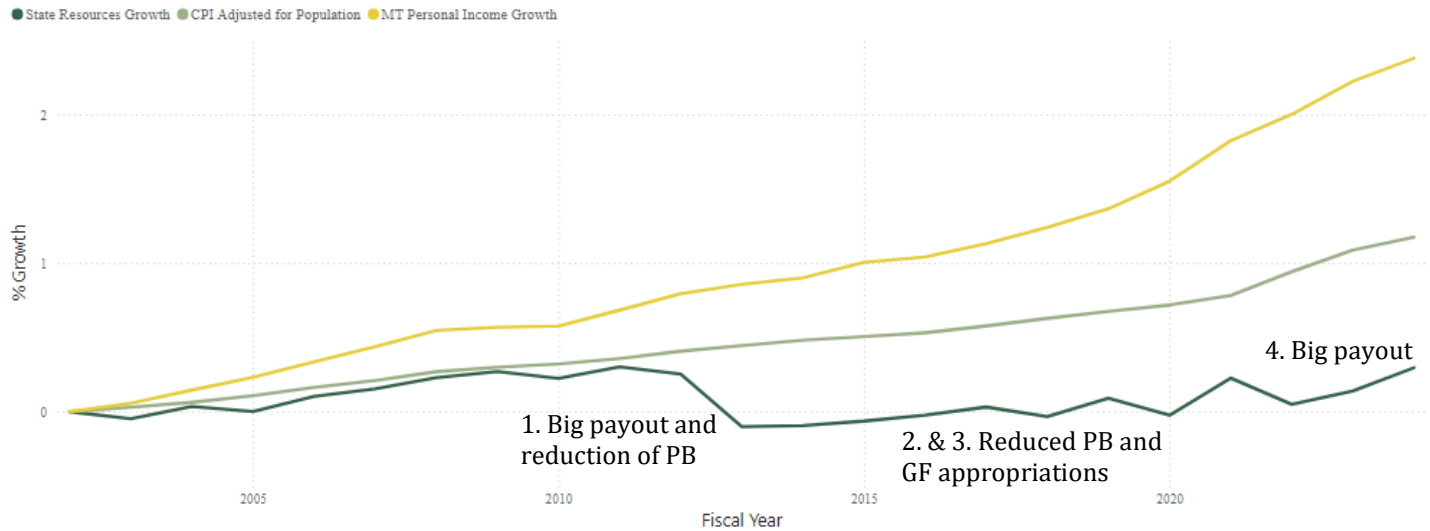


Board of Public Education

This report includes a series of charts that compare state resource expenditure growth to the growth in personal income 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.

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



The following list discusses in more detail the inflection points on the charts:

1. In FY 2012 the board held open 1.50 PB of its 4.00 PB to fund payouts to two long-term employees including the executive director that year. In the same year, the agency discontinued membership to the professional organization NASBE (National Association of State Boards of Education). Dues to this organization were \$20,000 per year. Following the employee payouts, the board continued to hold the positions open to generate vacancy savings that could be used to expand the base budget for operating expenses to cover increasing legal fees
2. In FY 2016, the legislature permanently reduced the agency's PB from 4.00 to 3.00. The legislature funded legal fees as a restricted/one-time-only appropriation of \$30,000 in each fiscal year
3. In the November 2017 special session, the legislature reduced general fund appropriations by \$30,000 in operating expenses
4. In FY 2021, the board had a retirement payout for the exiting executive director, coinciding with the hiring of a new executive director

General Fund

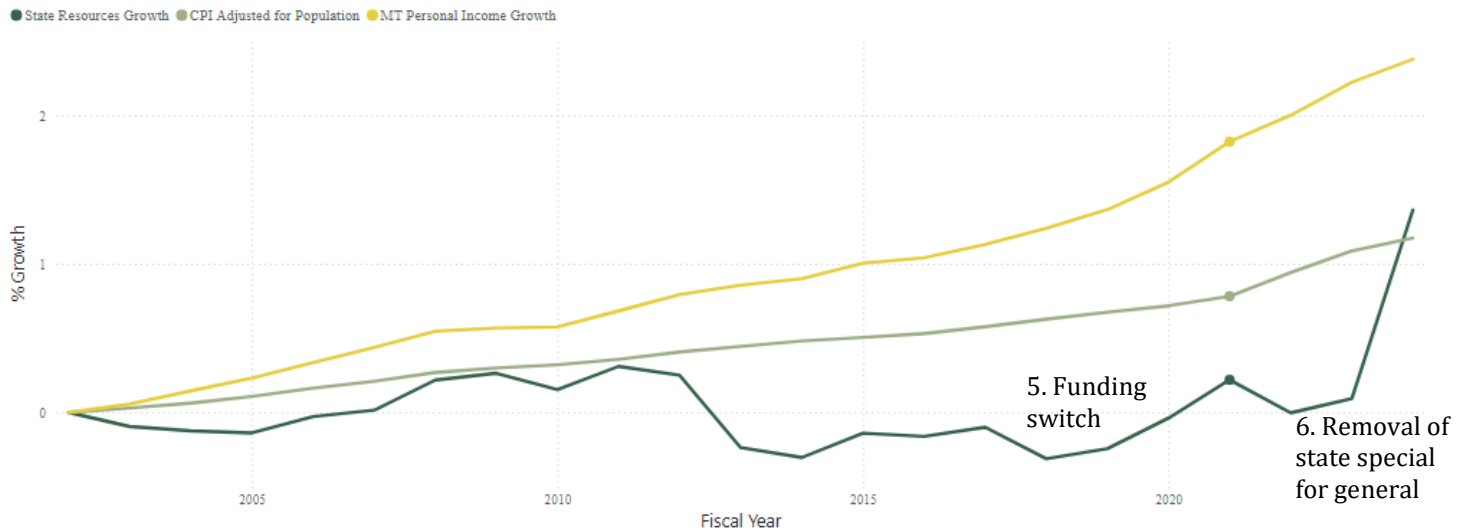
The BPE was typically funded through a combination of general fund and state special revenue funds. In the past, approximately one half of the budget is funded with general fund. This changed during the 2023 legislative session which is discussed below.



Updated October 2024

General Fund Only

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



5. The decrease in general fund in FY 2018 is due to reductions made in anticipation of the projected revenue shortfall. Unlike previous biennia, where funding was evenly split between general fund and state special revenue, the legislature funded 40.7% of the budget in the 2019 biennium with general fund and the remaining 59.3% with state special revenue. In FY 2020 and FY 2021, the legislature approved a fund switch to again fund the BPE with approximately 47.4% general fund over the biennium. This change was made to reflect a fund switch to return to previous funding levels after spending down the state special revenue fund balance during the 2019 biennium
6. In the 2023 session, the legislature adopted two fund switches that removed all state special appropriations and replaced them with general fund, while redirecting teacher licensure fees to the Office of Public Instruction (OPI). This funding switch was conditional on the passage of HB 403 which was signed into law in May 2023

State Special Revenue

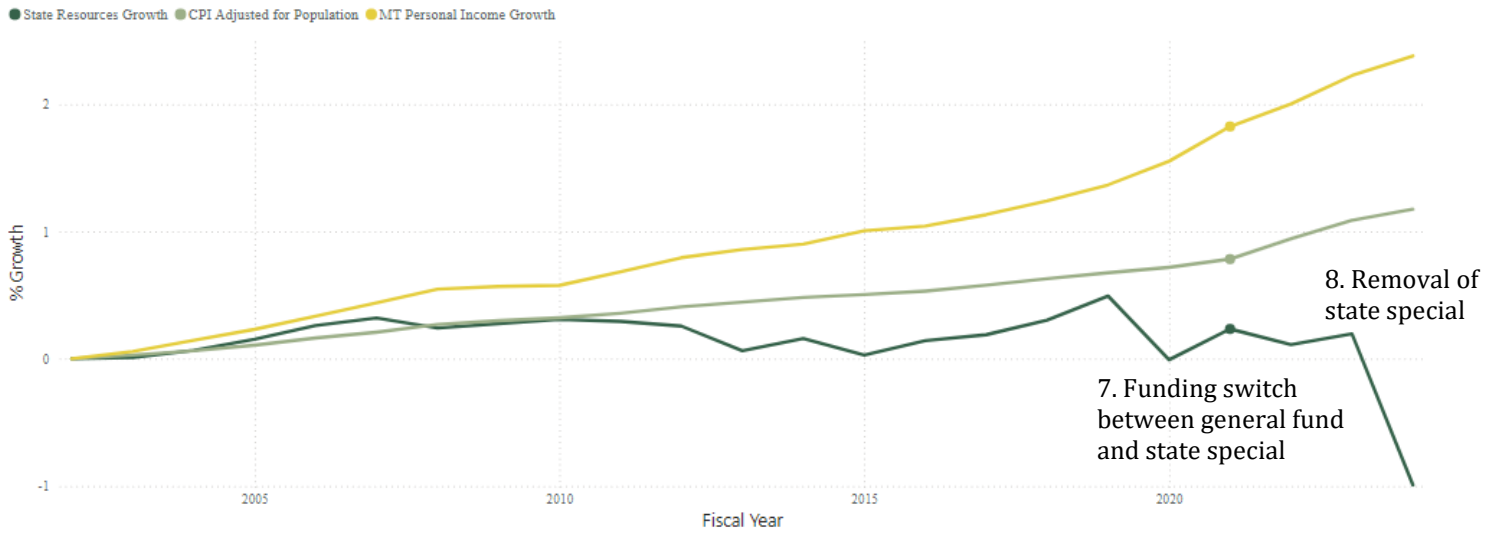
Until 2023, state special revenue for the BPE was provided by teacher certification fees of \$6.00 per year. By statute, these fees were collected by the Office of Public Instruction (OPI) and deposited into two accounts: two-thirds of the fees are deposited in the advisory council state special revenue account, which supported the activities of the Certification Standards and Practices Advisory Council (CSPAC), and one-third was deposited into the research fund and used to fund the statutory duties of the BPE and CSPAC. As originally created, the research fund was to be a reserve for special projects. However, statute was changed to allow for the appropriation of a portion of the fund for operations with the balance reserved for special projects. After 2023, as stated above, state special funding was replaced by general fund.



Updated October 2024

State Special Only

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



7. In the 2019 session the legislature decreased the state special appropriation and increased general fund. The fund balances in the advisory council fund and research funds were depleted
8. As discussed in the previous chart, the legislature removed state special appropriations and replaced them with general fund



Updated October 2024