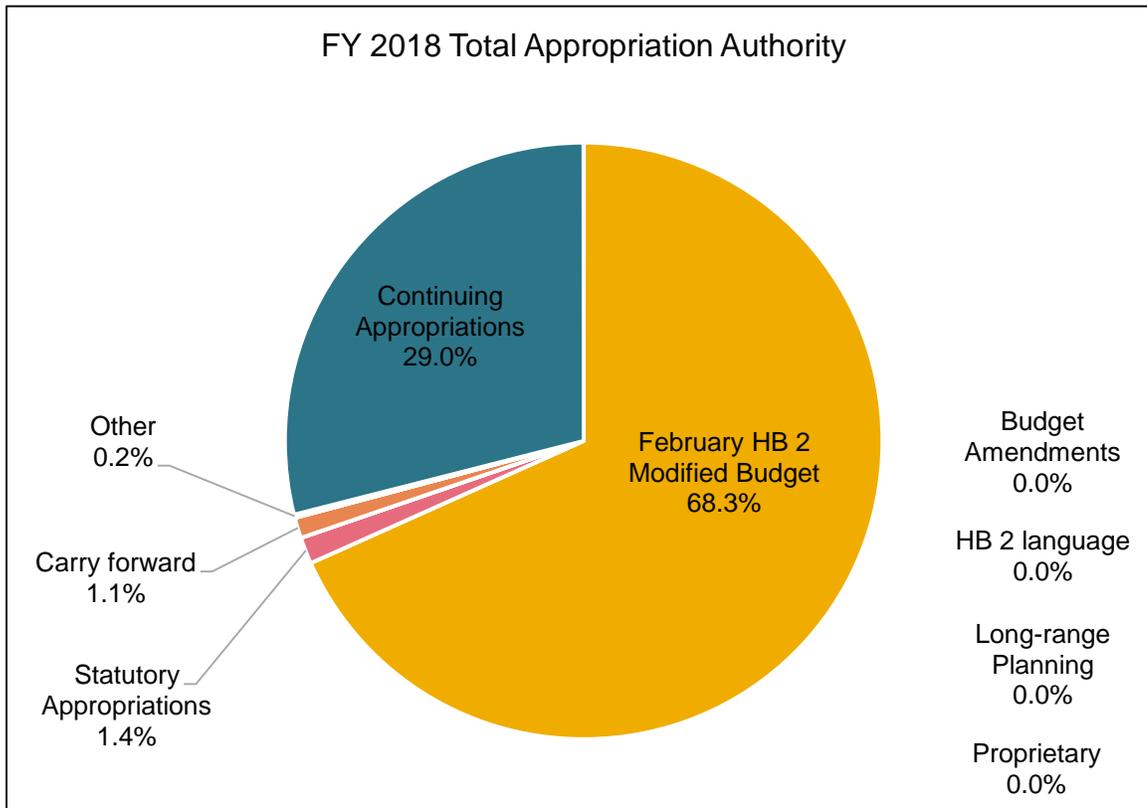


LEGISLATIVE BRANCH

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Legislative Branch's modified HB 2 budget of nearly \$14.8 million, comprised of general fund and state special revenue, was 61.2% expended as of the end of February 2018. This is in line with anticipated expenditures
- The Legislative Branch had budget modifications from the 2017 special session that resulted in reductions to State Information Technology Services (SITSD) rates, state share contributions, as well as reductions to other personal service and operating expenditures across all divisions. These reductions totaled \$650,000

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

The Legislative Branch has statutory appropriations of approximately \$312,000 in FY 2018 for the Legislative Branch reserve account. This account receives unexpended and unencumbered money included in the "feed bill" (the bill that funds the legislative session each year) and the remaining carryforward appropriations for the divisions. The funds may be used for major Legislative Branch information technology projects including hardware, software, consulting services for new initiatives, and replacement and upgrading of existing systems. All projects and funding from the reserve account must be approved by the Legislative Council.

Budget Amendments

The Legislative Branch did not have any budget amendments.

Non-Budgeted Proprietary

The Legislative Branch does not have any non-budgeted proprietary funding.

Continuing Appropriations

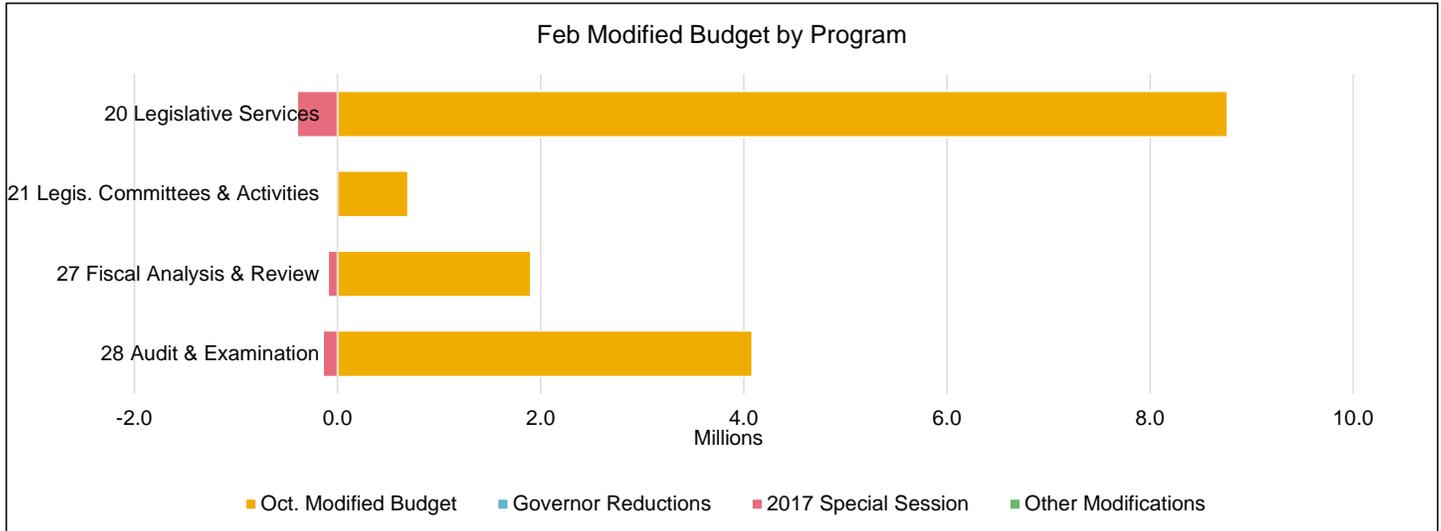
The Legislative Branch has continuing appropriations, which include:

- Capital projects funds of \$1.3 million for the session systems replacement information technology project
- General fund of \$5.0 million from HB 1 which funds the legislative session

Carryforward

The Legislative Branch has carryforward authority of \$241,000 from FY 2017.

HB 2 BUDGET MODIFICATIONS

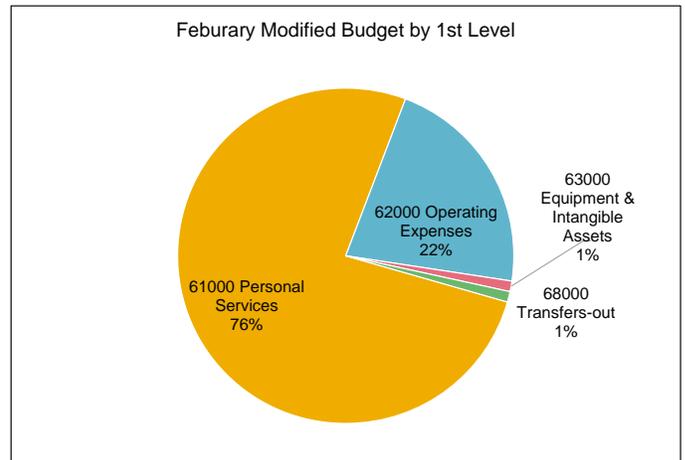
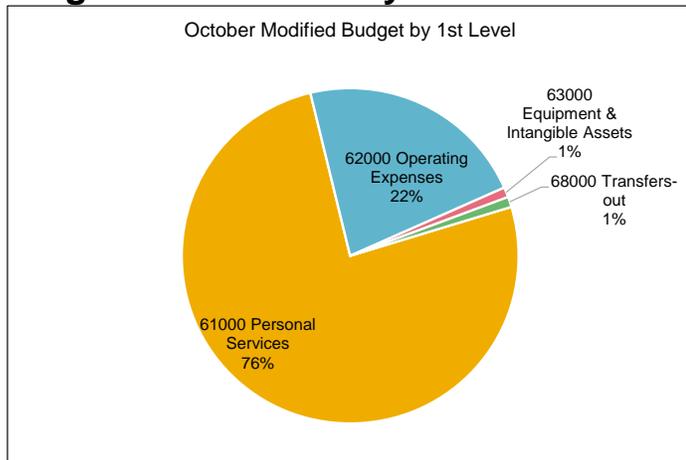


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
20 Legislative Services	8,761,368	-	(395,174)	(7,568)	8,358,626
21 Legis. Committees & Activities	695,653	-	(14,121)	5,726	687,258
27 Fiscal Analysis & Review	1,901,662	-	(96,103)	(488)	1,805,071
28 Audit & Examination	4,083,056	-	(144,116)	(800)	3,938,140
Grand Total	15,441,739	-	(649,514)	(3,130)	14,789,095

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	11,722,814	-	(460,962)	28,352	11,290,204
62000 Operating Expenses	3,418,747	-	(188,552)	(31,482)	3,198,713
63000 Equipment & Intangible Assets	150,000	-	-	-	150,000
68000 Transfers-out	150,178	-	-	-	150,178
Grand Total	15,441,739	-	(649,514)	(3,130)	14,789,095

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

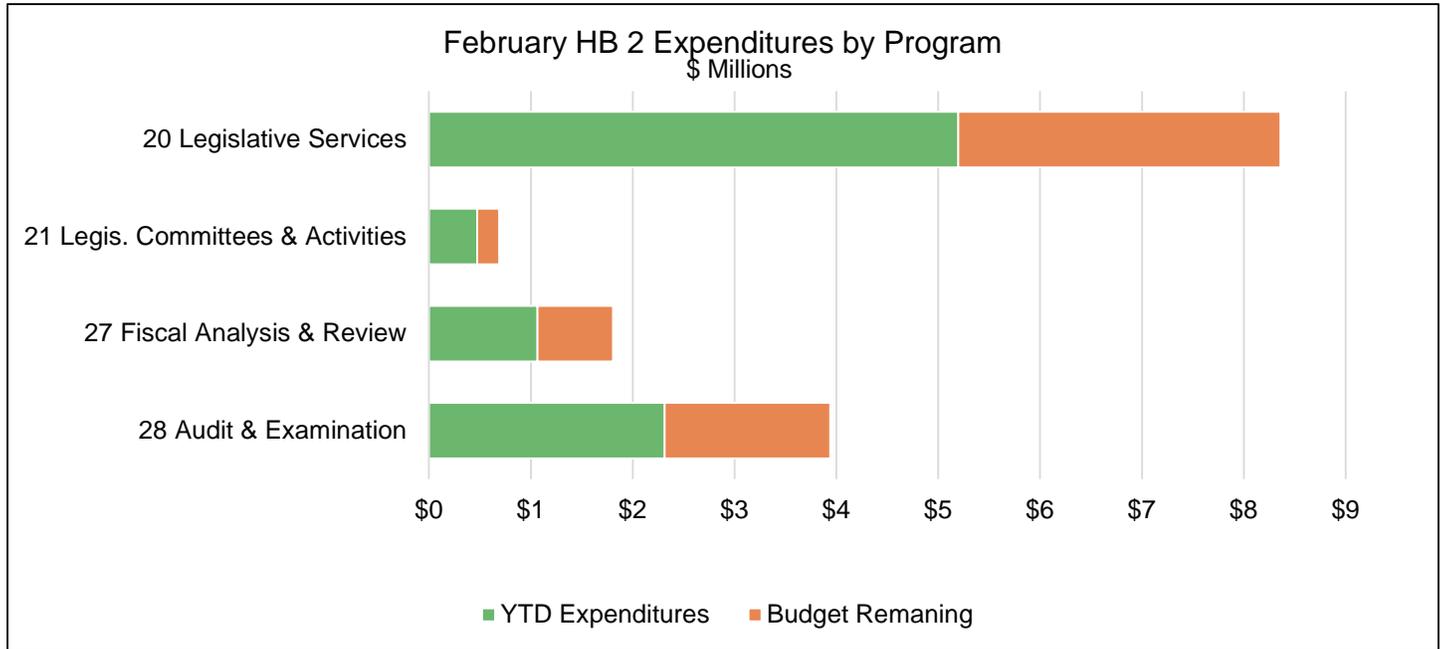
The Legislative Branch has two types of budget modifications: 2017 special session reductions and other modifications.

The 2017 special session reductions included state share contribution and SITSD rate reductions. The state share contribution reduction decreased personal services \$245,000 and the SITSD rate reduction reduced operating expenses \$13,000. The 2017 special session reductions also included a 3.2% reduction across the divisions, which includes:

- Legislative Services Division
 - Personal services reductions totaled \$95,000. These reductions have delayed hiring of vacant positions
 - Operating expenses reductions totaled \$167,000. These reductions included \$21,000 for an anticipated contract increase that did not occur and \$146,000 for information technology expenditures that include hardware, software, and training
- Legislative Committee and Activities
 - Personal services reductions totaled \$14,000. These reductions were taken across the board for interim committees
- Legislative Fiscal Division
 - Personal services reductions totaled \$60,000. These reductions have delayed hiring of vacant positions and resulted in increased workload across current staff
- Legislative Audit Division
 - Personal Services reductions totaled \$47,000. These reductions, in conjunction with other personal services reductions, have delayed plans for hiring vacant positions. The delays have primarily impacted reporting timeliness because Financial, Performance and Information Systems audit schedules are currently running behind where they were anticipated to be at this point in the biennium
 - Operating expense reductions totaled \$8,000. These reductions have impacted expenditures associated with consulting fees and the Legislative Branch financial audit contract

“Other modifications” primarily include changes related to workers’s compensation premium reductions and an operating plan change in the Legislative Services Division. This operating plan change transfers general fund from operating expenses to personal services to establish 3.00 modified FTE for student interns.

AGENCY HB 2 EXPENDITURES



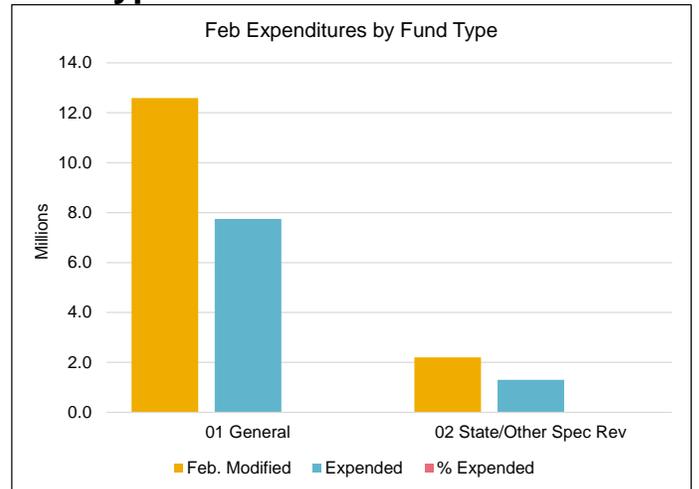
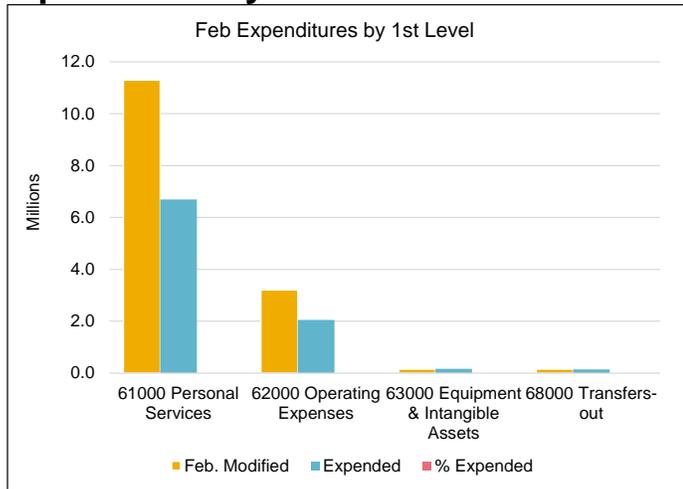
Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
20 Legislative Services	5,196,324	3,162,302	62.2%
21 Legis. Committees & Activities	473,671	213,587	68.9%
27 Fiscal Analysis & Review	1,064,836	740,235	59.0%
28 Audit & Examination	2,313,597	1,624,543	58.7%
Grand Total	9,048,428	5,740,667	61.2%

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

The Legislative Branch's HB 2 modified budget is comprised of general fund and state special revenue. The branch has expended 61.2% of its budget as of the end of February 2018.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	11,290,204	6,691,856	59.3%
62000 Operating Expenses	3,198,713	2,050,804	64.1%
63000 Equipment & Intangible Assets	150,000	167,057	111.4%
68000 Transfers-out	150,178	138,710	92.4%
Grand Total	14,789,095	9,048,428	61.2%

Fund Type	Feb. Modified	Expended	% Expended
01 General	12,588,880	7,749,090	61.6%
02 State/Other Spec Rev	2,200,215	1,299,338	59.1%
Grand Total	14,789,095	9,048,428	61.2%

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

Legislative Branch HB 2 modified budget expenditures are in line with anticipated expenditures at this point in the fiscal year.

REQUIRED REPORTS

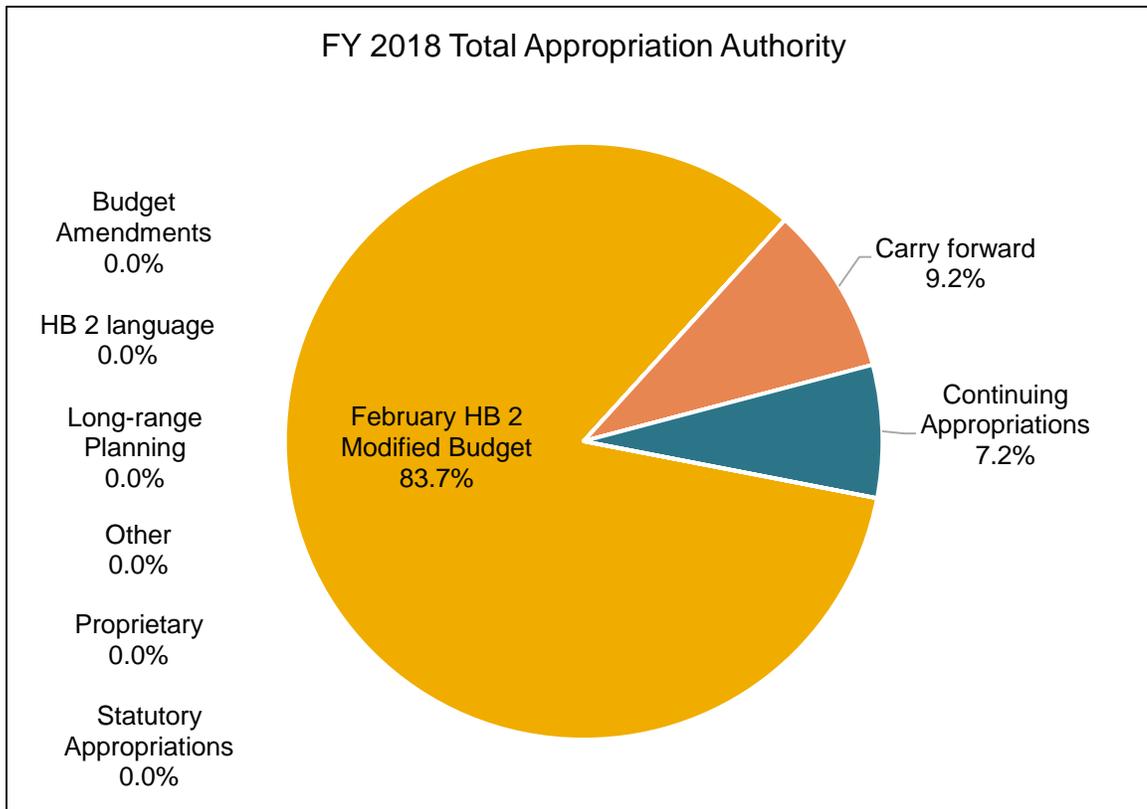
The Legislative Branch does not have any required reports due at this time to the Legislative Finance Committee.

MONTANA CONSUMER COUNSEL

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Consumer Counsel's HB 2 modified budget of \$1.6 million, comprised entirely of state special revenue, was 44.6% expended as of the end of February 2018
- The lower percentage expended is due to caseloads being lower than the historical average and the caseload contingency appropriation being unexpended
- The Montana Consumer Counsel had budget modifications from the 2017 special session that resulted in State Information Technology Services Division (SITSD) rate and state share contribution reductions

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

The Montana Consumer Counsel does not have statutory appropriations.

Budget Amendments

The Montana Consumer Counsel does not have any budget amendments.

Non-Budgeted Proprietary

The Montana Consumer Counsel does not have non-budgeted proprietary funding.

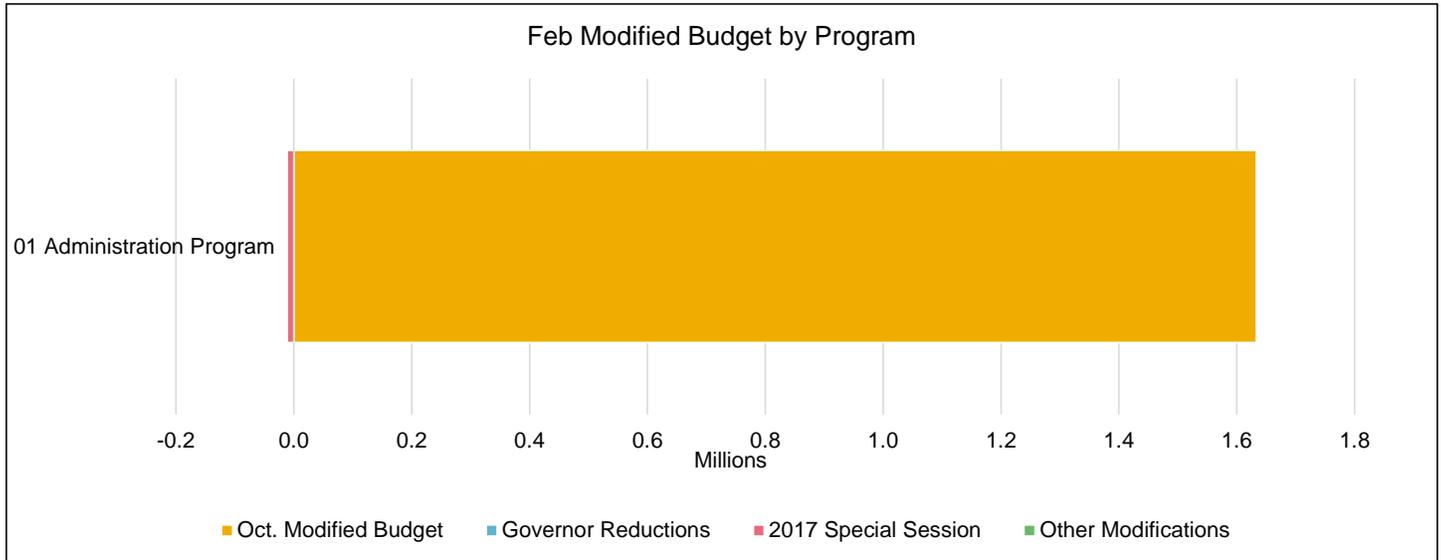
Continuing Appropriations

The Montana Consumer Counsel has continuing authority of \$139,000 from FY 2016 carryforward authority.

Carryforward

The Montana Consumer Counsel has carryforward authority of \$177,000 from FY 2017.

HB 2 BUDGET MODIFICATIONS

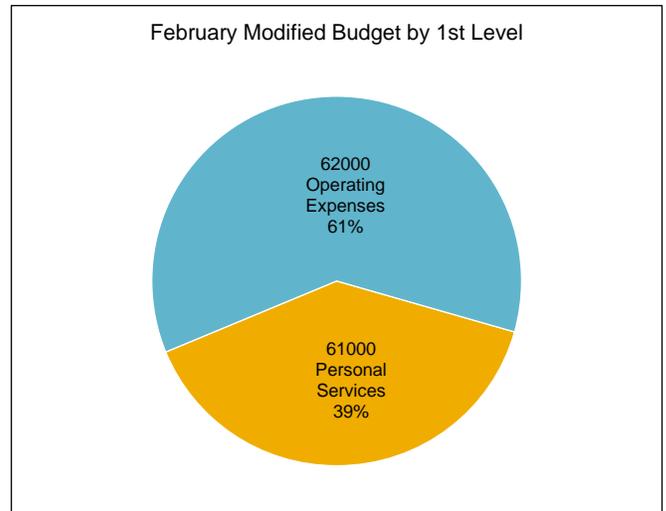
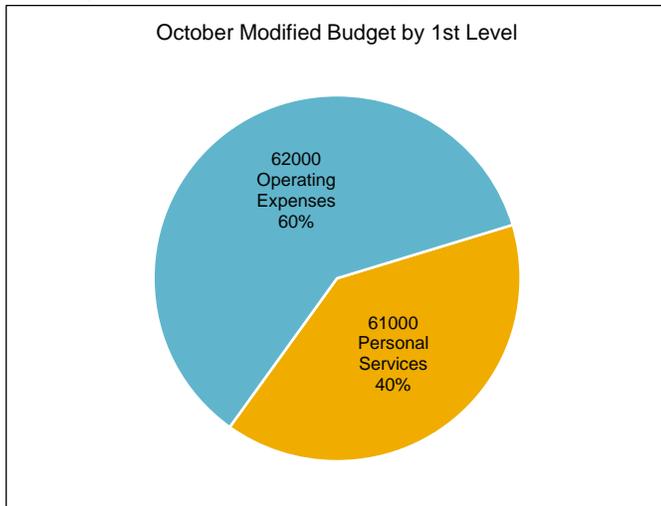


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Administration Program	1,633,194	-	(11,646)	(189)	1,621,359
Grand Total	1,633,194	-	(11,646)	(189)	1,621,359

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	647,589	-	(10,540)	(189)	636,860
62000 Operating Expenses	985,605	-	(1,106)	-	984,499
Grand Total	1,633,194	-	(11,646)	(189)	1,621,359

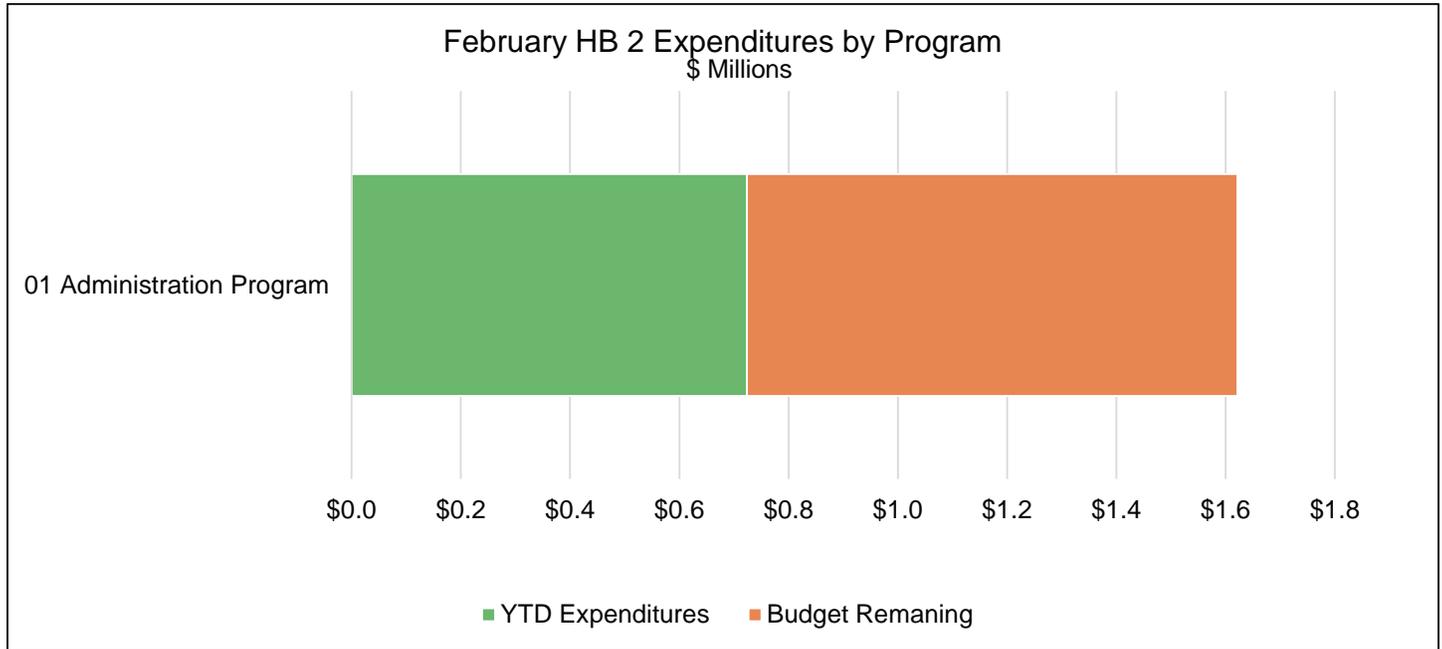
The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Montana Consumer Counsel had two types of budget modifications: 2017 Special Session and Other Modifications. The 2017 Special Session reductions included:

- Personal services reductions of \$10,540 due to a state share contribution reduction
- Operating expense reductions of \$1,106 due to a SITSD rate reduction

The “other modification” is a decrease in personal service due to a reduction in workers’ compensation premiums.

AGENCY HB 2 EXPENDITURES



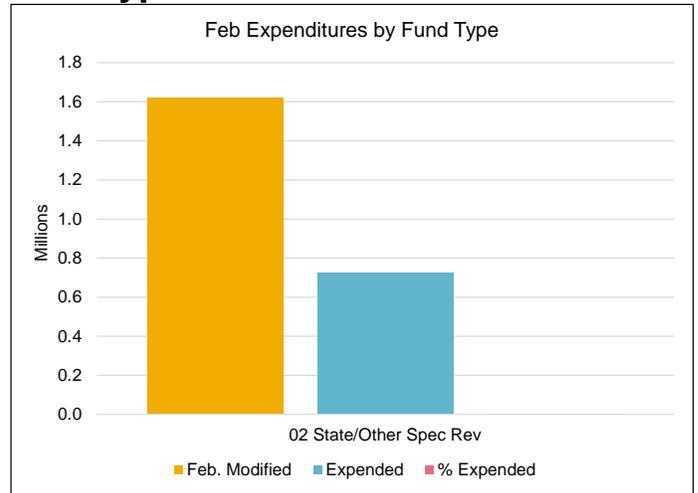
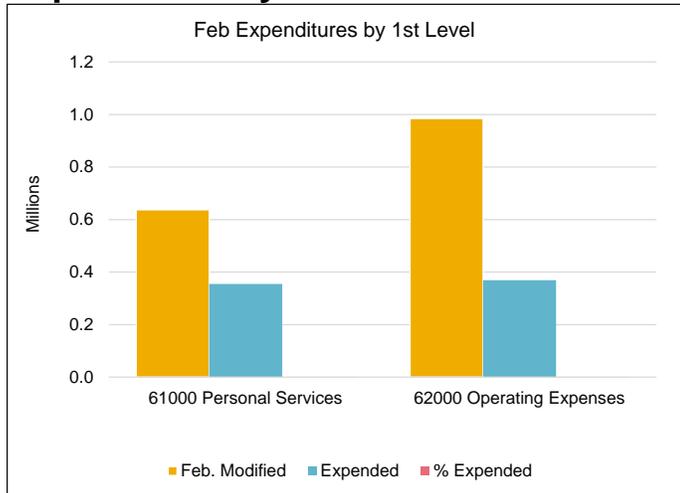
Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Administration Program	723,902	897,457	44.6%
Grand Total	723,902	897,457	44.6%

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

The Montana Consumer Counsel’s HB 2 modified budget of \$1.6 million is 44.6% expended as of the end of February 2018. Lower operating expenses are primarily causing the lower percentage expended. There are two contributing factors. First, the Consumer Counsel’s caseloads are determined by utility filings with the Public Service Commission and budgeted using a historical average. Additionally, the Consumer Counsel received a biennial appropriation of \$150,000 for costs associated with unanticipated caseloads. The fluctuations in the Public Service Commission filings and the unexpended caseload contingency are causing operating expenses to be low.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	636,860	354,642	55.7%
62000 Operating Expenses	984,499	369,259	37.5%
Grand Total	1,621,359	723,902	44.6%

Fund Type	Feb. Modified	Expended	% Expended
02 State/Other Spec Rev	1,621,359	723,902	44.6%
Grand Total	1,621,359	723,902	44.6%

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

The Montana Consumer Counsel's HB 2 modified budget is comprised entirely of state special revenue funds. The agency has expended 44.6% of its budget as of the end of February 2018. Additional details on expenditures are outlined in the previous section.

REQUIRED REPORTS

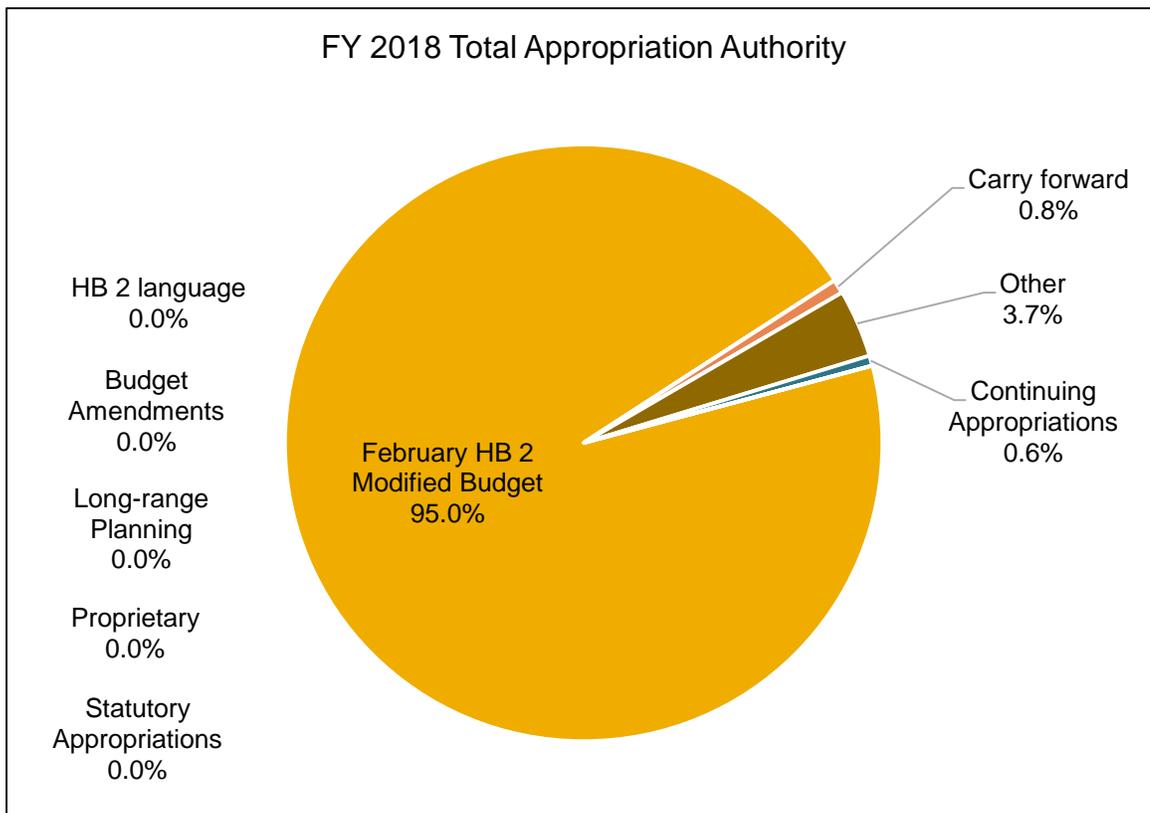
The Montana Consumer Counsel does not have any required reports due at this time to the Legislative Finance Committee.

GOVERNOR'S OFFICE

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Governor's Office HB 2 modified budget of \$7.5 million was 51.5% expended as of the end of February 2018. Adjusting for the personal services contingency funding of \$1.4 million, the office has expended 63.6% of its budget which is in line with anticipated expenditures at this point in the fiscal year
- The office had budget modifications from the Governor's proposed reductions that were adopted by the legislature. These modifications resulted in reductions to personal services and operating expenses and totaled \$428,000
- The Governor's Office also had budget modifications from the 2017 special session that resulted in State Information Technology Services Division (SITSD) rate and state share contribution reductions. These reductions totaled \$130,000

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

The Governor's Office does not have statutory appropriations.

Budget Amendments

The Governor's Office did not have any budget amendments.

Non-Budgeted Proprietary

The Governor's Office does not have non-budgeted proprietary funding.

Carry Forward

The Governor's Office has \$61,000 of carryforward authority from FY 2017.

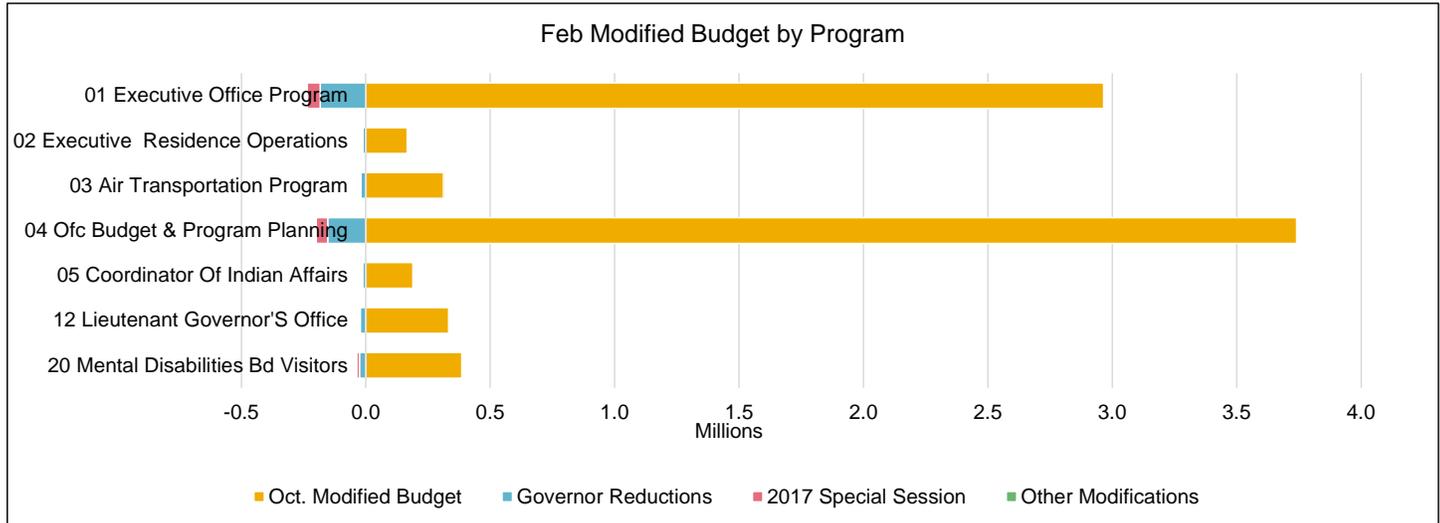
Continuing Appropriations

The Governor's Office has continuing appropriations, which primarily consists of \$41,000 for FY 2016 carryforward authority.

Other Authority

The Governor's Office has non-budgeted authority totaling \$291,000. This is primarily comprised of funding received from the Bonneville Power Administration for Governor appointed members of the Northwest Power Planning Council.

HB 2 BUDGET MODIFICATIONS

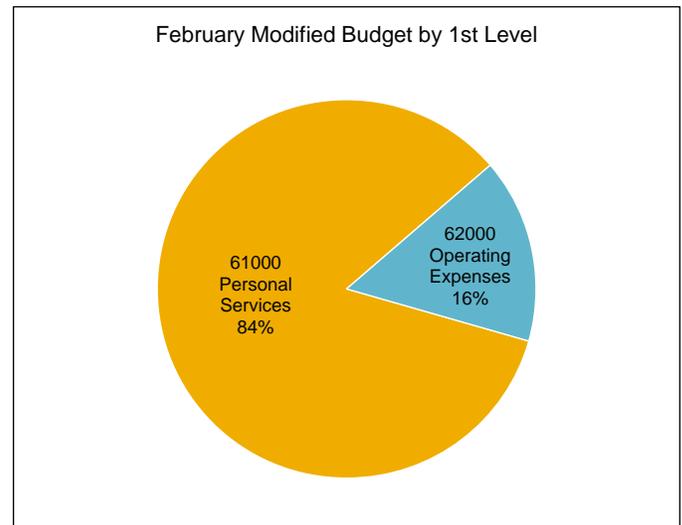
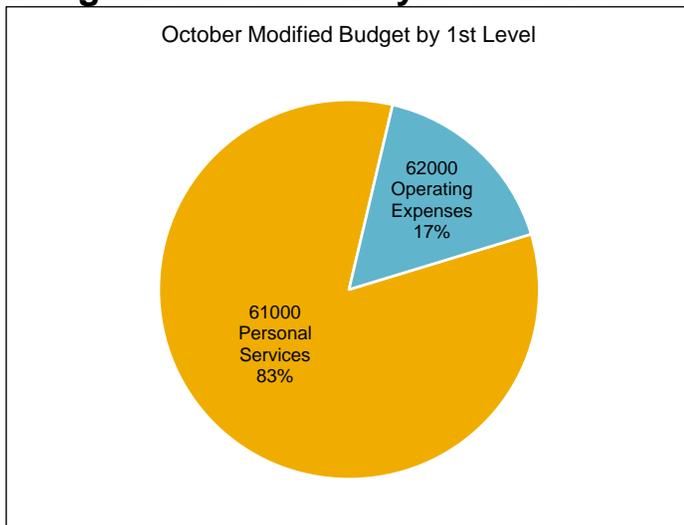


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Executive Office Program	2,965,063	(183,013)	(53,754)	(367)	2,727,929
02 Executive Residence Operations	166,388	(10,998)	(4,679)	(38)	150,673
03 Air Transportation Program	311,867	(20,615)	(2,280)	(74)	288,898
04 Ofc Budget & Program Planning	3,741,190	(153,100)	(46,068)	(320)	3,541,702
05 Coordinator Of Indian Affairs	189,608	(12,533)	(4,884)	(26)	172,165
12 Lieutenant Governor'S Office	333,234	(22,027)	(6,737)	(49)	304,421
20 Mental Disabilities Bd Visitors	385,935	(25,510)	(11,434)	(65)	348,926
Grand Total	8,093,285	(427,796)	(129,836)	(939)	7,534,714

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	6,750,046	(287,007)	(115,940)	(939)	6,346,160
62000 Operating Expenses	1,343,239	(140,789)	(13,896)	-	1,188,554
Grand Total	8,093,285	(427,796)	(129,836)	(939)	7,534,714

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Governor's Office had three types of budget modifications: Governor's reductions, 2017 special session reductions, and other modifications.

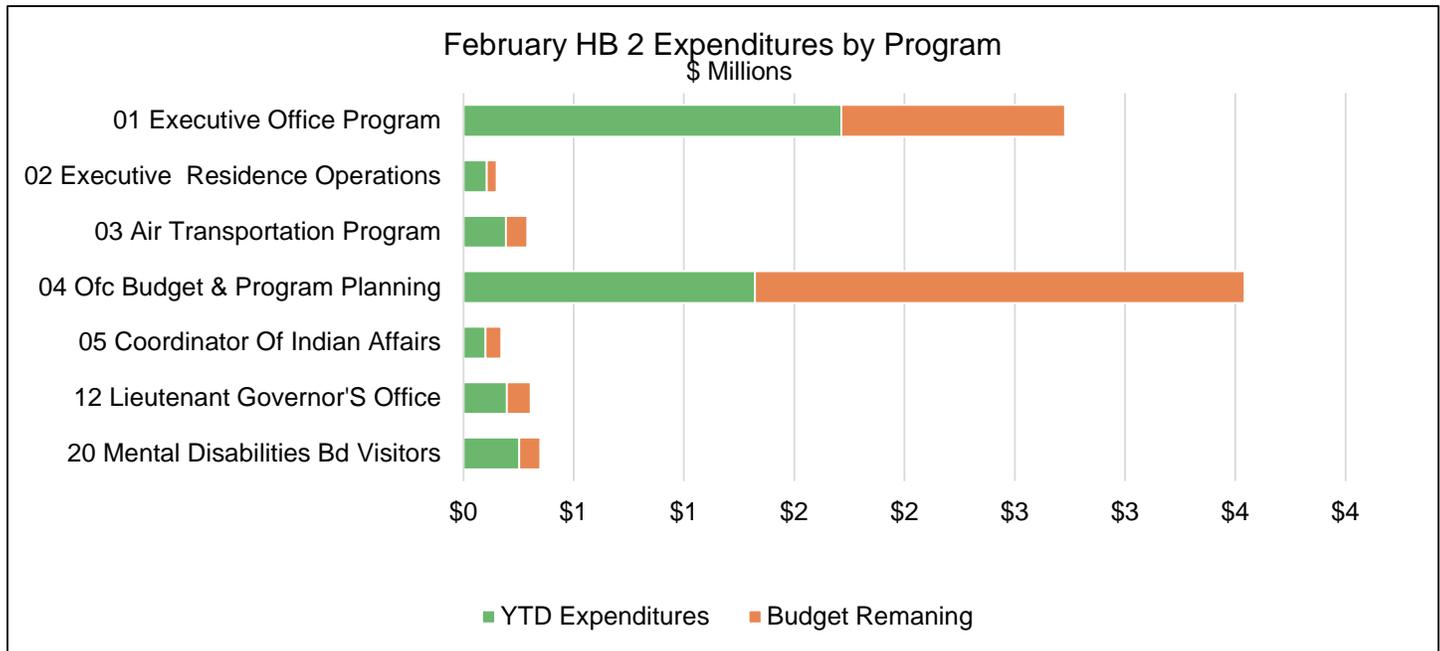
The Governor's reductions resulted in personal services and operating expense reductions. The personal services reductions totaled \$287,000 and included the elimination of several staff positions. The office has reorganized essential duties to remaining staff which has resulted in increased workloads for all staff and prioritization of work. Operating expenses were reduced by \$141,000. This included reductions in contract and consulting services, travel, tradeshow participation, catering and food expenses, maintenance and operations in the Air Transportation program, as well as other operating expense reductions.

The 2017 special session reductions include:

- A reductions in personal services of \$116,000 due to a state share contribution reduction
- A reduction in operating expenses of \$14,000 due to a SITSD rate reduction

The "other modification" is a decrease in personal services due to a reduction in workers' compensation premiums.

AGENCY HB 2 EXPENDITURES



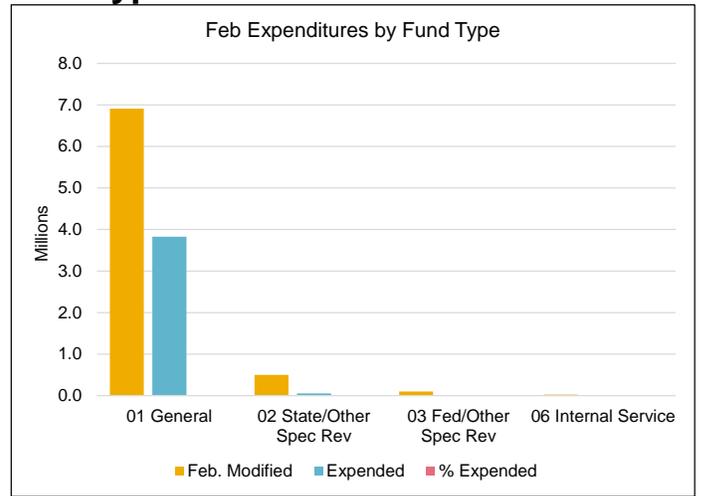
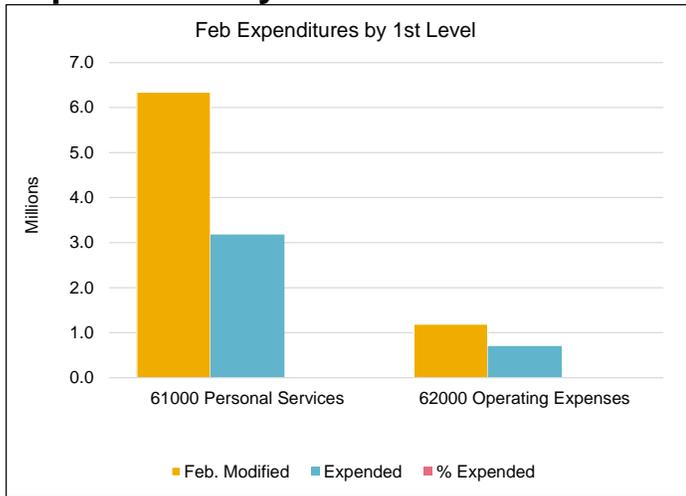
Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Executive Office Program	1,713,667	1,014,262	62.8%
02 Executive Residence Operations	105,626	45,047	70.1%
03 Air Transportation Program	193,074	95,824	66.8%
04 Ofc Budget & Program Planning	1,321,538	2,220,164	37.3%
05 Coordinator Of Indian Affairs	100,332	71,833	58.3%
12 Lieutenant Governor'S Office	196,264	108,157	64.5%
20 Mental Disabilities Bd Visitors	252,279	96,647	72.3%
Grand Total	3,882,780	3,651,934	51.5%

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

The Office of Budget and Program Planning (OBPP) has expended 37.3% of its HB 2 modified budget as of the end of February 2018. OBPP received \$1.4 million of personal services contingency funding in SB 294. As of the end of February, 0.0% of the contingency funds have been expended. The percent expended is 62.4% in OBPP when contingency funds are excluded, which is in line with anticipated expenditures.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	6,346,160	3,181,517	50.1%
62000 Operating Expenses	1,188,554	701,262	59.0%
Grand Total	7,534,714	3,882,780	51.5%

Fund Type	Feb. Modified	Expended	% Expended
01 General	6,909,714	3,828,561	55.4%
02 State/Other Spec Rev	500,000	54,219	10.8%
03 Fed/Other Spec Rev	100,000	-	0.0%
06 Internal Service	25,000	-	0.0%
Grand Total	7,534,714	3,882,780	51.5%

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

The Governor's Office expended 51.5% of its HB 2 modified budget as of the end of February 2018. When adjusting for the personal services contingency funding, the office has expended 63.6% of its budget. This is in line with anticipated expenditures.

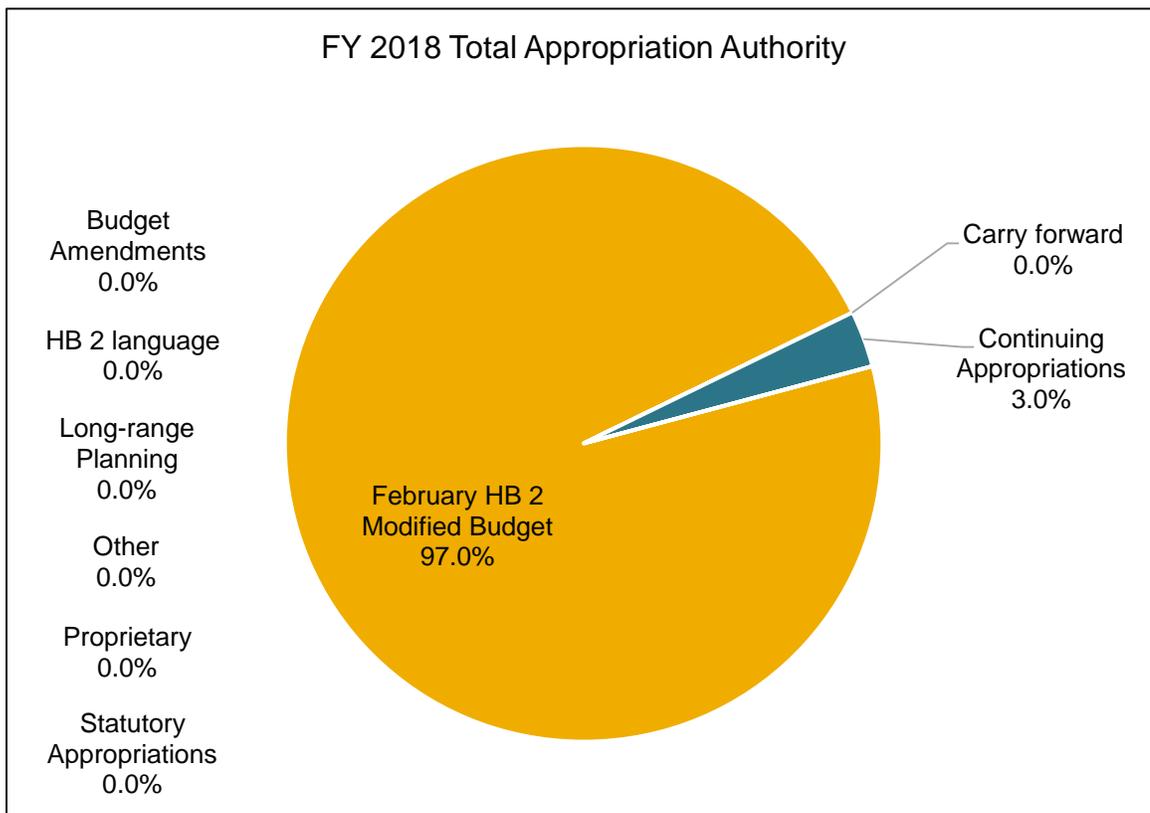
State special revenue funds are 10.8% expended. This lower percentage is because of two reasons. First, personal services contingency funds of \$300,000 are 0.0% expended. Additionally, one-time-only funding of \$200,000 for economic development is 27.1% expended. The office anticipates using the entire appropriation for economic development and states that sponsorships and contracts were put on hold during the special session period. Additionally, the office is completing a review of general fund expenditures to ensure all costs are appropriately recorded.

COMMISSIONER OF POLITICAL PRACTICES

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Commissioner of Political Practices' HB 2 modified budget of \$670,000, comprised entirely of general fund, was 55.8% expended as of the end of February 2018. This is in line with anticipated expenditures
- The Commissioner of Political Practices had budget modifications from the Governor's proposed reductions that were adopted by the legislature. These modifications resulted in the reduction of personal services funding for 1.00 FTE and the agency's State Information Technology Services Divisions (SITSD) expenditures and totaled \$77,000
- The Commission of Political Practices also had budget modifications from the 2017 special session that resulted in SITSD rate and state share contribution reductions. These reductions totaled \$19,000

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

The Commissioner of Political Practices does not have statutory appropriations.

Budget Amendments

The Commissioner of Political Practices did not have any budget amendments.

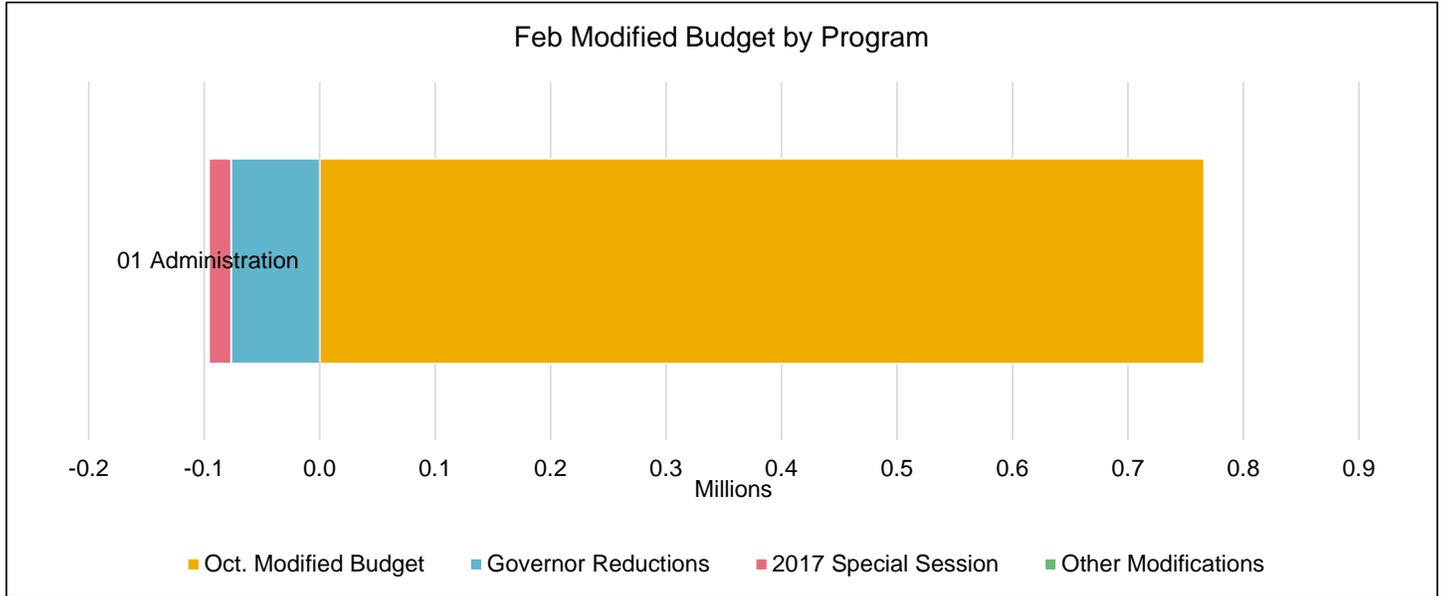
Non-Budgeted Proprietary

The Commissioner of Political Practices does not have any non-budgeted proprietary funds.

Continuing Appropriation

The Commissioner of Political Practices has continuing appropriations of \$21,000 for long-range information technology funding (HB 10) for a campaign reporting information technology project.

HB 2 BUDGET MODIFICATIONS

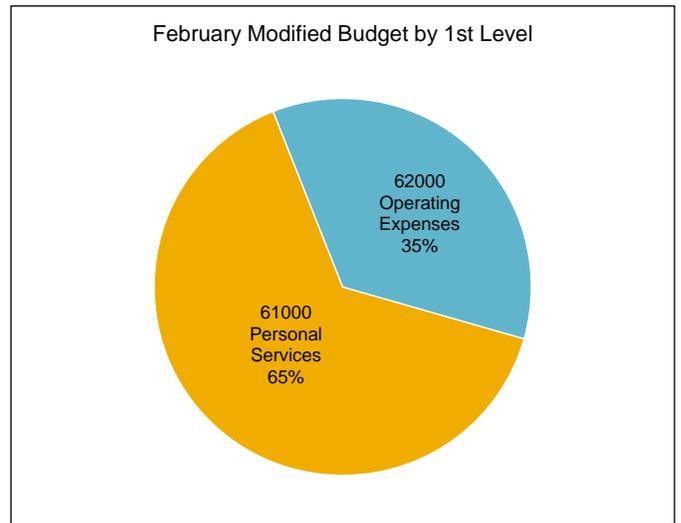
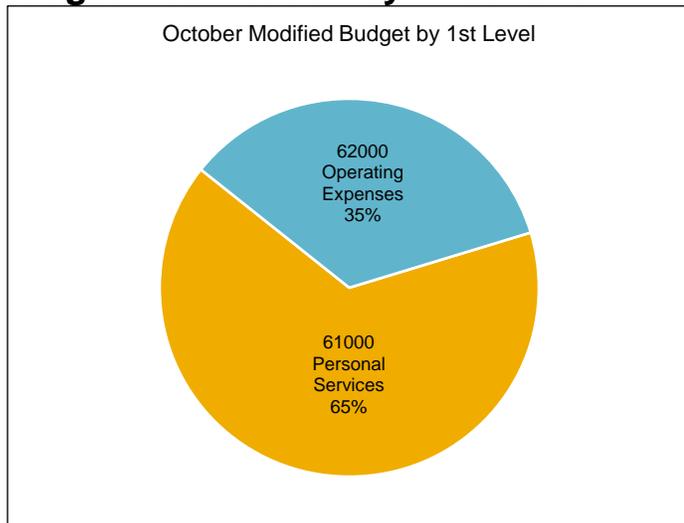


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Administration	765,826	(76,583)	(19,117)	-	670,126
Grand Total	765,826	(76,583)	(19,117)	-	670,126

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	501,266	(56,000)	(12,648)	-	432,618
62000 Operating Expenses	264,560	(20,583)	(6,469)	-	237,508
Grand Total	765,826	(76,583)	(19,117)	-	670,126

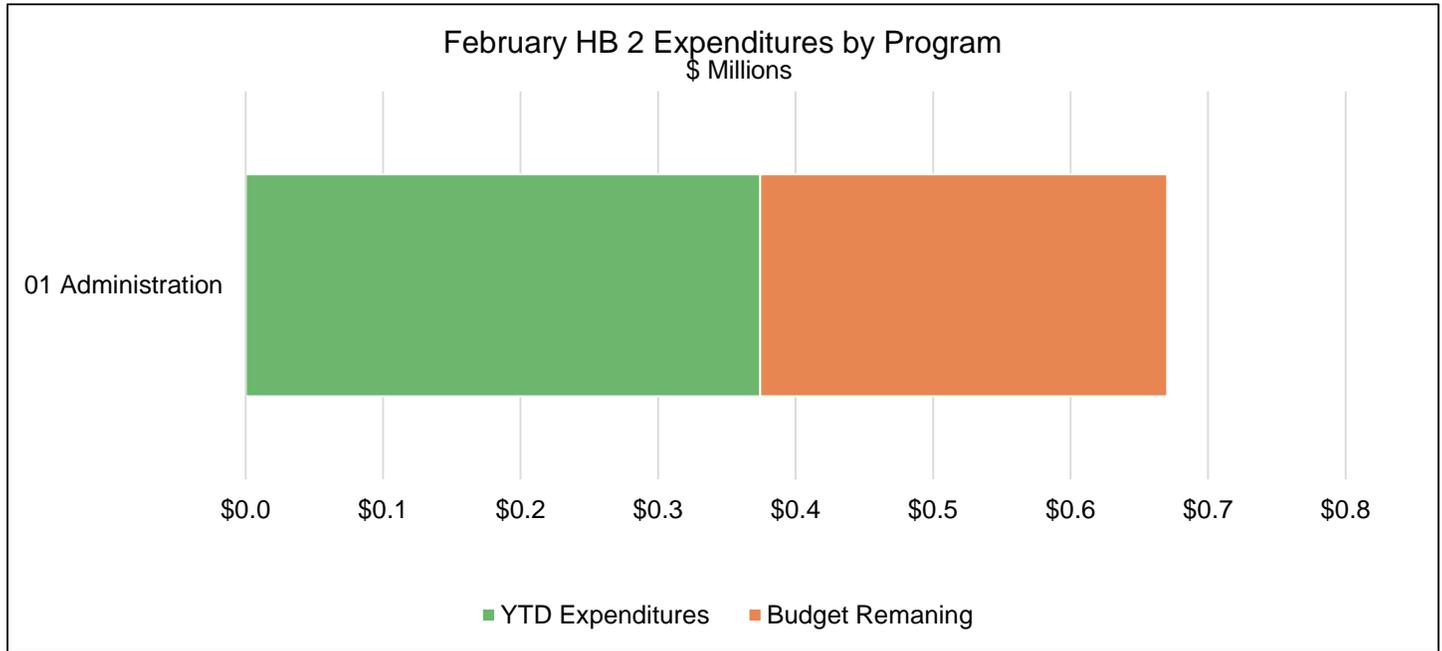
The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Commissioner of Political Practices had two types of budget modifications: Governor’s reductions and 2017 special session reductions. The Governor’s reductions consisted of reducing operating expenses by \$21,000 and personal services funding by \$56,000. The reduction in operating expenses was taken from the agency’s SITSD expenditures. The personal services reduction was applied to funding for a Compliance Specialist position. The responsibilities of this position are being shared among current staff.

The 2017 special session reductions included:

- A reduction in personal services of \$13,000 for a state share contribution reduction
- A reduction in operating expenses of \$6,000 for a SITSD rate reduction

AGENCY HB 2 EXPENDITURES



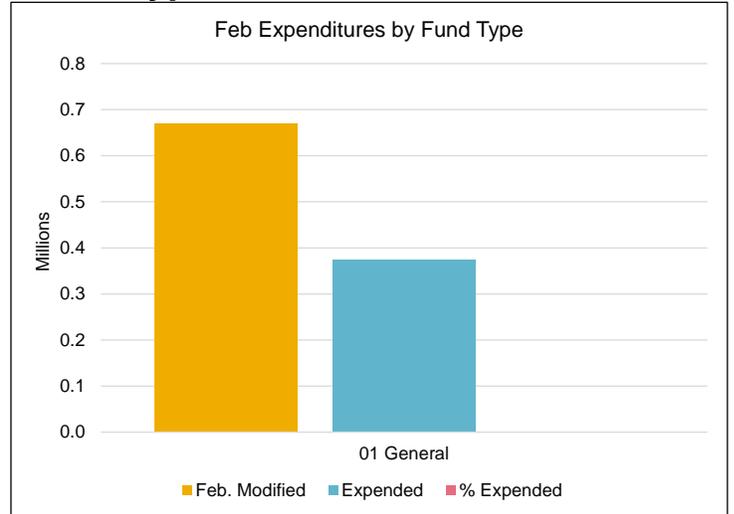
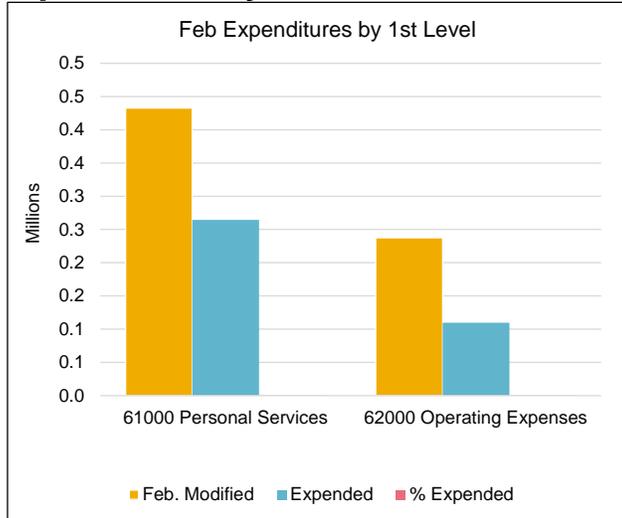
Expenditure by Program

	YTD Expenditures	Budget Remaining	% Expended
01 Administration	374,216	295,910	55.8%
Grand Total	374,216	295,910	55.8%

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

The Commissioner of Political Practices’ HB 2 modified budget of \$670,000 is 55.8% expended as of the end of February 2018. Operating expenses are slightly low at 46.2% but the agency anticipates expending the entire operating expense budget by the end of the fiscal year.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	432,618	264,560	61.2%
62000 Operating Expenses	237,508	109,657	46.2%
Grand Total	670,126	374,216	55.8%

Fund Type	Feb. Modified	Expended	% Expended
01 General	670,126	374,216	55.8%
Grand Total	670,126	374,216	55.8%

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

The Commissioner of Political Practices is funded entirely by general fund. The agency has expended 55.8% of its HB 2 budget as of the end of February 2018. This is in line with anticipated expenditures at this point in the fiscal year.

REQUIRED REPORTS

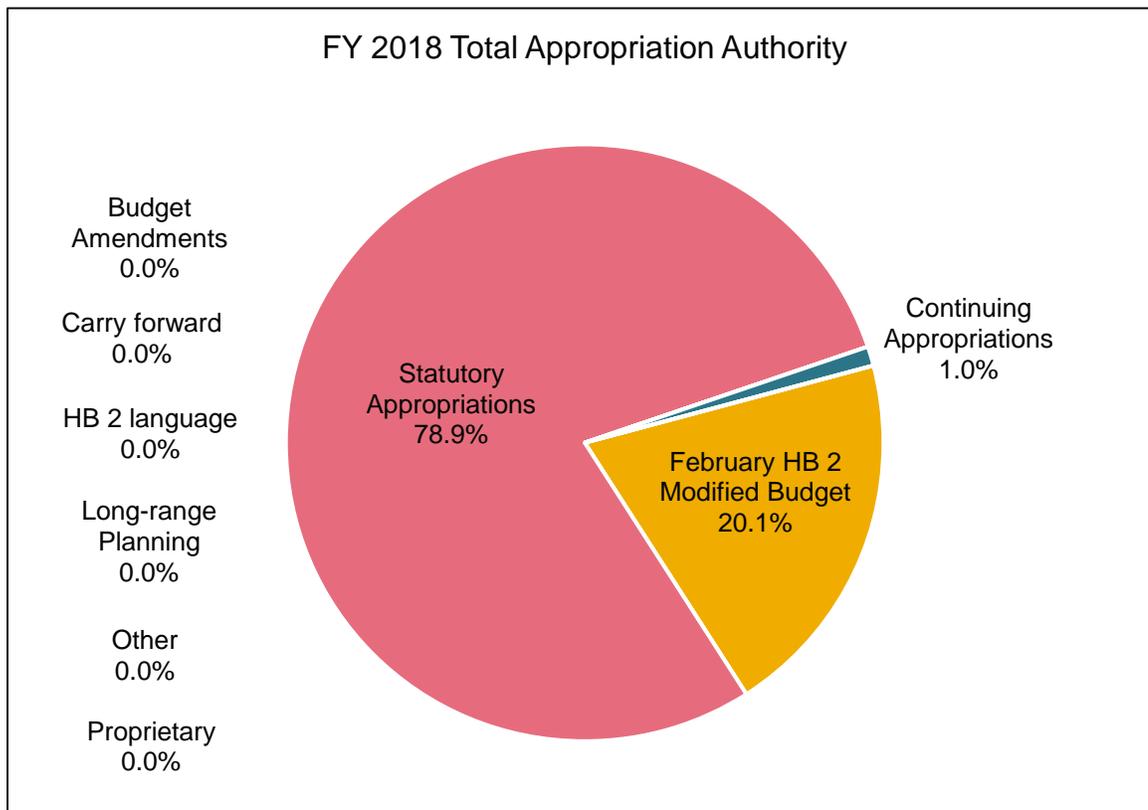
The Commissioner of Political Practices does not have any required reports due at this time to the Legislative Finance Committee.

STATE AUDITOR'S OFFICE

BUDGET AND EXPENDITURE HIGHLIGHTS

- The State Auditor's Office HB 2 modified budget of \$8.2 million, comprised entirely of state special revenue, was 55.3% expended as of the end of February 2018
- The slightly lower percentage of expenditures is due to lower contract exam costs and lower costs for education, training and travel due to the timing
- The State Auditor's Office had budget modifications from the 2017 special session that resulted in reductions in State Information Technology Services Division (SITSD) rates, state share contributions, and personal services

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

Statutory authority in the State Auditor's Office is primarily for the passing through of 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 totals approximately \$32.0 million in FY 2018.

Budget Amendments

The State Auditor's Office did not have any budget amendments.

Non-Budgeted Proprietary

The State Auditor's Office does not have any non-budgeted proprietary funding.

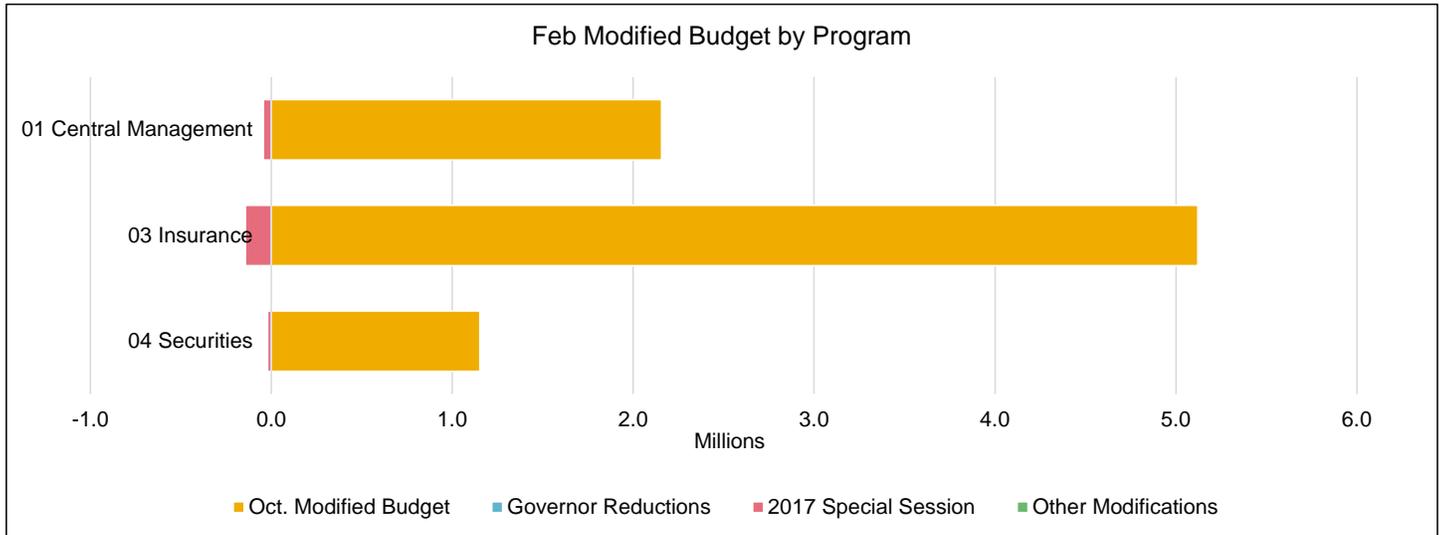
Continuing Appropriation

The State Auditor's Office has continuing appropriations, which include:

- FY 2016 carryforward authority of \$310,381

- Funding of \$116,464 for reviews of State Fund

HB 2 BUDGET MODIFICATIONS

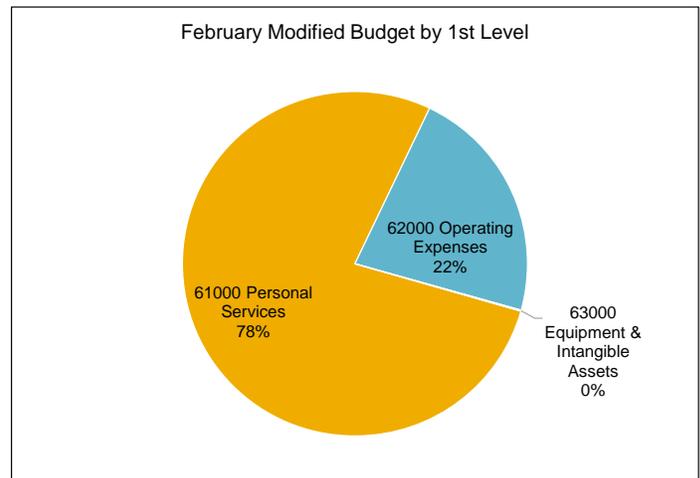
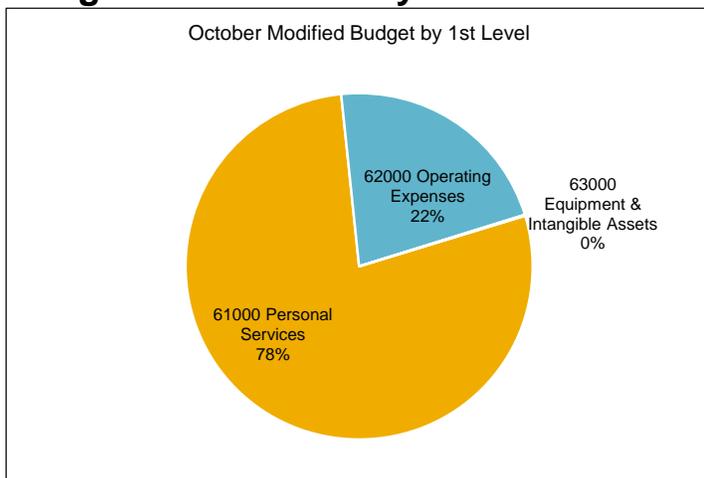


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Central Management	2,157,225	-	(46,447)	(955)	2,109,823
03 Insurance	5,120,941	-	(144,860)	(7,481)	4,968,600
04 Securities	1,152,124	-	(21,080)	3,959	1,135,003
Grand Total	8,430,290	-	(212,387)	(4,477)	8,213,426

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	6,582,458	-	(197,560)	(4,477)	6,380,421
62000 Operating Expenses	1,839,838	-	(14,827)	-	1,825,011
63000 Equipment & Intangible Assets	7,994	-	-	-	7,994
Grand Total	8,430,290	-	(212,387)	(4,477)	8,213,426

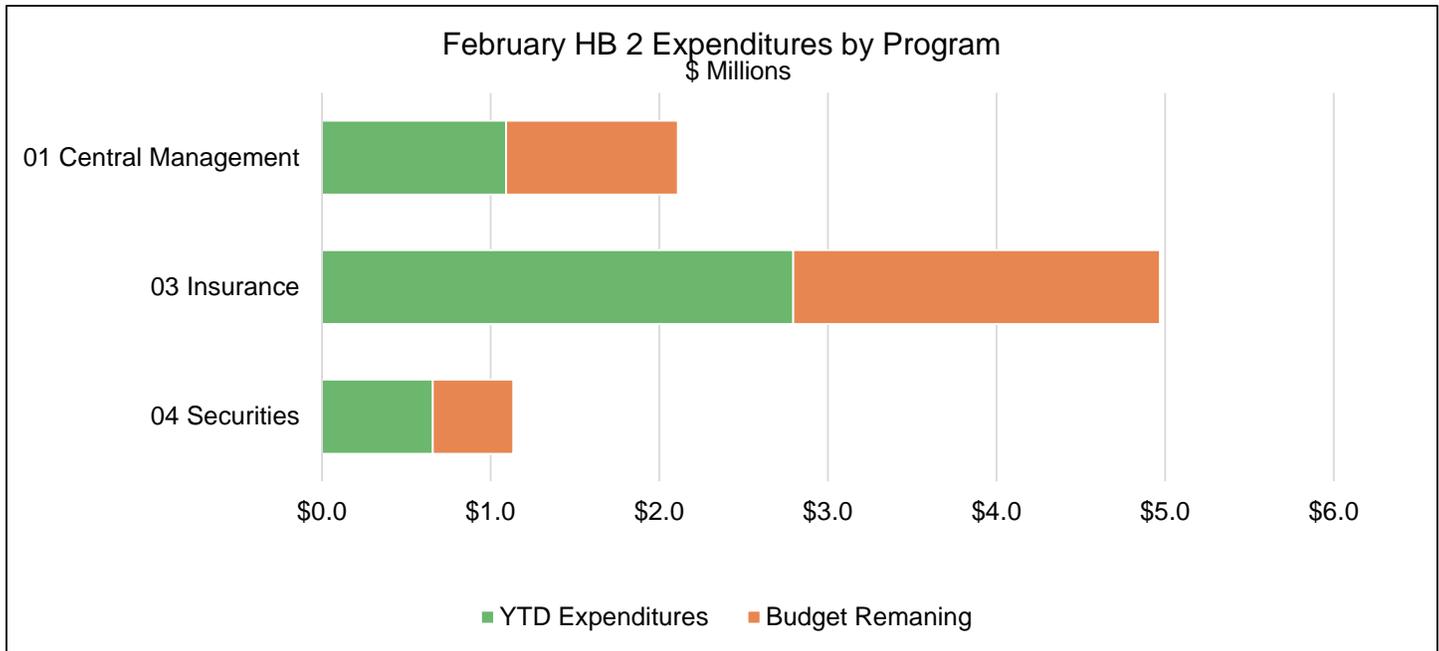
The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The State Auditor's Office primarily had budget modifications resulting from the 2017 special session. The 2017 special session reduction included:

- Personal services reductions of \$147,560 due to a state share contribution reduction
- Operating expense reductions of \$14,827 due to a SITSD rate reduction
- Personal services reduction of \$50,000

The "other modification" is primarily a decrease in personal services due to a reduction in workers' compensation premiums.

AGENCY HB 2 EXPENDITURES



Expenditure by Program

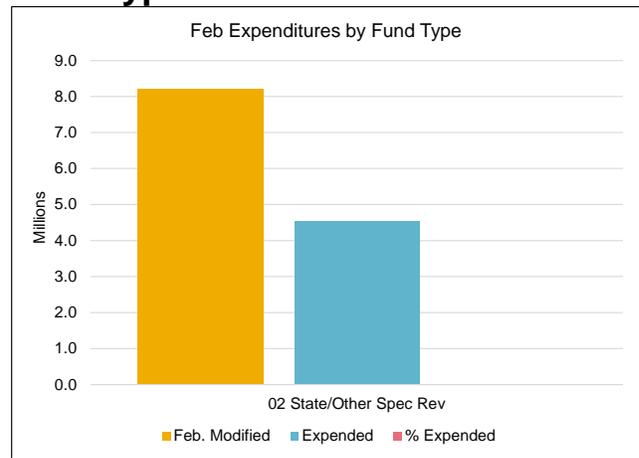
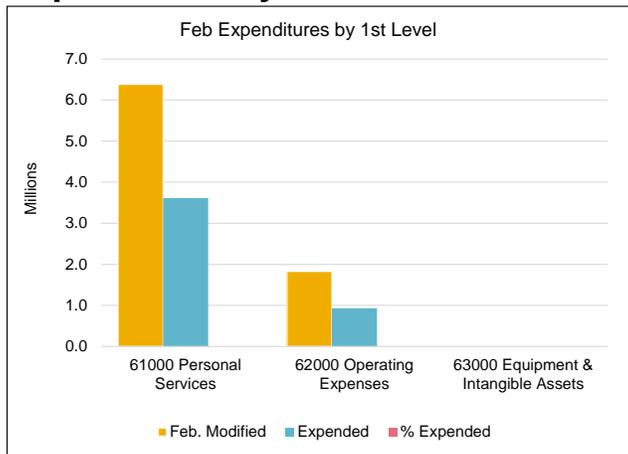
	YTD		
	Expenditures	Budget Remaining	% Expended
01 Central Management	1,091,995	1,017,828	51.8%
03 Insurance	2,794,625	2,173,975	56.2%
04 Securities	658,070	476,933	58.0%
Grand Total	4,544,690	3,668,736	55.3%

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

The State Auditor's Office HB 2 modified budget of \$8.2 million is 55.3% expended as of the end of February 2018. Operating expenses are slightly lower at 51.1% expended. There are several factors contributing to this lower percentage expended, which include:

- Lower costs for education, training and travel due to the timing of events related to insurance issues such as hail, floods and cyber security
- Lower SITSD costs because of the timing of payments
- Lower contract costs because of the timing of contract exams in the Insurance Division
- Lower contract exam fees than in FY 2017 in the Securities Division

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	6,380,421	3,612,983	56.6%
62000 Operating Expenses	1,825,011	931,707	51.1%
63000 Equipment & Intangible Assets	7,994	-	0.0%
Grand Total	8,213,426	4,544,690	55.3%

Fund Type	Feb. Modified	Expended	% Expended
02 State/Other Spec Rev	8,213,426	4,544,690	55.3%
Grand Total	8,213,426	4,544,690	55.3%

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

The State Auditor's Office HB 2 modified budget is comprised entirely of state special revenue funds. The office has expended 55.3% of its budget as of the end of February. Additional details on expenditures are outlined in the previous section.

REQUIRED REPORTS

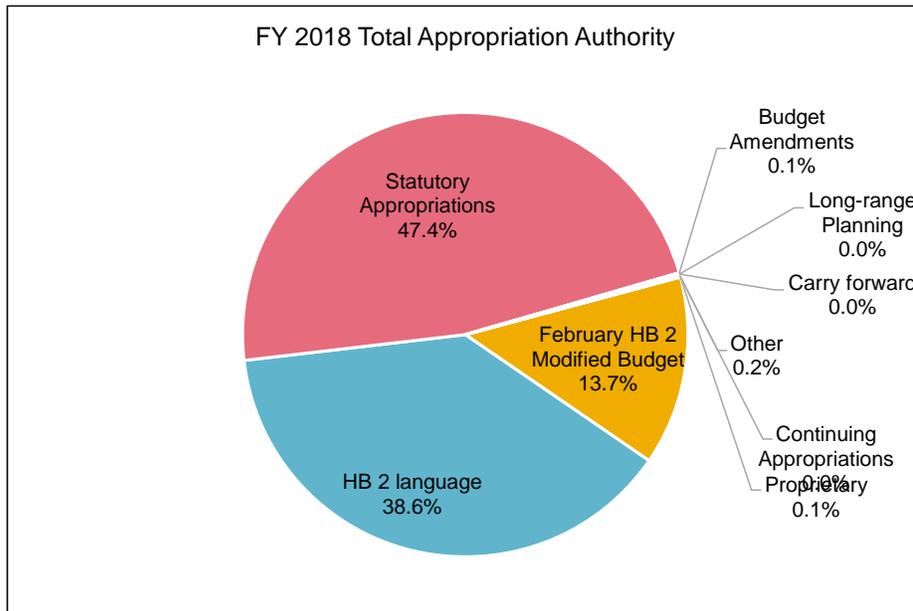
The State Auditor's Office does not have any required reports due at this time to the Legislative Finance Committee.

DEPARTMENT OF REVENUE

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Revenue has expended 63.2% of their budget year-to-date. The current level of expenditure is in line with previous years, with small differences within expenditure types
- The Department reduced their budget by \$3,412,553, with 39% of the reduction in personal services and 61% in operating expenses
- The Department's budget reduction is primarily due to the executive 17-7-140, MCA reductions, which accounted for 57%; the remaining 43% of the reduction is attributable to changes made in the 2017 Special Session

TOTAL APPROPRIATION AUTHORITY OVERVIEW



Statutory Appropriations

The department's statutory appropriation authority is primarily for local assistance in the form of entitlement share payments and oil and gas payments to local governments.

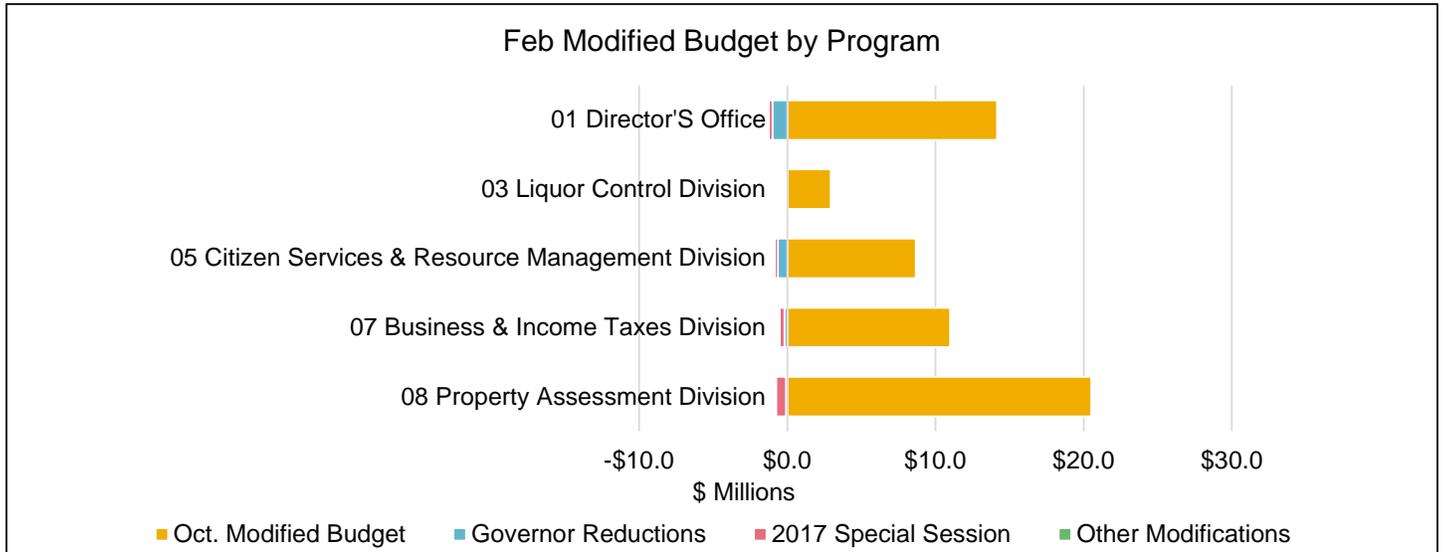
Budget Amendments

The department processed one budget amendment totaling \$410,903 in additional federal special revenue to perform audits and investigations in accordance with the Federal Oil and Gas Royalty Management Act.

Non-Budgeted Proprietary

The Department of Revenue does not have any non-budgeted proprietary funding.

HB 2 BUDGET MODIFICATIONS



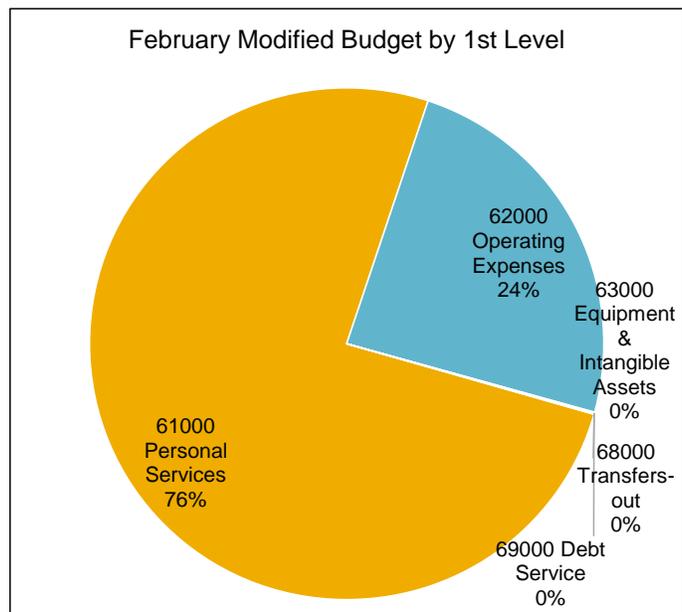
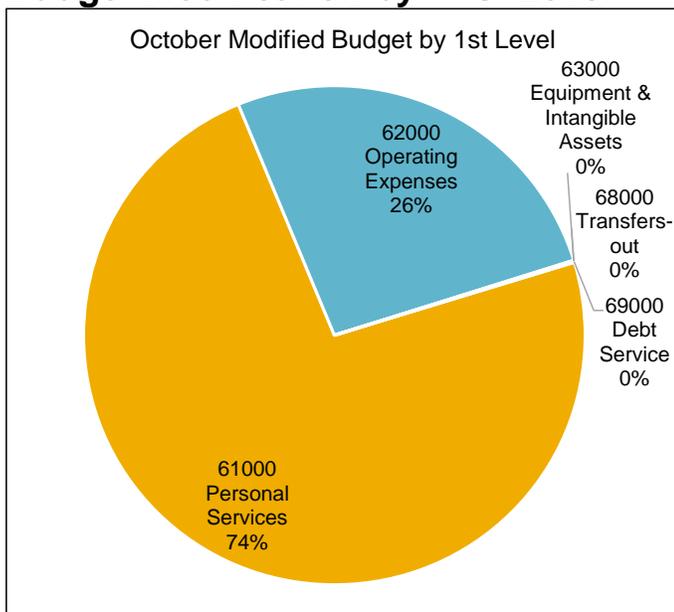
Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Director'S Office	14,167,394	(1,000,000)	(232,375)	70,331	13,005,350
03 Liquor Control Division	2,920,464	-	(66,067)	(1,483)	2,852,914
05 Citizen Services & Resource Management Division	8,666,675	(643,013)	(197,566)	(72,292)	7,753,804
07 Business & Income Taxes Division	10,981,930	(193,013)	(313,568)	(1,463)	10,473,886
08 Property Assessment Division	20,498,355	(100,000)	(658,842)	(3,202)	19,736,311
Grand Total	57,234,818	(1,936,026)	(1,468,418)	(8,109)	53,822,265

This chart shows budget modifications by program from October through March.

HB 2 budget modifications since October for the department totaled (\$3,412,553). The changes include the Governor's 17-7-140, MCA reductions and the impacts of the 2017 Special Session including the state share holiday and SITSD reductions. A program transfer moved \$71,200 and 1.00 FTE out of the Citizen Services & Resource Management Division and into the Director's Office. The change was made to align the position with IT work in the Director's Office.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	42,056,002	-	(1,315,392)	(8,109)	40,732,501
62000 Operating Expenses	15,105,898	(1,936,026)	(153,026)	(1,500)	13,015,346
63000 Equipment & Intangible Assets	30,554	-	-	-	30,554
68000 Transfers-out	-	-	-	1,500	1,500
69000 Debt Service	42,364	-	-	-	42,364
Grand Total	57,234,818	(1,936,026)	(1,468,418)	(8,109)	53,822,265

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

HB 2 budget modifications since October for the department totaled (\$3,412,553), primarily due to the Governor's 17-7-140, MCA reductions and the 2017 Special Session reductions. Other modifications were due to incorporating the worker's compensation appropriation reductions of 39-71-403, MCA.

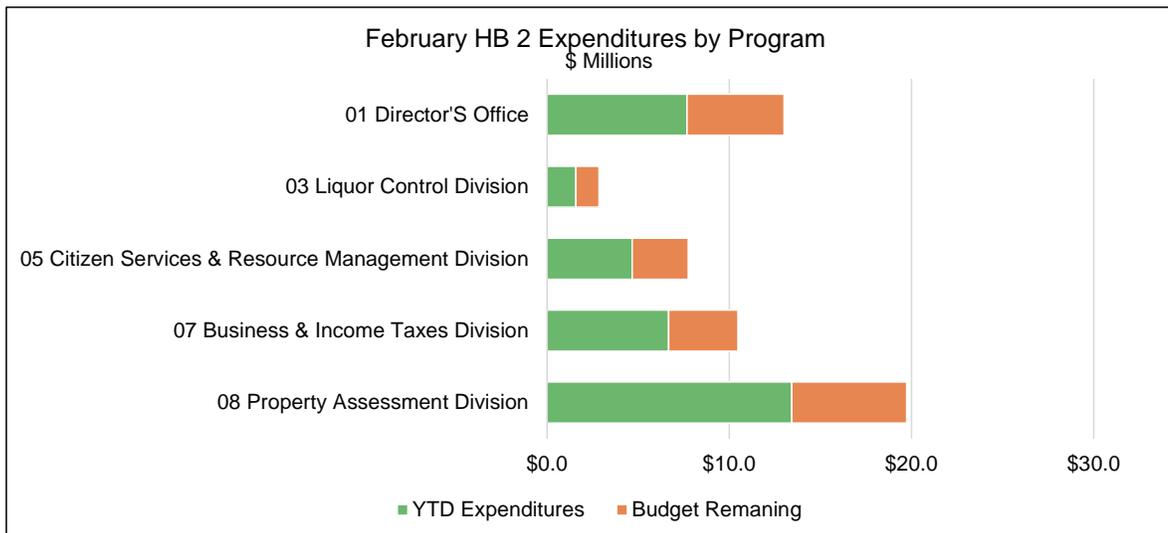
The 17-7-140, MCA reductions are being implemented with the following changes:

- Director's Office: no computer replacements for the biennium and a 10% reduction has been requested of all IT contracts, with a portion of those contracts being renegotiated at the lower level
- Citizen's Services & Resource Management: no mailing of paper forms, including personal property forms; the Department sent letters with instructions to their website
- Property Assessment Division: rent savings from closing selected county offices, and further rent savings as a result of asking for a 10% reduction in current rent and receiving some positive response to the request; also discontinued inflation adjustments on leases
- Agency-wide adjustments include reduced training and travel

The 2017 Special Session reductions included:

- Personal services reductions of \$1,315,392 due to a state share contribution reduction
- Operating expense reductions of \$153,026 due to a SITSD rate reduction

AGENCY HB 2 EXPENDITURES



Expenditure by Program

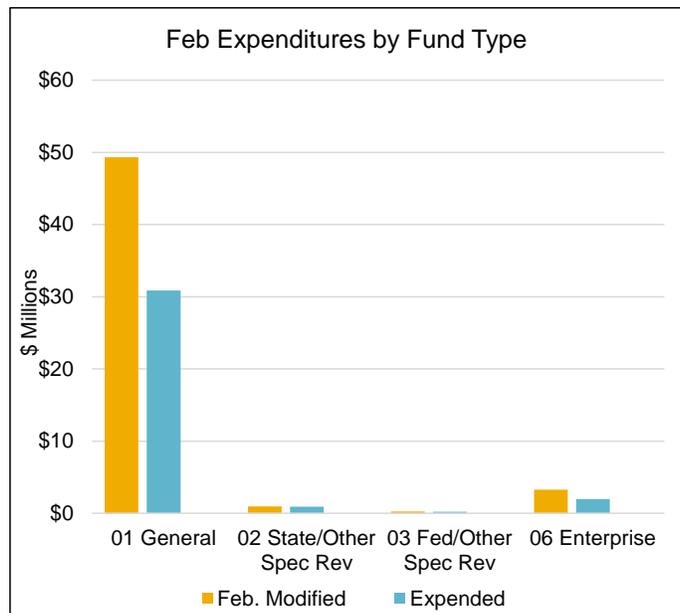
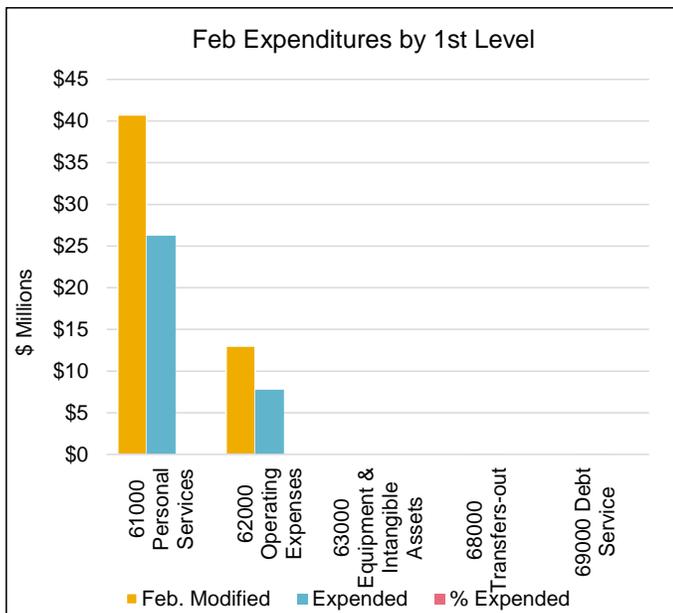
	YTD		
	Expenditures	Budget Remaining	% Expended
01 Director'S Office	7,685,043	5,320,307	59.1%
03 Liquor Control Division	1,579,186	1,273,728	55.4%
05 Citizen Services & Resource Management Division	4,671,007	3,082,797	60.2%
07 Business & Income Taxes Division	6,678,872	3,795,014	63.8%
08 Property Assessment Division	13,421,144	6,315,167	68.0%
Grand Total	34,035,252	19,787,013	63.2%

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

Overall expenditures for the department are in line with the past four years, with small differences by program that will likely be resolved by the end of the year.

Expenditure By First Level Account and Fund Type

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



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	40,732,501	26,244,822	64.4%
62000 Operating Expenses	13,015,346	7,756,479	59.6%
63000 Equipment & Intangible Assets	30,554	-	0.0%
68000 Transfers-out	1,500	10	0.7%
69000 Debt Service	42,364	33,941	80.1%
Grand Total	53,822,265	34,035,252	63.2%

The Department of Revenue has expended 63.2% of their budget year-to-date. The current level of expenditure is in line with previous years, with small differences within expenditure types.

REQUIRED REPORTS

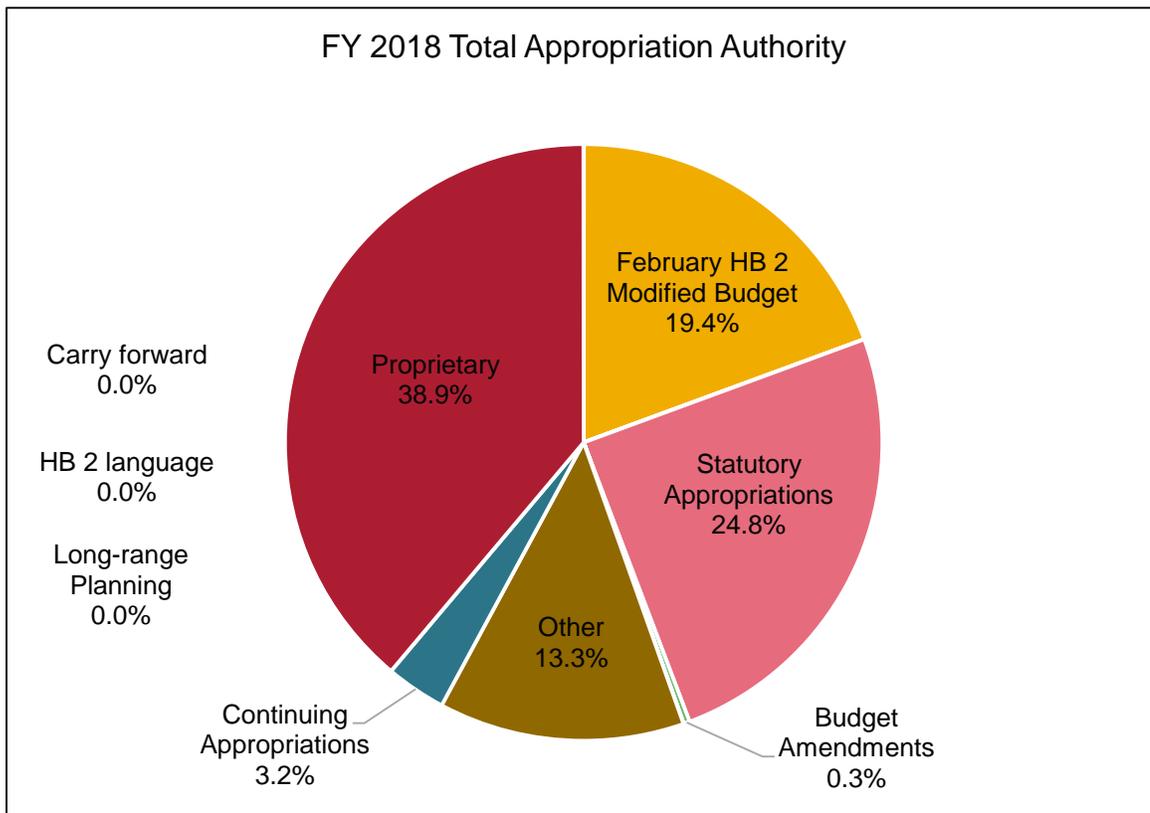
None due at this time.

DEPARTMENT OF COMMERCE

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Commerce's HB 2 modified budget of \$30.1 million was 18.1% expended as of the end of February 2018
- The primary reason for the lower percentage expended is due to grants. Grants totaling \$20.6 million are 5.2% expended. The timing of grant disbursements and fluctuation in the amount of federal funds received for Community Development Block Grants and HOME Grants are primarily contributing to the lower percentage expended
- The Department of Commerce had budget modifications from the Governor's proposed reductions that were adopted by the legislature. These modifications resulted in reductions to operating expenses and grants and totaled \$363,000
- The department also had budget modifications from the 2017 special session that resulted in State Information Technology Services Division (SITSD) rate and state share contribution reductions. These reductions totaled \$221,000

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

Statutory appropriations in the Department of Commerce total \$38.6 million. The majority of the statutory appropriations are from lodging and facility taxes (\$24.8 million) and the Big Sky Economic Development Program (\$5.9 million). Statutory appropriations also include funding for the Distressed Wood Products program, research and development, and the Montana Heritage Commission.

Budget Amendments

The Department of Commerce has not had any budget amendments since December 1, 2017.

Other Authority

The Department of Commerce has authority for the Treasure State Endowment Program (TSEP) included in other authority. The TSEP program provides grants to assist local governments with infrastructure projects. Authority in FY 2018 totals \$20.7 million. The Long-Range Planning (Section F) Budget Status Report provides details on TSEP and the changes that resulted from the 2017 special session.

Non-Budgeted Proprietary

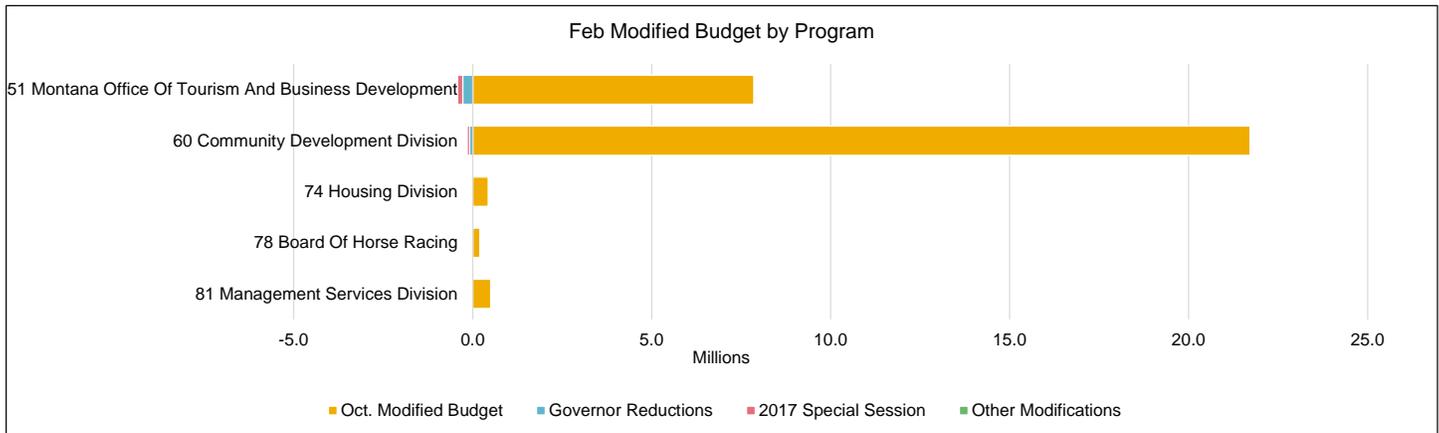
The Department of Commerce has several non-budgeted proprietary funds, which total \$60.4 million in FY 2018. These include proprietary funds in the Montana Facility Finance Authority, Housing Division, Board of Investments, and Directors Office.

Continuing Appropriations

The Department of Commerce has continuing appropriations, which include:

- Federal special revenue of \$120,000 for the State Trade Expansion Program (STEP)
- Federal special revenue of \$3.0 million for the Housing and Urban Development (HUD) Housing Trust Fund (HTF)
- Federal special revenue of \$1.9 million for Section 811 Supportive Housing for Persons with Disabilities program

HB 2 BUDGET MODIFICATIONS

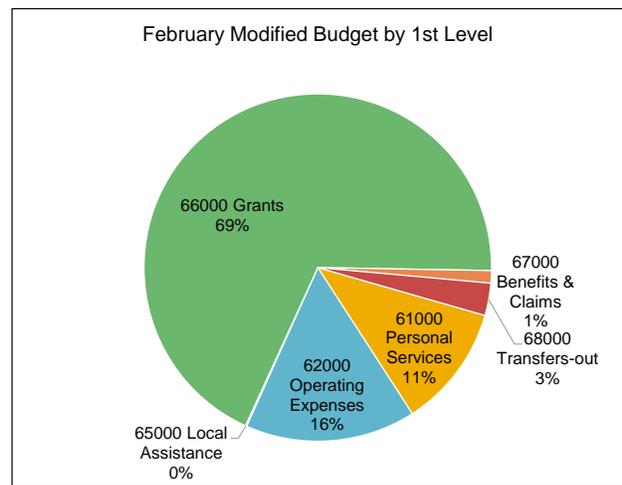
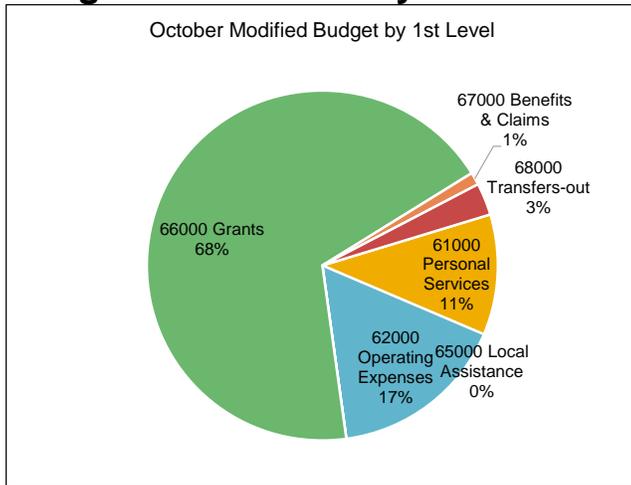


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
51 Montana Office Of Tourism And Business Development	7,852,912	(279,707)	(144,228)	(569)	7,428,408
60 Community Development Division	21,714,924	(82,847)	(76,564)	(368)	21,555,145
74 Housing Division	433,921	-	-	-	433,921
78 Board Of Horse Racing	197,187	-	(1)	(1)	197,185
81 Management Services Division	500,000	-	-	-	500,000
Grand Total	30,698,944	(362,554)	(220,793)	(938)	30,114,659

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	3,423,943	-	(109,617)	127,953	3,442,279
62000 Operating Expenses	5,029,234	(82,847)	(6,176)	(170,655)	4,769,556
65000 Local Assistance	-	-	-	36,000	36,000
66000 Grants	20,981,846	(279,707)	(105,000)	15,764	20,612,903
67000 Benefits & Claims	358,921	-	-	(10,000)	348,921
68000 Transfers-out	905,000	-	-	-	905,000
Grand Total	30,698,944	(362,554)	(220,793)	(938)	30,114,659

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Department of Commerce had three types of budget modifications: Governor's reductions, 2017 special session reductions and other modifications.

The Governor's reductions affected two programs. The Office of Tourism and Business Development had reductions of \$100,000 to Montana Manufacturing Extension Center (MMEC) grants and approximately \$180,000 to Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) grants. The Community Development Division had reductions to contracted services in the Community Technical Assistance Program (CTAP) totaling \$83,000.

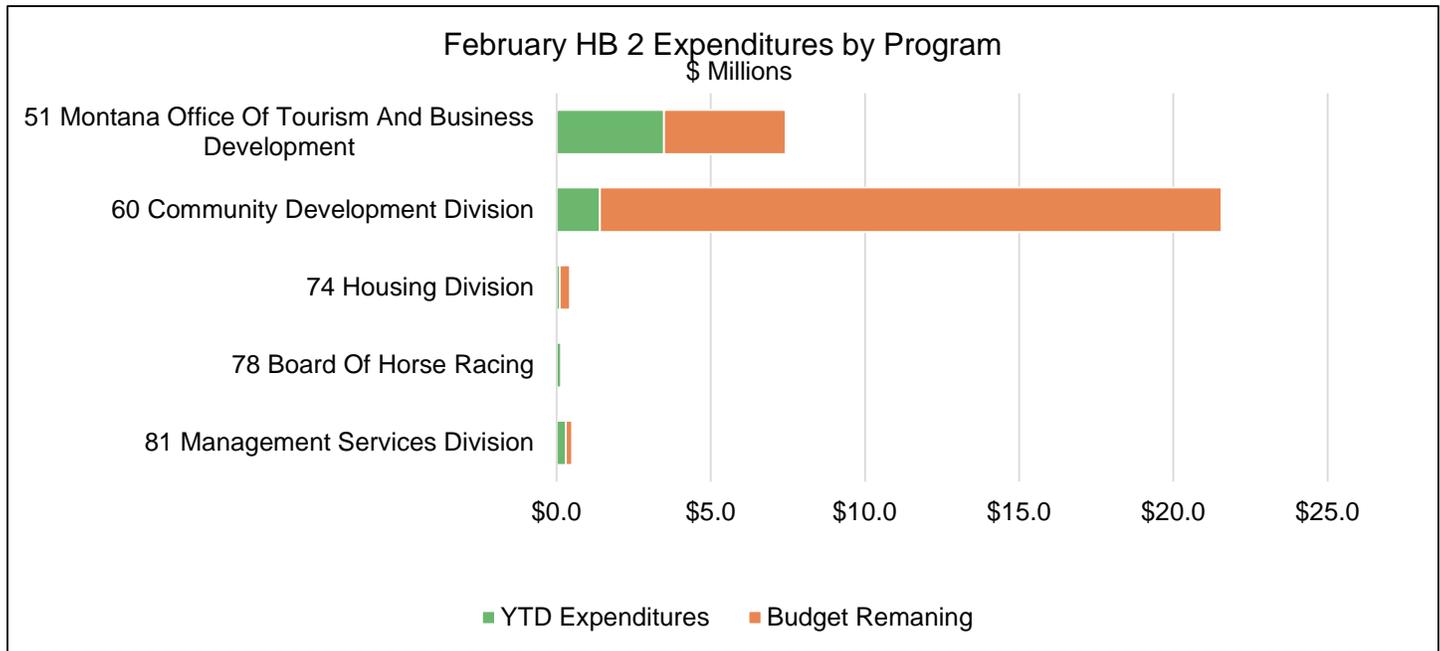
The 2017 special session reductions include:

- A reduction in personal services of \$110,000 due to a state share contribution reduction
- A reduction in operating expenses of \$6,000 due to a SITSD rate reduction
- A reduction in grants of \$105,000 for MMEC and brownfield spills grants

The other modifications include:

- A decrease in personal services due to a reduction in workers' compensation premiums
- A decrease in operating expenses and increase in personal services and local assistance to align appropriations for the Office of Tourism and Business Development and the State-Tribal Economic Development Commission (SB 95) with expenditures

AGENCY HB 2 EXPENDITURES



Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
51 Montana Office Of Tourism And Business Development	3,483,313	3,945,095	46.9%
60 Community Development Division	1,411,241	20,143,904	6.5%
74 Housing Division	100,916	333,005	23.3%
78 Board Of Horse Racing	155,462	41,723	78.8%
81 Management Services Division	299,675	200,325	59.9%
Grand Total	5,450,607	24,664,052	18.1%

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

The Montana Office of Tourism and Business Development expended 46.9% of its HB 2 modified budget as of the end of February 2018. There are three primary areas that are contributing to the lower percentage expended.

- State special revenue of \$168,000 for private support for promotional activities is 36.1% expended. This lower percentage is due to the seasonal nature of activities associated with this account. The department expects to expend the entire appropriation prior to fiscal year end
- State special revenue of \$380,000 for the microbusiness loan account is 0.0% expended. All funds are currently dispersed. The department has recently notified the Microbusiness Development Centers that interest rates will be increasing by 0.75%. This increase in the interest rate could result in funds reverting back to the department prior to fiscal year end and may require the use of the appropriation to redisperse the funds
- State special revenue of \$947,000 for the Primary Sector Training program is 8.8% expended. The program has awarded all available FY 2018 funds; however, awards are disbursed on a reimbursement basis based on performance

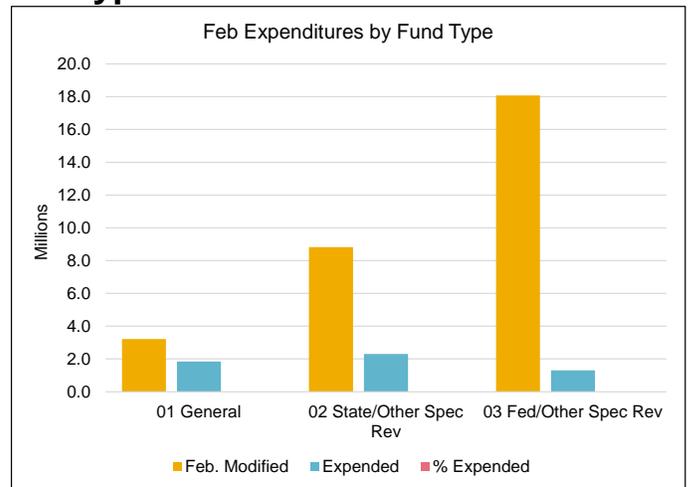
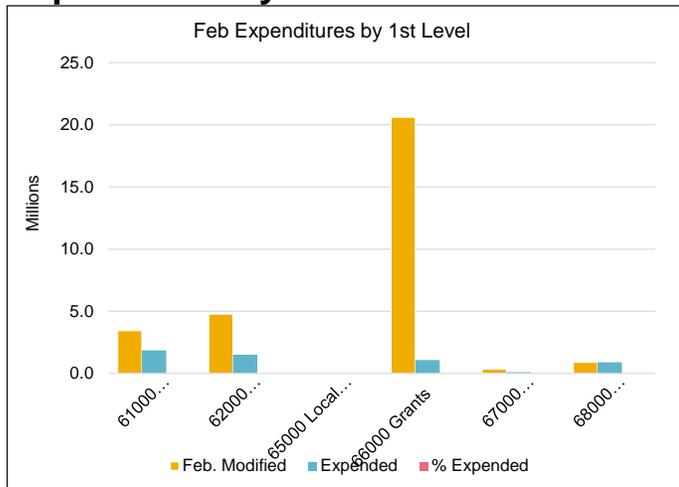
The Community Development Division expended 6.5% of its HB 2 modified budget as of the end of February 2018. The low percentage expended is primarily related to Community Development Block Grants and HOME Grants. Several factors contribute to lower expenditures from these two grants, which include:

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

The Housing Division expended 23.3% of its HB 2 modified budget as of the end of February 2018. The Shelter Plus Care program is contributing to the lower percentage expended. The Housing Division was awarded a grant to address chronic homelessness in scattered sites in Cascade, Flathead, and Yellowstone counties. The program is in the process of being closed out (October 2018) which is causing the decline in expenditures.

The Board of Horse Racing has expended 78.8% of its HB 2 modified budget as of the end of February 2018. There are two events that comprise the majority of the Board's expenditures each fiscal year. The first event, a series of horse racing events in Great Falls during the State Fair occurred early in FY 2018. The second event, the Bucking Horse Sale in Miles City, will be held in May 2018. The department may need to transfer state special revenue authority or may be able to utilize statutory authority for some of these expenses but are waiting to see the impacts from the Bucking Horse Sale before making any budget changes.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	3,442,279	1,862,723	54.1%
62000 Operating Expenses	4,769,556	1,504,193	31.5%
65000 Local Assistance	36,000	-	0.0%
66000 Grants	20,612,903	1,080,542	5.2%
67000 Benefits & Claims	348,921	98,149	28.1%
68000 Transfers-out	905,000	905,000	100.0%
Grand Total	30,114,659	5,450,607	18.1%

Fund Type	Feb. Modified	Expended	% Expended
01 General	3,214,192	1,846,117	57.4%
02 State/Other Spec Rev	8,827,125	2,300,071	26.1%
03 Fed/Other Spec Rev	18,073,342	1,304,418	7.2%
Grand Total	30,114,659	5,450,607	18.1%

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

The Department of Commerce HB 2 modified budget is comprised of general fund, state special revenue, and federal special revenue. The department has expended 18.1% of its HB 2 modified budget as of the end of February 2018. Additional details on expenditures are outlined in the previous section.

REQUIRED REPORTS

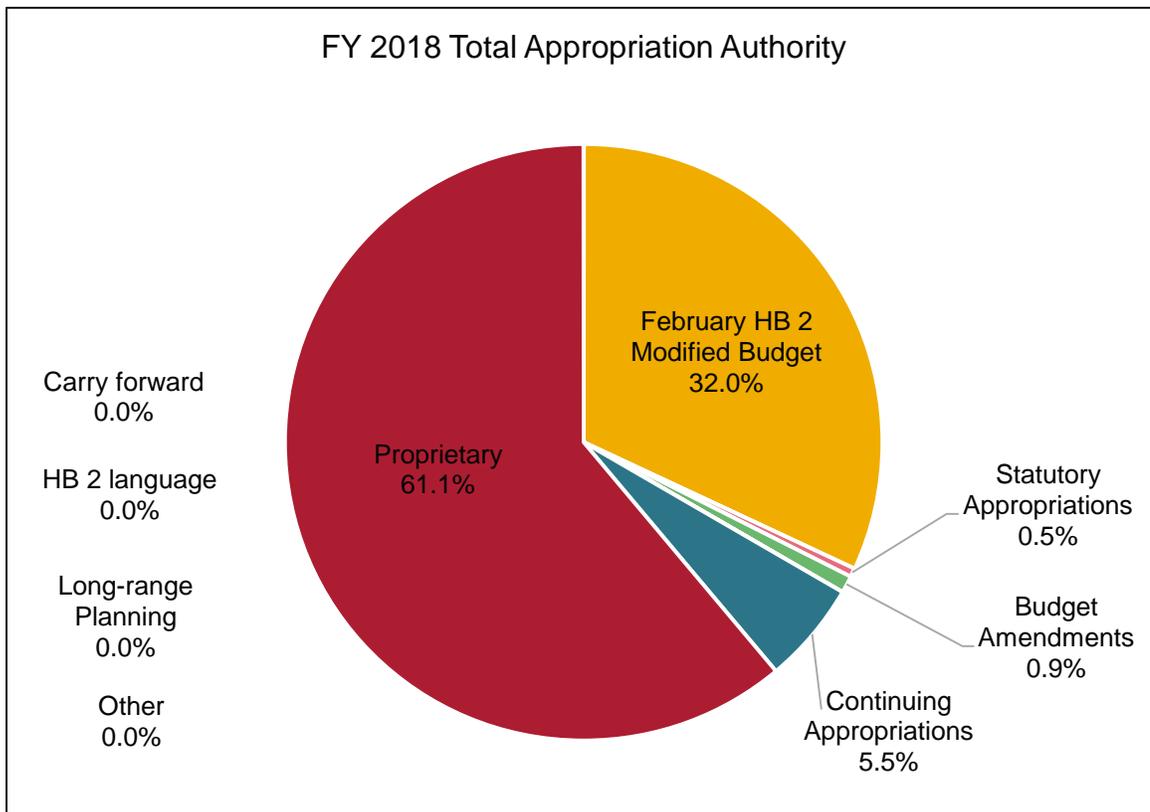
The Department of Commerce does not have any required reports due at this time to the Legislative Finance Committee.

DEPARTMENT OF LABOR AND INDUSTRY

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Labor and Industry's HB 2 modified budget of \$80.1 million was 54.4% expended as of the end of February 2018
- The primary reasons for the slightly lower percentage expended include a decline in federal revenues, a lag in State Information Technology Services Division (SITSD) billing, no expenditures from contingency funds for certain legal expenses, and timing related to grant disbursements
- The department had budget modifications from the Governor's proposed reductions that were adopted by the legislature. These modifications resulted in reductions to personal services and operating expenses and totaled \$179,000
- The Department of Labor and Industry also had budget modifications from the 2017 special session that resulted in SITSD rate and state share contribution reductions. These reductions totaled \$1.6 million

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

Statutory appropriations in the Department of Labor and Industry total \$1.2 million. The majority of the statutory appropriations are for the Uninsured Employers Fund (\$790,000) and the Board of Public Accountants (\$320,000).

Budget Amendments

The Department of Labor and Industry had two budget amendments since December 1, 2017. These include:

- An increase in federal authority in the Workforce Services Division for the Layoff Recovery National Dislocated Worker Grant (NDWG). This amendment increases FY 2018 personal services by \$85,000, operating expenses by \$30,000, and grants by \$95,000

- An increase in federal authority for a grant with the Centers for Disease Control and Prevention (CDC). The Employment Relations Division is using these funds to develop the Montana Occupational Health and Safety Surveillance (MOHSS) program to provide information and lead occupational health improvements across the state. Funding for operating expenses is increased by \$5,000 in FY 2018

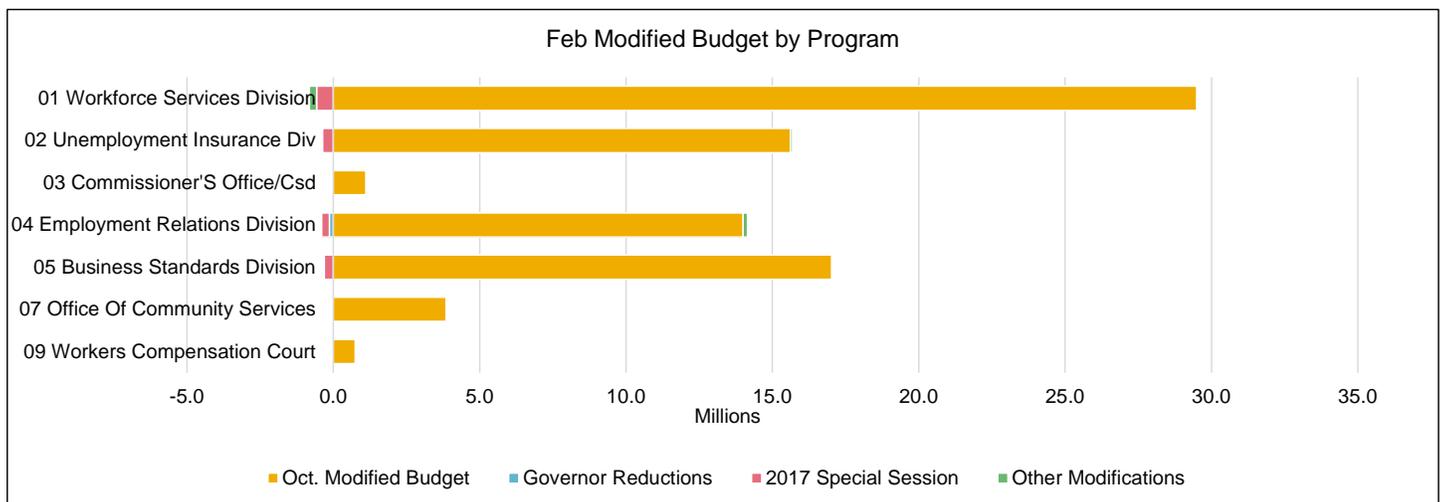
Continuing Appropriations

Continuing appropriations in the Department of Labor and Industry total \$13.9 million. Continuing appropriations include funding for items such as FY 2016 carry forward authority, the continuation of federal grants, and long-range information technology projects.

Non-Budgeted Proprietary

Non-budgeted propriety funds in the Department of Labor and Industry total \$153.1 million in FY 2018. This primarily consists of the Unemployment Insurance Benefit Fund which totals \$134.2 million.

HB 2 BUDGET MODIFICATIONS

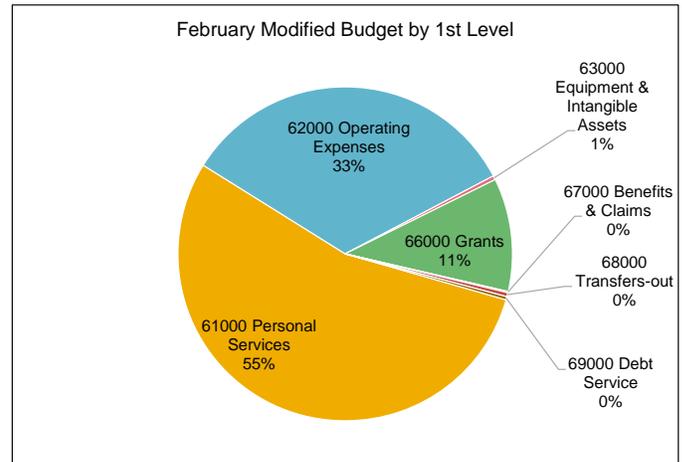
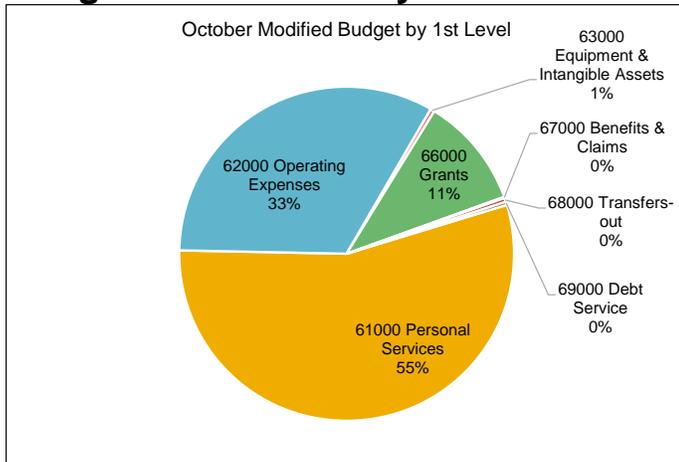


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Workforce Services Division	29,491,271	-	(566,758)	(253,840)	28,670,673
02 Unemployment Insurance Div	15,625,867	-	(361,141)	59,277	15,324,003
03 Commissioner'S Office/Csd	1,108,160	(28,713)	(20,596)	(216)	1,058,635
04 Employment Relations Division	13,999,392	(135,358)	(258,693)	148,866	13,754,207
05 Business Standards Division	17,024,319	-	(308,923)	-	16,715,396
07 Office Of Community Services	3,847,680	(14,661)	(23,634)	(102)	3,809,283
09 Workers Compensation Court	749,847	-	(15,695)	-	734,152
Grand Total	81,846,536	(178,732)	(1,555,440)	(46,015)	80,066,349

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	45,053,048	(66,886)	(1,350,058)	(38,477)	43,597,627
62000 Operating Expenses	27,053,021	(111,846)	(205,382)	(7,538)	26,728,255
63000 Equipment & Intangible Assets	312,574	-	-	-	312,574
66000 Grants	8,767,792	-	-	-	8,767,792
67000 Benefits & Claims	100,389	-	-	-	100,389
68000 Transfers-out	311,983	-	-	-	311,983
69000 Debt Service	247,729	-	-	-	247,729
Grand Total	81,846,536	(178,732)	(1,555,440)	(46,015)	80,066,349

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Department of Labor and Industry had three types of budget modifications: Governor's reductions, 2017 special session reductions, and other modifications.

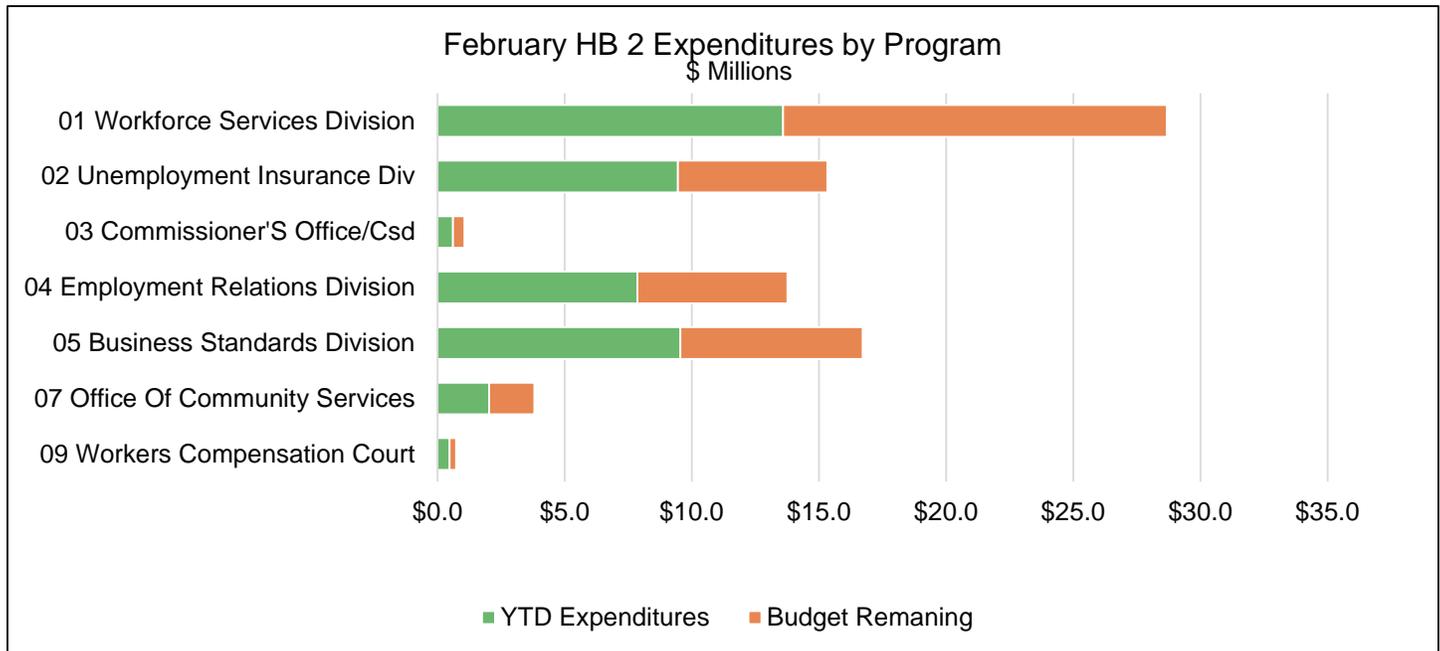
The Governor's reductions affected three programs: Commissioner's Office/Centralized Services Division, Employment Relations Division, and Office of Community Services. Personal services reductions totaled \$67,000 and will be reached using vacancy savings and reduced staff hours. Reductions in operating expenses totaled \$112,000 and will be reached using reduced travel, outreach, and legal expenses.

The 2017 special session reductions include:

- A reduction in personal services of \$1.4 million due to a state share contribution reduction
- A reduction in operating expenses of \$205,000 due to a SITSD rate reduction

The most significant changes included in the other modifications category are reductions in personal services due to a reduction in workers' compensation premiums and program transfers. The department had two program transfers that moved budget authority and 1.92 FTE from the Workforce Services Division to the Employment Relations Division. This transfer moved the Occupational Injuries and Illnesses and the Census of Fatal Occupational Injuries to allow for the Safety and OSHA program to reside in one division.

AGENCY HB 2 EXPENDITURES



Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Workforce Services Division	13,586,496	15,084,177	47.4%
02 Unemployment Insurance Div	9,451,170	5,872,833	61.7%
03 Commissioner'S Office/Csd	604,031	454,604	57.1%
04 Employment Relations Division	7,855,601	5,898,606	57.1%
05 Business Standards Division	9,553,631	7,161,765	57.2%
07 Office Of Community Services	2,028,666	1,780,617	53.3%
09 Workers Compensation Court	470,140	264,012	64.0%
Grand Total	43,549,735	36,516,614	54.4%

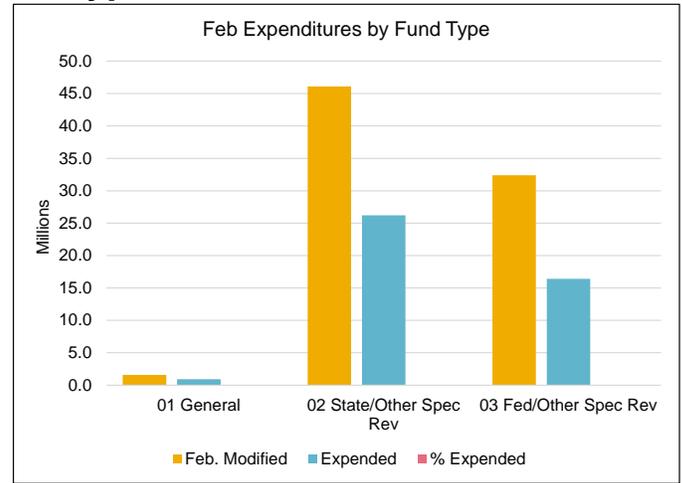
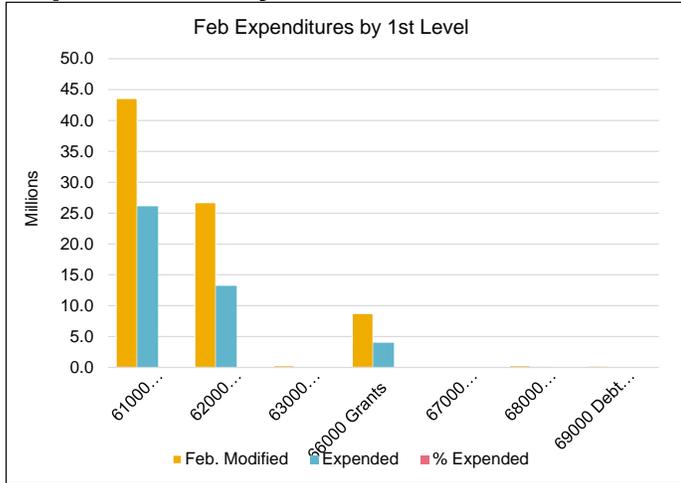
This shows current expenditures by program and remaining authority for HB 2 budget.

The Workforce Services Division expended 47.4% of its HB 2 modified budget as of the end of February 2018. There are several factors contributing to the slightly lower percentage expended. There is a decline in federal revenues. Seven job services offices, which are funded in part with federal funds, were closed and caused personal services and operating expenditures to be lower. Additionally, there is a lag in SITSD billing which has resulted in lower operating expenses.

The Business Standards Division has expended 57.2% of its HB 2 modified budget as of the end of February 2018. Operating expenses were 54.9% expended. There are several factors contributing to this lower percentage expended. The division has contingency funds that cover legal, investigatory, or compliance costs that are above a normal level. This funding was 0.0% expended as of the end of February 2018. Additional factors contributing to the slightly lower percentage expended in operating expenses are a lag in SITSD billing as well as one board anticipating lower legal costs. According to the department, spring months have larger expenditures due to increased license renewal activity, so expenditures are anticipated to increase.

The Office of Community Services expended 53.3% of its modified HB 2 budget as of the end of February 2018. This lower percentage expended is primarily in grants. Several larger grantees are not active in the winter and will start drawing in the spring months so expenditures are expected to increase.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	43,597,627	26,117,849	59.9%
62000 Operating Expenses	26,728,255	13,222,357	49.5%
63000 Equipment & Intangible Assets	312,574	-	0.0%
66000 Grants	8,767,792	4,000,760	45.6%
67000 Benefits & Claims	100,389	37,100	37.0%
68000 Transfers-out	311,983	115,025	36.9%
69000 Debt Service	247,729	56,645	22.9%
Grand Total	80,066,349	43,549,735	54.4%

Fund Type	Feb. Modified	Expended	% Expended
01 General	1,566,994	919,961	58.7%
02 State/Other Spec Rev	46,095,448	26,203,282	56.8%
03 Fed/Other Spec Rev	32,403,907	16,426,492	50.7%
Grand Total	80,066,349	43,549,735	54.4%

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

The Department of Labor and Industry's HB 2 modified budget is comprised of general fund, state special revenue, and federal special revenue. The department expended 54.4% of its HB 2 modified budget as of the end of February 2018. Additional details on expenditures are outlined in the previous section.

REQUIRED REPORTS

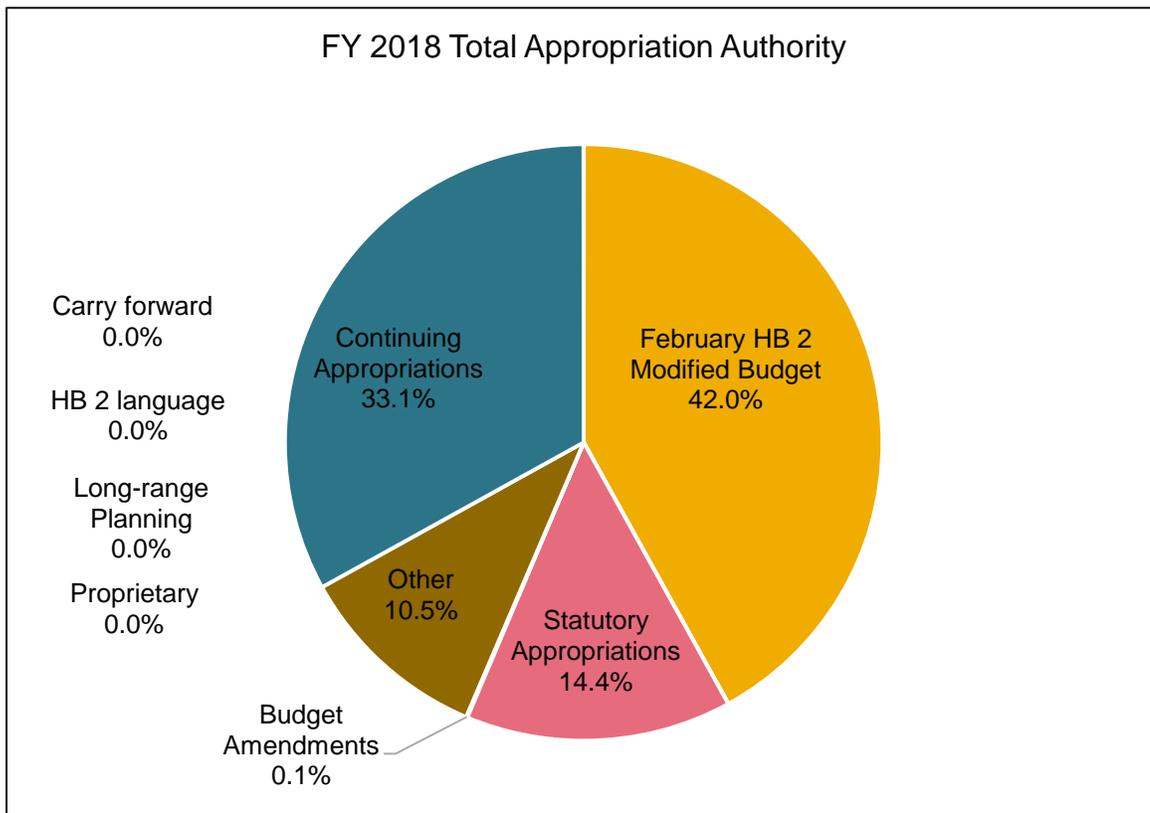
The Department of Labor and Industry does not have any required reports due at this time to the Legislative Finance Committee.

DEPARTMENT OF MILITARY AFFAIRS

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Military Affairs' HB 2 modified budget of \$48.0 million was 38.7% expended as of the end of February 2018
- The timing of maintenance and construction projects in the Army National Guard program and the timing of grant expenditures in Disaster and Emergency Services is primarily contributing to the lower percentage expended in the Department of Military Affairs
- The department had budget modifications from the Governor's proposed reductions that were adopted by the legislature. These modifications resulted in reductions to personal services and operating expenses, and general fund reductions totaled \$480,000. There were an additional reductions in federal special revenue that totaled \$465,000
- The Department of Military Affairs also had budget modifications from the 2017 special session that resulted in State Information Technology Services Division (SITSD) rate and state share contribution reductions. These reductions totaled \$409,000

TOTAL APPROPRIATION AUTHORITY OVERVIEW



This chart shows FY 2018 total agency authority and corresponds to Appendix B.

Statutory Appropriations

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.

Budget Amendments

The Department of Military Affairs had one budget amendment since December 1, 2017. This budget amendment increased federal special revenue in the STARBASE program by \$81,000. These funds will be used for outreach to small communities and Tribal communities over the summer as well as a program upgrade to STARBASE 2.0 which requires additional equipment.

Other Authority

The Department of Military Affairs has other authority for long-range building projects, which includes items such as facility improvements and the Malta Readiness Center.

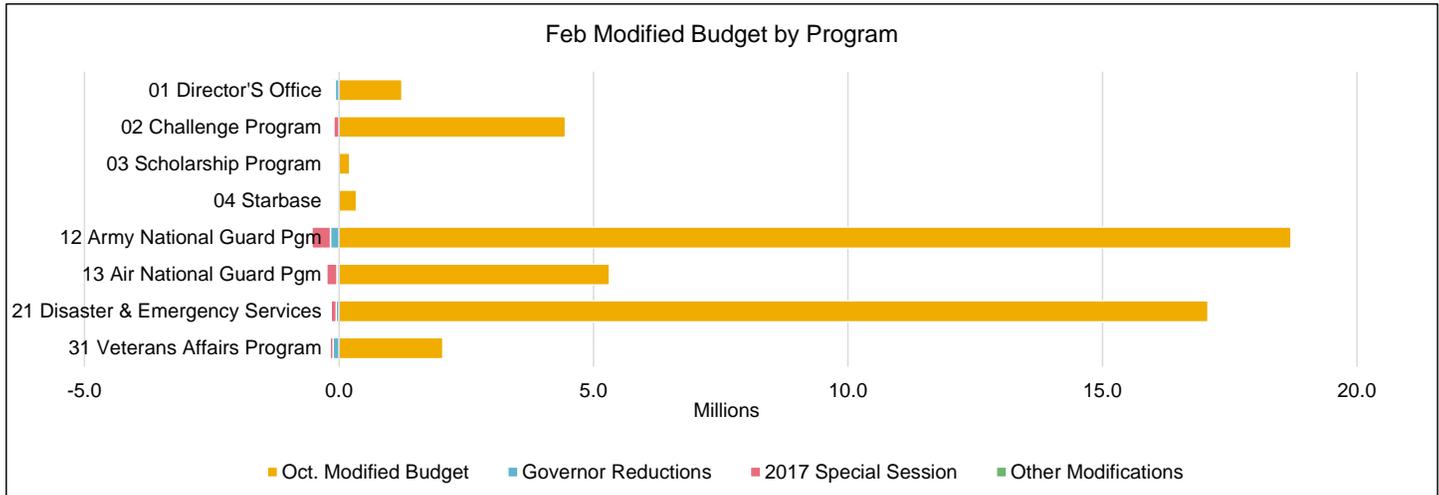
Non-Budgeted Proprietary

The Department of Military Affairs does not have non-budgeted proprietary funds.

Continuing Appropriations

The Department of Military Affairs has \$37.8 million in continuing appropriations in FY 2018. The continuing appropriations include funding for several readiness centers, funding for other long-range building projects, and Federal Emergency Management Agency (FEMA) funding for fires, floods, storms, etc.

HB 2 BUDGET MODIFICATIONS

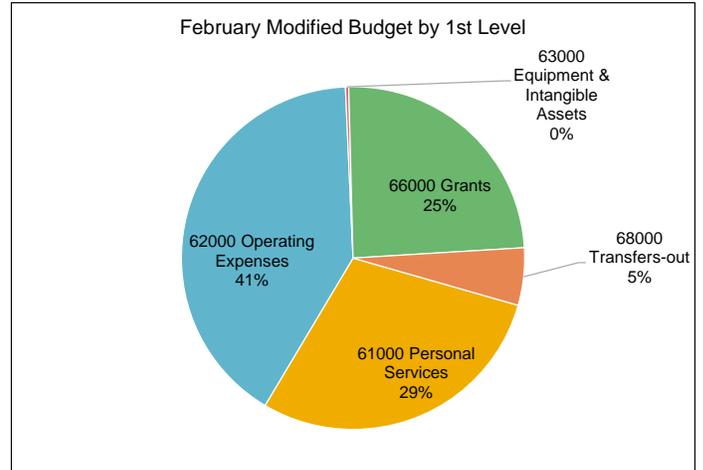
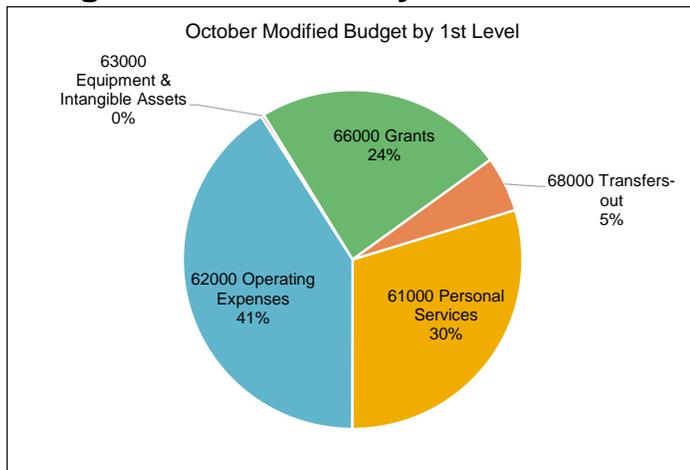


Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Director'S Office	1,236,986	(74,304)	(26,517)	(85)	1,136,080
02 Challenge Program	4,446,923	-	(108,807)	(2,184)	4,335,932
03 Scholarship Program	207,362	(20,736)	-	-	186,626
04 Starbase	343,699	-	(4,357)	(48)	339,294
12 Army National Guard Pgm	18,705,779	(168,730)	(369,969)	(2,025)	18,165,055
13 Air National Guard Pgm	5,311,266	(42,318)	(202,933)	(6,482)	5,059,533
21 Disaster & Emergency Services	17,070,211	(56,395)	(104,752)	(480)	16,908,584
31 Veterans Affairs Program	2,040,266	(117,973)	(55,658)	(68)	1,866,567
Grand Total	49,362,492	(480,456)	(872,993)	(11,373)	47,997,670

This chart shows budget modifications by program from October through March.

Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	14,691,943	(247,685)	(459,024)	(11,373)	13,973,861
62000 Operating Expenses	20,195,452	(232,771)	(413,969)	-	19,548,712
63000 Equipment & Intangible Assets	150,536	-	-	-	150,536
66000 Grants	11,726,301	-	-	-	11,726,301
68000 Transfers-out	2,598,260	-	-	-	2,598,260
Grand Total	49,362,492	(480,456)	(872,993)	(11,373)	47,997,670

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The Department of Military Affairs had three types of budget modifications: Governor's reductions, 2017 special session reductions and other modifications.

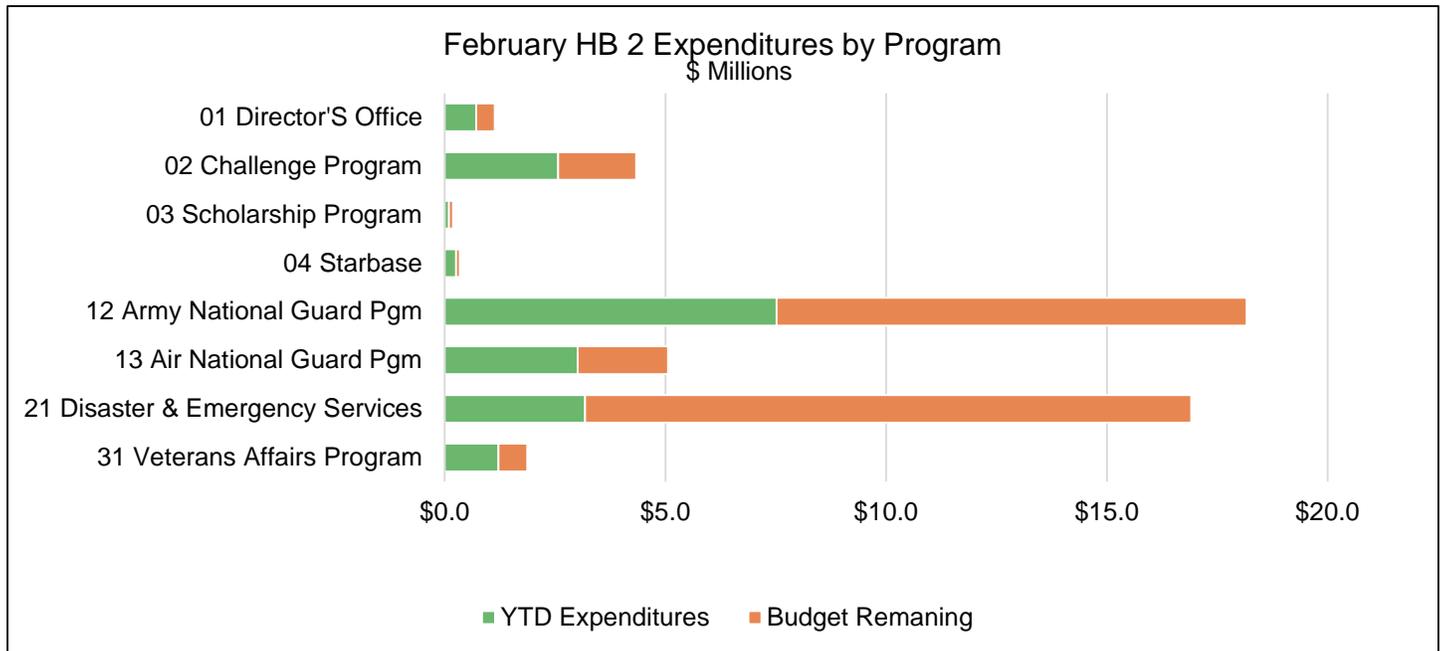
The Governor's reductions consist of reducing personal services and operating expenses. The reduction in personal services affects funding for several FTE. The reduction in operating expenses includes reducing and/or eliminating maintenance and janitorial services, postponing small construction projects, eliminating veterans outreach programs, reducing scholarships to National Guard members, as well as other reductions in operating expenses.

The 2017 special session reductions include:

- A reduction in personal services of \$403,000 for a state share contribution reduction
- A reduction in operating expenses of \$6,000 for a SITSD rate reduction
- A reduction in personal services of \$56,000 and operating expenses of \$408,000 to account for the reduction in federal special revenue associated with the Governor's reductions

The other modifications consist of a decrease in personal services due to a reduction in workers' compensation premiums.

AGENCY HB 2 EXPENDITURES



Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Director'S Office	713,373	422,707	62.8%
02 Challenge Program	2,570,105	1,765,827	59.3%
03 Scholarship Program	95,200	91,426	51.0%
04 Starbase	258,430	80,864	76.2%
12 Army National Guard Pgm	7,515,354	10,649,700	41.4%
13 Air National Guard Pgm	3,012,997	2,046,536	59.6%
21 Disaster & Emergency Services	3,183,138	13,725,446	18.8%
31 Veterans Affairs Program	1,216,000	650,567	65.1%
Grand Total	18,564,596	29,433,074	38.7%

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

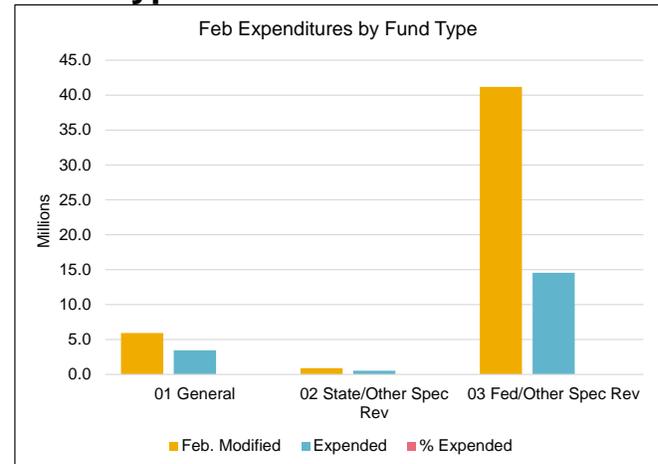
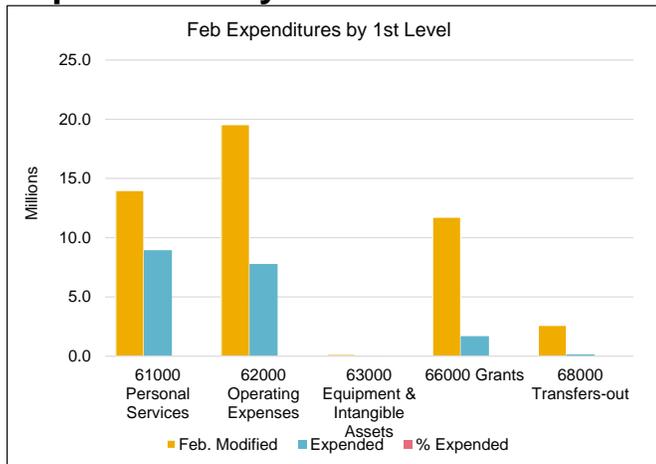
There are three divisions within the Department of Military Affairs that have a lower percentage expended as of the end of February 2018.

- The Scholarship Program has expended 51.0% of its \$187,000 HB 2 modified budget. This slightly lower percentage expended is due to scholarship requests not coming in at a steady pace. This appropriation is biennial so any unexpended appropriation will carry forward into FY 2019
- The Army National Guard has expended 41.4% of its \$18.2 million HB 2 modified budget. Most of the funding for this program is associated with maintenance and construction projects. The department anticipates that projects will increase in number and productivity during the upcoming spring and summer months
- Disaster and Emergency Services has expended 18.8% of its \$16.9 million HB 2 modified budget. 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

There is one division in the department that has a higher percent expended as of the end of February 2018. STARBASE has expended 76.2% of its \$339,000 HB 2 modified budget. This federally funded program has expanded into middle schools and Tribal communities. This expansion has resulted in additional expenses. Additional federal funds, greater than shown in the numbers above, have already been received by the

department as a budget amendment (and are not reflected in the HB 2 modified budget). The department anticipates that these additional funds will be sufficient for the operations of STARBASE through the end of the fiscal year.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	13,973,861	8,942,594	64.0%
62000 Operating Expenses	19,548,712	7,783,776	39.8%
63000 Equipment & Intangible Assets	150,536	10,215	6.8%
66000 Grants	11,726,301	1,692,268	14.4%
68000 Transfers-out	2,598,260	135,743	5.2%
Grand Total	47,997,670	18,564,596	38.7%

Fund Type	Feb. Modified	Expended	% Expended
01 General	5,935,830	3,447,739	58.1%
02 State/Other Spec Rev	890,140	549,834	61.8%
03 Fed/Other Spec Rev	41,171,700	14,567,023	35.4%
Grand Total	47,997,670	18,564,596	38.7%

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

The Department of Military Affairs HB 2 modified budget is comprised of general fund, state special revenue, and federal special revenue. The department has expended 38.7% of its HB 2 modified budget as of the end of February 2018. Additional details on expenditures are outline in the previous section.

REQUIRED REPORTS

The Department of Military Affairs does not have any required reports due at this time to the Legislative Finance Committee.

ADDITIONAL DISCUSSION

The Department of Military Affairs has submitted a proposed budget change in the Veterans Affairs Program. This change is related to the biennial/one-time-only funding for grants to be awarded to organizations for the purchase of vehicles used to transport Montana veterans to medical appointments. This change is requesting to move the \$100,000 appropriation from grants to personal services and operating expenses. The reason provided is “to fund Veterans Service Program outreach operational expenses; to include, but not limited to: leased state vehicles (travel to outreach locations), payment of outreach operations travel and per diem expenses, and information presentations to and coordination activities with entities associated with veterans services and issues statewide.”

This proposed budget change is significant (as defined in 17-7-138, MCA). A budget change can be considered significant for several reason, and in this case it was due to the change being greater than \$75,000 and greater than 25% of a budget category. Because this appropriation is not a restricted appropriation, this budget change does not violate statute.

DEPARTMENT OF ADMINISTRATION

BUDGET AND EXPENDITURE HIGHLIGHTS

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

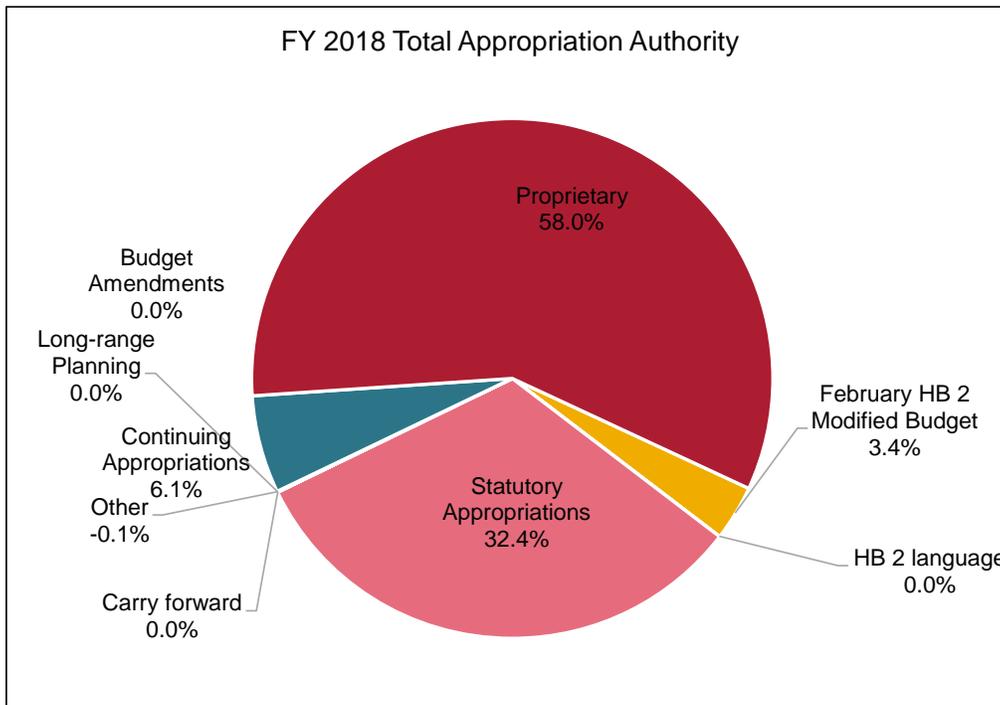
- Governor's proposed general fund reductions adopted by the legislature of \$0.6 million and other 2017 special session reductions of \$0.5 million reduced DOA's HB 2 budget by 5.5% in FY 2018
- DOA transferred \$1.6 million in general fund for a supplemental appropriations for pension funding from the State Financial Services Division to the Director's Office

Expenditure highlights for DOA include:

- DOA's HB 2 modified budget of \$19.2 million was 56.6% expended as of the end of February
- Personal services expenditures for the Director's Office, State Financial Services, State Human Resource Divisions, and the Montana Tax Appeal Board are higher than anticipated at this point in the budget year mainly because the costs have not been transferred to the proprietary funds
- Montana Tax Appeal Board anticipates requiring up to \$40,000 in additional general fund in FY 2018

TOTAL APPROPRIATION AUTHORITY OVERVIEW

This chart shows current FY 2018 total agency authority and corresponds to Appendix B.



Statutory Appropriations

As reflected above, the majority of the appropriations for the Department of Administration are provided in non-budgeted proprietary funds and in statute. Statutory appropriations include \$93.2 million in general fund, \$28.2 million in state special revenue, \$18.1 million in federal special revenue, and \$40.8 million in proprietary funds. The following chart shows the appropriations and expenditures by fund type for statutory appropriations.

Department of Administration Statutory Appropriations FY 2018					
Description	Fund	Budget	Expenditure	Remaining	
				Budget	% Remaining
Debt Service	General Fund	\$12,408,801	\$12,339,558	\$69,243	0.6%
Contracted Bank Services	General Fund	2,337,651	1,021,438	1,316,213	56.3%
Contributions to government employee pensions	General Fund	32,514,037	18,525,697	13,988,340	43.0%
Contributions for school district employee pensions	General Fund	45,445,058	33,253,220	12,191,838	26.8%
Cash Management Improvement Act returns	General Fund	396,431	213,475	182,956	46.2%
General fund loan interest costs	General Fund	75,303	75,303	0	0.0%
Indemnification of damages to state property	State special	1,200,000	45,258	1,154,742	96.2%
Distribute 911 surcharge revenues	State special	18,788,586	6,229,992	12,558,594	66.8%
Distribute mineral impact funds to counties	State special	8,186,000	5,778,774	2,407,226	29.4%
Distribute forest reserve funds to counties	Federal special	18,017,000	2,450,456	15,566,544	86.4%
Distribute Taylor Grazing Act funds to counties	Federal special	125,000	0	125,000	100.0%
Pay state lottery prizes, commissions, and vendor fees	Proprietary	40,822,100	27,711,011	13,111,089	32.1%
Total		\$180,315,967	\$107,644,182	\$72,671,785	40.3%

As reflected in the figure, 83.7% of the general fund is transferred to the pension funds. This funding is allocated on a quarterly basis. The 2017 legislature changed the distribution of 911 revenues to allow for grants to local governments working with private telecommunications providers for next generation 911 infrastructure. Federal funds for the forest reserve payments and Taylor Grazing Act have not yet been received.

Continuing Appropriations

Continuing appropriations in the 2019 biennium include:

- o \$29.1 million for the Medicaid Management Information System authorized in HB 10 in the 2011 legislative session
- o \$3.0 million provided in HB 4 in the May 2007 special legislative session for long-range IT projects within the Department of Public Health and Human Services
- o \$443,000 in FY 2016 carry forward authority in various DOA programs

Budget Amendments

DOA has not processed any budget amendments between July and February.

Non-Budgeted Proprietary

DOA has \$322.7 million in non-budgeted proprietary funds, most which are approved through rates established by the legislature and appropriated within agency budgets. The following figure shows the various funds, appropriations, expenditures, and remaining budget at the end of February.

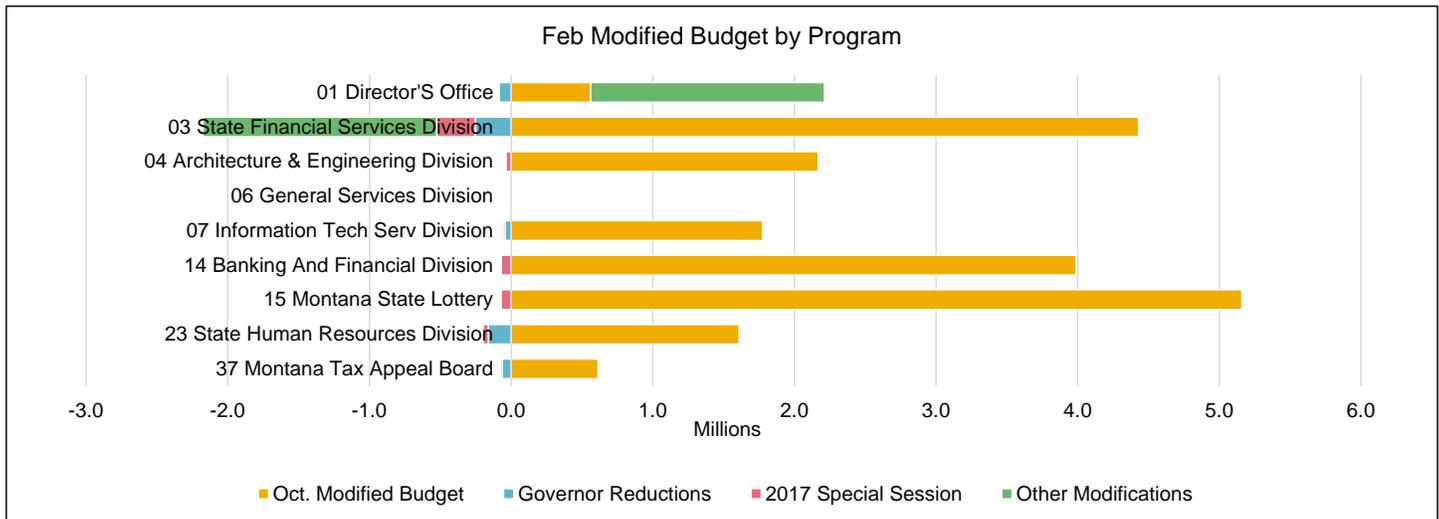
Department of Administration Non- Budgeted Proprietary Funds FY 2018				
	February Modified Budget	Expenditures	Remaining Budget	% Expended
Director's Office				
Management Services	\$2,078,247	\$1,193,671	\$884,576	57.4%
Continuity Emergency Management	728,218	499,129	229,089	68.5%
State Financial Services Division				
Local Government Services Audit & Reporting	571,974	345,129	226,845	60.3%
SABHRS	4,708,469	2,569,781	2,138,688	54.6%
Warrant Writing	705,344	402,797	302,547	57.1%
General Services Division				
Surplus Property	639,077	390,286	248,791	61.1%
Rent and Maintenance	10,999,726	6,838,502	4,161,224	62.2%
Print and Mail Services	10,780,332	5,495,204	5,285,128	51.0%
Information Technology Services Division				
ISD Proprietary	46,602,547	32,206,903	14,395,644	69.1%
Health Care and Benefits Division				
Flexible Spending Funds	7,813,858	4,469,333	3,344,525	57.2%
State Employee Group Benefit Plan	205,401,172	122,786,982	82,614,190	59.8%
Workers' Compensaiton Management Program	322,467	198,695	123,772	61.6%
State Human Resources Division				
Intergovernmental Training	401,829	297,948	103,881	74.1%
Group Benefit Claims	354,889	223,860	131,029	63.1%
HR Information Services	3,659,557	2,119,003	1,540,554	57.9%
Risk Management and Tort Defense Division				
Agency Insurance Internal Service	26,952,678	18,523,211	8,429,467	68.7%
Total	\$322,720,384	\$198,560,434	\$124,159,950	61.5%

About 64% of the funding is for the State Employee Group Benefit Plan (SEGBP). As part of the November 2017 special session, state share contributions made for employee health insurance were suspended for two months. As of December 30, 2017 the SEGBP fund balance of \$94.9 million exceeded actuarial estimates of reserve requirements established in September 2017 by \$21.8 million. This was prior to the suspension of state share contributions. Eliminating the state share paid by state agencies for two months as provided in SB 3 results in a reduction of approximately \$24.5 million in revenues to SEGBP from all funds, with a reduction of about \$10.7 million in general fund.

It should be noted that reductions were made to the state agency appropriations for state share contributions to health insurance and information technology services (SITSD) charges, however, the proprietary appropriations for SEGBP and SITSD were not reduced.

HB 2 BUDGET MODIFICATIONS

This chart shows budget modifications by program from October through March.



Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Director'S Office	562,673	(83,650)	(7,084)	1,648,941	2,120,880
03 State Financial Services Division	4,430,002	(253,264)	(271,033)	(1,649,000)	2,256,705
04 Architecture & Engineering Division	2,167,800	-	(36,905)	(31)	2,130,864
06 General Services Division	-	-	-	-	-
07 Information Tech Serv Division	1,774,222	(42,836)	(14,338)	(7,501)	1,709,547
14 Banking And Financial Division	3,989,677	-	(70,216)	(32)	3,919,429
15 Montana State Lottery	5,159,954	-	(71,519)	(58)	5,088,377
23 State Human Resources Division	1,610,435	(161,044)	(34,246)	-	1,415,145
37 Montana Tax Appeal Board	613,160	(61,316)	(12,745)	-	539,099
Grand Total	20,307,923	(602,110)	(518,086)	(7,681)	19,180,046

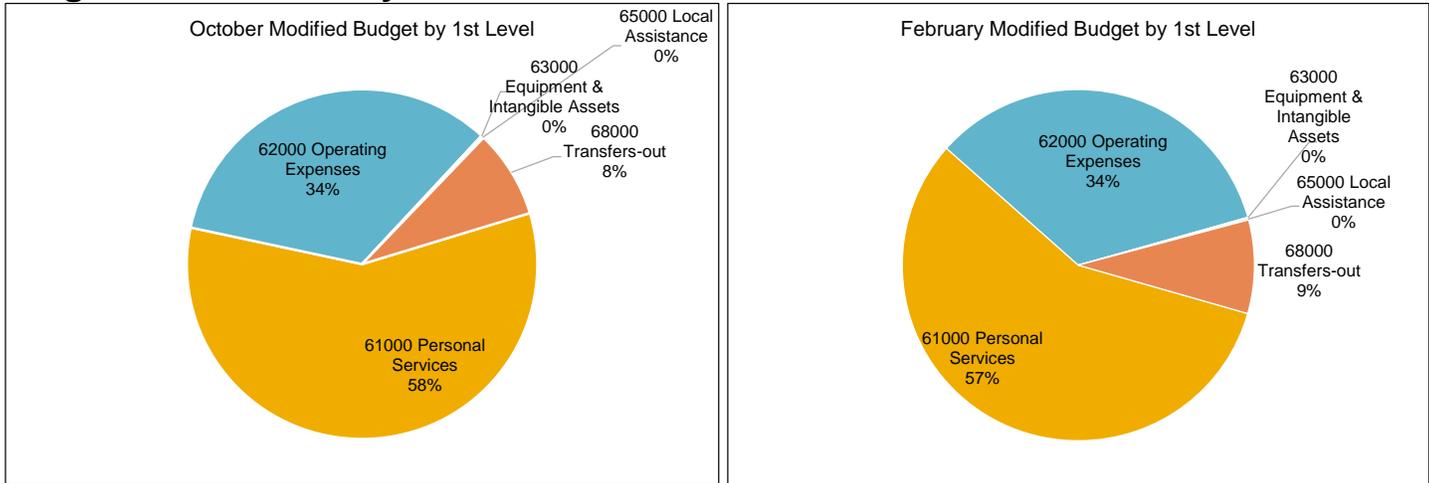
DOA had three types of budget modifications; Governor's reductions related to 17-7-140, MCA, special session reductions, and other modifications including program transfers and worker's compensation reductions.

The Governor reduced \$0.6 million in general fund from the various programs in DOA, mainly in personal services. As part of its proposal to address the reductions, DOA is planning to transfer personal services expenditures from the general fund to proprietary funding.

In addition, the executive recommended and the legislature adopted special session reductions including a two month holiday for contributions to state employee insurances of \$280,364 and a 6.61% reduction in State Information Technology Services Division (SITSD) rates of \$37,722. Finally, the legislature adopted the Governor's recommendation to reduce general fund appropriations for the State Financial Services Division by \$200,000.

DOA also transferred \$1.6 million in general fund for pension contributions provided in HB 2 from the State Financial Services Division to the Director's Office.

Budget Modification by First Level

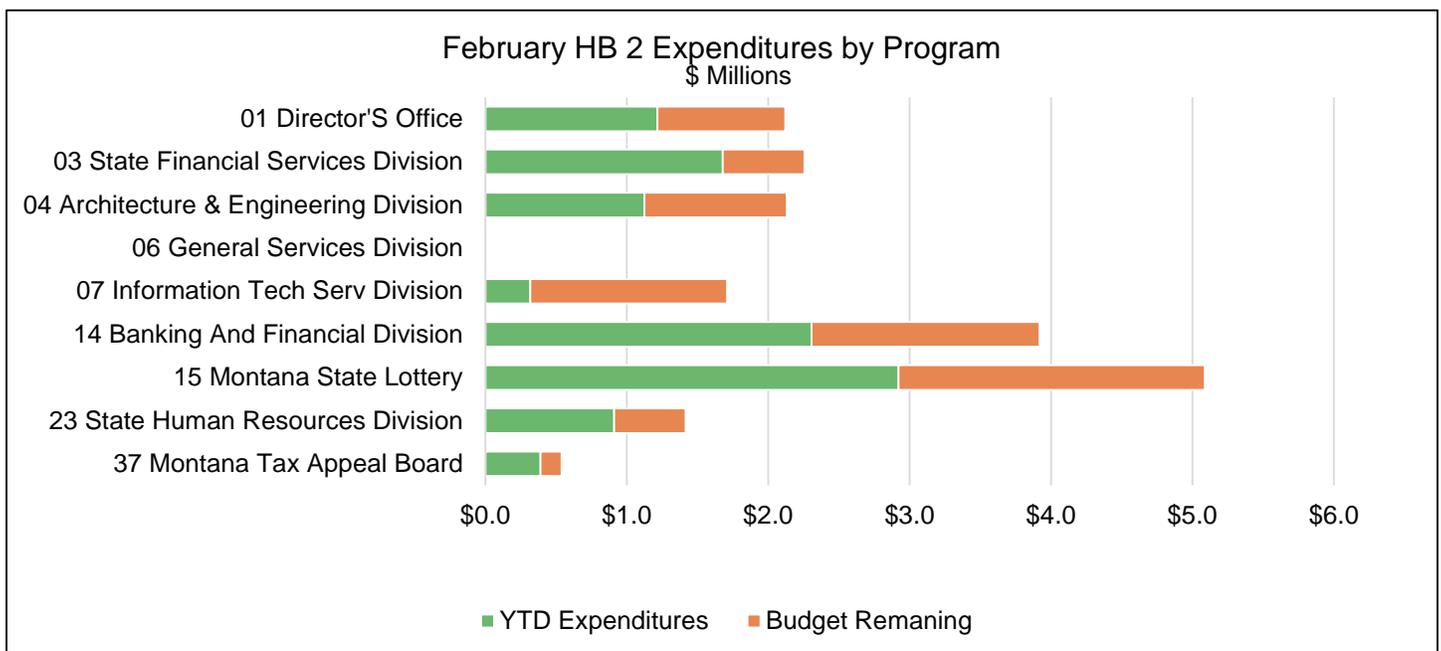


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	11,795,716	(475,958)	(303,200)	(61,817)	10,954,741
62000 Operating Expenses	6,813,647	(126,152)	(214,886)	57,217	6,529,826
63000 Equipment & Intangible Assets	19,500	-	-	-	19,500
65000 Local Assistance	30,060	-	-	(3,081)	26,979
68000 Transfers-out	1,649,000	-	-	-	1,649,000
Grand Total	20,307,923	(602,110)	(518,086)	(7,681)	19,180,046

The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The majority of the reductions were made to personal services. The State Financial Services Division and the State Human Resources Division both anticipate shifting personal service costs from the general fund to the proprietary funds within each division.

AGENCY HB 2 EXPENDITURES



Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Director'S Office	1,216,269	904,611	57.3%
03 State Financial Services Division	1,678,314	578,391	74.4%
04 Architecture & Engineering Division	1,124,911	1,005,953	52.8%
06 General Services Division	0	0	
07 Information Tech Serv Division	318,030	1,391,517	18.6%
14 Banking And Financial Division	2,306,989	1,612,440	58.9%
15 Montana State Lottery	2,921,336	2,167,041	57.4%
23 State Human Resources Division	910,061	505,084	64.3%
37 Montana Tax Appeal Board	389,022	150,077	72.2%
Grand Total	10,864,933	8,315,113	56.6%

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

The Director's Office, State Financial Services Division, State Human Resources Division, and the Montana Tax Appeal Board are expending their appropriations, especially for personal services, at a rate that is higher than would be anticipated at this point in the budget year. According to DOA, this is because DOA has not yet moved the personal services costs from general fund to the proprietary funds.

DOA anticipates the Director's Office will have sufficient working capital to cover its personal services costs, as will the State Human Resources and Financial Services Divisions.

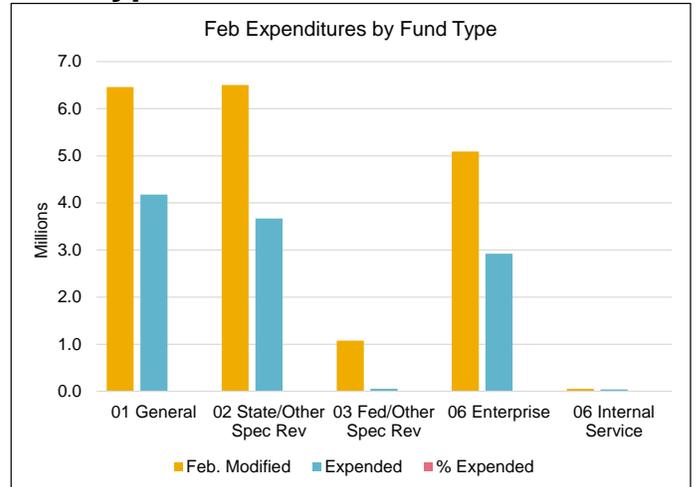
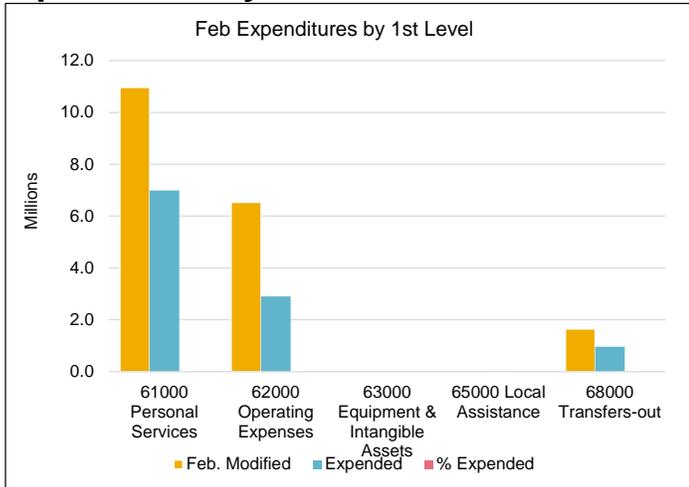
According to DOA, the Montana Tax Appeal Board is fully staffed and has reduced the hours of one staff member and reduced operating expenses but they may still require an additional \$40,000 in general fund for FY 2018.

The Banking and Financial Services Division's (BFSD) expenditures for personal services are about 12.3% below levels anticipated in the budget. BFSD has historically had difficulty recruiting and retaining employees. As of February 15th, BFSD utilized 89.5% of budgeted hours for its 34.00 FTE.

Architecture and Engineering Division (A&E) expenditures for personal services are about 13.9% below levels anticipated in the budget. As of February 15th, A&E utilized 91.0% of budgeted hours for its 16.50 FTE and had expended 36.5% of its operating expenses. The division has experienced recent turnover in an accountant and construction manager position. Both are now filled. In addition, A&E anticipates spending up to \$185,000 in professional and consulting services before the end of the fiscal year.

Overall, the budget for the Montana State Lottery (MSL) is 57.4% expended. Lower spending for merchandise, including new game tickets, and supplies and materials are driving the reduced expenditure levels. According to the MSL this is mainly about timing of purchases. MSL anticipates that with increased lottery revenue this year the expenditures will increase in the last four months of the fiscal year. Net proceeds from the lottery are deposited into the general fund, so lower costs can increase transfers to the general fund. As of March 1, the general fund has received \$3.4 million in net lottery profits.

Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	10,954,741	6,990,955	63.8%
62000 Operating Expenses	6,529,826	2,901,738	44.4%
63000 Equipment & Intangible Assets	19,500	-	0.0%
65000 Local Assistance	26,979	10,323	38.3%
68000 Transfers-out	1,649,000	961,917	58.3%
Grand Total	19,180,046	10,864,933	56.6%

Fund Type	Feb. Modified	Expended	% Expended
01 General	6,456,152	4,177,952	64.7%
02 State/Other Spec Rev	6,502,061	3,670,856	56.5%
03 Fed/Other Spec Rev	1,078,083	53,037	4.9%
06 Enterprise	5,088,377	2,921,336	57.4%
06 Internal Service	55,373	41,752	75.4%
Grand Total	19,180,046	10,864,933	56.6%

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

Expenditures for personal services from the general fund are 71.0% expended, slightly higher than the 69.2% anticipated in the budget. As discussed, general fund personal services for the State Financial Services and State Human Resources Divisions will be transferred to the proprietary funds also supporting the two divisions. Once this occurs, this should align expenditures with budgets.

Both personal services and operating expenses spending for state special revenues are below levels anticipated in the budget. As discussed, the Banking and Financial Institutions Division spending is lower than budgeted due to recruitment and retention issues. Architecture and Engineering Division has experienced turnover in a couple of positions and generated savings from the vacancies that were higher than anticipated in the budget.

REQUIRED REPORTS

DOA does not have any required reports due to the Legislative Finance Committee at this time.