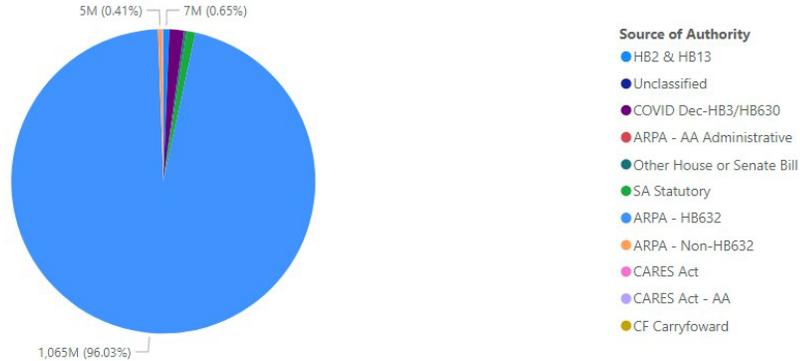


GOVERNOR'S OFFICE

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 0.7% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	7,203,781	5,564,700	77.2%
CF Carryforward	485,371	13,251	2.7%
Other House or Senate Bill	2,742,125		
SA Statutory	10,641,100		
Unclassified	1,497		
CARES	1,229,808	208,065	16.9%
CARES II	17,000,000	1,002,304	5.9%
ARPA	1,069,929,947	114,676	0.0%
Total	1,109,233,628	6,902,996	0.6%

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 \$3,224 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:

- \$100,000 in personal services and \$163,046 in operating expenses in the Executive Office Program
- \$12,223 in personal services in the Executive Residence Operations
- \$104,752 in operating expenses in the Office of Budget and Program Planning
- \$44,338 in the Office of Indian Affairs
- \$61,012 in the Mental Disabilities Board of Visitors and Mental Health Ombudsman Program

As of the end of May, the Executive Residence Operations expended all of its carryforward appropriations and the Executive Office Program expended \$1,028 of its operating appropriations. 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 May 31, 2022, the Governor’s Office has not expended any of this funding.

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 May 31, 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 Services	HB 57 Child Protection Specialist Placements in Congregate	General Fund	16,526
Department of Public Health & Human Services	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	0
			130,467
Total SB 191 Allocation to Agencies			<u>\$877,047</u>
Total General Fund			718,212
Total State Special Revenue			158,835

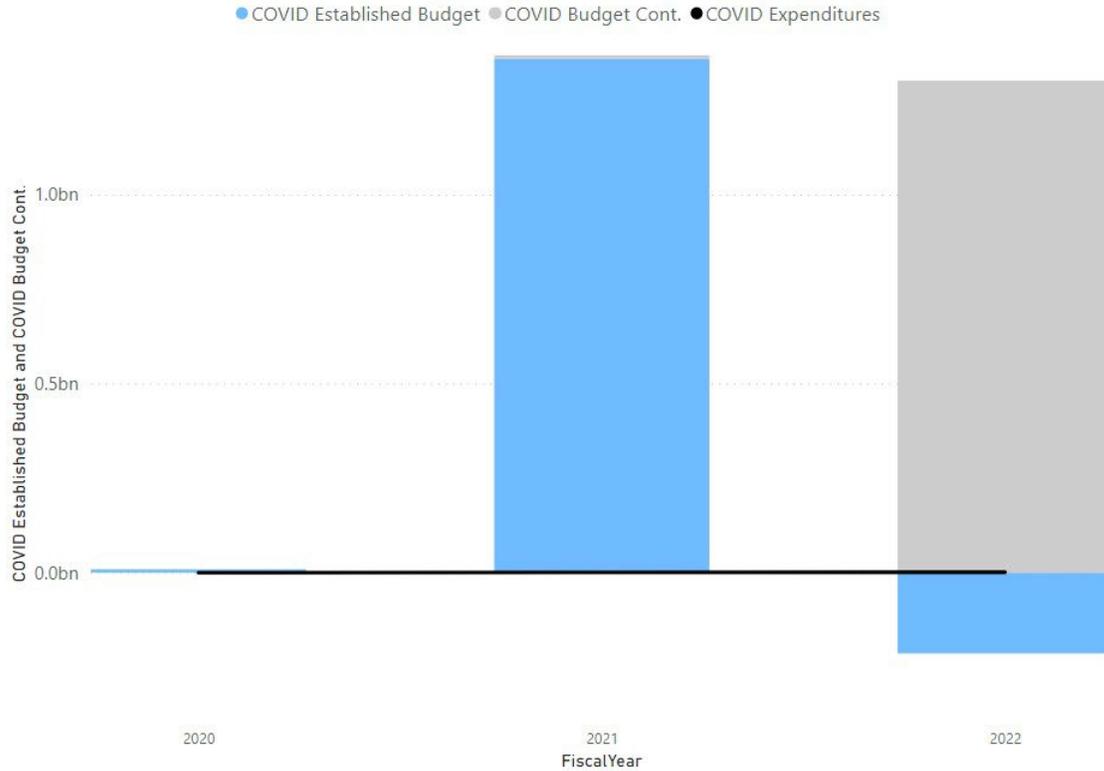
Currently, the Governor's Office has \$238,361 in general fund and \$703,764 in state special revenue that has not been allocated in either year of the biennium.

SB 191 included language allowing the allocated funds to be included in the base budget for the 2025 biennium. The Governor's Office has allocated \$543,427 in general fund and \$137,401 in state special revenue of SB 191 in FY 2023, these transfers of authority will increase the receiving agency's base budget.

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 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. Through the end of May, \$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 and is available for expenditure in FY 2022. 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 and is thus available in FY 2022. These funds are available through September 30, 2023. As of May 31, 2022, \$1,002,304 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 - \$275,000,000
- Water & sewer - \$462,689,925
- Economic transformation, stabilization, and workforce - \$150,000,000
- Nursing home payments, provider rate study, Judicial Branch, Legislative Services Division, and Office of Budget and Program Planning - \$22,394,721
- Local coronavirus funding - \$81,800,000
- Capital projects - \$119,300,000
- Housing - \$213,859,768
- Non-public schools - \$12,100,000

Through the end of FY 2021, \$58.1 million of the ARPA funds have been 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 May 31, 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 March 1, 2022 through May 31, 2022. 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	March Modified Budget	June Modified Budget	Net Modifications
☐ Governor's Office	7,385,278	7,203,781	-181,497
EXECUTIVE OFFICE PROGRAM	3,609,674	3,608,823	-851
EXECUTIVE RESIDENCE OPERATIONS	179,846	159,779	-20,067
MENTAL DISABILITIES BD VISTORS	495,591	495,483	-108
OFC BUDGET & PROGRAM PLANNING	2,836,051	2,655,621	-180,430
OFFICE OF INDIAN AFFAIRS	264,116	284,075	19,959
Total	7,385,278	7,203,781	-181,497

Acct & Lvl 1 DESC	March Modified Budget	June Modified Budget	Net Modifications
☐ 61000 Personal Services	5,636,437	5,634,940	-1,497
☐ 69000 Debt Service	6,860	0	-6,860
☐ 62000 Operating Expenses	1,741,981	1,568,841	-173,140

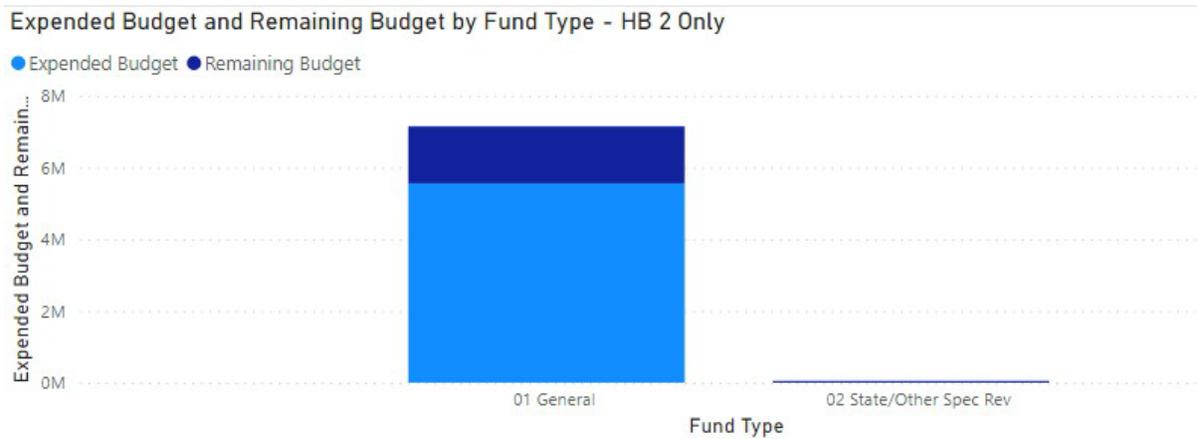
Fund Type	March Modified Budget	June Modified Budget	Net Modifications
☐ 01 General	7,335,278	7,153,781	-181,497
☐ 02 State/Other Spec Rev	50,000	50,000	

As shown in the preceding figure, the Governor's Office reduced appropriations including:

- \$1,497 in personal services for workers' compensation premium savings
- \$6,860 in debt service that was transferred to operating expenses to correctly record expenses for leases in accordance with recent guidance issued by the Department of Administration
- \$20,000 in operating expenses was transferred from the Executive Residence Operations Program to the Office of Indian Affairs
- \$180,000 in operating expenses transferred to two state agencies, \$120,000 to the Department of Environmental Quality and \$60,000 to the Department of Commerce for the Governor's Efficiency Initiatives. The Executive Office Program received \$322,498 in general fund, one-time-only in FY 2022 for this project. The Department of Commerce has indicated that the funds will not be used. As a result the \$60,000 in funding will be returned to the Governor's Office.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through May 31, 2022.



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,634,940	4,502,588	79.9%
Operating Expenses	1,568,841	1,062,112	67.7%
Debt Service	0	0	NaN

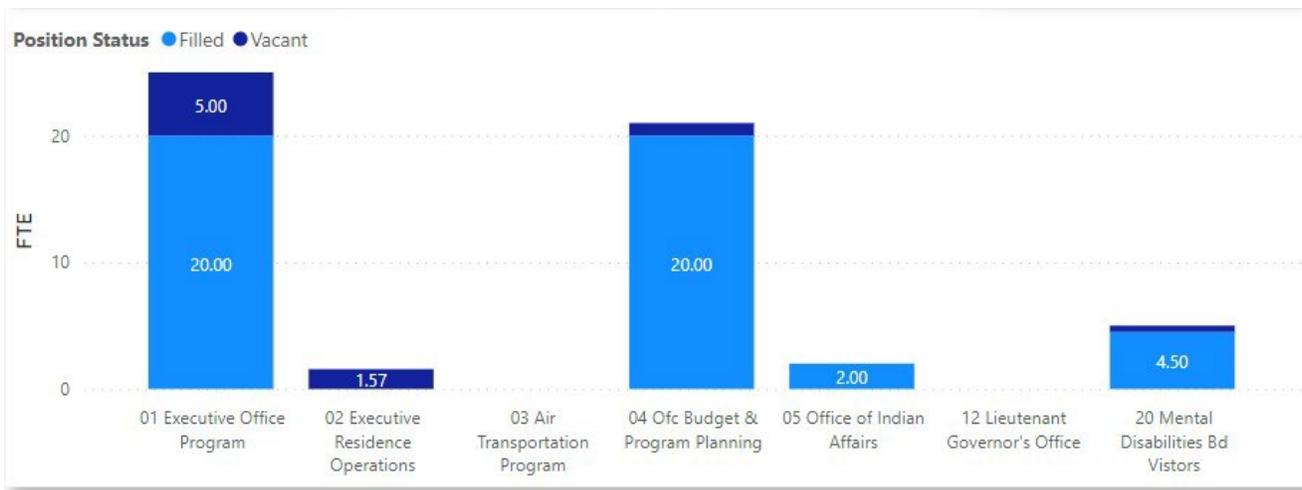
Program Name	Modified Budget	Expended Budget	Percent Expended
EXECUTIVE OFFICE PROGRAM	3,608,823	2,702,019	74.9%
EXECUTIVE RESIDENCE OPERATIONS	159,779	96,767	60.6%
MENTAL DISABILITIES BD VISTORS	495,483	397,356	80.2%
OFC BUDGET & PROGRAM PLANNING	2,655,621	2,222,376	83.7%
OFFICE OF INDIAN AFFAIRS	284,075	146,182	51.5%
Total	7,203,781	5,564,700	77.2%

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 78.2% of the HB 2 modified budget for the Governor’s Office, with \$4.5 million or 79.9% expended as of May 31, 2022.

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



As shown, the Governor’s Office had 14.8% of its HB 2 positions vacant as of May 1, 2022 including:

- 5.00 FTE or 20.0 % within the Executive Office Program
- 1.57 FTE or 100.0% within the Executive Residence Operations Program
- 1.00 FTE or 4.8% within the Office of Budget and Program Planning
- 0.50 FTE or 10.0% within the Mental Disabilities/Board of Visitors

Vacant positions include:

- Chief business development officer, and three policy specialists within the Office of Economic Development. This represents 80.0% of the positions budgeted for this function
- 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
- Budget analyst within the Office of Budget and Program Planning
- Administrative assistant in the Mental Disabilities and Board of Visitors

The Governor’s Office has stated they have plans to fill additional positions later in the fiscal year.

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

Operating Expenses

Operating expenses are budgeted at 21.8% of the HB 2 modified budget, with \$1.1 million or 67.7% expended as of May 31, 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.