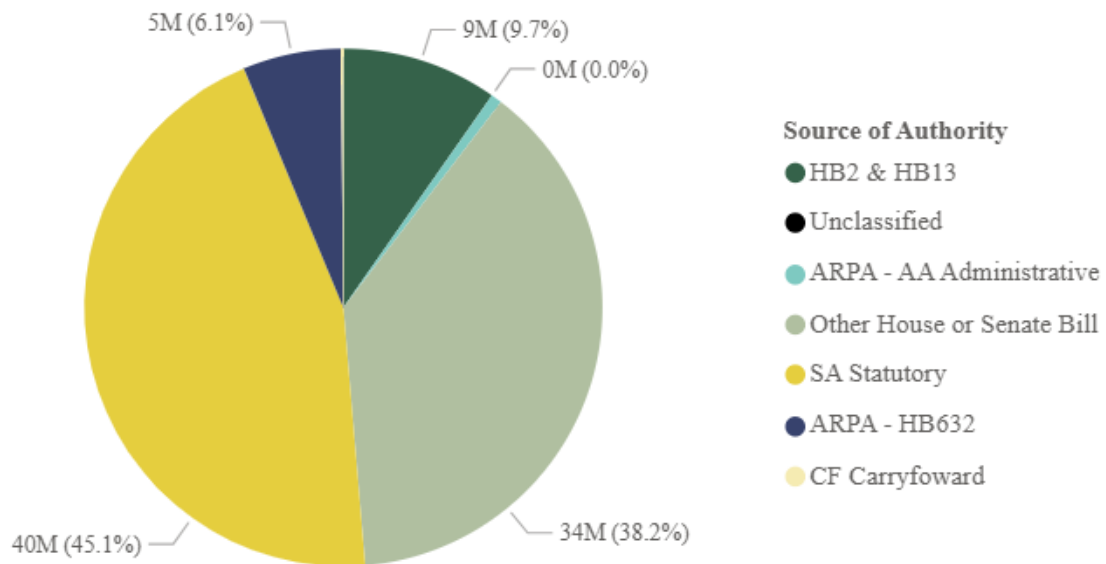


# GOVERNOR'S OFFICE

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Governor's Office is shown in the pie chart below. HB 2 and HB 13 provide 9.7% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

### Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	% Expended
SA Statutory	40,005,000	1,456,525	3.6%
Other House or Senate Bill	33,950,000	525,164	1.5%
HB2 & HB13	8,626,933	3,035,959	35.2%
ARPA	6,039,345	22,282	0.4%
CF Carryforward	137,761		
Unclassified	298		
<b>Total</b>	<b>88,759,337</b>	<b>5,039,929</b>	<b>5.7%</b>

## Statutory Appropriations

The 2023 Legislature passed and approved HB 251, which established the debt and liability free account, and the 2025 Legislature expanded the uses of this account and modified the transfers into this account in HB 924. This account can be used to:

- Pay the principal, interest, premiums, and any costs or fees associated with redeeming or defeasing outstanding bonds, notes, or other obligations
- Forgo or reduce the amount of an issuance of general obligation bonds paid from the general fund authorized by the legislature but not yet issued by the board of examiners prior to using funds from the capital development long-range building program account
- Pay in whole or in part legally resolved non-pension financial liabilities of the state of Montana
- Replace federal funding that has been rescinded by the federal government from remaining funding of the American Rescue Plan Act funds
- Mitigate the need for general fund supplemental appropriations for the general appropriations act
- Replace federal funds that have been reduced or rescinded by the federal government

Appropriation authority of \$40.0 million was established in FY 2026, and there were expenditures of approximately \$1.5 million at this point in the fiscal year, which include:

- \$1.4 million transferred to the Montana State Fund for the old fund liability
- \$55,000 for a judgement against the state for Disabilities Rights Montana v. Montana Superintendent and the Governor

Additional details on the debt and liability free account are included in Appendix A of this report.

## Other Bills

The Governor's Office has approximately \$34.0 million of appropriation authority in other bills in FY 2026, which is approximately 38.2% of the total appropriation authority. This authority primarily includes appropriations for the recruitment and retention contingency fund and implementation of Public Law 280 (PL 280).

### ***HB 863 – Generally Revise State Finance Laws***

HB 863 appropriated approximately \$26.2 million to the Office of Budget and Program Planning for two studies and a recruitment and retention contingency fund, and includes:

- The Office of Budget and Program Planning is directed to conduct a study of market wages and actual wages of Executive Branch employees and OBPP may increase wages where there is a differential between market and actual wages. An appropriation of \$25.8 million is available to address recruitment and retention issues and any funding allocated to state agencies must be approved by the Governor's Office Budget Director. Additionally, any funding transferred to state agencies will be part of the receiving agency's base budget for the purpose of determining the base budget for the 2029 biennium. As of November 30, 2025, 0.0% has been expended from this funding
- The Office of Budget and Program planning is directed to conduct a study of principal departments of the state as defined in 2-15-104, MCA. This study must include a review of the operations and administration of state-owned healthcare facilities. OBPP received an appropriation of \$350,000 to conduct this study. As of this point in the fiscal year, approximately \$25,000 or 7.2% has been expended

### ***SB 393 – Provide Funding for Enforcement of PL 280***

SB 393 provided an appropriation of \$6.0 million general fund to the Office of Budget and Program Planning for reimbursing expenditures resulting from the enforcement of felony criminal jurisdiction on the Flathead Indian reservation. At this point in the fiscal year, \$500,000 or 8.3% of this appropriation has been expended. As required by statute, \$250,000 was distributed to Lake County and \$250,000 was distributed to the Confederated Salish and Kootenai tribes because Lake County rescinded its petition to withdraw from Public Law (PL) 280. The remainder of the appropriation is available, in equal amounts, to Lake County and the Confederated Salish and Kootenai tribes within 30 days of the entrance into an agreement addressing sharing costs associated with implementing PL 280.

### ***HB 13 – State Employee Pay Plan***

The 2025 Legislature adopted \$1.8 million in biennial funding for the Office of Budget and Program Planning, which includes \$1.0 million general fund, \$500,000 state special revenue funds, \$250,000 federal special revenue funds, and \$50,000 proprietary funds. This funding can be distributed to state agencies when personal services vacancies do not occur, retirement costs exceed state agency resources, or when other contingencies arise. As of November 30, 2025, the Office of Budget and Program Planning has not transferred any of this funding.

### **ARPA**

The Governor's Office has \$6.0 million of funding from the American Rescue Plan Act (ARPA) in FY 2026, which includes:

- GEER fund – Appropriation authority totaled \$5.4 million in FY 2026. Approximately \$37,000 of this is empty authority because the federal award was less than anticipated during session. At this point in the fiscal year, there have been no expenditures
- Economic transformation, stabilization, and workforce – Appropriation authority totaled \$608,000 and was 3.7% expended on personal services and operating expenses

All remaining ARPA authority must be expended by December 31, 2026.

### **Carryforward**

The Governor's Office has carryforward appropriation authority of approximately \$138,000, which is less than 1.0% of the total appropriation authority in FY 2026. The carryforward authority is comprised entirely of general fund in the Executive Office Program, Office of Budget and Program Planning, and the Mental Disabilities Board of Visitors and Mental Health Ombudsman Program. The carryforward appropriation authority is 0.0% expended at this point in the fiscal year.

### **Unclassified Authority**

The Governor's Office has unclassified appropriation authority of \$300 because of lower workers' compensation premiums. Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. The reductions are included in the accounting system as unclassified authority that will not be spent by the agency.

## HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from July 1, 2025, through November 30, 2025. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

### Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	HB 2 Budget	Modified Budget	Net Modifications
<div> <div></div> <div>Governor's Office</div> </div>	8,627,231	8,626,933	-298
<div> <div></div> <div>01 EXECUTIVE OFFICE PROGRAM</div> </div>	3,812,828	3,812,828	
<div> <div></div> <div>02 EXECUTIVE RESIDENCE OPERATIONS</div> </div>	136,460	136,162	-298
<div> <div></div> <div>04 OFC BUDGET &amp; PROGRAM PLANNING</div> </div>	3,861,246	3,861,246	
<div> <div></div> <div>05 OFFICE OF INDIAN AFFAIRS</div> </div>	290,643	290,643	
<div> <div></div> <div>20 MENTAL DISABILITIES BD VISTORS</div> </div>	526,054	526,054	
<b>Total</b>	<b>8,627,231</b>	<b>8,626,933</b>	<b>-298</b>

Expenditure Type	HB 2 Budget	Modified Budget	Net Modifications
<div> <div></div> <div>61000 Personal Services</div> </div>	6,780,862	6,780,564	-298
<div> <div></div> <div>62000 Operating Expenses</div> </div>	1,846,369	1,846,369	
<b>Total</b>	<b>8,627,231</b>	<b>8,626,933</b>	<b>-298</b>

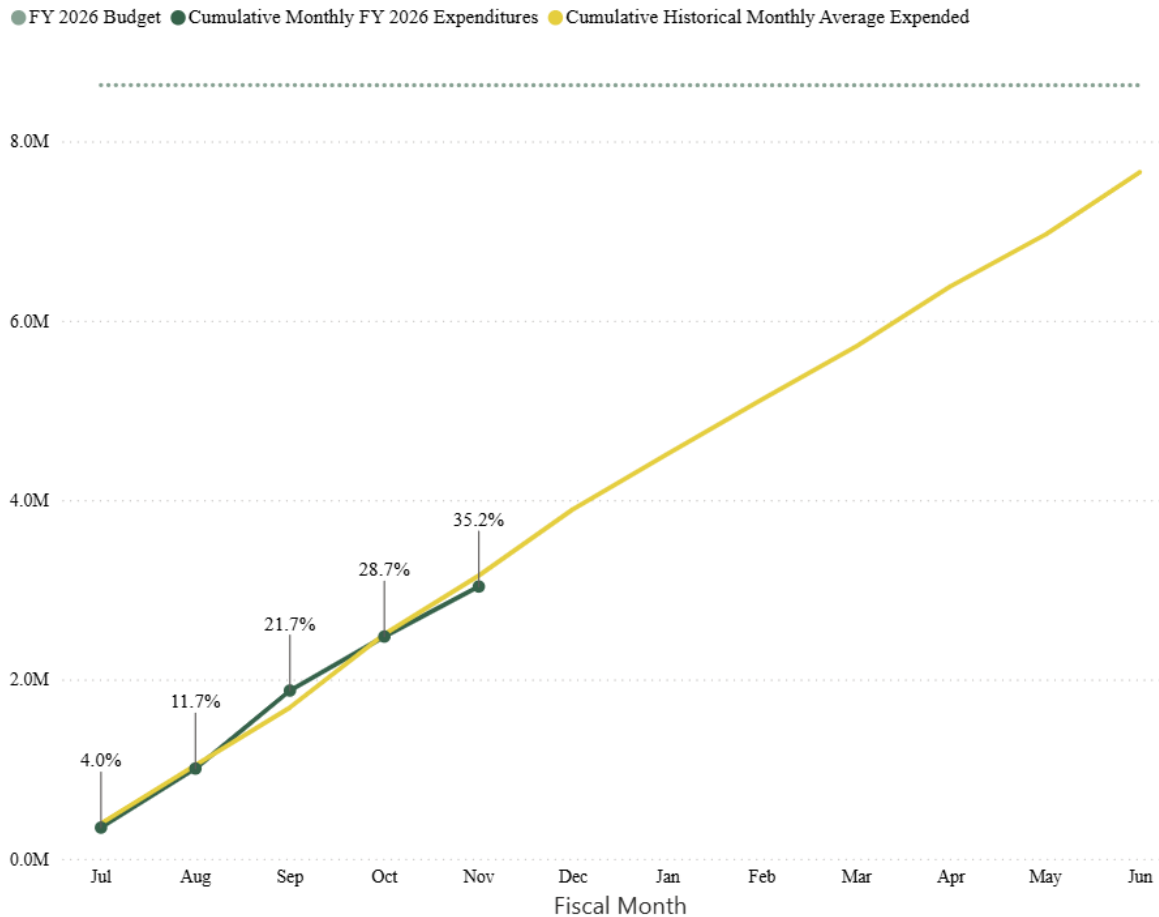
Fund Type	HB 2 Budget	Modified Budget	Net Modifications
<div> <div></div> <div>01 General</div> </div>	8,393,296	8,392,998	-298
<div> <div></div> <div>02 State/Other Spec Rev</div> </div>	101,760	101,760	
<div> <div></div> <div>03 Fed/Other Spec Rev</div> </div>	79,332	79,332	
<div> <div></div> <div>06 Internal Service</div> </div>	52,843	52,843	
<b>Total</b>	<b>8,627,231</b>	<b>8,626,933</b>	<b>-298</b>

The Governor's Office had one budget modification between July 1, 2025, and November 30, 2025, which reduced appropriation authority by approximately \$300 because of lower workers' compensation premiums.

## HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2025.

### Monthly Expenditures Compared to Historical Average



Program Name	Modified Budget	Expended Budget	% Expended
01 EXECUTIVE OFFICE PROGRAM	3,812,828	1,464,580	38.4%
02 EXECUTIVE RESIDENCE OPERATIONS	136,162	1,724	1.3%
04 OFC BUDGET & PROGRAM PLANNING	3,861,246	1,342,194	34.8%
05 OFFICE OF INDIAN AFFAIRS	290,643	77,745	26.7%
20 MENTAL DISABILITIES BD VISTORS	526,054	149,716	28.5%
<b>Total</b>	<b>8,626,933</b>	<b>3,035,959</b>	<b>35.2%</b>

Expenditure Type	Modified Budget	Expended Budget	% Expended
⊞ Personal Services	6,780,564	2,416,219	35.6%
⊞ Operating Expenses	1,846,369	619,739	33.6%
<b>Total</b>	<b>8,626,933</b>	<b>3,035,959</b>	<b>35.2%</b>

Fund Type	Modified Budget	Expended Budget	% Expended
⊞ 01 General	8,392,998	3,035,959	36.2%
⊞ 02 State/Other Spec Rev	101,760		
⊞ 03 Fed/Other Spec Rev	79,332		
⊞ 06 Internal Service	52,843		
<b>Total</b>	<b>8,626,933</b>	<b>3,035,959</b>	<b>35.2%</b>

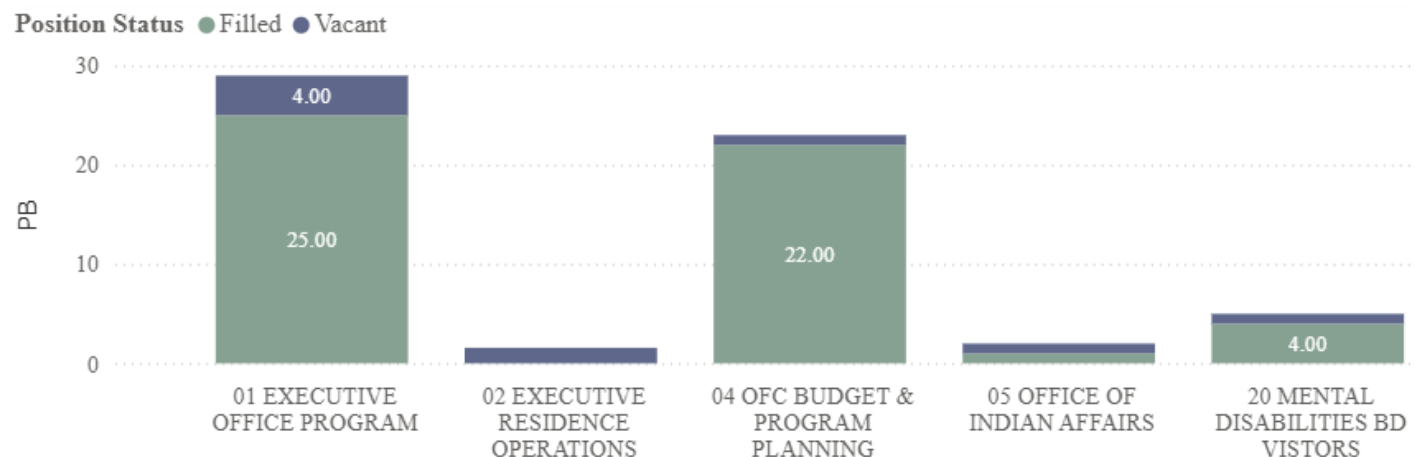
The Governor's Office expended 36.2% of its \$8.6 million HB 2 modified budget through November 30, 2025. The historical percent expended is 36.6%, which closely aligns with the current percent expended.

The Executive Residence Operations Program's HB 2 budget of approximately \$136,000 was 1.3% expended at this point in the fiscal year. The executive residence is not currently in use, so expenditures are lower. The Governor's personal residence has been used for business events. Caterers and contracted staff are being used, as needed, for these events.

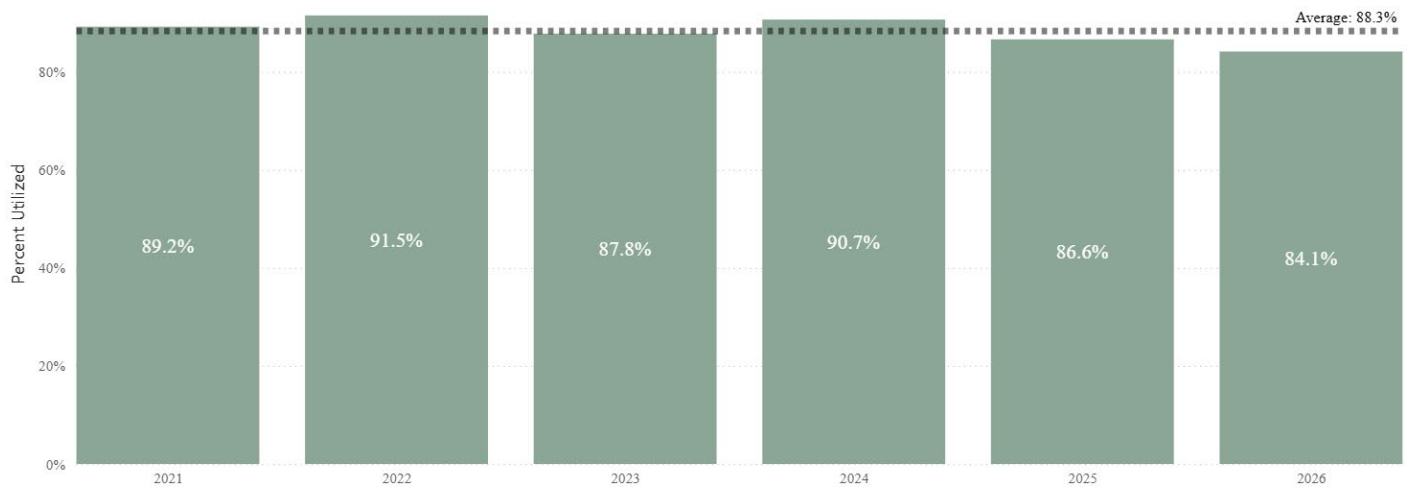
There are no expenditures from the state special revenue, federal special revenue, and internal service appropriations through November 30, 2025. The 2025 Legislature appropriated approximately \$103,000 general fund, \$52,000 state special revenue, \$79,000 federal special revenue, and \$53,000 internal service funds for the legislative single audit contingency fund. These funds are 0.0% expended at this point in the fiscal year. Additionally, the Office of Indian Affairs has state special revenue funding of \$50,000 for tribal relations training, which is 0.0% expended at this point in the fiscal year.

## Personal Services

Personal services make up 78.6% of the FY 2026 HB 2 budget in the Governor's Office with approximately \$2.4 million or 35.6% expended through November 30, 2025. The chart below shows the filled and vacant positions budgeted (PB) within the agency as of November 1, 2025. The office has 60.57 HB 2 PB and 85.9% of these positions were filled.



The chart below shows the hourly utilization percentage for the Governor's Office between July 1 and November 1 for each fiscal year when compared to the available hours for the same time period. Overall, the department has utilized 84.1% of the hours budgeted for FY 2026. This is slightly below the five-year average of 88.3%.



The chart below shows the vacant PB in each division, the number of months each position has been vacant, and the midpoint hourly pay rate. Of the 8.57 PB that are vacant, 5.00 PB have been vacant for less than one year. The Executive Residence Operations Program includes 1.57 PB which are unfilled due to the executive residence not currently being in use. The Governor's Office is currenting interviewing for an administrative personal staff position and recruiting a clerical personal staff position and policy specialist. Additionally, the office anticipates the administrative assistant position in the Office of Indian Affairs to be filled mid-December.

### Vacant Positions Report

	PB	Median Months Vacant	Market Midpoint (Hourly)
☐ <b>31010 GOVERNORS OFFICE</b>	<b>8.57</b>	<b>10.03</b>	<b>15.01</b>
☐ <b>01 EXECUTIVE OFFICE PROGRAM</b>	<b>4.00</b>	<b>7.54</b>	
Personal Staff/EO-Admin	2.00	4.82	
Personal Staff/EO-Clerical	1.00	10.03	
Policy Specialist	1.00	50.03	
☐ <b>02 EXECUTIVE RESIDENCE OPERATIONS</b>	<b>1.57</b>	<b>48.20</b>	<b>16.95</b>
Cook 3	1.00	47.74	18.89
Custodian 1	0.57	48.66	15.01
☐ <b>04 OFC BUDGET &amp; PROGRAM PLANNING</b>	<b>1.00</b>	<b>3.21</b>	<b>37.57</b>
Budget Analyst 3	1.00	3.21	37.57
☐ <b>05 OFFICE OF INDIAN AFFAIRS</b>	<b>1.00</b>	<b>21.64</b>	<b>18.15</b>
Administrative Assistant 2	1.00	21.64	18.15
☐ <b>20 MENTAL DISABILITIES BD VISTORS</b>	<b>1.00</b>	<b>8.26</b>	<b>17.41</b>
Social Services Coordinator 2	1.00	8.26	17.41
<b>Total</b>	<b>8.57</b>	<b>10.03</b>	<b>15.01</b>

## **APPENDIX A – DEBT AND LIABILITY FREE ACCOUNT**

### **Overview of the Debt and Liability Free Account**

The 2023 Legislature passed and approved HB 251, which established the debt and liability free account, and the 2025 Legislature expanded the uses of this account, adding subsections (e) through (g) shown below, and modified the transfers into this account in HB 924. This account can be used to:

- a) pay the principal, interest, premiums, and any costs or fees associated with defeasing outstanding bonds, notes, or other obligations that have been authorized and issued pursuant to the laws of Montana and that are currently subject to optional redemption;
- b) pay the principal, interest, premiums, and any costs or fees associated with defeasing outstanding bonds, notes, or other obligations that have been authorized and issued pursuant to the laws of Montana that are not currently subject to optional redemption;
- c) forego or reduce the amount of an issuance of general obligation bonds paid from the general fund authorized by the legislature but not yet issued by the board of examiners prior to using funds from the account established in 17-7-209 for the same purpose;
- d) pay in whole or in part legally resolved nonpension financial liabilities of the state of Montana.
- e) to replace federal funding that has been rescinded by the federal government from remaining funding of the American Rescue Plan Act funds;
- f) to mitigate the need for general fund supplemental appropriations for the general appropriations act; and
- g) to replace federal funds that have been reduced or rescinded by the federal government.

### **Estimated Fund Balance of the Debt and Liability Free Account**

The table below shows the actual revenues, completed expenditures, reserves, and ending fund balance for FY 2023 through FY 2025 and the estimate for FY 2026 and FY 2027. Overall, there are no anticipated revenues in FY 2026 and FY 2027, which leads to a declining fund balance. In FY 2027, the estimated ending fund balance is \$50.9 million, when considering the amounts reserved for liabilities of the state. The revenues, expenditures, and reserves are explained in more detail below.



Governor's Office Debt and Liability Account (02300)					
	Actual FY 2023	Actual FY 2024	Actual FY 2025	Estimated FY 2026	Estimated FY 2027
Beginning Fund Balance	\$ -	\$ 112.9	\$ 257.3	\$ 266.0	\$ 126.0
Revenue					
Investment Earnings	118.4	164.7	159.1	-	-
General Fund Transfers	125.0	-	-	-	-
Total Revenues	243.4	164.7	159.1	-	-
Completed Expenditures					
Capitol Complex Space - Walt Sullivan	-	(0.0)	(2.7)	-	-
Coal Trust Corpus	(7.5)	(11.7)	-	-	-
CSKT Water Compact	-	(0.3)	(0.6)	-	-
General Fund General Obligation Debt	(103.0)	(1.9)	(8.1)	-	-
HB 924 (Section 41) Transfers	-	-	(115.0)	-	-
Other	(0.0)	(0.0)	(0.0)	(0.1)	-
Water and Wastewater Revolving Funds	(20.0)	-	-	-	-
Water Storage and Irrigation Projects	-	-	(20.0)	-	-
Workers' Compensation Insurance Liability (Old Fund)	-	(6.4)	(4.1)	(1.4)	-
Total Completed Expenditures	(130.5)	(20.3)	(150.5)	(1.5)	-
Reserved					
Compensated Absense Footnote	-	-	-	(121.9)	-
CSKT Water Compact	-	-	-	(13.0)	(41.1)
Workers' Compensation Insurance Liability (Old Fund)	-	-	-	(3.6)	(34.0)
Total Reserved	-	-	-	(138.5)	(75.1)
Ending Fund Balance	\$ 112.9	\$ 257.3	\$ 266.0	\$ 126.0	\$ 50.9

## Revenues

The DLFA received a general fund transfer of \$125.0 million in FY 2023 and, in accordance with HB 251 (2023), treasury cash account interest was redirected from the general fund to the DLFA in FY 2023, FY 2024, and FY 2025. The redirection of treasury cash account interest was discontinued at the end of FY 2025. Starting in FY 2026, statute enacted through HB 924 (2025 Legislative Session) allows for a portion of volatile revenue to be transferred into the DLFA account each year; however, transfers may not exceed \$12.5 million and can only be made if the unobligated ending fund balance of the DLFA account is less than \$12.5 million. Because the unobligated fund balance is above the \$12.5 million threshold, it is not anticipated that there will be transfers into this account in the 2027 biennium.

## Completed Expenditures and Reserves

### *Capitol Complex Space - Walt Sullivan - \$2.3 Million Expended*

The Walt Sullivan building, on the Capitol Complex, was initially built with state and federal resources. The federal share of the building was purchased to have full administrative control over this building and the ability to use it for the highest and best use on the Capitol Complex. The \$2.3 million expenditure eliminated the federal restrictions associated with this building.

***Coal Trust Corpus – \$19.2 Million Expended***

Most of the benefit to the coal trust is due to the repayment of general obligation revenue bonds backed by the coal trust as approved in HB 8. When the borrowers of HB 8 loans pay back their obligation, the beneficiary will be the coal trust corpus.

Of the \$19.2 million, \$7.4 million paid off the liability of the former Montana Board of Science and Technology Alliance within the coal trust. There was no reliable source of funding to repay the loan from the coal trust and this action effectively clears the books of a bad loan from the coal trust to the defunct Montana Board of Science and Technology Alliance.

***CSKT Water Compact – \$900,000 Expended and \$54.1 Million Reserved***

The Confederated Salish and Kootenai Tribes – Montana Compact (CSKT water compact) is a water rights agreement between the State of Montana, the Confederated Salish and Kootenai Tribes (CSKT), and the United States. The CSKT water compact resolves CSKT's reserved water right claims and creates a joint state-tribal system for administering water rights on the Flathead Indian Reservation. The financial obligation of the state of \$55.0 million is allocated as follows:

- \$4.0 million for water measurement activities
- \$4.0 million for improving on-farm efficiency
- \$4.0 million for mitigating the loss of stock water deliveries from the Flathead Indian Irrigation Project (FIIP)
- \$30.0 million to offset pumping costs associated with compact implementation & related projects
- \$13.0 million to provide for aquatic and terrestrial habitat enhancement

The CSKT water compact was signed without a specific funding source and is interpreted by the executive as a general fund obligation since it does not have designated funding source.

***General Fund General Obligation Bonds – \$113.0 Million Expended***

The executive retired the debt of all general fund general obligation bonds.

***HB 924 (Section 41) Transfers – \$115.0 Million Expended***

As required by HB 924 (2025 Legislative Session), in section 41, the state treasurer transferred \$26.0 million to the Montana housing trust and \$89.0 million to the permanent coal trust from the debt and liability free account.

***Other – \$90,000 Expended***

The other expenses covered by the DLFA were legal and financial services that enabled the other transactions as well as \$55,000 for a judgement against the state for Disabilities Rights Montana v. Montana Superintendent of Public Instruction and the Governor.

***Water and Wastewater Revolving Loan Funds – \$20.0 Million Expended***

The state has loan programs for local government entities for water and wastewater infrastructure projects. The executive used the funds in the DLFA instead of issuing debt for these projects. When the local governments repay these loans, they will be deposited into the water or wastewater revolving loan funds and can be appropriated for loans for projects in the future.

***Water Storage and Irrigation Projects – East Fork of Rock Creek Dam - \$20.0 Million Expended***

The DLFA was used to repay the debt for the refurbishment of the East Fork of Rock Creek dam (Granite County) that was approved for general obligation revenue bonding in HB 8. The water users of this dam will make payments on \$2.5 million into the water and storage irrigation fund for this refurbishment.

***Workers' Compensation Insurance Liability (Old Fund) – \$11.9 Million Expended and \$37.6 Million Reserved***

The 1990 Legislature passed legislation that reformed workers' compensation and created a separate fund (the Old Fund) for claims resulting from workplace injuries and accidents occurring before July 1, 1990. General fund is used to pay Montana State Fund for the administration of the Old Fund and claims that occurred before July 1, 1990. The Office of Budget and Program Planning has reserved \$37.6 million from the DLFA for this liability in addition to the \$11.9 million paid through December 1, 2025.

***Compensated Absence Footnote in the State Annual Financial Report – \$121.9 Million Reserved***

The State of Montana includes a compensated absence liability on its balance sheet, which is included in the Annual Comprehensive Financial Report (ACFR) as required in government accounting standards. This liability for the state includes 100.0% of vacation and 25.0% of sick leave accrued for all current employees that would be required to be paid out at the time of termination or retirement. The executive reserved \$121.9 million of the DLFA to offset this liability.

***OBPP Estimate for Other Eligible Expenses – \$13.0 Million Estimate***

The Office of Budget and Program Planning estimates \$7.5 million in FY 2026 and \$5.5 million in FY 2027 of other expenses that would be eligible for payment or reimbursement from the DLFA, which is not reflected in the table above.