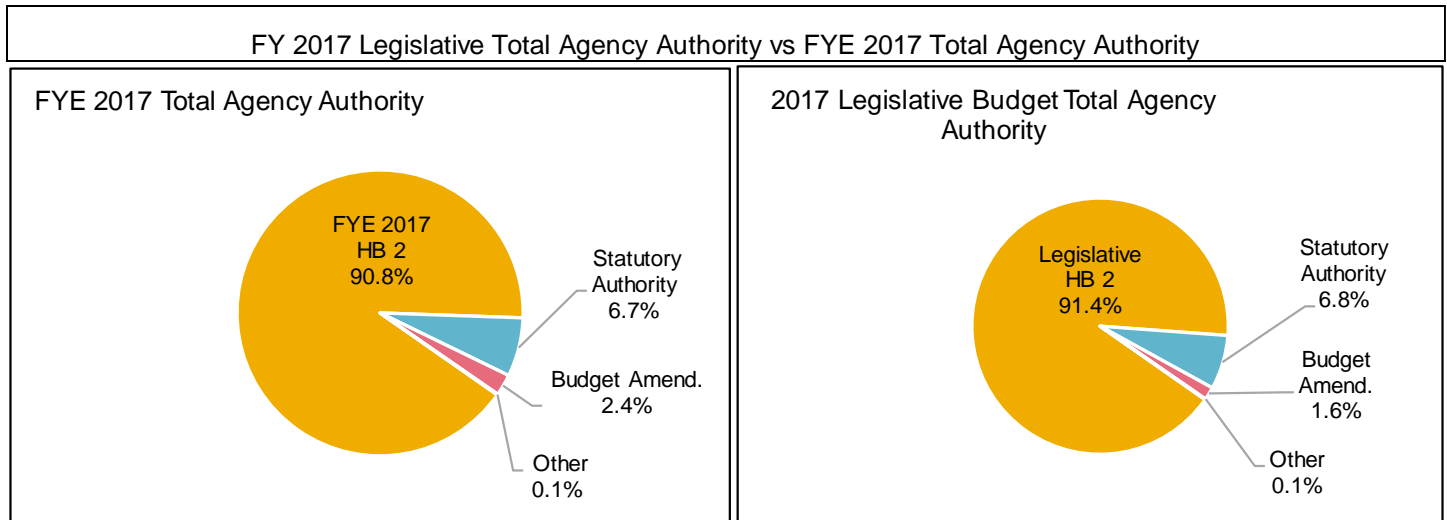


OFFICE OF PUBLIC INSTRUCTION

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of Public Instruction (OPI) expended 99.6% of the general fund budget and 98.1% of the total budget.
- The agency reverted \$3.3 million of unexpended appropriation authority to the general fund from the following programs:
 - Program 06 – State Level Activities reverted \$22,882
 - Program 09 – Local Education Activities reverted \$3.3 million as follows
 - \$2.1 million– BASE Aid
 - \$ 717,089 – Transportation
 - \$ 420,251 – State Tuition Payments
 - \$ 40,180 – Gifted and Talented
 - \$ 6,626 - Other
- General fund modification totaled \$17.3 million:
 - \$300,000 reduction for HB 3 voluntary reductions in program 06
 - \$17.3 million increase for HB 3 supplemental for BASE Aid in program 09
- The agency expended 100% of its one-time-only authority (OTO) totaling \$933,808:
 - \$832,000 Montana Digital Academy
 - \$101,308 audiological services

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	975,526,126	18,688,270	994,214,396
Statutory Authority	72,952,000	-	72,952,000
Budget Amendments	17,282,397	9,092,878	26,375,275
Other	1,035,325	-	1,035,325
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	1,066,795,848	27,781,148	1,094,576,996
Non-Budgeted Proprietary	\$ 3,695,162	\$0	\$ 3,695,162

FY 2017 Total Agency Authority Expended	
Total Expended	1,033,157,099
Total Budgeted Authority	1,094,576,996
% Expended	94.4%

This chart shows current FYE authority vs 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, the agency received a \$17.3 million general fund supplemental appropriation for BASE Aid and volunteered a \$0.3 million general fund reduction as part of HB3. The agency also had continuing authority of \$1.7 million in general fund, state, and federal special revenue.

Statutory Appropriations

Besides the allocated HB 2 authority, the department also has a large statutory authority. Statutory authority includes

- \$49.0 million interest and income from the guarantee account
- \$1.0 million in timber harvest for technology
- \$20.0 million oil and gas distribution
- \$3.0 million SB 410 tax credits for public and private schools

Budget Amendments

The agency had \$26.4 million in budget amendments, all federal special revenue:

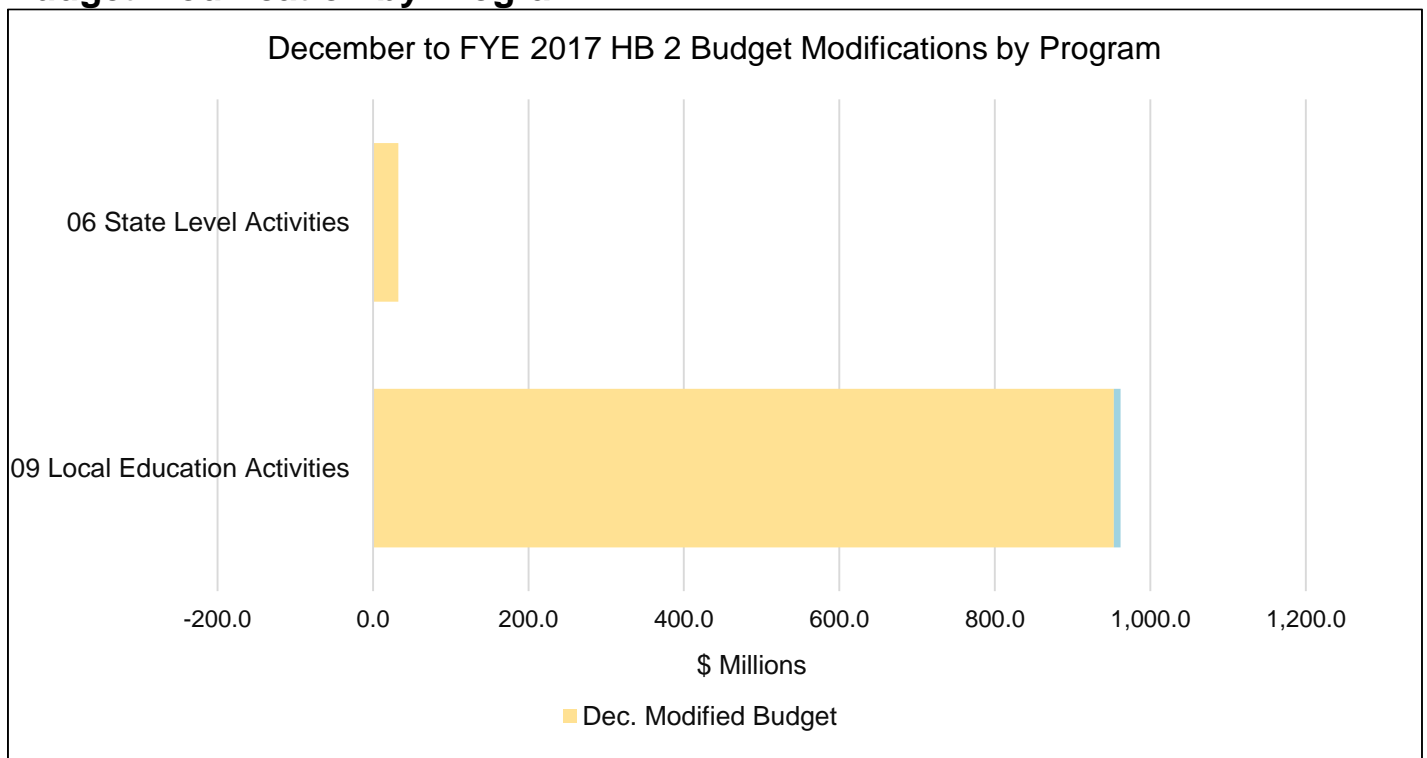
- \$20.7 million for preschool development grants
- \$3.6 million for project aware youth mental health
- \$1.2 million for statewide longitudinal grants
- \$0.7 million for troops to teachers
- \$0.2 million for NASA grants

Non-Budgeted Proprietary

The agency provides advanced drivers education and other services to school districts and government agencies.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
06 State Level Activities	32,643,364	-	(300,000)	(300,000)	32,343,364	-0.9%
09 Local Education Activities	953,157,032	17,300,000	(8,586,000)	8,714,000	961,871,032	0.9%
Grand Total	\$985,800,396	\$17,300,000	(\$8,886,000)	\$8,414,000	\$994,214,396	0.9%

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

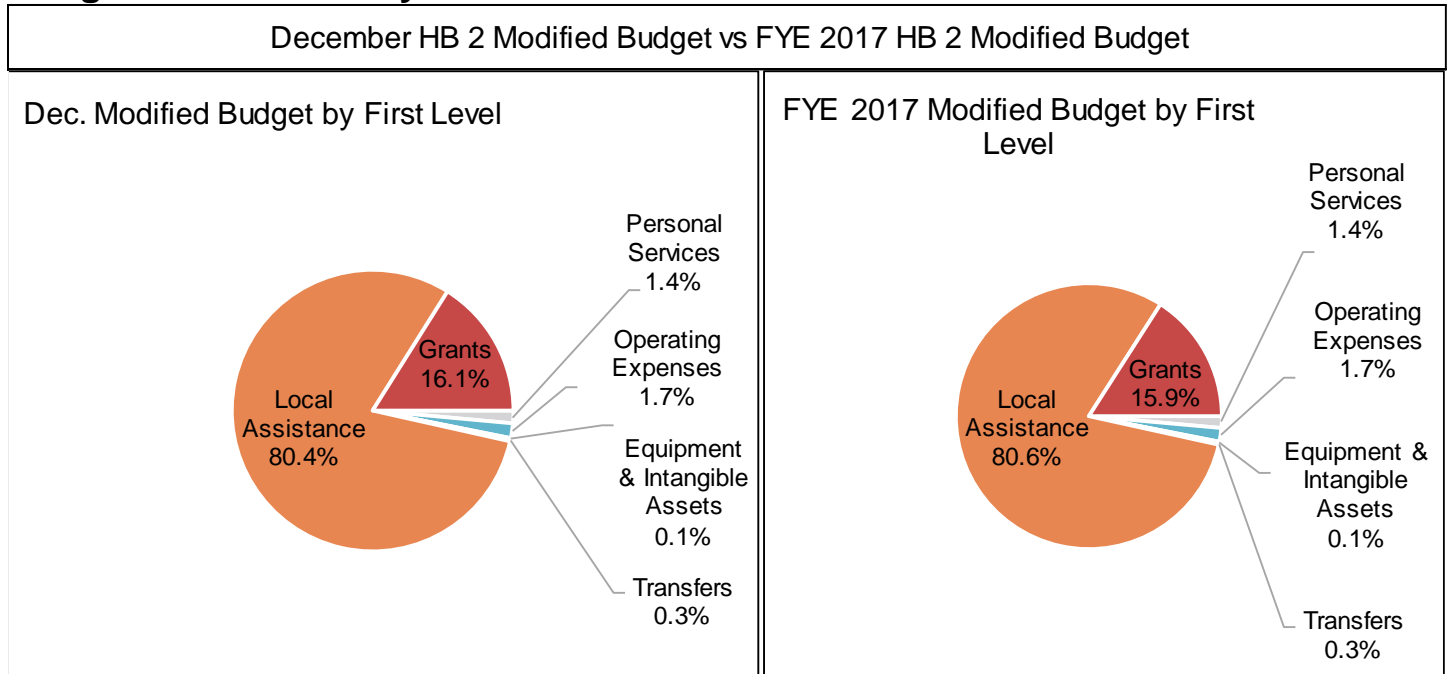
Budget modifications increased general fund appropriation by \$17.0 million and total appropriation by \$8.4 million.

Modifications increased general fund by \$17.0 million:

- \$300,000 reduction for state level activities for HB 3 voluntary reductions
- \$17.3 million increase in local education activities for HB 3 supplemental for BASE Aid primarily to offset lower than anticipated revenue from the guarantee account and higher than anticipated enrollment.

State special revenue in local education activities decreased by \$8.6 million. SB 95 reduced to zero the state special revenue appropriation for the school facilities reimbursement due to lack 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	\$14,276,580	-	(\$134,000)	(134,000)	14,142,580	-0.9%
62000 Operating Expenses	\$16,676,649	-	(\$166,000)	(166,000)	16,510,649	-1.0%
63000 Equipment & Intangible Assets	\$1,017,085	-	\$0	-	1,017,085	0.0%
65000 Local Assistance	\$792,788,856	17,300,000	(\$8,586,000)	8,714,000	801,502,856	1.1%
66000 Grants	\$158,434,315	-	\$0	-	158,434,315	0.0%
68000 Transfers	\$2,606,910	-	\$0	-	2,606,910	0.0%
Grand Total	\$985,800,396	\$17,300,000	(\$8,886,000)	\$8,414,000	\$994,214,396	0.9%

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

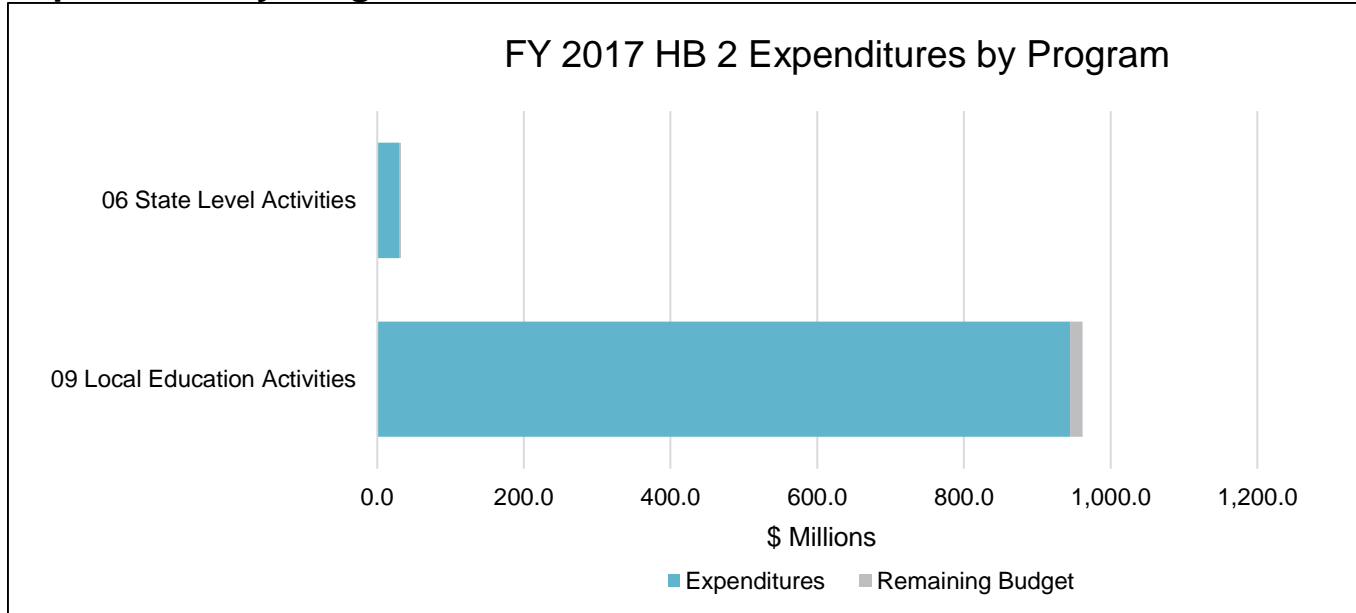
Personal services and operating expense were reduced by a total of \$300,000 in general fund appropriation as part of HB 3. The agency identified and volunteered this reduction within program 06.

Local assistance received a supplemental appropriation of \$17.3 million in general fund for BASE Aid.

The supplemental was offset by a reduction in state special revenue for school facilities reimbursement of \$8.6 million due to the lack of revenue in the schools facilities and technology account.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
06 State Level Activities	32,343,364	29,897,360.8	2,446,003	92.4%
09 Local Education Activities	961,871,032	944,959,388.6	16,911,643	98.2%
Grand Total	\$994,214,396	\$974,856,749	\$19,357,647	98.1%

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

Of the \$19.4 million in remaining budget, 80.6% was unexpended federal authority, 17.3% general fund, and 2.1% unexpended state special revenue.

The State Level Activities Program

The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. 60.0% of the expenditures for state level activities are federal, 39.0% general fund, and 1.0% state special revenue. 42.9% of the expenditures are for personal services and 50.2% are for operations with the remainder transferred to other agencies primarily for the operation of the Montana Digital Academy. Of the \$2.4 million in remaining budget, 99.1% are state and federal special revenue. State level activities expended 99.6% of the general fund appropriation and reverted \$22,882 to the general fund.

The Local Education Activities Program

The Local Education Activities program is used by OPI to distribute state and federal funds to local education agencies. General funds for local assistance represent 84.5% of total expenditures, federal funds about 15.4%, and the remainder is state special revenue. Local Education Activities expended 99.6% of the general fund appropriation and reverted \$3.3 million to the general fund.

The table below summarizes the reverted general funds for 09 Local Education Activities.

FY 2017 Reverted General Fund
Local Education Activities - Program 09

<u>Expenditure</u>	<u>Modified Budget</u>	<u>Expenditures</u>	<u>Ending Balance Reverted to General Fund</u>
BASE Aid	\$667,873,635	\$665,733,805	\$2,139,830
At Risk Payment	5,363,730	5,363,696	34
Special Education	42,972,505	42,972,500	6
Transportation	12,735,048	12,017,959	717,089
Instate Treatment	804,346	797,783	6,563
Career and Technical Education	1,500,000	1,500,000	-
Adult Basic Ed	525,000	524,998	2
Gifted & Talented	335,873	295,693	40,180
School Food	663,861	663,861	-
Reimbursement Block Grants	68,768,640	68,768,640	-
State Tuition Payments	790,120	369,869	420,251
Advancing Agricultural Education in Montana	174,171	174,149	22
Total ¹	<u>\$802,506,929</u>	<u>\$799,182,953</u>	<u>\$3,323,976</u>

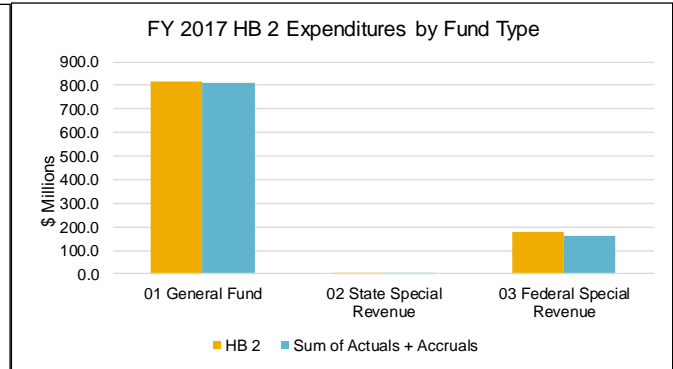
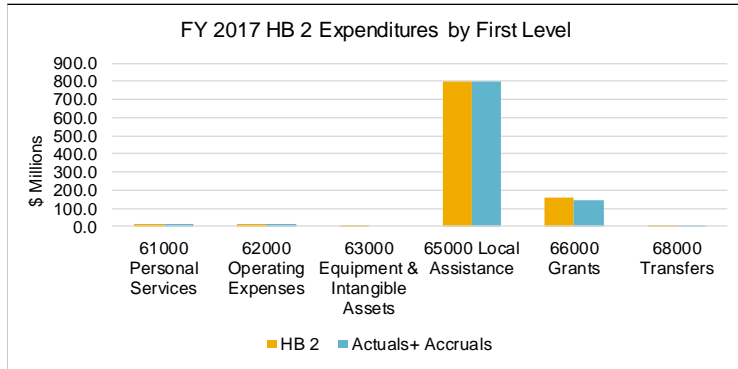
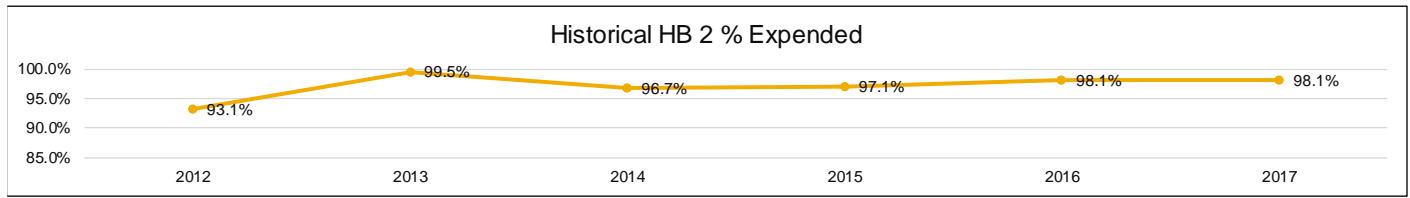
Note: 1) The agency also distributed to BASE Aid \$43.2 million in guarantee account revenues

The 2017 legislature approved a supplemental appropriation of \$17.3 million general fund for BASE Aid. The table above reflects that the agency reverted \$2.1 million of this to the general fund. The reason for the unspent portion of the supplemental to be reverted to the general fund was primarily due to higher than anticipated interest and income of \$2.0 million from the guarantee account.

Several school districts reverted BASE Aid to OPI because anticipated ANB did not materialize in FY 2017. For a detailed discussion on non-materialized ANB, see the additional discussion section at the end of this report.

Other local assistance reverted \$1.2 million as reflected in the table above.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	% Expended
61000 Personal Services	14,142,580	12,696,552	89.8%
62000 Operating Expenses	16,510,649	16,332,343	98.9%
63000 Equipment & Intangible Assets	1,017,085	-	0.0%
65000 Local Assistance	801,502,856	798,055,179	99.6%
66000 Grants	158,434,315	145,112,371	91.6%
68000 Transfers	2,606,910	2,660,305	102.0%
Grand Total	\$994,214,396	\$974,856,749	98.1%

Fund Type	FYE Modified HB 2	Expended	% Expended
01 General Fund	814,264,696	810,917,838	99.6%
02 State Special Revenue	1,444,391	1,044,133	72.3%
03 Federal Special Revenue	178,505,309	162,894,778	91.3%
Grand Total	\$994,214,396	\$974,856,749	98.1%

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.

Local assistance (65000) to schools accounts for 80.6% of the total budget and 98.1% of the general fund. Historically this appropriation is entirely spent as reflected in the two bar graphs above. The under spending reflected in the historical chart above is almost entirely state and federal special revenue.

ADDITIONAL DISCUSSION

The school districts reverted to OPI \$0.5 million in entitlement payments for anticipated ANB increases that did not materialize in FY 2017. Districts reverted \$0.9 million in FY 2016.

ANB for budgeting purposes is based on head counts done in the previous year. School districts may apply to OPI for an increase in their ANB should they anticipate an influx of new students in the following year. Should the “anticipated increase” not materialize the school district must refund to the state general fund payments related to the anticipated increase (20-9-314(6)(a), MCA). In FY 2016, 210 anticipated ANB did not materialize resulting in a reduction of \$0.9 million in entitlement payments, in FY 2017 110 anticipated ANB did not materialize resulting in school districts reverting \$0.5 million to OPI for a total of \$1.4 million for the biennium.

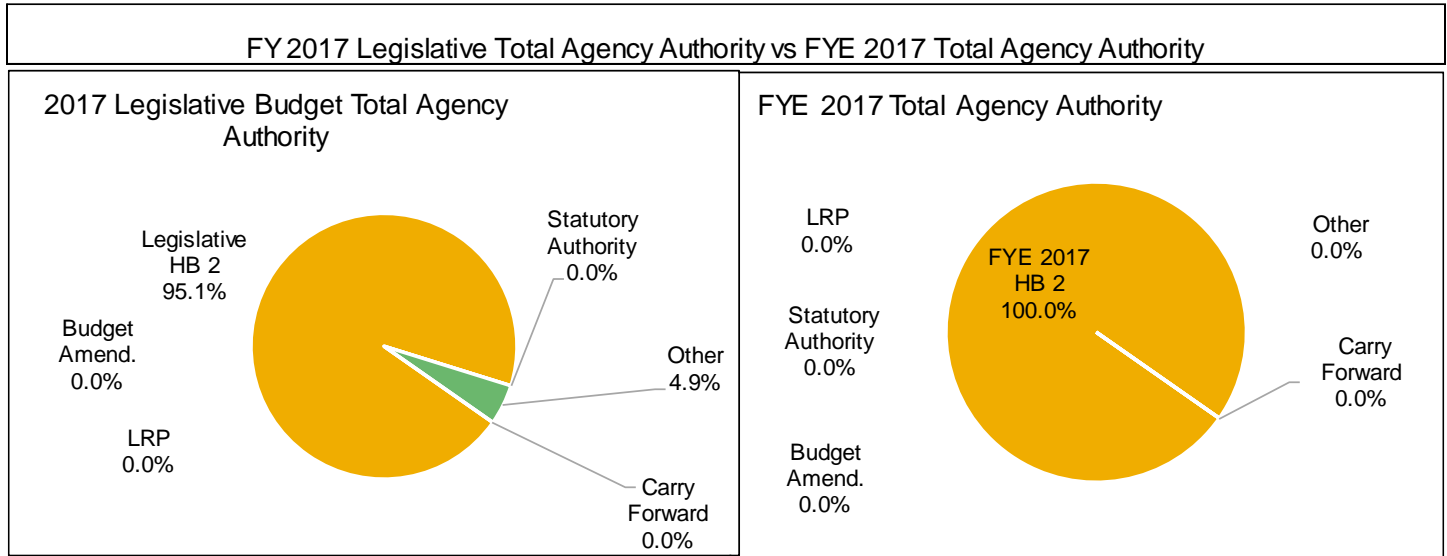
School district need only revert the state’s share of BASE Aid, if the district over milled local tax property tax that need not be returned. The 2017 legislature approved and the executive signed into law HB 390 which requires school districts to re-appropriate that portion of property tax resulting from anticipated ANB that do not materialize in the following year’s budget and reduce local property taxes accordingly.

BOARD OF PUBLIC EDUCATION

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Board of Public Education (BPE) expended 91.6% of the general fund budget of \$169,621 and 93.5% of the total HB 2 budget of \$348,950
- The agency reverted to the general fund \$14,179 of unexpended appropriation authority
- Budget modifications increased the budget by \$2,550 above the December modified budget
- BPE expended 79.1% or \$23,733 of the \$30,000 general fund OTO restricted expenditure for legal fees

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	357,753	(9,163)	348,590
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	17,998	17,998
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	357,753	8,835	366,588
Non-Budgeted Proprietary	\$0	\$0	\$0

FY 2017 Total Agency Authority Expended	
Total Expended	327,048
Total Budgeted Authority	366,588
% Expended	89.2%

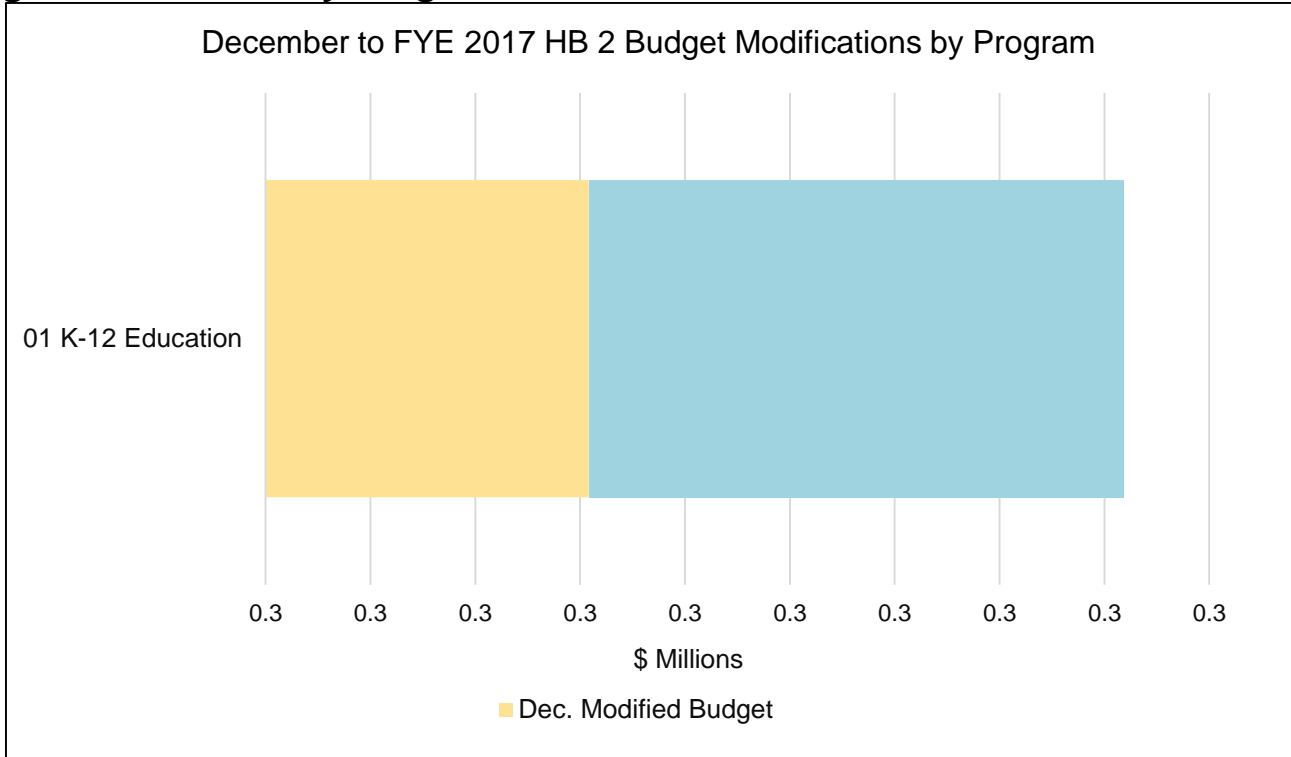
This chart shows current FYE authority compared to legislative budget authority for the agency (Appendix B). Budget Amendment authority is not legislative authority, instead it is added authority through the budget amendment process.

The BPE had \$8,835 in continuing authority from FY 2016.

Budget amendments include workers compensation reductions of \$498 and voluntary HB3 reductions of \$17,500.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 K-12 Education	346,040	20,050	(17,500)	2,550	348,590	0.7%
Grand Total	\$346,040	\$20,050	(\$17,500)	\$2,550	\$348,590	0.7%

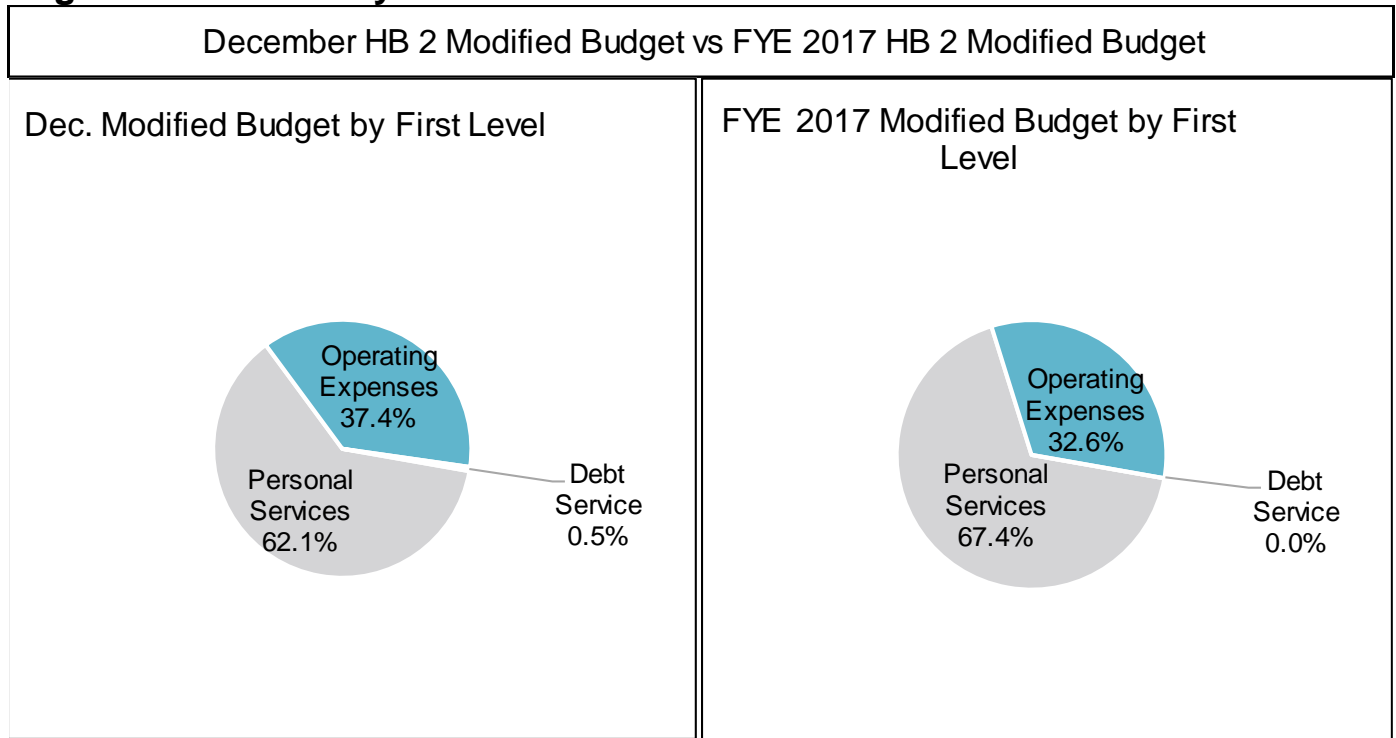
This chart shows budget modifications by program from December through FYE.

Modifications to the December budget include total increases of \$2,550:

- \$17,500 reduction FY 2017 budget
- \$20,050 increase for personal services adjustment

The FY 2017 budget reductions were primarily in operations, as a result of eliminated debt service for office equipment.

Budget Modification by First Level



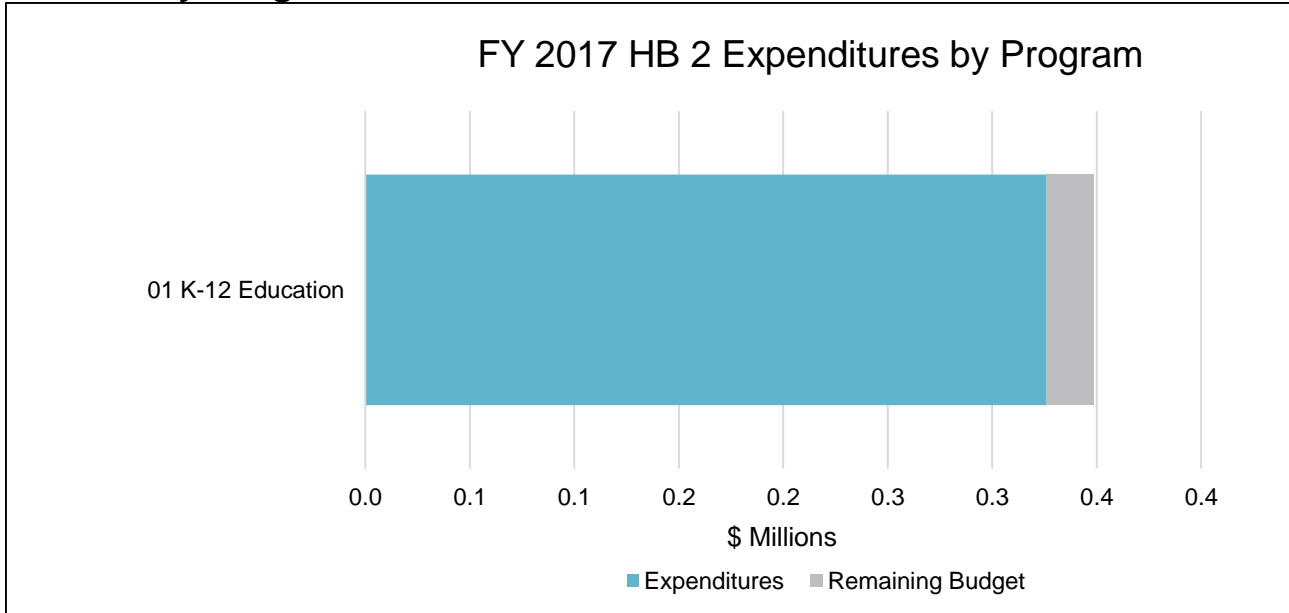
December to FYE 2017 HB 2 Budget Modification by First Level							
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.	
		Increases	Decreases	Total			
61000 Personal Services	\$214,938	20,050	\$0	20,050	234,988	9.3%	
62000 Operating Expenses	\$129,320	-	(\$15,718)	(15,718)	113,602	-12.2%	
69000 Debt Service	\$1,782	-	(\$1,782)	(1,782)	-	-100.0%	
Grand Total	\$346,040	\$20,050	(\$17,500)	\$2,550	\$348,590	0.7%	

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 cuts coming from operating funds and debt service.

AGENCY HB 2 EXPENDITURES

Expenditure by Program

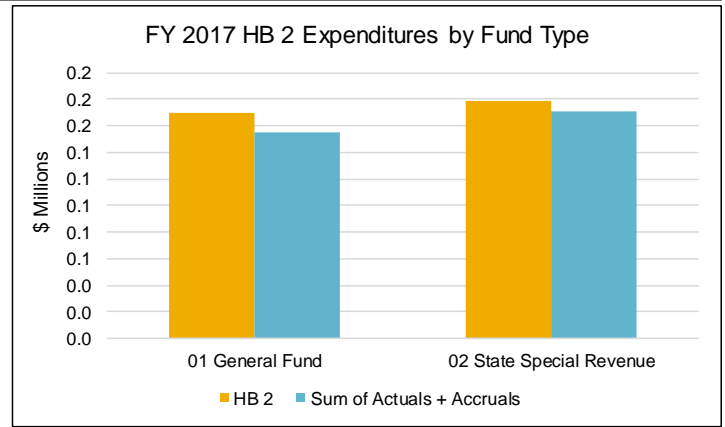
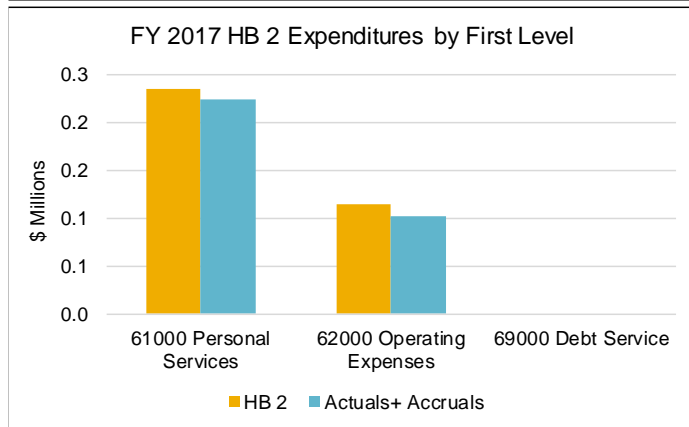
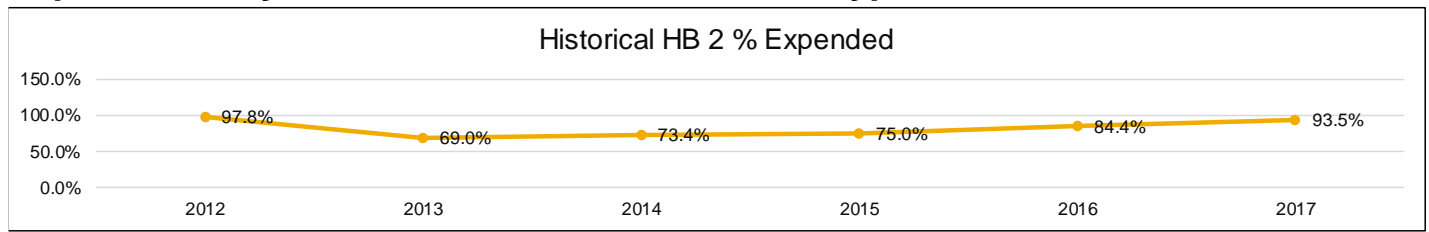


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 K-12 Education	348,590	325,760	22,830	93.5%
Grand Total	\$348,590	325,760	\$22,830	93.5%

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

The BPE provides its service through a single state agency with offices in Helena. The board has a staff of three that provide research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	234,988	224,345	95.5%
62000 Operating Expenses	113,602	101,415	89.3%
69000 Debt Service	-	-	0.0%
Grand Total	\$348,590	\$325,760	93.5%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	169,621	155,442	91.6%
02 State Special Revenue	178,969	170,318	95.2%
Grand Total	\$348,590	\$325,760	93.5%

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.

Lower expenditures as a percent of HB 2 budget are due to unexpended appropriation for legal services and vacancy savings.

Personal Services

The agency is budgeted for 3.00 FTE. During the interim, one position was filled on a part-time basis resulting in vacancy savings of \$10,643 or 4.5% of the personal services budget.

Operations

The 2015 Legislature appropriated \$30,000 of general fund as restricted OTO for legal expenses. The agency expended \$23,733 leaving a balance of \$6,267. Other unexpended operating expense totaled \$5,920.

Debt Service

The agency retired debt related to office photo copying equipment.

Unexpended General Fund appropriation

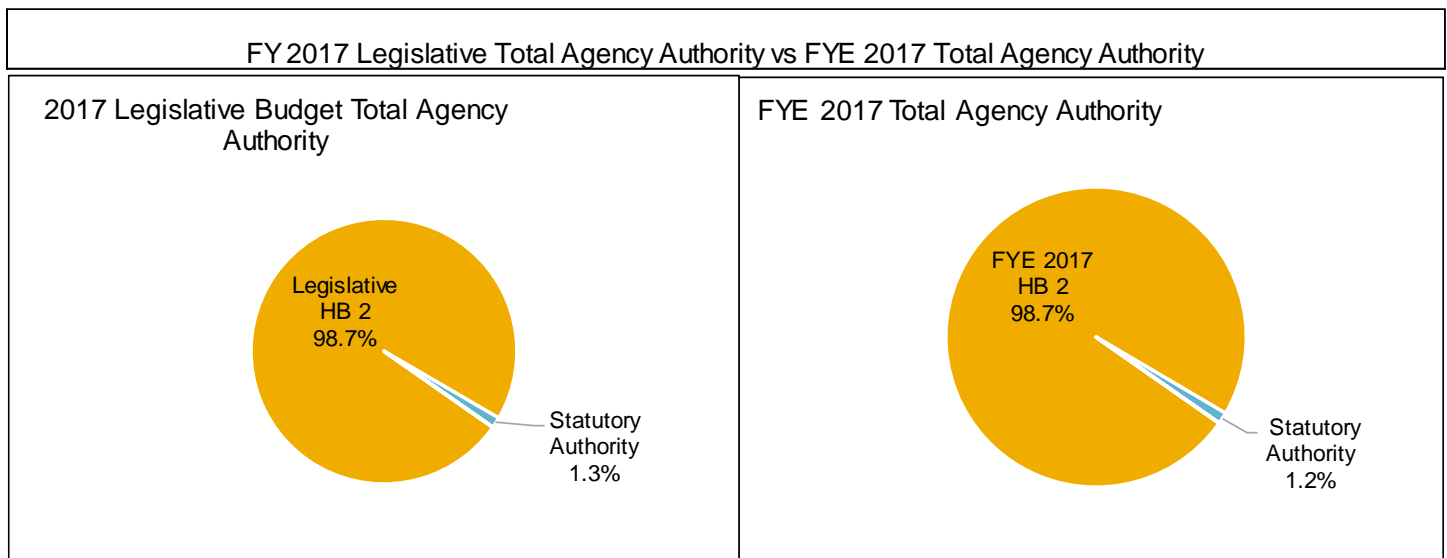
Unexpended general fund totaled \$14,179 and the entire amount was reverted to the general fund.

COMMISSIONER OF HIGHER EDUCATION

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Office of the Commissioner of Higher Education (OCHE) expended 84.2% of their \$348.2 million FY 2017 HB 2 budget
- General fund was 99.5% expended
- The Guaranteed Student Loan program is in a transition period and expended just under 40% of their budget. This is a planned transition due to changes in federal student loan programs, additional detail will be given at the program level
- OCHE reduced their budget by \$0.1 million with a voluntary reduction in HB 3
- The majority of the appropriations for the Office of the Commissioner of Higher Education are biennial creating continuing authority funds from FY 2016 thus increasing the FY 2017 budgets

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	328,284,742	19,867,089	348,151,831
Statutory Authority	4,344,496	-	4,344,496
Budget Amendments	68,374	-	68,374
Other	-	-	-
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	332,697,612	19,867,089	352,564,700
Non-Budgeted Proprietary	\$ 124,070,334	\$0	\$ 124,070,334

FY 2017 Total Agency Authority Expended	
Total Expended	296,792,447
Total Budgeted Authority	352,564,700
% Expended	84.2%

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.

OCHE had total authority of \$476.6 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was primarily from statutory appropriations and non-budgeted proprietary.

Statutory Appropriations

Statutory authority in OCHE is for Science Technology Engineer Math (STEM) Scholarships, accommodation tax for travel research at the University of Montana, the university system retirement plan, and the rural physicians incentive program. State special revenue comprises 60% of the statutory appropriations to OCHE.

Budget Amendments

During FY 2017, a budget amendment was implemented for the continuing balance of federal funds in the Western Interstate Commission for Higher Education (WICHE) Passport program.

Non-Budgeted Proprietary

There are two non-budgeted proprietary programs in OCHE:

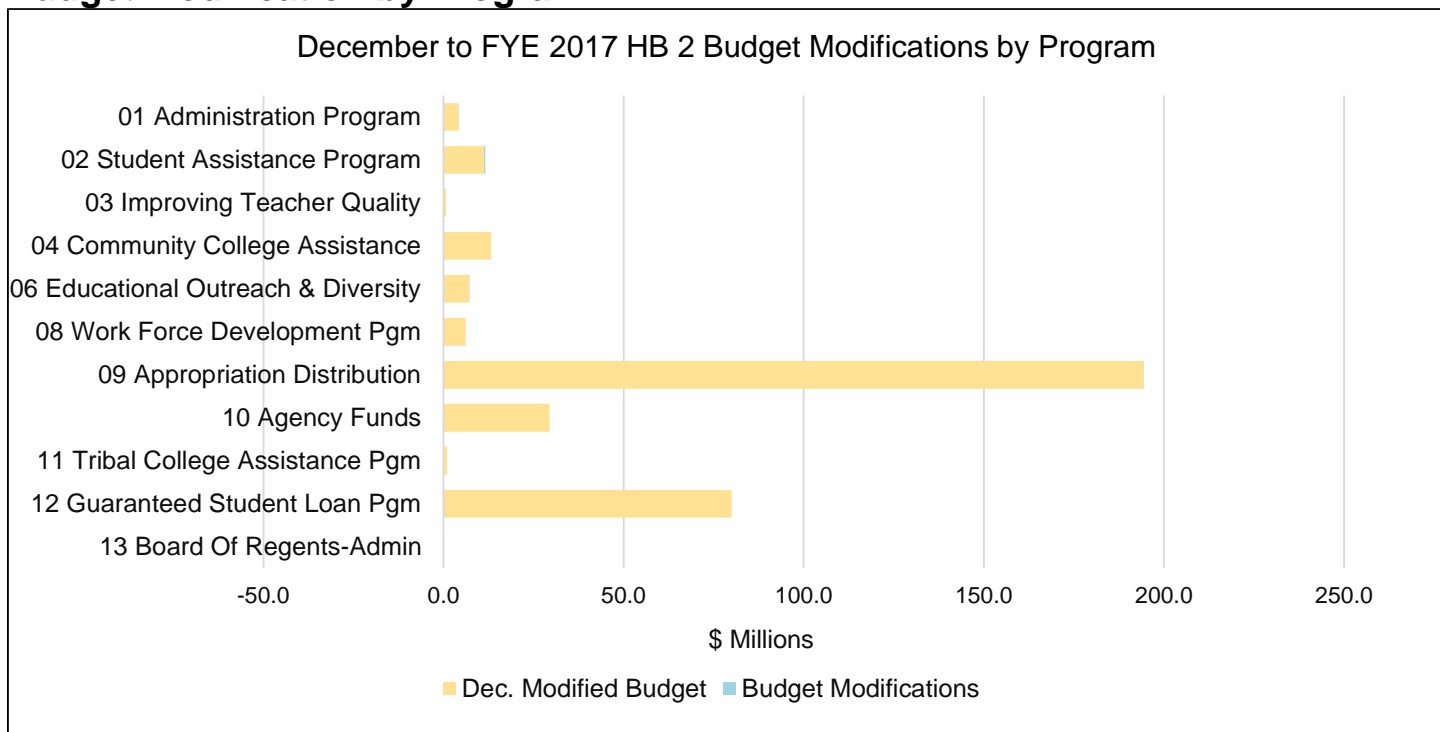
- Montana University System (MUS) Group Insurance program
- MUS Workers' Compensation program

Group insurance expended 81.9% of their \$119.8 million budget. This is due to lower operating costs along with benefits and claims being lower than projected.

Workers' compensation expended 70.7% of their \$4.3 million budget. The number of claims and cost of those associated claims were lower than projected.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



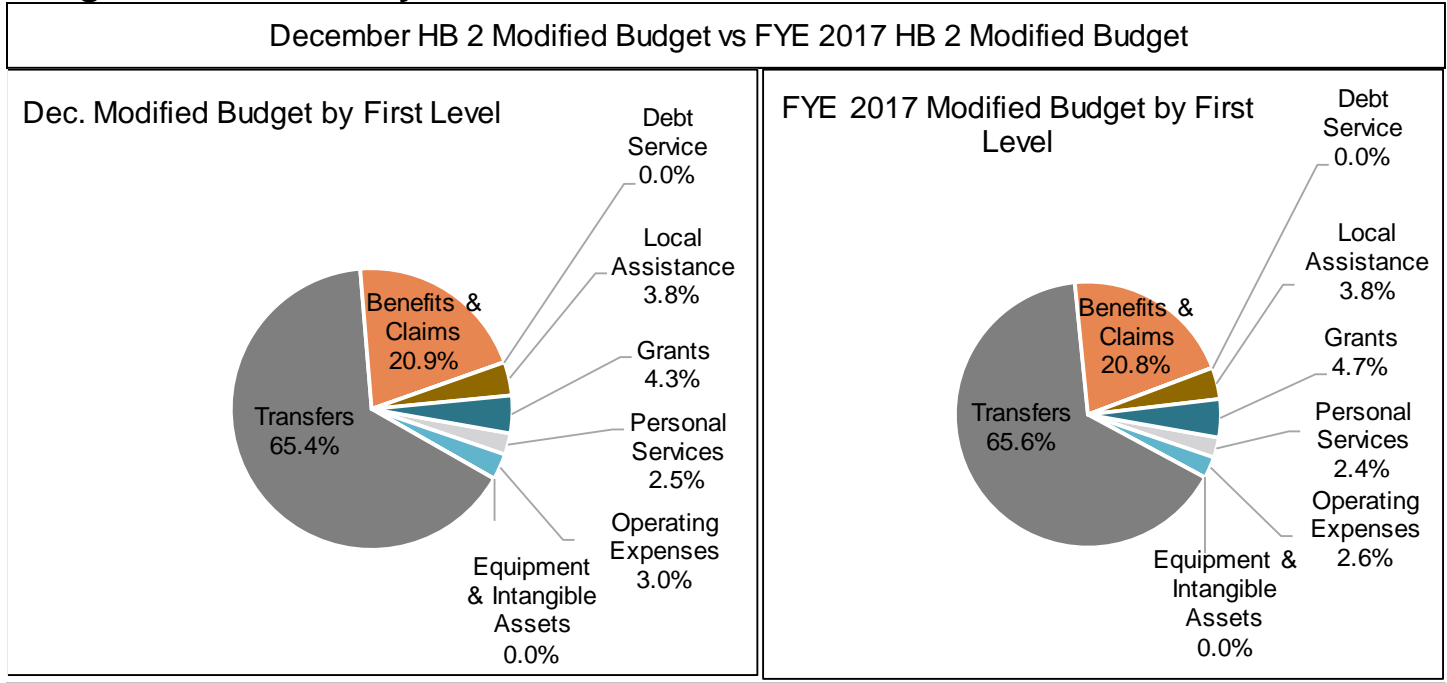
Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	4,303,886	-	(121,605)	(121,605)	4,182,281	-2.8%
02 Student Assistance Program	11,270,809	395,000	(57,395)	337,605	11,608,414	3.0%
03 Improving Teacher Quality	799,048	-	-	-	799,048	0.0%
04 Community College Assistance	13,245,768	-	-	-	13,245,768	0.0%
06 Educational Outreach & Diversity	7,203,041	1,340,525	(1,298,525)	42,000	7,245,041	0.6%
08 Work Force Development Pgm	6,125,515	33,481	(33,481)	0	6,125,515	0.0%
09 Appropriation Distribution	194,345,109	58,000	-	58,000	194,403,109	0.0%
10 Agency Funds	29,438,279	-	-	-	29,438,279	0.0%
11 Tribal College Assistance Pgm	1,003,463	-	-	-	1,003,463	0.0%
12 Guaranteed Student Loan Pgm	80,014,486	117,878	(117,878)	-	80,014,486	0.0%
13 Board Of Regents-Admin	86,427	-	-	-	86,427	0.0%
Grand Total	\$347,835,831	\$1,944,885	(\$1,628,885)	\$316,000	\$348,151,831	0.1%

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

The following budget modifications were implemented for FY 2017:

- Supplemental increase in general funds of \$0.4 million for the STEM Scholarship program
- Voluntary reduction of \$0.1 million general fund with HB 3
- Operating plan changes of \$1.3 million in federal funding to align federal funds with expenditures

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	\$8,569,728	42,000	(\$103,501)	(61,501)	8,508,227	-0.7%
62000 Operating Expenses	\$10,430,346	55,482	(\$1,307,506)	(1,252,024)	9,178,322	-12.0%
63000 Equipment & Intangible Assets	\$21,315	-	\$0	-	21,315	0.0%
65000 Local Assistance	\$13,390,768	-	\$0	-	13,390,768	0.0%
66000 Grants	\$15,051,544	1,198,327	(\$20,395)	1,177,932	16,229,475	7.8%
67000 Benefits & Claims	\$72,689,391	-	(\$117,878)	(117,878)	72,571,513	-0.2%
68000 Transfers	\$227,657,375	649,076	(\$79,605)	569,471	228,226,846	0.3%
69000 Debt Service	\$25,364	-	\$0	-	25,364	0.0%
Grand Total	\$347,835,831	\$1,944,885	(\$1,628,885)	\$316,000	\$348,151,831	0.1%

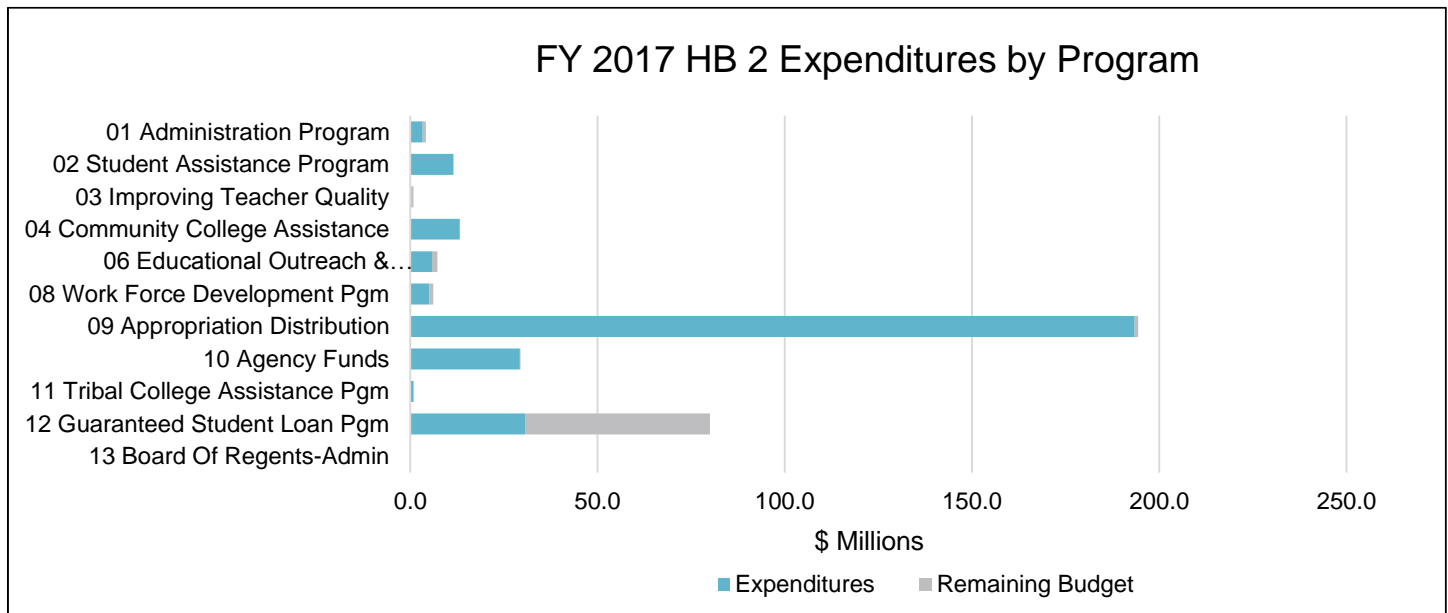
The above charts show December HB 2 modified budget by first level compared to FYE 2017 HB 2 modified budget by first level.

The major budget changes by expenditure account include:

- OP 236 transferred authority of \$1.3 million from personal services and operating expenses to grants and transfers to align federal funds budget with the expenditures in GEAR UP, Perkins, and Talent Search
- PS 235 provided personal services contingency funds to the University of Montana for an administrator payout
- A \$0.4 million supplemental to cover the awarded STEM Scholarships for the academic year

AGENCY HB 2 EXPENDITURES

Expenditure by Program



Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	4,182,281	3,297,637	884,644	78.8%
02 Student Assistance Program	11,608,414	11,511,156	97,258	99.2%
03 Improving Teacher Quality	799,048	218,408	580,640	27.3%
04 Community College Assistance	13,245,768	13,215,226	30,542	99.8%
06 Educational Outreach & Diversity	7,245,041	5,767,799	1,477,242	79.6%
08 Work Force Development Pgm	6,125,515	5,039,120	1,086,395	82.3%
09 Appropriation Distribution	194,403,109	193,458,038	945,071	99.5%
10 Agency Funds	29,438,279	29,279,326	158,953	99.5%
11 Tribal College Assistance Pgm	1,003,463	788,315	215,148	78.6%
12 Guaranteed Student Loan Pgm	80,014,486	30,630,728	49,383,759	38.3%
13 Board Of Regents-Admin	86,427	59,024	27,403	68.3%
Grand Total	\$348,151,831	\$293,264,776	\$54,887,054	84.2%

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

Overall, OCHE expended 84.2% of their FY 2017 HB 2 budget. While programs funded with general fund and state special revenues were close to fully expended, those programs supported with federal special and proprietary funds experienced significantly lower expenditures on average, which was due to a number of factors.

Many factors and timing of activities attribute to 78.8% of the Administration program being expended. This program experienced a majority of their expenditures in FY 2016 rather than in FY 2017; including a large payout for a retirement, hiring a consulting firm to replace the deputy commissioner position, and elevated maintenance costs. In addition, personal services were lower due to vacancy savings and higher level positions remaining unfilled.

Historically, the Improving Teacher Quality program has been budgeted at \$0.5 million per year, and in FY 2016 the expenditures came in below this creating a carryover to FY 2017. During FY 2017, the program experienced another below average year of expenditures and with the added continuing authority, they only expended 27.3%. Other aspects that account for the low expenditures in this program are vacancy savings, decreased operational

costs, and grant activities. This program has not been renewed by the US Department of Education and is in its final 15 months of operations.

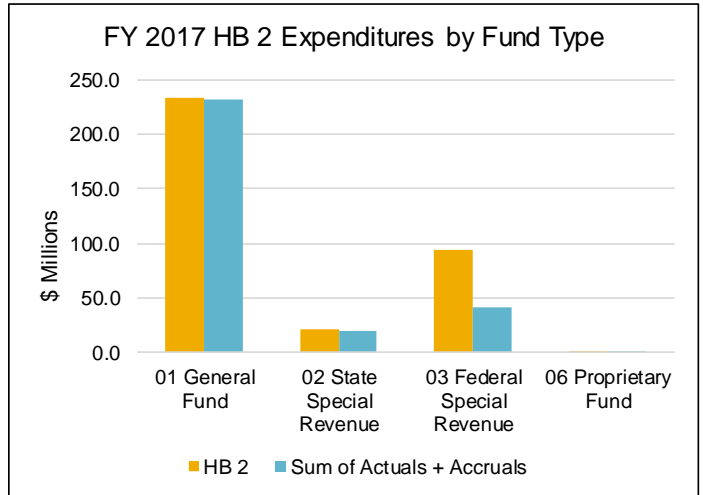
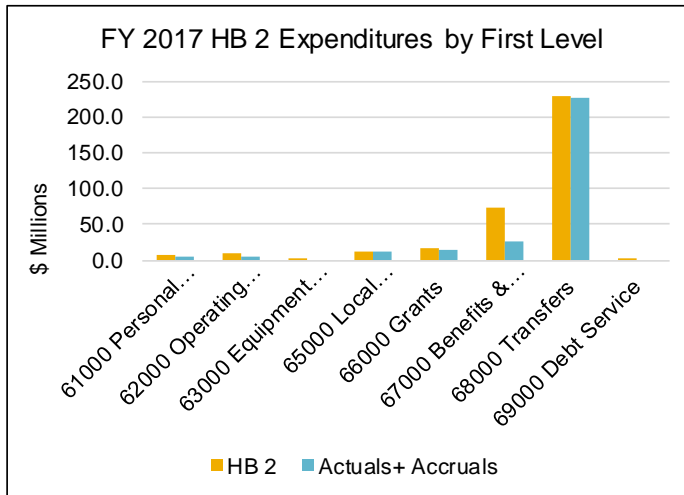
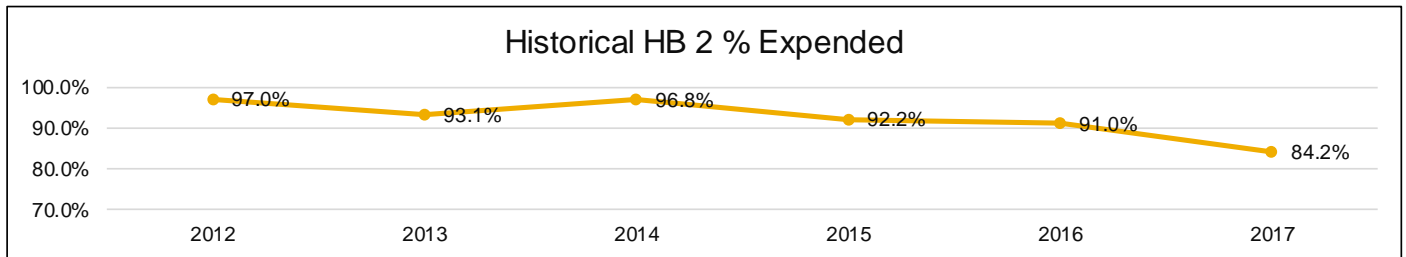
Educational Outreach expended 79.6% of their budget. This balance is due to the timing of grant activities within the budget cycle.

Work Force Development expended 82.3% of their federal funds. Traditionally, this program is appropriated a higher amount in federal funds in anticipation of the funds that will be awarded by the US Department of Education. For FY 2017, with carryforward of the biennial appropriation and elimination of the Rigorous Program of Study within the program resulted in a budget balance.

Tribal Colleges had a one-time-only appropriation for the biennium for addressing increases in non-tribal enrollment that ultimately did not occur, resulting in only 78.6% of their budget being expended.

The Guaranteed Student Loan (GSL) program only expended 38.3% of its budget 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 will no longer be managing the portfolio as it will be transferred 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.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	8,508,227	5,707,396	67.1%
62000 Operating	9,178,322	5,314,617	57.9%
63000 Equipmer	21,315	-	0.0%
65000 Local Ass	13,390,768	13,360,226	99.8%
66000 Grants	16,229,475	15,422,785	95.0%
67000 Benefits &...	72,571,513	26,667,454	36.7%
68000 Transfers	228,226,846	226,792,298	99.4%
69000 Debt Sen	25,364	-	0.0%
Grand Total	\$348,151,831	\$293,264,776	84.2%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	232,634,850	231,574,364	99.5%
02 State Special	20,967,949	19,805,021	94.5%
03 Federal Specic	93,939,994	41,430,769	44.1%
06 Proprietary Fu	609,038	454,622	74.6%
Grand Total	\$348,151,831	\$293,264,776	84.2%

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.

OCHE expended 84.2% of their \$348.2 million FY 2017 HB 2 budget. The factors for low expenditures in certain expenditure categories in FY 2017 include:

- Biennial appropriations that were not expended in FY 2016 created continuing authority in FY 2017. Many of these are associated with federally funded grant programs
- Federal funds not fully expended due to timing of grant activities and the phase out of the Guaranteed Student Loan program
- Personal services was 67.1% expended due to the delayed implementation of salary & wage increases along with vacancy savings and retirements of higher level staff
- Operating expenses were 57.9% expended due to a combination of factors including reduced maintenance costs, timing of grant activities, and costs being incurred during FY 2016 reducing current operational costs

REQUIRED REPORTS

OCHE is required to report on negative cash balances and inter-entity loans authorized to the same fund for two consecutive years. There were no negative cash balances to report for FY 2017. Inter-entity loans authorized include:

- Loans to restricted funds for sponsored activities such as federal grants and contracts. The loan serves to keep a positive cash flow for timing purposes with the expenditures and cash received from the sponsoring agency
- A loan to MSU-Northern for an operating loss in their auxiliary fund
- A loan to the Office of the Commissioner of Higher Education to address appropriations in the six-mill levy exceeding the actual revenues that were collected

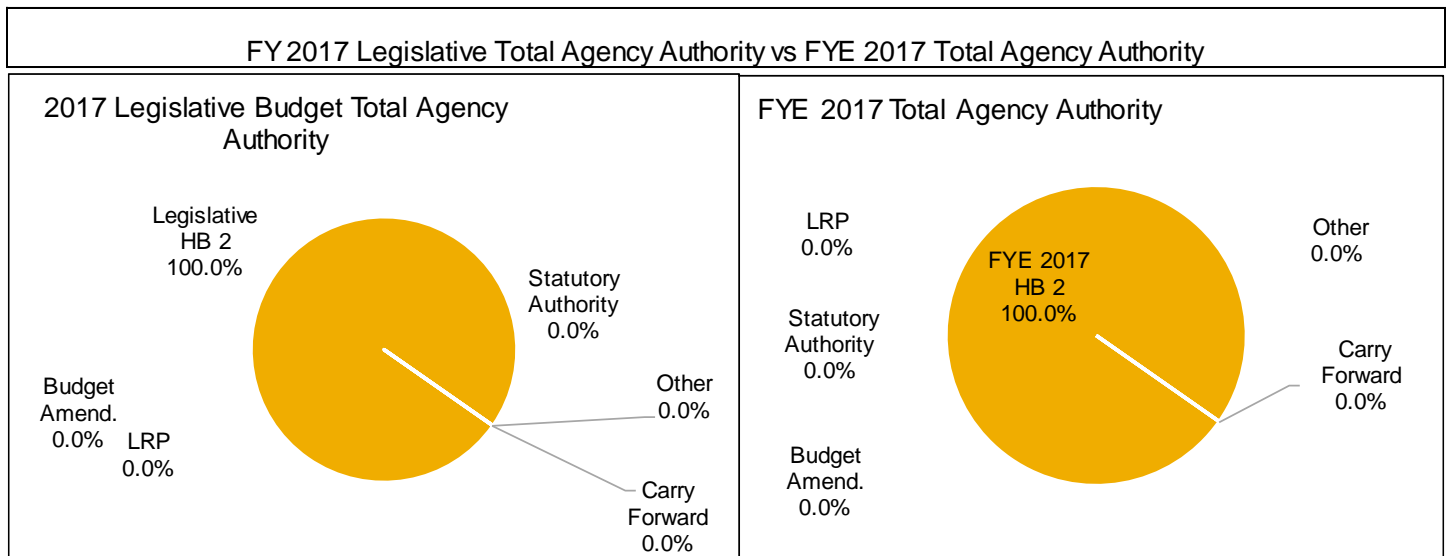
SCHOOL FOR THE DEAF AND BLIND

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana School for the Deaf and Blind (MSDB) expended 94.3% of the general fund budget and 94.4% of the total budget
- The agency reverted \$410,873 of unexpended appropriation authority to the general fund
- The MSDB expended 100.0% or \$69,438 of the general fund OTO appropriation authority
 - \$30,000 student Travel
 - \$26,938 staff stipends for sponsoring extracurricular activities
 - \$12,500 upgrades to the lending library

- The MSDB expended 93.7% of personal services budget. Since December, the agency transferred appropriation authority, through both op-plan changes and program transfers, a total of \$84,000 from personal services to operating expense. Total transfers from personal services to operations total \$162,000 for the year. Excluding these transfers, the agency expended 91.4% of the allocated budget for personal services.

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	7,575,571	12,311	7,587,882
Statutory Authority	-	-	-
Budget Amendments	-	-	-
Other	-	1,740	1,740
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	7,575,571	14,051	7,589,622
Non-Budgeted Proprietary	\$0	\$0	\$0

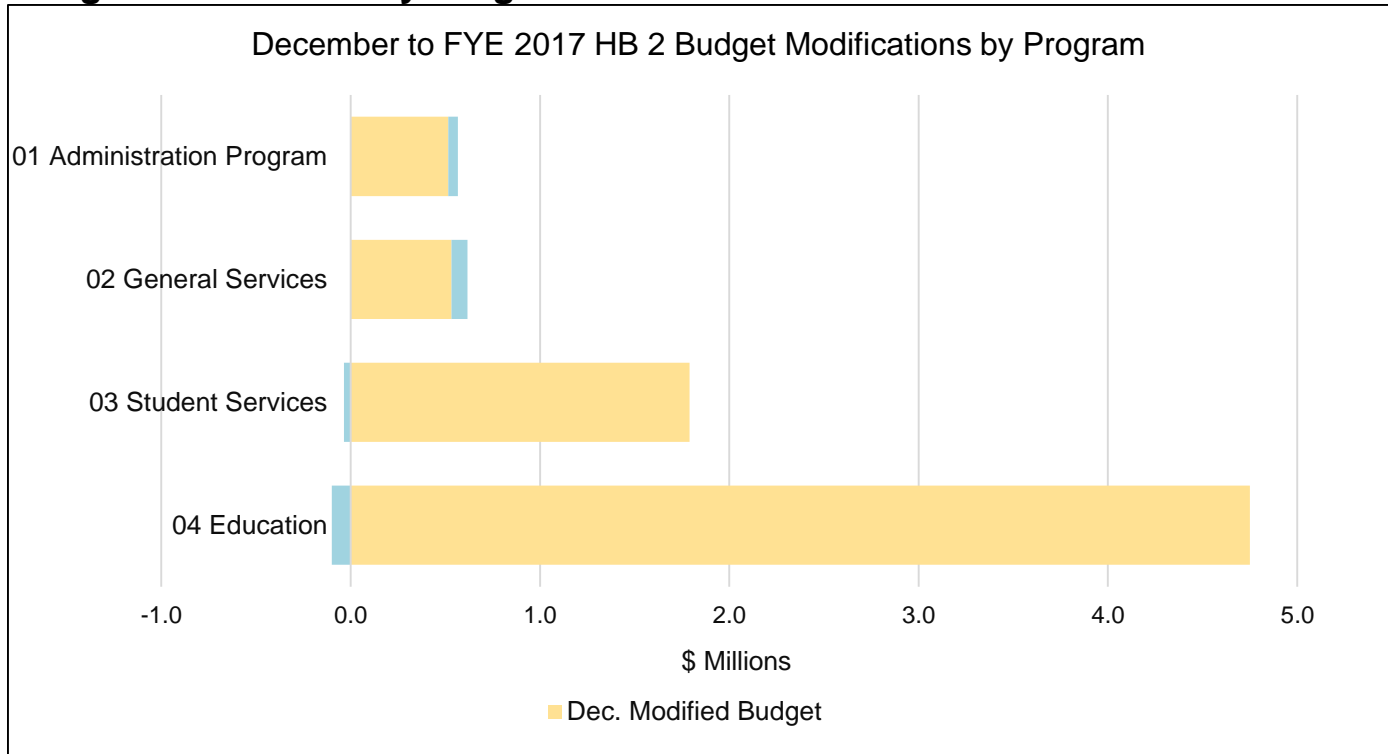
FY 2017 Total Agency Authority Expended	
Total Expended	7,165,475
Total Budgeted Authority	7,589,622
% Expended	94.4%

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.

Modifications for HB 2 include biennial funding for audit fees not expended in the first year of the biennium, other modifications are adjustments for workers compensation costs.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	515,696	50,500	-	50,500	566,196	9.8%
02 General Services	532,308	84,000	-	84,000	616,308	15.8%
03 Student Services	1,790,289	6,500	(42,000)	(35,500)	1,754,789	-2.0%
04 Education	4,749,589	17,500	(116,500)	(99,000)	4,650,589	-2.1%
Grand Total	\$7,587,882	\$158,500	(\$158,500)	\$0	\$7,587,882	0.0%

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

Since the December budget status report the agency transferred \$84,000 from personal services to operating expense through operating plan changes and program transfers. Prior to December, the agency transferred \$78,000 for a total of \$162,000 transferred from personal services to operations for the fiscal year.

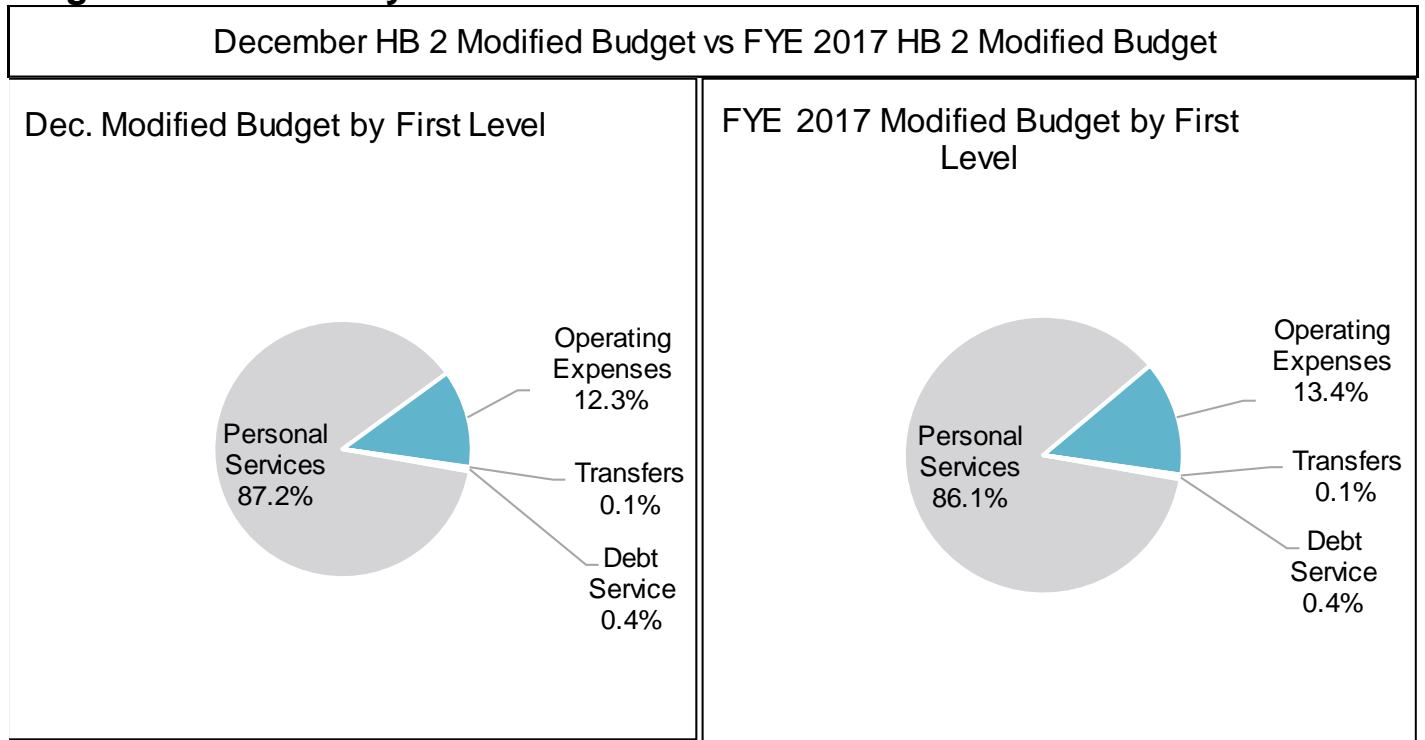
The table below summarizes all transfers for FY 2017.

General Fund Transfers from Personal Services to Operations, Montana School for the Deaf and Blind FY 2017										
BCD	Program 01 Administration		Program 02 General Services		Program 03 Student Services		Program 04 Education		All Programs MSDB	
	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense	Personal Services	Operating Expense
PT060	-	\$24,000	-	\$8,500	(\$42,000)	\$6,500	-	\$3,000	(\$42,000)	\$42,000
PT056	15,000	1,500	25,000	30,000	-	-	(40,000)	(31,500)	-	-
PT056	-	10,000	20,000	-	-	-	(40,000)	10,000	(20,000)	20,000
PT061	-	-	-	500	-	-	(4,500)	4,000	(4,500)	4,500
QP057	-	-	-	-	-	-	(17,500)	17,500	(17,500)	17,500
Total Mod	15,000	35,500	45,000	39,000	(42,000)	6,500	(102,000)	3,000	(84,000)	84,000
Prog Total		50,500		84,000		(35,500)		(99,000)		-
OP051 ¹	-	-	-	-	-	-	(78,000)	78,000	(78,000)	78,000
Total FY2017	15,000	\$35,500	\$45,000	\$39,000	(\$42,000)	\$6,500	(\$180,000)	\$81,000	(\$162,000)	\$162,000

Notes:

1) OP51 was included in the December Modified Budget, total transfers for the year total \$162,000

Budget Modification by First Level



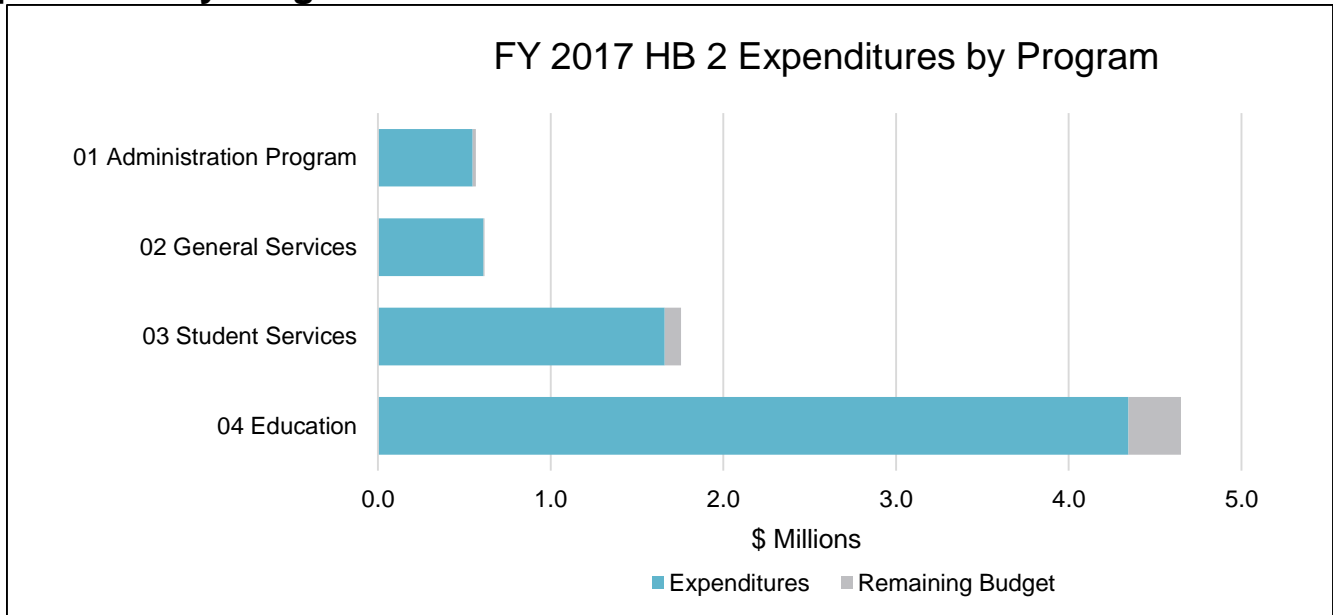
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$6,616,798	60,000	(\$144,000)	(84,000)	6,532,798	-1.3%
62000 Operating Expenses	\$931,334	98,500	(\$14,500)	84,000	1,015,334	9.0%
68000 Transfers	\$11,300	-	\$0	-	11,300	0.0%
69000 Debt Service	\$28,450	-	\$0	-	28,450	0.0%
Grand Total	\$7,587,882	\$158,500	(\$158,500)	\$0	\$7,587,882	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.

Total adjustments to the December modified budget are the transfer of \$84,000 from personal services to operations. For the fiscal year, the agency transferred \$162,000 in personal services to operating expense. For a detailed analysis, see the discussion on budget modification by program above.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



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

Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	566,196	548,623	17,574	96.9%
02 General Services	616,308	611,538	4,770	99.2%
03 Student Services	1,754,789	1,659,450	95,339	94.6%
04 Education	4,650,589	4,345,865	304,724	93.4%
Grand Total	\$7,587,882	7,165,475	\$422,407	94.4%

Of the unexpended budget, \$410,873 or 97.3% was general fund. Of the unexpended general fund, 97.1% or \$398,926 was unexpended personal services.

Program 01 Administration - provides purchasing, accounting, personnel functions, and management of the business affairs for the school

- FTE = 5.00 (5.6% of total FTE)
- Unexpended general fund budgeted for personal services was \$14,829

Program 02 General Services - responsible for the upkeep and maintenance of the school's campus

- FTE = 4.57 (5.2% of total FTE)
- Unexpended general fund budgeted for personal services was \$1,987

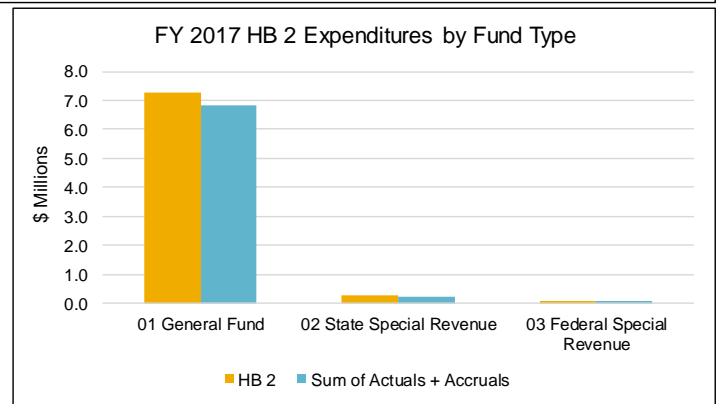
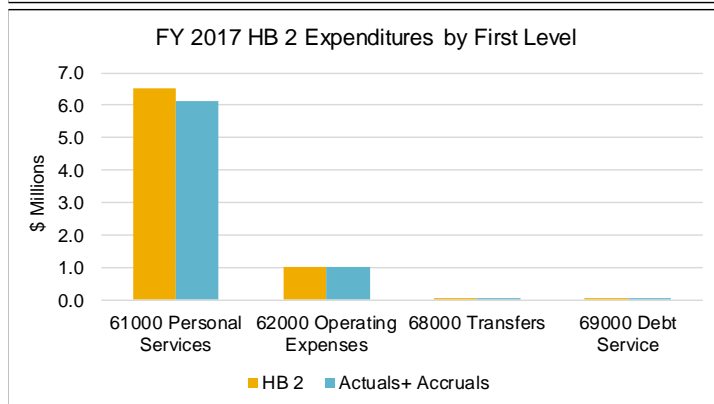
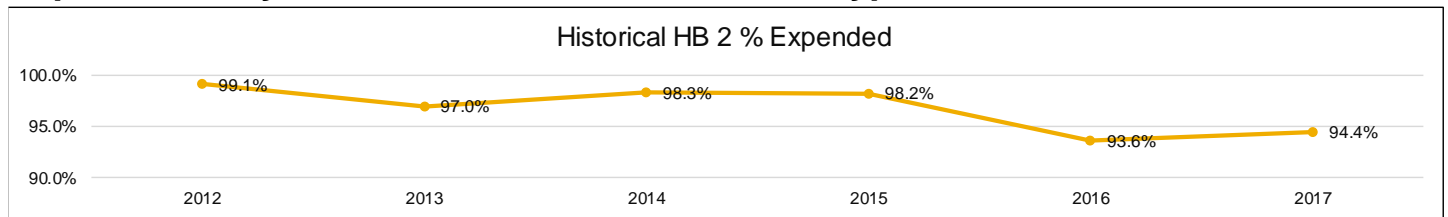
Program 03 Student Services – provides residential care for children living at the school

- FTE = 29.54 (33.3% of total FTE)
- Unexpended general fund budgeted for personal services was \$89,089

Program 04 Education Program - provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. Services are provided to students and families at the Great Falls Campus, and statewide to students and faculty in the 405 school districts

- FTE = 49.5 (55.9% of total FTE)
- Unexpended general fund budgeted for personal services was \$293,021

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	6,532,798	6,122,338	93.7%
62000 Operating Expenses	1,015,334	1,005,688	99.0%
68000 Transfers	11,300	9,000	79.6%
69000 Debt Service	28,450	28,450	100.0%
Grand Total	\$7,587,882	\$7,165,475	94.4%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	7,259,038	6,848,165	94.3%
02 State Special Revenue	258,409	246,875	95.5%
03 Federal Special Revenue	70,435	70,435	100.0%
Grand Total	\$7,587,882	\$7,165,475	94.4%

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 MSDB receives 95.7% of its total budget from the state general fund, state special funds are 3.4% (revenues from trust lands), and the remaining 1.0% is federal special revenue.

The school's actual expenditures are 94.4% of the HB 2 appropriation. Unexpended personal services of \$410,460 accounted for 97.1% of the unexpended appropriation. The modified budget for personal services as of December 2016 was \$6.6 million of which 92.5% was spent on personal service, 1.3% was transferred to cover operating expenses, and 6.2% was unexpended.

Under spent appropriation for personal services in recent years is due to difficulty in attracting education professionals to the MSDB and this is reflected in the historical HB2 percentage expended chart. In FY 2017, the agency underspent general fund appropriation for personal services and transferred \$162,000 of personal service appropriation to operating expenses. By comparison, MSDB moved \$58,000 in FY 2016, \$12,000 in FY 2015, \$82,000 in FY 2014, \$100,000 in FY 2013, and \$53,000 in FY 2012 from personal services to operating expense.

For a detailed discussion on personal services see the Additional Discussion section at the end of this report.

ADDITIONAL DISCUSSION

Personal Services

In FY 2017 the agency was budgeted for 88.61 FTE in the following programs

- Administration (5.00 FTE) - purchasing, accounting, personnel functions, and overall management of the school
- General Services (4.57 FTE) - upkeep and maintenance of school facilities and grounds of the 18.5 acre campus
- Student Services (29.54 FTE) - round-the-clock residential care for children residing at the school, including general supervision, meal services, and support services
- Educational Services (49.5 FTE) – residential, outreach, and mainstream educational programs

Personal services, at 86.1% of the budget, are the major component of the school's budget. Savings realized due to various positions being vacant for all or part of FY 2017 (vacancy savings), versus the cost of having all authorized positions filled for the entirety of FY 2017, amounted to \$572,460 or 8.5%. Of the vacancy savings, \$162,000 was transferred to cover operating expenses, a portion of which was used to contracting with local professional that provided services that would normally be provided by staff positions now vacant.

The school competes nationally to recruit teachers and professional support staff with the qualifications to serve hearing and visually impaired students. These requirements go beyond the qualifications required for educators employed by most public school systems. Specialized skills required by MSDB include staff that are fluent in sign language for those serving deaf and hearing-impaired students and braille for those serving blind and vision impaired students.

The school experiences significant turnover in a variety of positions including two paraprofessionals, two teachers, and a speech pathologist. To provide services not available in house due to vacancies, the MSDB has contracted with the Washington School for the Blind for distance learning courses and an outside speech pathologist. These contracts and services have been paid using transfers of personal services funds into operations, funds made available through vacancy savings.

MSDB has had difficulty recruiting and retaining staff due to several factors.

- In part, due to the specialized training required, a smaller percentage of applicants submitting applications are qualified, resulting in re-postings, extension of closing dates, and lowering of minimum qualifications
- The school has lost qualified applicants to other states. Several qualified applicants for professional positions have withdrawn their applications after receiving an offer from out of state at higher pay. In some cases, these were the only qualified applications received
- Turnover rates in the lowest paid positions, food service and cottage attendants, in recent years has averaged 20%
- MSDB must compete with the local Great Falls school district

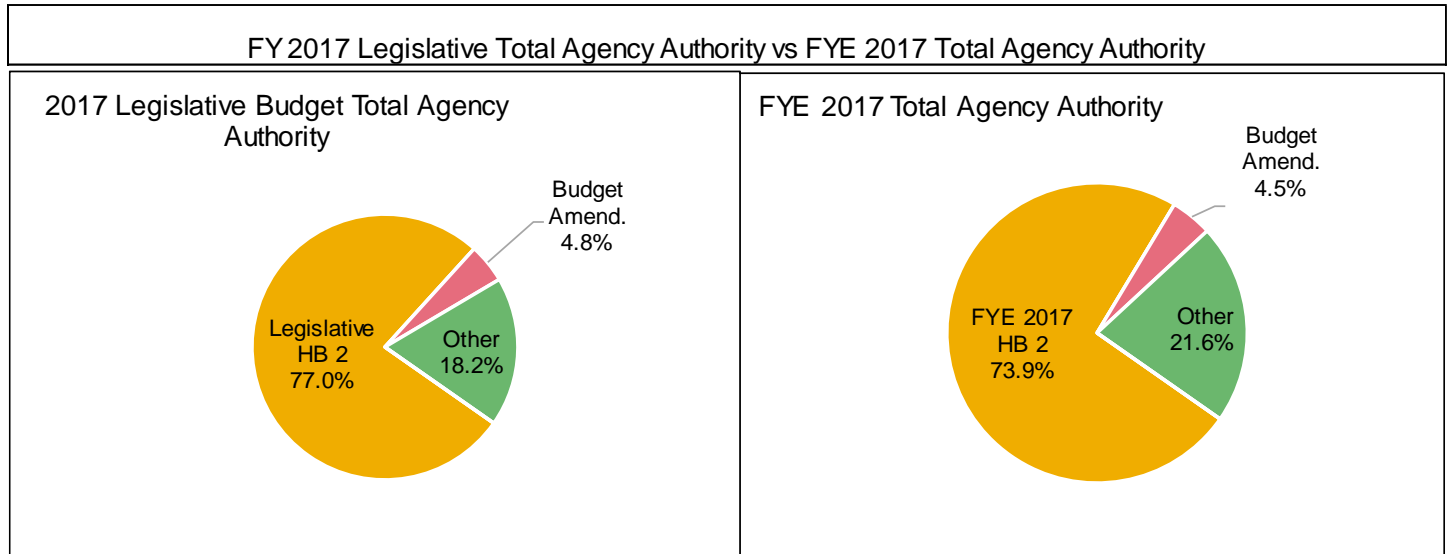
MSDB difficulty in recruiting and retaining staff over the years has consistently lead to un-expended budget authority for personal services. The 2017 Legislature reduced the personal services budget by 3.65 FTE reducing the appropriation for personal services by \$328,000 in each year of the biennium.

MONTANA ARTS COUNCIL

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Montana Arts Council (MAC) expended 99.9% of their \$1.5 million FY 2017 HB 2 appropriation
- General fund was 99.1% expended

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	1,443,522	29,987	1,473,509
Statutory Authority	-	-	-
Budget Amendments	89,397	-	89,397
Other	341,641	89,398	431,039
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	1,874,560	119,385	1,993,945
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	1,778,169
Total Budgeted Authority	1,993,945
% Expended	89.2%

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.

The Montana Arts Council had total authority of \$2.0 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was from budget amendments and other house and senate bills.

Budget Amendments

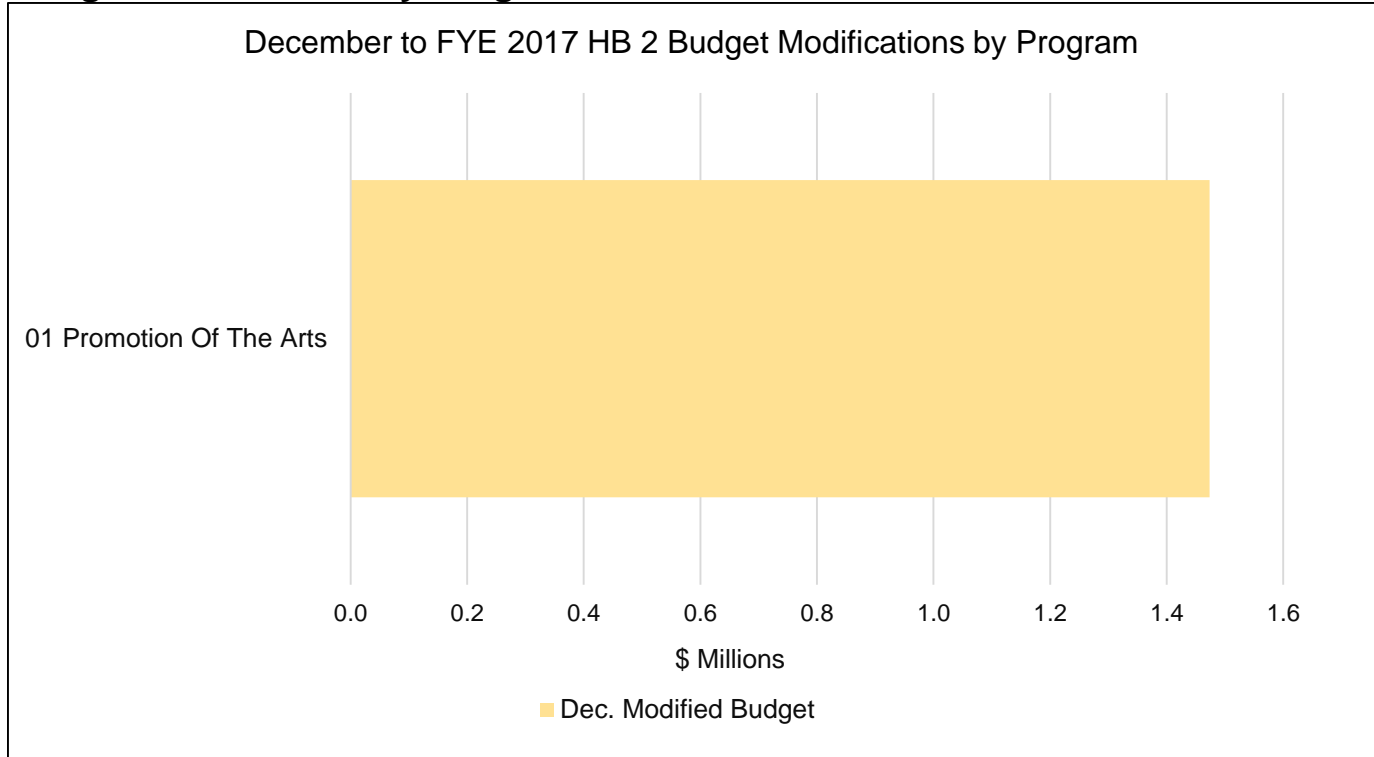
MAC received a partnership grant from the National Endowment for the Arts increasing their authority. In addition, after the budget amendment, a modification was completed to properly align expenditures in the appropriate accounts.

Other House and Senate Bills

HB 9 provided an appropriation of \$0.4 million from the cultural and aesthetic projects trust fund account for specified projects.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program

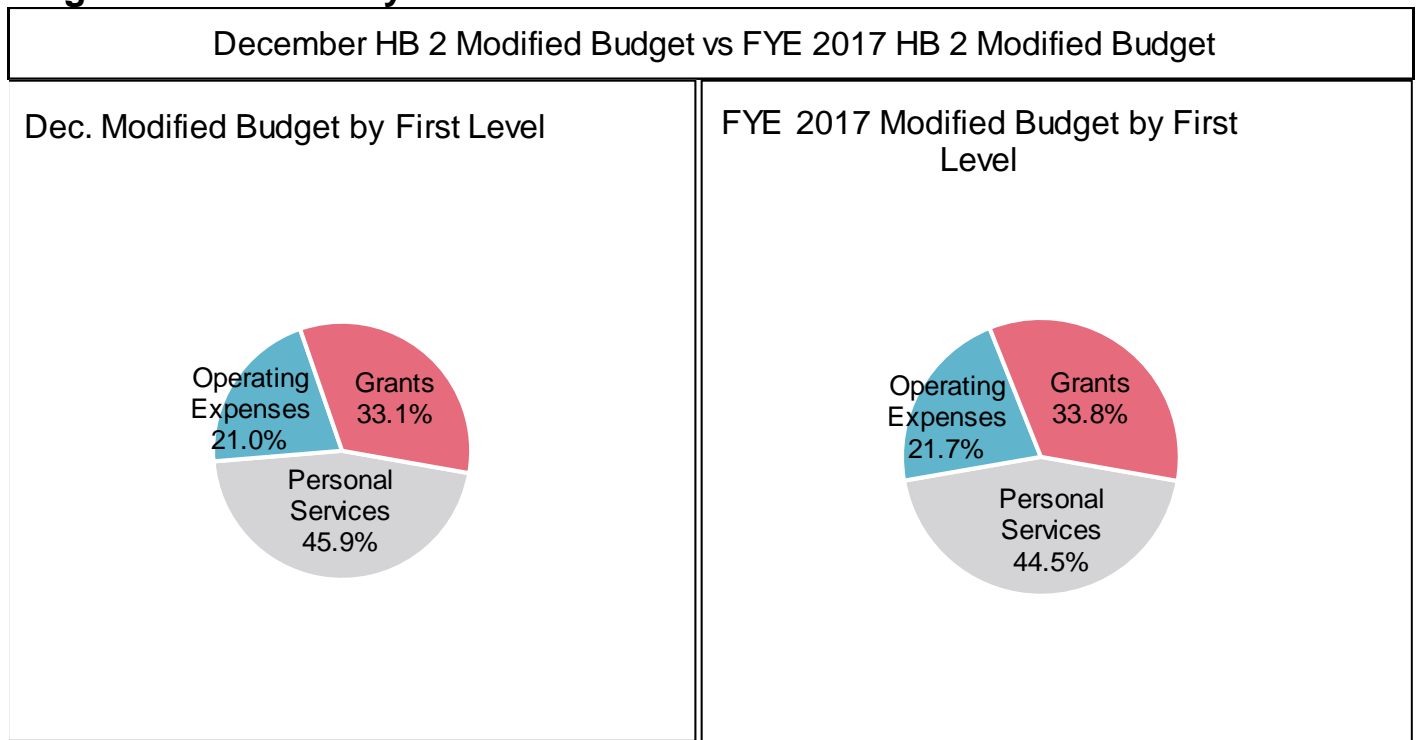


Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Promotion Of The Arts	1,473,509	21,059	(21,059)	-	1,473,509	0.0%
Grand Total	\$1,473,509	\$21,059	(\$21,059)	\$0	\$1,473,509	0.0%

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

MAC did not have any budget modifications that made significant changes to the budget during this reporting cycle.

Budget Modification by First Level



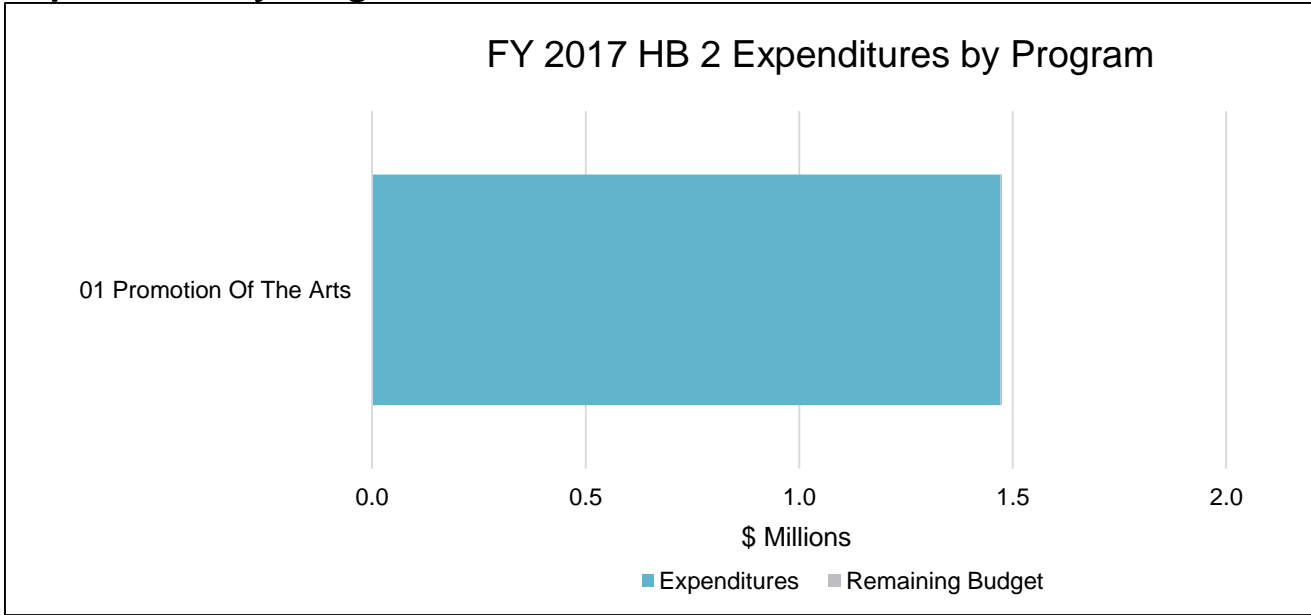
December to FYE 2017 HB 2 Budget Modification by First Level						
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$676,516	-	(\$21,059)	(21,059)	655,457	-3.1%
62000 Operating Expenses	\$309,755	10,097	\$0	10,097	319,852	3.3%
66000 Grants	\$487,238	10,962	\$0	10,962	498,200	2.2%
Grand Total	\$1,473,509	\$21,059	(\$21,059)	\$0	\$1,473,509	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 arts council had an operating plan change that transferred authority from personal services to operating expenses and grants to align expenditures with the needs of the agency.

AGENCY HB 2 EXPENDITURES

Expenditure by Program

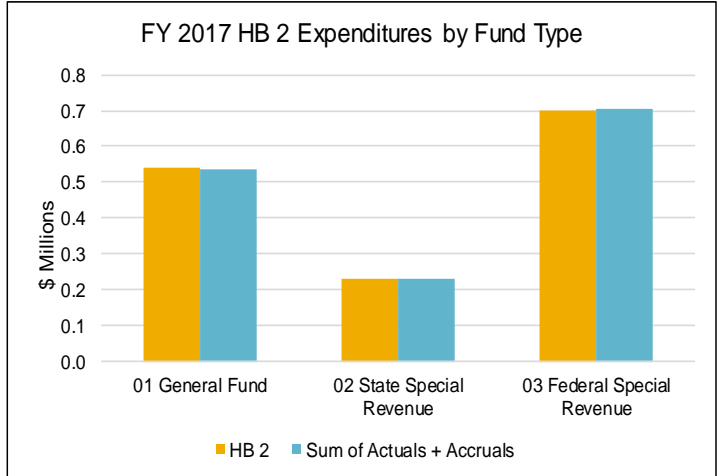
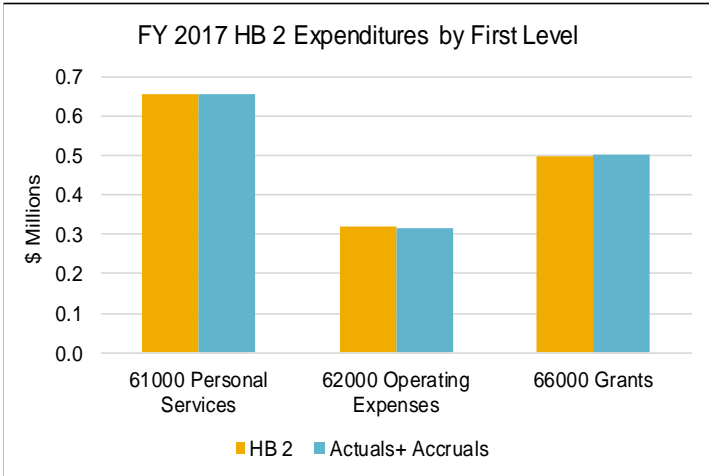
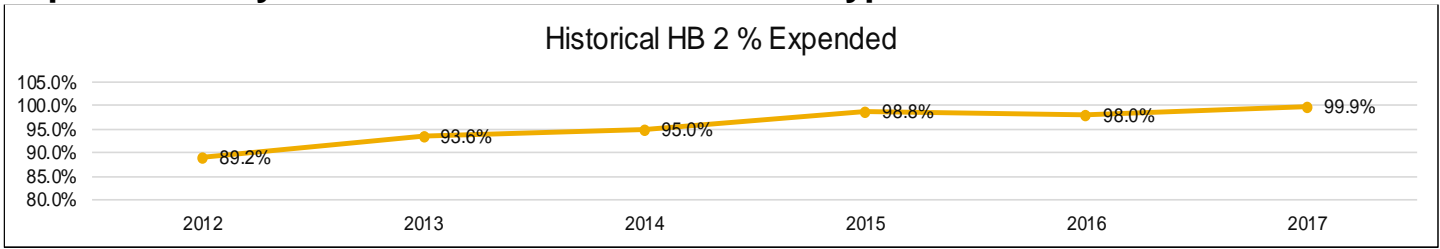


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Promotion Of The Arts	1,473,509	1,471,488	2,022	99.9%
Grand Total	\$1,473,509	\$1,471,488	\$2,022	99.9%

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

Overall, the Montana Arts Council expended 99.9% of their \$1.5 million FY 2017 HB 2 modified budget.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal Services	655,457	655,457	100.0%
62000 Operating Expenses	319,852	315,211	98.5%
66000 Grants	498,200	500,820	100.5%
Grand Total	\$1,473,509	\$1,471,488	99.9%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	542,020	537,381	99.1%
02 State Special Revenue	230,117	230,116	100.0%
03 Federal Special Revenue	701,372	703,991	100.4%
Grand Total	\$1,473,509	\$1,471,488	99.9%

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.

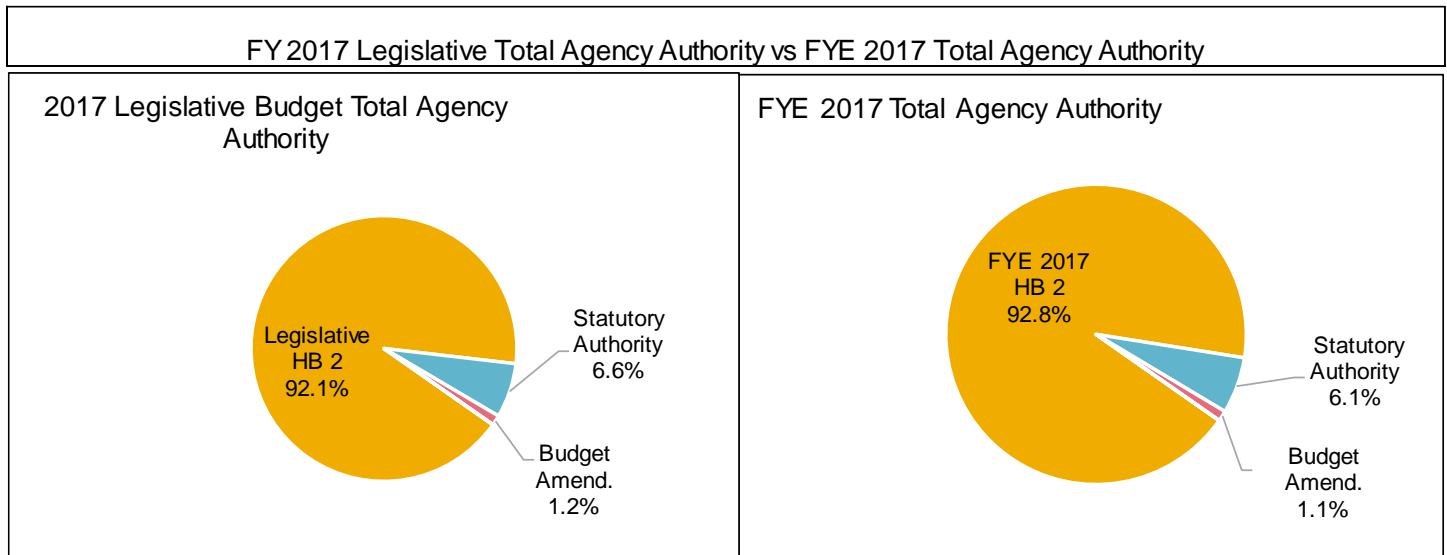
Historically, the Arts Council has experience a steady increase in expenditures. Resulting in nearly 100.0% expenditure of all fund types the last three fiscal years.

LIBRARY COMMISSION

BUDGET AND EXPENDITURE HIGHLIGHTS

- The library expended 89.5% of their \$6.0 million FY 2017 HB 2 budget
- General fund was 96.9% expended
- State special revenue was 76.9% expended, with reduced expenditures from the coal severance tax shared account and the Montana land information account

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	5,483,170	543,897	6,027,067
Statutory Authority	395,766	-	395,766
Budget Amendments	73,545	-	73,545
Other	-	-	-
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	5,952,481	543,897	6,496,378
Non-Budgeted Proprietary	\$ 351,470	\$13,000	\$ 364,470

FY 2017 Total Agency Authority Expended	
Total Expended	5,839,465
Total Budgeted Authority	6,496,378
% Expended	89.9%

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.

The Montana State Library (MSL) had total authority of \$6.9 million for FY 2017. The majority of their authority was from HB 2. The remaining authority was comprised of statutory appropriations, budget amendments, and non-budgeted proprietary funds.

Statutory Appropriations

The statutory authority received by MSL is in conjunction with state aid grants to assist local libraries throughout Montana.

Budget Amendments

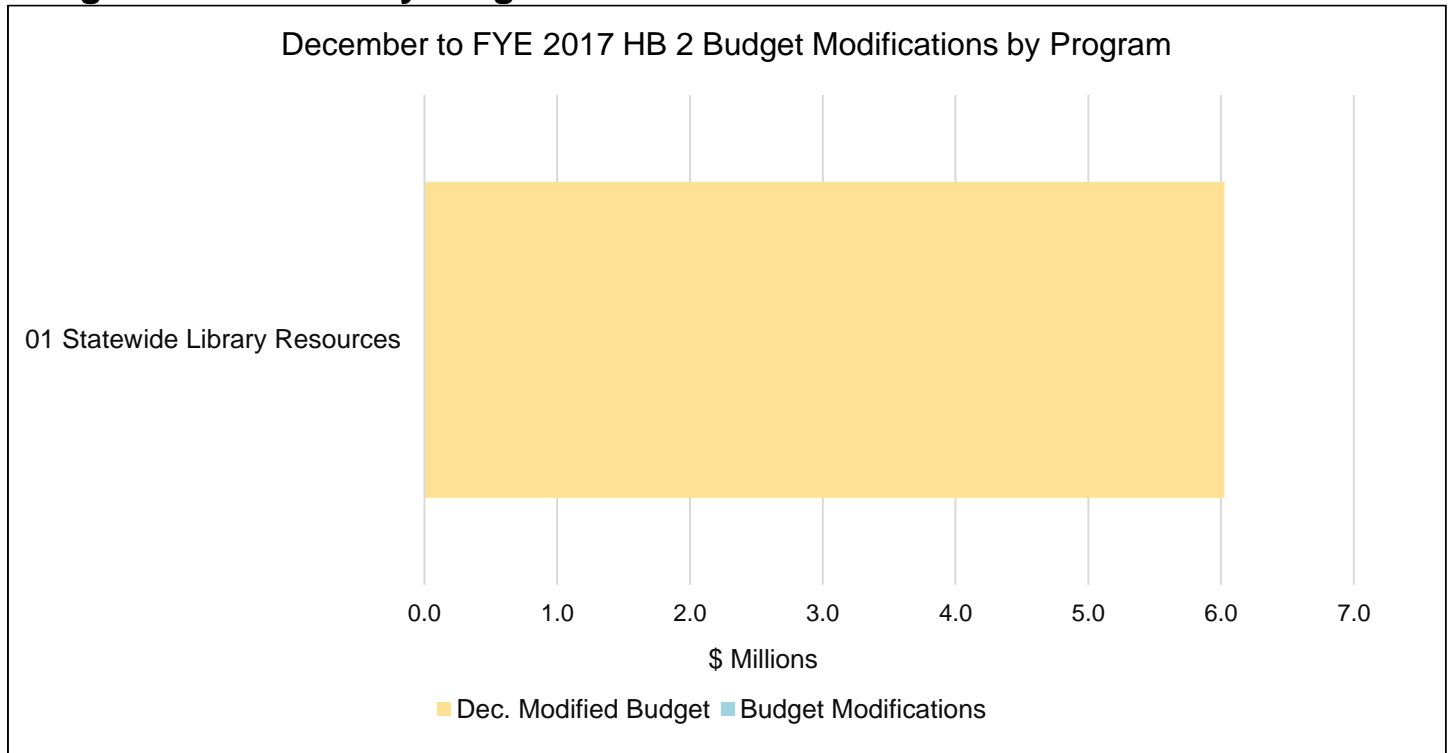
MSL had a few budget amendments that impacted their FY 2017 budget. These were primarily in relation to receiving a new grant award from the Natural Resource Conservation Service, and continuing authority for grant activities with federal funds.

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	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Statewide Library Resources	6,027,067	30,100	(30,100)	-	6,027,067	0.0%
Grand Total	\$6,027,067	\$30,100	(\$30,100)	\$0	\$6,027,067	0.0%

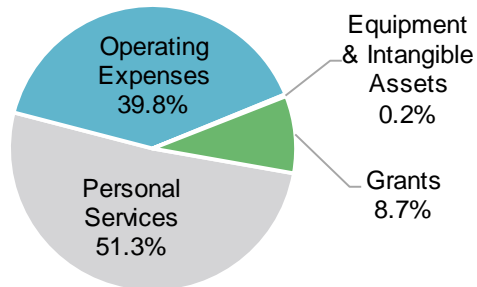
This chart shows budget modifications by program from December through FYE.

The Montana State Library had an operating plan change to stay in compliance with Library Service Technology Act (LSTA) federal funds for their Talking Book Library program. The modification to this program reduced personal services and increased operating expenses.

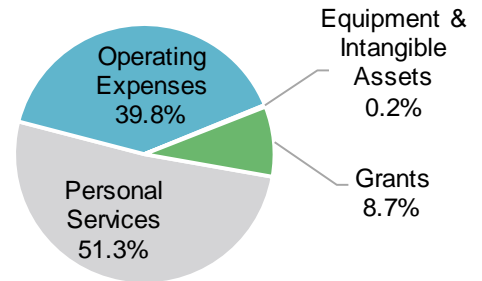
Budget Modification by First Level

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

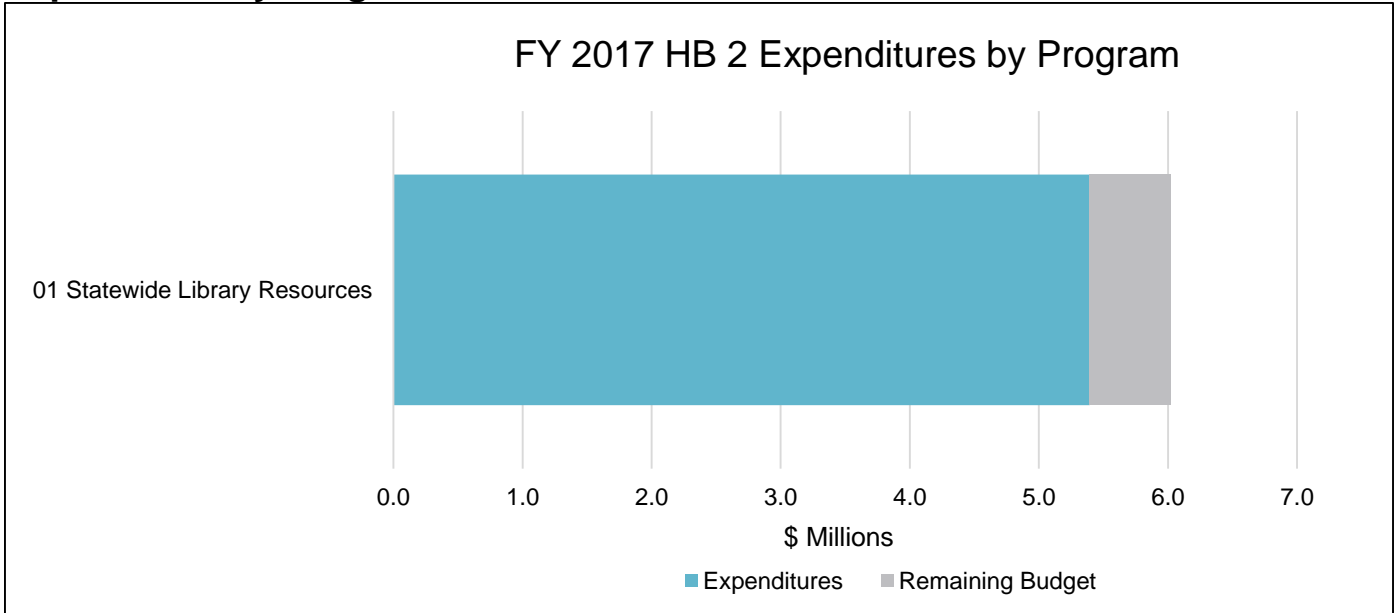
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$3,089,978	15,050	(\$15,050)	-	3,089,978	0.0%
62000 Operating Expenses	\$2,397,385	15,050	(\$15,050)	-	2,397,385	0.0%
63000 Equipment & Intangible Assets	\$13,697	-	\$0	-	13,697	0.0%
66000 Grants	\$526,006	-	\$0	-	526,006	0.0%
Grand Total	\$6,027,067	\$30,100	(\$30,100)	\$0	\$6,027,067	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 adjustments in personal services and operating expenses represent the same operating plan change as mentioned previously to align federal funds within the Talking Book Library program.

AGENCY HB 2 EXPENDITURES

Expenditure by Program

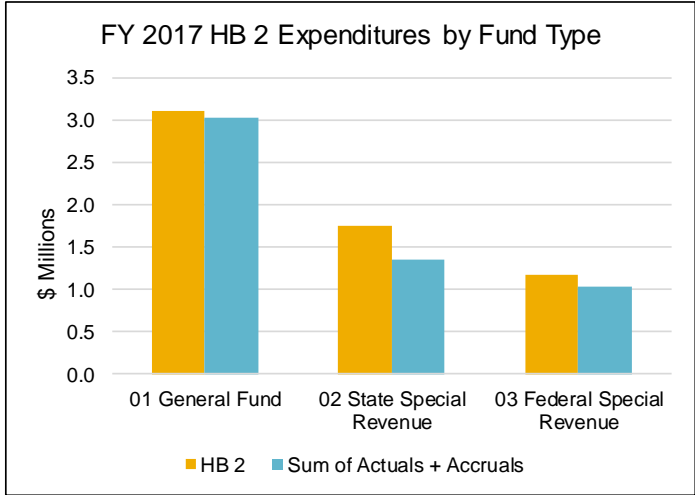
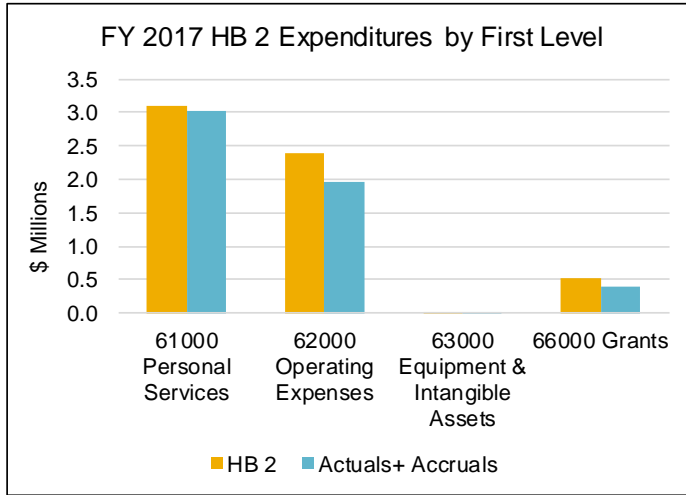
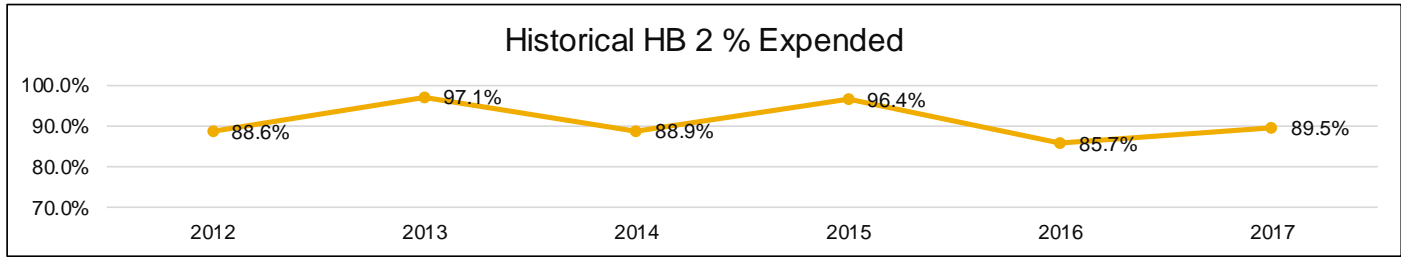


Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Statewide Library Resources	6,027,067	5,392,631	634,435	89.5%
Grand Total	\$6,027,067	\$5,392,631	\$634,435	89.5%

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

The Montana State Library expended 89.5% of their \$6.0 million FY 2017 HB 2 modified budget. The funds remaining are primarily state special revenue associated with the coal severance tax shared account and the Montana land information account.

Expenditure By First Level Account and Fund Type



First Level	FYE Modified HB 2	Expended	Percent Expended
61000 Personal	3,089,978	3,033,546	98.2%
62000 Operating	2,397,385	1,954,753	81.5%
63000 Equipmer	13,697	1,218	8.9%
66000 Grants	526,006	403,114	76.6%
Grand Total	\$6,027,067	\$5,392,631	89.5%

Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	3,111,173	3,014,170	96.9%
02 State Special	1,749,269	1,345,298	76.9%
03 Federal Specia	1,166,625	1,033,163	88.6%
Grand Total	\$6,027,067	\$5,392,631	89.5%

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.

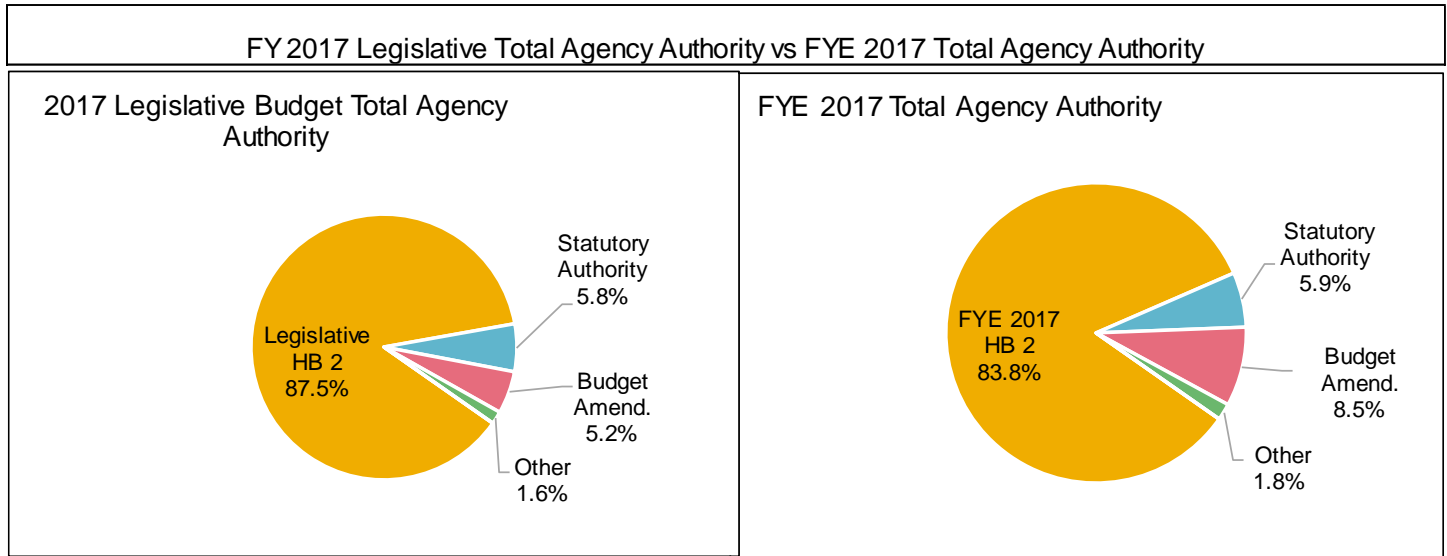
During FY 2017, revenues for the coal severance tax were lower than initially budgeted and spending reductions were implemented during this fiscal year. The reduction lowered the state special revenue and operating expenses with the elimination of the periodical database subscription for libraries in Montana. In addition, grants appear slightly under expended due to the timing with the five year grant cycle of the program.

HISTORICAL SOCIETY

BUDGET AND EXPENDITURE HIGHLIGHTS

- The Historical Society expended 97.3% of their FY 2017 HB 2 budget
- General fund was 99.5% expended

TOTAL APPROPRIATION AUTHORITY OVERVIEW



FY 2017 Total Agency Authority			
Authority	Legislative Budget	Budget Modifications	FYE Budget
2017 HB 2	5,793,790	(2,874)	5,790,916
Statutory Authority	384,658	24,100	408,758
Budget Amendments	342,802	248,073	590,875
Other	102,860	21,017	123,877
Carry Forward	-	-	-
Sum of Long Range Planning	-	-	-
Total Budgeted Authority	6,624,111	290,316	6,914,426
Non-Budgeted Proprietary	\$ -	\$0	\$ -

FY 2017 Total Agency Authority Expended	
Total Expended	6,474,625
Total Budgeted Authority	6,914,426
% Expended	93.6%

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.

The Montana Historical Society (MHS) had total authority of \$6.9 million in FY 2017. The majority of their authority was from HB 2. The remaining authority is derived from statutory appropriations, budget amendments, and other house and senate bills.

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

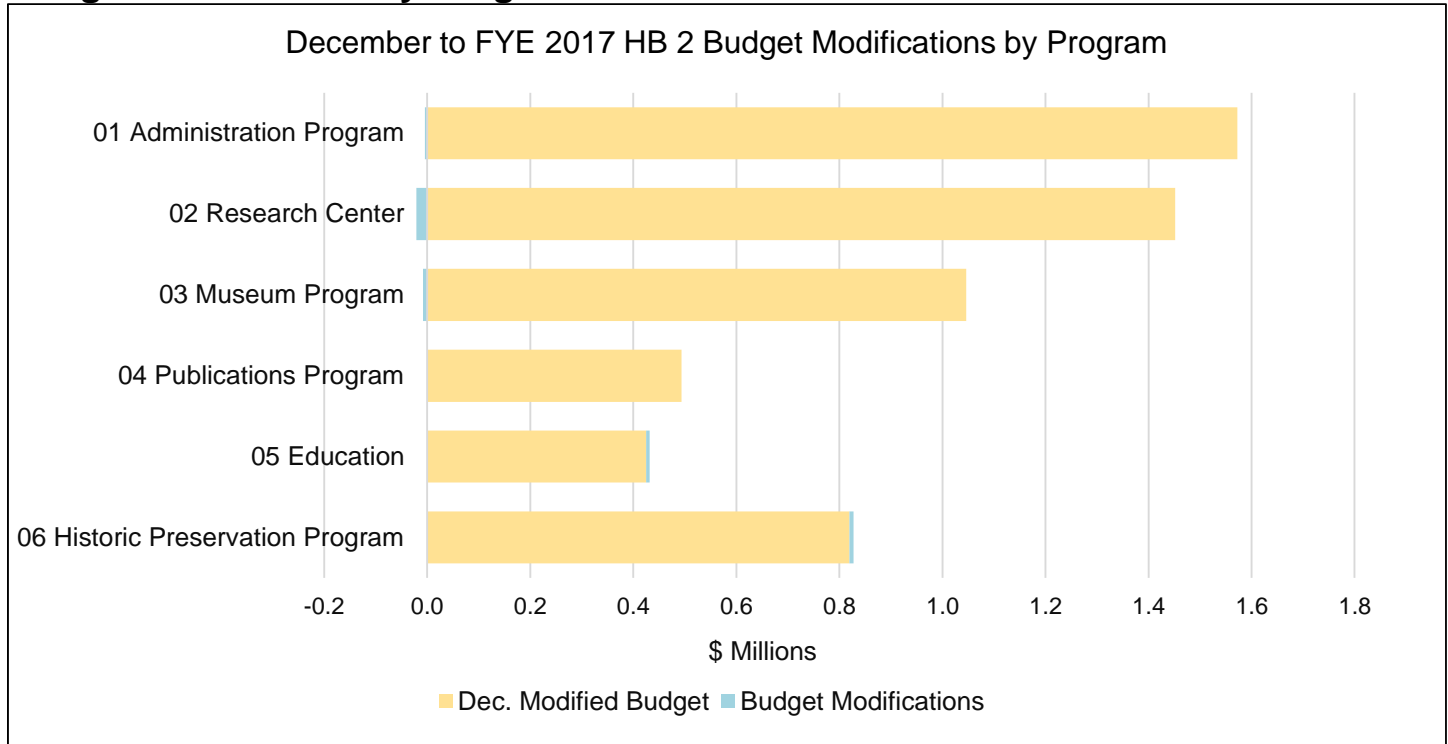
Budget amendments totaling \$590,875 for FY 2017 include continuing authority with several programs, increased authority in enterprise funds, increased authority in the USDA grant, grant awards from the National Endowment for the Humanities, and a grant award from the National Historical Publications and Records Commission.

Other House and Senate Bills

HB 9 provided funding from the cultural and aesthetic grant program, in addition to continuing authority. The modifications include workers' compensation reduction and HB 3 executive implemented reductions.

HB 2 BUDGET MODIFICATIONS

Budget Modification by Program



Program	Dec. Modified Budget	Modifications			FYE Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
01 Administration Program	1,572,373	33,738	(37,917)	(4,179)	1,568,194	-0.3%
02 Research Center	1,451,924	31,410	(52,188)	(20,778)	1,431,146	-1.4%
03 Museum Program	1,046,435	-	(7,867)	(7,867)	1,038,568	-0.8%
04 Publications Program	493,663	-	-	-	493,663	0.0%
05 Education	425,096	6,674	-	6,674	431,770	1.6%
06 Historic Preservation Program	819,425	71,000	(62,850)	8,150	827,575	1.0%
Grand Total	\$5,808,916	\$142,822	(\$160,822)	(\$18,000)	\$5,790,916	-0.3%

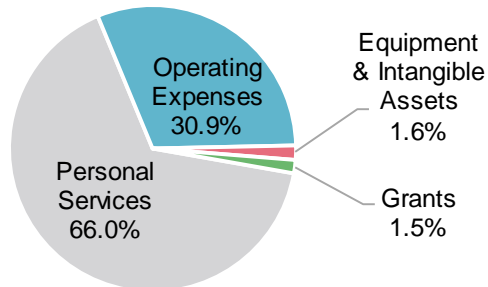
This chart shows budget modifications by program from December through FYE.

Several budget changes occurred during FY 2017 for the Historical Society resulting in a slight net reduction. A house adjustment reduced personal services for HB 3 reductions implemented by the executive. In addition, multiple program transfers were completed to align funding with expenditures.

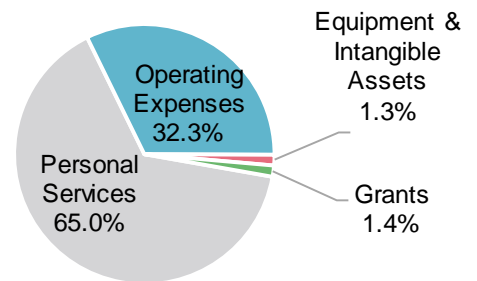
Budget Modification by First Level

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

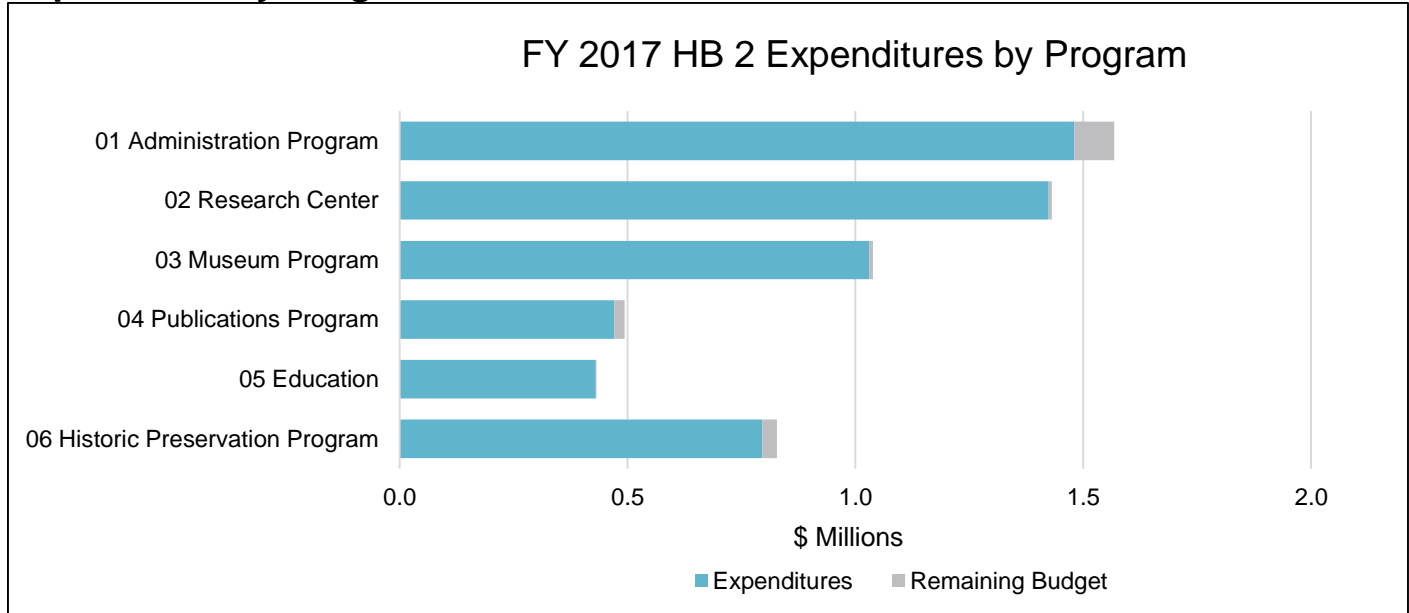
First Level	Dec. Modified Budget	Modifications			Modified Budget	Variance to Dec.
		Increases	Decreases	Total		
61000 Personal Services	\$3,832,608	15,850	(\$85,850)	(70,000)	3,762,608	-1.8%
62000 Operating Expenses	\$1,795,178	126,972	(\$50,405)	76,567	1,871,745	4.3%
63000 Equipment & Intangible Assets	\$94,010	-	(\$17,567)	(17,567)	76,443	-18.7%
66000 Grants	\$87,120	-	(\$7,000)	(7,000)	80,120	-8.0%
Grand Total	\$5,808,916	\$142,822	(\$160,822)	(\$18,000)	\$5,790,916	-0.3%

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

A small reduction in personal services occurred as a result of HB 3 reductions implemented by the executive. As mentioned previously, there were several modifications to align expenditures with the appropriate account with no net effect.

AGENCY HB 2 EXPENDITURES

Expenditure by Program



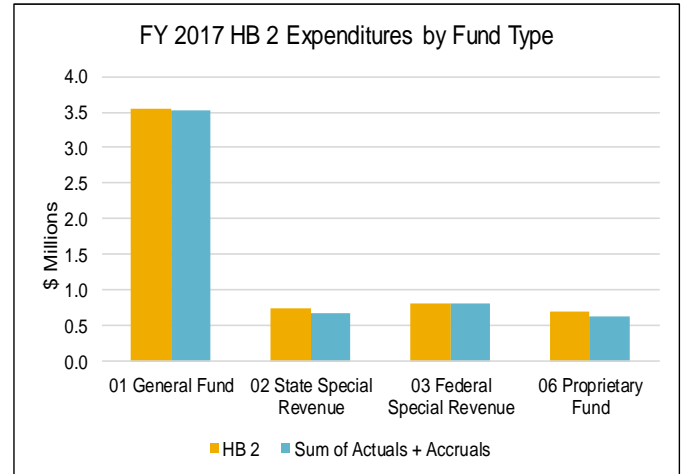
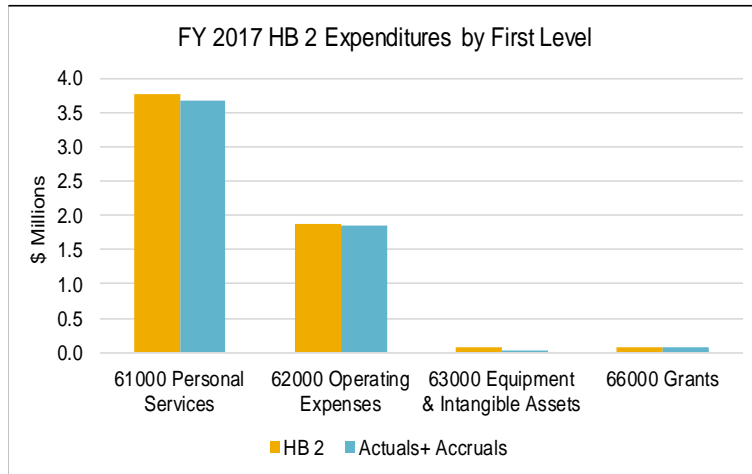
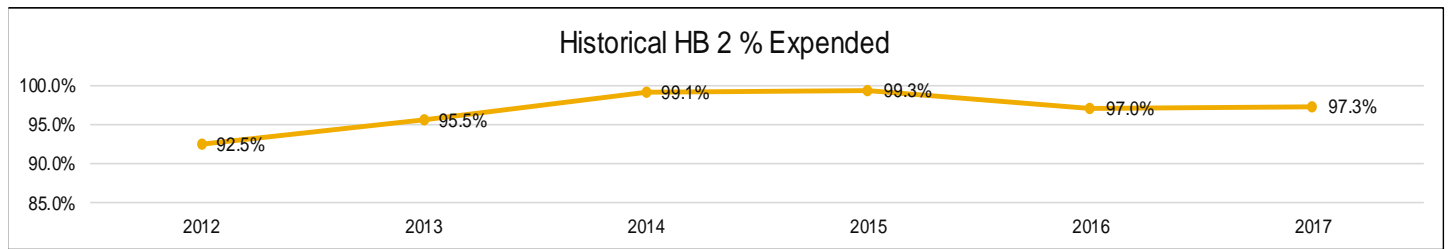
Program	FYE Modified Budget	Expenditures	Remaining Budget	Percent Expended
01 Administration Program	1,568,194	1,480,014	88,180	94.4%
02 Research Center	1,431,146	1,424,006	7,140	99.5%
03 Museum Program	1,038,568	1,030,787	7,781	99.3%
04 Publications Program	493,663	471,249	22,414	95.5%
05 Education	431,770	430,463	1,307	99.7%
06 Historic Preservation Program	827,575	795,537	32,038	96.1%
Grand Total	\$5,790,916	\$5,632,056	\$158,860	97.3%

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

During FY 2017, there were no new publications and as a result the Publications program expended 95.5% of their budget. The Historic Preservation program is on a federal fiscal year for the majority of its grant activities, this timing creates a balance in the account.

The Administration program was 94.4% expended. This lower percentage expended was because of a change in funding for the MHS Membership state special revenue account during the 2015 legislative session. This state special revenue account was moved to a temporary statutory appropriation.

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	3,762,608	3,667,358	97.5%
62000 Operating Expenses	1,871,745	1,844,529	98.5%
63000 Equipment & Intangible Assets	76,443	40,168	52.5%
66000 Grants	80,120	80,000	99.9%
Grand Total	\$5,790,916	\$5,632,056	97.3%

FY 2017 HB 2 Expended by Fund Type			
Fund Type	FYE Modified HB 2	Expended	Percent Expended
01 General Fund	3,541,986	3,524,394	99.5%
02 State Special Revenue	750,513	668,055	89.0%
03 Federal Special Revenue	807,900	805,869	99.7%
06 Proprietary Fund	690,517	633,737	91.8%
Grand Total	\$5,790,916	\$5,632,056	97.3%

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 expenditures have remained relatively steady for the Historical Society over the past several years, expending 97.3% of their \$5.8 million budget for FY 2017.

State special revenue was 89.0% expended. This lower percentage expended was because of a change in funding for the MHS Membership state special revenue account during the 2015 legislative session. This state special revenue account was moved to a temporary statutory appropriation.