

BOARD OF PUBLIC EDUCATION

Section E

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Office of Public Instruction	Montana Arts Council
Board of Public Education	Montana State Library
Office of Commissioner of Higher Education	Montana Historical Society
Montana School for Deaf & Blind	

-----Committee Members-----

<u>House</u>	<u>Senate</u>
Representative David Bedey (Chair)	Senator John Fuller (Vice Chair)
Representative Brad Barker	Senator Matt Regier
Representative Llew Jones	Senator Jonathan Windy Boy
Representative Connie Keogh	
Representative Eric Matthews	

-----Fiscal Division Staff-----

Julia Pattin
Katie Guenther
Kurt Swimley
Alexandra Ghosh

Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	3.00	3.00	3.00	0.00	0.0%	
General Fund	580,585	568,646	568,591	(23,933)	(2.1%)	
State/Other Special Rev. Funds	11,563			(23,126)	(100.0%)	
Total Funds	592,148	568,646	568,591	(47,059)	(4.0%)	
Personal Services	278,418	278,038	278,039	(759)	(0.1%)	
Operating Expenses	313,730	290,608	290,552	(46,300)	(7.4%)	
Total Expenditures	592,148	568,646	568,591	(47,059)	(4.0%)	
Total Ongoing	592,148	568,646	568,591	(47,059)	(4.0%)	
Total One-Time-Only					0.0%	

Agency Highlights

<p>Board of Public Education Major Budget Highlights</p>
<p>The Board of Public Education’s 2027 biennium appropriations are approximately \$47,000 or 4.0% less than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • The elimination of state special revenue funds, which the Board is no longer authorized to spend • Reductions in fixed costs

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Board of Public Education 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	580,585	11,563	0	592,148	104.1%	580,585	11,563	0	592,148	104.1%
Statewide PL										
Personal Services	11,130	0	0	11,130	2.0%	11,131	0	0	11,131	2.0%
Fixed Costs	(23,062)	0	0	(23,062)	(4.1%)	(23,121)	0	0	(23,121)	(4.1%)
Inflation Deflation	(7)	0	0	(7)	(0.0%)	(4)	0	0	(4)	(0.0%)
Total Statewide PL	(11,939)	0	0	(11,939)	(2.1%)	(11,994)	0	0	(11,994)	(2.1%)
Present Law (PL)	0	(11,563)	0	(11,563)	(2.0%)	0	(11,563)	0	(11,563)	(2.0%)
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	(11,939)	(11,563)	0	(23,502)	(4.1%)	(11,994)	(11,563)	0	(23,557)	(4.1%)
Total Requested Budget	568,646	0	0	568,646		568,591	0	0	568,591	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP1) has been broken down into three categories, as follows:

- Legislative changes - This category includes adjustments explicitly approved by the legislature, such as, changes to benefit rates, longevity adjustments required by statute, and changes in rates for workers' compensation and unemployment insurance
- Management changes - This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) 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 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or movement of personal services funding to or from another 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.

Board of Public Education FY 2026 Statewide Present Law Adjustment for Personal Services - DP1				
Program	Legislative Changes	Management Decisions	Budget Modifications	Total DP1
K-12 Education	6,847	4,283	-	11,130
Total	\$6,847	\$4,283	-	\$11,130

The Board of Public Education is incurring a positive statewide present law adjustment for personal services. This is due to both legislative increases for longevity and other benefits increases and management decisions such as market rate adjustments.

Funding

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

Total Board of Public Education Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	1,137,237				1,137,237	100.0%
State Special Revenue Total	-	-	-	-	-	0.0%
Federal Special Revenue Total	-	-	-	-	-	0.0%
Proprietary Fund Total	-	-	-	-	-	0.0%
Total of All Funds	1,137,237	-	-	-	1,137,237	
Percent of All Sources of Authority	100.0%	0.0%	0.0%	0.0%		

The executive HB 2 request totals \$1.1 million, which is 100.0% general funded. Prior to 2023, the Board of Public Education (BPE) was funded with both general fund and state special revenue. Due to HB 403 (2023 Session), the Board of Public Education is now fully funded by general fund. HB 13 (2023 Session) provided the Board of Public Education state special revenue within the pay plan, but they no longer have spending authority for those funds.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	3.00	3.00	3.00	3.00
Personal Services	258,488	264,988	278,418	278,038	278,039
Operating Expenses	138,462	317,200	313,730	290,608	290,552
Total Expenditures	\$396,950	\$582,188	\$592,148	\$568,646	\$568,591
General Fund	395,807	576,445	580,585	568,646	568,591
State/Other Special Rev. Funds	1,143	5,743	11,563	0	0
Total Funds	\$396,950	\$582,188	\$592,148	\$568,646	\$568,591
Total Ongoing	\$396,950	\$582,188	\$592,148	\$568,646	\$568,591
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Description

The Board of Public Education is authorized by Article X, Section 9 of the Montana Constitution, and exercises general supervision over the public school system and such other public educational institutions as may be assigned by law.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Board of Public Education’s modified HB 2 budget of approximately \$582,000 was 68.2% expended in FY 2024. Personal services were 97.5% expended. Operating expenses were 43.7% expended. HB 2 authority provided an appropriation to the agency related to HB 549 (2023 Session). This appropriation was given to support the implementation of the Public Charter School Act. BPE requested approval from the Office of Budget and Program Planning to create a modified position to support the implementation of HB 549. The agency used existing budget authority to hire a program officer at the start of FY 2025. The cost of this position is approximately \$78,000 and with this addition, expenditures should be closer to appropriations for the second year of the biennium.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is approximately \$10,000 or 1.7% greater than the FY 2024 appropriation. The difference is largely explained by an increased adjustment in the pay plan and a decreased adjustment in operating expenses.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Board of Public Education				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 K-12 EDUCATION				
6100 Personal Services	\$278,418		\$278,418	0.0%
6200 Operating Expenses	313,730		313,730	0.0%
Total	592,148		592,148	0.0%
Agency Total	\$592,148		\$592,148	0.0%

As seen in the table above, the executive did not make modifications to the legislative budget from the 2023 Session.

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.

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	11,130	0	0	11,130	0.00	11,131	0	0	11,131
DP 2 - Fixed Costs	0.00	(23,062)	0	0	(23,062)	0.00	(23,121)	0	0	(23,121)
DP 3 - Inflation Deflation	0.00	(7)	0	0	(7)	0.00	(4)	0	0	(4)
DP 9 - Remove State Special Revenue Authority	0.00	0	(11,563)	0	(11,563)	0.00	0	(11,563)	0	(11,563)
Grand Total All Present Law Adjustments	0.00	(\$11,939)	(\$11,563)	\$0	(\$23,502)	0.00	(\$11,994)	(\$11,563)	\$0	(\$23,557)

*"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. 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 2025 biennium

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: audit fees, Capitol complex rent, information technology services, 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 in-state state motor pool and motor pool leased vehicles.

DP 9 - Remove State Special Revenue Authority -

As discussed earlier, the Board of Public Education receives no state special revenue funding following legislation passed by the 2023 Legislature. Therefore, this request reduces state special revenue funding by \$11,563 per year and zeros the agency state special revenue appropriation.