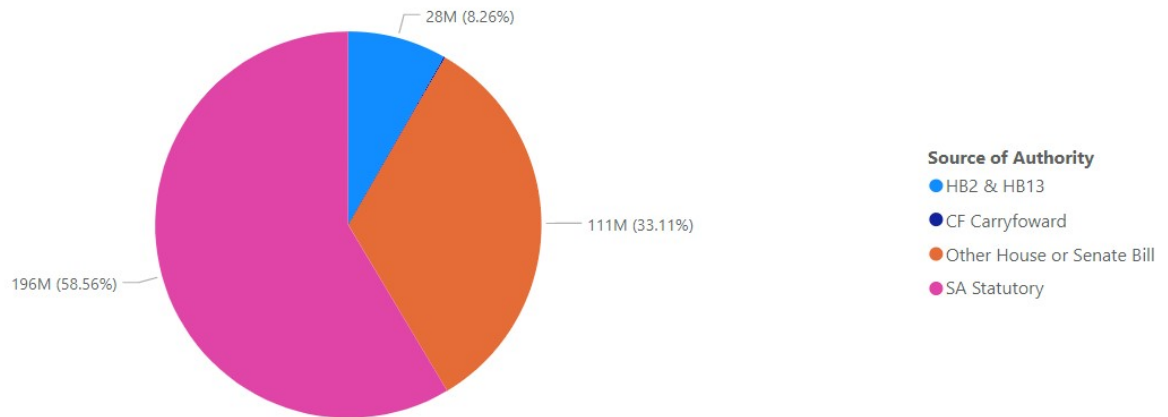


DEPARTMENT OF ADMINISTRATION

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 8.3% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended	
HB2 & HB13	27,709,156	15,597,419	56.3%	
CF Carryforward	228,654			
Other House or Senate Bill	111,066,883	5,419	0.0%	
SA Statutory	196,403,332	94,785,434	48.3%	
Total	335,408,025	110,388,272	32.9%	

Statutory Appropriations

Statutory appropriations in the Department of Administration total approximately \$196.4 million through November 30, 2021, which is 58.6% of the total appropriation authority. Statutory appropriation authority consists of \$100.5 million general fund, \$6.6 million state special revenue funds, \$3.9 million federal special revenue funds, and \$85.5 million proprietary funds. The table below shows appropriations, year-to-date expenditures, remaining appropriations and the percent expended for individual statutory appropriations in the Department of Administration. Overall, the statutory appropriations are 48.3% expended, which is in line with the historical 5-year average.

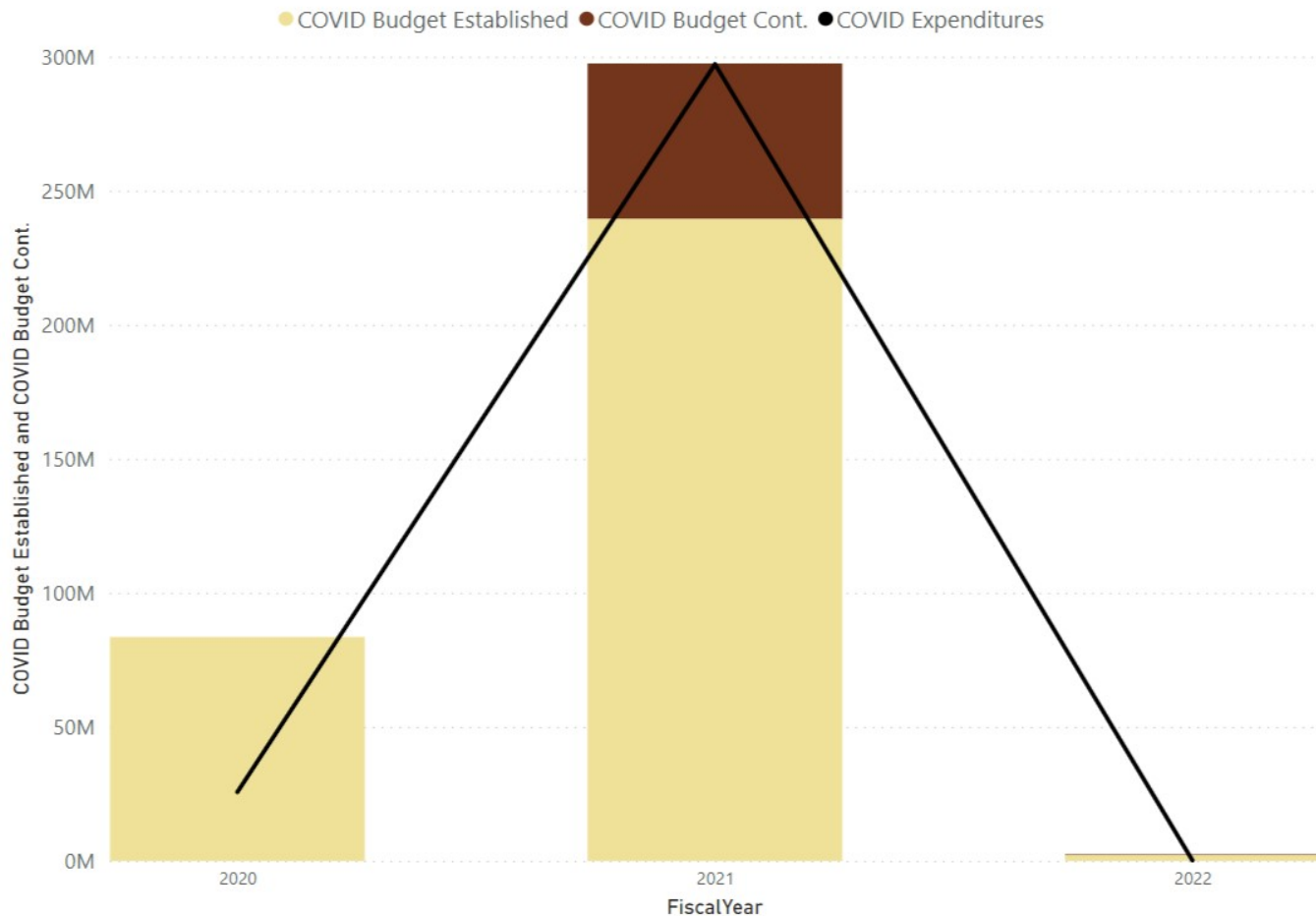
Department of Administration Director's Office Statutory Appropriations and Expenditures FY 2022 (through November 30, 2021)				
	Appropriations	Expenditures	Remaining Appropriations	Percent Expended
General Fund				
Debt Service	\$ 14,419,185	\$ 12,461,509	\$ 1,957,676	86.4%
Local Government PERD Contribution	563,341	184,803	378,538	32.8%
School District PERS Contribution	663,082	191,344	471,738	28.9%
TRS GABA Contribution	1,000,000	156,974	843,026	15.7%
TRS Supplemental Contribution	46,300,000	28,293,461	18,006,539	61.1%
State Fund Division	200,000	125,175	74,825	62.6%
Public Employees Retirement Transfer	34,633,570	14,430,660	20,202,910	41.7%
Bank Charges	2,636,070	636,557	1,999,513	24.1%
Hay Hotline	<u>38,724</u>	<u>-</u>	<u>38,724</u>	<u>0.0%</u>
Total General Fund	100,453,972	56,480,482	43,973,490	56.2%
State Special Revenue				
Mineral Impact Fees	6,486,000	3,824,075	2,661,925	59.0%
Debt Service	95,500	54,878	40,622	57.5%
Lottery Fantasy Sports	<u>5,000</u>	<u>850</u>	<u>4,150</u>	<u>17.0%</u>
Total State Special Revenue	6,586,500	3,879,803	2,706,697	58.9%
Federal Special Revenue				
Taylor Grazing Fees	125,000	-	125,000	0.0%
Forest Reserve Funds	<u>3,760,270</u>	<u>-</u>	<u>3,760,270</u>	<u>0.0%</u>
Total Federal Special Revenue	3,885,270	-	3,885,270	0.0%
Enterprise Funds				
Lottery Prizes	70,330,795	29,140,407	41,190,388	41.4%
Lottery Commissions	6,482,607	2,708,326	3,774,281	41.8%
Lottery Vendor Fees	<u>8,664,188</u>	<u>2,576,415</u>	<u>6,087,773</u>	<u>29.7%</u>
Total Enterprise Funds	85,477,590	34,425,148	51,052,442	40.3%
Total Statutory Appropriations	<u>\$ 196,403,332</u>	<u>\$ 94,785,434</u>	<u>\$ 101,617,898</u>	<u>48.3%</u>

Other Bills

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts. Administrative authority for CARES I and ARPA appropriations were allocated to the agency by the Governor's Office. Administrative authority is not an appropriation and thus is not included in the total appropriation authority shown on the previous page.

COVID Established Budget, COVID Continuing Budget, and COVID Expenditures by Fiscal Year



The Department of Administration received funding from the CARES Act, which totaled \$83.5 million, in FY 2020. This was primarily comprised of funding for reimbursing local governments for COVID-19 related expenses. Local governments submitted requests to the Department of Administration for reimbursement for items like medical expenses, public health expenses, or employees' regular and overtime hours that were substantially related to mitigating or responding to COVID-19. In FY 2020, the appropriations for reimbursing local governments were 27.9% expended and remaining budget authority was carried forward to FY 2021.

In FY 2021, the department had authority of approximately \$254.3 million from the CARES Act and \$43.2 million from ARPA. This authority was 99.9% expended at the end of the fiscal year. Significant expenditures included:

- Approximately \$171.0 million in CARES Act funding for reimbursing local governments for COVID-19 related expenses (additional details included above)
- Approximately \$81.8 million in CARES Act funding for the School Funding for COVID Related Impacts Program
- Approximately \$43.1 million in ARPA local government recovery funds, distributed to ARPA-designated non-entitlement units of local governments based upon federal formulas

The FY 2022 authority totals approximately \$189,000 from the CARES Act and \$2.4 million from ARPA, through November 30, 2021. This funding is primarily for administering the broadband program, and current guidance indicates that it must be obligated by December 31, 2024 and expended by December 31, 2026.

Carryforward Authority

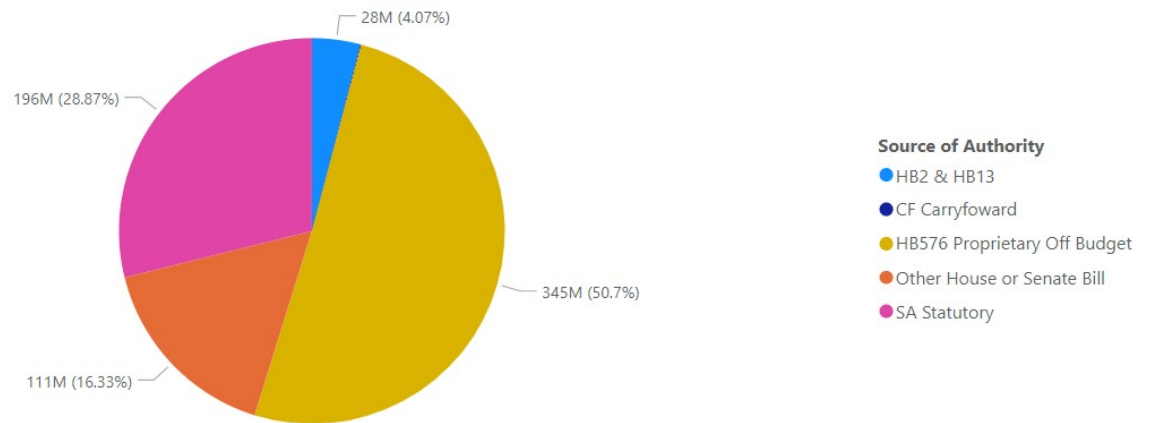
The Department of Administration has carryforward authority of approximately \$229,000, which is less than 1.0% of the total appropriation authority. The carryforward authority is comprised of general fund, state special revenue, and enterprise funds. This includes:

- Approximately \$128,000, or 55.9%, is general fund authority in the Director's Office, State Financial Services Division, Human Resources Division, and the Montana Tax Appeal Board. The general fund carryforward authority is primarily allocated to operating expenses and is 0.0% expended through November 30, 2021
- Approximately \$70,000, or 30.6%, is enterprise fund authority in the Montana State Lottery. This authority is allocated to personal services and is 0.0% expended at this point in the fiscal year
- Approximately \$31,000, or 13.5%, is state special revenue authority in the State Financial Services Division and the Division of Banking and Financial Institutions. The state special revenue carryforward authority is allocated to operating expenses and 0.0% expended

TOTAL EXPENDITURE AUTHORITY

The total expenditure authority for the agency is shown in the following pie chart. Total expenditure authority includes non-budgeted proprietary funding and non-budgeted expenditures such as transfers or indirect costs which are not included in the previous pie chart as the expenditures are not appropriated.

Modified Budget and Expended Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended	
HB2 & HB13	27,709,156	15,597,419	56.3%	
CF Carryforward	228,654			
HB576 Proprietary Off Budget	344,873,464	147,604,997	42.8%	
NB Non-Budgeted		12,510,825	Infinity	
Other House or Senate Bill	111,066,883	5,419	0.0%	
SA Statutory	196,403,332	94,785,434	48.3%	
Total	680,281,489	270,504,095	39.8%	

Non-budgeted Proprietary Fund Authority

A significant portion, or 50.7%, of the funding for the Department of Administration is from non-budgeted proprietary funds and totals \$344.9 million through November 30, 2021. These funds support the operations of several programs in the Department of Administration. The table below shows the budget, expenditures, remaining budget, and percent expended for each of the non-budgeted proprietary funds as of the end of November.

Department of Administration Non-Budgeted Proprietary Funds FY 2022 (through November 30, 2021)				
	Budget	Expenditures	Remaining Budget	Percent Expended
Director's Office				
Management Services	\$ 2,067,595	\$ 899,506	\$ 1,168,089	43.5%
Continuity Emergency Management	<u>349,159</u>	<u>240,954</u>	<u>108,205</u>	<u>69.0%</u>
Program Total	2,416,754	1,140,460	1,276,294	47.2%
State Financial Services Division				
Local Government Services Audit & Reporting	821,970	262,848	559,122	32.0%
SABHRS	4,536,201	1,665,068	2,871,133	36.7%
SITSD Proprietary	735,924	-	735,924	0.0%
Warrant Writing	<u>762,353</u>	<u>252,047</u>	<u>510,306</u>	<u>33.1%</u>
Program Total	6,856,448	2,179,963	4,676,485	31.8%
General Services Division				
Surplus Property	801,003	287,688	513,315	35.9%
Rent And Maintenance	11,521,739	4,424,225	7,097,514	38.4%
Print and Mail Services	<u>11,022,884</u>	<u>4,249,231</u>	<u>6,773,653</u>	<u>38.5%</u>
Program Total	23,345,626	8,961,144	14,384,482	38.4%
State Information Technology Services Division				
Electronic Government Services	3,103,034	982,465	2,120,569	31.7%
SITSD Proprietary	<u>53,091,368</u>	<u>29,983,872</u>	<u>23,107,496</u>	<u>56.5%</u>
Program Total	56,194,402	30,966,336	25,228,066	55.1%
Health Care and Benefits Division				
Flexible Spending Funds	7,879,093	2,400,737	5,478,356	30.5%
Group Benefits Claims	210,955,848	85,484,404	125,471,444	40.5%
Workers' Compensation Management Program	<u>348,255</u>	<u>75,384</u>	<u>272,871</u>	<u>21.6%</u>
Program Total	219,183,196	87,960,525	131,222,671	40.1%
State Human Resources Division				
Intergovernmental Training	454,053	131,091	322,962	28.9%
Group Benefits Claims	350,886	195,801	155,085	55.8%
Human Resources Information Services	<u>3,478,030</u>	<u>1,462,812</u>	<u>2,015,218</u>	<u>42.1%</u>
Program Total	4,282,969	1,789,704	2,493,265	41.8%
Risk Management and Tort Defense Division				
Agency Insurance	<u>32,594,069</u>	<u>14,606,864</u>	<u>17,987,205</u>	<u>44.8%</u>
Program Total	32,594,069	14,606,864	17,987,205	44.8%
Total	<u>\$ 344,873,464</u>	<u>\$ 147,604,997</u>	<u>\$ 197,268,467</u>	<u>42.8%</u>

The Department of Administration moved the State Information Technology Services Division's (SITSD) Contract Asset Management Bureau to the State Financial Services Division (SFSD). This reorganization moved 7.00 FTE, personal services funding of approximately \$632,000 and operating expenses of approximately \$104,000 to the SFSD. According to the department, this change will create operating efficiencies by bringing all procurement and contracting staff together in one bureau. Funding from the SITSD proprietary fund was transferred to the SFSD for the 2023 biennium. The department is anticipating seeking alternative funding sources for the 2025 biennium.

The State Information Technology Services Division has expended 55.1% of its \$53.1 million budget in the SITSD proprietary fund. The higher percentage expended is partially due to the renewal of large contracts at the beginning of the fiscal year, which include Microsoft and ServiceNow. At this point in the fiscal year, SITSD is anticipating needing an additional \$5.0 million in authority in FY 2022, which according to the agency is mostly due to SITSD purchasing pass through items for the agencies.

Non-Budgeted Authority

The expenditures from non-budgeted authority in the Department of Administration primarily is debt service related to general obligation bonds in the Long-Range Building Program.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through November 30, 2021. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	Legislative Budget	Modified Budget	Net Modifications
Department of Administration	27,896,776	27,709,156	-187,620
ARCHITECTURE & ENGINEERING DIV	2,400,610	2,387,865	-12,745
DIRECTORS OFFICE	9,182,262	9,227,443	45,181
DIV OF BANKING & FINANCIAL INS	4,416,325	4,389,335	-26,990
MONTANA STATE LOTTERY	6,188,983	6,161,030	-27,953
MONTANA TAX APPEAL BOARD	672,895	667,642	-5,253
STATE FINANCIAL SERVICES DIV	3,209,225	3,251,873	42,648
STATE HUMAN RESOURCES DIVISION	1,637,836	1,623,968	-13,868
STATE IT SERVICES DIVISION	188,640	0	-188,640
Total	27,896,776	27,709,156	-187,620

Acct & Lvl 1 DESC	Legislative Budget	Modified Budget	Net Modifications
61000 Personal Services	12,496,607	12,406,084	-90,523
62000 Operating Expenses	6,724,394	6,627,297	-97,097
63000 Equipment & Intangible Assets	50,000	50,000	
65000 Local Assistance	28,979	28,979	
68000 Transfers-out	8,589,879	8,589,879	
69000 Debt Service	6,917	6,917	

Fund Type	Legislative Budget	Modified Budget	Net Modifications
01 General	14,663,466	14,475,846	-187,620
02 State/Other Spec Rev	6,973,662	6,973,662	0
03 Fed/Other Spec Rev	18,535	18,535	
06 Enterprise	6,188,983	6,161,030	-27,953
06 Internal Service	52,130	80,083	27,953

The Department of Administration had a few HB 2 budget modifications through November 30, 2021.

Significant modifications include:

- HB 2 included reductions for an additional 1.0% vacancy savings in the Director's Office and State Financial Services Division in FY 2022 and FY 2023. In FY 2022, these reductions consisted of \$50,087 general fund, \$40,985 state special revenue, and \$28,681 proprietary funds. HB 2 specifically allows the

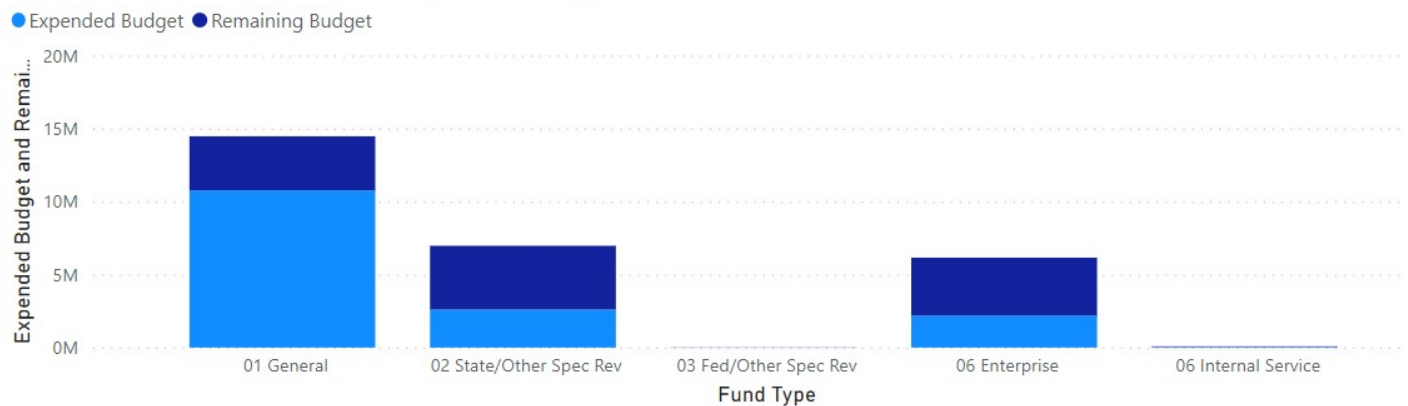
agency to reallocate these reductions when developing the 2023 biennium operating plans, and the Department of Administration reallocated these reductions across multiple programs

- The transfer of approximately \$188,000 general fund and 1.09 FTE from the Public Safety Communications Bureau in the State Information Technology Services Division to the Department of Justice

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through November 30, 2021.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	12,406,084	4,600,177	37.1%
Operating Expenses	6,627,297	2,402,888	36.3%
Equipment & Intangible Assets	50,000		
Local Assistance	28,979	2,330	8.0%
Transfers-out	8,589,879	8,589,879	100.0%
Debt Service	6,917	2,145	31.0%

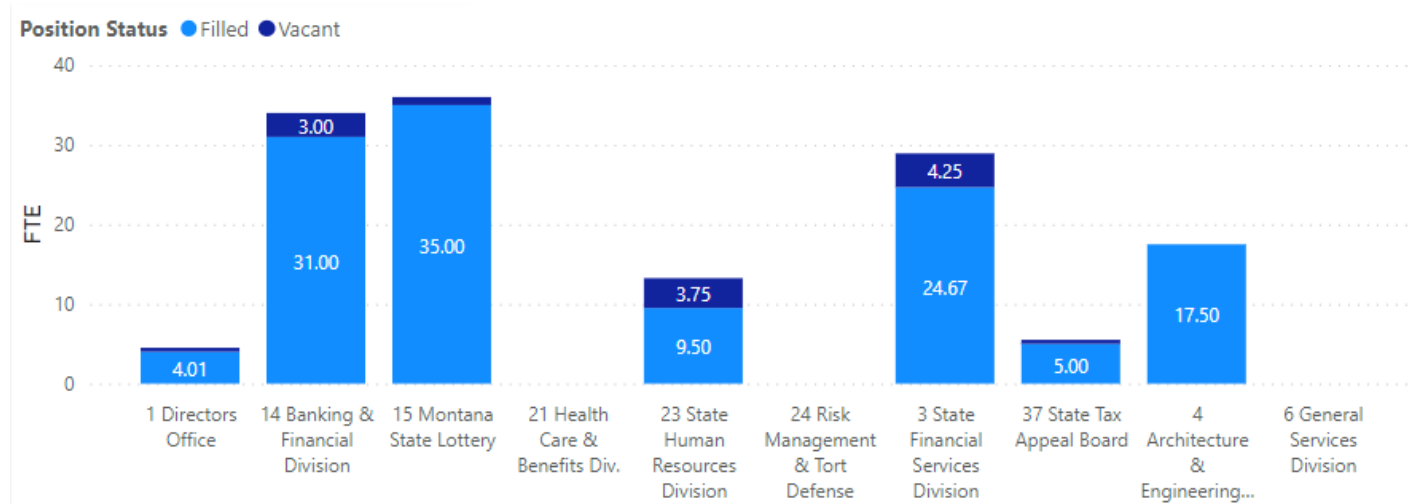
Program Name	Modified Budget	Expended Budget	Percent Expended
ARCHITECTURE & ENGINEERING DIV	2,387,865	931,404	39.0%
DIRECTORS OFFICE	9,227,443	8,793,094	95.3%
DIV OF BANKING & FINANCIAL INS	4,389,335	1,574,881	35.9%
MONTANA STATE LOTTERY	6,161,030	2,189,536	35.5%
MONTANA TAX APPEAL BOARD	667,642	242,888	36.4%
STATE FINANCIAL SERVICES DIV	3,251,873	1,340,772	41.2%
STATE HUMAN RESOURCES DIVISION	1,623,968	524,843	32.3%
STATE IT SERVICES DIVISION	0		
Total	27,709,156	15,597,419	56.3%

The Department of Administration expended 56.3% of its \$27.7 million HB 2 modified budget through November 30, 2021. Overall, this is significantly higher than the 5-year Olympic average of 26.1% (the Olympic average is the average of the percent expended for the most recently completed seven years with the exclusion of the highest and lowest numbers during this time period).

The high percentage expended is in the Director's Office and due to budgeted general fund transfers to the Long-Range Building Program's major repair project account. The 2021 Legislature approved a transfer to the major repair project account because of the passage and approval of HB 553 by the 2019 Legislature. The approximately \$8.6 million transfer comprises 31.0% of the Department of Administration's HB 2 budget. The entire amount was transferred at the beginning of the fiscal year, which increases the percentage expended for the Department of Administration because it is a significant proportion of its budget. Excluding this transfer, the Department of Administration expended 36.5% of its budget through November 30, 2021, which is in line with anticipated expenditure at this point in the fiscal year.

Personal Services

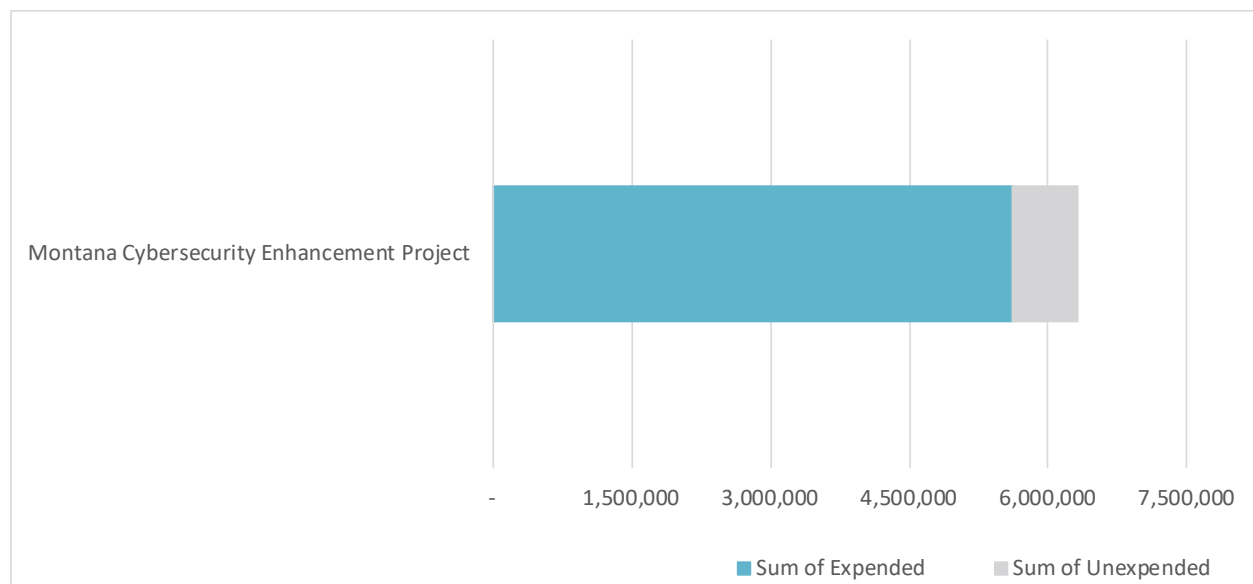
Appropriations for personal services in the Department of Administration total \$12.4 million and were 37.1% expended through November 30, 2021. The department has 139.67 HB 2 FTE and approximately 91.0% of these positions are filled. The following chart shows the filled and vacant FTE within the agency as of November 1, 2021.



OTHER ISSUES

Information Technology Project Expenditures

The Department of Administration has one large information technology project. The charts below show total expenditures for the project, the original and revised budgets, and the start date, original delivery date, and revised delivery date.



Large Information Technology Projects Original and Revised Budgets			
Project	Original Budget	Revised Budget	Change from Original Budget
Montana Cybersecurity Enhancement Project	6,320,000	6,320,000	0.0%

Large Information Technology Projects Original and Revised Delivery Date				
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date
Montana Cybersecurity Enhancement Project	7/1/2019	6/30/2021	N/A	0.0%

The 2019 Legislature approved funding of approximately \$6.3 million in HB 2 for the 2021 biennium for the Montana Cybersecurity enhancement project. The State Information Technology Services Division (SITSD) expended \$5.6 million or 88.8% of its appropriation. There are four projects that are outstanding, which include:

- The Configuration Management Data Base (CMDB) project that closed September 2021 and the final payment of approximately \$28,000 is pending. This is a hardware/software asset management tool that provides a central, accurate, and up-to-date enterprise view of all information technology
- The RSA Archer project, which is 95.0% complete and targeted to be finished by the end of March 2022. The remaining expenditures total \$24,500. This solution streamlines the security assessment process and provides real-time and holistic visibility of risks

- The Enterprise Risk Assessment that is 10.0% complete and targeted to be finished by the end of June 2022. Approximately \$216,000 in expenditure remain for this project
- The Enterprise Risk Assessment Mitigation, which is 0.0% complete and expected to start in July 2022 (following the completion of the Enterprise Risk Assessment). This project is anticipated to be complete by December 2022 and approximately \$69,000 in expenditures remain for this project