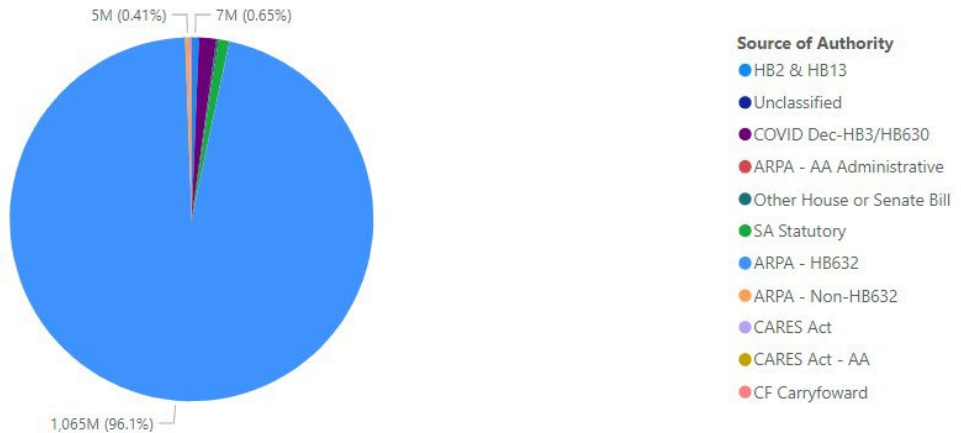


GOVERNOR'S OFFICE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 0.6 % of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	FYE22 Modified Budget	FYE22 Expended Budget	Percent Expended
HB2 & HB13	7,183,781	6,145,764	85.6%
CF Carryforward	485,371	42,988	8.9%
Other House or Senate Bill	1,764,905		
SA Statutory	10,641,100		
Unclassified	1,497		
CARES	1,229,808	208,065	16.9%
CARES II	17,000,000	1,192,116	7.0%
ARPA	1,070,090,947	239,187	0.0%
Total	1,108,397,408	7,828,121	0.7%

Source of Authority

- HB2 & HB13
- Unclassified
- COVID Dec-HB3/HB630
- ARPA - AA Administrative
- Other House or Senate Bill
- SA Statutory
- ARPA - HB632
- ARPA - Non-HB632
- CARES Act
- CARES Act - AA
- CF Carryforward

Report Period

- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun

Carryforward

The Governor's Office has carryforward appropriation authority from FY 2020 of \$229,504 with \$32,924 in personal services and the remainder as operating expenses and available for expenditure in FY 2022. In addition, since the end of December, the Governor's Office established \$255,867 in FY 2021 carryforward appropriation authority. In total, those two carryforward appropriations include:

- \$118,400 in personal services and \$144,646 in operating expenses in the Executive Office Program
- \$12,223 in personal services in the Executive Residence Operations
- \$16,300 in personal services and \$88,452 in operating expenses in the Office of Budget and Program Planning
- \$ 1,000 in personal services and \$43,338 in operating expenses in the Office of Indian Affairs

- \$1,000 in personal services and \$60,012 in the Mental Disabilities Board of Visitors and Mental Health Ombudsman Program

As of the end of the fiscal year:

- The Executive Office Program expended \$18,301 for termination payouts required in statute and \$1,192 for operating expenses with the majority going to office equipment
- The Executive Residence Operations expended all of its carryforward appropriations for retirement costs
- The Office of Budget and Program Planning expended \$11,272 for termination payouts

None of the other programs have expended their appropriations.

Other Bills

HB 13 – Pay Plan

The 2021 Legislature included \$1.8 million in funding to the Governor’s Office (\$1.0 million general fund, \$500,000 state special revenue, \$250,000 federal special revenue, \$50,000 proprietary) for a personal services contingency for state agencies that:

- Did not have personnel vacancies occur
- Had retirement costs that exceeded agency resources
- Had other personal services contingencies that required additional authority

As of June 30, 2022, the Governor’s Office transferred \$35,095 in general fund to the Department of Military Affairs for retirement payouts including:

- \$6,873 to the ChalleNGe Program
- \$8,010 to the Army National Guard Program
- \$20,212 to the Disaster and Emergency Services Division

SB 191 – Revise State Finance Laws

The 2021 Legislature appropriated \$1.5 million in general fund and \$1.0 million in state special revenue to the Office of Budget and Program Planning in the Governor’s Office for allocations to state agencies, mainly for costs of enacted legislation that did not include appropriations to the agencies. The following chart shows the allocations as of June 30, 2022 that occurred for FY 2022.

SB 191 Appropriation Allocations to State Agencies			
Agency	Purpose	Fund	FY 2022
Section A - General Government			
Commissioner of Political Practices	SB 224 Campaign Finance Laws	General Fund	\$12,000
Commissioner of Political Practices	SB 319 Revise Campaign Finance Laws	General Fund	12,000
Department of Revenue	HB 279 Tax Credit Scholarship	General Fund	15,600
Department of Revenue	HB 298 Revise Information on Property Valuation	General Fund	49,500
Department of Revenue	HB 525 Alcohol Concession Agreements	General Fund	12,700
Department of Revenue	HB 705 Revise Alcohol and Gaming Laws	General Fund	107,500
Department of Revenue	SB 51 Exempt Fiber from Property Tax	General Fund	65,494
Department of Revenue	SB 126 Property Valuation Appeal Process	General Fund	33,000
Department of Revenue	SB 320 Revise Laws on Alcohol Delivery	General Fund	13,000
Department of Administration	Agency Business Performance Manager	General Fund	110,000
Department of Labor & Industry	HB 198 Workers' Compensation Death Benefits	State Special Revenue	2,692
Department of Labor & Industry	HB 210 License Speech Pathologist and Audiology	State Special Revenue	24,971
Department of Labor & Industry	HB 217 License Genetic Counselors	State Special Revenue	51,762
Department of Labor & Industry	HB 276 Board of Behavioral Health	State Special Revenue	4,158
Department of Labor & Industry	HB 495 Licensing Healthcare Providers	State Special Revenue	2,480
Department of Labor & Industry	HB 593 Board of Barbers and Cosmetology	State Special Revenue	10,119
Department of Labor & Industry	HB 702 Prohibit Discrimination on Vaccine Status	General Fund	98,694
Department of Labor & Industry	SB 39 Sexual Offender Evaluation and Treatment	State Special Revenue	27,912
Department of Labor & Industry	SB 106 License Veterinarian Techs	State Special Revenue	27,415
Department of Labor & Industry	SB 374 Dispensing Drugs by Practitioners	State Special Revenue	6,150
Department of Labor & Industry	SB 396 Boiler Licensing	State Special Revenue	<u>1,176</u>
Total Section A			688,323
Section B - Public Health and Human Services			
Department of Public Health & Human Serv	HB 57 Child Protection Specialist Placements in Congregate	General Fund	16,526
Department of Public Health & Human Serv	HB 459 Certification of Child Protection Specialists	General Fund	<u>41,731</u>
Total Section B			58,257
Section C - Natural Resources & Transportation			
Department of Environmental Quality	HB 116 Indoor Meth Cleanup Standards	General Fund	47,115
Department of Environmental Quality	SB 358 Numeric Nutrient Standards	General Fund	83,352
Department of Environmental Quality	SB 358 Numeric Nutrient Standards	State Special Revenue	<u>0</u>
Total Section C			130,467
Section D - Corrections and Public Safety			
Public Service Commission	Operating Authority for Computer System	State Special Revenue	378,882
Office of the Public Defender	Retirement Payouts	General Fund	<u>238,361</u>
Total Section D			617,243
Total SB 191 Allocation to Agencies			<u>\$1,494,290</u>
Total General Fund			956,573
Total State Special Revenue			537,717

In June, the Governor's Office transferred:

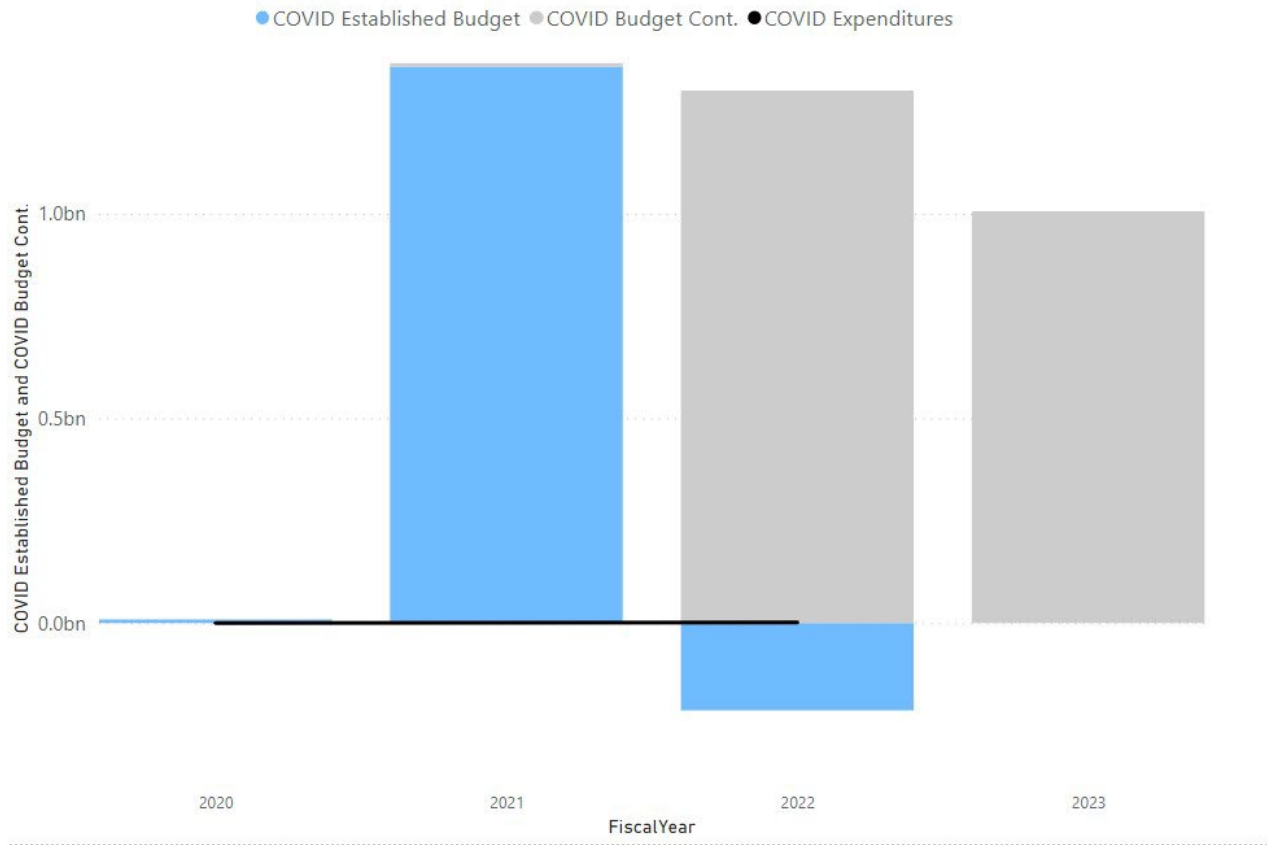
- \$238,361 in general fund to the Office of the Public Defender for termination pay
- \$378,882 in state special revenue to the Public Service Commission for costs of a new computer system

Because all of the funding has been transferred to other state agencies it is no longer reflected in the appropriations of the Governors' Office.

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The preceding figure includes all funds budgeted in the Governor’s Office. The funds shown in blue in FY 2022 that are below the black line are mainly due to a transfer of \$213.9 million in ARPA appropriations to the Department of Commerce. It should be noted that spending recorded in the Governor’s Office does not include transfers that are made for cash flow purposes between federal funds.

The Governor’s Office distributed the funds to state agencies for ARPA related expenditures. To more accurately reflect the spending, the expenditures have been removed from the chart in the Governor’s Office and included in the charts of the state agency that made the expenditures.

The following narrative describes the sources and spending associated with the COVID-19 funds.

Coronavirus Relief Fund (CRF)

In FY 2020, the Governor’s Office utilized \$58,037 in CRF funding for expenses due to the pandemic including operating expenses related to the use of virtual meetings, social distancing tools, and cleaning supplies.

Governor’s Emergency Education Relief Fund

The CARES Act included \$8.8 million for the Governor’s emergency education relief funds enacted in March 2020. Federal law required that the funds be provided to help local education agencies respond to changes in student needs due to COVID-19. During FY 2021, \$8.4 million of the funds were transferred to the Montana University System, the School for the Deaf and Blind, and the Department of Labor and Industry with the

remaining \$0.4 million available for expenditure in FY 2022. These funds are available through September 30, 2022. Through the end of June, \$255,065 or 60.4% has been expended.

HB 630/HB 3

The 2021 Legislature enacted HB 3, the supplemental appropriations bill, which provided additional funding for the Office of Budget and Program Planning including:

- \$650,000 in authority to spend investment earnings generated by the \$1.25 billion in Coronavirus Relief Act funds. This funding was not expended in FY 2021. Investment earnings in FY 2022 were \$599,703 which have been transferred to other agencies
- \$17.0 million in authority to spend the Governor's emergency education relief funds provided in the Coronavirus Response and Relief Supplemental Appropriations Act. This funding was not expended in FY 2021. These funds are available through September 30, 2023. As of June 30, 2022, \$1.2 million has been granted to education entities

HB 632 - American Rescue Plan Act (ARPA)

The 2021 Legislature enacted HB 632 to appropriate federal funds provided in the American Rescue Plan Act (ARPA) of 2021. The Office of Budget and Program Planning received the following appropriations beginning in FY 2021:

- Broadband - \$275.0 million
- Water & sewer - \$462.7 million
- Economic transformation, stabilization, and workforce - \$150.0 million
- Nursing home payments, provider rate study, Judicial Branch, Legislative Services Division, and Office of Budget and Program Planning - \$22.4 million
- Local coronavirus funding - \$81.8 million
- Capital projects - \$119.3 million
- Housing - \$213.9 million
- Non-public schools - \$12.1 million

Through the end of FY 2021, \$58.1 million of the ARPA funds were expended. The remaining \$1.28 billion in ARPA funds are available for expenditure. Generally, funds must be obligated by December 31, 2024, and expended by December 31, 2026. The Governor's Office has transferred funding to state agencies administering the various functions. The expenditure of the funds is discussed in the relevant state agency budget reports.

Statutory Appropriations

At the beginning of FY 2022, the Governor's Office had \$10.6 million in federal coronavirus relief funds remaining of the original \$1.25 billion authorized in the CARES Act. The funds are designated as statutory appropriations on the state's financial system. The Governor's Office distributed the funds to state agencies for COVID-19 related expenditures. As of June 30, 2022, all of the funds have been expended by the state agencies. To more accurately reflect the spending, the expenditures have been removed from the chart in the Governor's Office and included in the charts of the state agency that made the expenditures.

Unclassified

Per 39-71-403(1)(b)(iv), MCA, when workers' compensation premiums are lower than the previous year, state agencies shall reduce personal services appropriations by the amount of the premium reduction. To track the changes in appropriation authority, total appropriation is not reduced, instead the Governor's Office of Budget and Program Planning (OBPP) requires state agencies to:

- Reduce HB 2, statutory, and proprietary appropriations
- Create a separate offsetting entry on the financial statements in the same amount using an identifying number for workers' compensation entries

The offsetting entries are identified as "frozen" appropriations, which means the appropriations will not be spent unless authorized by OBPP. The Governor's Office reduced personal services appropriations by \$1,497 for workers' compensation premium savings.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from June 1, 2022 through fiscal year end. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only			
Agency Name	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> Governor's Office	7,203,781	7,183,781	-20,000
EXECUTIVE OFFICE PROGRAM	3,608,823	3,588,823	-20,000
EXECUTIVE RESIDENCE OPERATIONS	159,779	159,779	
MENTAL DISABILITIES BD VISTORS	495,483	495,483	
OFC BUDGET & PROGRAM PLANNING	2,655,621	2,655,621	
OFFICE OF INDIAN AFFAIRS	284,075	284,075	
Total	7,203,781	7,183,781	-20,000

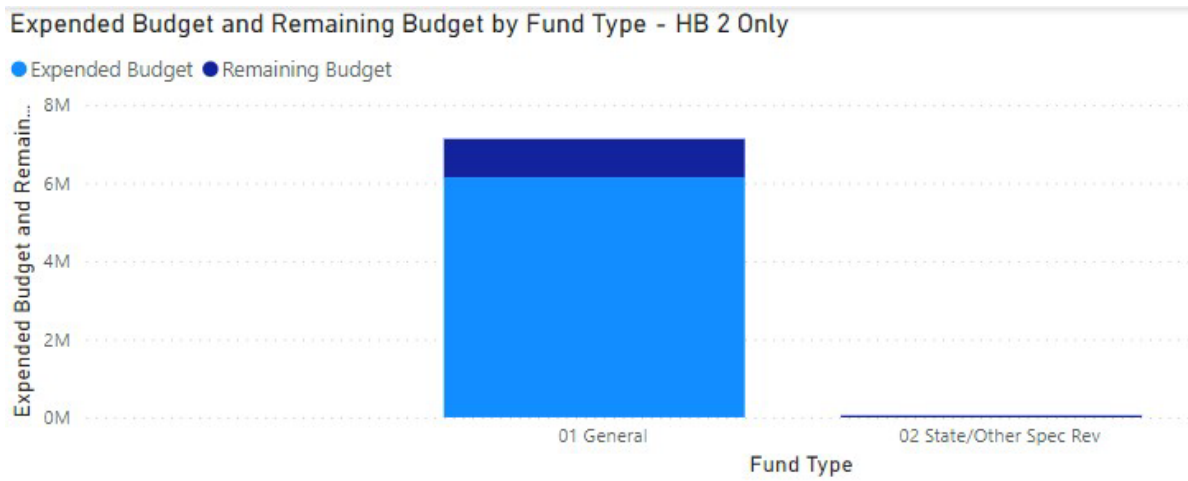
Acct & Lvl 1 DESC	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> 61000 Personal Services	5,634,940	5,634,940	
<input type="checkbox"/> 62000 Operating Expenses	1,568,841	1,548,841	-20,000
<input type="checkbox"/> 69000 Debt Service	0	0	

Fund Type	June Modified Budget	FYE22 Modified Budget	Net Modifications
<input type="checkbox"/> 01 General	7,153,781	7,133,781	-20,000
<input type="checkbox"/> 02 State/Other Spec Rev	50,000	50,000	

As shown in the preceding figure, the Governor's Office reduced general fund appropriations in the Executive Office Program, transferring the \$20,000 to the Department of Commerce to administer economic development business applications.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through fiscal year end.



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,634,940	4,946,455	87.8%
Operating Expenses	1,548,841	1,199,309	77.4%
Debt Service	0	0	NaN

Program Name	Modified Budget	Expended Budget	Percent Expended
EXECUTIVE OFFICE PROGRAM	3,588,823	2,965,689	82.6%
EXECUTIVE RESIDENCE OPERATIONS	159,779	99,228	62.1%
MENTAL DISABILITIES BD VISTORS	495,483	449,628	90.7%
OFC BUDGET & PROGRAM PLANNING	2,655,621	2,465,731	92.8%
OFFICE OF INDIAN AFFAIRS	284,075	165,489	58.3%
Total	7,183,781	6,145,764	85.6%

General fund makes up 99.3% of the HB 2 modified budget supporting the Governor’s Office while state special revenue generated from training fees provides for the remaining 0.7%.

Personal Services

Personal services make up 78.4% of the HB 2 modified budget for the Governor’s Office, with \$4.9 million or 87.8% expended as of the end of the fiscal year.

The following chart shows the filled and vacant FTE within the agency as of August 1, 2022.



As shown, the Governor’s Office had 15.6% of its HB 2 positions vacant as of August 1, 2022 including:

- 4.00 FTE or 14.0 % within the Executive Office Program
- 1.57 FTE or 100.0% within the Executive Residence Operations Program
- 2.00 FTE or 9.5% within the Office of Budget and Program Planning
- 1.00 FTE or 50.0% within the Office of Indian Affairs
- 0.50 FTE or 10.0% within the Mental Disabilities/Board of Visitors

Vacant positions include:

- Chief business development officer, and two policy specialists within the Office of Economic Development
- Cook and custodian in the Executive Residence Operations. The Governor is not currently residing in the Governor’s Mansion as it is slated for renovations this biennium
- Two budget analysts within the Office of Budget and Program Planning were open as of August 1. Since then one of the positions has been filled
- Program officer within the Office of Indian Affairs
- Administrative assistant in the Mental Disabilities and Board of Visitors

The Governor’s Office has stated they have plans to fill additional positions.

Turnover

Since July 1, 2021 , there have been 17 Governor’s Office employees or 29.3% of the FTE that have left employment including:

- 10 that left state employment
- 2 that transferred to another state agency
- 5 that retired

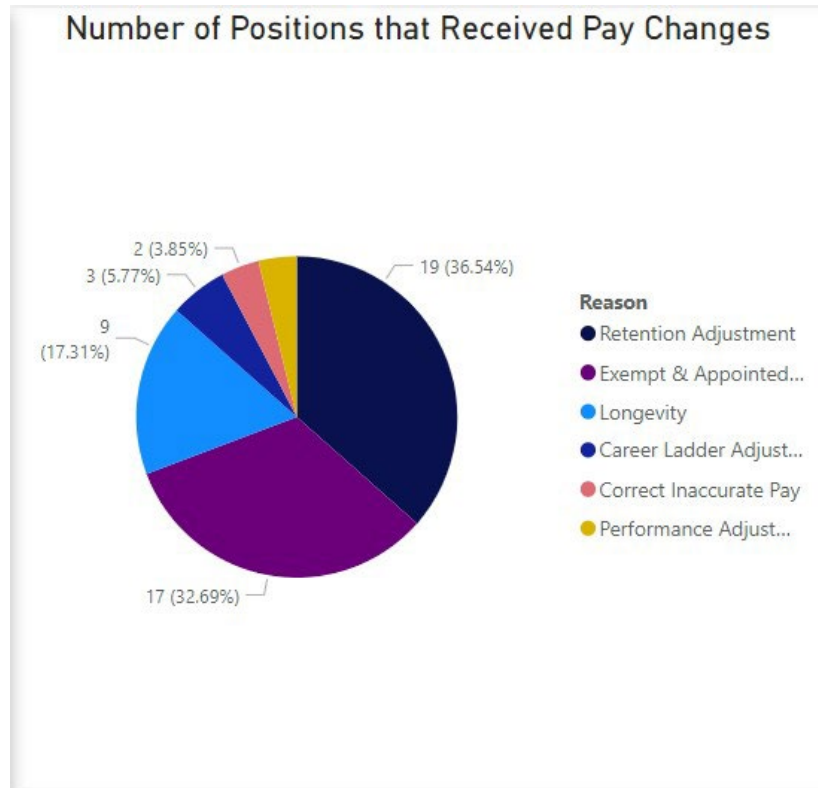
Utilization Rate

Of the total personal services hours budgeted in FY 2022, the divisions have utilized the following:

- Executive Office Program – 83.2%
- Executive Residence – 65.9%
- Office of Budget and Program Planning – 95.8%
- Office of Indian Affairs – 57.9%
- Mental Disabilities/Board of Visitors – 91.8%

Pay Rate Changes

The following figure shows that pay adjustments within the Governor’s Office in FY 2022. The following figure includes both legislatively approved pay changes and management decisions.



Operating Expenses

Operating expenses are budgeted at 21.6% of the HB 2 modified budget, with \$1.2 million or 77.4% expended as of June 30,2022.

OTHER ISSUES

Required Reports

The Governor’s Office did not have any budget amendments, operating plan changes, or program transfers that require reporting to the Legislative Finance Committee.