

# Office of Public Instruction

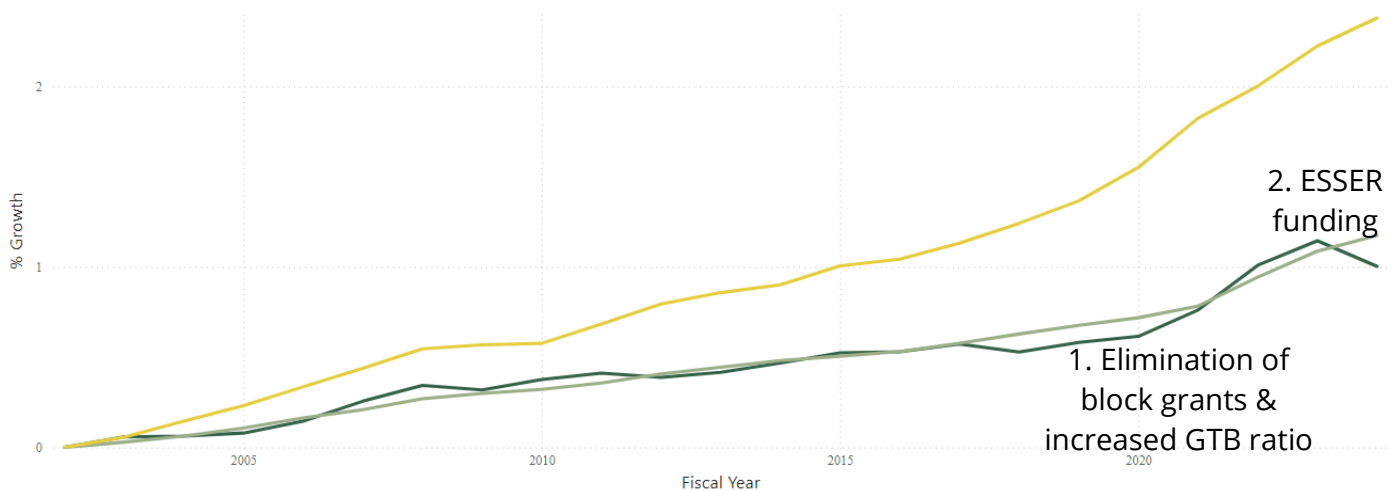
This report includes a series of charts that compare expenditure growth to the growth in the economy and growth in inflation adjusted for population. Montana statute, 17-8-106, MCA, recommends using growth in personal income for comparison purposes. Personal income is a measure for growth in the economy. Comparing growth allows financial planners to consider past and future demands in services or changes in revenues.

## All Governmental Funds

Though the growth of the Office of Public Instruction (OPI)'s funding closely follows the growth of population and inflation, OPI expends the largest amount of state funding when compared to any other state agency. A large portion of the growth for OPI is for K-12 BASE Aid, which has increased nearly every legislative session. The legislature sets in statute the formula for the BASE Budget for all school districts and the amount of BASE Aid provided to school districts from state sources.

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.

● State Resources Growth ● CPI Adjusted for Population ● MT Personal Income Growth



1. In FY 2018, general fund block grants to school districts were eliminated (HB 647, 2017 Legislative Session). A corresponding increase of the district general fund guaranteed tax base (GTB) aid ratio was included in the legislation, and the GTB ratio was ramped up periodically through FY 2021.
2. Between FY 2020 and FY 2022, OPI received three rounds of federal Covid-19 funding through the Elementary and Secondary School Emergency Relief (ESSER) fund. The final round of ESSER funding expired in FY 2025.

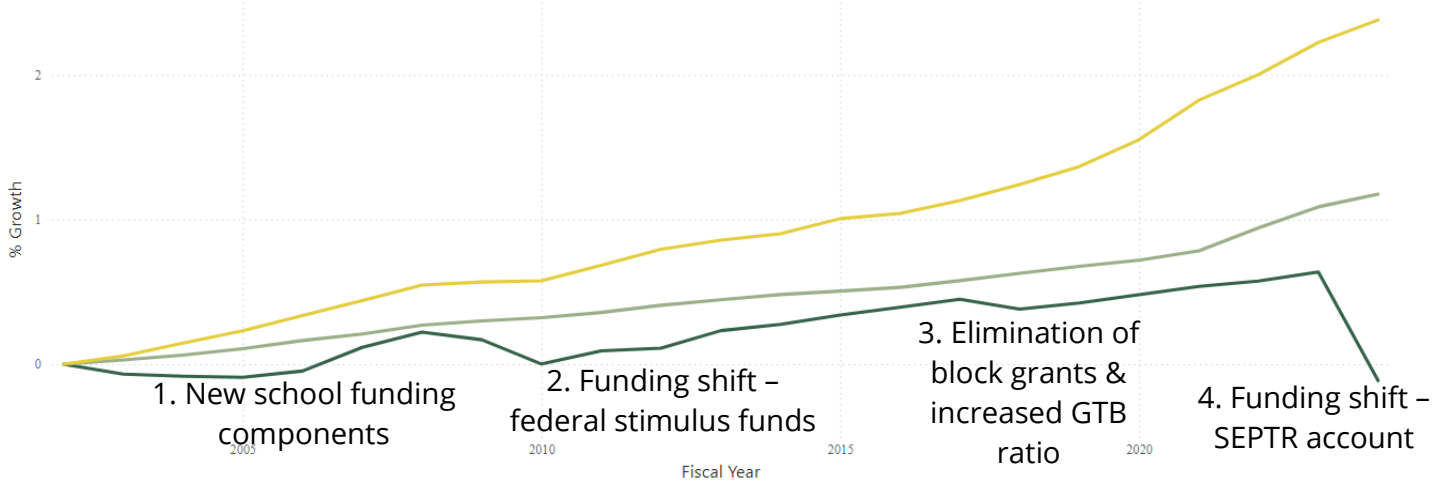


## General Fund

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

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.

● State Resources Growth ● CPI Adjusted for Population ● MT Personal Income Growth



1. In FY 2005, four new fully state funded components were added to school funding formula (SB 1, 2005 Special Session).
2. In FY 2010, state general fund appropriations for K-12 BASE Aid were offset by federal stabilization funding through the American Recovery and Reinvestment Act of 2009 (ARRA).
3. In FY 2018, general fund block grants to school districts were eliminated (HB 647, 2017 Legislative Session). A corresponding increase of the district general fund guaranteed tax base (GTB) aid ratio was included in the legislation, and the GTB ratio was ramped up periodically through FY 2021.
4. In FY 2024, revenues from the 95 school equalization mills were redirected from the state general fund to a new state special revenue school equalization and property tax reduction (SEPTR) account (HB 587, 2023 Legislative Session).

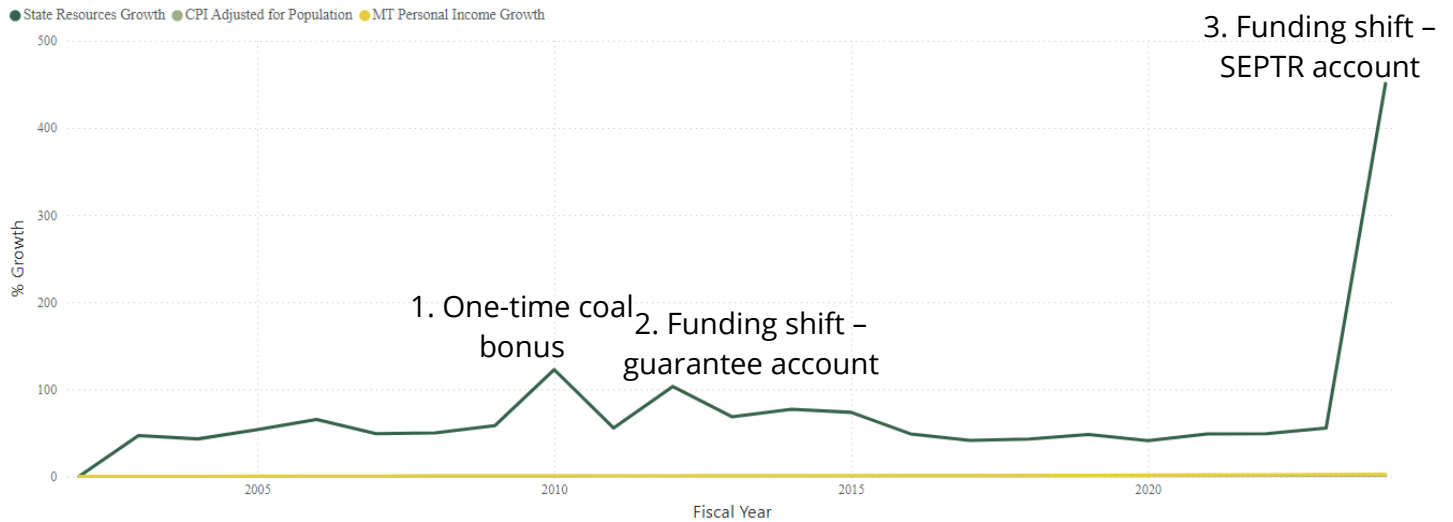
## State Special Revenue

State special revenues from the 95 school equalization mills are used to fund a large portion of the K-12 BASE aid appropriation. The guarantee account, a state special revenue fund dedicated to school funding, is the second largest state special revenue source for OPI and its funds are usually 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. Smaller state special revenue accounts also fund certain costs for traffic and safety education, teacher licensure, and school lunches.

The chart shows the growth in state resource expenditures compared to the growth in personal income and growth in inflation.



1. The relatively large state special revenue expenditures in FY 2010 were due to a one-time coal bonus payment to the guarantee account from Arch Coal.
2. In FY 2012, a larger portion of K-12 BASE Aid was paid from the guarantee state special revenue account instead of the general fund.
3. In FY 2024, revenues from the 95 school equalization mills were redirected from the state general fund to a new state special revenue school equalization and property tax reduction (SEPTR) account (HB 587, 2023 Legislative Session).

