

FY 2019 BUDGET STATUS REPORT

A Report Prepared for the
Legislative Finance Committee

By
Legislative Fiscal Division

December 3, 2018



INTRODUCTION

This report provides an overview of detailed revenue collection information and FY 2019 budgeted and actual expenditures for all funds. The report provides a comparison between budgeted data as presented to the legislature and actual data from the state accounting, budgeting and human resource system (SABHRS) for FY 2019. It also provides aggregate information on revenue estimates and collections and disbursements.

GENERAL FUND BALANCE SHEET

Please refer to Volume 1 Preliminary 2021 Budget Analysis for balance sheet information.

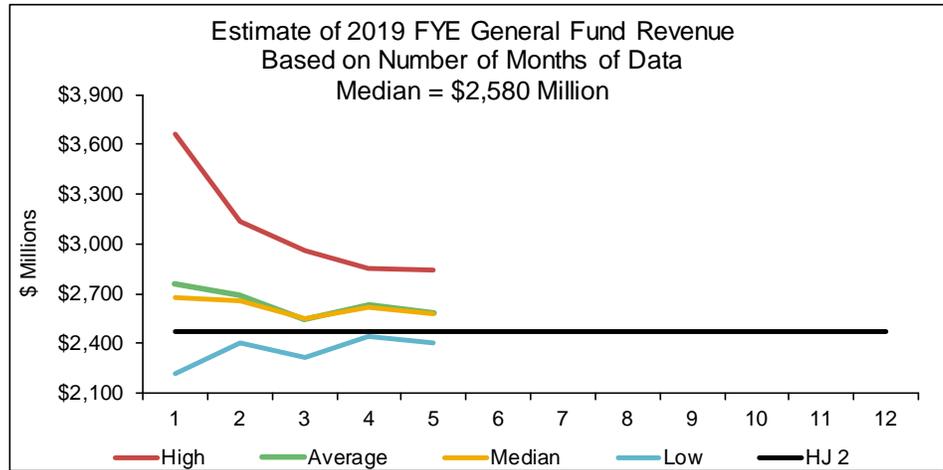
GENERAL FUND REVENUE

FY 2019 general fund revenues through the end of November are \$14.3 million or 1.7% ahead of FY 2018 revenues through the same period; this increase is below the anticipated growth of 2.7%; however, the low year-to-date growth is impacted by the timing of legislatively authorized transfers in FY 2018. Ongoing revenue is 8.2% above this time past year, and is above the 3.4% growth anticipated in HJ 2.

Most of the other unusual differences relative to last year are due to timing or accounting differences, and do not reflect changes in revenue collections compared to the official revenue estimate contained in HJ 2. Monthly revenue collection reports will be provided throughout the legislative session which will highlight potential differences, if any, in expected revenue collections.

Year-to-Date Relative to Historical Collection Patterns

As the fiscal year progresses, the accruing data allows for a closer estimate of final collections based on historical collection patterns. Potential total general fund collections for FY 2019 are calculated using various year-to-date percentages—minimum, maximum, median and average—since FY 2002. The results are shown in the graph below.



Based on collections through the end of November, the difference between the high and low amounts is about \$411 million, with the average and median values above the HJ 2 estimate.

Potential total general fund collections range from a low of \$2,402 million to a high of \$2,843 million, with median and average values of \$2,583 million and \$2,580 million respectively. The FY 2019 forecast for total general fund in HJ 2 is \$2,470 million.

YEAR-TO-DATE GENERAL FUND REVENUE

The table below shows FY 2019 general fund revenues through the end of November by source, and compares FY 2019 collections to FY 2018 through the same period. In total, revenue is \$14.3 million or 1.7% ahead of FY 2018. The year-to-date increase is below the anticipated growth of 2.7%; however, it is impacted by the timing of legislatively authorized transfers in FY 2018.

General Fund Revenue Monitoring Report (\$ Millions)							
Revenue Source	Actual FY 2018	HJ 2 FY 2019	HJ 2 Est. % Change	Nov FY 2018	Nov FY 2019	YTD Difference	YTD % Change
Largest Seven Sources							
Individual Income Tax	\$1,297.777	\$1,359.066	4.7%	\$590.980	\$630.478	\$39.498	6.7%
Property Tax	276.414	283.225	2.5%	10.062	15.657	5.594	55.6%
Corporation Tax	167.100	160.824	-3.8%	45.260	59.342	14.082	31.1%
Vehicle Taxes & Fees	109.540	111.525	1.8%	39.086	39.537	0.451	1.2%
Oil & Natural Gas Taxes	54.508	60.049	10.2%	-	-	-	
Insurance Tax	75.273	77.475	2.9%	15.413	15.911	0.497	3.2%
Video Gaming Tax	60.324	60.158	-0.3%	14.928	15.790	0.862	5.8%
Other Business Taxes							
Drivers License Fee	4.581	4.342	-5.2%	1.805	1.784	(0.021)	-1.2%
Investment Licenses	7.683	7.963	3.6%	0.721	0.773	0.052	7.2%
Lodging Facilities Sales Tax	24.091	25.218	4.7%	9.815	10.262	0.447	4.6%
Public Contractor's Tax	4.267	3.503	-17.9%	3.188	3.450	0.262	8.2%
Railroad Car Tax	3.649	3.492	-4.3%	2.555	2.926	0.371	14.5%
Rental Car Sales Tax	3.719	3.730	0.3%	1.581	1.902	0.321	20.3%
Retail Telecom Excise Tax	13.726	12.889	-6.1%	3.531	3.406	(0.124)	-3.5%
Other Natural Resource Taxes							
Coal Severance Tax	14.107	13.555	-3.9%	3.975	3.971	(0.004)	-0.1%
Electrical Energy Tax	4.302	4.547	5.7%	1.129	0.888	(0.241)	-21.4%
Metal Mines Tax	6.291	6.749	7.3%	0.000	0.016	0.016	68491.6%
U.S. Mineral Leasing	20.139	20.934	3.9%	4.322	3.919	(0.403)	-9.3%
Wholesale Energy Trans Tax	3.628	3.516	-3.1%	0.901	0.773	(0.128)	-14.2%
Other Interest Earnings							
Coal Trust Interest Earnings	17.938	17.088	-4.7%	5.604	5.691	0.087	1.6%
TCA Interest Earnings	10.888	21.514	97.6%	2.694	6.234	3.540	131.4%
Other Consumption Taxes							
Beer Tax	3.002	3.074	2.4%	1.091	1.121	0.030	2.7%
Cigarette Tax	27.755	27.313	-1.6%	10.828	11.969	1.141	10.5%
Liquor Excise Tax	21.007	22.884	8.9%	7.148	7.306	0.159	2.2%
Liquor Profits	12.200	12.900	5.7%	-	-	-	
Lottery Profits	10.699	11.510	7.6%	0.000	-	(0.000)	-100.0%
Tobacco Tax	6.058	6.273	3.6%	2.207	2.145	(0.061)	-2.8%
Wine Tax	2.446	2.461	0.6%	0.844	0.853	0.009	1.1%
Other Sources							
All Other Revenue	117.645	90.686	-22.9%	74.334	22.095	(52.239)	-70.3%
Highway Patrol Fines	3.754	3.907	4.1%	1.143	1.328	0.185	16.1%
Nursing Facilities Fee	4.405	4.275	-3.0%	1.238	1.031	(0.207)	-16.7%
Public Institution Reimbursement	13.754	13.887	1.0%	3.383	3.174	(0.208)	-6.2%
Tobacco Settlement	2.778	2.996	7.9%	0.006	0.337	0.331	5464.5%
Ongoing Revenue Subtotal	2,333.618	2,412.503	3.4%	801.850	867.711	65.861	8.2%
OTO Revenue & Transfers Subtotal	71.829	51.024		57.923	6.360	(51.563)	
Grand Total	\$2,405.447	\$2,463.527	2.4%	\$859.773	\$874.071	\$14.298	1.7%

Individual Income Tax: Withholding Continues Strong Growth

Individual income tax collections through the end of November are \$39.5 million or 6.7% above the year-to-date collections in FY 2018. Most of the increase is attributable to withholding collections, which posted a solid 7.5% growth over FY 2018 collections through the end of November.

Individual Income Tax (\$ Millions)				
	YTD 2019	YTD 2018	\$ Difference	% Difference
Withholding	\$402.3	\$374.3	\$28.0	7.5%
Estimated Payments	108.3	101.9	6.3	6.2%
Current Year Payments	20.0	19.2	0.8	4.3%
Audit, P&I, Amended	13.4	12.1	1.3	10.4%
Refunds	(81.4)	(76.2)	(5.3)	7.0%
Refund Accrual Reversal	161.9	153.2	8.7	5.7%
Partnership Income Tax	3.6	4.3	(0.7)	-16.9%
Mineral Royalties	2.5	2.1	0.4	18.7%
Total	\$630.5	\$591.0	\$39.5	6.7%

Property Tax: Know More by End of January

Property tax collections are above last year by \$5.6 million or 55.6%. Fall property tax payments are due by the end of November, and are remitted to the state in December and January; the report at the end of January will be able to give more clarity to the year-to-date position of property tax revenue.

Corporation Income Tax: Above Estimate

Corporation income tax collections through the end of November are \$14.1 million or 31.1% above collections last year. As the table below shows, all accounting levels have contributed to this increase, with most the increase occurring in the corporation tax and audit accounts. The large year-over-year increase will likely decrease some in December, as last year's December saw extremely strong collections, driven primarily by a large one-time audit.

Corporation Income Tax (\$ Millions)				
Account	YTD 2019	YTD 2018	\$ Difference	% Difference
Corporation Tax	\$11.1	\$6.1	\$5.0	82.0%
Estimated Payments	39.8	39.7	0.1	0.2%
Refunds	(3.5)	(5.2)	1.7	-33.0%
Refund Accrual Reversal	4.9	3.3	1.6	46.7%
Audit, P&I, Amended	7.1	1.4	5.7	409.5%
Total	\$59.3	\$45.3	\$14.1	31.1%

Vehicle Fees & Taxes: Slightly Below Estimate

Five months into FY 2019, vehicle taxes and fees are 1.2% or \$0.5 million above collections last year. In HJ 2, this source was expected to grow by 1.8%, so it appears to be tracking well.

Oil & Natural Gas Production Tax: No Data, Likely Above Last Year

Oil and natural gas production tax collections show zero through November. This is expected due to the statutory requirement of when taxes are due, and the time allowed for the Department of Revenue to determine the distribution of taxes to local governments. Known price data suggests that collections for the first quarter of FY 2019 will be above levels from FY 2018. Second quarter collections will likely be closer to FY 2018 levels, due to the decline in price in recent months.

Video Gaming Tax: Above Estimate

Revenue from video gambling is currently \$0.9 million or \$5.8 above last year's levels. In HJ 2 this source was expected to remain flat over the next biennium, reflecting its activity from the last four years. As revenue is collected moving forward, it will be interesting to see if the first quarter growth can be sustained.

Insurance Tax: Modest Growth Possibly Due to Timing

Current insurance tax collections are 3.2% or \$0.5 million above FY 2017 through November. The increase is modest and is likely due to timing of payments. Research is ongoing.

TCA Interest Earnings: Above Estimate

To date, treasury cash account interest earnings are \$3.5 million or 131.4% above last year's collections. The increase is due mostly to increased interest rates, as well as a return to traditional daily cash balances. This increase is not unexpected, as HJ 2 forecasts an increase of 97.6%.

Cigarette Tax: Increased Collections Likely Due to Consumer Behavior

Cigarette Tax collections are up 10.5% or \$1.1 million compared to FY 2017 levels at this time. A ballot initiative to substantially increase cigarette taxes failed to pass in early November, however it is possible that the prospect of greatly increased prices caused some consumers to increase purchasing leading to a one-time bump in collections.

All Other Revenue: Below Estimate due to Transfers in FY 2018

To date, all other revenue collections are 70.3% or \$52.2 million below last year's collections. The decrease is due to legislatively authorized transfers from [SB 261 \(2017 Session\)](#) and [HB 6 \(2017 Special Session\)](#) that were made in the first half of FY 2018.

BUDGET AND EXPENDITURES

FY 2019 APPROPRIATIONS AND EXPENDITURES

This portion of the report discusses the FY 2019 appropriations and related expenditures by budget section including:

- Modifications to FY 2019 that have been made to the HB 2 FY 2019 budget between July 1, 2018 and October 31, 2018
- Expenditure and spending patterns relative to FY 2019 appropriations
- Budget amendments
- Other appropriation authority granted to state agencies

Appendix A summarizes HB 2 appropriations, budget modifications, and year to date expenditures.

To provide a more complete picture of agency resources, Appendix B summarizes total appropriation authority provided to an agency including HB 2, HB 2 language appropriations, non-budgeted proprietary funds, statutory appropriations, budget amendments, carry-forward authority, and other appropriation bills.

FY 2019 HB 2 Budget Changes

SB 9 Restoration of General Fund

Per SB 9 (November 2017 Special Session), if the amount of the unaudited state general fund revenue and transfers into the general fund received at the end of FY 2018 was more than \$2,264.9 million, excluding transfers in HB 6 (November 2017 Special Session) and any revenue generated by

SB 5 (November 2017 Special Session), then the state treasurer shall notify the Legislative Fiscal Analyst (LFA) and others of the amount of excess revenue. Excess revenues are required to be distributed in the following manner:

- Maintaining \$20.0 million of excess revenue in the general fund before transferring other excess revenues
- Restoring up to \$45.7 million in general fund to several state agencies
- Transferring up to \$45.7 million to the budget stabilization reserve fund established by SB 261(2017 Legislative Session)
- Remaining excess revenue maintained in the general fund

The state treasurer notified the LFA that the FY 2018 revenue and transfers into the general fund was \$112.8 million above \$2,264.9 million, resulting in restoration of \$45.7 million in state agencies general fund authority, transfer of \$45.7 million to the budget stabilization reserve fund, and \$21.3 million remaining in the general fund.

Fiscal Year Supplemental Transfers

State agencies transferred \$8.4 million from FY 2019 to FY 2018. Two agencies, the Office of the Public Defender and the Department of Corrections, transferred the majority of the appropriation authority, \$3.0 million and \$4.9 million, respectively. Further discussion on the transfers can be found in the FYE 2018 Budget Status Report.

Other changes such as consolidation of biennial appropriations, program transfers, or operating plan changes are reflected by agency and program in Appendix A to arrive at the FY 2019 modified budget.

HB 2 General Fund by Agency

The following table illustrates the budgeted and actual expenditures of general fund for HB 2 through October 31, 2018. The budgeted number reflects the October modified budget, as previously discussed. A summary of budgetary changes by section, agency, and program can be found in Appendix A.

Comparison of October Modified Budget to Year To Date Expenditures FY 2019 HB 2 General Fund Only				
State Agency	October Modified HB 2 Budget	Year to Date Expenditures	HB 2 Budget Remaining	% Expended
Section A - General Government				
Legislative Branch	\$13,869,261	\$4,627,791	\$9,241,470	33.4%
Consumer Counsel	-	-	-	-
Governor's Office	6,920,913	1,796,448	5,124,465	26.0%
Commissioner of Political Practices	761,535	179,916	581,619	23.6%
State Auditor's Office	-	-	-	0.0%
Department of Revenue	52,918,681	15,333,533	37,585,148	29.0%
Department of Administration	6,805,106	2,042,680	4,762,426	30.0%
Department of Commerce	3,639,479	1,412,899	2,226,580	38.8%
Department of Labor & Industry	1,792,229	346,146	1,446,083	19.3%
Department of Military Affairs	<u>6,553,674</u>	<u>1,832,065</u>	<u>4,721,609</u>	<u>28.0%</u>
Section A Total	93,260,878	27,571,478	65,689,400	29.6%
Section B - Public Health & Human Services				
Department of Public Health & Human Services	<u>532,025,813</u>	<u>127,606,115</u>	<u>404,419,698</u>	<u>24.0%</u>
Section B Total	532,025,813	127,606,115	404,419,698	24.0%
Section C - Natural Resources and Transportation				
Department of Fish, Wildlife & Parks	-	-	-	-
Department of Environmental Quality	5,199,711	1,320,779	3,878,932	25.4%
Department of Transportation	-	-	-	-
Department of Livestock	2,562,332	442,142	2,120,190	17.3%
Department of Natural Resources & Conservation	27,192,782	13,780,048	13,412,734	50.7%
Department of Agriculture	<u>738,703</u>	<u>193,040</u>	<u>545,663</u>	<u>26.1%</u>
Section C Total	35,693,528	15,736,009	19,957,519	44.1%
Section D - Judicial Branch, Law Enforcement, and Justice				
Judicial Branch	48,657,480	12,015,955	36,641,525	24.7%
Crime Control Division	-	-	-	-
Department of Justice	35,158,959	11,406,094	23,752,865	32.4%
Public Service Commission	-	-	-	-
Office of the Public Defender	29,102,006	10,217,136	18,884,869	35.1%
Department of Corrections	<u>201,177,361</u>	<u>56,628,482</u>	<u>144,548,878</u>	<u>28.1%</u>
Section D Total	314,095,804	90,267,667	223,828,137	28.7%
Section E - Education				
Office of Public Instruction	805,166,028	177,933,089	627,232,939	22.1%
Board of Public Education	155,808	59,135	96,673	38.0%
Commissioner of Higher Education	225,237,464	75,230,312	150,007,152	33.4%
School for the Deaf & Blind	6,908,380	2,178,367	4,730,013	31.5%
Montana Arts Council	517,537	160,443	357,094	31.0%
Montana State Library	2,186,771	739,597	1,447,174	33.8%
Montana Historical Society	<u>2,701,019</u>	<u>891,854</u>	<u>1,809,165</u>	<u>33.0%</u>
Section E Total	1,042,873,007	257,192,797	785,680,210	24.7%
Total	\$2,017,949,031	\$518,374,066	\$1,499,574,965	25.7%

Through the end of October, state agencies expended 25.7% of HB 2 general fund appropriations of the FY 2019 modified budget leaving \$1,499.6 million or 74.3% in general fund appropriations unspent.

FY 2019 Supplemental Requests

HB 3, proposed by the executive, requests supplemental appropriation authority for FY 2019 for 6 state agencies including:

- Department of Corrections - \$3.7 million in general fund
- Office of the Public Defender – \$7.4 million in general fund
- Department of Administration - \$500,000 in general fund
- Judicial Branch - \$120,000 in general fund
- Public Service Commission - \$148,000 in state special revenue
- Department of Livestock - \$391,000 in state special revenue

The fiscal year supplemental transfers from FY 2019 to FY 2018 that occurred in the Department of Corrections and the Office of the Public Defender are a driving factor in the request for supplemental appropriation authority for FY 2019 in these two agencies. The Department of Corrections is projecting higher costs in the Secure Custody Division related to higher prison populations continuing in FY 2019. The Office of the Public Defender's request is largely due to growth in dependent and neglect and criminal caseloads that are above projections and court orders that are anticipated to result in higher expenditures.

Fire Suppression State Special Revenue Fund

In addition, HB 3 requests that \$15.0 million in state special revenue from the private correctional facility contract renegotiation fund and an additional \$15.0 million of the general fund revenue received from the private correctional facility contract renegotiation be transferred to the fire suppression state special revenue fund. The Legislative Fiscal Division (LFD) estimates the fund balance in the fire suppression fund is \$2.5 million at the end of October.

HB 2 State Resources by Agency

The following table illustrates the budgeted and actual FY 2019 expenditures for all state resources appropriated to state agencies through HB 2. This includes general fund, state and federal special revenue, and budgeted proprietary funds. The following table shows a comparison of the modified budget to year-to-date expenditures for all state resources.

Comparison of October Modified Budget to Year To Date Expenditures				
FY 2019				
HB 2 All Funds				
State Agency	October Modified HB 2 Budget	Year to Date Expenditures	HB 2 Budget Remaining	% Expended
Section A - General Government				
Legislative Branch	\$16,305,265	\$5,163,829	\$11,141,436	31.7%
Consumer Counsel	1,790,650	252,480	1,538,170	0.14
Governor's Office	7,447,813	1,809,495	5,638,318	24.3%
Commissioner of Political Practices	761,535	179,916	581,619	23.6%
State Auditor's Office	8,452,300	2,188,343	6,263,957	25.9%
Department of Revenue	57,500,238	16,174,533	41,325,705	28.1%
Department of Administration	19,771,553	5,208,236	14,563,317	26.3%
Department of Commerce	32,368,660	4,155,526	28,213,134	12.8%
Department of Labor & Industry	82,188,081	21,297,816	60,890,265	25.9%
Department of Military Affairs	<u>49,050,475</u>	<u>8,131,290</u>	<u>40,919,186</u>	<u>16.6%</u>
Section A Total	275,636,570	64,561,463	211,075,107	23.4%
Section B - Public Health & Human Services				
Department of Public Health & Human Services	<u>2,109,426,806</u>	<u>455,779,988</u>	<u>1,653,646,818</u>	<u>21.6%</u>
Section B Total	2,109,426,806	455,779,988	1,653,646,818	21.6%
Section C - Natural Resources and Transportation				
Department of Fish, Wildlife & Parks	95,240,687	25,559,217	69,681,469	0.27
Department of Environmental Quality	67,013,196	12,836,478	54,176,718	19.2%
Department of Transportation	743,834,602	250,916,363	492,918,240	0.34
Department of Livestock	11,743,289	3,056,061	8,687,228	26.0%
Department of Natural Resources & Conservation	67,239,261	21,631,011	45,608,250	32.2%
Department of Agriculture	<u>19,615,997</u>	<u>2,935,394</u>	<u>16,680,602</u>	<u>15.0%</u>
Section C Total	1,004,687,032	316,934,525	687,752,507	31.5%
Section D - Judicial Branch, Law Enforcement, and Justice				
Judicial Branch	50,696,425	12,659,736	38,036,689	25.0%
Crime Control Division	0	0	0	-
Department of Justice	103,063,530	29,539,951	73,523,578	28.7%
Public Service Commission	3,697,091	1,227,761	2,469,330	0.33
Office of the Public Defender	29,102,006	10,217,136	18,884,869	35.1%
Department of Corrections	<u>225,463,020</u>	<u>59,767,749</u>	<u>165,695,271</u>	<u>26.5%</u>
Section D Total	412,022,071	113,412,334	298,609,738	27.5%
Section E - Education				
Office of Public Instruction	985,995,677	203,881,891	782,113,787	20.7%
Board of Public Education	377,143	101,427	275,717	26.9%
Commissioner of Higher Education	354,970,530	79,369,808	275,600,722	22.4%
School for the Deaf & Blind	7,389,699	2,229,395	5,160,304	30.2%
Montana Arts Council	1,463,755	586,883	876,872	40.1%
Montana State Library	5,472,211	1,700,393	3,771,818	31.1%
Montana Historical Society	<u>4,992,176</u>	<u>1,635,410</u>	<u>3,356,765</u>	<u>32.8%</u>
Section E Total	1,360,661,192	289,505,207	1,071,155,985	21.3%
Total	\$5,162,433,671	\$1,240,193,517	\$3,922,240,154	24.0%

Through the end of October, state agencies expended 24.0% of HB 2 appropriations of the FY 2019 modified budget leaving \$3,922.2 million or 76.0% in general fund appropriations unspent.

Appendix B provides detail by agency for total appropriations in FY 2019.

STATUTORILY REQUIRED REPORTS

BUDGET AMENDMENT ACTIVITY

As of November 30, 2018, the Legislative Fiscal Division (LFD) received notification of x budget amendments impacting the 2019 biennium and certified by the Governor since August 31st.

These amendments increase total funds by \$97.3 million in FY 2019. In FY 2018 an amendment reduced federal funds by \$35,810 due to the cancelation of the grant. An additional 31.97 FTE in modified positions in FY 2019 have also been added. The following figure summarized the budget amendments certified by the Governor form the period September 1, 2018 through November 30, 2018.

Budget Amendment Summary (since last LFC meeting)		
Component	FY 2018	FY 2019
Number of Amendments	1	77
FTE Added	0.00	31.97
State Special Revenue	\$0	\$44,000
Federal Revenue	(35,810)	97,276,773
Proprietary Fund	0	0
Total Revenue	(\$35,810)	\$97,320,773

The following figure summarizes the budget amendments that were certified for the 2019 biennium. The various approving authorities have added a total of \$251.1 million primarily in federal special revenue, \$128.0 million in FY 2018 and 129.4 million in FY 2019

Budget Amendment Cumulative Summary 2019 Biennium				
LFC Meeting	Number of			Biennial
2019 Biennium	Amendments	FY 2018	FY 2019	Total
September 30, 2017	38	\$20,973,751	\$266,447	\$21,240,198
November 30, 2017	44	58,950,778	0	58,950,778
February 28, 2018	57	23,777,650	0	23,777,650
May 31, 2018	23	18,109,342	0	18,109,342
August 31, 2018	54	6,266,197	31,780,327	31,780,327
November 30, 2018	78	(35,810)	97,320,773	97,284,963
Total	294	\$128,041,908	\$129,367,547	\$251,143,258

The following figure reflects the additional budget authority provided to each agency through the budget amendment process in FY 2019 compared to the FY 2019 modified budget reflected in Appendix A.

Budget Amendment Authority Comparison with HB 2 Total Funds By State Agency			
State Agency	FY 2019 Budget HB 2	Budget Amendment	% of Modified Budget
Department of Agriculture	\$19,615,997	\$2,060,481	10.50%
Department of Corrections	225,463,020	2,723,273	1.21%
Department of Environmental Quality	67,013,196	1,971,173	2.94%
Department of Fish, Wildlife, and Parks	95,240,687	10,547,104	11.07%
Department of Justice	103,063,530	839,292	0.81%
Department of Labor and Industry	82,188,081	362,350	0.44%
Department of Livestock	11,743,289	236,394	2.01%
Department of Natural Resources and Conservation	67,239,261	18,100,905	26.92%
Department of Public Health and Human Services	2,109,426,806	17,296,076	0.82%
Department of Revenue	57,500,238	537,259	0.93%
Department of Transportation	743,834,602	70,396,131	9.46%
Judicial Branch	50,696,425	364,339	0.72%
Montana Arts Council	1,463,755	77,976	5.33%
Montana State Library	5,472,211	60,000	1.10%
Montana Historical Society	4,992,176	363,450	7.28%
Office of Public Instruction	985,995,677	3,431,344	0.35%
Total	\$4,630,948,951	\$129,367,547	2.79%

OPERATING PLAN CHANGES AND PROGRAM TRANSFERS

The Office of Budget and Program Planning (OBPP) submitted a total of five operating plan changes and program transfers that met statutory criteria for Legislative Finance Committee review and comment. Staff have reviewed the budget changes. Staff have raised no issues with the proposed changes. A summary of the changes from OBPP can be found in Appendix D.

OTHER AGENCY REPORTS

Other agency required reports have been received and are posted on the LFD website. The required reports can be found on the LFD website at: <https://leg.mt.gov/committees/admincom/lfc/>

SB 294, enacted by the 2017 Legislature, established the Office of Budget and Program Planning as the approving authority for Executive Branch salary increases that exceed the occupational wage range prior to the increase going into effect. SB 294 also requires the Office of Budget and Program Planning to prepare a report to the Legislative Finance Committee identifying any agency that provides a base salary for an employee that exceeds the occupational wage range for the employee's occupation. The required report, Appendix E, identifies a total of 306 employee that exceed the occupational wage range for their occupation, 245 that exceeded it prior to 7/1/2017 and 61 that exceeded during FY 2018. The report further outlines the reasons for the adjustments that caused the employee to exceed the wage range.