

Financial Summary FY 2022 Dec 1-Feb 28

QUARTERLY REVIEW
BY LEGISLATIVE FISCAL DIVISION STAFF

MARCH 17, 2022

OVERVIEW

GENERAL FUND BALANCE ESTIMATE, SMALL CHANGES SINCE PREVIOUS REPORT

The estimated, unassigned general fund balance has changed little since December and still assumes revenue tax collections as projected in HJ 2. The estimated ending fund balance for FY 2023 is \$718.6 million, which is adjusted by the following:

- Increase in carryforward appropriation authority since last reported, \$4.8 million
- HB 2 Agency budgets one-time-only (OTO) include appropriation reductions for COVID enhanced Federal Medical Assistance Percentage (eFMAP) since the December report (\$29.1 million), and the estimated impacts from COVID eFMAP has been adjusted by \$29.1 million, resulting in a net \$0 change

General Fund Balance Sheet
Includes HJR 2 Revenue Estimate
(\$ Millions)

	Actual FY 2020	Actual FY 2021	Estimated w/HJ 2 Revs FY 2022	Estimated w/HJ 2 Revs FY 2023
Beginning Fund Balance	\$361.3	\$452.5	\$701.1	\$659.5
Revenues				
Actuals & HJ 2 Revenues	2,529.2	2,959.8	2,644.0	2,748.9
New Revenue Legislation			(1.9)	(11.6)
One-Time-Only (OTO) Revenue	4.1	4.0	1.1	1.1
Adjustments	(3.5)	(12.2)		
Expected CAFR Adjustment		(19.0)		
Total Revenue Funds Available	2,891.2	3,385.1	3,344.3	3,397.9
Expenditures - Ongoing				
Statutory Appropriations	282.8	290.9	308.6	317.6
General Fund Transfers	35.2	23.3	25.7	23.3
HB 2 Agency Budgets (pay plan included in FY2020-FY2022)	2,014.5	2,038.4	2,241.6	2,316.9
HB 1 (includes continuing and 2023 session estimates)	2.4	9.7	5.3	10.6
Other Appropriations	29.6	44.4	11.2	21.1
Reversions			(7.8)	(8.1)
Ongoing Expenditures	2,364.4	2,406.8	2,584.7	2,681.4
One-Time-Only (OTO)				
HB 2 Agency Budgets (includes eFMAP reductions since Dec)		5.7	(44.6)	(2.9)
HB 2 Language Appropriations			2.0	
Other approp bills, carryforward & CA (adjusted since Dec)	0.4	10.3	8.5	0.8
Estimated Impacts from COVID eFMAP (adjusted since Dec)			(21.0)	
BSRF Transfers	57.1	1.1	4.7	
Fire Fund Transfers	30.3	46.8	35.4	
Capital Development Fund transfers		228.3	115.1	
Total Expenditures	2,452.2	2,699.0	2,684.8	2,679.3
Accounting Adjustments	(13.5)	(15.0)		
Ending Fund Balance	\$452.5	\$701.1	\$659.5	\$718.6
Structural Balance	\$164.4	\$553.0	\$57.4	\$55.9

BSRF means budget stabilization reserve fund. CA stands for continuing authority.

At the June 2022 Legislative Finance Committee meeting, an updated general fund balance estimate will be presented and is expected to include the following:

- Anticipated accounting adjustments for FY 2021 based on the Annual Comprehensive Financial Report (ACFR) published by the Department of Administration
- Adjustments, if needed, related to assumed Medicaid appropriation reductions related to the enhanced COVID Federal Medical Assistance Percentage (eFMAP) and increased Medicaid expansion enrollment. For more details on the connection between eFMAP and expansion enrollment, please review page 12 of the [Section B Quarterly Financial Report](#)

GENERAL FUND REVENUES

The following is an analysis of year-to-date general fund revenue collections, recent economic trends, and the outlook for FY 2022 relative to the revenue estimate contained in HJ 2.

FY 2022 general fund revenues through the end of February are \$234 million or 12.9% above FY 2021 revenues through the same period. Ongoing revenue growth, which excludes one-time-only revenues, is currently 13.6% above the FY 2021 values through the same time period.

While growth may slow in the last quarter of FY 2022, significant revenue growth is still expected to occur in FY 2022. Multiple methods of forecasting final revenues suggest that final collections will end up far above the estimate contained in HJ 2, as seen in the following section.

High inflation is contributing to increased revenue collections, as revenues are collected in nominal dollars. For instance, as increased prices of goods drive wages higher, these higher wages will result in higher income taxes. In addition, certain taxes such as oil severance taxes and lodging taxes are taxed on their values, so as their values increase, revenues will increase as well.

End of Year Extrapolation

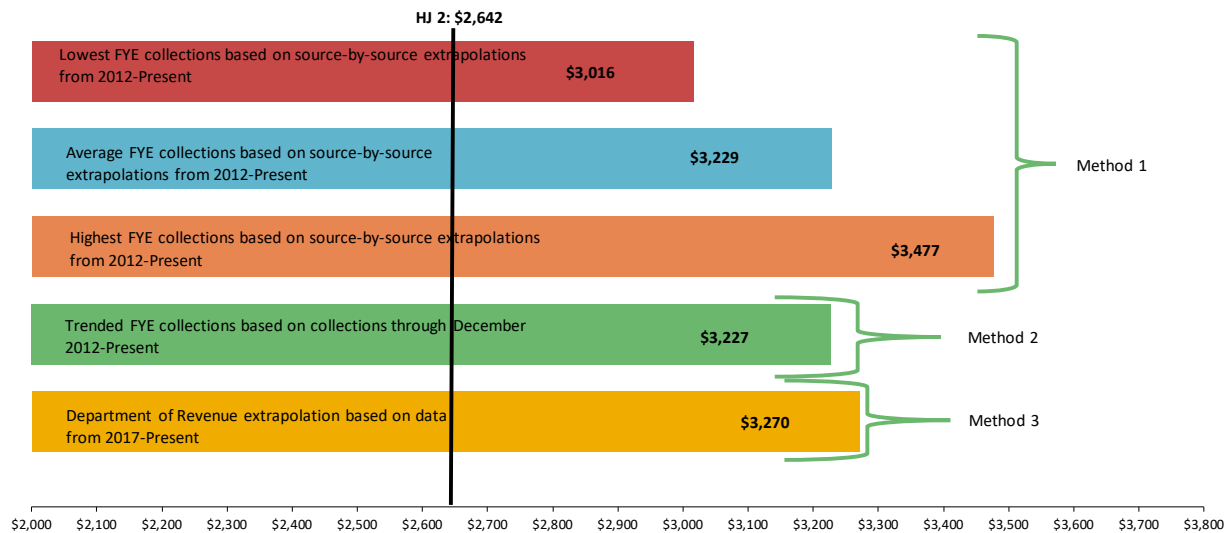
Method 1: For the top sources, and the sum of the remaining sources, the percent of total revenues collected through February was calculated for the last ten years. Collections through February for each source were then divided by the average collection percentage of the last ten years. Each source's estimate was then added to create a final year-end collection amount. Using this method, fiscal year-end revenue is estimated to be \$3,229 million. The lowest and highest growth through January by revenue source was also applied to year-to-date collections to provide an upper (\$3,477 million) and lower (\$3,016 million) limit for this methodology.

Method 2: This method uses aggregate collections across all sources through February to predict year-end collections using historical trends. Like Method 1, the last ten years of collection patterns were used. This method predicted final collections of \$3,227 million.

Method 3: The Department of Revenue publishes monthly revenue monitoring reports and provides an extrapolation for final collections. The report uses the last five years of collection data. This method produces a year-end estimate of \$3,270 million.

All methods described above produce estimates greater than the HJ 2 estimate of \$2,642 million. The estimates range from \$374 million above HJ 2 to \$835 million above HJ 2. Methods 1 (\$3,229 million) and Method 2 (\$3,227) yield similar estimates using differing methodologies. The average of these two methods estimates final collections of \$3,228 million, which is \$586 million above HJ 2, and a growth of 8.9% from FY 2021 revenue collections.

FY 2022 Year-End Revenue Extrapolations Based on Data Through February (\$ Millions)



Year-to-Date General Fund Revenue

General Fund Revenue Monitoring Report (\$ Millions)								
Revenue Source	Actual FY 2021	HJ 2 FY 2022	HJ 2 Est. % Change	Feb FY 2021	Feb FY 2022	YTD Difference	YTD % Change	YTD % Change
Largest Seven Sources								
Individual Income Tax	\$1,765.418	\$1,539.141	-12.8%	\$1,197.286	\$1,358.478	\$161.192	13.5%	
Property Tax	310.682	331.451	6.7%	179.102	201.742	22.640	12.6%	
Corporate Income Tax	266.506	161.443	-39.4%	123.236	157.564	34.328	27.9%	
Vehicle Taxes & Fees	117.791	110.949	-5.8%	68.852	71.111	2.259	3.3%	
Oil & Natural Gas Taxes	39.540	43.973	11.2%	7.272	14.939	7.667	105.4%	
Insurance Tax	87.297	92.000	5.4%	36.472	34.058	(2.414)	-6.6%	
Video Gaming Tax	74.917	63.336	-15.5%	34.298	39.135	4.837	14.1%	
Other Business Taxes								
Drivers License Fee	4.698	4.446	-5.4%	2.723	3.698	0.975	35.8%	
Investment Licenses	17.020	16.361	-3.9%	15.459	17.236	1.777	11.5%	
Lodging Facilities Sales Tax	25.874	28.337	9.5%	14.181	22.250	8.069	56.9%	
Public Contractor's Tax	3.897	5.083	30.4%	3.980	1.990	(1.990)	-50.0%	
Railroad Car Tax	5.187	4.391	-15.3%	3.717	3.397	(0.320)	-8.6%	
Rental Car Sales Tax	3.916	4.681	19.6%	2.191	3.702	1.511	69.0%	
Retail Telecom Excise Tax	8.814	10.168	15.4%	4.734	4.374	(0.359)	-7.6%	
Other Natural Resource Taxes								
Coal Severance Tax	10.084	8.697	-13.8%	4.379	7.639	3.260	74.4%	
Electrical Energy Tax	3.298	3.759	14.0%	1.487	1.925	0.438	29.5%	
Metal Mines Tax	12.136	8.038	-33.8%	0.001	0.002	0.000	14.7%	
U.S. Mineral Leasing	12.082	16.196	34.1%	6.417	8.338	1.922	29.9%	
Wholesale Energy Trans Tax	2.981	3.460	16.1%	1.427	1.663	0.236	16.6%	
Other Interest Earnings								
Coal Trust Interest Earnings	15.967	16.813	5.3%	9.166	8.759	(0.407)	-4.4%	
TCA Interest Earnings	3.410	1.002	-70.6%	2.377	2.154	(0.222)	-9.4%	
Other Consumption Taxes								
Marijuana Tax	-	6.286						
Beer Tax	3.315	3.133	-5.5%	1.941	1.897	(0.044)	-2.3%	
Cigarette Tax	27.887	26.542	-4.8%	18.066	15.662	(2.405)	-13.3%	
Liquor Excise Tax	27.823	26.486	-4.8%	16.105	16.840	0.735	4.6%	
Liquor Profits	13.256	15.800	19.2%	-	-	-		
Lottery Profits	12.300	13.180	7.2%	2.647	2.484	(0.163)	-6.2%	
Tobacco Tax	5.611	5.617	0.1%	3.380	3.335	(0.046)	-1.4%	
Wine Tax	2.679	2.634	-1.7%	1.619	1.563	(0.057)	-3.5%	
Other Sources								
All Other Revenue	45.607	46.151	1.2%	23.256	25.962	2.706	11.6%	
Highway Patrol Fines	3.517	3.640	3.5%	1.910	1.934	0.024	1.3%	
Nursing Facilities Fee	3.400	3.896	14.6%	1.796	1.711	(0.085)	-4.7%	
Public Institution Reimbursements	13.739	12.382	-9.9%	7.499	5.270	(2.230)	-29.7%	
Tobacco Settlement	13.196	3.028	-77.1%	9.860	-	(9.860)	-100.0%	
Ongoing Revenue Subtotal	2,954.004	2,642.499	-10.5%	1,796.993	2,040.812	243.819	13.6%	
OTO Revenue & Transfers Subtotal	9.843	-		9.843	-	(9.843)	-100.0%	
Grand Total	\$2,963.847	\$2,642.499	-10.8%	\$1,806.836	\$2,040.812	\$233.976	12.9%	

Major Sources

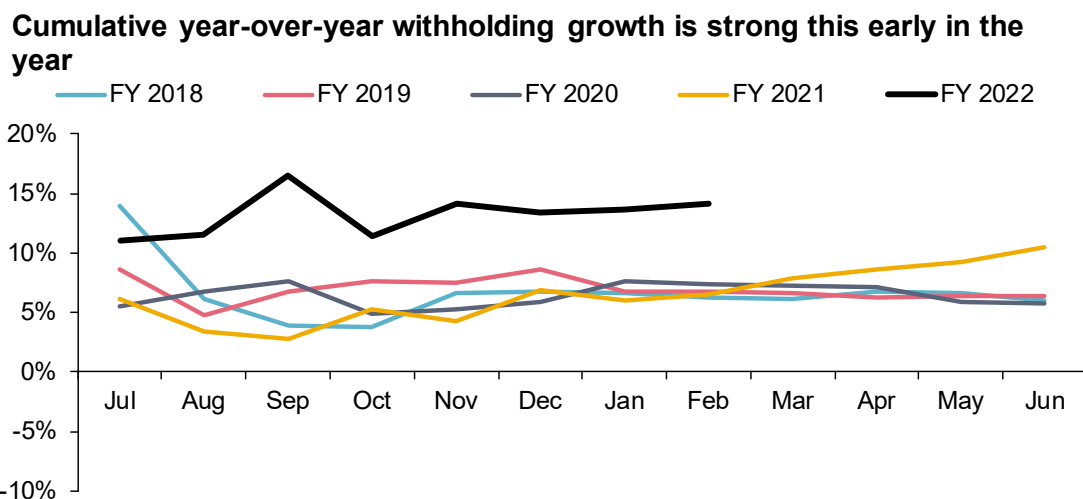
Individual Income Tax: Above Estimate

Individual income tax collections through the end of February are \$161.2 million or 13.5% above the year-to-date collections in FY 2021, significantly above the level anticipated in HJ 2. The year-over-year increase has been driven by strong withholding payments. At this point in FY 2021, there was an additional estimated payment in the accounting system that was attributable to FY 2020, due to the extension of Tax Day in CY 2020. If this payment is removed, then the estimated payment growth is approximately 32.0%.

Individual Income Tax (\$ Millions)

Account	YTD 2022	YTD 2021	\$ Difference	% Difference
Withholding	\$892.2	\$781.5	\$110.7	14.2%
Estimated Payments	299.0	276.1	22.9	8.3%
Current Year Payments	39.0	34.1	4.9	14.4%
Audit, P&I, Amended	37.3	31.4	5.9	18.9%
Refunds	64.7	50.5	14.2	28.2%
Partnership Income Tax	19.8	19.6	0.1	0.6%
Mineral Royalties	6.5	4.1	2.4	58.7%
Total	1,358.5	1,197.3	161.2	13.5%

Withholding typically accounts for two-thirds of individual income tax and about one-third of total general fund revenue, though it has been an even larger share in recent years. In FY 2021, withholding revenue accounted for 42.0% of total general fund revenues. As shown in the following chart, withholding growth tends to be relatively variable in the first half of the year, but stabilizes by February, allowing for potential assessments of overall fiscal year withholding growth. However, FY 2021 proved to be unusual, as the growth rate continued to increase throughout the second half of the fiscal year.

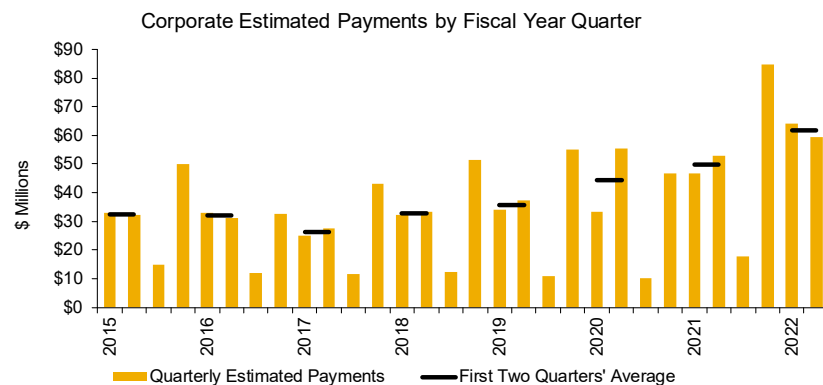


Property Tax: Above Estimate

Property tax collections have grown 12.6% or \$22.6 million compared to collections through the same period last year. In HJ 2 this source was expected to grow by 6.7%. Based upon mills and taxable values it is anticipated that final collections for FY 2022 will be closer to 8.7% above FY 2021 levels after May payments are booked. The LFD will continue to monitor and evaluate this revenue source to better understand if growth in new properties, non-levy revenue, or other factors may be influencing these values.

Corporate Income Tax: Above Estimate

Corporate income tax collections through the end of February are 27.9% or \$34.3 million above this time in FY 2021, and far above the HJ 2. As the chart to the right shows, estimated payments in the first half of FY 2022 were the largest they have ever been. In FY 2021, the last two-quarters of estimated payments were extremely high, which will make it difficult for the extremely strong growth to continue in FY 2022.



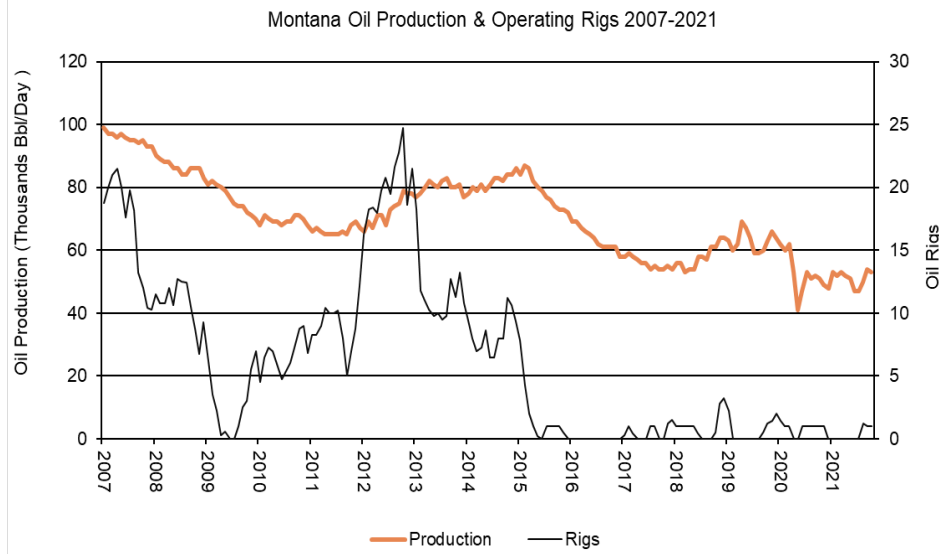
Corporate Income Tax (\$ Millions)				
Account	YTD 2022	YTD 2021	\$ Difference	% Difference
Corporation Tax	\$21.5	\$21.8	(\$0.3)	-1.6%
Estimated Payments	\$132.3	\$108.7	23.6	21.8%
Refunds	(8.6)	(13.0)	4.5	-34.2%
Audit, P&I, Amended	12.4	5.8	6.6	113.6%
Total	\$157.6	\$123.2	\$34.3	27.9%

Vehicle Fees & Taxes: Above Estimate

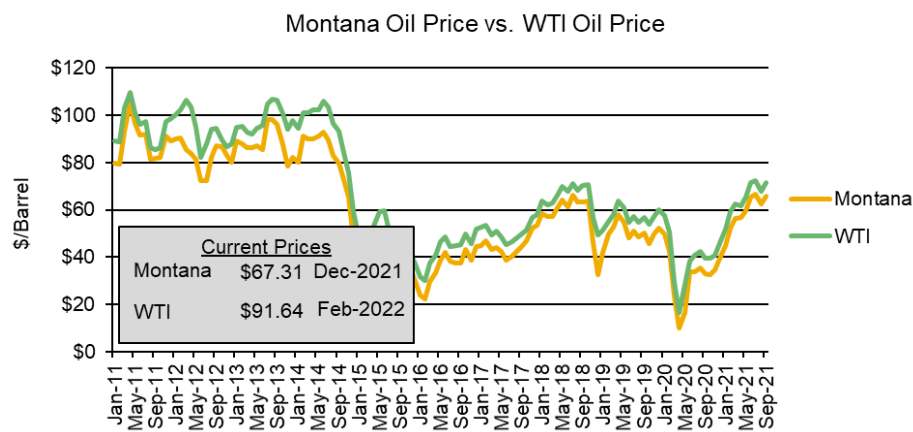
Revenue from vehicle taxes and fees totaled \$71 million through February FY 2022. This is up 3.3% from the \$68.8 million that was collected through the same period in FY 2021. In HJ 2, this source was anticipated to collect \$110.9 million in FY 2022. This number will likely be exceeded since FY 2021 collections were so strong. The continued increased collections could be a sign of more new Montana residents registering their cars within the state but could also be a product of the sporadic timing of posting registration revenues to the accounting system which often occurs. Most of this growth is in light vehicle registrations and light vehicle permanent registrations.

Oil & Natural Gas Production Tax: Above Estimate

Oil and natural gas collections have seen a 105.0% increase since this time last year. The main driver of this change is a large increase in oil prices with Montana oil seeing a large increase in price. The most recently available price for Montana oil was around \$70 per barrel at the end of December. As of February, West Texas Intermediate (WTI) was at \$91 and Brent was at \$97 per barrel. If strong prices continue, it is expected that collections will end up much higher than what was anticipated in HJ 2.



As the chart to the upper-right indicates, there was a significant decline in production in early 2020 which was the result of a sharp decline in prices due to the economic impacts of the COVID-19 pandemic (shown in the lower-right portion of the chart). Prices and production bounced back through the latter half of CY 2020. This trend has mostly continued, and while production has not yet returned to pre-2020 levels, it has remained stable. As of February, there is one oil rig operating in Montana as well.



Insurance Tax: Below Estimate

Current insurance tax collections are 6.6% or \$2.4 million below FY 2021 through February. This is below the 5.4% growth anticipated in HJ 2. Oftentimes quarterly payments that are due in March post in February; however, this year few payments came in early. Large payments are expected for premium insurance tax, fire marshal tax, and surplus lines tax in March.

Video Gaming Tax: Above Estimate

Revenue from video gambling is currently \$4.8 million or 14.1% above collections from last year. This source saw material growth in the last fiscal year and will exceed the HJ 2 estimate if this trend continues.

Other Key Differences:

Lodging Facilities Sales Tax: Above Estimate

Revenue from lodging facilities sales tax totaled \$22.3 million through February. This is up 56.9% from the \$14 million that was collected through the same period in FY 2021. In HJ 2, this source was expected to grow by 9.5%. This higher than predicted growth is likely due to a strong increase in tourism as well as possible increases in lodging rates.

Rental Car Sales Tax: Above Estimate

Revenue from rental car sales tax is \$3.7 million through February. This is up 69.0% from the \$2 million collected through February of FY 2021, and far above the expected growth of 19.6% in HJ 2. Like lodging, this increase is likely due to both a high volume of sales and higher rental prices.

Coal Severance Tax: Above Estimate

Coal severance tax collections are currently \$3.3 million or 74.4% above FY 2021 collections through the same period. This large year-over-year increase is a result of the timing of payments as well as increased price and production.

U.S. Mineral Royalties: Below Estimate

U.S. mineral royalties are up 29.9% or \$1.9 million compared to FY 2021 levels at this time. Mineral royalty payments can be sporadic, and that could explain the large jump from last year. In total \$8.3 million has been collected through November. In HJ 2 this source is expected to grow 34.1% in FY 2022.

Cigarette Tax: Below Estimate

Revenue from cigarette tax is currently \$2.4 million or 13.3% below collections from last year. This is an improvement over February when collections were more than 18.0% below the previous year. As collections last year exceeded HJ 2, collections may still reach the total estimate.

AGENCY EXPENDITURE HIGHLIGHTS FY 2022 DECEMBER - FEBRUARY

Agencies with significant budget highlights for the period December - February FY 2022 are included in this section. Detailed spending by each agency is provided in reports to the [Interim Budget Committees](#).

Budget Pressures

Inflation and Caseload Growth

While revenue collections remain strong, spending pressures are predicted. Inflation, caseload growth, increases in population, and other factors impact state government budgets in the areas of recruitment and retention, construction costs, institutional food expenditures, and more. Wage inflation pressures in agencies, some required by statute to provide a certain level of service, are discussed in the following section.

Department of Corrections (DOC)

The Department of Corrections continues to experience correctional officer vacancies and has been in negotiations with union representatives regarding the pay and retention of correctional officers. According to the DOC, the department is required to ensure that correctional officer duties are covered, so if a vacancy occurs, the current staff are paid overtime to cover the work shifts. Through the end of January 2022, the secure custody facilities division paid out \$1.6 million in overtime, which is generally in line with recent experience.

Office of Public Defender (OPD)

Caseload growth and wage inflation may pressure the OPD budget. The Office of Public Defender requested \$49,332 from the Office of Budget and Program Planning (OBPP) for contingency funding. This was pursuant to HB 2 language that directs contingency funding for personal services if OPD's caseload growth increases by 0.5% or more in the same fiscal quarter in the prior year. HB 2 limits the available funding to \$49,332 per quarter in FY 2022. An OPD memorandum from February 1, 2022, to the OBPP stated that OPD experienced growth of 2,416 working cases in the Q2 FY 2022 compared to Q2 FY 2021, an 11.0% increase.

The Office of Public Defender received American Rescue Plan Act funds to address the backlog of cases in Billings and with this funding, increased contract attorney rates in Yellowstone, Carbon, Big Horn, and Stillwater counties. In addition, OPD engaged a law firm to provide representation at the Billings Municipal Court, freeing up FTE for other courts. Contract attorneys alleviate pressure on OPD staff; however, caseload growth continues to exceed prior year numbers and on February 1, 2022, 12.1% of lawyer FTE positions were vacant.

Department of Public Health and Human Services (DPHHS)

Enrollment in both traditional and expanded Medicaid has continued to climb since the onset of the COVID-19 pandemic, and the current projected expenditure in Medicaid expansion for FY 2022 (\$1.0 billion) is significantly higher than the initial DPHHS budget request for Medicaid expansion (\$854.5 million) during the 2021 Legislative Session.

Full-Time Equivalent (FTE) Vacancies on February 1, 2022

On February 1, 2022, 1,604.19 HB 2 FTE positions across state government were vacant. This represents a 13.3% vacancy rate, which is higher than the 4.0%¹ vacancy savings for agencies adopted by the legislature in HB 2.

Recruitment and retention of state employees are impacted by age demographics, wage growth, and the labor market. According to the Department of Administration Employee Profile for 2020, the average age of executive branch employees was 46.² As more employees retire, agencies may experience recruitment issues. The Department of Labor and Industry (DOLI) reported wage growth in Montana in 2016 hovered between 2.0-3.0%, but in 2021 average wages climbed more than 8.5%.³ The DOLI emphasizes that this wage growth coupled with the low unemployment rate of 2.5%⁴ contributes to a tight labor market. For specific details on the reasons for the vacancies in state government, please refer to the [FY 2022 Quarterly Financial Reports by Agency](#).

The following agencies had a vacancy rate higher than 15.0% during the time period analyzed.

State Auditor

The State Auditor experienced 20.3% vacancy in the time period analyzed. The insurance division is budgeted for 44.00 HB 2 FTE but currently has 8.00 FTE vacant. This division is responsible for resolving insurance consumer inquiries and complaints, investigative code and rule violations, monitoring the financial solvency of insurance companies that operate in Montana, collecting premium taxes and fees paid by insurance companies operating in Montana, and other insurance related duties. The remaining two divisions in the State Auditor's Office, central management and the securities division, each have 3.00 vacant FTE.

¹ The Office of Public Instruction vacancy savings were reduced to 2.0% by the legislature. An additional 1.0% vacancy savings was imposed by the legislature on the State Auditor, Department of Revenue, Department of Administration, Department of Labor and Industry, Military Affairs, Department of Environmental Quality, Department of Transportation, Department of Livestock, Department of Agriculture, Department of Justice, Public Service Commission, and Montana State Library. The legislature did not adopt any vacancy savings for exempt agencies per Montana statute.

² [The Department of Administration State of Montana Employee Profile January - December 2020](#), page 1.

³ [Montana Department of Labor and Industry Workforce Shortages](#), January 2022, Barbara Wagner, slide 6.

⁴ Ibid, slide 3.

Department of Public Health and Human Services

The Department of Public Health and Human Services experienced a 19.5% vacancy of HB 2 FTE in the time period studied. Of the 555.17 total FTE vacant in the agency, 40.6% of the vacancies are for positions located in the Montana State Hospital at Warm Springs. The addictive and mental disorders division has 267.45 vacant FTE, which includes 97.00 psychiatric technician positions, 40.50 registered nurse positions, and 26.40 forensic mental health technicians.

The department reported to the chair of the Section B Interim Budget Committee, that for the period July 1, 2021-December 31, 2021, contracted employees at state-run facilities were the staff equivalent of 150.49 FTE, of which 84.8% are contracted at the Montana State Hospital in Warm Springs.

Department of Agriculture

The Department of Agriculture experienced 19.4% vacancy over the time period analyzed. Primarily, the vacancies are in two programs: the agricultural sciences division and the agricultural development division. The agricultural sciences division regulates, certifies, researches, inspects, registers, and licenses items related to environmental and consumer protection in agriculture, plus oversees county grants for noxious weeds. This division has 7.10 vacant FTE, primarily the types of positions vacant are technicians, scientists and science specialists, and an analytical chemist. The agricultural development division focuses on the growth and expansion of Montana agriculture, including rural development, wheat and barley promotion, agricultural marketing, and the state grain laboratory. The division has 14.98 vacant FTE; however, 8.70 vacant FTE are seasonal samplers and have been vacant only in the last month.

Office of Public Instruction (OPI)

The Office of Public Instruction's rate of vacancy on February 1, 2022, was almost 2.0% lower than last reported, but the agency still experiences a 17.2% vacancy rate for the time period studied. Of the 26.54 vacant FTE positions, 21.00 left state government employment, and 5.00 retired.

Department of Environmental Quality

The Department of Environmental Quality experienced a 15.7% vacancy rate, or 57.50 FTE in the period analyzed. Vacancies are 28.98 FTE in the water quality division, 20.00 in the air energy & mining division, and 10.51 FTE in the waste management and remediation division. Of the vacant positions, 13.00 FTE left state government, 10.00 retired, 6.00 transferred to other agencies, and the remaining did not provide a reason.

Department of Commerce

The Department of Commerce has a total of 46.05 HB 2 FTE and is currently experiencing a 16.8% vacancy rate or 7.75 vacant FTE. The vacancies are in the office of tourism and business development, housing division, and the board of horse racing. Of the vacant positions, 4.00 left state government, 2.00 retired, and 1.00 moved to another agency. The office of tourism and business development is budgeted for 14.50 HB 2 FTE and currently, 4.50 FTE are vacant.

Governor's Office

The Governor's Office rate of vacancy for the time period analyzed is 16.6% or 9.07 FTE. The vacancies are primarily in the executive office program and the executive residence operations program.

Other Expenditure Highlights

Department of Public Health and Human Services (DPHHS)

The COVID-enhanced Federal Medical Assistance Percentage (FMAP) authorized by the Families First Coronavirus Act provides a 6.2 percentage point increase in federal funding. Since the December report, the general fund decreases related to the COVID-enhanced FMAP are \$29.1 million.

Workers' Compensation Appropriation Reductions

In 2011, the legislature adopted HB 334 authorizing agency appropriation reductions "in any year in which the workers' compensation premium due from a state agency is lower than in the previous year." Projected general fund savings for FY 2022 is \$669,235.

Budgeted vs. Actual Expenditures

Total HB 2 agency authority for FY 2022 through February is 54.0% expended. While the Departments of Corrections, Public Health and Human Services, and the Office of Public Defender are experiencing budget pressures from increased wage inflation, and increases in caseload and enrollments, the remaining state agencies expect expenditures to be within budgeted authority. For more details on agency appropriations vs. expenditures, the following interactive tools are available below.

HB 2 by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates the budgeted and actual HB 2 FY 2022 expenditures. This includes general fund, state and federal special revenue, and budgeted proprietary funds. The interactive tool shows a comparison of the modified budget to actual expenditures for all state agencies.

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page one** shows HB 2 all funds.

<https://app.powerbigov.us/view?r=eyJrIjojNzUxOWI5MzYtZTgyZS00NDZkLWE4NTUtZjk0YjUyNTk5NzE0IiwidCI6IjVmYzM1Mjk4LTQyMTEtNDA1NC04Njc4LWIzMjgxYzM5NzI2NyJ9>

HB 2 General Fund Only by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates the budgeted and actual expenditures of *general fund* for HB 2 for FY 2022. The budgeted number reflects the modified budget. Detailed budget changes by section, agency, and program can be found in reports given to the [Interim Budget Committees](#).

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page two** shows HB 2 general fund only.

<https://app.powerbigov.us/view?r=eyJrIjoiNzUxOWI5MzYtZTgyZS00NDZkLWE4NTUtZjk0YjUyNTk5NzE0IiwidCI6IjVmYzM1Mjk4LTQyMTEtNDA1NC04Njc4LWlzMjgxYzM5NzI2NyJ9>

All Sources of Authority by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates all sources of authority budgeted and actual expenditures. This includes statutory appropriations, non-budgeted proprietary, other house and senate bill appropriations, budget amendments, and long-range building. It does not include COVID appropriations, please refer to the federal COVID table below for that information. The interactive tool shows a comparison of the modified budget to actual expenditures for all state agencies. *Please note, this tool is not reflective of the 17-7-152, MCA state resources definitions and some expenditures will be duplicated.*

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page three** include all sources of authority.

<https://app.powerbigov.us/view?r=eyJrIjoiNzUxOWI5MzYtZTgyZS00NDZkLWE4NTUtZjk0YjUyNTk5NzE0IiwidCI6IjVmYzM1Mjk4LTQyMTEtNDA1NC04Njc4LWlzMjgxYzM5NzI2NyJ9>

FEDERAL COVID FUNDING UPDATE

The following table provides an update to the overall authority and expenditures of federal dollars targeting the COVID-19 pandemic within the budget of the State of Montana.

Please note that this table includes data across three different fiscal years. As such, there are some data that appears to suggest the expenditures are larger than the authority provided. However, this is a result of an accounting detail regarding prior year adjustments. These agencies have not exceeded their appropriation authority.

The data for the Governor's Office has also been adjusted to reduce authority that has been transferred to other agencies and to not reflect expenditures reported as Transfers-Out to other agencies.

Federal Funding Appropriated Through State Agencies
(as of March 1, 2022)

	Appropriation Established	Expenditures
CARES I (Plus Fed HR 6074 & 6201, 266)		
Commissioner of Higher Ed	\$38,361,519	\$38,361,519
Department of Administration	280,142,662	280,086,535
Department of Commerce	366,493,283	354,011,355
Department of Justice	1,586,075	924,237
Department of Revenue	451,556	547,489
Department of Transportation	49,351,747	36,008,451
Dept Nat Resource/Conservation	23,248,005	23,251,622
Dept of Corrections	44,396,759	44,396,759
Dept of Environmental Quality	527,248	545,464
Dept of Military Affairs	3,498,661	3,498,661
Dept. of Fish, Wildlife & Parks	5,306	5,306
Governor's Office	10,391,635	1,167,140
Judiciary	364,760	364,761
Labor & Industry	310,973,545	305,170,021
Legislative Branch	984,774	984,774
Library Commission	861,870	861,870
Montana Arts Council	1,251,096	1,251,096
MT Dept of Agriculture	16,238,236	16,238,236
Office of Public Instruction	41,405,502	33,165,690
Public Defender	247,058	247,058
Public Health & Human Services	623,627,050	572,240,466
School for the Deaf & Blind	68,177	68,177
Secretary of State's Office	<u>3,000,000</u>	<u>222,373</u>
SubTotal	1,817,476,524	1,713,619,060
CARES II (HB 3 & HB 630)		
Department of Commerce	200,000,000	47,605,179
Department of Transportation	102,700,000	0
Governor's Office	17,000,000	206,269
Judiciary	100,469	0
Labor & Industry	5,251,366	1,877,754
Office of Public Instruction	184,342,525	45,383,962
Public Health & Human Services	<u>314,483,632</u>	<u>94,416,888</u>
SubTotal	823,877,992	189,490,052
ARPA (HB 632)		
Department of Administration	48,882,771	43,384,336
Department of Commerce	304,178,981	15,703,931
Department of Justice	1,169,008	4,959
Department of Transportation	3,377,812	11,179
Dept Nat Resource/Conservation	302,604,788	1,532,627
Dept of Corrections	811	0
Dept of Environmental Quality	400,000	39,604
Governor's Office	630,945,359	77,161
Judiciary	944,721	19,759
Labor & Industry	33,544,904	5,160,933
Legislative Branch	200,000	55,989
Library Commission	2,355,444	401,522
Montana Arts Council	764,000	0
MT Dept of Agriculture	7,725,000	28,145
Office of Public Instruction	391,886,263	14,369,177
Public Defender	1,500,000	50,500
Public Health & Human Services	484,019,732	102,582,015
School for the Deaf & Blind	<u>45,000</u>	<u>20,047</u>
SubTotal	2,214,544,594	183,441,884
TOTAL COVID Appropriations Established/Spent	\$4,855,899,110	\$2,086,550,996

STATUTORILY REQUIRED REPORTS

BUDGET AMENDMENTS

As of February 28, 2022, the Legislative Finance Division received notification of 60 budget amendments in the 2023 biennium and certified by the Governor since December 1, 2021.

These amendments decrease general fund by \$29.1 million and increase federal revenue authority by \$81.5 million, state special revenue by \$3.1 million and proprietary fund authority by \$70,000 in FY 2022, and state special revenue by \$3.1 million in FY 2023. An additional 8.37 FTE in FY 2022 and 8.92 FTE in FY 2023 in modified positions have also been added. Modified FTE are valid for the fiscal year but do not become permanent FTE in agency base budgets. A total of seven amendments transfer existing authority between expenditure categories or between organizational units and five extend previously approved amendment authority. Figure 1 summarizes the budget amendments certified by the Governor from the period December 1, 2021 through February 28, 2022.

Figure 1

Budget Amendment Summary (since last LFC meeting)		
Component	FY 2022	FY 2023
Number of Amendments	59	1
FTE Added	8.37	8.92
General Fund	(\$29,126,750)	\$0
State Special Revenue	3,137,500	3,137,500
Federal Revenue	81,510,628	0
Proprietary Fund	70,000	0
Total Revenue	\$55,591,378	\$3,137,500

Each amendment, along with a brief explanation, is summarized in Appendix C. Staff has reviewed the amendments and has raised no concerns with any amendment meeting statutory criteria.

Figure 2 summarizes the budget amendments that were certified for the 2023 biennium. The various approving authorities have added a total of \$241.7 million in the 2023 biennium.

Figure 2

Budget Amendment Cumulative Summary 2023 Biennium				
LFC Meeting 2023 Biennium	Number of Amendments	FY 2022	FY 2023	2021 Biennium Total
September 16, 2021	88	\$54,366,767	\$341,600	\$54,708,367
December 16, 2021	85	113,218,085	15,059,636	128,277,721
March 17, 2022	60	55,591,378	3,137,500	58,728,878
Total	233	\$223,176,230	\$18,538,736	\$241,714,966

Figure 3

Budget Amendment Authority Comparison with HB 2 Total Funds By State Agency			
State Agency	FY 2022 Modified HB 2	Budget Amendment	% of Modified Budget
Section A - General Government			
Secretary of State	100,000	(17,177)	-17.2%
Department of Commerce	35,706,599	2,986,428	8.4%
Department of Labor and Industry	<u>89,219,058</u>	<u>3,401,578</u>	<u>3.8%</u>
Total Section A	125,025,657	6,370,829	5.1%
Section B - Public Health & Human Services			
Department of Public Health and Human Services	<u>2,962,834,444</u>	<u>148,501,414</u>	<u>5.0%</u>
Total Section B	2,962,834,444	148,501,414	5.0%
Section C - Natural Resources & Transportation			
Department of Fish, Wildlife, and Parks	106,969,134	15,052,402	14.1%
Department of Environmental Quality	63,079,848	1,655,248	2.6%
Department of Livestock	14,058,937	301,178	2.1%
Department of Natural Resources and Conservation	75,655,645	15,783,951	20.9%
Department of Agriculture	<u>19,189,765</u>	<u>7,978,855</u>	<u>41.6%</u>
Total Section C	278,953,329	40,771,634	14.6%
Section D - Judicial, Law Enforcement, and Justice			
Department of Justice	129,802,296	2,045,493	1.6%
Department of Corrections	<u>219,153,278</u>	<u>22,103</u>	<u>0.0%</u>
Total Section D	348,955,574	2,067,596	0.6%
Section E - Education			
Office of Public Instruction	1,069,333,345	24,001,250	2.2%
Office of the Commissioner of Higher Education	288,538,974	232,050	0.1%
Montana Arts Council	1,515,828	155,042	10.2%
Montana State Library	6,870,678	470,500	6.8%
Montana Historical Society	<u>5,863,725</u>	<u>605,915</u>	<u>10.3%</u>
Total Section E	1,372,122,550	25,464,757	1.9%
Total	\$5,087,891,554	\$223,176,230	4.4%

The Office of Budget and Program Planning (OBPP) submitted a total of six operating plan changes and program transfers that met statutory criteria for LFC review and comment between December 9, 2021 and March 8, 2022. Staff have reviewed the amendments and have raised no concerns with any changes meeting statutory criteria.

A summary of the changes from OBPP can be found in Appendix D.