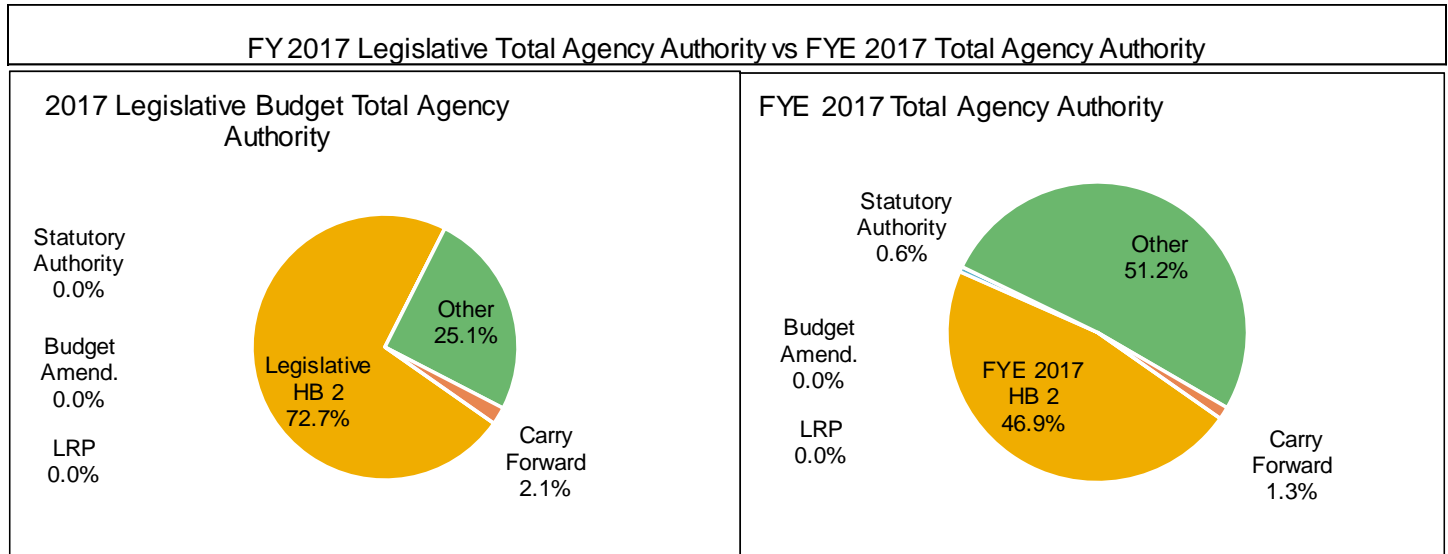


# LEGISLATIVE BRANCH

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Legislative Branch HB 2 appropriations of nearly \$15.5 million, comprised of general fund and state special revenue, were 94.2% expended in FY 2017
- The Legislative Branch voluntarily contributed \$1.1 million in general fund reductions in HB 3

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	15,209,538	281,481	15,491,019
Statutory Authority	-	190,000	190,000
Budget Amendments	-	-	-
Other	5,260,134	11,649,583	16,909,717
Carry Forward	445,940	-	445,940
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	20,915,612	12,121,064	33,036,676
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	25,420,887
Total Budgeted Authority	33,036,676
% Expended	76.9%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Legislative Branch was approximately \$33.0 million in FY 2017. This authority primarily consisted of HB 2 and other authority.

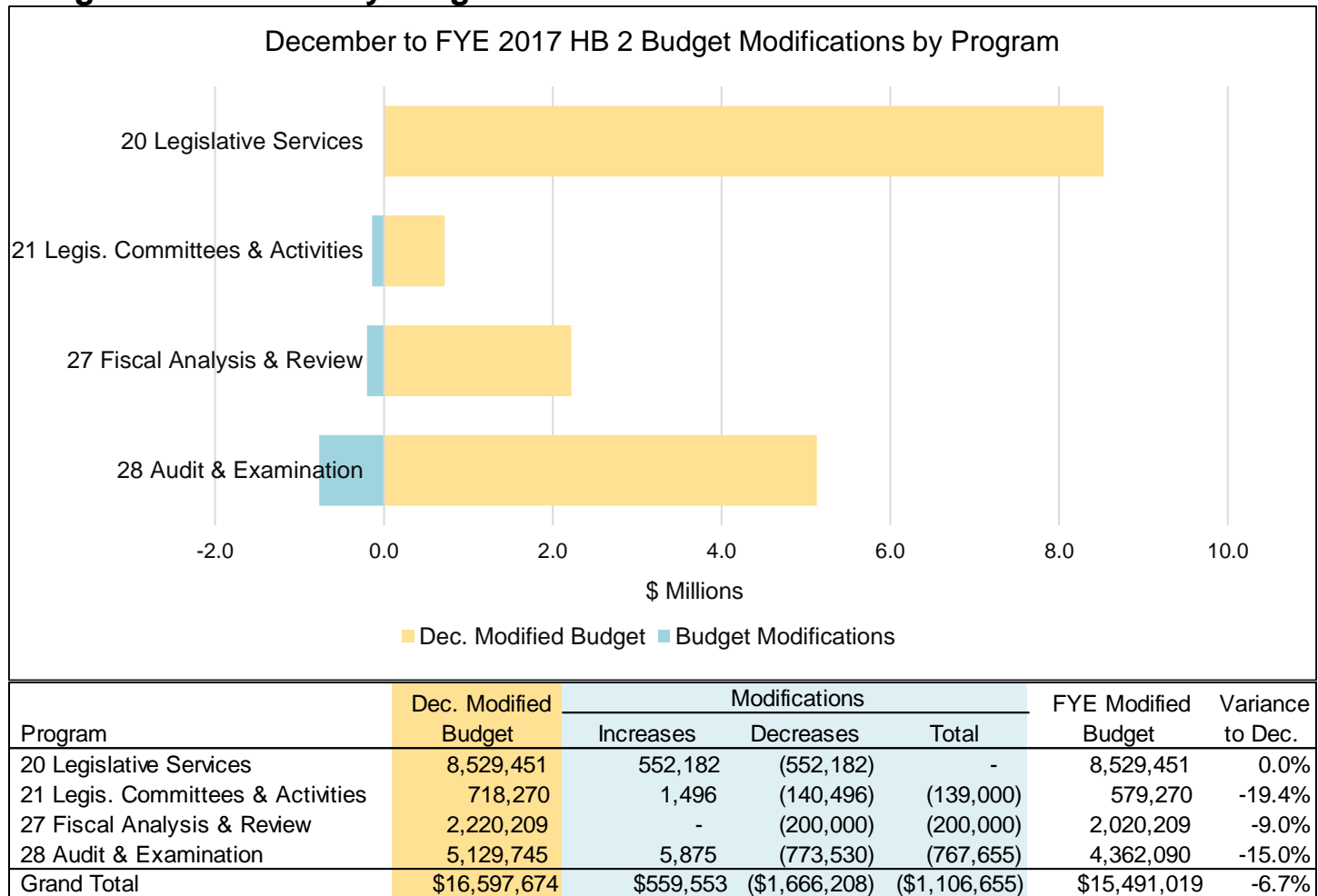
## Other Authority

Other authority in the Legislative Branch was comprised of:

- Capital projects appropriations in HB 10 for the session systems replacement information technology project
- General fund appropriations for the Judicial Redistricting Commission, the Office of Public Defender Task Force, and the School Funding Study
- General fund appropriations in HB 1 for the operations of the legislature

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



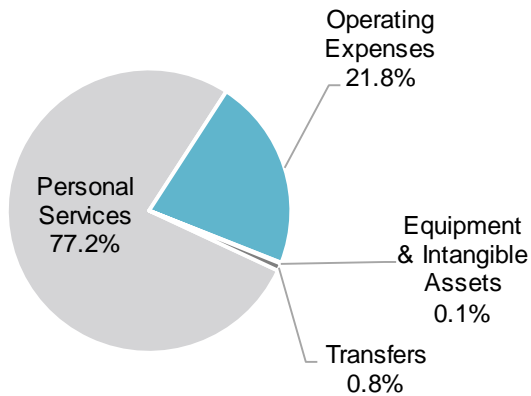
*This chart shows budget modifications by program from December through FYE.*

There were budget modifications in every program in the Legislative Branch since the last Budget Status Report. The Legislative Services Division reduced operating expenditures and increased equipment and intangible assets to appropriately account for the purchase of capital assets. These capital assets included a Digital Archive Solution (server) for TVMT and contract payments for the Session Systems Replacement Project. Additionally, Legislative Committees and Activities, the Legislative Fiscal Division, and the Legislative Audit Division contributed reductions of \$1.1 million general fund in HB 3.

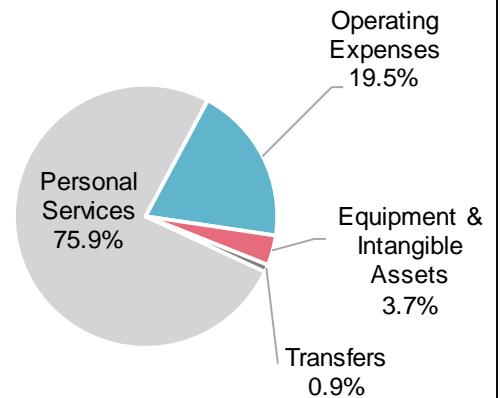
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

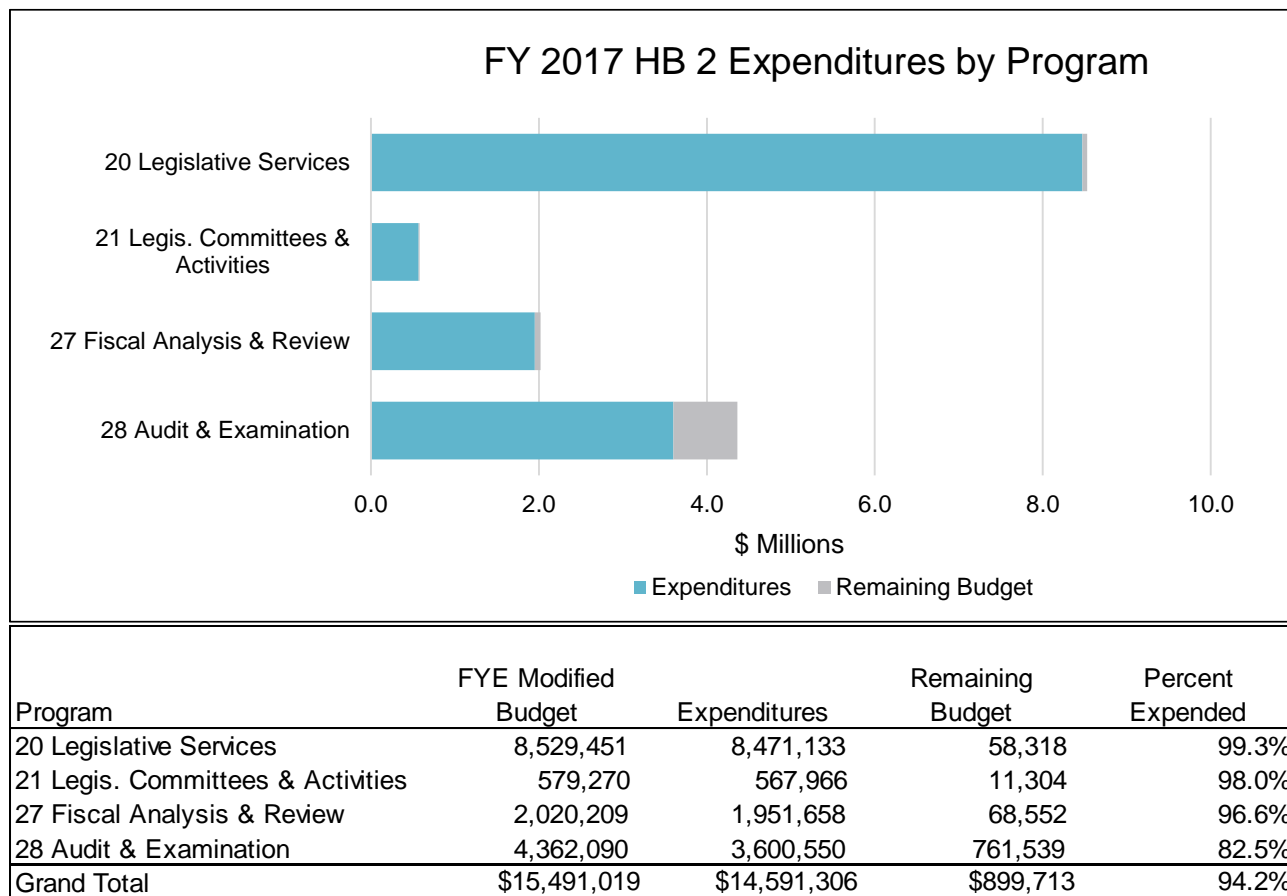
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$12,814,247	1,496	(\$1,059,178)	(1,057,682)	11,756,565	-8.3%
62000 Operating Expenses	\$3,623,841	5,875	(\$607,030)	(601,155)	3,022,686	-16.6%
63000 Equipment & Intangible Assets	\$18,927	552,182	\$0	552,182	571,109	2917.4%
68000 Transfers	\$140,659	-	\$0	-	140,659	0.0%
Grand Total	\$16,597,674	\$559,553	(\$1,666,208)	(\$1,106,655)	\$15,491,019	-6.7%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

Legislative Branch budget modifications impacted personal services, operating expenses, and equipment and intangible assets. Personal services reductions were primarily due to the voluntary general fund reductions in HB 3. The reduction in operating expenses and increase in equipment and intangible assets was mainly to appropriately account for the purchase of capital assets.

## AGENCY HB 2 EXPENDITURES

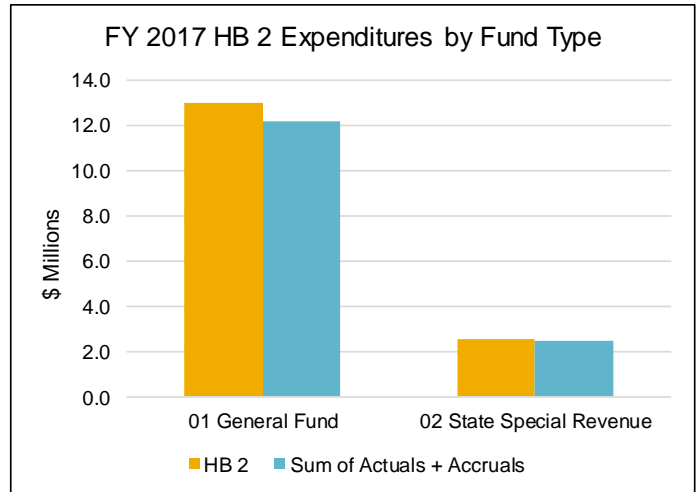
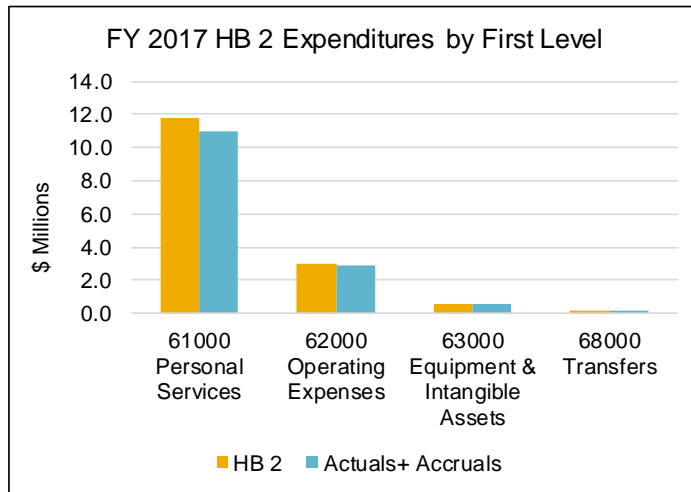
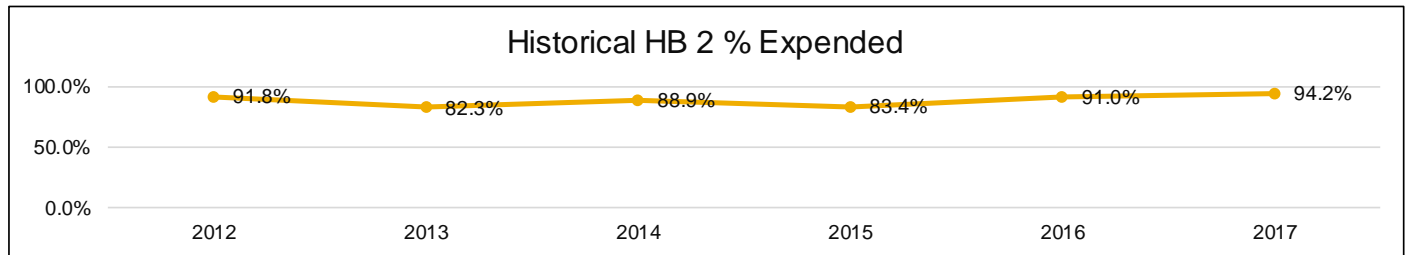
### Expenditure by Program



*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Legislative Audit Division expended 82.5% of its nearly \$4.4 million appropriation in FY 2017. The lower percentage expended in the division is because of recruitment and retention issues. As of August 15, 2017 there were 10.00 FTE vacant. It is important to note that the Legislative Audit Division received a reduction of 5.00 FTE in FY 2018 as part of the 5% plan adjustments.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal S	11,756,565	10,967,623	93.3%
62000 Operating I	3,022,686	2,911,914	96.3%
63000 Equipment	571,109	571,109	100.0%
68000 Transfers	140,659	140,659	100.0%
<b>Grand Total</b>	<b>\$15,491,019</b>	<b>\$14,591,306</b>	<b>94.2%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	12,935,326	12,132,040	93.8%
02 State Special	2,555,693	2,459,266	96.2%
<b>Grand Total</b>	<b>\$15,491,019</b>	<b>\$14,591,306</b>	<b>94.2%</b>

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.

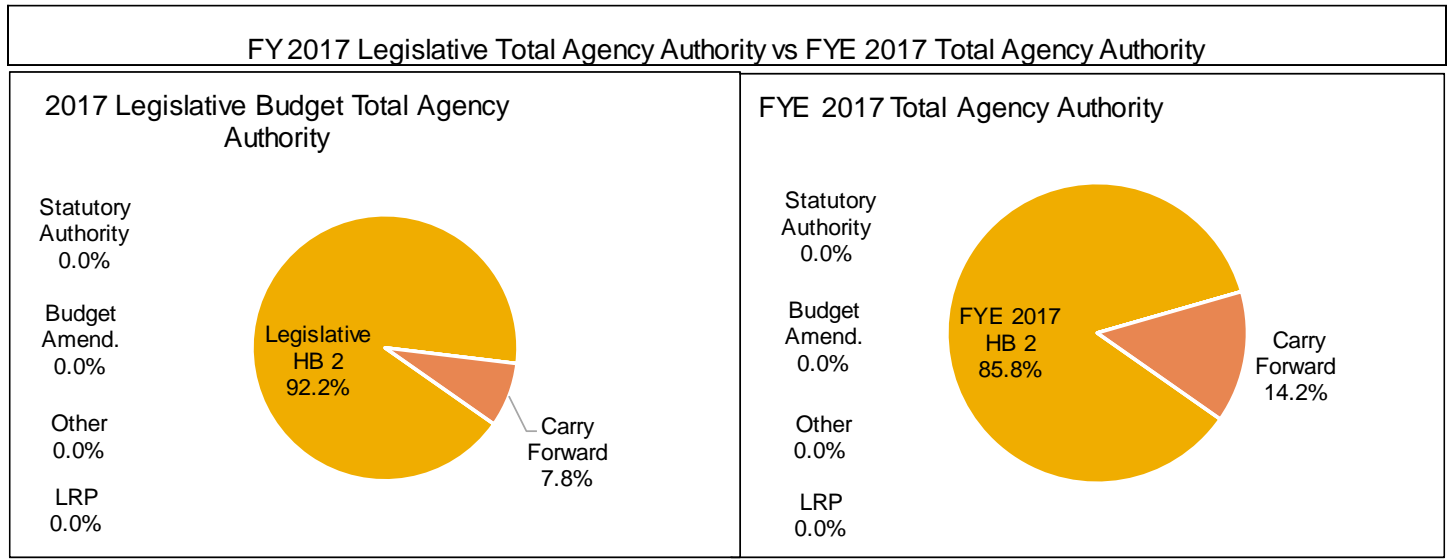
The Legislative Branch expended 94.2% of its FY 2017 appropriations, which is in line with historical expenditures. Personal services were 93.3% expended as of the end of FY 2017, which is discussed in further detail above.

# CONSUMER COUNSEL

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Consumer Counsel's HB 2 appropriations of \$1.7 million, comprised entirely of state special revenue, was 65.9% expended in FY 2017
- The lower percentage expended was due to caseloads being lower than the historical average and the caseload contingency appropriation being unexpended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	1,733,284	(19)	1,733,265
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	19	19
Carry Forward	147,155	138,875	286,030
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	1,880,439	138,875	2,019,314
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

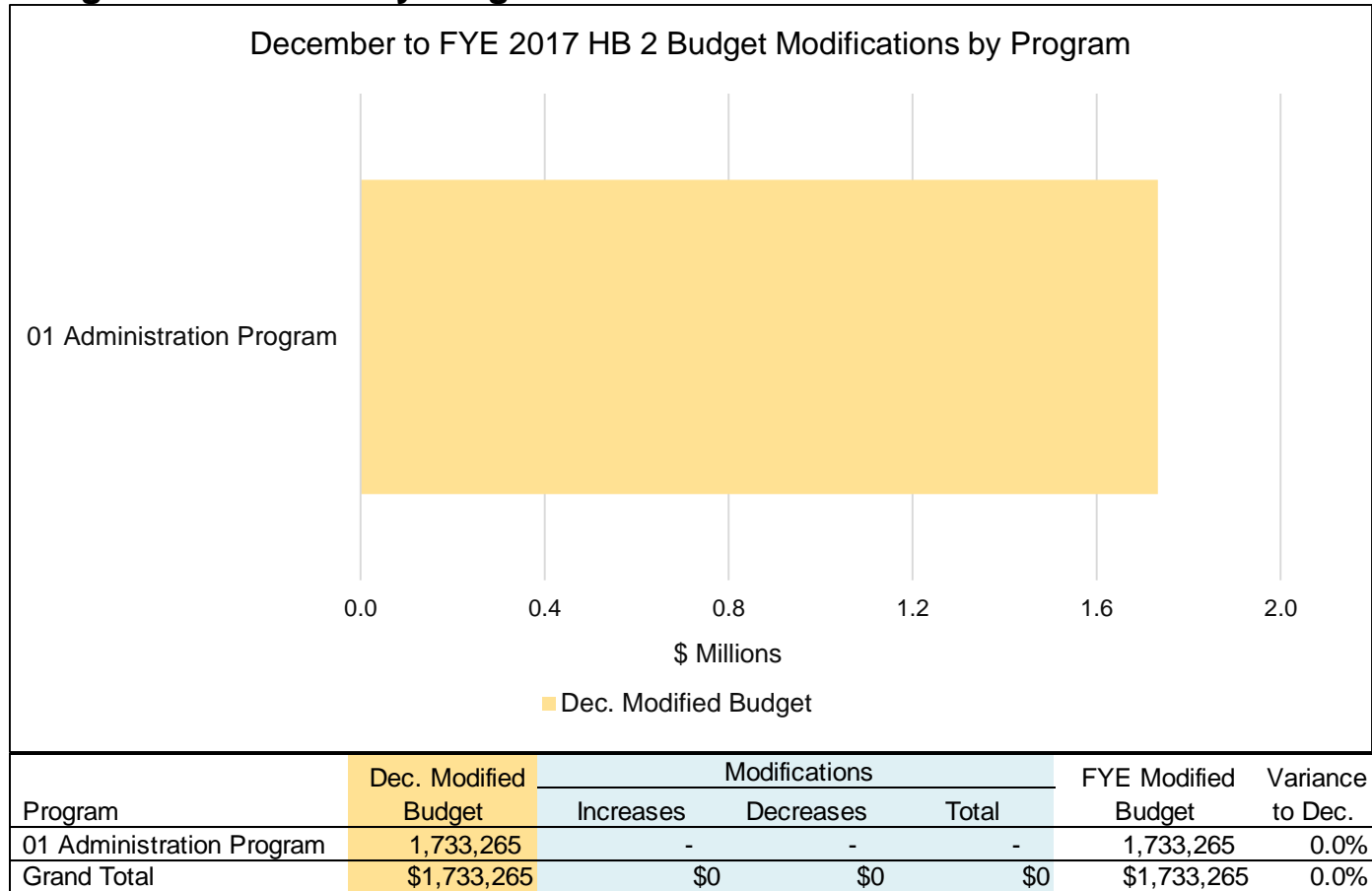
FY 2017 Total Agency Authority Expended	
Total Expended	1,142,229
Total Budgeted Authority	2,019,314
% Expended	56.6%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Montana Consumer Counsel was approximately \$2.0 million. This primarily consists of carryforward and HB 2 authority. The Consumer Counsel did not expend any of its carryforward authority in FY 2017. HB 2 appropriations will be discussed in further detail below.

## HB 2 BUDGET MODIFICATIONS

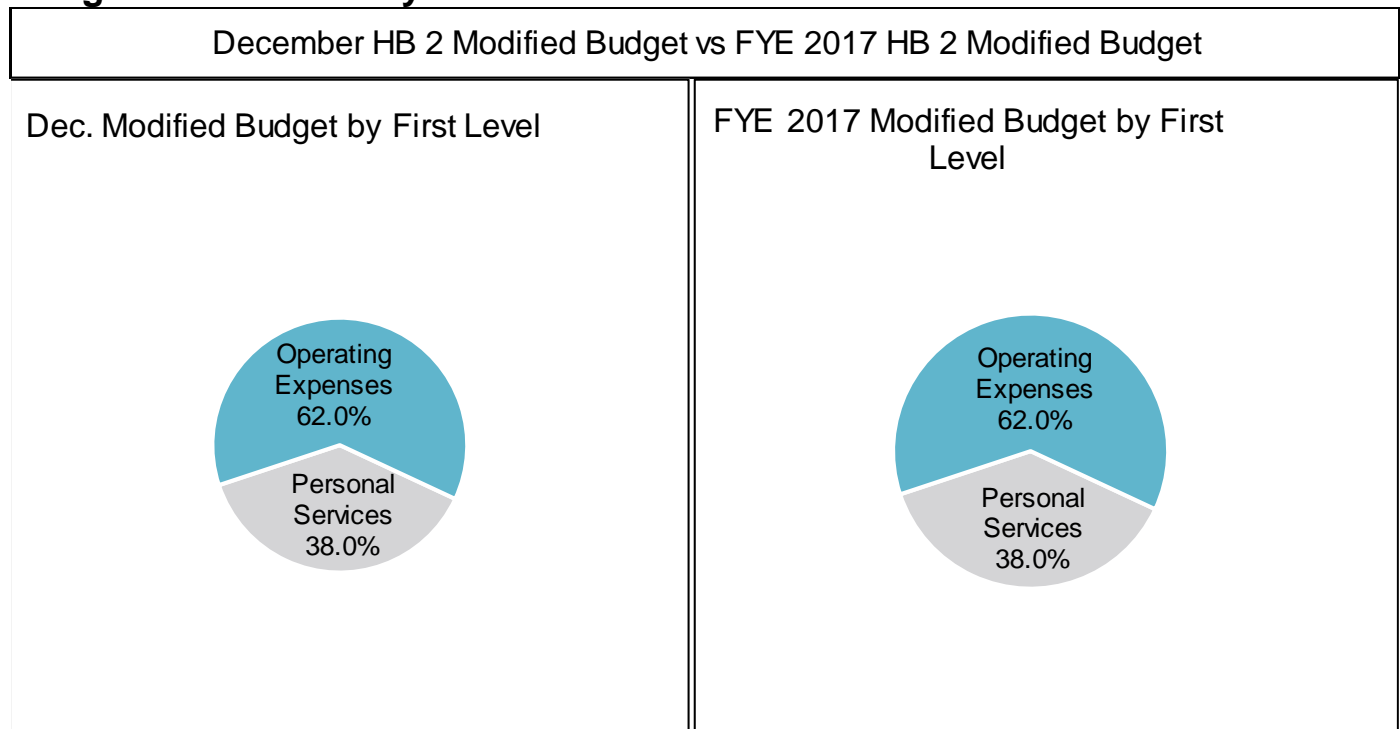
### Budget Modification by Program



*This chart shows budget modifications by program from December through FYE.*

The Montana Consumer Counsel did not have any budget modifications since the last Budget Status Report.

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$658,046	-	\$0	-	658,046	0.0%
62000 Operating Expenses	\$1,075,219	-	\$0	-	1,075,219	0.0%
Grand Total	\$1,733,265	\$0	\$0	\$0	\$1,733,265	0.0%

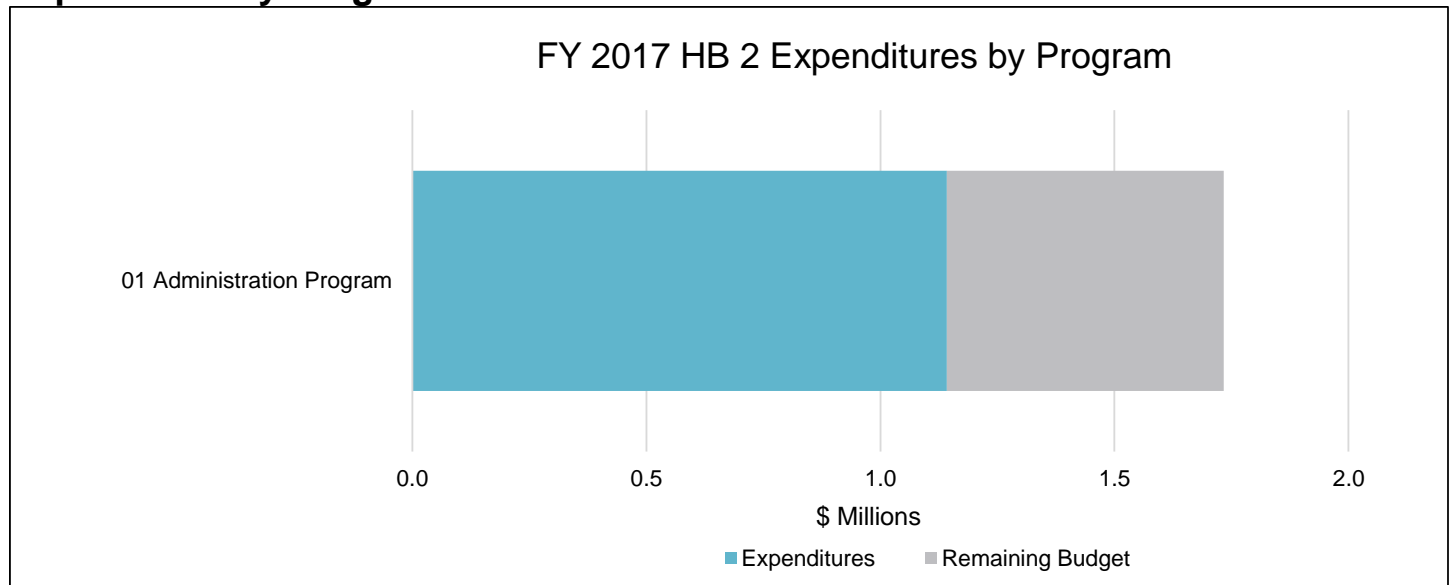
*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Montana Consumer Counsel did not have any budget modifications since the last Budget Status Report.



## AGENCY HB 2 EXPENDITURES

### Expenditure by Program

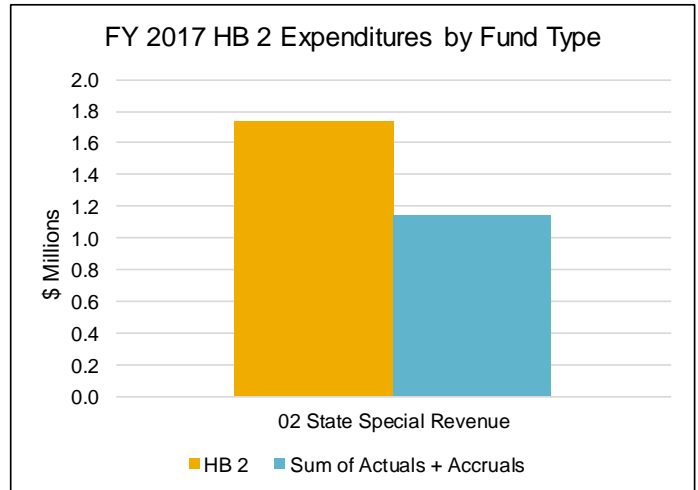
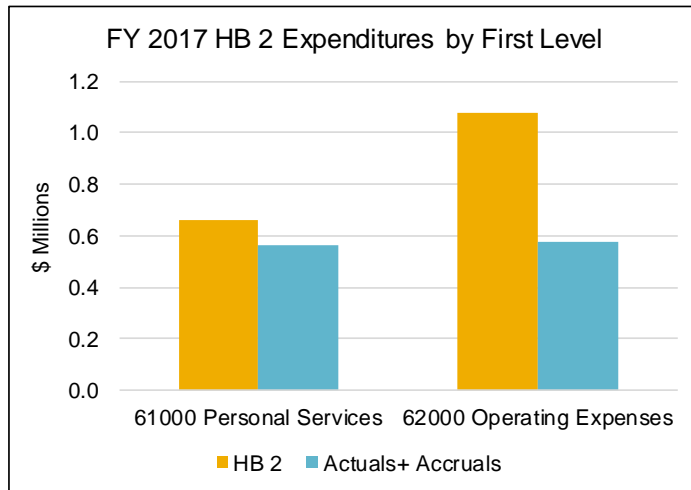
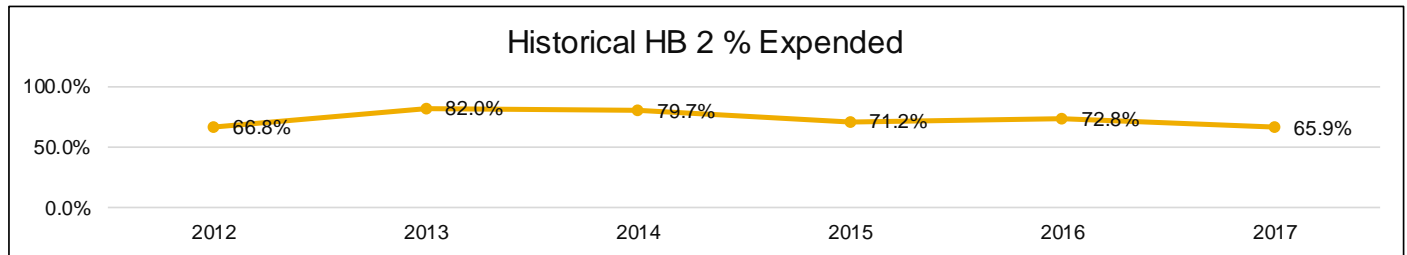


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	1,733,265	1,142,229	591,036	65.9%
Grand Total	\$1,733,265	\$1,142,229	\$591,036	65.9%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

Montana Consumer Counsel's HB 2 appropriations of \$1.7 million were 65.9% expended as of the end of FY 2017. Additional details on expenditures can be found below.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal S	658,046	566,356	86.1%
62000 Operating	1,075,219	575,873	53.6%
Grand Total	\$1,733,265	\$1,142,229	65.9%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
02 State Special	1,733,265	1,142,229	65.9%
Grand Total	\$1,733,265	\$1,142,229	65.9%

*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.*

Montana Consumer Counsel's FY 2017 caseloads were determined by utility filings with the Public Service Commission and budgeted using a historical average. Additionally, the Consumer Counsel received a one-time-only, state special revenue appropriation of \$250,000 in FY 2017 for costs associated with unanticipated caseloads. Utility filings with the Public Service Commission vary and cause fluctuations in the Consumer Counsel's expenditures. Total operating expenses as of the end of FY 2017 were 53.6% expended. The lower percentage expended was due to, in part, caseloads being lower than the historical average. Also contributing to the lower percentage was the appropriation of \$250,000 for unanticipated caseloads, which was 0.0% expended.

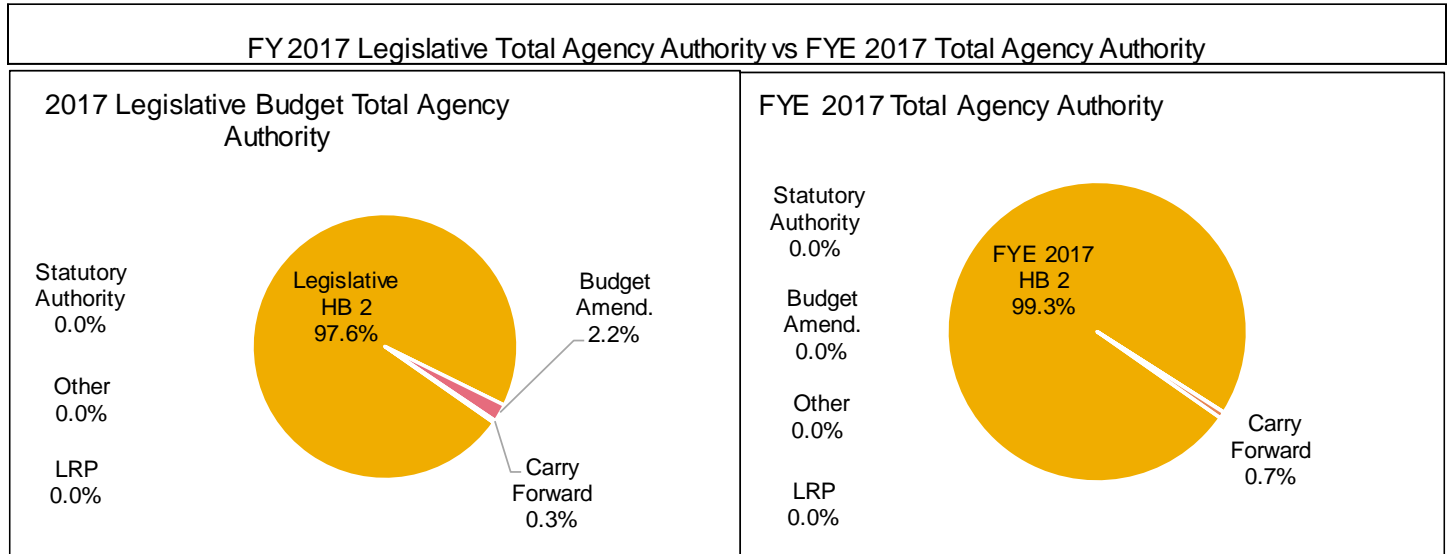
As of the end of FY 2017, 86.1% of the approximately \$660,000 personal services appropriations was expended. The lower percentage expended was primarily due to a retirement in a long-term position, which resulted in the position being filled with a new-hire at a lower rate.

# GOVERNOR'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Governor's Office expended 71.4% of its \$9.1 million appropriation in FY 2017
- Approximately \$2.4 million of the \$2.6 million remaining in the Governor's Office budget was from personal services contingency funds, personal services base contingency funds, and contingency base funds

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	6,705,618	2,395,450	9,101,068
Statutory Authority	-	-	-
Budget Amendments	148,116	(148,116)	-
Other	-	3,309	3,309
Carry Forward	20,270	41,202	61,472
Sum of Long Range Planning	-	-	-
<b>Total Budgeted Authority</b>	<b>6,874,004</b>	<b>2,291,845</b>	<b>9,165,849</b>
<b>Non-Budgeted Proprietary</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

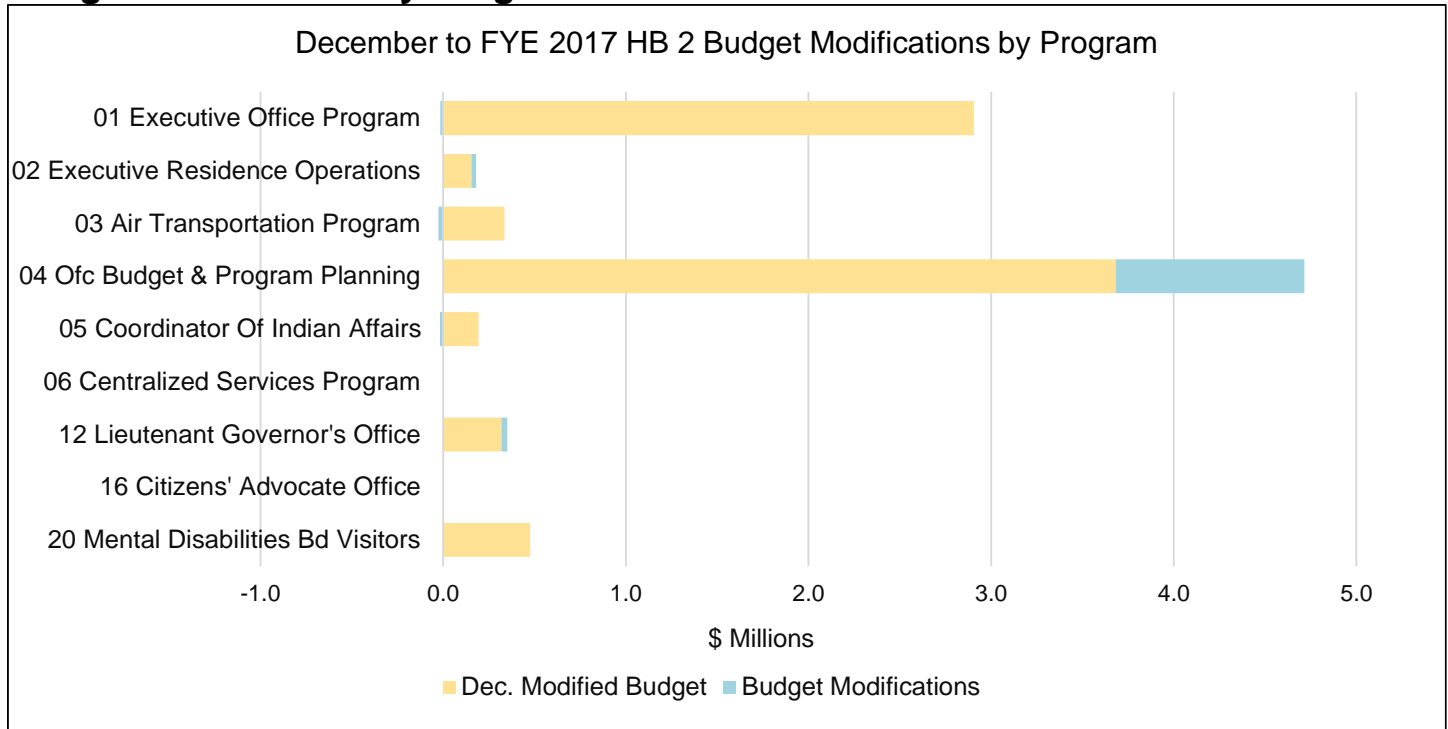
FY 2017 Total Agency Authority Expended	
Total Expended	6,520,393
Total Budgeted Authority	9,165,849
<b>% Expended</b>	<b>71.1%</b>

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Governor's Office was nearly \$9.2 million in FY 2017. This primarily consists of carryforward and HB 2 authority. Carryforward authority in the Governor's Office totaled approximately \$61,000 and 33.0% was expended in FY 2017. HB 2 appropriations will be discussed in further detail below.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Executive Office Program	2,906,643	11,850	(26,850)	(15,000)	2,891,643	-0.5%
02 Executive Residence Operations	154,885	26,400	(1,400)	25,000	179,885	16.1%
03 Air Transportation Program	335,843	-	(25,000)	(25,000)	310,843	-7.4%
04 Ofc Budget & Program Planning	3,681,298	1,402,334	(369,000)	1,033,334	4,714,632	28.1%
05 Coordinator Of Indian Affairs	194,604	15,600	(33,600)	(18,000)	176,604	-9.2%
06 Centralized Services Program	-	-	-	-	-	0.0%
12 Lieutenant Governor's Office	318,596	33,480	(480)	33,000	351,596	10.4%
16 Citizens' Advocate Office	-	-	-	-	-	0.0%
20 Mental Disabilities Bd Visitors	475,865	970	(970)	-	475,865	0.0%
<b>Grand Total</b>	<b>\$8,067,734</b>	<b>\$1,490,634</b>	<b>(\$457,300)</b>	<b>\$1,033,334</b>	<b>\$9,101,068</b>	<b>12.8%</b>

*This chart shows budget modifications by program from December through FYE.*

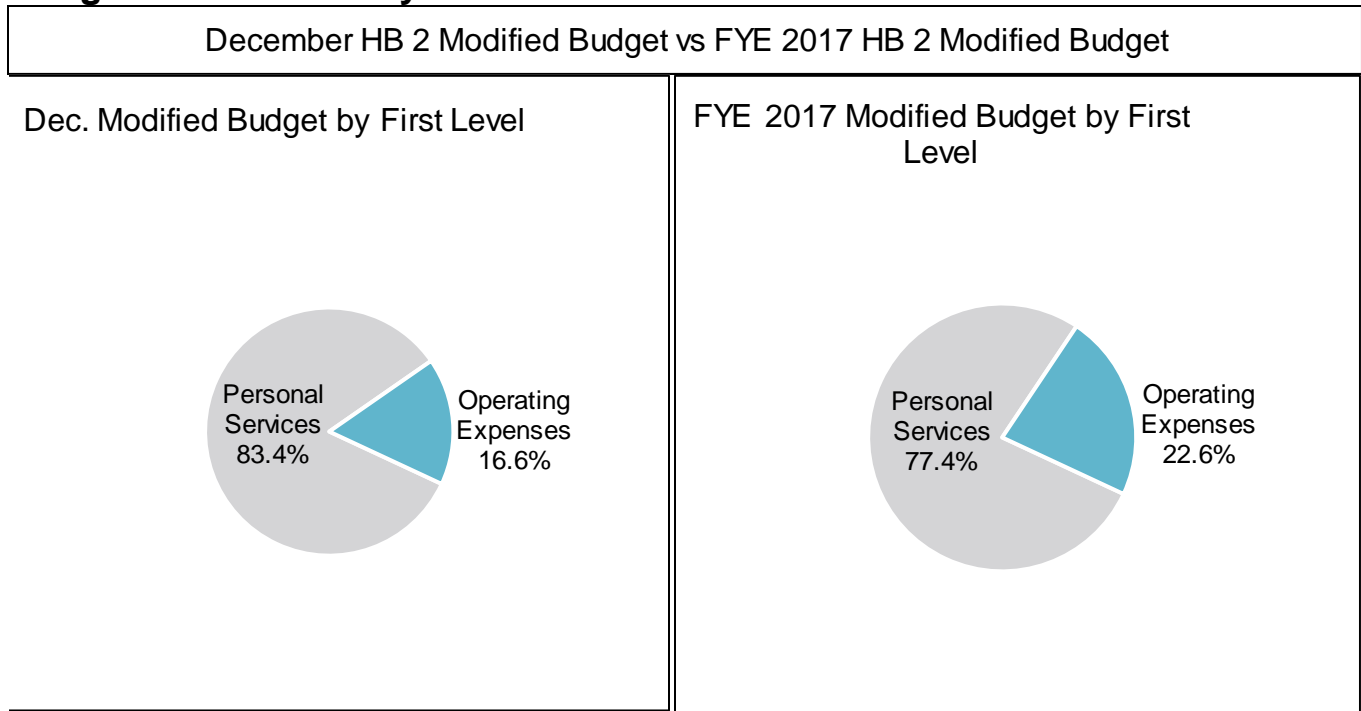
Significant budget modifications since the last Budget Status Report primarily occurred in the Office of Budget and Program Planning (OBPP). Budget modifications that increased appropriations in OBPP include:

- The return of personal services base contingency funds from the Department of Labor and Industry to OBPP. This transfer was state special revenue of \$700,000
- The return of contingency base funds from the Montana Department of Transportation to OBPP. This transfer was state special revenue of approximately \$700,000

Budget modifications that decreased appropriations in OBPP were due the allocation of personal services contingency funding. This includes:

- General fund of \$230,000 transferred to the Department of Health and Human Services
- General fund of \$58,000 transferred to the Office of the Commissioner of Higher Education
- Federal special revenue of \$81,000 transferred to the Department of Revenue

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,727,629	737,300	(\$417,300)	320,000	7,047,629	4.8%
62000 Operating Expenses	\$1,340,105	753,334	(\$40,000)	713,334	2,053,439	53.2%
Grand Total	\$8,067,734	\$1,490,634	(\$457,300)	\$1,033,334	\$9,101,068	12.8%

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Governor's Office had significant modifications to personal services and operating expenses.

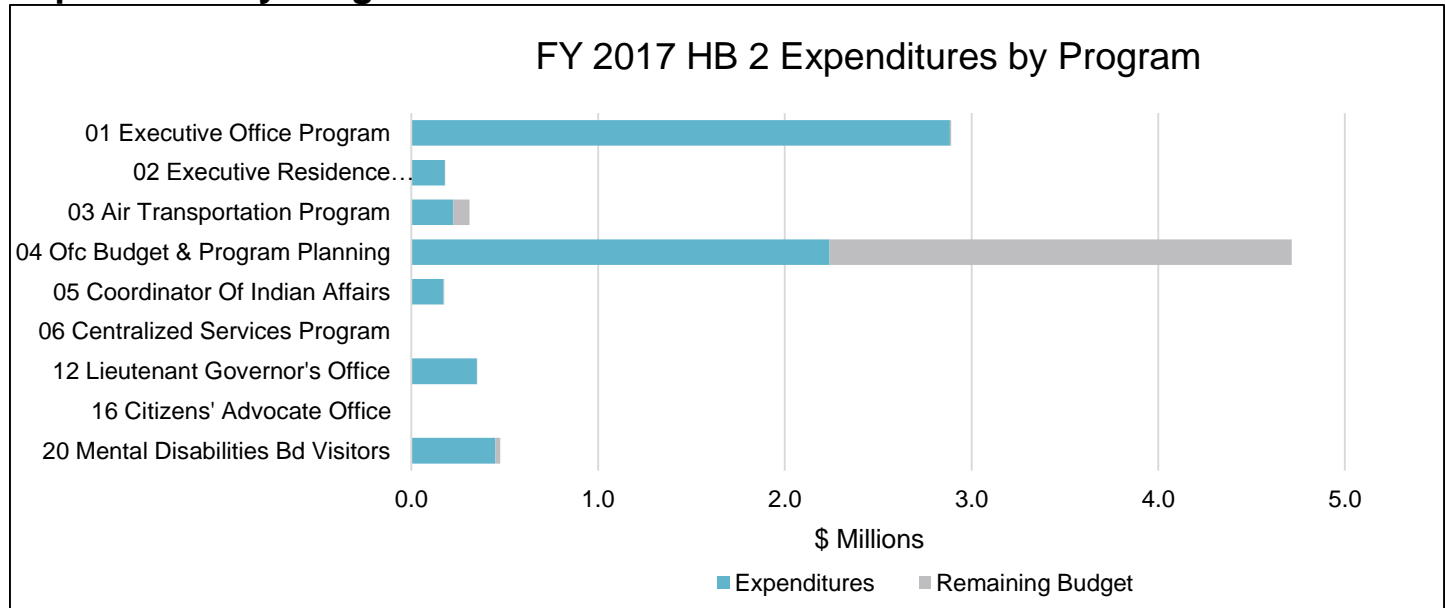
Modifications to personal services include:

- An increase in state special revenue of \$700,000 due to the return of personal services base contingency funds
- A decrease in general fund of \$288,000 and federal special revenue of \$81,000 due to the allocation of personal services contingency funds

Modifications to operating expenses include an increase in state special revenue of approximately \$700,000 due to the return of contingency base funds

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Executive Office Program	2,891,643	2,884,201	7,442	99.7%
02 Executive Residence Operations	179,885	179,131	754	99.6%
03 Air Transportation Program	310,843	223,486	87,357	71.9%
04 Ofc Budget & Program Planning	4,714,632	2,239,933	2,474,699	47.5%
05 Coordinator Of Indian Affairs	176,604	172,440	4,164	97.6%
06 Centralized Services Program	-	-	-	0.0%
12 Lieutenant Governor's Office	351,596	350,786	810	99.8%
16 Citizens' Advocate Office	-	-	-	0.0%
20 Mental Disabilities Bd Visitors	475,865	450,147	25,718	94.6%
Grand Total	\$9,101,068	\$6,500,123	\$2,600,945	71.4%

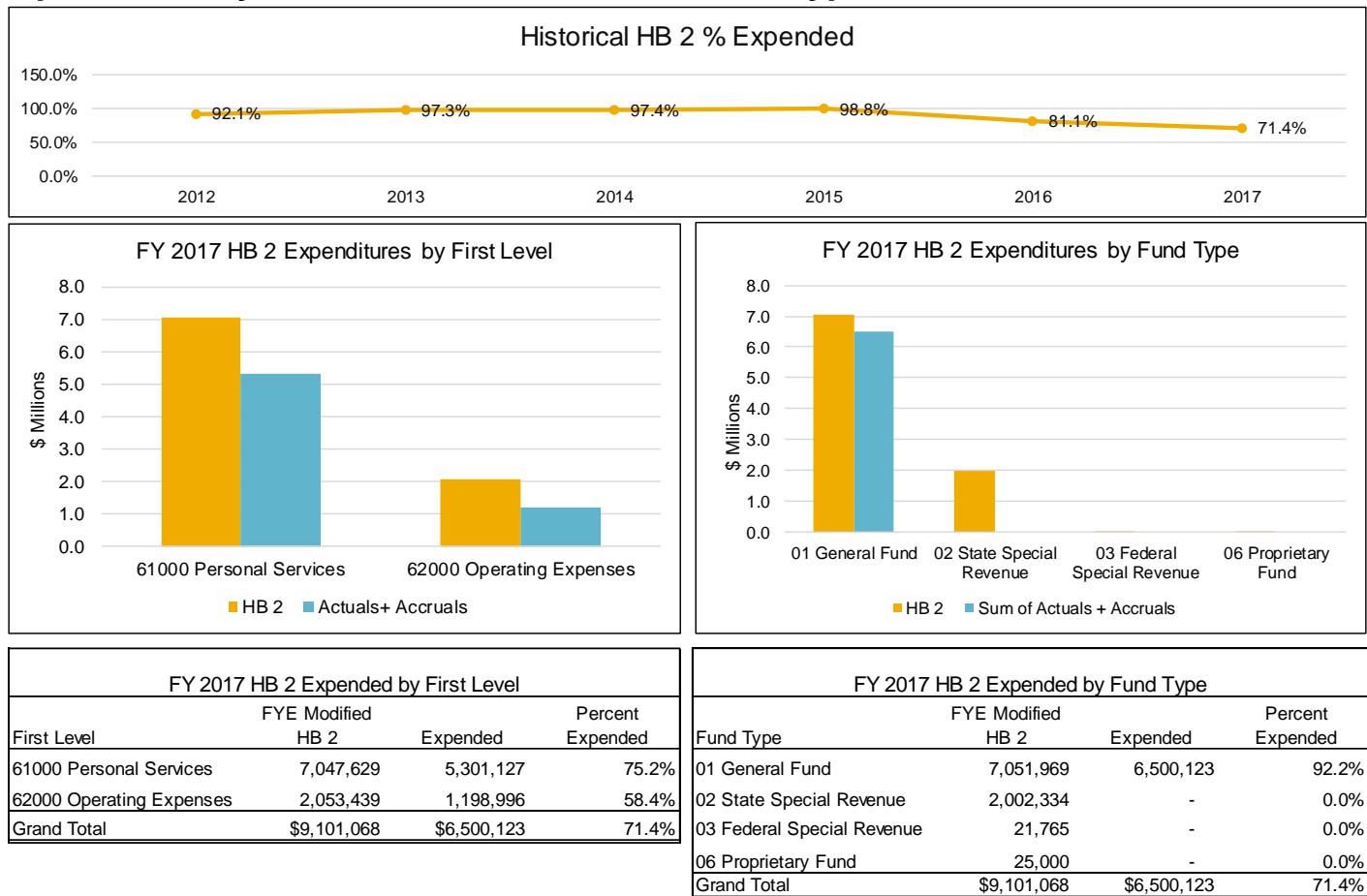
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

There are two programs in the Governor's Office that have lower percentages expended, which include the Air Transportation Program and the Office of Budget and Program Planning.

The Air Transportation Program expended 71.9% or approximately \$220,000 in FY 2017. Personal services were 87.6% expended and operating expenses were 59.1% expended. The lower percentages expended was due to less travel conducted and less co-pilot hours.

OBPP expended 47.5% of its \$4.7 million appropriation in FY 2017. There was \$2.4 million remaining in OBPP's budget, which was primarily due to personal services contingency funding, personal services base contingency funding, and contingency base funding. The percent expended was 95.3% in OBPP when the contingency funds are excluded. This is in line with anticipated expenditures.

## 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.*

The Governor's Office expended 71.4% of its appropriations as of the end of FY 2017. The lower percentage expended is due to approximately \$2.4 million of contingency funding that was not expended during the fiscal year. This includes:

- Personal services contingency funding of approximately \$960,000
- Personal services base contingency funding of \$700,000
- Contingency base funding of approximately \$700,000

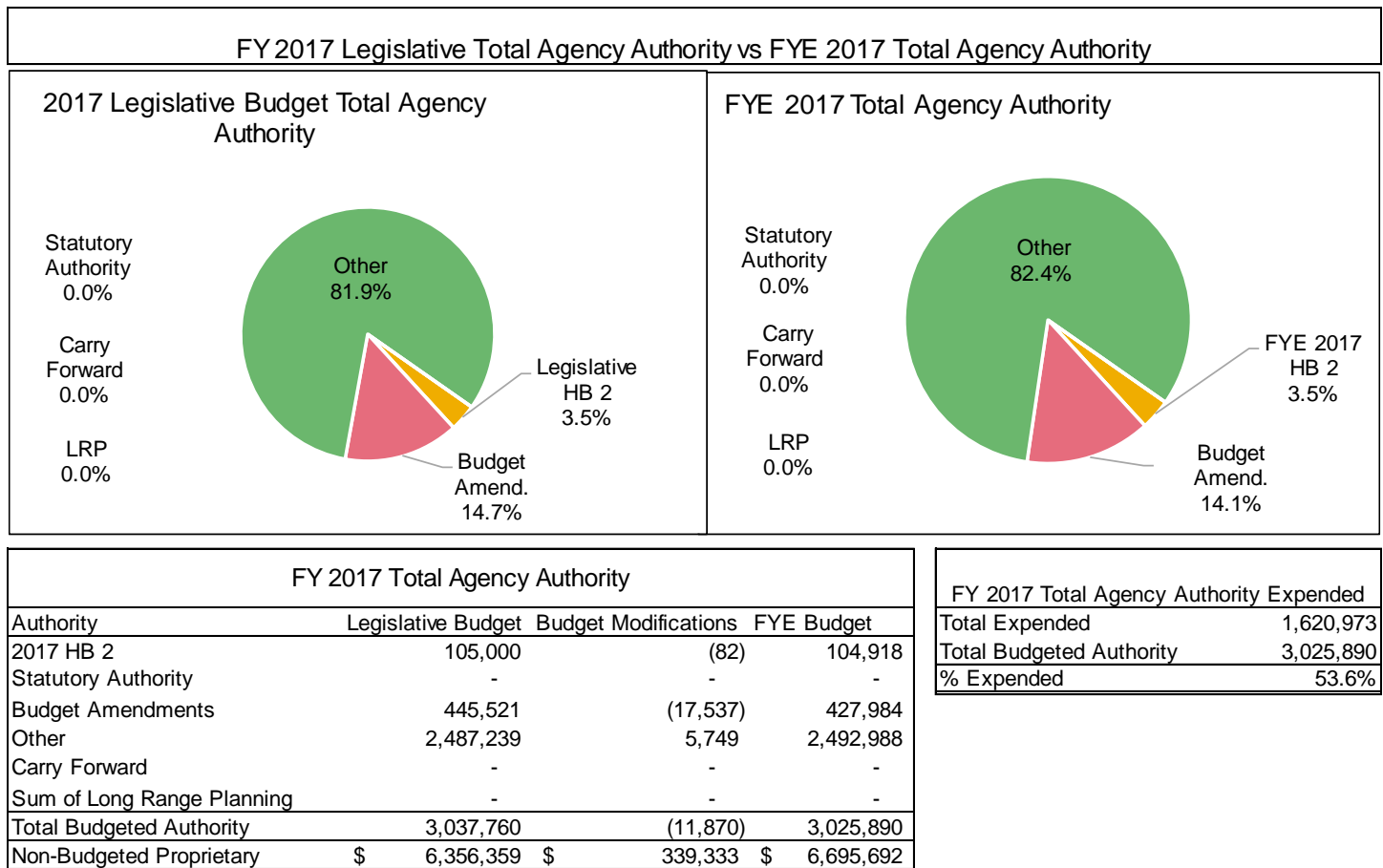
While contingency funds were appropriated to the Governor's Office, the office allocates these funds to state agencies. These appropriations do not fund the operation of the Governor's Office. The percent expended is 96.5% in the Governor's Office when the contingency funds are excluded. This is in line with historical expenditures in previous biennia.

# SECRETARY OF STATE'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Secretary of State's Office HB 2 appropriations of approximately \$105,000, comprised entirely of federal special revenue, were 79.6% expended in FY 2017. The lower percentage expended was due to information technology costs and related Montana Election and Technology Advisory Council (METAC) meeting expenditures being less than anticipated
- The majority of the Secretary of State's FY 2017 authority is comprised of non-budgeted proprietary funds. This authority totaled approximately \$6.7 million and was 98.0% expended

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

### Other

The majority of the total budgeted authority in the Secretary of State's Office is from long range information technology funding included in HB 10. This funding was budgeted for the Montana Secretary of State Information Management System (SIMS) project.

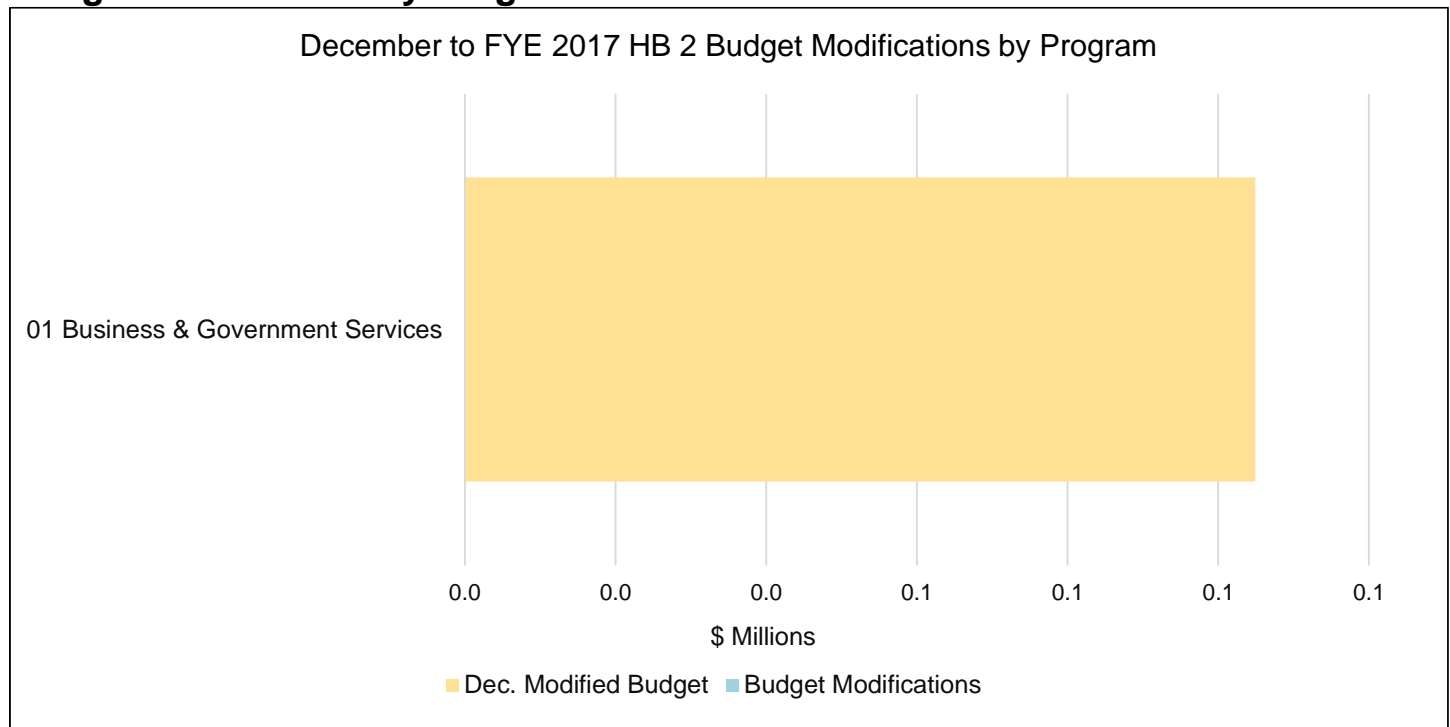
### Non-Budgeted Proprietary

The majority of the total authority in the Secretary of State's Office was from non-budgeted proprietary funds. These funds primarily were derived from fees charged for services, document sales, and other fees established in statute. Non-budgeted proprietary funds totaling nearly \$6.7 million were 98.0% expended in FY 2017.



## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program

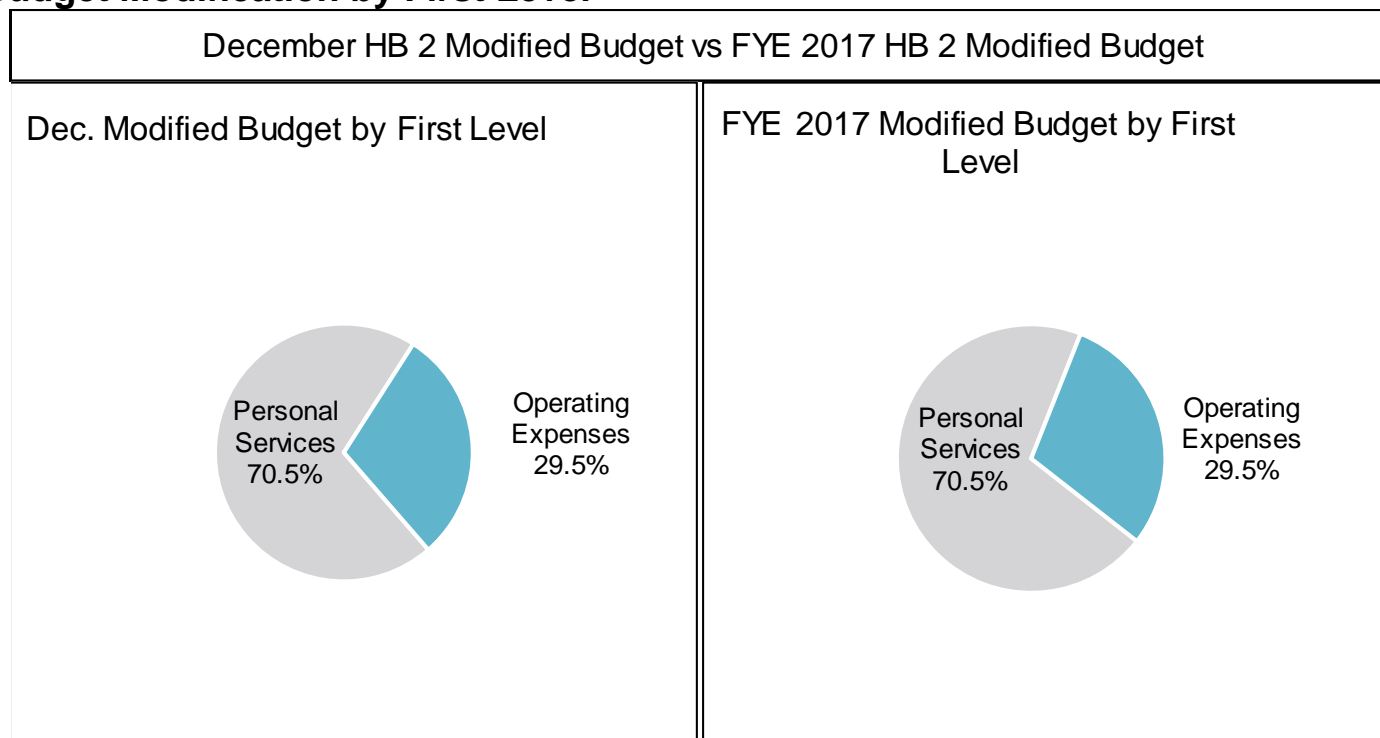


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Business & Government Services	104,918	-	-	-	104,918	0.0%
Grand Total	\$104,918	\$0	\$0	\$0	\$104,918	0.0%

*This chart shows budget modifications by program from December through FYE.*

The Secretary of State's Office did not have any budget modifications to its HB 2 appropriations since the last Budget Status Report.

## Budget Modification by First Level



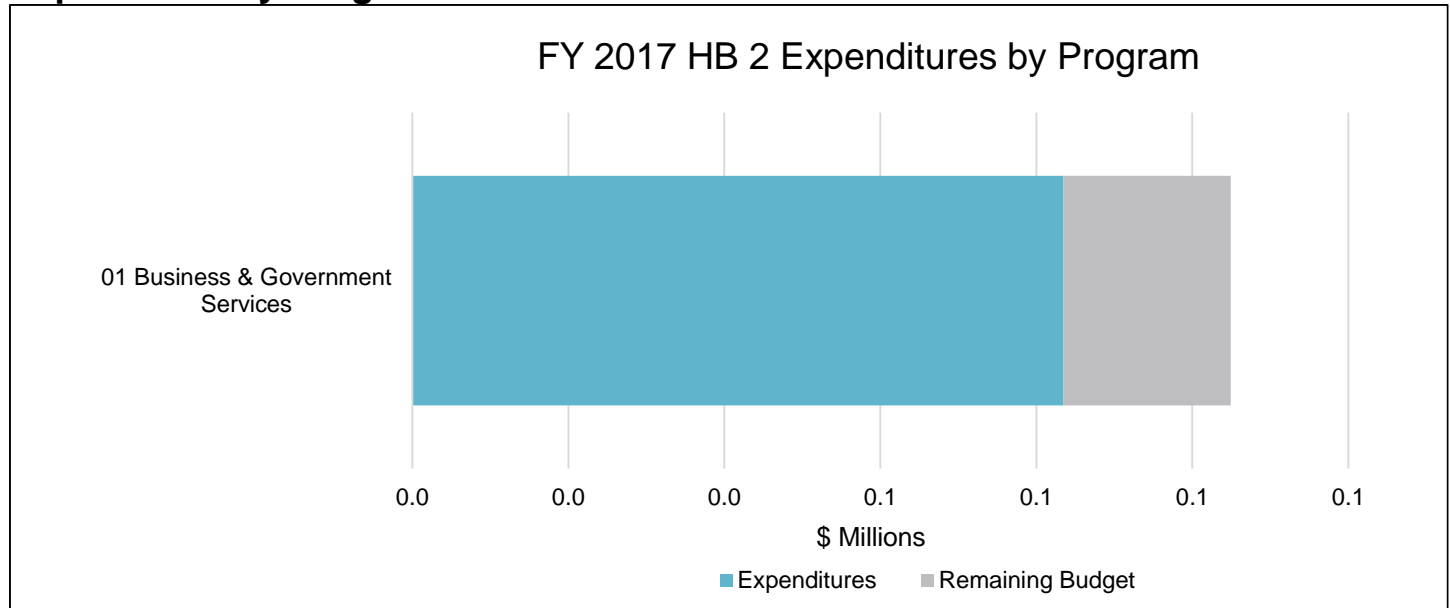
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$73,918	-	\$0	-	73,918	0.0%
62000 Operating Expenses	\$31,000	-	\$0	-	31,000	0.0%
Grand Total	\$104,918	\$0	\$0	\$0	\$104,918	0.0%

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Secretary of State's Office did not have any budget modifications to its HB 2 appropriations since the last Budget Status Report.

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program

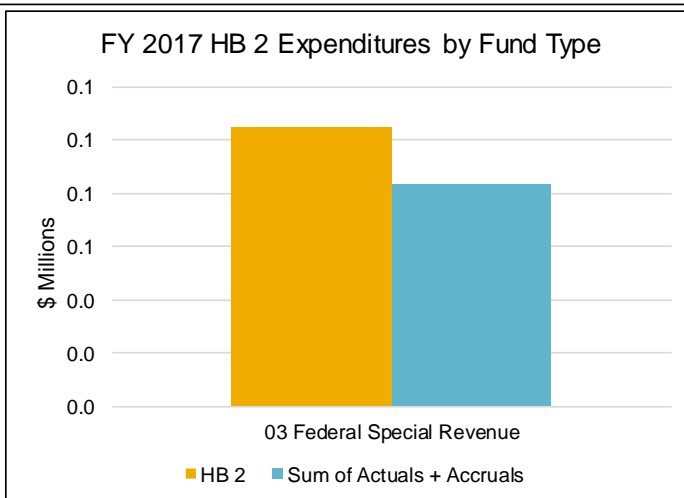
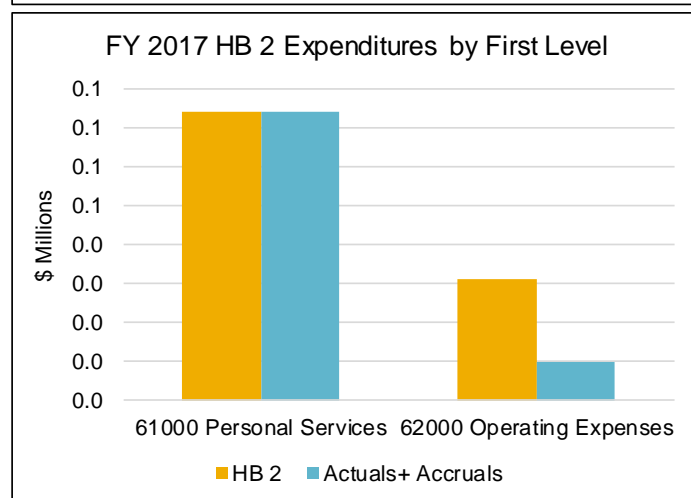
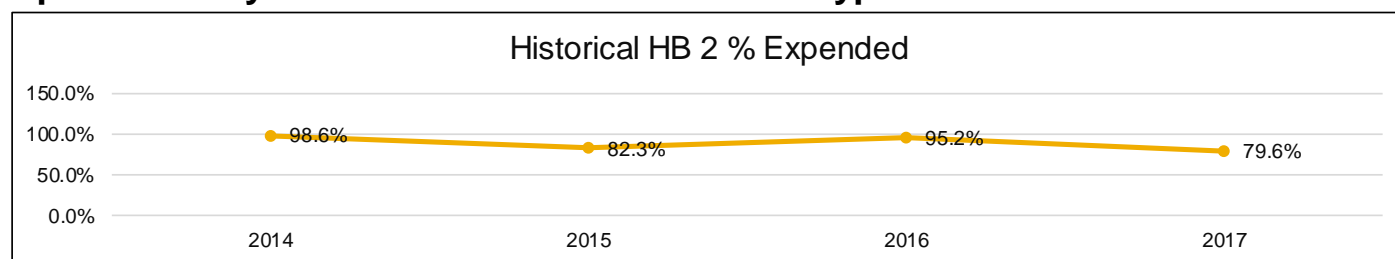


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Business & Government Services	104,918	83,471	21,447	79.6%
Grand Total	\$104,918	\$83,471	\$21,447	79.6%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Secretary of State's Office expended 79.6% of the approximately \$105,000 appropriation in HB 2 as of the end of FY 2017. Additional details on expenditures can be found below.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	73,918	73,801	99.8%
62000 Operating	31,000	9,671	31.2%
Grand Total	\$104,918	\$83,471	79.6%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
03 Federal Specifi	104,918	83,471	79.6%
Grand Total	\$104,918	\$83,471	79.6%

*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.*

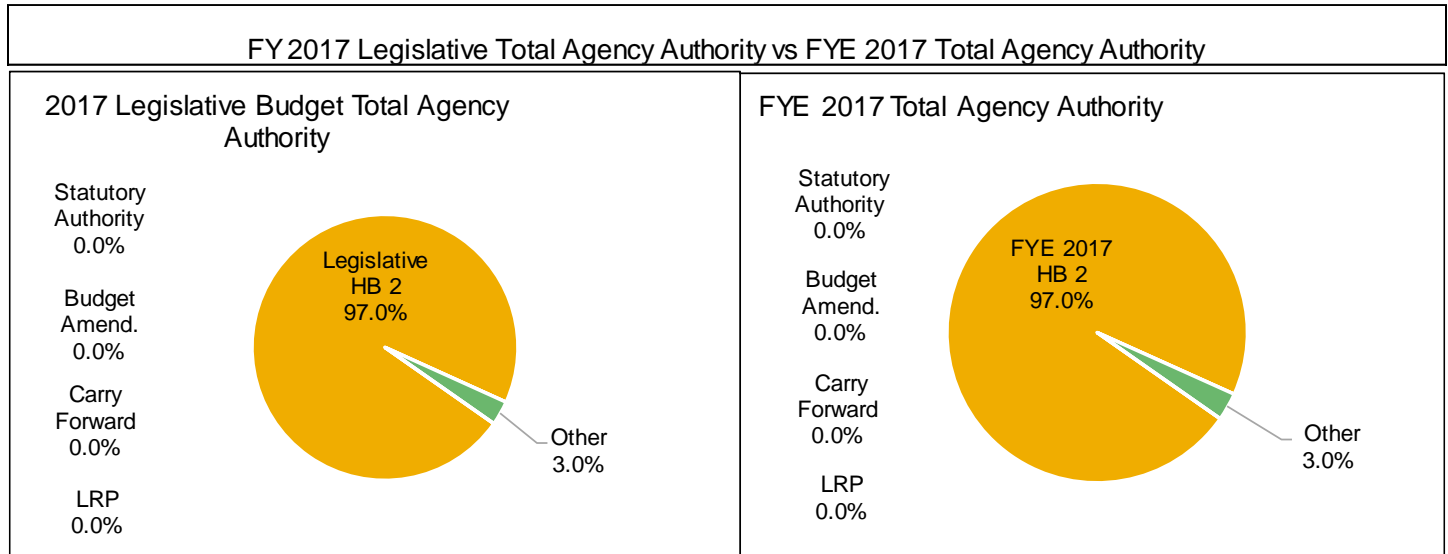
The Secretary of State's Office expended 31.2% of its \$31,000 appropriation for operating expenditures in HB 2 as of the end of FY 2017. According to the office, the lower percentage expended is due to actual Information Technology Services Division (ITSD) costs and related Montana Election and Technology Advisory Council meeting expenditures being less than anticipated.

# COMMISSIONER OF POLITICAL PRACTICES

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Commissioner of Political Practices' HB 2 appropriations of \$693,000, comprised entirely of general fund, were 99.0% expended in FY 2017

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	690,604	2,705	693,309
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	21,058	327	21,385
Carry Forward	1	-	1
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	711,663	3,032	714,695
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

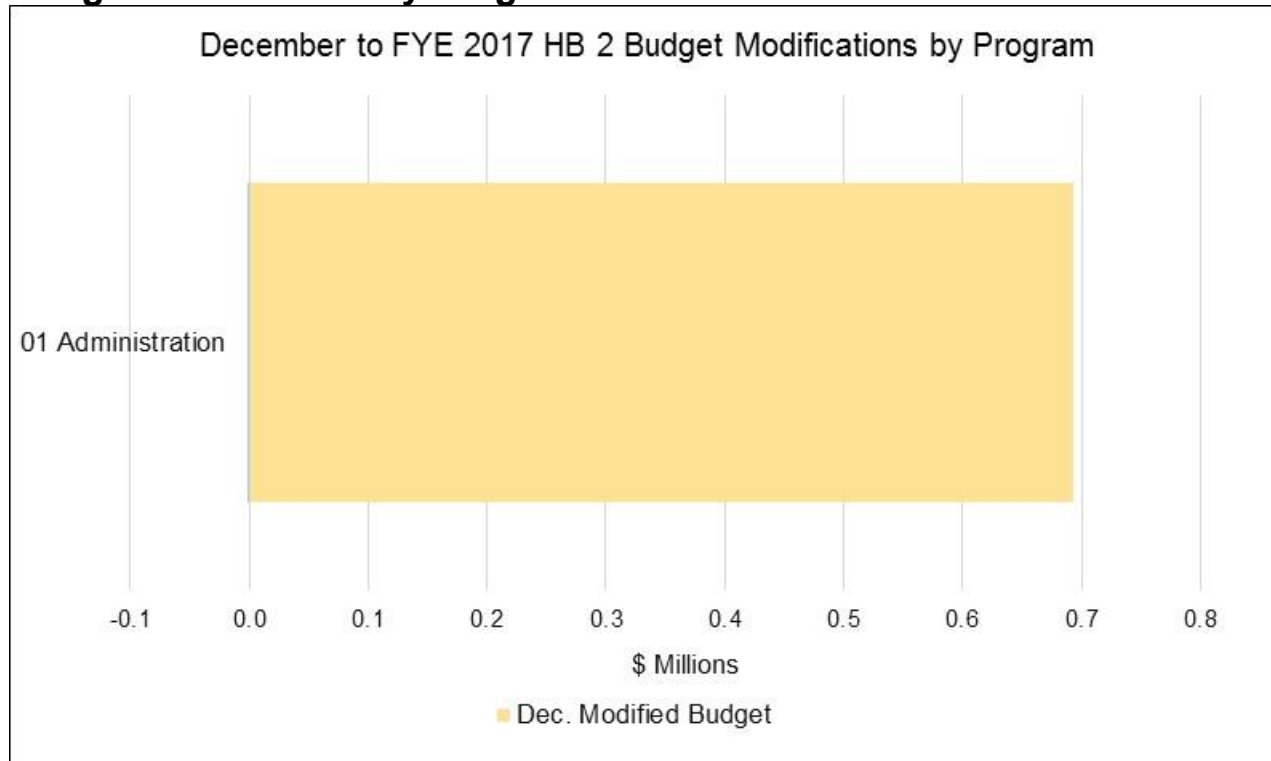
FY 2017 Total Agency Authority Expended	
Total Expended	686,137
Total Budgeted Authority	714,695
% Expended	96.0%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the Commissioner of Political Practices' was approximately \$715,000 in FY 2017. This was primarily comprised of HB 2 authority, which will be discussed in further detail below. Additionally, the other authority includes long range information technology funding (HB 10) for a campaign reporting information technology project.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program

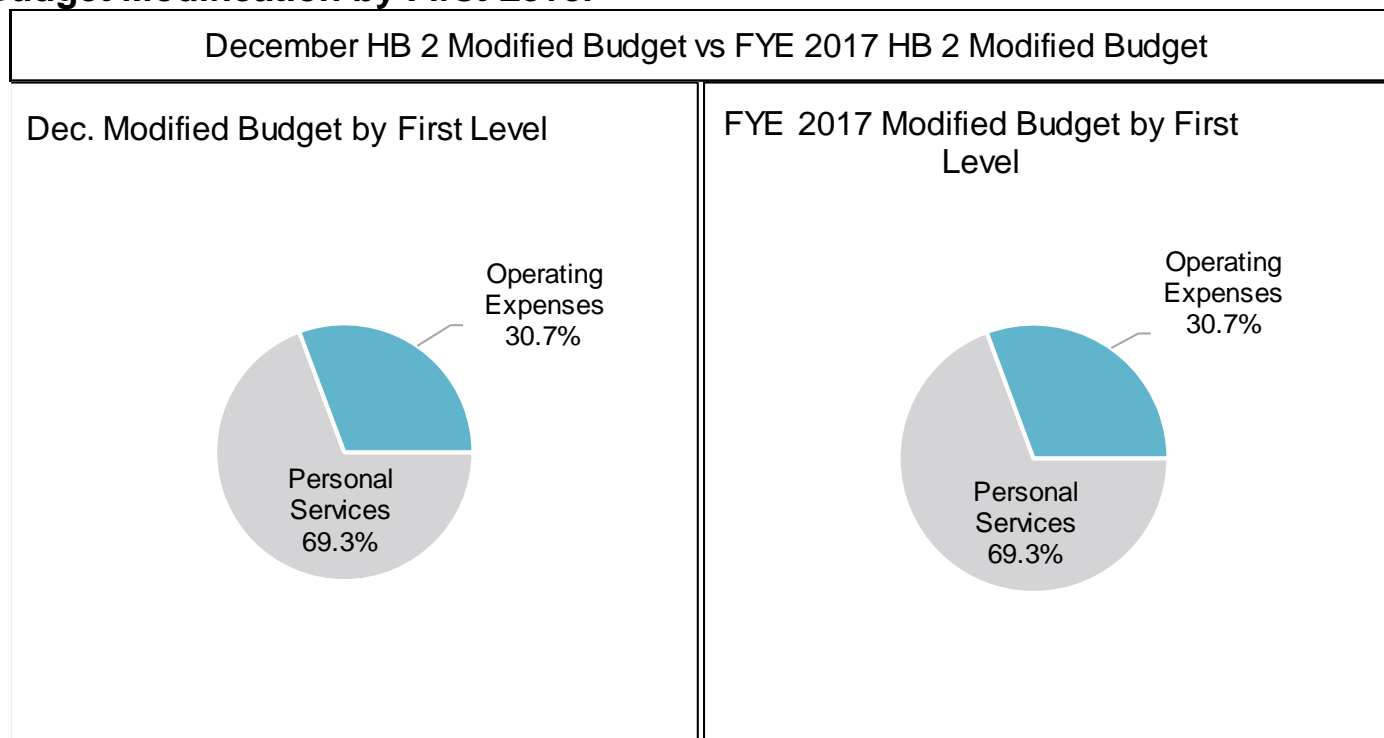


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration	693,636	-	(327)	(327)	693,309	0.0%
Grand Total	\$693,636	\$0	(\$327)	(\$327)	\$693,309	0.0%

*This chart shows budget modifications by program from December through FYE.*

The Commissioner of Political Practices did not have any significant budget modifications since the last Budget Status Report. There was a small modification due to a workers' compensation reduction.

## Budget Modification by First Level



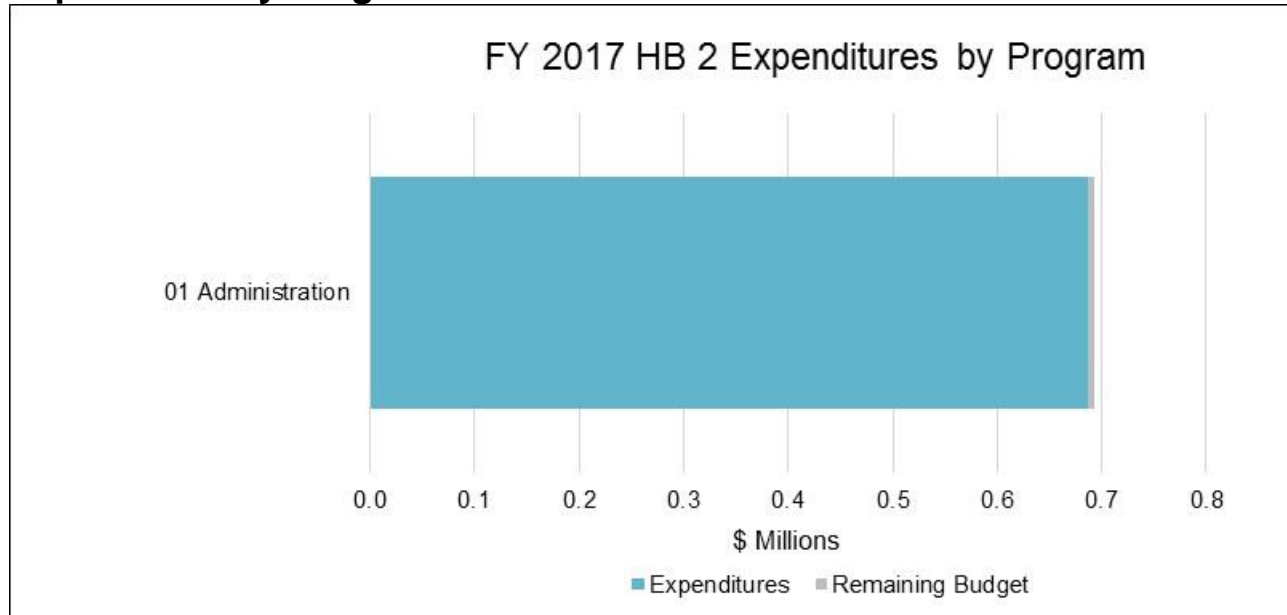
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$480,776	-	\$0	-	480,776	0.0%
62000 Operating Expenses	\$212,860	-	(\$327)	(327)	212,533	-0.2%
Grand Total	\$693,636	\$0	(\$327)	(\$327)	\$693,309	0.0%

*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

The Commissioner of Political Practices did not have any significant budget modifications since the last Budget Status Report. There was a small modification due to a workers' compensation reduction.

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



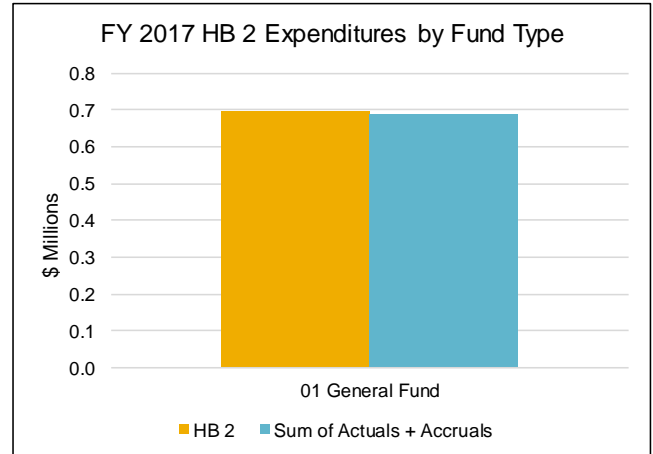
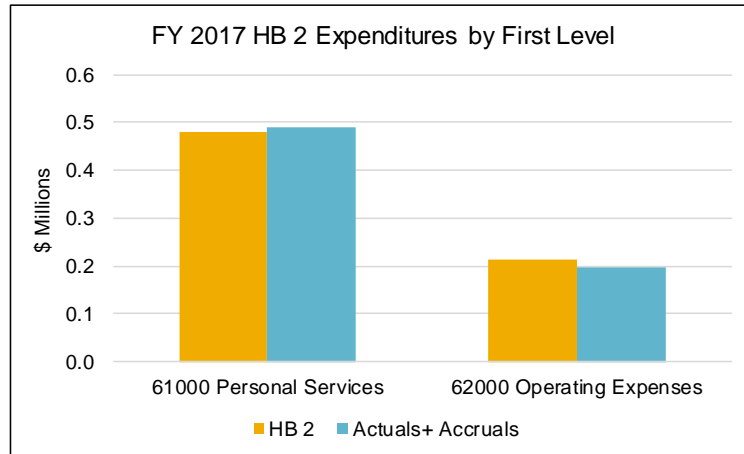
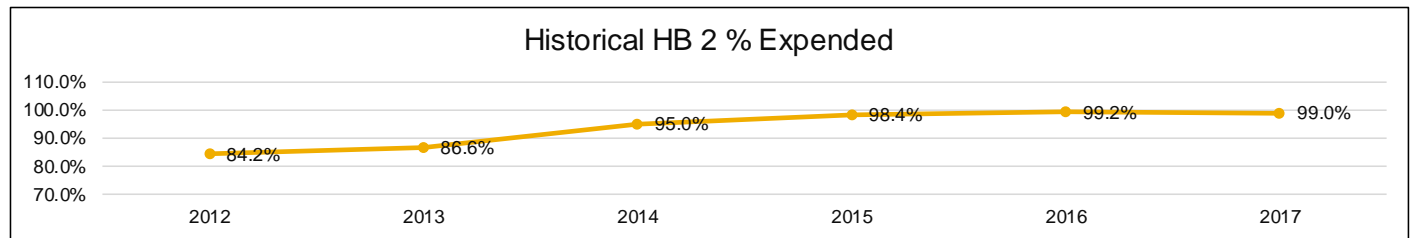
Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration	693,309	686,137	7,172	99.0%
Grand Total	\$693,309	\$686,137	\$7,172	99.0%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Commissioner of Political Practices' HB 2 general fund appropriations of approximately \$693,000 were 99.0% expended as of the end of FY 2017.



## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	480,776	488,947	101.7%
62000 Operating Expenses	212,533	197,190	92.8%
Grand Total	\$693,309	\$686,137	99.0%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	693,309	686,137	99.0%
Grand Total	\$693,309	\$686,137	99.0%

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.

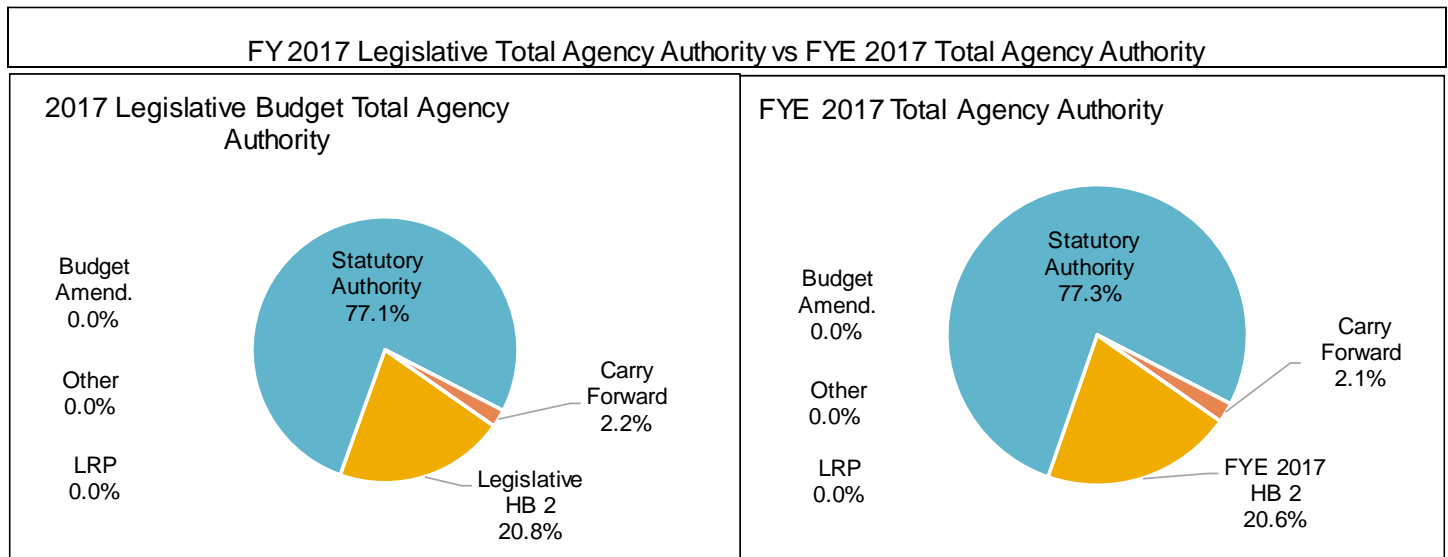
The Commissioner of Political Practices' FY 2017 expenditures were in line with historical expenditures.

# STATE AUDITOR'S OFFICE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The State Auditor's Office HB 2 appropriations of \$8.6 million, comprised entirely of state special revenue, were 81.8% expended in FY 2017
- The lower percentage of HB 2 expenditures is due to the use of carryforward authority, turnover in staff because of appointments by the newly elected commissioner, lower contract exam costs, lower travel costs, and the transition of the newly elected commissioner provided less opportunity for operating expenditures
- At the end of FY 2017 the securities fee account transferred \$6.9 million to the general fund and the captive account transferred approximately \$135,000 to the general fund

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	8,620,758	23,278	8,644,036
Statutory Authority	32,012,816	427,298	32,440,114
Budget Amendments	-	-	-
Other	523	-	523
Carry Forward	893,518	(1,378)	892,140
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	41,527,615	449,198	41,976,813
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	38,814,826
Total Budgeted Authority	41,976,813
% Expended	92.5%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total authority in the State Auditor's Office was nearly \$42.0 million in FY 2017. This primarily consists of HB 2 and statutory authority.

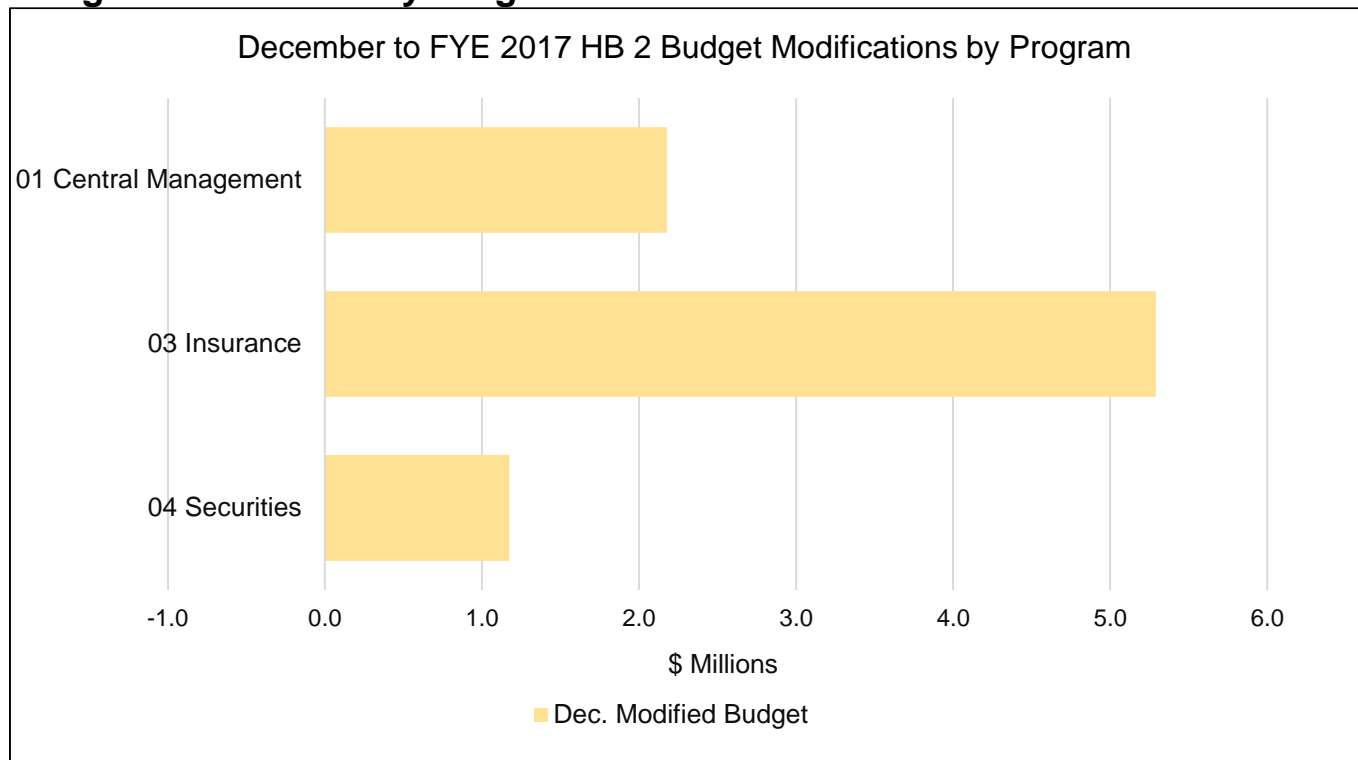
## Statutory Appropriations

The State Auditor's Office is statutorily responsible for passing through 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 totaled approximately \$32.0 million in FY 2017 and the office passed through 96.9% of the budgeted authority.

The remaining statutory authority is for the security restitution fund. This fund is used to reimburse victims of fraud.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Central Management	2,178,216	-	(130)	(130)	2,178,086	0.0%
03 Insurance	5,291,520	-	(318)	(318)	5,291,202	0.0%
04 Securities	1,174,822	-	(75)	(75)	1,174,748	0.0%
Grand Total	\$8,644,559	\$0	(\$523)	(\$523)	\$8,644,036	0.0%

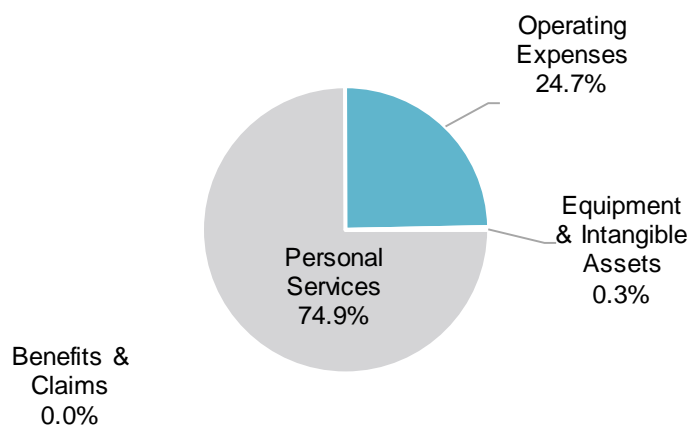
*This chart shows budget modifications by program from December through FYE.*

The State Auditor's Office did not have any significant budget modifications since the last Budget Status Report. There were small modifications in each program due to workers' compensation reductions.

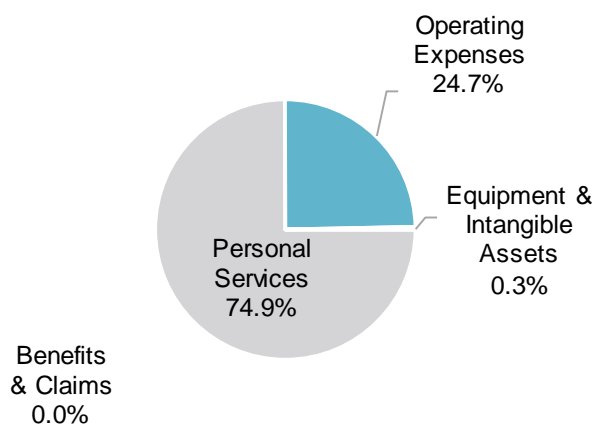
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

#### Dec. Modified Budget by First Level



#### FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

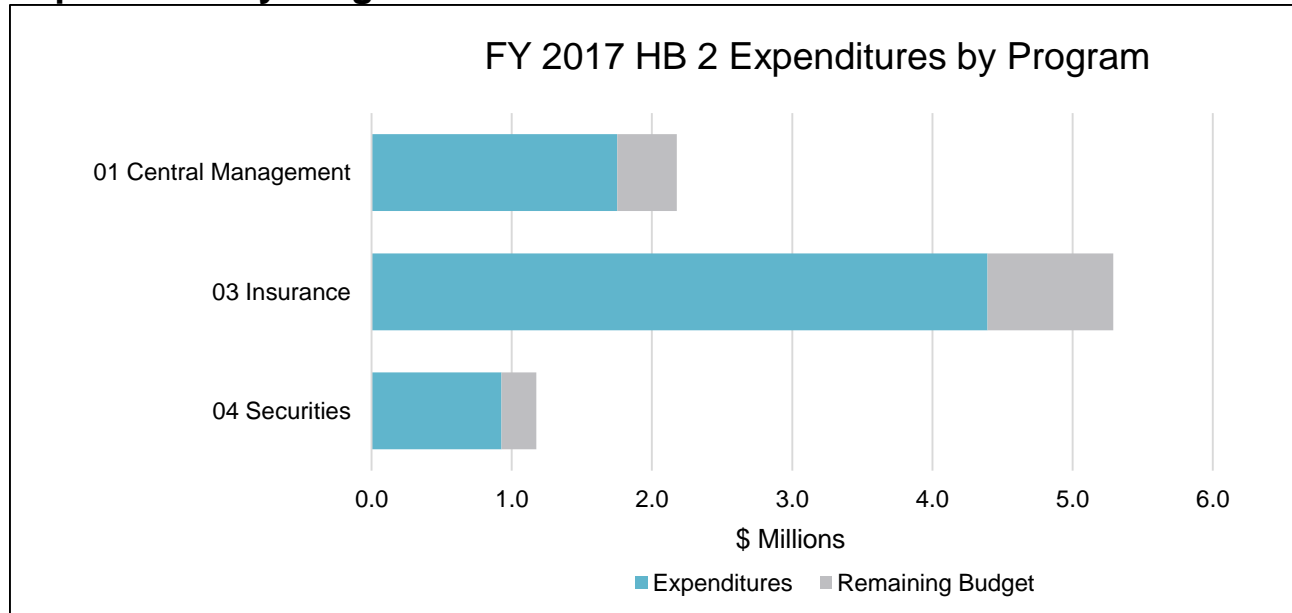
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,478,897	-	(\$523)	(523)	6,478,374	0.0%
62000 Operating Expenses	\$2,137,668	-	\$0	-	2,137,668	0.0%
63000 Equipment & Intangible Assets	\$27,994	-	\$0	-	27,994	0.0%
67000 Benefits & Claims	\$0	-	\$0	-	-	0.0%
Grand Total	\$8,644,559	\$0	(\$523)	(\$523)	\$8,644,036	0.0%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The State Auditor's Office did not have any significant budget modifications since the last Budget Status Report. There were small modifications in personal services due to workers' compensation reductions.

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



Program	FYE Modified		Expenditures	Remaining Budget	Percent Expended
	Budget				
01 Central Management	2,178,086		1,751,617	426,469	80.4%
03 Insurance	5,291,202		4,392,937	898,265	83.0%
04 Securities	1,174,748		925,138	249,609	78.8%
Grand Total	\$8,644,036		\$7,069,692	\$1,574,344	81.8%

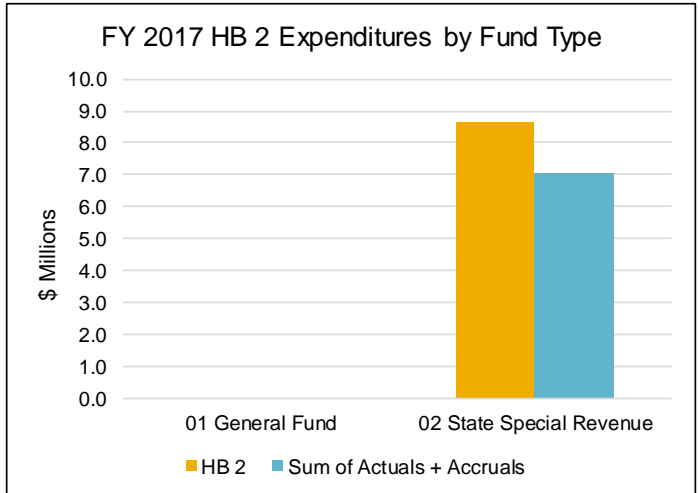
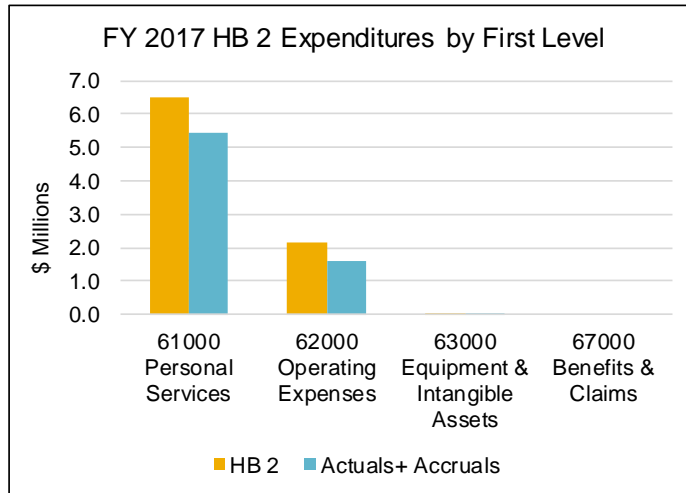
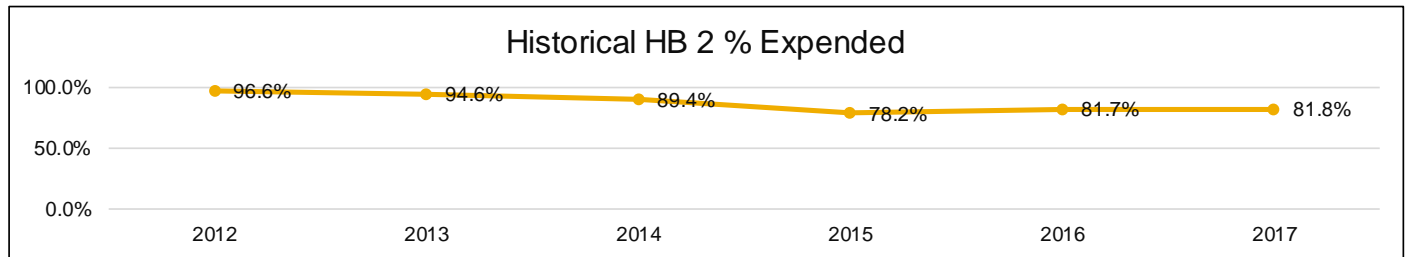
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Central Management Division expended 80.4% of its FY 2017 HB 2 appropriations. Personal services were 82.6% expended. There were two primary reasons for lower personal services expenditures. The division used \$100,000 in carryforward authority for personal services and there was turnover in staff because of appointments by the newly elected commissioner. Operating expenses were 71.6% expended in the division because the transition to the newly elected commissioner provided less of an opportunity for operating expenditures.

The Insurance Division expended 83.0% of its FY 2017 HB 2 appropriations. Personal services were 87.1% expended which was mainly due to the use of nearly \$312,000 in carryforward authority, rather than HB 2 authority. Operating expenses were 70.9% expended in the division. Lower contract exam costs as well as reduced travel costs contributed to lower operating expenditures.

The Securities Division expended 78.8% of its FY 2017 HB 2 appropriations. Personal services were 73.1% expended as of the end of the fiscal year. This was primarily due to the division using \$170,000 of carryforward authority.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	6,478,374	5,434,453	83.9%
62000 Operating	2,137,668	1,590,717	74.4%
63000 Equipmer	27,994	44,522	159.0%
67000 Benefits &	-	-	0.0%
<b>Grand Total</b>	<b>\$8,644,036</b>	<b>\$7,069,692</b>	<b>81.8%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	-	-	0.0%
02 State Special	8,644,036	7,069,692	81.8%
<b>Grand Total</b>	<b>\$8,644,036</b>	<b>\$7,069,692</b>	<b>81.8%</b>

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.

HB 2 appropriations in the State Auditor's Office, comprised entirely of state special revenue, totaled nearly \$8.6 million in FY 2017. The office expended approximately \$7.1 million or 81.8% of its appropriations. Personal services were 83.9% expended and operating expenses were 74.4% expended, which are lower than anticipated as of the end of the fiscal year.

The lower percentage expended in personal services was primarily due to:

- The use of carryforward authority of approximately \$582,000 for personal services expenditures
- Turnover in staff due to appointments made by the newly elected commissioner

The lower percentage expended in operating expenditures is due to:

- Lower contract exam and travel costs in the Insurance Division
- The transition of the newly elected commissioner provided less opportunity for operating expenditures in the Central Management Division

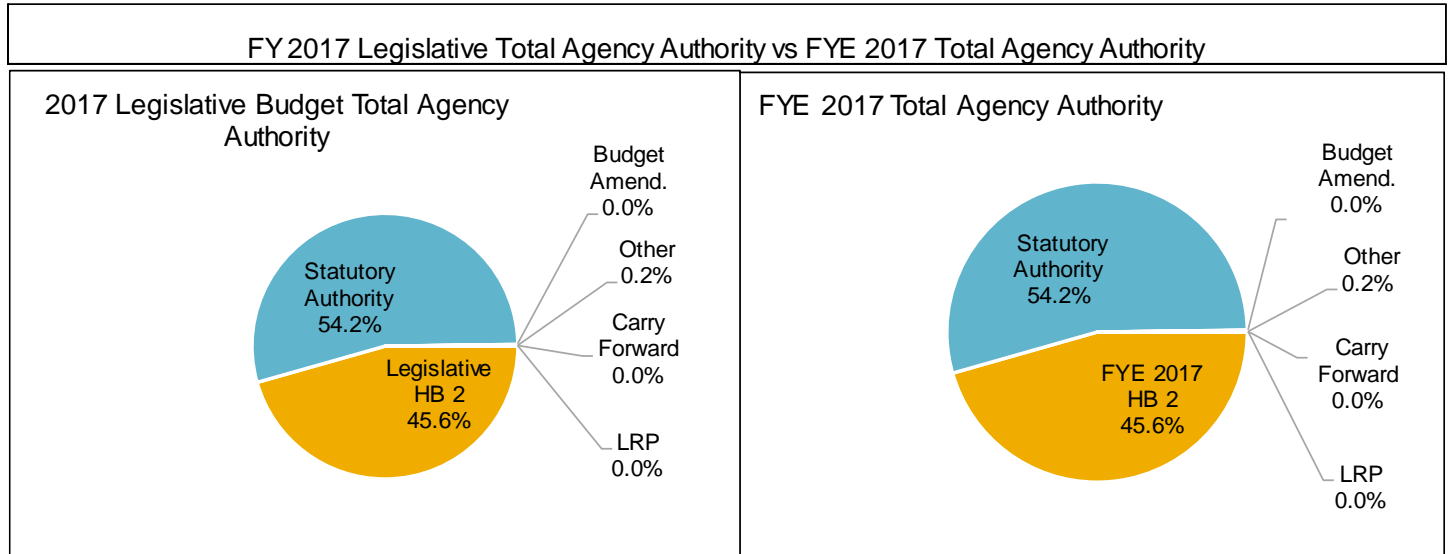
At the end of FY 2017 the securities fee account transferred \$6.9 million to the general fund and the captive account transferred approximately \$135,000 to the general fund.

# DEPARTMENT OF REVENUE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Revenue expended \$178.2 million of their \$204.5 million HB 2 authority, with the majority of the non-expended authority being liquor warehouse proprietary funds
- The Department had \$846,855 in HB 3 reductions including \$446,855 offered by the department
- The majority of the department's budget had been expended with the normal exception of the liquor warehouse language appropriation

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	205,162,323	(660,063)	204,502,260
Statutory Authority	243,739,640	(579,647)	243,159,993
Budget Amendments	143,101	-	143,101
Other	761,494	(31,029)	730,465
Carry Forward	55,641	-	55,641
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	449,862,199	(1,270,739)	448,591,460
Non-Budgeted Proprietary	\$ 196,647	(\$167)	\$ 196,480

FY 2017 Total Agency Authority Expended	
Total Expended	368,085,524
Total Budgeted Authority	448,591,460
% Expended	82.1%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

In FY 2017, as is typical, the department's primary authority was statutory and HB 2. HB 2 authority is in large part a language appropriation for the liquor warehouse, which is discussed in more detail below. The "other" category represents \$266,337 that was a result of SB 405 from the 2015 session, as well as, authority targeted for HB 3 reductions and workers' compensation reductions. These funds were reverted to the general fund.

## Statutory Appropriations

The department has statutory authority for allocations of entitlement share payments to counties, oil and gas payments to counties, as well as, some other small programs such as unclaimed property. Modifications to this authority are adjusted for actual statutory payments.

## Budget Amendments

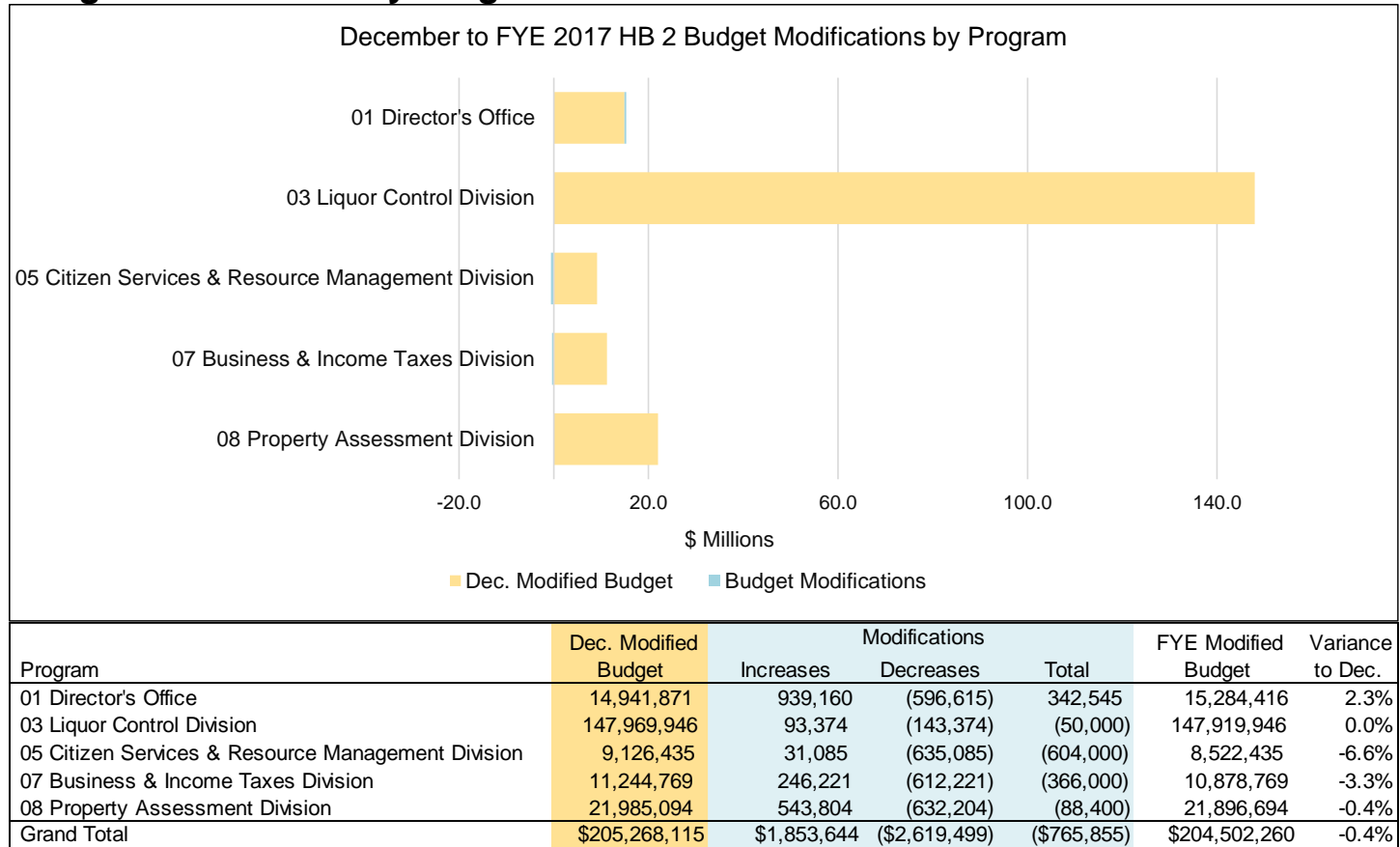
Additional authority was needed to spend federal funds for federal audits.

## Non-Budgeted Proprietary

This authority is to pay for debt collection services needed by other state agencies. There is a 2% fee on money collected.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



*This chart shows budget modifications by program from December through FYE.*

Total budget modifications since December for the department decreased the budget by \$765,855. This occurred in two areas. The first being reductions associated with HB 3. The department offered \$446,855 in reductions as part of the legislative call for voluntarily reductions, another \$400,000 was reduced as part of the additional \$10.0 million in expenditure reductions by the executive as directed in HB 3. The second area was an increase of \$81,000 in federal funds personal services contingency base that was requested to help with royalty audits.

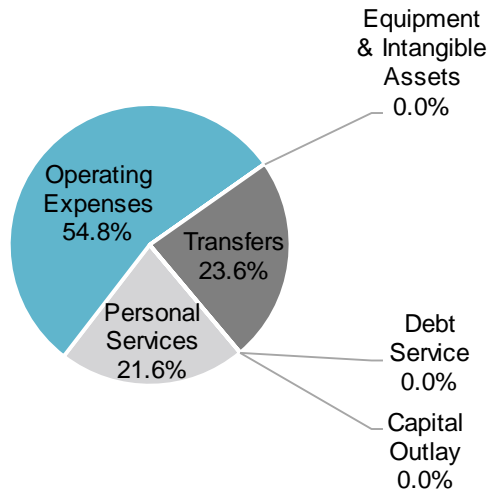
All programs shared in the HB 3 cuts, however, the Director's Office is the only program that shows a positive budget modification. That is due to program transfers from all other programs, except Liquor Control, to the Director's Office primarily for end of year balancing on IT contracts paid out of the Director's Office such as for the GenTax and Orion systems.



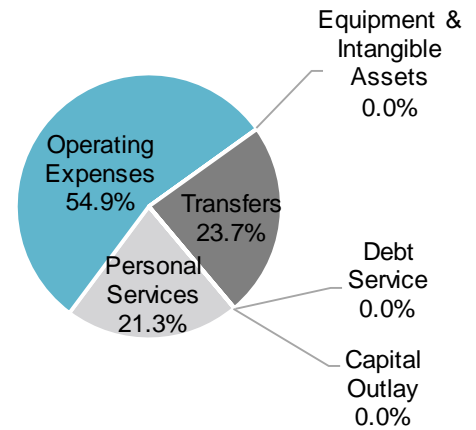
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

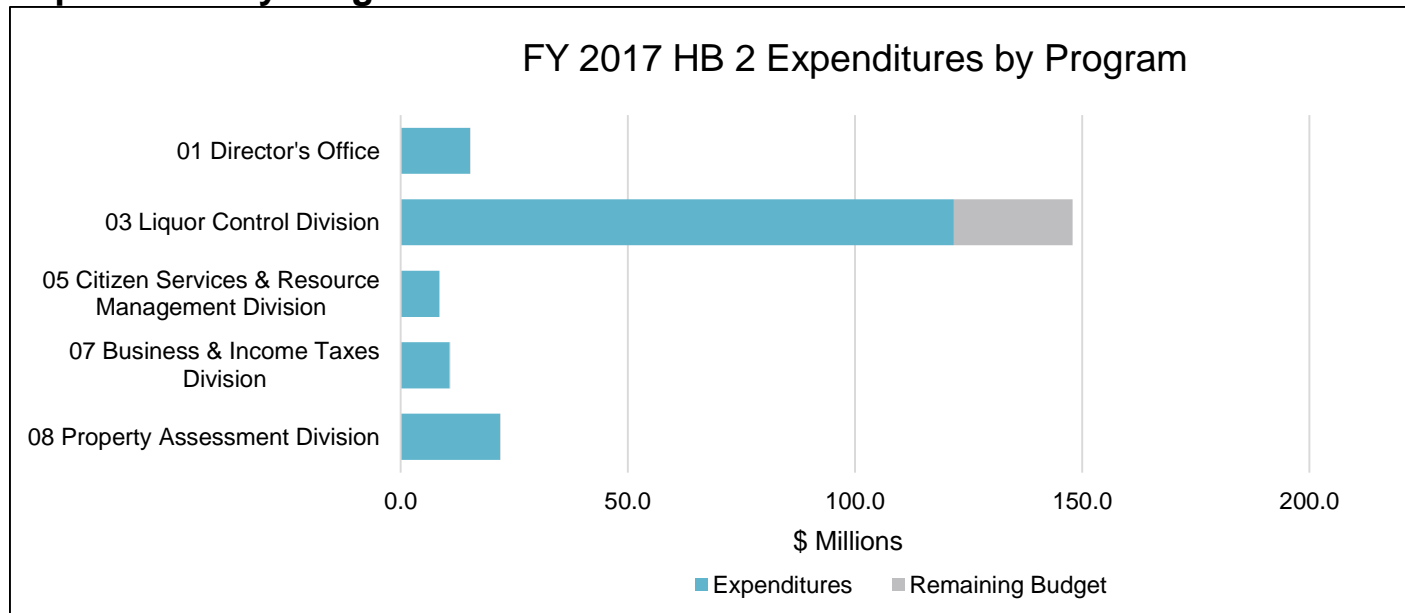
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$44,258,766	559,603	(\$1,249,365)	(689,762)	43,569,004	-1.6%
62000 Operating Expenses	\$112,427,985	1,158,664	(\$1,365,348)	(206,684)	112,221,301	-0.2%
63000 Equipment & Intangible Assets	\$38,554	46,091	\$0	46,091	84,645	119.5%
64000 Capital Outlay	\$0	26,564	\$0	26,564	26,564	0.0%
68000 Transfers	\$48,500,000	59,251	\$0	59,251	48,559,251	0.1%
69000 Debt Service	\$42,810	3,471	(\$4,786)	(1,315)	41,495	-3.1%
Grand Total	\$205,268,115	\$1,853,644	(\$2,619,499)	(\$765,855)	\$204,502,260	-0.4%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The shifts in accounts represent the same transfers as mentioned on the previous page, with the majority of HB 3 reductions coming from personal services and operating funds.

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program

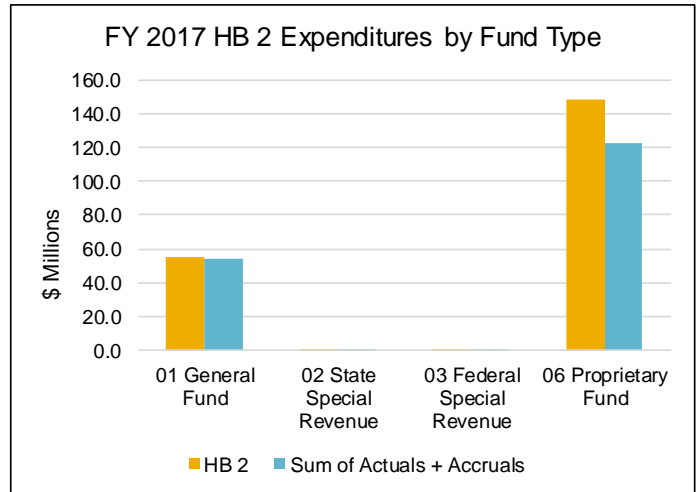
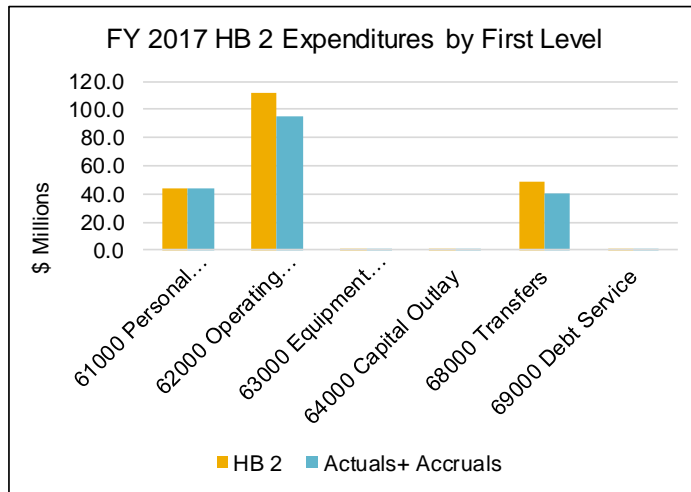
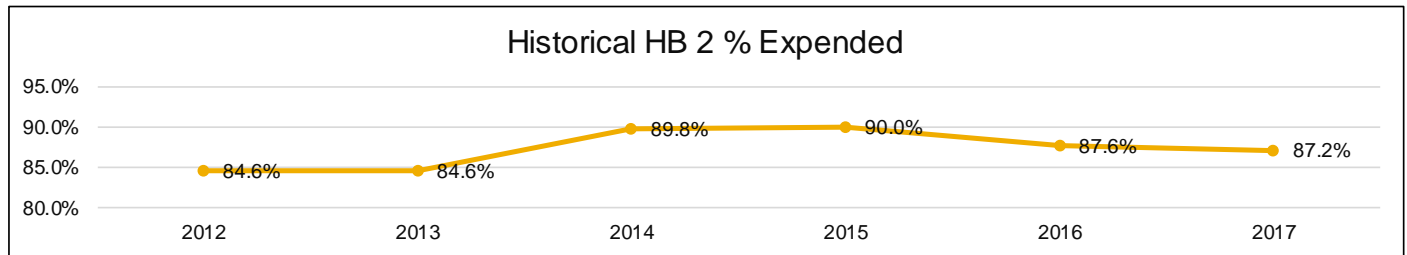


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Director's Office	15,284,416	15,268,477	15,939	99.9%
03 Liquor Control Division	147,919,946	121,784,078	26,135,868	82.3%
05 Citizen Services & Resource Management Division	8,522,435	8,517,650	4,785	99.9%
07 Business & Income Taxes Division	10,878,769	10,801,841	76,928	99.3%
08 Property Assessment Division	21,896,694	21,891,802	4,892	100.0%
Grand Total	\$204,502,260	\$178,263,847	\$26,238,413	87.2%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The department is almost entirely expended for FY 2017 with the Liquor Control Division accounting for the vast majority of the remaining authority in proprietary funds to operate the liquor warehouse. All other programs are mostly expended with any remaining budget residing in the Business and Income Taxes Division.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal S	43,569,004	43,482,584	99.8%
62000 Operating I	112,221,301	94,603,353	84.3%
63000 Equipment	84,645	84,172	99.4%
64000 Capital Ou	26,564	26,564	100.0%
68000 Transfers	48,559,251	40,025,679	82.4%
69000 Debt Serv	41,495	41,494	100.0%
Grand Total	\$204,502,260	\$178,263,847	87.2%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	54,802,246	54,701,177	99.8%
02 State Special	1,017,284	1,017,284	100.0%
03 Federal Spec	353,103	351,627	99.6%
06 Proprietary Fu	148,329,627	122,193,759	82.4%
Grand Total	\$204,502,260	\$178,263,847	87.2%

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.

The expenditures for general fund, state special, and federal funds are almost entirely expended. The one exception is in proprietary funds, which is the language appropriation for the liquor warehouse. The unspent liquor warehouse proprietary authority is shown in the first level expenditure chart primarily in the operating and transfers accounts.

# DEPARTMENT OF ADMINISTRATION

## BUDGET AND EXPENDITURE HIGHLIGHTS

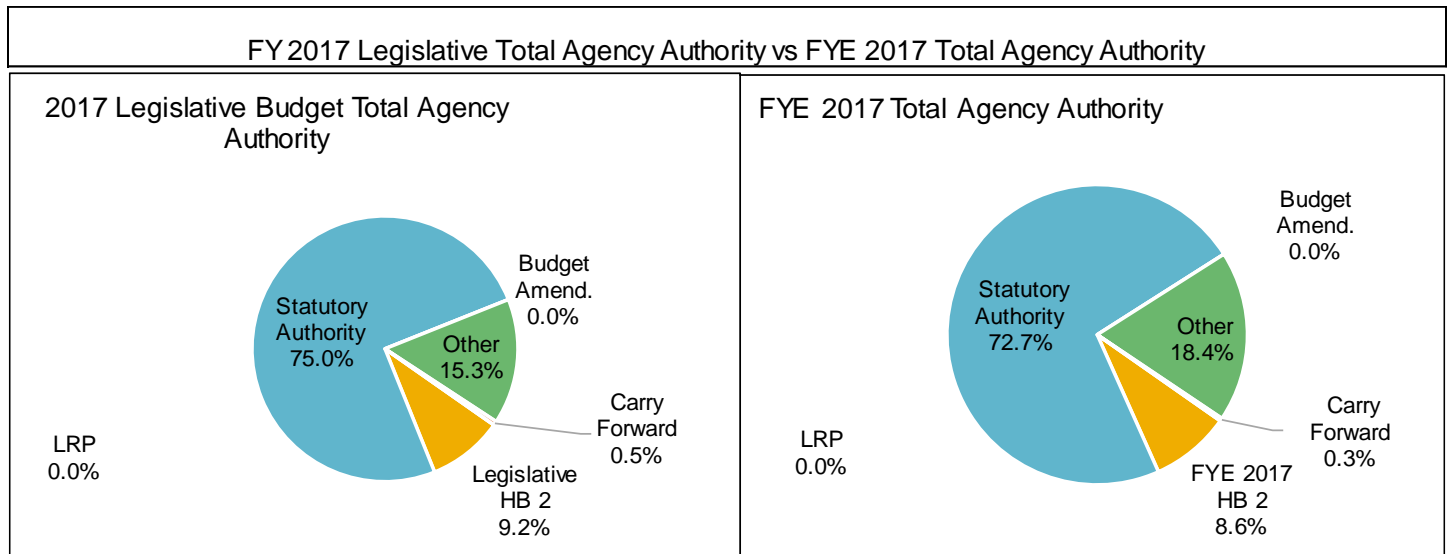
Budget highlights for the Department of Administration (DOA) include:

- DOA expended 81.8% of its \$22.1 million FY 2017 HB 2 budget
- Reductions at the direction of the executive related to HB 3 of \$205,000 in general fund and \$20,000 in state special revenue were completed at the end of the year
- Montana State Lottery (lottery) transferred \$83,000 from operating expenses to equipment and intangible assets to replace two vehicles used by lottery staff

Expenditure highlights for DOA include:

- State Information Technology Services Division (SITSD) expenditures for federal grants were lower than anticipated due to delays for FirstNet at the federal level
- Lower expenditures of 89.8% for personal services were mainly due to vacancies. The majority were in the Banking and Financial Institutions Division which continues to have recruitment and retention issues with bank examiners. Competition with federal and private regulators makes it difficult for the division to retain staff once they have been trained

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	20,727,730	1,349,796	22,077,526
Statutory Authority	175,224,246	5,033,553	180,257,799
Budget Amendments	-	-	-
Other	44,449,189	(7,741,368)	36,707,821
Carry Forward	741,187	450,743	1,191,930
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	241,142,352	(907,277)	240,235,075
Non-Budgeted Proprietary	\$330,983,409	(\$7,494,509)	\$323,488,900

FY 2017 Total Agency Authority Expended	
Total Expended	170,163,447
Total Budgeted Authority	240,235,075
% Expended	70.8%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

## Statutory Appropriations

Besides the allocated HB 2 authority the department also has a significant amount of statutory authority. Statutory appropriations include \$98.3 million in general fund, \$23.9 million in state special revenue, \$18.2 million

in federal special revenue, and \$39.5 million in proprietary funds. The following chart shows the appropriations and expenditures by fund type for the statutory appropriations within DOA.

Department of Administration Statutory Appropriations FY 2017				
Description	Fund	Budget	Expenditure	Remaining Budget
Debt service costs	General fund	\$12,786,390	\$12,448,846	\$337,544
Contracted banking services	General fund	3,389,121	2,287,432	1,101,689
Contributions for local government employee pensions	General fund	459,647	427,969	31,678
Contributions for school district employee pensions	General fund	32,737,215	31,051,721	1,685,494
Contributions for teacher retirement	General fund	928,000	885,981	42,019
Supplemental contributions to teacher retirement	General fund	47,547,094	43,528,128	4,018,966
Cash Management Improvement Act returns	General fund	403,126	373,874	29,252
Indemnification of damages to state property	SSR	1,200,000	7,367	1,192,633
Distribute 911 surcharge revenues	SSR	14,559,306	10,750,080	3,809,226
Distribute mineral impact funds to counties	SSR	8,186,000	5,723,301	2,462,699
Apportion forest reserve funds to counties	FSR	18,017,000	2,282,242	15,734,758
Distribute Taylor Grazing Act funds to counties	FSR	156,000	155,836	164
Debt service costs	Capital projects	388,900	388,900	0
Pay state lottery prizes, commissions, and vendor fees	Proprietary	39,500,000	37,929,797	1,570,203
<b>Total</b>		<b>\$180,257,799</b>	<b>\$148,241,474</b>	<b>\$32,016,325</b>

As shown in the preceding figure, 83.1% of the general fund is transferred to the pension funds. Federal forest reserve payments to counties were 12.7% expended in FY 2017 as the federal government changed the methodology used to determine the level of funding provided to states with federal lands.

## Other

The majority of the other authority consists of long-range information technology funding provided to the State Information Technology Services Division. Of the \$36.7 million in appropriations provided in other house or senate bills, \$28.6 million is for the Medicaid management information system. Expenditures from this funding source were not required in FY 2017.

DOA transferred \$7.7 million in appropriation authority for long-range building information technology projects to the Department of Transportation including:

- \$3.0 million in state special revenue for the MDT financial management suite
- \$4.2 million in federal revenue and \$0.6 million in state special for the program and project management system, risk-based management, and linear referencing system

## Non-Budgeted Proprietary

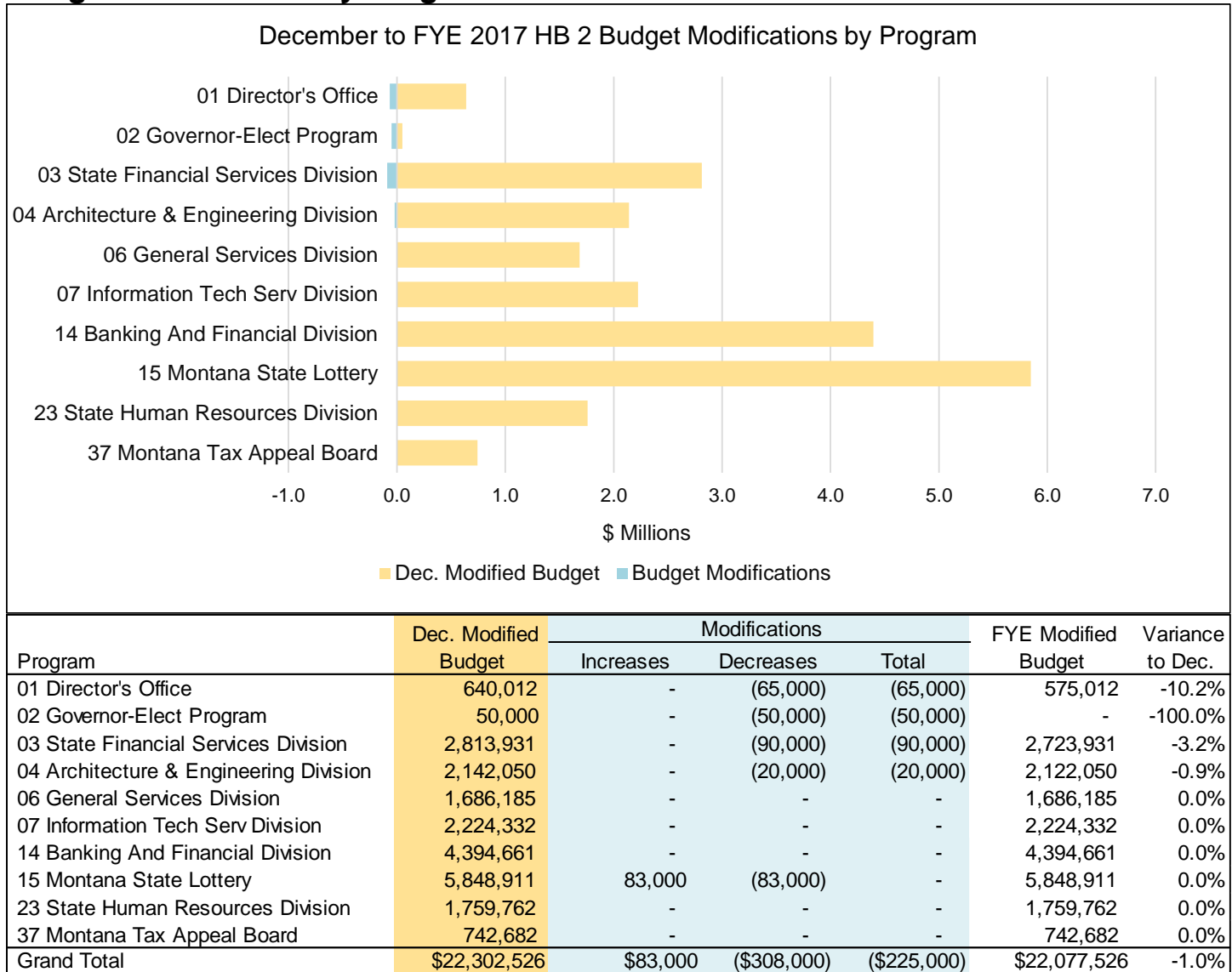
DOA had \$323.5 million in non-budgeted proprietary funds appropriations, most approved through rates established by the legislature. About 60% of the funding is for the State Employee Group Benefit Plan (SEGBP). Overall the financial condition of the SEGBP has improved due to cost containment measures implemented by the Healthcare and Benefits Division. These include:

- High dollar claim management
- Transparent pricing arrangements with hospitals in Montana (also referred to as reference based pricing)
- Increased prescription drug discounts for retail, mail order, and specialty drugs
- Increased participant premium contributions, deductibles, and copays

In addition the 2015 Legislature approved an increased contribution to state employee insurance benefits known as the state share.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



*This chart shows budget modifications by program from December through FYE.*

The Department of Administration transferred appropriation authority from HB 2 to reduce authority as directed by the executive to comply with HB 3 requirements. The reductions included:

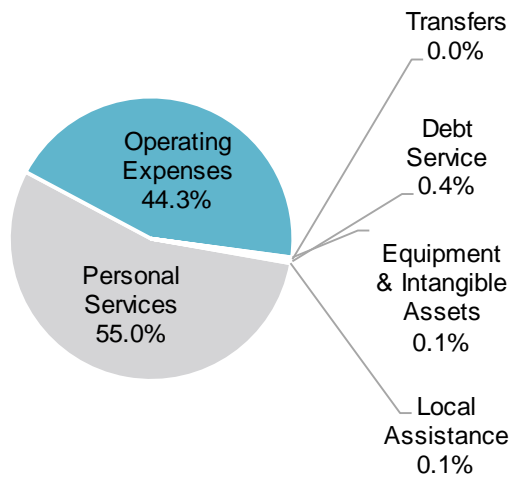
- Labor and Management Training Institute appropriation of \$65,000 in general fund within the Director's Office, training for this initiative was delayed to provide general fund savings
- Governor-Elect Program funding of \$50,000 in general fund was not needed as the voters retained the Governor in the last election
- Savings in operating expenses of \$90,000 in general fund were realized through the movement of the procurement function from General Service Division to the State Financial Services Division
- Operating expenses of \$20,000 in state special revenue, mainly for consulting and professional services, were lower in FY 2017 resulting in savings in the Architecture and Engineering Division

In addition the Montana State Lottery transferred appropriation authority from operating expenses to equipment and intangible assets.

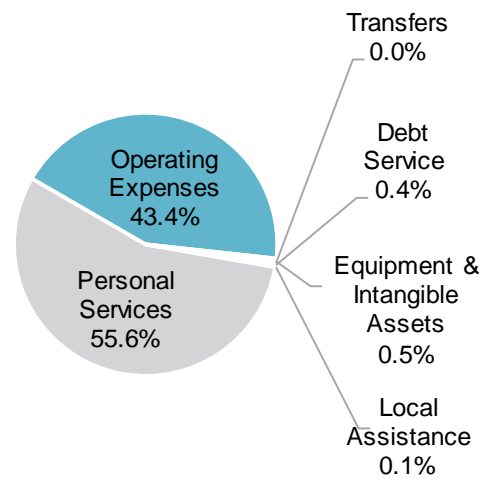
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

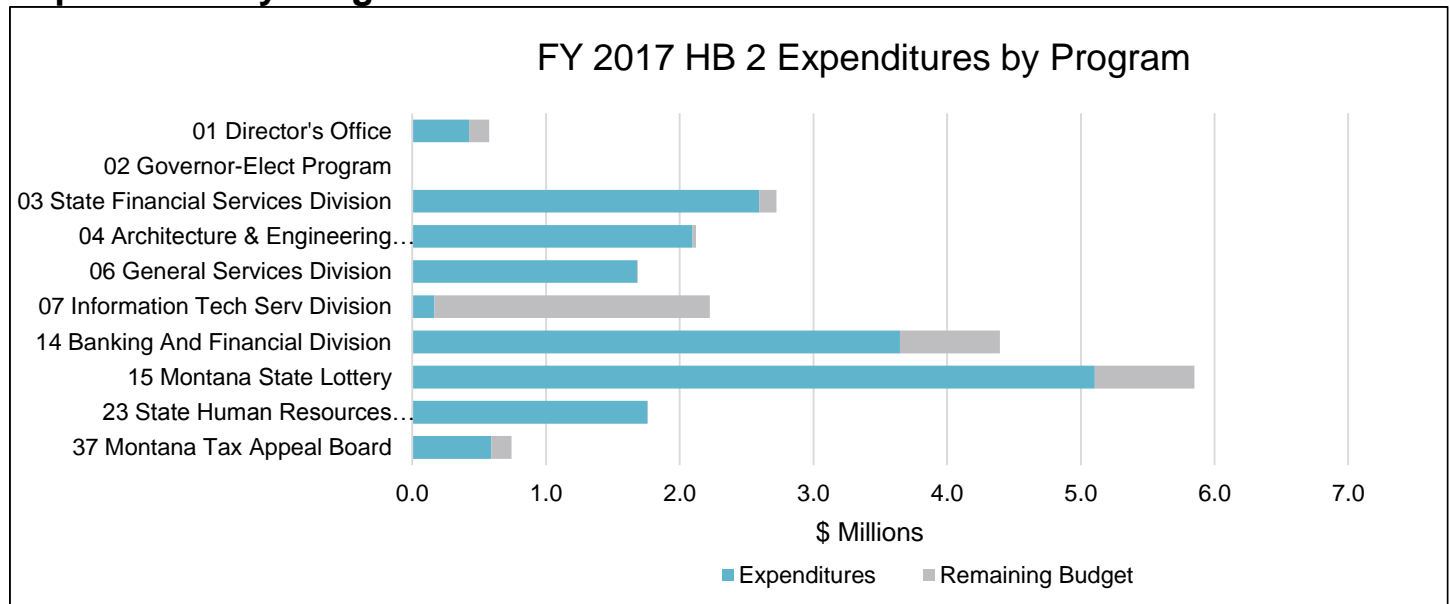
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$12,270,473	-	\$0	-	12,270,473	0.0%
62000 Operating Expenses	\$9,882,772	-	(\$308,000)	(308,000)	9,574,772	-3.1%
63000 Equipment & Intangible Assets	\$19,500	83,000	\$0	83,000	102,500	425.6%
65000 Local Assistance	\$30,060	-	\$0	-	30,060	0.0%
68000 Transfers	\$9,743	-	\$0	-	9,743	0.0%
69000 Debt Service	\$89,977	-	\$0	-	89,977	0.0%
Grand Total	\$22,302,526	\$83,000	(\$308,000)	(\$225,000)	\$22,077,526	-1.0%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The Montana Lottery transferred \$83,000 from operating expenses to equipment and intangible assets to purchase replacements for two vehicles with more than 150,000 miles, and to provide additional cubicles for staff. The remaining reduction authority relates to HB 3 reductions required by the executive as discussed above.

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Director's Office	575,012	424,911	150,101	73.9%
02 Governor-Elect Program	-	-	-	0.0%
03 State Financial Services Division	2,723,931	2,594,209.7	129,721	95.2%
04 Architecture & Engineering Division	2,122,050	2,096,085.38	25,964	98.8%
06 General Services Division	1,686,185	1,681,399.8	4,785	99.7%
07 Information Tech Serv Division	2,224,332	165,756.7	2,058,575	7.5%
14 Banking And Financial Division	4,394,661	3,648,373.1	746,288	83.0%
15 Montana State Lottery	5,848,911	5,104,062.13	744,849	87.3%
23 State Human Resources Division	1,759,762	1,759,262.8	499	100.0%
37 Montana Tax Appeal Board	742,682	592,519.1	150,163	79.8%
Grand Total	\$22,077,526	\$18,066,580	\$4,010,946	81.8%

*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

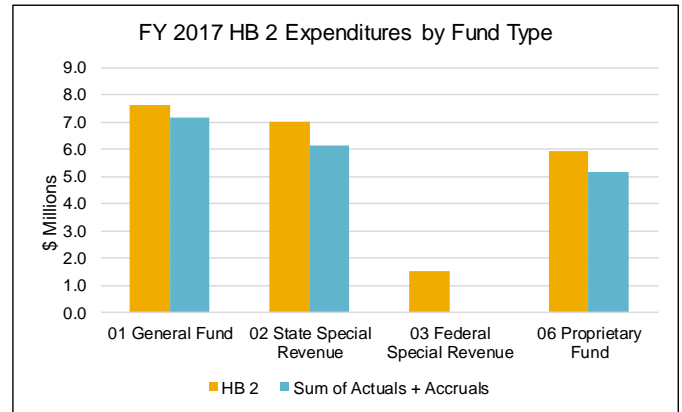
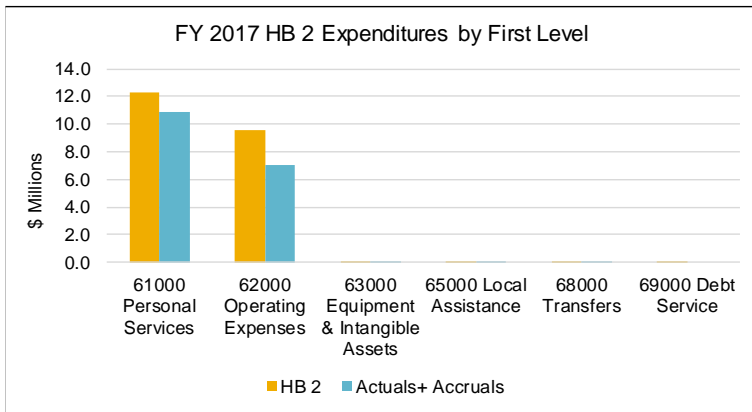
The SITSD budget includes \$1.9 million in federal authority for the FirstNet grant. This grant supports the planning process for a specific frequency for emergency first responders. The federal First Responder Network Authority issued a request for proposal in January 2016 with proposals due the end of April 2016. FirstNet contracted with AT&T early in 2017. Montana decided to partner with FirstNet and AT&T in August 2017 (FY 2018). Due to the delays in awarding the FirstNet contract at the federal level, expenditures by SITSD were minimal.

The Banking and Financial Services Division's (BFS) remaining budget authority is mainly in personal services and is due to retention and recruitment issues related to bank examiners. Competition with federal and private regulators makes it difficult for the division to retain staff once they have been trained.

The Montana State Lottery received a one-time-only appropriation of \$354,000 in proprietary funds for new tickets if current stocks were reduced. This was not needed in FY 2017. Reduction in costs for leased equipment provided additional savings in operating expenses.



## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	12,270,473	10,918,270	89.0%
62000 Operating Expenses	9,574,772	7,029,361	73.4%
63000 Equipment & Intangible Assets	102,500	101,606	99.1%
65000 Local Assistance	30,060	14,598	48.6%
68000 Transfers	9,743	2,744	28.2%
69000 Debt Service	89,977	-	0.0%
<b>Grand Total</b>	<b>\$22,077,526</b>	<b>\$18,066,580</b>	<b>81.8%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,629,885	7,170,211	94.0%
02 State Special Revenue	7,024,035	6,144,554	87.5%
03 Federal Special Revenue	1,519,322	(407,615)	-26.8%
06 Proprietary Fund	5,904,284	5,159,431	87.4%
<b>Grand Total</b>	<b>\$22,077,526</b>	<b>\$18,066,580</b>	<b>81.8%</b>

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for the Department of Administration.

Difficulty in hiring positions is the main driver in lower expenditures for personal services than budgeted. This includes:

- Financial examiners and an attorney in the Banking and Financial Services Division
- Computer system managers and supervisors in the Public Safety Communications Bureau
- Lawyers in the Office of Labor Relations within the Director's Office

State Information Technology Services Division (SITSD) reversed an accrual for the FirstNet grant resulting in negative expenditures in federal appropriations of \$408,000.

## REQUIRED REPORTS

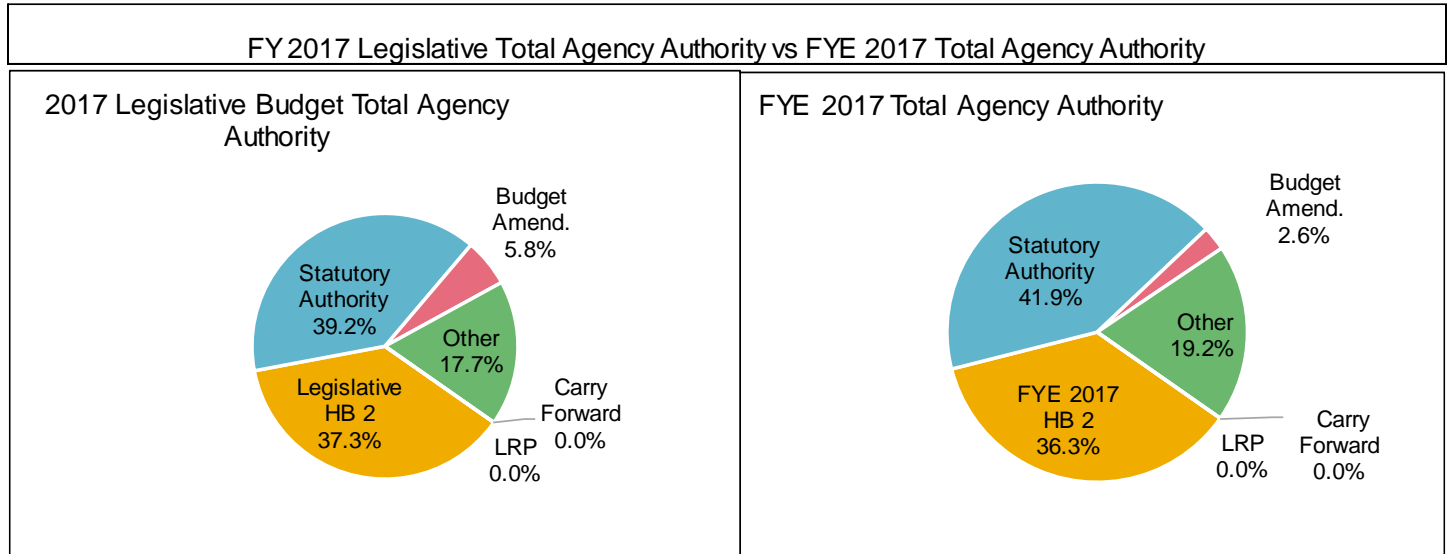
Through the end of fiscal year 2017, DOA was not required to submit any reports. Those due in September are discussed in the 2019 Biennium Budget Status Report.

# DEPARTMENT OF COMMERCE

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Commerce expended 86.1% of its approximately \$35.7 million FY 2017 HB 2 appropriation
- The Department of Commerce received a supplemental appropriation of approximately \$1.9 million in HB 3 for Coal Board grants
- HB 3 reductions of \$80,000 general fund were implemented by the executive

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	31,965,498	3,766,211	35,731,709
Statutory Authority	36,866,453	631,774	37,498,227
Budget Amendments	2,301,914	3,270,998	5,572,913
Other	16,870,193	80,000	16,950,193
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	88,004,058	7,748,984	95,753,042
Non-Budgeted Proprietary	\$57,701,976	\$3,993,183	\$61,695,159

FY 2017 Total Agency Authority Expended	
Total Expended	81,647,990
Total Budgeted Authority	95,753,042
% Expended	85.3%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total budgeted authority in the Department of Commerce was nearly \$95.8 million in FY 2017. Total non-budgeted proprietary authority was nearly \$61.7 million.

## Statutory Appropriations

The majority of statutory appropriations in the Department of Commerce were from lodging facility taxes and used to support tourism and film promotion in the state. These statutory appropriations totaled approximately \$26.8 million in FY 2017 and the budgeted authority was 92.0% expended. Statutory appropriations also included funding for the Distressed Wood Products program, research and development, the Big Sky Economic Development program, and the Montana Heritage Commission. Total statutory authority was 89.9% expended.

## Other Authority

The Department of Commerce has authority for the Treasure State Endowment Program (TSEP) included in other authority. The Treasure State Endowment Program provides grants to assist local governments with infrastructure projects. In FY 2017 authority totaled approximately \$17.0 million and 99.2% of the budgeted authority was expended.

## Budget Amendments

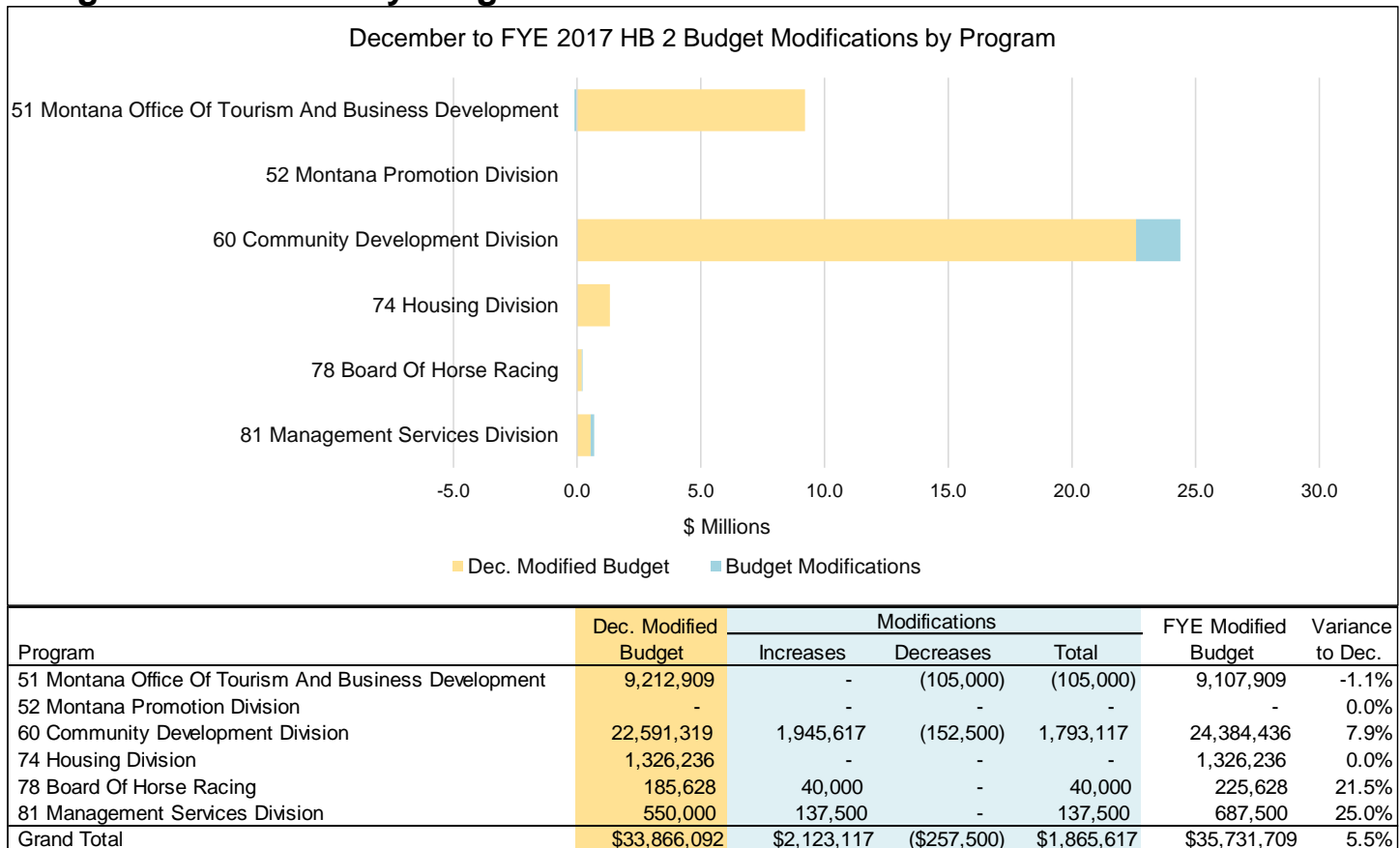
The most significant budget amendment that occurred in the Department of Commerce in FY 2017 was to establish federal authority. This authority was for grants to local governments and nonprofit organizations to preserve or construct housing infrastructure. Funding for personal services increased by approximately \$219,000, operating expenses increased by approximately \$81,000, and grants increased by \$2.7 million.

## Non-Budgeted Proprietary

The Department of Commerce has several non-budgeted proprietary funds, which totaled \$61.7 million in FY 2017. These included proprietary funds in the Montana Facility Finance Authority, Housing Division, Board of Investments, and Directors Office. The non-budgeted proprietary funds were 96.6% expended as of the end of the fiscal year.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



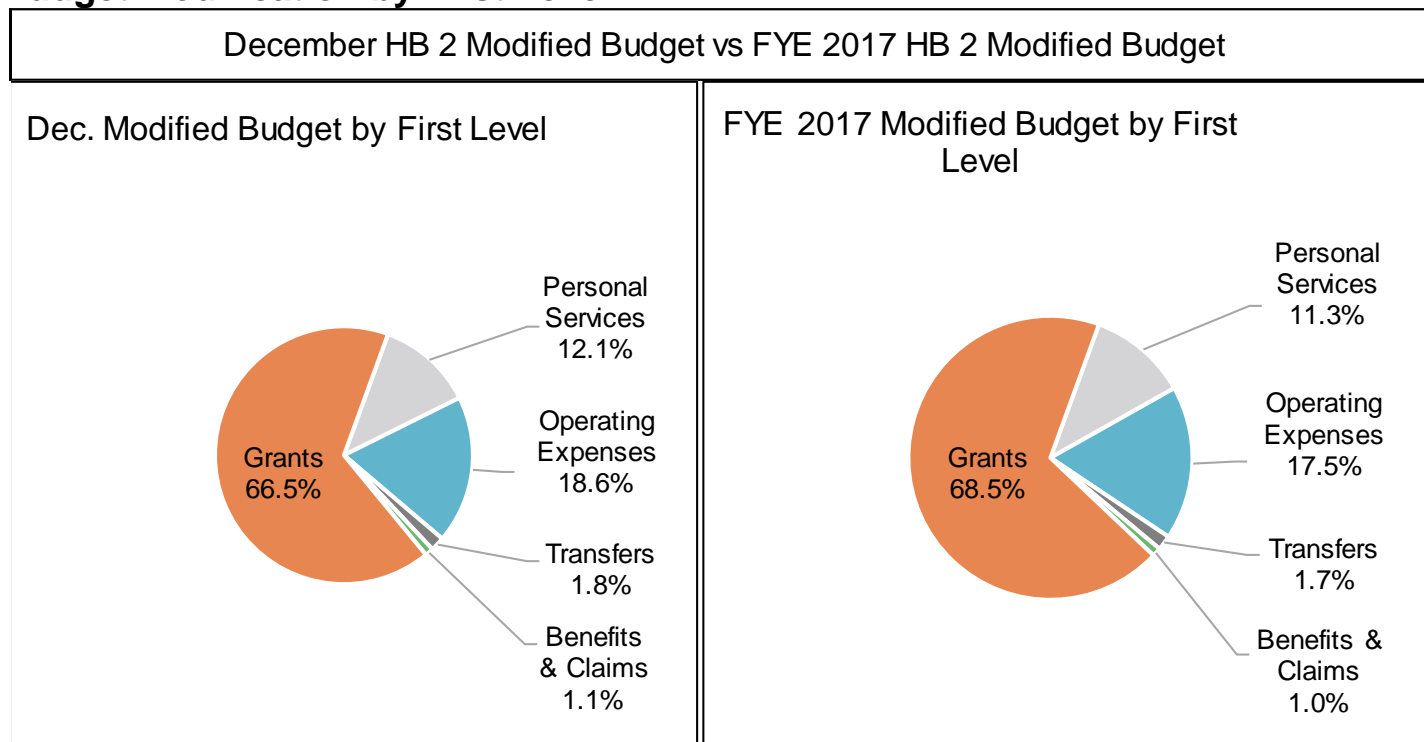
*This chart shows budget modifications by program from December through FYE.*

Significant budget modifications that occurred in the Department of Commerce since the last Budget Status Report include:

- A supplemental appropriation in HB 3 for Coal Board grants. This supplemental appropriation was state special revenue of approximately \$1.9 million
- A transfer of federal grant appropriation authority from the HOME program in the Community Development Division to the Montana Council on Developmental Disabilities program (MCDD) in the Director's Office. The MCDD incurred greater federal grant and accrual expenditures than anticipated

- A general fund reduction of \$80,000 in the Office of Tourism and Business Development and the Community Development Divisions due to executive reductions required in HB 3

## Budget Modification by First Level



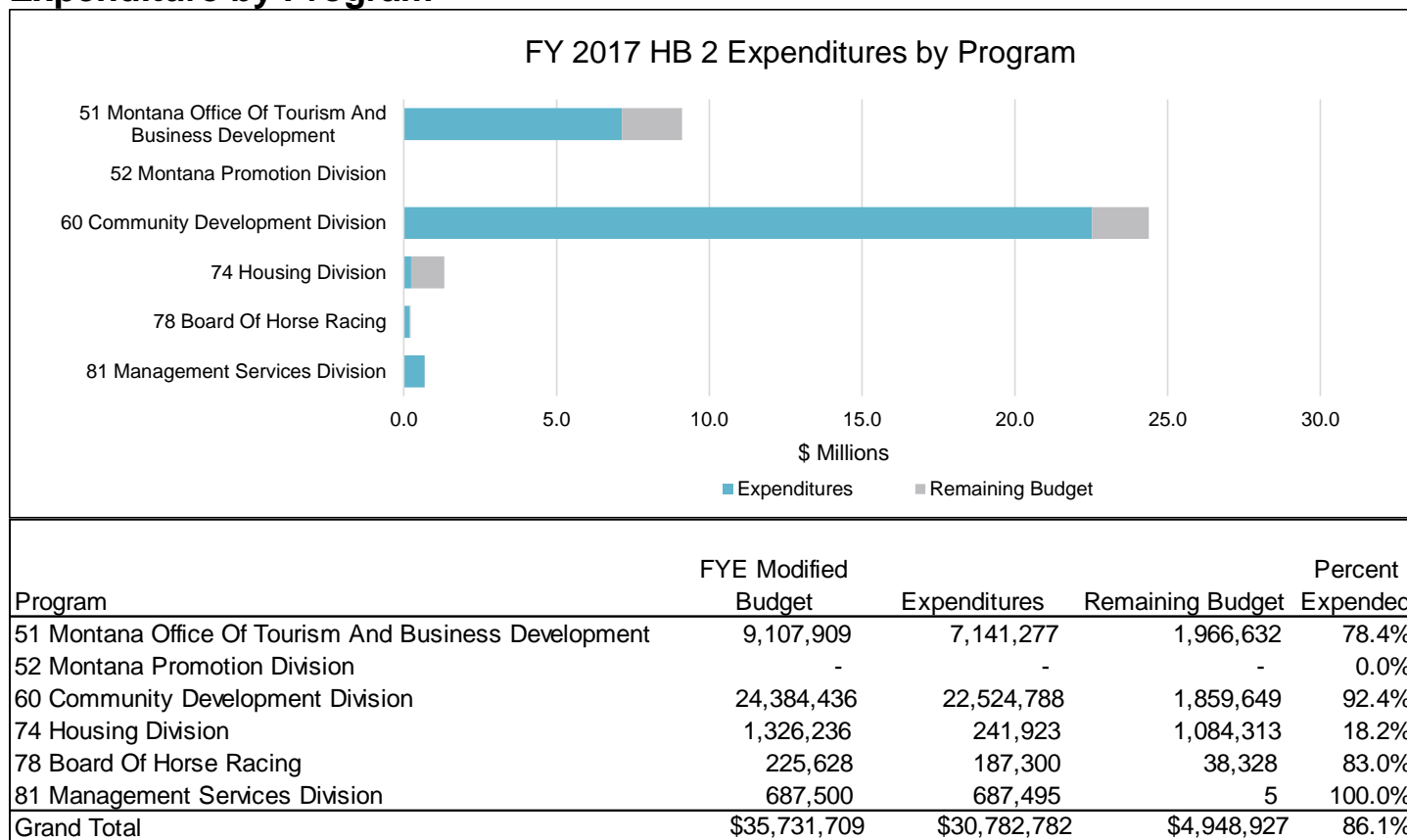
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$4,097,711	-	(\$65,000)	(65,000)	4,032,711	-1.6%
62000 Operating Expenses	\$6,284,913	40,000	(\$55,000)	(15,000)	6,269,913	-0.2%
66000 Grants	\$22,524,547	2,083,117	(\$137,500)	1,945,617	24,470,164	8.6%
67000 Benefits & Claims	\$358,921	-	\$0	-	358,921	0.0%
68000 Transfers	\$600,000	-	\$0	-	600,000	0.0%
<b>Grand Total</b>	<b>\$33,866,092</b>	<b>\$2,123,117</b>	<b>(\$257,500)</b>	<b>\$1,865,617</b>	<b>\$35,731,709</b>	<b>5.5%</b>

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

In the Department of Commerce, grants were primarily impacted by budget modifications. This was due to a supplemental appropriation of approximately \$1.9 million for Coal Board grants.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

The Montana Office of Tourism and Business Development expended 78.4% of its FY 2017 appropriations. Operating expenditures were 52.3% expended. There were several reasons for the low percentage expended in the division. The fund for private support for promotional activities collected less than estimated so there were less operating expenditures in this state special revenue fund. The Native American Gap Financing state special revenue fund did not receive any loan requests in FY 2017 which resulted in lower operating expenditures. Finally, the Primary Sector Business Training state special revenue fund had a higher estimated budget than there were funds available for operating and grant expenditures in FY 2017.

The Community Development Division expended 92.4% of its FY 2017 appropriations. Personal services were 73.6% expended and operating expenses were 59.9% expended. There were several factors that contributed to the lower percentage expended, which include the EDA Revolving Loan Fund, the Hard Rock Mining Reserve, and federal funds being lower than estimated. The EDA Revolving Loan Fund had lower expenditures because the fund was dependent on the revolving nature of the loan program. Statutory requirements outlining the use of the Hard Rock Mining Reserve were not met in FY 2017. Finally, Federal funds received by the division were lower than estimated in the budget. Several factors can contribute to the estimated budget being higher than the federal funds actually received, including:

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

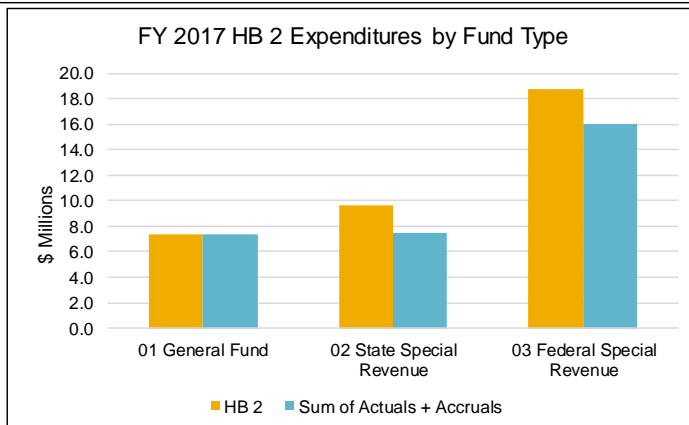
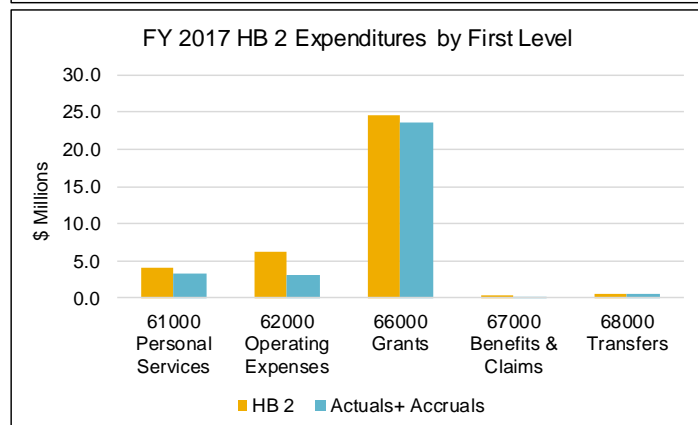
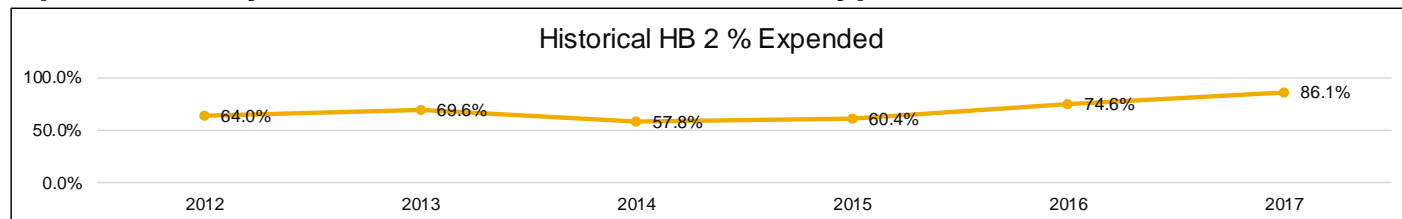
Additionally, Community Development Block Grants were awarded at a slower rate due to several new staff in these positions.

The Housing Division expended 18.2% of its FY 2017 appropriations. There are several programs that contributed to the lower percentage expended in the division. First, the mobile home revolving loan fund did not make any loans in FY 2017. Additionally, HUD comprehensive counseling, the emergency homeowners' loan

program, and the Board of Housing foreclosure mitigation were grants that ended so there were no expenditures incurred in FY 2017. HUD requirements for these grants have changed and the grants can now be administered by local housing authorities; therefore, there are no appropriations to the division for these programs in the 2019 biennium.

The Board of Horse Racing expended 83.0% of its FY 2017 appropriations, which is comprised entirely of state special revenue. The department transferred state special revenue appropriation authority from the Montana Office of Tourism and Business Development to the Board of Horse Racing because the division incurred operating expenses that were higher than anticipated. The department made this transfer because there was a concern that there was not enough excess authority in personal services to transfer to operating expenses in the Board of Horse Racing. Without this transfer, the division would have been slightly over 100.0% expended.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	4,032,711	3,317,042	82.3%
62000 Operating Expenses	6,269,913	3,049,895	48.6%
66000 Grants	24,470,164	23,578,537	96.4%
67000 Benefits & Claims	358,921	237,307	66.1%
68000 Transfers	600,000	600,000	100.0%
Grand Total	\$35,731,709	\$30,782,782	86.1%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,398,738	7,349,447	99.3%
02 State Special Revenue	9,605,283	7,458,044	77.6%
03 Federal Special Revenue	18,727,689	15,975,291	85.3%
Grand Total	\$35,731,709	\$30,782,782	86.1%

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.

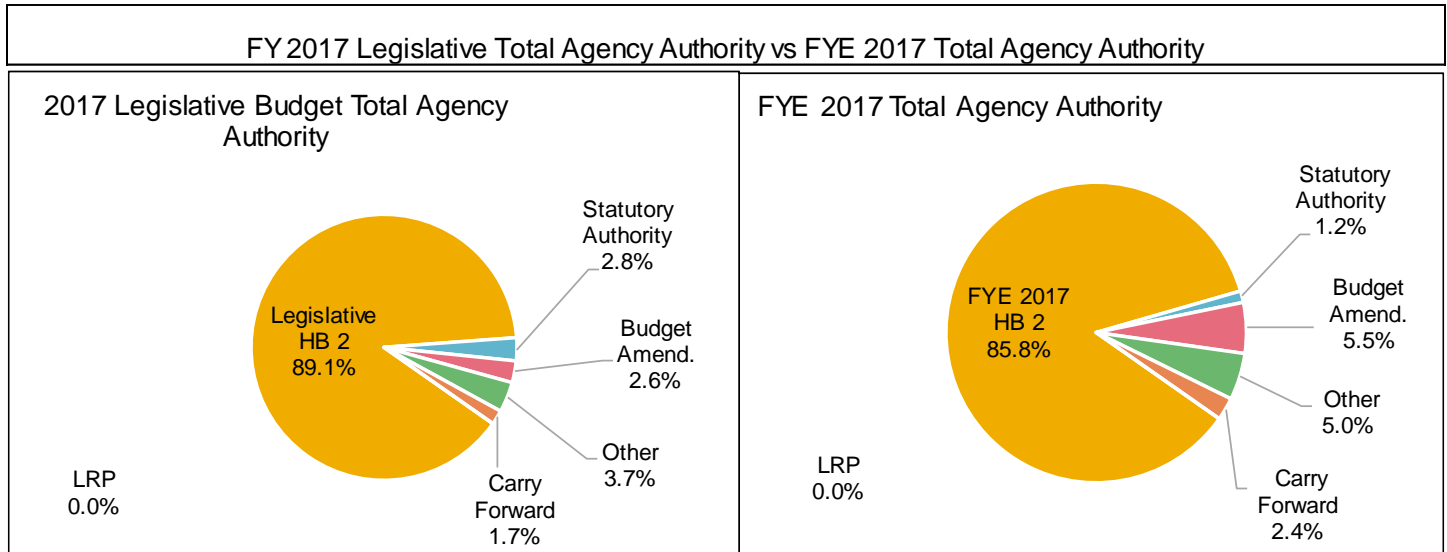
HB 2 appropriations in the Department of Commerce, comprised of general fund, state special revenue, and federal special revenue, totaled approximately \$35.7 million in FY 2017. The office expended approximately \$30.8 million or 86.1% of its appropriations. Additional details on expenditures outlined in the previous section.

# DEPARTMENT OF LABOR AND INDUSTRY

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Labor and Industry's HB 2 appropriations of \$85.0 million, which primarily consists of state special and federal special revenues, was 89.8% expended in FY 2017
- There were HB 3 reductions of approximately \$1.1 million implemented by the executive. This was a reduction in federal special revenue and did not have an impact on general fund
- The department transferred state special revenue personal services base contingency funding of \$0.7 million back to the Governor's Office

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	85,339,456	(327,883)	85,011,573
Statutory Authority	2,685,757	(1,459,355)	1,226,402
Budget Amendments	2,527,465	2,881,801	5,409,266
Other	3,537,054	1,453,904	4,990,958
Carry Forward	1,675,308	739,154	2,414,462
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	95,765,040	3,287,621	99,052,661
Non-Budgeted Proprietary	\$ 154,772,256	\$ (1,283,199)	\$ 153,489,057

FY 2017 Total Agency Authority Expended	
Total Expended	80,521,243
Total Budgeted Authority	99,052,661
% Expended	81.3%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.*

Total budgeted authority in the Department of Labor and Industry was approximately \$99.1 million. This primarily consisted of HB 2 authority, budget amendments, and other authority. Additionally, the department has \$153.5 million in non-budgeted proprietary funding.

## Budget Amendments

The Department of Labor and Industry had three significant budget amendments in FY 2017. These budget amendments include:

- Establishing \$1.3 million in federal authority for Apprenticeship Expansion grants. These funds were for outreach to other industries and businesses in Montana
- Establishing \$1.1 million in federal authority for the Dislocated Workers IT grant. These funds were for the expansion and enhancement of the WorkForce Connect portal



- Establishing \$0.5 million in federal authority to implement a document creation solution and provide the ability to access unemployment insurance correspondence electronically

## Other Authority

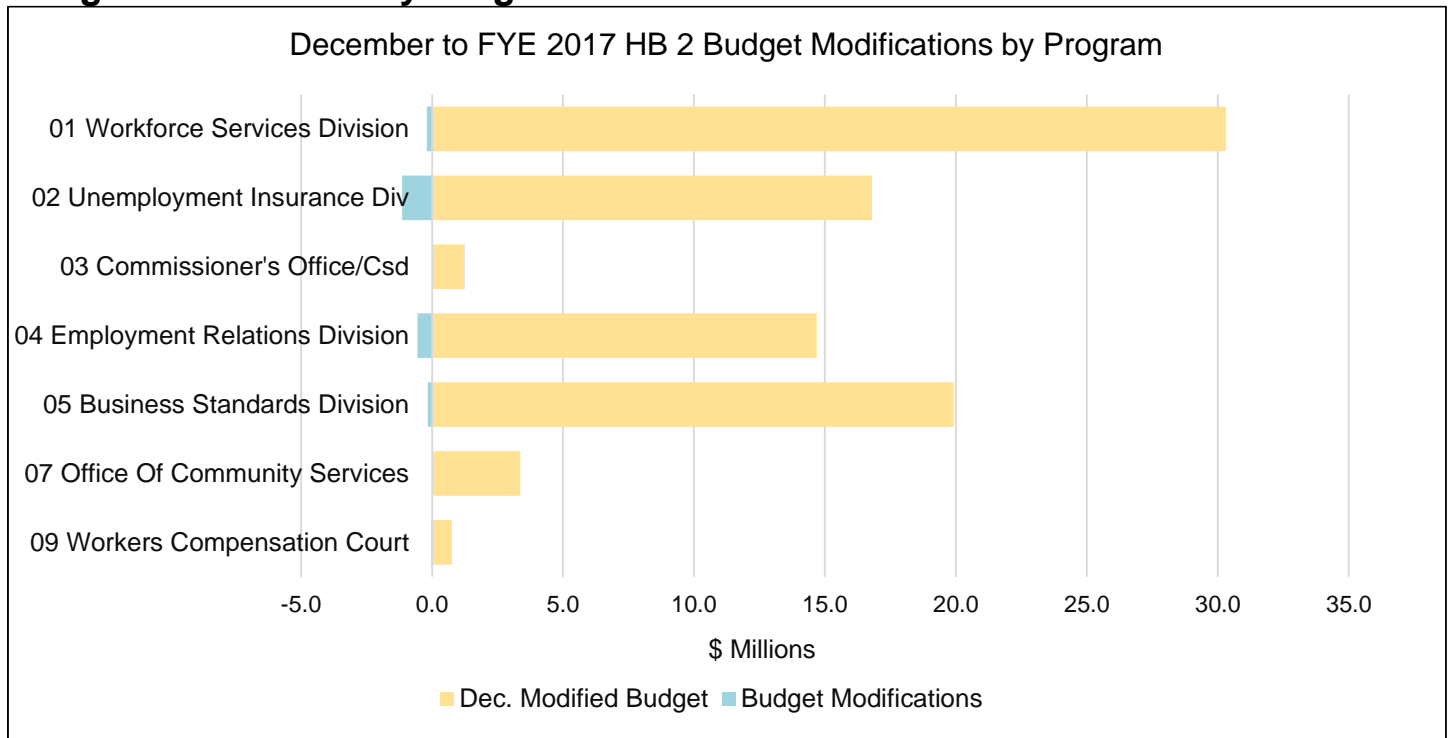
The majority of the other authority in the Department of Labor and Industry was for long-range information technology funding included in HB 10. This funding was primarily for the Status, Tax, Accounting, Audit, and Rating System (STAARS) in the Unemployment Insurance Division.

## Non-Budgeted Proprietary

Non-budgeted proprietary authority totaled \$153.5 million and was 88.2% expended as of the end of FY 2017. The Unemployment Insurance Division and the Employment Relations Division are primarily contributing to the lower percentage expended. Benefits and claims in the Unemployment Insurance Division were lower than the authority in FY 2017. The Subsequent Injury Fund in the Employment Relations Division paid fewer claims and fewer settlements than in previous years.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Workforce Services Division	30,310,702	939,737	(1,137,737)	(198,000)	30,112,702	-0.7%
02 Unemployment Insurance Div	16,801,570	274,351	(1,418,584)	(1,144,233)	15,657,337	-6.8%
03 Commissioner's Office/Csd	1,238,860	23,903	(14,903)	9,000	1,247,860	0.7%
04 Employment Relations Division	14,689,327	156,500	(716,133)	(559,633)	14,129,694	-3.8%
05 Business Standards Division	19,913,336	226,100	(389,426)	(163,326)	19,750,010	-0.8%
07 Office Of Community Services	3,375,265	52,500	(52,500)	-	3,375,265	0.0%
09 Workers Compensation Court	762,235	7,000	(30,530)	(23,530)	738,705	-3.1%
Grand Total	\$87,091,295	\$1,680,091	(\$3,759,813)	(\$2,079,722)	\$85,011,573	-2.4%

*This chart shows budget modifications by program from December through FYE.*

The Department of Labor and Industry had several significant budget modifications since the last Budget Status Report. The most significant budget modifications are listed below.

Workforce Services Division



- The division transferred approximately \$313,000 from personal services and \$54,000 from operating expenses to grants. This transfer was made to realigned HELP Act appropriations to match actual expenditures
- The division had HB 3 executive reductions of \$250,000 in personal services and \$250,000 in grants. This was a reduction in federal special revenue and did not impact general fund
- The department transferred \$150,000 from personal services in the Research and Analysis Bureau to operating expenses in the Job Services Operations Bureau. This transfer was due to declining federal revenue in the Job Services Operations Bureau
- The division received state special revenue of \$302,000 from the Employment Relations Division to realign technology services costs

#### Unemployment Insurance Division

- The division received personal services base contingency funding of approximately \$258,000 from the Employment Relations Division
- The division had HB 3 executive reductions of approximately \$880,000 in personal services. This was a reduction in federal special revenue and did not impact general fund
- The division transferred personal services base contingency funding of approximately \$511,000 back to the Governor's Office

#### Employment Relations Division

- The division transferred personal services base contingency funding of approximately \$258,000 to the Unemployment Insurance Division
- The division transferred state special revenue of \$302,000 to the Workforce Services Division to realign technology services costs

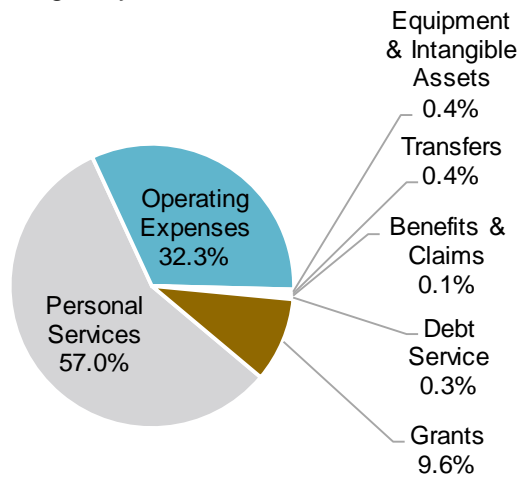
#### Business Standards Division

- The division transferred personal services base contingency funding of approximately \$163,000 back to the Governor's Office

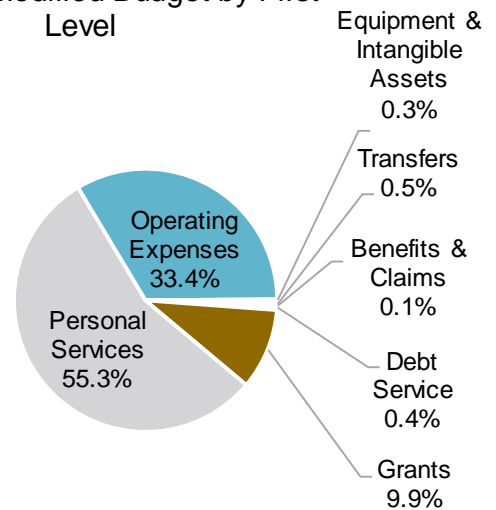
## Budget Modification by First Level

### December HB 2 Modified Budget vs FYE 2017 HB 2 Modified Budget

Dec. Modified Budget by First Level



FYE 2017 Modified Budget by First Level



### December to FYE 2017 HB 2 Budget Modification by First Level

First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$49,644,967	379,533	(\$3,005,997)	(2,626,464)	47,018,502	-5.3%
62000 Operating Expenses	\$28,111,137	784,804	(\$462,016)	322,788	28,433,926	1.1%
63000 Equipment & Intangible Assets	\$312,574	-	(\$28,300)	(28,300)	284,274	-9.1%
66000 Grants	\$8,361,122	335,282	(\$254,000)	81,282	8,442,404	1.0%
67000 Benefits & Claims	\$100,389	-	\$0	-	100,389	0.0%
68000 Transfers	\$311,983	94,133	(\$9,500)	84,633	396,616	27.1%
69000 Debt Service	\$249,123	86,339	\$0	86,339	335,462	34.7%
Grand Total	\$87,091,295	\$1,680,091	(\$3,759,813)	(\$2,079,722)	\$85,011,573	-2.4%

The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

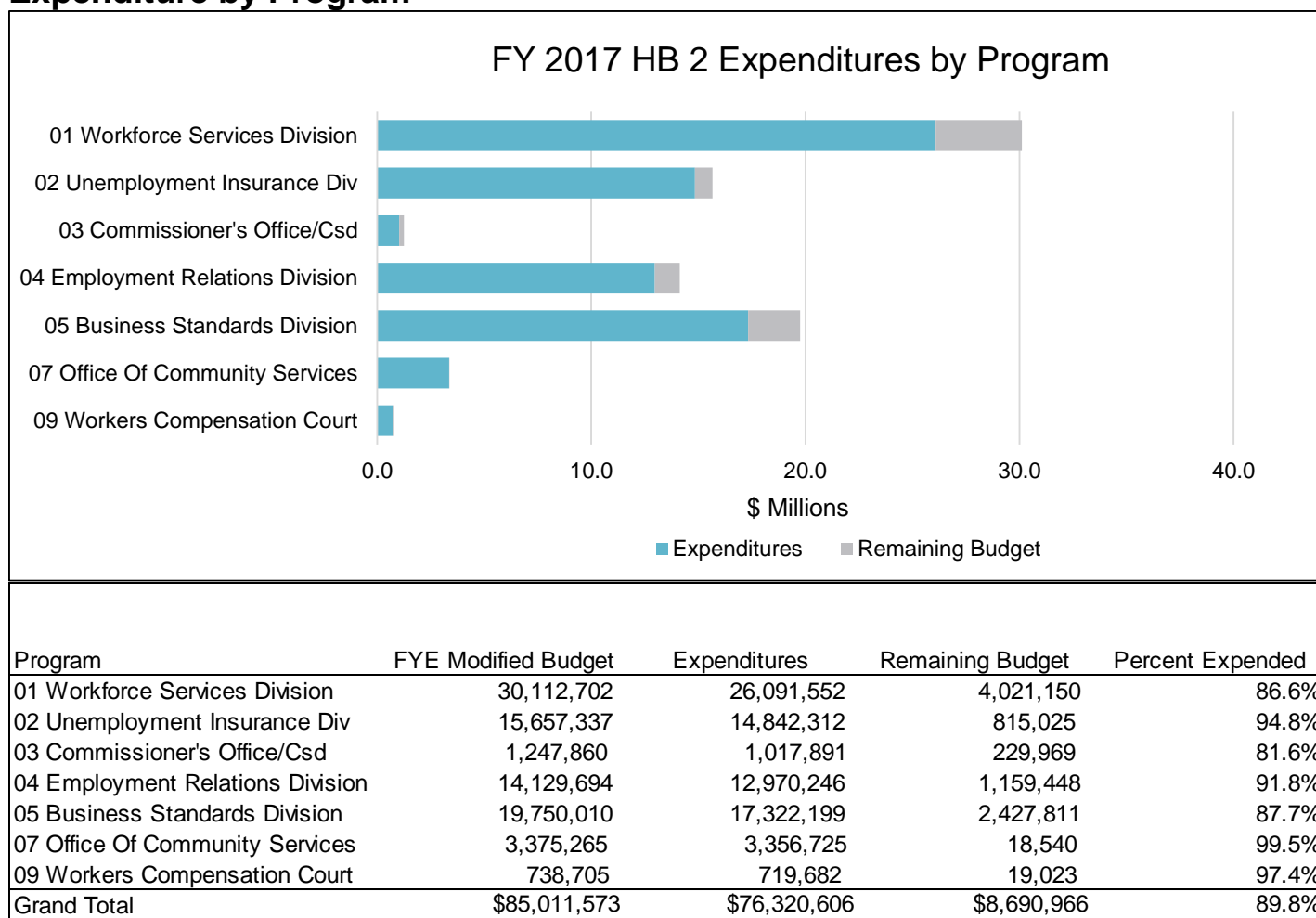
There were several significant budget modifications in the Department of Labor and Industry and these modifications mainly effected personal services appropriations. The modifications primarily include:

- HB 3 executive reductions of approximately \$1.1 million
- Transferring personal services base contingency funding of \$0.7 million back to the Governor's Office
- Transferring HELP Act appropriations from personal services and operating expenses to grants to align the appropriation with actual expenditures

Additional details on budget modifications can be found above.

# AGENCY HB 2 EXPENDITURES

## Expenditure by Program



*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

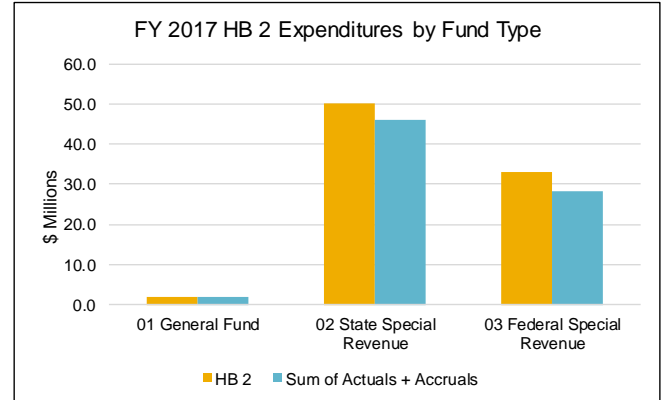
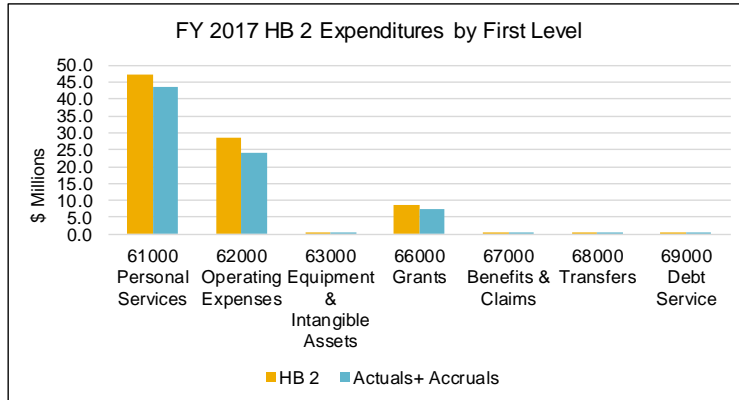
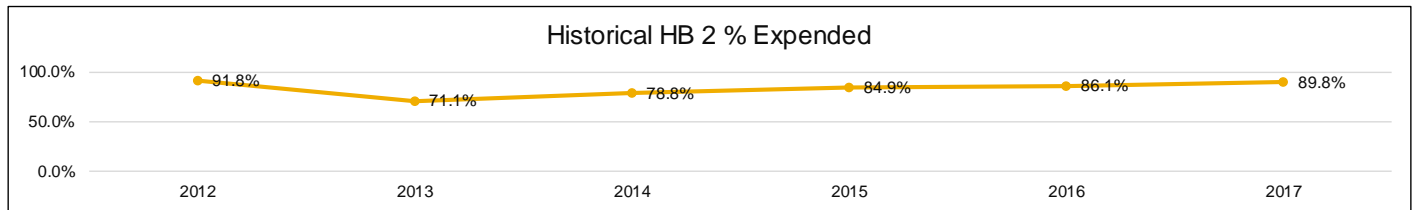
The Workforce Services Division expended 86.6% of its FY 2017 appropriations. Personal services, operating expenses, and grants had a lower percentage expended. These lower expenditures were due a decline in federal revenues.

The Commissioner's Office expended 81.6% of its FY 2017 appropriations. Personal services and operating expenses had a lower percentage expended than anticipated at the end of the fiscal year. This was due to vacant positions in the division which resulted in fewer FTE to support.

The Employment Relations Division expended 91.8% of its FY 2017 appropriations. Operating expenses were 86.7% expended as of the end of the fiscal year. The lower percentage expended was due to information technology costs being lower than anticipated in FY 2017. Benefits and claims were 62.7% expended at the end of the fiscal year. The lower percentage expended was because fluctuations in claims volume can occur and claims did not reach the level appropriated in FY 2017.

The Business Standards Division expended 87.7% of its FY 2017 appropriations. Operating expenses were 80.9% expended. There were two primary areas that contributed to the lower percentage expended. The first area was because there was a change in funding for the Board of Public Accountants in the 2015 legislative session. The board moved to proprietary funding, which left state special revenue appropriations unspent. Additionally, the division has contingency funds that cover legal, investigatory, or compliance costs that are above a normal level. This funding was not utilized in FY 2017.

## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	47,018,502	43,696,594	92.9%
62000 Operating Expenses	28,433,926	24,164,424	85.0%
63000 Equipment & Intangible Assets	284,274	248,923	87.6%
66000 Grants	8,442,404	7,546,421	89.4%
67000 Benefits & Claims	100,389	62,897	62.7%
68000 Transfers	396,616	368,968	93.0%
69000 Debt Service	335,462	232,380	69.3%
<b>Grand Total</b>	<b>\$85,011,573</b>	<b>\$76,320,606</b>	<b>89.8%</b>

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	1,938,755	1,880,034	97.0%
02 State Special Revenue	50,116,121	46,048,786	91.9%
03 Federal Special Revenue	32,956,697	28,391,786	86.1%
<b>Grand Total</b>	<b>\$85,011,573</b>	<b>\$76,320,606</b>	<b>89.8%</b>

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.

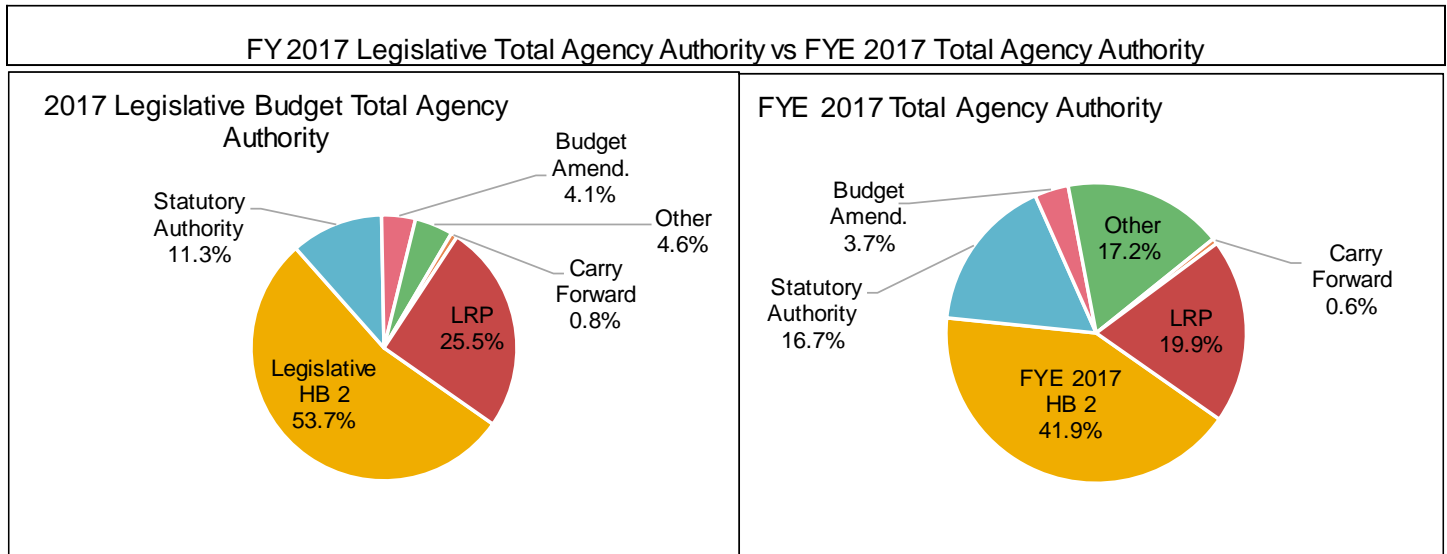
HB 2 appropriations in the Department of Labor and Industry, comprised primarily of state special and federal special revenues, totaled approximately \$85.0 million in FY 2017. The department expended approximately \$76.3 million or 89.8% of its appropriations. This is in line with historical expenditures. Additional details on expenditures are included above.

# DEPARTMENT OF MILITARY AFFAIRS

## BUDGET AND EXPENDITURE HIGHLIGHTS

- The Department of Military Affairs expended 81.4% of its approximately \$49.5 million HB 2 appropriations and 97.9% of its \$6.6 million general fund appropriations in FY 2017
- The Army National Guard Program general fund appropriations were reduced by \$100,000 in FY 2017 as part of the HB 3 reductions implemented by the executive

## TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	49,649,880	(109,617)	49,540,263
Statutory Authority	10,396,177	9,397,322	19,793,499
Budget Amendments	3,815,231	504,818	4,320,049
Other	4,293,180	16,074,376	20,367,556
Carry Forward	725,218	-	725,218
Sum of Long Range Planning	23,523,025	-	23,523,025
Total Budgeted Authority	92,402,710	25,866,900	118,269,610
Non-Budgeted Proprietary	\$ -	\$ -	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	70,419,156
Total Budgeted Authority	118,269,610
% Expended	59.5%

*This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, its added authority through the budget amendment process.*

Total authority in the Department of Military Affairs was nearly \$118.3 million in FY 2017. This authority primarily consists of HB 2, statutory, other, and long-range building planning authority.

## Statutory Authority

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.

## Other Authority

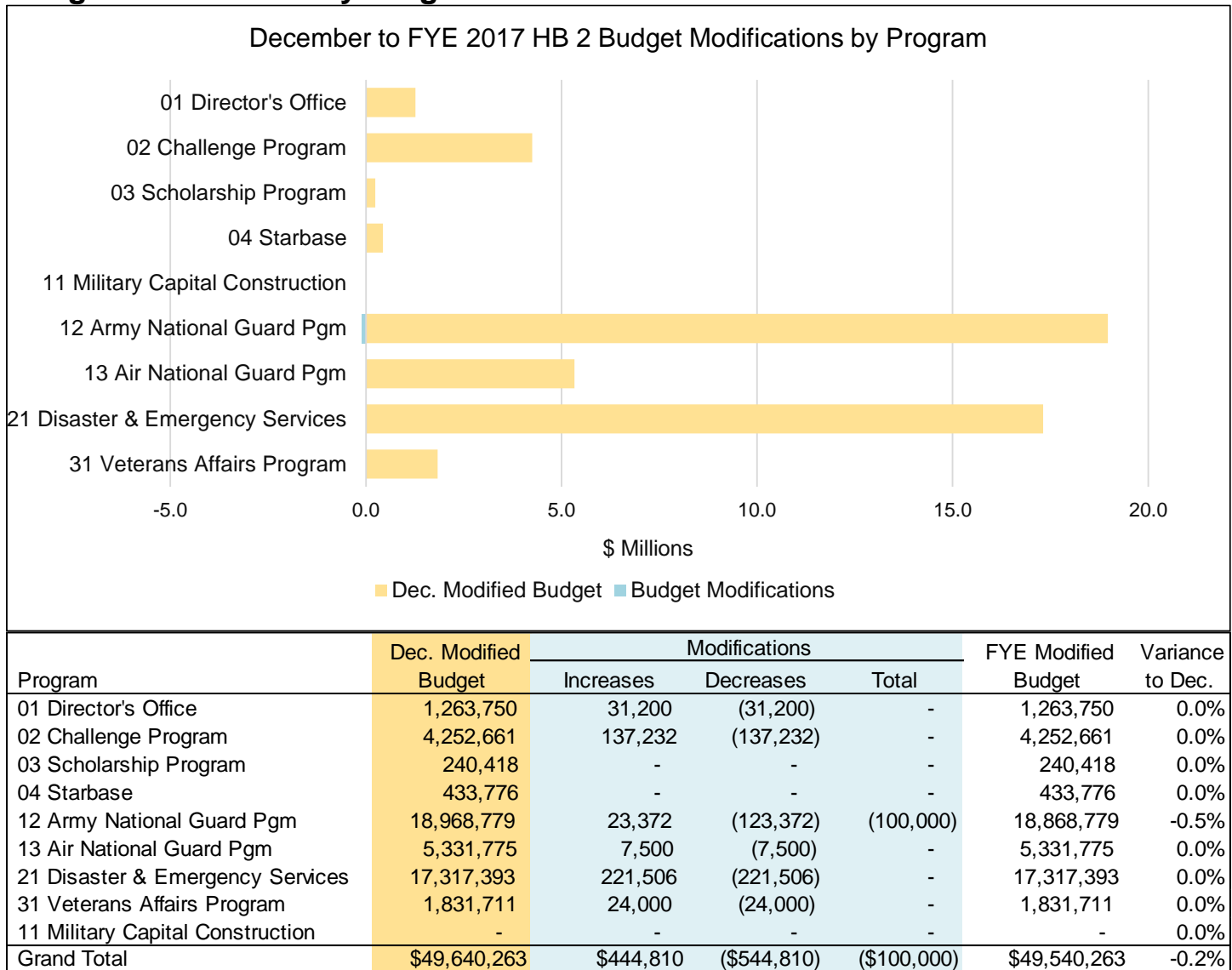
The Department of Military Affairs has other authority for items such as facility improvements and readiness centers. The most significant portion included in this category is \$15.0 million in authority for the Malta Readiness Center.

## Long Range Planning

The Department of Military Affairs also has long-range building planning authority. The most significant project included in this category is approximately \$21.3 million in authority for the Aviation Readiness Center.

## HB 2 BUDGET MODIFICATIONS

### Budget Modification by Program



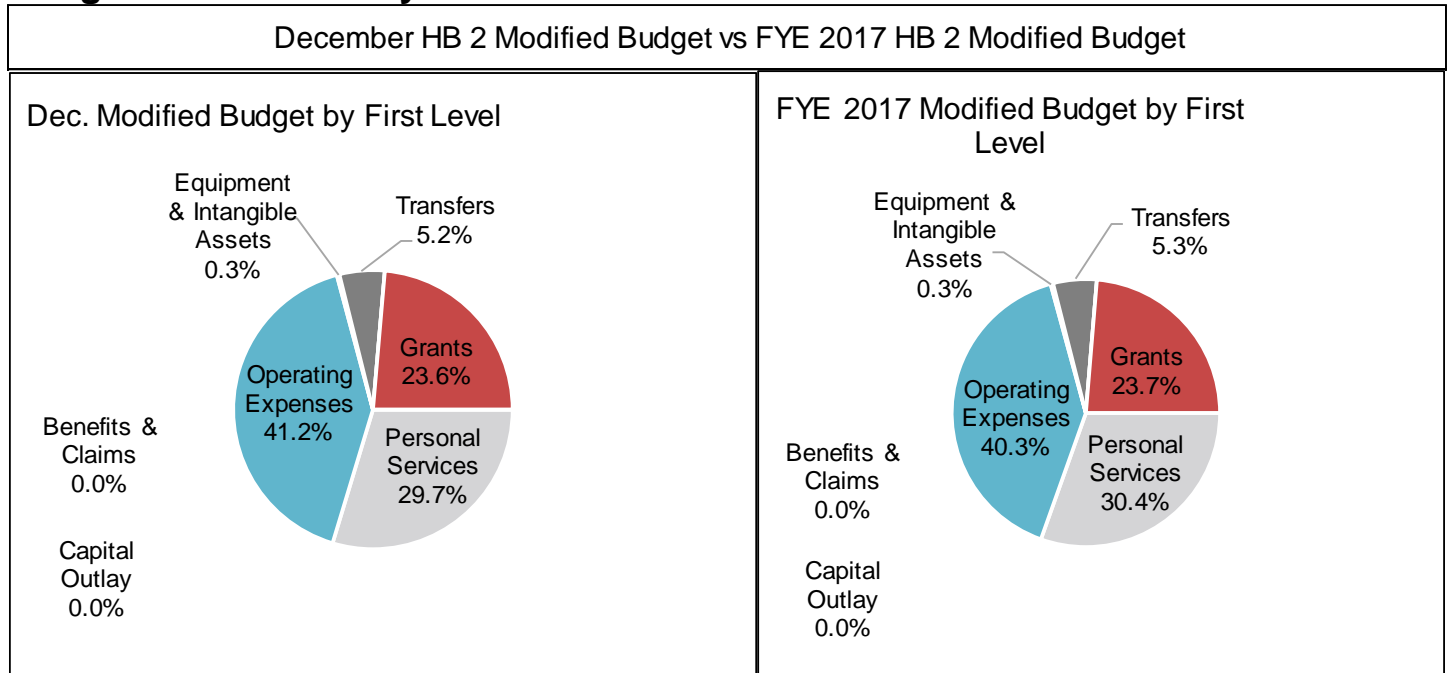
*This chart shows budget modifications by program from December through FYE.*

Significant modifications to appropriation in the Department of Military Affairs include:

- The transfer of general fund of approximately \$18,000 and federal special revenue of approximately \$120,000 from operating expenses to personal services in the ChalleNGe Program. This transfer occurred because of termination and retirement payouts
- The transfer of general fund of approximately \$114,000 and federal special revenue of approximately \$118,000 from operating expenses to personal services in Disaster and Emergency Services. This transfer occurred because of the use of a modified position to cover the workload of a FTE that was removed in the prior biennium, as well as termination and retirement payouts

- The reduction of general fund of \$17,000 in personal services and \$83,000 in operating expenses in the Army National Guard Program as part of the required executive reductions in HB 3

## Budget Modification by First Level



December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$14,726,787	396,193	(\$41,000)	355,193	15,081,980	2.4%
62000 Operating Expenses	\$20,432,443	24,000	(\$487,365)	(463,365)	19,969,078	-2.3%
63000 Equipment & Intangible Assets	\$150,536	-	\$0	-	150,536	0.0%
64000 Capital Outlay	\$0	-	\$0	-	-	0.0%
66000 Grants	\$11,733,943	-	(\$1,245)	(1,245)	11,732,698	0.0%
67000 Benefits & Claims	\$0	-	\$0	-	-	0.0%
68000 Transfers	\$2,596,554	24,617	(\$15,200)	9,417	2,605,971	0.4%
<b>Grand Total</b>	<b>\$49,640,263</b>	<b>\$444,810</b>	<b>(\$544,810)</b>	<b>(\$100,000)</b>	<b>\$49,540,263</b>	<b>-0.2%</b>

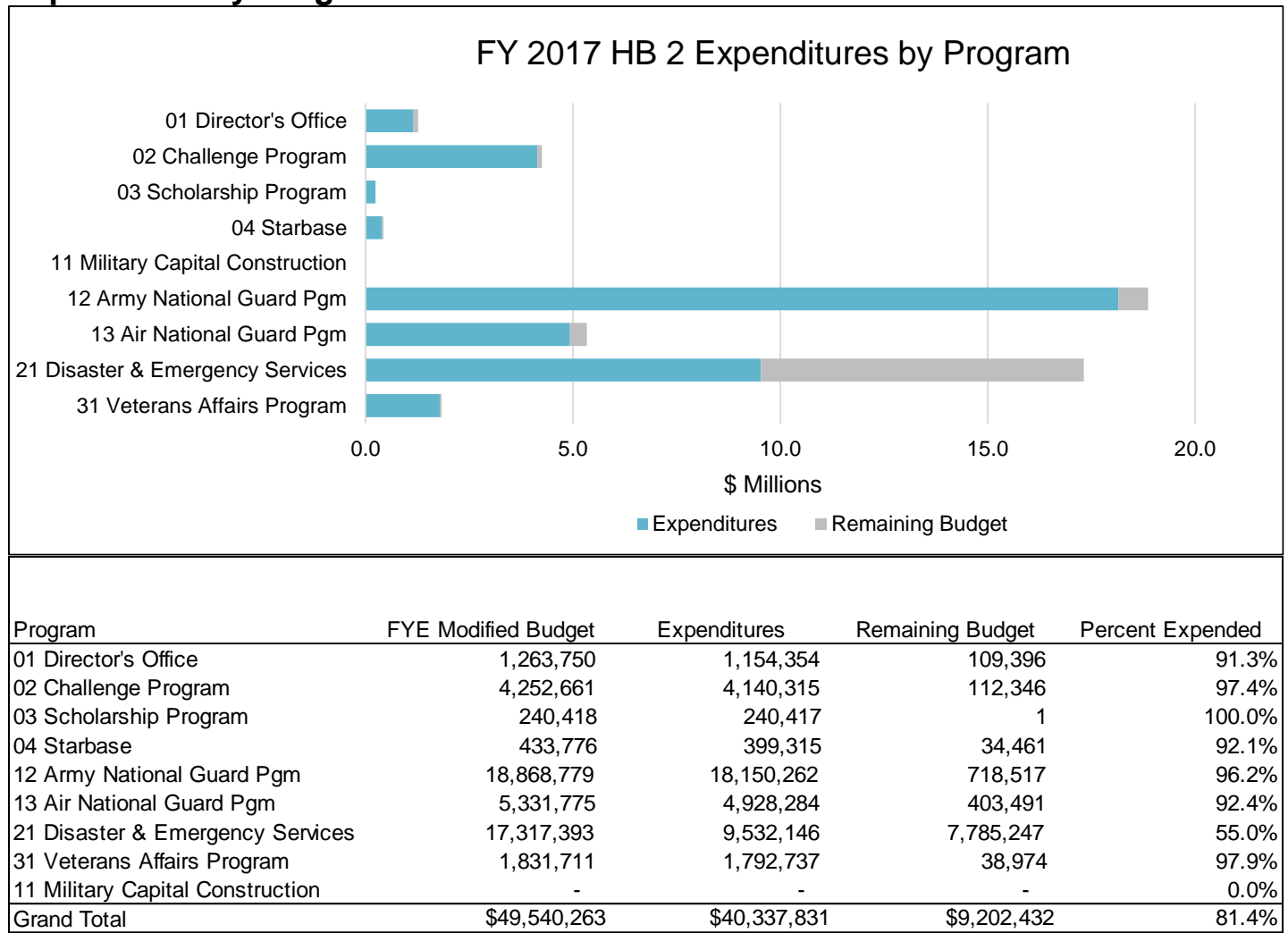
*The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.*

Significant modifications to the appropriation in the Department of Military Affairs primarily occurred in personal services and operating expenses. These modifications include:

- Transfers from operating expenses to personal services for termination and retirement payouts as well as for the use of a modified position to cover the workload of a FTE that was removed in the prior biennium
- Reductions in personal services and operating expenses as part of the executive reductions required in HB 3

## AGENCY HB 2 EXPENDITURES

### Expenditure by Program



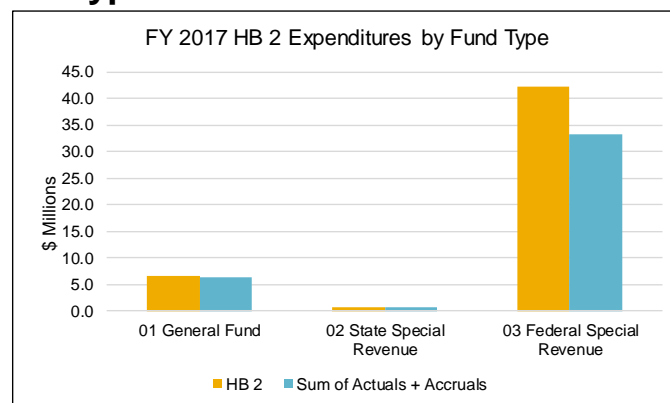
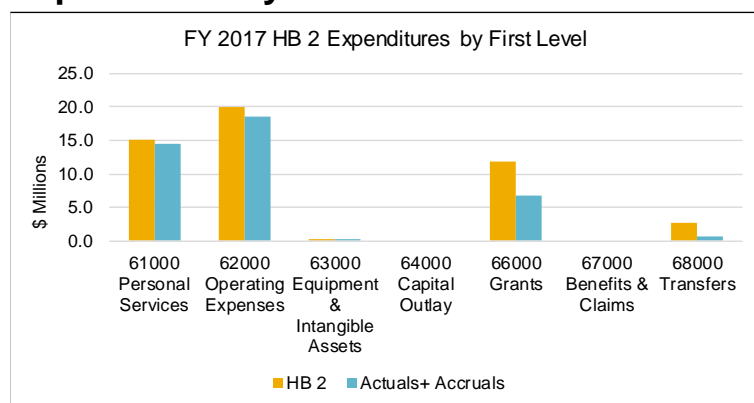
*This chart shows current FY 2017 expenditures by program and remaining authority for HB 2 budget.*

There were four divisions within the Department of Military Affairs that had a lower percentage expended at the end of FY 2017.

- The Director's Office had a slightly lower percentage of federal special revenue expended on personal services. This was due to estimated federal expenditures being higher than the allowable direct costs
- Starbase had a lower percentage of federal special revenue expended on personal services. This lower percentage expended was due to an increase in benefits for employees that did not occur in state FY 2017
- The Air National Guard had lower federal special revenue expenditures on operating expenses. This was due to an overestimation of the amount federal funds that would be used during the state fiscal year. It is expected that the remaining funds will be expended within the federal fiscal year
- Disaster and Emergency Services had lower federal special revenue expenditures on operating expenses, grants, and transfers out. 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



## Expenditure By First Level Account and Fund Type



FY 2017 HB 2 Expended by First Level			
First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	15,081,980	14,487,866	96.1%
62000 Operating Expenses	19,969,078	18,523,671	92.8%
63000 Equipment & Intangible Assets	150,536	76,231	50.6%
64000 Capital Outlay	-	-	0.0%
66000 Grants	11,732,698	6,662,345	56.8%
67000 Benefits & Claims	-	-	0.0%
68000 Transfers	2,605,971	587,719	22.6%
Grand Total	\$49,540,263	\$40,337,831	81.4%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	6,559,790	6,425,182	97.9%
02 State Special Revenue	777,548	738,913	95.0%
03 Federal Special Revenue	42,202,925	33,173,735	78.6%
Grand Total	\$49,540,263	\$40,337,831	81.4%

The above charts show HB 2 modified budget compared to expenditures by first level and fund type. Historical HB 2 expenditures not available for Military Affairs.

The Department of Military Affairs HB 2 appropriations, primarily comprised of federal special revenue, totaled approximately \$49.5 million in FY 2017. The office expended approximately \$40.3 million or 81.4% of its appropriations. Additional details on expenditures are included above.