00	27,478	147	0	27,625
DP 3 - SWPL - Inflation Deflation	0.00	3,191	0	0	3,191	0.00	3,890	0	0	3,890
DP 5 - Reallocate State Special and General Fund	0.00	19,725	(19,725)	0	0	0.00	19,725	(19,725)	0	0
DP 6 - Operations Funding	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$72,151</b>	<b>(\$19,563)</b>	<b>\$0</b>	<b>\$52,588</b>	<b>0.00</b>	<b>\$55,043</b>	<b>(\$19,578)</b>	<b>\$0</b>	<b>\$35,465</b>

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

DP 1 - SWPL - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2023 biennium

DP 2 - SWPL - Fixed Costs -

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

DP 3 - SWPL - 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 the following: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 5 - Reallocate State Special and General Fund -

The executive requests a reallocation of funds to decrease the state special fund allocation and increase general fund allocation. Revenue from teacher license fees has been insufficient to fund the full state special appropriation in recent years and there is a proposal, LC1410, to change statute to appropriate the fund to a different agency.

DP 6 - Operations Funding -

The executive requests an additional \$10,000 of general fund in each year of the biennium for operating costs. This appropriation will fund basic operational costs, professional development for staff and board members, and travel to educational conferences.



**New Proposals**

The “New Proposals” table shows new proposals for spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Legal Fees OTO	0.00	35,000	0	0	35,000	0.00	35,000	0	0	35,000
DP 7 - Teacher Licensure Fund Switch	0.00	166,348	(166,348)	0	0	0.00	166,333	(166,333)	0	0
<b>Total</b>	<b>0.00</b>	<b>\$201,348</b>	<b>(\$166,348)</b>	<b>\$0</b>	<b>\$35,000</b>	<b>0.00</b>	<b>\$201,333</b>	<b>(\$166,333)</b>	<b>\$0</b>	<b>\$35,000</b>

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

DP 4 - Legal Fees OTO -

The executive requests a one-time-only increase in general fund for legal fees in the 2025 biennium. The Board contracts with agency legal services for legal counsel to handle contested case hearings for any requests to suspend or revoke a teacher or specialist certification.

DP 7 - Teacher Licensure Fund Switch -

The executive request reduces state special revenue funding by \$166,348 in FY 2024 and \$166,333 in FY 2025 and increases general fund expenditures by like amounts each year. This does not change this agency's total funding. Currently, teacher licensure fees per 20-4-109, MCA, are directed to fund the Board of Public Education and the Certification Standards and Practices Advisory Council in support of their constitutional and statutory duties. These monies, if switched, will be used to partially fund expenditures for the new teacher licensure system within OPI. This request will require a statutory change.