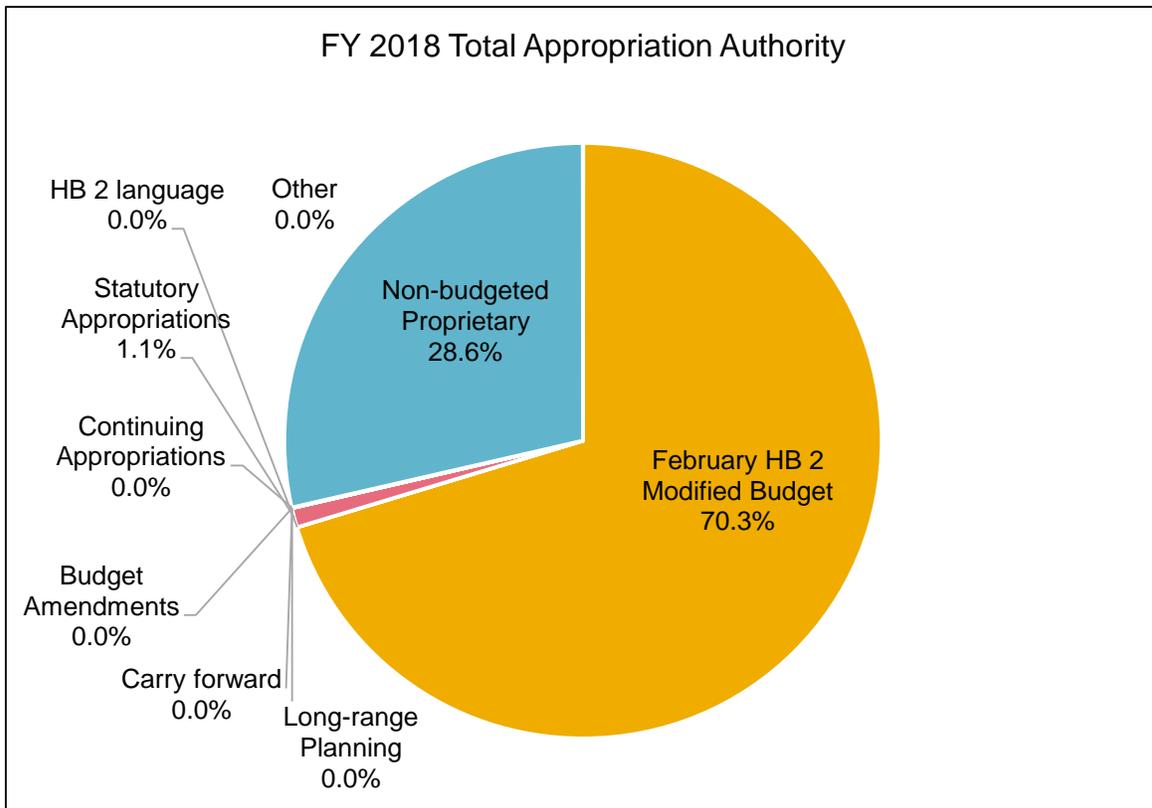


# COMMISSIONER OF HIGHER EDUCATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of the Commissioner of Higher Education (OCHE) has expended 58.0% of their \$314.5 million FY 2018 HB 2 modified budget
- The majority of expenditures are in line with previous years with a few exceptions primarily due to timing of activities
- OCHE experienced reductions of \$2.4 million as a result of special session and the Governor's proposed 17-7-140 reductions that were adopted by the legislature
- Prior to special session, the Board of Regents approved tuition increases across the Montana University System (MUS) to offset the reductions previously applied to the appropriation distribution program
- Guaranteed Student Loan (GSL) is continuing its transition from loan servicing thus this program budget is only 22.8% expended
- The \$2.0 million one-time-only appropriation for the voluntary incentive retirement program is fully expended. The funds were used to incentivize retirement or provide severance offers to 98 employees at the University of Montana. The legislative funding will produce approximately \$4.0 million in salary and benefits savings in FY 2019

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

OCHE has total authority of \$447.3 million for FY 2018. The majority of their authority is from HB 2. The remaining authority is primarily from statutory appropriations and non-budgeted proprietary.

## Statutory Appropriations

OCHE has statutory appropriation authority for the Science, Technology, Engineering, & Math (STEM) Scholarship Program, accommodation tax for travel and visitor research at the University of Montana, the university system retirement plan, and the rural physician incentive program. State special revenue comprises 60.0% of the statutory appropriations to OCHE.

## Budget Amendments

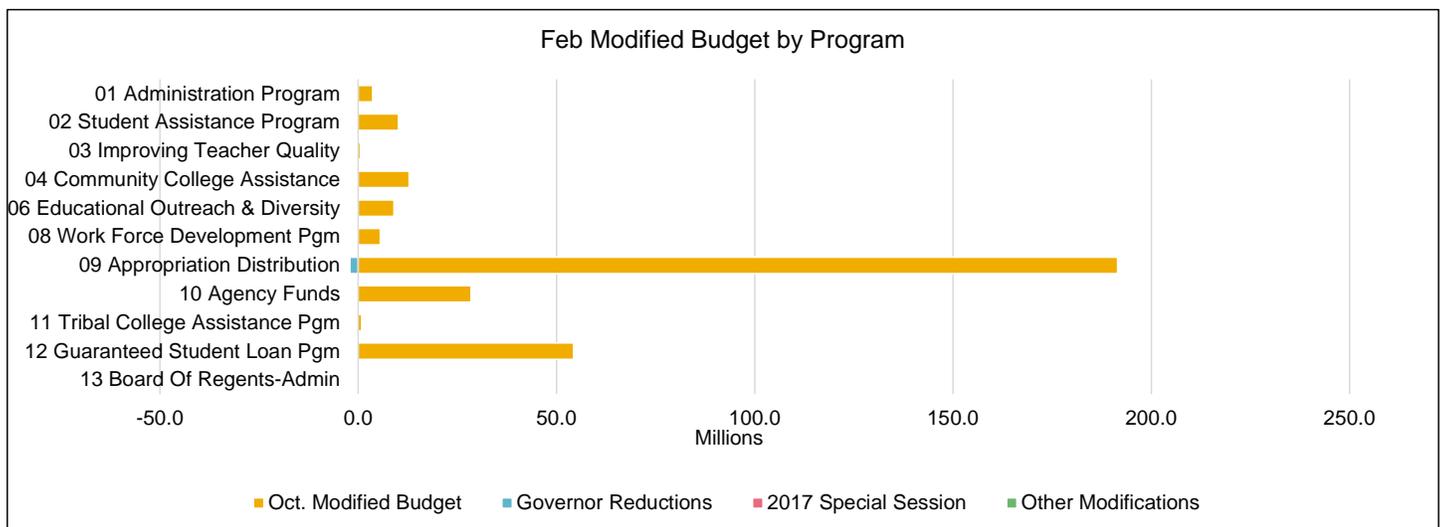
None at this time.

## Non-Budgeted Proprietary

There are two non-budget proprietary programs in OCHE:

- MUS Group Insurance program
- MUS Workers' Compensation program

## 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	3,638,548	-	(43,019)	-	3,595,529
02 Student Assistance Program	10,144,180	-	-	-	10,144,180
03 Improving Teacher Quality	517,390	-	-	-	517,390
04 Community College Assistance	12,823,606	(156,962)	-	-	12,666,644
06 Educational Outreach & Diversity	8,999,491	-	(27,655)	-	8,971,836
08 Work Force Development Pgm	5,563,652	-	(10,605)	-	5,553,047
09 Appropriation Distribution	191,511,127	(2,079,446)	-	-	189,431,681
10 Agency Funds	28,447,884	-	-	-	28,447,884
11 Tribal College Assistance Pgm	837,875	-	-	-	837,875
12 Guaranteed Student Loan Pgm	54,307,715	-	(38,743)	-	54,268,972
13 Board Of Regents-Admin	67,350	-	-	-	67,350
<b>Grand Total</b>	<b>316,858,818</b>	<b>(2,236,408)</b>	<b>(120,022)</b>	<b>-</b>	<b>314,502,388</b>

*This chart shows budget modifications by program from October through February.*

OCHE had two types of budget modifications: Governor's reductions and 2017 special session reductions.

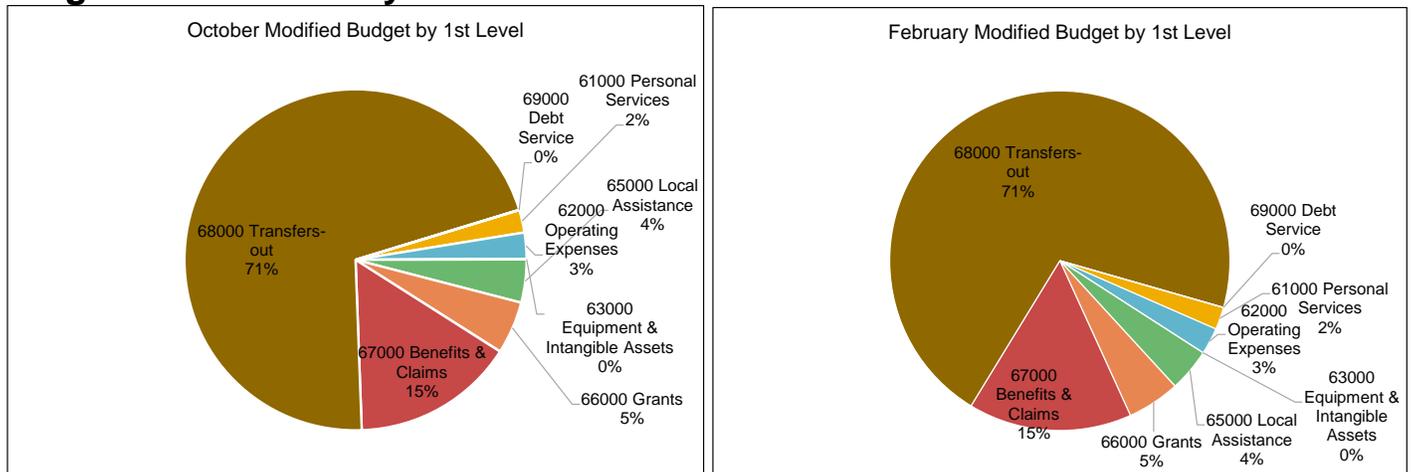
The Governor's reductions affected two programs. Community College Assistance had reductions of approximately \$157,000. This reduction was applied to the three community colleges. The MUS educational units received a further reduction of \$2.1 million through the Appropriation Distribution program.

Special session reductions impacted four programs.

The following budget modification have been implemented for FY 2018:

- Governor's reductions totaling \$2.2 million to the MUS educational units and the community colleges
- Special session reductions of approximately \$120,000 for the state share holiday and SITSD rate reduction

### Budget Modification by First Level



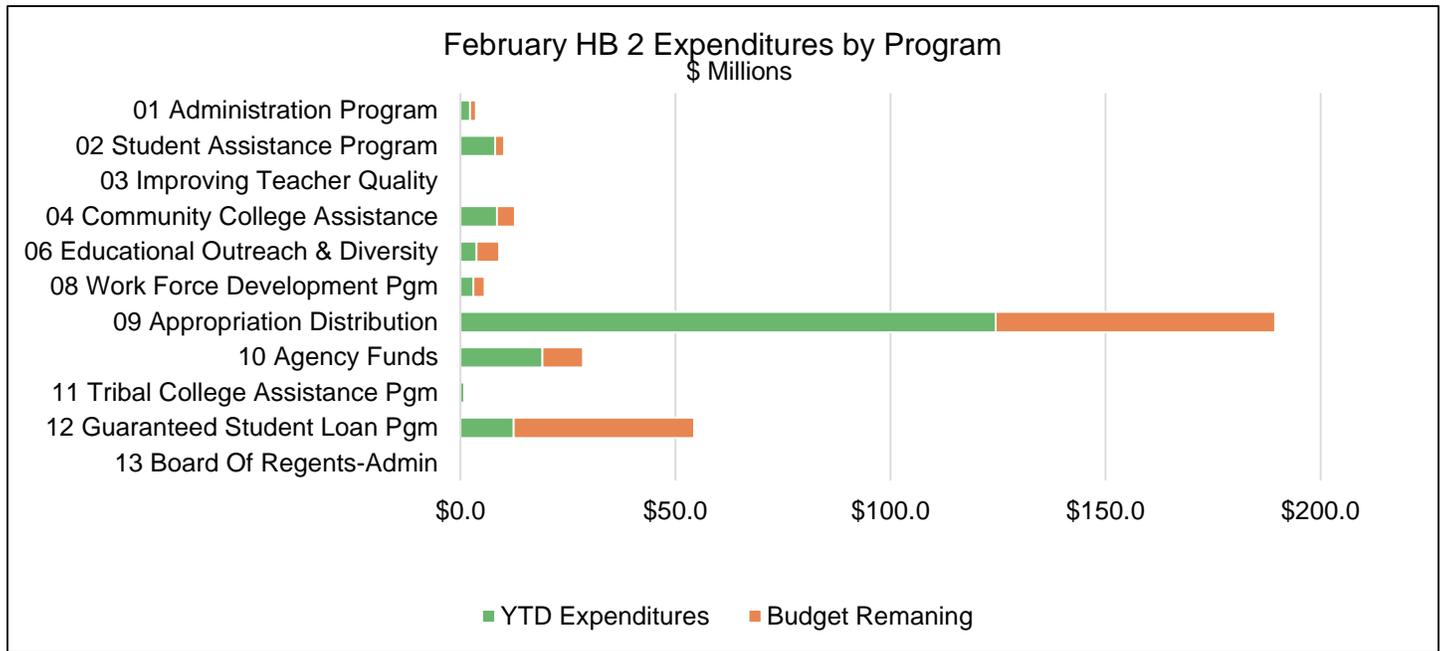
	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	6,837,837	-	(115,940)	-	6,721,897
62000 Operating Expenses	7,945,005	-	(4,082)	-	7,940,923
63000 Equipment & Intangible Assets	21,315	-	-	-	21,315
65000 Local Assistance	12,972,606	(156,962)	-	-	12,815,644
66000 Grants	15,774,113	-	-	-	15,774,113
67000 Benefits & Claims	48,825,537	-	-	-	48,825,537
68000 Transfers-out	224,469,723	(2,079,446)	-	-	222,390,277
69000 Debt Service	12,682	-	-	-	12,682
<b>Grand Total</b>	<b>316,858,818</b>	<b>(2,236,408)</b>	<b>(120,022)</b>	<b>-</b>	<b>314,502,388</b>

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 major budget changes by expenditure account include:

- Local assistance and transfers were reduced by \$2.2 million for the executive recommended reductions
- Special session reductions were applied primarily to personal services for the state share holiday and operating expenses for the State Information Technology Services Division (SITSD) rate reduction

## AGENCY HB 2 EXPENDITURES



### Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Administration Program	2,221,897	1,373,632	61.8%
02 Student Assistance Program	8,025,459	2,118,721	79.1%
03 Improving Teacher Quality	215,029	302,361	41.6%
04 Community College Assistance	8,496,750	4,169,894	67.1%
06 Educational Outreach & Diversity	3,694,739	5,277,097	41.2%
08 Work Force Development Pgm	2,994,832	2,558,215	53.9%
09 Appropriation Distribution	124,463,991	64,967,690	65.7%
10 Agency Funds	19,021,251	9,426,633	66.9%
11 Tribal College Assistance Pgm	837,875	0	100.0%
12 Guaranteed Student Loan Pgm	12,384,827	41,884,145	22.8%
13 Board Of Regents-Admin	59,231	8,119	87.9%
<b>Grand Total</b>	<b>182,415,880</b>	<b>132,086,508</b>	<b>58.0%</b>

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

Overall, OCHE has expended 58.0% of their FY 2018 HB 2 budget. General fund is 67.5% expended which would be anticipated at this point in the fiscal year. The majority of expenditures are in line with previous years with a few exceptions primarily due to timing of activities.

While the Administration program is 61.8% expended, the majority of this is within operating expenses. OCHE relocated to a new office space creating higher non-recurring expenditures due to the move. The new location has a ten-year fixed term lease at a lower square foot rate than their previous building. There is no concern with the ability to manage the funds for the remainder of the fiscal year in this program.

Student Assistance program expenditures occur earlier in the fiscal year due to timing with the academic year and professional programs. Disbursements for scholarships and the professional programs are typically completed by this time in the year.

The Improving Teacher Quality program is a grant funded program through the Department of Education. The federal grant has not been renewed for post-secondary education. It is in its final months of operation and will come to an end December 31, 2018.

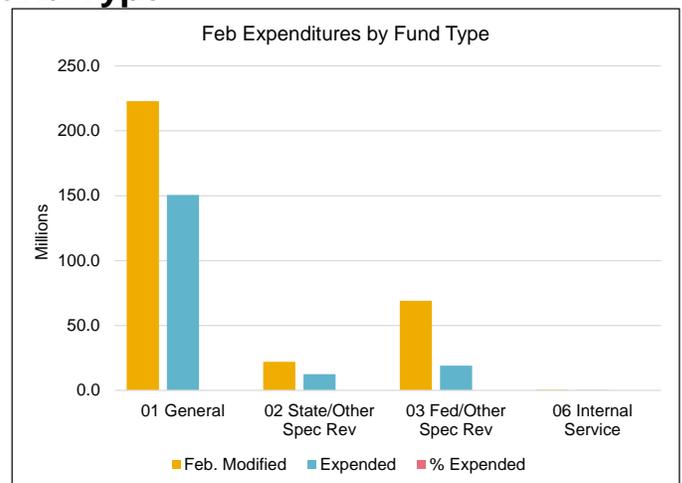
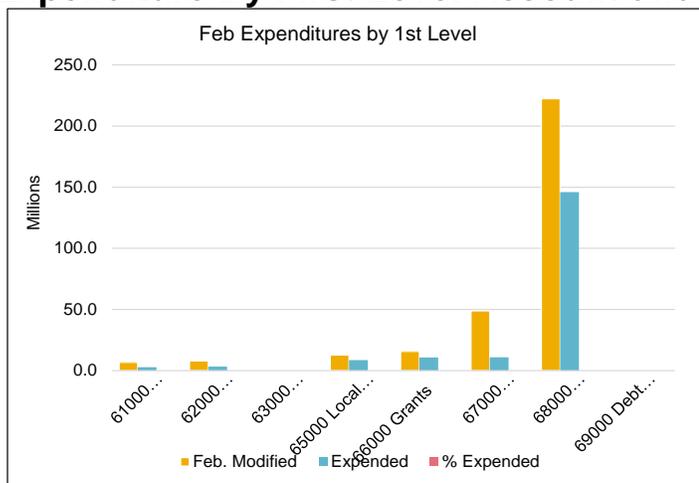
The lower expenditures in Educational Outreach & Diversity and the Work Force Development program are due to timing of grants activities and is to be expected.

Tribal College Assistance is not disbursed until the academic year has been completed and an enrollment report of non-beneficiary students has been provided to OCHE.

The Guaranteed Student Loan (GSL) program has only expended 22.8% of its budgeted federal spending authority as this program continues to wind down. GSL has not issued loans since July 2010 and has been managing the existing loan portfolio. As of October 1, 2017, GSL transferred their portfolio to a federally approved loan servicing provider. The appropriation of federal funding has remained constant during this transition due to unknowns of when they would transfer the portfolio to another organization. Program 12 will continue to offer other student financial aid-related activities for the benefit of students as determined by the Board of Regents in future years.

Board of Regents has expended \$59,231 or 87.9% of their budget. This is due to additional activities this year requiring Regent participation, such as the University of Montana President search and additional planning meetings to manage the reductions due to session and special session. This appropriation is biennial and will be managed effectively with the remaining two meetings in FY 2018.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	6,721,897	2,809,061	41.8%
62000 Operating Expenses	7,940,923	3,267,940	41.2%
63000 Equipment & Intangible Assets	21,315	-	0.0%
65000 Local Assistance	12,815,644	8,645,750	67.5%
66000 Grants	15,774,113	10,811,561	68.5%
67000 Benefits & Claims	48,825,537	10,995,509	22.5%
68000 Transfers-out	222,390,277	145,886,059	65.6%
69000 Debt Service	12,682	-	0.0%
<b>Grand Total</b>	<b>314,502,388</b>	<b>182,415,880</b>	<b>58.0%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	222,857,734	150,476,354	67.5%
02 State/Other Spec Rev	22,022,324	12,479,979	56.7%
03 Fed/Other Spec Rev	69,095,328	19,162,223	27.7%
06 Internal Service	527,002	297,325	56.4%
<b>Grand Total</b>	<b>314,502,388</b>	<b>182,415,880</b>	<b>58.0%</b>

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

Overall, OCHE has expended 58.0% of their FY 2018 HB 2 budget. General fund is 67.5% expended which would be anticipated at this point in the year. There is a slight decrease in spending compared to the previous year in specific programs due to the reductions that occurred to their overall budget.

## REQUIRED REPORTS

None at this time.

## ADDITIONAL DISCUSSION

As a result of the reductions from the 2017 Legislative Session, the Montana University System increased tuition for FY 2018 and FY 2019. The tuition and mandatory fee increases were approved by the Board of Regents and implemented as of Fall Semester 2017. The chart below outlines the tuition increases by each campus of the MUS based on academic year rates for full-time students enrolled in 12+ credits per semester.

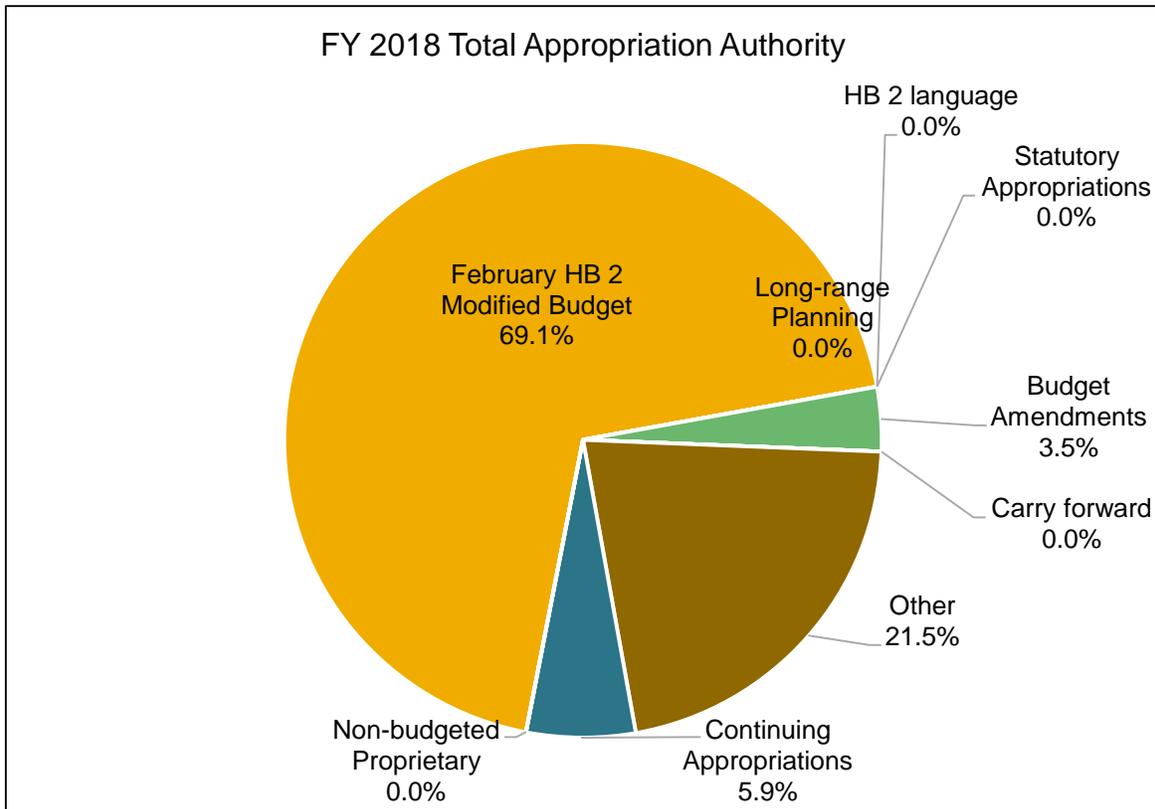
Academic Year Resident Undergraduate Tuition & Mandatory Fees								
		FY17	FY18		FY19			
		Tuition	\$ Increase	Tuition	% Increase	\$ Increase	Tuition	% Increase
Montana State University		6,887	192	7,079	2.8%	165	7,244	2.3%
University of Montana	Lower Div	6,238	825	7,063	13.2%	181	7,244	2.5%
	Upper Div	6,699	364	7,063	5.4%			
MSU Billings		5,827	6	5,833	0.1%	95	5,928	1.6%
MSU Northern	Lower Div	4,922	939	5,861	19.1%	95	5,956	1.6%
	Upper Div	5,820	41	5,861	0.7%			
MT Tech	Lower Div	6,623	516	7,139	7.8%	272	7,411	3.8%
	Upper Div	7,139		7,139	0.0%			
UM Western	Lower Div	4,284	1,218	5,502	28.4%	215	5,717	3.8%
	Upper Div	5,502		5,502	0.0%			
Great Falls College		3,130	125	3,255	4.0%	131	3,386	3.9%
Helena College		3,079	150	3,229	4.9%	120	3,349	3.6%
Missoula College		3,588	157	3,745	4.4%	142	3,887	3.7%
Gallatin College		3,161	119	3,280	3.8%	125	3,404	3.7%
Highlands College		3,324	119	3,443	3.6%	125	3,568	3.5%

# MONTANA ARTS COUNCIL

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Arts Council (MAC) has expended 69.3% of their FY 2018 HB 2 modified budget
- MAC expenditures are overall in line with previous years. It is typical for the grants to be expended at a higher level due the timing of awards
- General fund is 80.5% expended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

The Montana Arts Council has total authority of \$2.0 million for FY 2018. The majority of their authority is from HB 2. The remaining authority is from budget amendments, continuing appropriations, and other house and senate bills.

### Statutory Appropriations

None at this time.

### Budget Amendments

MAC has received a partnership grant from the National Endowment of the Arts increasing their federal authority.

### Continuing Appropriations

MAC has continuing appropriations of approximately \$86,000 of state special revenue for the procurement of art in new state buildings. A small amount of continuing appropriations is for federal fund grant authority and the timing of the award.

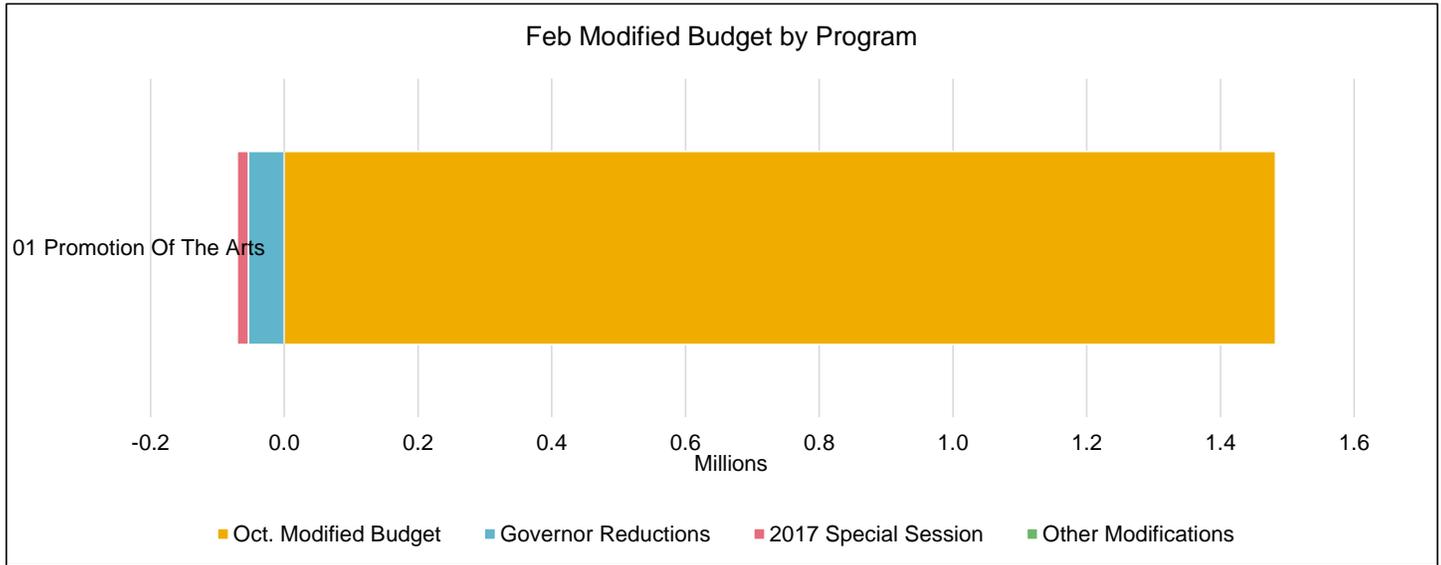
## Other House and Senate Bills

The arts council receives \$440,000 from the cultural and aesthetic projects trust fund through HB 9 for designated projects.

## Non-Budgeted Proprietary

None at this time.

## HB 2 BUDGET MODIFICATIONS



## Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Promotion Of The Arts	1,482,376	(53,927)	(16,982)	(17)	1,411,450
<b>Grand Total</b>	<b>1,482,376</b>	<b>(53,927)</b>	<b>(16,982)</b>	<b>(17)</b>	<b>1,411,450</b>

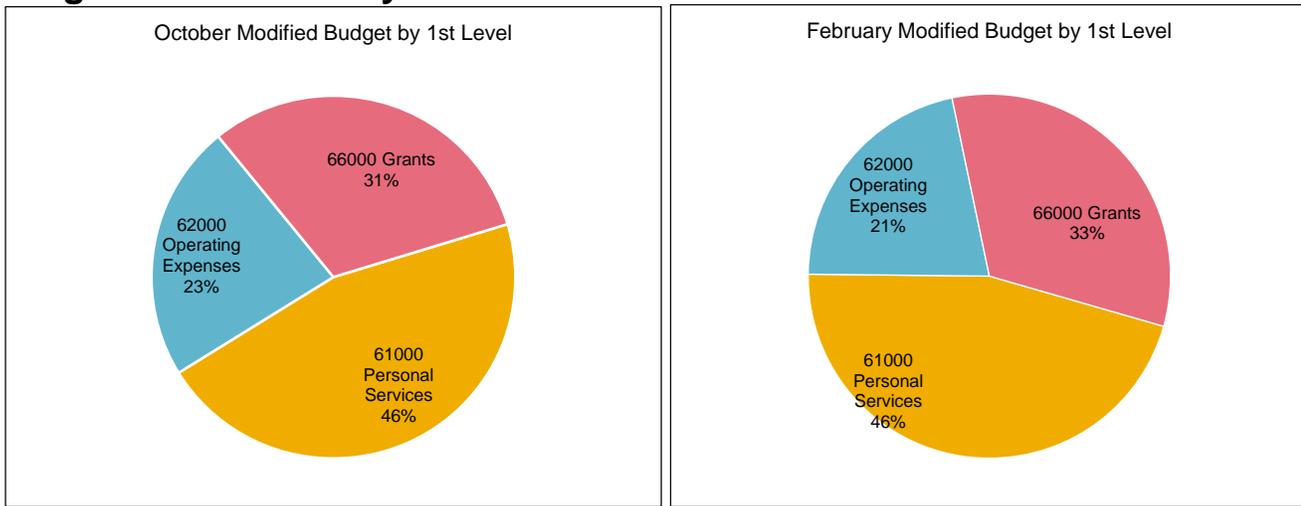
*This chart shows budget modifications by program from October through February.*

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

The following budget modification have been implemented for FY 2018:

- Governor's reductions of approximately \$54,000
- Special session reductions of approximately \$17,000 for the state share holiday and State Information Technology Services Division (SITSD) rate reduction
- Workers' compensation premium reductions comprise the other modifications

## Budget Modification by First Level

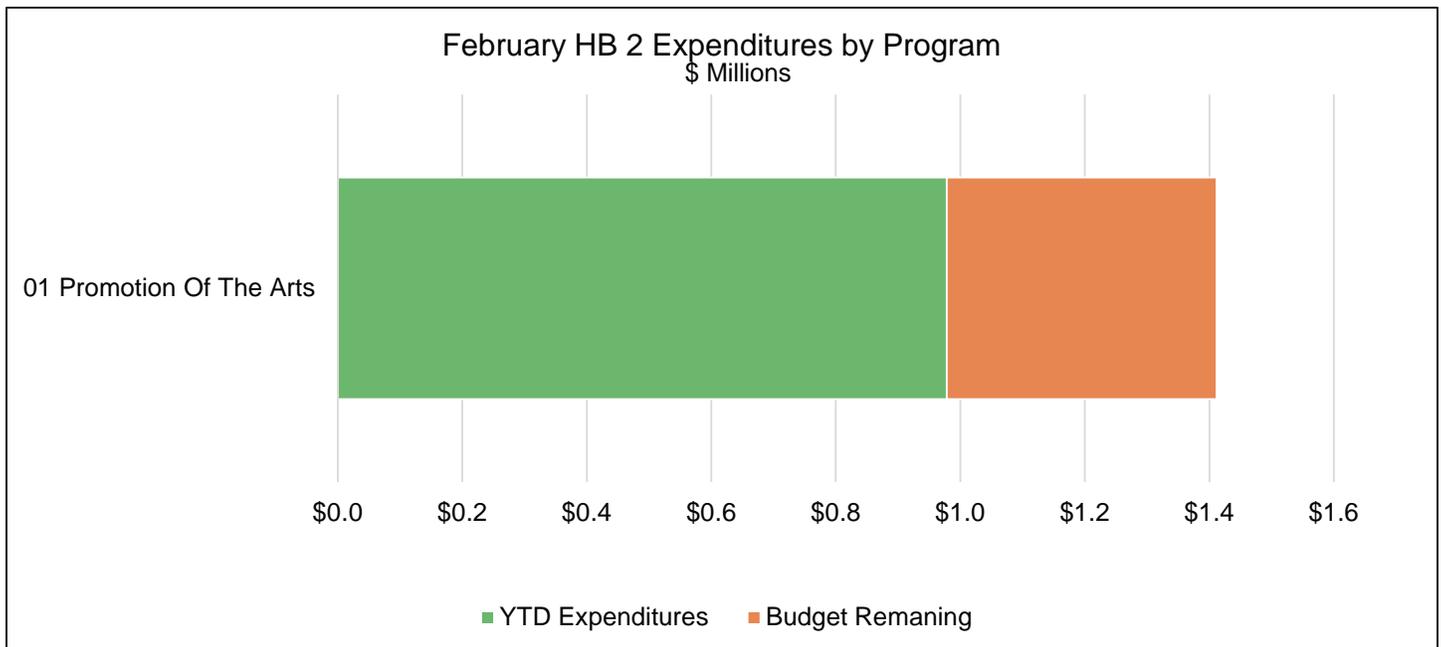


	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	680,178	(20,000)	(14,757)	(17)	645,404
62000 Operating Expenses	339,960	(33,927)	(2,225)	-	303,808
66000 Grants	462,238	-	-	-	462,238
<b>Grand Total</b>	<b>1,482,376</b>	<b>(53,927)</b>	<b>(16,982)</b>	<b>(17)</b>	<b>1,411,450</b>

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 reduction reduced personal services by \$20,000 and operating expenses by approximately \$34,000. Special session reductions include a reduction to personal services and operating expenses. The state share contribution reduced personal services by \$14,757 and operating expenses were reduced by \$2,225 for the SITSD rate reduction.

## AGENCY HB 2 EXPENDITURES



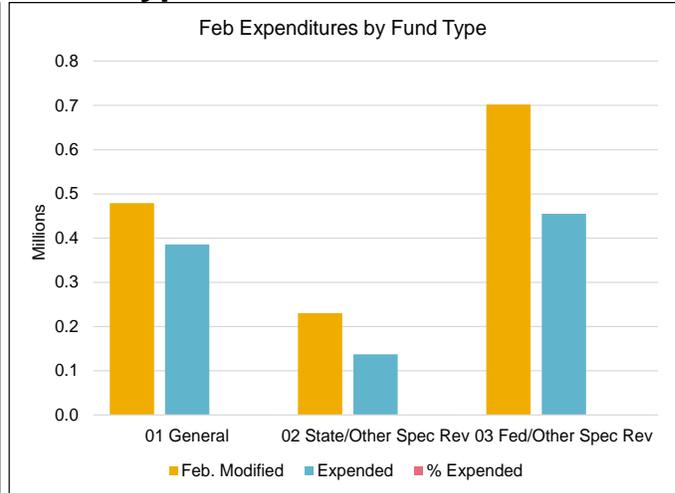
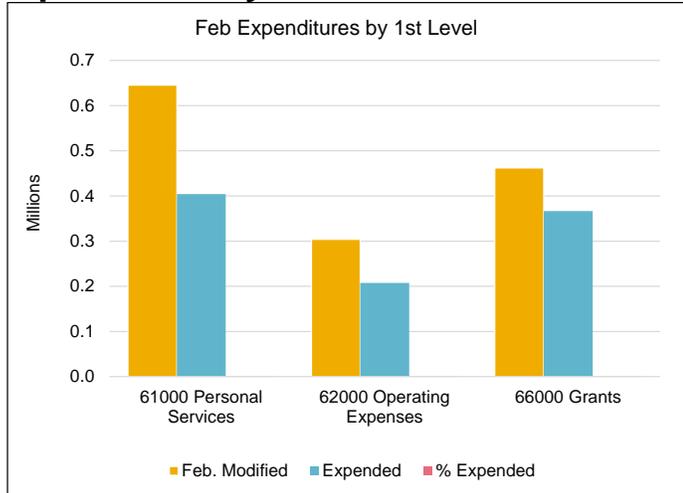
## Expenditure by Program

YTD			
	Expenditures	Budget Remaining	% Expended
01 Promotion Of The Arts	978,169	433,281	69.3%
<b>Grand Total</b>	<b>978,169</b>	<b>433,281</b>	<b>69.3%</b>

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

The Montana Arts Council has expended 69.3% of their FY 2018 HB 2 budget. This is consistent with previous years and is discussed in more detail in the next section.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	645,404	404,000	62.6%
62000 Operating Expenses	303,808	207,596	68.3%
66000 Grants	462,238	366,573	79.3%
<b>Grand Total</b>	<b>1,411,450</b>	<b>978,169</b>	<b>69.3%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	479,042	385,846	80.5%
02 State/Other Spec Rev	230,126	137,361	59.7%
03 Fed/Other Spec Rev	702,282	454,962	64.8%
<b>Grand Total</b>	<b>1,411,450</b>	<b>978,169</b>	<b>69.3%</b>

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

MAC expenditures are overall in line with previous years. It is typical for the grants to be expended at a higher level due the timing of awards. Personal services are slightly higher than anticipated. However, the agency states they will manage this through vacancy savings and do not anticipate the need for a fiscal transfer or personal services contingency funding.

General fund is bearing a larger burden of the budget currently. The majority of the positions at MAC are split between fund sources. MAC is currently analyzing the reductions from special session to align these expenditures more accurately going forward.

## REQUIRED REPORTS

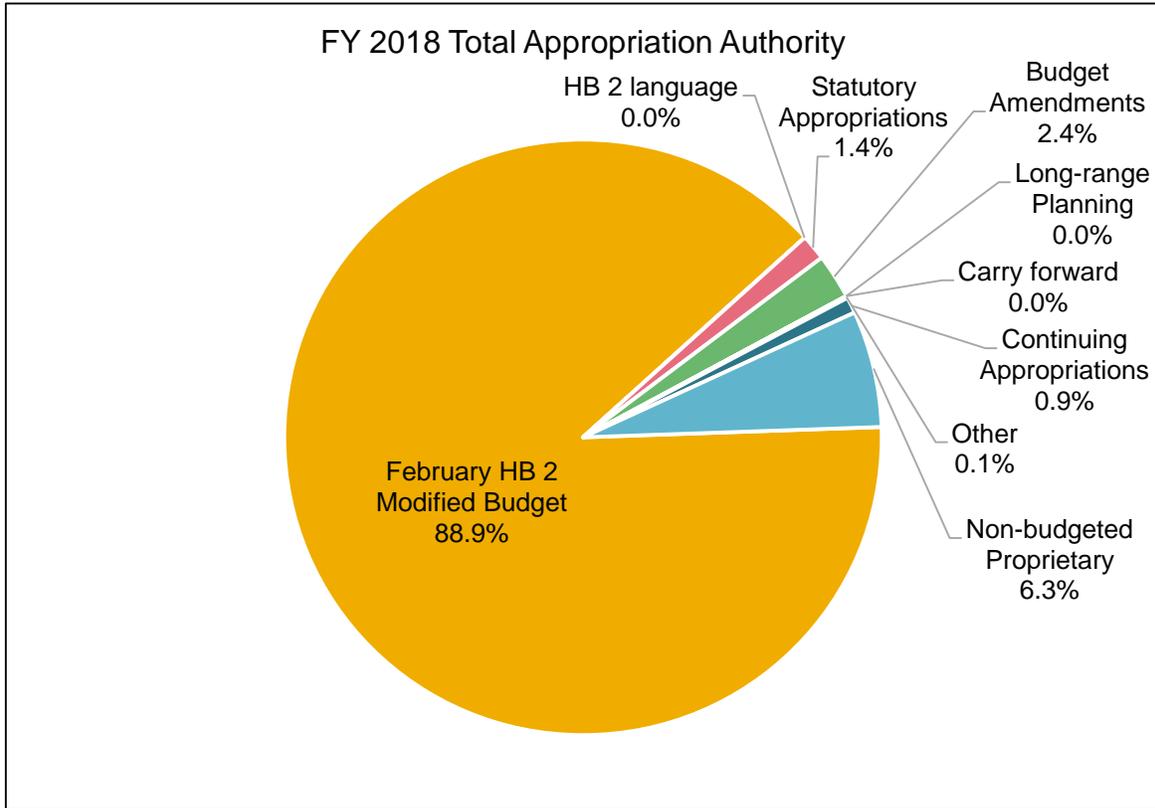
None at this time.

# LIBRARY COMMISSION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The library has expended 53.6% of their FY 2018 HB 2 modified budget
- General fund is 66.7% expended
- The lower level of overall expenditures is due to the timing of the NRIS contract

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

The Montana State Library (MSL) has total authority of \$5.7 million for FY 2018. The majority of their authority is from HB 2. The remaining authority is comprised of statutory appropriations, budget amendments, and continuing appropriations.

### Statutory Appropriations

MSL has \$80,000 in statutory appropriations for 911 GIS mapping.

### Budget Amendments

MSL has a few budget amendments that impact their FY 2018 budget. These were primarily in relation to receiving a new grant award from the Natural Resource Conservation Service.

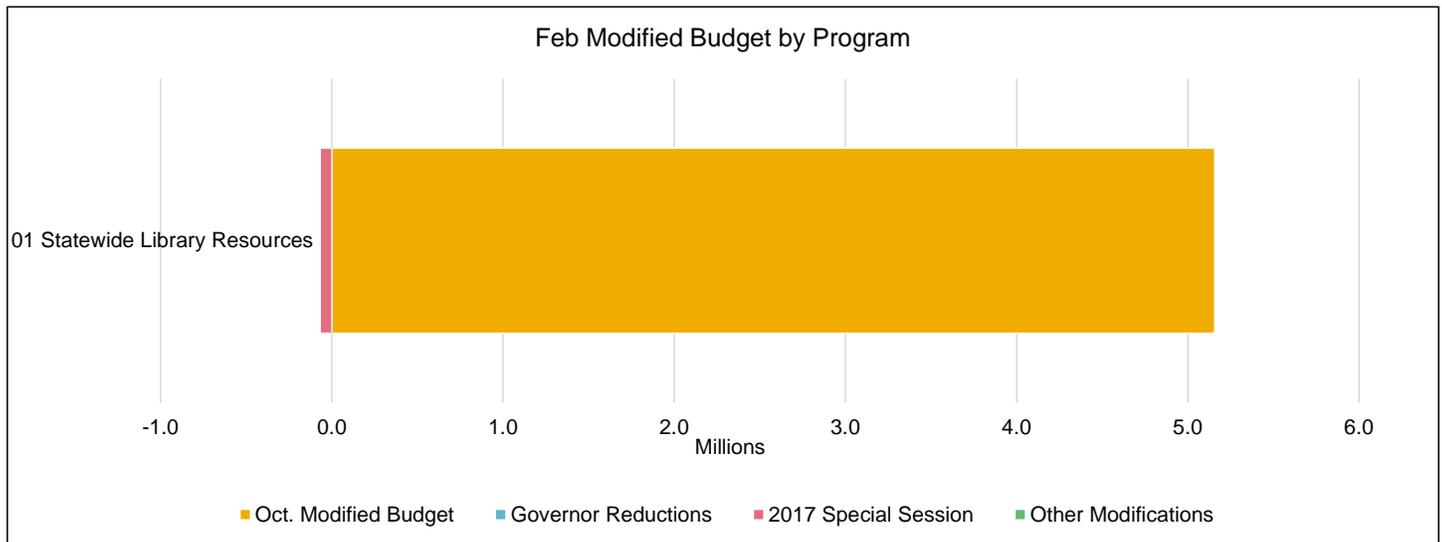
### Continuing Appropriations

The continuing appropriations within the library are in relation to federal fund grant activities.

### Non-Budgeted Proprietary

The Montana Shared Catalog accounts for the non-budgeted proprietary funds at the MSL.

# HB 2 BUDGET MODIFICATIONS



## Budget Modification by Program

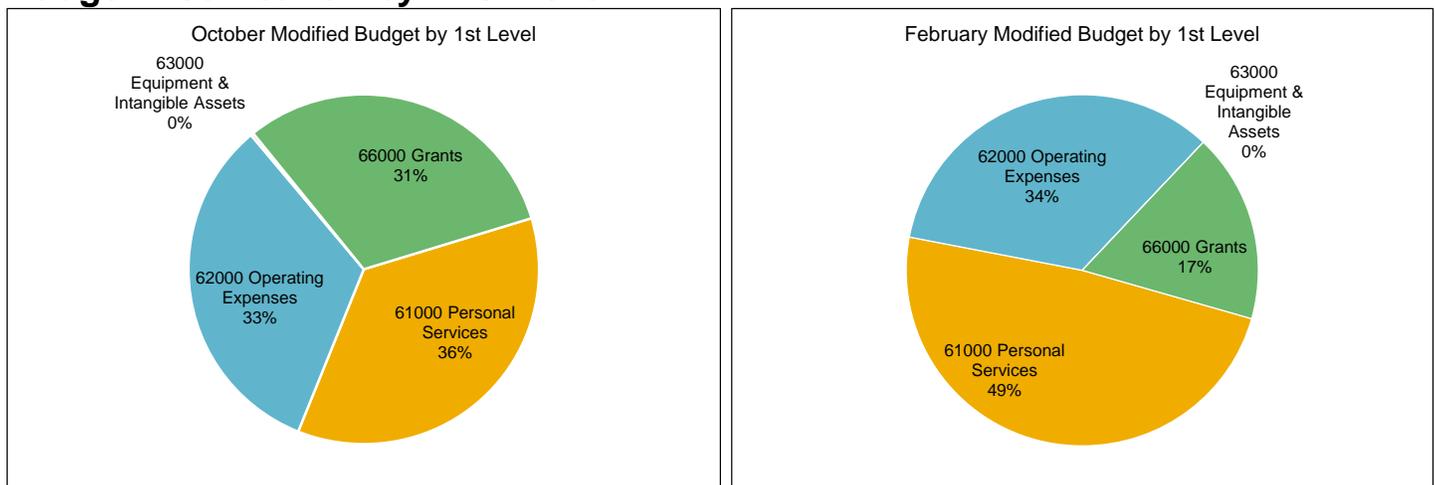
Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Statewide Library Resources	5,157,543	-	(70,399)	(1,607)	5,085,537
Grand Total	5,157,543	-	(70,399)	(1,607)	5,085,537

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

The following budget modification have been implemented for FY 2018:

- Special session reductions of approximately \$70,000 for the state share holiday and State Information Technology Services Division (SITSD) rate reduction
- House adjustments and workers' compensation reductions account for the other modifications

## Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	1,848,017	-	(48,484)	671,249	2,470,782
62000 Operating Expenses	1,691,151	-	(21,915)	59,883	1,729,119
63000 Equipment & Intangible Assets	13,697	-	-	(13,697)	-
66000 Grants	1,604,678	-	-	(719,042)	885,636
Grand Total	5,157,543	-	(70,399)	(1,607)	5,085,537

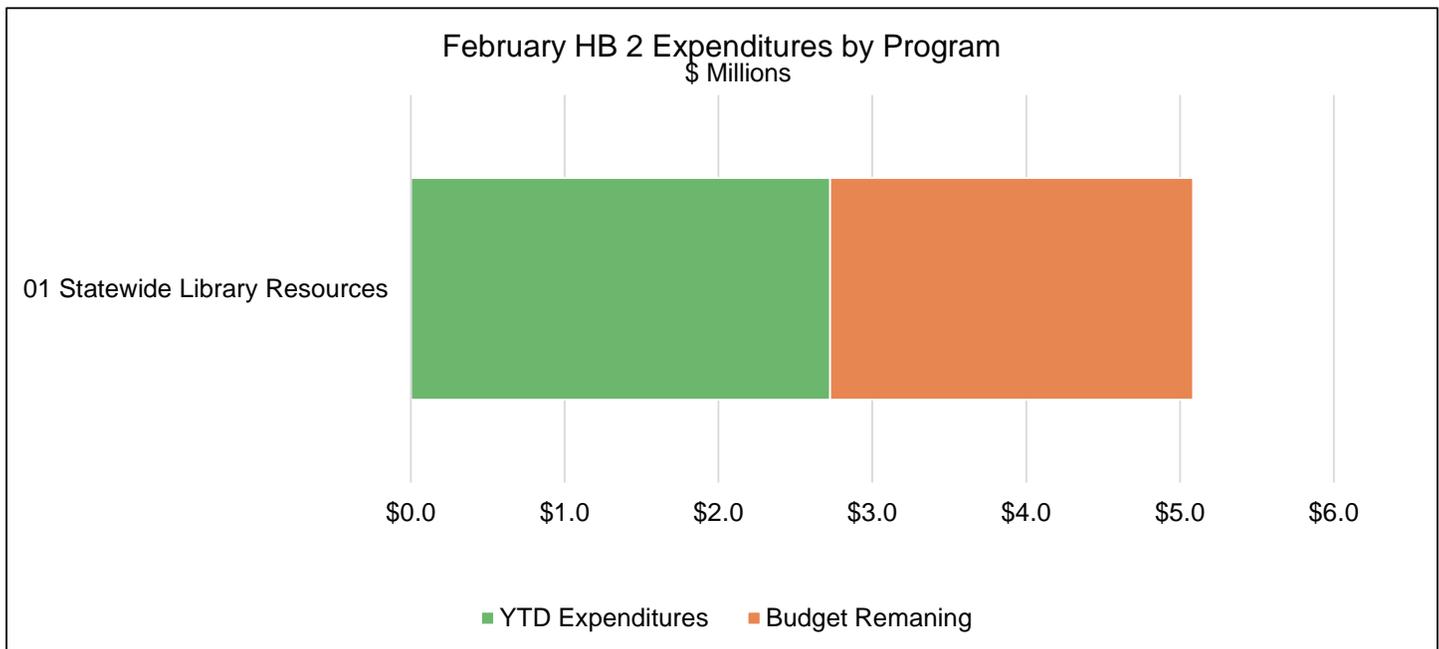
The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

MSL had two types of budget modifications: 2017 special session reductions and other modifications.

Special session reduced personal services by \$48,484 for the state share holiday. There will be additional payouts due to the reduction in workforce that will need to be monitored. In addition, operating expenses were reduced by \$21,915 for the SITSD rate reduction.

The other modifications were the result of two house adjustments. The first house adjustment was to balance budget reductions in HB 2. The other house adjustment shifted funding from grants to personal services and operating expenses to align the Library Service Technology Act (LSTA) federal funds with the activities of the grant.

## AGENCY HB 2 EXPENDITURES



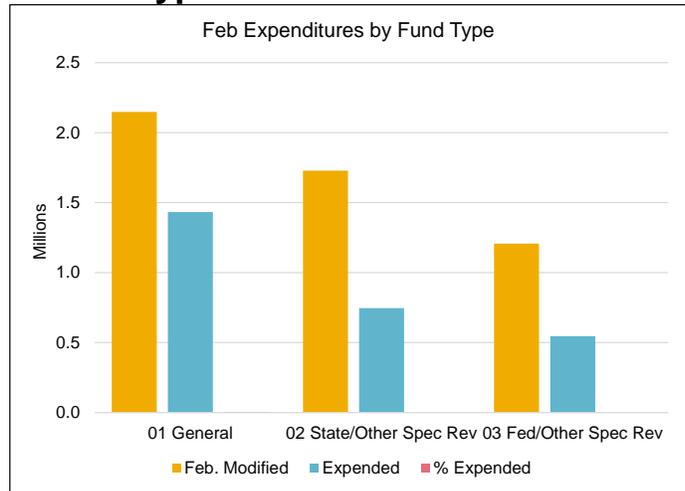
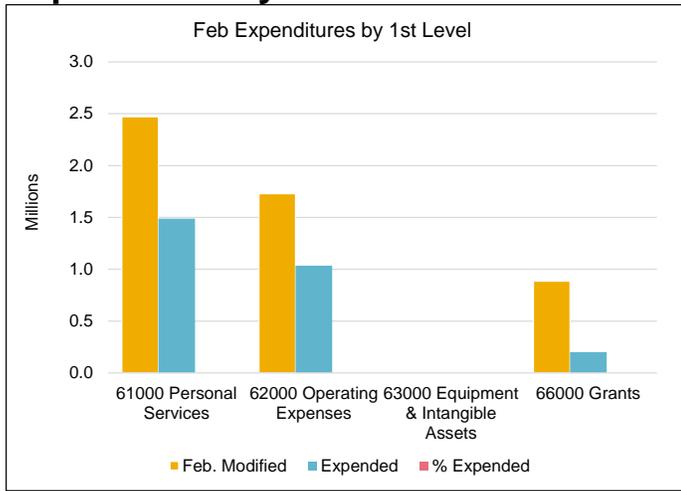
## Expenditure by Program

	YTD Expenditures	Budget Remaining	% Expended
01 Statewide Library Resources	2,724,927	2,360,610	53.6%
Grand Total	2,724,927	2,360,610	53.6%

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

Overall, expenditures for the MSL are slightly below anticipated levels at this point. This is due to lower expenditures in state special revenue and will be discussed in the next section.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended	Fund Type	Feb. Modified	Expended	% Expended
61000 Personal Services	2,470,782	1,488,941	60.3%	01 General	2,148,489	1,433,261	66.7%
62000 Operating Expenses	1,729,119	1,034,508	59.8%	02 State/Other Spec Rev	1,729,049	746,294	43.2%
66000 Grants	885,636	201,478	22.7%	03 Fed/Other Spec Rev	1,207,534	545,372	45.2%
<b>Grand Total</b>	<b>5,085,537</b>	<b>2,724,927</b>	<b>53.6%</b>	<b>Grand Total</b>	<b>5,085,072</b>	<b>2,724,927</b>	<b>53.6%</b>

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

General fund expenditures for MSL are in line with previous years.

The expenditures in state special revenue are lower than would be anticipated at this time. There was a delay in the Natural Resource Information System (NRIS) contract to begin projects causing the increased budget balance. These funds will begin to align with projections as the projects get underway.

While grants have only expended 22.7% of their budget, this is as expected. Currently, only 7.8% of the grant funding has been committed. Grant payments depend on the projects and the timing of each one.

## REQUIRED REPORTS

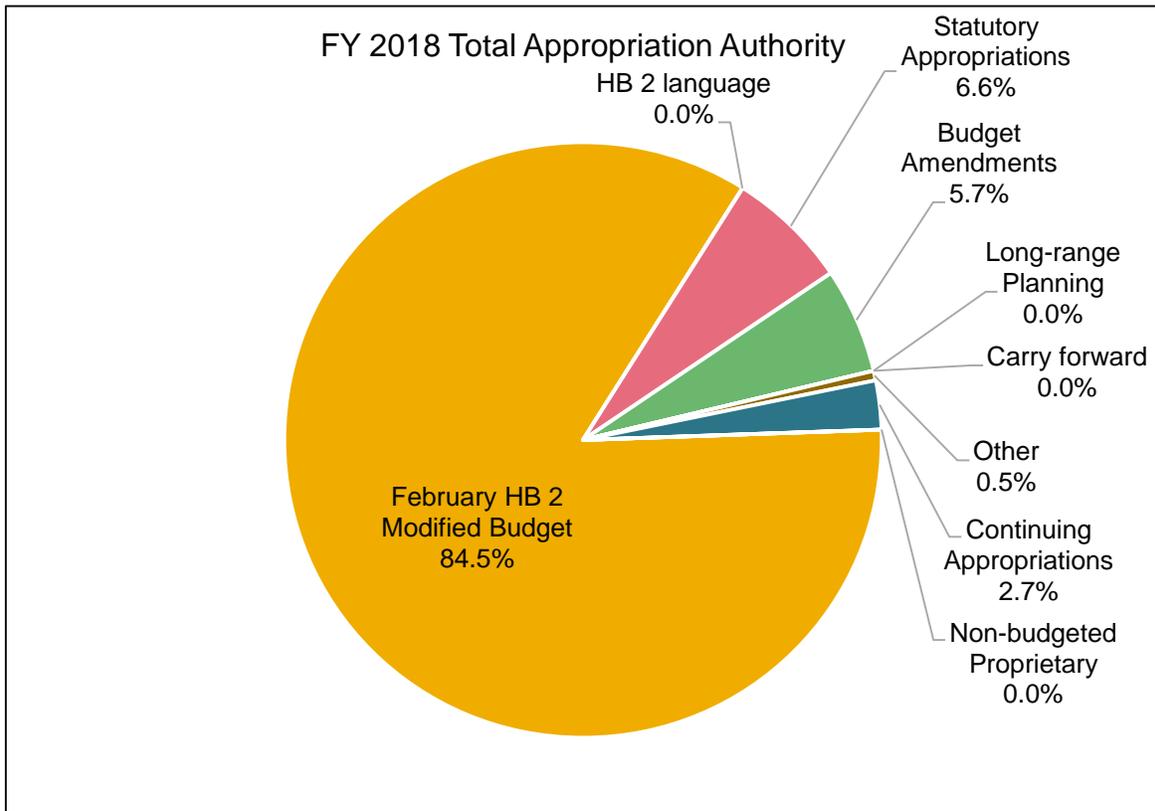
None at this time.

# HISTORICAL SOCIETY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Historical Society (MHS) has expended 65.1% of their FY 2018 HB 2 modified budget
- Although the percent expended to date corresponds with the percent of fiscal year elapsed, general fund and personal services are experiencing higher expenditure patterns
- General fund is 70.5% expended
- Personal services are 68.7% expended and the agency is projecting an approximate shortfall of \$270,000. The agency has the option to request personal services contingency funding if needed

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

MHS has total authority of \$5.7 million for FY 2018. The majority of their authority is from HB 2. The remaining authority is derived from statutory appropriations, budget amendments, other house and senate bills, and a small portion of non-budgeted proprietary.

### Statutory Appropriations

Besides the allocated HB 2 authority, the department also has statutory appropriation authority. These funds are from fees received via the MHS membership program, historic preservation signage and site location, the Original Governor's Mansion, and the Lewis & Clark license plates.

### Budget Amendments

MHS has several budget amendments of approximately \$330,000 for FY 2018 including:

- Increased authority in enterprise funds
- Increased authority for the BLM grant

- Grant awards from the National Endowment for the Humanities
- Grant award from the National Film Preservation Foundation

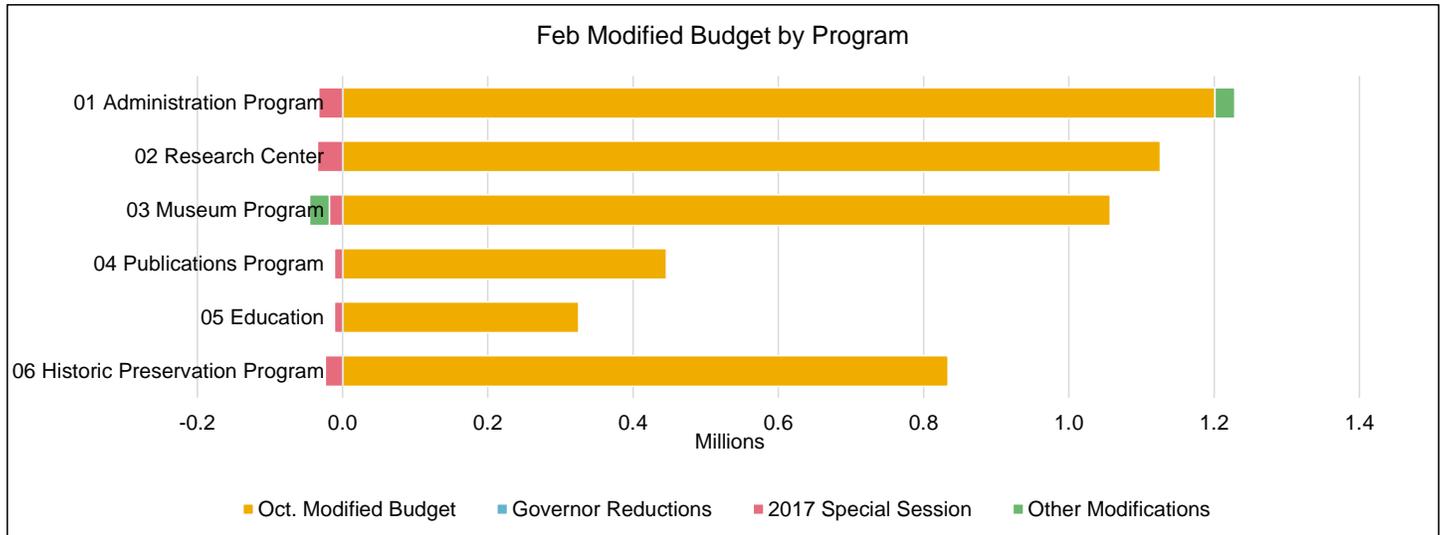
## Continuing Appropriations

MHS has continuing appropriations of approximately \$152,000 of federal funds for various grants.

## Non-Budgeted Proprietary

MHS has a few private donations and private trusts that comprise their non-budgeted proprietary funds.

## HB 2 BUDGET MODIFICATIONS



## Budget Modification by Program

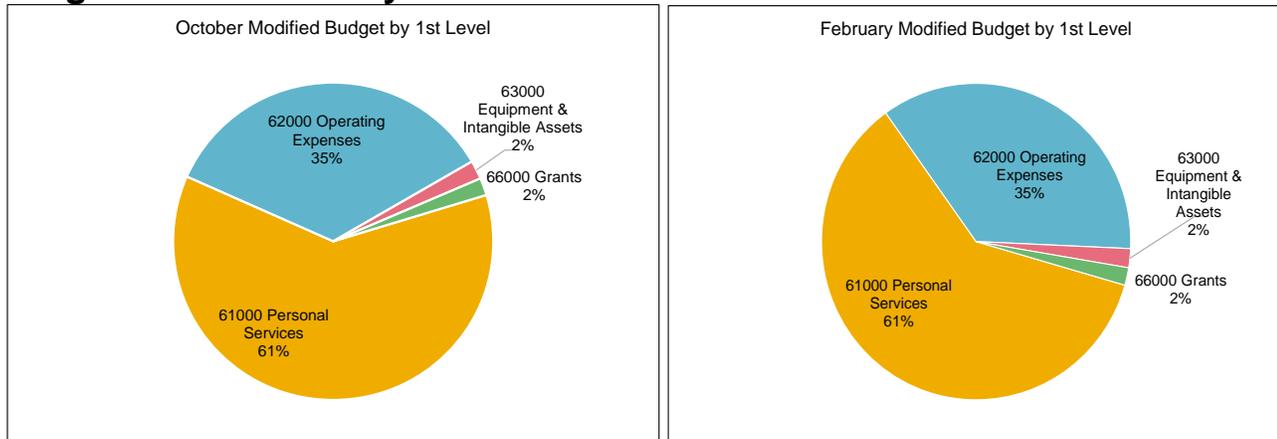
Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Administration Program	1,201,004	-	(32,777)	27,475	1,195,702
02 Research Center	1,125,845	-	(34,671)	-	1,091,174
03 Museum Program	1,057,039	-	(18,117)	(27,475)	1,011,447
04 Publications Program	445,759	-	(11,108)	-	434,651
05 Education	325,141	-	(11,161)	-	313,980
06 Historic Preservation Program	833,539	-	(23,946)	-	809,593
<b>Grand Total</b>	<b>4,988,327</b>	<b>-</b>	<b>(131,780)</b>	<b>-</b>	<b>4,856,547</b>

*This chart shows budget modifications by program from October through February.*

MHS had two types of budget modifications: 2017 special session reductions and other modifications.

The special session reductions affected all the programs within the historical society. These reductions were due to the state share contribution and the State Information Technology Services Division (SITSD) rate reduction. In addition, the other modifications include program transfers of bed tax authority between the administration and museum program and an adjustment of state special revenue funds within the operating levels.

## Budget Modification by First Level



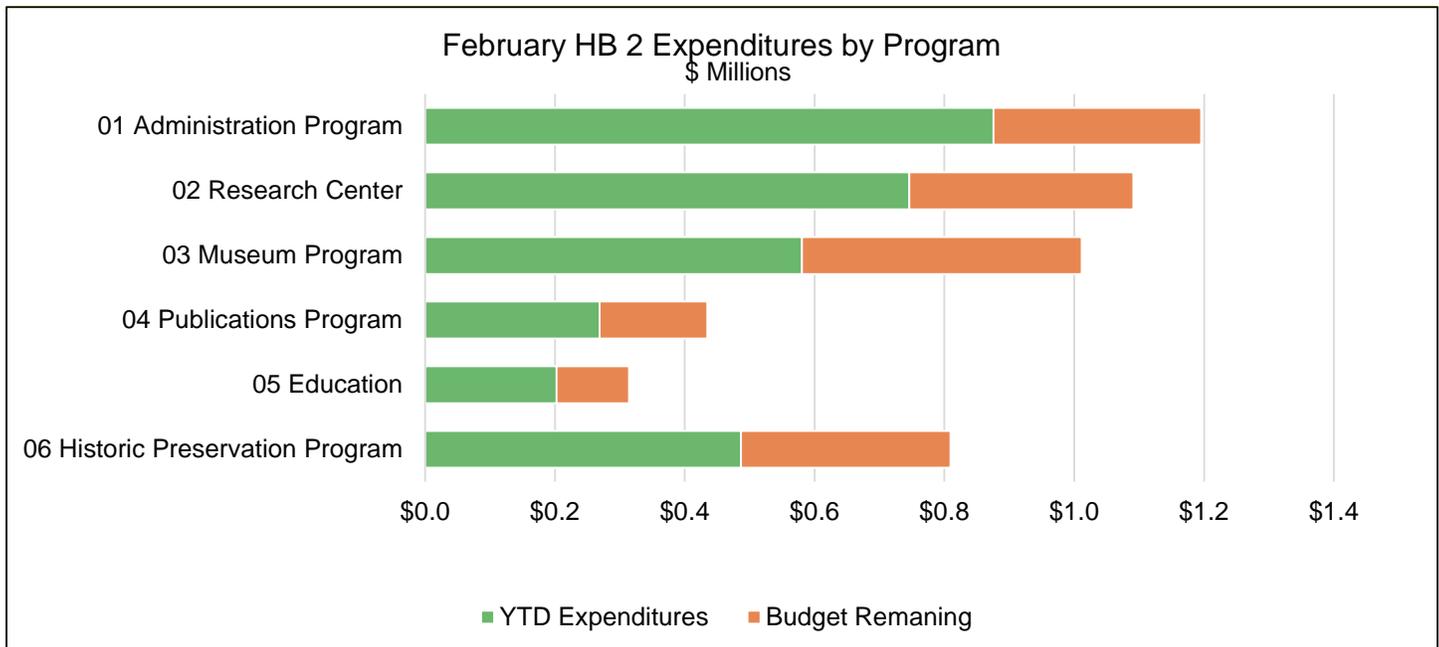
	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	3,063,076	-	(118,048)	-	2,945,028
62000 Operating Expenses	1,744,121	-	(13,732)	-	1,730,389
63000 Equipment & Intangible Assets	94,010	-	-	-	94,010
66000 Grants	87,120	-	-	-	87,120
<b>Grand Total</b>	<b>4,988,327</b>	<b>-</b>	<b>(131,780)</b>	<b>-</b>	<b>4,856,547</b>

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 major budget changes by expenditure account include:

- Personal services were reduced by approximately \$118,000 as a result of special session reductions for the state share holiday
- Operating expenses were reduced by approximately \$14,000 as a result of the SITSD rate reductions during special session

## AGENCY HB 2 EXPENDITURES



## Expenditure by Program

YTD			
	Expenditures	Budget Rem:	% Expended
01 Administration Program	875,797	319,905	73.2%
02 Research Center	745,966	345,208	68.4%
03 Museum Program	580,653	430,794	57.4%
04 Publications Program	269,057	165,594	61.9%
05 Education	202,758	111,222	64.6%
06 Historic Preservation Pl	486,755	322,838	60.1%
<b>Grand Total</b>	<b>3,160,986</b>	<b>1,695,561</b>	<b>65.1%</b>

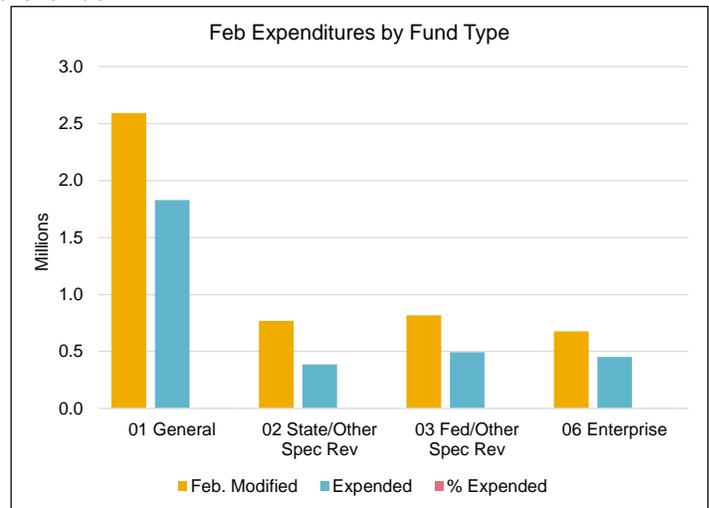
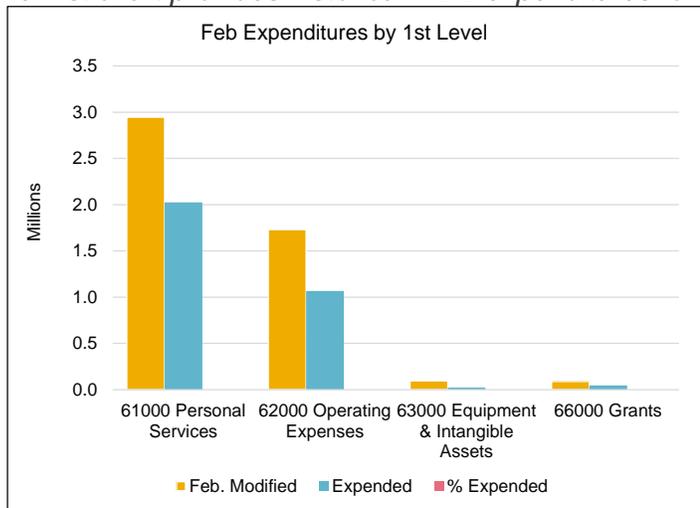
This shows current expenditures by program and remaining authority for HB 2 budget.

MHS has expended 65.1% of their FY 2018 HB 2 budget. Factoring in budget reductions to the agency during session, expenditures are mostly consistent with previous years.

The Administration program has higher expenditures at this point due to personal services expenditures and payouts from recently vacated positions and will be discussed in further detail in the next section.

## Expenditure By First Level Account and Fund Type

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Additionally, the first chart provides historical HB 2 expenditures for reference.



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	2,945,028	2,023,918	68.7%
62000 Operating Expenses	1,730,389	1,066,392	61.6%
63000 Equipment & Intangible Assets	94,010	23,792	25.3%
66000 Grants	87,120	46,884	53.8%
<b>Grand Total</b>	<b>4,856,547</b>	<b>3,160,986</b>	<b>65.1%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	2,593,159	1,829,306	70.5%
02 State/Other Spec Rev	768,776	386,641	50.3%
03 Fed/Other Spec Rev	818,165	493,603	60.3%
06 Enterprise	676,447	451,436	66.7%
<b>Grand Total</b>	<b>4,856,547</b>	<b>3,160,986</b>	<b>65.1%</b>

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

Overall, MHS expenditures are consistent with previous years. Personal services are higher than anticipated with the reductions of staff experienced by the agency during session and SB 261 triggers. The agency has indicated an approximate shortfall of \$270,000 in personal services. The agency has the option to request personal services contingency funding from the executive to cover this shortfall.

## **REQUIRED REPORTS**

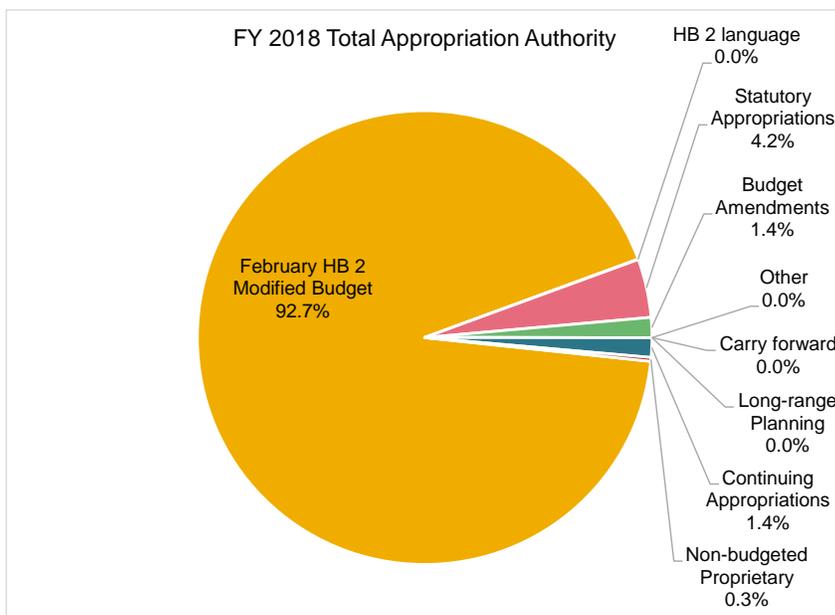
None at this time.

# OFFICE OF PUBLIC INSTRUCTION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of Public Instruction (OPI) HB 2 modified budget of \$958.7 million was 50.5% expended as of the end of January 2018, which is in line with anticipated expenditures at this point in the fiscal year
- The budget for OPI was reduced by \$0.8 million through governor reductions, the majority of these reductions were to operating expenses in Program 06
- The budget for OPI was reduced by \$5.3 million during the 2017 Special Session. The special session reductions to program 06 included the contribution benefit holiday. The special session reductions to program 09 came out of local assistance activities
- Spending and income from the Guarantee Fund are on track, a supplemental for BASE aid is not expected at this time

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

### Statutory Appropriations

OPI has statutory appropriations from Guarantee Fund interest and income from common school trust land, this accounts for 4.2% of the total appropriation authority.

### Budget Amendments

OPI budget amendments originated from federal grants that were awarded to OPI and accounted for 1.4% of the budget.

### Non-Budgeted Proprietary

OPI has a small amount of non-budgeted funds. These consist primarily of indirect costs. There is also some in the advanced driver's education program.

### Carry Forward

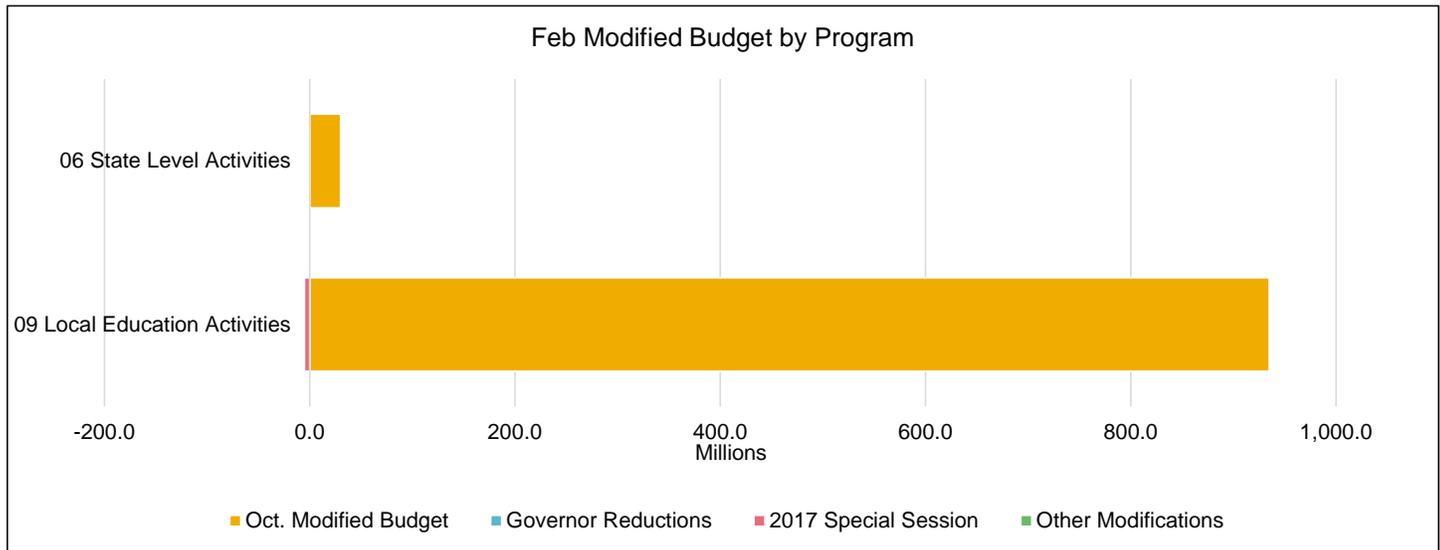
OPI does not have carry forward authority from FY 2017.

### Other Authority

OPI has continuing appropriations from federal funds grants. This amounts to 1.4% of their total budget

# HB 2 BUDGET MODIFICATIONS

## Budget Modification by Program



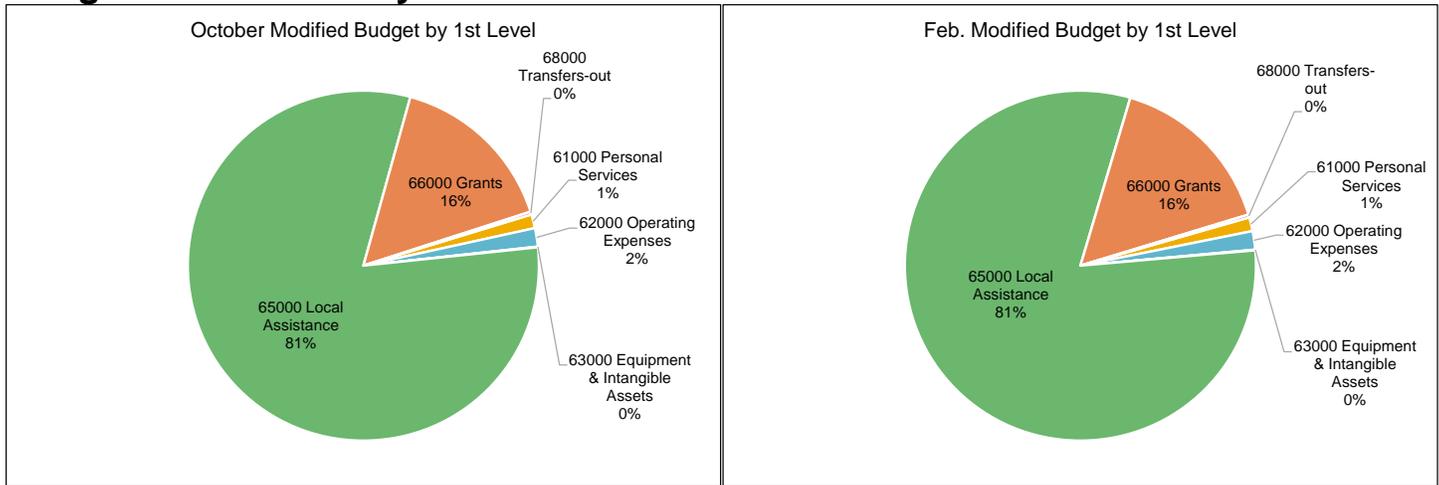
Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
06 State Level Activities	29,976,457	(735,822)	(255,498)	-	28,985,138
09 Local Education Activities	934,549,347	(25,000)	(5,093,274)	-	929,431,073
<b>Grand Total</b>	<b>964,525,804</b>	<b>(760,822)</b>	<b>(5,348,772)</b>	<b>-</b>	<b>958,416,211</b>

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

Special session reductions to program 06, State Level Activities, consists of fixed costs reductions and the benefit contribution holiday.

Budget modifications in Program 09, Local Education Activities, consists primarily of special session reductions. There was a \$25,000 Governor's-proposed reduction that came out of state tuition payments. The special session reductions consisted of two reductions in FY 2018 -- a \$1.7 million reduction to school transportation appropriation and a \$3.4 million reduction to debt service assistance.

## Budget Modification by First Level



	Oct. Modified Budget	Gov. Reduction	2017 Special Session	Other Modifications	Feb. Modified
61000 Personal Services	12,400,046	-	(438,464)	1,287,500	13,249,082
62000 Operating Expenses	16,393,917	(735,822)	182,967	(1,287,500)	14,553,562
63000 Equipment & Intangible Assets	492,762	-	-	-	492,762
65000 Local Assistance	781,236,226	(25,000)	(5,093,274)	-	776,117,952
66000 Grants	151,498,676	-	-	-	151,498,676
68000 Transfers-out	2,504,177	-	(1)	-	2,504,177
<b>Grand Total</b>	<b>964,525,804</b>	<b>(760,822)</b>	<b>(5,348,772)</b>	<b>-</b>	<b>958,416,211</b>

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

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

The Governor's reductions resulted in operating expense and local assistance reductions. The operating expense reductions totaled \$735,822 and were removed from the program 06 budget at the discretion of the agency head. The local assistance reductions came from tuition assistance payments in program 09. The budget should still be able to sufficiently cover the projected expenditures here, so this should have no impact on schools.

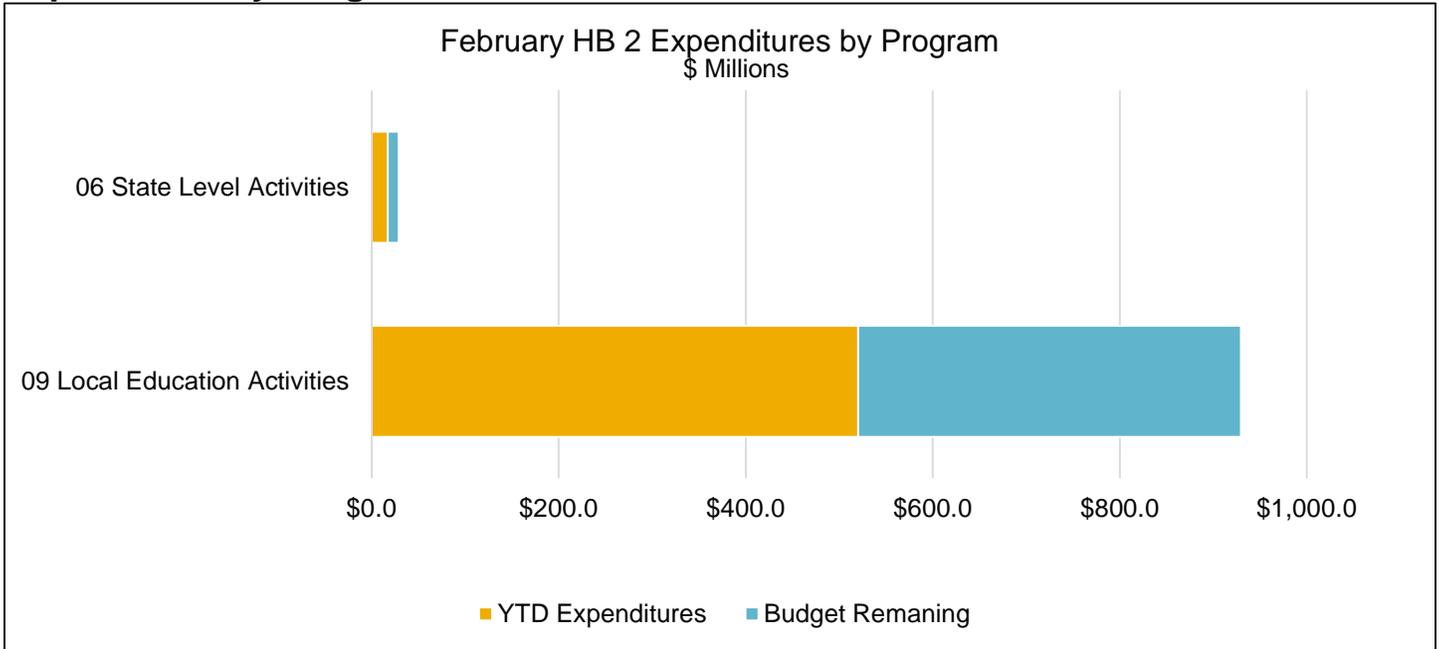
The special session reductions include:

- A reduction in personal services of \$438,000 due to a state share contribution reduction
- An increase of \$182,967 that was not an actual increase but a move of a biennial appropriation from FY 2019 into FY 2018 to help smooth the total reductions to the budget
- A reduction of local assistance payments consisting of a \$1.7 million reduction to school transportation appropriation and a \$3.4 million reduction to debt service assistance

The other modification is federal funding that was added in August after the department secured federal grants to continue to fund 19.52 modified FTE to fund short term workers for ongoing special projects. During the budgeting process, all federal grants the agency anticipates to receive are budgeted in operating costs and then operating plan changes are used to transfer funds where needed, in this case, personal services. All other changes are discussed in the budget modification by program section above.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program

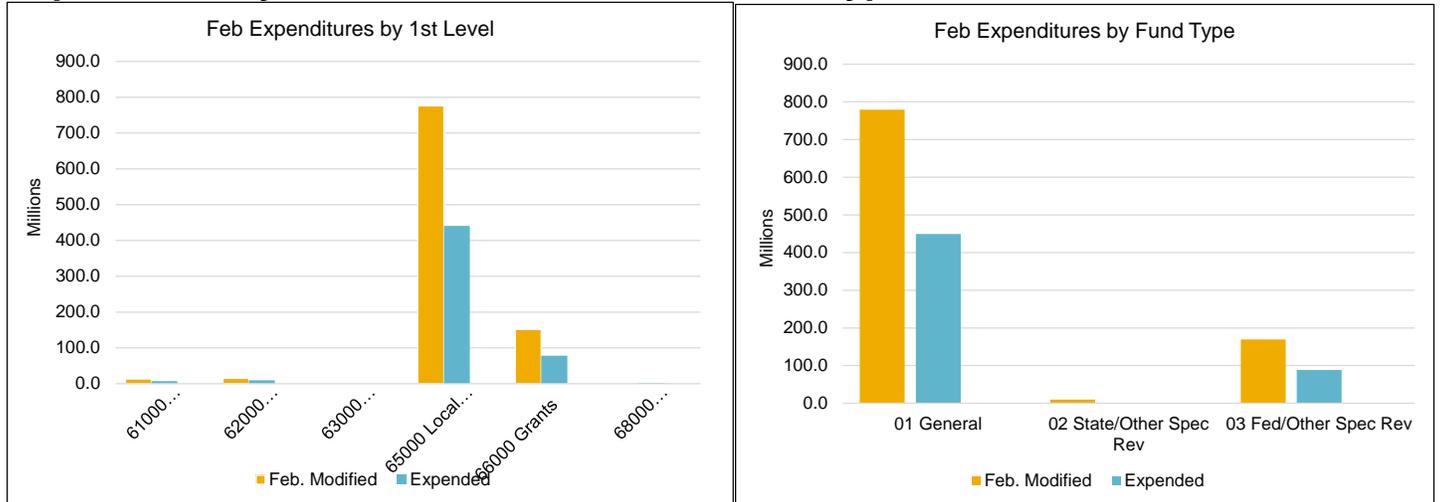


	YTD		
	Expenditures	Budget Remaining	% Expended
06 State Level Activities	17,370,371	11,614,767	59.9%
09 Local Education Activities	520,240,098	409,190,975	56.0%
<b>Grand Total</b>	<b>537,610,469</b>	<b>420,805,742</b>	<b>56.1%</b>

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

Expenditures are in line with what would be expected at this point in the year. Actual expenditures are lower than last year due to reductions that came about from the 2017 session and 2017 special session, but the percent of budget expended is on track.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	13,249,082	6,970,243	52.6%
62000 Operating Expenses	14,553,562	9,255,934	63.6%
63000 Equipment & Intangible Assets	492,762	-	0.0%
65000 Local Assistance	776,117,952	440,915,880	56.8%
66000 Grants	151,498,676	78,205,140	51.6%
68000 Transfers-out	2,504,177	2,263,272	90.4%
<b>Grand Total</b>	<b>958,416,211</b>	<b>537,610,469</b>	<b>56.1%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	779,283,557	449,333,504	57.7%
02 State/Other Spec Rev	9,534,870	111,982	1.2%
03 Fed/Other Spec Rev	169,597,784	88,164,983	52.0%
<b>Grand Total</b>	<b>958,416,211</b>	<b>537,610,469</b>	<b>56.1%</b>

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

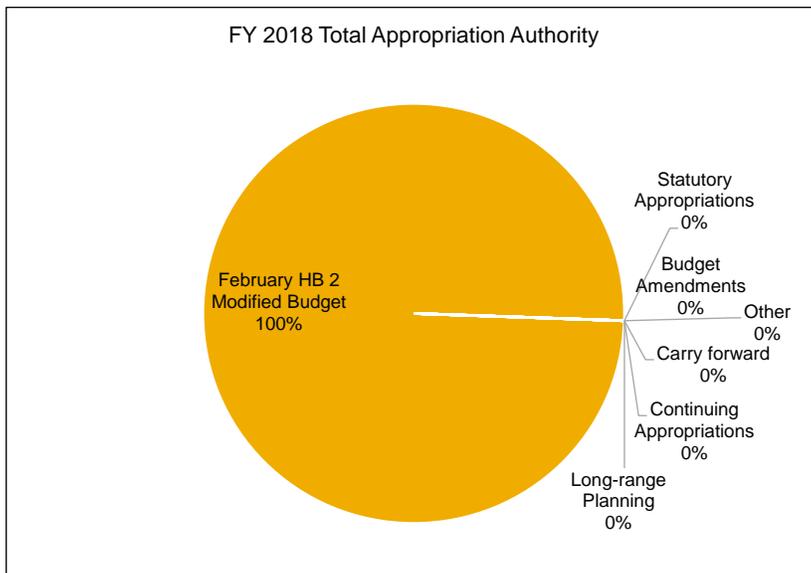
Expenditures are tracking as expected. Of note is the lack of spending in State Special Funds. This is due to the fact that there is \$8.6 million in state special budget authority for school facility reimbursements, but there are no funds to support this appropriation. Thus, this expenditure will not occur and state special spending will continue to look low throughout FY 2018 and FY 2019.

# BOARD OF PUBLIC EDUCATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Board of Public Education (BPE) HB 2 modified budget of \$353,097 was 55.7% expended as of the end of February 2018, which is in line with anticipated expenditures at this point in the fiscal year
- The BPE had budget modifications that reduced their budget by \$22,683, these reductions were in the form of Governor's reductions and 2017 Special Session reductions. More than 2/3 of the reductions was in operating costs with the remainder coming from personal services

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

### Statutory Appropriations

BPE does not have statutory appropriations.

### Budget Amendments

BPE did not have any budget amendments.

### Non-Budgeted Proprietary

BPE does not have non-budgeted proprietary funding.

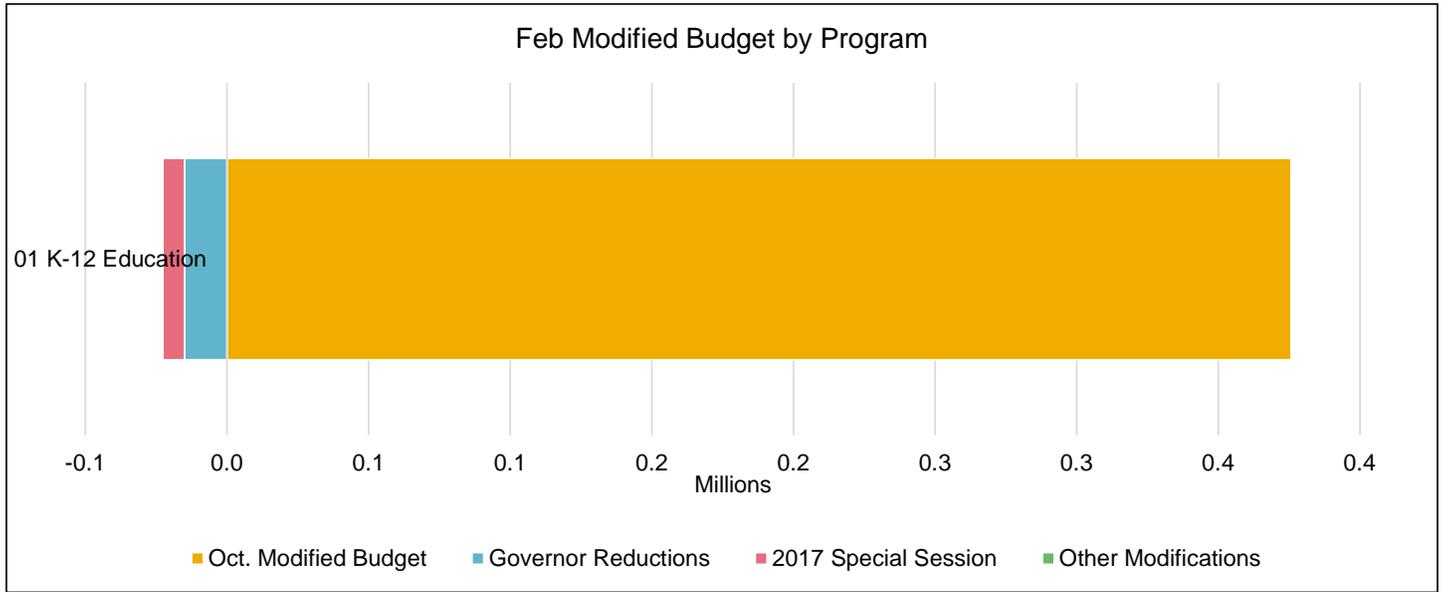
### Carry Forward

BPE does not have carryforward authority from FY 2017.

### Other Authority

BPE does not have other authority.

# HB 2 BUDGET MODIFICATIONS

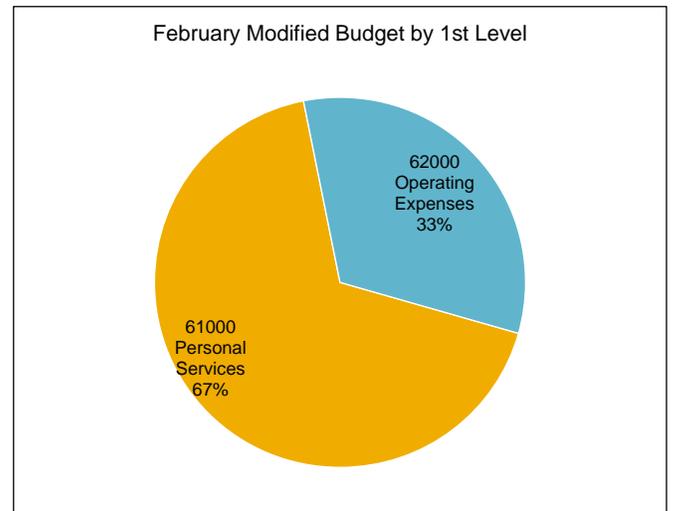
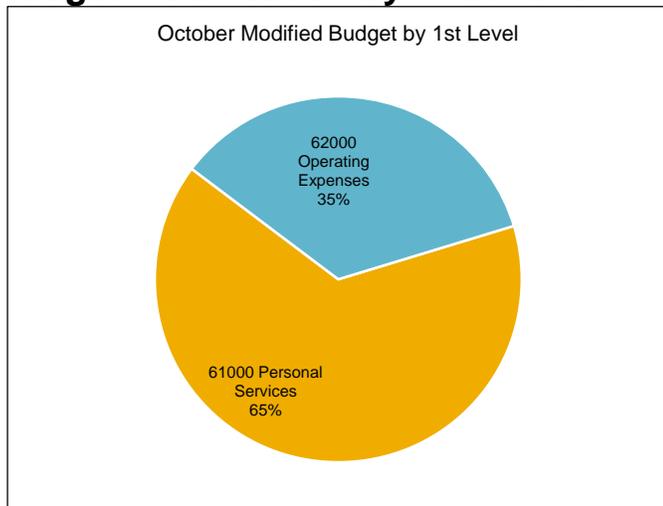


## Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 K-12 Education	375,780	(15,000)	(7,606)	(77)	353,097
<b>Grand Total</b>	<b>375,780</b>	<b>(15,000)</b>	<b>(7,606)</b>	<b>(77)</b>	<b>353,097</b>

*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	244,348	-	(6,324)	(77)	237,947
62000 Operating Expenses	131,432	(15,000)	(1,282)	-	115,150
<b>Grand Total</b>	<b>375,780</b>	<b>(15,000)</b>	<b>(7,606)</b>	<b>(77)</b>	<b>353,097</b>

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

BPE had three types of budget modifications: Governor's reductions, 2017 Special Session reductions, and other modifications. HB 2 budget modifications since October for the department totaled \$22,683.

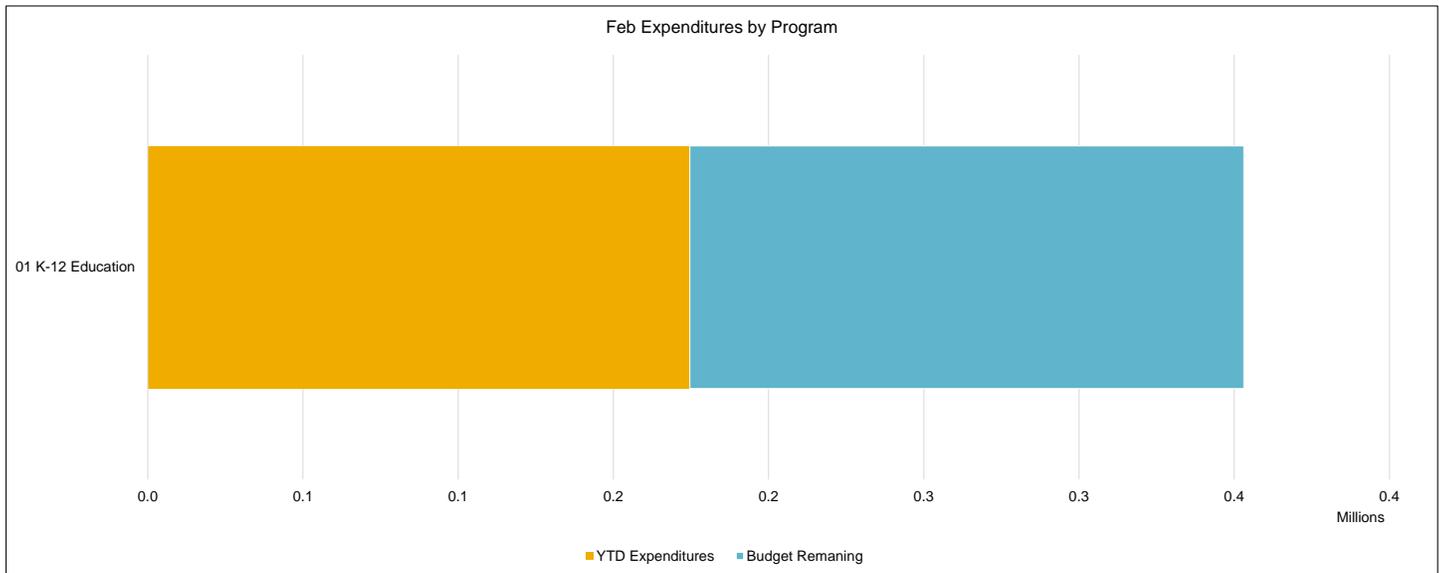
The Governor's reductions resulted in \$15,000 in operating expense reductions primarily in the form of reduced travel expenses by holding some meetings as conference calls rather than in person.

The special session reductions include:

- A reduction in personal services of \$6,324 due to a state share contribution reduction
- A reduction in operating expenses of \$1,282 due to a SITSD rate reduction

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

## AGENCY HB 2 EXPENDITURES



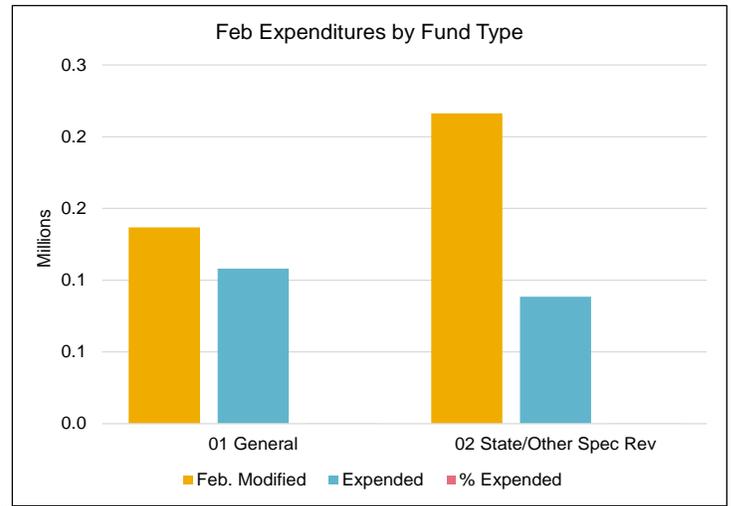
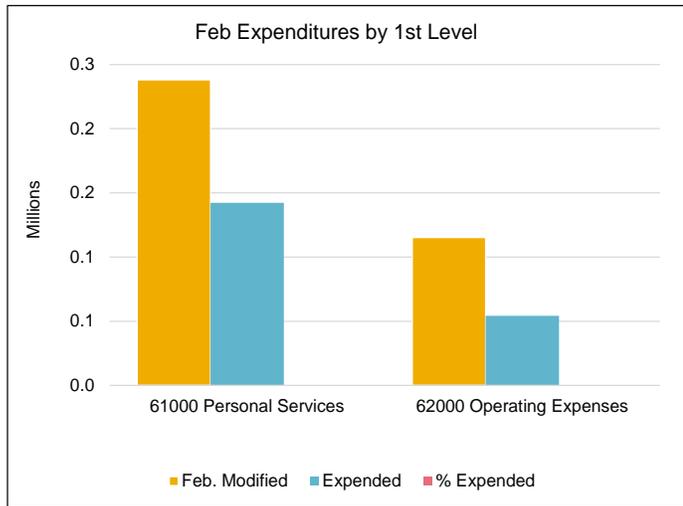
### Expenditure by Program

	YTD Expenditures	Budget Remaining	% Expended
01 K-12 Education	196,545	156,552	55.7%
<b>Grand Total</b>	<b>196,545</b>	<b>156,552</b>	<b>55.7%</b>

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

As of the end of February BPE has expended roughly half of its budget. This level of spending is in line with previous years.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	237,947	142,273	59.8%
62000 Operating Expenses	115,150	54,272	47.1%
<b>Grand Total</b>	<b>353,097</b>	<b>196,545</b>	<b>55.7%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	136,811	108,102	79.0%
02 State/Other Spec Rev	216,286	88,443	40.9%
<b>Grand Total</b>	<b>353,097</b>	<b>196,545</b>	<b>55.7%</b>

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

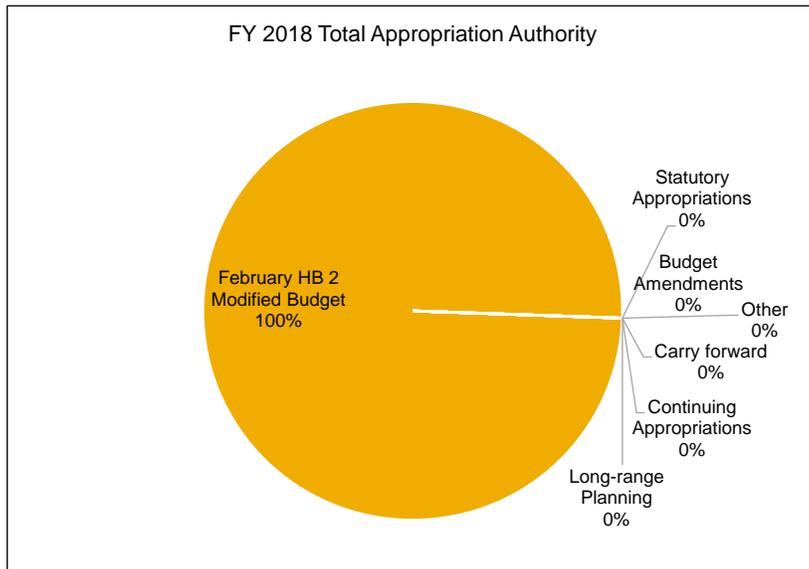
BPE has expended 55.7% of their HB 2 budget year-to-date. This is in line with spending in previous years.

# SCHOOL FOR THE DEAF AND BLIND

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The School for the Deaf and Blind HB 2 modified budget of \$7.2 million was 52.4% expended as of the end of January 2018, which is in line with anticipated expenditures at this point in the fiscal year
- The School for the Deaf and Blind had budget modification that reduced their budget by \$150,367. This was due to the 2017 Special Session state share holiday and the reductions in fixed costs
- The School for the Deaf and Blind is exempt from 17-7-140 and therefore was not required to participate in the Governor's reductions

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



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

### Statutory Appropriations

The School for the Deaf and Blind does not have statutory appropriations.

### Budget Amendments

The School for the Deaf and Blind did not have any budget amendments.

### Non-Budgeted Proprietary

The School for the Deaf and Blind does not have non-budgeted proprietary funding.

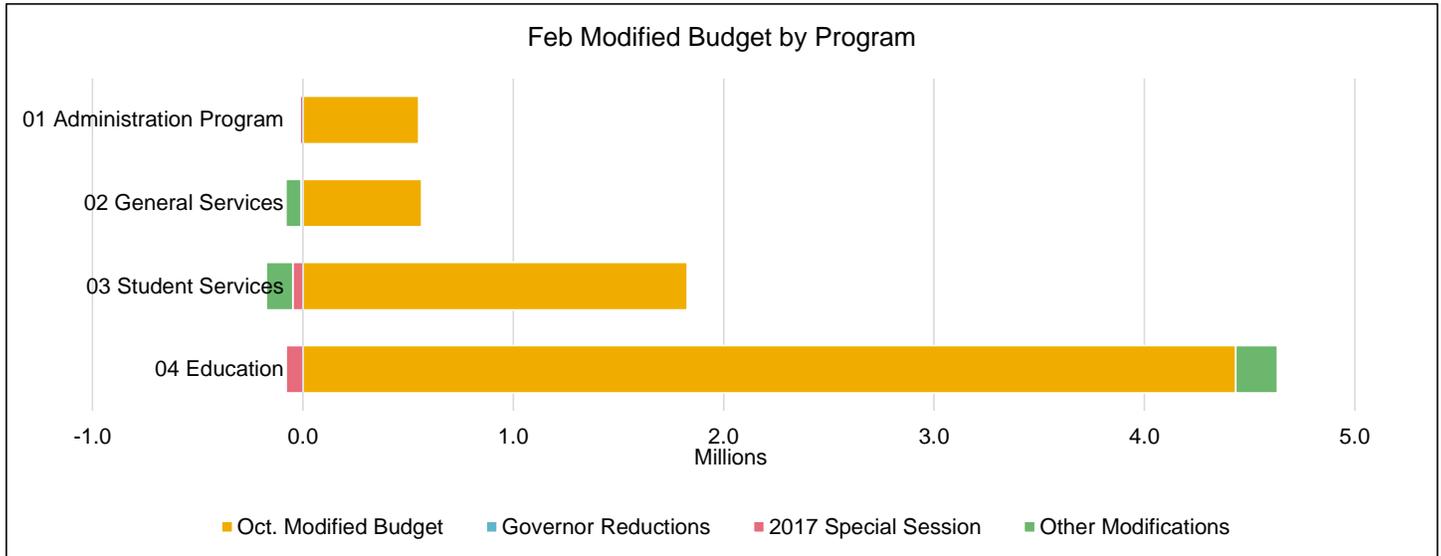
### Carry Forward

The School for the Deaf and Blind does not have carryforward authority from FY 2017.

### Other Authority

The School for the Deaf and Blind does not have other authority.

# HB 2 BUDGET MODIFICATIONS

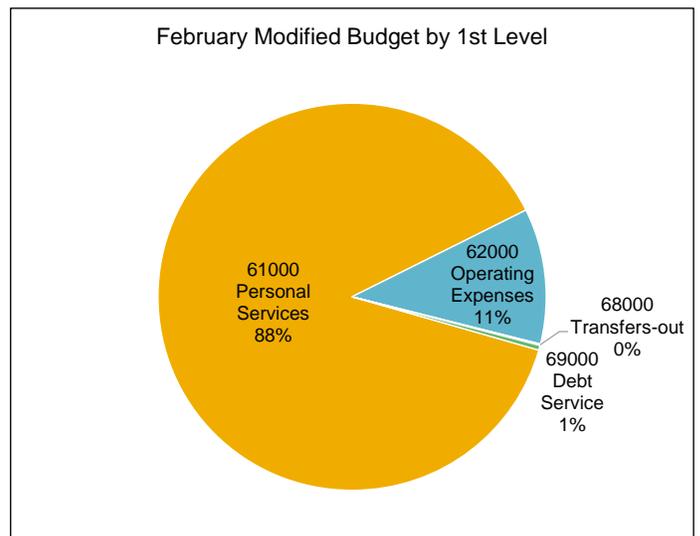
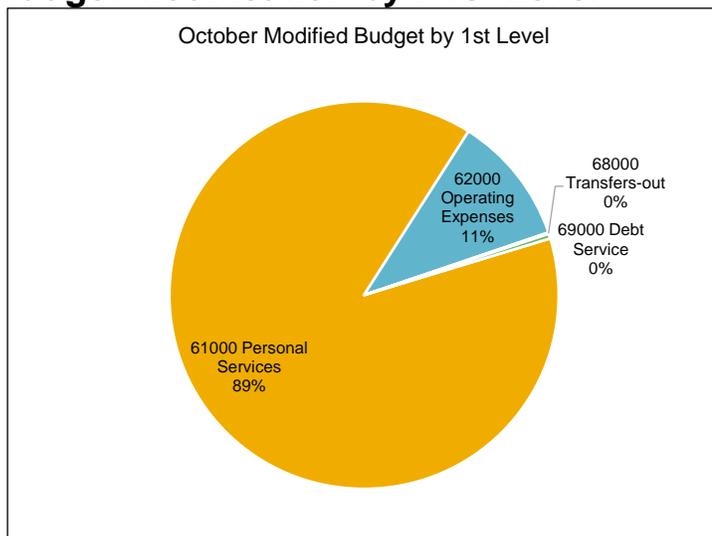


## Budget Modification by Program

Program	Oct. Modified Budget	Governor's Reductions	2017 Special Session	Other Modifications	Sum of Totals
01 Administration Program	550,145	-	(13,347)	(13)	536,785
02 General Services	564,206	-	(8,432)	(72,371)	483,403
03 Student Services	1,826,204	-	(48,484)	(125,162)	1,652,558
04 Education	4,434,463	-	(80,104)	197,546	4,551,905
<b>Grand Total</b>	<b>7,375,018</b>	<b>-</b>	<b>(150,367)</b>	<b>-</b>	<b>7,224,651</b>

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	6,544,178	-	(147,122)	(0)	6,397,056
62000 Operating Expenses	793,389	-	(3,245)	-	790,144
68000 Transfers-out	9,000	-	-	-	9,000
69000 Debt Service	28,451	-	-	-	28,451
<b>Grand Total</b>	<b>7,375,018</b>	<b>-</b>	<b>(150,367)</b>	<b>(0)</b>	<b>7,224,651</b>

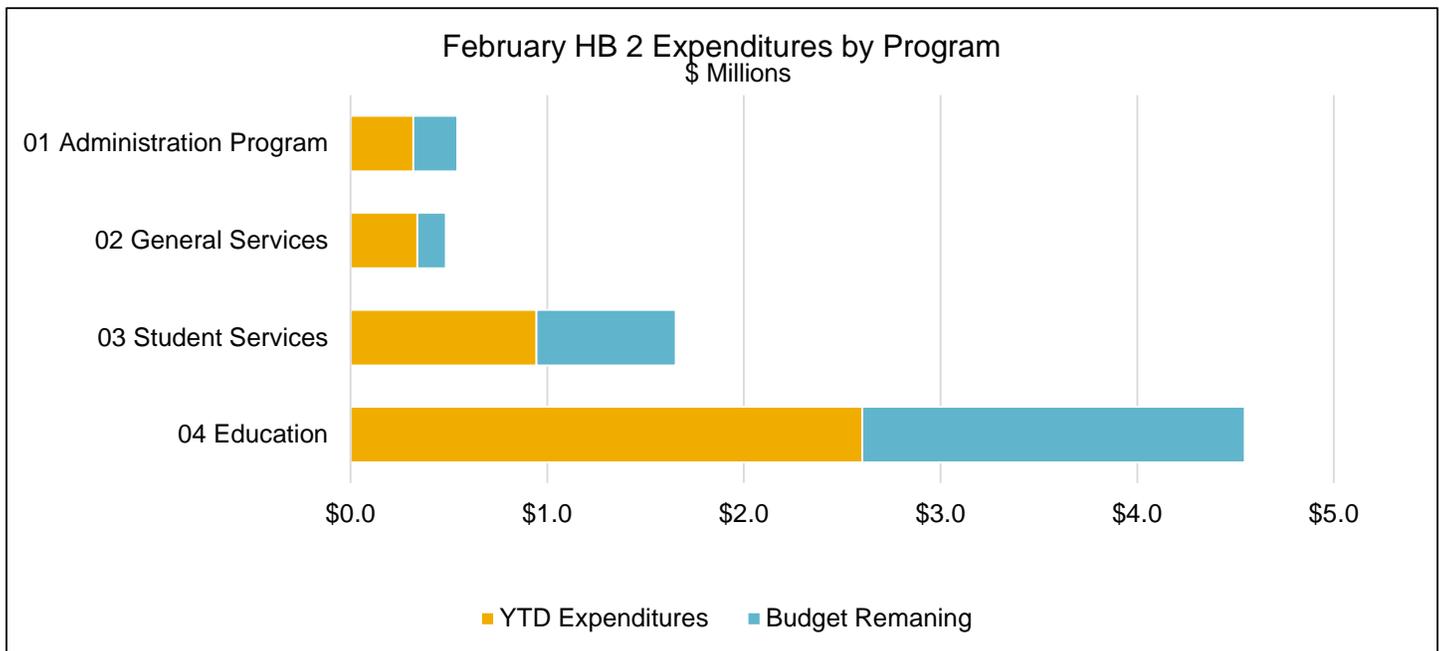
The above charts show HB 2 FY 2018 modified budget as of March by first level compared to October modified budget by first level.

The School for the Deaf and Blind had one type of budget modification: special session reductions. HB 2 budget modifications since October for the department totaled \$150,367.

The special session reductions include:

- A reduction in personal services of \$147,122 due to a state share contribution reduction
- A reduction in operating expenses of \$3,245 due to a SITSD rate reduction

## AGENCY HB 2 EXPENDITURES



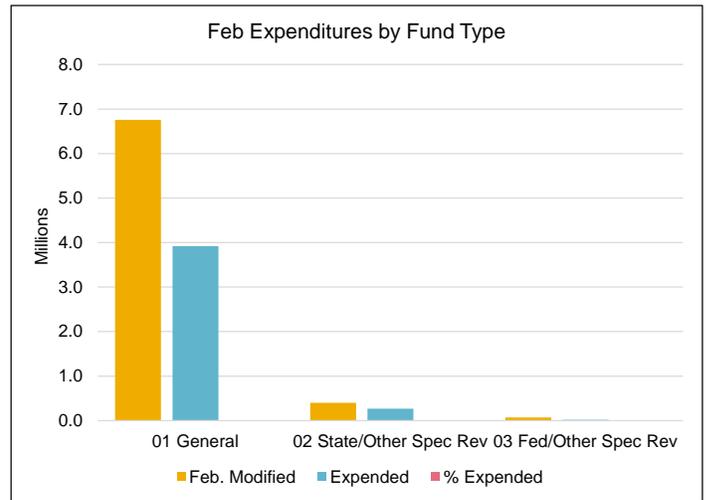
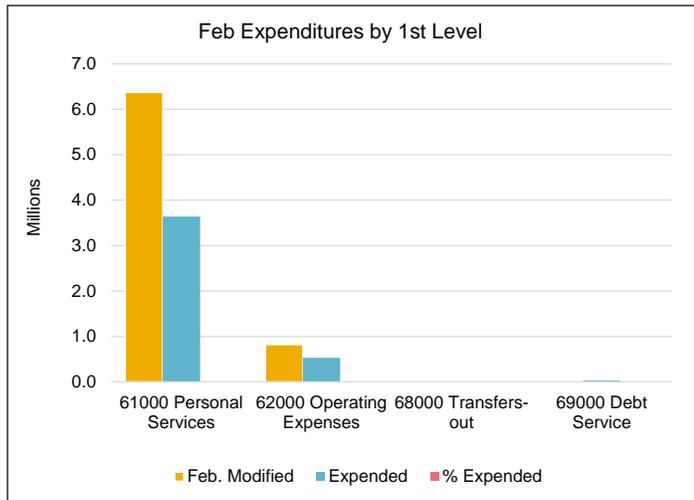
## Expenditure by Program

	YTD		
	Expenditures	Budget Remaining	% Expended
01 Administration Program	318,480	223,305	58.8%
02 General Services	338,888	144,515	70.1%
03 Student Services	945,600	706,957	57.2%
04 Education	2,602,022	1,944,883	57.2%
<b>Grand Total</b>	<b>4,204,990</b>	<b>3,019,661</b>	<b>58.2%</b>

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

The current level of spending at this time in the fiscal year is consistent with the last five years.

## Expenditure By First Level Account and Fund Type



Program	Feb. Modified	Expended	% Expended
61000 Personal Services	6,370,056	3,637,273	57.1%
62000 Operating Expenses	817,144	530,267	64.9%
68000 Transfers-out	9,000	9,000	100.0%
69000 Debt Service	28,451	28,450	100.0%
<b>Grand Total</b>	<b>7,224,651</b>	<b>4,204,990</b>	<b>58.2%</b>

Fund Type	Feb. Modified	Expended	% Expended
01 General	6,757,028	3,919,099	58.0%
02 State/Other Spec Rev	398,340	266,546	66.9%
03 Fed/Other Spec Rev	69,283	19,345	27.9%
<b>Grand Total</b>	<b>7,224,651</b>	<b>4,204,990</b>	<b>58.2%</b>

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

The School for the Deaf and Blind has expended 58.2% of their HB 2 modified budget year-to-date. In the last five years the agency has typically expended 57%-62% of its budget by this time.