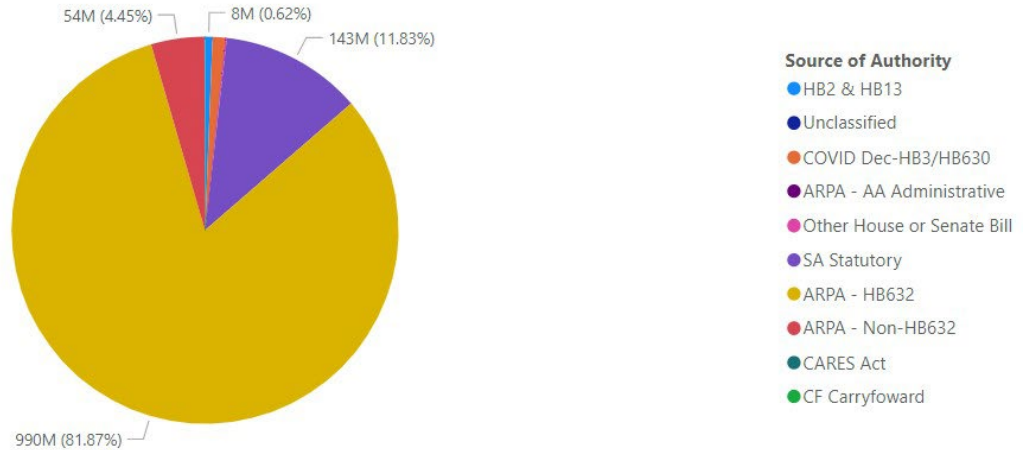


# GOVERNOR'S OFFICE

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the Governor's Office is shown in the pie chart below. HB 2 and HB 13 provide 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	FYE23 Modified Budget	FYE23 Expended Budget	Percent Expended
HB2 & HB13	7,509,776	6,581,755	87.6%
CF Carryforward	512,367	318,008	62.1%
Other House or Senate Bill	1,275,238	56,760	4.5%
SA Statutory	143,000,000	130,523,300	91.3%
Unclassified	1,939		
CARES	50,297		
CARES II	12,880,095	1,459,740	11.3%
ARPA	1,043,985,052	98,473	0.0%
<b>Total</b>	<b>1,209,214,763</b>	<b>139,038,035</b>	<b>11.5%</b>

## Carryforward

The Governor's Office has carryforward appropriation authority of approximately \$512,000, which was less than 1.0% of the total appropriation authority in FY 2023. The carryforward authority is comprised entirely of general fund and includes:

- Approximately \$341,000 in the Executive Office Program, which was 66.8% expended. The majority of the expenditures were due to termination payouts, contracted legal costs, and subscription based software costs for Snowflake
- Approximately \$86,000 in the Office of Budget and Program Planning, which was 100.0% expended. The majority of the expenditures were due to retirement payouts, dues, and subscription costs
- Approximately \$43,000 in the Office of Indian Affairs, which was 0.0% expended
- Approximately \$42,000 in the Mental Disabilities Board of Visitors and Mental Health Ombudsman Program, which was 10.0% expended. Expenditures were primarily due to personal services costs

## **Other Bills**

The Governor's Office had approximately \$1.3 million of appropriation authority in other bills in FY 2023, which was 0.1% of the total appropriation authority. This authority is in HB 13 for personal services contingency funding (2021 Legislature) and the one-time payout for employees (2023 Legislature).

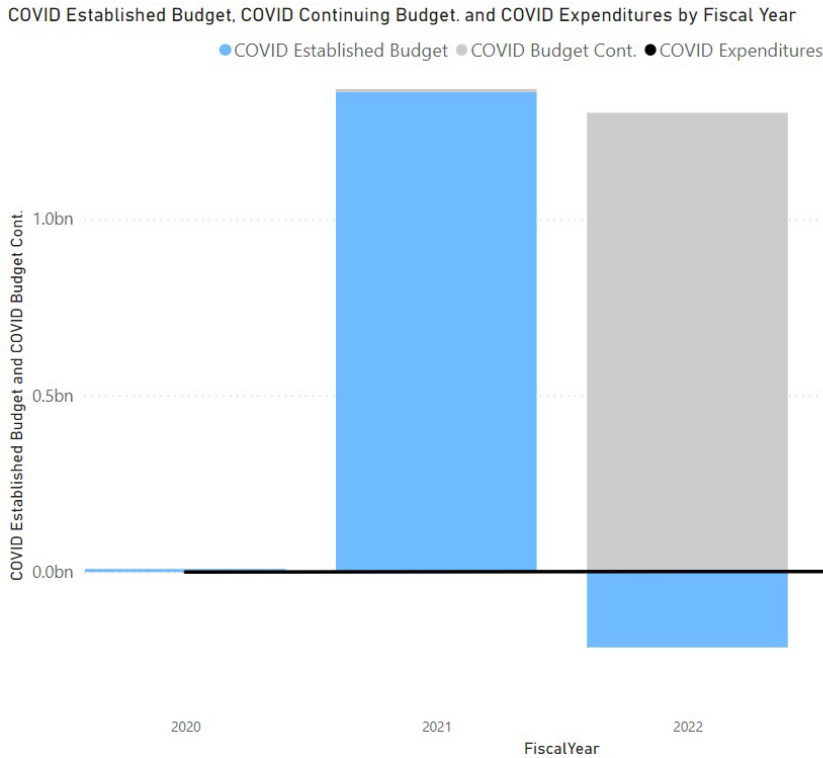
The 2021 Legislature adopted \$1.8 million in funding for the Office of Budget and Program Planning, which includes \$1.0 million general fund, \$500,000 state special revenue funds, \$250,000 federal special revenue funds, and \$50,000 proprietary funds. This funding can be distributed to state agencies when personal services vacancies do not occur, retirement costs exceed state agency resources, or when other contingencies arise. There is \$1.2 million in personal services contingency funding remaining in the Office of Budget and Program Planning and approximately \$600,000 has been transferred to other state agencies. These transfers include:

- The Department of Military Affairs receiving approximately \$35,000 for retirement payouts in FY 2022
- The Department of Livestock receiving approximately \$60,000 for additional retention pay in the Meat and Poultry Program
- The Office of the Public Defender receiving approximately \$500,000 due to better than anticipated retention resulting in less vacancy savings

Additionally, HB 13 (2023 Legislature) included a one-time, lump-sum payment to state employees. Full-time employees received a payment of \$1,040, which was prorated for employees that work less than full-time. This payment was effective in the first full pay period following HB 13 being enacted. The Governor's Office expended approximately \$57,000 in FY 2023 for these lump-sum payouts.

## 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.



The figure above includes all funds budgeted in the Governor’s Office. The Governor’s Office distributed funds to state agencies for the American Rescue Plan Act (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.

In FY 2023, the Governor’s Office had funding from coronavirus relief fund (CRF), the Governor’s emergency education relief (GEER) funds, and ARPA, which will be discussed in more detail below.

### Coronavirus Relief Fund

In FY 2023, the Governor’s Office had approximately \$50,000 in CRF funding. This funding could be used for expenses due to the pandemic including operating expenses related to the use of virtual meetings, social distancing tools, and cleaning supplies. As of the end of the fiscal year, this funding was 0.0% expended.

### Governor’s Emergency Education Relief Fund

In FY 2023, the Governor’s Office had \$24.8 million of GEER funding from CARES II and ARPA. Federal law required that the funds be provided to help local education agencies respond to changes in student needs due to COVID-19. In the Governor’s Office, expenditures totaled \$3.2 million. There is \$9.7 million of authority remaining that must be expended by September 30, 2023 and \$11.8 million remaining that must be expended by September 30, 2025.

### American Rescue Plan Act

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

In FY 2023 there was approximately \$979.4 million of ARPA funding, of which \$855.3 million was expended (primarily transferred out). The remaining \$124.0 million 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**

The 2023 Legislature passed and approved HB 251, which established the debt and liability free account. This account can be used to:

- Pay the principal, interest, premiums, and any costs or fees associated with redeeming or defeasing outstanding bonds, notes, or other obligations
- Forgo or reduce the amount of an issuance of general obligation bonds paid from the general fund authorized by the legislature but not yet issued by the board of examiners prior to using funds from the capital development long-range building program account
- Pay in whole or in part legally resolved non-pension financial liabilities of the state of Montana

HB 251 was effective upon passage and approval of the bill, so appropriation authority of \$143.0 million was established and there was a transfer of \$130.5 million in FY 2023 for the purposes outline in statute.

### **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 approximately \$2,000 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 July 1, 2022 through June 30, 2023. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

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

Agency Name	HB 2 Budget	FYE23 Modified Budget	Net Modifications
<b>Governor's Office</b>	<b>7,469,153</b>	<b>7,509,776</b>	<b>40,623</b>
EXECUTIVE OFFICE PROGRAM	3,677,234	3,643,634	-33,600
EXECUTIVE RESIDENCE OPERATIONS	185,563	163,624	-21,939
MENTAL DISABILITIES BD VISTORS	512,007	512,007	0
OFC BUDGET & PROGRAM PLANNING	2,823,371	2,899,533	76,162
OFFICE OF INDIAN AFFAIRS	270,978	290,978	20,000
<b>Total</b>	<b>7,469,153</b>	<b>7,509,776</b>	<b>40,623</b>

Acct & Lvl 1 DESC	HB 2 Budget	FYE23 Modified Budget	Net Modifications
61000 Personal Services	5,809,662	5,859,029	49,367
62000 Operating Expenses	1,652,631	1,650,747	-1,884
69000 Debt Service	6,860	0	-6,860

Fund Type	HB 2 Budget	FYE23 Modified Budget	Net Modifications
01 General	7,419,153	7,459,776	40,623
02 State/Other Spec Rev	50,000	50,000	0

The Governor's Office had several budget modifications in FY 2023. The most significant modifications include:

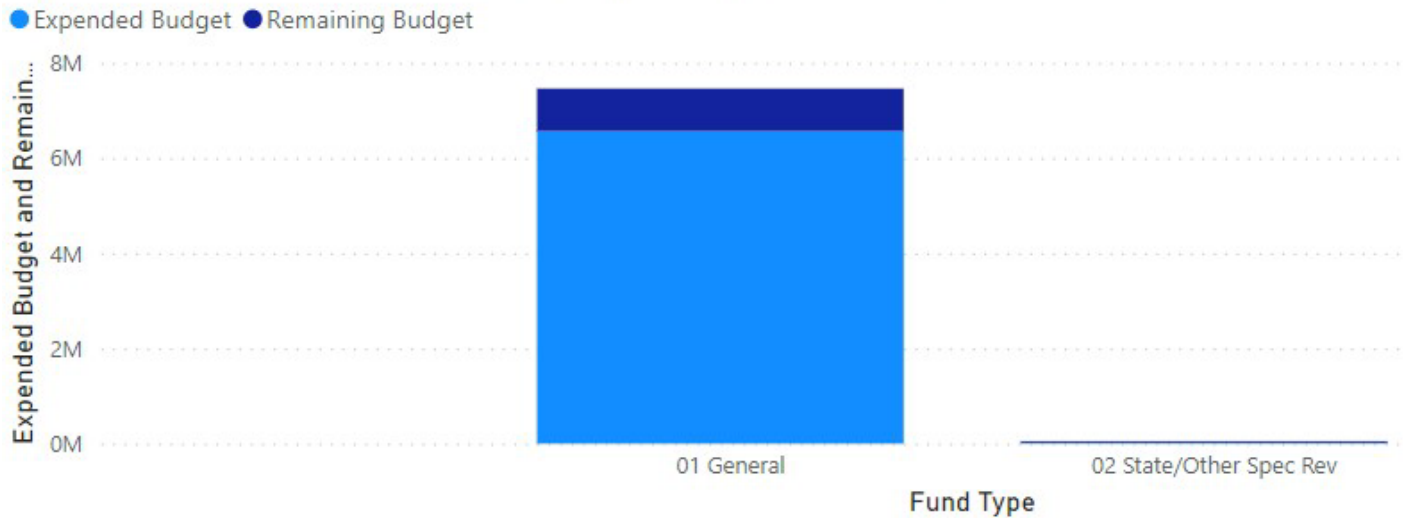
- The Office of Budget and Program Planning had the continuation of appropriation authority from FY 2022 to FY 2023 because of biennial appropriations. This totaled approximately \$96,000 and includes unspent FY 2022 appropriation authority for the internal audit manager and legislative audit
- The Executive Office Program transferred general fund appropriation authority of approximately \$34,000 to the Department of Commerce in FY 2023. Moving forward, the Department of Commerce will be administering the Montana ambassador's program, the Montana site selector application, and the business navigator (checklist) application
- The Governor's Office transferred \$20,000 of general fund from the Executive Residence Operations Program to the Office of Indian Affairs. The vehicles that were associated with the executive residence were returned to the state motor pool because of the renovation, which reduced expenditures in the Executive Residence Operations Program. The associated funding for operating expenses was transferred into the Office of Indian Affairs to cover increased travel expenses being experienced in the program
- The Office of Budget and Program Planning received \$180,000 in FY 2023 to assist with identifying

and implementing efficiency measures in state government agencies. The office transferred \$20,000 to the Department of Environmental Quality to assist with efforts to update systems and processing in the agency

## HB 2 APPROPRIATION AUTHORITY

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

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	5,859,029	5,469,288	93.3%
Operating Expenses	1,650,747	1,112,467	67.4%
Debt Service	0	0	0%

Program Name	Modified Budget	Expended Budget	Percent Expended
EXECUTIVE OFFICE PROGRAM	3,643,634	3,264,228	89.6%
EXECUTIVE RESIDENCE OPERATIONS	163,624	30,058	18.4%
MENTAL DISABILITIES BD VISTORS	512,007	464,346	90.7%
OFC BUDGET & PROGRAM PLANNING	2,899,533	2,637,269	91.0%
OFFICE OF INDIAN AFFAIRS	290,978	185,853	63.9%
<b>Total</b>	<b>7,509,776</b>	<b>6,581,755</b>	<b>87.6%</b>

The Governor’s Office expended 87.6% of its \$7.5 million HB 2 modified budget through the end of FY 2023. The 5-year average of the percent expended at the end of the fiscal year is 89.8%, so the overall percent expended at the end of FY 2023 is in line with anticipated expenditures. However, the Executive Residence Operations Program and the Office of Indian Affairs had lower percentages expended at the end of FY 2023.

The Executive Residence Operations Program’s HB 2 budget of approximately \$164,000 was 18.4% expended as of the end of FY 2023. Personal services appropriations of \$108,000 were 1.3% expended at the end of the

fiscal year. The Executive Residence Operations Program has 1.57 FTE and these positions have been vacant since October and November of 2021. The executive residence is in the process of being renovated so staff are not currently needed. Additionally, appropriations for operating expenses totaled \$56,000 in FY 2023 and were 51.2% expended at the end of the fiscal year. The executive residence is not currently in use, so operating expenses were lower. The Governor’s personal residence has been used for business events. Caterers and contracted staff have been used, as needed, for these events.

The Office of Indian Affairs’ HB 2 budget of approximately \$291,000 was 63.9% expended as of the end of FY 2023. Personal services appropriations of approximately \$182,000 were 70.8% expended and 50.2% of the total personal services hours budgeted were utilized. Personal services expenditures were lower than anticipated in the budget due to vacancies. The Office of Indian Affairs has 2.00 FTE, and 1.00 FTE was vacant in FY 2023. Additionally, appropriations for operating expenses totaled approximately \$109,000 and were 52.4% expended at the end of the fiscal year. The state special revenue funding for tribal relations training had a budget of \$50,000 and was 31.9% expended, which is the primary contributor to the lower percentage expended in operating expenses.

### Personal Services

Personal services make up 78.0% of the total HB 2 budget for FY 2023 in the Governor’s Office with approximately \$5.9 million or 93.3% expended through the end of FY 2023. The office has 54.57 HB 2 FTE and 90.7% of these positions were filled as of June 1, 2023. The following chart shows the filled and vacant FTE within the agency as of June 1, 2023.

