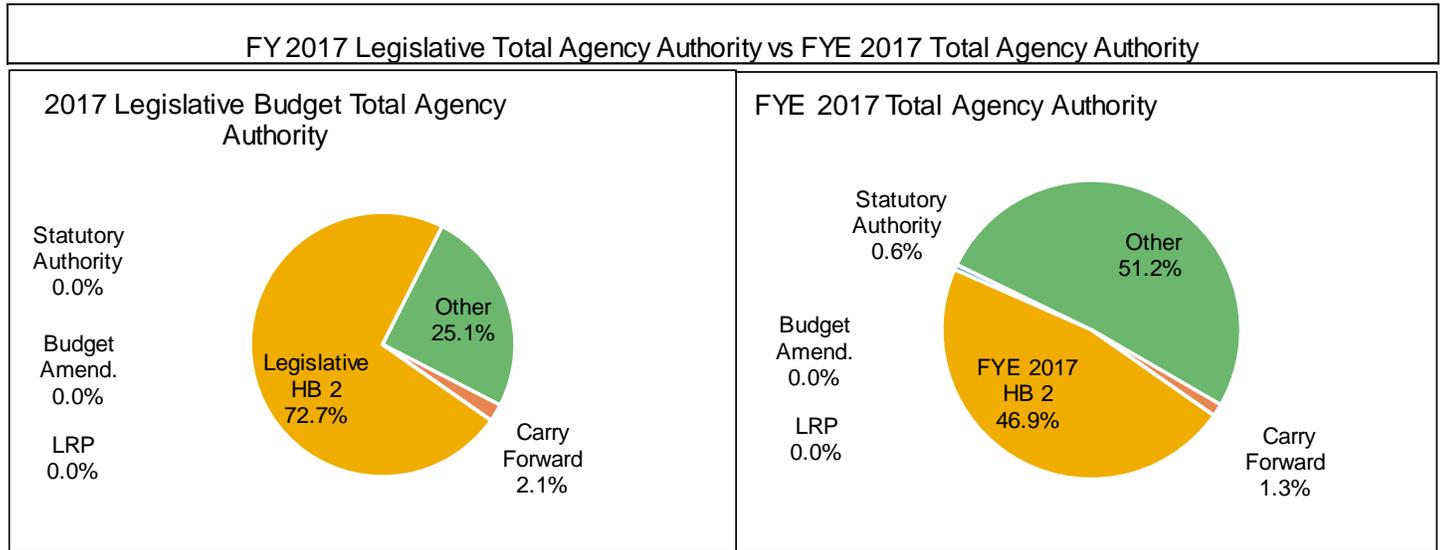


# LEGISLATIVE BRANCH

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Legislative Branch HB 2 appropriations of nearly \$15.5 million, comprised of general fund and state special revenue, were 94.2% expended in FY 2017
- The Legislative Branch voluntarily contributed \$1.1 million in general fund reductions in HB 3

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	15,209,538	281,481	15,491,019
Statutory Authority	-	190,000	190,000
Budget Amendments	-	-	-
Other	5,260,134	11,649,583	16,909,717
Carry Forward	445,940	-	445,940
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>20,915,612</b>	<b>12,121,064</b>	<b>33,036,676</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	25,420,887
Total Budgeted Authority	33,036,676
<b>% Expended</b>	<b>76.9%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Legislative Branch was approximately \$33.0 million in FY 2017. This authority primarily consisted of HB 2 and other authority.

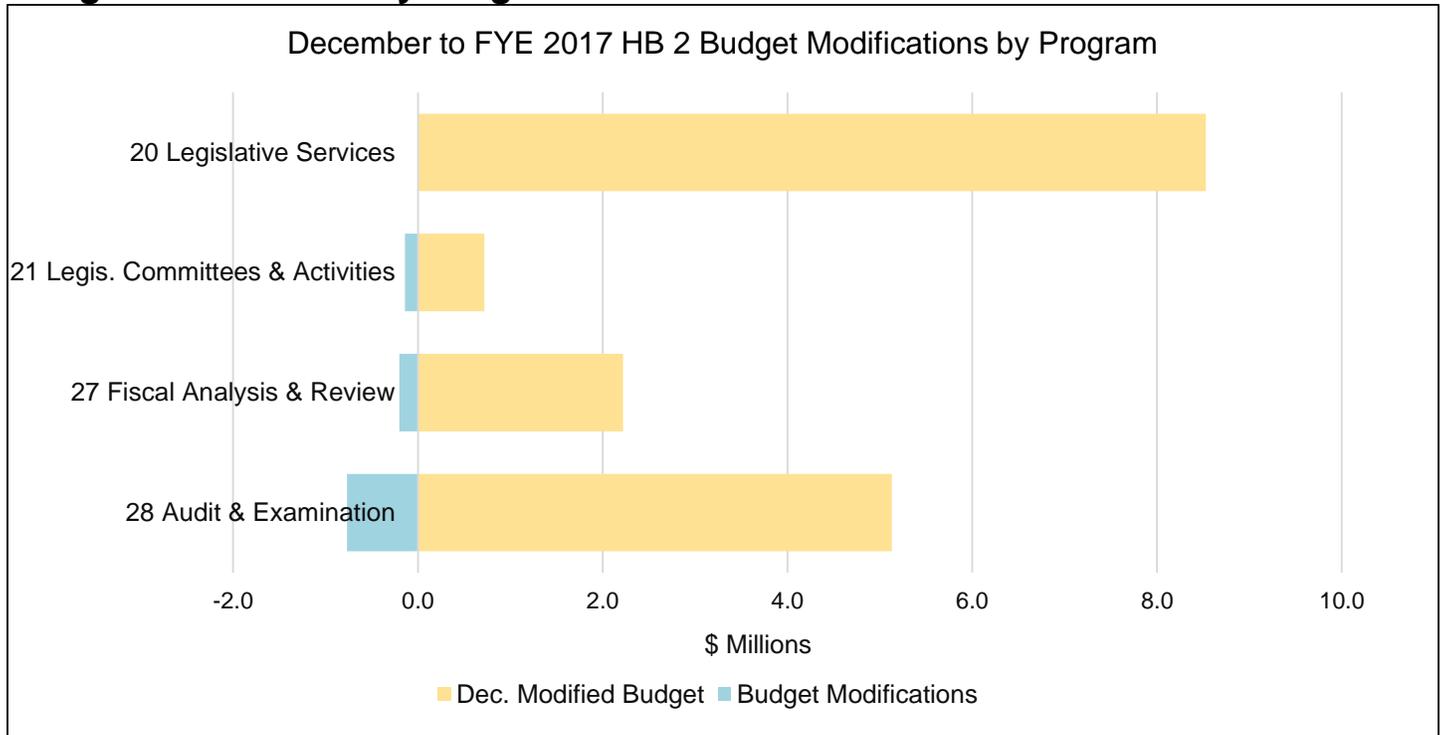
### Other Authority

Other authority in the Legislative Branch was comprised of:

- Capital projects appropriations in HB 10 for the session systems replacement information technology project
- General fund appropriations for the Judicial Redistricting Commission, the Office of Public Defender Task Force, and the School Funding Study
- General fund appropriations in HB 1 for the operations of the legislature

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
20 Legislative Services	8,529,451	552,182	(552,182)	-	8,529,451	0.0%
21 Legis. Committees & Activities	718,270	1,496	(140,496)	(139,000)	579,270	-19.4%
27 Fiscal Analysis & Review	2,220,209	-	(200,000)	(200,000)	2,020,209	-9.0%
28 Audit & Examination	5,129,745	5,875	(773,530)	(767,655)	4,362,090	-15.0%
<b>Grand Total</b>	<b>\$16,597,674</b>	<b>\$559,553</b>	<b>(\$1,666,208)</b>	<b>(\$1,106,655)</b>	<b>\$15,491,019</b>	<b>-6.7%</b>

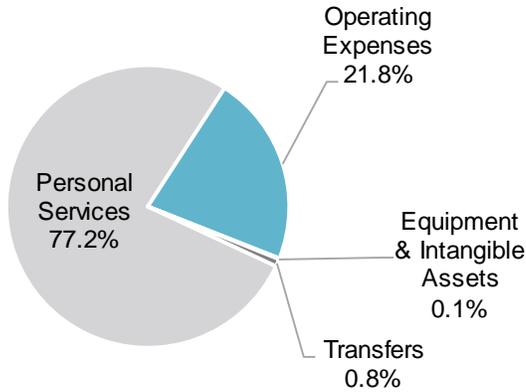
*This chart shows budget modifications by program from December through FYE.*

There were budget modifications in every program in the Legislative Branch since the last Budget Status Report. The Legislative Services Division reduced operating expenditures and increased equipment and intangible assets to appropriately account for the purchase of capital assets. These capital assets included a Digital Archive Solution (server) for TVMT and contract payments for the Session Systems Replacement Project. Additionally, Legislative Committees and Activities, the Legislative Fiscal Division, and the Legislative Audit Division contributed reductions of \$1.1 million general fund in HB 3.

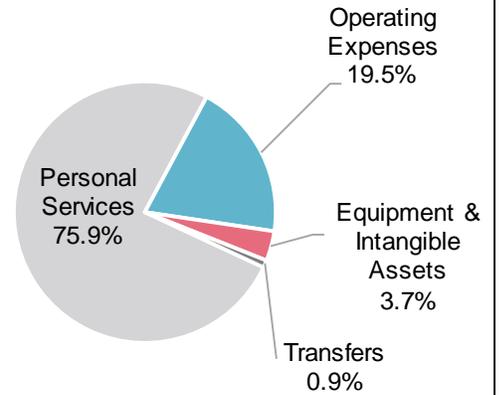
# Budget Modification by First Level

## December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

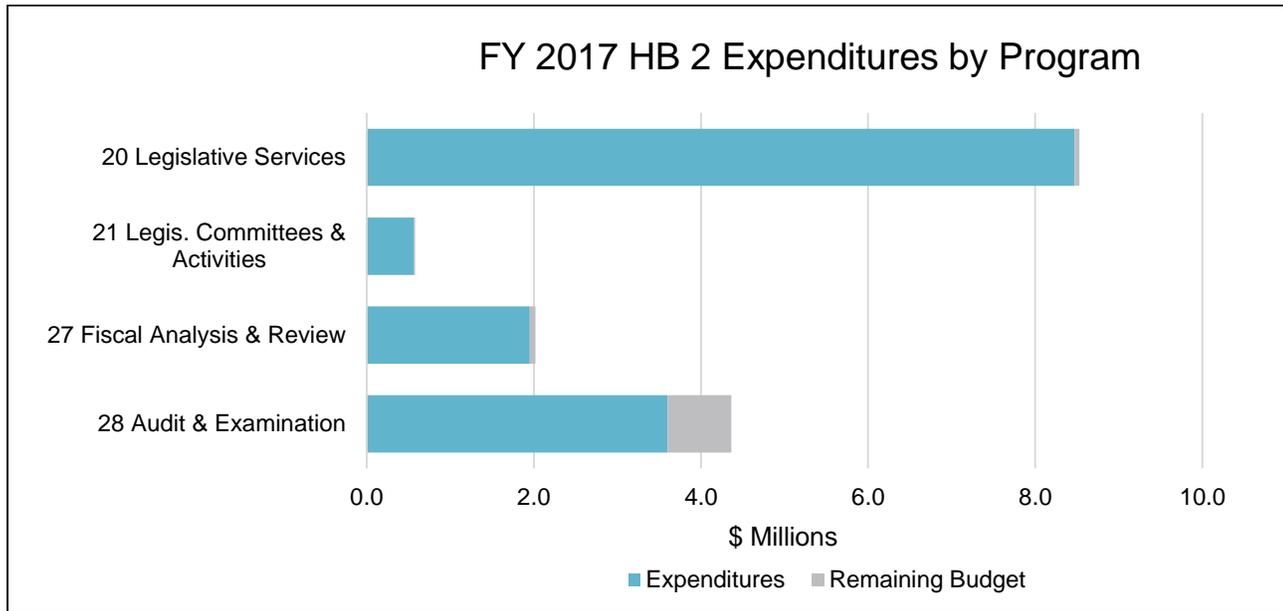
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$12,814,247	1,496	(\$1,059,178)	(1,057,682)	11,756,565	-8.3%
62000 Operating Expenses	\$3,623,841	5,875	(\$607,030)	(601,155)	3,022,686	-16.6%
63000 Equipment & Intangible Assets	\$18,927	552,182	\$0	552,182	571,109	2917.4%
68000 Transfers	\$140,659	-	\$0	-	140,659	0.0%
<b>Grand Total</b>	<b>\$16,597,674</b>	<b>\$559,553</b>	<b>(\$1,666,208)</b>	<b>(\$1,106,655)</b>	<b>\$15,491,019</b>	<b>-6.7%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Legislative Branch budget modifications impacted personal services, operating expenses, and equipment and intangible assets. Personal services reductions were primarily due to the voluntary general fund reductions in HB 3. The reduction in operating expenses and increase in equipment and intangible assets was mainly to appropriately account for the purchase of capital assets.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

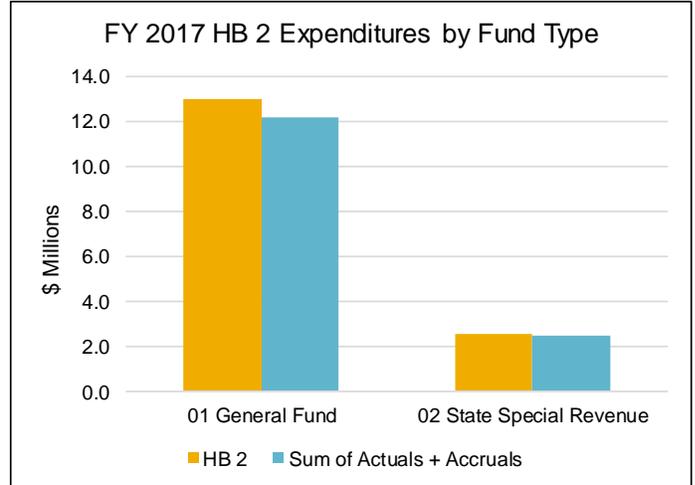
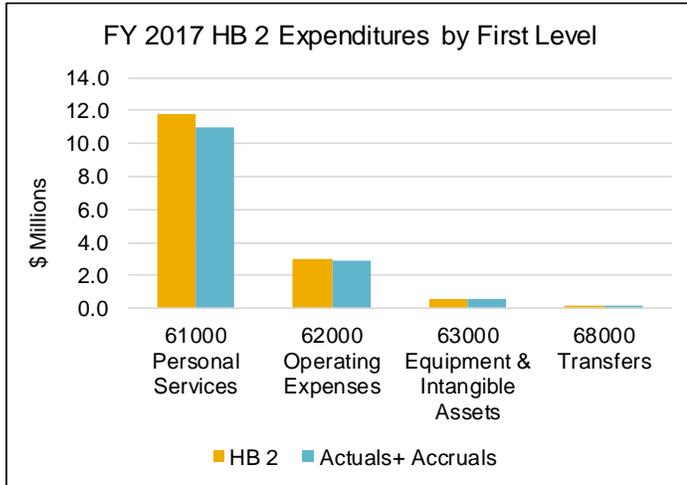
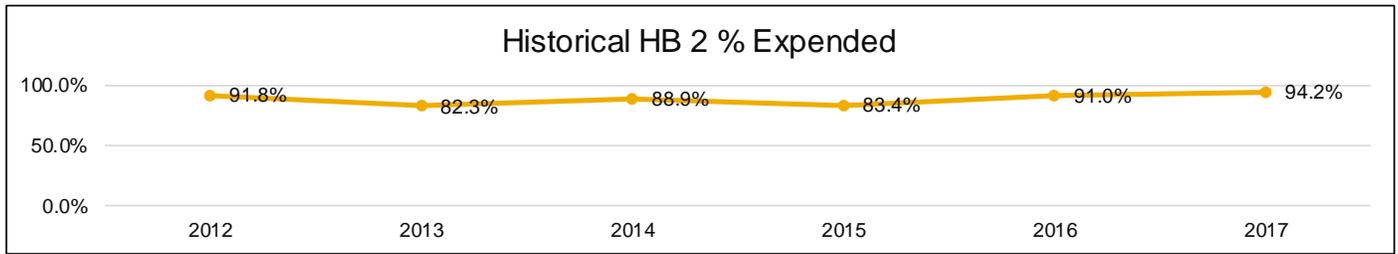


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
20 Legislative Services	8,529,451	8,471,133	58,318	99.3%
21 Legis. Committees & Activities	579,270	567,966	11,304	98.0%
27 Fiscal Analysis & Review	2,020,209	1,951,658	68,552	96.6%
28 Audit & Examination	4,362,090	3,600,550	761,539	82.5%
<b>Grand Total</b>	<b>\$15,491,019</b>	<b>\$14,591,306</b>	<b>\$899,713</b>	<b>94.2%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Legislative Audit Division expended 82.5% of its nearly \$4.4 million appropriation in FY 2017. The lower percentage expended in the division is because of recruitment and retention issues. As of August 15, 2017 there were 10.00 FTE vacant. It is important to note that the Legislative Audit Division received a reduction of 5.00 FTE in FY 2018 as part of the 5% plan adjustments.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	\$ 11,756,565	\$ 10,967,623	93.3%
62000 Operating Expenses	3,022,686	2,911,914	96.3%
63000 Equipment	571,109	571,109	100.0%
68000 Transfers	140,659	140,659	100.0%
<b>Grand Total</b>	<b>\$15,491,019</b>	<b>\$14,591,306</b>	<b>94.2%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	12,935,326	12,132,040	93.8%
02 State Special	2,555,693	2,459,266	96.2%
<b>Grand Total</b>	<b>\$15,491,019</b>	<b>\$14,591,306</b>	<b>94.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

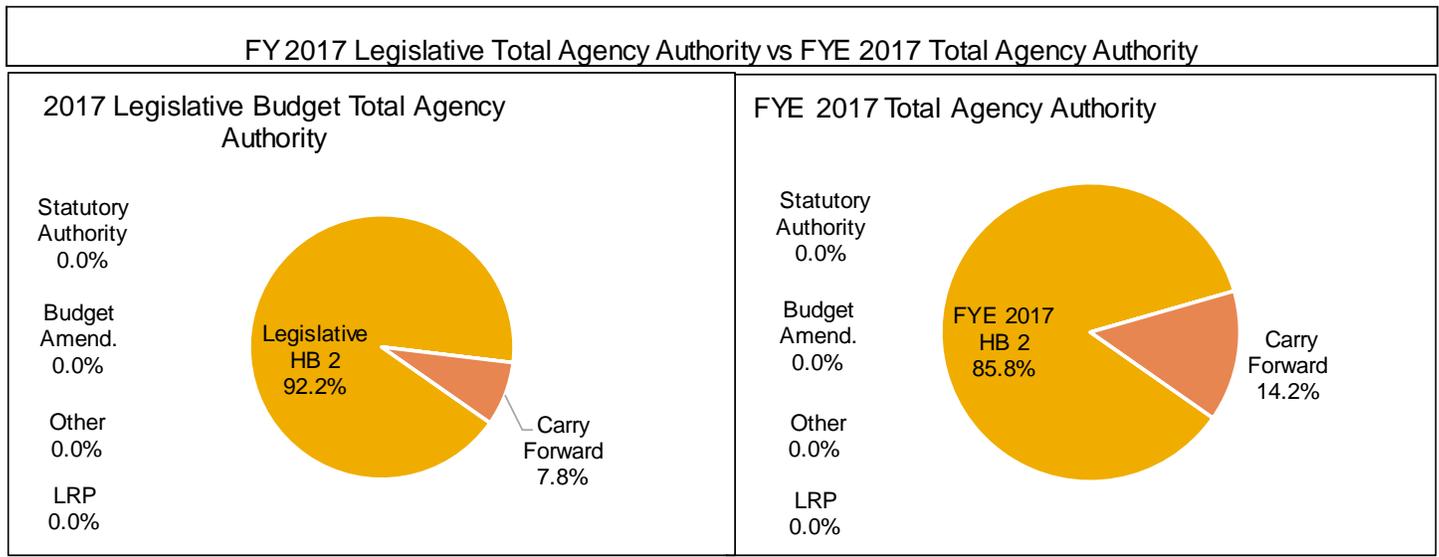
The Legislative Branch expended 94.2% of its FY 2017 appropriations, which is in line with historical expenditures. Personal services were 93.3% expended as of the end of FY 2017, which is discussed in further detail above.

# CONSUMER COUNSEL

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Consumer Counsel's HB 2 appropriations of \$1.7 million, comprised entirely of state special revenue, was 65.9% expended in FY 2017
- The lower percentage expended was due to caseloads being lower than the historical average and the caseload contingency appropriation being unexpended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	1,733,284	(19)	1,733,265
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	19	19
Carry Forward	147,155	138,875	286,030
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>1,880,439</b>	<b>138,875</b>	<b>2,019,314</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

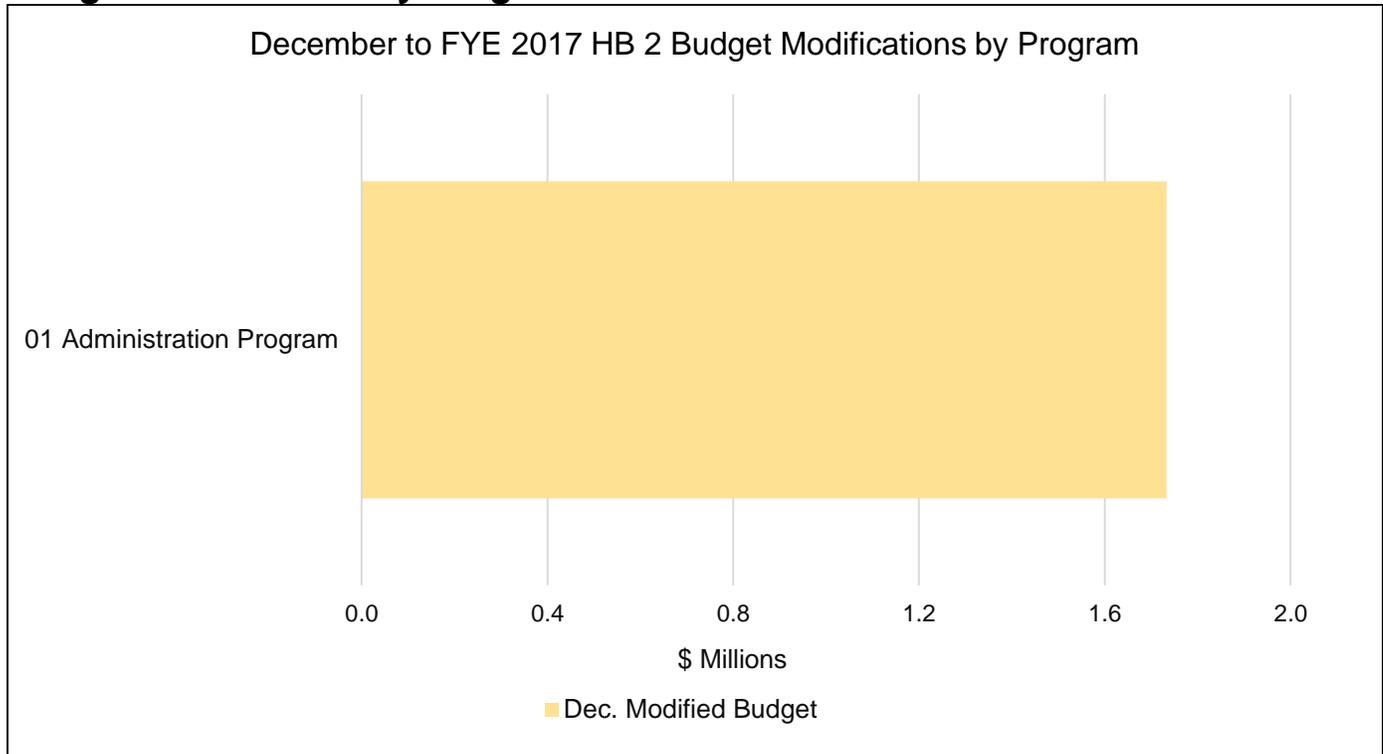
FY 2017 Total Agency Authority Expended	
Total Expended	1,142,229
Total Budgeted Authority	2,019,314
<b>% Expended</b>	<b>56.6%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Montana Consumer Counsel was approximately \$2.0 million. This primarily consists of carryforward and HB 2 authority. The Consumer Counsel did not expend any of its carryforward authority in FY 2017. HB 2 appropriations will be discussed in further detail below.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program

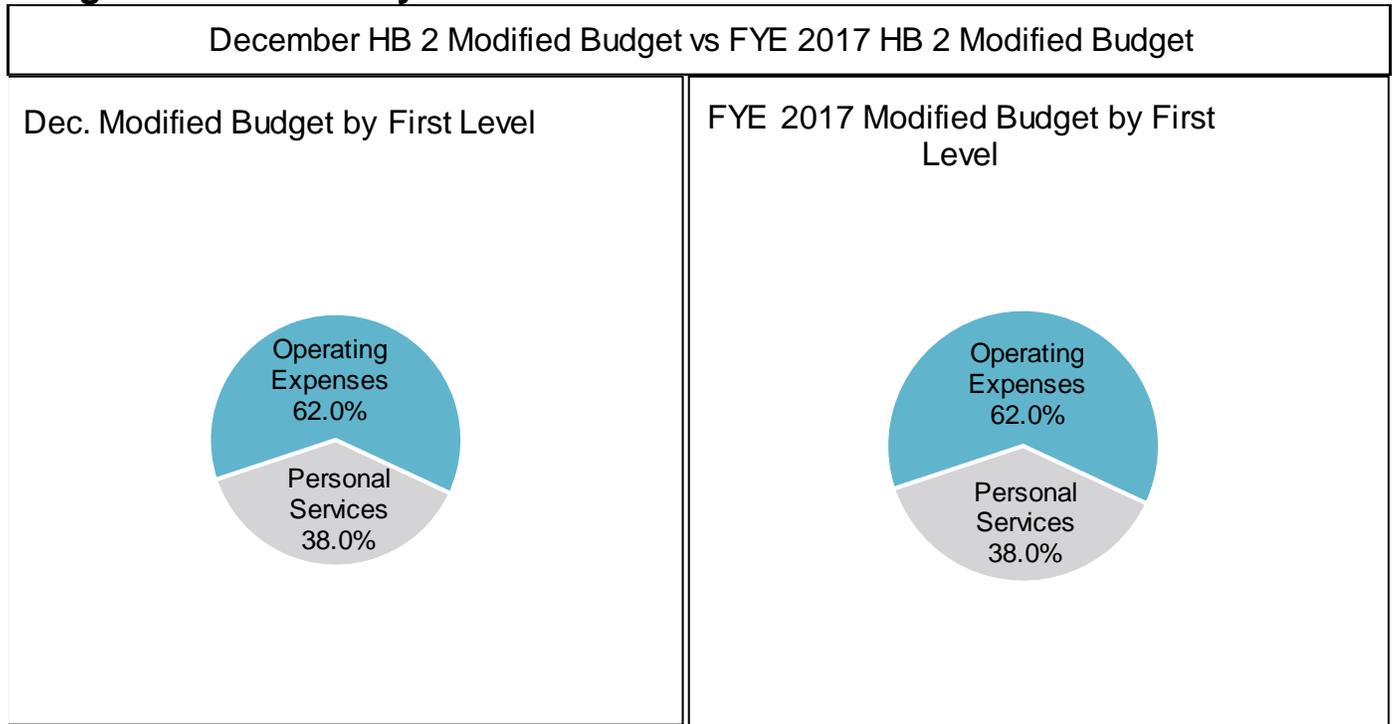


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	1,733,265	-	-	-	1,733,265	0.0%
Grand Total	\$1,733,265	\$0	\$0	\$0	\$1,733,265	0.0%

*This chart shows budget modifications by program from December through FYE.*

The Montana Consumer Counsel did not have any budget modifications since the last Budget Status Report.

## Budget Modification by First Level



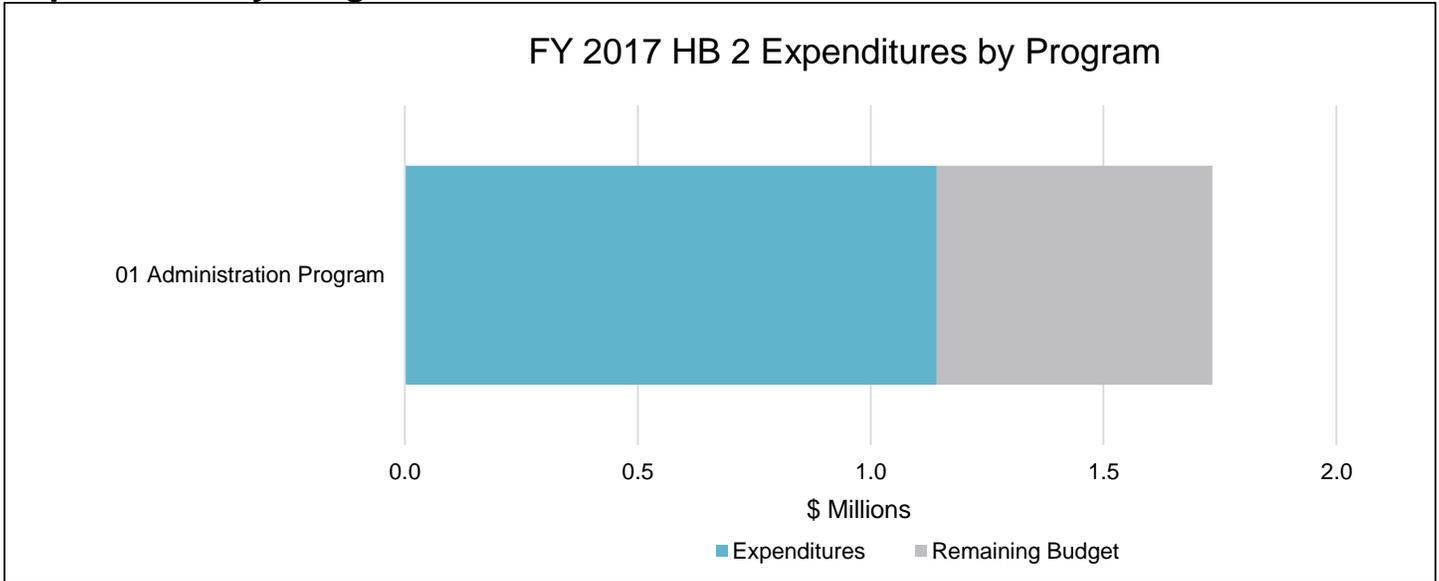
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$658,046	-	\$0	-	658,046	0.0%
62000 Operating Expenses	\$1,075,219	-	\$0	-	1,075,219	0.0%
<b>Grand Total</b>	<b>\$1,733,265</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,733,265</b>	<b>0.0%</b>

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Montana Consumer Counsel did not have any budget modifications since the last Budget Status Report.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

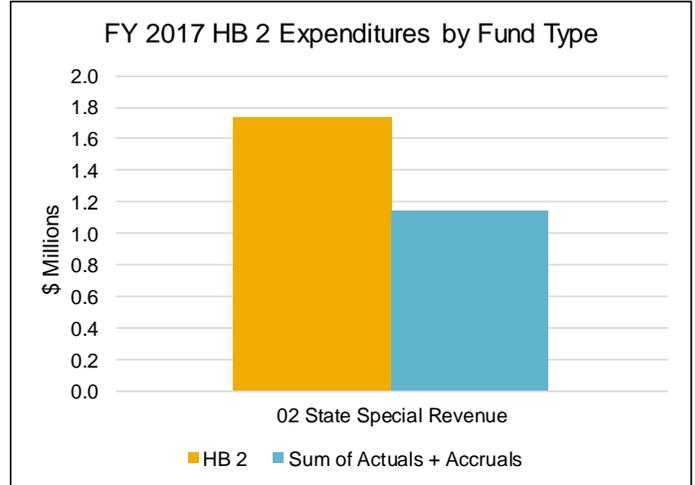
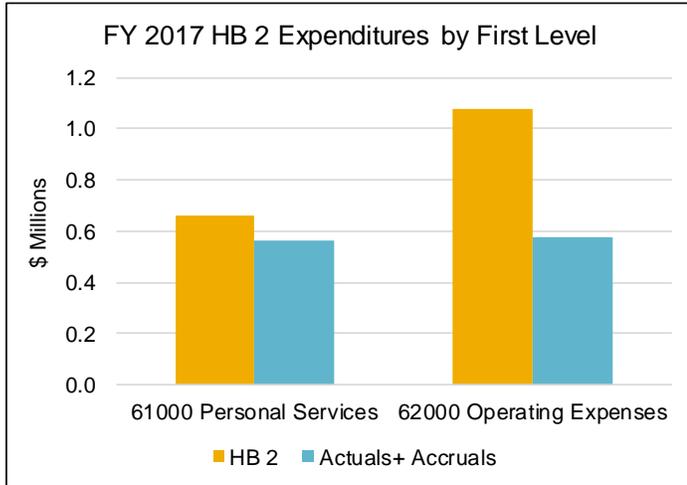
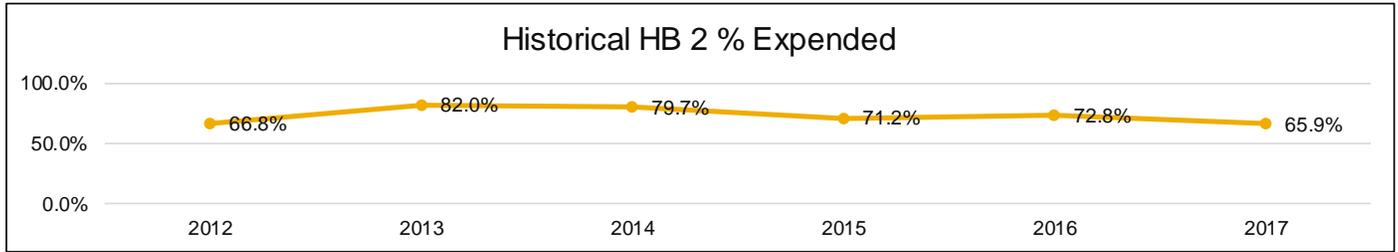


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	1,733,265	1,142,229	591,036	65.9%
Grand Total	\$1,733,265	\$1,142,229	\$591,036	65.9%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Montana Consumer Counsel's HB 2 appropriations of \$1.7 million were 65.9% expended as of the end of FY 2017. Additional details on expenditures can be found below.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal S	658,046	566,356	86.1%
62000 Operating	1,075,219	575,873	53.6%
<b>Grand Total</b>	<b>\$1,733,265</b>	<b>\$1,142,229</b>	<b>65.9%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
02 State Special	1,733,265	1,142,229	65.9%
<b>Grand Total</b>	<b>\$1,733,265</b>	<b>\$1,142,229</b>	<b>65.9%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

Montana Consumer Counsel's FY 2017 caseloads were determined by utility filings with the Public Service Commission and budgeted using a historical average. Additionally, the Consumer Counsel received a one-time-only, state special revenue appropriation of \$250,000 in FY 2017 for costs associated with unanticipated caseloads. Utility filings with the Public Service Commission vary and cause fluctuations in the Consumer Counsel's expenditures. Total operating expenses as of the end of FY 2017 were 53.6% expended. The lower percentage expended was due to, in part, caseloads being lower than the historical average. Also contributing to the lower percentage was the appropriation of \$250,000 for unanticipated caseloads, which was 0.0% expended.

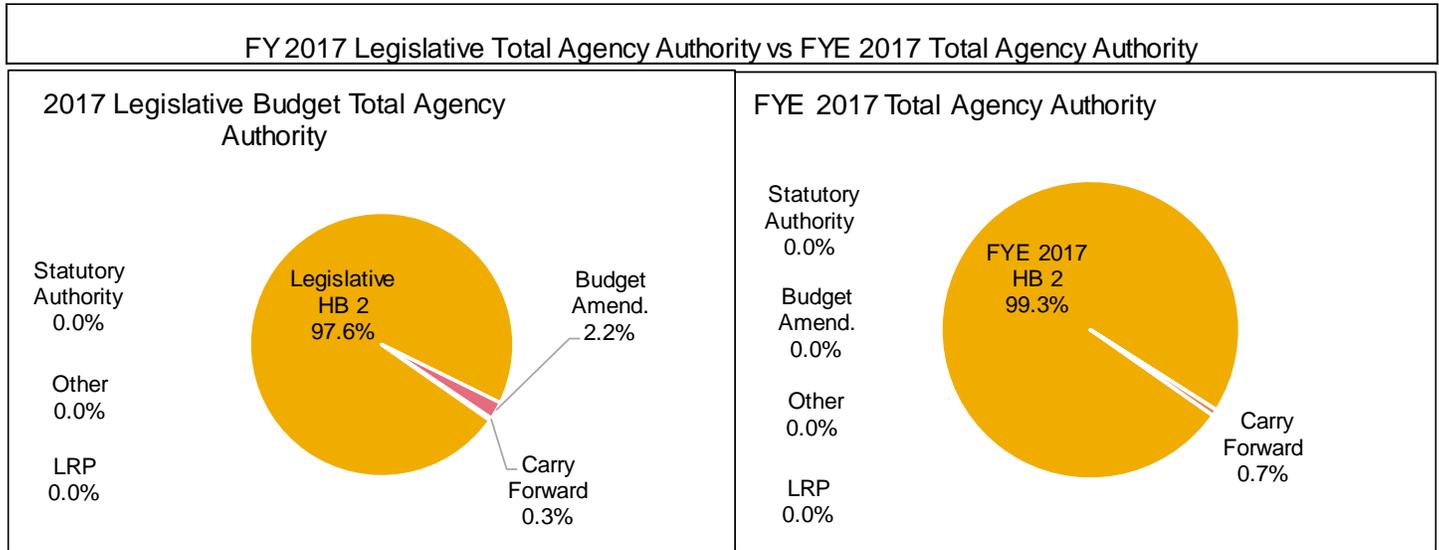
As of the end of FY 2017, 86.1% of the approximately \$660,000 personal services appropriations was expended. The lower percentage expended was primarily due to a retirement in a long-term position, which resulted in the position being filled with a new-hire at a lower rate.

# GOVERNOR'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Governor's Office expended 71.4% of its \$9.1 million appropriation in FY 2017
- Approximately \$2.4 million of the \$2.6 million remaining in the Governor's Office budget was from personal services contingency funds, personal services base contingency funds, and contingency base funds

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	6,705,618	2,395,450	9,101,068
Statutory Authority	-	-	-
Budget Amendments	148,116	(148,116)	-
Other	-	3,309	3,309
Carry Forward	20,270	41,202	61,472
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>6,874,004</b>	<b>2,291,845</b>	<b>9,165,849</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

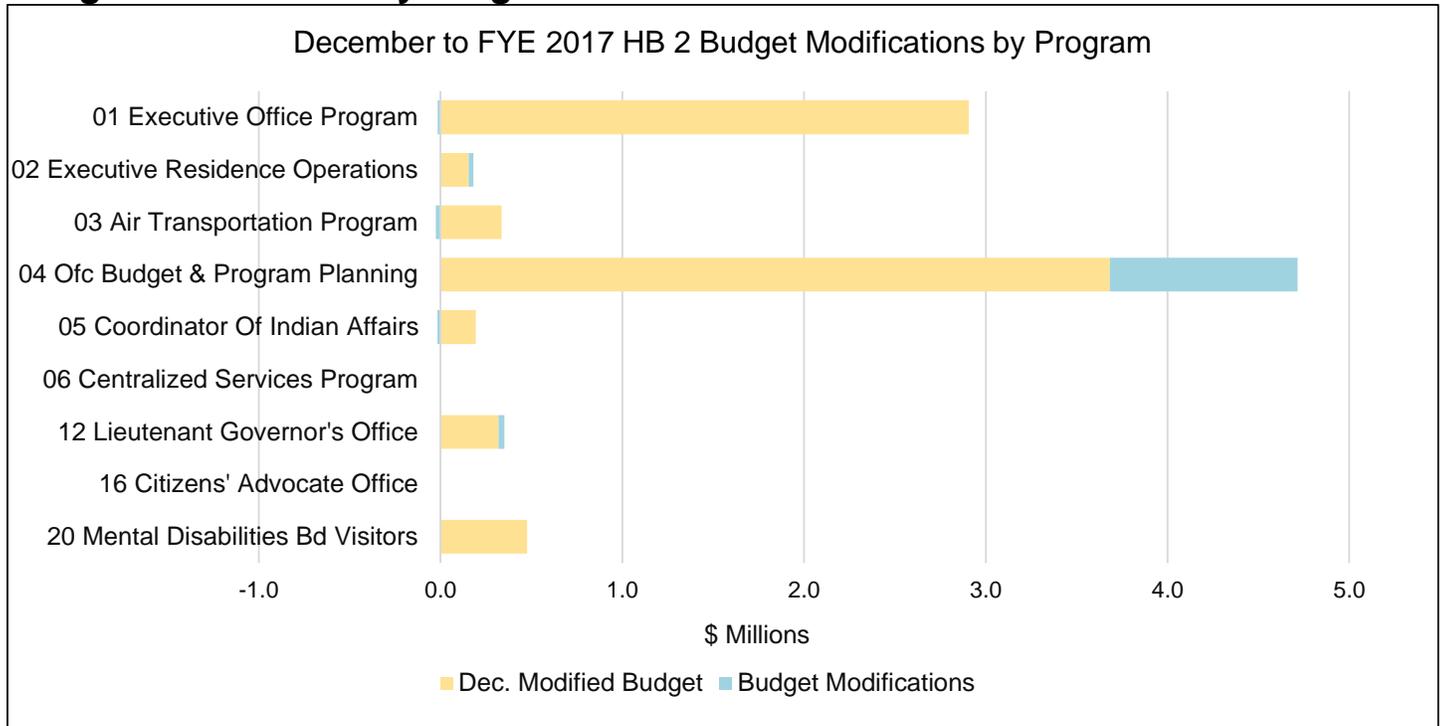
FY 2017 Total Agency Authority Expended	
Total Expended	6,520,393
Total Budgeted Authority	9,165,849
<b>% Expended</b>	<b>71.1%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Governor's Office was nearly \$9.2 million in FY 2017. This primarily consists of carryforward and HB 2 authority. Carryforward authority in the Governor's Office totaled approximately \$61,000 and 33.0% was expended in FY 2017. HB 2 appropriations will be discussed in further detail below.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Executive Office Program	2,906,643	11,850	(26,850)	(15,000)	2,891,643	-0.5%
02 Executive Residence Operations	154,885	26,400	(1,400)	25,000	179,885	16.1%
03 Air Transportation Program	335,843	-	(25,000)	(25,000)	310,843	-7.4%
04 Ofc Budget & Program Planning	3,681,298	1,402,334	(369,000)	1,033,334	4,714,632	28.1%
05 Coordinator Of Indian Affairs	194,604	15,600	(33,600)	(18,000)	176,604	-9.2%
06 Centralized Services Program	-	-	-	-	-	0.0%
12 Lieutenant Governor's Office	318,596	33,480	(480)	33,000	351,596	10.4%
16 Citizens' Advocate Office	-	-	-	-	-	0.0%
20 Mental Disabilities Bd Visitors	475,865	970	(970)	-	475,865	0.0%
<b>Grand Total</b>	<b>\$8,067,734</b>	<b>\$1,490,634</b>	<b>(\$457,300)</b>	<b>\$1,033,334</b>	<b>\$9,101,068</b>	<b>12.8%</b>

*This chart shows budget modifications by program from December through FYE.*

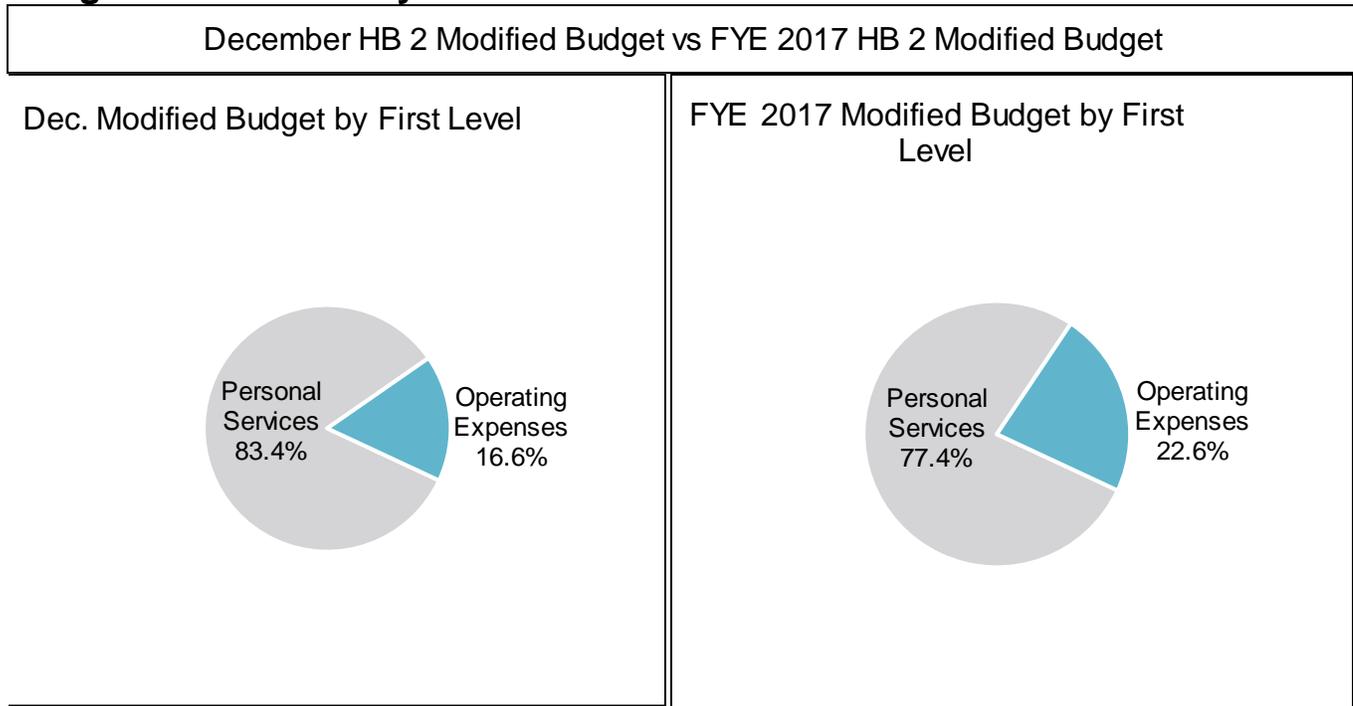
Significant budget modifications since the last Budget Status Report primarily occurred in the Office of Budget and Program Planning (OBPP). Budget modifications that increased appropriations in OBPP include:

- The return of personal services base contingency funds from the Department of Labor and Industry to OBPP. This transfer was state special revenue of \$700,000
- The return of contingency base funds from the Montana Department of Transportation to OBPP. This transfer was state special revenue of approximately \$700,000

Budget modifications that decreased appropriations in OBPP were due the allocation of personal services contingency funding. This includes:

- General fund of \$230,000 transferred to the Department of Health and Human Services
- General fund of \$58,000 transferred to the Office of the Commissioner of Higher Education
- Federal special revenue of \$81,000 transferred to the Department of Revenue

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,727,629	737,300	(\$417,300)	320,000	7,047,629	4.8%
62000 Operating Expenses	\$1,340,105	753,334	(\$40,000)	713,334	2,053,439	53.2%
Grand Total	\$8,067,734	\$1,490,634	(\$457,300)	\$1,033,334	\$9,101,068	12.8%

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Governor's Office had significant modifications to personal services and operating expenses.

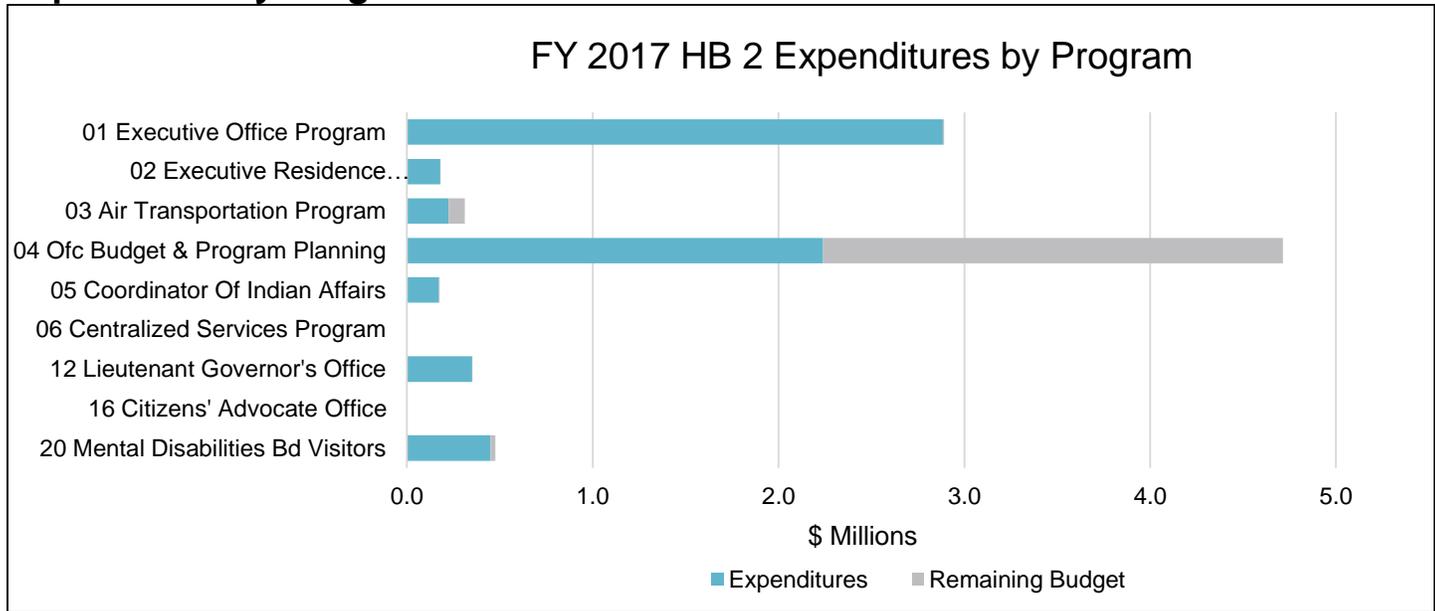
Modifications to personal services include:

- An increase in state special revenue of \$700,000 due to the return of personal services base contingency funds
- A decrease in general fund of \$288,000 and federal special revenue of \$81,000 due to the allocation of personal services contingency funds

Modifications to operating expenses include an increase in state special revenue of approximately \$700,000 due to the return of contingency base funds

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Executive Office Program	2,891,643	2,884,201	7,442	99.7%
02 Executive Residence Operations	179,885	179,131	754	99.6%
03 Air Transportation Program	310,843	223,486	87,357	71.9%
04 Ofc Budget & Program Planning	4,714,632	2,239,933	2,474,699	47.5%
05 Coordinator Of Indian Affairs	176,604	172,440	4,164	97.6%
06 Centralized Services Program	-	-	-	0.0%
12 Lieutenant Governor's Office	351,596	350,786	810	99.8%
16 Citizens' Advocate Office	-	-	-	0.0%
20 Mental Disabilities Bd Visitors	475,865	450,147	25,718	94.6%
<b>Grand Total</b>	<b>\$9,101,068</b>	<b>\$6,500,123</b>	<b>\$2,600,945</b>	<b>71.4%</b>

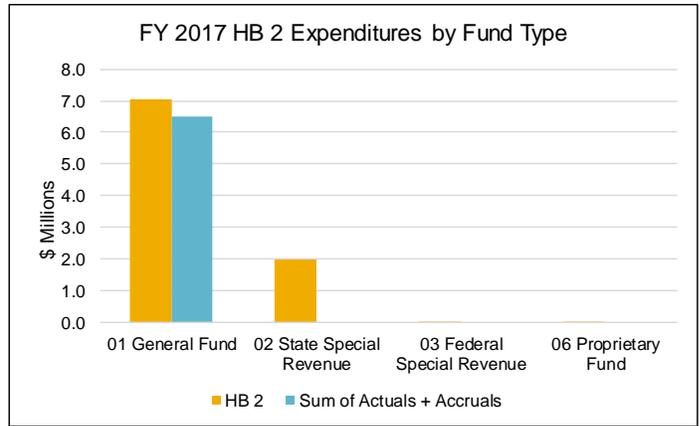
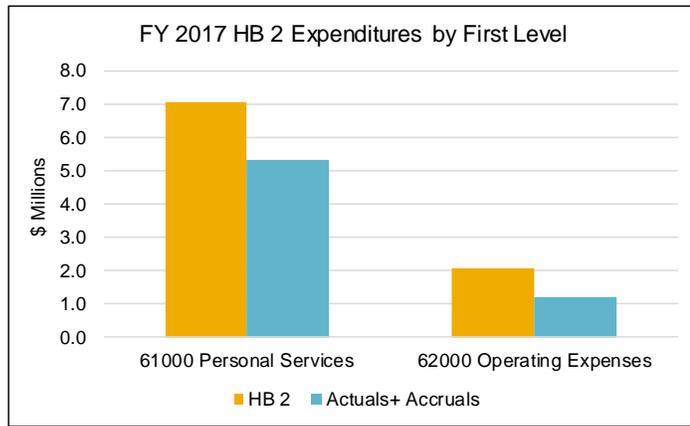
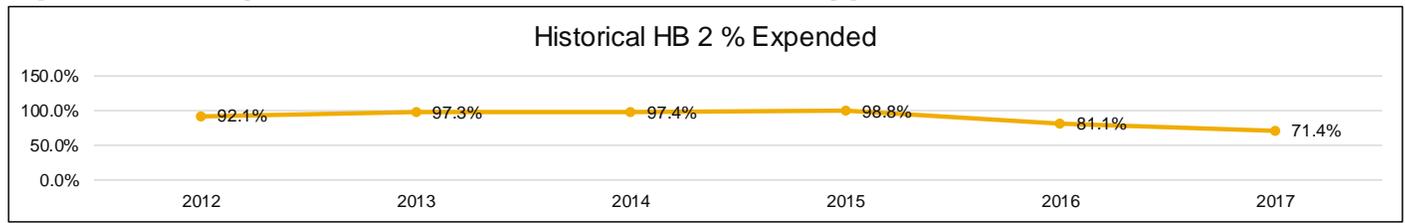
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

There are two programs in the Governor's Office that have lower percentages expended, which include the Air Transportation Program and the Office of Budget and Program Planning.

The Air Transportation Program expended 71.9% or approximately \$220,000 in FY 2017. Personal services were 87.6% expended and operating expenses were 59.1% expended. The lower percentages expended was due to less travel conducted and less co-pilot hours.

OBPP expended 47.5% of its \$4.7 million appropriation in FY 2017. There was \$2.4 million remaining in OBPP's budget, which was primarily due to personal services contingency funding, personal services base contingency funding, and contingency base funding. The percent expended was 95.3% in OBPP when the contingency funds are excluded. This is in line with anticipated expenditures.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified		Percent Expended
	HB 2	Expended	
61000 Personal Services	7,047,629	5,301,127	75.2%
62000 Operating Expenses	2,053,439	1,198,996	58.4%
<b>Grand Total</b>	<b>\$9,101,068</b>	<b>\$6,500,123</b>	<b>71.4%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified		Percent Expended
	HB 2	Expended	
01 General Fund	7,051,969	6,500,123	92.2%
02 State Special Revenue	2,002,334	-	0.0%
03 Federal Special Revenue	21,765	-	0.0%
06 Proprietary Fund	25,000	-	0.0%
<b>Grand Total</b>	<b>\$9,101,068</b>	<b>\$6,500,123</b>	<b>71.4%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The Governor's Office expended 71.4% of its appropriations as of the end of FY 2017. The lower percentage expended is due to approximately \$2.4 million of contingency funding that was not expended during the fiscal year. This includes:

- Personal services contingency funding of approximately \$960,000
- Personal services base contingency funding of \$700,000
- Contingency base funding of approximately \$700,000

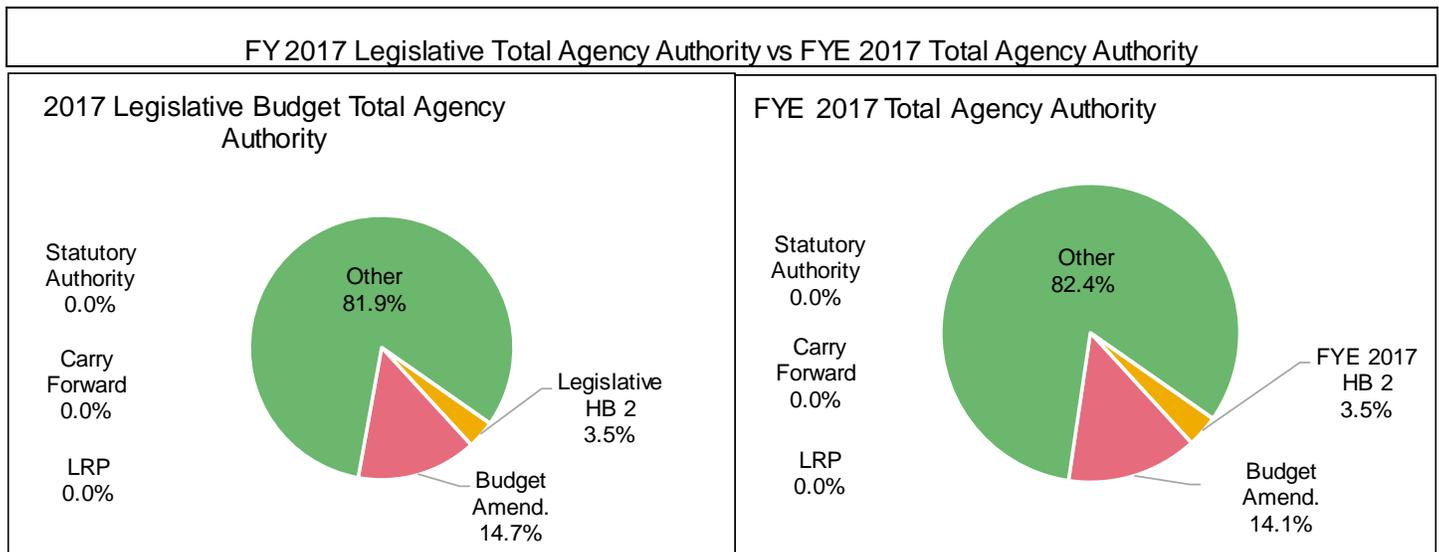
While contingency funds were appropriated to the Governor's Office, the office allocates these funds to state agencies. These appropriations do not fund the operation of the Governor's Office. The percent expended is 96.5% in the Governor's Office when the contingency funds are excluded. This is in line with historical expenditures in previous biennia.

# SECRETARY OF STATE'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Secretary of State's Office HB 2 appropriations of approximately \$105,000, comprised entirely of federal special revenue, were 79.6% expended in FY 2017. The lower percentage expended was due to information technology costs and related Montana Election and Technology Advisory Council (METAC) meeting expenditures being less than anticipated
- The majority of the Secretary of State's FY 2017 authority is comprised of non-budgeted proprietary funds. This authority totaled approximately \$6.7 million and was 98.0% expended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	105,000	(82)	104,918
Statutory Authority	-	-	-
Budget Amendments	445,521	(17,537)	427,984
Other	2,487,239	5,749	2,492,988
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>3,037,760</b>	<b>(11,870)</b>	<b>3,025,890</b>
<b>Non-Budgeted Proprietary</b>	<b>\$ 6,356,359</b>	<b>\$ 339,333</b>	<b>\$ 6,695,692</b>

FY 2017 Total Agency Authority Expended	
Total Expended	1,620,973
Total Budgeted Authority	3,025,890
% Expended	53.6%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

### Other

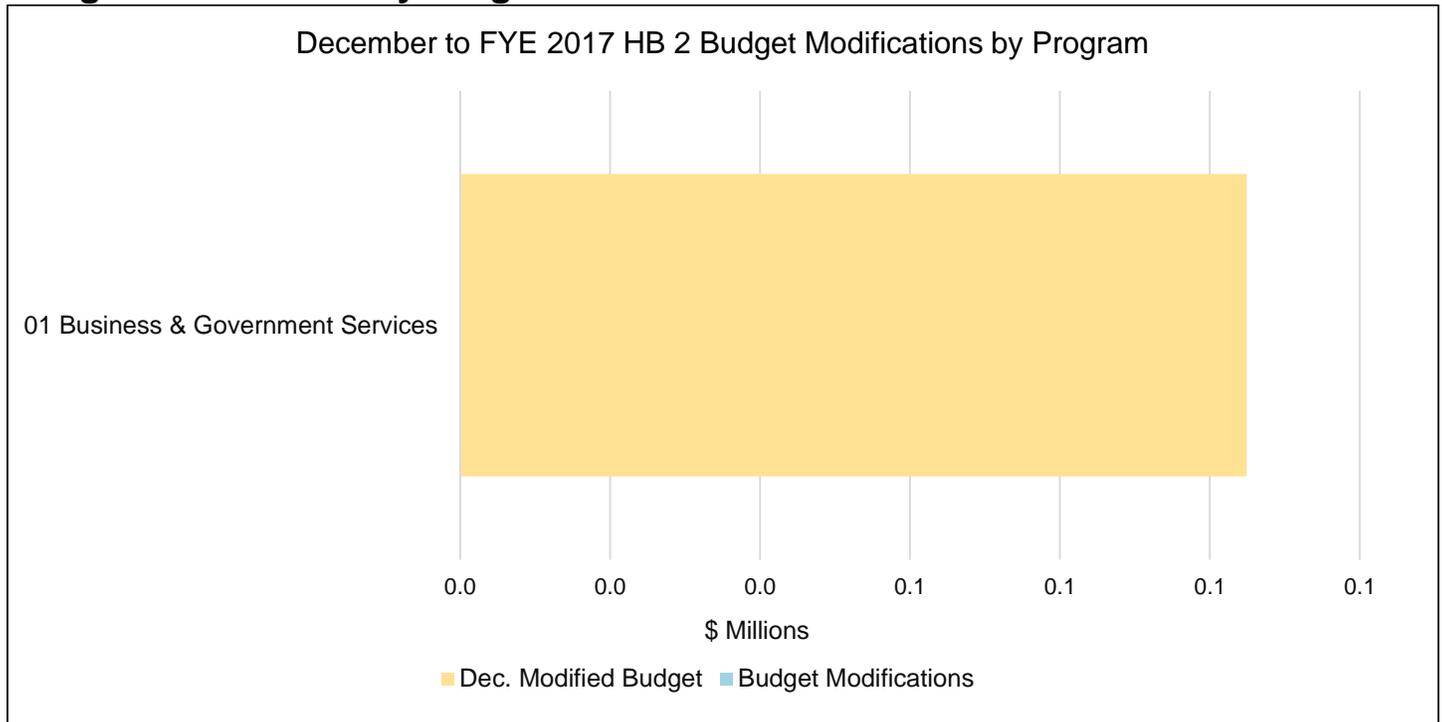
The majority of the total budgeted authority in the Secretary of State's Office is from long range information technology funding included in HB 10. This funding was budgeted for the Montana Secretary of State Information Management System (SIMS) project.

### Non-Budgeted Proprietary

The majority of the total authority in the Secretary of State's Office was from non-budgeted proprietary funds. These funds primarily were derived from fees charged for services, document sales, and other fees established in statute. Non-budgeted proprietary funds totaling nearly \$6.7 million were 98.0% expended in FY 2017.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program

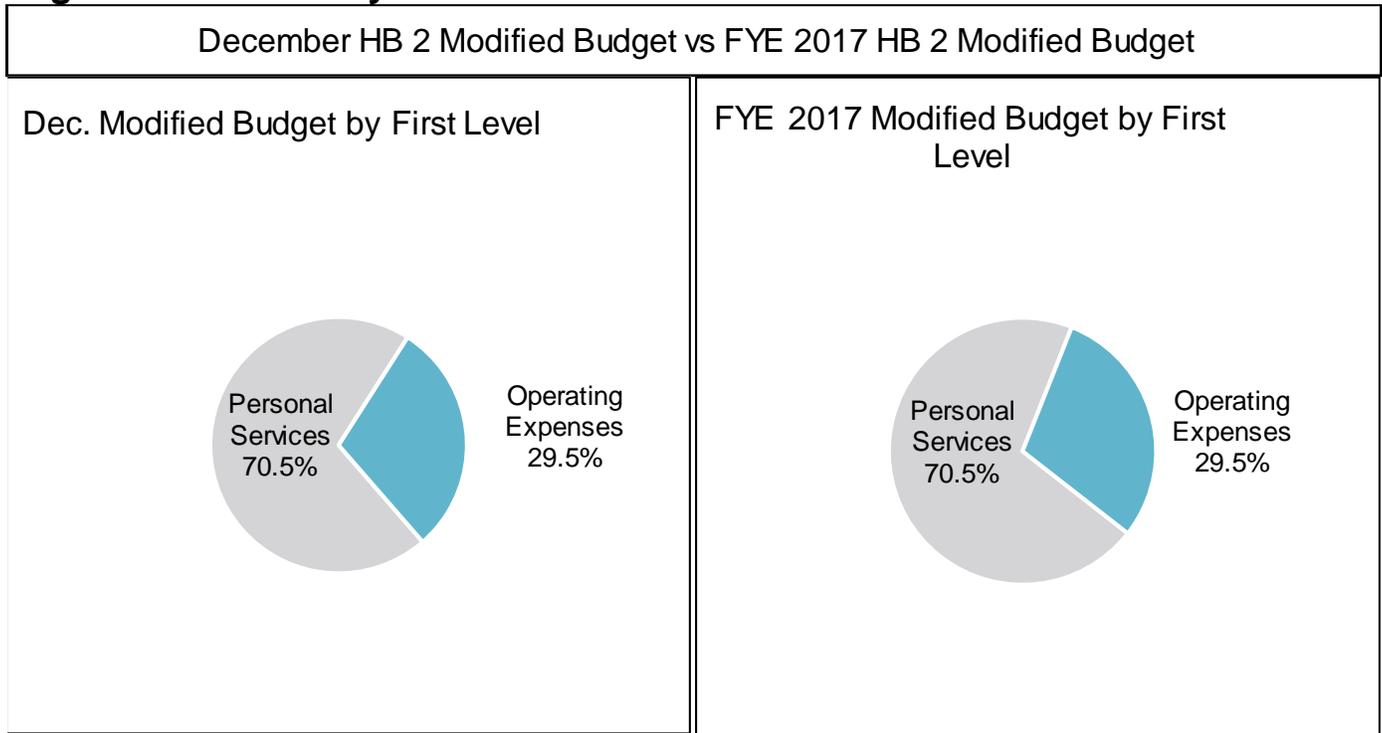


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Business & Government Services	104,918	-	-	-	104,918	0.0%
Grand Total	\$104,918	\$0	\$0	\$0	\$104,918	0.0%

*This chart shows budget modifications by program from December through FYE.*

The Secretary of State's Office did not have any budget modifications to its HB 2 appropriations since the last Budget Status Report.

## Budget Modification by First Level



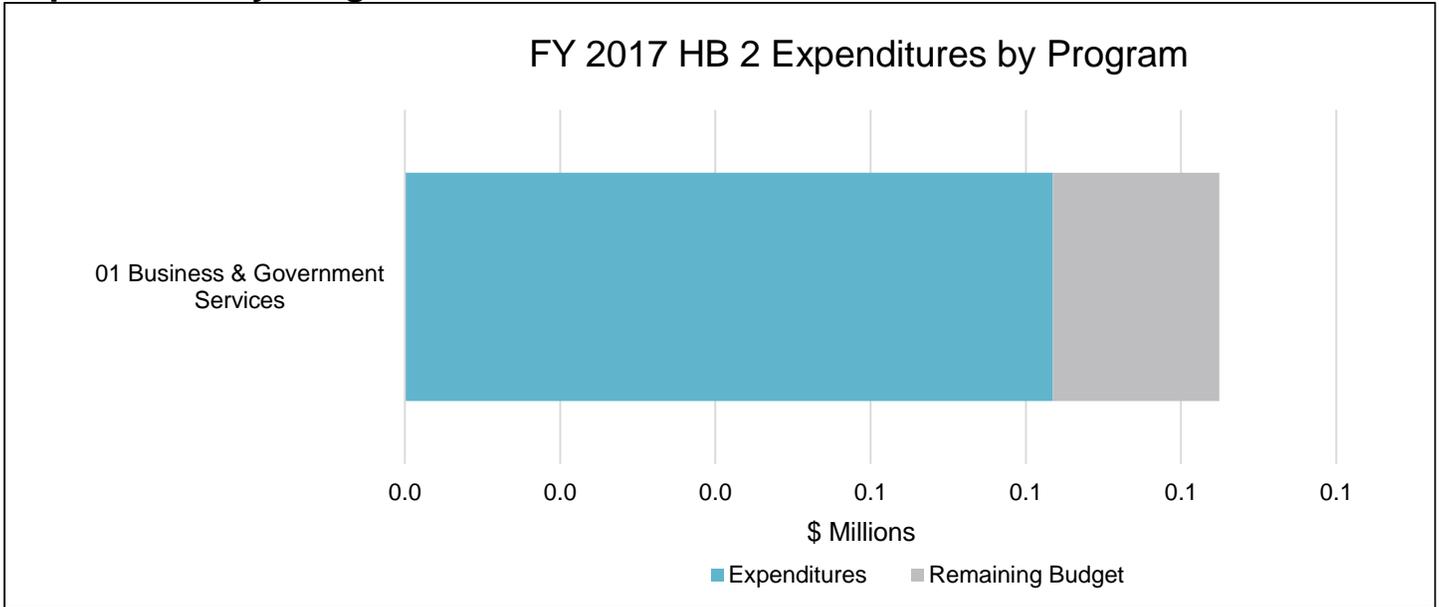
December to FYE 2017 HB 2 Budget Modification by First Level							
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.	
		Increases	Decreases	Total			
61000 Personal Services	\$73,918	-	\$0	-	73,918	0.0%	
62000 Operating Expenses	\$31,000	-	\$0	-	31,000	0.0%	
<b>Grand Total</b>	<b>\$104,918</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$104,918</b>	<b>0.0%</b>	

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Secretary of State's Office did not have any budget modifications to its HB 2 appropriations since the last Budget Status Report.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

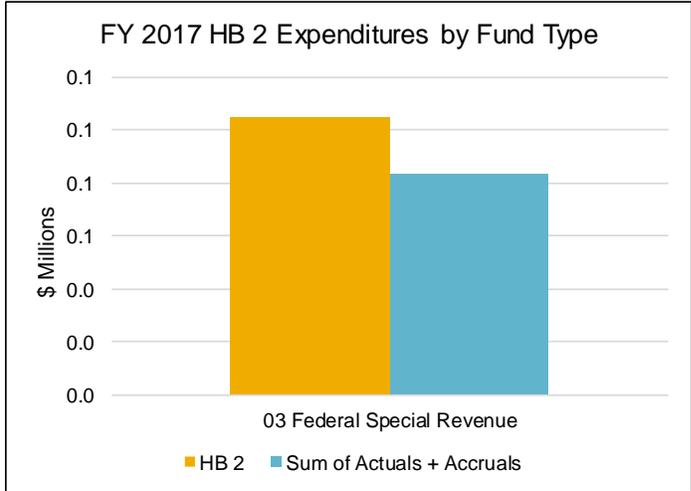
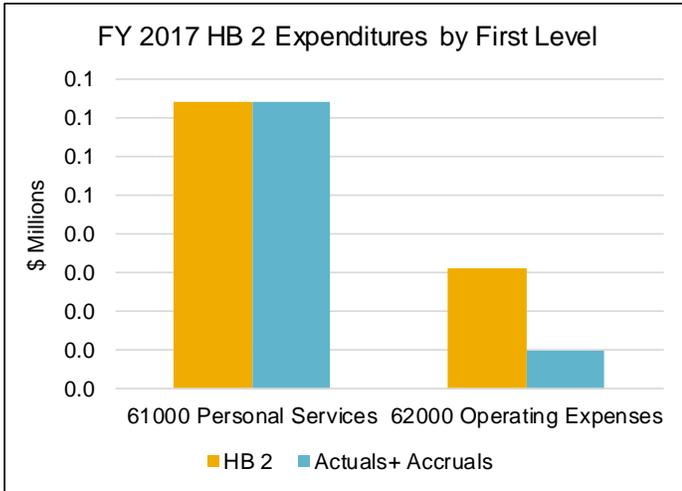
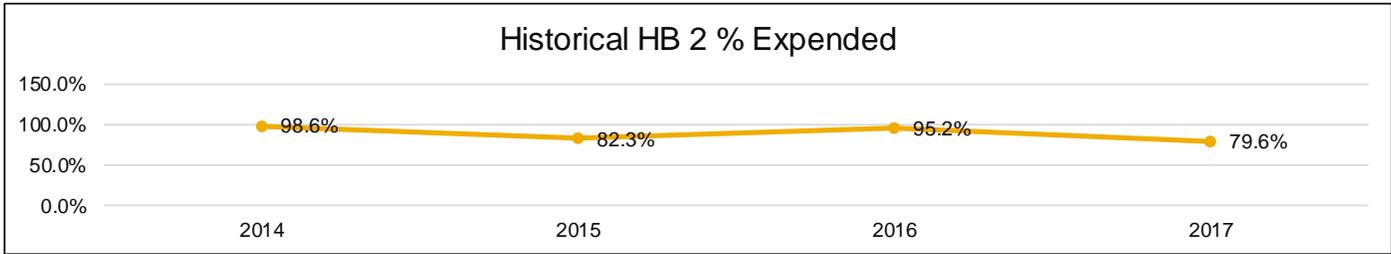


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Business & Government Services	104,918	83,471	21,447	79.6%
Grand Total	\$104,918	\$83,471	\$21,447	79.6%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Secretary of State's Office expended 79.6% of the approximately \$105,000 appropriation in HB 2 as of the end of FY 2017. Additional details on expenditures can be found below.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	73,918	73,801	99.8%
62000 Operating	31,000	9,671	31.2%
Grand Total	\$104,918	\$83,471	79.6%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
03 Federal Specifi	104,918	83,471	79.6%
Grand Total	\$104,918	\$83,471	79.6%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

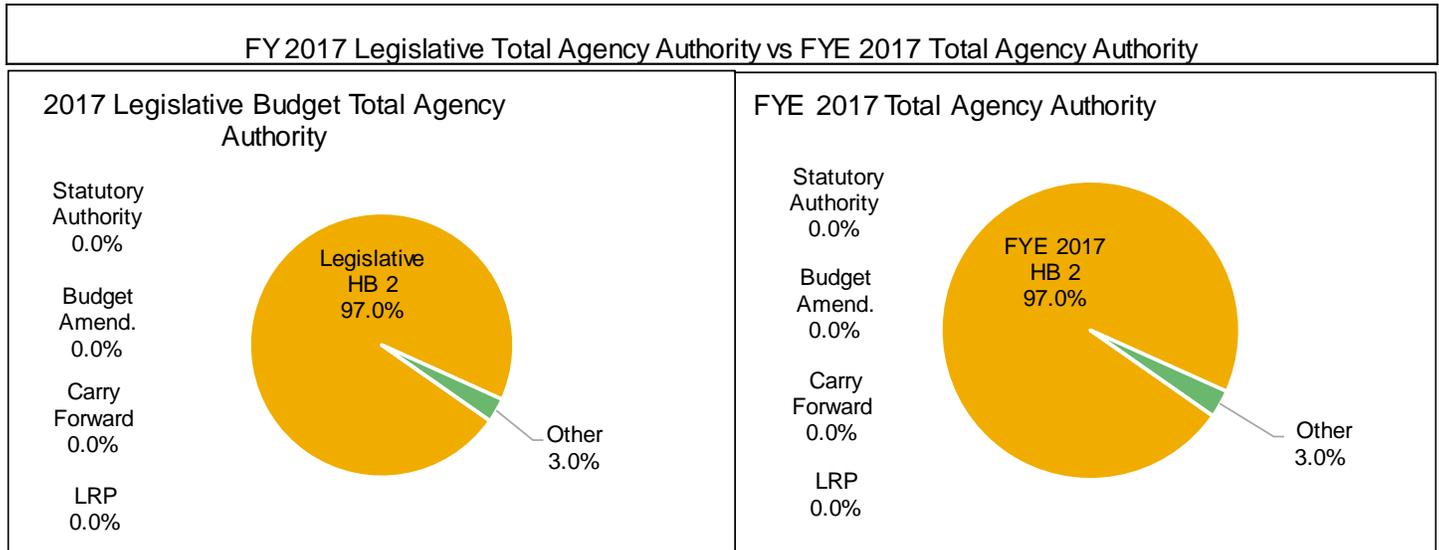
The Secretary of State’s Office expended 31.2% of its \$31,000 appropriation for operating expenditures in HB 2 as of the end of FY 2017. According to the office, the lower percentage expended is due to actual Information Technology Services Division (ITSD) costs and related Montana Election and Technology Advisory Council meeting expenditures being less than anticipated.

# COMMISSIONER OF POLITICAL PRACTICES

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Commissioner of Political Practices' HB 2 appropriations of \$693,000, comprised entirely of general fund, were 99.0% expended in FY 2017

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	690,604	2,705	693,309
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	21,058	327	21,385
Carry Forward	1	-	1
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>711,663</b>	<b>3,032</b>	<b>714,695</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

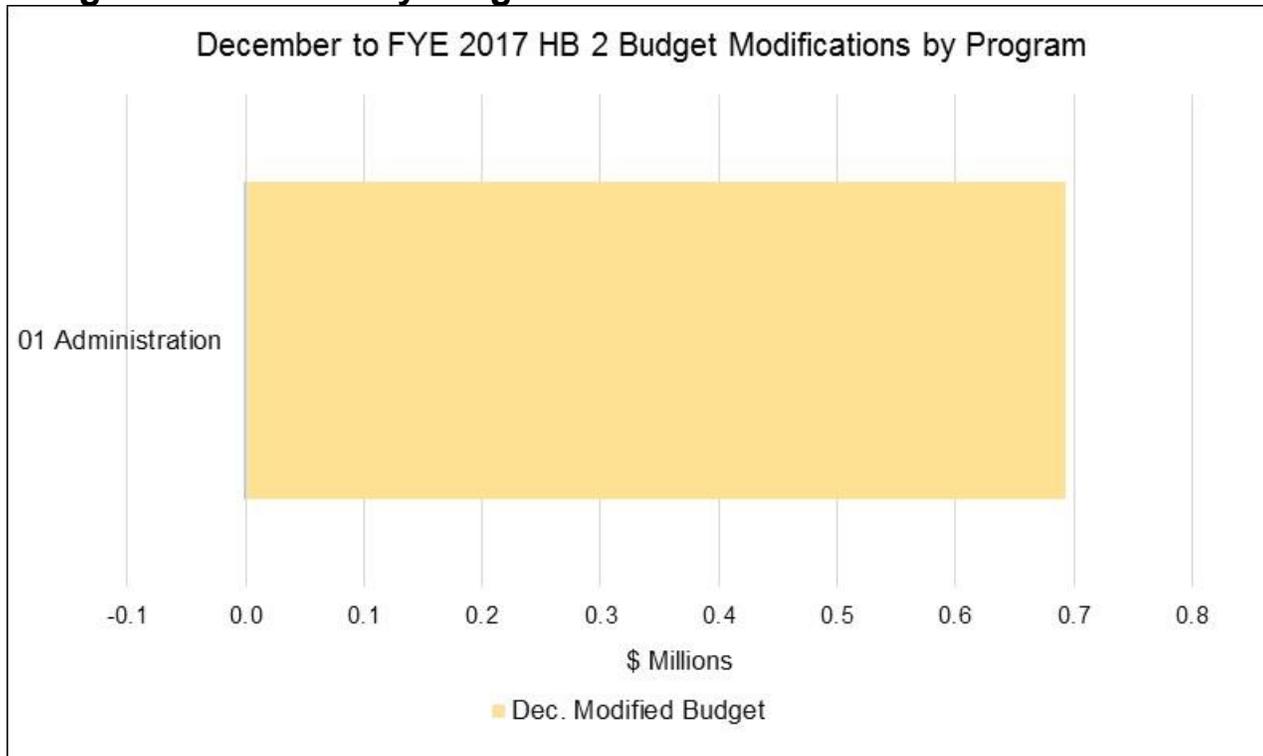
FY 2017 Total Agency Authority Expended	
Total Expended	686,137
Total Budgeted Authority	714,695
<b>% Expended</b>	<b>96.0%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Commissioner of Political Practices' was approximately \$715,000 in FY 2017. This was primarily comprised of HB 2 authority, which will be discussed in further detail below. Additionally, the other authority includes long range information technology funding (HB 10) for a campaign reporting information technology project.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program

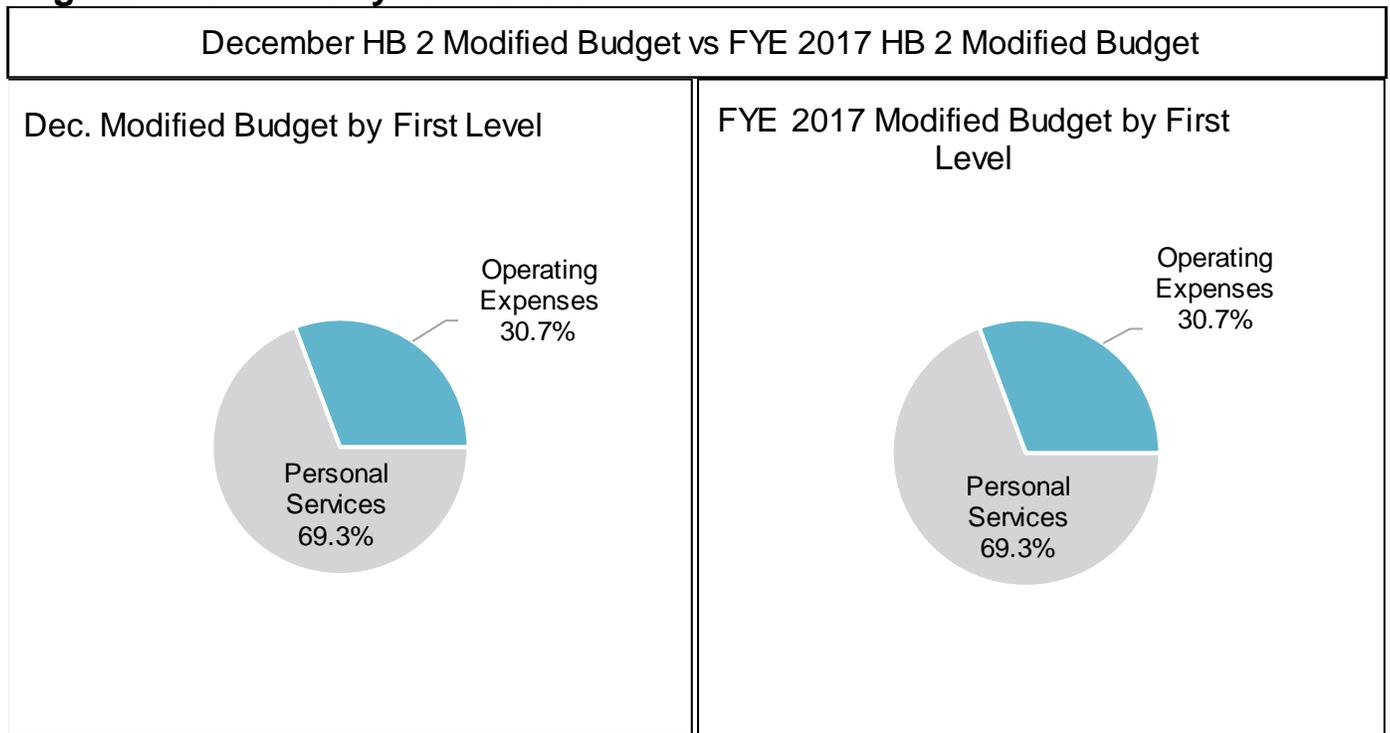


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration	693,636	-	(327)	(327)	693,309	0.0%
Grand Total	\$693,636	\$0	(\$327)	(\$327)	\$693,309	0.0%

*This chart shows budget modifications by program from December through FYE.*

The Commissioner of Political Practices did not have any significant budget modifications since the last Budget Status Report. There was a small modification due to a workers' compensation reduction.

## Budget Modification by First Level



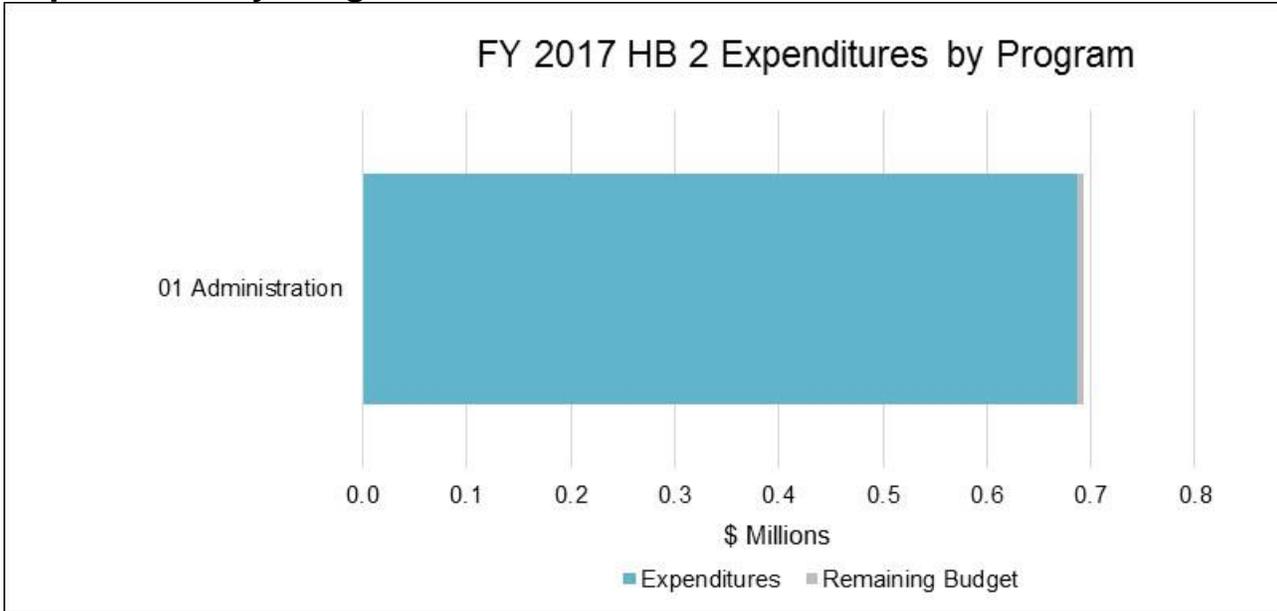
December to FYE 2017 HB 2 Budget Modification by First Level							
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.	
		Increases	Decreases	Total			
61000 Personal Services	\$480,776	-	\$0	-	480,776	0.0%	
62000 Operating Expenses	\$212,860	-	(\$327)	(327)	212,533	-0.2%	
<b>Grand Total</b>	<b>\$693,636</b>	<b>\$0</b>	<b>(\$327)</b>	<b>(\$327)</b>	<b>\$693,309</b>	<b>0.0%</b>	

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Commissioner of Political Practices did not have any significant budget modifications since the last Budget Status Report. There was a small modification due to a workers' compensation reduction.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

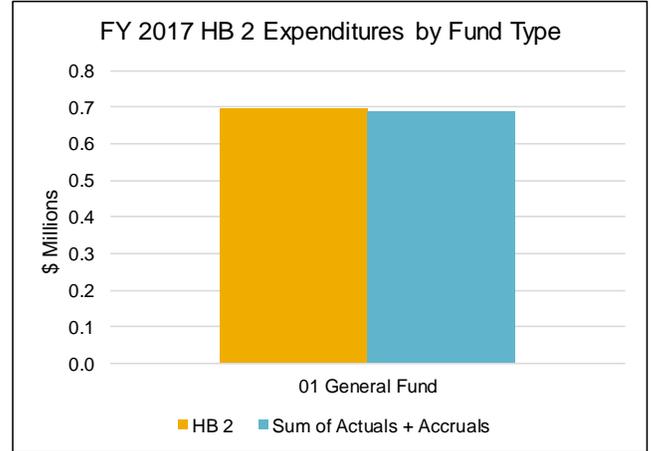
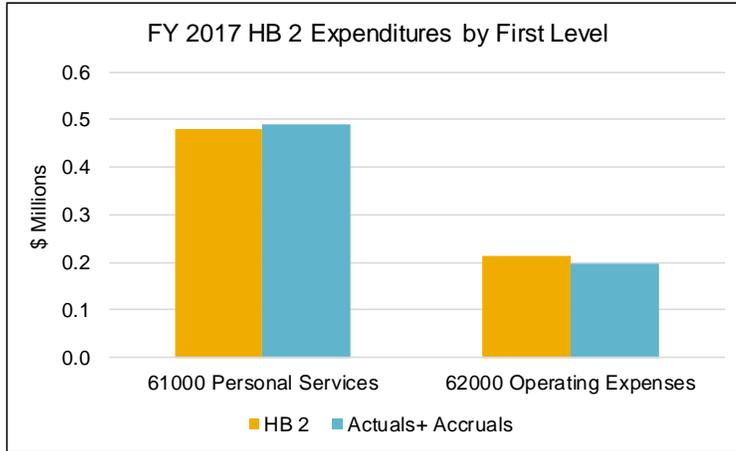
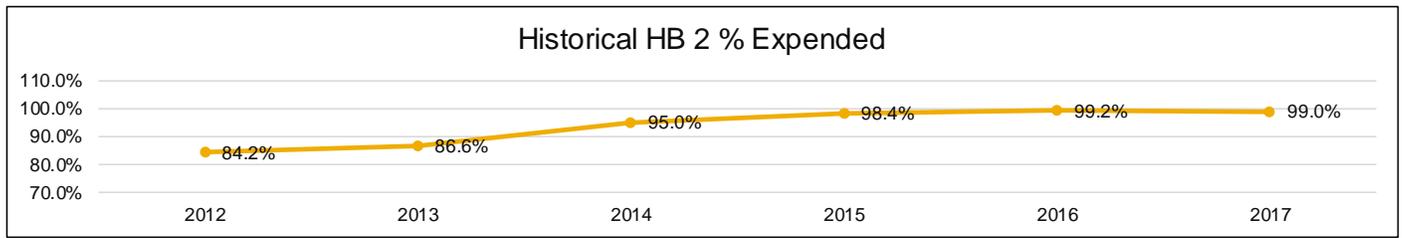


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration	693,309	686,137	7,172	99.0%
<b>Grand Total</b>	<b>\$693,309</b>	<b>\$686,137</b>	<b>\$7,172</b>	<b>99.0%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Commissioner of Political Practices' HB 2 general fund appropriations of approximately \$693,000 were 99.0% expended as of the end of FY 2017.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified		Percent Expended
	HB 2	Expended	
61000 Personal Services	480,776	488,947	101.7%
62000 Operating Expenses	212,533	197,190	92.8%
<b>Grand Total</b>	<b>\$693,309</b>	<b>\$686,137</b>	<b>99.0%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified		Percent Expended
	HB 2	Expended	
01 General Fund	693,309	686,137	99.0%
<b>Grand Total</b>	<b>\$693,309</b>	<b>\$686,137</b>	<b>99.0%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

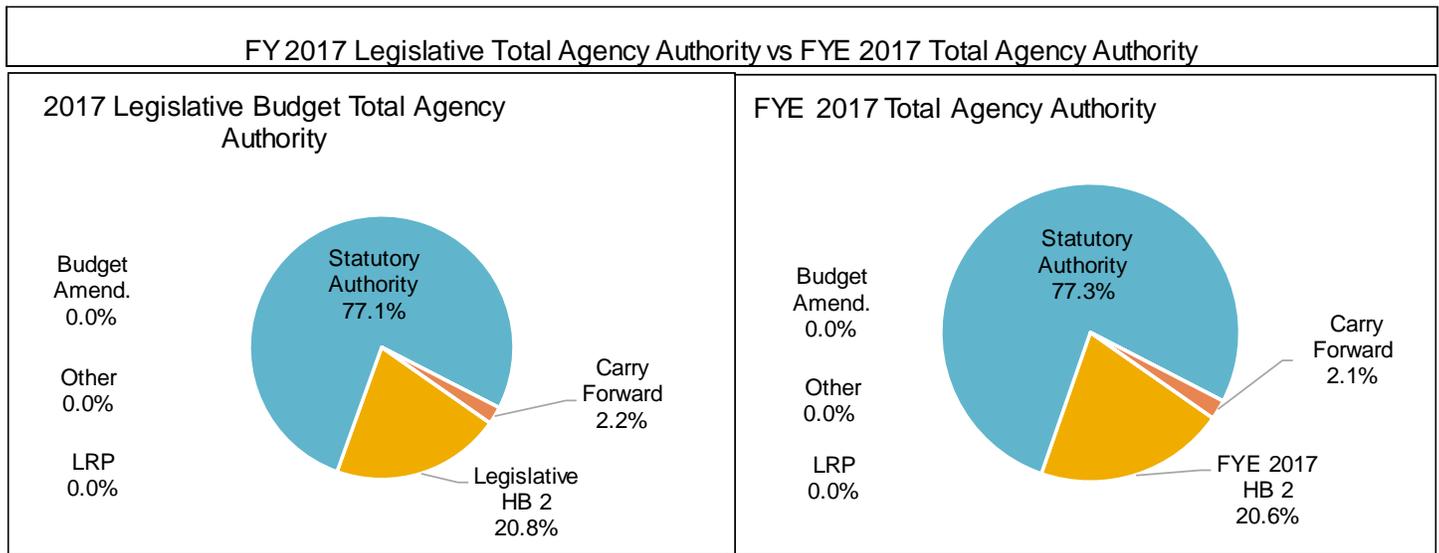
The Commissioner of Political Practices' FY 2017 expenditures were in line with historical expenditures.

# STATE AUDITOR'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The State Auditor's Office HB 2 appropriations of \$8.6 million, comprised entirely of state special revenue, were 81.8% expended in FY 2017
- The lower percentage of HB 2 expenditures is due to the use of carryforward authority, turnover in staff because of appointments by the newly elected commissioner, lower contract exam costs, lower travel costs, and the transition of the newly elected commissioner provided less opportunity for operating expenditures
- At the end of FY 2017 the securities fee account transferred \$6.9 million to the general fund and the captive account transferred approximately \$135,000 to the general fund

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	8,620,758	23,278	8,644,036
Statutory Authority	32,012,816	427,298	32,440,114
Budget Amendments	-	-	-
Other	523	-	523
Carry Forward	893,518	(1,378)	892,140
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>41,527,615</b>	<b>449,198</b>	<b>41,976,813</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	38,814,826
Total Budgeted Authority	41,976,813
<b>% Expended</b>	<b>92.5%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the State Auditor's Office was nearly \$42.0 million in FY 2017. This primarily consists of HB 2 and statutory authority.

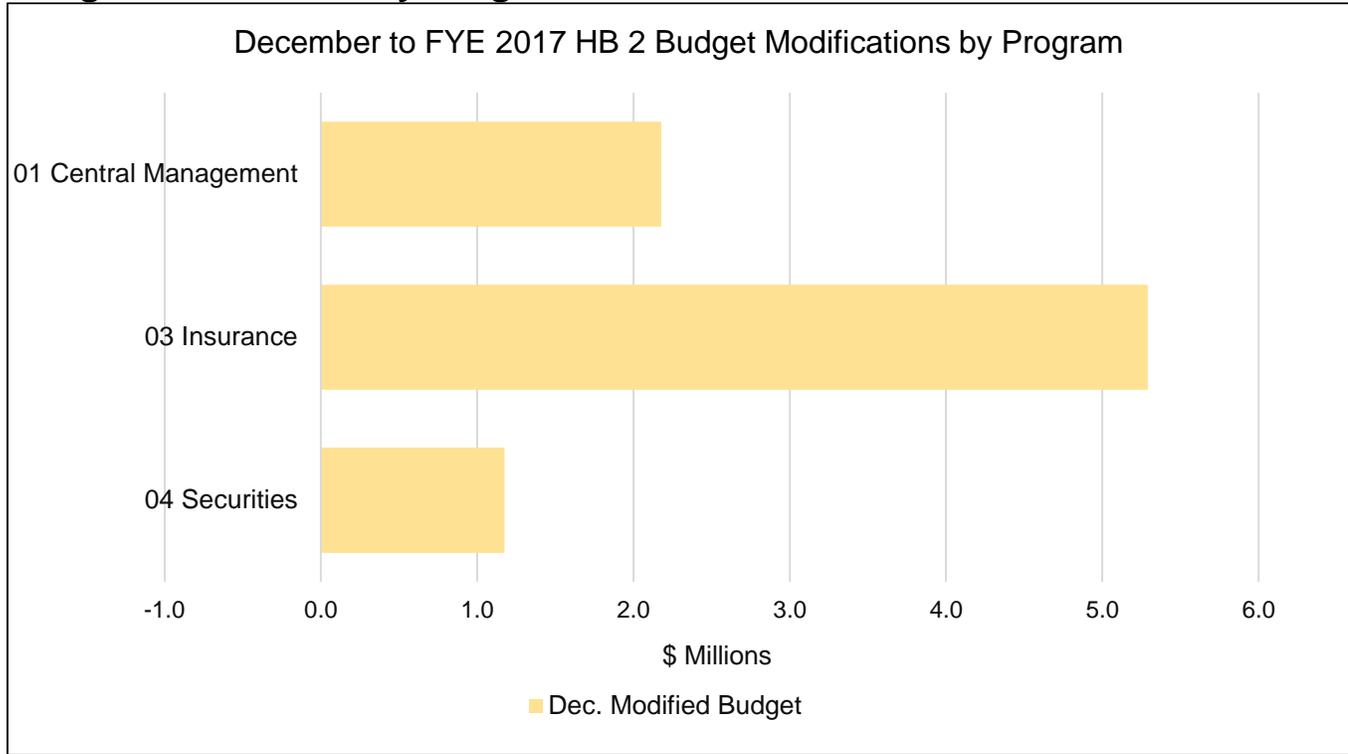
### Statutory Appropriations

The State Auditor's Office is statutorily responsible for passing through general fund for local police and firefighting retirement programs. The retirement programs are funded from general insurance and fire insurance premium taxes. This statutory authority totaled approximately \$32.0 million in FY 2017 and the office passed through 96.9% of the budgeted authority.

The remaining statutory authority is for the security restitution fund. This fund is used to reimburse victims of fraud.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Central Management	2,178,216	-	(130)	(130)	2,178,086	0.0%
03 Insurance	5,291,520	-	(318)	(318)	5,291,202	0.0%
04 Securities	1,174,822	-	(75)	(75)	1,174,748	0.0%
<b>Grand Total</b>	<b>\$8,644,559</b>	<b>\$0</b>	<b>(\$523)</b>	<b>(\$523)</b>	<b>\$8,644,036</b>	<b>0.0%</b>

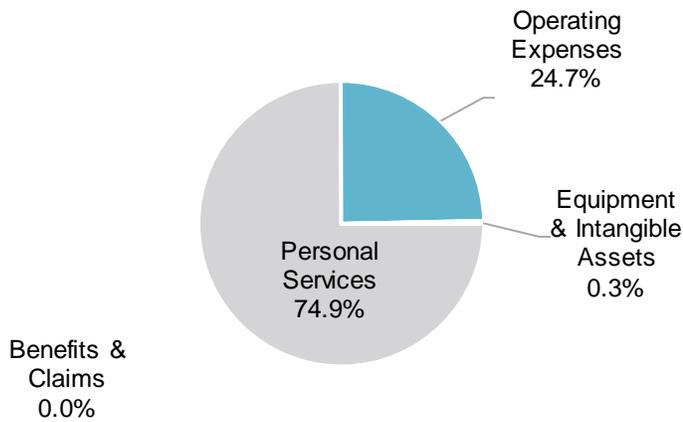
*This chart shows budget modifications by program from December through FYE.*

The State Auditor's Office did not have any significant budget modifications since the last Budget Status Report. There were small modifications in each program due to workers' compensation reductions.

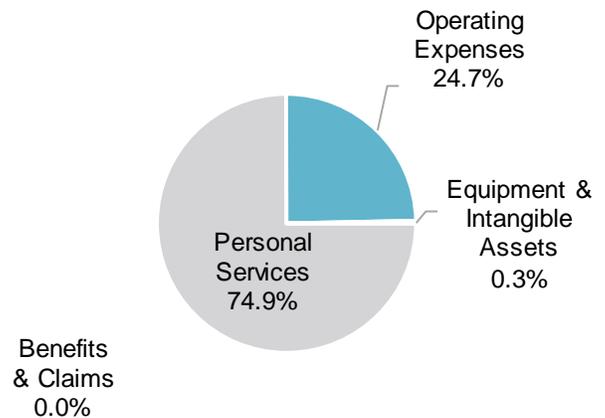
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

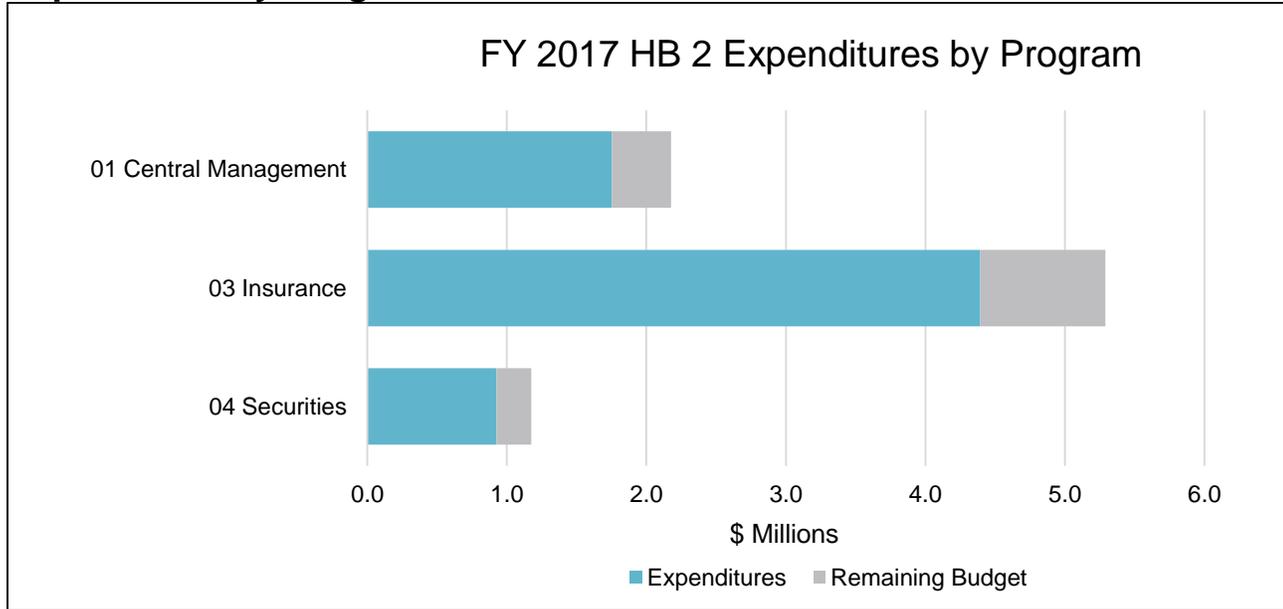
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,478,897	-	(\$523)	(523)	6,478,374	0.0%
62000 Operating Expenses	\$2,137,668	-	\$0	-	2,137,668	0.0%
63000 Equipment & Intangible Assets	\$27,994	-	\$0	-	27,994	0.0%
67000 Benefits & Claims	\$0	-	\$0	-	-	0.0%
<b>Grand Total</b>	<b>\$8,644,559</b>	<b>\$0</b>	<b>(\$523)</b>	<b>(\$523)</b>	<b>\$8,644,036</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The State Auditor's Office did not have any significant budget modifications since the last Budget Status Report. There were small modifications in personal services due to workers' compensation reductions.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified		Remaining Budget	Percent Expended
	Budget	Expenditures		
01 Central Management	2,178,086	1,751,617	426,469	80.4%
03 Insurance	5,291,202	4,392,937	898,265	83.0%
04 Securities	1,174,748	925,138	249,609	78.8%
<b>Grand Total</b>	<b>\$8,644,036</b>	<b>\$7,069,692</b>	<b>\$1,574,344</b>	<b>81.8%</b>

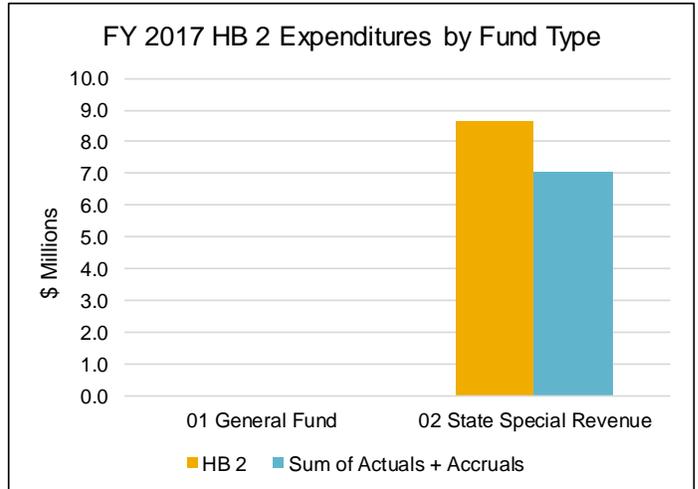
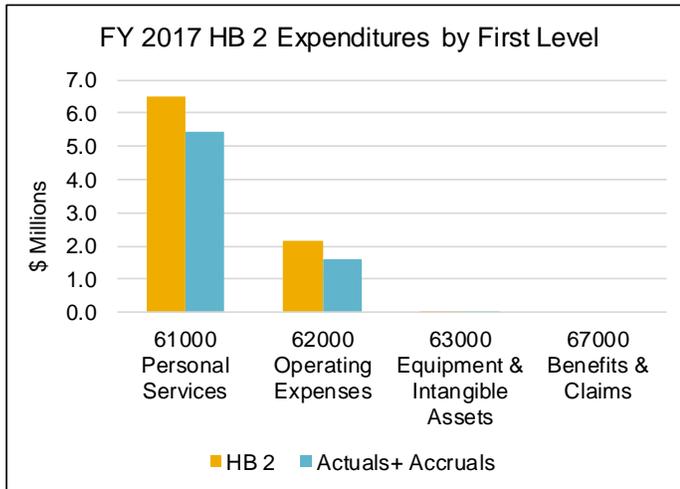
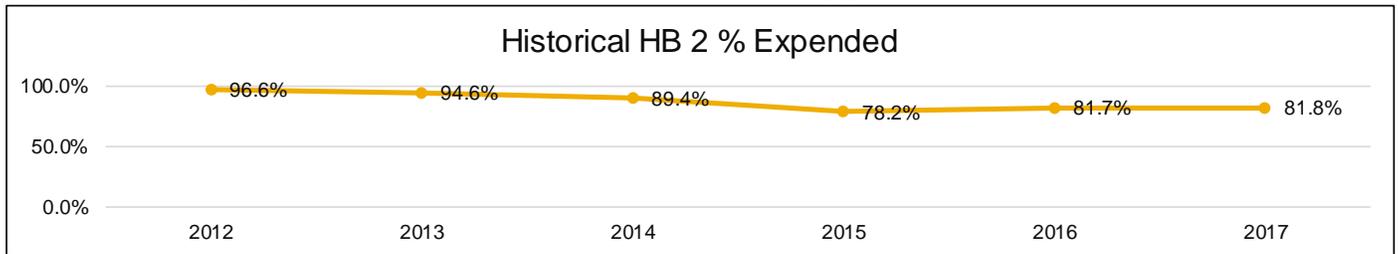
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Central Management Division expended 80.4% of its FY 2017 HB 2 appropriations. Personal services were 82.6% expended. There were two primary reasons for lower personal services expenditures. The division used \$100,000 in carryforward authority for personal services and there was turnover in staff because of appointments by the newly elected commissioner. Operating expenses were 71.6% expended in the division because the transition to the newly elected commissioner provided less of an opportunity for operating expenditures.

The Insurance Division expended 83.0% of its FY 2017 HB 2 appropriations. Personal services were 87.1% expended which was mainly due to the use of nearly \$312,000 in carryforward authority, rather than HB 2 authority. Operating expenses were 70.9% expended in the division. Lower contract exam costs as well as reduced travel costs contributed to lower operating expenditures.

The Securities Division expended 78.8% of its FY 2017 HB 2 appropriations. Personal services were 73.1% expended as of the end of the fiscal year. This was primarily due to the division using \$170,000 of carryforward authority.

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	6,478,374	5,434,453	83.9%
62000 Operating	2,137,668	1,590,717	74.4%
63000 Equipmer	27,994	44,522	159.0%
67000 Benefits &	-	-	0.0%
<b>Grand Total</b>	<b>\$8,644,036</b>	<b>\$7,069,692</b>	<b>81.8%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	-	-	0.0%
02 State Special	8,644,036	7,069,692	81.8%
<b>Grand Total</b>	<b>\$8,644,036</b>	<b>\$7,069,692</b>	<b>81.8%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

HB 2 appropriations in the State Auditor's Office, comprised entirely of state special revenue, totaled nearly \$8.6 million in FY 2017. The office expended approximately \$7.1 million or 81.8% of its appropriations. Personal services were 83.9% expended and operating expenses were 74.4% expended, which are lower than anticipated as of the end of the fiscal year.

The lower percentage expended in personal services was primarily due to:

- The use of carryforward authority of approximately \$582,000 for personal services expenditures
- Turnover in staff due to appointments made by the newly elected commissioner

The lower percentage expended in operating expenditures is due to:

- Lower contract exam and travel costs in the Insurance Division
- The transition of the newly elected commissioner provided less opportunity for operating expenditures in the Central Management Division

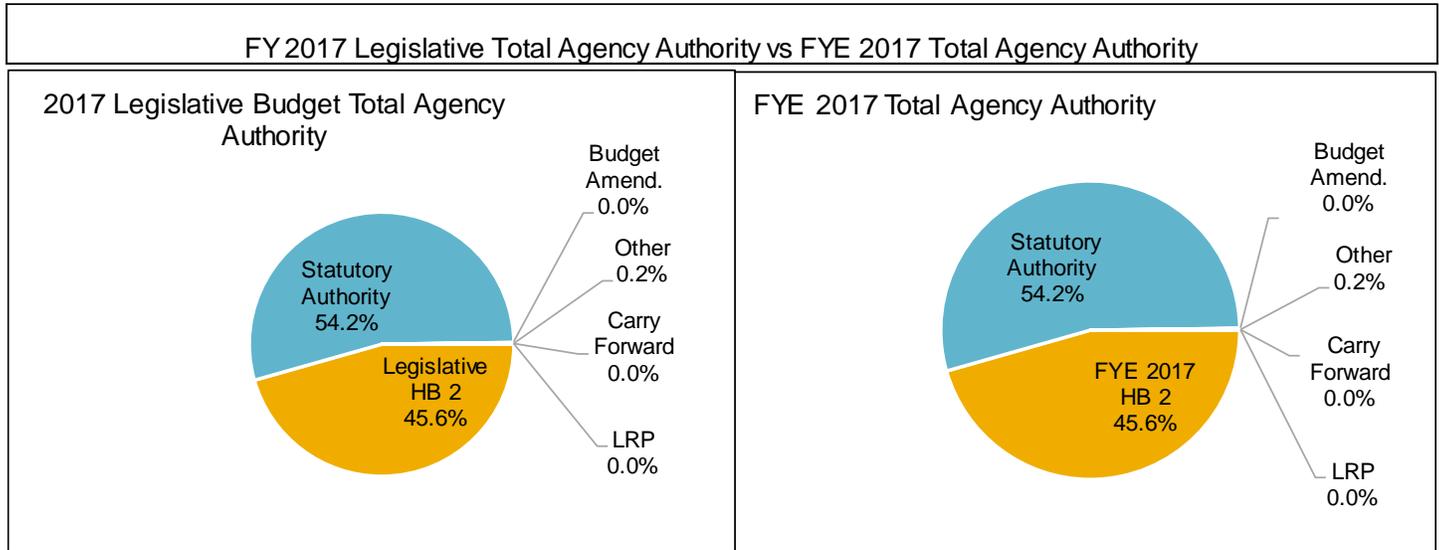
At the end of FY 2017 the securities fee account transferred \$6.9 million to the general fund and the captive account transferred approximately \$135,000 to the general fund.

# DEPARTMENT OF REVENUE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Revenue expended \$178.2 million of their \$204.5 million HB 2 authority, with the majority of the non-expended authority being liquor warehouse proprietary funds
- The Department had \$846,855 in HB 3 reductions including \$446,855 offered by the department
- The majority of the department's budget had been expended with the normal exception of the liquor warehouse language appropriation

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	205,162,323	(660,063)	204,502,260
Statutory Authority	243,739,640	(579,647)	243,159,993
Budget Amendments	143,101	-	143,101
Other	761,494	(31,029)	730,465
Carry Forward	55,641	-	55,641
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>449,862,199</b>	<b>(1,270,739)</b>	<b>448,591,460</b>
Non-Budgeted Proprietary	\$ 196,647	(\$167)	\$ 196,480

FY 2017 Total Agency Authority Expended	
Total Expended	368,085,524
Total Budgeted Authority	448,591,460
<b>% Expended</b>	<b>82.1%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

In FY 2017, as is typical, the department's primary authority was statutory and HB 2. HB 2 authority is in large part a language appropriation for the liquor warehouse, which is discussed in more detail below. The "other" category represents \$266,337 that was a result of SB 405 from the 2015 session, as well as, authority targeted for HB 3 reductions and workers' compensation reductions. These funds were reverted to the general fund.

### Statutory Appropriations

The department has statutory authority for allocations of entitlement share payments to counties, oil and gas payments to counties, as well as, some other small programs such as unclaimed property. Modifications to this authority are adjusted for actual statutory payments.

### Budget Amendments

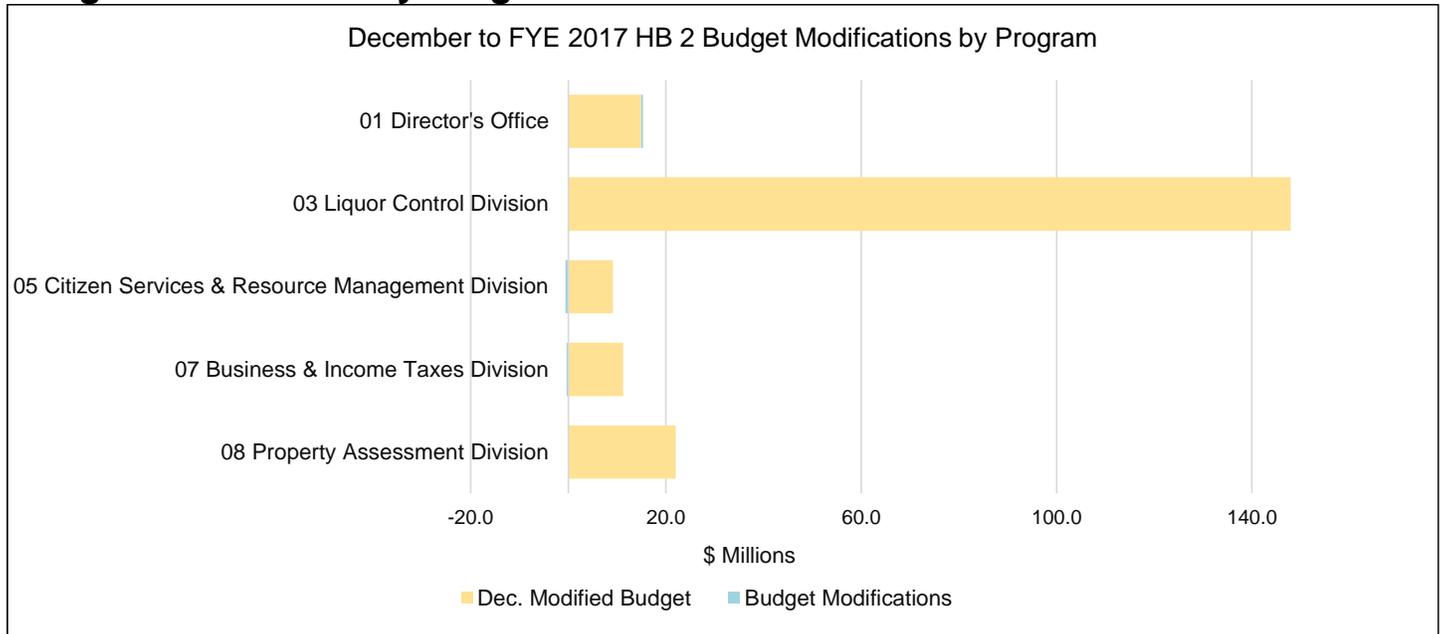
Additional authority was needed to spend federal funds for federal audits.

## Non-Budgeted Proprietary

This authority is to pay for debt collection services needed by other state agencies. There is a 2% fee on money collected.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Director's Office	14,941,871	939,160	(596,615)	342,545	15,284,416	2.3%
03 Liquor Control Division	147,969,946	93,374	(143,374)	(50,000)	147,919,946	0.0%
05 Citizen Services & Resource Management Division	9,126,435	31,085	(635,085)	(604,000)	8,522,435	-6.6%
07 Business & Income Taxes Division	11,244,769	246,221	(612,221)	(366,000)	10,878,769	-3.3%
08 Property Assessment Division	21,985,094	543,804	(632,204)	(88,400)	21,896,694	-0.4%
Grand Total	\$205,268,115	\$1,853,644	(\$2,619,499)	(\$765,855)	\$204,502,260	-0.4%

*This chart shows budget modifications by program from December through FYE.*

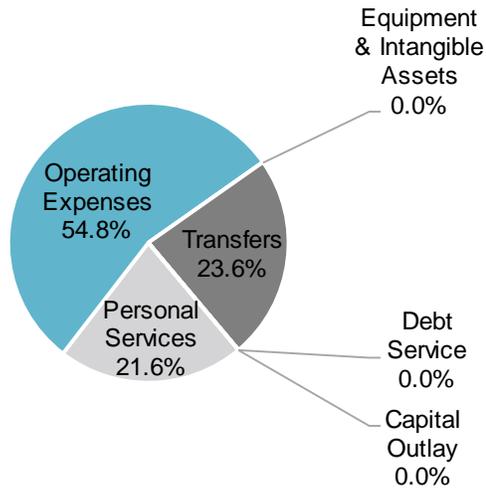
Total budget modifications since December for the department decreased the budget by \$785,855. This occurred in two areas. The first being reductions associated with HB 3. The department offered \$446,855 in reductions as part of the legislative call for voluntarily reductions, another \$400,000 was reduced as part of the additional \$10.0 million in expenditure reductions by the executive as directed in HB 3. The second area was an increase of \$81,000 in federal funds personal services contingency base that was requested to help with royalty audits.

All programs shared in the HB 3 cuts, however, the Director's Office is the only program that shows a positive budget modification. That is due to program transfers from all other programs, except Liquor Control, to the Director's Office primarily for end of year balancing on IT contracts paid out of the Director's Office such as for the GenTax and Orion systems.

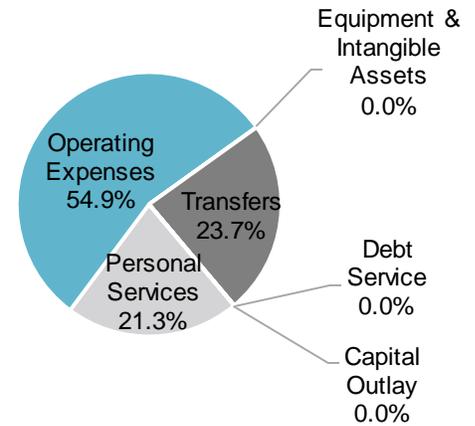
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

#### Dec. Modified Budget by First Level



#### FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

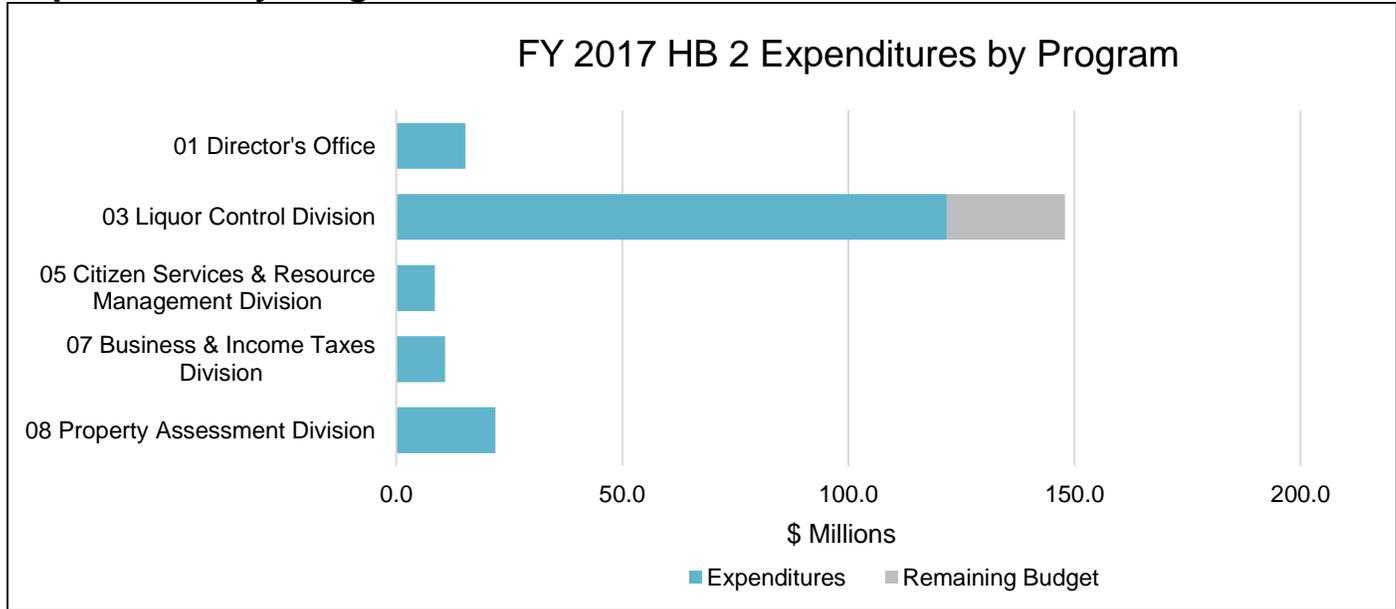
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$44,258,766	559,603	(\$1,249,365)	(689,762)	43,569,004	-1.6%
62000 Operating Expenses	\$112,427,985	1,158,664	(\$1,365,348)	(206,684)	112,221,301	-0.2%
63000 Equipment & Intangible Assets	\$38,554	46,091	\$0	46,091	84,645	119.5%
64000 Capital Outlay	\$0	26,564	\$0	26,564	26,564	0.0%
68000 Transfers	\$48,500,000	59,251	\$0	59,251	48,559,251	0.1%
69000 Debt Service	\$42,810	3,471	(\$4,786)	(1,315)	41,495	-3.1%
<b>Grand Total</b>	<b>\$205,268,115</b>	<b>\$1,853,644</b>	<b>(\$2,619,499)</b>	<b>(\$765,855)</b>	<b>\$204,502,260</b>	<b>-0.4%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 reductions coming from personal services and operating funds.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

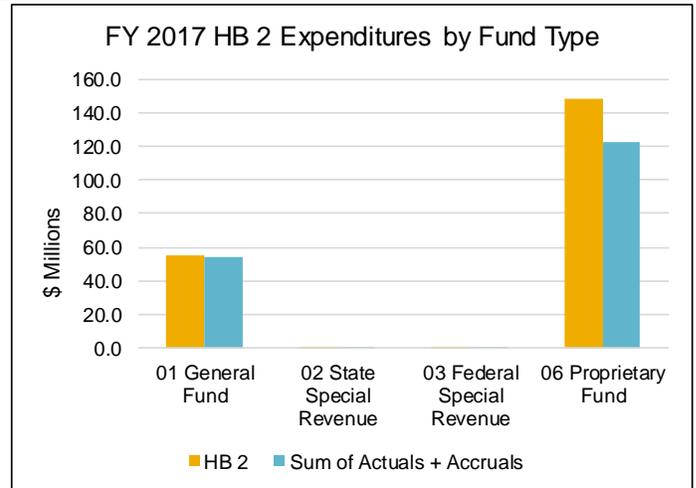
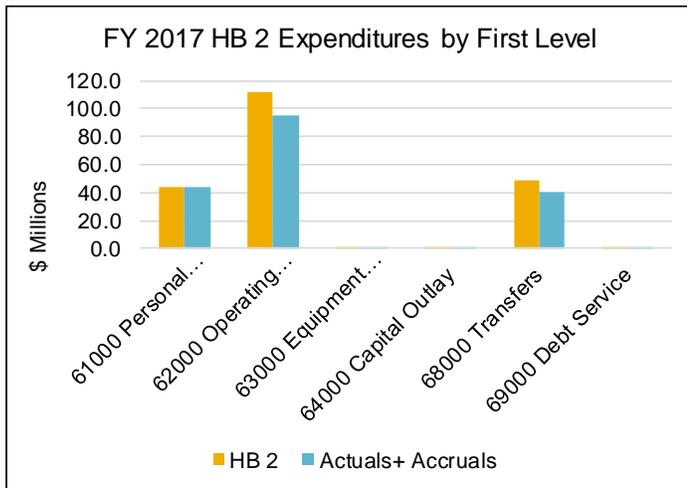
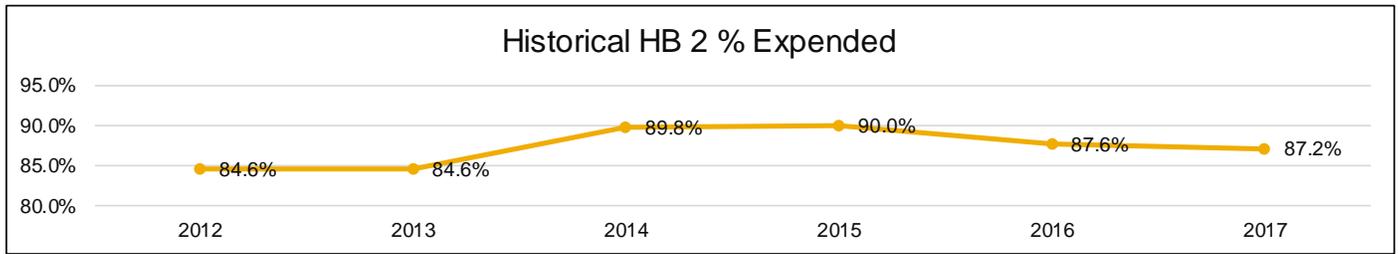


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Director's Office	15,284,416	15,268,477	15,939	99.9%
03 Liquor Control Division	147,919,946	121,784,078	26,135,868	82.3%
05 Citizen Services & Resource Management Division	8,522,435	8,517,650	4,785	99.9%
07 Business & Income Taxes Division	10,878,769	10,801,841	76,928	99.3%
08 Property Assessment Division	21,896,694	21,891,802	4,892	100.0%
<b>Grand Total</b>	<b>\$204,502,260</b>	<b>\$178,263,847</b>	<b>\$26,238,413</b>	<b>87.2%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The department is almost entirely expended for FY 2017 with the Liquor Control Division accounting for the vast majority of the remaining authority in proprietary funds to operate the liquor warehouse. All other programs are mostly expended with any remaining budget residing in the Business and Income Taxes Division.

## Expenditure By First Level Account and Fund Type



**FY 2017 HB 2 Expended by First Level**

First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal S	43,569,004	43,482,584	99.8%
62000 Operating I	112,221,301	94,603,353	84.3%
63000 Equipment	84,645	84,172	99.4%
64000 Capital Ou	26,564	26,564	100.0%
68000 Transfers	48,559,251	40,025,679	82.4%
69000 Debt Servic	41,495	41,494	100.0%
<b>Grand Total</b>	<b>\$204,502,260</b>	<b>\$178,263,847</b>	<b>87.2%</b>

**FY 2017 HB 2 Expended by Fund Type**

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	54,802,246	54,701,177	99.8%
02 State Special	1,017,284	1,017,284	100.0%
03 Federal Specic	353,103	351,627	99.6%
06 Proprietary Fu	148,329,627	122,193,759	82.4%
<b>Grand Total</b>	<b>\$204,502,260</b>	<b>\$178,263,847</b>	<b>87.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The expenditures for general fund, state special, and federal funds are almost entirely expended. The one exception is in proprietary funds, which is the language appropriation for the liquor warehouse. The unspent liquor warehouse proprietary authority is shown in the first level expenditure chart primarily in the operating and transfers accounts.

# DEPARTMENT OF ADMINISTRATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

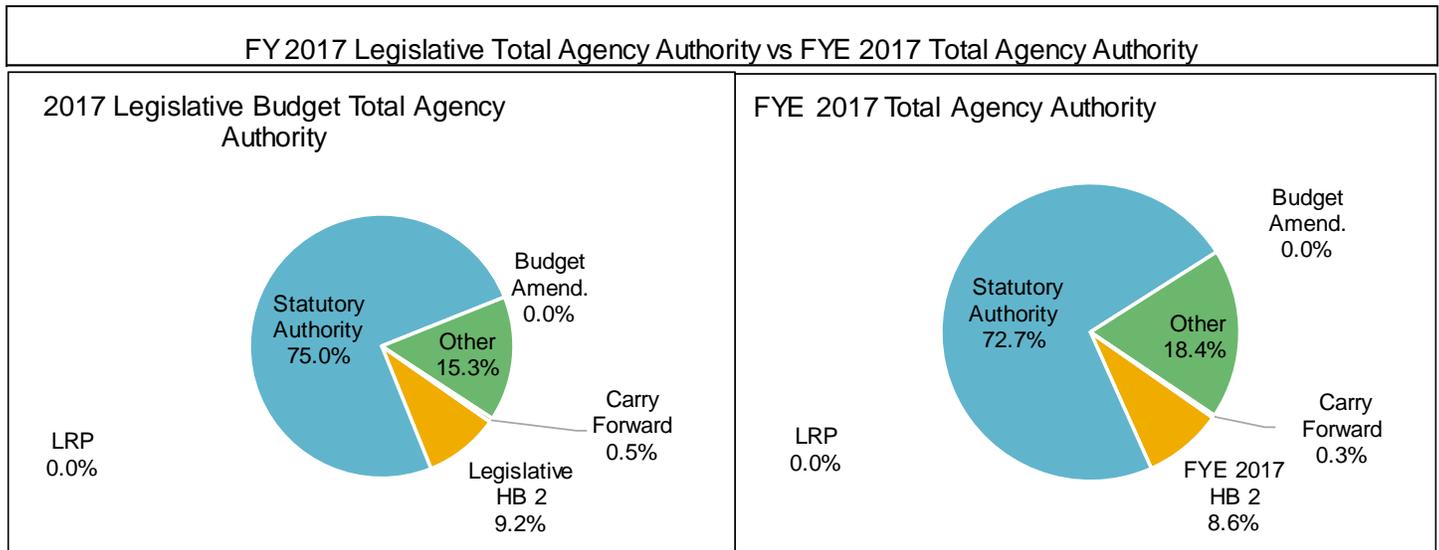
Budget highlights for the Department of Administration (DOA) include:

- DOA expended 81.8% of its \$22.1 million FY 2017 HB 2 budget
- Reductions at the direction of the executive related to HB 3 of \$205,000 in general fund and \$20,000 in state special revenue were completed at the end of the year
- Montana State Lottery (lottery) transferred \$83,000 from operating expenses to equipment and intangible assets to replace two vehicles used by lottery staff

Expenditure highlights for DOA include:

- State Information Technology Services Division (SITSD) expenditures for federal grants were lower than anticipated due to delays for FirstNet at the federal level
- Lower expenditures of 89.8% for personal services were mainly due to vacancies. The majority were in the Banking and Financial Institutions Division which continues to have recruitment and retention issues with bank examiners. Competition with federal and private regulators makes it difficult for the division to retain staff once they have been trained

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	20,727,730	1,349,796	22,077,526
Statutory Authority	175,224,246	5,033,553	180,257,799
Budget Amendments	-	-	-
Other	44,449,189	(7,741,368)	36,707,821
Carry Forward	741,187	450,743	1,191,930
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	241,142,352	(907,277)	240,235,075
Non-Budgeted Proprietary	\$330,983,409	(\$7,494,509)	\$323,488,900

FY 2017 Total Agency Authority Expended	
Total Expended	170,163,447
Total Budgeted Authority	240,235,075
% Expended	70.8%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

## Statutory Appropriations

Besides the allocated HB 2 authority the department also has a significant amount of statutory authority. Statutory appropriations include \$98.3 million in general fund, \$23.9 million in state special revenue, \$18.2 million

in federal special revenue, and \$39.5 million in proprietary funds. The following chart shows the appropriations and expenditures by fund type for the statutory appropriations within DOA.

Department of Administration Statutory Appropriations FY 2017				
Description	Fund	Budget	Expenditure	Remaining Budget
Debt service costs	General fund	\$12,786,390	\$12,448,846	\$337,544
Contracted banking services	General fund	3,389,121	2,287,432	1,101,689
Contributions for local government employee pensions	General fund	459,647	427,969	31,678
Contributions for school district employee pensions	General fund	32,737,215	31,051,721	1,685,494
Contributions for teacher retirement	General fund	928,000	885,981	42,019
Supplemental contributions to teacher retirement	General fund	47,547,094	43,528,128	4,018,966
Cash Management Improvement Act returns	General fund	403,126	373,874	29,252
Indemnification of damages to state property	SSR	1,200,000	7,367	1,192,633
Distribute 911 surcharge revenues	SSR	14,559,306	10,750,080	3,809,226
Distribute mineral impact funds to counties	SSR	8,186,000	5,723,301	2,462,699
Apportion forest reserve funds to counties	FSR	18,017,000	2,282,242	15,734,758
Distribute Taylor Grazing Act funds to counties	FSR	156,000	155,836	164
Debt service costs	Capital projects	388,900	388,900	0
Pay state lottery prizes, commissions, and vendor fees	Proprietary	39,500,000	37,929,797	1,570,203
<b>Total</b>		<b>\$180,257,799</b>	<b>\$148,241,474</b>	<b>\$32,016,325</b>

As shown in the preceding figure, 83.1% of the general fund is transferred to the pension funds. Federal forest reserve payments to counties were 12.7% expended in FY 2017 as the federal government changed the methodology used to determine the level of funding provided to states with federal lands.

## Other

The majority of the other authority consists of long-range information technology funding provided to the State Information Technology Services Division. Of the \$36.7 million in appropriations provided in other house or senate bills, \$28.6 million is for the Medicaid management information system. Expenditures from this funding source were not required in FY 2017.

DOA transferred \$7.7 million in appropriation authority for long-range building information technology projects to the Department of Transportation including:

- \$3.0 million in state special revenue for the MDT financial management suite
- \$4.2 million in federal revenue and \$0.6 million in state special for the program and project management system, risk-based management, and linear referencing system

## Non-Budgeted Proprietary

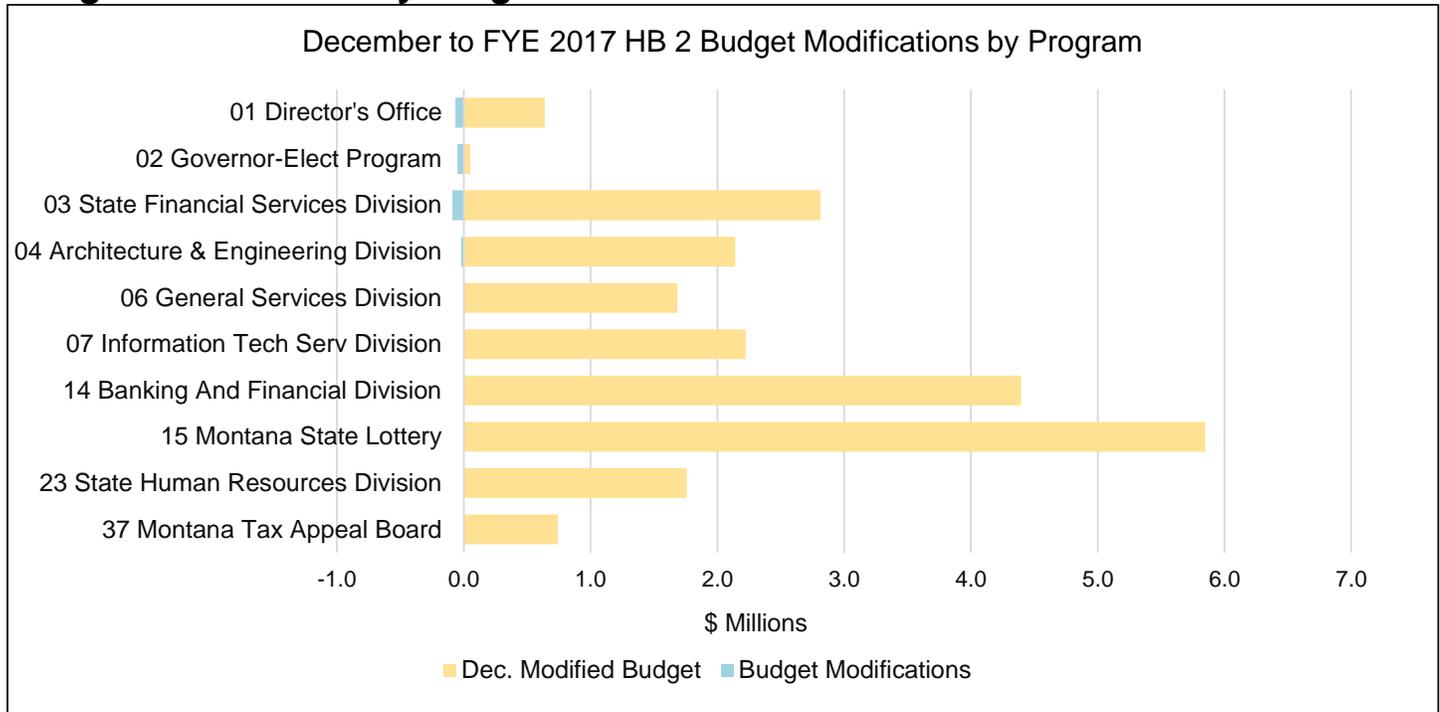
DOA had \$323.5 million in non-budgeted proprietary funds appropriations, most approved through rates established by the legislature. About 60% of the funding is for the State Employee Group Benefit Plan (SEGBP). Overall the financial condition of the SEGBP has improved due to cost containment measures implemented by the Healthcare and Benefits Division. These include:

- High dollar claim management
- Transparent pricing arrangements with hospitals in Montana (also referred to as reference based pricing)
- Increased prescription drug discounts for retail, mail order, and specialty drugs
- Increased participant premium contributions, deductibles, and copays

In addition the 2015 Legislature approved an increased contribution to state employee insurance benefits known as the state share.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Director's Office	640,012	-	(65,000)	(65,000)	575,012	-10.2%
02 Governor-Elect Program	50,000	-	(50,000)	(50,000)	-	-100.0%
03 State Financial Services Division	2,813,931	-	(90,000)	(90,000)	2,723,931	-3.2%
04 Architecture & Engineering Division	2,142,050	-	(20,000)	(20,000)	2,122,050	-0.9%
06 General Services Division	1,686,185	-	-	-	1,686,185	0.0%
07 Information Tech Serv Division	2,224,332	-	-	-	2,224,332	0.0%
14 Banking And Financial Division	4,394,661	-	-	-	4,394,661	0.0%
15 Montana State Lottery	5,848,911	83,000	(83,000)	-	5,848,911	0.0%
23 State Human Resources Division	1,759,762	-	-	-	1,759,762	0.0%
37 Montana Tax Appeal Board	742,682	-	-	-	742,682	0.0%
<b>Grand Total</b>	<b>\$22,302,526</b>	<b>\$83,000</b>	<b>(\$308,000)</b>	<b>(\$225,000)</b>	<b>\$22,077,526</b>	<b>-1.0%</b>

This chart shows budget modifications by program from December through FYE.

The Department of Administration transferred appropriation authority from HB 2 to reduce authority as directed by the executive to comply with HB 3 requirements. The reductions included:

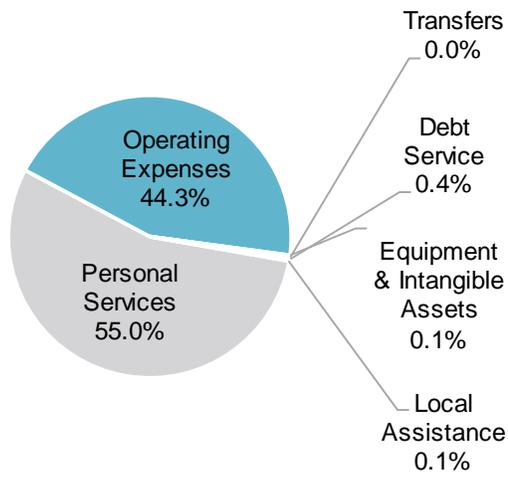
- Labor and Management Training Institute appropriation of \$65,000 in general fund within the Director's Office, training for this initiative was delayed to provide general fund savings
- Governor-Elect Program funding of \$50,000 in general fund was not needed as the voters retained the Governor in the last election
- Savings in operating expenses of \$90,000 in general fund were realized through the movement of the procurement function from General Service Division to the State Financial Services Division
- Operating expenses of \$20,000 in state special revenue, mainly for consulting and professional services, were lower in FY 2017 resulting in savings in the Architecture and Engineering Division

In addition the Montana State Lottery transferred appropriation authority from operating expenses to equipment and intangible assets.

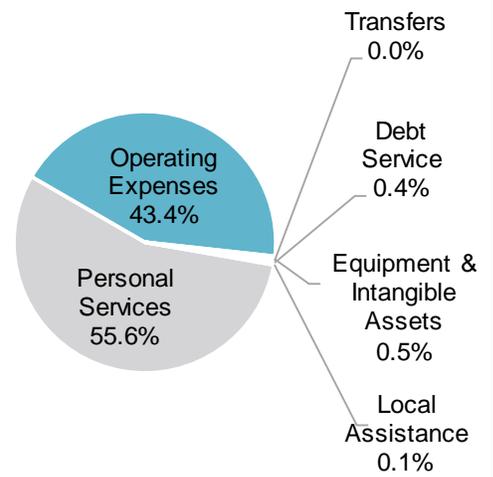
# Budget Modification by First Level

## December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

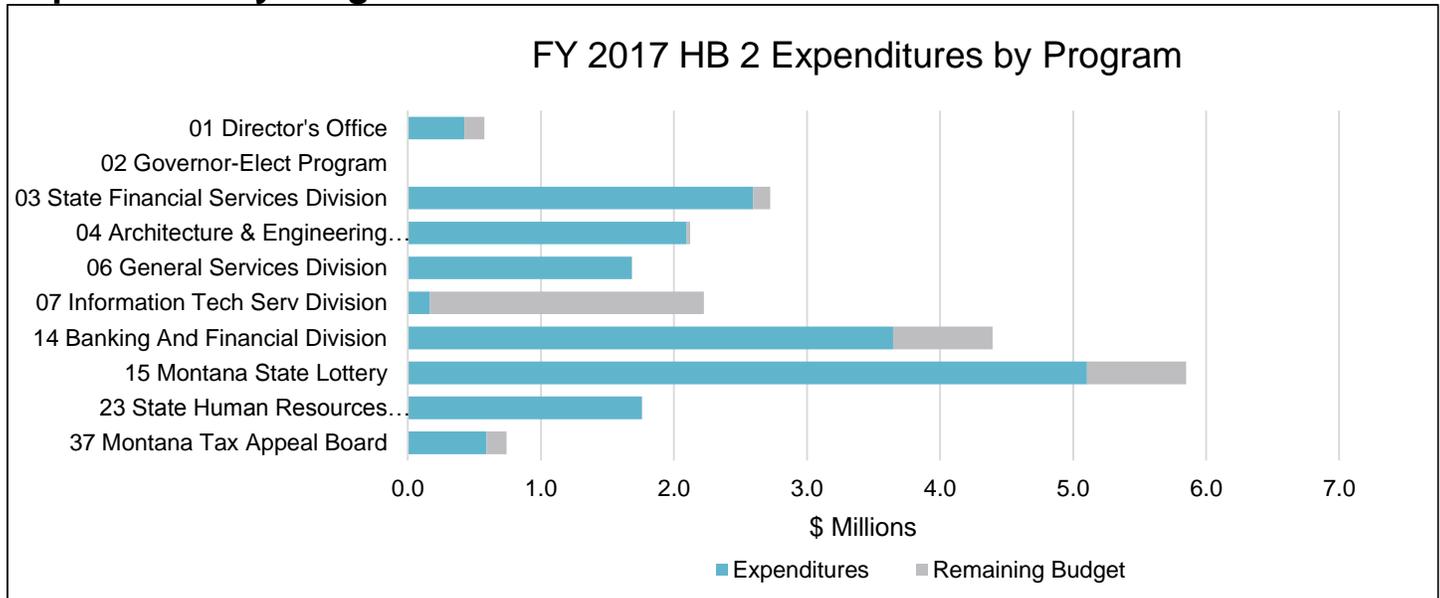
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$12,270,473	-	\$0	-	12,270,473	0.0%
62000 Operating Expenses	\$9,882,772	-	(\$308,000)	(308,000)	9,574,772	-3.1%
63000 Equipment & Intangible Assets	\$19,500	83,000	\$0	83,000	102,500	425.6%
65000 Local Assistance	\$30,060	-	\$0	-	30,060	0.0%
68000 Transfers	\$9,743	-	\$0	-	9,743	0.0%
69000 Debt Service	\$89,977	-	\$0	-	89,977	0.0%
<b>Grand Total</b>	<b>\$22,302,526</b>	<b>\$83,000</b>	<b>(\$308,000)</b>	<b>(\$225,000)</b>	<b>\$22,077,526</b>	<b>-1.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The Montana Lottery transferred \$83,000 from operating expenses to equipment and intangible assets to purchase replacements for two vehicles with more than 150,000 miles, and to provide additional cubicles for staff. The remaining reduction authority relates to HB 3 reductions required by the executive as discussed above.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Director's Office	575,012	424,911	150,101	73.9%
02 Governor-Elect Program	-	-	-	0.0%
03 State Financial Services Division	2,723,931	2,594,209.7	129,721	95.2%
04 Architecture & Engineering Division	2,122,050	2,096,085.38	25,964	98.8%
06 General Services Division	1,686,185	1,681,399.8	4,785	99.7%
07 Information Tech Serv Division	2,224,332	165,756.7	2,058,575	7.5%
14 Banking And Financial Division	4,394,661	3,648,373.1	746,288	83.0%
15 Montana State Lottery	5,848,911	5,104,062.13	744,849	87.3%
23 State Human Resources Division	1,759,762	1,759,262.8	499	100.0%
37 Montana Tax Appeal Board	742,682	592,519.1	150,163	79.8%
<b>Grand Total</b>	<b>\$22,077,526</b>	<b>\$18,066,580</b>	<b>\$4,010,946</b>	<b>81.8%</b>

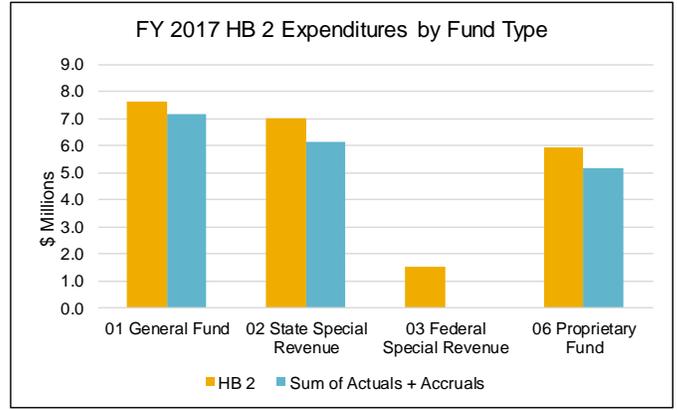
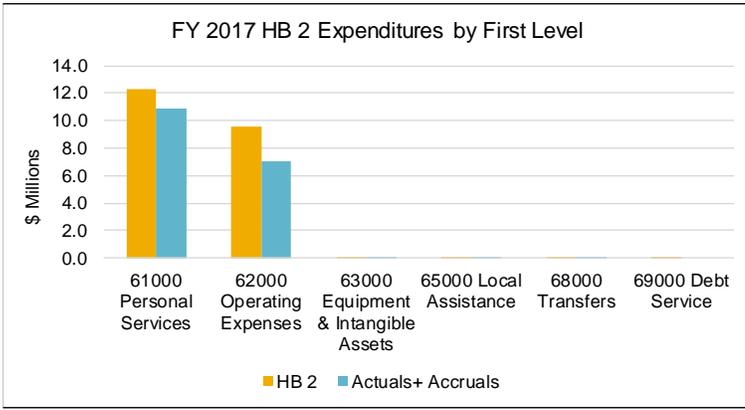
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The SITSD budget includes \$1.9 million in federal authority for the FirstNet grant. This grant supports the planning process for a specific frequency for emergency first responders. The federal First Responder Network Authority issued a request for proposal in January 2016 with proposals due the end of April 2016. FirstNet contracted with AT&T early in 2017. Montana decided to partner with FirstNet and AT&T in August 2017 (FY 2018). Due to the delays in awarding the FirstNet contract at the federal level, expenditures by SITSD were minimal.

The Banking and Financial Services Division's (BFS) remaining budget authority is mainly in personal services and is due to retention and recruitment issues related to bank examiners. Competition with federal and private regulators makes it difficult for the division to retain staff once they have been trained.

The Montana State Lottery received a one-time-only appropriation of \$354,000 in proprietary funds for new tickets if current stocks were reduced. This was not needed in FY 2017. Reduction in costs for leased equipment provided additional savings in operating expenses.

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	12,270,473	10,918,270	89.0%
62000 Operating Expenses	9,574,772	7,029,361	73.4%
63000 Equipment & Intangible Assets	102,500	101,606	99.1%
65000 Local Assistance	30,060	14,598	48.6%
68000 Transfers	9,743	2,744	28.2%
69000 Debt Service	89,977	-	0.0%
<b>Grand Total</b>	<b>\$22,077,526</b>	<b>\$18,066,580</b>	<b>81.8%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,629,885	7,170,211	94.0%
02 State Special Revenue	7,024,035	6,144,554	87.5%
03 Federal Special Revenue	1,519,322	(407,615)	-26.8%
06 Proprietary Fund	5,904,284	5,159,431	87.4%
<b>Grand Total</b>	<b>\$22,077,526</b>	<b>\$18,066,580</b>	<b>81.8%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for the Department of Administration.

Difficulty in hiring positions is the main driver in lower expenditures for personal services than budgeted. This includes:

- Financial examiners and an attorney in the Banking and Financial Services Division
- Computer system managers and supervisors in the Public Safety Communications Bureau
- Lawyers in the Office of Labor Relations within the Director's Office

State Information Technology Services Division (SITSD) reversed an accrual for the FirstNet grant resulting in negative expenditures in federal appropriations of \$408,000.

## REQUIRED REPORTS

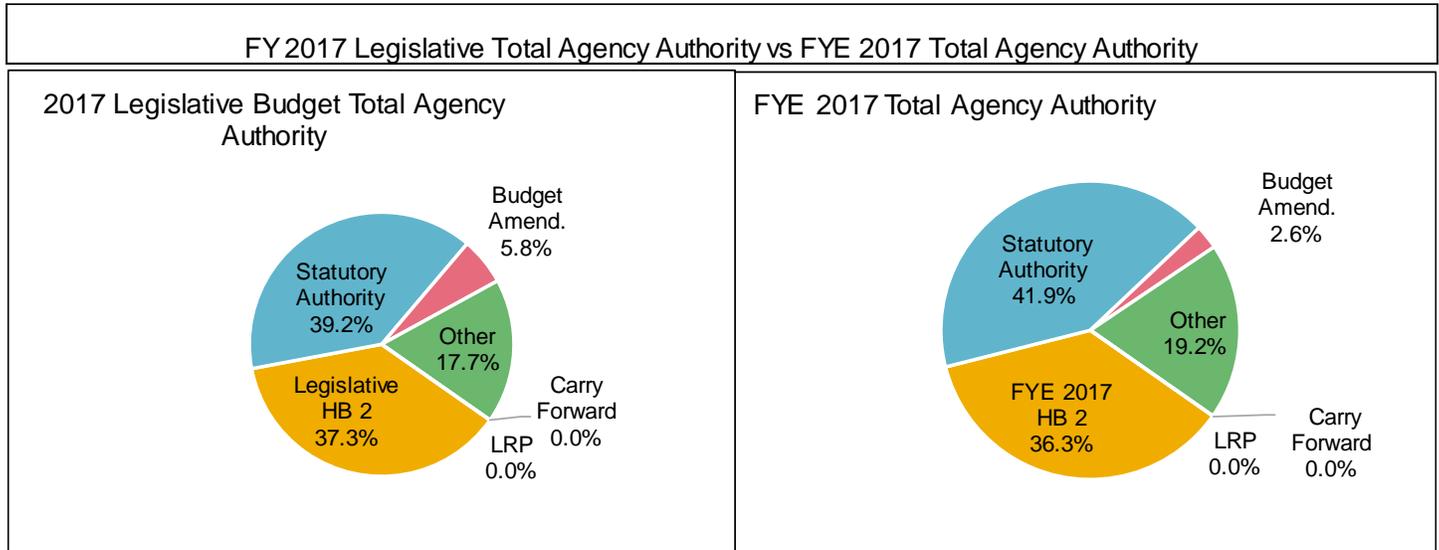
Through the end of fiscal year 2017, DOA was not required to submit any reports. Those due in September are discussed in the 2019 Biennium Budget Status Report.

# DEPARTMENT OF COMMERCE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Commerce expended 86.1% of its approximately \$35.7 million FY 2017 HB 2 appropriation
- The Department of Commerce received a supplemental appropriation of approximately \$1.9 million in HB 3 for Coal Board grants
- HB 3 reductions of \$80,000 general fund were implemented by the executive

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	31,965,498	3,766,211	35,731,709
Statutory Authority	36,866,453	631,774	37,498,227
Budget Amendments	2,301,914	3,270,998	5,572,913
Other	16,870,193	80,000	16,950,193
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>88,004,058</b>	<b>7,748,984</b>	<b>95,753,042</b>
<b>Non-Budgeted Proprietary</b>	<b>\$57,701,976</b>	<b>\$3,993,183</b>	<b>\$61,695,159</b>

FY 2017 Total Agency Authority Expended	
Total Expended	81,647,990
Total Budgeted Authority	95,753,042
<b>% Expended</b>	<b>85.3%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total budgeted authority in the Department of Commerce was nearly \$95.8 million in FY 2017. Total non-budgeted proprietary authority was nearly \$61.7 million.

## Statutory Appropriations

The majority of statutory appropriations in the Department of Commerce were from lodging facility taxes and used to support tourism and film promotion in the state. These statutory appropriations totaled approximately \$26.8 million in FY 2017 and the budgeted authority was 92.0% expended. Statutory appropriations also included funding for the Distressed Wood Products program, research and development, the Big Sky Economic Development program, and the Montana Heritage Commission. Total statutory authority was 89.9% expended.

## Other Authority

The Department of Commerce has authority for the Treasure State Endowment Program (TSEP) included in other authority. The Treasure State Endowment Program provides grants to assist local governments with infrastructure projects. In FY 2017 authority totaled approximately \$17.0 million and 99.2% of the budgeted authority was expended.

## Budget Amendments

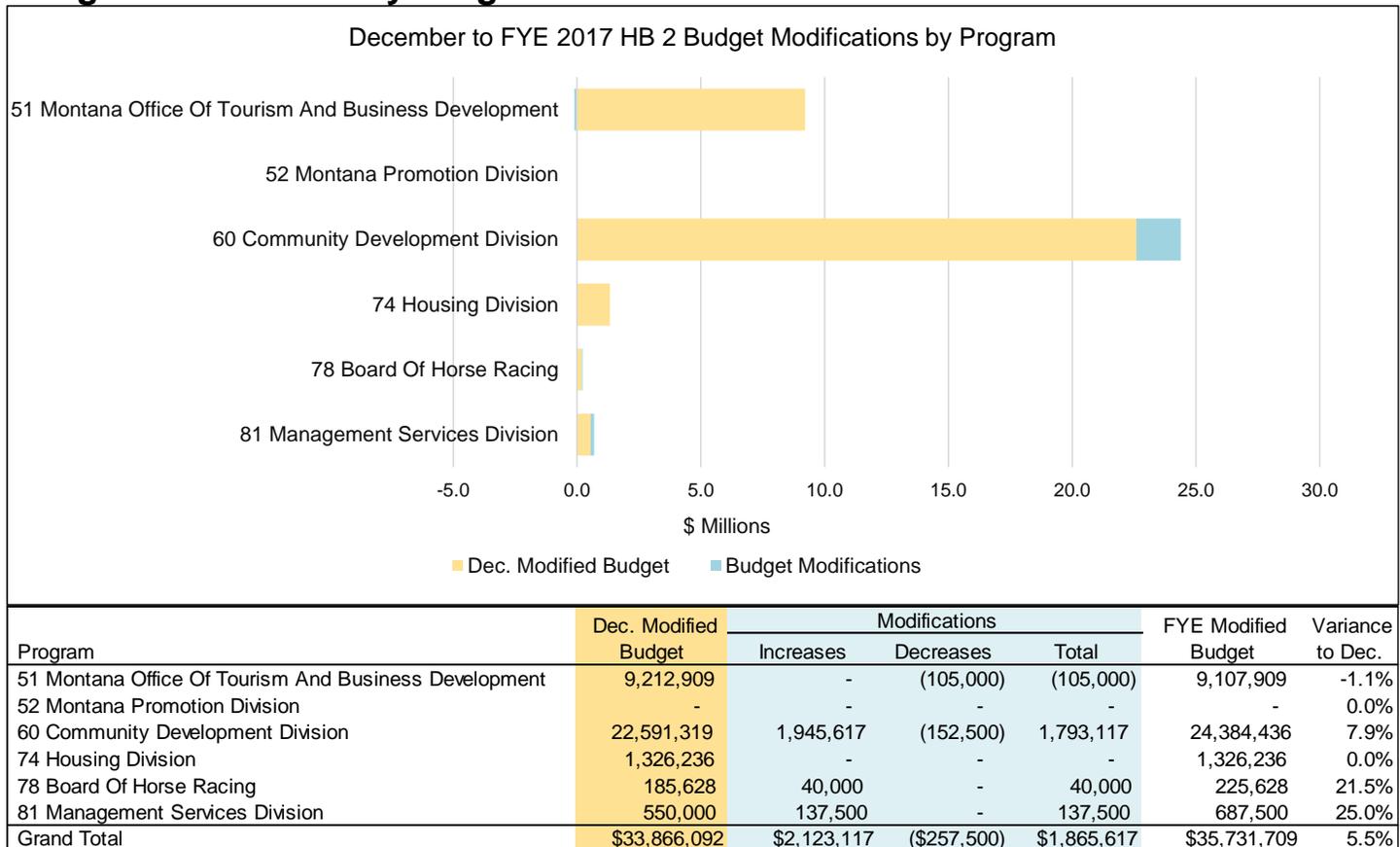
The most significant budget amendment that occurred in the Department of Commerce in FY 2017 was to establish federal authority. This authority was for grants to local governments and nonprofit organizations to preserve or construct housing infrastructure. Funding for personal services increased by approximately \$219,000, operating expenses increased by approximately \$81,000, and grants increased by \$2.7 million.

## Non-Budgeted Proprietary

The Department of Commerce has several non-budgeted proprietary funds, which totaled \$61.7 million in FY 2017. These included proprietary funds in the Montana Facility Finance Authority, Housing Division, Board of Investments, and Directors Office. The non-budgeted proprietary funds were 96.6% expended as of the end of the fiscal year.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



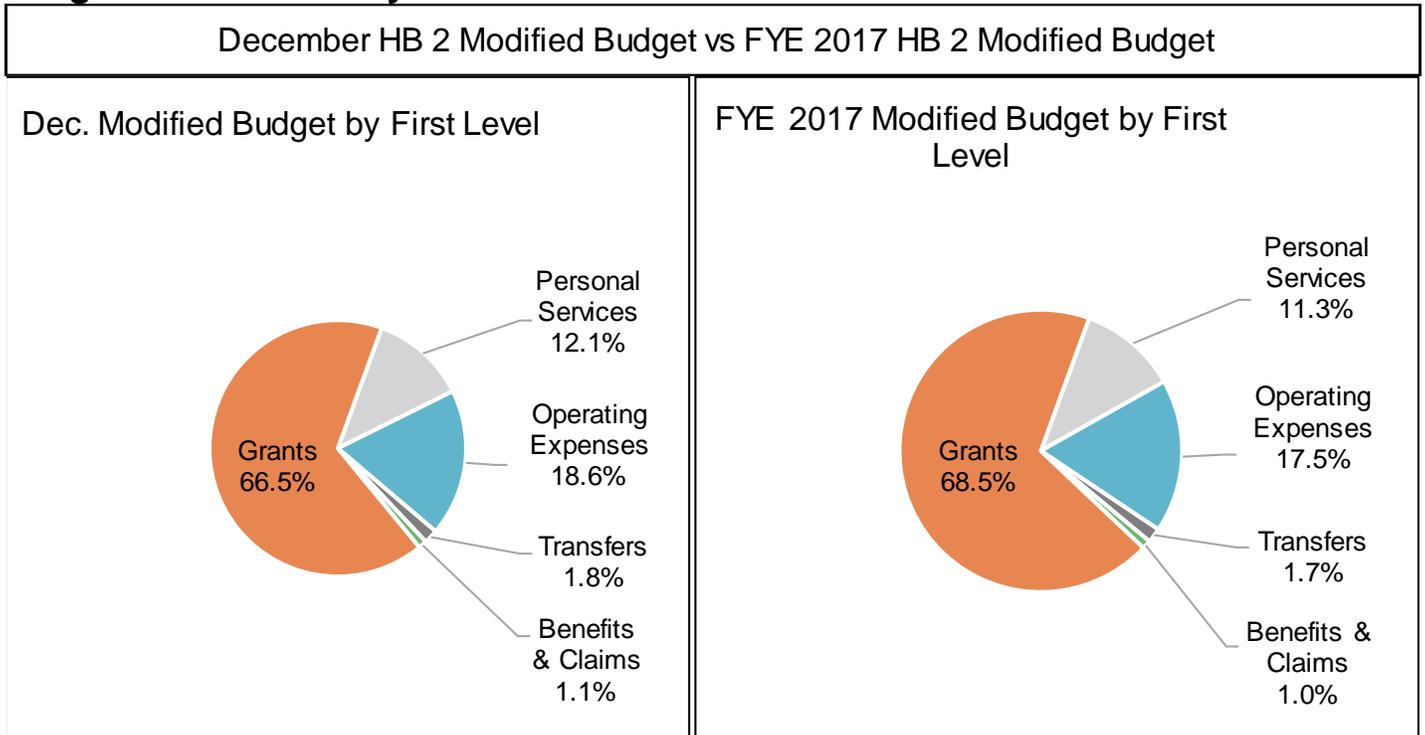
*This chart shows budget modifications by program from December through FYE.*

Significant budget modifications that occurred in the Department of Commerce since the last Budget Status Report include:

- A supplemental appropriation in HB 3 for Coal Board grants. This supplemental appropriation was state special revenue of approximately \$1.9 million
- A transfer of federal grant appropriation authority from the HOME program in the Community Development Division to the Montana Council on Developmental Disabilities program (MCDD) in the Director's Office. The MCDD incurred greater federal grant and accrual expenditures than anticipated

- A general fund reduction of \$80,000 in the Office of Tourism and Business Development and the Community Development Divisions due to executive reductions required in HB 3

## Budget Modification by First Level



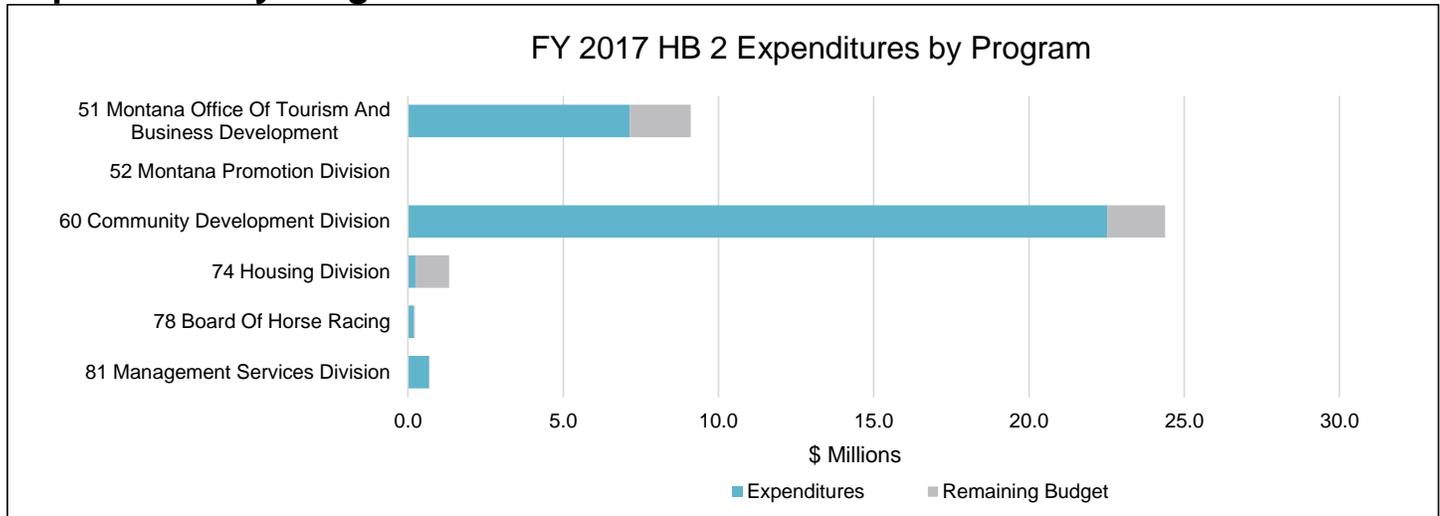
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$4,097,711	-	(\$65,000)	(65,000)	4,032,711	-1.6%
62000 Operating Expenses	\$6,284,913	40,000	(\$55,000)	(15,000)	6,269,913	-0.2%
66000 Grants	\$22,524,547	2,083,117	(\$137,500)	1,945,617	24,470,164	8.6%
67000 Benefits & Claims	\$358,921	-	\$0	-	358,921	0.0%
68000 Transfers	\$600,000	-	\$0	-	600,000	0.0%
<b>Grand Total</b>	<b>\$33,866,092</b>	<b>\$2,123,117</b>	<b>(\$257,500)</b>	<b>\$1,865,617</b>	<b>\$35,731,709</b>	<b>5.5%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

In the Department of Commerce, grants were primarily impacted by budget modifications. This was due to a supplemental appropriation of approximately \$1.9 million for Coal Board grants.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified	Expenditures	Remaining Budget	Percent Expended
	Budget			
51 Montana Office Of Tourism And Business Development	9,107,909	7,141,277	1,966,632	78.4%
52 Montana Promotion Division	-	-	-	0.0%
60 Community Development Division	24,384,436	22,524,788	1,859,649	92.4%
74 Housing Division	1,326,236	241,923	1,084,313	18.2%
78 Board Of Horse Racing	225,628	187,300	38,328	83.0%
81 Management Services Division	687,500	687,495	5	100.0%
<b>Grand Total</b>	<b>\$35,731,709</b>	<b>\$30,782,782</b>	<b>\$4,948,927</b>	<b>86.1%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Montana Office of Tourism and Business Development expended 78.4% of its FY 2017 appropriations. Operating expenditures were 52.3% expended. There were several reasons for the low percentage expended in the division. The fund for private support for promotional activities collected less than estimated so there were less operating expenditures in this state special revenue fund. The Native American Gap Financing state special revenue fund did not receive any loan requests in FY 2017 which resulted in lower operating expenditures. Finally, the Primary Sector Business Training state special revenue fund had a higher estimated budget than there were funds available for operating and grant expenditures in FY 2017.

The Community Development Division expended 92.4% of its FY 2017 appropriations. Personal services were 73.6% expended and operating expenses were 59.9% expended. There were several factors that contributed to the lower percentage expended, which include the EDA Revolving Loan Fund, the Hard Rock Mining Reserve, and federal funds being lower than estimated. The EDA Revolving Loan Fund had lower expenditures because the fund was dependent on the revolving nature of the loan program. Statutory requirements outlining the use of the Hard Rock Mining Reserve were not met in FY 2017. Finally, Federal funds received by the division were lower than estimated in the budget. Several factors can contribute to the estimated budget being higher than the federal funds actually received, including:

- o The actual amount of federal funds received by the division can fluctuate
- o The timing of the awarded federal funds can be outside of the state fiscal year
- o The rate at which individual projects expend the funds can vary

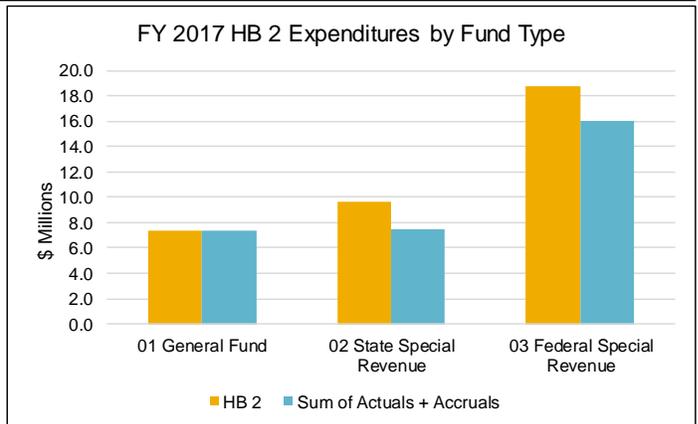
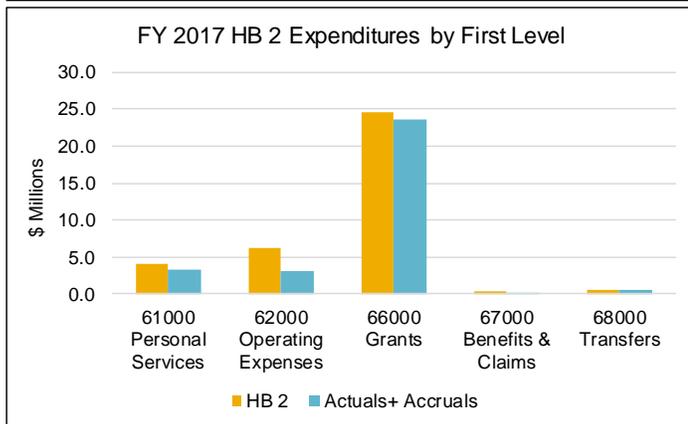
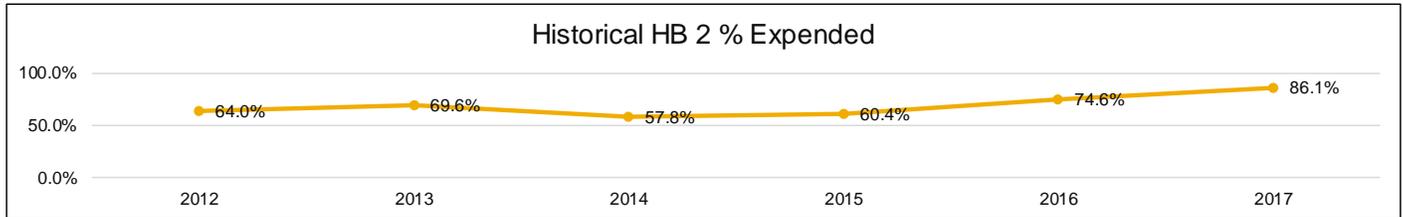
Additionally, Community Development Block Grants were awarded at a slower rate due to several new staff in these positions.

The Housing Division expended 18.2% of its FY 2017 appropriations. There are several programs that contributed to the lower percentage expended in the division. First, the mobile home revolving loan fund did not make any loans in FY 2017. Additionally, HUD comprehensive counseling, the emergency homeowners' loan

program, and the Board of Housing foreclosure mitigation were grants that ended so there were no expenditures incurred in FY 2017. HUD requirements for these grants have changed and the grants can now be administered by local housing authorities; therefore, there are no appropriations to the division for these programs in the 2019 biennium.

The Board of Horse Racing expended 83.0% of its FY 2017 appropriations, which is comprised entirely of state special revenue. The department transferred state special revenue appropriation authority from the Montana Office of Tourism and Business Development to the Board of Horse Racing because the division incurred operating expenses that were higher than anticipated. The department made this transfer because there was a concern that there was not enough excess authority in personal services to transfer to operating expenses in the Board of Horse Racing. Without this transfer, the division would have been slightly over 100.0% expended.

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	4,032,711	3,317,042	82.3%
62000 Operating Expenses	6,269,913	3,049,895	48.6%
66000 Grants	24,470,164	23,578,537	96.4%
67000 Benefits & Claims	358,921	237,307	66.1%
68000 Transfers	600,000	600,000	100.0%
<b>Grand Total</b>	<b>\$35,731,709</b>	<b>\$30,782,782</b>	<b>86.1%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,398,738	7,349,447	99.3%
02 State Special Revenue	9,605,283	7,458,044	77.6%
03 Federal Special Revenue	18,727,689	15,975,291	85.3%
<b>Grand Total</b>	<b>\$35,731,709</b>	<b>\$30,782,782</b>	<b>86.1%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

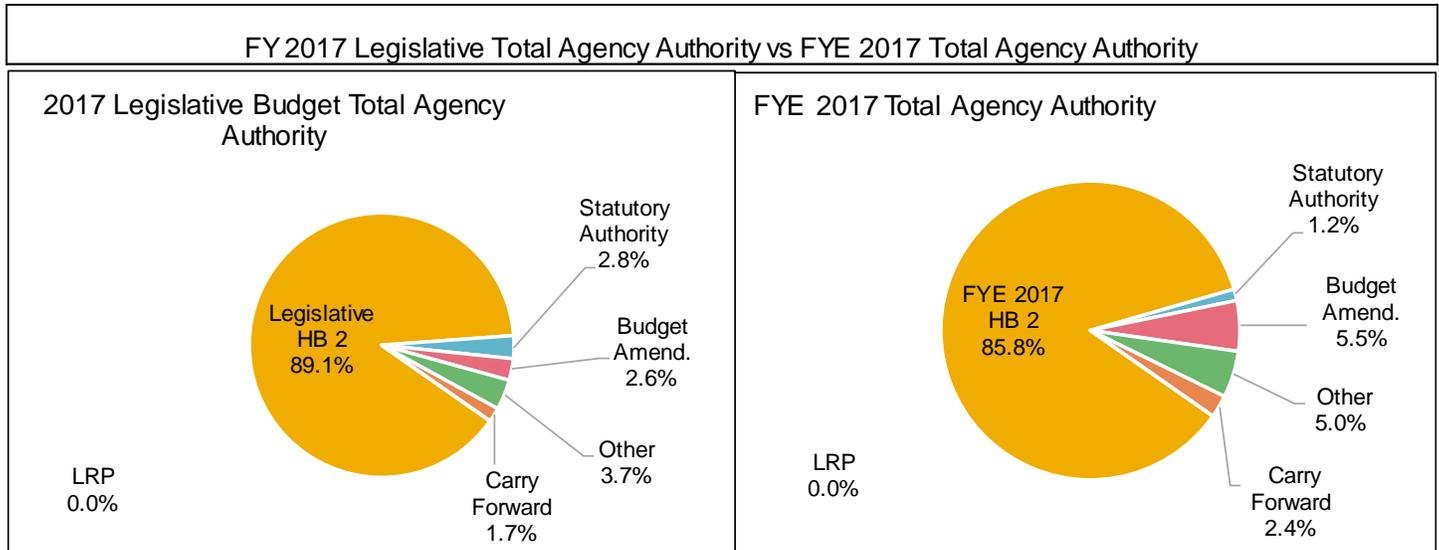
HB 2 appropriations in the Department of Commerce, comprised of general fund, state special revenue, and federal special revenue, totaled approximately \$35.7 million in FY 2017. The office expended approximately \$30.8 million or 86.1% of its appropriations. Additional details on expenditures outlined in the previous section.

# DEPARTMENT OF LABOR AND INDUSTRY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Labor and Industry's HB 2 appropriations of \$85.0 million, which primarily consists of state special and federal special revenues, was 89.8% expended in FY 2017
- There were HB 3 reductions of approximately \$1.1 million implemented by the executive. This was a reduction in federal special revenue and did not have an impact on general fund
- The department transferred state special revenue personal services base contingency funding of \$0.7 million back to the Governor's Office

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	85,339,456	(327,883)	85,011,573
Statutory Authority	2,685,757	(1,459,355)	1,226,402
Budget Amendments	2,527,465	2,881,801	5,409,266
Other	3,537,054	1,453,904	4,990,958
Carry Forward	1,675,308	739,154	2,414,462
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>95,765,040</b>	<b>3,287,621</b>	<b>99,052,661</b>
Non-Budgeted Proprietary	\$ 154,772,256	\$ (1,283,199)	\$ 153,489,057

FY 2017 Total Agency Authority Expended	
Total Expended	80,521,243
Total Budgeted Authority	99,052,661
<b>% Expended</b>	<b>81.3%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total budgeted authority in the Department of Labor and Industry was approximately \$99.1 million. This primarily consisted of HB 2 authority, budget amendments, and other authority. Additionally, the department has \$153.5 million in non-budgeted proprietary funding.

## Budget Amendments

The Department of Labor and Industry had three significant budget amendments in FY 2017. These budget amendments include:

- Establishing \$1.3 million in federal authority for Apprenticeship Expansion grants. These funds were for outreach to other industries and businesses in Montana
- Establishing \$1.1 million in federal authority for the Dislocated Workers IT grant. These funds were for the expansion and enhancement of the WorkForce Connect portal

- o Establishing \$0.5 million in federal authority to implement a document creation solution and provide the ability to access unemployment insurance correspondence electronically

## Other Authority

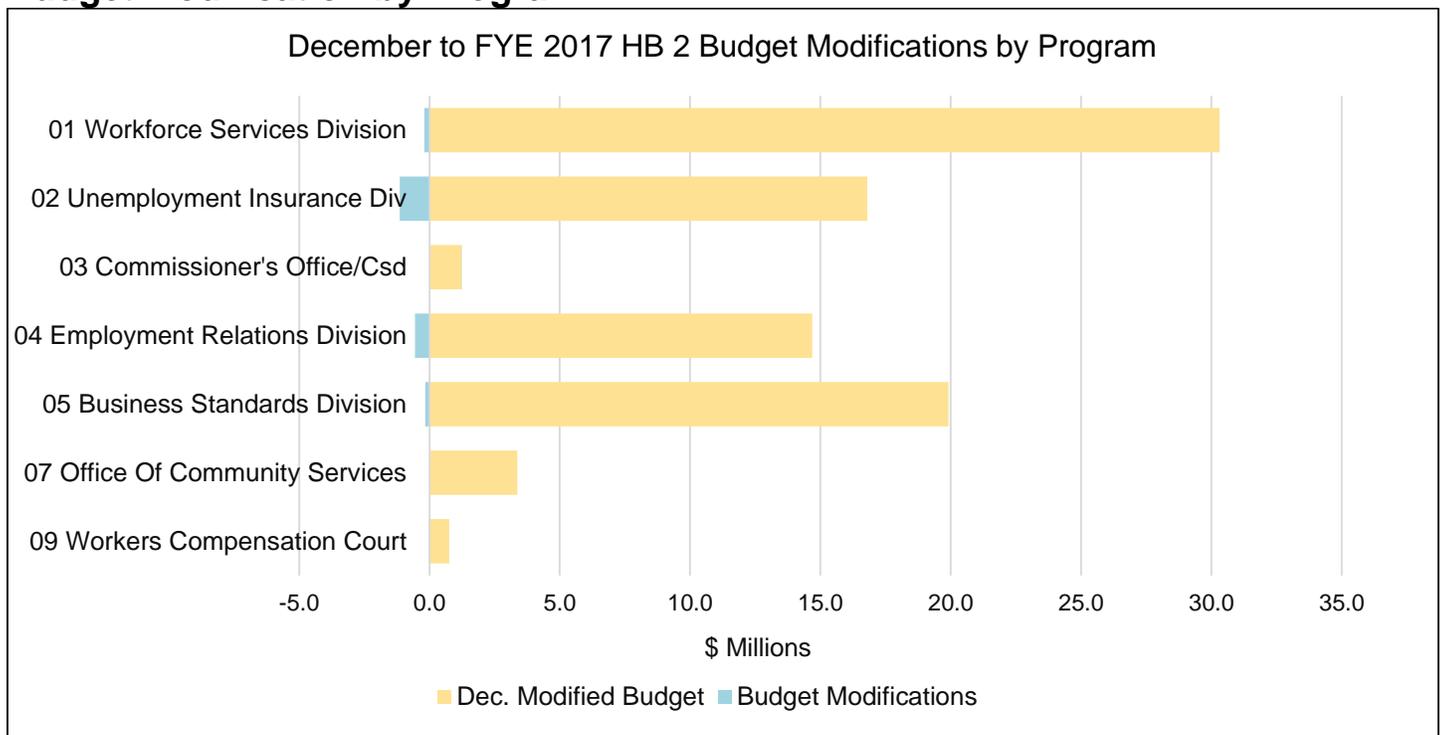
The majority of the other authority in the Department of Labor and Industry was for long-range information technology funding included in HB 10. This funding was primarily for the Status, Tax, Accounting, Audit, and Rating System (STAARS) in the Unemployment Insurance Division.

## Non-Budgeted Proprietary

Non-budgeted proprietary authority totaled \$153.5 million and was 88.2% expended as of the end of FY 2017. The Unemployment Division and the Employment Relations Division are primarily contributing to the lower percentage expended. Benefits and claims in the Unemployment Division were lower than the authority in FY 2017. The Subsequent Injury Fund in the Employment Relations Division paid fewer claims and fewer settlements than in previous years.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Workforce Services Division	30,310,702	939,737	(1,137,737)	(198,000)	30,112,702	-0.7%
02 Unemployment Insurance Div	16,801,570	274,351	(1,418,584)	(1,144,233)	15,657,337	-6.8%
03 Commissioner's Office/Csd	1,238,860	23,903	(14,903)	9,000	1,247,860	0.7%
04 Employment Relations Division	14,689,327	156,500	(716,133)	(559,633)	14,129,694	-3.8%
05 Business Standards Division	19,913,336	226,100	(389,426)	(163,326)	19,750,010	-0.8%
07 Office Of Community Services	3,375,265	52,500	(52,500)	-	3,375,265	0.0%
09 Workers Compensation Court	762,235	7,000	(30,530)	(23,530)	738,705	-3.1%
<b>Grand Total</b>	<b>\$87,091,295</b>	<b>\$1,680,091</b>	<b>(\$3,759,813)</b>	<b>(\$2,079,722)</b>	<b>\$85,011,573</b>	<b>-2.4%</b>

This chart shows budget modifications by program from December through FYE.

The Department of Labor and Industry had several significant budget modifications since the last Budget Status Report. The most significant budget modifications are listed below.

Workforce Services Division

- The division transferred approximately \$313,000 from personal services and \$54,000 from operating expenses to grants. This transfer was made to realigned HELP Act appropriations to match actual expenditures
- The division had HB 3 executive reductions of \$250,000 in personal services and \$250,000 in grants. This was a reduction in federal special revenue and did not impact general fund
- The department transferred \$150,000 from personal services in the Research and Analysis Bureau to operating expenses in the Job Services Operations Bureau. This transfer was due to declining federal revenue in the Job Services Operations Bureau
- The division received state special revenue of \$302,000 from the Employment Relations Division to realign technology services costs

#### Unemployment Insurance Division

- The division received personal services base contingency funding of approximately \$258,000 from the Employment Relations Division
- The division had HB 3 executive reductions of approximately \$880,000 in personal services. This was a reduction in federal special revenue and did not impact general fund
- The division transferred personal services base contingency funding of approximately \$511,000 back to the Governor's Office

#### Employment Relations Division

- The division transferred personal services base contingency funding of approximately \$258,000 to the Unemployment Insurance Division
- The division transferred state special revenue of \$302,000 to the Workforce Services Division to realign technology services costs

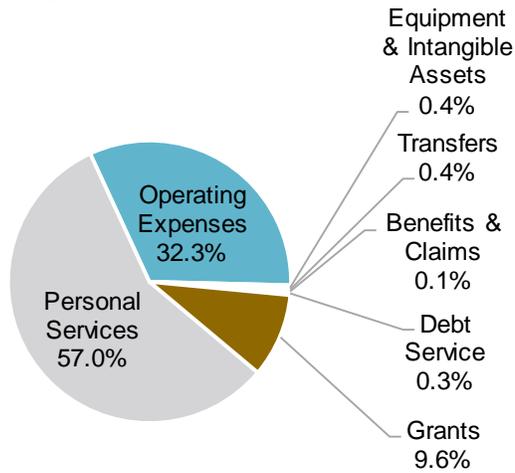
#### Business Standards Division

- The division transferred personal services base contingency funding of approximately \$163,000 back to the Governor's Office

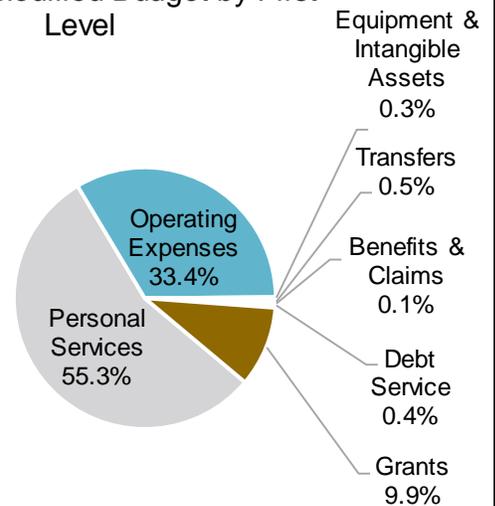
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$49,644,967	379,533	(\$3,005,997)	(2,626,464)	47,018,502	-5.3%
62000 Operating Expenses	\$28,111,137	784,804	(\$462,016)	322,788	28,433,926	1.1%
63000 Equipment & Intangible Assets	\$312,574	-	(\$28,300)	(28,300)	284,274	-9.1%
66000 Grants	\$8,361,122	335,282	(\$254,000)	81,282	8,442,404	1.0%
67000 Benefits & Claims	\$100,389	-	\$0	-	100,389	0.0%
68000 Transfers	\$311,983	94,133	(\$9,500)	84,633	396,616	27.1%
69000 Debt Service	\$249,123	86,339	\$0	86,339	335,462	34.7%
Grand Total	\$87,091,295	\$1,680,091	(\$3,759,813)	(\$2,079,722)	\$85,011,573	-2.4%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

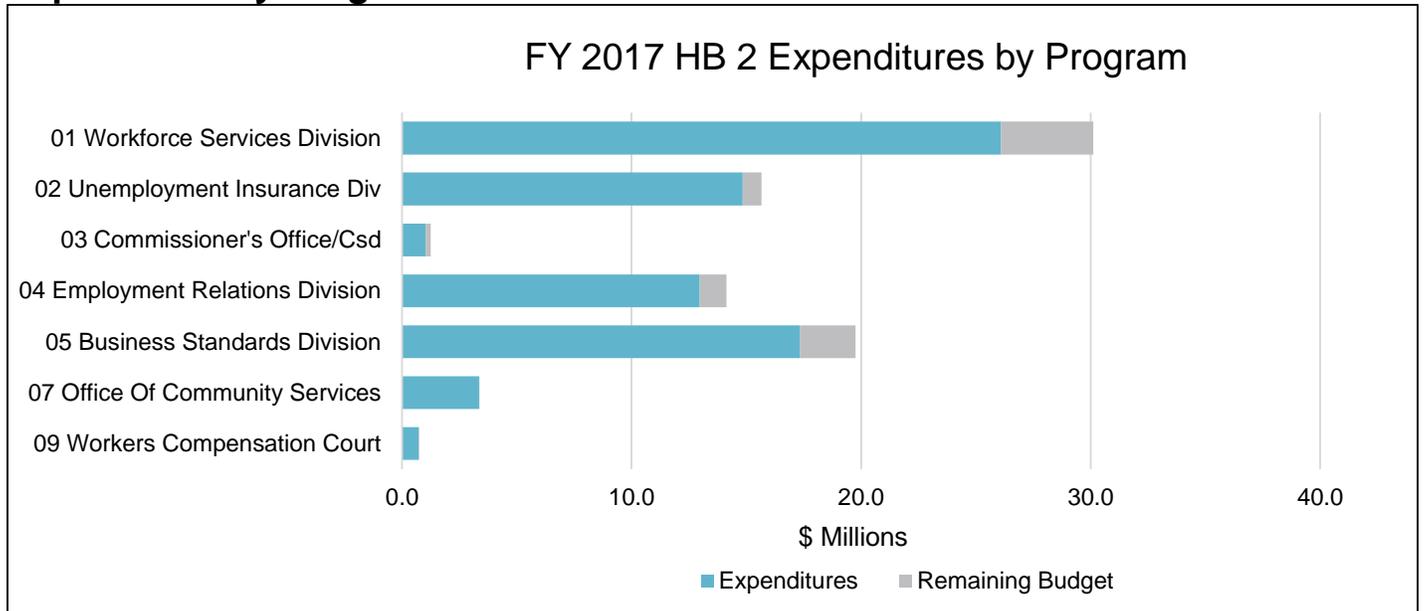
There were several significant budget modifications in the Department of Labor and Industry and these modifications mainly effected personal services appropriations. The modifications primarily include:

- HB 3 executive reductions of approximately \$1.1 million
- Transferring personal services base contingency funding of \$0.7 million back to the Governor's Office
- Transferring HELP Act appropriations from personal services and operating expenses to grants to align the appropriation with actual expenditures

Additional details on budget modifications can be found above.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Workforce Services Division	30,112,702	26,091,552	4,021,150	86.6%
02 Unemployment Insurance Div	15,657,337	14,842,312	815,025	94.8%
03 Commissioner's Office/Csd	1,247,860	1,017,891	229,969	81.6%
04 Employment Relations Division	14,129,694	12,970,246	1,159,448	91.8%
05 Business Standards Division	19,750,010	17,322,199	2,427,811	87.7%
07 Office Of Community Services	3,375,265	3,356,725	18,540	99.5%
09 Workers Compensation Court	738,705	719,682	19,023	97.4%
<b>Grand Total</b>	<b>\$85,011,573</b>	<b>\$76,320,606</b>	<b>\$8,690,966</b>	<b>89.8%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

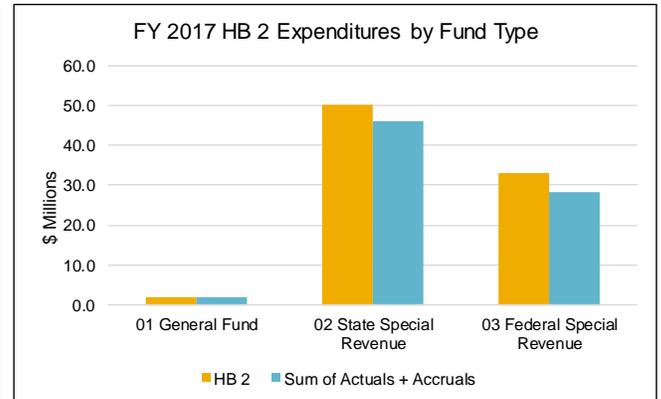
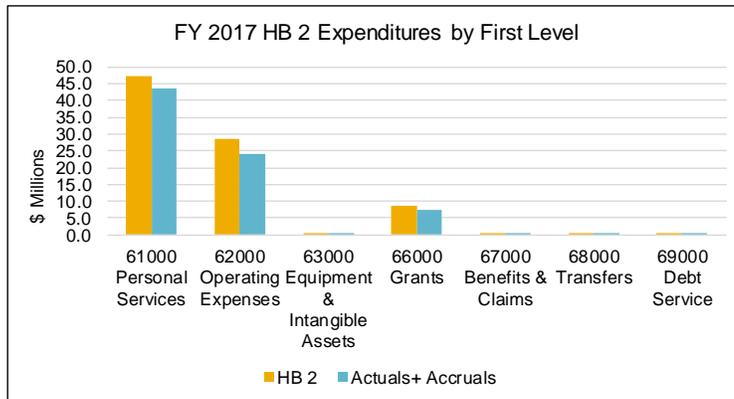
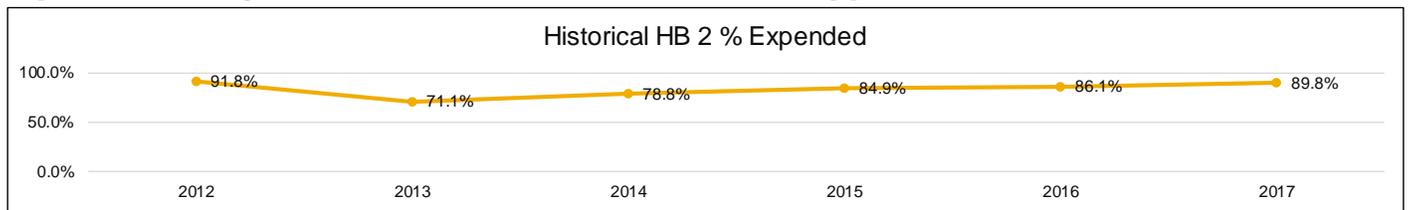
The Workforce Services Division expended 86.6% of its FY 2017 appropriations. Personal services, operating expenses, and grants had a lower percentage expended. These lower expenditures were due a decline in federal revenues.

The Commissioner's Office expended 81.6% of its FY 2017 appropriations. Personal services and operating expenses had a lower percentage expended than anticipated at the end of the fiscal year. This was due to vacant positions in the division which resulted in fewer FTE to support.

The Employment Relations Division expended 91.8% of its FY 2017 appropriations. Operating expenses were 86.7% expended as of the end of the fiscal year. The lower percentage expended was due to information technology costs being lower than anticipated in FY 2017. Benefits and claims were 62.7% expended at the end of the fiscal year. The lower percentage expended was because fluctuations in claims volume can occur and claims did not reach the level appropriated in FY 2017.

The Business Standards Division expended 87.7% of its FY 2017 appropriations. Operating expenses were 80.9% expended. There were two primary areas that contributed to the lower percentage expended. The first area was because there was a change in funding for the Board of Public Accountants in the 2015 legislative session. The board moved to proprietary funding, which left state special revenue appropriations unspent. Additionally, the division has contingency funds that cover legal, investigatory, or compliance costs that are above a normal level. This funding was not utilized in FY 2017.

## Expenditure By First Level Account and Fund Type



**FY 2017 HB 2 Expended by First Level**

First Level	FYE Modified		Percent Expended
	HB 2	Expended	
61000 Personal Services	47,018,502	43,696,594	92.9%
62000 Operating Expenses	28,433,926	24,164,424	85.0%
63000 Equipment & Intangible Assets	284,274	248,923	87.6%
66000 Grants	8,442,404	7,546,421	89.4%
67000 Benefits & Claims	100,389	62,897	62.7%
68000 Transfers	396,616	368,968	93.0%
69000 Debt Service	335,462	232,380	69.3%
<b>Grand Total</b>	<b>\$85,011,573</b>	<b>\$76,320,606</b>	<b>89.8%</b>

**FY 2017 HB 2 Expended by Fund Type**

Fund Type	FYE Modified		Percent Expended
	HB 2	Expended	
01 General Fund	1,938,755	1,880,034	97.0%
02 State Special Revenue	50,116,121	46,048,786	91.9%
03 Federal Special Revenue	32,956,697	28,391,786	86.1%
<b>Grand Total</b>	<b>\$85,011,573</b>	<b>\$76,320,606</b>	<b>89.8%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

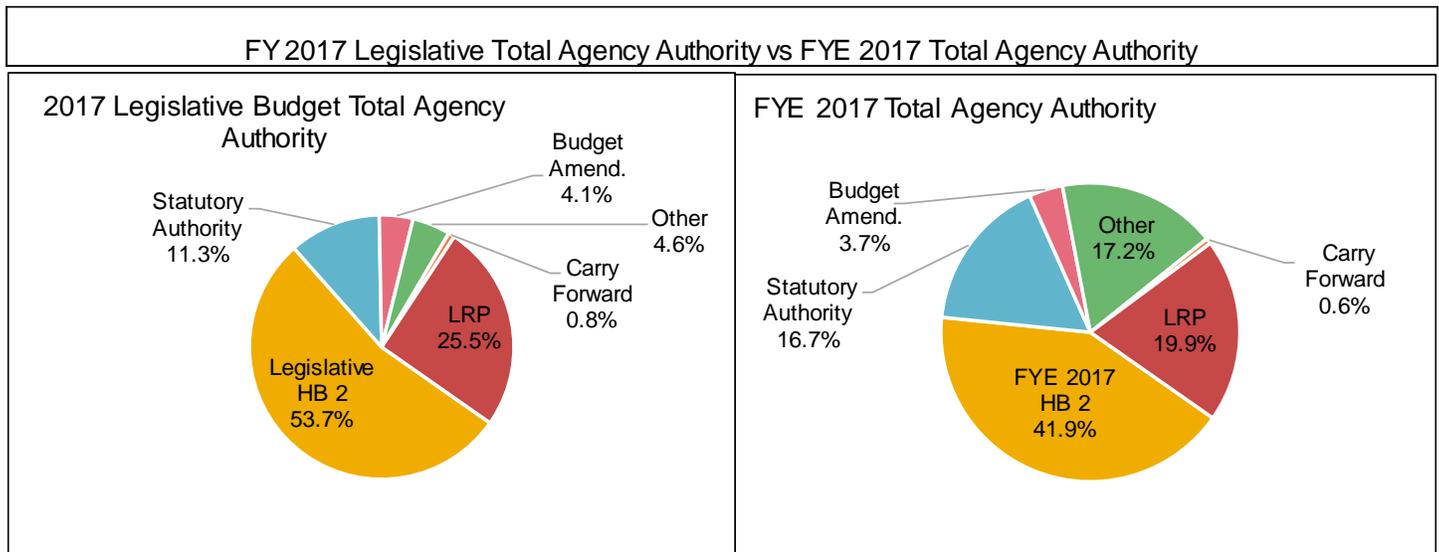
HB 2 appropriations in the Department of Labor and Industry, comprised primarily of state special and federal special revenues, totaled approximately \$85.0 million in FY 2017. The department expended approximately \$76.3 million or 89.8% of its appropriations. This is in line with historical expenditures. Additional details on expenditures are included above.

# DEPARTMENT OF MILITARY AFFAIRS

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Military Affairs expended 81.4% of its approximately \$49.5 million HB 2 appropriations and 97.9% of its \$6.6 million general fund appropriations in FY 2017
- The Army National Guard Program general fund appropriations were reduced by \$100,000 in FY 2017 as part of the HB 3 reductions implemented by the executive

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	49,649,880	(109,617)	49,540,263
Statutory Authority	10,396,177	9,397,322	19,793,499
Budget Amendments	3,815,231	504,818	4,320,049
Other	4,293,180	16,074,376	20,367,556
Carry Forward	725,218	-	725,218
Sum of Long Range Planning	23,523,025	-	23,523,025
<b>Total Budgeted Authority</b>	<b>92,402,710</b>	<b>25,866,900</b>	<b>118,269,610</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	70,419,156
Total Budgeted Authority	118,269,610
<b>% Expended</b>	<b>59.5%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, its added authority through the budget amendment process.*

Total authority in the Department of Military Affairs was nearly \$118.3 million in FY 2017. This authority primarily consists of HB 2, statutory, other, and long-range building planning authority.

### Statutory Authority

The Department of Military Affairs has several statutory appropriations. The most significant statutory appropriation in the department is provided to the Governor in the event of a declared emergency or disaster. The most notable of these is the authority to authorize up to \$16.0 million for disaster relief. These expenditures are authorized through executive orders.

Another significant statutory appropriation is in the Veterans' Affairs Division. This appropriation is for the operations of the Montana Veterans' Cemetery Program. The state special revenue funds are generated from cemetery plot allowances and donations.

## Other Authority

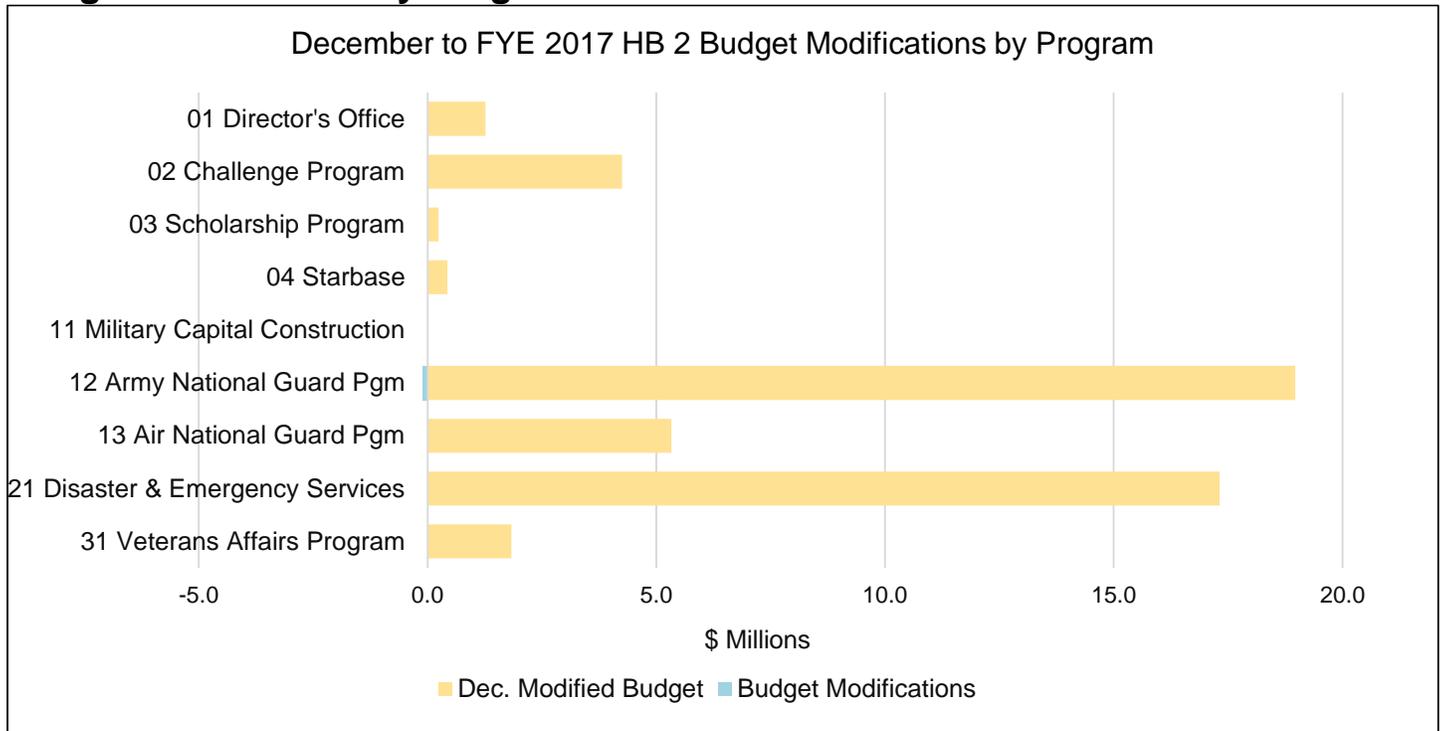
The Department of Military Affairs has other authority for items such as facility improvements and readiness centers. The most significant portion included in this category is \$15.0 million in authority for the Malta Readiness Center.

## Long Range Planning

The Department of Military Affairs also has long-range building planning authority. The most significant project included in this category is approximately \$21.3 million in authority for the Aviation Readiness Center.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Director's Office	1,263,750	31,200	(31,200)	-	1,263,750	0.0%
02 Challenge Program	4,252,661	137,232	(137,232)	-	4,252,661	0.0%
03 Scholarship Program	240,418	-	-	-	240,418	0.0%
04 Starbase	433,776	-	-	-	433,776	0.0%
12 Army National Guard Pgm	18,968,779	23,372	(123,372)	(100,000)	18,868,779	-0.5%
13 Air National Guard Pgm	5,331,775	7,500	(7,500)	-	5,331,775	0.0%
21 Disaster & Emergency Services	17,317,393	221,506	(221,506)	-	17,317,393	0.0%
31 Veterans Affairs Program	1,831,711	24,000	(24,000)	-	1,831,711	0.0%
11 Military Capital Construction	-	-	-	-	-	0.0%
<b>Grand Total</b>	<b>\$49,640,263</b>	<b>\$444,810</b>	<b>(\$544,810)</b>	<b>(\$100,000)</b>	<b>\$49,540,263</b>	<b>-0.2%</b>

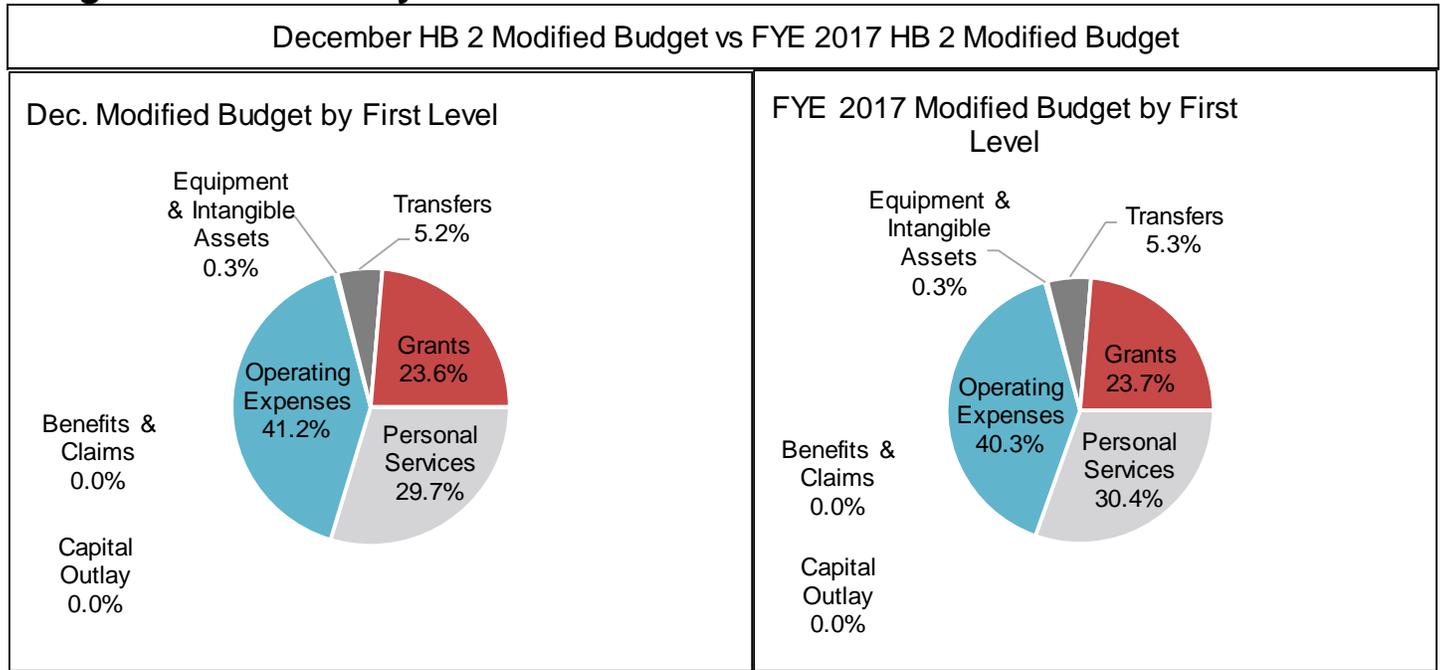
*This chart shows budget modifications by program from December through FYE.*

Significant modifications to appropriation in the Department of Military Affairs include:

- The transfer of general fund of approximately \$18,000 and federal special revenue of approximately \$120,000 from operating expenses to personal services in the Challenge Program. This transfer occurred because of termination and retirement payouts
- The transfer of general fund of approximately \$114,000 and federal special revenue of approximately \$118,000 from operating expenses to personal services in Disaster and Emergency Services. This transfer occurred because of the use of a modified position to cover the workload of a FTE that was removed in the prior biennium, as well as termination and retirement payouts

- The reduction of general fund of \$17,000 in personal services and \$83,000 in operating expenses in the Army National Guard Program as part of the required executive reductions in HB 3

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$14,726,787	396,193	(\$41,000)	355,193	15,081,980	2.4%
62000 Operating Expenses	\$20,432,443	24,000	(\$487,365)	(\$463,365)	19,969,078	-2.3%
63000 Equipment & Intangible Assets	\$150,536	-	\$0	-	150,536	0.0%
64000 Capital Outlay	\$0	-	\$0	-	-	0.0%
66000 Grants	\$11,733,943	-	(\$1,245)	(\$1,245)	11,732,698	0.0%
67000 Benefits & Claims	\$0	-	\$0	-	-	0.0%
68000 Transfers	\$2,596,554	24,617	(\$15,200)	9,417	2,605,971	0.4%
<b>Grand Total</b>	<b>\$49,640,263</b>	<b>\$444,810</b>	<b>(\$544,810)</b>	<b>(\$100,000)</b>	<b>\$49,540,263</b>	<b>-0.2%</b>

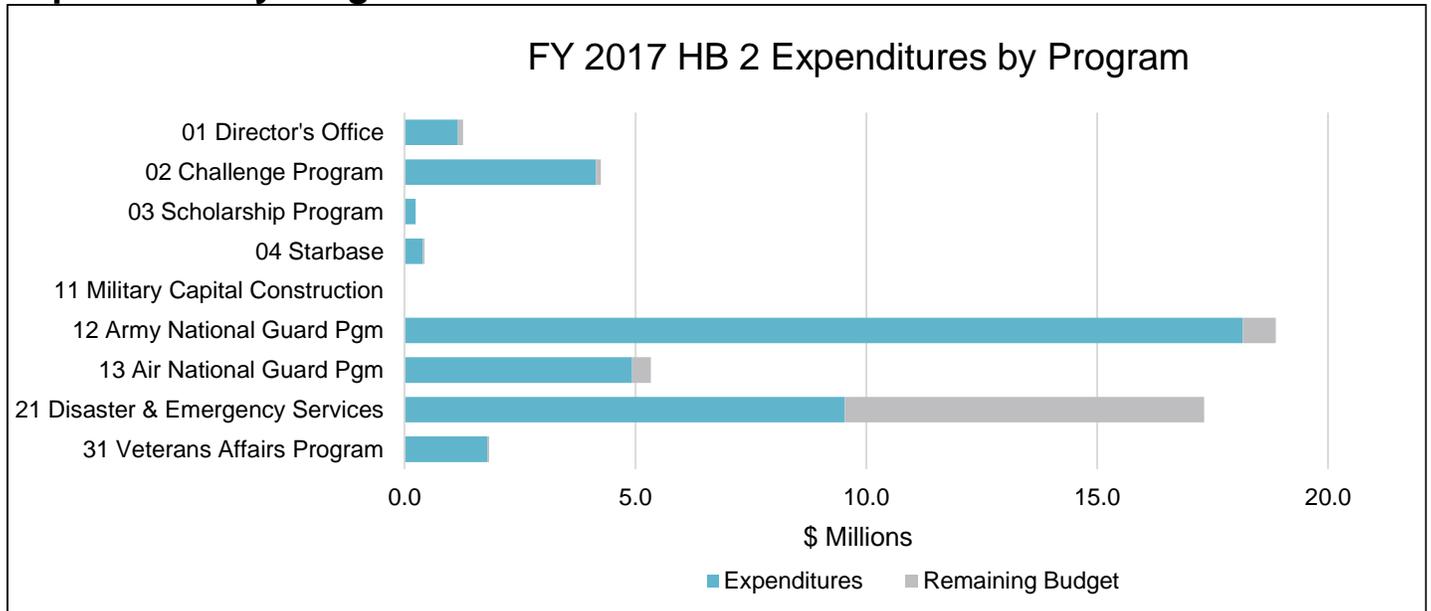
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Significant modifications to the appropriation in the Department of Military Affairs primarily occurred in personal services and operating expenses. These modifications include:

- Transfers from operating expenses to personal services for termination and retirement payouts as well as for the use of a modified position to cover the workload of a FTE that was removed in the prior biennium
- Reductions in personal services and operating expenses as part of the executive reductions required in HB 3

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



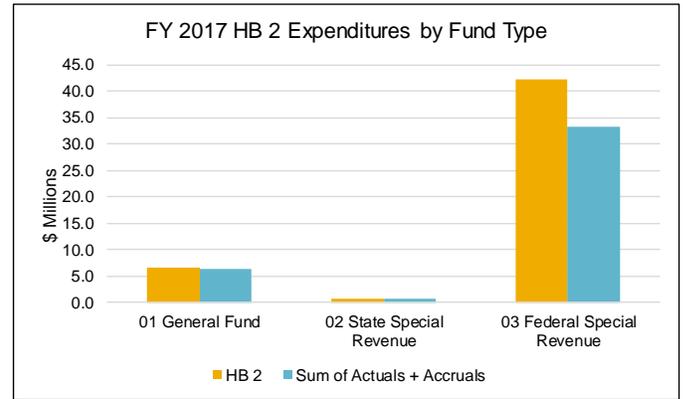
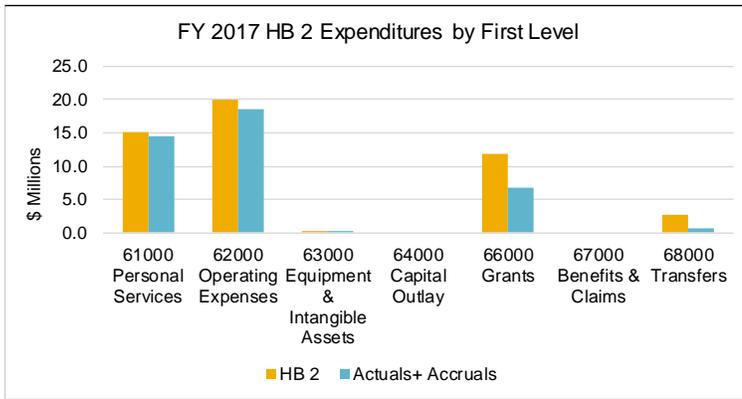
Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Director's Office	1,263,750	1,154,354	109,396	91.3%
02 Challenge Program	4,252,661	4,140,315	112,346	97.4%
03 Scholarship Program	240,418	240,417	1	100.0%
04 Starbase	433,776	399,315	34,461	92.1%
12 Army National Guard Pgm	18,868,779	18,150,262	718,517	96.2%
13 Air National Guard Pgm	5,331,775	4,928,284	403,491	92.4%
21 Disaster & Emergency Services	17,317,393	9,532,146	7,785,247	55.0%
31 Veterans Affairs Program	1,831,711	1,792,737	38,974	97.9%
11 Military Capital Construction	-	-	-	0.0%
<b>Grand Total</b>	<b>\$49,540,263</b>	<b>\$40,337,831</b>	<b>\$9,202,432</b>	<b>81.4%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

There were four divisions within the Department of Military Affairs that had a lower percentage expended at the end of FY 2017.

- The Director's Office had a slightly lower percentage of federal special revenue expended on personal services. This was due to estimated federal expenditures being higher than the allowable direct costs
- Starbase had a lower percentage of federal special revenue expended on personal services. This lower percentage expended was due to an increase in benefits for employees that did not occur in state FY 2017
- The Air National Guard had lower federal special revenue expenditures on operating expenses. This was due to an overestimation of the amount federal funds that would be used during the state fiscal year. It is expected that the remaining funds will be expended within the federal fiscal year
- Disaster and Emergency Services had lower federal special revenue expenditures on operating expenses, grants, and transfers out. The lower percentage expended is due to the department receiving authority for the entirety of grants received. Since these grants are expended over several fiscal years, budgeted authority is typically higher than expenditures

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	15,081,980	14,487,866	96.1%
62000 Operating Expenses	19,969,078	18,523,671	92.8%
63000 Equipment & Intangible Assets	150,536	76,231	50.6%
64000 Capital Outlay	-	-	0.0%
66000 Grants	11,732,698	6,662,345	56.8%
67000 Benefits & Claims	-	-	0.0%
68000 Transfers	2,605,971	587,719	22.6%
Grand Total	\$49,540,263	\$40,337,831	81.4%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	6,559,790	6,425,182	97.9%
02 State Special Revenue	777,548	738,913	95.0%
03 Federal Special Revenue	42,202,925	33,173,735	78.6%
Grand Total	\$49,540,263	\$40,337,831	81.4%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for Military Affairs.

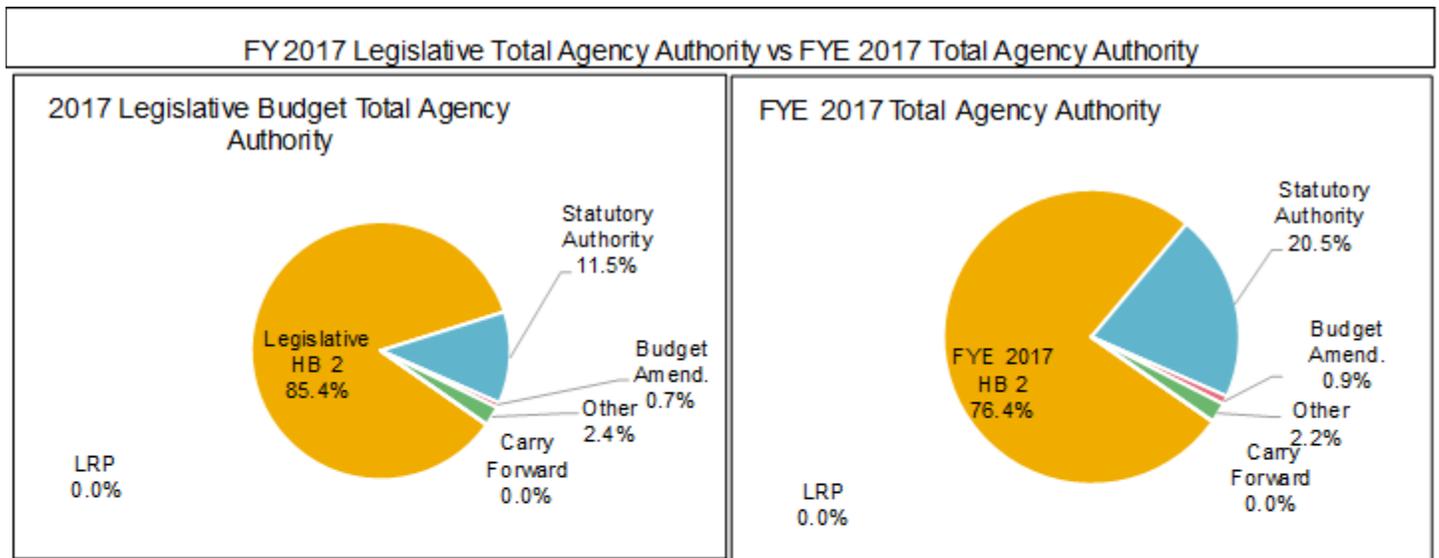
The Department of Military Affairs HB 2 appropriations, primarily comprised of federal special revenue, totaled approximately \$49.5 million in FY 2017. The office expended approximately \$40.3 million or 81.4% of its appropriations. Additional details on expenditures are included above.

# DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

## BUDGET AND EXPENDITURE HIGHLIGHTS

- Over 75% of total authority for the Department of Health and Human Services (DPHHS) is established in HB 2, with remaining authority primarily established in the statutorily appropriated HELP Act
- The department's budget was reduced by \$8.3 million between December and July. The majority of the reduction was due to the passage of HB 3, which removed \$5.0 million from the Health Resources Division (HRD) and \$4.0 million from the Addictive and Mental Disorders Division (AMDD). The \$9.0 million HB 3 reduction was slightly tempered due to a personal services contingency in the Child and Family Services Division (CFSD) and continuing language authority, for the biennial recover audit contract, in the Quality Assurance Division (QAD)
- Although the department's total HB 2 budget only decreased by 0.4% as compared to the December modified budget, there was a significant amount of movement within the department, primarily in the form of program transfers. The department increased the budget of five programs by almost \$30.0 million in total since December, with CFSD receiving over half of those transfers. The department decreased the budgets of nine other divisions by the same amount. The Senior and Long Term Care Division (SLTC) and Developmental Services Divisions (DSD) accounted for the largest portion of these transfers, with \$9.8 million and \$7.6 million in reductions respectively
- The department expended \$2.1 billion in FY 2017, 95.5% of their fiscal year end HB 2 budget. General fund accounted for \$514.2 million of the total spend, 99.8% of their fiscal year end HB 2 budget

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	2,178,438,551	(4,127,479)	2,174,311,072
Statutory Authority	292,925,716	291,234,976	584,160,692
Budget Amendments	16,790,018	9,875,421	26,665,440
Other	62,325,040	(289,225)	62,035,815
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>2,550,479,326</b>	<b>296,693,694</b>	<b>2,847,173,020</b>
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	2,682,776,011
Total Budgeted Authority	2,847,173,020
<b>% Expended</b>	<b>94.2%</b>

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

## Statutory Appropriations

FY 2017 Statutory Authority by Program			
Program	Legislative Budget	Budget Modifications	FYE Budget
2 Human And Community Services	1,462,238	467,505	1,929,743
3 Child & Family Services	65,000		65,000
4 Director'S Office	-	43,298	43,298
6 Business & Financial Services Div	-	56,194	56,194
7 Public Health & Safety Division	1,922,547	40,000	1,962,547
9 Technology Services Division	-	3,245,358	3,245,358
10 Developmental Services Division	1,000,000	2,297	1,002,297
11 Health Resources Division	250,461,494	269,925,390	520,386,884
12 Medicaid And Health Services Management	1,561,575	2,296,484	3,858,059
22 Senior & Long-Term Care	9,329,342	(1,794,098)	7,535,244
33 Addictive & Mental Disorders	27,123,520	16,952,548	44,076,068
<b>TOTAL</b>	<b>\$292,925,716</b>	<b>\$291,234,976</b>	<b>\$584,160,692</b>

*This chart shows current FYE statutory authority compared to legislative statutory authority by program.*

The 2015 Legislature authorized \$293.0 million in statutory appropriations, with 97.6% of this total designated for the HELP Act, which is discussed in detail in the HELP Act section of Medicaid Monitoring Report. The remaining 2.4% is comprised of earmarked alcohol taxes associated with state approved alcohol programs, alcohol treatment and rehabilitation and chemical dependency programs, the Montana State Hospital and Montana Developmental Center Bond Payments, Adoption Service Fees and Title X Family Planning.

The statutory appropriation budget was increased by \$291.2 million over the course of FY 2017; all but \$133,000 of this increase was related to the HELP Act. AMDD received an additional \$93,000 for earmarked alcohol tax and Public Health and Safety Division (PHSD) received an additional \$40,000 for Title X Family Planning.

## Budget Amendments

FY 2017 Budget Authority by Program			
Program	Legislative Budget	Budget Modifications	FYE Budget
1 Disability Employment & Transitions	2,371,778	-	2,371,778
2 Human And Community Services	824,791	2,377,600	3,202,391
3 Child & Family Services	1,066	153,125	154,191
7 Public Health & Safety Division	10,036,487	3,846,580	13,883,067
10 Developmental Services Division	2,295,350	760,000	3,055,350
12 Medicaid And Health Services Management	-	320,625	320,625
22 Senior & Long-Term Care	298,835	373,581	672,416
33 Addictive & Mental Disorders	961,711	2,043,911	3,005,622
<b>TOTAL</b>	<b>\$16,790,018</b>	<b>\$9,875,421</b>	<b>\$26,665,440</b>

*This chart shows current FYE budget amendment authority compared to legislative budget amendment authority by program.*

At the beginning of FY 2017 there were \$16.8 million in budget amendments in DPHHS, 60% of which involved PHSD (\$10.0 million). The entirety of this \$10.0 million was continuing authority for federal grants for programs like Ebola prevention, WIC (Women, Infants, and Children), and immunization. The Economic Security Services Branch Accounts for 19% of the budget amendments and Medicaid and Health Services Branch makes up the remaining portion. Within the Medicaid and Health Services Branch, DSD received \$3.0 million for Substance

Abuse and Mental Health Services Administration (SAMHSA) and the Social Services Block Grant (SSBG). AMDD received \$3.0 million in budget amendments at the beginning of FY 2017, with the vast majority of this authority for the Chemical Dependency Framework Grant (CDFG). SLTC received about \$0.3 million in federal funds for the Money Follows the Person program.

Budget amendments for DPHHS increased by \$9.8 million over the course of FY 2017. The majority of these transactions happened within three divisions: HCSD, PHSD and AMDD. Budget amendments in HCSD include nearly \$1.0 million for the Healthy Montana Teen Parent Program, \$800,000 in continuing federal authority for Project LAUNCH (Linking Unmet Needs in Children's Health,) and \$600,000 in federal authority for FDPIR (Food Distribution Program on Indian Reservations.) AMDD received \$1.9 million in budget amendments to establish authority for grant year 2016 for the Montana Strategic Prevention Framework Grant (which falls under the Chemical Dependency Framework Grant previously mentioned.) Part of this authority establishment required the addition of .75 modified FTE. PHSD budget amendment changes added \$3.8 million in federal authority for programs like the Ryan White HIV/AIDS program, WIC, laboratory services, and immunization.

### **Other Authority**

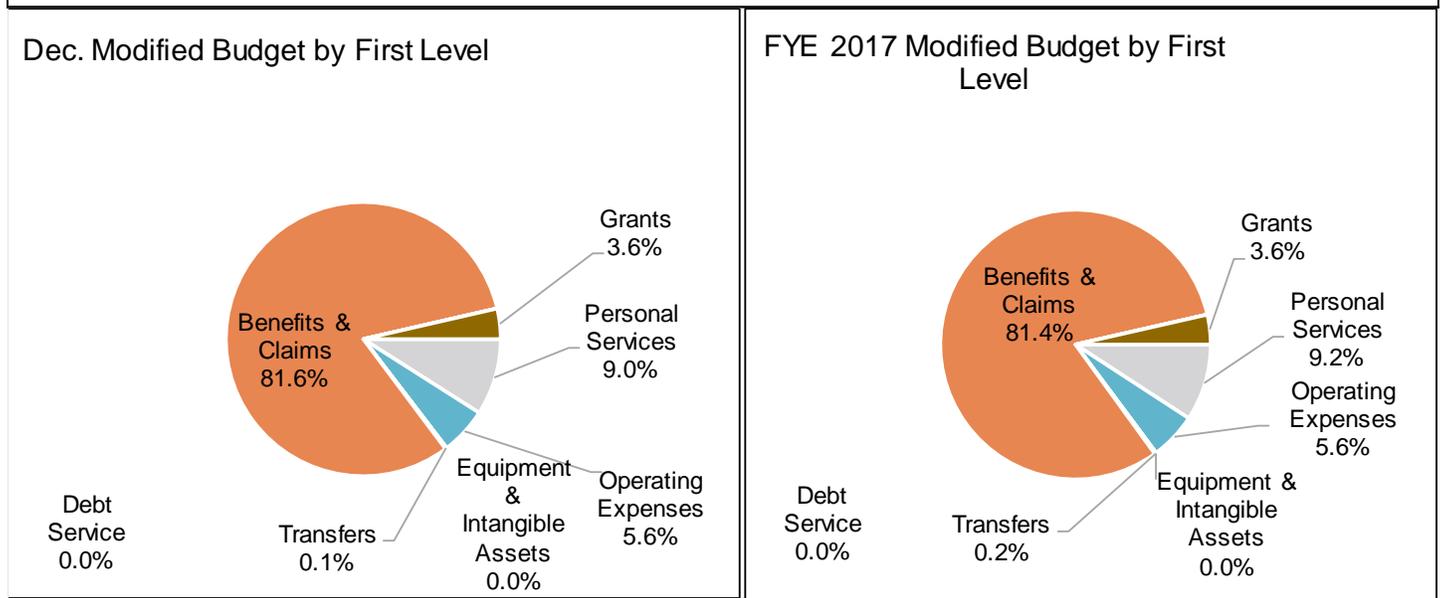
Other authority for DPPHS included continuing authority appropriation associated with long range IT costs, workers compensation reductions, HB 47 (youth crisis diversion) and HB 33 (jail diversion)

In FY 2017, almost 97.0% of other authority for DPHHS was continuing authority for long range IT projects within the Technology Services Division (TSD). The long range IT projects included the Medicaid Management Information System (MMIS) and the A-87 Cost Allocation Waiver. There were no budget modifications for TSD. The only budget modifications for all of FY 2017 in other authority, were in the Director's Office and in AMDD. The Director's Office had an increase in workers compensation reductions of \$20,000 and AMDD decreased by \$309,000 due to reductions in HB 47 and HB 33.

# DPHHS HB 2 BUDGET MODIFICATIONS

## Budget Modification by First Level

December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget



December to FYE 2017 HB 2 Budget Modification by First Level

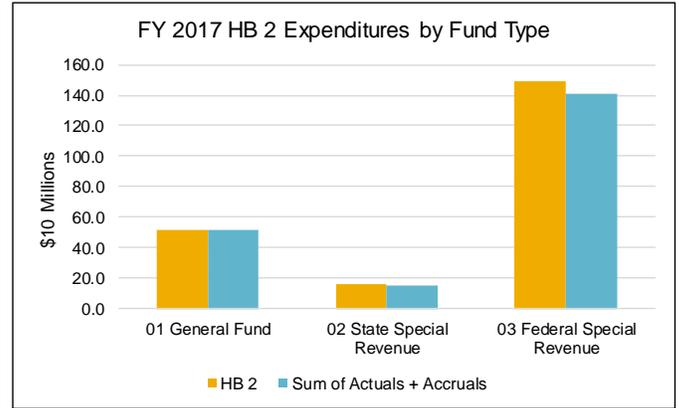
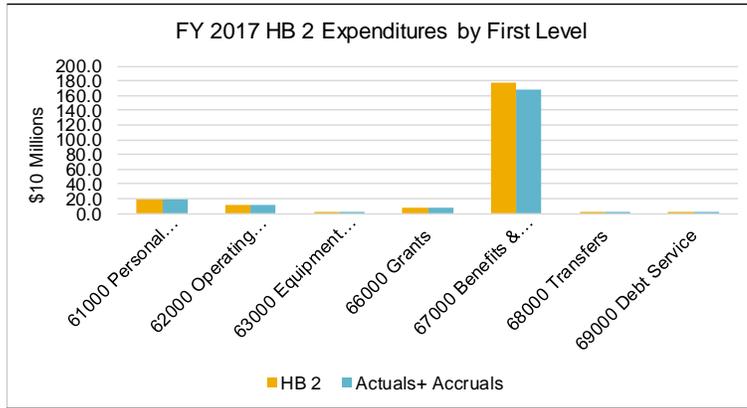
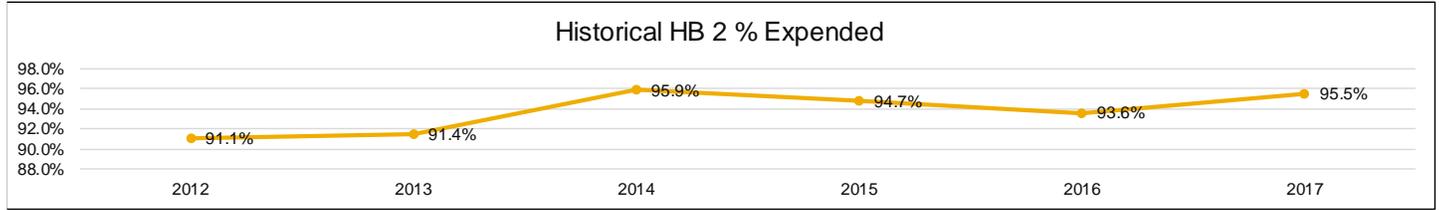
First Level	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$197,105,064	6,773,491	(\$3,784,130)	2,989,361	200,094,425	1.5%
62000 Operating Expenses	\$121,837,534	8,763,723	(\$8,075,681)	688,042	122,525,576	0.6%
63000 Equipment & Intangible Assets	\$731,721	-	(\$160,000)	(160,000)	571,721	-21.9%
66000 Grants	\$78,325,672	1,448,588	(\$2,295,461)	(846,873)	77,478,799	-1.1%
67000 Benefits & Claims	\$1,781,297,222	26,286,257	(\$37,980,043)	(11,693,786)	1,769,603,436	-0.7%
68000 Transfers	\$3,092,550	614,627	\$0	614,627	3,707,177	19.9%
69000 Debt Service	\$292,007	37,932	\$0	37,932	329,939	13.0%
<b>Grand Total</b>	<b>\$2,182,681,770</b>	<b>\$43,924,618</b>	<b>(\$52,295,315)</b>	<b>(\$8,370,697)</b>	<b>\$2,174,311,072</b>	<b>-0.4%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Overall DPHHS reduced their HB 2 budget by \$8.4 million. The majority of this reduction is due to the passage of HB 3, which reduced the budget by \$9.0 million. HRD and AMDD were reduced by \$5.0 million and \$4.0 million respectively, primarily in benefits and claims. Budget modifications are discussed in detail within each branch section of this report.

# DPHHS HB 2 EXPENDITURES

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified		Percent Expended
	HB 2	Expended	
61000 Personal Services	200,094,425	195,311,713	97.6%
62000 Operating Expenses	122,525,576	122,011,243	99.6%
63000 Equipment & Intangible Assets	571,721	81,875	14.3%
66000 Grants	77,478,799	71,245,105	92.0%
67000 Benefits & Claims	1,769,603,436	1,683,059,563	95.1%
68000 Transfers	3,707,177	4,935,231	133.1%
69000 Debt Service	329,939	235,920	71.5%
<b>Grand Total</b>	<b>\$2,174,311,072</b>	<b>\$2,076,880,650</b>	<b>95.5%</b>

Fund Type	FYE Modified		Percent Expended
	HB 2	Expended	
01 General Fund	515,060,061	514,209,729	99.8%
02 State Special Revenue	165,054,505	154,431,833	93.6%
03 Federal Special Revenue	1,494,196,506	1,408,239,087	94.2%
<b>Grand Total</b>	<b>\$2,174,311,072</b>	<b>\$2,076,880,650</b>	<b>95.5%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures

The department expended \$2.1 billion in FY 2017, 95.5% of their fiscal year end HB 2 budget. This was a 4.0% increase in overall expenditures compared to 2016. General fund accounted for \$514.2 million of the total spend, 99.8% of their fiscal year end HB 2 budget. The department's spending was in line with previous year's spending and increased at a similar rate as previous years. Department spending is discussed in detail at the branch level within this report.

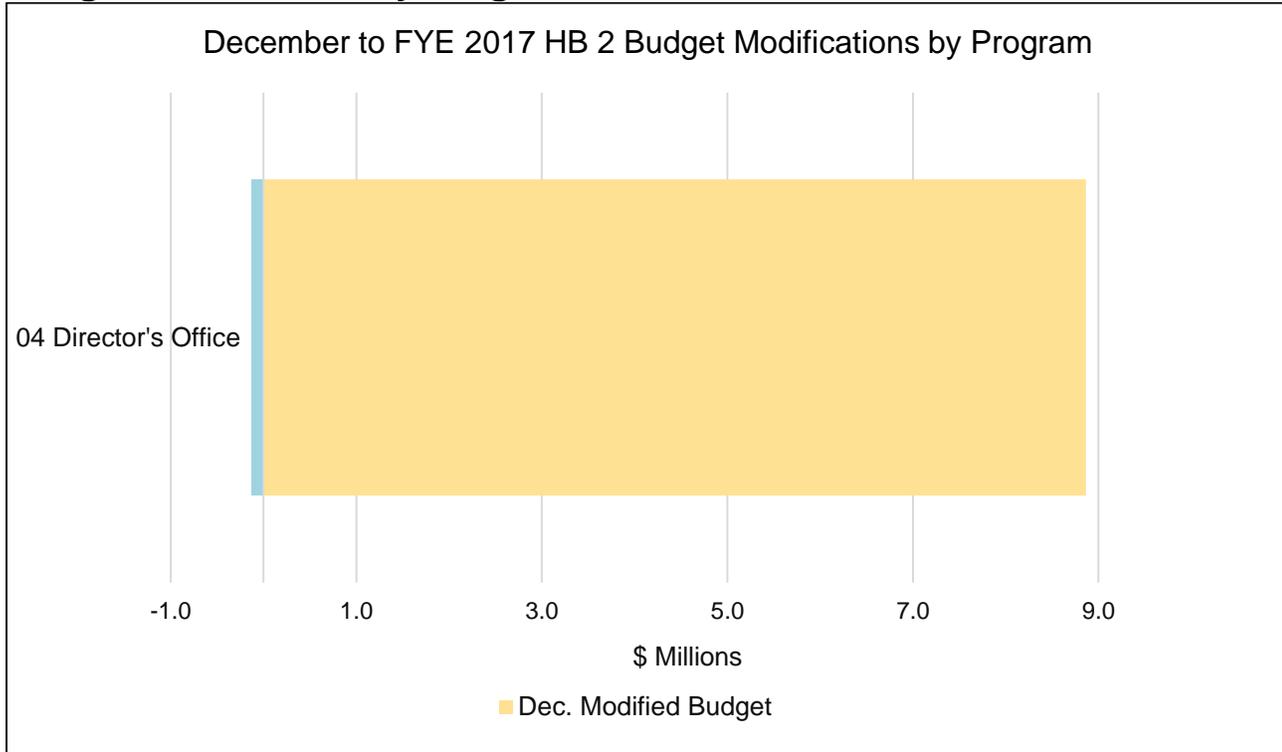
# DIRECTOR'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Director's Office was involved in several program transfers that lowered total authority by \$131,004 over the second half of FY 2017
- The Director's Office expended 96.0% of its budget over FY 2017, and 100.0% of its general fund budget

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
04 Director's Office	8,864,094	470,200	(601,204)	(131,004)	8,733,090	-1.5%
Grand Total	\$8,864,094	\$470,200	(\$601,204)	(\$131,004)	\$8,733,090	-1.5%

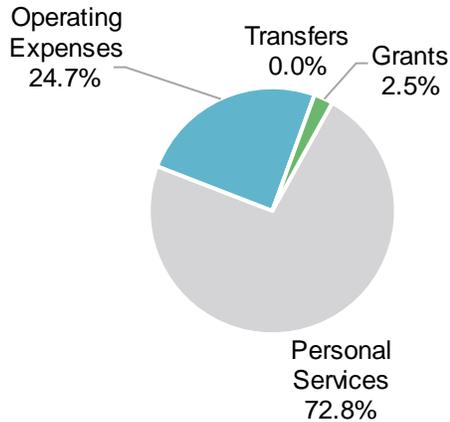
*This chart shows budget modifications by program from December through FYE.*

Total budget modifications for the Director's Office from December to July were a reduction of \$131,004. Most of this change is accounted for by three program transfers processed for FYE realignment. Two added a total of \$315,000 general fund (\$200,000 in operating expenses and \$115,000 in personal services) over this time while one shifted \$0.5 million federal authority to CFSD.

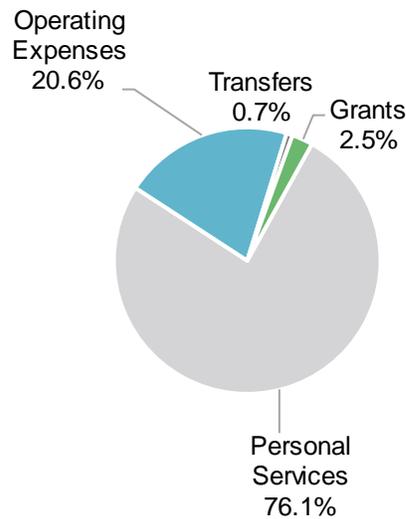
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

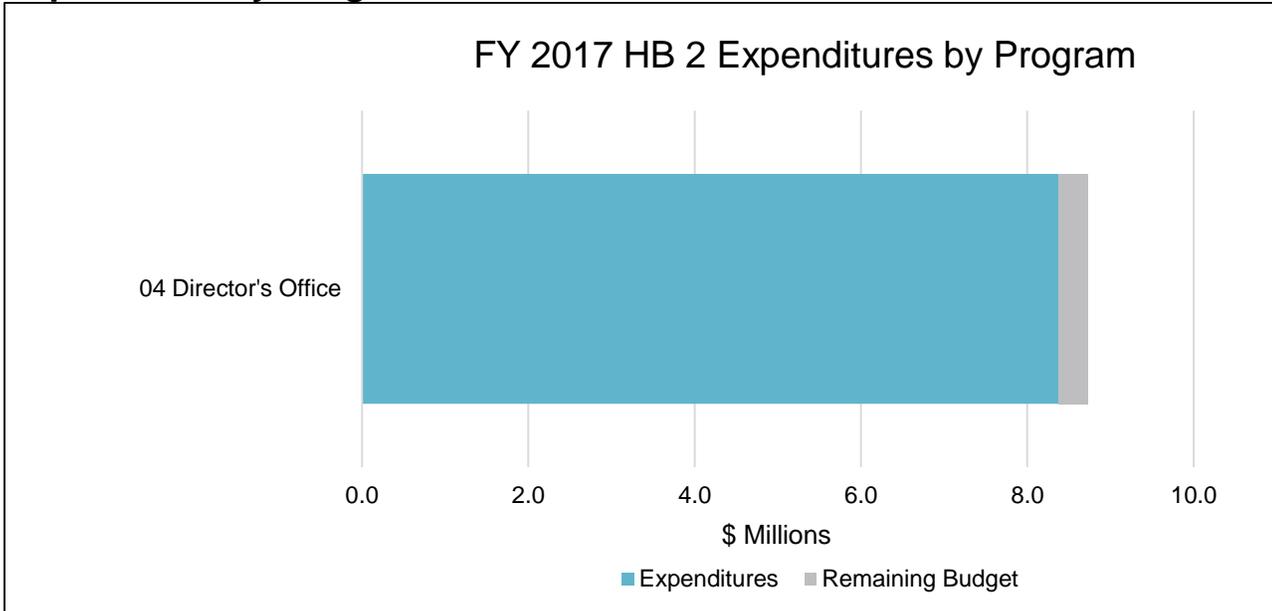
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,455,196	193,500	\$0	193,500	6,648,696	3.0%
62000 Operating Expenses	\$2,187,487	211,700	(\$601,204)	(389,504)	1,797,983	-17.8%
66000 Grants	\$221,411	-	\$0	-	221,411	0.0%
68000 Transfers	\$0	65,000	\$0	65,000	65,000	0.0%
<b>Grand Total</b>	<b>\$8,864,094</b>	<b>\$470,200</b>	<b>(\$601,204)</b>	<b>(\$131,004)</b>	<b>\$8,733,090</b>	<b>-1.5%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

All budget modifications in the Director's Office budget during the December to July period were program transfers. The majority of these changes occurred in operating expenses.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

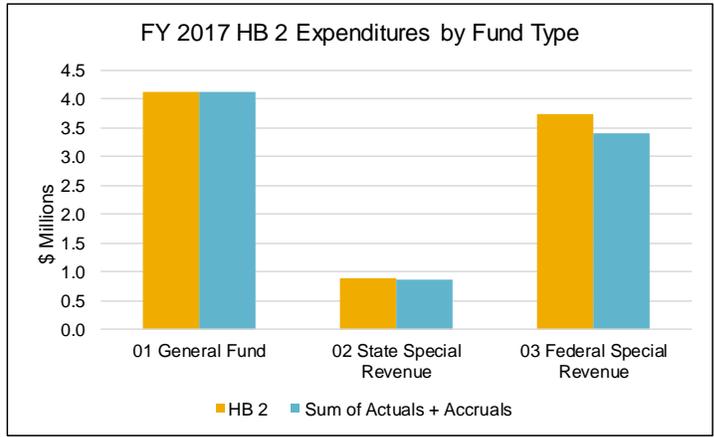
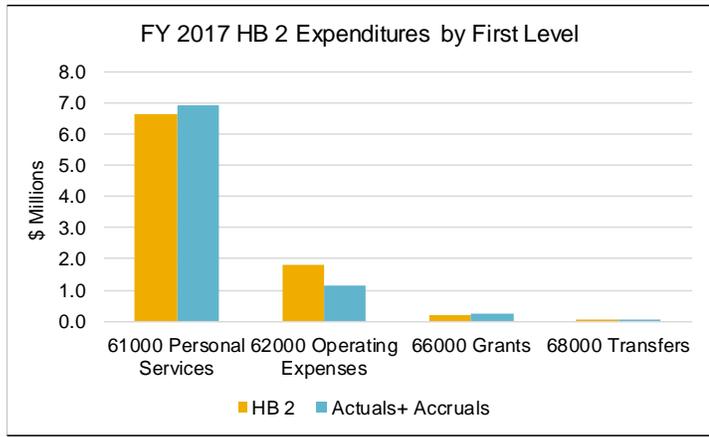
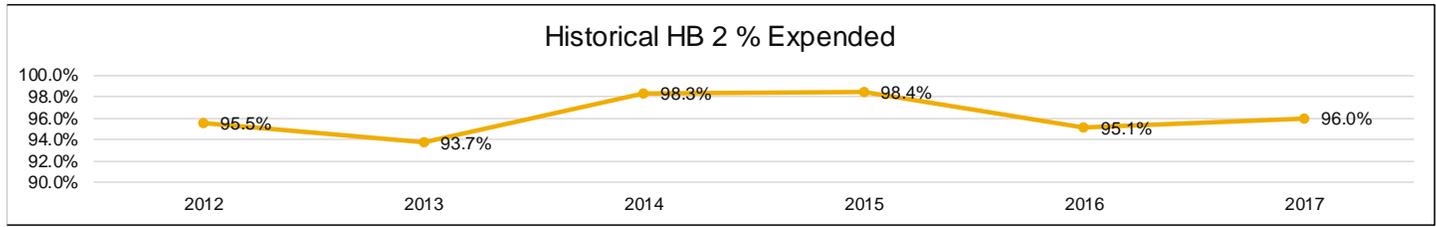


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
04 Director's Office	8,733,090	8,381,343.8	351,747	96.0%
Grand Total	\$8,733,090	\$8,381,344	\$351,747	96.0%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Director's Office budget was 96.0% expended over the fiscal year. This is in line with behavior over the last several years.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	6,648,696	6,912,966	104.0%
62000 Operating Expenses	1,797,983	1,132,256	63.0%
66000 Grants	221,411	271,122	122.5%
68000 Transfers	65,000	65,000	100.0%
<b>Grand Total</b>	<b>\$8,733,090</b>	<b>\$8,381,344</b>	<b>96.0%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	4,121,431	4,121,373	100.0%
02 State Special Revenue	875,623	849,646	97.0%
03 Federal Special Revenue	3,736,036	3,410,324	91.3%
<b>Grand Total</b>	<b>\$8,733,090</b>	<b>\$8,381,344</b>	<b>96.0%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The Director's Office personal services expenditures were 104.0% expended. Operating expenses were considerably lower than budgeted, and most of the authority used in program transfers was in operating expenses.

The general fund budget was entirely expended, as was most of the state special revenue budget. The federal special revenue budget was only 91.3% expended, with some of this authority used in program transfers.

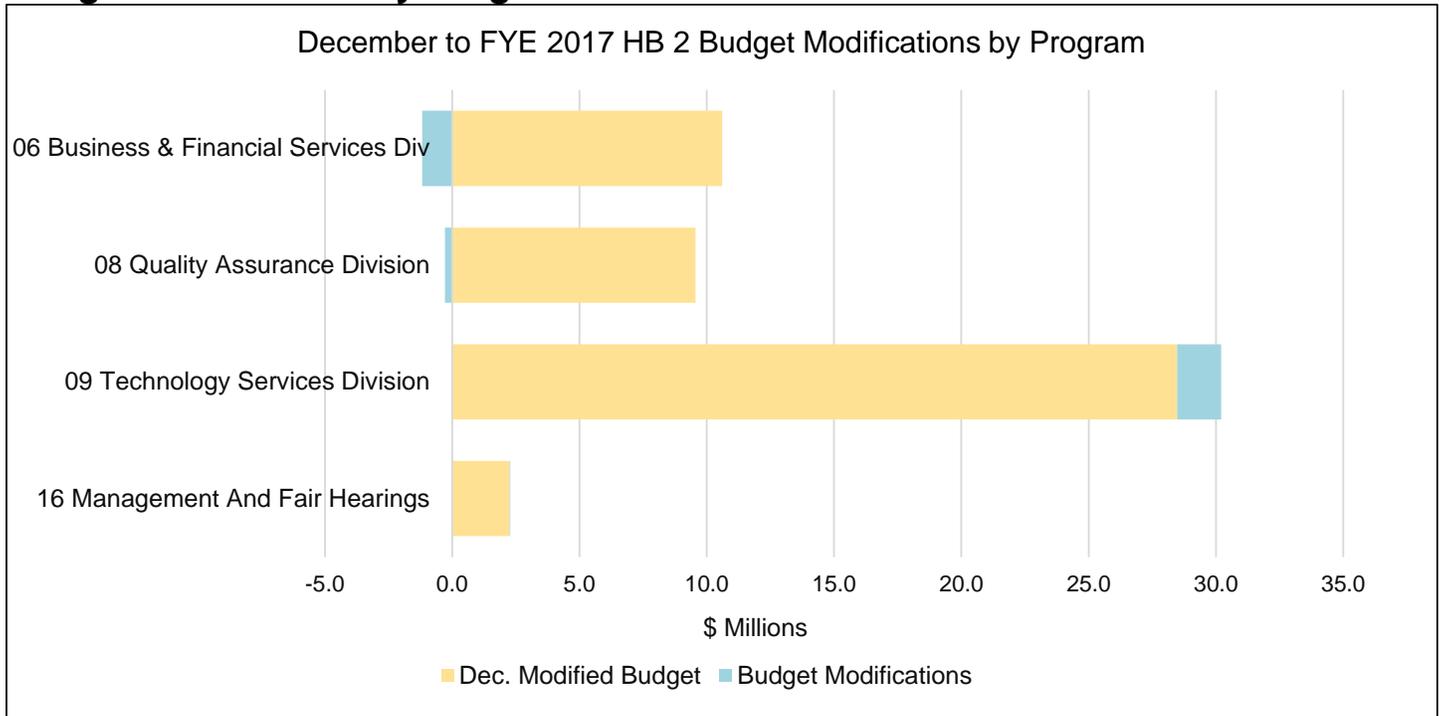
# OPERATIONS SERVICES BRANCH

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The overall budget for the Operations Services Branch increased by less than 1.0% since the December modified budget
- TSD had fiscal year end costs due to unanticipated required services within the program. They received \$1.7 million in program transfers to handle these costs
- Business and Financial Services division (BFSD) reduced their budget by \$1.2 million dollars primarily due to program transfers. BFSD had excess authority at fiscal year-end

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
06 Business & Financial Services Div	10,607,024	8,206	(1,183,000)	(1,174,794)	9,432,230	-11.1%
08 Quality Assurance Division	9,558,551	429,088	(711,700)	(282,612)	9,275,939	-3.0%
09 Technology Services Division	28,473,083	1,901,220	(167,755)	1,733,465	30,206,548	6.1%
16 Management And Fair Hearings	2,257,610	159,227	(137,650)	21,577	2,279,187	1.0%
<b>Grand Total</b>	<b>\$50,896,269</b>	<b>\$2,497,741</b>	<b>(\$2,200,105)</b>	<b>\$297,636</b>	<b>\$51,193,904</b>	<b>0.6%</b>

*This chart shows budget modifications by program from December through FYE.*

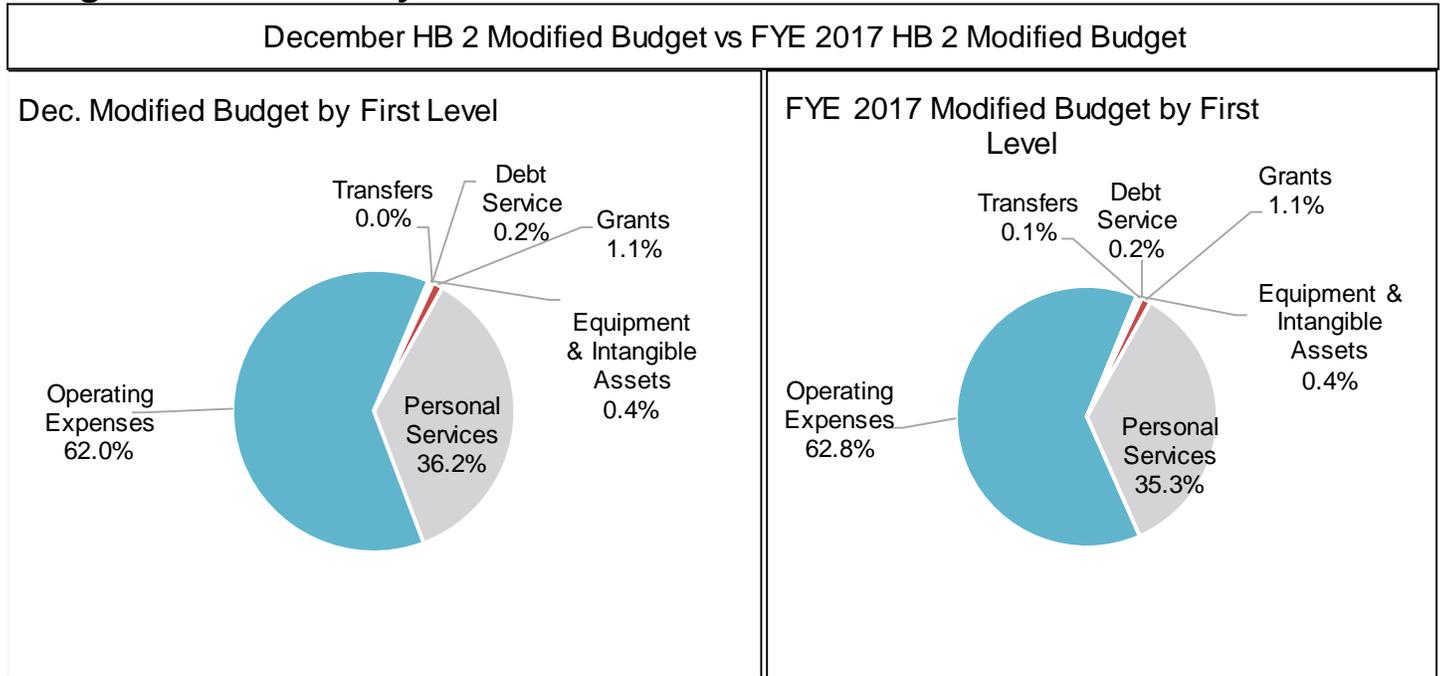
BFSD transferred out \$1.2 million in program transfers between December and July. The department transferred out several times. Approximately one-third of the transfers were general fund transfers to the Director's Office, the remaining transfers were federal special revenue authority transfers to Human and Community Services Division (HCSD). The program had excess authority at fiscal year-end.

QAD transferred out \$711,700 in program transfers, comprised of a number of small transactions. The largest transaction was a federal authority transfer of \$271,000 to CFSD. The program also had \$155,000 of continuing language authority from the biennial recovery audit contract. This transaction should have been included in the December Budget Status Report, but was omitted in error.

TSD received \$1.7 million in program transfers due to unanticipated fiscal year end costs. These costs included professional services for security and security risk assessment (not included in the budget), higher than

anticipated costs in storage hosting and mainframe costs, and an increased need for personal services due to an increase in development projects.

## Budget Modification by First Level



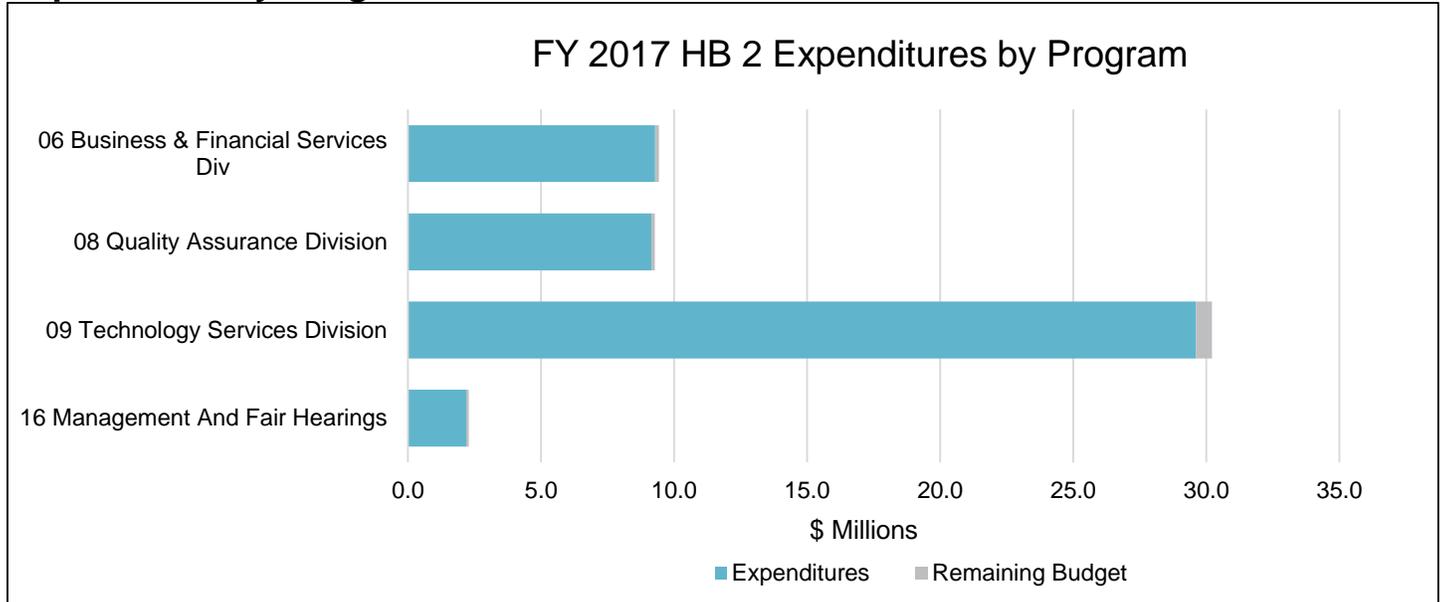
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$18,429,786	754,514	(\$1,095,657)	(341,143)	18,088,643	-1.9%
62000 Operating Expenses	\$31,569,628	1,692,000	(\$1,104,448)	587,552	32,157,180	1.9%
63000 Equipment & Intangible Assets	\$214,971	-	\$0	-	214,971	0.0%
66000 Grants	\$584,941	-	\$0	-	584,941	0.0%
68000 Transfers	\$0	51,227	\$0	51,227	51,227	0.0%
69000 Debt Service	\$96,942	-	\$0	-	96,942	0.0%
<b>Grand Total</b>	<b>\$50,896,269</b>	<b>\$2,497,741</b>	<b>(\$2,200,105)</b>	<b>\$297,636</b>	<b>\$51,193,904</b>	<b>0.6%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The Operation Services Branch increased operating expenses between December and July. This was due to unanticipated fiscal year end costs in TSD. Operating Expense increased by \$1.1 million dollars in the program, this increase was partially offset by personal service decreases within the other programs in the branch.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

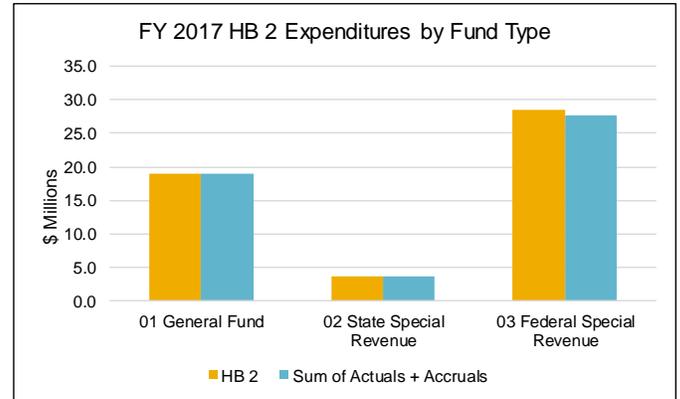
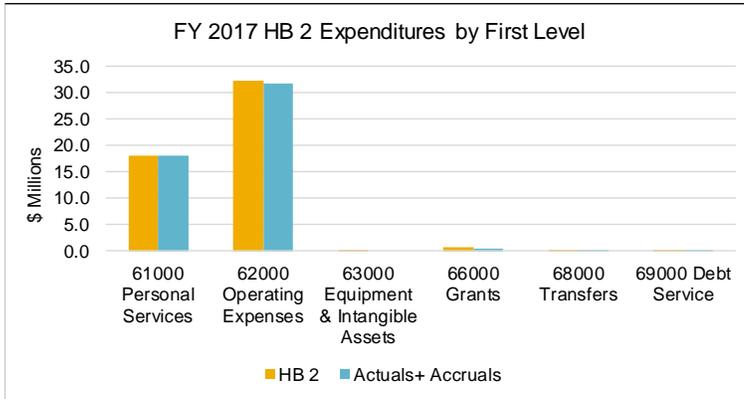


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
06 Business & Financial Services Div	9,432,230	9,290,211.1	142,019	98.5%
08 Quality Assurance Division	9,275,939	9,140,696.4	135,242	98.5%
09 Technology Services Division	30,206,548	29,611,160.7	595,388	98.0%
16 Management And Fair Hearings	2,279,187	2,185,751.6	93,435	95.9%
<b>Grand Total</b>	<b>\$51,193,904</b>	<b>\$50,227,820</b>	<b>\$966,085</b>	<b>98.1%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The branch expended 3.0% more in FY 2017 than in FY 2016, due to operating expense increases in TSD. Within TSD, email, server and network fees, development costs and CAPS administrative costs increased versus FY 2016. Additionally, the Medical Marijuana program within QAD increased operating expense, however revenue within this program also increased significantly, so this increase was expected. Although the dollar amount was small, Management and Fair Hearings doubled their operating expense spend due to a booked liability for an anticipated employee settlement.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	18,088,643	17,989,023	99.4%
62000 Operating Expenses	32,157,180	31,627,627	98.4%
63000 Equipment & Intangible Assets	214,971	-	0.0%
66000 Grants	584,941	553,004	94.5%
68000 Transfers	51,227	51,227	100.0%
69000 Debt Service	96,942	6,938	7.2%
<b>Grand Total</b>	<b>\$51,193,904</b>	<b>\$50,227,820</b>	<b>98.1%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	18,902,371	18,901,956	100.0%
02 State Special Revenue	3,695,961	3,665,254	99.2%
03 Federal Special Revenue	28,595,573	27,660,610	96.7%
<b>Grand Total</b>	<b>\$51,193,904</b>	<b>\$50,227,820</b>	<b>98.1%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for the Operations Services Branch.

Expenditures in the Operations Service Branch were in line with spending in FY 2016. The branch typically spends about 36.0% on personal services and the remainder on operating expense. FY 2017 followed this trend.

A little over half of the branch funding is through federal special revenue authority, the remainder is funded by the state, 38.0% is general fund and 7.0% is state special revenue. The state share is slightly higher than in years past, this is due to the unanticipated fiscal year end costs within TSD.

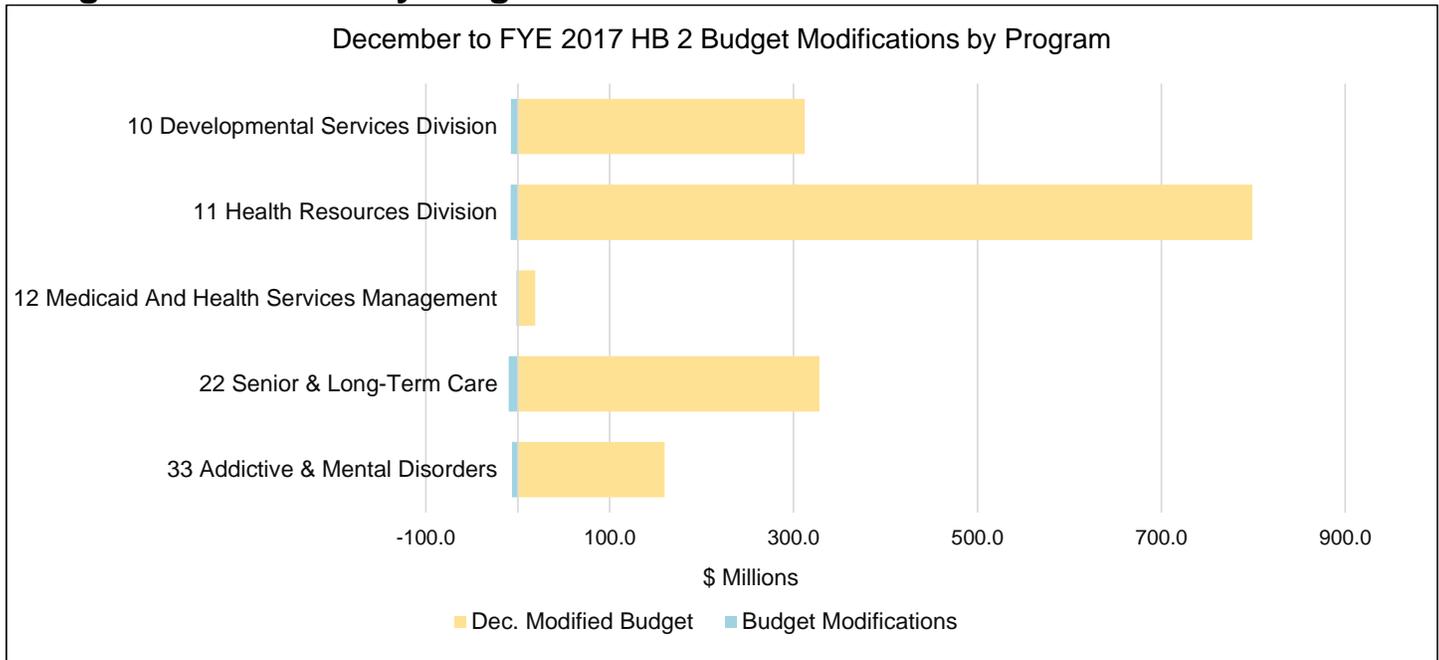
# MEDICAID SERVICES BRANCH

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Medicaid Services Branch budget was reduced by \$33.2 million between December and July due to \$24.0 million in program transfers (primarily involving benefits and claims) and reductions associated with HB 3. HB 3 reduced the HRD budget by \$5.0 million general fund (as mandated by the 2017 Legislature) and the AMDD budget was reduced by \$4.0 million general fund as a part of the Governor’s reductions associated with this bill
- The total HB 2 budget in this branch was reduced by \$33.2 million total funds versus the December modified budget: a 2.0% decrease

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
10 Developmental Services Division	311,874,798	287,932	(7,908,093)	(7,620,161)	304,254,637	-2.4%
11 Health Resources Division	799,120,249	1,445,700	(9,360,947)	(7,915,247)	791,205,002	-1.0%
12 Medicaid And Health Services Management	18,842,825	149,047	(1,579,150)	(1,430,103)	17,412,722	-7.6%
22 Senior & Long-Term Care	327,996,382	1,465,000	(11,299,582)	(9,834,582)	318,161,800	-3.0%
33 Addictive & Mental Disorders	159,765,794	4,955,562	(11,310,355)	(6,354,793)	153,411,001	-4.0%
<b>Grand Total</b>	<b>\$1,617,600,048</b>	<b>\$8,303,241</b>	<b>(\$41,458,127)</b>	<b>(\$33,154,886)</b>	<b>\$1,584,445,162</b>	<b>-2.0%</b>

*This chart shows budget modifications by program from December through FYE.*

### DSD:

DSD transferred out a total of \$7.6 million between December and July, a 2.4% decrease compared to the December modified budget. Of these transactions, 62% came out of the Medicaid Children’s Mental Health program. The program had excess authority, primarily due to the reduced number of children on high cost treatment plans. In FY 2017, the department was able to find alternative lower cost treatment plans for patients. CFSD has been the primary recipient of these funds. Additionally, AMDD received \$1.1 million dollars from the Medicaid Children’s program to assist with the Medicaid Adult Mental Health program.

### HRD:

HRD authority decreased by \$7.9 million between December and July 2017. About \$3.0 million of this decrease is due to several program transfers during this time. The department determined HRD’s Healthy Montana Kids (HMK) program had excess federal authority and transferred some of this authority to other divisions. One of

these program transfers sent \$0.5 million in state special revenue authority to the Montana Chemical Dependency Center (MCDC). HB 3 reduced HRD general fund by \$5.0 million general fund at the direction of the legislature.

Medicaid and Health Services Management Division (MHSM):

MHSM authority declined by \$1.4 million. Most of this decline was due to a program transfer that shifted \$1.0 million in federal authority across nine other divisions in the department in order to realign authority for fiscal year end.

SLTC:

SLTC authority decreased by a total of \$9.8 million between December and July 2017. Most of this decrease was due to several program transfers that moved general fund and federal authority to CFSD for costs associated with foster care, adoption, and guardianship. This authority was moved from benefits and claims authority in the Community First Choice and Medicaid nursing home programs.

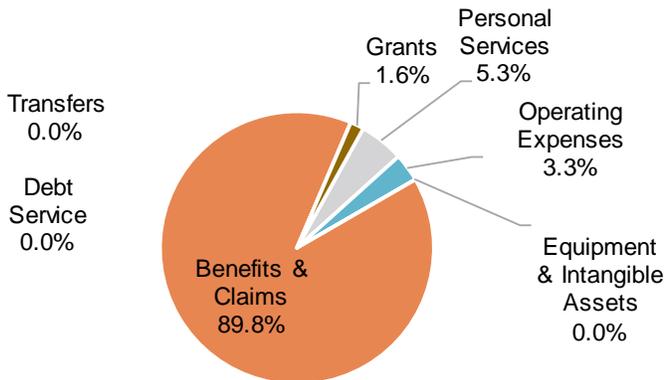
AMDD:

AMDD decreased by a total of \$6.3 million as compare to the December modified budget. AMDD transferred \$6.4 million out via program transfers, but received \$3.8 million in program transfers. The majority of the transfers out were from the HIFA waiver. The HIFA waiver had excess authority in 2017 because expansions in Medicaid allowed for more clients to qualify for Medicaid expansion instead of the waiver. The transfers that increased the budget were for MCDC, the state hospital and for Medicaid adult mental health services. Additionally, AMDD had a \$4.0 million dollar reduction due to the passage of HB 3, as a part of the Governor's reductions. The cuts from HB 3 came from mental group home health services, community-based mental health services, short-term inpatient services and the HIFA waiver.

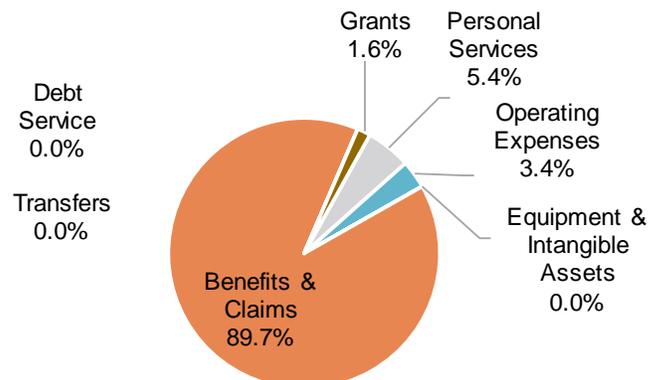
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$85,032,180	1,002,000	(\$1,209,544)	(207,544)	84,824,636	-0.2%
62000 Operating Expenses	\$53,777,326	3,469,301	(\$4,060,579)	(591,278)	53,186,048	-1.1%
63000 Equipment & Intangible Assets	\$253,553	-	(\$160,000)	(160,000)	93,553	-63.1%
66000 Grants	\$26,034,532	-	(\$952,006)	(952,006)	25,082,526	-3.7%
67000 Benefits & Claims	\$1,452,282,050	3,704,008	(\$35,075,998)	(31,371,990)	1,420,910,060	-2.2%
68000 Transfers	\$26,500	90,000	\$0	90,000	116,500	339.6%
69000 Debt Service	\$193,907	37,932	\$0	37,932	231,839	19.6%
<b>Grand Total</b>	<b>\$1,617,600,048</b>	<b>\$8,303,241</b>	<b>(\$41,458,127)</b>	<b>(\$33,154,886)</b>	<b>\$1,584,445,162</b>	<b>-2.0%</b>

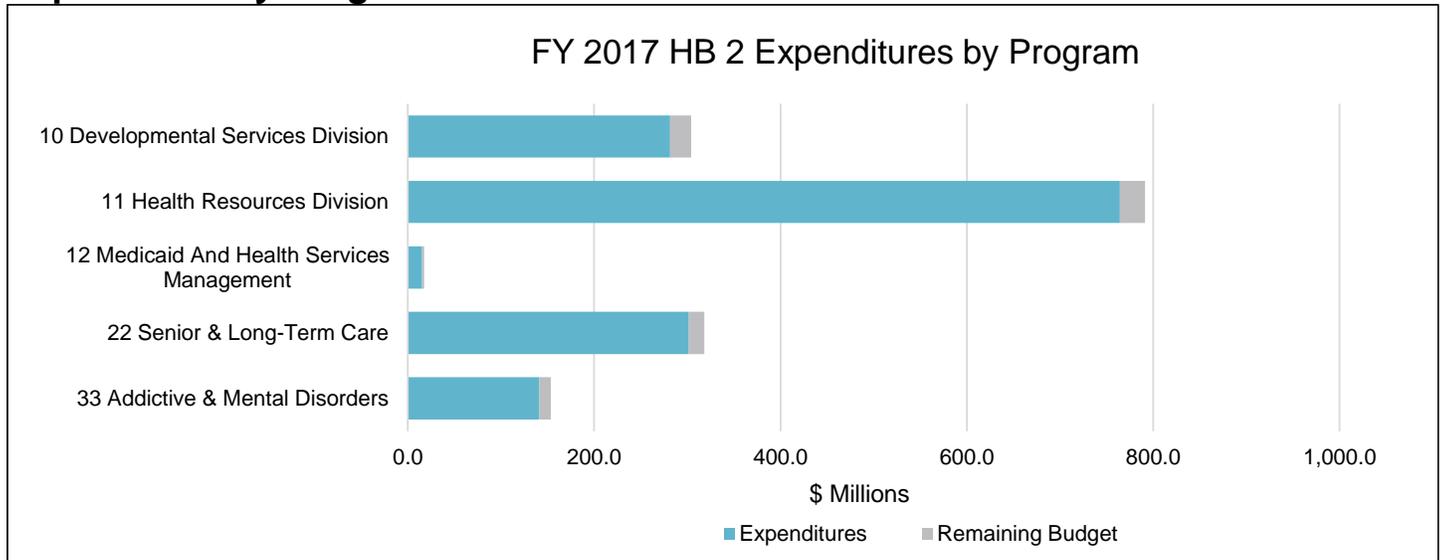
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The majority of the budget reductions in the Medicaid and Health Services Branch came from reductions in benefits and claims, due to both program transfers and the passage of HB 3. The savings from transferring clients to lower cost treatment plans within the Medicaid children's mental health program and fewer clients on the HIFA waiver resulted in excess authority in benefits and claims, which was transferred to other programs within the department.

HB 3 reduced benefits and claims within HRD and AMDD.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

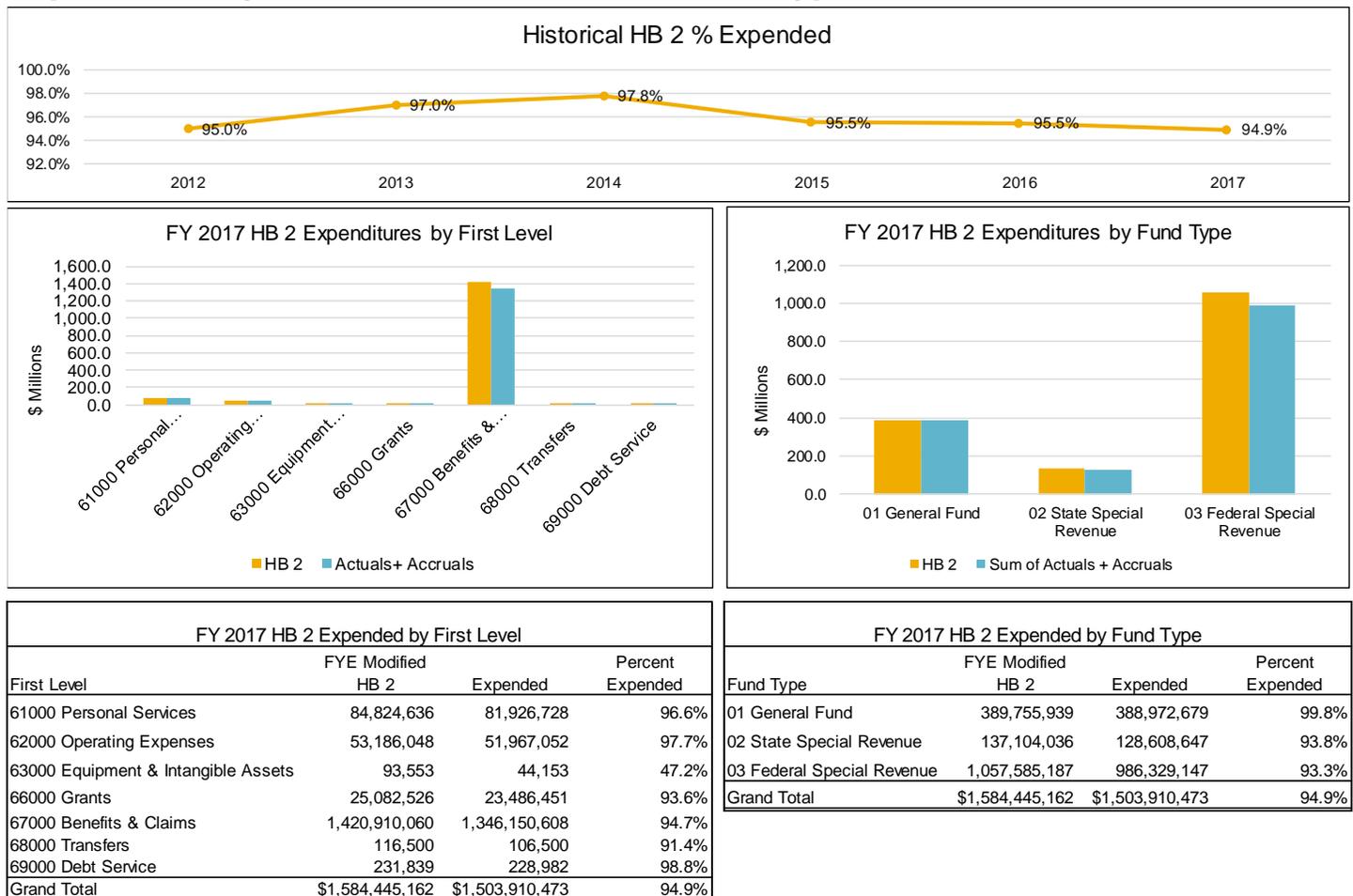


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
10 Developmental Services Division	304,254,637	281,422,928.7	22,831,708	92.5%
11 Health Resources Division	791,205,002	764,135,904.0	27,069,098	96.6%
12 Medicaid And Health Services Management	17,412,722	15,420,921.4	1,991,801	88.6%
22 Senior & Long-Term Care	318,161,800	301,738,334.8	16,423,465	94.8%
33 Addictive & Mental Disorders	153,411,001	141,192,384.2	12,218,617	92.0%
<b>Grand Total</b>	<b>\$1,584,445,162</b>	<b>\$1,503,910,473</b>	<b>\$80,534,689</b>	<b>94.9%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

DSD spent slightly less of HB 2 than in years past due to the savings in Medicaid children’s mental health services, decreased expenditures in MDC and decreased expenditures associated with Medicaid facilities associated with MDC. HRD spent 96.6% of its HB 2 budget, largely in line with past behavior. MHSM spent 88.6% of its budget, considerably higher than the last fiscal year when the grants budget was largely not expended for this division. SLTC HB 2 spending was largely in line with past behavior. AMDD spent less than in past years due to the decreased use of the HIFA waiver.

## Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

Approximately 89.5% of expenditures from the Medicaid Services Branch were in benefits and claims. This is in line with the past five years of spending. Federal authority represents about 65.6% of these expenditures, while 25.8% are general fund expenditures and the remaining 8.6% are state special revenue funds. This distribution is in line with the last 5 years of branch funding.

### DSD:

Within DSD, Medicaid developmental disability waivers, children's mental health services, comprehensive school and community treatment, developmental disabilities and the Montana Developmental Center (MDC) account for 91.0% of expenditures. Medicaid developmental disability waivers and children's mental health services have increased over the last few years, while MDC has decreased, and developmental disabilities have stayed relatively flat. Benefits and claims account for the biggest portion of DSD spending at 92.0%.

### HRD:

Benefits and claims payments (mostly Medicaid and CHIP) made up 98.2% of expenditures for this division; in line with past behavior. Just over 81.0% of funds expended are federal in HRD, while 5.7% are from state special revenue and 13.2% are general fund.

### MHSM:

All MSHM expenditures are personal services, operating expenses, and grants. This is in line with past expenditures.

### SLTC:

SLTC expenditures are about 88.7% benefits and claims. This is similar to the past distribution of expenditures. The SLTC budget did significantly decline overall due to program transfers to other divisions. About 65.4% of

SLTC expenditures were from federal authority, while general fund made up roughly 23.6% and state special authority the remaining 10.9%.

**AMDD:**

AMDD had a higher portion of personal services expenditures than the other programs within the Medicaid and Health Services Branch due to the state run institutions within the branch. Personal services expense increased by 4.0% compared to 2016. Increased AMDD expense was due to increased costs within the Montana Mental Health Nursing Care Center, the Chemical Dependency Center and the Mental Health Group Home. The Montana State Hospital, the Montana Mental Health Nursing Care Center and the Chemical Dependency Center all require a significant amount of personnel. Operating expenses were also higher than the other programs due to the state run institutions as well. Medicaid services make up the remaining expenditures within AMDD.

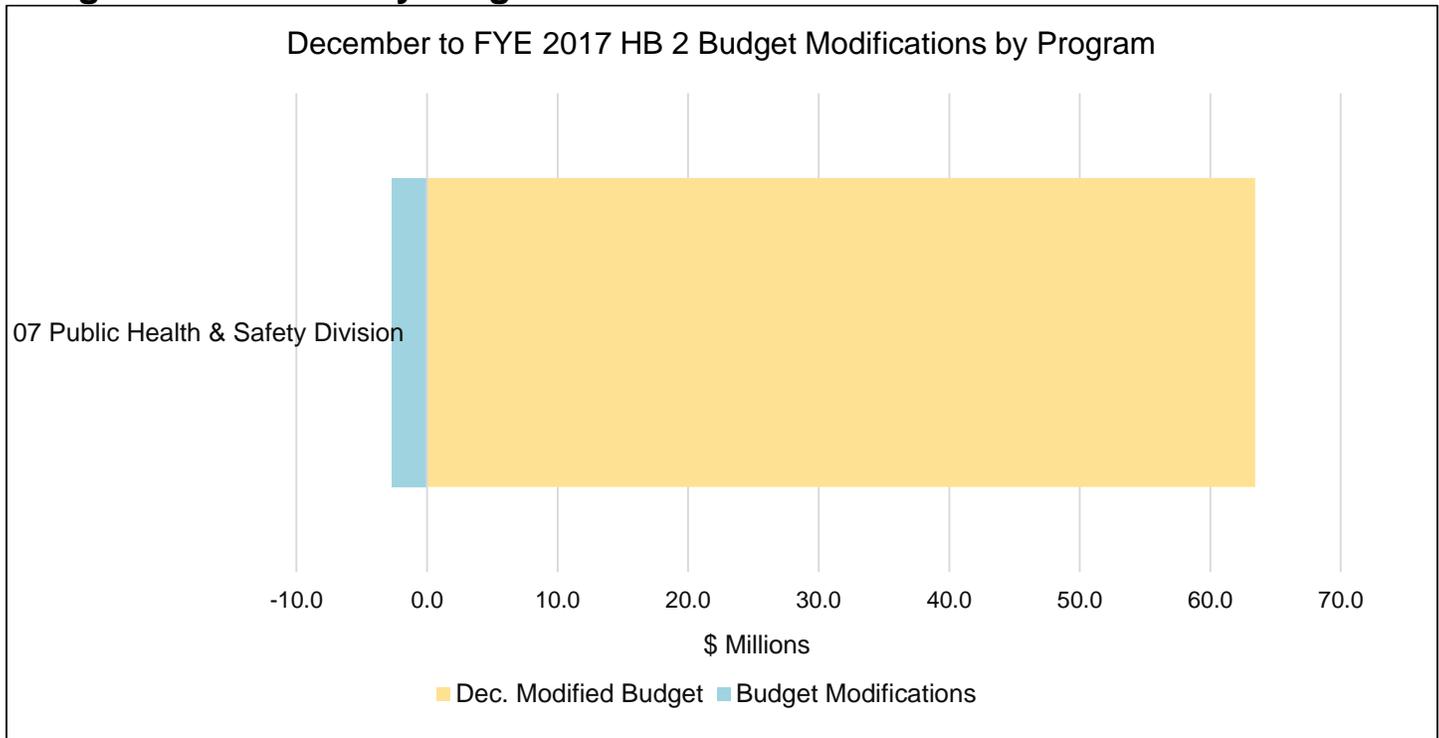
# PUBLIC HEALTH AND SAFETY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The PHSD was involved in several significant program transfers that lowered HB 2 authority by \$2.7 million over the second half of FY 2017
- Largely in line with past behavior PHSD expended 95.2% of its budget over FY 2017, and 100.0% of its general fund budget

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
07 Public Health & Safety Division	63,446,787	120,000	(2,831,350)	(2,711,350)	60,735,437	-4.3%
Grand Total	\$63,446,787	\$120,000	(\$2,831,350)	(\$2,711,350)	\$60,735,437	-4.3%

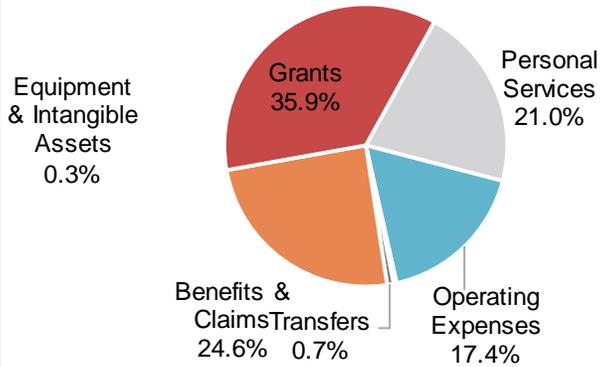
*This chart shows budget modifications by program from December through FYE.*

Total budget modifications for PHSD for the December-July period resulted in a decrease of \$2.7 million total authority. All of these changes were due to program transfers, the largest of which sent \$0.8 million federal authority to the Disability Employment and Transitions Division (DETD) for vocational rehabilitation. This program transfer is discussed in more detail in the Economic Security Services Branch section of this report. Of this decrease in authority \$1.7 million was federal authority, about \$1.0 million was state special revenue authority, and about \$59,000 was general fund. Most of the state special revenue authority transferred out of PHSD was for FYE realignment, but \$284,000 went to the Chemical Dependency/MCDC program in AMDD.

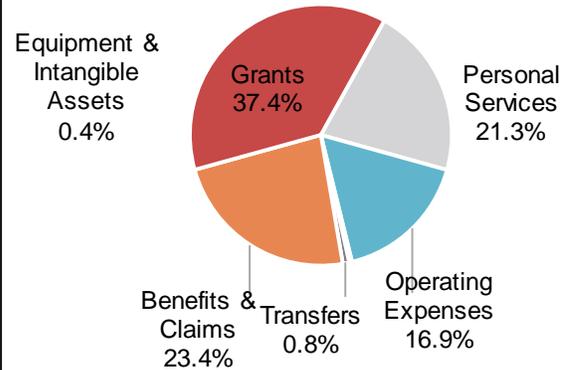
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

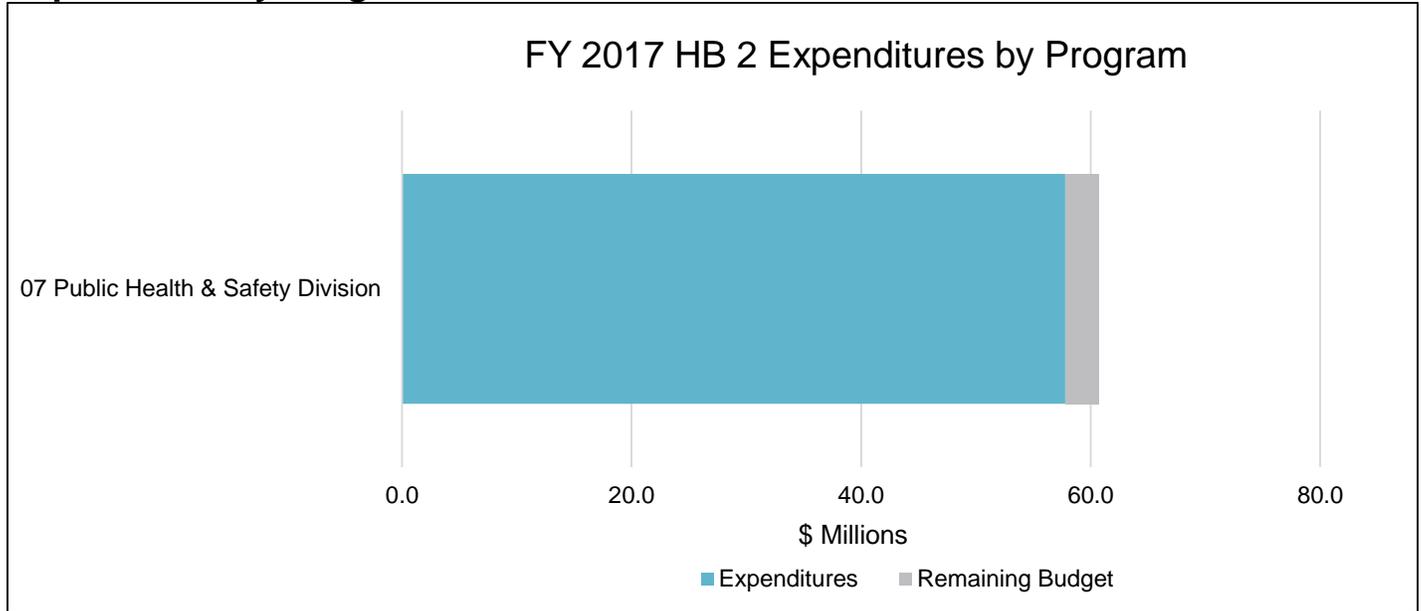
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$13,327,648	15,843	(\$428,543)	(412,700)	12,914,948	-3.1%
62000 Operating Expenses	\$11,064,630	44,157	(\$873,007)	(828,850)	10,235,780	-7.5%
63000 Equipment & Intangible Assets	\$216,741	-	\$0	-	216,741	0.0%
66000 Grants	\$22,760,625	60,000	(\$135,900)	(75,900)	22,684,725	-0.3%
67000 Benefits & Claims	\$15,602,043	-	(\$1,393,900)	(1,393,900)	14,208,143	-8.9%
68000 Transfers	\$475,100	-	\$0	-	475,100	0.0%
<b>Grand Total</b>	<b>\$63,446,787</b>	<b>\$120,000</b>	<b>(\$2,831,350)</b>	<b>(\$2,711,350)</b>	<b>\$60,735,437</b>	<b>-4.3%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The majority of the decreases to the PHSD budget in the second half of FY 2017 were to benefits and claims, with smaller amounts reduced in operating expenses and personal services.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

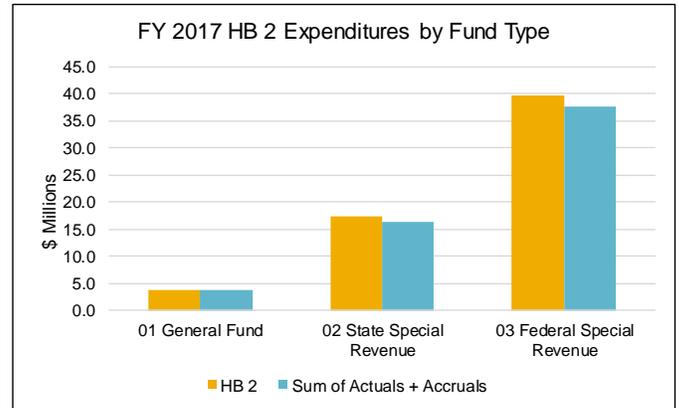
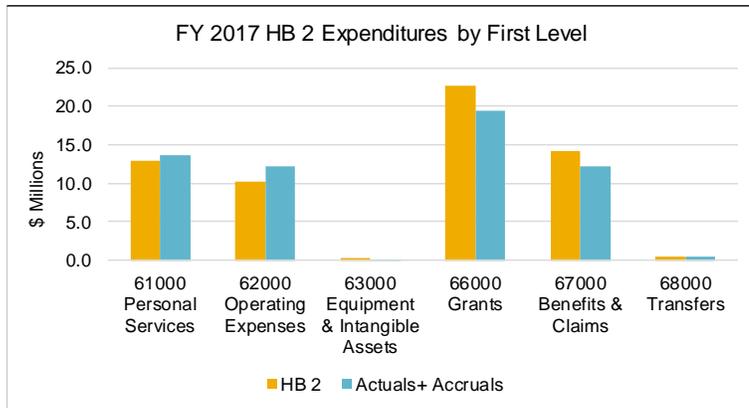
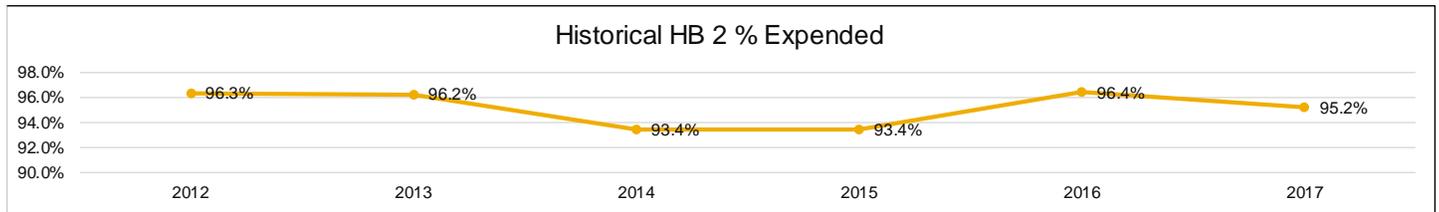


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
07 Public Health & Safety Division	60,735,437	57,795,849.1	2,939,588	95.2%
Grand Total	\$60,735,437	\$57,795,849	\$2,939,588	95.2%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The PHSD budget was 95.2% expended in FY 2017. This is very close to the average expenditure percentage over the last five fiscal years.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	12,914,948	13,580,404	105.2%
62000 Operating Expenses	10,235,780	12,114,229	118.4%
63000 Equipment & Intangible Assets	216,741	37,722	17.4%
66000 Grants	22,684,725	19,426,529	85.6%
67000 Benefits & Claims	14,208,143	12,177,683	85.7%
68000 Transfers	475,100	459,283	96.7%
<b>Grand Total</b>	<b>\$60,735,437</b>	<b>\$57,795,849</b>	<b>95.2%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	3,842,042	3,841,049	100.0%
02 State Special Revenue	17,286,509	16,348,777	94.6%
03 Federal Special Revenue	39,606,886	37,606,024	94.9%
<b>Grand Total</b>	<b>\$60,735,437</b>	<b>\$57,795,849</b>	<b>95.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

PHSD expended over 100.0% of their personal services and operating expenses budgets while also making program transfers from those accounts. In contrast, grants (the largest account for PHSD) and benefits and claims were about 85.6% expended. This pattern is similar to expenditures in FY 2016.

PHSD expended 100% of its general fund budget, 94.6% of its state special revenue budget, and 94.9% of its federal special revenue budget. The division also made the bulk of its program transfers with state special and federal authority.

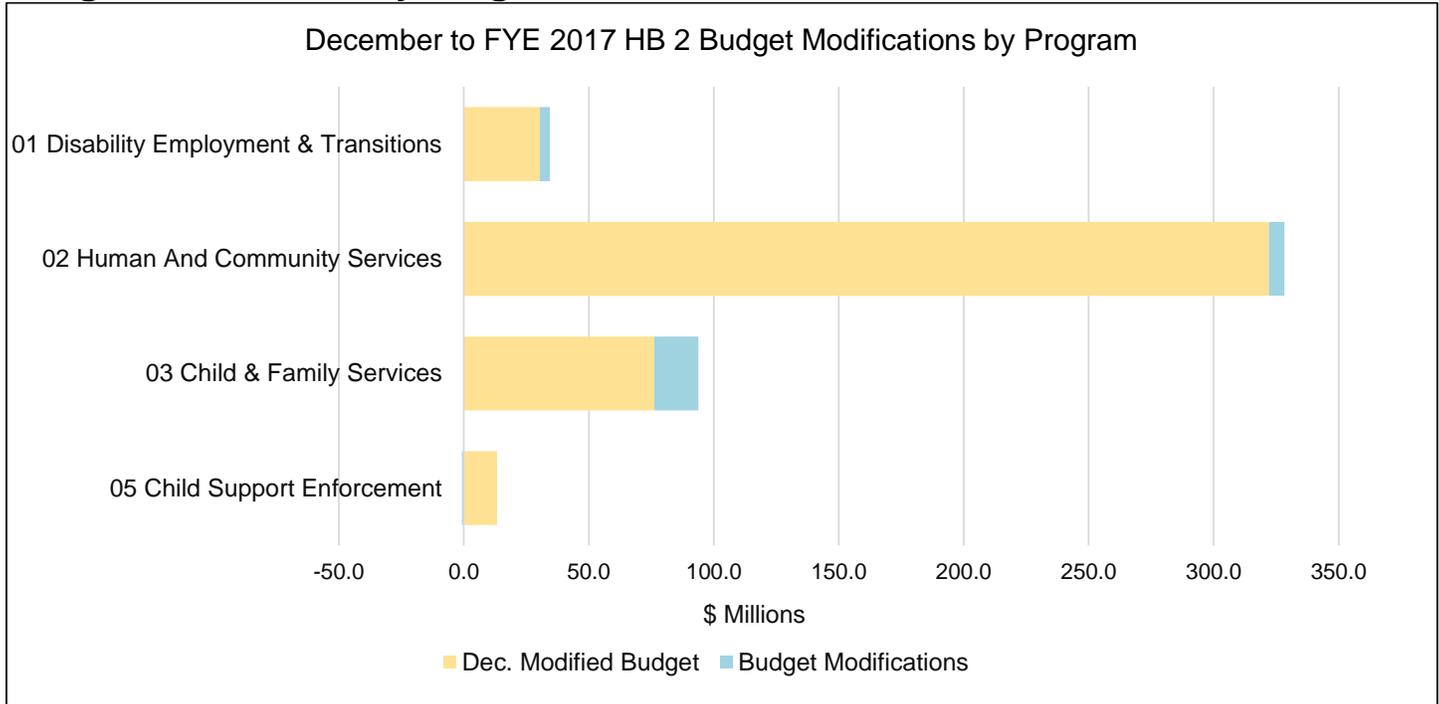
# ECONOMIC SECURITIES BRANCH

## BUDGET AND EXPENDITURE HIGHLIGHTS

- CSFD budget was increased by 23% due to increase foster caseload
- DETD budget was increased by 13.5% due to the Vocational Rehabilitation program exhausting it's authority sooner than expected

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Disability Employment & Transitions	30,354,825	4,262,950	(150,000)	4,112,950	34,467,775	13.5%
02 Human And Community Services	322,117,504	9,932,548	(3,718,051)	6,214,497	328,332,001	1.9%
03 Child & Family Services	76,110,960	18,222,938	(499,735)	17,723,203	93,834,163	23.3%
05 Child Support Enforcement	13,291,283	115,000	(836,743)	(721,743)	12,569,540	-5.4%
<b>Grand Total</b>	<b>\$441,874,572</b>	<b>\$32,533,436</b>	<b>(\$5,204,529)</b>	<b>\$27,328,907</b>	<b>\$469,203,479</b>	<b>6.2%</b>

*This chart shows budget modifications by program from December through FYE.*

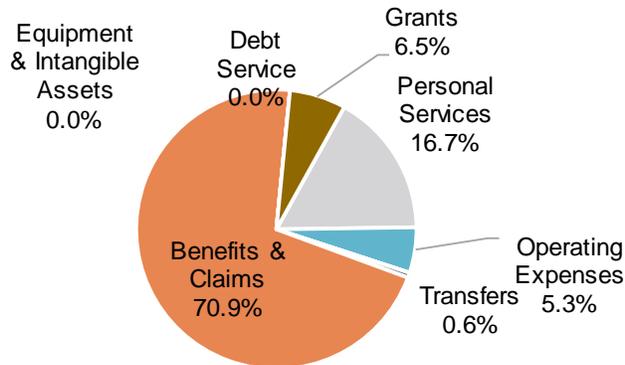
The most significant budget modifications were in DETD and CFSD. CFSD used more general fund than allocated due to increased foster care caseloads. Caseloads have recently been increasing by an average of 42 children per month. Currently there are roughly 3,700 children in care. A large portion of foster care cases were not eligible for federal assistance.

DETD modifications went to the Vocational Rehabilitation program which needed general fund to match greater than expected spending.

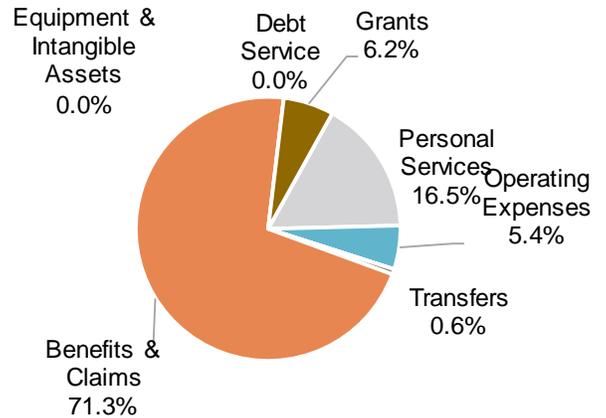
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

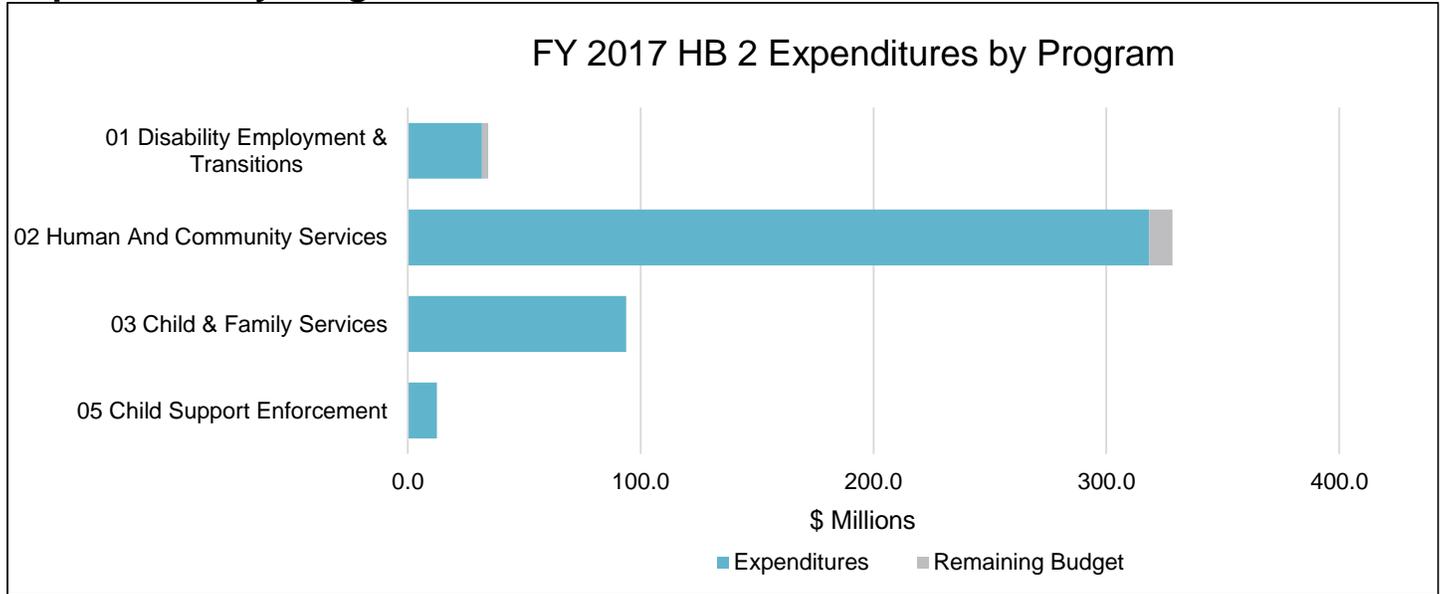
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$73,860,254	4,807,634	(\$1,050,386)	3,757,248	77,617,502	5.1%
62000 Operating Expenses	\$23,238,463	3,346,565	(\$1,436,443)	1,910,122	25,148,585	8.2%
63000 Equipment & Intangible Assets	\$46,456	-	\$0	-	46,456	0.0%
66000 Grants	\$28,724,163	1,388,588	(\$1,207,555)	181,033	28,905,196	0.6%
67000 Benefits & Claims	\$313,413,129	22,582,249	(\$1,510,145)	21,072,104	334,485,233	6.7%
68000 Transfers	\$2,590,950	408,400	\$0	408,400	2,999,350	15.8%
69000 Debt Service	\$1,158	-	\$0	-	1,158	0.0%
<b>Grand Total</b>	<b>\$441,874,572</b>	<b>\$32,533,436</b>	<b>(\$5,204,529)</b>	<b>\$27,328,907</b>	<b>\$469,203,479</b>	<b>6.2%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Of note in the budget modifications for the Economic Security Services branch were transfers totaling \$22.6 million to benefits and claims expenditures. Over half were general fund transfers into CFSD, due to increasing foster caseloads. \$5.6 million was transferred to HCSD, although this was federal authority that was not used. The remaining \$3.6 million was transferred to DETD for the vocational rehabilitation program.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

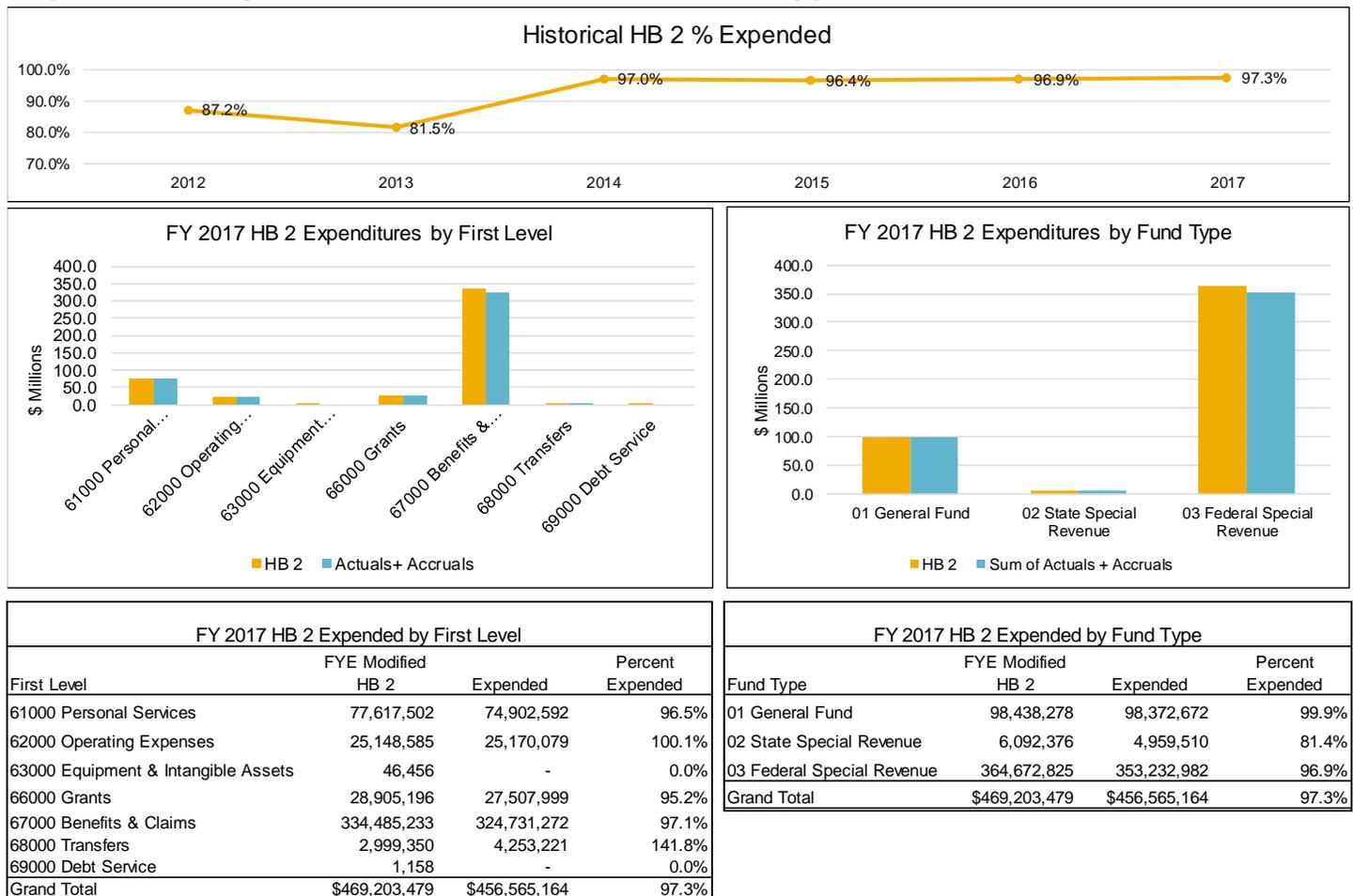


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Disability Employment & Transitions	34,467,775	31,901,102.8	2,566,672	92.6%
02 Human And Community Services	328,332,001	318,460,847.4	9,871,154	97.0%
03 Child & Family Services	93,834,163	93,709,900.5	124,262	99.9%
05 Child Support Enforcement	12,569,540	12,493,313.4	76,227	99.4%
<b>Grand Total</b>	<b>\$469,203,479</b>	<b>\$456,565,164</b>	<b>\$12,638,315</b>	<b>97.3%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The remaining budget of DEDT primarily consisted of the \$775,000 MTAP language appropriation, and \$1.7 million in federal appropriation that lacked federal grant authority. Human and Community Services Division (HCSD) also had leftover federal appropriation, as is often the case.

## Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The branch spent most of their HB 2 benefits and claims appropriation, however this varies by program. CFSD had their budget modified to \$50.9 million for benefits and claims from \$30.1 million in the December Modified Budget, due to an increased foster care population. The actuals and accruals for HCSD were \$8.5 million below the modified budget.

CFSD spent \$18.6 million in benefits and claims, \$3.7 million above the December Modified Budget, mostly on the Vocational Rehabilitation program. DPHHS provided three reasons for the shortfall in program:

1. No additional funding was provided with a federal mandate that a minimum of 15.0% of total program expenditures be utilized for Pre-Employment Transition Services.
2. Cost control is limited once individuals are identified as eligible for services, those services are required to be maintained.
3. Increased system costs to comply with new reporting requirements in the Workforce Innovation and Opportunity Act (WIOA).

## ADDITIONAL DISCUSSION

### Points of Concern:

The department transferred \$1.3 million of general fund to DETD because the federal funds were insufficient to meet the obligations of the program. There is concern that the costs of this program will continue to exceed resources in the future.

# DEPARTMENT OF FISH, WILDLIFE & PARKS

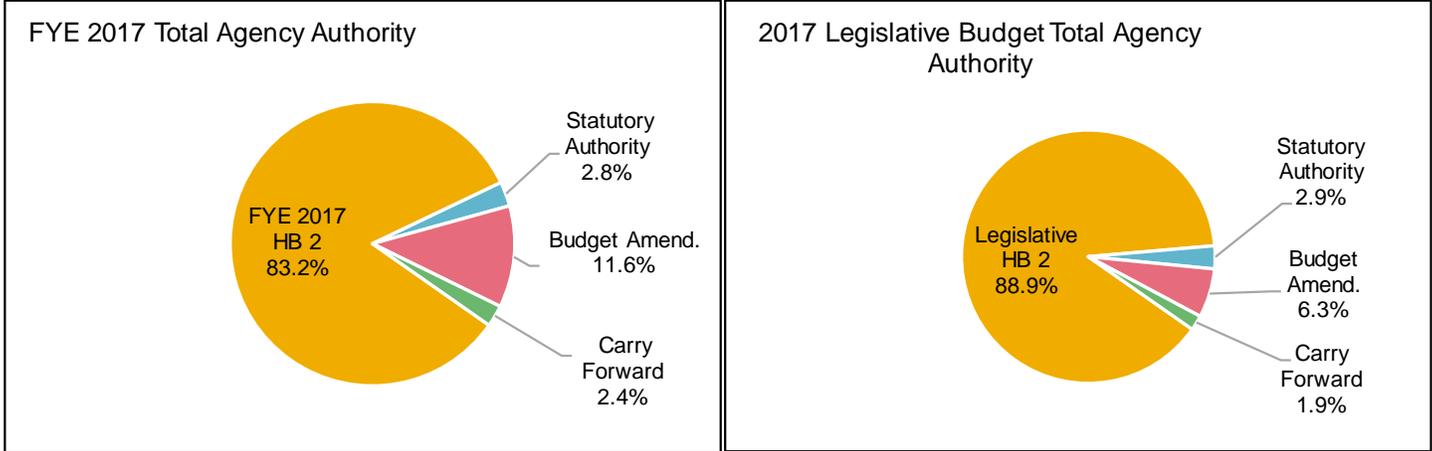
## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Fish Wildlife and Parks (FWP) expended 98.3% of the general fund budget and 94.9% of the total budget.
- The agency reverted \$19,857 of unexpended appropriation authority to the general fund
- The agency expended 98% of general fund One-Time-Only (OTO) appropriation and 81.9% of total OTO appropriations. The table below summarizes OTO appropriations and expenditures

Fish Wildlife and Parks One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<b><u>General Fund</u></b>				
Aquatic Invasive Species	\$974,000	\$954,624	\$19,376	98.0%
Total General Fund	\$974,000	\$954,624	\$19,376	98.0%
<b><u>State Special Revenue</u></b>				
Operating Adjustment	\$95,472	\$95,471	\$1	100.0%
Forest Management	121,196	103,662	17,534	85.5%
Hunting Access Admin	784,637	656,126	128,511	83.6%
Total State Special Revenue	\$1,001,305	\$855,259	\$146,046	85.4%
Federal Special Revenue				
Hunting Access Admin	\$234,535	-	\$234,535	0.0%
Total Federal Special Revenue	\$234,535	\$0	\$234,535	0.0%
<b>Fish Wild Life and Parks Total</b>	<b><u>\$2,209,840</u></b>	<b><u>\$1,809,883</u></b>	<b><u>\$399,957</u></b>	<b><u>81.9%</u></b>

# TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	85,456,000	1,538,590	86,994,590
Statutory Authority	2,824,118	83,193	2,907,311
Budget Amendments	6,009,024	6,098,982	12,108,006
Other	-	-	-
Carry Forward	1,840,828	720,614	2,561,442
Sum of Long Range Planning	52,323,139	56,739,858	109,062,997
Total Budgeted Authority	148,453,109	65,181,237	213,634,346
Non-Budgeted Proprietary	\$ 4,287,805	\$714,107	\$ 5,001,912

Total Expended	122,141,995
Total Budgeted Authority	213,634,346
% Expended	57.2%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017 the department also had a small amount of continuing appropriation from FY 2016 for audit fees. The agency also increased HB 2 authority with a supplemental for aquatic invasive species.

## Statutory Appropriations

The executive provided general fund appropriation of \$83,193 to combat aquatic invasive species from the emergency funds appropriation.

## Budget Amendments

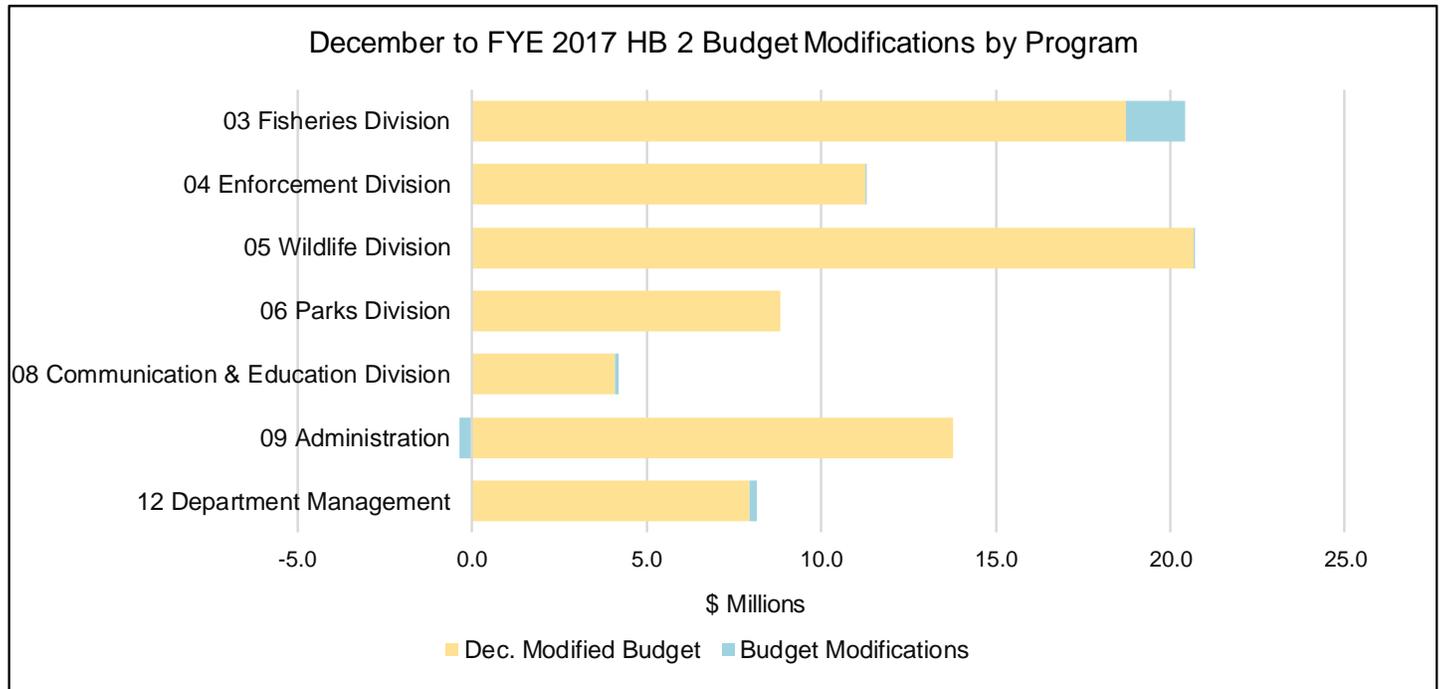
The agency increased authority for various federal grants and programs.

## Non-Budgeted Proprietary

Non-budgeted funds for administrative proprietary and aircraft operations were increased.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
03 Fisheries Division	18,740,471	1,853,000	(171,000)	1,682,000	20,422,471	9.0%
04 Enforcement Division	11,260,697	57,000	(22,000)	35,000	11,295,697	0.3%
05 Wildlife Division	20,666,649	587,715	(547,200)	40,515	20,707,164	0.2%
06 Parks Division	8,817,716	-	-	-	8,817,716	0.0%
08 Communication & Education Division	4,101,867	108,000	-	108,000	4,209,867	2.6%
09 Administration	13,768,441	272,962	(648,477)	(375,515)	13,392,926	-2.7%
12 Department Management	7,938,749	262,000	(52,000)	210,000	8,148,749	2.6%
<b>Grand Total</b>	<b>\$85,294,590</b>	<b>\$3,140,677</b>	<b>(\$1,440,677)</b>	<b>\$1,700,000</b>	<b>\$86,994,590</b>	<b>2.0%</b>

*This chart shows budget modifications by program from December through FYE.*

Total budget modifications increased the agencies budget by \$200,000 in general fund and \$1,500,000 in federal special revenue through HB3 supplemental for invasive species in the fisheries program.

All other increases and decrease are related to the transfer of \$179,100 in operations authority to other expenditure accounts. The table below details the transfers between programs.

**Operation Plan Changes and Program Transfers for Fish Wildlife and Parks**

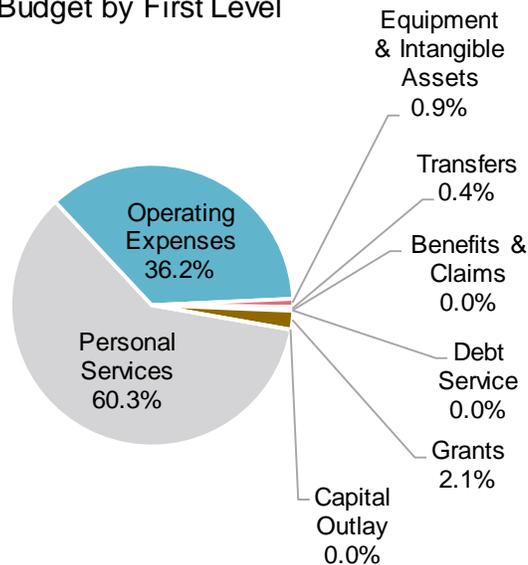
BCD	Program 03 Fisheries Division			Program 04 Enforcement Division			Program 05 Wildlife Division			Program 08 Comm & Ed Division	
	Personal Services	Operating Expense	Equip Intang	Personal Services	Operating Expense	Equip Intang	Personal Services	Operating Expense	Capital Outlay	Personal Services	Operating Expense
PT043	-	(8,000)	-	-	-	-	-	20,515	-	-	-
PT044	-	(10,000)	-	-	-	-	-	10,000	-	-	-
PT045	-	-	-	35,000	-	-	-	-	-	60,000	48,000
PT042	-	-	-	-	-	-	-	10,000	-	-	-
OP337	-	(61,000)	61,000	-	-	-	-	-	-	-	-
OP549	-	-	-	-	-	-	-	(100,000)	100,000	-	-
OP934	-	-	-	-	-	-	-	-	-	-	-
OP408	-	-	-	-	(22,000)	22,000	-	-	-	-	-
<u>AIS Supp.</u>	<u>1,455,000</u>	<u>245,000</u>	<u>-</u>					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mod	1,455,000	166,000	61,000	35,000	(22,000)	22,000	-	(59,485)	100,000	60,000	48,000
Prog Total			<u>1,682,000</u>			<u>35,000</u>			<u>40,515</u>		<u>108,000</u>

BCD	Program 09 Administration				Program 12 Dept. Management		All Programs FWP				
	Personal Services	Operating Expense	Capital Outlay	Transfers	Personal Services	Operating Expense	Personal Services	Operating Expense	Equip Intang	Capital Outlay	Transfers
PT043	-	(12,515)	-	-	-	-	-	-	-	-	-
PT044	-	-	-	-	-	-	-	-	-	-	-
PT045	(260,000)	(93,000)	-	-	210,000	-	45,000	(45,000)	-	-	-
PT042	-	(10,000)	-	-	-	-	-	-	-	-	-
OP337	-	-	-	-	-	-	-	(61,000)	61,000	-	-
OP549	-	-	-	-	-	-	-	(100,000)	-	100,000	-
OP934	-	(196,100)	191,100	5,000	-	-	-	(196,100)	-	191,100	5,000
OP408	-	-	-	-	-	-	-	(22,000)	22,000	-	-
<u>AIS Supp.</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Mod	(260,000)	(311,615)	191,100	5,000	210,000	-	1,500,000	(179,100)	83,000	291,100	5,000
Prog Total				<u>(375,515)</u>		<u>210,000</u>					<u>1,700,000</u>

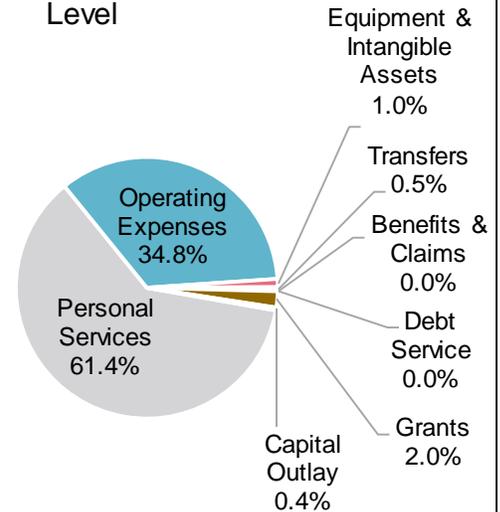
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

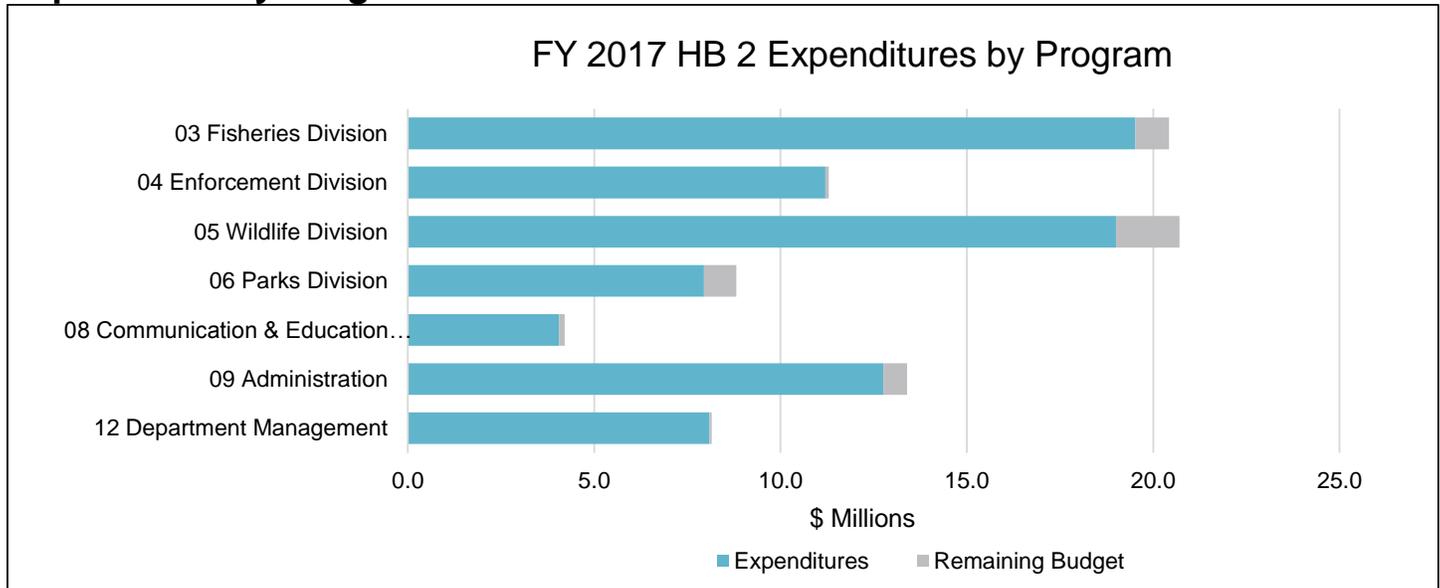
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$51,411,746	2,249,195	(\$260,000)	1,989,195	53,400,941	3.9%
62000 Operating Expenses	\$30,896,220	426,726	(\$1,088,677)	(661,951)	30,234,269	-2.1%
63000 Equipment & Intangible Assets	\$779,109	101,000	\$0	101,000	880,109	13.0%
64000 Capital Outlay	\$0	307,905	\$0	307,905	307,905	0.0%
66000 Grants	\$1,824,717	-	(\$92,000)	(92,000)	1,732,717	-5.0%
67000 Benefits & Claims	\$800	7,200	\$0	7,200	8,000	900.0%
68000 Transfers	\$369,571	48,651	\$0	48,651	418,222	13.2%
69000 Debt Service	\$12,427	-	\$0	-	12,427	0.0%
<b>Grand Total</b>	<b>\$85,294,590</b>	<b>\$3,140,677</b>	<b>(\$1,440,677)</b>	<b>\$1,700,000</b>	<b>\$86,994,590</b>	<b>2.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 cuts coming from personal services and operating funds. See table on previous page for detail.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

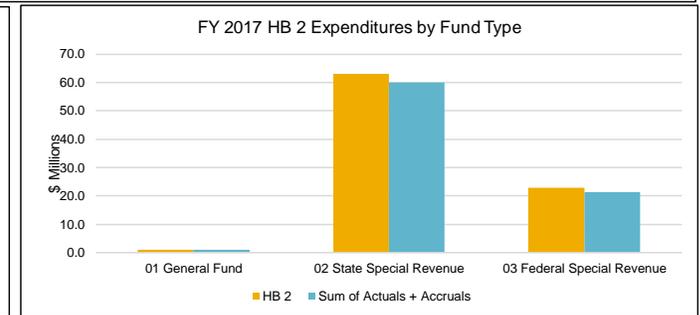
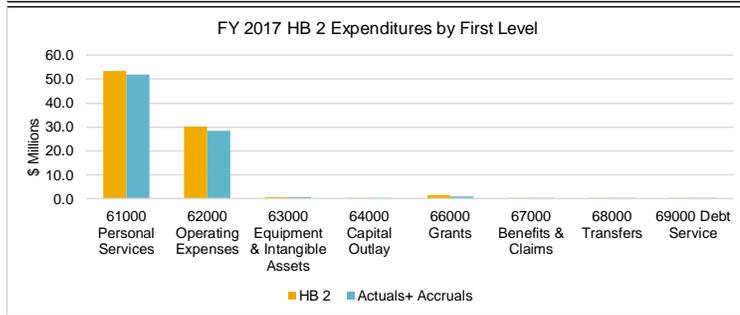
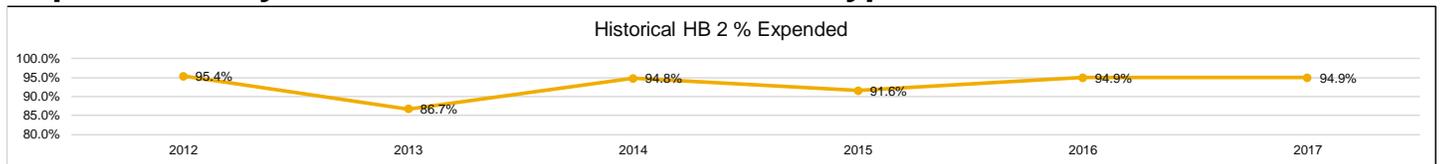


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
03 Fisheries Division	20,422,471	19,524,817	897,654	95.6%
04 Enforcement Division	11,295,697	11,207,789	87,908	99.2%
05 Wildlife Division	20,707,164	19,002,567	1,704,597	91.8%
06 Parks Division	8,817,716	7,942,344	875,372	90.1%
08 Communication & Education Division	4,209,867	4,055,558	154,309	96.3%
09 Administration	13,392,926	12,756,979	635,947	95.3%
12 Department Management	8,148,749	8,094,433	54,316	99.3%
<b>Grand Total</b>	<b>\$86,994,590</b>	<b>\$82,584,487</b>	<b>\$4,410,103</b>	<b>94.9%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Of the \$4.4 million unexpended authority, 66.6% is state special funds. Appropriations within Fisheries, Wildlife, and Parks Division, for licenses, state parks fees, hunting access, and other fees and taxes account for the majority of unexpended state special revenue. Federal revenues from tax on the sale of fishing and hunting equipment earmarked for fish and wildlife management account for an additional 21.5% of the unexpended funds, other federal funding for fish and wildlife management account for another 8.9%. Appropriation from the general fund within the fisheries and enforcement division were underspent by \$19,857 and was reverted to the general fund.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	53,400,941	52,011,716	97.4%
62000 Operating Expenses	30,234,269	28,288,126	93.6%
63000 Equipment & Intangible Assets	880,109	681,128	77.4%
64000 Capital Outlay	307,905	307,817	100.0%
66000 Grants	1,732,717	911,287	52.6%
67000 Benefits & Claims	8,000	7,984	99.8%
68000 Transfers	418,222	364,001	87.0%
69000 Debt Service	12,427	12,427	100.0%
<b>Grand Total</b>	<b>\$86,994,590</b>	<b>\$82,584,487</b>	<b>94.9%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	1,174,000	1,154,143	98.3%
02 State Special Revenue	62,982,276	60,079,120	95.4%
03 Federal Special Revenue	22,838,313	21,351,224	93.5%
<b>Grand Total</b>	<b>\$86,994,590</b>	<b>\$82,584,487</b>	<b>94.9%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The agency expended almost all of the general fund appropriation with the balance being reverted to the general fund. Unexpended state special revenues that are restricted in use remain in the state special fund balance. Unexpended grants include state special and federal revenue restricted for fish and wildlife management.

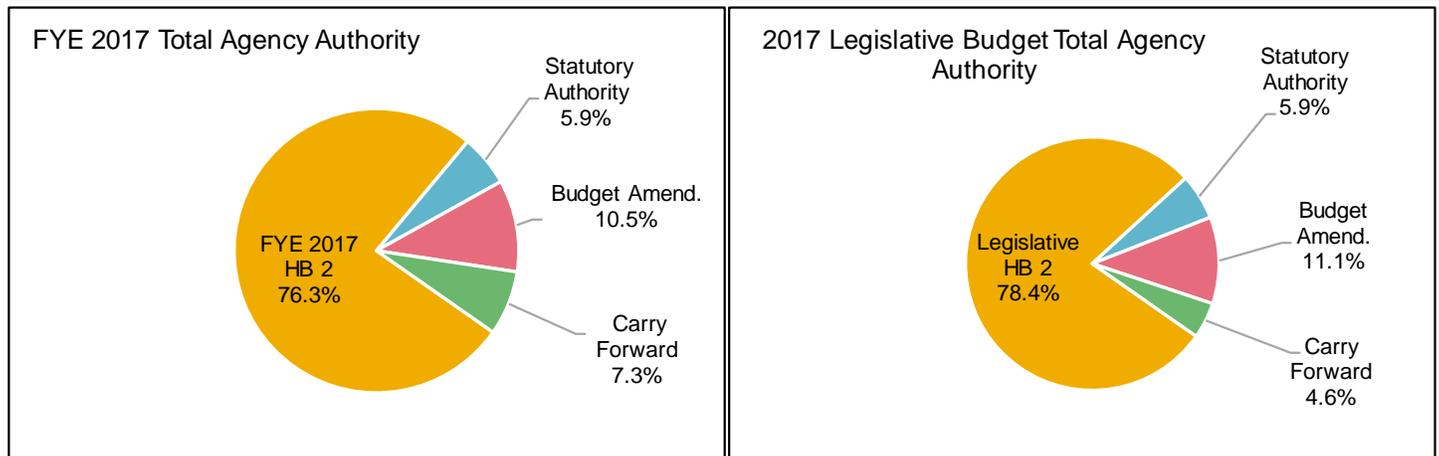
# DEPARTMENT OF ENVIRONMENTAL QUALITY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Environmental Quality (DEQ) expended 99.0% of the general fund budget and 83.3% of the total budget
- The agency reverted \$54,197 of unexpended appropriation authority to the general fund

## TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority

Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	66,722,552	(658,168)	66,064,384
Statutory Authority	4,990,000	75,000	5,065,000
Budget Amendments	9,422,490	(359,784)	9,062,706
Other	5,834,667	4,946,044	10,780,711
Carry Forward	3,916,241	2,428,655	6,344,896
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>90,885,951</b>	<b>6,431,747</b>	<b>97,317,698</b>
Non-Budgeted Proprietary	\$ 8,030,510	\$0	\$ 8,030,510

FY 2017 Total Agency Authority Expended

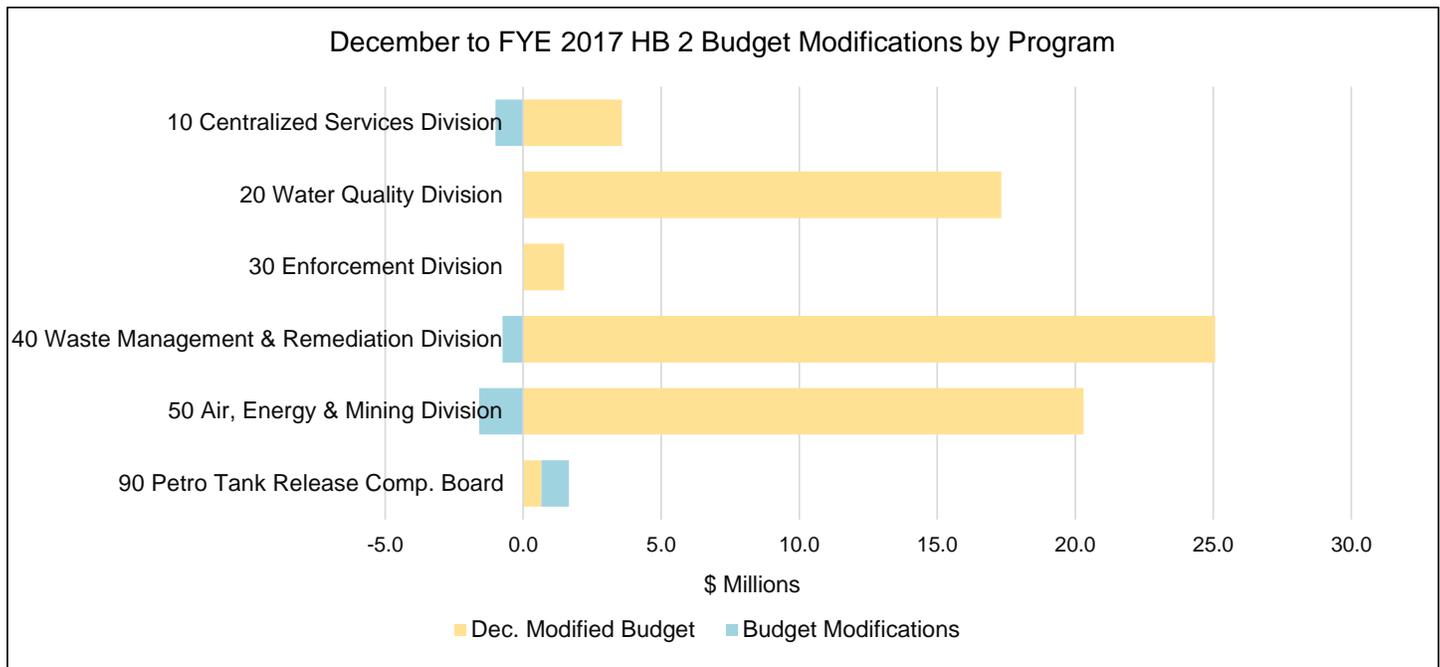
Total Expended	63,063,275
Total Budgeted Authority	97,704,587
<b>% Expended</b>	<b>64.5%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Modifications include HB 3 executive budget reductions in state special and federal authority, an increase in statutory appropriation from the environmental contingency account to address mussel larvae in state waterbodies, budget amendments to federal authority and carry forward authority.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



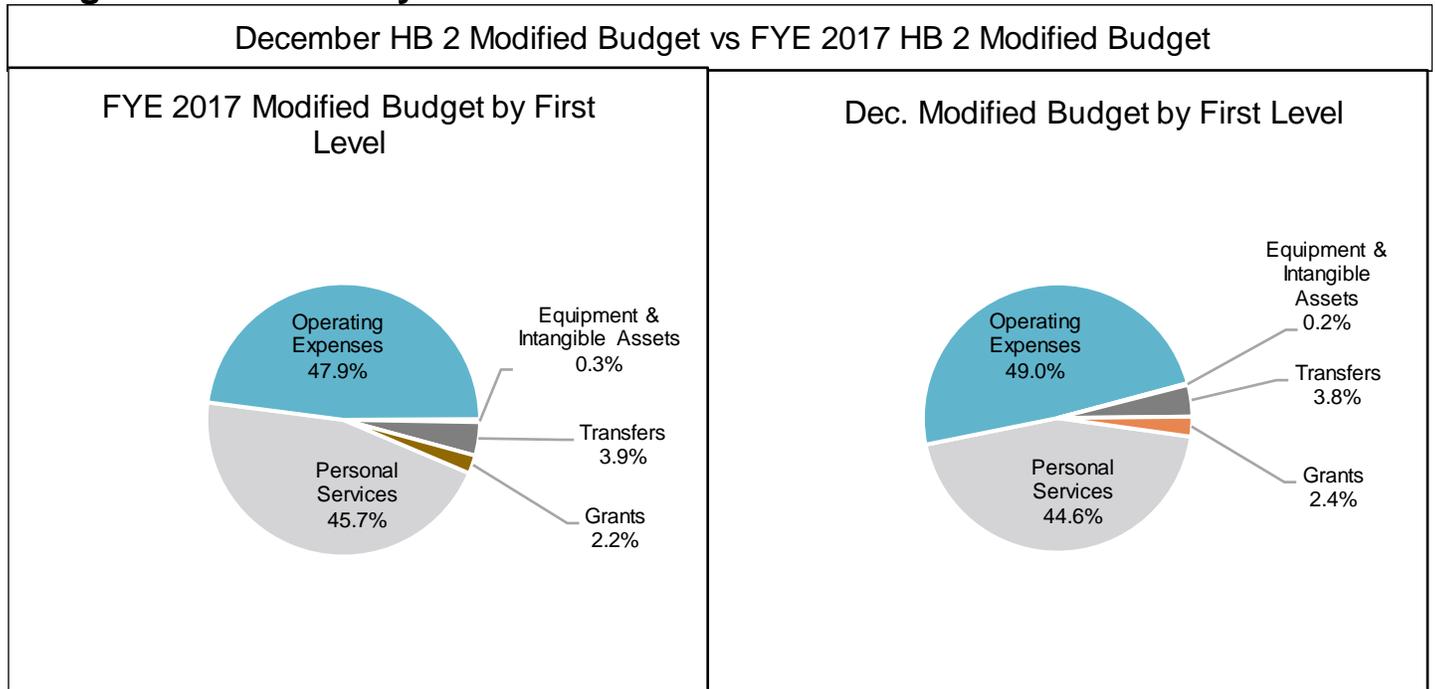
Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
10 Centralized Services Division	3,576,750	-	(1,000,000)	(1,000,000)	2,576,750	-28.0%
20 Water Quality Division	17,319,915	113,832	(113,832)	(0)	17,319,915	0.0%
30 Enforcement Division	1,483,166	-	-	-	1,483,166	0.0%
40 Waste Management & Remediation Division	25,071,953	-	(750,000)	(750,000)	24,321,953	-3.0%
50 Air, Energy & Mining Division	20,300,988	168,076	(1,762,700)	(1,594,624)	18,706,364	-7.9%
90 Petro Tank Release Comp. Board	656,236	1,000,000	-	1,000,000	1,656,236	152.4%
<b>Grand Total</b>	<b>\$68,409,008</b>	<b>\$1,281,908</b>	<b>(\$3,626,532)</b>	<b>(\$2,344,624)</b>	<b>\$66,064,384</b>	<b>-3.4%</b>

*This chart shows budget modifications by program from December through FYE.*

Total budget modifications since December for the department decreased the budget by \$2.3 million.

HB 3 executive reductions lowered state special and federal expenditure authority by \$3.3 million in the centralized services, waste management, and the air, energy, and mining divisions. Language in HB 2 authorizes the agency to increase state special revenue by \$1.0 million of the funds recovered under the petroleum tank compensation board subrogation program to pay contract expenses related to the recovery of those funds.

## Budget Modification by First Level



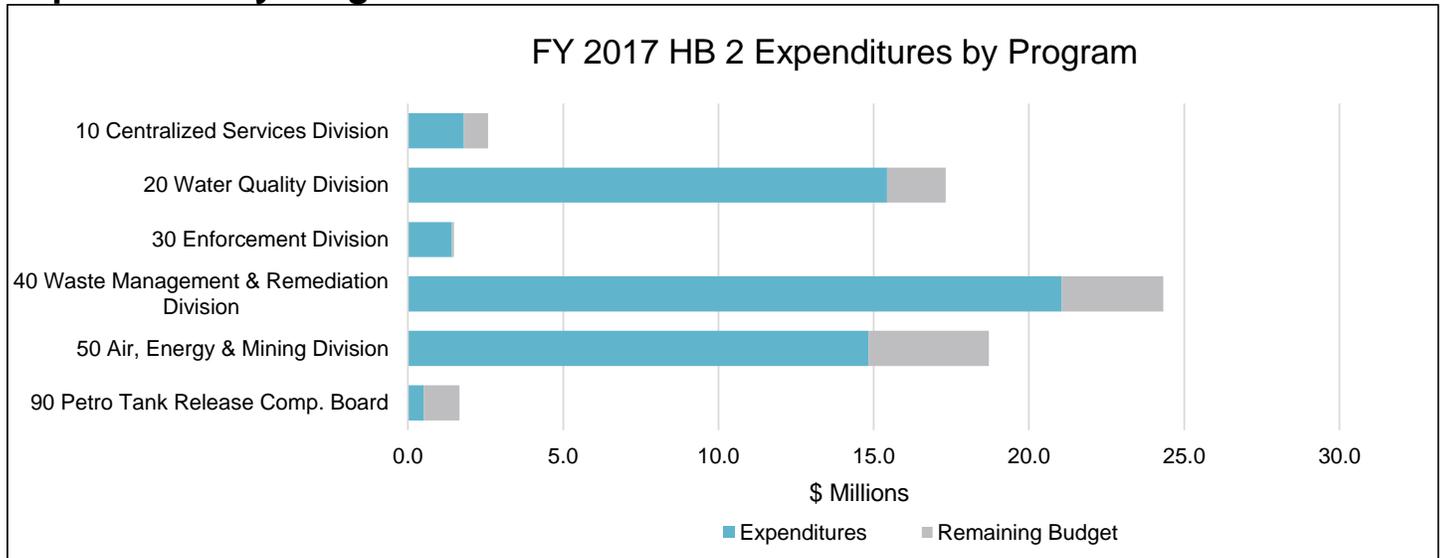
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$30,512,880	155,376	(\$505,671)	(350,295)	30,162,585	-1.1%
62000 Operating Expenses	\$33,516,127	1,000,000	(\$2,870,861)	(1,870,861)	31,645,266	-5.6%
63000 Equipment & Intangible Assets	\$141,740	71,832	\$0	71,832	213,572	50.7%
66000 Grants	\$1,635,863	48,000	(\$250,000)	(202,000)	1,433,863	-12.3%
68000 Transfers	\$2,602,398	6,700	\$0	6,700	2,609,098	0.3%
<b>Grand Total</b>	<b>\$68,409,008</b>	<b>\$1,281,908</b>	<b>(\$3,626,532)</b>	<b>(\$2,344,624)</b>	<b>\$66,064,384</b>	<b>-3.4%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 cuts coming from personal services, and operating funds.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
10 Centralized Services Division	2,576,750	1,800,611.5	776,139	69.9%
20 Water Quality Division	17,319,915	15,426,688.0	1,893,227	89.1%
30 Enforcement Division	1,483,166	1,420,119.6	63,046	95.7%
40 Waste Management & Remediation Division	24,321,953	21,060,576.2	3,261,377	86.6%
50 Air, Energy & Mining Division	18,706,364	14,832,374.7	3,873,989	79.3%
90 Petro Tank Release Comp. Board	1,656,236	504,674.88	1,151,561	30.5%
<b>Grand Total</b>	<b>\$66,064,384</b>	<b>\$55,045,045</b>	<b>\$11,019,339</b>	<b>83.3%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget*

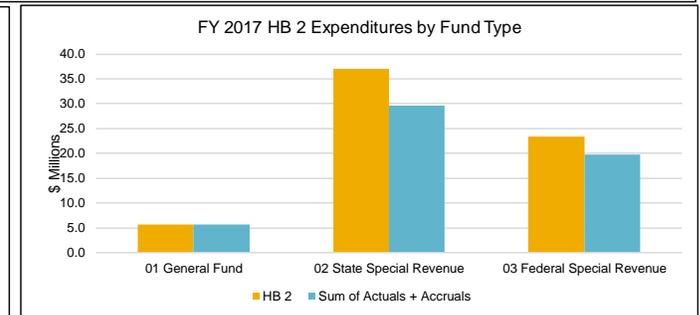
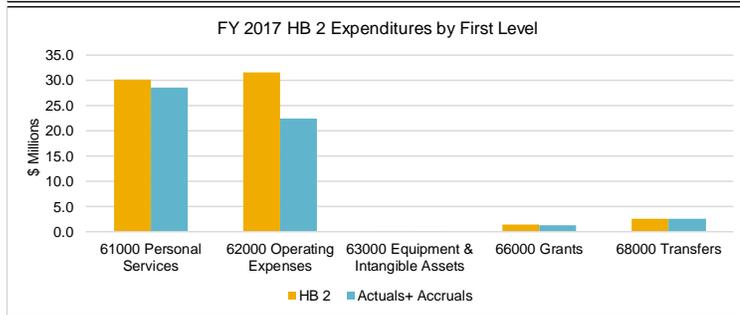
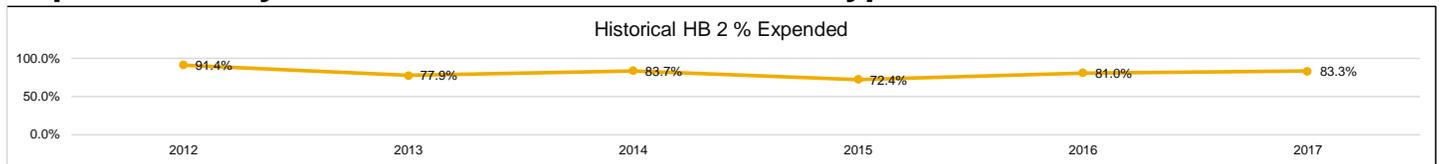
The agency ended FY 2017 with unexpended authority of \$11.0 million

Unexpended general fund totaled \$54,197; this balance was reverted to the general fund.

Unexpended state special revenue totaled \$7.4 million. The agency has appropriation authority for 39 different state special revenue funds almost all of which are restricted by statute for a specific purpose. The majority (77.3%) of the unexpended budget is accounted for by two funds, petroleum storage tank clean up, and the hard rock mining reclamation funds.

Unexpended federal funds totaled \$3.6 million in 78 federal funds that the agency has expenditure authority.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	30,162,585	28,538,540	94.6%
62000 Operating Expenses	31,645,266	22,405,158	70.8%
63000 Equipment & Intangible Assets	213,572	152,137	71.2%
66000 Grants	1,433,863	1,323,740	92.3%
68000 Transfers	2,609,098	2,625,471	100.6%
<b>Grand Total</b>	<b>\$66,064,384</b>	<b>\$55,045,045</b>	<b>83.3%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	5,696,019	5,641,822	99.0%
02 State Special Revenue	37,000,050	29,630,441	80.1%
03 Federal Special Revenue	23,368,315	19,772,782	84.6%
<b>Grand Total</b>	<b>\$66,064,384</b>	<b>\$55,045,045</b>	<b>83.3%</b>

The above charts show HB2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The agency general fund was almost entirely expended for FY 2017. Total percent expended for the year is 83.3% and is consistent with historical expenditure totals. In addition to the general fund, the agency has budget authority for 117 state and federal special revenue accounts. Each account is restricted for its intended purpose resulting in higher cumulative unexpended balance when compared to other agencies.

# DEPARTMENT OF TRANSPORTATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

In FY 2017, the Montana Department of Transportation (MDT) had total budget authority of \$898.3 million (including non-budgeted proprietary funding) and expended \$665.6 million, or 74.1%

HB 2 authority was \$727.9 million in FY 2017, which included the continuation of \$48.6 million of HB 2 authority from FY 2016, or 6.7% of the total HB 2 authority in FY 2017

- HB 2 contains language that makes MDT a biennial budget, so the continued authority is allowed by law and is not unusual
- MDT expended 70.8% of the total HB 2 authority (or 75.8% when corrected for the continuing authority)

Expenditures in FY 2017 were less than previous years, most significantly in the Construction Program

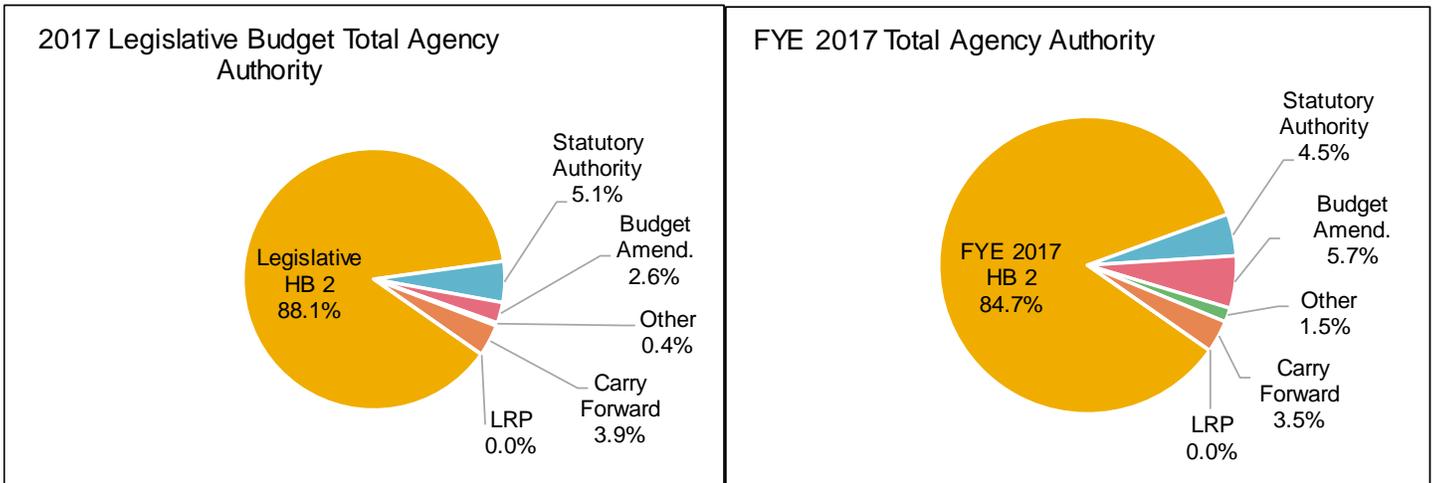
- The budget of the Construction Program lags biennial appropriations, and the reduced expenditures can be related to projects planned in the 2015 biennium
  - During the 2015 biennium, the federal government had not passed and allocated funding from the "Fixing America's Surface Transportation Act" or Fast Act
  - In FY 2014 and FY 2015 when MDT needed to rely on federal funding through continuing resolutions, the agency was reluctant to enter into contracts for large federal-aid highway projects and planned fewer
- Additionally, MDT was required to reduce expenditures from the restricted highway state special revenue account (HSRA)
- MDT has always obligated all available federal highway funding for construction projects and no federal authority has been declined

The HSRA working capital analysis was improved by a total of \$16.6 million from the projections of the 2017 session

- Revenue was realized \$3.2 million lower than projected in HJ 2
- Budgets were expended at a level significantly reduced from total appropriations
- The final working capital balance in HSRA for FY 2017 was \$45.9 million as compared to the projected \$29.2 million

# TOTAL APPROPRIATION AUTHORITY OVERVIEW

## FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	680,180,792	47,764,198	727,944,990
Statutory Authority	39,094,342	-	39,094,342
Budget Amendments	19,795,213	29,096,356	48,891,569
Other	3,100,524	10,199,547	13,300,071
Carry Forward	30,018,629	-	30,018,629
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	772,189,500	87,060,101	859,249,601
Non-Budgeted Proprietary	\$ 39,230,526	(\$19,334)	\$ 39,211,192

Total Expended	632,409,964
Total Budgeted Authority	859,249,601
% Expended	73.6%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

- Total MDT authority is \$859.2 million, and 73.6% of the authority was expended
- Not included in the figures above is \$39.2 million of authority for three non-budgeted proprietary programs, of which \$33.2 million or 84.5% was expended
- MDT is a biennial budget and as such continued unused authority (CA) of \$48.6 million from the FY 2016 HB 2 budget rolled forward to the FY 2017 HB 2 budget
- MDT expended 97.4% of their statutory authority, which primarily consists of distributions of fuel taxes
- MDT continued \$30.0 million of carryforward authority in FY 2017 and expended 99.9% of the authority
- MDT had \$48.9 million of authority from budget amendments and expended \$48 million
  - Budget amendments consist of federal funds primarily for highway construction and transit pass-through grants

The "Other" authority of \$13.3 million consists primarily of Long-Range Building and Information Technology authority, from which MDT expended \$1.2 million

- The three MDT proprietary programs (State Motor Pool, Equipment, and West Yellowstone Airport) expended 84.7% of their \$39.2 million of authority

## Statutory Appropriations

- MDT statutory appropriations were budgeted at \$39.1 million and consist of:
  - \$22.8 million for distributions of fuel taxes to local and tribal governments
  - \$16.0 million is for debt service obligations
  - \$0.1 million is for rural technical assistance (educational purposes at Montana State University)
- MDT expended 97.4% of the total statutory appropriation authority

## Budget Amendments

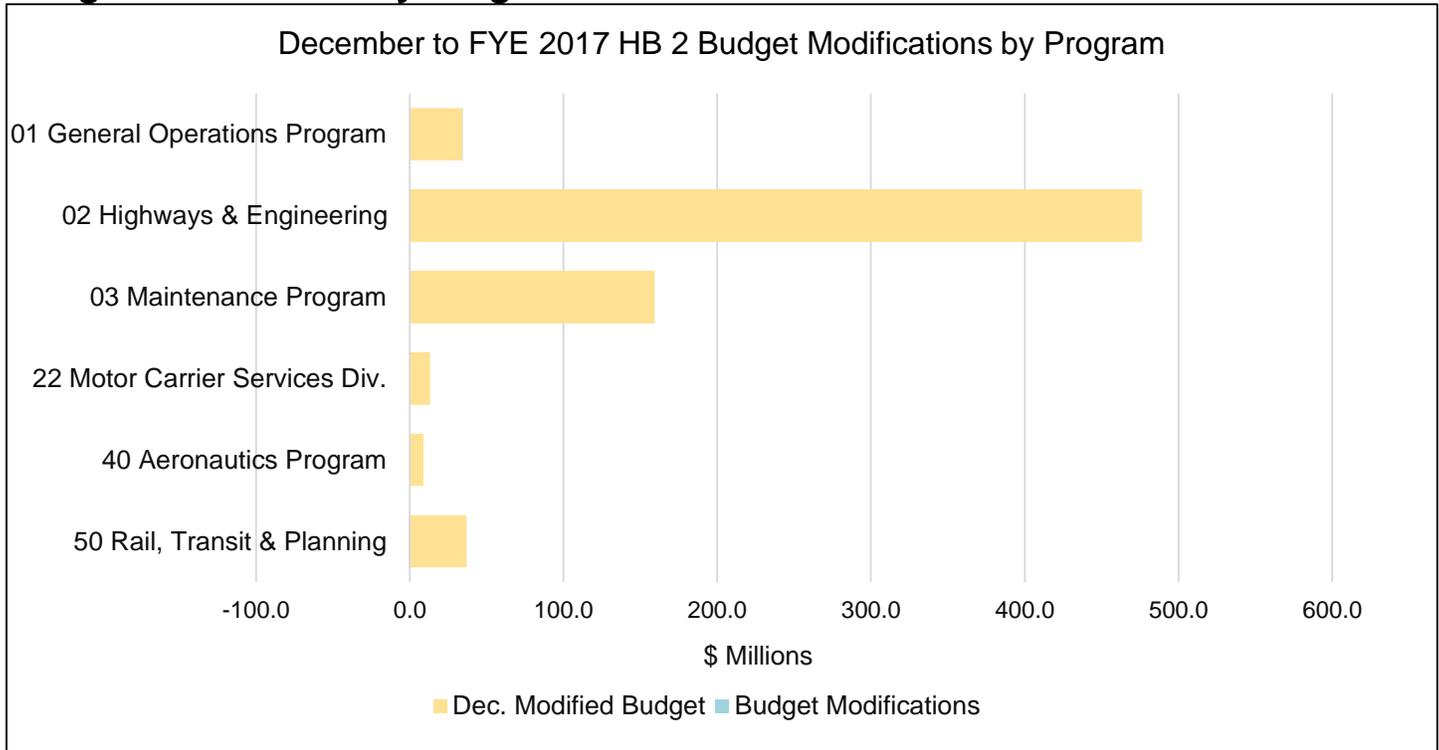
- MDT did not increase the federal special revenue budget with budget amendments since the December report
- Two changes to existing budget amendments in the construction and aeronautics programs were included in budget change documents
- In each case, the related personal services were increased while the operating expenses were reduced

## Non-Budgeted Proprietary

- MDT has three non-budgeted proprietary programs, as shown in the figure above
- Spending in the State Motor Pool and Equipment programs was 84.2% and 84.5% of total authority respectively
- Historically, the level of expenditures in the proprietary programs vary, and the level of expenditure is not extraordinary
- Reduced expenditures would only impact rates in the State Motor Pool program, but given the tiered rate structure, the program is able to reduce costs to user agencies based on the cost of gasoline, one of the most significant of the operating cost factors in the program
- State Motor Pool rates continue to be lower than the Tier 1 cost level authorized in HB 2

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program

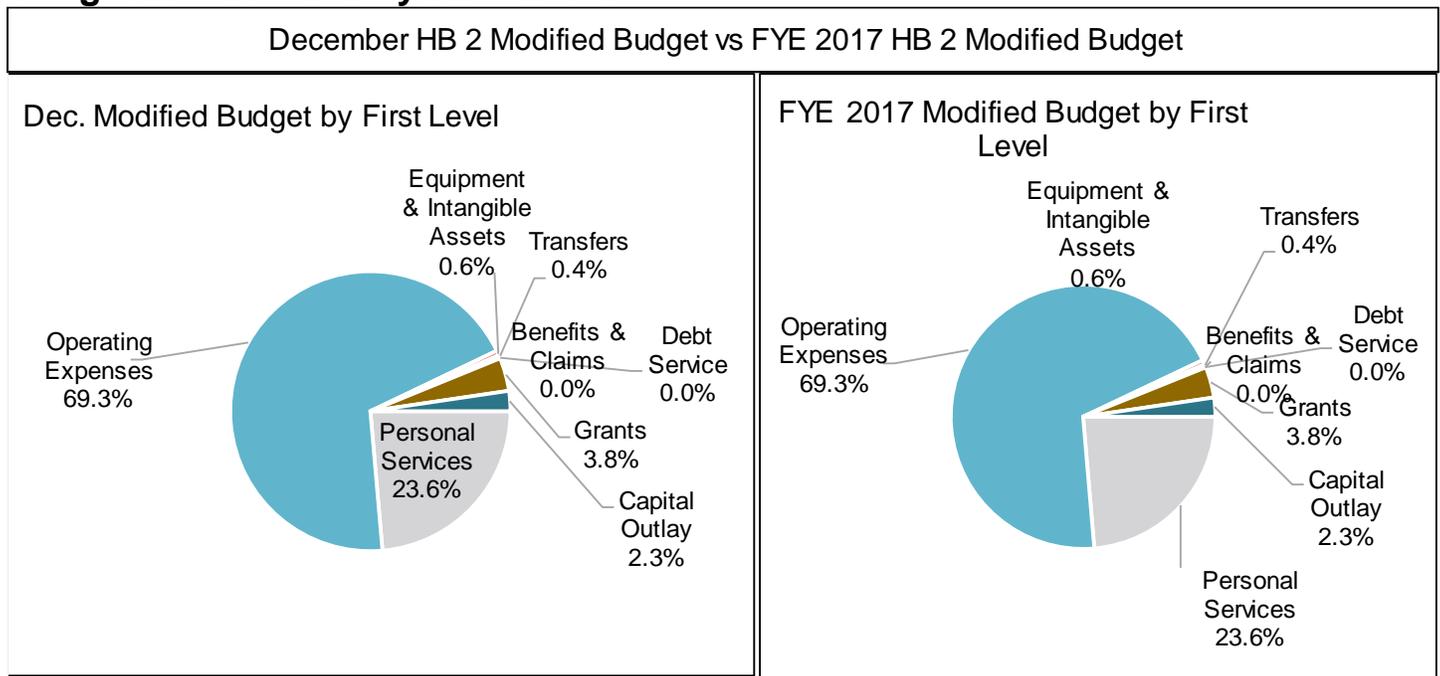


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 General Operations Program	34,165,109	39,142	(17,504)	21,638	34,186,747	0.1%
02 Highways & Engineering	476,300,382	480,000	(501,000)	(21,000)	476,279,382	0.0%
03 Maintenance Program	159,151,582	-	-	-	159,151,582	0.0%
22 Motor Carrier Services Div.	13,270,931	23,000	(23,000)	-	13,270,931	0.0%
40 Aeronautics Program	8,899,628	23,000	(23,000)	-	8,899,628	0.0%
50 Rail, Transit & Planning	36,859,693	484,550	(1,187,522)	(702,972)	36,156,721	-1.9%
Grand Total	\$728,647,324	\$1,049,692	(\$1,752,026)	(\$702,334)	\$727,944,990	-0.1%

This chart shows budget modifications by program from December through FYE.

- Between December and June, MDT made operating plan changes of \$241,504, changing the budget between account categories (changes net to \$0 at the program level)
- In addition to the slight changes in the first level account data, MDT also made slight changes to the overall agency funding, reducing state special funding by \$1.3 million and increasing federal special funding by \$727,590
- MDT made program transfers that reduced operating expenses in the Construction Program and personal services in the Rail, Transit, & Planning Program and increased the same budget categories in the General Operations Program (changes net to \$0 at the agency level)
  - The changes were made to cover the General Operations Program administrative costs
- The Rail, Transit, & Planning Program transferred \$702,334 in grant authority to the Office of Budget and Program Planning (OBPP)
  - This action was a reversion of the authority provided to MDT for the changes to the Trans Aid and DUI programs made in legislation
  - MDT had expenditures that used the contingent authority, but subsequently used carry forward authority for expenditures after the contingent authority was returned to OBPP

### Budget Modification by First Level



**December to FYE 2017 HB 2 Budget Modification by First Level**

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$172,124,057	324,638	(\$324,638)	-	172,124,057	0.0%
62000 Operating Expenses	\$504,732,866	21,000	(\$231,504)	(210,504)	504,522,362	0.0%
63000 Equipment & Intangible Assets	\$4,087,312	23,000	\$0	23,000	4,110,312	0.6%
64000 Capital Outlay	\$17,024,446	-	(\$31,000)	(31,000)	16,993,446	-0.2%
66000 Grants	\$27,935,244	650,000	(\$1,151,334)	(501,334)	27,433,910	-1.8%
67000 Benefits & Claims	\$1,000	-	\$0	-	1,000	0.0%
68000 Transfers	\$2,657,036	31,054	(\$13,550)	17,504	2,674,540	0.7%
69000 Debt Service	\$85,364	-	\$0	-	85,364	0.0%
<b>Grand Total</b>	<b>\$728,647,324</b>	<b>\$1,049,692</b>	<b>(\$1,752,026)</b>	<b>(\$702,334)</b>	<b>\$727,944,990</b>	<b>-0.1%</b>

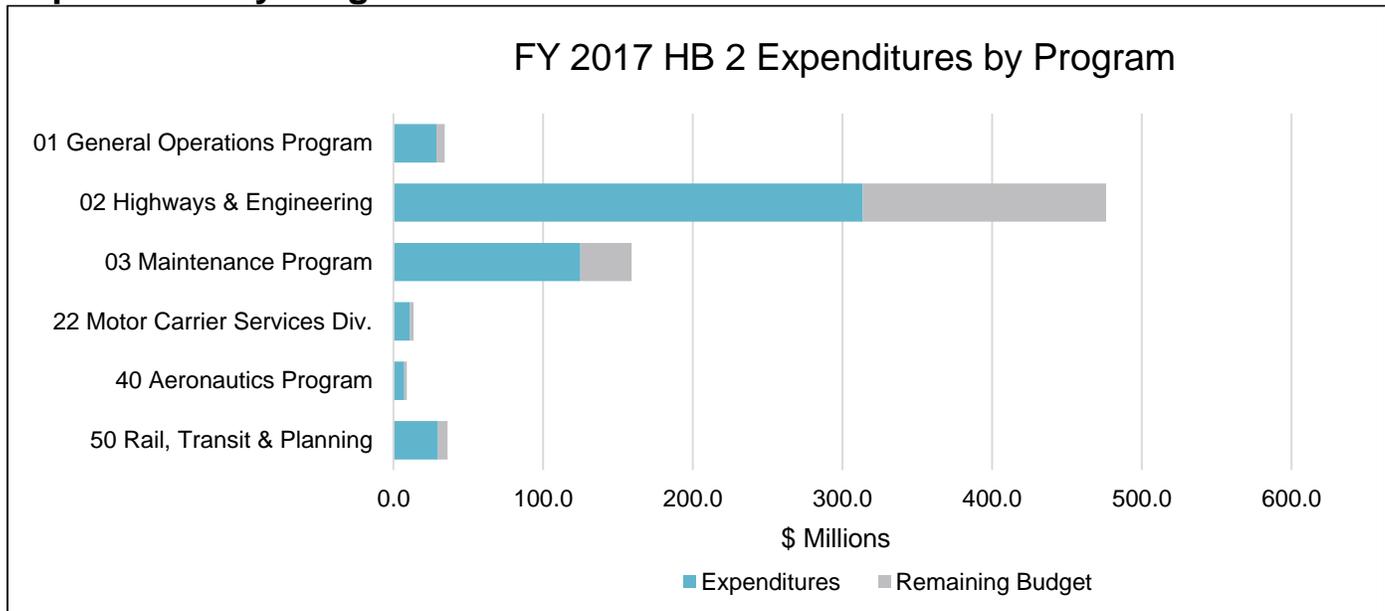
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

- Between December and June, modifications to the MDT budget net to a reduction of \$702,334
- Changes were insignificant in first level of expenditure, as shown in the figures above

While the modifications made a net change in the total budget of negative \$702,334, in percent terms that is equal to a negative 0.1%

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 General Operations Program	34,186,747	28,564,708	5,622,039	83.6%
02 Highways & Engineering	476,279,382	313,637,917	162,641,466	65.9%
03 Maintenance Program	159,151,582	124,943,220	34,208,361	78.5%
22 Motor Carrier Services Div.	13,270,931	10,991,843	2,279,088	82.8%
40 Aeronautics Program	8,899,628	7,261,400	1,638,227	81.6%
50 Rail, Transit & Planning	36,156,721	29,783,380	6,373,342	82.4%
<b>Grand Total</b>	<b>\$727,944,990</b>	<b>\$ 515,182,468</b>	<b>\$212,762,523</b>	<b>70.8%</b>

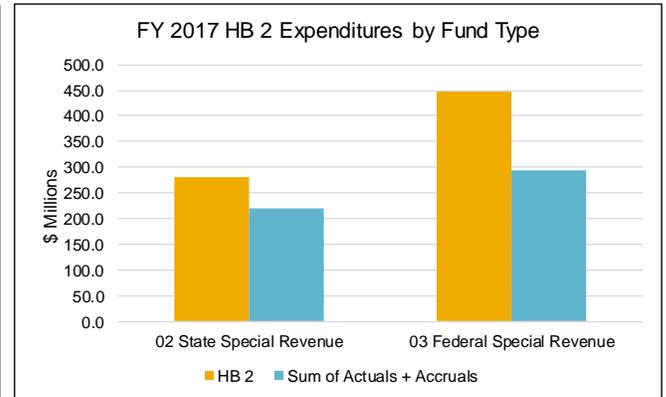
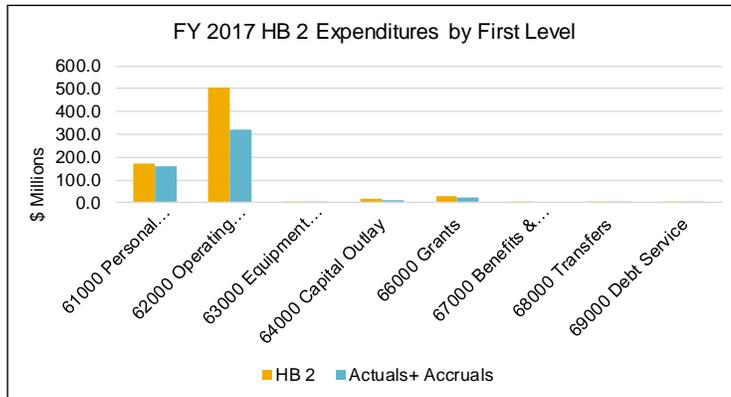
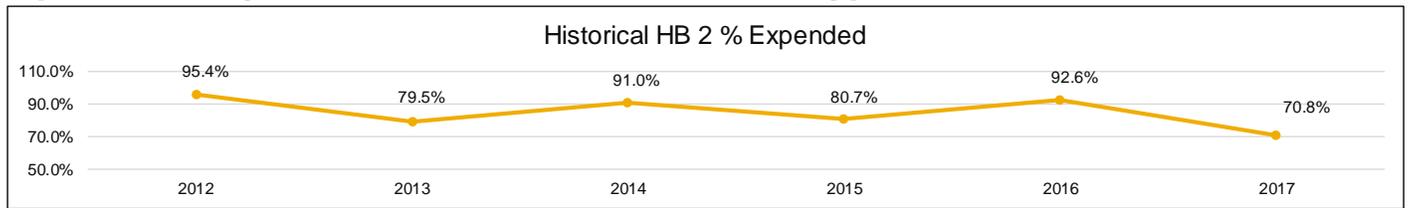
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

- Overall, MDT spent 70.8% of total HB 2 authority, leaving a balance in HB 2 authority of \$212.8 million, and all programs had unused balances
- The Construction Program used just 65.9% of their HB 2 authority
  - Spending in the Construction Program experiences time lags, especially with regard to federal-aid highway construction projects
  - The reduced level of expenditures relates to project planning from the 2015 biennium
  - When previous budgets were planned, the federal funds allocations were not set and were included in continuing resolutions making long-term planning problematic
- The Maintenance program expended 78.5% of the total budget
  - When the previous budgets were planned, there was not a funding correction in place for the restricted highway state special revenue (HSRA) account, as there is in the 2019 biennium
  - The program is the largest user of HSRA
  - One notable area of FY 2017 reduced spending is in the State Funded Construction program where expenditures were \$4.2 million of the \$10.0 million budget, or 42.1%

Both funding issues were in some part resolved, and spending is expected to increase, both in real dollar terms and as a percent of the HB 2 budget, in FY 2019

- \$152.2 million, or 71.5%, of the budget balance was federal special revenue
- \$52.0 million, or 24.4%, of the budget balance was HSRA

## Expenditure By First Level Account and Fund Type



**FY 2017 HB 2 Expended by First Level**

First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	172,124,057	158,756,474	92.2%
62000 Operating Expenses	504,522,362	320,602,286	63.5%
63000 Equipment & Intangible Assets	4,110,312	1,613,776	39.3%
64000 Capital Outlay	16,993,446	8,909,937	52.4%
66000 Grants	27,433,910	23,536,760	85.8%
67000 Benefits & Claims	1,000	-	0.0%
68000 Transfers	2,674,540	1,677,965	62.7%
69000 Debt Service	85,364	85,270	99.9%
<b>Grand Total</b>	<b>\$727,944,990</b>	<b>\$515,182,468</b>	<b>70.8%</b>

**FY 2017 HB 2 Expended by Fund Type**

Fund Type	FYE Modified HB 2	Expended	Percent Expended
02 State Special Revenue	281,706,232	220,762,961	78.4%
03 Federal Special Revenue	446,238,758	294,419,507	66.0%
<b>Grand Total</b>	<b>\$727,944,990</b>	<b>\$515,182,468</b>	<b>70.8%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

- As demonstrated in the Historical figure above, HB 2 expenditures as a percent of budget authority in the odd year of the biennium is typically lower than in the even year
- This effect is in large part related to the MDT biennial budget and the continuing of unused budget authority (continued authority, CA) from the even year to the odd year
- By first level account, MDT used all of their debt service budget and 92.2% of the personal services budget
  - Personal services expenditures are consistent with historic levels and are expended at this level for purposes of vacancy savings
  - Operating expenses are lower than historic levels and two reasons explain the reduced use
    - i. The federal-aid construction program lags biennial appropriations, and
    - ii. the reduced expenditures can be related to projects planned in the 2015 biennium prior to the passage of the Congressional "Fixing America's Surface Transportation Act" or Fast Act, and MDT was reluctant to enter into contracts for significant highway projects
- Additionally, MDT was required to reduce expenditures from the restricted highway state special revenue account (HSRA)
- Notably, MDT expended just \$4.2 million of the \$10.0 million of authority for the State Funded Construction Program in FY 2017
- Operating expenditures were just 63.5% HB 2 authority
  - Total operating expenditures were increased by \$33.9 million of CA
  - When reducing for the CA, MDT expended 68.1% of the HB 2 operating expenses authority
- MDT equipment costs have varied over time, and in FY 2017 the agency expended the least amount since FY 2011

- MDT expended \$1.6 million of the authority, or 39.3% of the budget, and the Construction Program, with the largest equipment budget, expended only 40.6% of the budget
- The Construction Program paid for fewer equipment purchases through the federal CMAQ Program in FY 2017, a federal program that provides funding to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards
- While spending from other expenditure categories (capital outlay, grants, transfers out) may appear low, the spending is consistent with historic expenditures, and they vary over time due to numerous factors

## REQUIRED REPORTS

N/A

## ADDITIONAL DISCUSSION

### *Personal Services Budgets*

FY 2017 Personal Services by Program					
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended	
01 General Operations	18,801,160	15,743,238	3,057,922	83.7%	
02 Construction	75,443,676	70,792,246	4,651,430	93.8%	
03 Maintenance	59,010,901	54,492,195	4,518,707	92.3%	
22 Motor Carrier Services Div.	9,274,715	8,765,572	509,143	94.5%	
40 Aeronautics	854,356	721,862	132,495	84.5%	
50 Rail, Transit & Planning	8,739,246	8,241,361	497,885	94.3%	
<b>Grand Total</b>	<b>172,124,057</b>	<b>158,756,474</b>	<b>13,367,582</b>	<b>92.2%</b>	

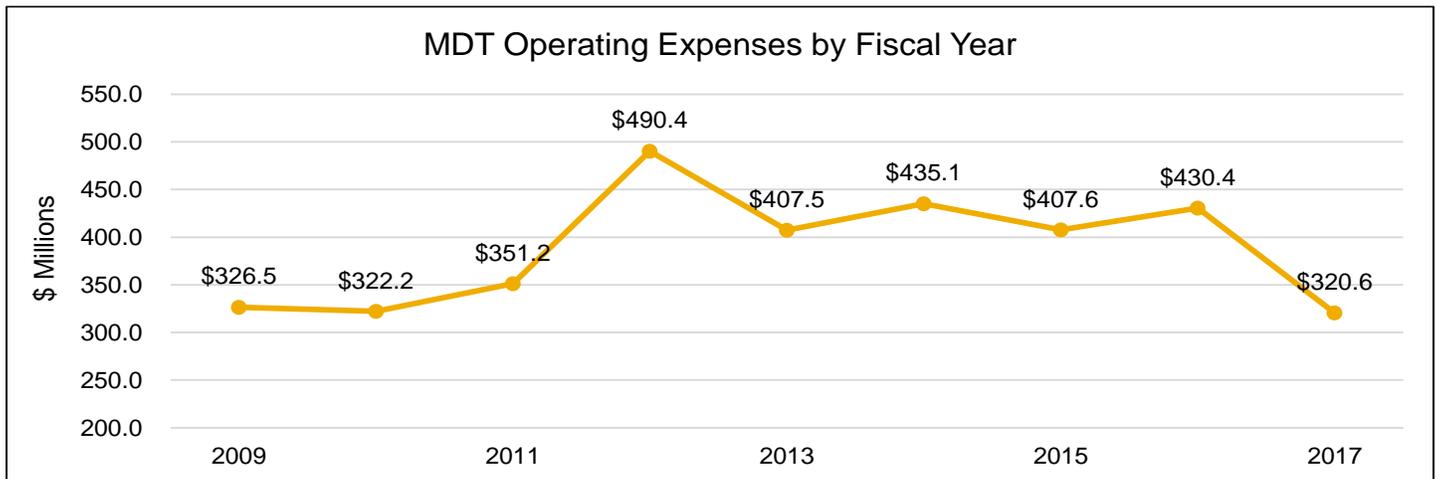
- MDT expended \$158.8 million on HB 2 personal services
- Expenditures were 92.2% of the FY 2017 modified budget authority
- Personal Services expenditures were consistent with historic levels and unexpended balances are primarily related to the requirement for vacancy savings
- The MDT HB 2 personal services budgets were increased by \$5.9 million of unused (continued-CA) authority from FY 2016
- The personal services CA was not required in FY 2017
- Excluding the personal services CA, MDT expended 95.5% of the FY 2017 HB 2 personal services authority

### *Operating Expenses*

FY 2017 Operating Expenses by Program					
Program	Modified Budget	Actuals & Accruals	Budget Balance	% Expended	
01 General Operations	15,123,536	12,621,641	2,501,896	83.5%	
02 Construction	372,767,751	225,098,154	147,669,597	60.4%	
03 Maintenance	99,849,705	70,313,071	29,536,634	70.4%	
22 Motor Carrier Services Div.	3,534,603	2,122,529	1,412,074	60.1%	
40 Aeronautics	7,603,918	6,221,048	1,382,870	81.8%	
50 Rail, Transit & Planning	5,642,848	4,225,843	1,417,005	74.9%	
<b>Grand Total</b>	<b>504,522,362</b>	<b>320,602,286</b>	<b>183,920,076</b>	<b>63.5%</b>	

- MDT expended \$320.6 million on HB 2 operating expenses in FY 2017
- This was 63.5% of the FY 2017 modified budget authority and as shown in the figure below is unusually low
- Contractor payments are a significant component of the Construction Program operating expenses
- The low operating expenses are related to the lag that occurs in contractor payments, as described below
- The MDT HB 2 operating expenses budgets were increased by \$33.9 million of unused or continued authority (CA) from FY 2016

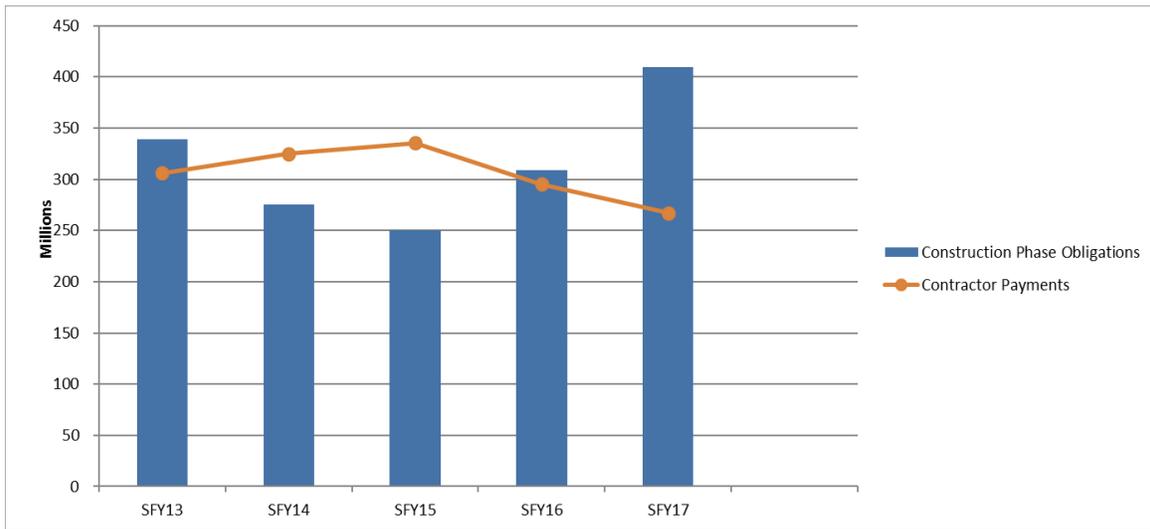
- The operating expense CA was required in FY 2017 for the completion of the West Yellowstone Airport taxiway and apron project
- The CA in other programs was not required in FY 2017
- Excluding the operating expenses CA, MDT expended 68.1% of the FY 2017 HB 2 operating expenses authority



- Historically, the operating expenses for FY 2017 were at the lowest level since 2009
- The reasons for low spending in this budget category are two-fold and are mentioned in the main section of this report
- Low spending is in large part a factor of the way in which highway construction is planned and budgeted
- In FY 2017, MDT was paying contract costs related to the federal-aid highway construction projects that were planned in the previous biennium when federal funding was not secured by the FAST Act and MDT was reluctant to plan significant projects
- Across all programs, spending from HSRA was reduced because of the funding issues
- These spending reductions are most notable in the State Funded Construction Program, where the agency expended only 42.1% of the \$10.0 million budget
- Spending on operating expenses reached a peak in FY 2012, which was substantially the end of the American Recovery and Reinvestment Act (ARRA) stimulus funding
  - In the period of ARRA funding, FY 2009 through FY 2012, the state was not required to provide a state special revenue match to the federal highway funding
  - MDT used state special funding to increase delivery of projects funded in the State Funded Construction Program
  - MDT was also able to amass a sizable fund balance, which supported the activities funded through the restricted highway state special revenue account through the 2017 biennium

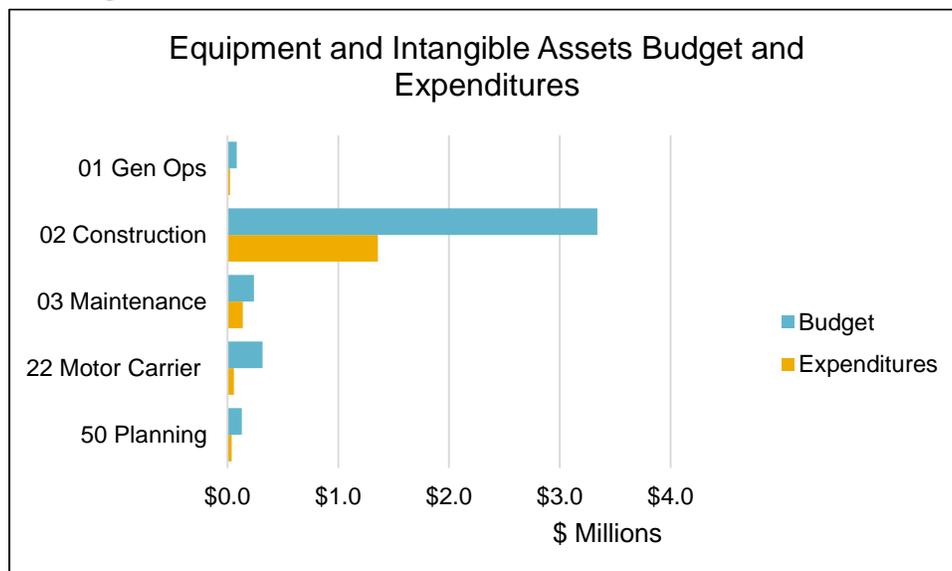
## **Contractor Payments**

The following figure is provided by MDT and demonstrates the timing of contractor payments as associated with federal funding:



- The figure above shows MDT’s obligation to federal-aid road projects in the blue bars and the payments to contractors for those projects in the gold line
- The figure shows the time lag related to payment of obligated projects
- When MDT is informed of the federal authorization of funding through the federal highway trust (called the “obligation limit”), the agency obligates the authorization to specific federal-aid highway projects
  - States are required to obligate the limitation by the end of each federal fiscal year and if other states are unable to obligate the limitation, the funding is redistributed to the states that are able to obligate their authorized limitation
  - Montana has always been able to obligate the authorization and is also able to obligate the redistributed obligation limitation
  - Revenues related to these obligations are received on the basis of federal-aid project reimbursements
- Demonstrated in the figure is a two-year lag from the obligation of a project and the expenditure of the contractor payments
- As related to the reduced expenditures of FY 2017, MDT is making contractor payments for projects obligated in FY (or SFY as shown in the figure) 2014 and 2015
- Note also the obligation of FY 2017
  - MDT believes that contractor payments will increase significantly in FY 2019 as a result of the increased obligations in FY 2017

## Equipment & Intangible Assets



- FY 2017 equipment expenses is another area of historically low spending, as seen in the figure above
- This budget category is significantly lower than others, with a total modified HB 2 budget of \$4.1 million
- MDT expended \$1.6 million of the authority, or 39.3% of the budget
- With 81.3% of the total HB 2 equipment budget, the Construction Program expended only 40.6% of the budget
  - The Construction Program paid for fewer equipment purchases through the federal CMAQ Program in FY 2017
  - CMAQ (Congestion Mitigation and Air Quality Improvement Program) provides funding to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards

### **MDT Funding**

- In FY 2017, total expenditures in MDT are funded with state special revenue (37.6%), federal special revenues (57.4%), and proprietary funds (5.0%)
  - In the state special fund type, the restricted highway state special revenue account (HSRA) was used for 93.9% of total state special revenues expended and 35.3% of total revenues
  - In the federal special fund type, the federal highway trust account was used for 93.9% of total federal special revenues expended and 53.9% of total revenues
- This section of the report will focus on the two major accounts/funds

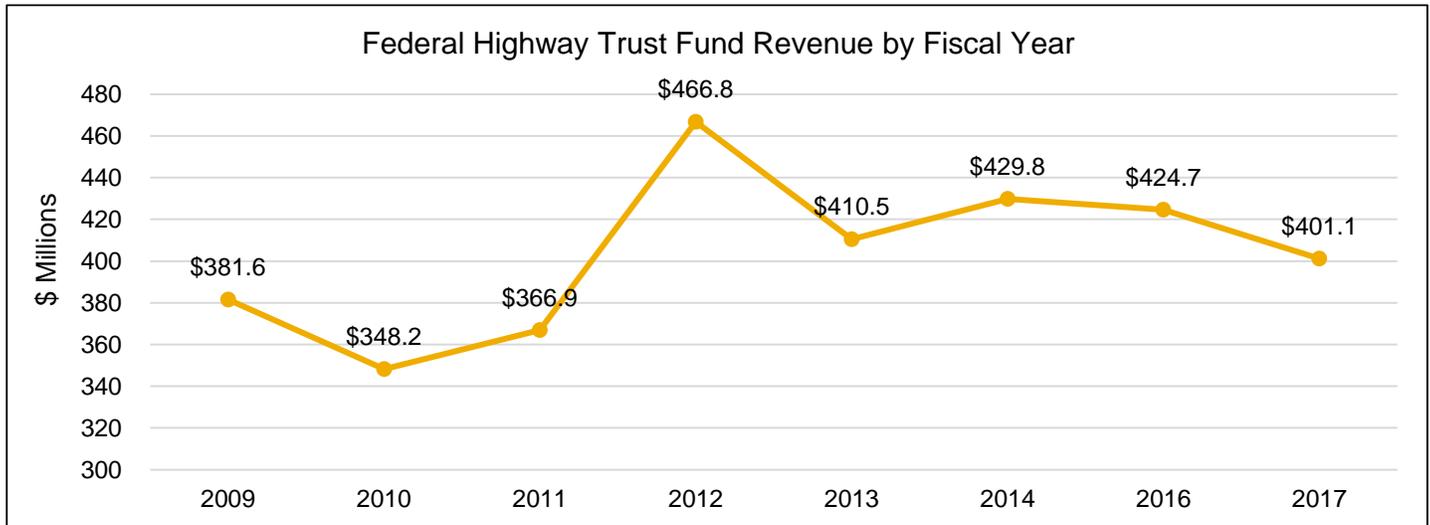
### **State Special Revenues (HSRA)**

FY 2017 Working Capital Balance of HSRA (\$ millions)		
Item	FY 2017 Budgeting Assessment	FY 2017 Actuals
<u>HSRA Restricted Account - 02422</u>		
Beginning Fund Balance	\$35.6	\$35.1
Total Revenues	295.7	292.5
<u>Expenditures</u>		
Montana Department of Transportation (MDT)		
MDT SA and Tribal Distributions	23.7	22.7
MDT HB 2	272.8	218.2
Other HSRA Appropriations		
Department of Justice (DOJ) HB 2	39.5	39.0
MDT (HB 10)	4.6	0.3
FWP (HB 5)	1.9	0.2
MDT LRBP (HB 5)	6.2	1.4
Total Expenditures	348.6	281.8
Net Revenues Less Expenditures	(52.9)	10.7
Subtotal Ending Balance	(17.3)	45.9
2017 Biennium Projected Reversion	46.5	0.0
Working Capital Balance (02422)	\$29.2	\$45.9

- The figure above provides a comparison of the working capital balance for HSRA, comparing the expectations of the 2017 Legislature and the FY 2017 actual revenues and expenditures
- The working capital balance differs from a regular fund balance in that it only considers current (not long-term) assets and liabilities and expenditures do not include accruals
- The column titled FY 2017 Budgeting Assessment is the information that the 2017 Legislature used for the starting point of its budgeting work in this account
- The realized revenues of HSRA were \$3.2 million, or 1.1%, lower than anticipated by the legislature
- At the same time, expenditures were significantly reduced from the level of appropriation, greater yet than the \$46.5 million (row titled 2017 Biennium Projected Reversion) projected by MDT and the LFD
- Total expenditures were \$66.8 million less than available appropriations

- FY 2017 MDT HB 2 spending reductions of \$54.6 million from appropriations
- FY 2017 DOJ HB 2 spending reductions of \$0.5 million from appropriations
- The combination of the reduced revenues and expenditures create an improvement of \$16.6 million to the beginning fund balance for the 2019 biennium (slight rounding error)
- The increase of the working capital balance will improve the cash flow position in MDT

### **Federal Special Revenues (Federal Highway Trust Fund)**



- Most of the federal funding used in MDT comes through reimbursements from the federal highway trust fund and those revenues received by the state are included in the figure above
  - The Federal Highway Administration (FHWA) authorizes funds to the states through what is called the “obligation limitation”
  - States are required to obligate the authorized funds by the end of each federal fiscal year
  - If the limitation is not obligated, then funds are redistributed to states who are able to obligate their authorized limitation
  - Montana has always been able to obligate both the initial and redistribution authorizations in full, and FY 2017 does not differ in this respect
  - Revenues from the federal highway trust fund are received on the basis of federal-aid project reimbursements
- MDT realized \$424.1 million in total federal funds in FY 2017 and expended 90.0%, or \$381.8 million of those funds, and \$401.1 million were from the federal highway trust fund
- MDT expended 89.4%, or \$358.6 million, of those funds
  - The balance will be expended in FY 2018
- As shown in the figure above, federal funds from the highway trust fund have declined since FY 2012, the end of the ARRA program
- Federal funding through the highway trust fund is expected to grow by 2% in the 2019 biennium as a result of the FAST Act (the most recent surface transportation legislation passed by Congress).

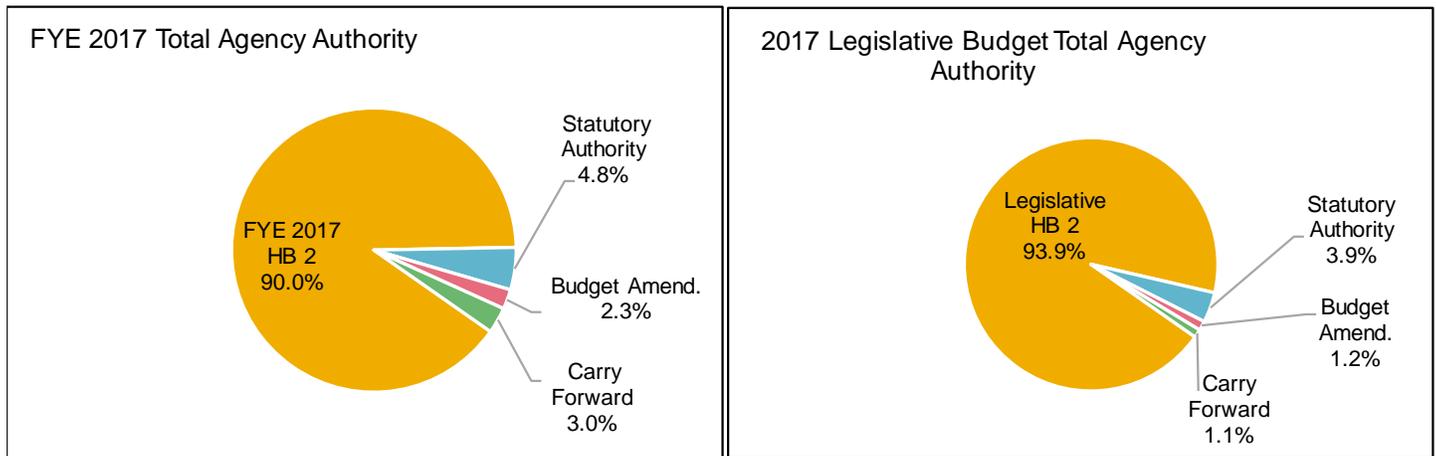
# DEPARTMENT OF LIVESTOCK

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Livestock expended 93.6% of the general fund budget and 90.1% of the total budget.
- The agency reverted \$174,006 of unexpended appropriation authority to the general fund

## TOTAL APPROPRIATION AUTHORITY OVERVIEW

FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	13,394,135	(46,735)	13,347,400
Statutory Authority	550,000	164,298	714,298
Budget Amendments	171,126	162,714	333,839
Other	-	-	-
Carry Forward	149,991	288,619	438,610
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>14,265,252</b>	<b>568,895</b>	<b>14,834,147</b>
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	13,189,675
Total Budgeted Authority	14,834,147
<b>% Expended</b>	<b>88.9%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

The agency carried forward \$74,870 in general fund, \$307,226 in state special revenue, and \$56,514 in federal special revenue. The agency reduced its budget by \$47,000 in accordance with HB3.

## Statutory Appropriations

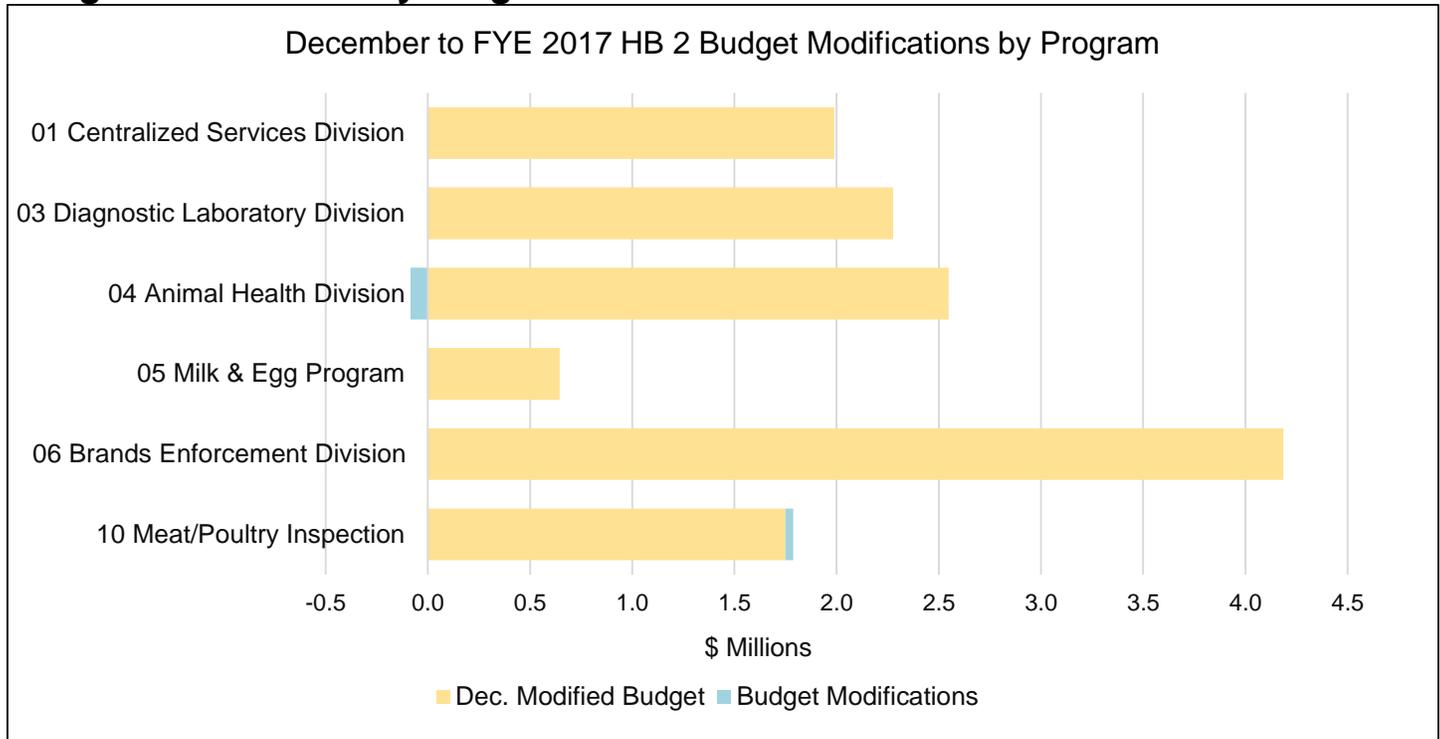
Besides the allocated HB 2 authority the department also has statutory authority. This is for money that is allocated for state grants and wildlife services and payments for claims against predators.

## Budget Amendments

Increases in federal authority accounts for 99.0% of total budget amendments. The remaining 1.0% of budget amendments was for state special revenue.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Centralized Services Division	1,988,402	61,800	(61,800)	-	1,988,402	0.0%
03 Diagnostic Laboratory Division	2,277,299	5,862	(5,862)	-	2,277,299	0.0%
04 Animal Health Division	2,548,327	88,800	(172,803)	(84,003)	2,464,324	-3.3%
05 Milk & Egg Program	644,938	-	-	-	644,938	0.0%
06 Brands Enforcement Division	4,185,339	-	-	-	4,185,339	0.0%
10 Meat/Poultry Inspection	1,750,098	73,851	(36,851)	37,000	1,787,098	2.1%
<b>Grand Total</b>	<b>\$13,394,403</b>	<b>\$230,313</b>	<b>(\$277,316)</b>	<b>(\$47,003)</b>	<b>\$13,347,400</b>	<b>-0.4%</b>

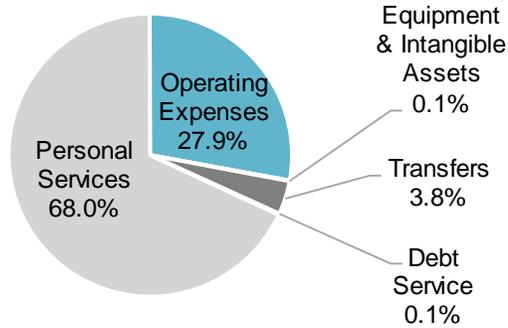
*This chart shows budget modifications by program from December through FYE.*

The agency reduced the Animal Health Division general fund budget by \$47,003 to comply with HB3 budget reductions. The agency transferred \$37,000 of general fund appropriation from operating expense in the Animal Health Division to personal services in Meat and Poultry inspection. The agency also made transfers from operations and debt service to personal services. For a detailed discussion on budget modifications by program and expense, see the discussion on budget modification by first level below.

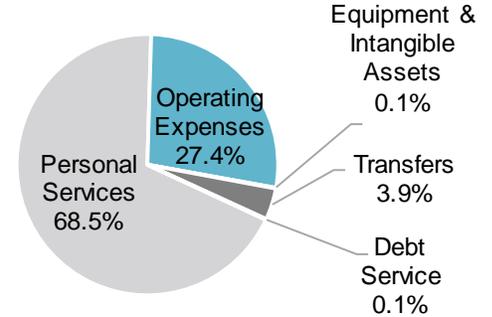
# Budget Modification by First Level

## December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$9,107,013	127,806	(\$88,800)	39,006	9,146,019	0.4%
62000 Operating Expenses	\$3,740,942	94,662	(\$182,654)	(87,992)	3,652,950	-2.4%
63000 Equipment & Intangible Assets	\$13,000	-	\$0	-	13,000	0.0%
68000 Transfers	\$513,481	7,845	\$0	7,845	521,326	1.5%
69000 Debt Service	\$19,967	-	(\$5,862)	(5,862)	14,105	-29.4%
<b>Grand Total</b>	<b>\$13,394,403</b>	<b>\$230,313</b>	<b>(\$277,316)</b>	<b>(\$47,003)</b>	<b>\$13,347,400</b>	<b>-0.4%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

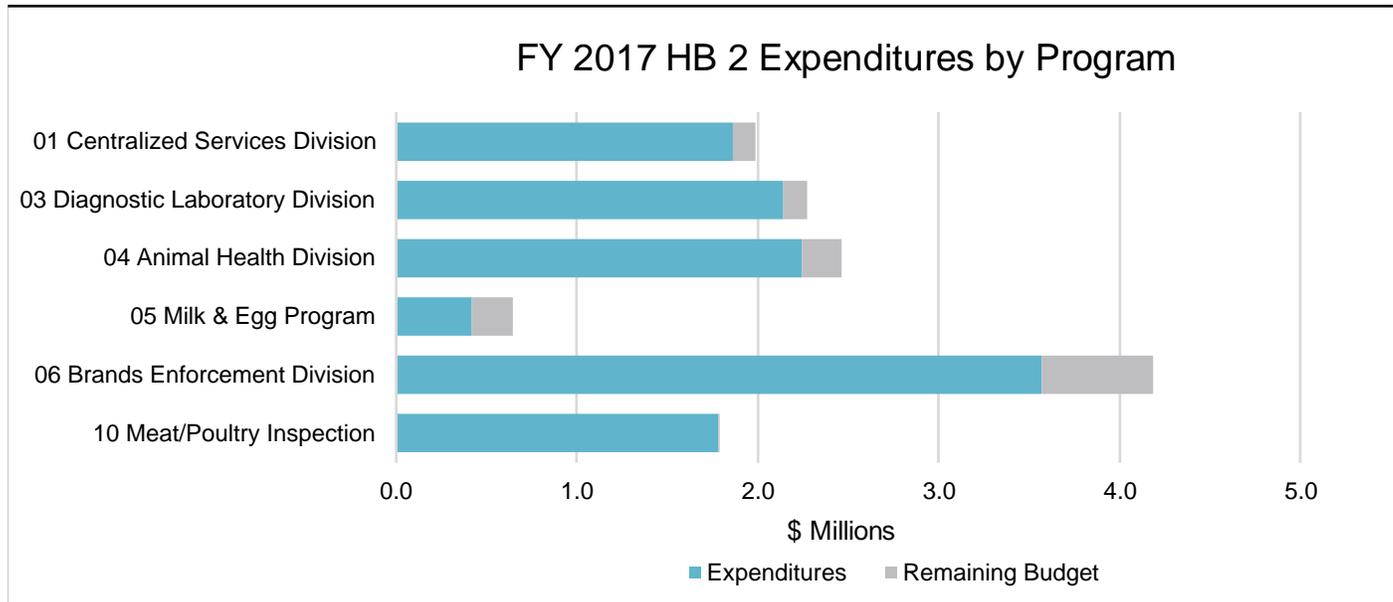
The agency reduced operating expense by \$47,003 in the animal program to comply with HB3 budget reductions. The agency also transferred authority from operating expense and debt service to fund personal services and transfers. The table below summarizes budget modifications by program and expense.

Summary of budget modifications since December 2016, Livestock

BCD	Program 10 Centralized Services			Program 30 Diagnostic Lab			Program 40 Animal Health		Program 70 Meat & Poultry Insp.		Total Modifications			
	Personal Services	Operating Expense	Transfers	Personal Services	Operating Expense	Debt Service	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Debt Service	Transfers
General Fund														
HB3 Red	-	-	-	-	-	-	-	(\$47,003)	-	-	-	(\$47,003)	-	-
PT708	-	-	-	-	-	-	-	(37,000)	37,000	-	37,000	(37,000)	-	-
QP708	-	-	-	-	-	-	-	-	27,100	(27,100)	27,100	(27,100)	-	-
Total	-	-	-	-	-	-	-	(84,003)	64,100	(27,100)	64,100	(111,103)	-	-
State Special														
OP708	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	-	-	-	-	\$53,955	(\$55,938)	(\$5,862)	\$7,845
Total	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	-	-	-	-	\$53,955	(\$55,938)	(\$5,862)	\$7,845
Federal														
OP708	-	-	-	-	-	-	(\$88,800)	\$88,800	\$9,751	(\$9,751)	(\$79,049)	\$79,049	-	-
Total	-	-	-	-	-	-	(\$88,800)	\$88,800	\$9,751	(\$9,751)	(\$79,049)	\$79,049	-	-
Expense Total	\$53,955	(\$61,800)	\$7,845	-	\$5,862	(\$5,862)	(\$88,800)	\$4,797	\$73,851	(\$36,851)	\$39,006	(\$87,992)	(\$5,862)	\$7,845
Program Total		\$0			\$0			(\$84,003)		\$37,000				(\$47,003)

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Centralized Services Division	1,988,402	1,863,169	125,233	93.7%
03 Diagnostic Laboratory Division	2,277,299	2,142,800	134,499	94.1%
04 Animal Health Division	2,464,324	2,242,663	221,661	91.0%
05 Milk & Egg Program	644,938	421,380	223,558	65.3%
06 Brands Enforcement Division	4,185,339	3,574,419	610,920	85.4%
10 Meat/Poultry Inspection	1,787,098	1,780,708	6,390	99.6%
<b>Grand Total</b>	<b>\$13,347,400</b>	<b>\$12,025,138</b>	<b>\$1,322,262</b>	<b>90.1%</b>

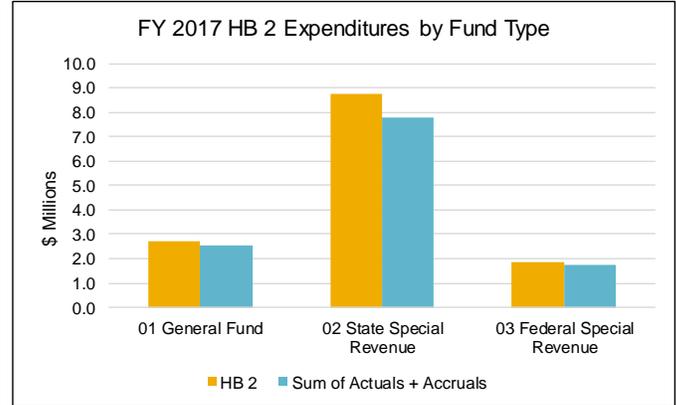
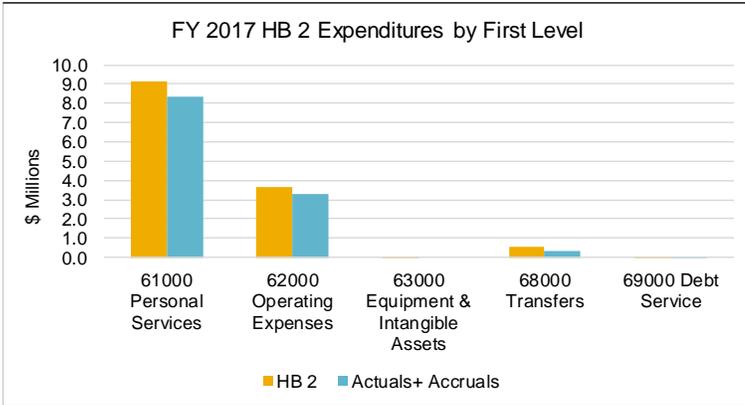
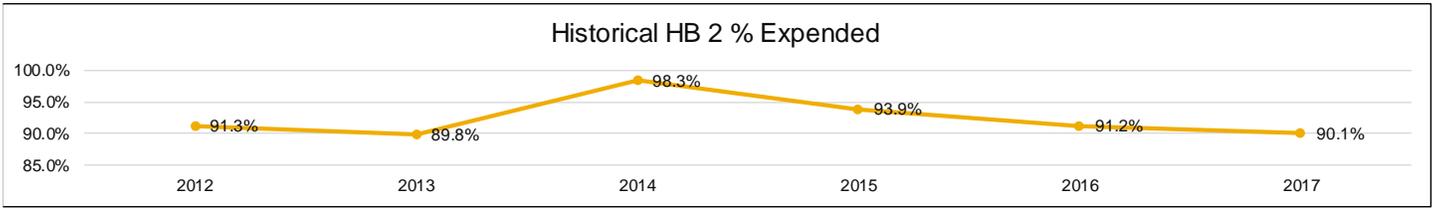
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Of the \$1.3 million in unexpended appropriation, \$1.0 million or 76.9% is state special revenue appropriated primarily to Milk & Egg Program and the Brands Enforcement Division. Lower expenditure in state special revenue is due primarily to lower than anticipated milk and egg production and vacancy savings in livestock enforcement activities.

Unexpended federal authority primarily for animal health activities totaled \$150,000; unexpended general fund of \$174,000 was reverted to the general fund.

For more detail, see the discussion on expenditure by first level account below.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	9,146,019	8,343,117	91.2%
62000 Operating Expenses	3,652,950	3,311,557	90.7%
63000 Equipment & Intangible Assets	13,000	-	0.0%
68000 Transfers	521,326	356,359	68.4%
69000 Debt Service	14,105	14,105	100.0%
<b>Grand Total</b>	<b>\$13,347,400</b>	<b>\$12,025,138</b>	<b>90.1%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	2,716,065	2,542,059	93.6%
02 State Special Revenue	8,759,245	7,761,203	88.6%
03 Federal Special Revenue	1,872,090	1,721,876	92.0%
<b>Grand Total</b>	<b>\$13,347,400</b>	<b>\$12,025,138</b>	<b>90.1%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type.

The department is 90.1% expended for FY 2017. State special revenue at 65.6% of the total budget is the predominant source of funding and was 88.6% expended. Major state special revenue accounts appropriations and percent expended are listed below.

- Livestock inspection, control and per capita funds - \$6.8 million appropriated, 89% expended
- Animal health - \$1.0 million appropriated, 100.0% expended
- Milk control, Milk and egg inspection and grading - \$0.9 million appropriated 75.1% expended

Federal funds were 92.0% expended, almost all unexpended funds were for animal health programs

Unexpended general fund of \$174,006 was reverted to the general fund.

# DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

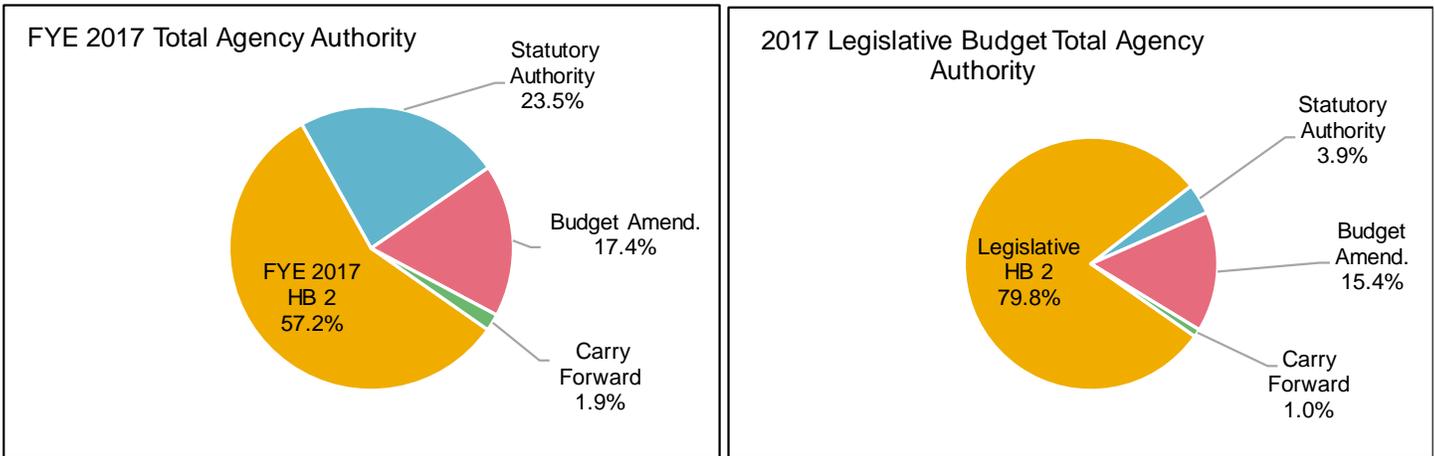
## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Natural Resources and Conservation (DNRC) expended 99.5% of the general fund budget and 88.2% of the total budget
- The agency reverted \$152,842 of unexpended appropriation authority to the general fund
- The agency expended 100.0% of general fund One-Time-Only (OTO) appropriation and 82.5% of total OTO appropriations. The table below summarizes OTO appropriations and expenditures

Department of Natural Resources and Conservation One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<b><u>General Fund</u></b>				
Forest in Focus	\$68,950	\$68,950	\$0	100.0%
TLMD Morrill projects	80,000	79,999	1	100.0%
Total General Fund	<u>\$148,950</u>	<u>\$148,949</u>	<u>\$1</u>	<u>100.0%</u>
<b><u>State Special Revenue</u></b>				
Montana Rural Water	\$240,000	\$153,000	\$87,000	63.8%
Drinking Water Loan Assistance	200,000	-	200,000	0.0%
Jefferson Slough	892,189	892,188	1	100.0%
Water Rights Database	70,000	70,000	-	100.0%
TLMD Cabin Site Sales	266,357	236,131	30,226	88.7%
Total State Special Revenue	<u>\$1,668,546</u>	<u>\$1,351,319</u>	<u>\$317,227</u>	<u>81.0%</u>
DNRC Total	<u>\$1,817,496</u>	<u>\$1,500,268</u>	<u>\$317,228</u>	<u>82.5%</u>

# TOTAL APPROPRIATION AUTHORITY OVERVIEW

## FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	68,958,665	2,144,645	71,103,310
Statutory Authority	3,360,712	25,850,352	29,211,064
Budget Amendments	13,278,061	8,356,648	21,634,709
Other	59,275,760	4,360,018	63,635,778
Carry Forward	870,199	1,523,464	2,393,663
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>145,743,397</b>	<b>42,235,127</b>	<b>187,978,524</b>
Non-Budgeted Proprietary	\$ 3,197,320	\$403,254	\$ 3,600,574

FY 2017 Total Agency Authority Expended	
Total Expended	120,271,505
Total Budgeted Authority	188,058,327
<b>% Expended</b>	<b>64.0%</b>

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017, the department also had \$2.1 million in continuing state special authority and less than one million in general fund from FY 2016.

## Statutory Appropriations

Statutory appropriations of \$19.3 million in state special revenue were expended from the fire suppression fund for fighting wild fires, and \$4.4 million spent for forest fire mitigation projects, and \$4.9 million in federal reimbursements for fire suppression. The state fire fund ended the fiscal year with a balance of \$62.3 million, the table below summarizes the ending fund balance

<u>State Fire Suppression Fund (02847)</u>	<u>FY 2017</u>
Fund Balance	\$73,747,522
Nominal Disbursements	(23,531,303)
Nominal Revenues	12,042,397
<b>Ending Balance</b>	<b>\$62,258,616</b>

## Budget Amendment

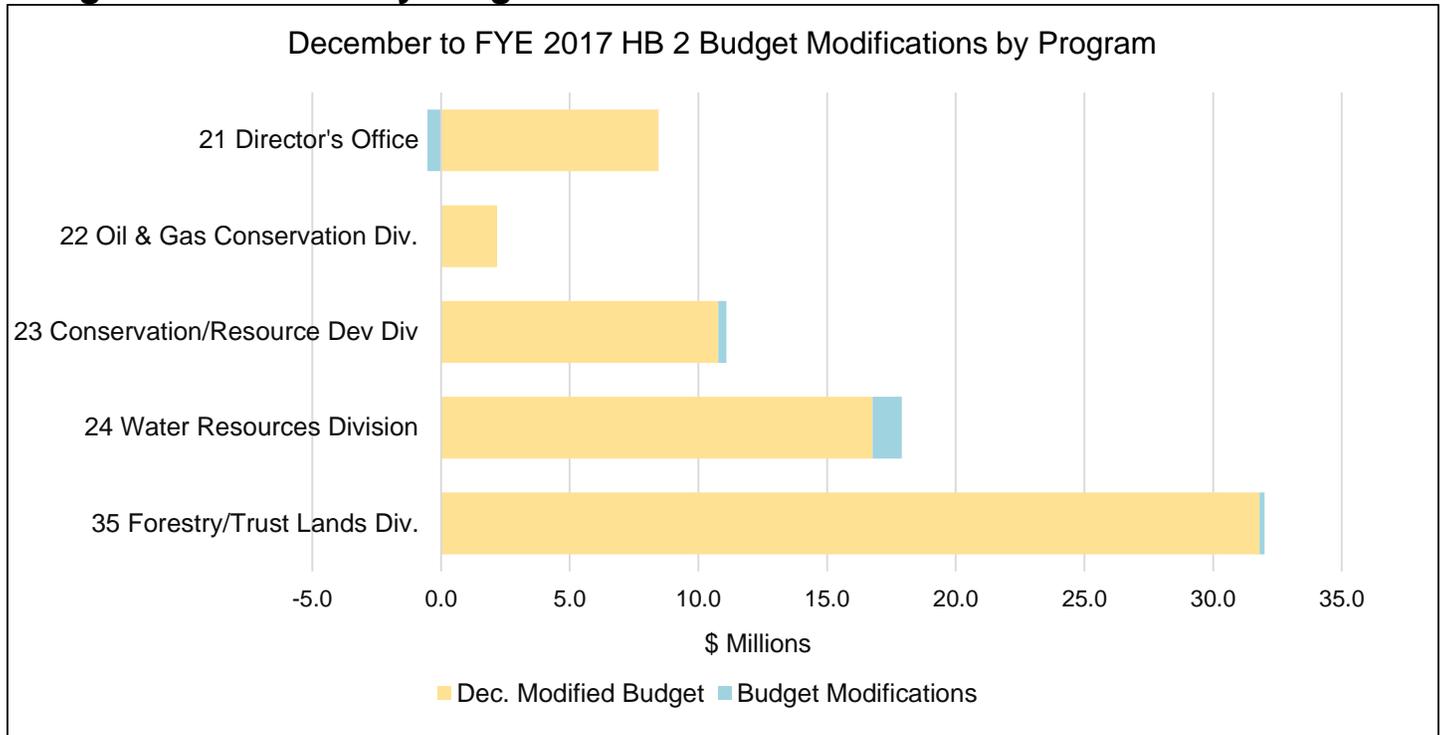
All budget amendments are for federal programs and grants.

## Non-Budgeted Proprietary

The agency had \$2.9 million proprietary revenue from air operations services and \$0.7 million from the state nursery.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
21 Director's Office	8,456,839	-	(521,405)	(521,405)	7,935,434	-6.2%
22 Oil & Gas Conservation Div.	2,179,889	-	(695)	(695)	2,179,194	0.0%
23 Conservation/Resource Dev Div	10,770,750	323,205	(721)	322,484	11,093,234	3.0%
24 Water Resources Division	16,773,852	1,640,995	(513,845)	1,127,150	17,901,002	6.7%
35 Forestry/Trust Lands Div.	31,798,433	1,055,000	(858,987)	196,013	31,994,446	0.6%
<b>Grand Total</b>	<b>\$69,979,763</b>	<b>\$3,019,200</b>	<b>(\$1,895,653)</b>	<b>\$1,123,547</b>	<b>\$71,103,310</b>	<b>1.6%</b>

This chart shows budget modifications by program from December through FYE.

### Reductions

\$ 600,000 – Executive HB3 general fund budget reductions

- \$150,000 Director's Office
- \$100,000 Water Resources Division
- \$350,000 Forestry Trust Lands Division

\$1,000,000 – Legislative HB3 general fund budget reduction

- \$188,948 - Director's Office
- \$ 57,710 - Conservation Resource Division
- \$338,442 - Water Resources Division
- \$414,900 - Forestry and Trust Lands Division

\$ 48,848 – Worker's Compensation in all programs

### Increases

\$2,572,395 for language appropriations

- \$1,572,395 Water Resources Division, state special revenue
- \$1,000,000 Forestry and Trust Lands Division, state special revenue

\$ 200,000 - General fund for aquatic invasive species in the conservation resource division

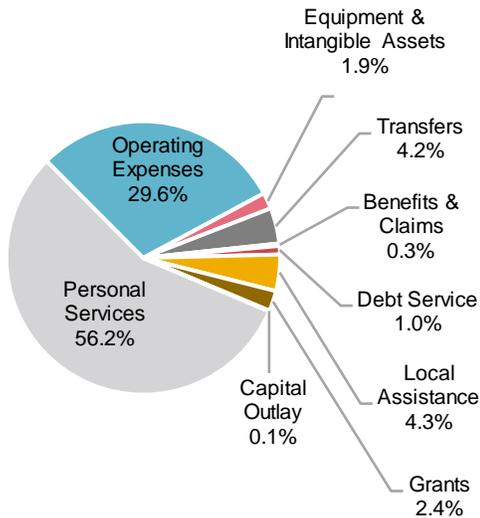
Program Transfers - \$181,650 in general fund and state special revenue was transferred from the director's office to the conservation and resource division.

Operating Plan Changes - \$65,000 in appropriation authority was transferred from operating expense and debt service to capital outlay and debt service.

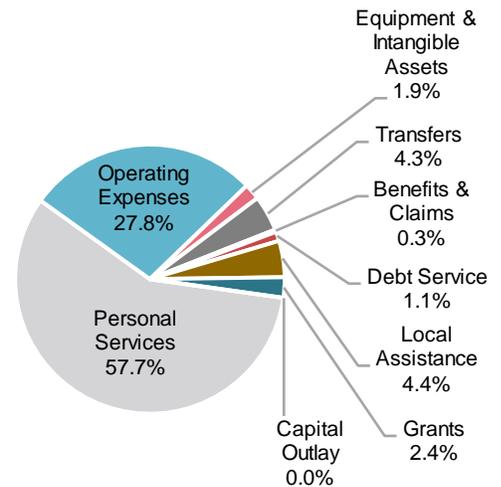
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

FYE 2017 Modified Budget by First Level



Dec. Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

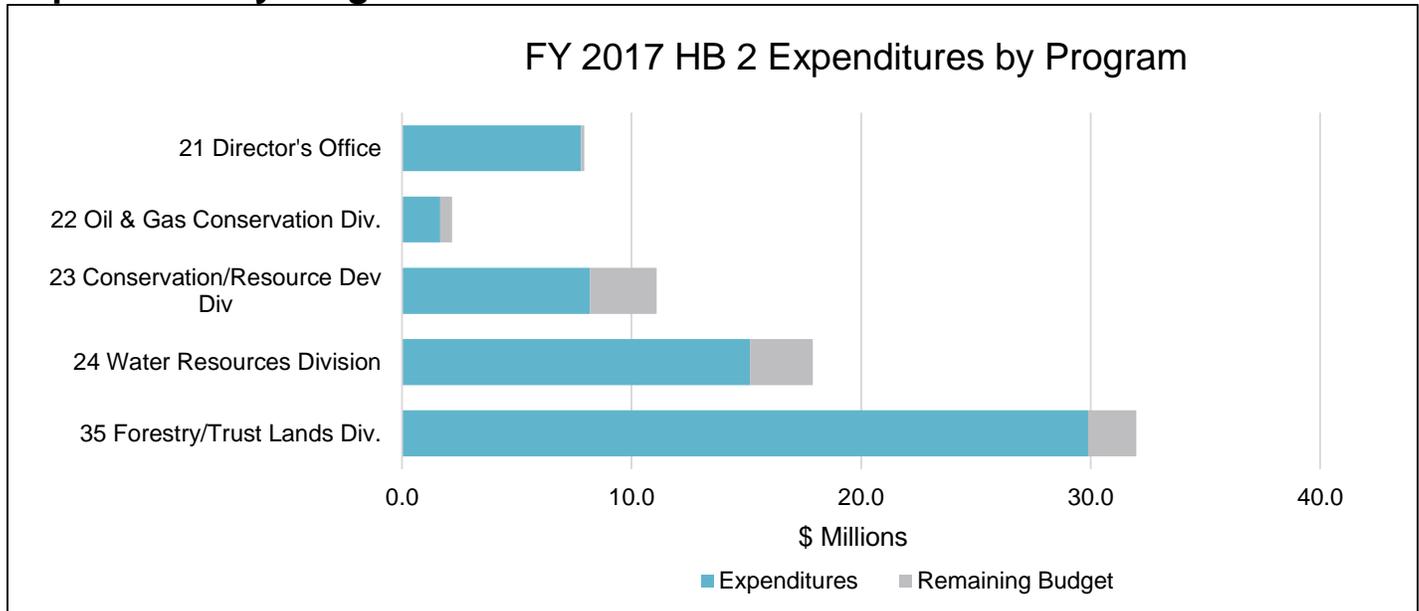
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$40,380,279	158,555	(\$609,403)	(450,848)	39,929,431	-1.1%
62000 Operating Expenses	\$19,487,479	2,795,645	(\$1,217,650)	1,577,995	21,065,474	8.1%
63000 Equipment & Intangible Assets	\$1,353,066	10,000	\$0	10,000	1,363,066	0.7%
64000 Capital Outlay	\$0	55,000	\$0	55,000	55,000	0.0%
65000 Local Assistance	\$3,058,090	0	\$0	0	3,058,090	0.0%
66000 Grants	\$1,711,765	-	\$0	-	1,711,765	0.0%
67000 Benefits & Claims	\$200,000	-	\$0	-	200,000	0.0%
68000 Transfers	\$3,003,743	-	\$0	-	3,003,743	0.0%
69000 Debt Service	\$785,341	-	(\$68,600)	(68,600)	716,741	-8.7%
<b>Grand Total</b>	<b>\$69,979,763</b>	<b>\$3,019,200</b>	<b>(\$1,895,653)</b>	<b>\$1,123,547</b>	<b>\$71,103,310</b>	<b>1.6%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Personal services, operating expense, and debt service reductions were due primarily to HB3 executive and legislative reductions, and workers compensation reductions. Reductions to personal services were offset by a supplemental appropriation for aquatic invasive species. The increase in equipment and intangible assets was due to operating plan changes that moved authority from operating expenses and debt service.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
21 Director's Office	7,935,434	7,804,839.0	130,595	98.4%
22 Oil & Gas Conservation Div.	2,179,194	1,658,313.58	520,880	76.1%
23 Conservation/Resource Dev Div	11,093,234	8,191,333.2	2,901,901	73.8%
24 Water Resources Division	17,901,002	15,162,964.6	2,738,038	84.7%
35 Forestry/Trust Lands Div.	31,994,446	29,894,100.0	2,100,346	93.4%
<b>Grand Total</b>	<b>\$71,103,310</b>	<b>\$62,711,550</b>	<b>\$8,391,760</b>	<b>88.2%</b>

This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.

Unexpended state special revenue totaled \$8.0 million or 79.6% of unexpended funds. Major unexpended state special revenue includes

### Forestry/Trust Lands Division - \$1.9 million unexpended

- o \$1.0 million - Contract Timber Harvesting, \$1.0 million appropriated zero expended
- o \$0.7 million - Trust lands administration, \$12.5 million appropriated, \$11.8 million expended
- o \$0.2 million - Other

### Water Resources Division - \$2.7 million unexpended

- o \$1.8 million – State project hydro earnings, \$2.7 million appropriated, \$0.9 million expended
- o \$0.5 million – Projects related to Broadwater Dam, \$1.7 million appropriated, \$1.2 million expended
- o \$0.4 million – Other

### Conservation Resources Division - \$2.9 million unexpended

- o \$1.7 million – Bond proceeds for private loan programs, \$2.8 million appropriated, \$1.1 million expended
- o \$0.5 million – Coal severance tax shared revenue, \$2.5 million appropriated, \$2.0 million expended
- o \$0.2 million – Drinking water investment, \$0.2 million appropriated, zero expended
- o \$0.2 million – Coal methane bed protection, \$0.7 million appropriated, \$0.5 million expended
- o \$0.3 million – Other

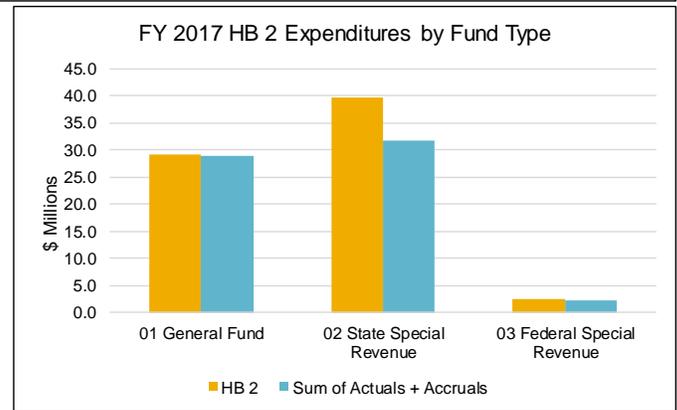
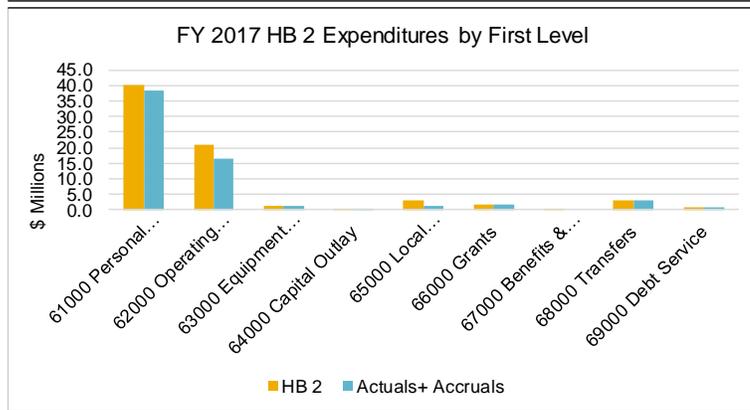
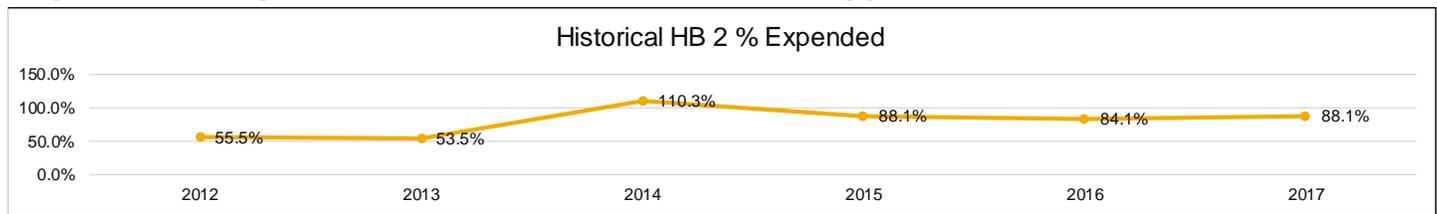
### Oil and Gas Conservation Division - \$0.5 million unexpended

- o \$0.5 million – Oil and gas board, \$2.1 million appropriated, \$1.6 million expended

### The Director's office - \$0.1 million unexpended

The agency expended 99.5% of the general fund appropriation and reverted the balance to the general fund. Federal funds represent a small amount of the total budget funds and were 92.5% expended.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	39,929,431	38,370,815	96.1%
62000 Operating Expenses	21,065,474	16,378,681	77.8%
63000 Equipment & Intangible Assets	1,363,066	1,224,627	89.8%
64000 Capital Outlay	55,000	30,000	54.5%
65000 Local Assistance	3,058,090	1,298,322	42.5%
66000 Grants	1,711,765	1,657,039	96.8%
67000 Benefits & Claims	200,000	-	0.0%
68000 Transfers	3,003,743	3,065,108	102.0%
69000 Debt Service	716,741	686,959	95.8%
<b>Grand Total</b>	<b>\$71,103,310</b>	<b>\$62,711,550</b>	<b>88.2%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	29,071,950	28,919,108	99.5%
02 State Special Revenue	39,689,421	31,626,352	79.7%
03 Federal Special Revenue	2,341,940	2,166,091	92.5%
<b>Grand Total</b>	<b>\$71,103,310</b>	<b>\$62,711,550</b>	<b>88.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for the Department of Administration.

The department is 88.2% expended for FY 2017. Operating cost funded from state special revenue was lower due to lower than anticipated activity within Conservation Resource Division, Water Resources Division, Forestry/Trust Lands Division. Personal services expended were 96.1% expended, which is in line with historical averages.

# DEPARTMENT OF AGRICULTURE

## BUDGET AND EXPENDITURE HIGHLIGHTS

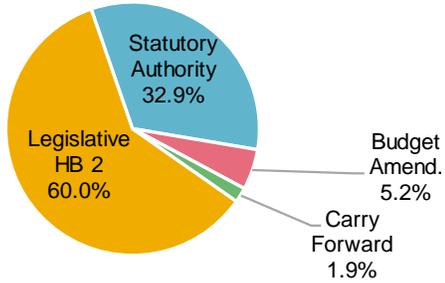
- The Department of Agriculture expended 95.3% of the general fund budget and 92.2% of the total budget
- The agency reverted \$45,475 of unexpended appropriation authority to the general fund
- The agency expended 88.8% of One-Time-Only appropriations, all OTO appropriations were state special revenue. The table below summarizes OTO expenditures

Montana Department of Agriculture One-Time-Only Appropriation Expenditures FY 2017				
	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>	<u>Percent Expended</u>
<b><u>State Special Revenue</u></b>				
CSD State Weed Coordination	\$17,378	\$15,036	\$2,342	86.5%
ASD State Weed Coordination	110,180	98,292	11,888	89.2%
ADD Food & Ag. Development Centers	<u>105,000.00</u>	<u>105,000.00</u>	-	100%
Total	\$127,558	\$113,328	\$14,230	88.8%

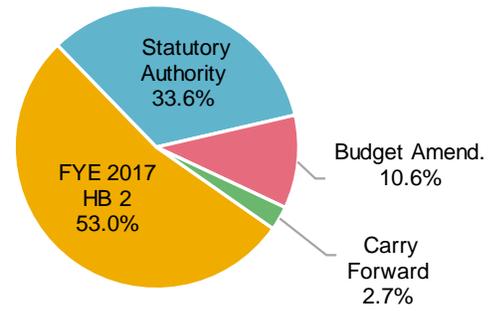
# TOTAL APPROPRIATION AUTHORITY OVERVIEW

## FY 2017 Legislative Total Agency Authority vs FYE 2017 Total Agency Authority

2017 Legislative Budget Total Agency Authority



FYE 2017 Total Agency Authority



FY 2017 Total Agency Authority

Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	18,100,483	17,848	18,118,331
Statutory Authority	9,936,730	1,552,021	11,488,751
Budget Amendments	1,561,513	2,064,263	3,625,776
Other	-	-	-
Carry Forward	570,311	362,735	933,046
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	30,169,036	3,996,868	34,165,904
Non-Budgeted Proprietary	\$ 58,200	\$0	\$ 58,200

FY 2017 Total Agency Authority Expended

Total Expended	23,206,314
Total Budgeted Authority	34,165,904
% Expended	67.9%

This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

In FY 2017, the agency was able to carry forward \$8,000 general fund and \$925,000 in state special revenue, federal special revenue, and enterprise funds.

## Statutory Appropriations

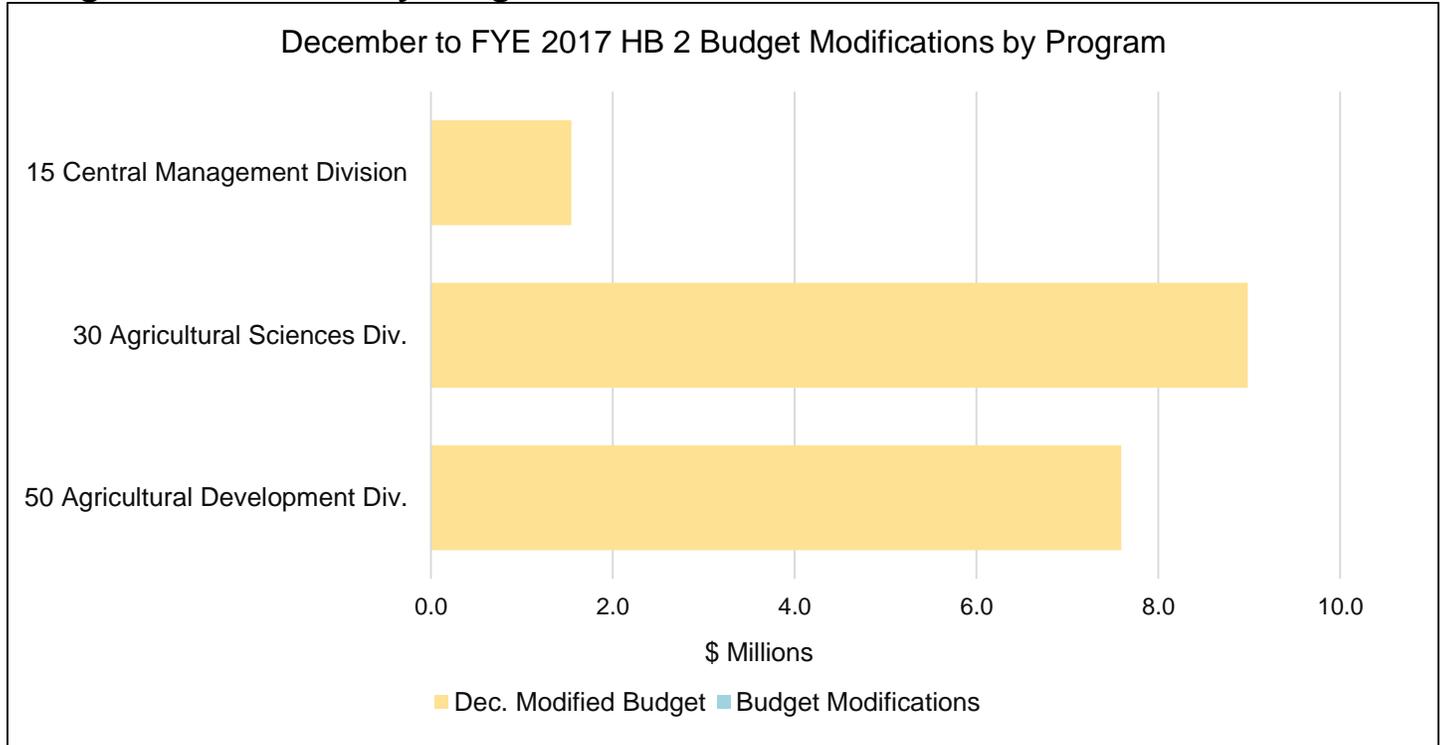
Besides the allocated HB 2 authority the department also has a large statutory authority. This is for money that is primarily allocated for hail insurance and check off programs.

## Budget Amendments

All budget amendments increased authority for federal programs for specialty crop block grants, weed control, and food safety programs.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
15 Central Management Division	1,542,507	6,000	(6,000)	-	1,542,507	0.0%
30 Agricultural Sciences Div.	8,983,477	-	-	-	8,983,477	0.0%
50 Agricultural Development Div.	7,592,347	-	-	-	7,592,347	0.0%
<b>Grand Total</b>	<b>\$18,118,331</b>	<b>\$6,000</b>	<b>(\$6,000)</b>	<b>\$0</b>	<b>\$18,118,331</b>	<b>0.0%</b>

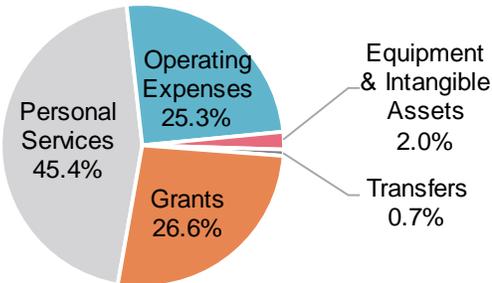
*This chart shows budget modifications by program from December through FYE.*

Since December, the agency made no modifications to the total budget. The agency transferred \$6,000 of state special revenue authority from operations to equipment & intangible asset to properly record expenditures.

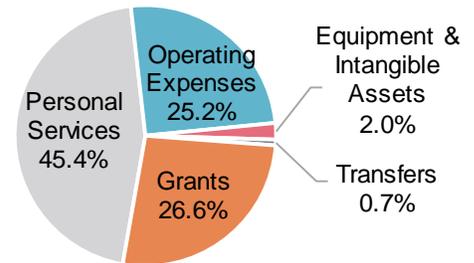
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

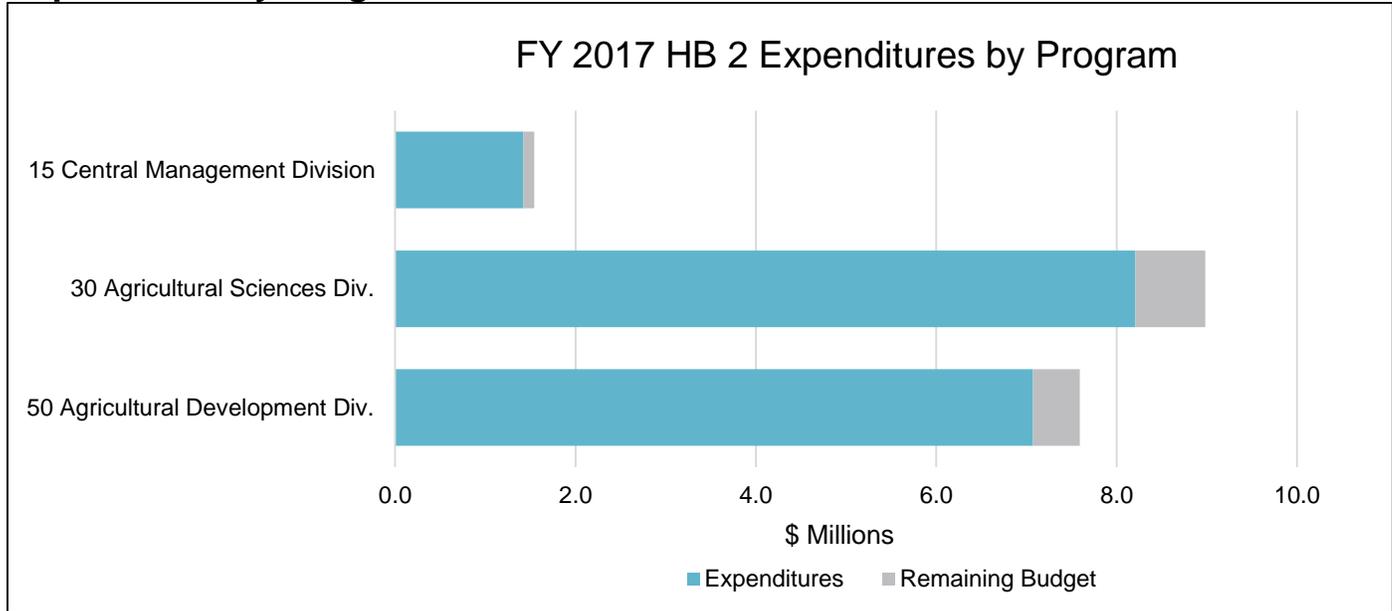
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$8,232,774	-	\$0	-	8,232,774	0.0%
62000 Operating Expenses	\$4,575,133	-	(\$6,000)	(6,000)	4,569,133	-0.1%
63000 Equipment & Intangible Assets	\$363,889	6,000	\$0	6,000	369,889	1.6%
66000 Grants	\$4,816,778	-	\$0	-	4,816,778	0.0%
68000 Transfers	\$129,757	-	\$0	-	129,757	0.0%
<b>Grand Total</b>	<b>\$18,118,331</b>	<b>\$6,000</b>	<b>(\$6,000)</b>	<b>\$0</b>	<b>\$18,118,331</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The agency transferred \$6,000 of state special revenue authority from operations to equipment & intangible asset to properly record expenditures.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
15 Central Management Division	1,542,507	1,421,458.9	121,049	92.2%
30 Agricultural Sciences Div.	8,983,477	8,206,394.8	777,082	91.3%
50 Agricultural Development Div.	7,592,347	7,071,734.5	520,613	93.1%
<b>Grand Total</b>	<b>\$18,118,331</b>	<b>\$16,699,588</b>	<b>\$1,418,743</b>	<b>92.2%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

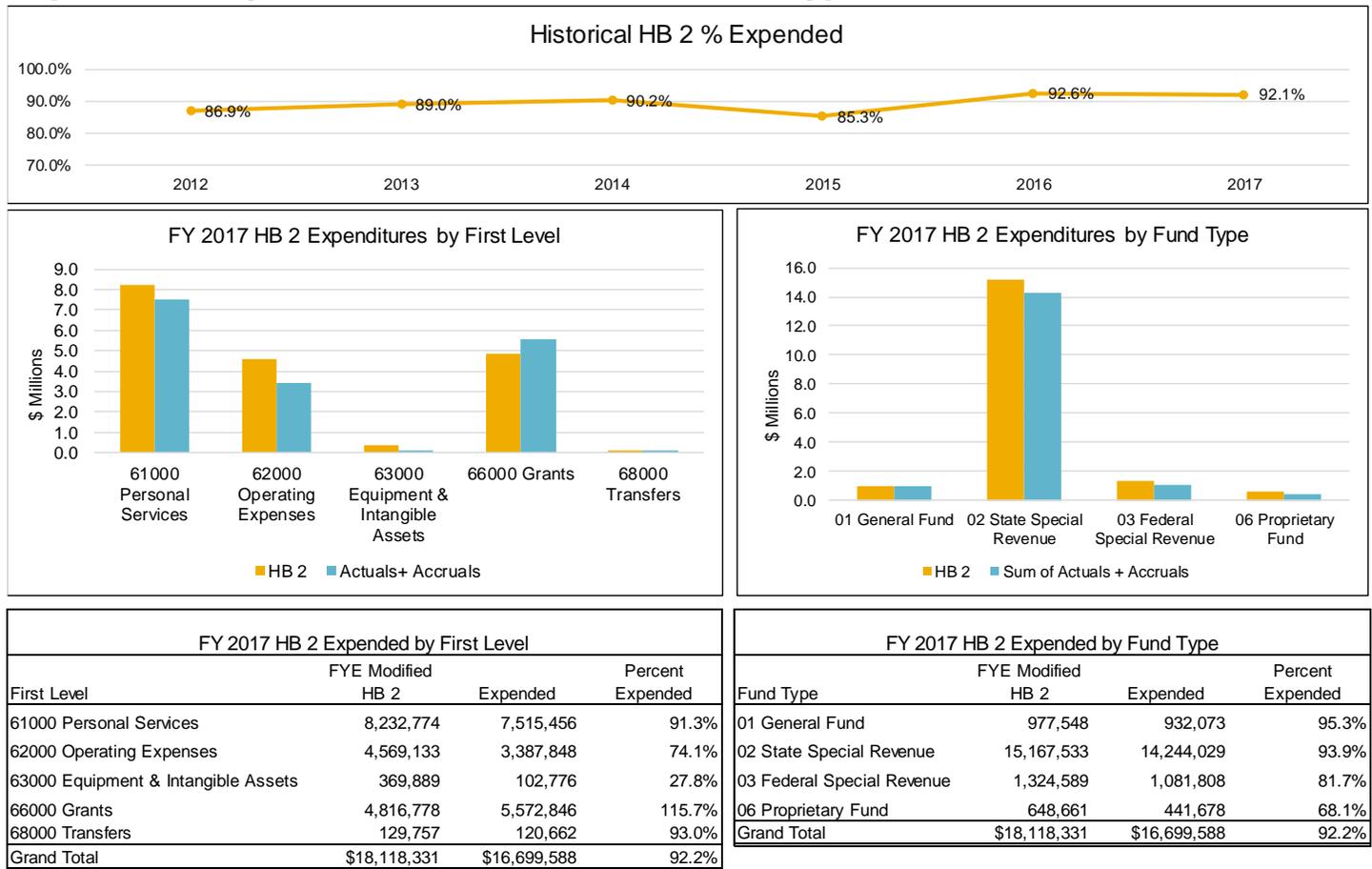
Of the \$1.4 million in unexpended appropriation, 65.1% is state special revenue appropriated primarily to Agricultural Sciences Division and Agricultural Development Division.

Unexpended federal and proprietary authority account for 31.7% of the remaining budget.

General fund authority was 95.3% expended, with \$45,475 reverted to the general fund.

For more detail see the discussion on expenditure by first level account below.

## Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The department is 92.2% expended for FY 2017. State special revenue at 83.7% of the total budget is the predominant source of funding and was 93.9% expended. Major state special revenue accounts appropriations and percent expended are listed below.

- Wheat and barley research and marketing - \$4.8 million appropriated, 100% expended
- Pesticide (02192, 02193) - \$2.8 million appropriated, 93.3% expended
- Noxious weed administration - \$2.1 million appropriated 99.7% expended
- Grain services - \$1.2 million appropriated, 82.0% expended
- Commercial Feed - \$0.9 million appropriated, 88.6% expended
- Produce - \$0.5 million appropriated, 88.5% expended
- Coal Shared - \$0.4 million appropriated, 83.3% expended
- All other state special revenue - \$2.4 million appropriated, 88.7% expended

Only 68.1% percent of proprietary funds were expended, however proprietary funds represent only 3.6% of the total budget.

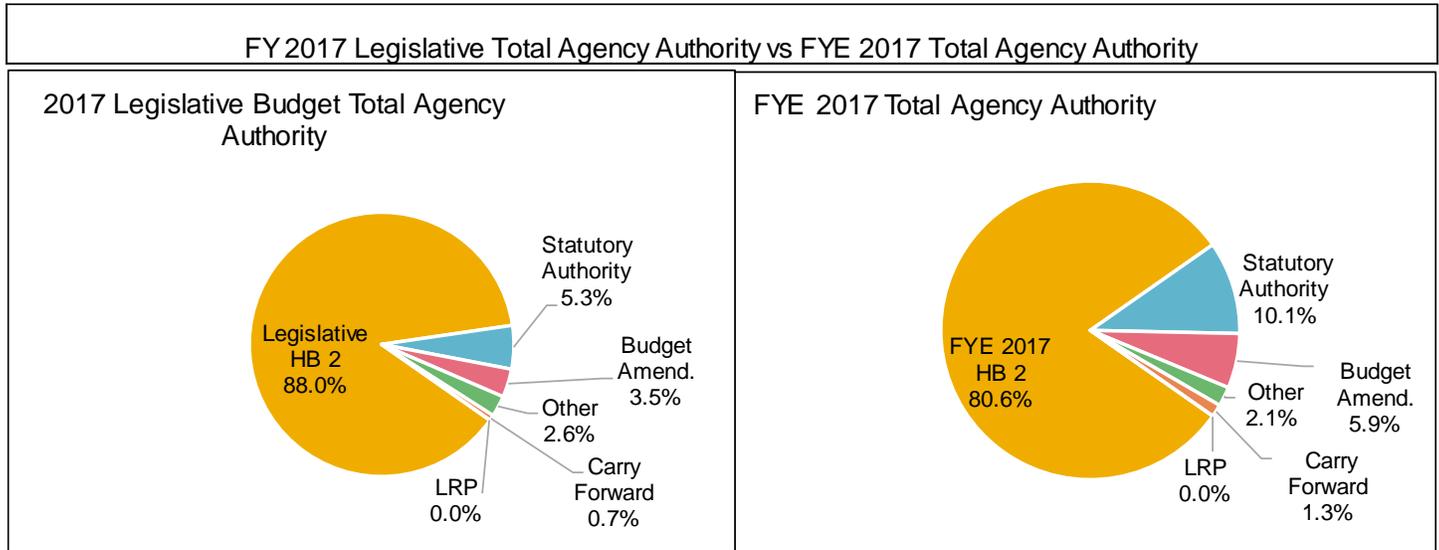
General fund at 5.4% of the total budget was 95.3% expended. The general fund balance of \$45,475 was reverted to the general fund.

# JUDICIARY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Judicial Branch reverted \$1.2 million in general fund mainly from District Court, Supreme Court, and Water Court Operations
- HB 3 reduced the FY 2017 budget by \$1.0 million general fund with the majority taken in District and Supreme Court Operations

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	51,261,478	(963,153)	50,298,325
Statutory Authority	3,102,884	3,181,841	6,284,725
Budget Amendments	2,021,021	1,680,193	3,701,214
Other	1,496,153	(180,913)	1,315,240
Carry Forward	391,503	448,594	840,097
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>58,273,039</b>	<b>4,166,561</b>	<b>62,439,600</b>
Non-Budgeted Proprietary	\$ 184,297	\$25,000	\$ 209,297

FY 2017 Total Agency Authority Expended	
Total Expended	53,965,547
Total Budgeted Authority	62,439,600
<b>% Expended</b>	<b>86.4%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

In FY 2017 the department also had a small amount of continuing appropriation.

### Statutory Appropriations

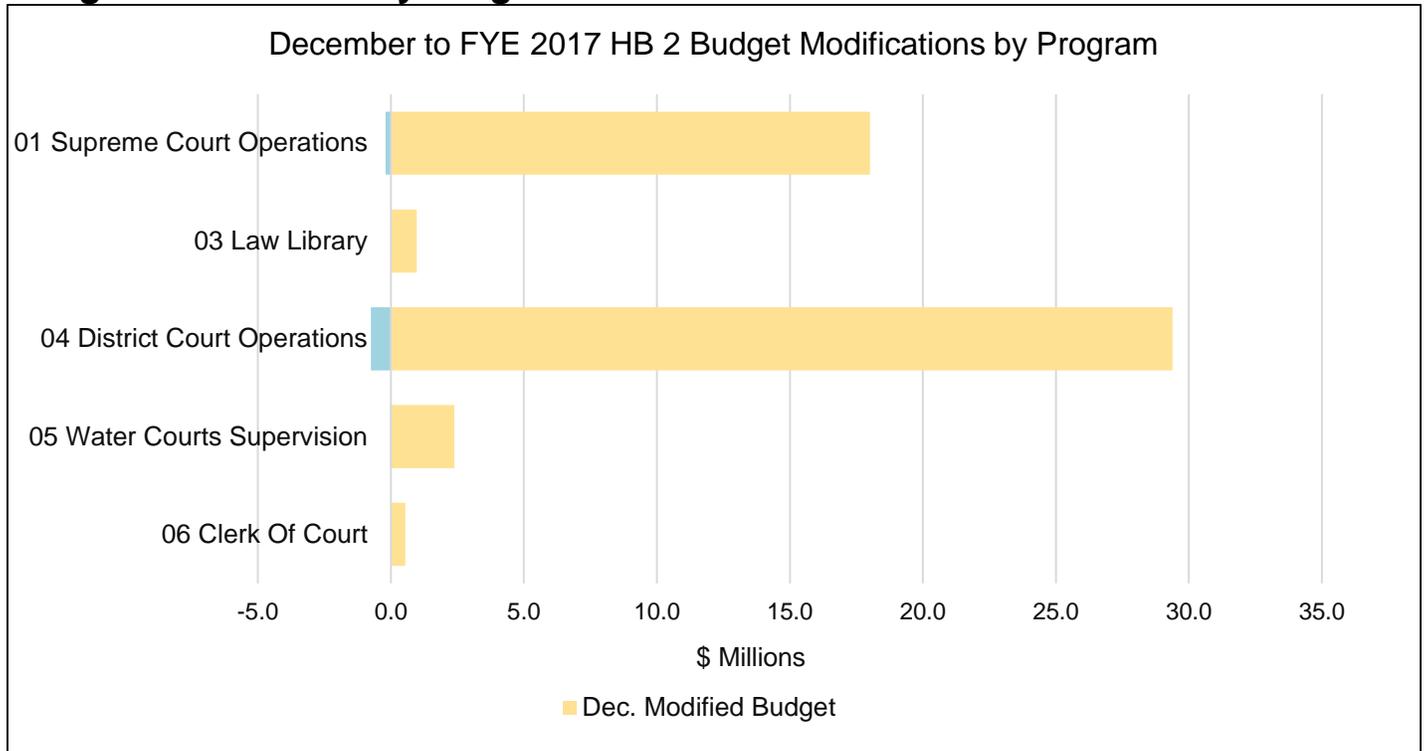
Besides the allocated HB 2 authority the Judicial Branch has additional statutory authority. The \$3.2 million of budget modifications results from unexpended cash in FY 2016 from district courts allocation and cost containment pool and is converted to state special revenue 41-5-2011, MCA.

### Budget Amendments

The department also had multiple budget amendments that increased federal authority by \$1.7 million for programs such as substance abuse and mental health services administration (SAMHSA) and family drug courts.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Supreme Court Operations	18,012,709	3,639,003	(3,840,310)	(201,307)	17,811,402	-1.1%
03 Law Library	969,479	20,000	(32,573)	(12,573)	956,906	-1.3%
04 District Court Operations	29,379,765	7,617	(758,143)	(750,526)	28,629,239	-2.6%
05 Water Courts Supervision	2,387,753	8,287	(36,264)	(27,977)	2,359,776	-1.2%
06 Clerk Of Court	541,001	-	-	-	541,001	0.0%
<b>Grand Total</b>	<b>\$51,290,707</b>	<b>\$3,674,908</b>	<b>(\$4,667,290)</b>	<b>(\$992,383)</b>	<b>\$50,298,325</b>	<b>-1.9%</b>

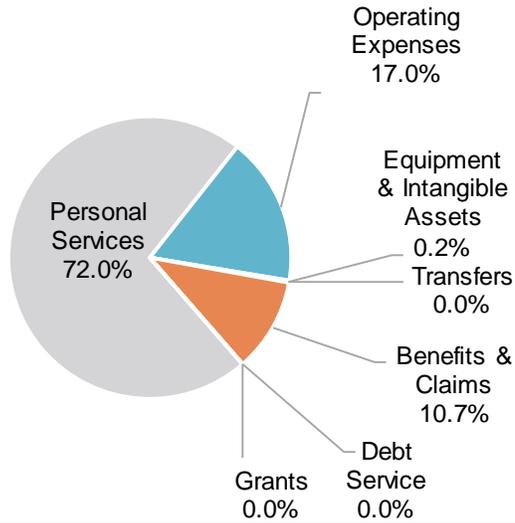
*This chart shows budget modifications by program from December through FYE.*

- There were no program transfers for the branch since December 2016
- The most significant operating change was the transfer of \$3.6 million general fund from benefits and claims to transfers and is discussed in more detail in the next section
- The majority of other budget modifications were HB 3 reductions to HB 2 as specified by the 2017 Legislature

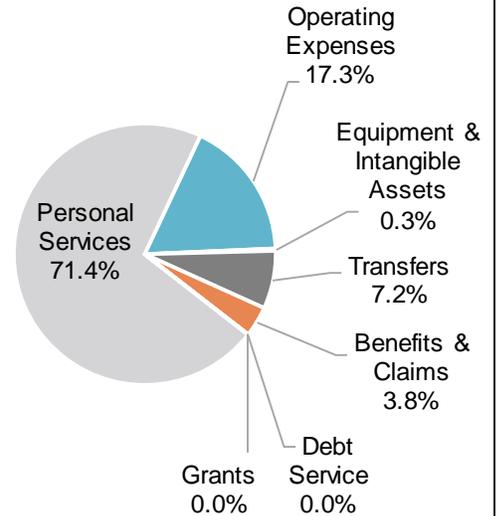
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

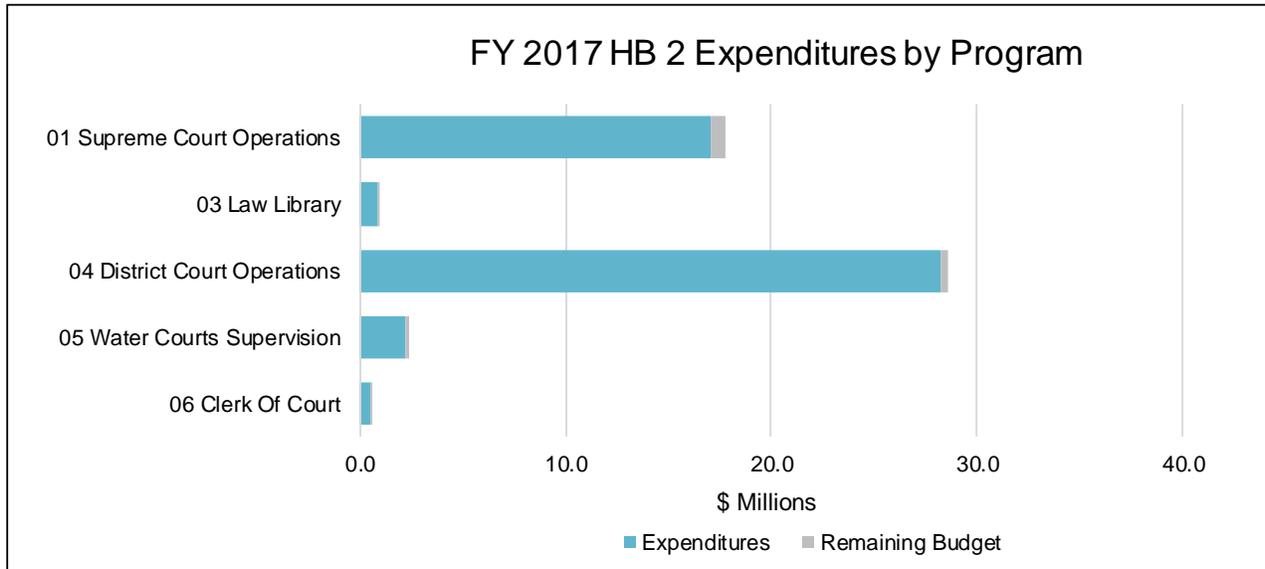
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$36,940,489	-	(\$1,007,000)	(1,007,000)	35,933,489	-2.7%
62000 Operating Expenses	\$8,702,336	33,132	(\$30,900)	2,232	8,704,568	0.0%
63000 Equipment & Intangible Assets	\$125,605	20,000	(\$1,287)	18,713	144,318	14.9%
66000 Grants	\$0	10,900	\$0	10,900	10,900	0.0%
67000 Benefits & Claims	\$5,513,402	6,772	(\$3,628,103)	(3,621,331)	1,892,071	-65.7%
68000 Transfers	\$0	3,604,103	\$0	3,604,103	3,604,103	0.0%
69000 Debt Service	\$8,875	-	\$0	-	8,875	0.0%
<b>Grand Total</b>	<b>\$51,290,707</b>	<b>\$3,674,908</b>	<b>(\$4,667,290)</b>	<b>(\$992,383)</b>	<b>\$50,298,325</b>	<b>-1.9%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The most significant budget modifications are the reductions from HB 3 and the movement of unexpended funding from the judicial district's annual allocations and cost containment pool. This operating change was the transfer of \$3.6 million general fund from benefits and claims to transfers. The adjustment follows 41-5-2011, MCA and allows this unexpended cash to be converted into state special revenue; there is no overall loss to the agency as this funding is used for the youth court intervention and prevention program in the following year. Historically all of the money related to 41-5-2011, MCA has been utilized for youth placements and services and is statutorily appropriated to the Supreme Court per 41-5-2011, MCA.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

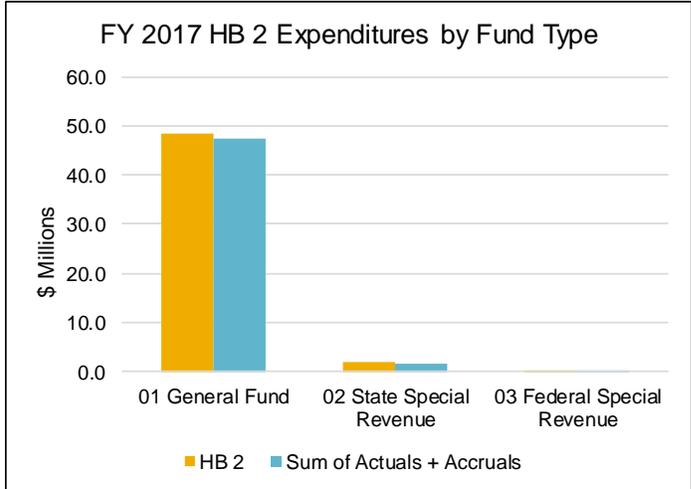
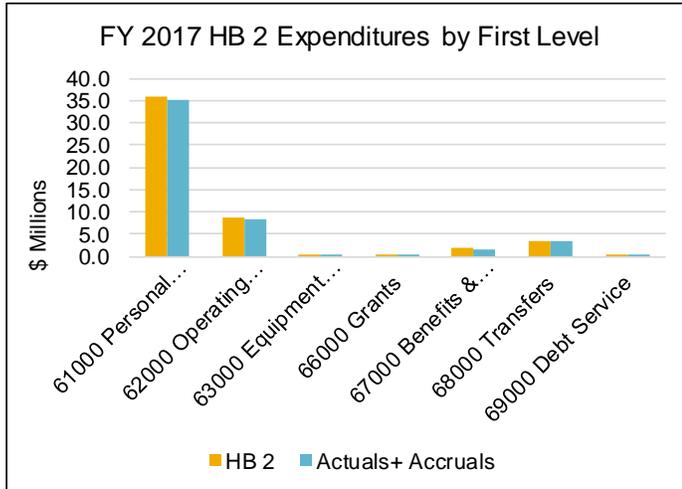
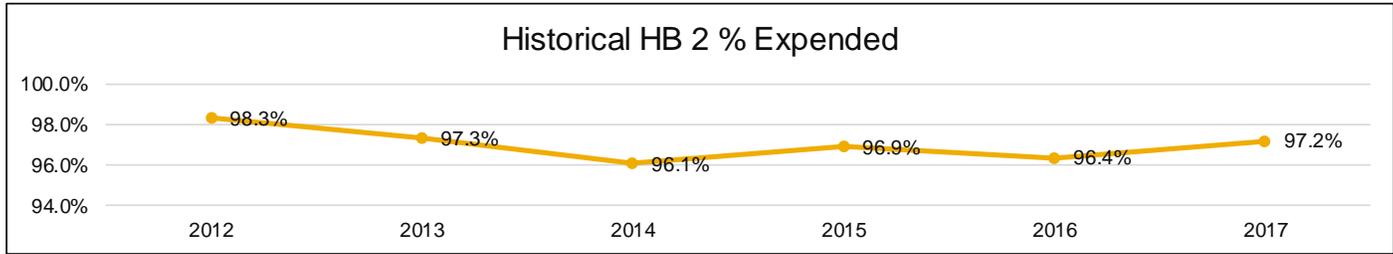


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Supreme Court Operations	17,811,402	17,061,044	750,359	95.8%
03 Law Library	956,906	852,986	103,920	89.1%
04 District Court Operations	28,629,239	28,205,847	423,392	98.5%
05 Water Courts Supervision	2,359,776	2,238,485	121,291	94.9%
06 Clerk Of Court	541,001	528,125	12,876	97.6%
<b>Grand Total</b>	<b>\$50,298,325</b>	<b>48,886,487</b>	<b>\$1,411,838</b>	<b>97.2%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

In general, programs were managed in FY 2017 with direction of cautionary spending based on the voluntary reduction from HB 3 and the current state of financial affairs. In other words, the branch realized savings would be required in both the 2017 and 2019 biennium and reduced spending where possible. This resulted in lower spending in FY 2017. Other savings are related to vacancies within the branch.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	35,933,489	35,287,759	98.2%
62000 Operating	8,704,568	8,204,954	94.3%
63000 Equipmer	144,318	121,027	83.9%
66000 Grants	10,900	10,900	100.0%
67000 Benefits &...	1,892,071	1,654,616	87.4%
68000 Transfers	3,604,103	3,604,103	100.0%
69000 Debt Ser	8,875	3,127	35.2%
<b>Grand Total</b>	<b>\$50,298,325</b>	<b>\$48,886,487</b>	<b>97.2%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	48,343,514	47,217,421	97.7%
02 State Special	1,818,897	1,589,204	87.4%
03 Federal Speci:	135,913	79,863	58.8%
<b>Grand Total</b>	<b>\$50,298,325</b>	<b>\$48,886,487</b>	<b>97.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

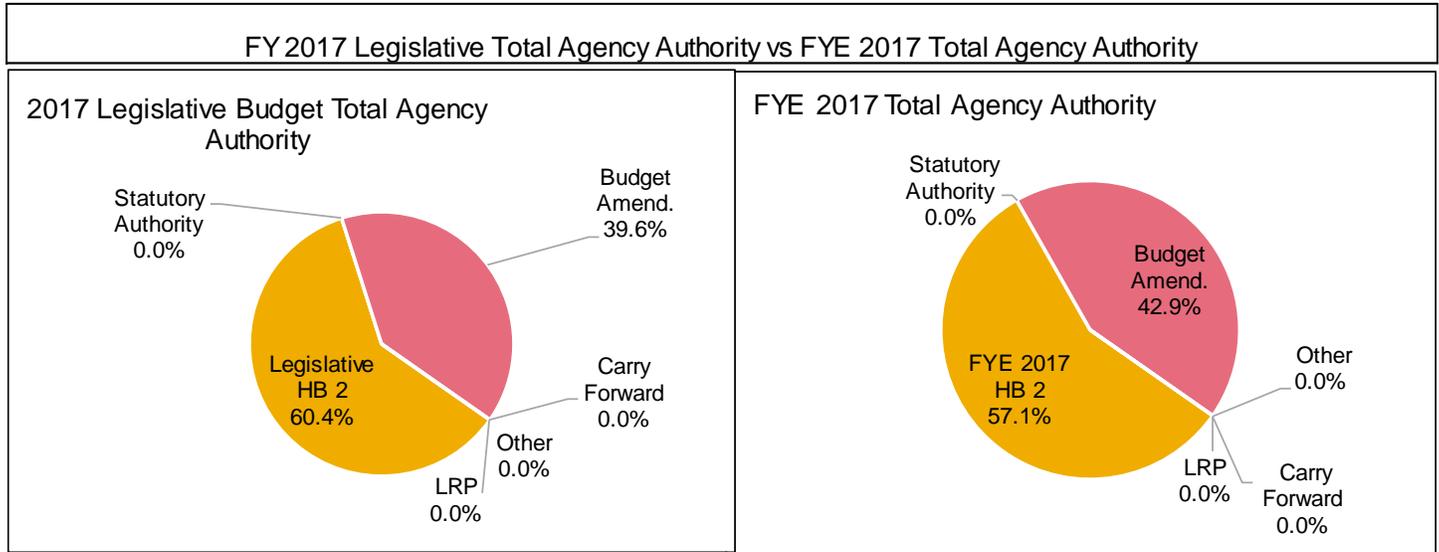
Budget expenditures for FY 2017 are normal as compared to the last five years. The budget was 97.2% expended allowing a reversion of \$1.2 million.

# CRIME CONTROL DIVISION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The division reverted \$100,000 in general fund
- In the 2017 Legislature, HB 3 specifically reduced the FY 2017 budget by \$100,000 general fund with 30% from personal services and 70% from operating expenses

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	8,186,720	3,733,401	11,920,121
Statutory Authority	-	-	-
Budget Amendments	5,371,237	3,592,806	8,964,043
Other	-	-	-
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>13,557,957</b>	<b>7,326,207</b>	<b>20,884,164</b>
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	11,434,967
Total Budgeted Authority	20,884,164
<b>% Expended</b>	<b>54.8%</b>

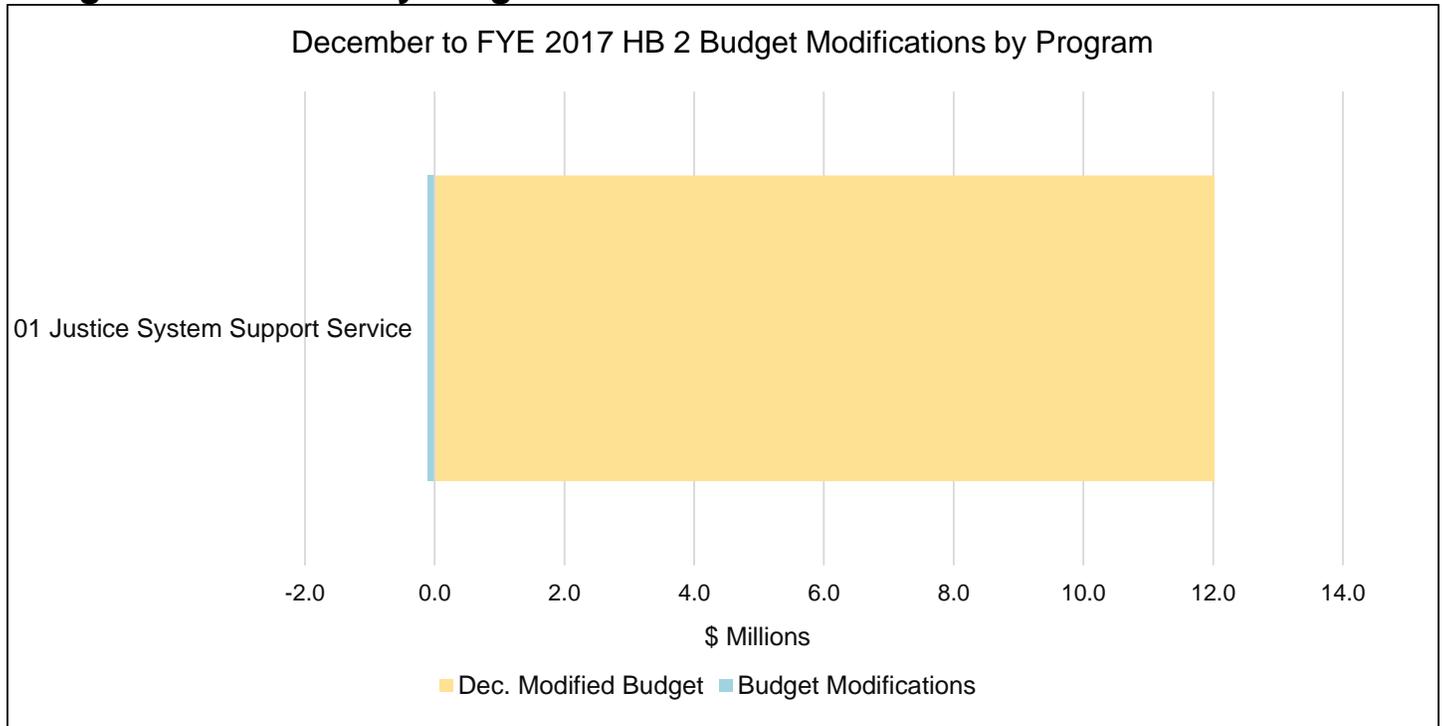
*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

## Budget Amendments

There was a \$3.6 million increase in budget amendments since December. This is normal based on the agency charter and the ongoing application process for grants. These grants provided federal funding for the prevention of elder abuse, the un-submitted sexual assault kit initiative (SAKI), and victims of crime act (VOCA).

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Justice System Support Service	12,020,121	120,385	(220,385)	(100,000)	11,920,121	-0.8%
<b>Grand Total</b>	<b>\$12,020,121</b>	<b>\$120,385</b>	<b>(\$220,385)</b>	<b>(\$100,000)</b>	<b>\$11,920,121</b>	<b>-0.8%</b>

*This chart shows budget modifications by program from December through FYE.*

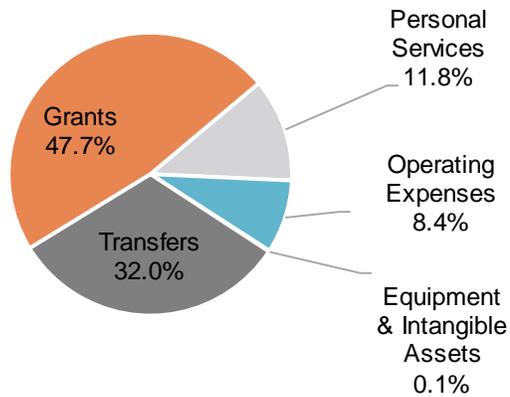
There were two operating changes since December

- The first was a request for 0.50 FTE to help with additional workload created by an increase in the Victims of Crime Assistance (VOCA) grant and funded through federal dollars
- The second also was federally funded and moved \$1,000 from grants to transfers in the Violence Against Women grant

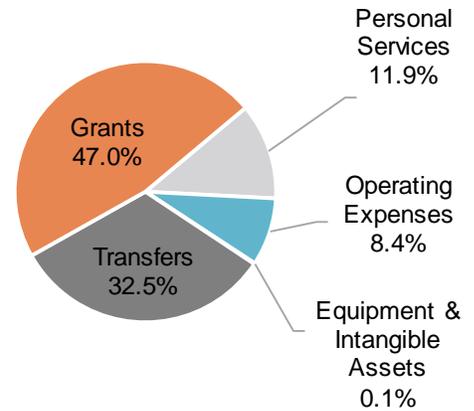
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

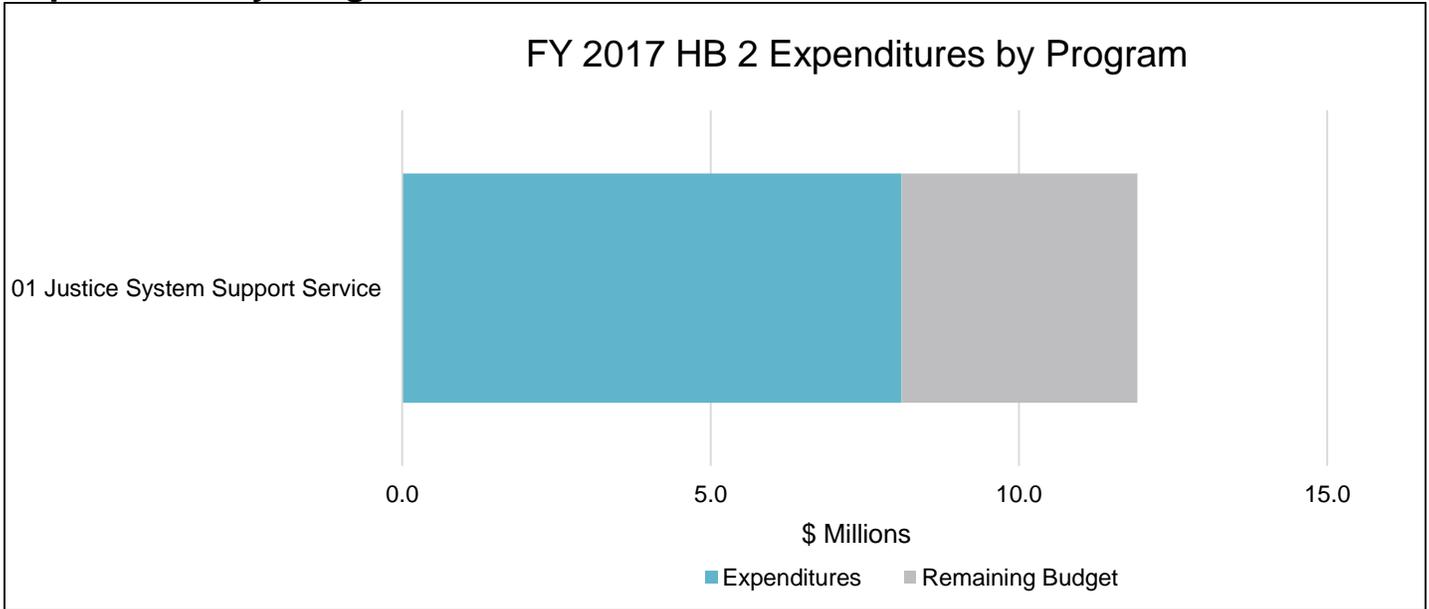
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$1,422,689	29,675	(\$30,000)	(325)	1,422,364	0.0%
62000 Operating Expenses	\$1,007,853	64,750	(\$70,000)	(5,250)	1,002,603	-0.5%
63000 Equipment & Intangible Assets	\$12,909	-	\$0	-	12,909	0.0%
66000 Grants	\$5,727,964	-	(\$120,385)	(120,385)	5,607,579	-2.1%
68000 Transfers	\$3,848,706	25,960	\$0	25,960	3,874,666	0.7%
<b>Grand Total</b>	<b>\$12,020,121</b>	<b>\$120,385</b>	<b>(\$220,385)</b>	<b>(\$100,000)</b>	<b>\$11,920,121</b>	<b>-0.8%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

In addition to operating changes, other budget changes include house adjustments totaling \$120,000 that moved funding from various grants to transfers, personal services, and operations.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

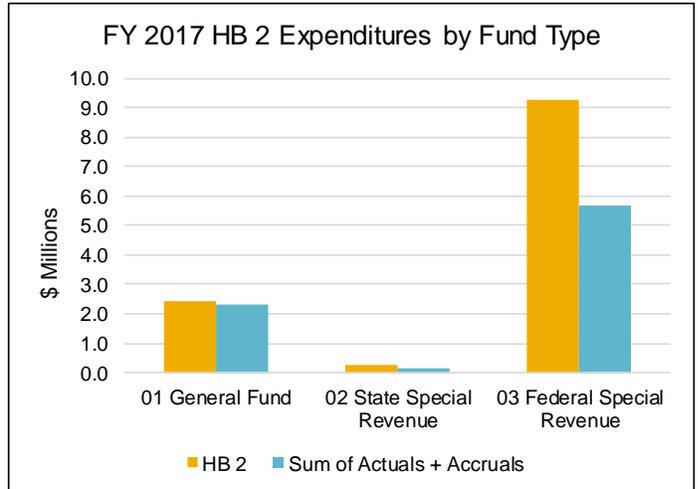
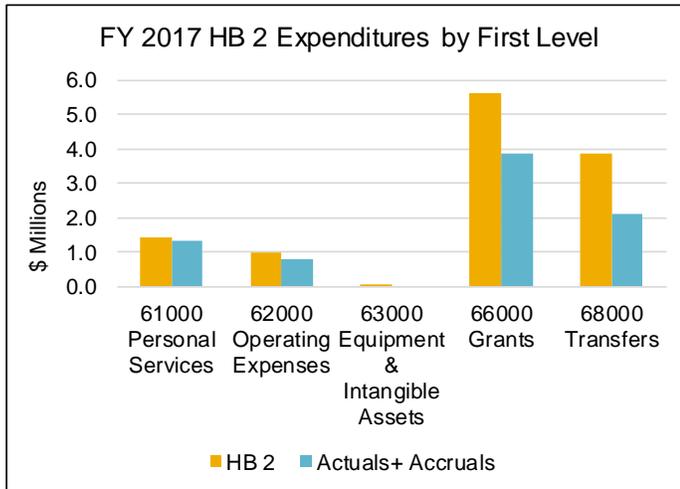
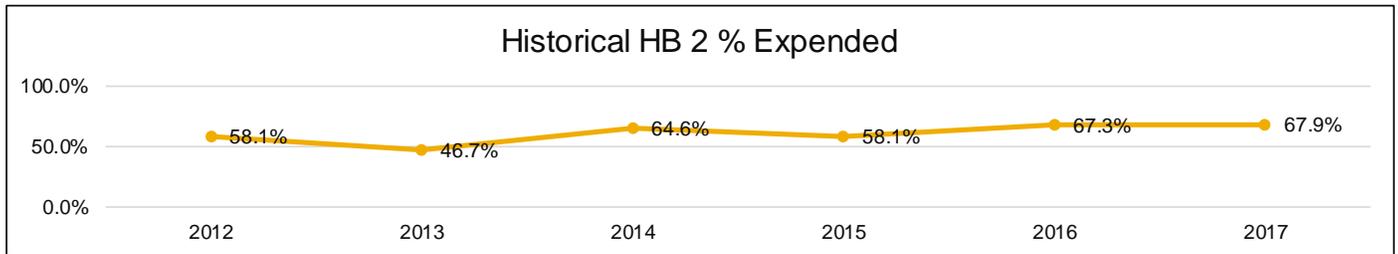


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Justice System Support Service	11,920,121	8,095,709.5	3,824,412	67.9%
Grand Total	\$11,920,121	\$8,095,710	\$3,824,412	67.9%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Justice system support service expended 67.9% of its HB 2 budget.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	1,422,364	1,316,623	92.6%
62000 Operating	1,002,603	813,130	81.1%
63000 Equipmer	12,909	-	0.0%
66000 Grants	5,607,579	3,842,949	68.5%
68000 Transfers	3,874,666	2,123,008	54.8%
<b>Grand Total</b>	<b>\$11,920,121</b>	<b>\$8,095,710</b>	<b>67.9%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	2,413,078	2,298,269	95.2%
02 State Special Revenue	241,096	126,961	52.7%
03 Federal Specia	9,265,947	5,670,480	61.2%
<b>Grand Total</b>	<b>\$11,920,121</b>	<b>\$8,095,710</b>	<b>67.9%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

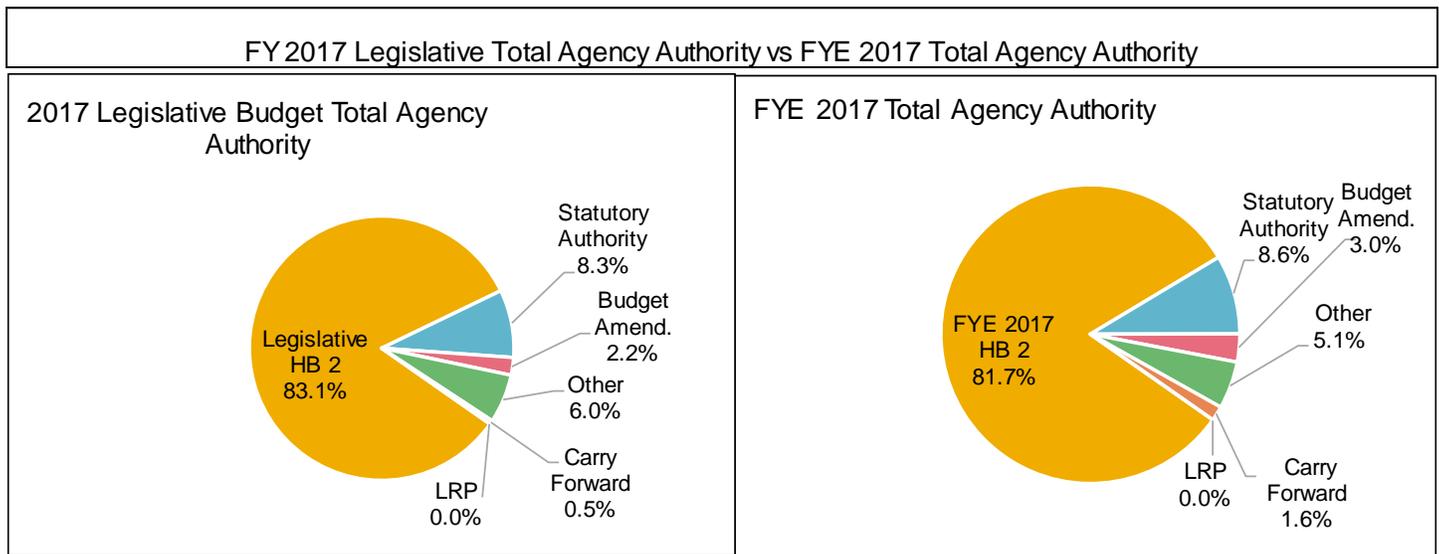
Budget expenditures for FY 2017 are normal as compared to the last five years. The budget was 67.9% expended and allowed a reversion of \$100,000. Lower expenditures are a result of delays in the pass-through grant process. The legislature recognized this spending delay and approved language in HB 2 that gave continuing authority for these grants in the following biennium. Up to \$100,000 in general fund money, \$180,000 in state special revenue, and \$7.0 million in federal funds are authorized to continue in the 2019 biennium.

# DEPARTMENT OF JUSTICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The department reverted \$200,000 in general fund
- The legislature included general fund reductions totaling \$700,000 in HB 3 from several programs. The largest reduction was for \$400,000, came from the Motor Vehicle Division. The remaining \$300,000 came from the Central Services Division, Information Technology and Criminal Investigations Divisions and the POST (Public Safety Officers Standards & Training) Council. Of the reductions taken from HB 3, 74% of the reduction came out of personal services with the balance taken in operating expenses

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	101,476,970	(941,773)	100,535,197
Statutory Authority	10,117,480	435,119	10,552,599
Budget Amendments	2,629,304	1,111,080	3,740,383
Other	7,293,448	(984,078)	6,309,370
Carry Forward	569,600	1,383,730	1,953,330
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>122,086,801</b>	<b>1,004,078</b>	<b>123,090,879</b>
Non-Budgeted Proprietary	\$ 1,300,564	\$315,220	\$ 1,615,784

FY 2017 Total Agency Authority Expended	
Total Expended	105,634,925
Total Budgeted Authority	123,460,904
<b>% Expended</b>	<b>85.6%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

### Statutory Appropriations

The department had additional statutory authority since December. This included Montana Highway Patrol retirement transfers in the amount of \$70,000, county attorney payroll in the amount of \$314,000, and \$51,000 in restitution from crime victim payments.

### Budget Amendments

Additional budget authority of \$1.1 million in federal funding was added through budget amendments supporting such programs as abuse of prescription drug prevention, federal overtime approvals for narcotics and immigration investigations, and Montana's program supporting sexual assault tracking and evidence program.

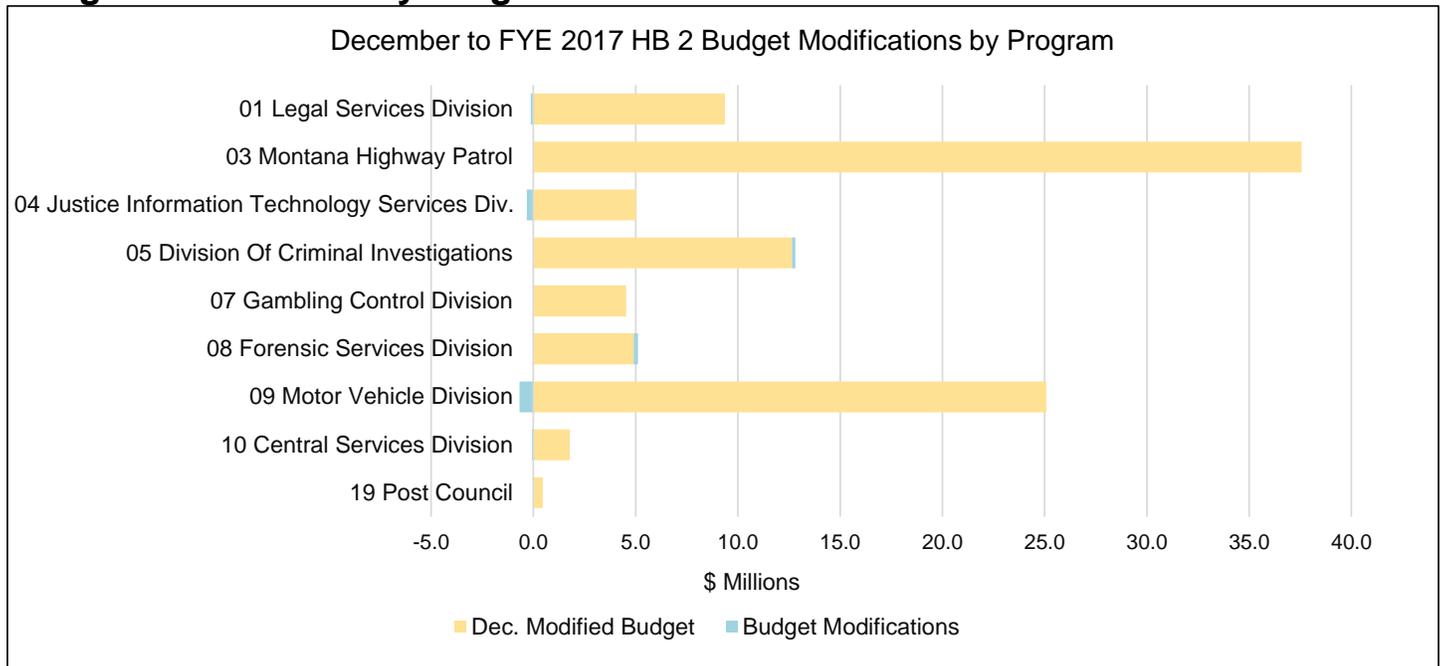
## Non-Budgeted Proprietary

Additional budget authority of \$315,220 comes from agency legal services. The change enabled the program to more accurately fund legal services provided to other agencies in FY 2017. No rates were modified with this change.

There was additional carryforward identified since December. This money came from various programs and was a combination of general fund, state special revenue, and federal from FY 2015.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Legal Services Division	9,368,152	-	(125,000)	(125,000)	9,243,152	-1.3%
03 Montana Highway Patrol	37,570,915	-	-	-	37,570,915	0.0%
04 Justice Information Technology Services Div.	5,035,932	73,143	(393,143)	(320,000)	4,715,932	-6.4%
05 Division Of Criminal Investigations	12,643,992	406,871	(236,371)	170,500	12,814,492	1.3%
07 Gambling Control Division	4,531,535	-	-	-	4,531,535	0.0%
08 Forensic Services Division	4,913,686	218,225	(18,225)	200,000	5,113,686	4.1%
09 Motor Vehicle Division	25,081,803	200,226	(879,226)	(679,000)	24,402,803	-2.7%
10 Central Services Division	1,780,206	-	(78,553)	(78,553)	1,701,653	-4.4%
19 Post Council	458,278	6,900	(24,149)	(17,249)	441,029	-3.8%
<b>Grand Total</b>	<b>\$101,384,499</b>	<b>\$905,365</b>	<b>(\$1,754,667)</b>	<b>(\$849,302)</b>	<b>\$100,535,197</b>	<b>-0.8%</b>

*This chart shows budget modifications by program from December through FYE.*

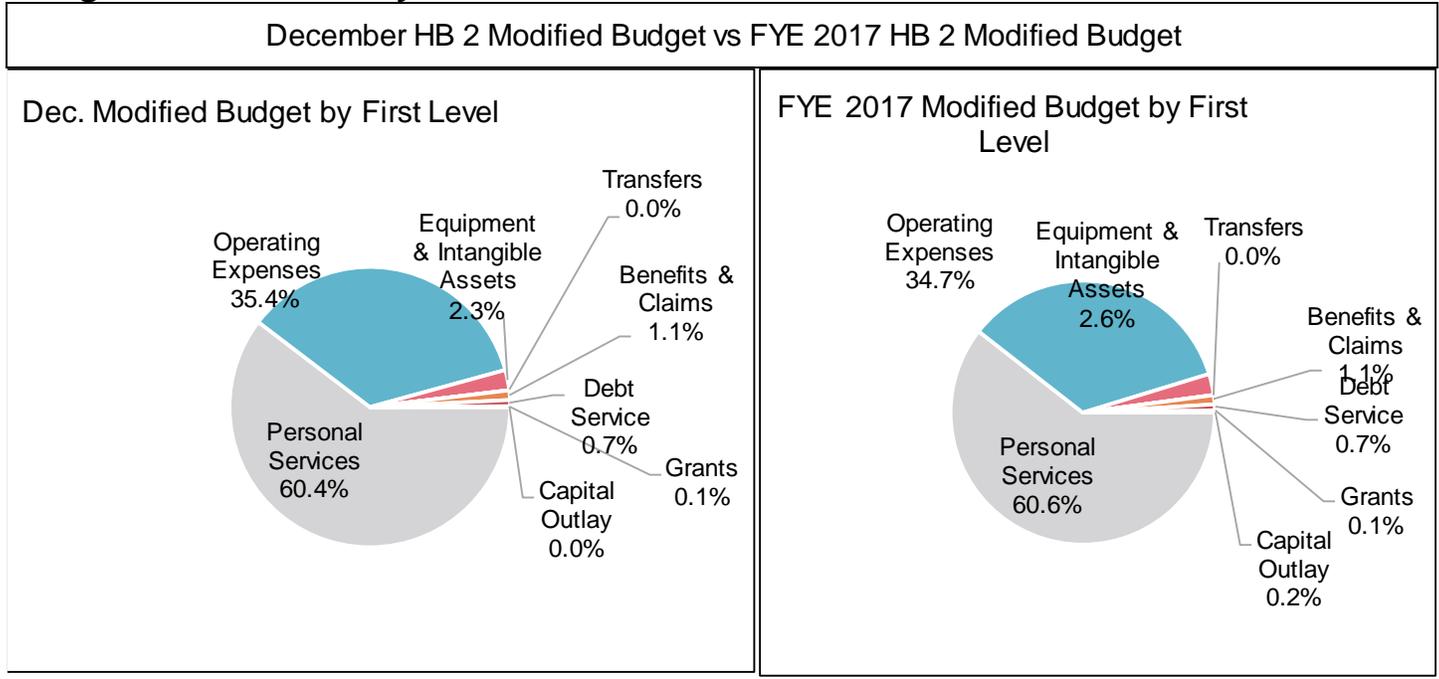
There were several program transfers since December:

- The first moved authority of \$240,000 in state special funds from the Motor Vehicle Division to the Division of Criminal Investigation and the Criminal Records & Identification System Section (CRISS). This was executed due to a shortfall in funding for CRISS and a surplus in funding of the Montana Insurance and Verification System (MTIVS)
- The second involved a transfer of \$50,000 general fund from central services to the Forensic Service Division to assist with identified backlogs at the crime lab
- The third moved \$150,000 in operating funds from the technology services division to the forensic lab to cover anticipated shortfalls

Other budget modifications include:

- o Reduction of \$125,000 in the Legal Service Division per coordination instruction in SB 95 and HB 648
- o HB 3 reductions and a program transfer totaling \$320,000 in the Technology Service Division
- o Various program transfers and house adjustments in the Division of Criminal Investigation, Forensic Science Division, Motor Vehicle Division, Central Services Division, and POST Council that contribute to a net agency reduction of \$500,000

## Budget Modification by First Level



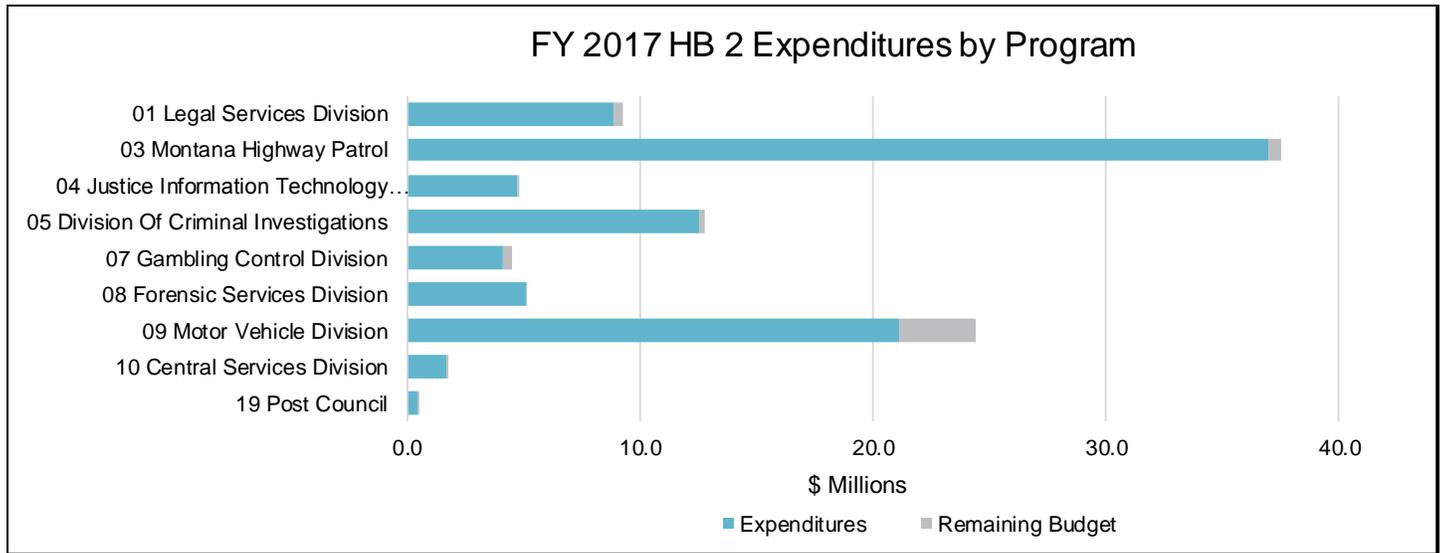
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$61,211,665	260,875	(\$590,165)	(\$329,290)	60,882,375	-0.5%
62000 Operating Expenses	\$35,851,827	200,000	(\$1,154,502)	(\$954,502)	34,897,325	-2.7%
63000 Equipment & Intangible Assets	\$2,371,725	234,264	\$0	234,264	2,605,989	9.9%
64000 Capital Outlay	\$0	200,226	\$0	200,226	200,226	0.0%
66000 Grants	\$90,000	-	(\$10,000)	(\$10,000)	80,000	-11.1%
67000 Benefits & Claims	\$1,121,191	-	\$0	-	1,121,191	0.0%
68000 Transfers	\$11,295	10,000	\$0	10,000	21,295	88.5%
69000 Debt Service	\$726,796	-	\$0	-	726,796	0.0%
<b>Grand Total</b>	<b>\$101,384,499</b>	<b>\$905,365</b>	<b>(\$1,754,667)</b>	<b>(\$849,302)</b>	<b>\$100,535,197</b>	<b>-0.8%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Various operating changes were made since December along with reductions made in HB 3, SB 95, and HB 648, resulting in a net decrease of \$849,302.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

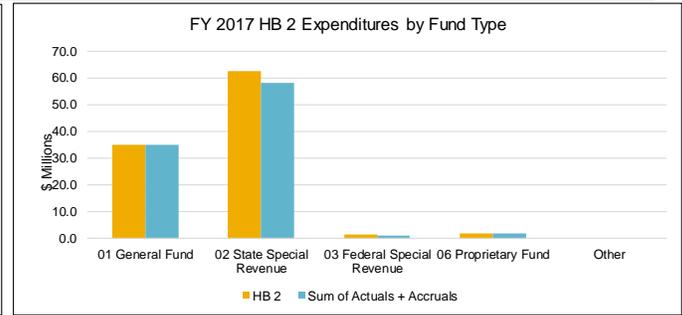
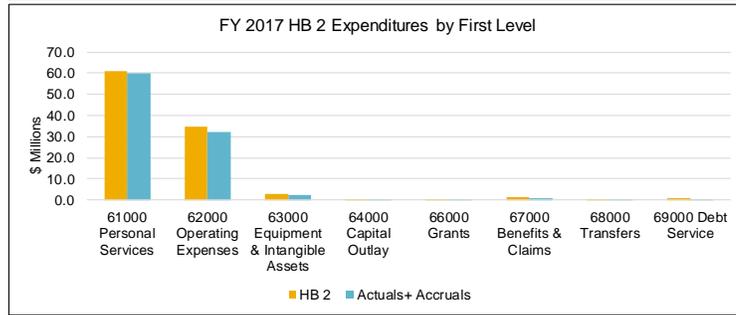
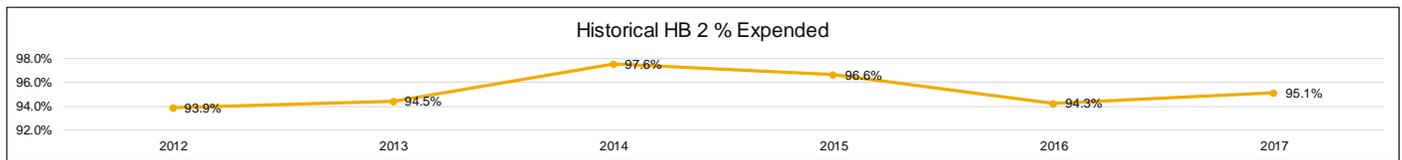


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Legal Services Division	9,243,152	8,912,538.0	330,614	96.4%
03 Montana Highway Patrol	37,570,915	36,962,860.43	608,055	98.4%
04 Justice Information Technology Services Div.	4,715,932	4,714,191.0	1,741	100.0%
05 Division Of Criminal Investigations	12,814,492	12,546,500.9	267,991	97.9%
07 Gambling Control Division	4,531,535	4,111,274.94	420,260	90.7%
08 Forensic Services Division	5,113,686	5,113,684.9	1	100.0%
09 Motor Vehicle Division	24,402,803	21,123,880.2	3,278,923	86.6%
10 Central Services Division	1,701,653	1,691,717.5	9,936	99.4%
19 Post Council	441,029	438,848.2	2,181	99.5%
<b>Grand Total</b>	<b>\$100,535,197</b>	<b>\$95,615,496</b>	<b>\$4,919,701</b>	<b>95.1%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The budget is 95.1% expended with the majority of the unspent balance in the Motor Vehicle Division (MVD). State special revenue accounts for \$3.3 million remaining in MVD and is from the Montana Insurance and Verification Systems (MTIVS) and MERLIN programs. The majority of remaining balance from MERLIN was due to debt service not being able to be moved or utilized while expenses peaked for MTIVS in FY 2015 and have been reduced since that time.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	60,882,375	59,794,164	98.2%
62000 Operating Expenses	34,897,325	32,140,338	92.1%
63000 Equipment & Intangible Assets	2,605,989	2,412,798	92.6%
64000 Capital Outlay	200,226	200,222	100.0%
66000 Grants	80,000	80,000	100.0%
67000 Benefits & Claims	1,121,191	892,861	79.6%
68000 Transfers	21,295	21,295	100.0%
69000 Debt Service	726,796	73,818	10.2%
<b>Grand Total</b>	<b>\$100,535,197</b>	<b>\$95,615,496</b>	<b>95.1%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	34,988,913	34,978,589	100.0%
02 State Special Revenue	62,267,626	57,913,277	93.0%
03 Federal Special Revenue	1,363,897	1,058,359	77.6%
06 Proprietary Fund	1,914,761	1,665,270	87.0%
Other	-	-	0.0%
<b>Grand Total</b>	<b>\$100,535,197</b>	<b>\$95,615,496</b>	<b>95.1%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

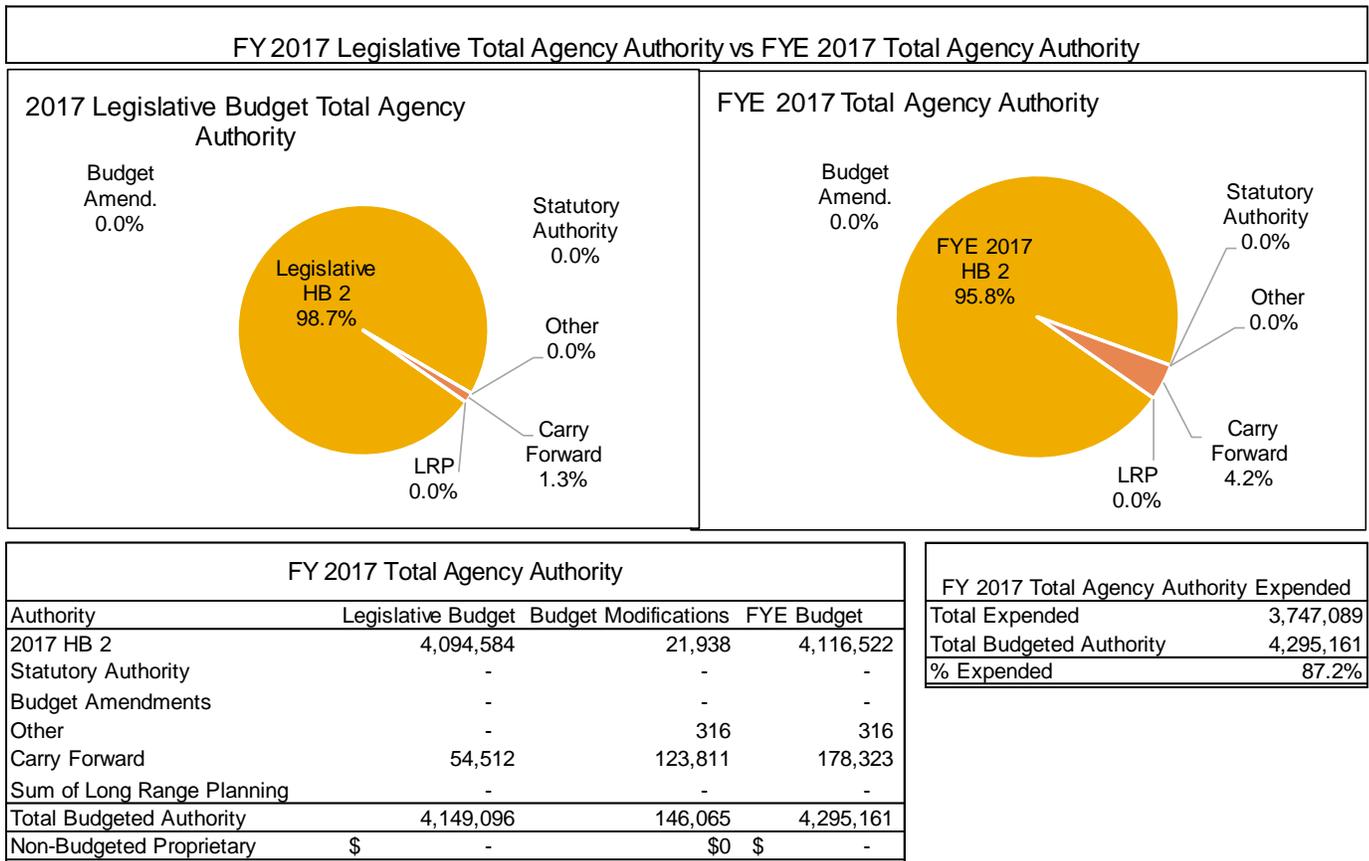
The budget is 95.1% expended and is comparable to the five years of expenditure history. General fund was 100% expended, with the majority of budget balance at year end being state special revenue funding.

# PUBLIC SERVICE REGULATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The department is funded primarily with a state special revenue fund derived from fees levied on regulated companies

## TOTAL APPROPRIATION AUTHORITY OVERVIEW

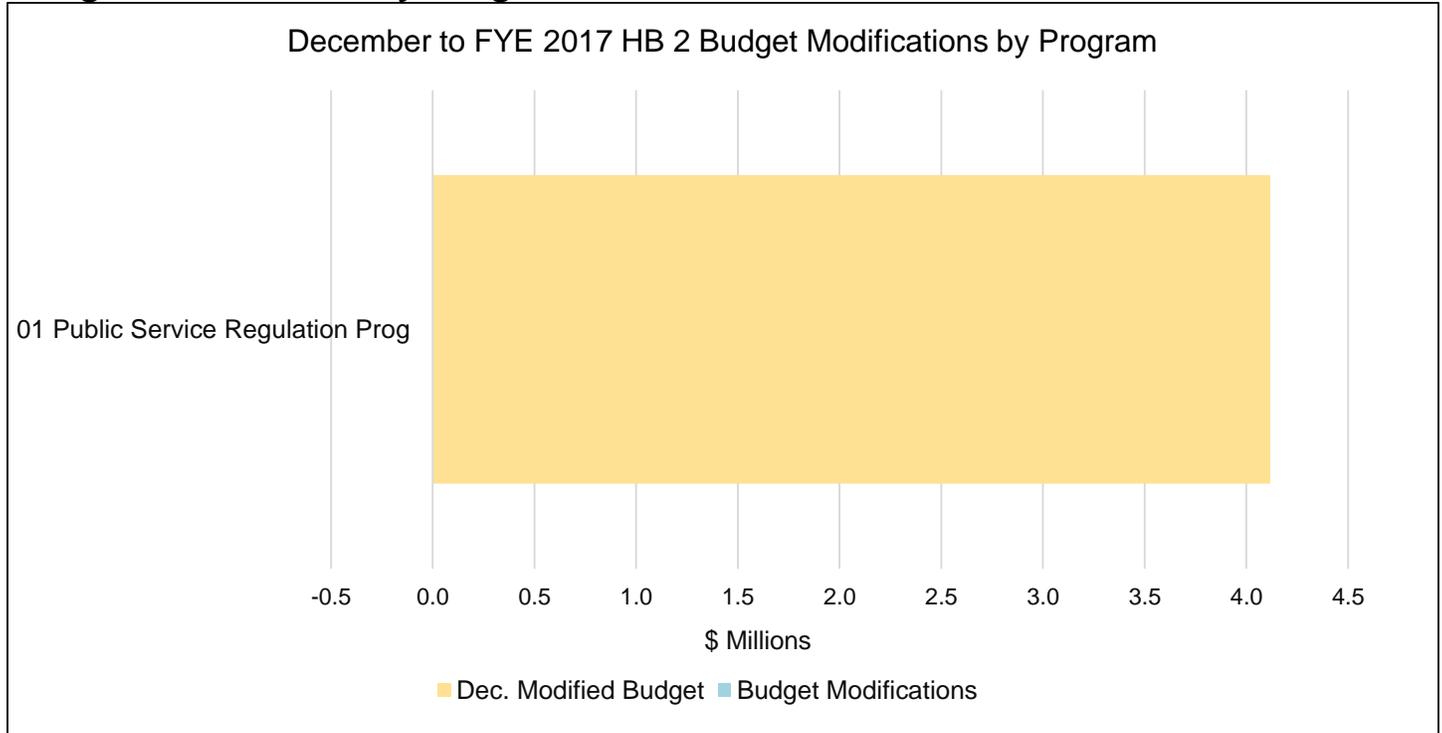


*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

In FY 2017, the Public Service Commission had a small amount of carry forward appropriation.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Public Service Regulation Prog	4,116,838	-	(316)	(316)	4,116,522	0.0%
Grand Total	\$4,116,838	\$0	(\$316)	(\$316)	\$4,116,522	0.0%

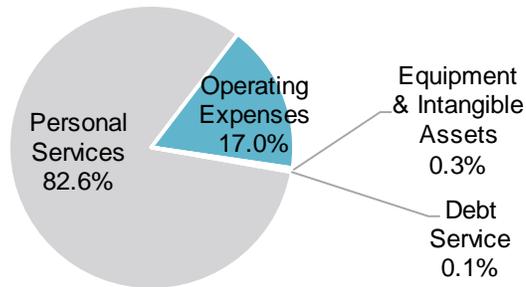
*This chart shows budget modifications by program from December through FYE.*

There were minimal budget modifications during this reporting period.

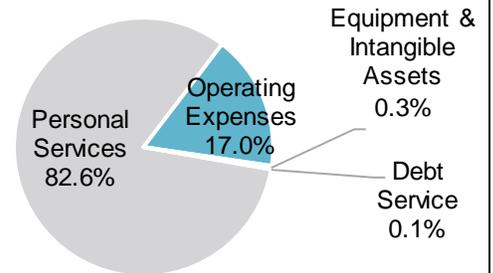
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

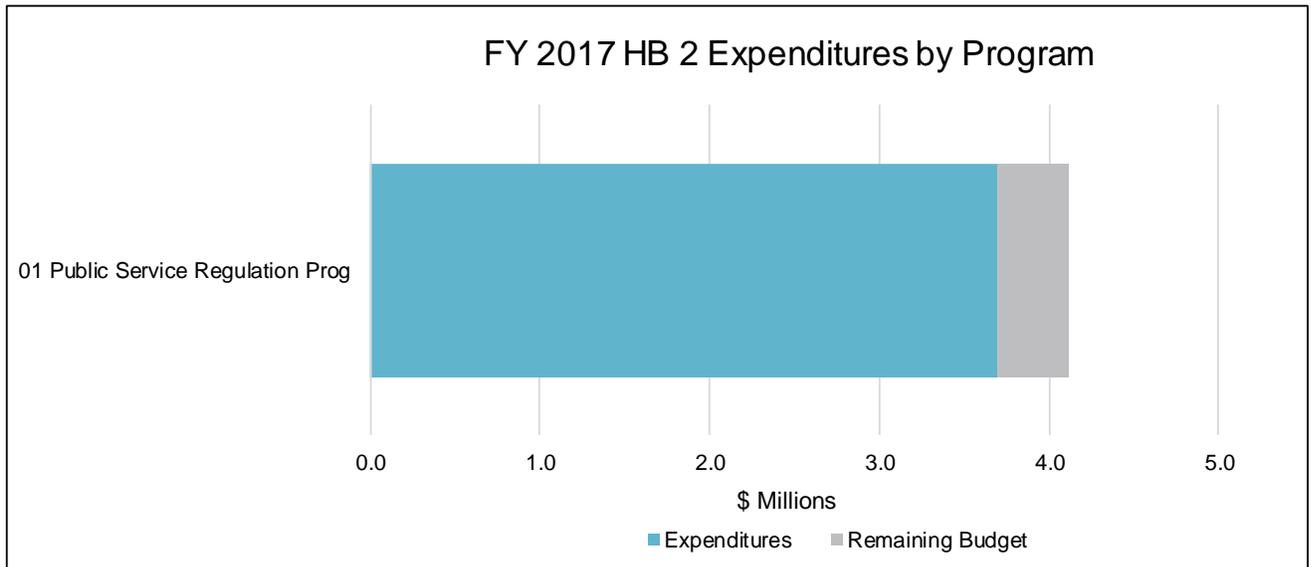
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$3,400,231	-	(\$316)	(316)	3,399,915	0.0%
62000 Operating Expenses	\$698,027	-	\$0	-	698,027	0.0%
63000 Equipment & Intangible Assets	\$12,500	-	\$0	-	12,500	0.0%
69000 Debt Service	\$6,080	-	\$0	-	6,080	0.0%
<b>Grand Total</b>	<b>\$4,116,838</b>	<b>\$0</b>	<b>(\$316)</b>	<b>(\$316)</b>	<b>\$4,116,522</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Budget modifications are a result of workers' compensation reductions of \$316.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

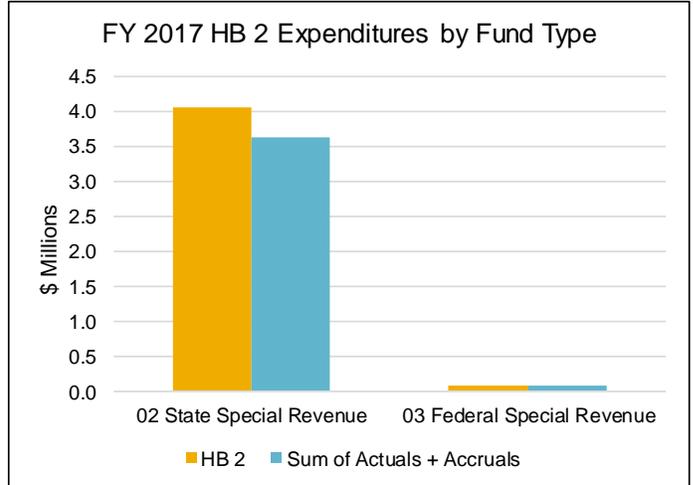
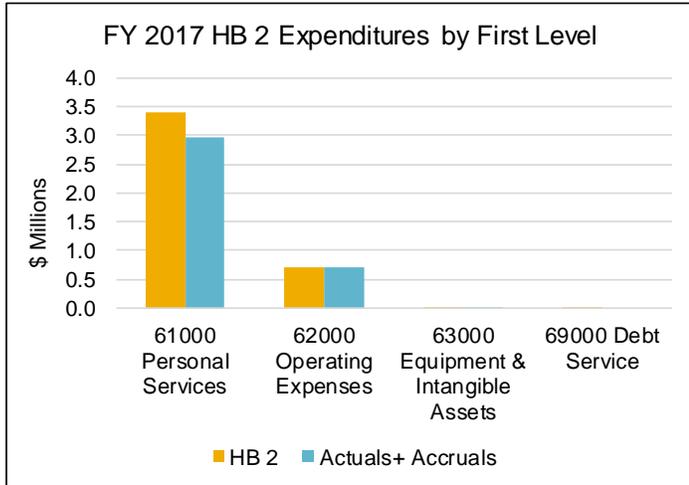
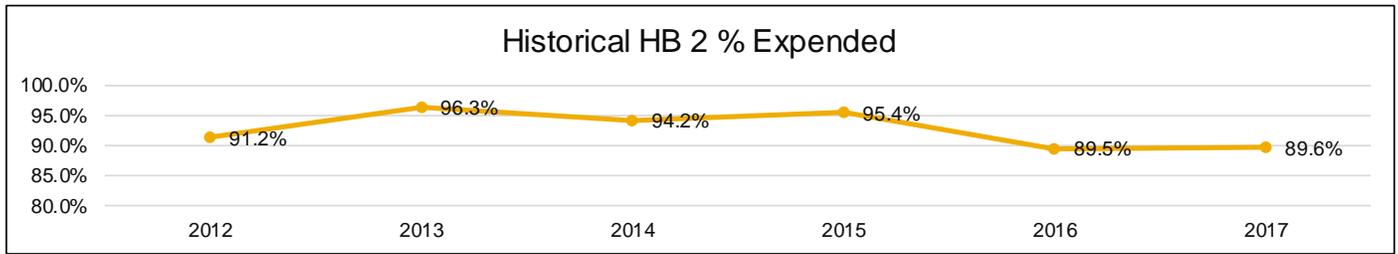


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Public Service Regulation Prog	4,116,522	3,692,577	423,944	89.7%
Grand Total	\$4,116,522	3,692,577	\$423,944	89.7%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Public Service Regulation program expended 89.7% of its HB 2 FY 2017 budget.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	3,399,915	2,965,049	87.2%
62000 Operating Expenses	698,027	715,240	102.5%
63000 Equipment & Intangible Assets	12,500	12,288	98.3%
69000 Debt Service	6,080	-	0.0%
<b>Grand Total</b>	<b>\$4,116,522</b>	<b>\$3,692,577</b>	<b>89.7%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
02 State Special Revenue	4,043,194	3,622,617	89.6%
03 Federal Special Revenue	73,328	69,960	95.4%
<b>Grand Total</b>	<b>\$4,116,522</b>	<b>\$3,692,577</b>	<b>89.7%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

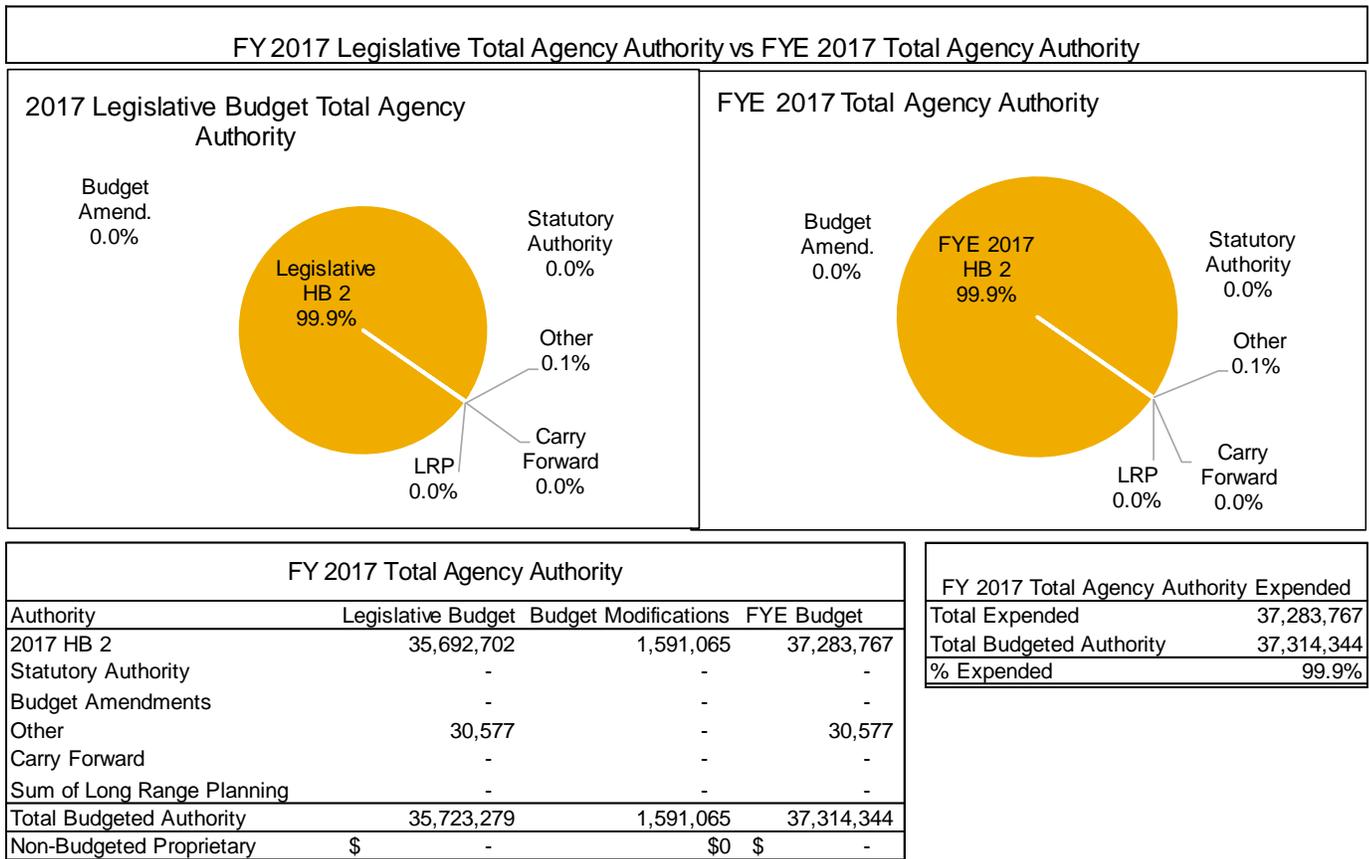
Budget expenditures are comparable to the five year trend. The budget is 89.7% expended with personal services and vacancies contributing to the majority of remaining budget.

# PUBLIC DEFENDER

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of Public Defender spent all of its appropriation authority in FY 2017
- The agency received a supplemental of \$2.0 million and utilized this in the Conflict Coordinator program

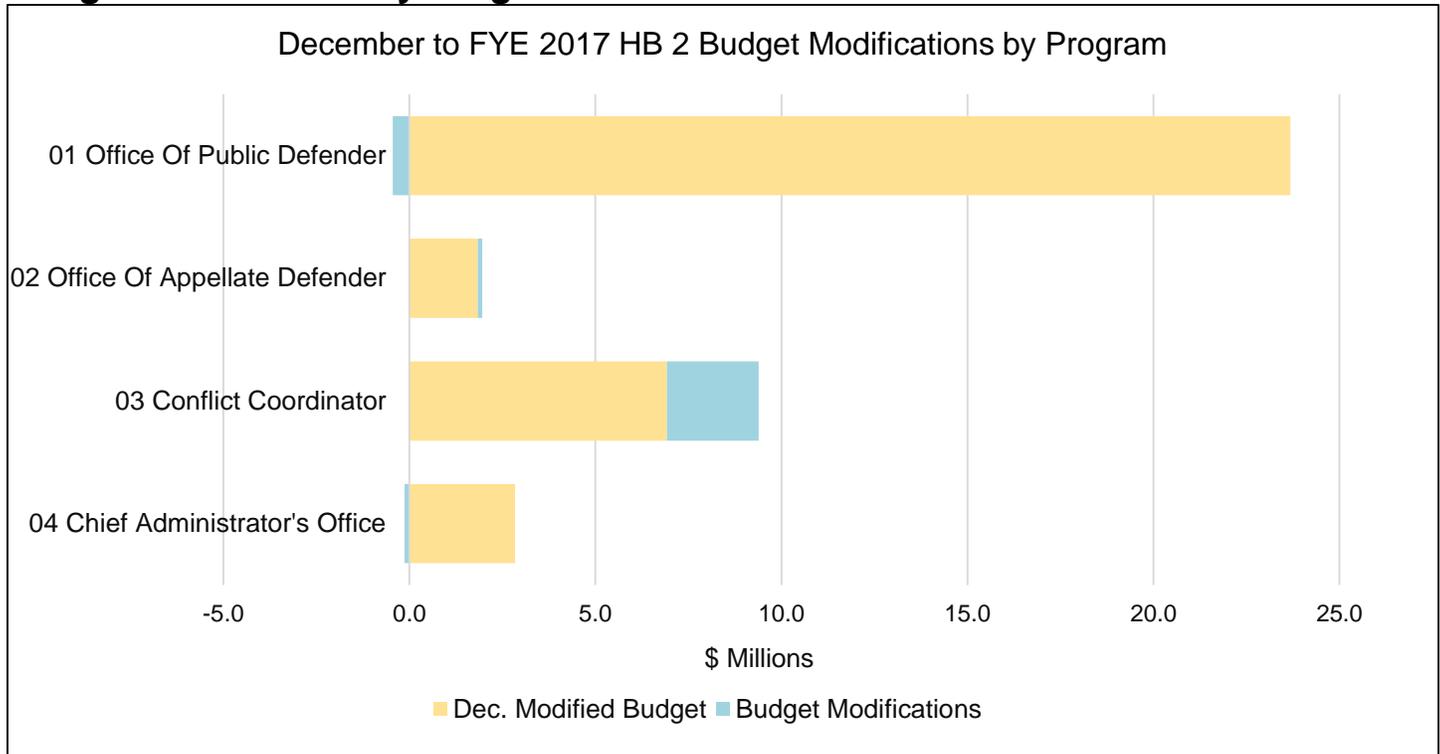
## TOTAL APPROPRIATION AUTHORITY OVERVIEW



*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Office Of Public Defender	23,676,482	1,654,319	(2,098,133)	(443,814)	23,232,668	-1.9%
02 Office Of Appellate Defender	1,842,472	116,562	(3,362)	113,200	1,955,672	6.1%
03 Conflict Coordinator	6,924,694	2,581,324	(122,625)	2,458,700	9,383,394	35.5%
04 Chief Administrator's Office	2,840,119	121,038	(249,124)	(128,086)	2,712,033	-4.5%
<b>Grand Total</b>	<b>\$35,283,767</b>	<b>\$4,473,243</b>	<b>(\$2,473,243)</b>	<b>\$2,000,000</b>	<b>\$37,283,767</b>	<b>5.7%</b>

*This chart shows budget modifications by program from December through FYE.*

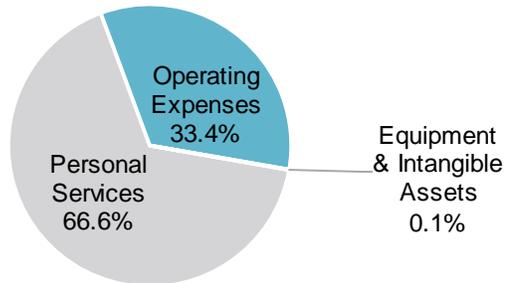
Budget modifications for FY 2017 include:

- A supplemental appropriation for the Conflict Coordinator of \$2.0 million general fund
- A transfer of \$615,000, including 6.00 FTE, from the Office of Public Defender to the Conflict Coordinator to assist with work load
- A transfer of \$1.0 million from the Office of Public Defender to the Conflict Coordinator. The Conflict Coordinator program was started in 2014 and some of the funding planned for FY 2017 was budgeted in the Office of Public Defender. This transfer carried out the executive planning process and original intent
- A transfer of \$300,000 from the Office of Public Defender with \$200,000 going to the Conflict Coordinator and \$100,000 going to the Chief Administrator's Office to fully fund operations in the receiving programs

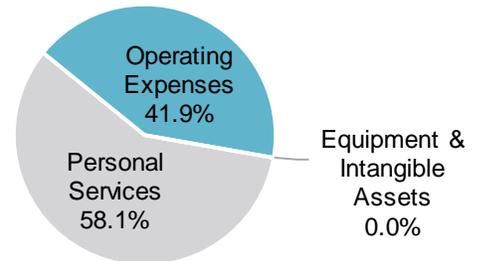
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

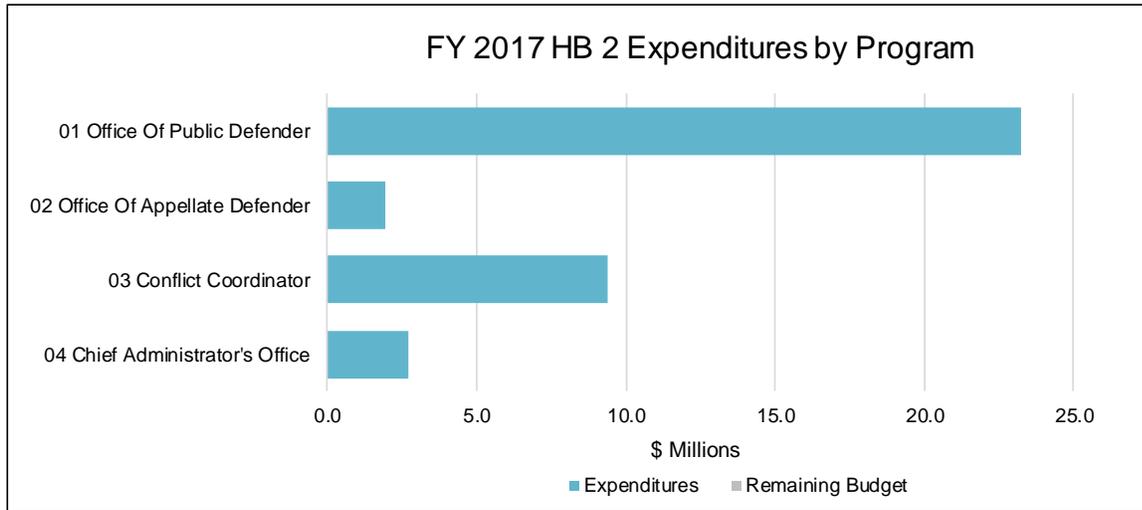
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$23,493,092	113,200	(\$1,952,989)	(1,839,789)	21,653,303	-7.8%
62000 Operating Expenses	\$11,772,121	4,360,043	(\$501,700)	3,858,343	15,630,464	32.8%
63000 Equipment & Intangible Assets	\$18,554	-	(\$18,554)	(18,554)	-	-100.0%
<b>Grand Total</b>	<b>\$35,283,767</b>	<b>\$4,473,243</b>	<b>(\$2,473,243)</b>	<b>\$2,000,000</b>	<b>\$37,283,767</b>	<b>5.7%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The majority of the budget modifications by first level expenditure category moved funding from personal services to operations. This type of change occurred in all programs, however, the most significant was the movement of \$1.6 million from personal services to operations in the Office of Public Defender.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

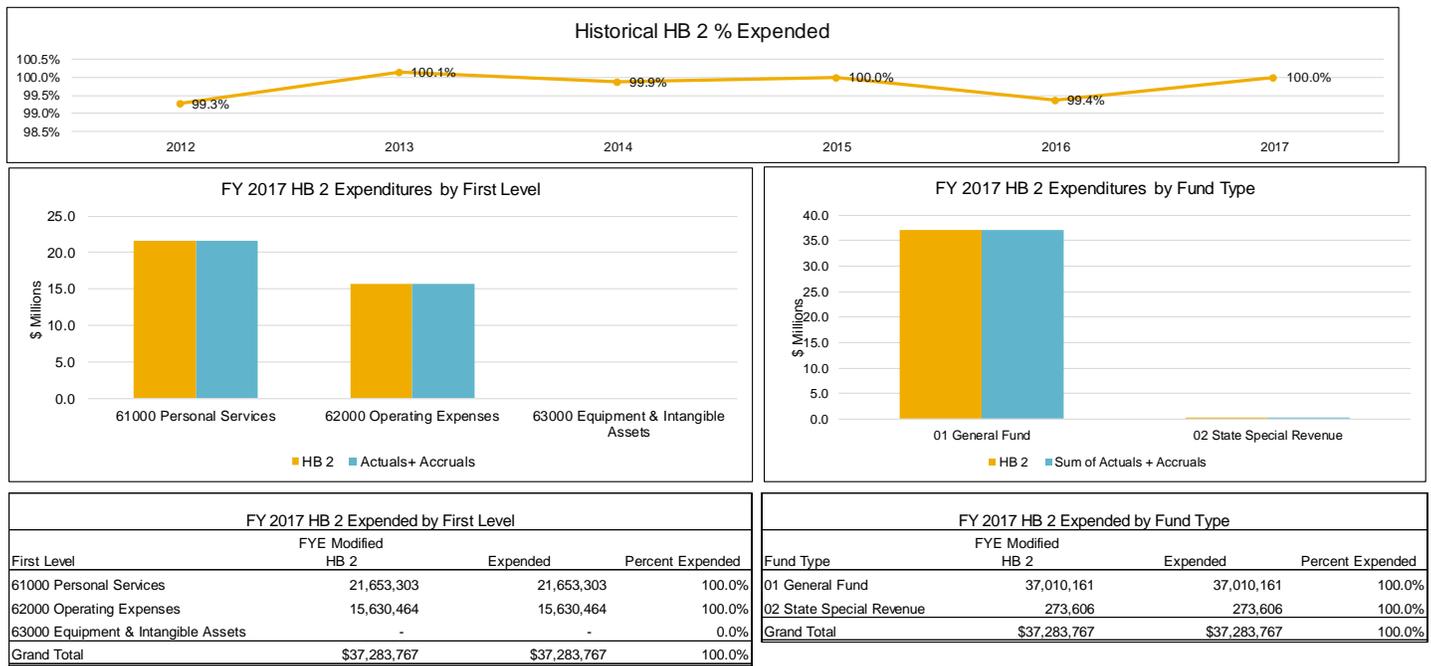


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Office Of Public Defender	23,232,668	23,232,668	-	100.0%
02 Office Of Appellate Defender	1,955,672	1,955,672	-	100.0%
03 Conflict Coordinator	9,383,394	9,383,394	-	100.0%
04 Chief Administrator's Office	2,712,033	2,712,033	-	100.0%
<b>Grand Total</b>	<b>\$37,283,767</b>	<b>37,283,767</b>	<b>\$0</b>	<b>100.0%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The agency expended all funding including the \$2.0 million supplemental given to the Conflict Coordinator for FY 2017.

# Expenditure By First Level Account and Fund Type



The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

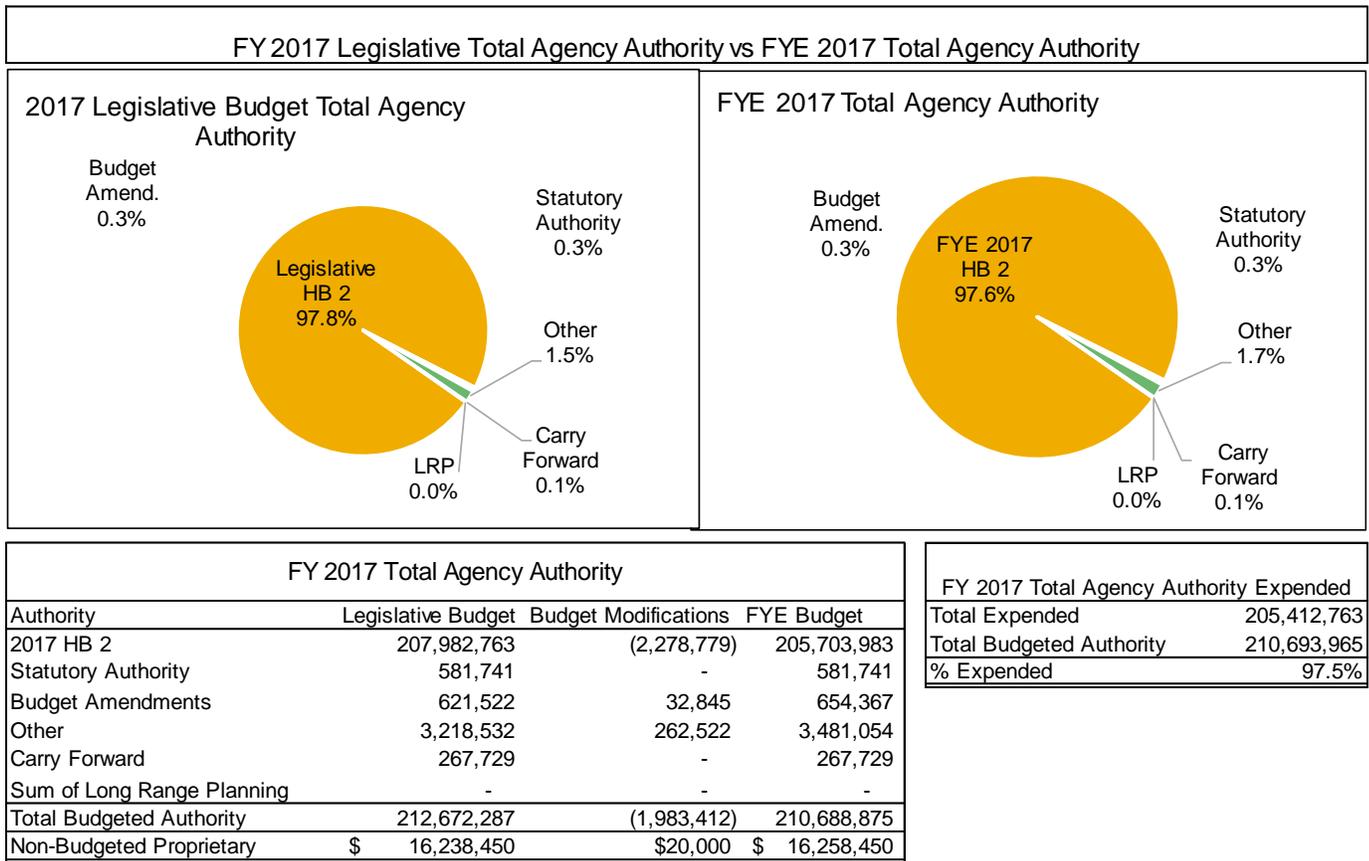
The Public Defender has consistently expended almost the entirety of their appropriated authority. This includes supplemental authority they have received in HB 3 during the last six legislative sessions.

# DEPARTMENT OF CORRECTIONS

## BUDGET AND EXPENDITURE HIGHLIGHTS

The department reverted \$4.1 million in general fund. The primary reason for this was the result of medical savings of \$3.0 million in the Clinical Services Division. Other areas that contribute to the reversion for FY 2017 include \$400,000 in workers compensation reductions and \$300,000 received from secure facilities.

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



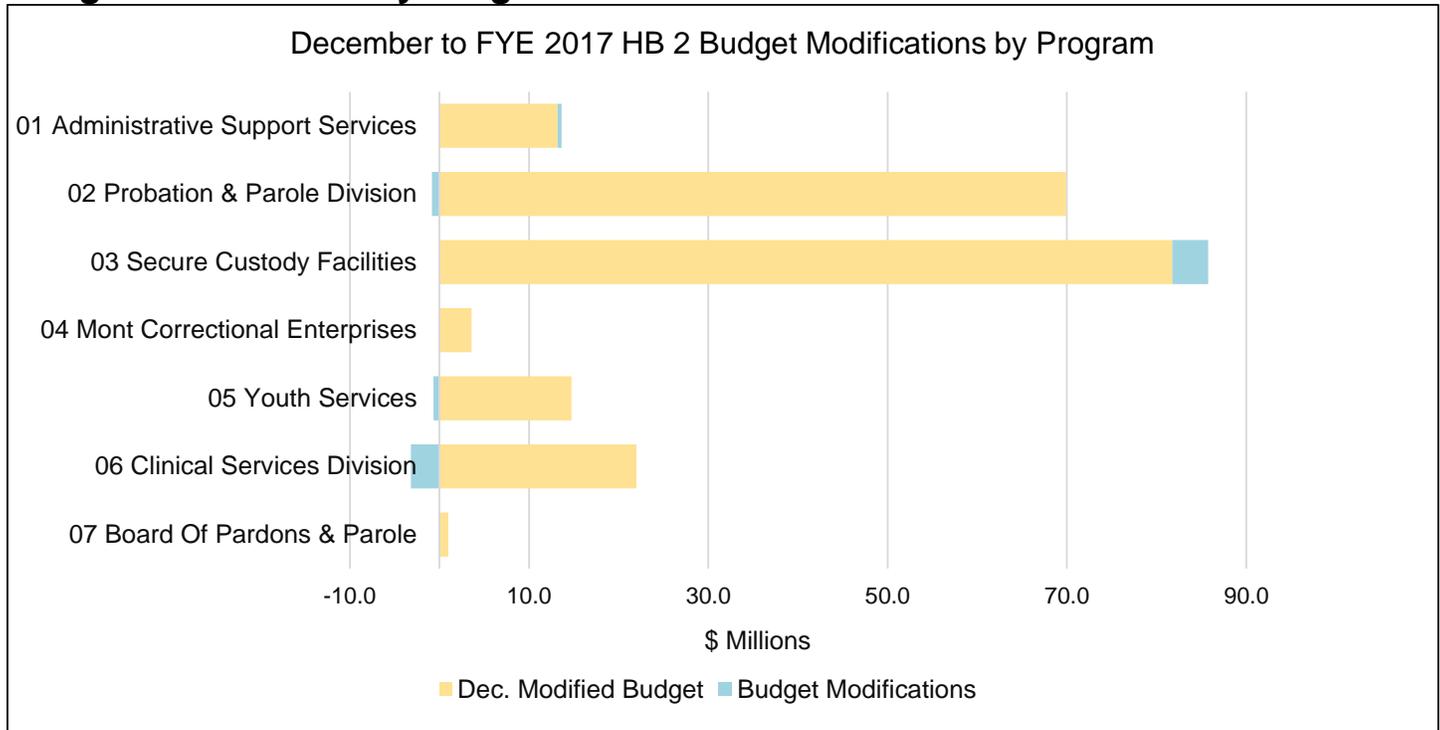
*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

## Budget Amendments

An extension for the Sentencing, Monitoring, Apprehending, Registering, and Tracking System (SMART) was granted with no additional authority and \$32,845 of federal authority was approved for the Montana State Prison for housing criminal alien offenders.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administrative Support Services	13,180,047	868,477	(440,838)	427,640	13,607,687	3.2%
02 Probation & Parole Division	69,924,173	367,505	(1,200,662)	(833,157)	69,091,016	-1.2%
03 Secure Custody Facilities	81,762,969	6,174,810	(2,173,689)	4,001,121	85,764,091	4.9%
04 Mont Correctional Enterprises	3,586,637	70,500	(129,847)	(59,347)	3,527,290	-1.7%
05 Youth Services	14,743,956	256,461	(926,992)	(670,532)	14,073,424	-4.5%
06 Clinical Services Division	21,974,534	40,000	(3,240,383)	(3,200,383)	18,774,150	-14.6%
07 Board Of Pardons & Parole	981,340	-	(109,923)	(109,923)	871,417	-11.2%
<b>Grand Total</b>	<b>\$206,153,655</b>	<b>\$7,777,753</b>	<b>(\$8,222,335)</b>	<b>(\$444,582)</b>	<b>\$205,709,073</b>	<b>-0.2%</b>

This chart shows budget modifications by program from December through FYE.

There were two program transfers since December impacting all seven programs:

- The first involved personal service authority of \$1.3 million transferred primarily to operations (\$50,000 transferred to equipment and intangibles) – \$600,000 was transferred out from community corrections and \$500,000 from juvenile corrections as the main source of funding – secure facilities received \$1.28 million to be used in operations from this program transfer
- The second transfer involved moving \$130,000 in operating funds from Secure Facilities to Administrative Support Services to cover a year-end shortfall

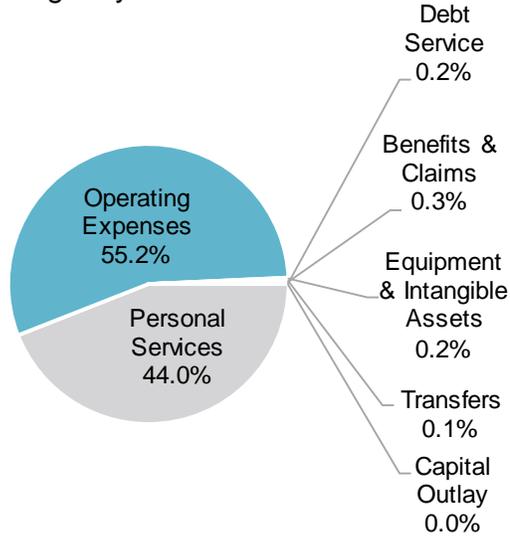
Other budget modifications for FY 2017 include:

- The inclusion of a FY 2017 supplemental in HB 3 of \$3.2 million general fund for Secure Custody Facilities
- The executive reduction of \$3.0 million general fund as required by HB 3, in the Clinical Services Division

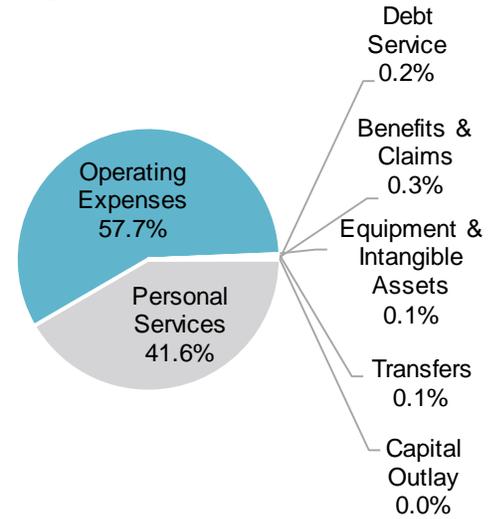
# Budget Modification by First Level

## December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$90,772,452	200,559	(\$5,394,060)	(5,193,501)	85,578,952	-5.7%
62000 Operating Expenses	\$113,879,931	7,414,737	(\$2,533,000)	4,881,737	118,761,668	4.3%
63000 Equipment & Intangible Assets	\$405,063	97,457	(\$295,275)	(197,818)	207,245	-48.8%
64000 Capital Outlay	\$41,546	-	\$0	-	41,546	0.0%
67000 Benefits & Claims	\$540,598	-	\$0	-	540,598	0.0%
68000 Transfers	\$204,317	65,000	\$0	65,000	269,317	31.8%
69000 Debt Service	\$309,748	-	\$0	-	309,748	0.0%
<b>Grand Total</b>	<b>\$206,153,655</b>	<b>\$7,777,753</b>	<b>(\$8,222,335)</b>	<b>(\$444,582)</b>	<b>\$205,709,073</b>	<b>-0.2%</b>

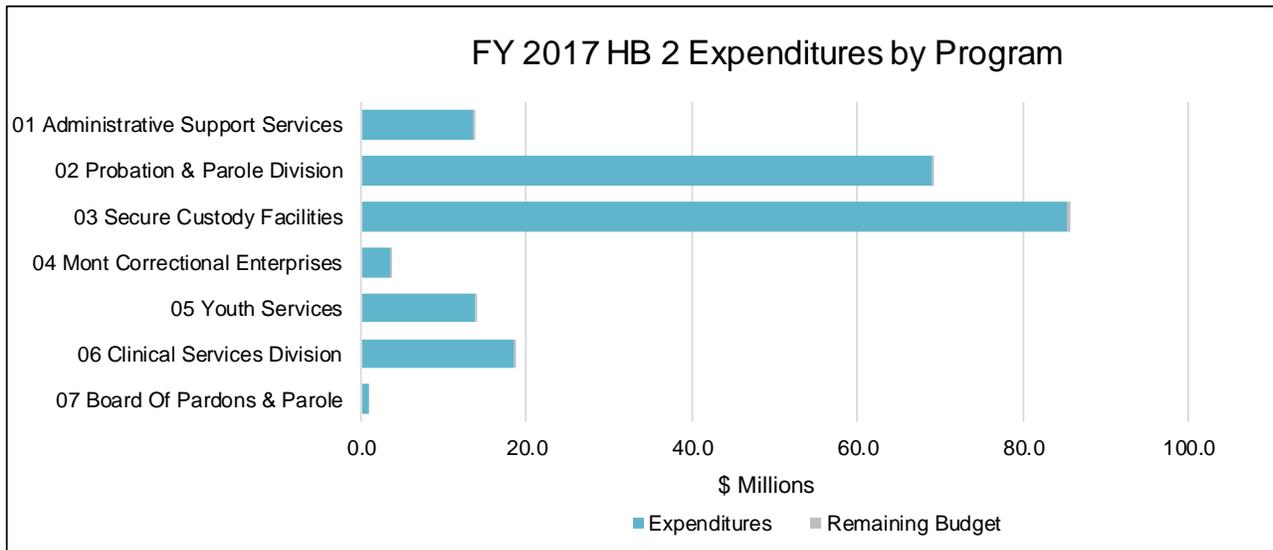
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

There were a total of six operating changes since December. Two of these are listed below and account the majority of the change:

- \$2.1 million moved from operating expenses to personal services in both Secure Facilities (\$1.7 million) and Administrative Services (\$450,000)
- \$1.2 million moved from personal services to operating expenses in Secure Facilities (\$330,000), juvenile corrections (\$200,000), and Clinical Services (\$720,000)

# AGENCY HB 2 EXPENDITURES

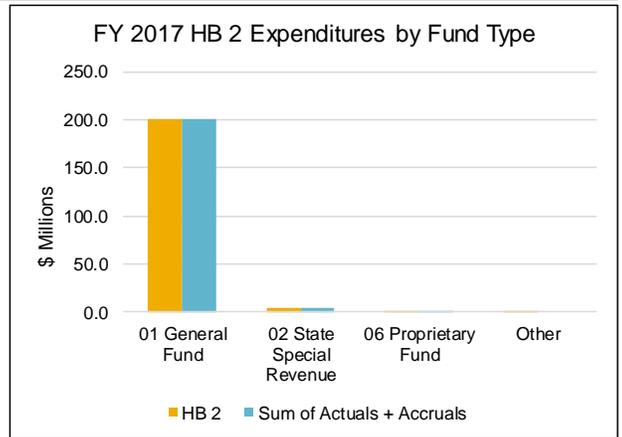
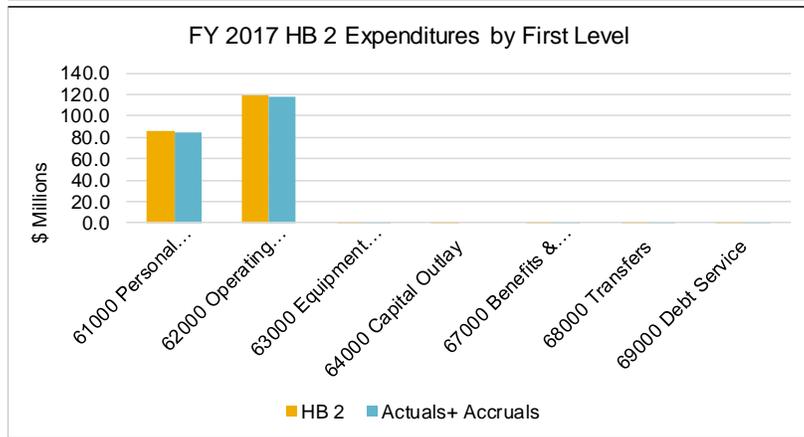
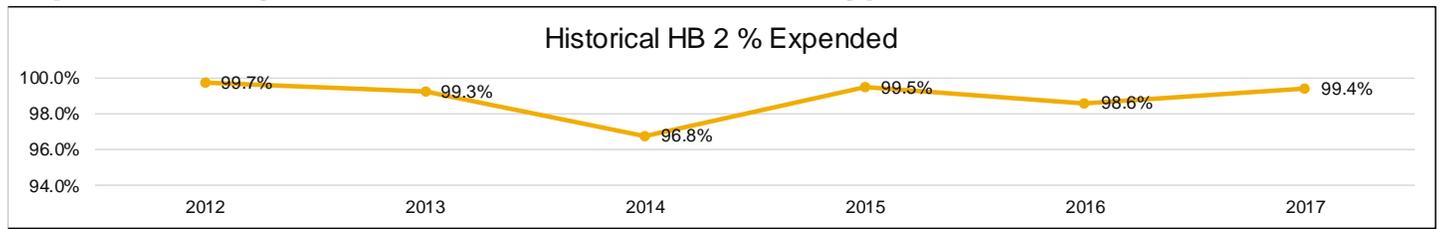
## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administrative Support Services	13,607,687	13,546,531	61,156	99.6%
02 Probation & Parole Division	69,091,016	69,059,105	31,911	100.0%
03 Secure Custody Facilities	85,759,001	85,286,810	472,191	99.4%
04 Mont Correctional Enterprises	3,527,290	3,453,056	74,233	97.9%
05 Youth Services	14,073,424	13,887,222	186,202	98.7%
06 Clinical Services Division	18,774,150	18,565,249	208,901	98.9%
07 Board Of Pardons & Parole	871,417	871,417	-	100.0%
<b>Grand Total</b>	<b>\$205,703,983</b>	<b>204,669,390</b>	<b>\$1,034,593</b>	<b>99.5%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	85,578,952	85,179,666	99.5%
62000 Operating Expenses	118,761,668	118,308,240	99.6%
63000 Equipment & Intangible Assets	207,245	235,089	113.4%
64000 Capital Outlay	41,546	-	0.0%
67000 Benefits & Claims	540,598	370,372	68.5%
68000 Transfers	269,317	225,723	83.8%
69000 Debt Service	309,748	350,301	113.1%
<b>Grand Total</b>	<b>\$205,709,073</b>	<b>\$204,669,390</b>	<b>99.5%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	200,762,944	200,120,107	99.7%
02 State Special	4,833,810	4,451,674	92.1%
06 Proprietary Fu	107,229	97,609	91.0%
Other	5,090	-	0.0%
<b>Grand Total</b>	<b>\$205,709,073</b>	<b>\$204,669,390</b>	<b>99.5%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

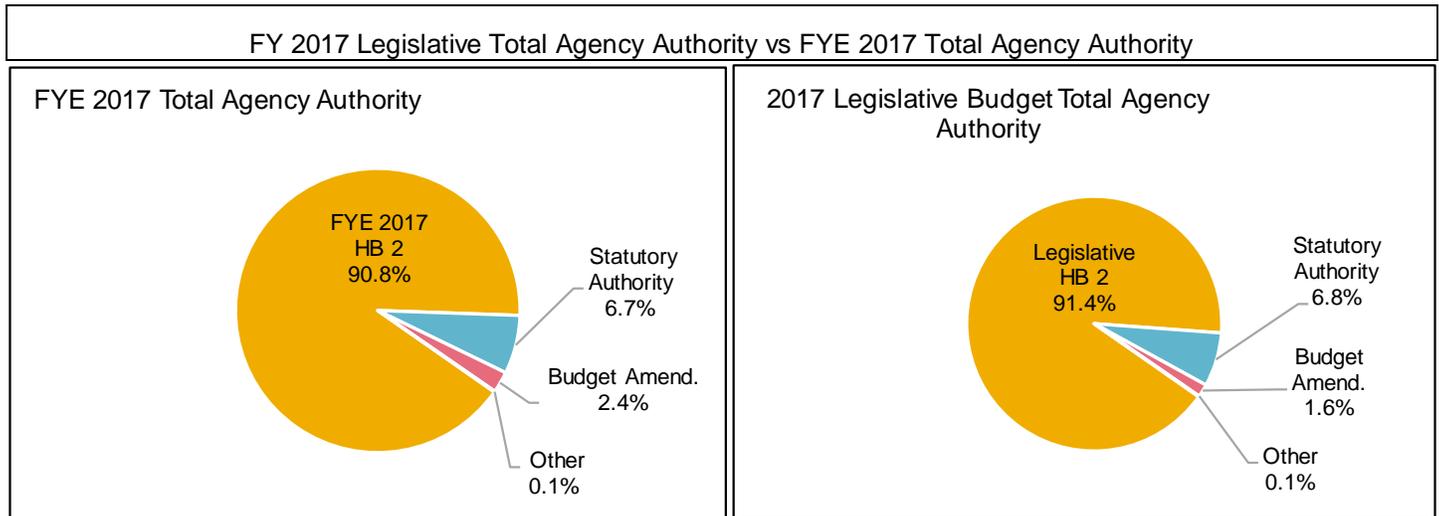
The department's budget is almost completely expended and is comparable to prior year spending.

# OFFICE OF PUBLIC INSTRUCTION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of Public Instruction (OPI) expended 99.6% of the general fund budget and 98.1% of the total budget.
- The agency reverted \$3.3 million of unexpended appropriation authority to the general fund from the following programs:
  - Program 06 – State Level Activities reverted \$22,882
  - Program 09 – Local Education Activities reverted \$3.3 million as follows
    - \$2.1 million– BASE Aid
    - \$ 717,089 – Transportation
    - \$ 420,251 – State Tuition Payments
    - \$ 40,180 – Gifted and Talented
    - \$ 6,626 - Other
- General fund modification totaled \$17.3 million:
  - \$300,000 reduction for HB 3 voluntary reductions in program 06
  - \$17.3 million increase for HB 3 supplemental for BASE Aid in program 09
- The agency expended 100% of its one-time-only authority (OTO) totaling \$933,808:
  - \$832,000 Montana Digital Academy
  - \$101,308 audiological services

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	975,526,126	18,688,270	994,214,396
Statutory Authority	72,952,000	-	72,952,000
Budget Amendments	17,282,397	9,092,878	26,375,275
Other	1,035,325	-	1,035,325
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>1,066,795,848</b>	<b>27,781,148</b>	<b>1,094,576,996</b>
Non-Budgeted Proprietary	\$ 3,695,162	\$0	\$ 3,695,162

FY 2017 Total Agency Authority Expended	
Total Expended	1,033,157,099
Total Budgeted Authority	1,094,576,996
<b>% Expended</b>	<b>94.4%</b>

*This chart shows current FYE authority vs compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

In FY 2017, the agency received a \$17.3 million general fund supplemental appropriation for BASE Aid and volunteered a \$0.3 million general fund reduction as part of HB3. The agency also had continuing authority of \$1.7 million in general fund, state, and federal special revenue.

## Statutory Appropriations

Besides the allocated HB 2 authority, the department also has a large statutory authority. Statutory authority includes

- \$49.0 million interest and income from the guarantee account
- \$1.0 million in timber harvest for technology
- \$20.0 million oil and gas distribution
- \$3.0 million SB 410 tax credits for public and private schools

## Budget Amendments

The agency had \$26.4 million in budget amendments, all federal special revenue:

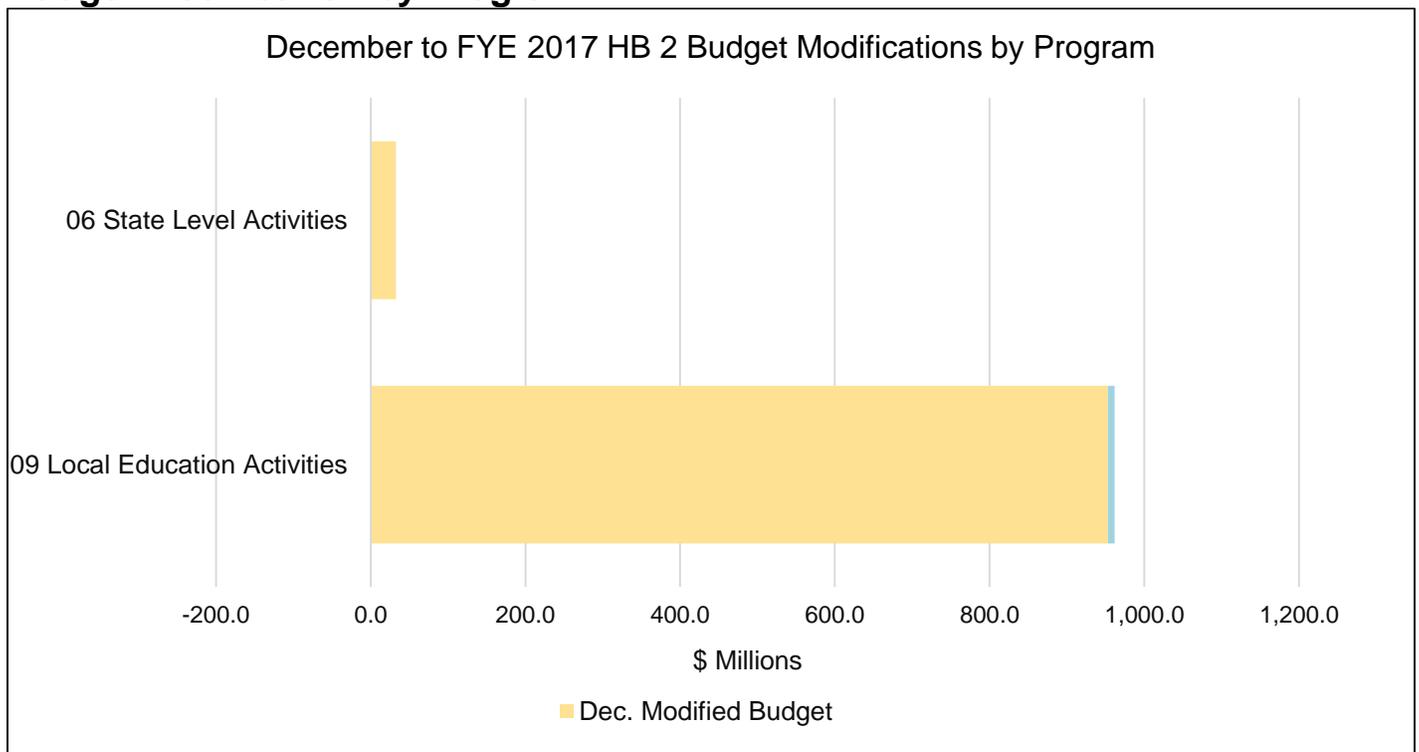
- \$20.7 million for preschool development grants
- \$3.6 million for project aware youth mental health
- \$1.2 million for statewide longitudinal grants
- \$0.7 million for troops to teachers
- \$0.2 million for NASA grants

## Non-Budgeted Proprietary

The agency provides advanced drivers education and other services to school districts and government agencies.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
06 State Level Activities	32,643,364	-	(300,000)	(300,000)	32,343,364	-0.9%
09 Local Education Activities	953,157,032	17,300,000	(8,586,000)	8,714,000	961,871,032	0.9%
<b>Grand Total</b>	<b>\$985,800,396</b>	<b>\$17,300,000</b>	<b>(\$8,886,000)</b>	<b>\$8,414,000</b>	<b>\$994,214,396</b>	<b>0.9%</b>

*This chart shows budget modifications by program from December through FYE.*

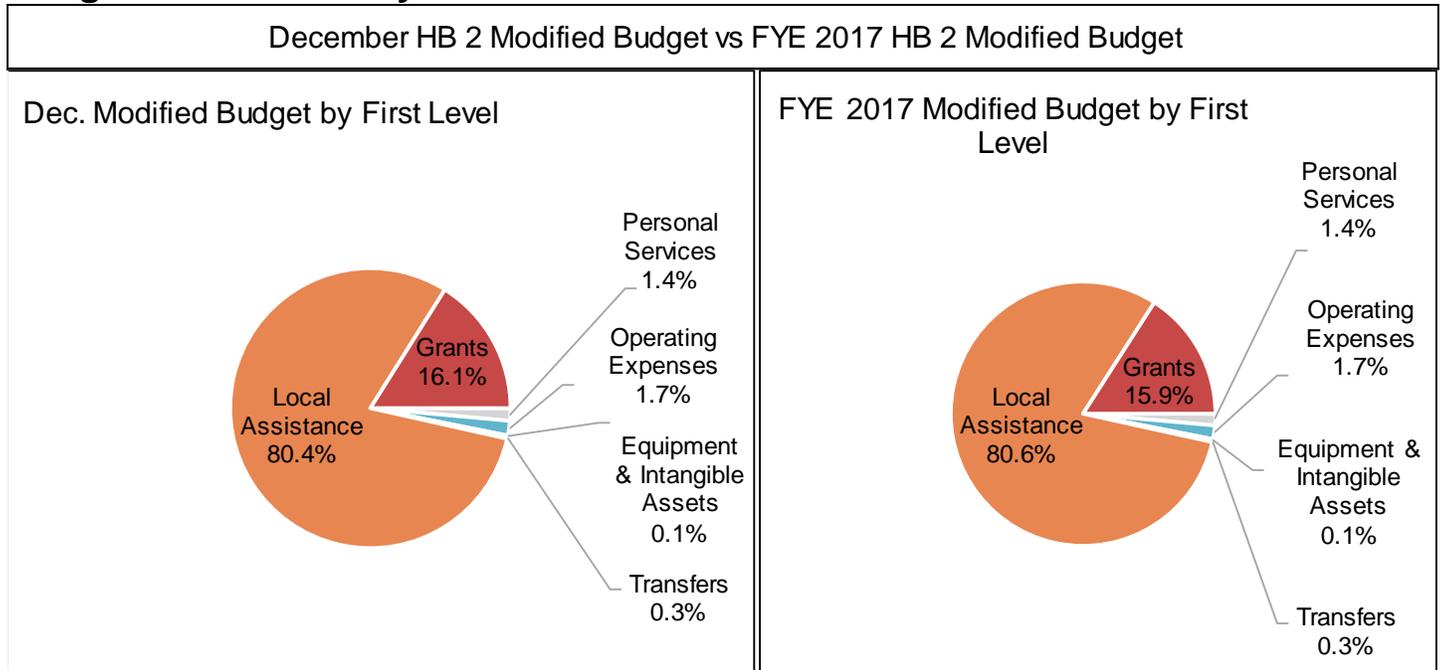
Budget modifications increased general fund appropriation by \$17.0 million and total appropriation by \$8.4 million.

Modifications increased general fund by \$17.0 million:

- \$300,000 reduction for state level activities for HB 3 voluntary reductions
- \$17.3 million increase in local education activities for HB 3 supplemental for BASE Aid primarily to offset lower than anticipated revenue from the guarantee account and higher than anticipated enrollment.

State special revenue in local education activities decreased by \$8.6 million. SB 95 reduced to zero the state special revenue appropriation for the school facilities reimbursement due to lack of revenue.

### Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$14,276,580	-	(\$134,000)	(134,000)	14,142,580	-0.9%
62000 Operating Expenses	\$16,676,649	-	(\$166,000)	(166,000)	16,510,649	-1.0%
63000 Equipment & Intangible Assets	\$1,017,085	-	\$0	-	1,017,085	0.0%
65000 Local Assistance	\$792,788,856	17,300,000	(\$8,586,000)	8,714,000	801,502,856	1.1%
66000 Grants	\$158,434,315	-	\$0	-	158,434,315	0.0%
68000 Transfers	\$2,606,910	-	\$0	-	2,606,910	0.0%
<b>Grand Total</b>	<b>\$985,800,396</b>	<b>\$17,300,000</b>	<b>(\$8,886,000)</b>	<b>\$8,414,000</b>	<b>\$994,214,396</b>	<b>0.9%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

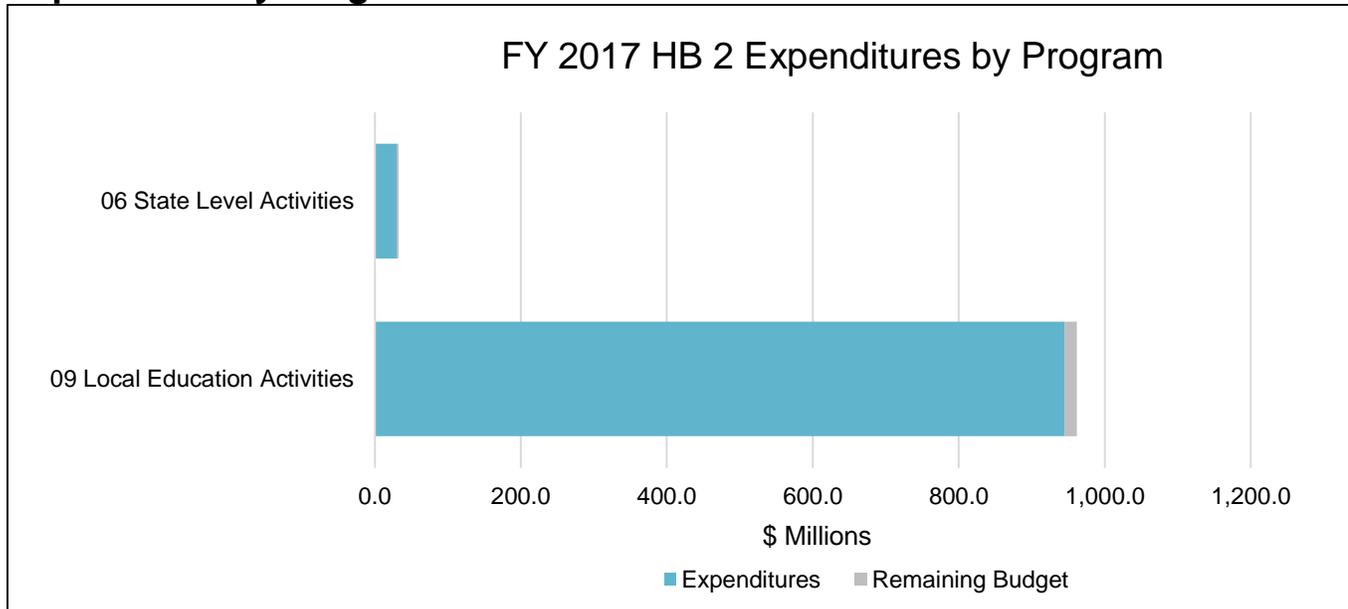
Personal services and operating expense were reduced by a total of \$300,000 in general fund appropriation as part of HB 3. The agency identified and volunteered this reduction within program 06.

Local assistance received a supplemental appropriation of \$17.3 million in general fund for BASE Aid.

The supplemental was offset by a reduction in state special revenue for school facilities reimbursement of \$8.6 million due to the lack of revenue in the schools facilities and technology account.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
06 State Level Activities	32,343,364	29,897,360.8	2,446,003	92.4%
09 Local Education Activities	961,871,032	944,959,388.6	16,911,643	98.2%
Grand Total	\$994,214,396	\$974,856,749	\$19,357,647	98.1%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Of the \$19.4 million in remaining budget, 80.6% was unexpended federal authority, 17.3% general fund, and 2.1% unexpended state special revenue.

### The State Level Activities Program

The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. 60.0% of the expenditures for state level activities are federal, 39.0% general fund, and 1.0% state special revenue. 42.9% of the expenditures are for personal services and 50.2% are for operations with the remainder transferred to other agencies primarily for the operation of the Montana Digital Academy. Of the \$2.4 million in remaining budget, 99.1% are state and federal special revenue. State level activities expended 99.6% of the general fund appropriation and reverted \$22,882 to the general fund.

### The Local Education Activities Program

The Local Education Activities program is used by OPI to distribute state and federal funds to local education agencies. General funds for local assistance represent 84.5% of total expenditures, federal funds about 15.4%, and the remainder is state special revenue. Local Education Activities expended 99.6% of the general fund appropriation and reverted \$3.3 million to the general fund.

The table below summarizes the reverted general funds for 09 Local Education Activities.

FY 2017 Reverted General Fund  
Local Education Activities - Program 09

<u>Expenditure</u>	<u>Modified Budget</u>	<u>Expenditures</u>	<u>Ending Balance Reverted to General Fund</u>
BASE Aid	\$667,873,635	\$665,733,805	\$2,139,830
At Risk Payment	5,363,730	5,363,696	34
Special Education	42,972,505	42,972,500	6
Transportation	12,735,048	12,017,959	717,089
Instate Treatment	804,346	797,783	6,563
Career and Technical Education	1,500,000	1,500,000	-
Adult Basic Ed	525,000	524,998	2
Gifted & Talented	335,873	295,693	40,180
School Food	663,861	663,861	-
Reimbursement Block Grants	68,768,640	68,768,640	-
State Tuition Payments	790,120	369,869	420,251
Advancing Agricultural Education in Montana	174,171	174,149	22
Total <sup>1</sup>	<u>\$802,506,929</u>	<u>\$799,182,953</u>	<u>\$3,323,976</u>

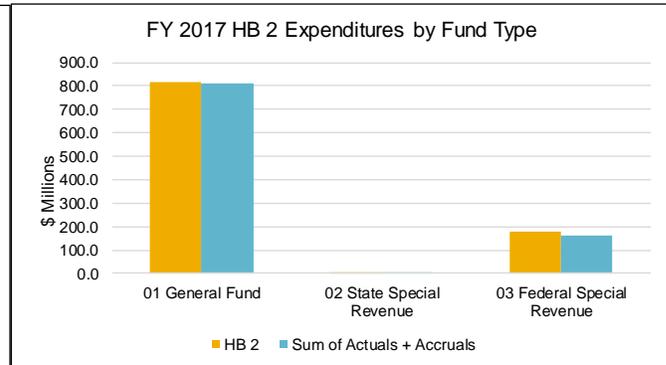
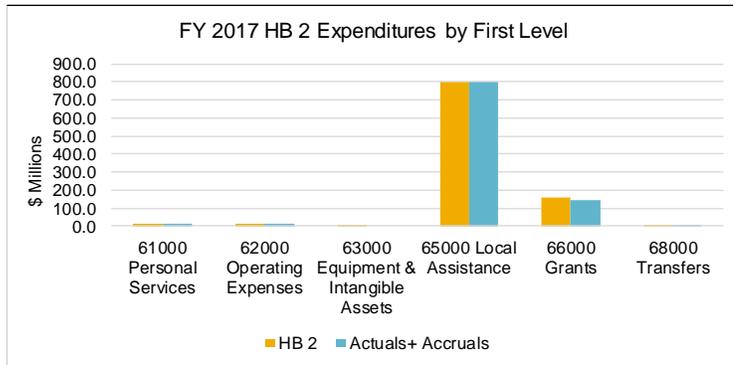
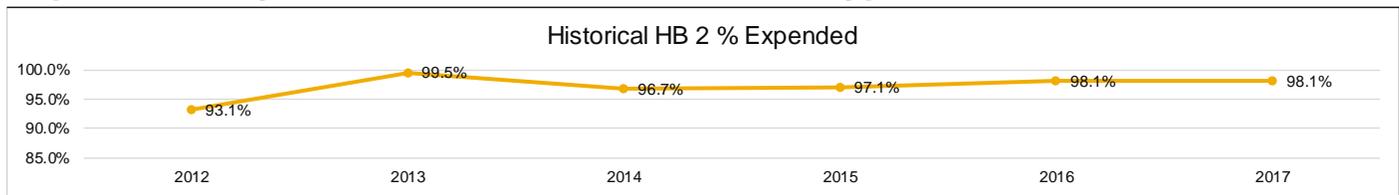
Note: 1) The agency also distributed to BASE Aid \$43.2 million in guarantee account revenues

The 2017 legislature approved a supplemental appropriation of \$17.3 million general fund for BASE Aid. The table above reflects that the agency reverted \$2.1 million of this to the general fund. The reason for the unspent portion of the supplemental to be reverted to the general fund was primarily due to higher than anticipated interest and income of \$2.0 million from the guarantee account.

Several school districts reverted BASE Aid to OPI because anticipated ANB did not materialize in FY 2017. For a detailed discussion on non-materialized ANB, see the additional discussion section at the end of this report.

Other local assistance reverted \$1.2 million as reflected in the table above.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	% Expended
61000 Personal Services	14,142,580	12,696,552	89.8%
62000 Operating Expenses	16,510,649	16,332,343	98.9%
63000 Equipment & Intangible Assets	1,017,085	-	0.0%
65000 Local Assistance	801,502,856	798,055,179	99.6%
66000 Grants	158,434,315	145,112,371	91.6%
68000 Transfers	2,606,910	2,660,305	102.0%
<b>Grand Total</b>	<b>\$994,214,396</b>	<b>\$974,856,749</b>	<b>98.1%</b>

Fund Type	FYE Modified HB 2	Expended	% Expended
01 General Fund	814,264,696	810,917,838	99.6%
02 State Special Revenue	1,444,391	1,044,133	72.3%
03 Federal Special Revenue	178,505,309	162,894,778	91.3%
<b>Grand Total</b>	<b>\$994,214,396</b>	<b>\$974,856,749</b>	<b>98.1%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

Local assistance (65000) to schools accounts for 80.6% of the total budget and 98.1% of the general fund. Historically this appropriation is entirely spent as reflected in the two bar graphs above. The under spending reflected in the historical chart above is almost entirely state and federal special revenue.

## ADDITIONAL DISCUSSION

The school districts reverted to OPI \$0.5 million in entitlement payments for anticipated ANB increases that did not materialize in FY 2017. Districts reverted \$0.9 million in FY 2016.

ANB for budgeting purposes is based on head counts done in the previous year. School districts may apply to OPI for an increase in their ANB should they anticipate an influx of new students in the following year. Should the “anticipated increase” not materialize the school district must refund to the state general fund payments related to the anticipated increase (20-9-314(6)(a), MCA). In FY 2016, 210 anticipated ANB did not materialize resulting in a reduction of \$0.9 million in entitlement payments, in FY 2017 110 anticipated ANB did not materialize resulting in school districts reverting \$0.5 million to OPI for a total of \$1.4 million for the biennium.

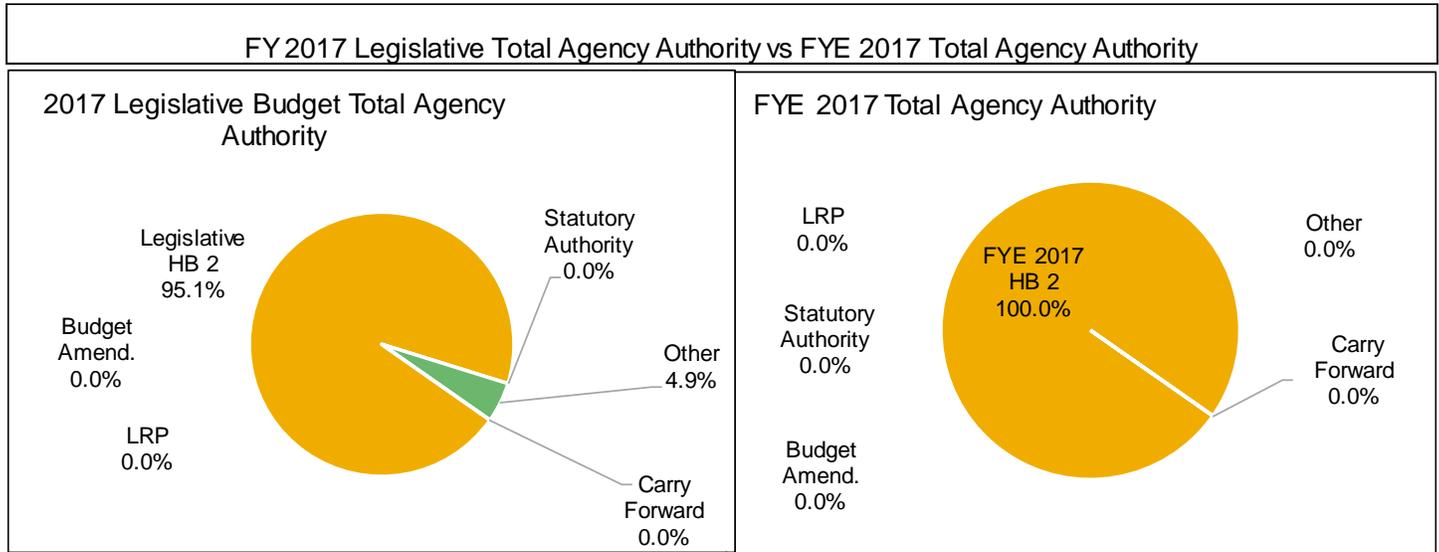
School district need only revert the state’s share of BASE Aid, if the district over milled local tax property tax that need not be returned. The 2017 legislature approved and the executive signed into law HB 390 which requires school districts to re-appropriate that portion of property tax resulting from anticipated ANB that do not materialize in the following year’s budget and reduce local property taxes accordingly.

# BOARD OF PUBLIC EDUCATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Board of Public Education (BPE) expended 91.6% of the general fund budget of \$169,621 and 93.5% of the total HB 2 budget of \$348,950
- The agency reverted to the general fund \$14,179 of unexpended appropriation authority
- Budget modifications increased the budget by \$2,550 above the December modified budget
- BPE expended 79.1% or \$23,733 of the \$30,000 general fund OTO restricted expenditure for legal fees

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	357,753	(9,163)	348,590
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	17,998	17,998
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>357,753</b>	<b>8,835</b>	<b>366,588</b>
Non-Budgeted Proprietary	\$0	\$0	\$0

FY 2017 Total Agency Authority Expended	
Total Expended	327,048
Total Budgeted Authority	366,588
<b>% Expended</b>	<b>89.2%</b>

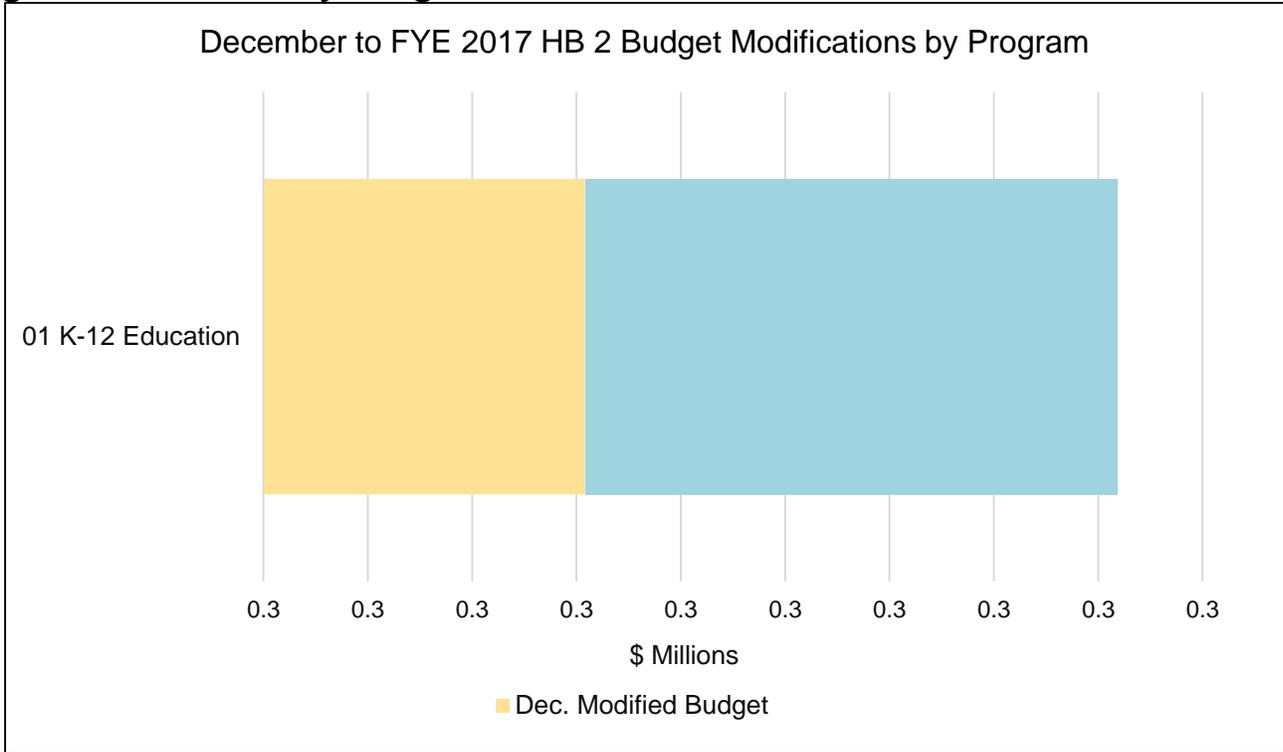
*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

The BPE had \$8,835 in continuing authority from FY 2016.

Budget amendments include workers compensation reductions of \$498 and voluntary HB3 reductions of \$17,500.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 K-12 Education	346,040	20,050	(17,500)	2,550	348,590	0.7%
Grand Total	\$346,040	\$20,050	(\$17,500)	\$2,550	\$348,590	0.7%

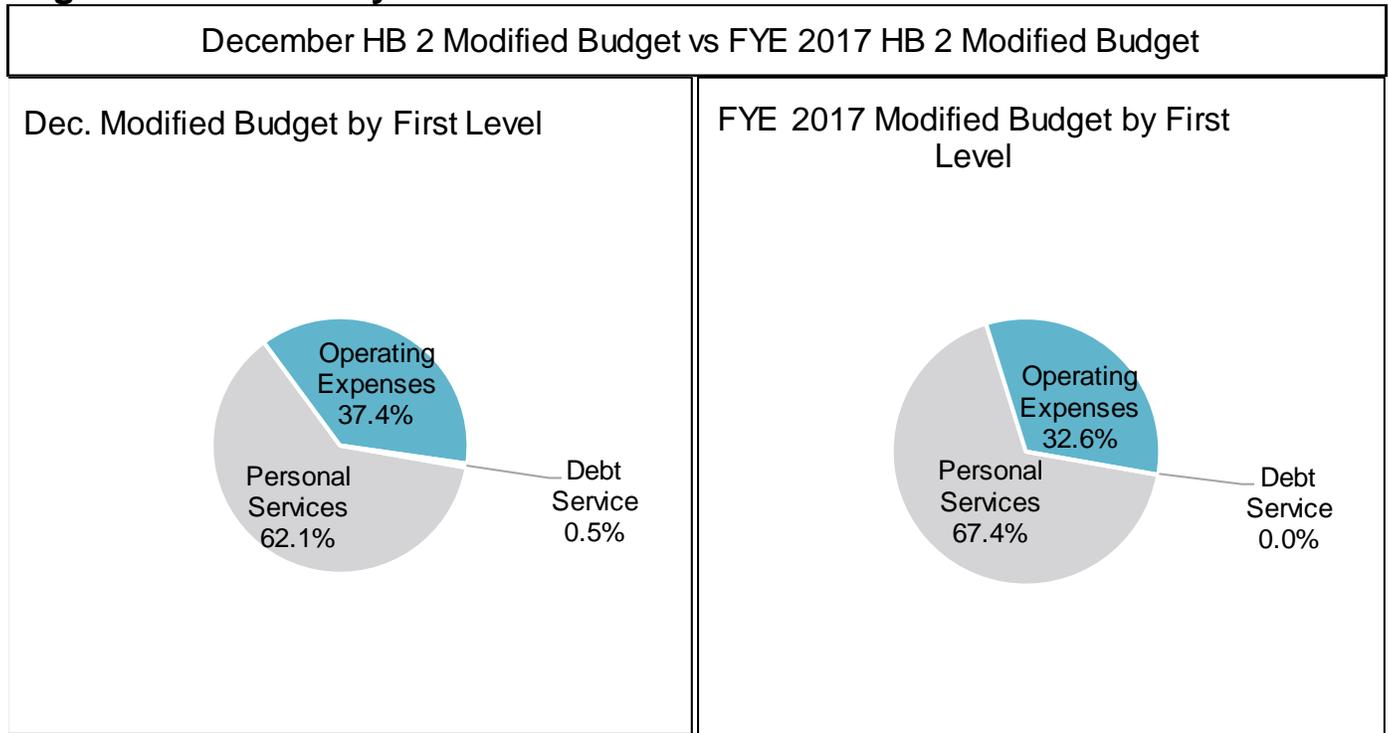
*This chart shows budget modifications by program from December through FYE.*

Modifications to the December budget include total increases of \$2,550:

- \$17,500 reduction FY 2017 budget
- \$20,050 increase for personal services adjustment

The FY 2017 budget reductions were primarily in operations, as a result of eliminated debt service for office equipment.

## Budget Modification by First Level



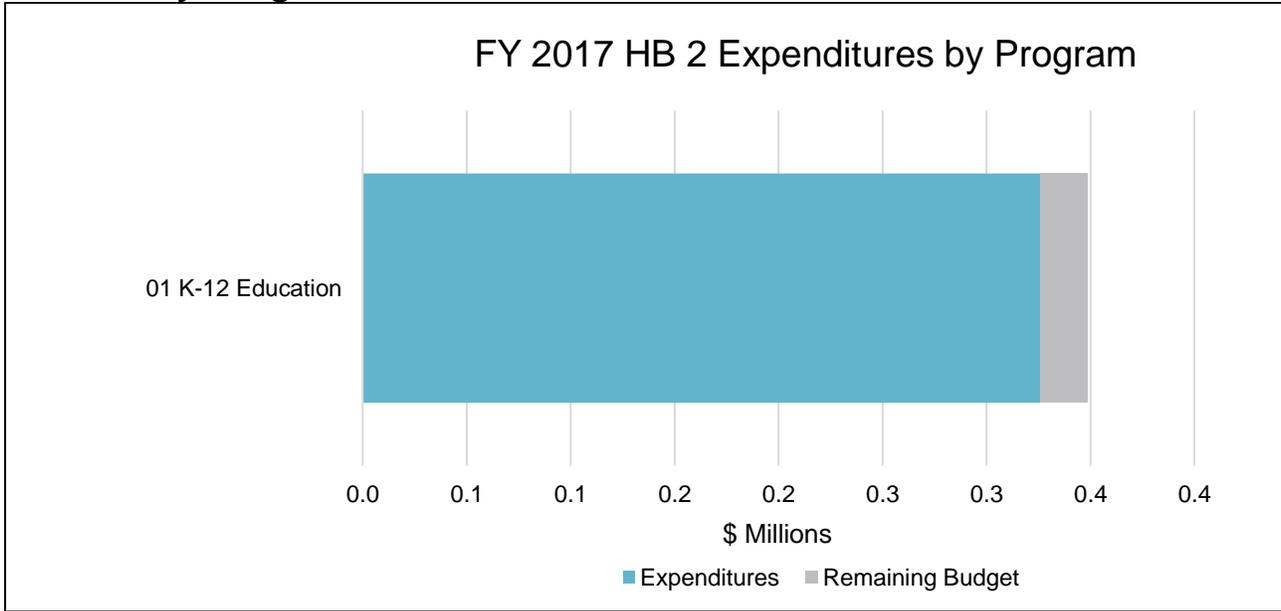
December to FYE 2017 HB 2 Budget Modification by First Level							
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.	
		Increases	Decreases	Total			
61000 Personal Services	\$214,938	20,050	\$0	20,050	234,988	9.3%	
62000 Operating Expenses	\$129,320	-	(\$15,718)	(15,718)	113,602	-12.2%	
69000 Debt Service	\$1,782	-	(\$1,782)	(1,782)	-	-100.0%	
<b>Grand Total</b>	<b>\$346,040</b>	<b>\$20,050</b>	<b>(\$17,500)</b>	<b>\$2,550</b>	<b>\$348,590</b>	<b>0.7%</b>	

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 cuts coming from operating funds and debt service.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

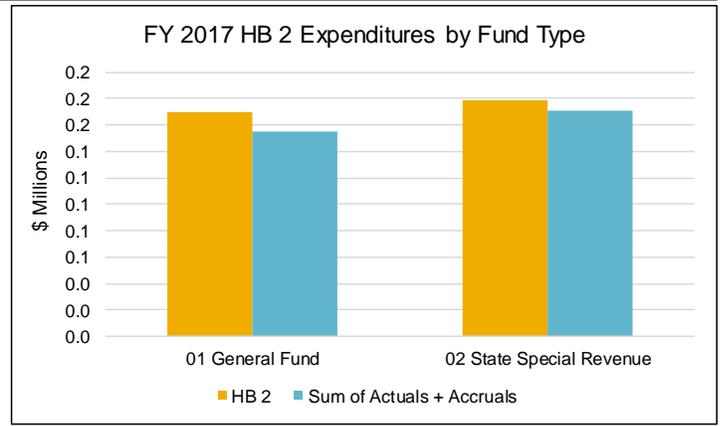
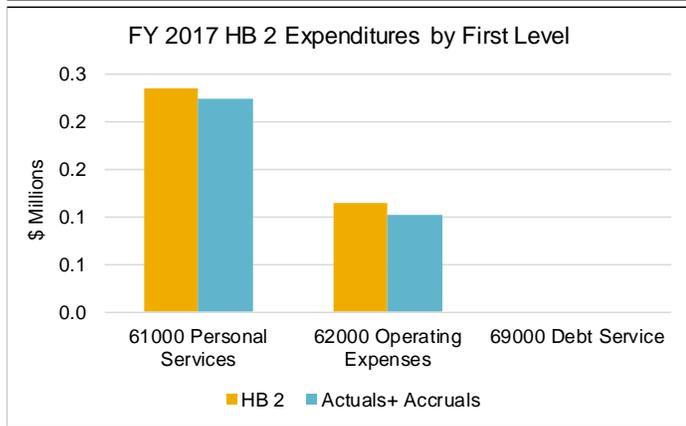
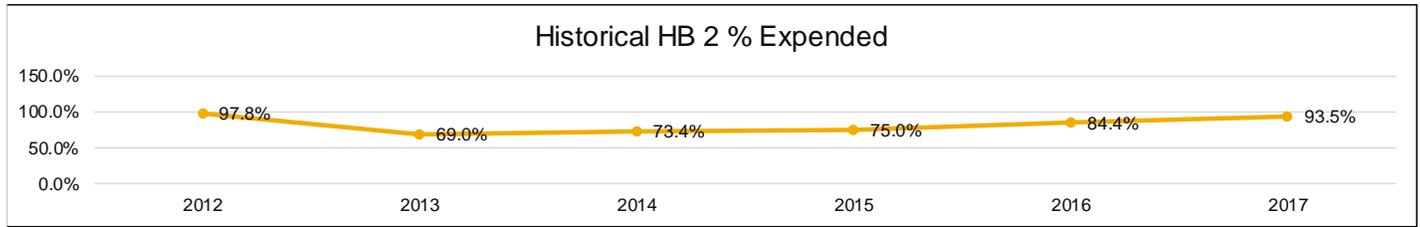


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 K-12 Education	348,590	325,760	22,830	93.5%
Grand Total	\$348,590	325,760	\$22,830	93.5%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The BPE provides its service through a single state agency with offices in Helena. The board has a staff of three that provide research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	234,988	224,345	95.5%
62000 Operating Expenses	113,602	101,415	89.3%
69000 Debt Service	-	-	0.0%
<b>Grand Total</b>	<b>\$348,590</b>	<b>\$325,760</b>	<b>93.5%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	169,621	155,442	91.6%
02 State Special Revenue	178,969	170,318	95.2%
<b>Grand Total</b>	<b>\$348,590</b>	<b>\$325,760</b>	<b>93.5%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

Lower expenditures as a percent of HB 2 budget are due to unexpended appropriation for legal services and vacancy savings.

## Personal Services

The agency is budgeted for 3.00 FTE. During the interim, one position was filled on a part-time basis resulting in vacancy savings of \$10,643 or 4.5% of the personal services budget.

## Operations

The 2015 Legislature appropriated \$30,000 of general fund as restricted OTO for legal expenses. The agency expended \$23,733 leaving a balance of \$6,267. Other unexpended operating expense totaled \$5,920.

## Debt Service

The agency retired debt related to office photo copying equipment.

## Unexpended General Fund appropriation

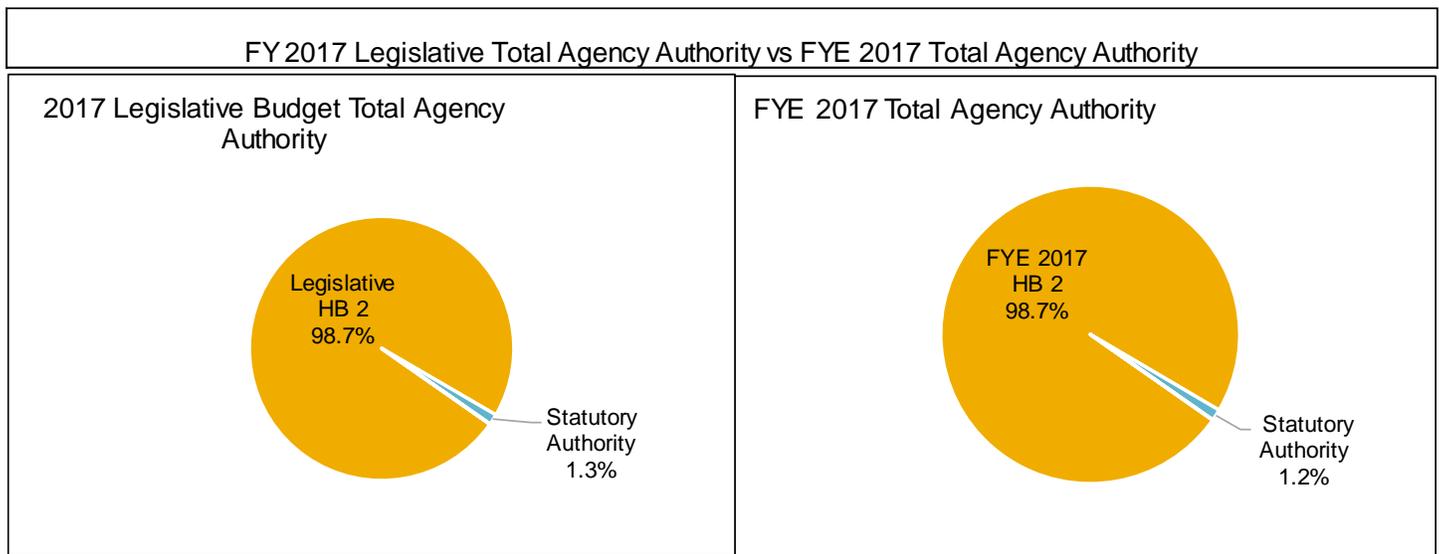
Unexpended general fund totaled \$14,179 and the entire amount was reverted to the general fund.

# COMMISSIONER OF HIGHER EDUCATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of the Commissioner of Higher Education (OCHE) expended 84.2% of their \$348.2 million FY 2017 HB 2 budget
- General fund was 99.5% expended
- The Guaranteed Student Loan program is in a transition period and expended just under 40% of their budget. This is a planned transition due to changes in federal student loan programs, additional detail will be given at the program level
- OCHE reduced their budget by \$0.1 million with a voluntary reduction in HB 3
- The majority of the appropriations for the Office of the Commissioner of Higher Education are biennial creating continuing authority funds from FY 2016 thus increasing the FY 2017 budgets

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	328,284,742	19,867,089	348,151,831
Statutory Authority	4,344,496	-	4,344,496
Budget Amendments	68,374	-	68,374
Other	-	-	-
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>332,697,612</b>	<b>19,867,089</b>	<b>352,564,700</b>
Non-Budgeted Proprietary	\$ 124,070,334	\$0	\$ 124,070,334

FY 2017 Total Agency Authority Expended	
Total Expended	296,792,447
Total Budgeted Authority	352,564,700
<b>% Expended</b>	<b>84.2%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

OCHE had total authority of \$476.6 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was primarily from statutory appropriations and non-budgeted proprietary.

## Statutory Appropriations

Statutory authority in OCHE is for Science Technology Engineer Math (STEM) Scholarships, accommodation tax for travel research at the University of Montana, the university system retirement plan, and the rural physicians incentive program. State special revenue comprises 60% of the statutory appropriations to OCHE.

## Budget Amendments

During FY 2017, a budget amendment was implemented for the continuing balance of federal funds in the Western Interstate Commission for Higher Education (WICHE) Passport program.

## Non-Budgeted Proprietary

There are two non-budgeted proprietary programs in OCHE:

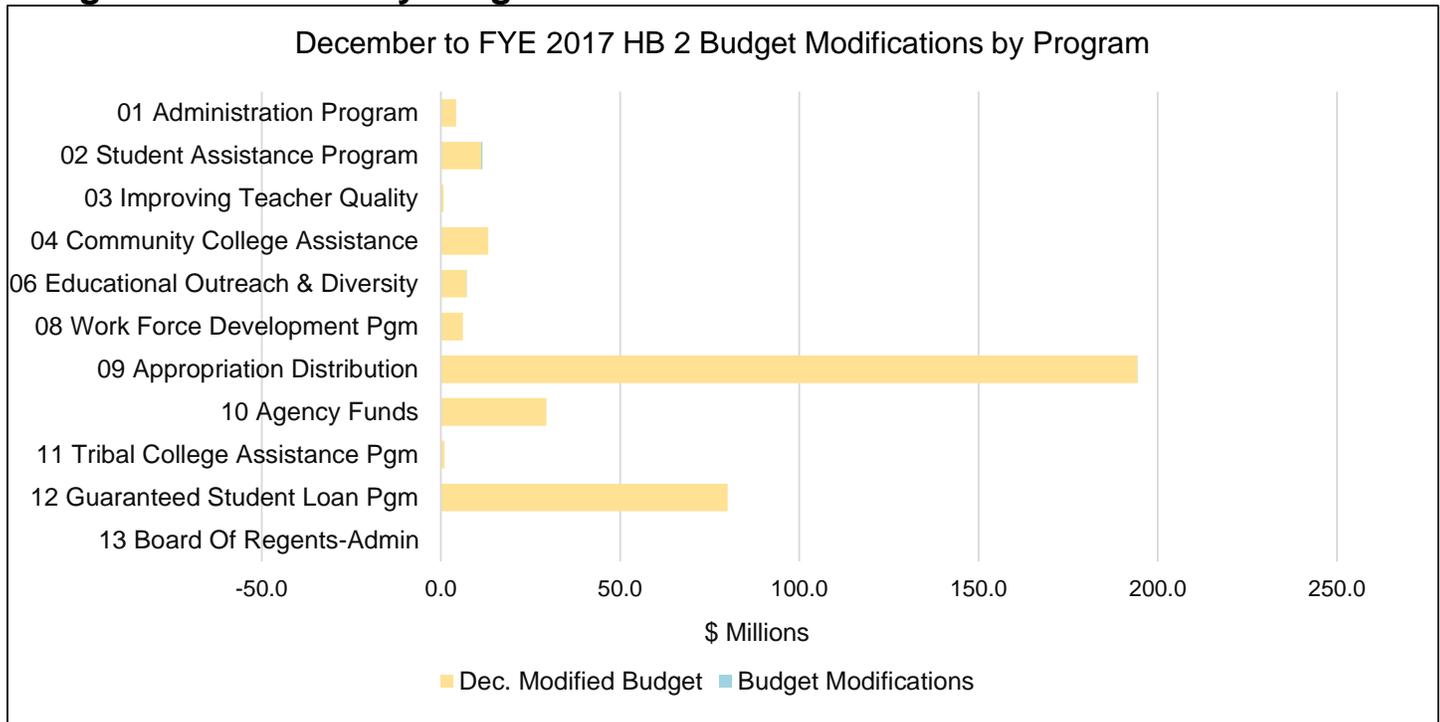
- Montana University System (MUS) Group Insurance program
- MUS Workers' Compensation program

Group insurance expended 81.9% of their \$119.8 million budget. This is due to lower operating costs along with benefits and claims being lower than projected.

Workers' compensation expended 70.7% of their \$4.3 million budget. The number of claims and cost of those associated claims were lower than projected.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



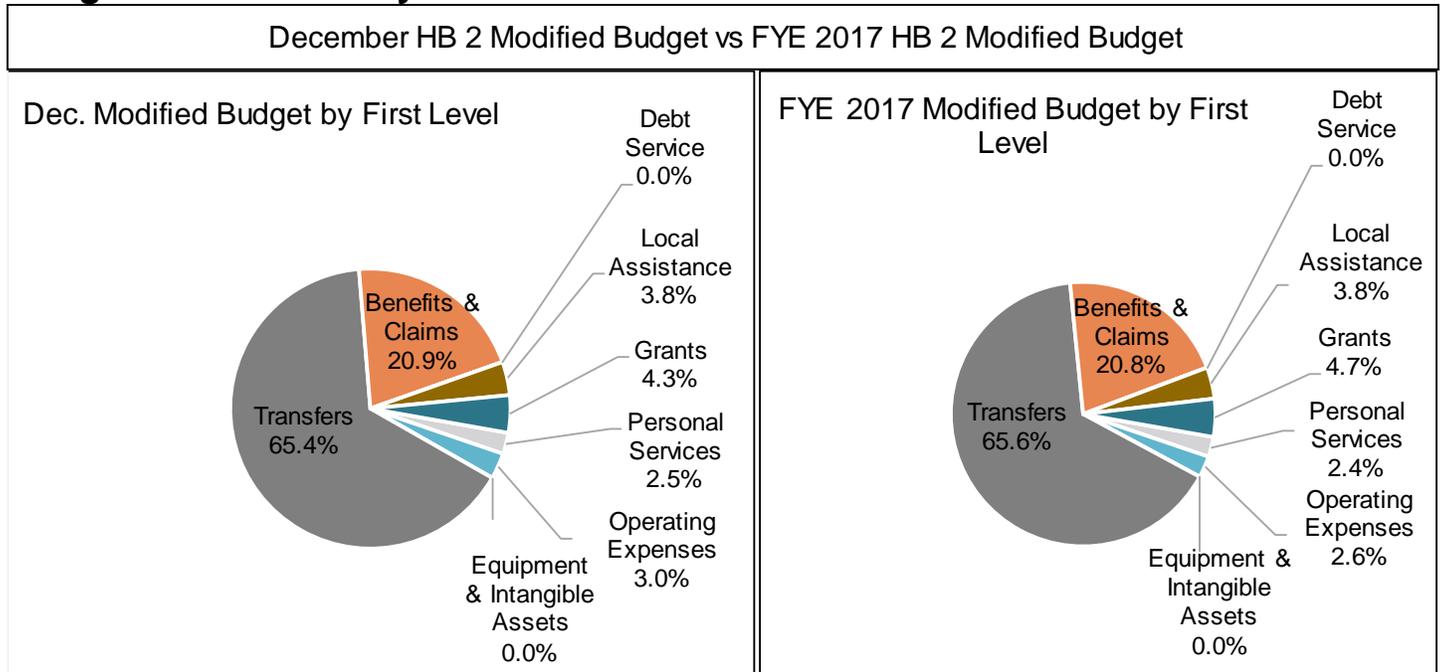
Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	4,303,886	-	(121,605)	(121,605)	4,182,281	-2.8%
02 Student Assistance Program	11,270,809	395,000	(57,395)	337,605	11,608,414	3.0%
03 Improving Teacher Quality	799,048	-	-	-	799,048	0.0%
04 Community College Assistance	13,245,768	-	-	-	13,245,768	0.0%
06 Educational Outreach & Diversity	7,203,041	1,340,525	(1,298,525)	42,000	7,245,041	0.6%
08 Work Force Development Pgm	6,125,515	33,481	(33,481)	0	6,125,515	0.0%
09 Appropriation Distribution	194,345,109	58,000	-	58,000	194,403,109	0.0%
10 Agency Funds	29,438,279	-	-	-	29,438,279	0.0%
11 Tribal College Assistance Pgm	1,003,463	-	-	-	1,003,463	0.0%
12 Guaranteed Student Loan Pgm	80,014,486	117,878	(117,878)	-	80,014,486	0.0%
13 Board Of Regents-Admin	86,427	-	-	-	86,427	0.0%
<b>Grand Total</b>	<b>\$347,835,831</b>	<b>\$1,944,885</b>	<b>(\$1,628,885)</b>	<b>\$316,000</b>	<b>\$348,151,831</b>	<b>0.1%</b>

This chart shows budget modifications by program from December through FYE.

The following budget modifications were implemented for FY 2017:

- Supplemental increase in general funds of \$0.4 million for the STEM Scholarship program
- Voluntary reduction of \$0.1 million general fund with HB 3
- Operating plan changes of \$1.3 million in federal funding to align federal funds with expenditures

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$8,569,728	42,000	(\$103,501)	(61,501)	8,508,227	-0.7%
62000 Operating Expenses	\$10,430,346	55,482	(\$1,307,506)	(1,252,024)	9,178,322	-12.0%
63000 Equipment & Intangible Assets	\$21,315	-	\$0	-	21,315	0.0%
65000 Local Assistance	\$13,390,768	-	\$0	-	13,390,768	0.0%
66000 Grants	\$15,051,544	1,198,327	(\$20,395)	1,177,932	16,229,475	7.8%
67000 Benefits & Claims	\$72,689,391	-	(\$117,878)	(117,878)	72,571,513	-0.2%
68000 Transfers	\$227,657,375	649,076	(\$79,605)	569,471	228,226,846	0.3%
69000 Debt Service	\$25,364	-	\$0	-	25,364	0.0%
<b>Grand Total</b>	<b>\$347,835,831</b>	<b>\$1,944,885</b>	<b>(\$1,628,885)</b>	<b>\$316,000</b>	<b>\$348,151,831</b>	<b>0.1%</b>

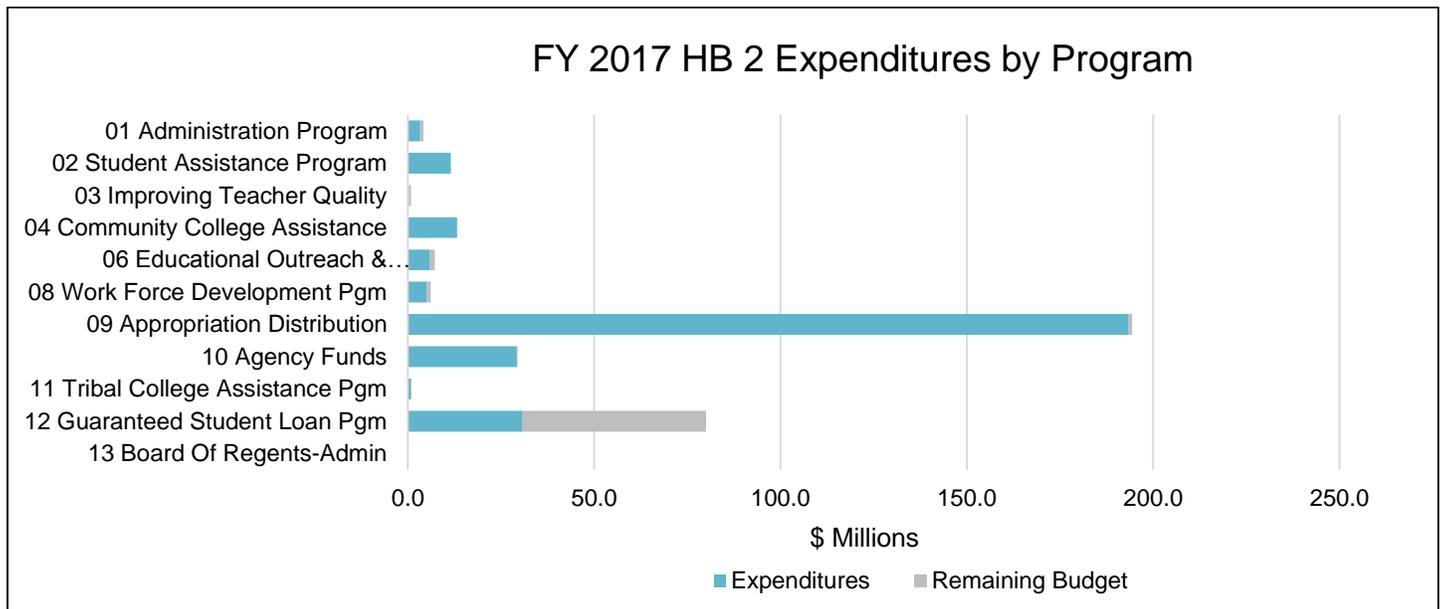
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The major budget changes by expenditure account include:

- OP 236 transferred authority of \$1.3 million from personal services and operating expenses to grants and transfers to align federal funds budget with the expenditures in GEAR UP, Perkins, and Talent Search
- PS 235 provided personal services contingency funds to the University of Montana for an administrator payout
- A \$0.4 million supplemental to cover the awarded STEM Scholarships for the academic year

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	4,182,281	3,297,637	884,644	78.8%
02 Student Assistance Program	11,608,414	11,511,156	97,258	99.2%
03 Improving Teacher Quality	799,048	218,408	580,640	27.3%
04 Community College Assistance	13,245,768	13,215,226	30,542	99.8%
06 Educational Outreach & Diversity	7,245,041	5,767,799	1,477,242	79.6%
08 Work Force Development Pgm	6,125,515	5,039,120	1,086,395	82.3%
09 Appropriation Distribution	194,403,109	193,458,038	945,071	99.5%
10 Agency Funds	29,438,279	29,279,326	158,953	99.5%
11 Tribal College Assistance Pgm	1,003,463	788,315	215,148	78.6%
12 Guaranteed Student Loan Pgm	80,014,486	30,630,728	49,383,759	38.3%
13 Board Of Regents-Admin	86,427	59,024	27,403	68.3%
<b>Grand Total</b>	<b>\$348,151,831</b>	<b>\$293,264,776</b>	<b>\$54,887,054</b>	<b>84.2%</b>

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Overall, OCHE expended 84.2% of their FY 2017 HB 2 budget. While programs funded with general fund and state special revenues were close to fully expended, those programs supported with federal special and proprietary funds experienced significantly lower expenditures on average, which was due to a number of factors.

Many factors and timing of activities attribute to 78.8% of the Administration program being expended. This program experienced a majority of their expenditures in FY 2016 rather than in FY 2017; including a large payout for a retirement, hiring a consulting firm to replace the deputy commissioner position, and elevated maintenance costs. In addition, personal services were lower due to vacancy savings and higher level positions remaining unfilled.

Historically, the Improving Teacher Quality program has been budgeted at \$0.5 million per year, and in FY 2016 the expenditures came in below this creating a carryover to FY 2017. During FY 2017, the program experienced another below average year of expenditures and with the added continuing authority, they only expended 27.3%. Other aspects that account for the low expenditures in this program are vacancy savings, decreased operational

costs, and grant activities. This program has not been renewed by the US Department of Education and is in its final 15 months of operations.

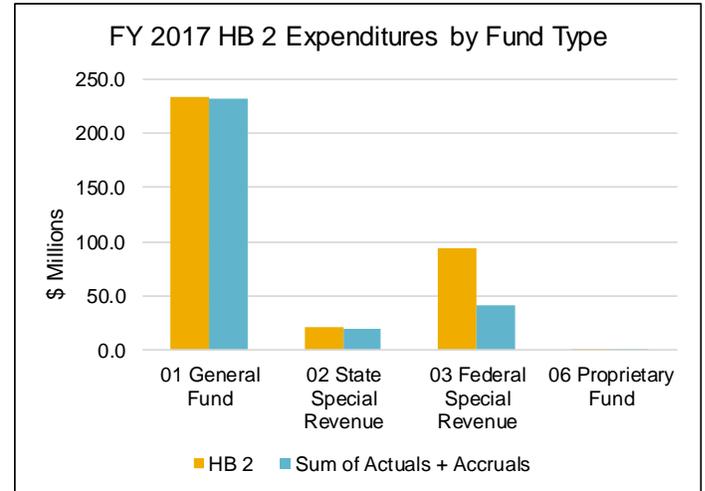
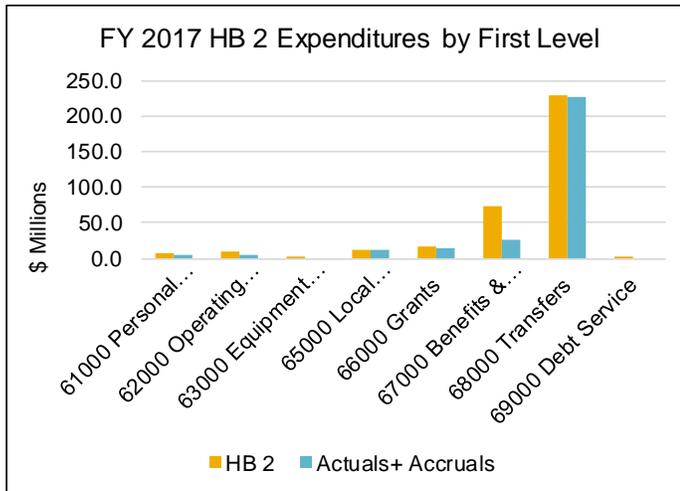
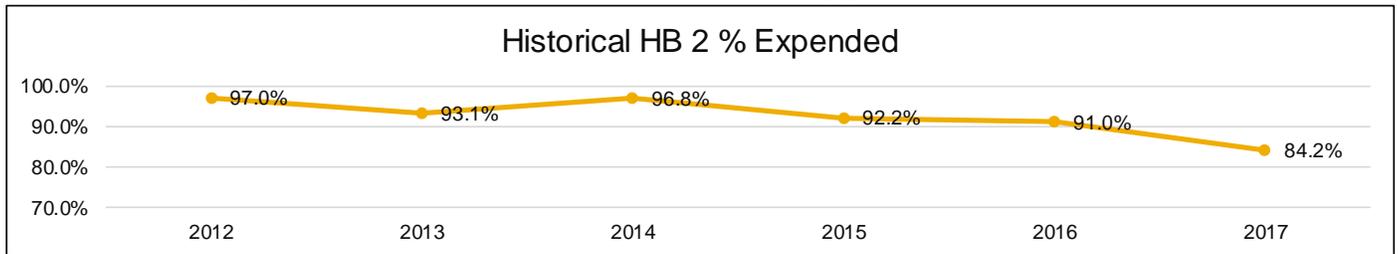
Educational Outreach expended 79.6% of their budget. This balance is due to the timing of grant activities within the budget cycle.

Work Force Development expended 82.3% of their federal funds. Traditionally, this program is appropriated a higher amount in federal funds in anticipation of the funds that will be awarded by the US Department of Education. For FY 2017, with carryforward of the biennial appropriation and elimination of the Rigorous Program of Study within the program resulted in a budget balance.

Tribal Colleges had a one-time-only appropriation for the biennium for addressing increases in non-tribal enrollment that ultimately did not occur, resulting in only 78.6% of their budget being expended.

The Guaranteed Student Loan (GSL) program only expended 38.3% of its budget as this program continues to wind down. GSL has not issued loans since July 2010 and has been managing the existing loan portfolio. As of October 1, 2017, GSL will no longer be managing the portfolio as it will be transferred to a federally approved loan servicing provider. The appropriation of federal funding has remained constant during this transition due to unknowns of when they would transfer the portfolio to another organization. Program 12 will continue to offer other student financial aid-related activities for the benefit of students as determined by the Board of Regents in future years.

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	8,508,227	5,707,396	67.1%
62000 Operating	9,178,322	5,314,617	57.9%
63000 Equipmer	21,315	-	0.0%
65000 Local Ass	13,390,768	13,360,226	99.8%
66000 Grants	16,229,475	15,422,785	95.0%
67000 Benefits &...	72,571,513	26,667,454	36.7%
68000 Transfers	228,226,846	226,792,298	99.4%
69000 Debt Sen	25,364	-	0.0%
<b>Grand Total</b>	<b>\$348,151,831</b>	<b>\$293,264,776</b>	<b>84.2%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	232,634,850	231,574,364	99.5%
02 State Special	20,967,949	19,805,021	94.5%
03 Federal Specia	93,939,994	41,430,769	44.1%
06 Proprietary Fu	609,038	454,622	74.6%
<b>Grand Total</b>	<b>\$348,151,831</b>	<b>\$293,264,776</b>	<b>84.2%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

OCHE expended 84.2% of their \$348.2 million FY 2017 HB 2 budget. The factors for low expenditures in certain expenditure categories in FY 2017 include:

- Biennial appropriations that were not expended in FY 2016 created continuing authority in FY 2017. Many of these are associated with federally funded grant programs
- Federal funds not fully expended due to timing of grant activities and the phase out of the Guaranteed Student Loan program
- Personal services was 67.1% expended due to the delayed implementation of salary & wage increases along with vacancy savings and retirements of higher level staff
- Operating expenses were 57.9% expended due to a combination of factors including reduced maintenance costs, timing of grant activities, and costs being incurred during FY 2016 reducing current operational costs

## REQUIRED REPORTS

OCHE is required to report on negative cash balances and inter-entity loans authorized to the same fund for two consecutive years. There were no negative cash balances to report for FY 2017. Inter-entity loans authorized include:

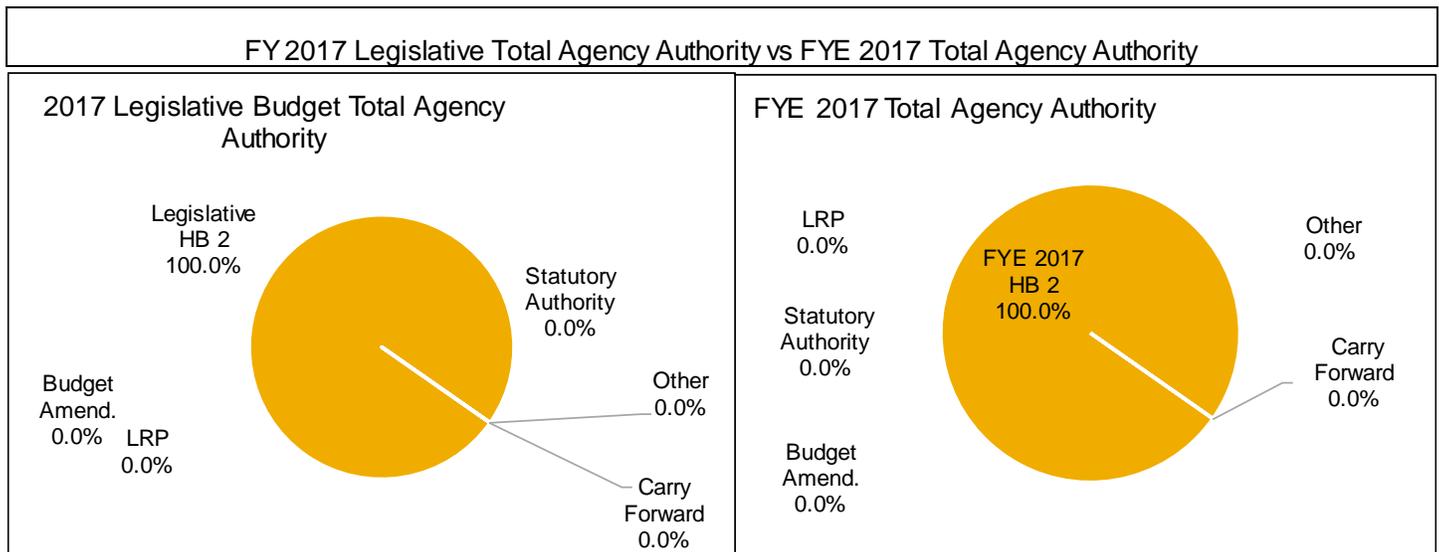
- Loans to restricted funds for sponsored activities such as federal grants and contracts. The loan serves to keep a positive cash flow for timing purposes with the expenditures and cash received from the sponsoring agency
- A loan to MSU-Northern for an operating loss in their auxiliary fund
- A loan to the Office of the Commissioner of Higher Education to address appropriations in the six-mill levy exceeding the actual revenues that were collected

# SCHOOL FOR THE DEAF AND BLIND

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana School for the Deaf and Blind (MSDB) expended 94.3% of the general fund budget and 94.4% of the total budget
- The agency reverted \$410,873 of unexpended appropriation authority to the general fund
- The MSDB expended 100.0% or \$69,438 of the general fund OTO appropriation authority
  - \$30,000 student Travel
  - \$26,938 staff stipends for sponsoring extracurricular activities
  - \$12,500 upgrades to the lending library
- The MSDB expended 93.7% of personal services budget. Since December, the agency transferred appropriation authority, through both op-plan changes and program transfers, a total of \$84,000 from personal services to operating expense. Total transfers from personal services to operations total \$162,000 for the year. Excluding these transfers, the agency expended 91.4% of the allocated budget for personal services.

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	7,575,571	12,311	7,587,882
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	1,740	1,740
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>7,575,571</b>	<b>14,051</b>	<b>7,589,622</b>
Non-Budgeted Proprietary	\$0	\$0	\$0

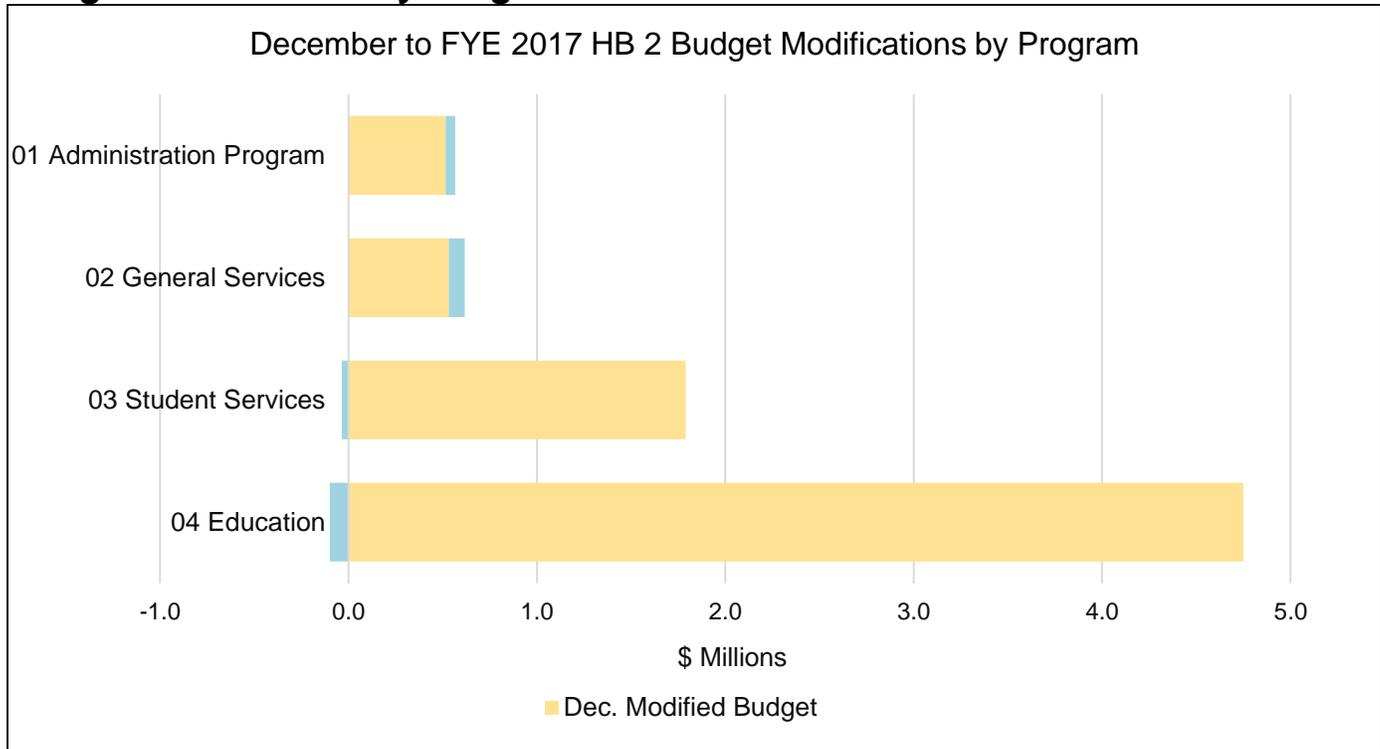
FY 2017 Total Agency Authority Expended	
Total Expended	7,165,475
Total Budgeted Authority	7,589,622
<b>% Expended</b>	<b>94.4%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Modifications for HB 2 include biennial funding for audit fees not expended in the first year of the biennium, other modifications are adjustments for workers compensation costs.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	515,696	50,500	-	50,500	566,196	9.8%
02 General Services	532,308	84,000	-	84,000	616,308	15.8%
03 Student Services	1,790,289	6,500	(42,000)	(35,500)	1,754,789	-2.0%
04 Education	4,749,589	17,500	(116,500)	(99,000)	4,650,589	-2.1%
<b>Grand Total</b>	<b>\$7,587,882</b>	<b>\$158,500</b>	<b>(\$158,500)</b>	<b>\$0</b>	<b>\$7,587,882</b>	<b>0.0%</b>

This chart shows budget modifications by program from December through FYE.

Since the December budget status report the agency transferred \$84,000 from personal services to operating expense through operating plan changes and program transfers. Prior to December, the agency transferred \$78,000 for a total of \$162,000 transferred from personal services to operations for the fiscal year.

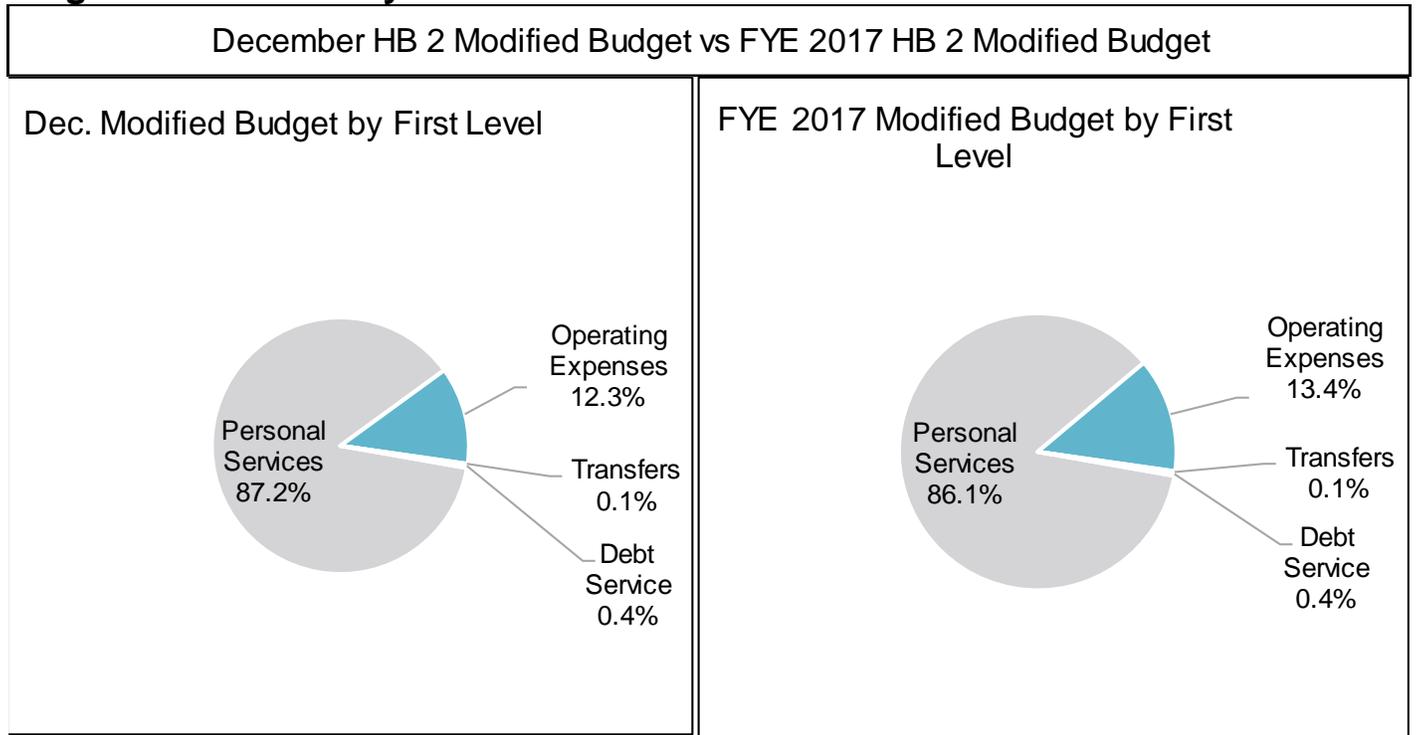
The table below summarizes all transfers for FY 2017.

BCD	Program 01 Administration		Program 02 General Services		Program 03 Student Services		Program 04 Education		All Programs MSDB	
	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense
PT060	-	\$24,000	-	\$8,500	(\$42,000)	\$6,500	-	\$3,000	(\$42,000)	\$42,000
PT056	15,000	1,500	25,000	30,000	-	-	(40,000)	(31,500)	-	-
PT056	-	10,000	20,000	-	-	-	(40,000)	10,000	(20,000)	20,000
PT061	-	-	-	500	-	-	(4,500)	4,000	(4,500)	4,500
QP057	-	-	-	-	-	-	(17,500)	17,500	(17,500)	17,500
<b>Total Mod</b>	<b>15,000</b>	<b>35,500</b>	<b>45,000</b>	<b>39,000</b>	<b>(42,000)</b>	<b>6,500</b>	<b>(102,000)</b>	<b>3,000</b>	<b>(84,000)</b>	<b>84,000</b>
<b>Prog Total</b>		<b>50,500</b>		<b>84,000</b>		<b>(35,500)</b>		<b>(99,000)</b>		<b>-</b>
OP051 <sup>1</sup>	-	-	-	-	-	-	(78,000)	78,000	(78,000)	78,000
<b>Total FY2017</b>	<b>15,000</b>	<b>\$35,500</b>	<b>\$45,000</b>	<b>\$39,000</b>	<b>(\$42,000)</b>	<b>\$6,500</b>	<b>(\$180,000)</b>	<b>\$81,000</b>	<b>(\$162,000)</b>	<b>\$162,000</b>

Notes:

1) OP51 was included in the December Modified Budget, total transfers for the year total \$162,000

## Budget Modification by First Level



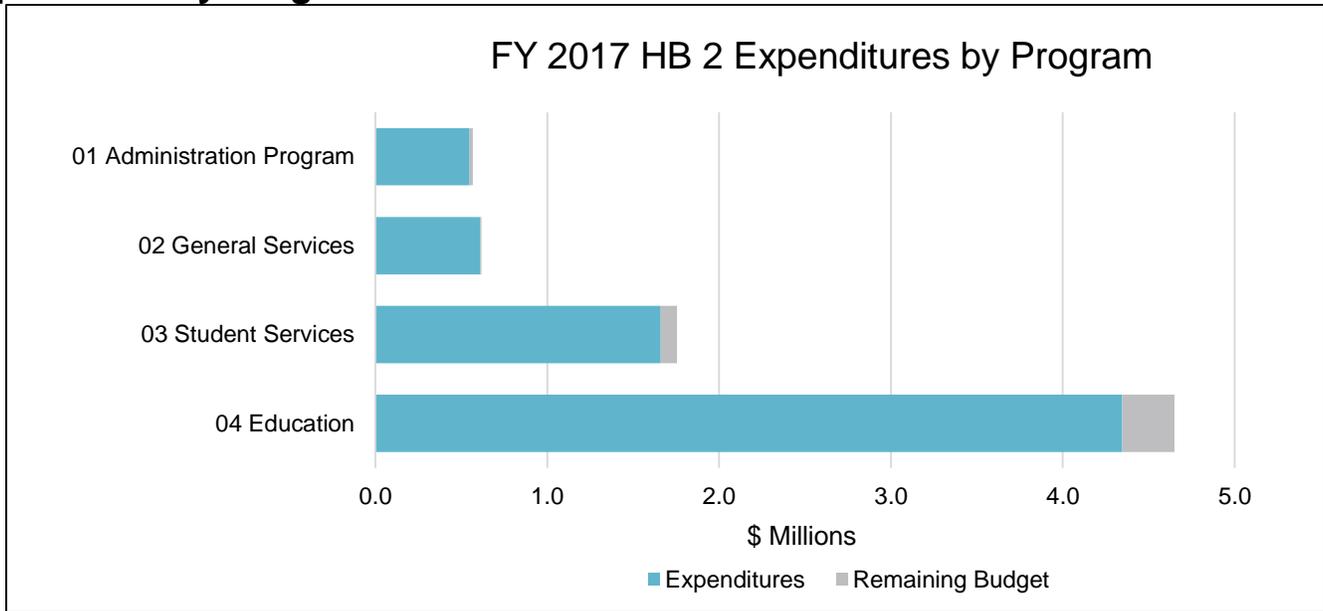
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,616,798	60,000	(\$144,000)	(84,000)	6,532,798	-1.3%
62000 Operating Expenses	\$931,334	98,500	(\$14,500)	84,000	1,015,334	9.0%
68000 Transfers	\$11,300	-	\$0	-	11,300	0.0%
69000 Debt Service	\$28,450	-	\$0	-	28,450	0.0%
<b>Grand Total</b>	<b>\$7,587,882</b>	<b>\$158,500</b>	<b>(\$158,500)</b>	<b>\$0</b>	<b>\$7,587,882</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Total adjustments to the December modified budget are the transfer of \$84,000 from personal services to operations. For the fiscal year, the agency transferred \$162,000 in personal services to operating expense. For a detailed analysis, see the discussion on budget modification by program above.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	566,196	548,623	17,574	96.9%
02 General Services	616,308	611,538	4,770	99.2%
03 Student Services	1,754,789	1,659,450	95,339	94.6%
04 Education	4,650,589	4,345,865	304,724	93.4%
<b>Grand Total</b>	<b>\$7,587,882</b>	<b>7,165,475</b>	<b>\$422,407</b>	<b>94.4%</b>

Of the unexpended budget, \$410,873 or 97.3% was general fund. Of the unexpended general fund, 97.1% or \$398,926 was unexpended personal services.

Program 01 Administration - provides purchasing, accounting, personnel functions, and management of the business affairs for the school

- FTE = 5.00 (5.6% of total FTE)
- Unexpended general fund budgeted for personal services was \$14,829

Program 02 General Services - responsible for the upkeep and maintenance of the school's campus

- FTE = 4.57 (5.2% of total FTE)
- Unexpended general fund budgeted for personal services was \$1,987

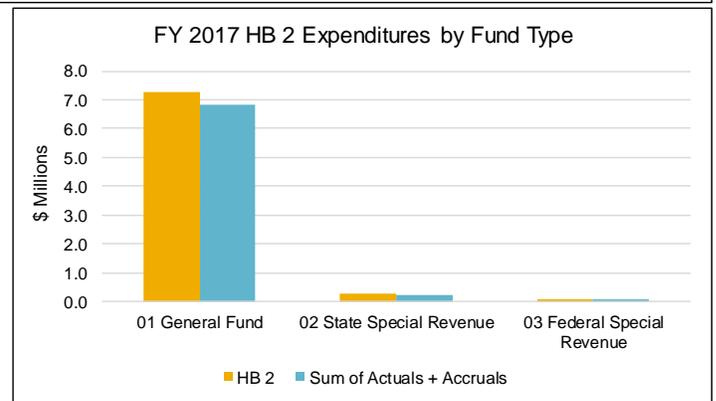
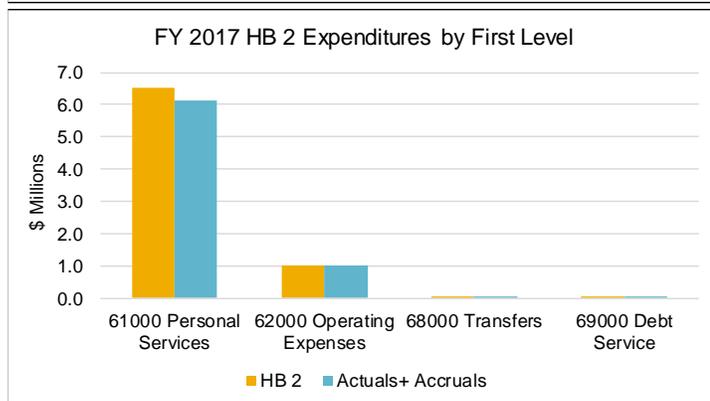
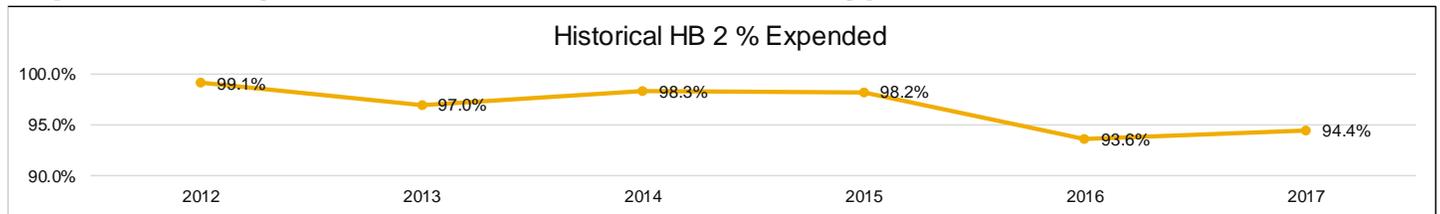
Program 03 Student Services – provides residential care for children living at the school

- FTE = 29.54 (33.3% of total FTE)
- Unexpended general fund budgeted for personal services was \$89,089

Program 04 Education Program - provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. Services are provided to students and families at the Great Falls Campus, and statewide to students and faculty in the 405 school districts

- FTE = 49.5 (55.9% of total FTE)
- Unexpended general fund budgeted for personal services was \$293,021

## Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	6,532,798	6,122,338	93.7%
62000 Operating Expenses	1,015,334	1,005,688	99.0%
68000 Transfers	11,300	9,000	79.6%
69000 Debt Service	28,450	28,450	100.0%
<b>Grand Total</b>	<b>\$7,587,882</b>	<b>\$7,165,475</b>	<b>94.4%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,259,038	6,848,165	94.3%
02 State Special Revenue	258,409	246,875	95.5%
03 Federal Special Revenue	70,435	70,435	100.0%
<b>Grand Total</b>	<b>\$7,587,882</b>	<b>\$7,165,475</b>	<b>94.4%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

The MSDB receives 95.7% of its total budget from the state general fund, state special funds are 3.4% (revenues from trust lands), and the remaining 1.0% is federal special revenue.

The school's actual expenditures are 94.4% of the HB 2 appropriation. Unexpended personal services of \$410,460 accounted for 97.1% of the unexpended appropriation. The modified budget for personal services as of December 2016 was \$6.6 million of which 92.5% was spent on personal service, 1.3% was transferred to cover operating expenses, and 6.2% was unexpended.

Under spent appropriation for personal services in recent years is due to difficulty in attracting education professionals to the MSDB and this is reflected in the historical HB2 percentage expended chart. In FY 2017, the agency underspent general fund appropriation for personal services and transferred \$162,000 of personal service appropriation to operating expenses. By comparison, MSDB moved \$58,000 in FY 2016, \$12,000 in FY 2015, \$82,000 in FY 2014, \$100,000 in FY 2013, and \$53,000 in FY 2012 from personal services to operating expense.

For a detailed discussion on personal services see the Additional Discussion section at the end of this report.

# ADDITIONAL DISCUSSION

## Personal Services

In FY 2017 the agency was budgeted for 88.61 FTE in the following programs

- Administration (5.00 FTE) - purchasing, accounting, personnel functions, and overall management of the school
- General Services (4.57 FTE) - upkeep and maintenance of school facilities and grounds of the 18.5 acre campus
- Student Services (29.54 FTE) - round-the-clock residential care for children residing at the school, including general supervision, meal services, and support services
- Educational Services (49.5 FTE) – residential, outreach, and mainstream educational programs

Personal services, at 86.1% of the budget, are the major component of the school's budget. Savings realized due to various positions being vacant for all or part of FY 2017 (vacancy savings), versus the cost of having all authorized positions filled for the entirety of FY 2017, amounted to \$572,460 or 8.5%. Of the vacancy savings, \$162,000 was transferred to cover operating expenses, a portion of which was used to contracting with local professional that provided services that would normally be provided by staff positions now vacant.

The school competes nationally to recruit teachers and professional support staff with the qualifications to serve hearing and visually impaired students. These requirements go beyond the qualifications required for educators employed by most public school systems. Specialized skills required by MSDB include staff that are fluent in sign language for those serving deaf and hearing-impaired students and braille for those serving blind and vision impaired students.

The school experiences significant turnover in a variety of positions including two paraprofessionals, two teachers, and a speech pathologist. To provide services not available in house due to vacancies, the MSDB has contracted with the Washington School for the Blind for distance learning courses and an outside speech pathologist. These contracts and services have been paid using transfers of personal services funds into operations, funds made available through vacancy savings.

MSDB has had difficulty recruiting and retaining staff due to several factors.

- In part, due to the specialized training required, a smaller percentage of applicants submitting applications are qualified, resulting in re-postings, extension of closing dates, and lowering of minimum qualifications
- The school has lost qualified applicants to other states. Several qualified applicants for professional positions have withdrawn their applications after receiving an offer from out of state at higher pay. In some cases, these were the only qualified applications received
- Turnover rates in the lowest paid positions, food service and cottage attendants, in recent years has averaged 20%
- MSDB must compete with the local Great Falls school district

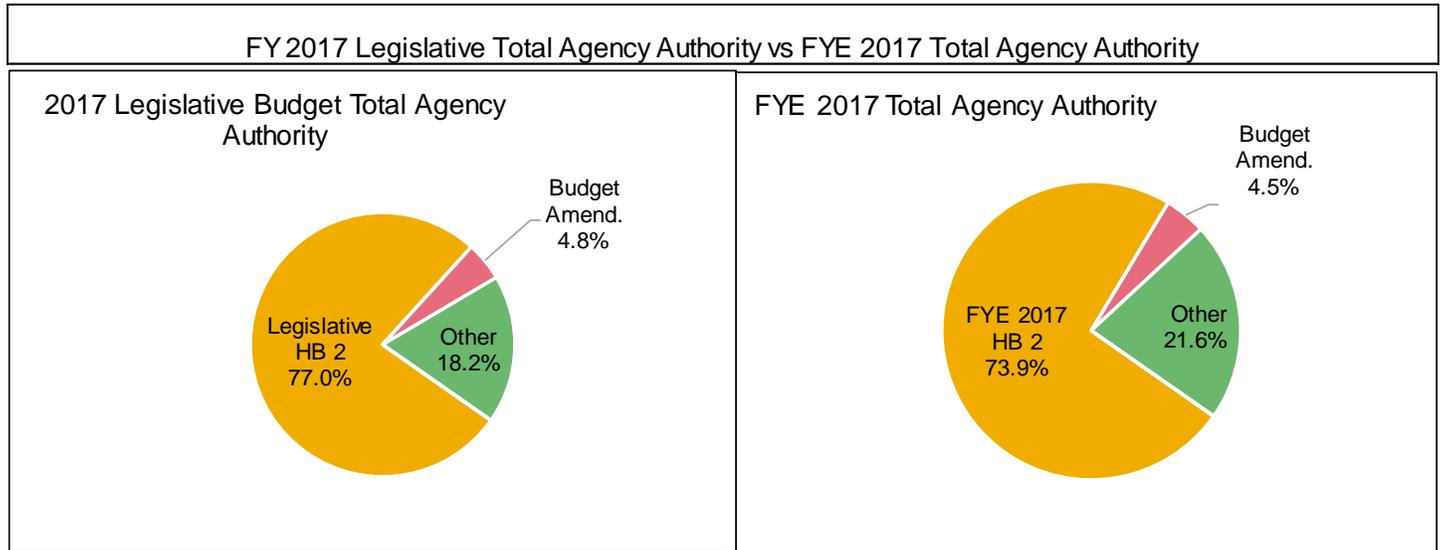
MSDB difficulty in recruiting and retaining staff over the years has consistently lead to un-expended budget authority for personal services. The 2017 Legislature reduced the personal services budget by 3.65 FTE reducing the appropriation for personal services by \$328,000 in each year of the biennium.

# MONTANA ARTS COUNCIL

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Arts Council (MAC) expended 99.9% of their \$1.5 million FY 2017 HB 2 appropriation
- General fund was 99.1% expended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	1,443,522	29,987	1,473,509
Statutory Authority	-	-	-
Budget Amendments	89,397	-	89,397
Other	341,641	89,398	431,039
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>1,874,560</b>	<b>119,385</b>	<b>1,993,945</b>
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	1,778,169
Total Budgeted Authority	1,993,945
<b>% Expended</b>	<b>89.2%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

The Montana Arts Council had total authority of \$2.0 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was from budget amendments and other house and senate bills.

### Budget Amendments

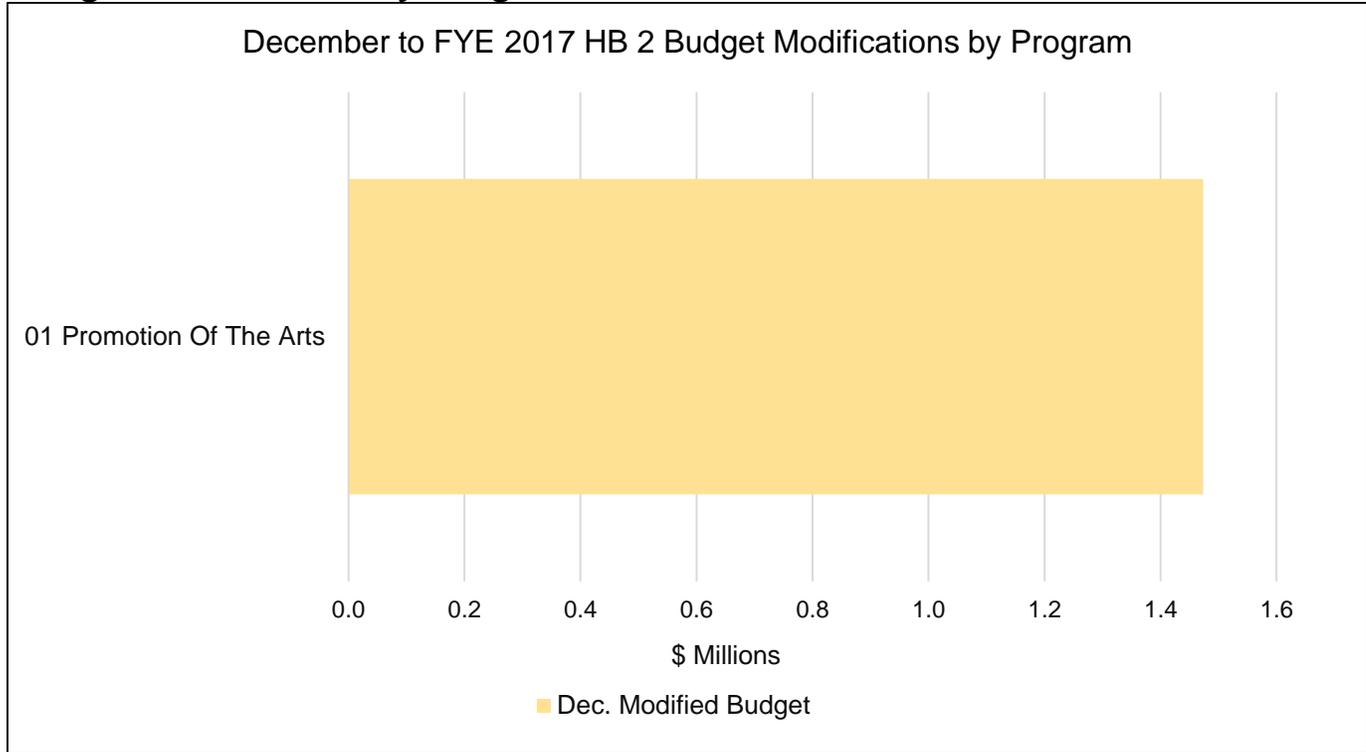
MAC received a partnership grant from the National Endowment for the Arts increasing their authority. In addition, after the budget amendment, a modification was completed to properly align expenditures in the appropriate accounts.

### Other House and Senate Bills

HB 9 provided an appropriation of \$0.4 million from the cultural and aesthetic projects trust fund account for specified projects.

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program

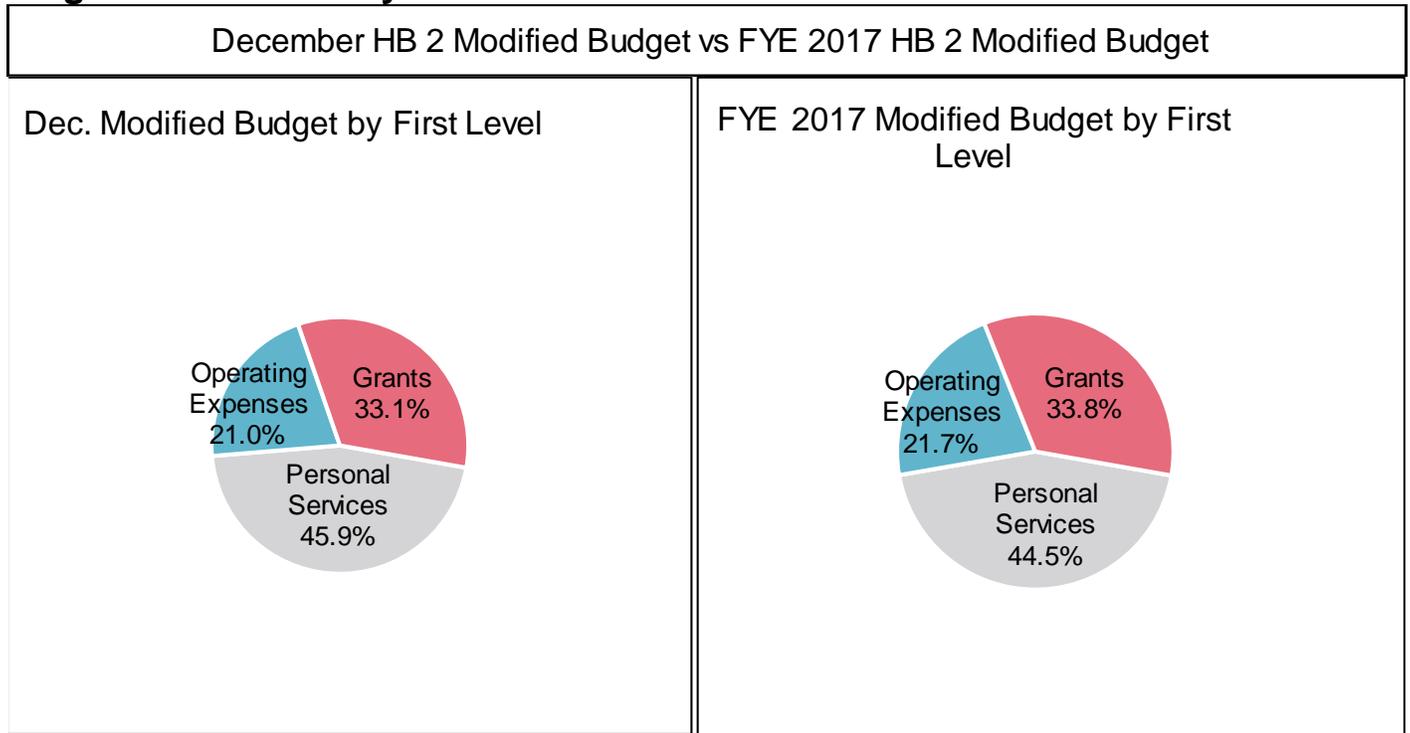


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Promotion Of The Arts	1,473,509	21,059	(21,059)	-	1,473,509	0.0%
Grand Total	\$1,473,509	\$21,059	(\$21,059)	\$0	\$1,473,509	0.0%

*This chart shows budget modifications by program from December through FYE.*

MAC did not have any budget modifications that made significant changes to the budget during this reporting cycle.

## Budget Modification by First Level



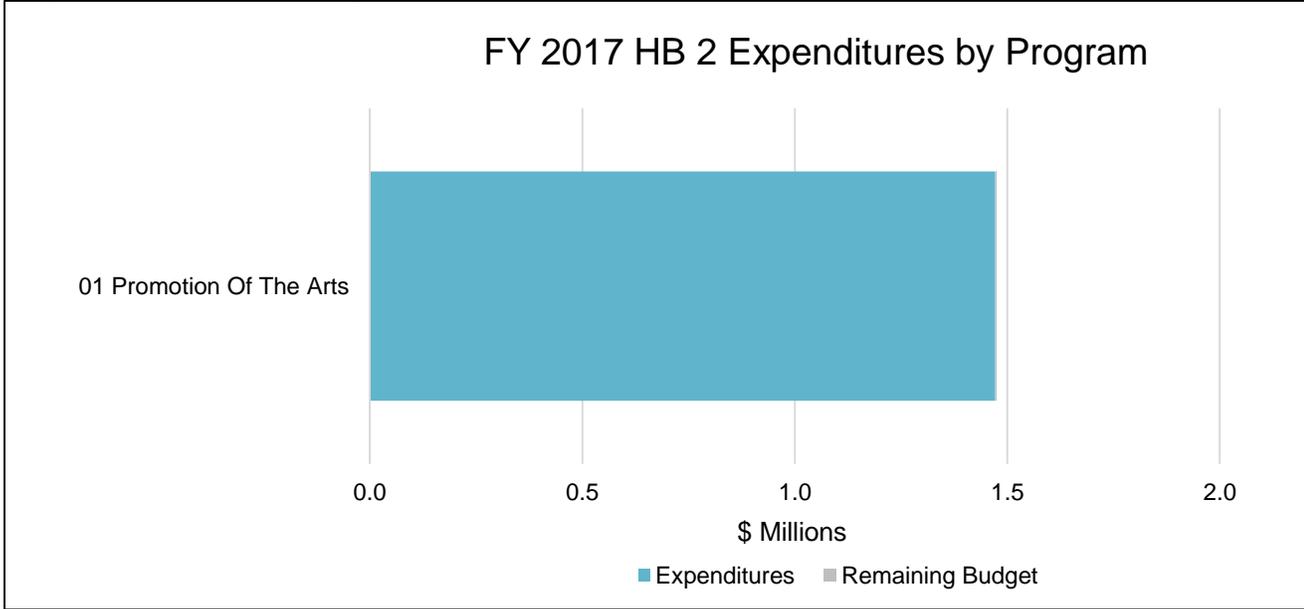
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$676,516	-	(\$21,059)	(21,059)	655,457	-3.1%
62000 Operating Expenses	\$309,755	10,097	\$0	10,097	319,852	3.3%
66000 Grants	\$487,238	10,962	\$0	10,962	498,200	2.2%
<b>Grand Total</b>	<b>\$1,473,509</b>	<b>\$21,059</b>	<b>(\$21,059)</b>	<b>\$0</b>	<b>\$1,473,509</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The arts council had an operating plan change that transferred authority from personal services to operating expenses and grants to align expenditures with the needs of the agency.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

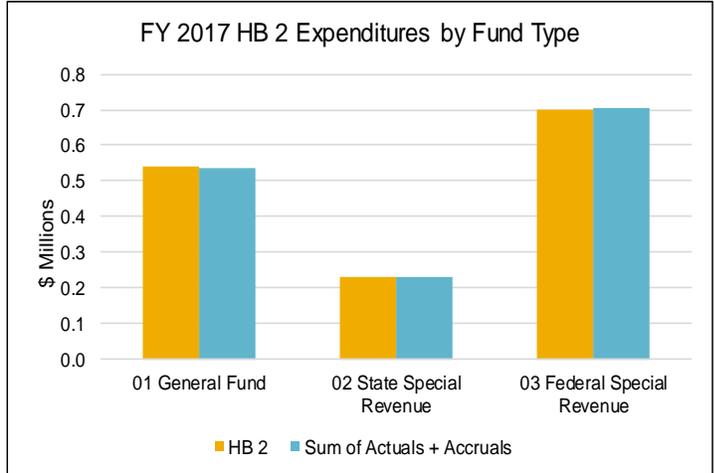
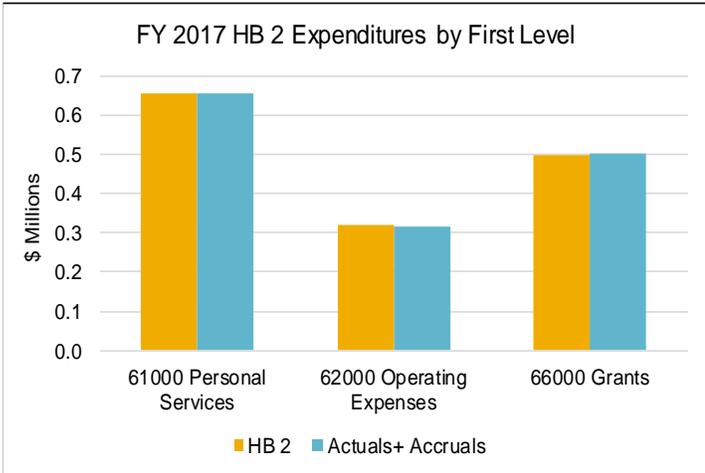
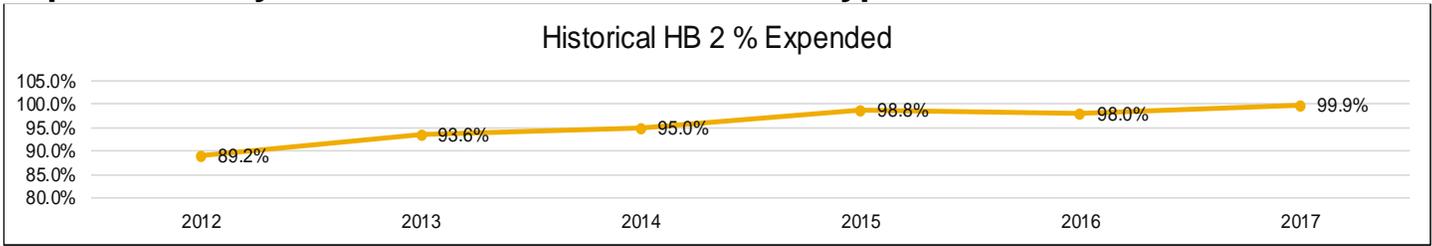


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Promotion Of The Arts	1,473,509	1,471,488	2,022	99.9%
Grand Total	\$1,473,509	\$1,471,488	\$2,022	99.9%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Overall, the Montana Arts Council expended 99.9% of their \$1.5 million FY 2017 HB 2 modified budget.

# Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	655,457	655,457	100.0%
62000 Operating Expenses	319,852	315,211	98.5%
66000 Grants	498,200	500,820	100.5%
<b>Grand Total</b>	<b>\$1,473,509</b>	<b>\$1,471,488</b>	<b>99.9%</b>

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	542,020	537,381	99.1%
02 State Special Revenue	230,117	230,116	100.0%
03 Federal Special Revenue	701,372	703,991	100.4%
<b>Grand Total</b>	<b>\$1,473,509</b>	<b>\$1,471,488</b>	<b>99.9%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

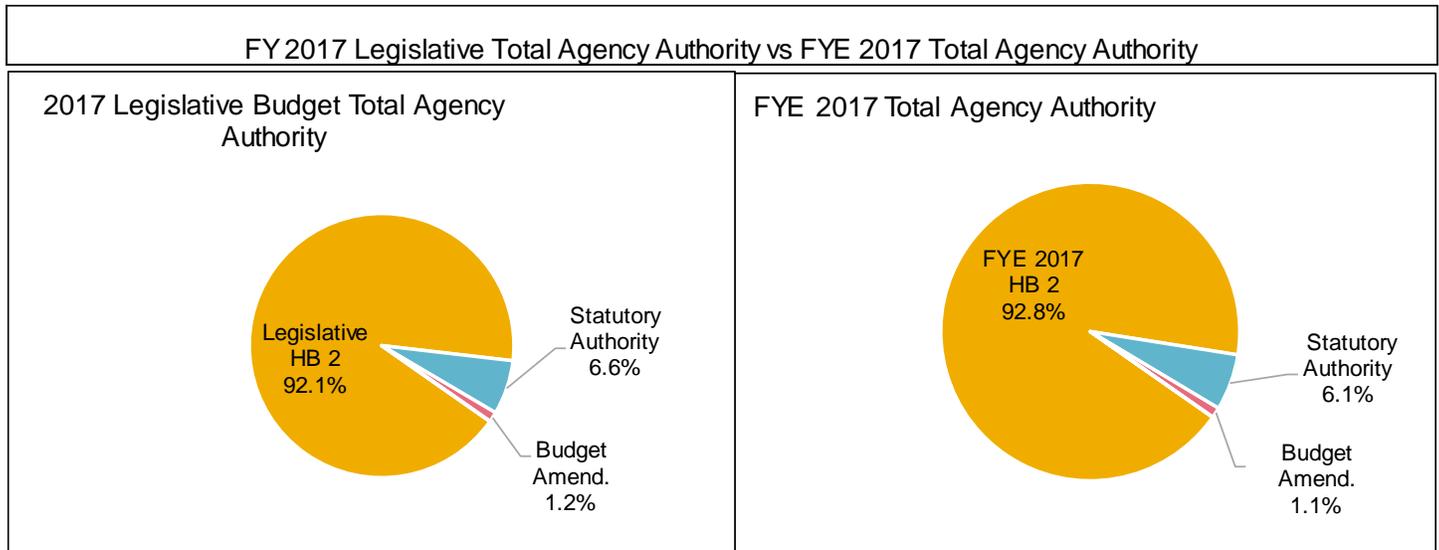
Historically, the Arts Council has experience a steady increase in expenditures. Resulting in nearly 100.0% expenditure of all fund types the last three fiscal years.

# LIBRARY COMMISSION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The library expended 89.5% of their \$6.0 million FY 2017 HB 2 budget
- General fund was 96.9% expended
- State special revenue was 76.9% expended, with reduced expenditures from the coal severance tax shared account and the Montana land information account

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	5,483,170	543,897	6,027,067
Statutory Authority	395,766	-	395,766
Budget Amendments	73,545	-	73,545
Other	-	-	-
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>5,952,481</b>	<b>543,897</b>	<b>6,496,378</b>
Non-Budgeted Proprietary	\$ 351,470	\$13,000	\$ 364,470

FY 2017 Total Agency Authority Expended	
Total Expended	5,839,465
Total Budgeted Authority	6,496,378
<b>% Expended</b>	<b>89.9%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

The Montana State Library (MSL) had total authority of \$6.9 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was comprised of statutory appropriations, budget amendments, and non-budgeted proprietary funds.

### Statutory Appropriations

The statutory authority received by MSL is in conjunction with state aid grants to assist local libraries throughout Montana.

## Budget Amendments

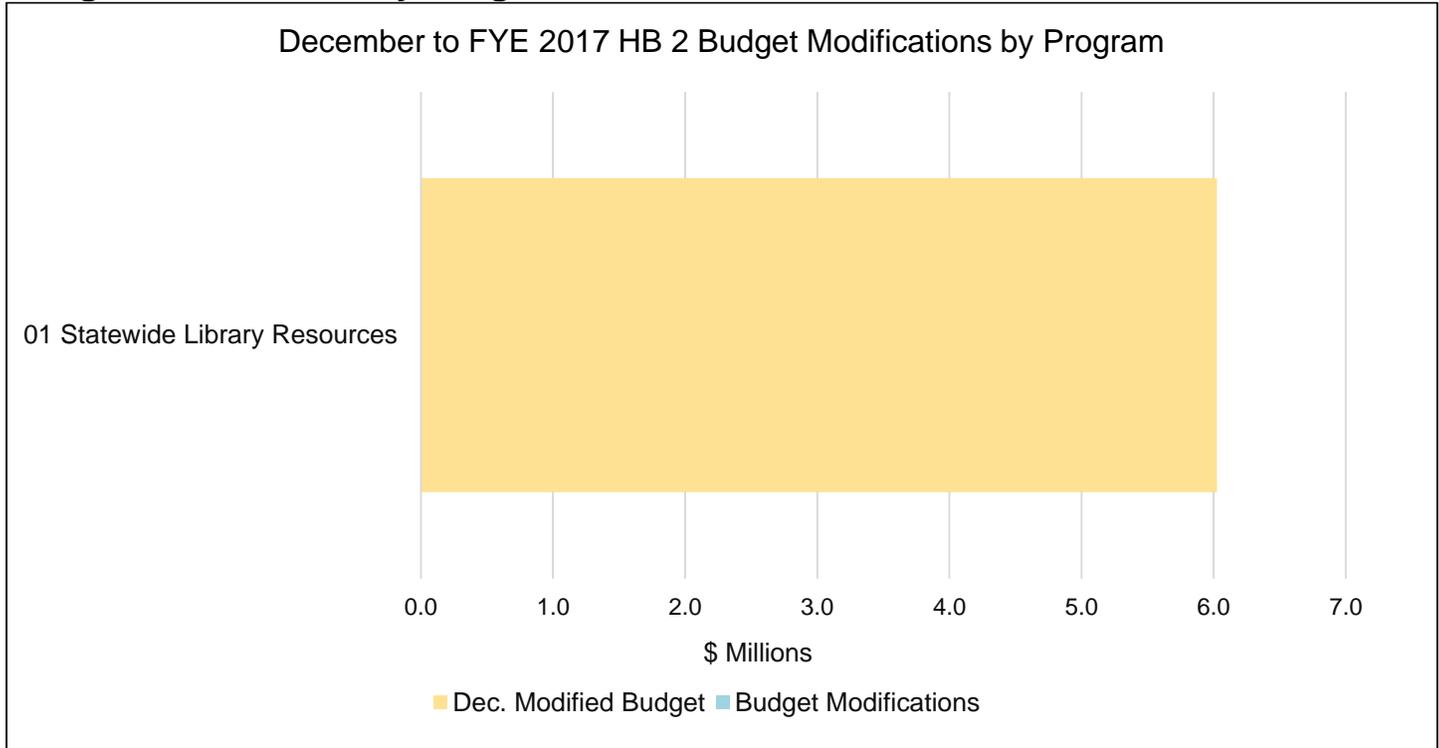
MSL had a few budget amendments that impacted their FY 2017 budget. These were primarily in relation to receiving a new grant award from the Natural Resource Conservation Service, and continuing authority for grant activities with federal funds.

## Non-Budgeted Proprietary

The Montana Shared Catalog accounts for the non-budgeted proprietary funds at the MSL.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Statewide Library Resources	6,027,067	30,100	(30,100)	-	6,027,067	0.0%
Grand Total	\$6,027,067	\$30,100	(\$30,100)	\$0	\$6,027,067	0.0%

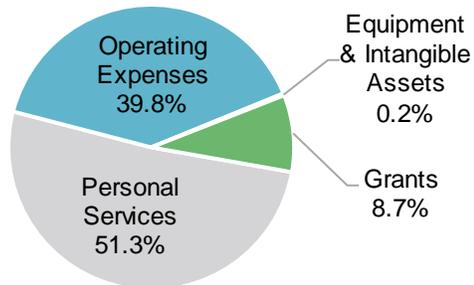
*This chart shows budget modifications by program from December through FYE.*

The Montana State Library had an operating plan change to stay in compliance with Library Service Technology Act (LSTA) federal funds for their Talking Book Library program. The modification to this program reduced personal services and increased operating expenses.

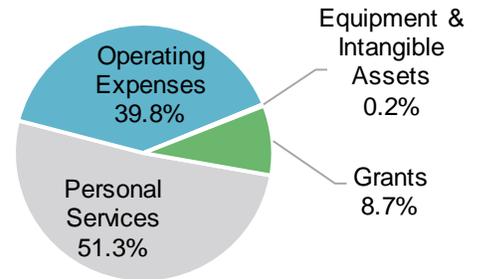
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

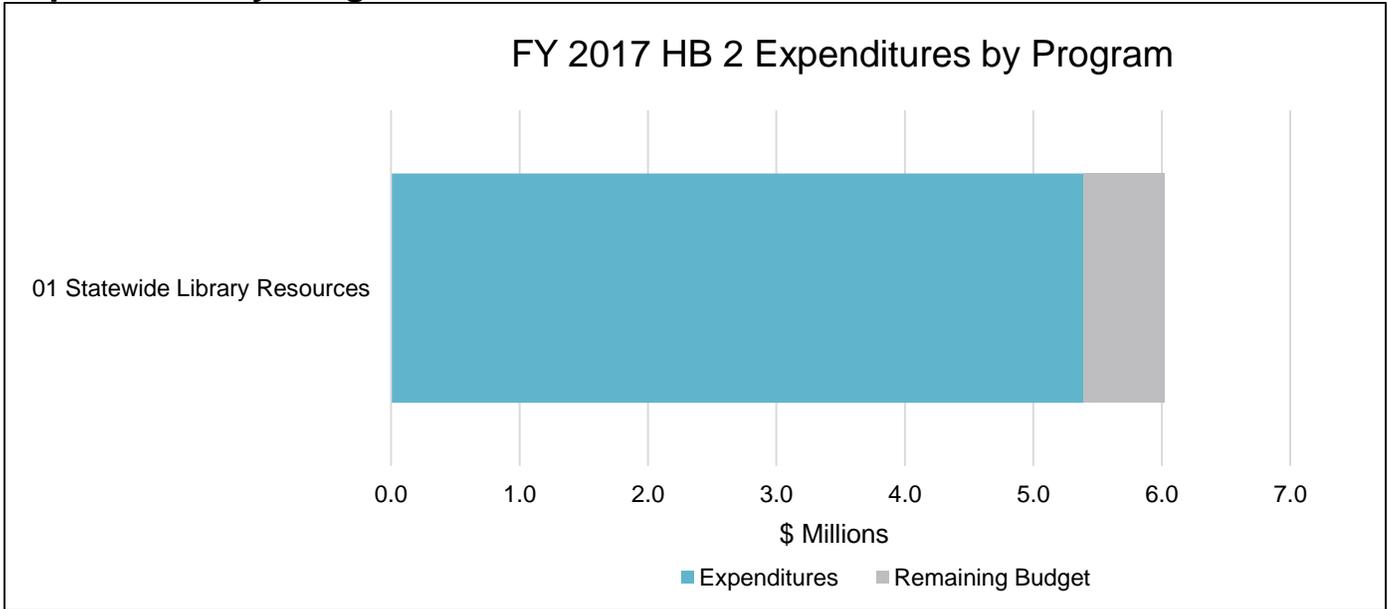
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$3,089,978	15,050	(\$15,050)	-	3,089,978	0.0%
62000 Operating Expenses	\$2,397,385	15,050	(\$15,050)	-	2,397,385	0.0%
63000 Equipment & Intangible Assets	\$13,697	-	\$0	-	13,697	0.0%
66000 Grants	\$526,006	-	\$0	-	526,006	0.0%
<b>Grand Total</b>	<b>\$6,027,067</b>	<b>\$30,100</b>	<b>(\$30,100)</b>	<b>\$0</b>	<b>\$6,027,067</b>	<b>0.0%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The adjustments in personal services and operating expenses represent the same operating plan change as mentioned previously to align federal funds within the Talking Book Library program.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

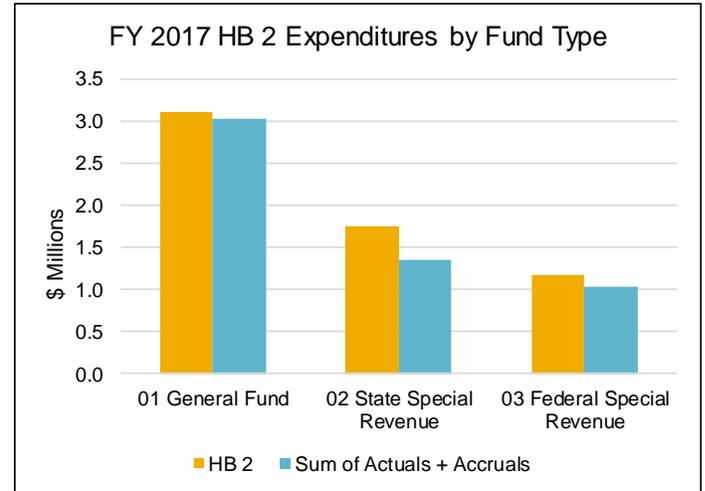
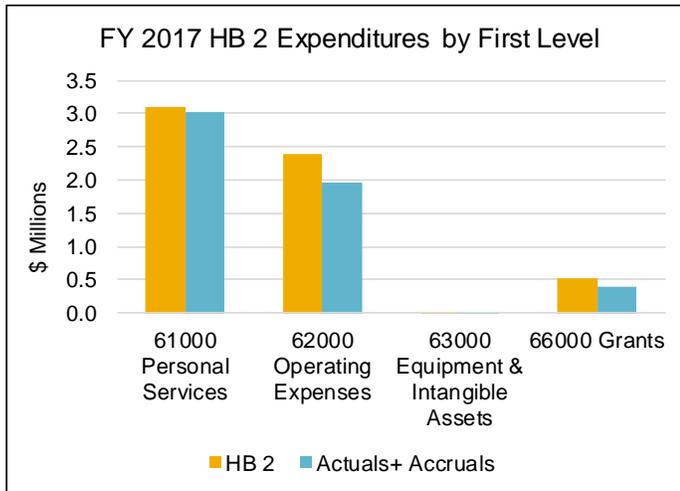
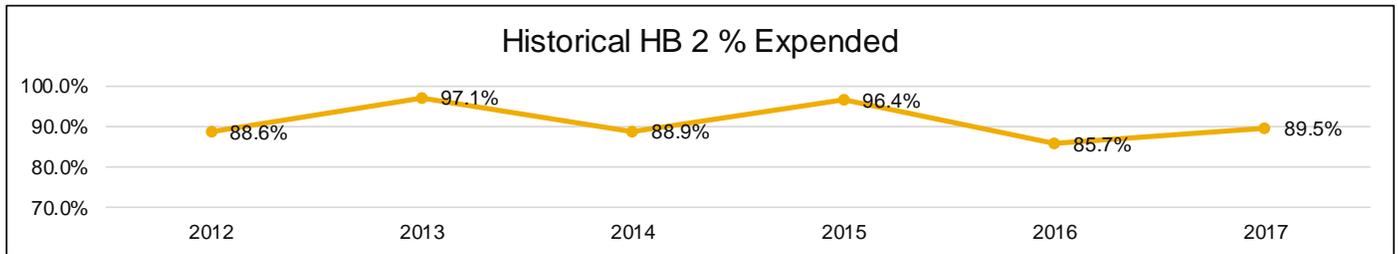


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Statewide Library Resources	6,027,067	5,392,631	634,435	89.5%
Grand Total	\$6,027,067	\$5,392,631	\$634,435	89.5%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Montana State Library expended 89.5% of their \$6.0 million FY 2017 HB 2 modified budget. The funds remaining are primarily state special revenue associated with the coal severance tax shared account and the Montana land information account.

## Expenditure By First Level Account and Fund Type



**FY 2017 HB 2 Expended by First Level**

First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	3,089,978	3,033,546	98.2%
62000 Operating	2,397,385	1,954,753	81.5%
63000 Equipmer	13,697	1,218	8.9%
66000 Grants	526,006	403,114	76.6%
<b>Grand Total</b>	<b>\$6,027,067</b>	<b>\$5,392,631</b>	<b>89.5%</b>

**FY 2017 HB 2 Expended by Fund Type**

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	3,111,173	3,014,170	96.9%
02 State Special	1,749,269	1,345,298	76.9%
03 Federal Specia	1,166,625	1,033,163	88.6%
<b>Grand Total</b>	<b>\$6,027,067</b>	<b>\$5,392,631</b>	<b>89.5%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

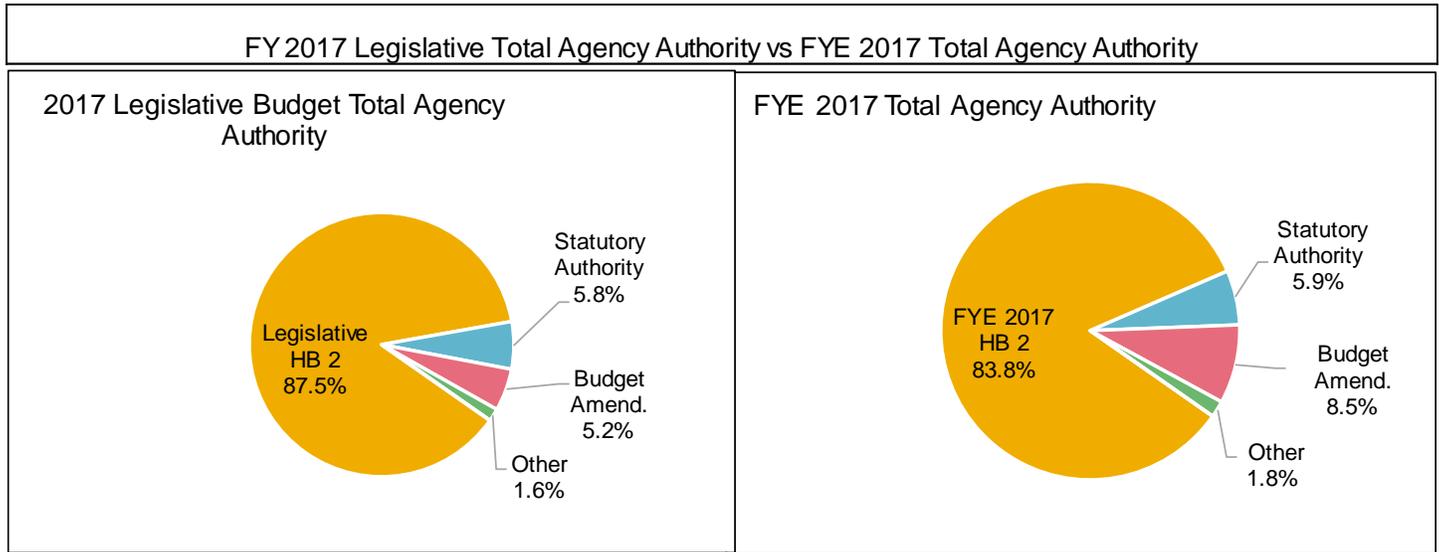
During FY 2017, revenues for the coal severance tax were lower than initially budgeted and spending reductions were implemented during this fiscal year. The reduction lowered the state special revenue and operating expenses with the elimination of the periodical database subscription for libraries in Montana. In addition, grants appear slightly under expended due to the timing with the five year grant cycle of the program.

# HISTORICAL SOCIETY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Historical Society expended 97.3% of their FY 2017 HB 2 budget
- General fund was 99.5% expended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	5,793,790	(2,874)	5,790,916
Statutory Authority	384,658	24,100	408,758
Budget Amendments	342,802	248,073	590,875
Other	102,860	21,017	123,877
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>6,624,111</b>	<b>290,316</b>	<b>6,914,426</b>
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	6,474,625
Total Budgeted Authority	6,914,426
<b>% Expended</b>	<b>93.6%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

The Montana Historical Society (MHS) had total authority of \$6.9 million in FY 2017. The majority of their authority was from HB 2. The remaining authority is derived from statutory appropriations, budget amendments, and other house and senate bills.

### Statutory Appropriations

Besides the allocated HB 2 authority the department also has statutory appropriation authority. These funds are from fees received via the MHS membership program, historic preservation signage and site location, the Original Governor's Mansion, and the Lewis & Clark license plates.

### Budget Amendments

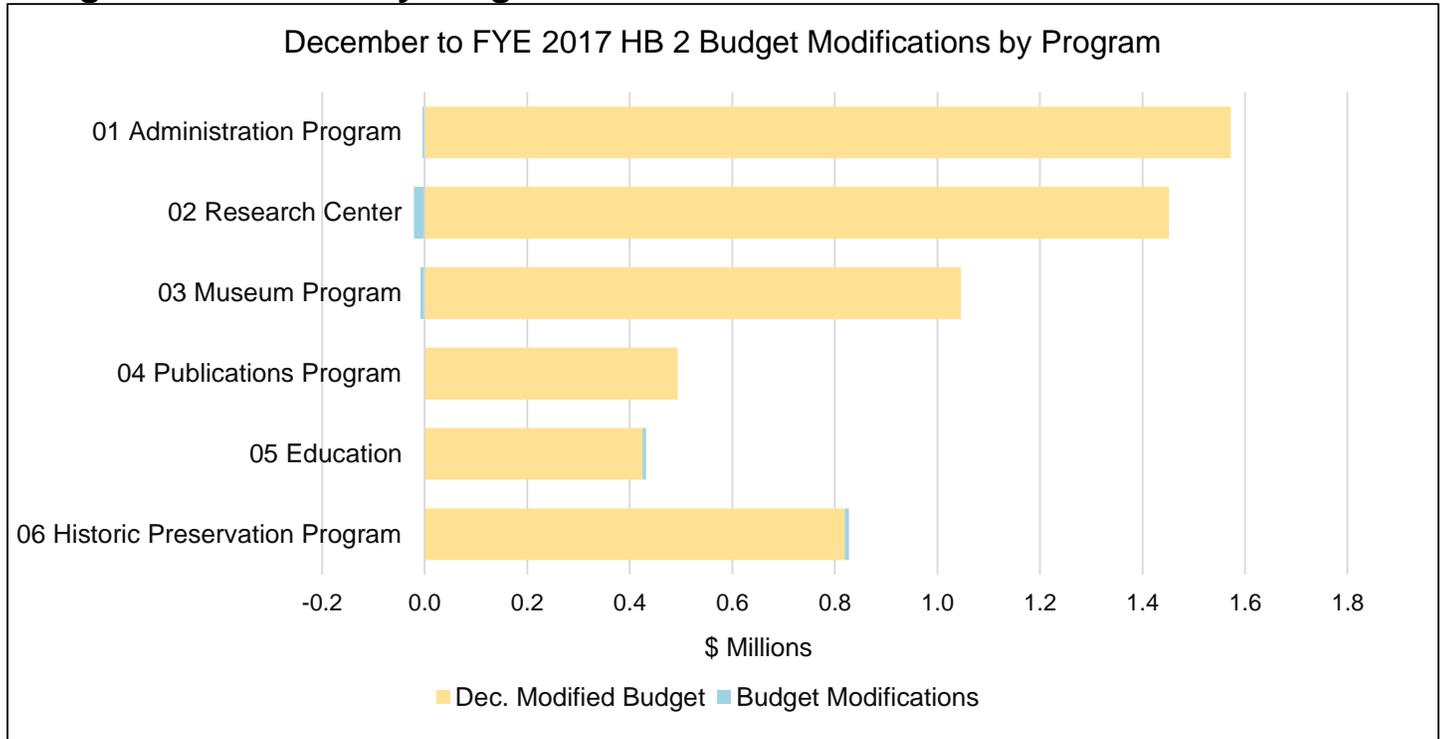
Budget amendments totaling \$590,875 for FY 2017 include continuing authority with several programs, increased authority in enterprise funds, increased authority in the USDA grant, grant awards from the National Endowment for the Humanities, and a grant award from the National Historical Publications and Records Commission.

## Other House and Senate Bills

HB 9 provided funding from the cultural and aesthetic grant program, in addition to continuing authority. The modifications include workers' compensation reduction and HB 3 executive implemented reductions.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	1,572,373	33,738	(37,917)	(4,179)	1,568,194	-0.3%
02 Research Center	1,451,924	31,410	(52,188)	(20,778)	1,431,146	-1.4%
03 Museum Program	1,046,435	-	(7,867)	(7,867)	1,038,568	-0.8%
04 Publications Program	493,663	-	-	-	493,663	0.0%
05 Education	425,096	6,674	-	6,674	431,770	1.6%
06 Historic Preservation Program	819,425	71,000	(62,850)	8,150	827,575	1.0%
<b>Grand Total</b>	<b>\$5,808,916</b>	<b>\$142,822</b>	<b>(\$160,822)</b>	<b>(\$18,000)</b>	<b>\$5,790,916</b>	<b>-0.3%</b>

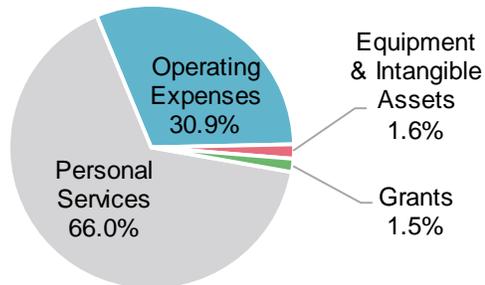
*This chart shows budget modifications by program from December through FYE.*

Several budget changes occurred during FY 2017 for the Historical Society resulting in a slight net reduction. A house adjustment reduced personal services for HB 3 reductions implemented by the executive. In addition, multiple program transfers were completed to align funding with expenditures.

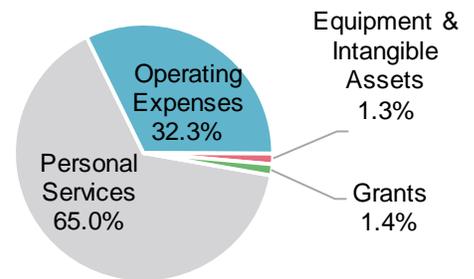
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

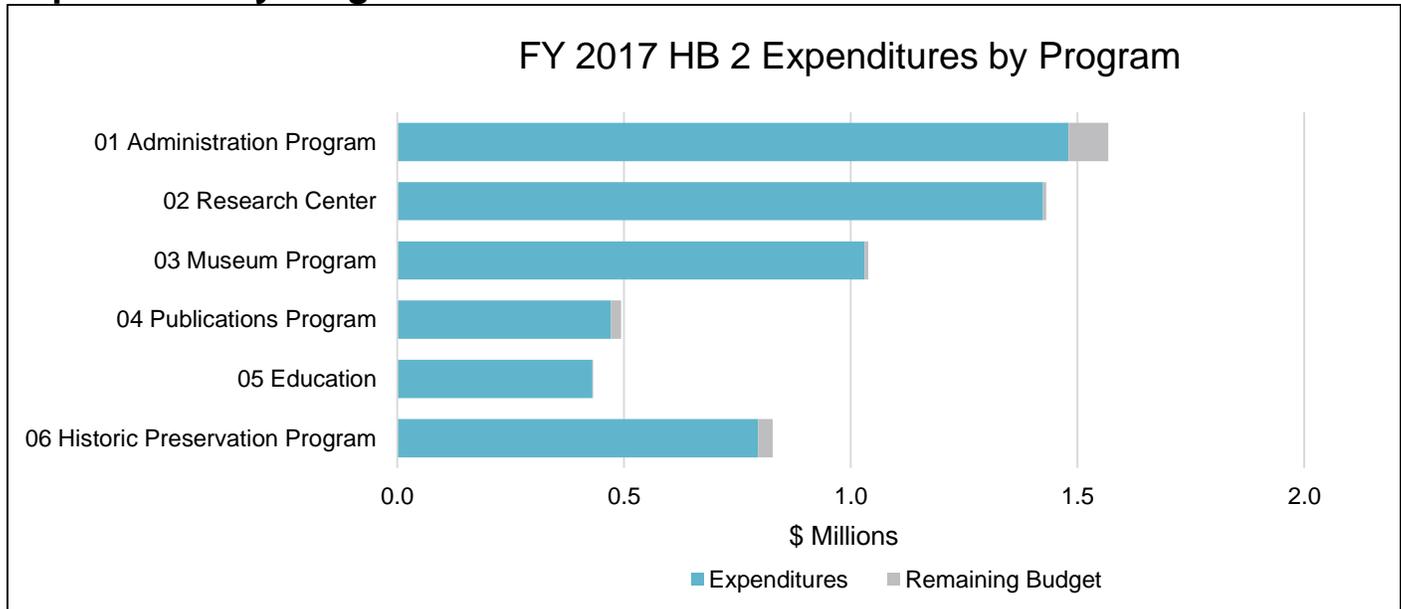
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$3,832,608	15,850	(\$85,850)	(70,000)	3,762,608	-1.8%
62000 Operating Expenses	\$1,795,178	126,972	(\$50,405)	76,567	1,871,745	4.3%
63000 Equipment & Intangible Assets	\$94,010	-	(\$17,567)	(17,567)	76,443	-18.7%
66000 Grants	\$87,120	-	(\$7,000)	(7,000)	80,120	-8.0%
<b>Grand Total</b>	<b>\$5,808,916</b>	<b>\$142,822</b>	<b>(\$160,822)</b>	<b>(\$18,000)</b>	<b>\$5,790,916</b>	<b>-0.3%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

A small reduction in personal services occurred as a result of HB 3 reductions implemented by the executive. As mentioned previously, there were several modifications to align expenditures with the appropriate account with no net effect.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



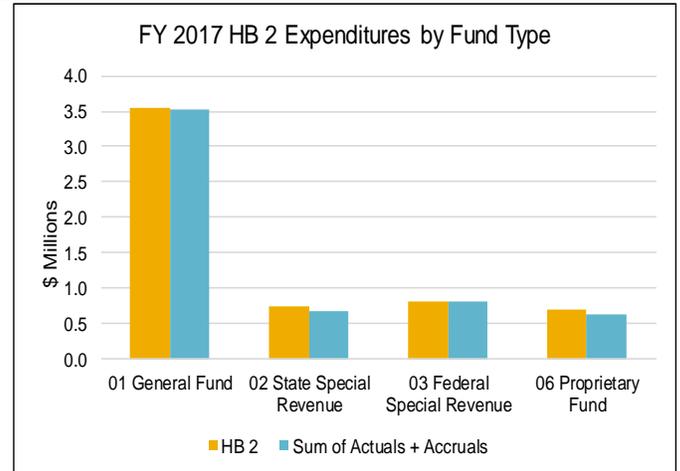
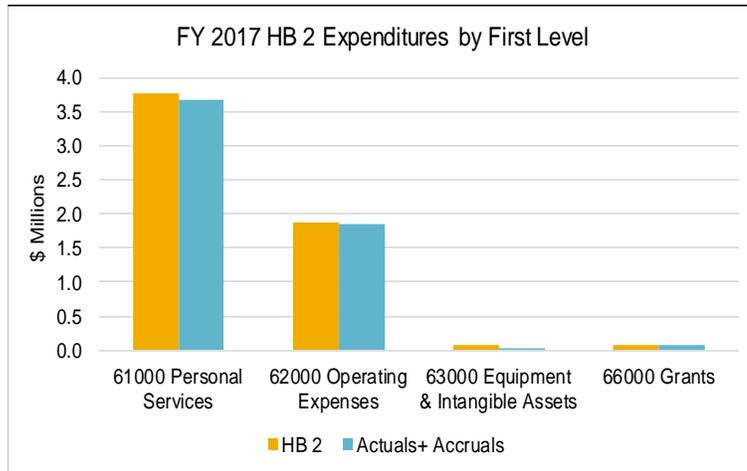
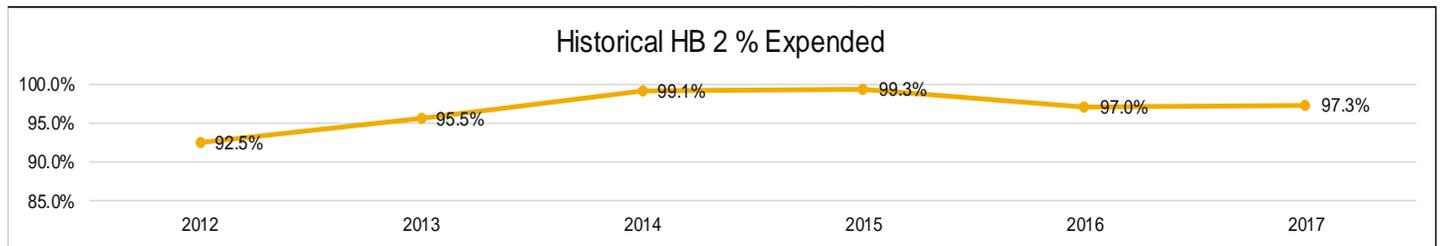
Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	1,568,194	1,480,014	88,180	94.4%
02 Research Center	1,431,146	1,424,006	7,140	99.5%
03 Museum Program	1,038,568	1,030,787	7,781	99.3%
04 Publications Program	493,663	471,249	22,414	95.5%
05 Education	431,770	430,463	1,307	99.7%
06 Historic Preservation Program	827,575	795,537	32,038	96.1%
Grand Total	\$5,790,916	\$5,632,056	\$158,860	97.3%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

During FY 2017, there were no new publications and as a result the Publications program expended 95.5% of their budget. The Historic Preservation program is on a federal fiscal year for the majority of its grant activities, this timing creates a balance in the account.

The Administration program was 94.4% expended. This lower percentage expended was because of a change in funding for the MHS Membership state special revenue account during the 2015 legislative session. This state special revenue account was moved to a temporary statutory appropriation.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	3,762,608	3,667,358	97.5%
62000 Operating Expenses	1,871,745	1,844,529	98.5%
63000 Equipment & Intangible Assets	76,443	40,168	52.5%
66000 Grants	80,120	80,000	99.9%
<b>Grand Total</b>	<b>\$5,790,916</b>	<b>\$5,632,056</b>	<b>97.3%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	3,541,986	3,524,394	99.5%
02 State Special Revenue	750,513	668,055	89.0%
03 Federal Special Revenue	807,900	805,869	99.7%
06 Proprietary Fund	690,517	633,737	91.8%
<b>Grand Total</b>	<b>\$5,790,916</b>	<b>\$5,632,056</b>	<b>97.3%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.

HB 2 expenditures have remained relatively steady for the Historical Society over the past several years, expending 97.3% of their \$5.8 million budget for FY 2017.

State special revenue was 89.0% expended. This lower percentage expended was because of a change in funding for the MHS Membership state special revenue account during the 2015 legislative session. This state special revenue account was moved to a temporary statutory appropriation.