

Financial Summary FY 2022 March 1 – May 31

QUARTERLY REVIEW
BY LEGISLATIVE FISCAL DIVISION STAFF

JUNE 16, 2022



OVERVIEW

GENERAL FUND BALANCE INCLUDES HJ 2 REVENUES, CHANGES SINCE MARCH

The estimated, unassigned general fund balance for FY 2023 (includes HJ 2 revenue estimates) is \$733.8 million, or \$15.2 million higher than in March, which is adjusted by the following:

- FY 2021 audit adjustments for expenditures published in the [FY 2021 Annual Comprehensive Financial Report](#) (ACFR)¹, \$15.5 million increase to fund balance
- FY 2022 HB 2 appropriation authority is decreased primarily for workers' compensation reductions, \$849,617 increase to fund balance
- FY 2022 additional carryforward appropriation authority, \$1.1 million decrease to fund balance

The balance sheet continues to use HJ 2 revenues for both FY 2022 and FY 2023 and does not reflect the higher revenues for FY 2022 discussed in the revenue section of this report. The FY 2021 Annual Comprehensive Financial Report included an accounting adjustment for FY 2021 that adjusted revenues by \$19.0 million, however LFD analysts had anticipated this and included the reduction in the March balance sheet calculations.

| General Fund Balance Sheet Includes HJR 2 Revenue Estimate (\$ Millions) | | | | |
|--|-------------------|-------------------|-------------------------------------|-------------------------------------|
| | Actual FY 2020 | Actual FY 2021 | Estimated w/HJ 2 Revs FY 2022 | Estimated w/HJ 2 Revs FY 2023 |
| Beginning Fund Balance | \$361.3 | \$452.5 | \$716.5 | \$674.7 |
| Revenues | | | | |
| Actuals & HJ 2 Revenues | 2,529.2 | 2,959.8 | 2,644.0 | 2,748.9 |
| New Revenue Legislation | | | (1.9) | (11.6) |
| One-Time-Only (OTO) Revenue | 4.1 | 4.0 | 1.1 | 1.1 |
| Adjustments | (3.5) | (12.2) | | |
| Accounting Adjustment | | (19.0) | | |
| Total Revenue Funds Available | 2,891.2 | 3,385.1 | 3,359.7 | 3,413.1 |
| Expenditures - Ongoing | | | | |
| Statutory Appropriations | 282.8 | 290.9 | 308.6 | 317.6 |
| General Fund Transfers | 35.2 | 23.3 | 25.7 | 23.3 |
| HB 2 Agency Budgets (pay plan included in FY2020-FY2022) | 2,014.5 | 2,038.4 | 2,241.6 | 2,316.9 |
| HB 1 (includes continuing and 2023 session estimates) | 2.4 | 9.7 | 5.3 | 10.6 |
| Other Appropriations | 29.6 | 44.4 | 11.2 | 21.1 |
| Reversions | | | (7.8) | (8.1) |
| Ongoing Expenditures | 2,364.4 | 2,406.8 | 2,584.7 | 2,681.4 |
| One-Time-Only (OTO) | | | | |
| HB 2 Agency Budgets (includes realized eFMAP reductions) | | 5.7 | (45.5) | (2.9) |
| HB 2 Language Appropriations | | | 2.0 | |
| Other approp bills, carryforward & CA | 0.4 | 10.3 | 9.6 | 0.8 |
| Estimated Impacts from COVID eFMAP | | | (21.0) | |
| BSRF Transfers | 57.1 | 1.1 | 4.7 | |
| Fire Fund Transfers | 30.3 | 46.8 | 35.4 | |
| Capital Development Fund transfers | | 228.3 | 115.1 | |
| Total Expenditures | 2,452.2 | 2,699.0 | 2,685.0 | 2,679.3 |
| Accounting Adjustments | (13.5) | (30.4) | | |
| Ending Fund Balance | \$452.5 | \$716.5 | \$674.7 | \$733.8 |
| Structural Balance | \$164.4 | \$553.0 | \$57.4 | \$55.9 |

BSRF means budget stabilization reserve fund. CA stands for continuing authority.

¹ Please note: The ACFR adjustments for FY 2021 include a \$75.0 million spend down projection for FY 2022. On the LFD balance sheet, the \$75.0 million is included in the appropriation estimates for FY 2022. See page 12 of the [FY 2021 ACFR](#) for further details.

GENERAL FUND REVENUES

This monthly revenue update analyzes revenue collections through the end of May and is designed to apprise interested members of the legislature on year-to-date general fund revenue collections, recent economic trends, and the outlook for FY 2022 relative to the revenue estimate contained in HJ 2.

FY 2022 general fund revenues through the end of May are \$734.8 million or 28.4% above FY 2021 revenues through the same period. Current year individual income tax payments that were due in April were high and more than double any previous year, with strong capital gains in CY 2021 likely being a major contributing factor.

High inflation, with the most recent figures at 8.3% (year-over-year), not only increases the costs of services that the state provides but also has contributed to increased revenue collections, as revenues are collected in nominal dollars. For instance, as increased prices of goods drive wages higher, these higher wages will result in higher income taxes, likely in the form of withholding taxes. In addition, many taxes such as oil severance taxes and lodging taxes are taxed on their values, so as their values increase, revenues will increase as well.

End-of-Year Extrapolation

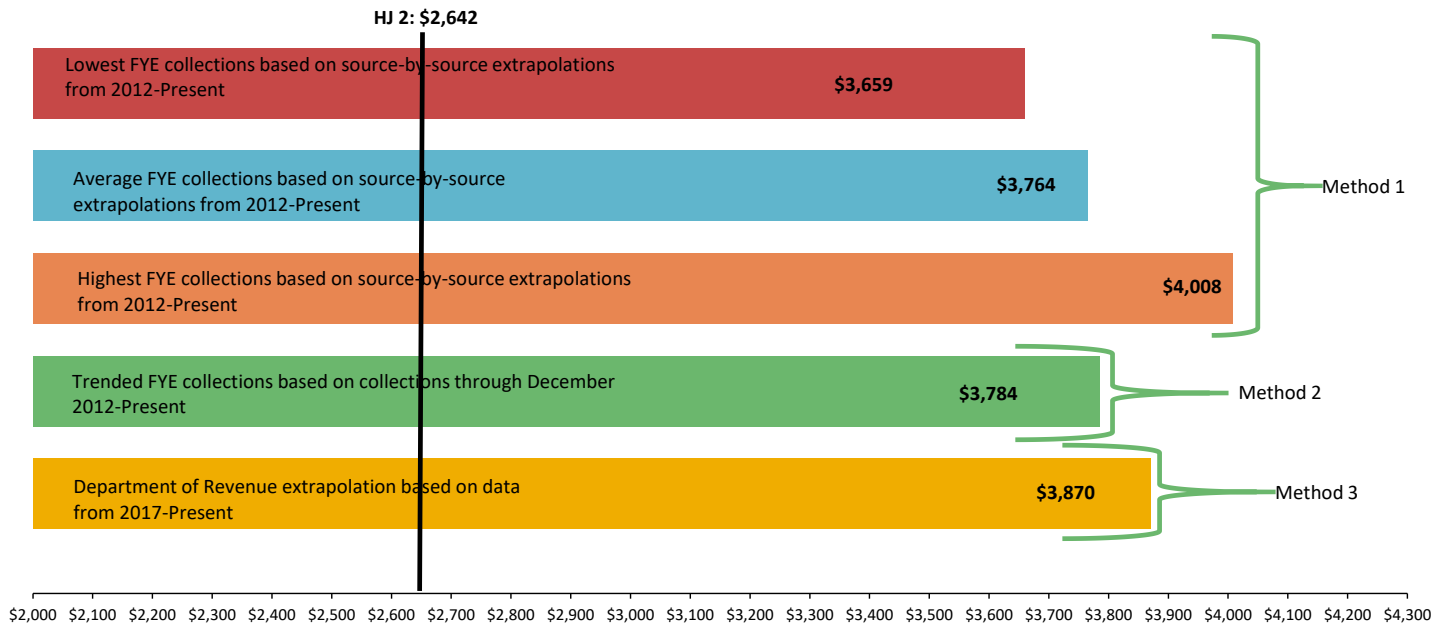
Method 1: For the top sources and the sum of the remaining sources, the percent of total revenues collected through May was calculated for the last ten years. Collections through May for each source were then divided by the average collection percentage of the last ten years. Each source's estimate was then added to create a final year-end collection amount. Using this method, fiscal year-end revenue is estimated to be \$3,764 million. The lowest and highest growth through May by revenue source was also applied to year-to-date collections to provide an upper (\$4,008 million) and lower (\$3,659 million) limit for this methodology.

Method 2: This method uses aggregate collections across all sources through May to predict year-end collections using historical trends. Like Method 1, the last ten years of collection patterns were used. This method predicted final collections of \$3,784 million.

Method 3: The Department of Revenue publishes monthly revenue monitoring reports and provides an extrapolation for final collections. The report uses the last five years of collection data. This method produces a year-end estimate of \$3,870 million.

All methods described above produce estimates greater than the HJ 2 estimate of \$2,642 million. The estimates range from \$1,017 million above HJ 2 to \$1,366 million above HJ 2. Methods 1 (\$3,764 million), and Method 2 (\$3,784) yield similar estimates using differing methodologies. The midpoint of these two methods estimates final collections of \$3,774 million, which is \$1,132 million above HJ 2 and shows growth of 27.3% from FY 2021 revenue collections.

FY 2022 Year-End Revenue Extrapolations Based on Data Through May (\$ Millions)



YEAR-TO-DATE GENERAL FUND REVENUE

| General Fund Revenue Monitoring Report (\$ Millions) | | | | | | | | |
|---|--------------------|--------------------|-----------------------|--------------------|--------------------|-------------------|-----------------|-----------------|
| Revenue Source | Actual FY 2021 | HJ 2 FY 2022 | HJ 2 Est. % Change | May FY 2021 | May FY 2022 | YTD Difference | YTD % Change | YTD % Change |
| Largest Seven Sources | | | | | | | | |
| Individual Income Tax | \$1,765.418 | \$1,539.141 | -12.8% | \$1,723.098 | \$2,324.246 | \$601.148 | 34.9% | |
| Property Tax | 310.682 | 331.451 | 6.7% | 190.669 | 216.498 | 25.829 | 13.5% | |
| Corporate Income Tax | 266.506 | 161.443 | -39.4% | 221.247 | 253.386 | 32.139 | 14.5% | |
| Vehicle Taxes & Fees | 117.791 | 110.949 | -5.8% | 96.995 | 99.290 | 2.295 | 2.4% | |
| Oil & Natural Gas Taxes | 39.540 | 43.973 | 11.2% | 15.113 | 30.737 | 15.624 | 103.4% | |
| Insurance Tax | 87.297 | 92.000 | 5.4% | 70.048 | 80.262 | 10.214 | 14.6% | |
| Video Gaming Tax | 74.917 | 63.336 | -15.5% | 54.008 | 58.353 | 4.345 | 8.0% | |
| Other Business Taxes | | | | | | | | |
| Drivers License Fee | 4.698 | 4.446 | -5.4% | 3.866 | 5.092 | 1.227 | 31.7% | |
| Investment Licenses | 17.020 | 16.361 | -3.9% | 16.461 | 19.073 | 2.613 | 15.9% | |
| Lodging Facilities Sales Tax | 25.874 | 28.337 | 9.5% | 19.845 | 30.818 | 10.973 | 55.3% | |
| Public Contractor's Tax | 3.897 | 5.083 | 30.4% | 2.348 | 1.233 | (1.115) | -47.5% | |
| Railroad Car Tax | 5.187 | 4.391 | -15.3% | 4.392 | 4.012 | (0.380) | -8.6% | |
| Rental Car Sales Tax | 3.916 | 4.681 | 19.6% | 3.056 | 4.936 | 1.880 | 61.5% | |
| Retail Telecom Excise Tax | 8.814 | 10.168 | 15.4% | 6.719 | 6.457 | (0.261) | -3.9% | |
| Other Natural Resource Taxes | | | | | | | | |
| Coal Severance Tax | 10.084 | 8.697 | -13.8% | 8.057 | 11.694 | 3.637 | 45.1% | |
| Electrical Energy Tax | 3.298 | 3.759 | 14.0% | 2.514 | 3.027 | 0.514 | 20.4% | |
| Metal Mines Tax | 12.136 | 8.038 | -33.8% | 5.925 | 5.858 | (0.067) | -1.1% | |
| U.S. Mineral Leasing | 12.082 | 16.196 | 34.1% | 10.047 | 14.511 | 4.464 | 44.4% | |
| Wholesale Energy Trans Tax | 2.981 | 3.460 | 16.1% | 2.275 | 2.562 | 0.288 | 12.6% | |
| Other Interest Earnings | | | | | | | | |
| Coal Trust Interest Earnings | 15.967 | 16.813 | 5.3% | 12.800 | 12.699 | (0.101) | -0.8% | |
| TCA Interest Earnings | 3.410 | 1.002 | -70.6% | 2.991 | 4.956 | 1.965 | 65.7% | |
| Other Consumption Taxes | | | | | | | | |
| Marijuana Tax | - | 6.286 | | | | | | |
| Beer Tax | 3.315 | 3.133 | -5.5% | 2.678 | 2.614 | (0.064) | -2.4% | |
| Cigarette Tax | 27.887 | 26.542 | -4.8% | 23.572 | 21.700 | (1.871) | -7.9% | |
| Liquor Excise Tax | 27.823 | 26.486 | -4.8% | 22.665 | 23.910 | 1.245 | 5.5% | |
| Liquor Profits | 13.256 | 15.800 | 19.2% | - | - | - | | |
| Lottery Profits | 12.300 | 13.180 | 7.2% | 6.061 | 6.779 | 0.717 | 11.8% | |
| Tobacco Tax | 5.611 | 5.617 | 0.1% | 4.660 | 4.568 | (0.092) | -2.0% | |
| Wine Tax | 2.679 | 2.634 | -1.7% | 2.226 | 2.144 | (0.082) | -3.7% | |
| Other Sources | | | | | | | | |
| All Other Revenue | 45.607 | 46.151 | 1.2% | 28.241 | 56.368 | 28.128 | 99.6% | |
| Highway Patrol Fines | 3.517 | 3.640 | 3.5% | 2.838 | 2.850 | 0.012 | 0.4% | |
| Nursing Facilities Fee | 3.400 | 3.896 | 14.6% | 2.575 | 2.475 | (0.100) | -3.9% | |
| Public Institution Reimbursements | 13.739 | 12.382 | -9.9% | 9.723 | 9.209 | (0.515) | -5.3% | |
| Tobacco Settlement | 13.196 | 3.028 | -77.1% | 13.196 | 3.426 | (9.770) | -74.0% | |
| Ongoing Revenue Subtotal | 2,954.004 | 2,642.499 | -10.5% | 2,581.063 | 3,325.743 | 744.679 | 28.9% | |
| OTO Revenue & Transfers Subtotal | 9.843 | - | | 9.843 | - | (9.843) | -100.0% | |
| Grand Total | \$2,963.847 | \$2,642.499 | -10.8% | \$2,590.906 | \$3,325.743 | \$734.837 | 28.4% | |

MAJOR SOURCES

Individual Income Tax: Above Estimate

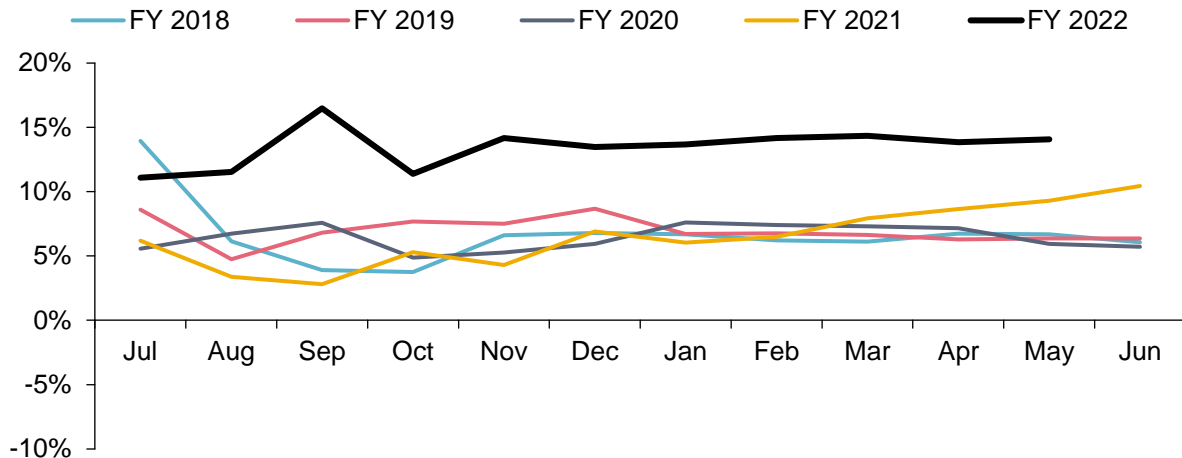
Individual income tax collections through the end of May FY 2022 are \$601.1 million or 34.9% above the year-to-date collections in FY 2021 and are currently above the level anticipated in HJ 2. As shown in the table below, all individual income tax accounts have contributed to the large increase from last year, with withholding, estimated payments, and current-year payments accounting for the majority of the increase.

Individual Income Tax (\$ Millions)

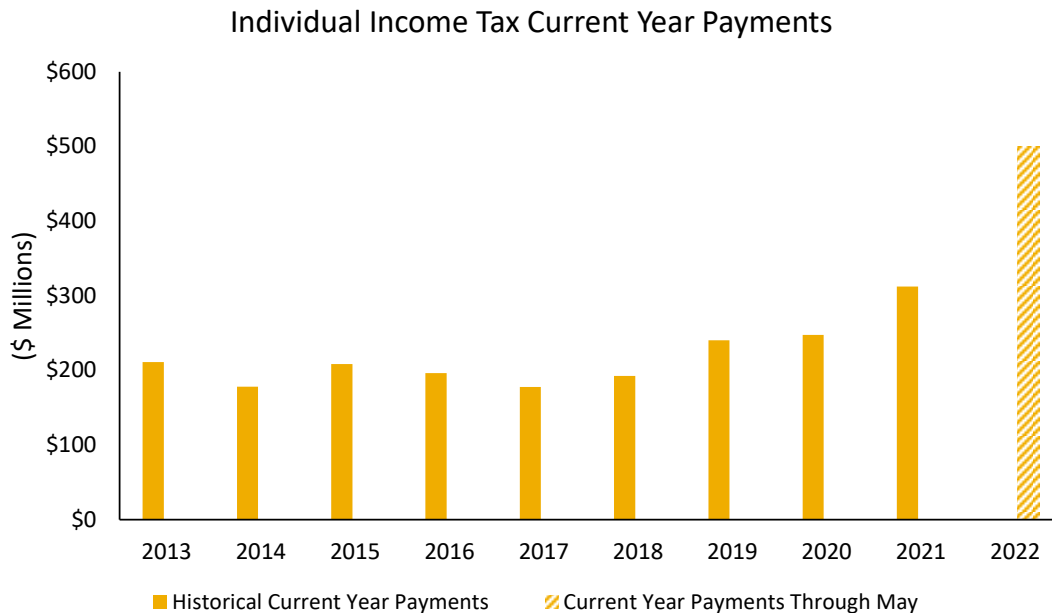
| Account | YTD 2022 | YTD 2021 | \$ Difference | % Difference |
|------------------------|-----------|-----------|---------------|--------------|
| Withholding | \$1,246.4 | \$1,092.8 | \$153.6 | 14.1% |
| Estimated Payments | 491.9 | 368.5 | 123.4 | 33.5% |
| Current Year Payments | 499.4 | 291.2 | 208.2 | 71.5% |
| Audit, P&I, Amended | 58.1 | 47.0 | 11.1 | 23.7% |
| Refunds | (96.4) | (152.0) | 55.6 | -36.6% |
| Partnership Income Tax | 114.4 | 69.5 | 44.9 | 64.6% |
| Mineral Royalties | 10.5 | 6.2 | 4.2 | 67.4% |
| Total | 2,324.2 | 1,723.1 | 601.1 | 34.9% |

Withholding typically accounts for two-thirds of individual income tax and about one-third of total general fund revenue, though it has been an even larger share in recent years. In FY 2021, withholding revenue accounted for 42.0% of total general fund revenues. As shown in the following chart, withholding growth tends to be relatively variable in the first half of the year, but stabilizes by February. This year it has stabilized much earlier and has hovered near 14.0% since November.

Cumulative year-over-year withholding growth continues to be strong



Payments that are typically due in April, known as current year payments, came in significantly higher than historical levels with April collections totaling \$410.4 million. The previous five-year average for April collections, after adjusting for any changes in Tax Day, was approximately \$153 million. The chart below shows historical year-end current year payments, as well as FY 2022 collections through May.



Property Tax: Above Estimate

Property tax collections have grown 13.5% or \$25.8 million compared to collections through the same period last year. In HJ 2, this source was expected to grow by 6.7%. The first of two large property tax payments was made in November, and the second large payment was made in May but has not yet posted to the state accounting system. Based upon mills and taxable values, it is anticipated that levied revenue for FY 2022 will be closer to 8.7% above FY 2021 levels after May payments are booked. Additionally, non-levy revenue (such as revenue from coal gross proceeds) may result in an additional increase to property tax collections. The LFD will continue to monitor and evaluate this revenue source to better understand if growth in new properties, non-levy revenue, or other factors may be influencing these values.

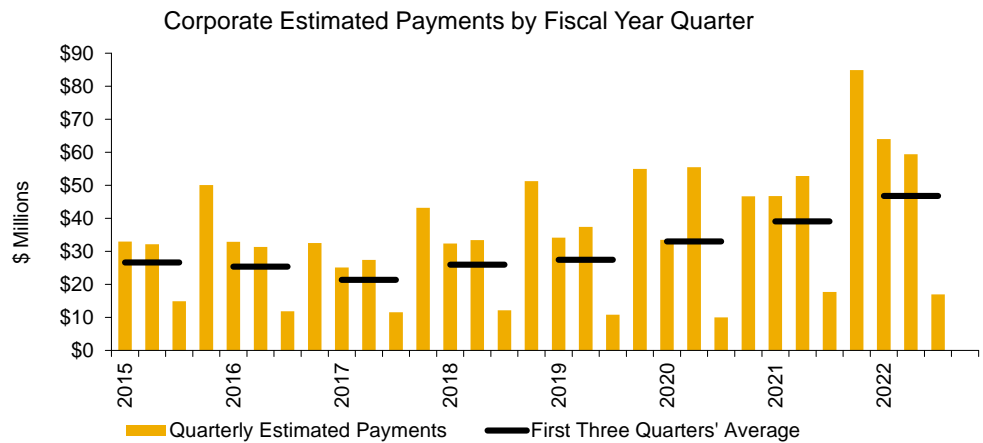
Corporate Income Tax: Above Estimate

Corporate income tax collections through the end of May are 14.5% or \$32.1 million above this time in FY 2021. Growth in this source has slowed in recent months. At the beginning of the calendar year, its growth rate was 29.0% and, as recently as two months ago, was 23.0%. Nonetheless, final collections are likely to finish the year above the strong collections in FY 2021 and above the estimate contained in HJ 2.

Corporate Income Tax (\$ Millions)

| Account | YTD 2022 | YTD 2021 | \$ Difference | % Difference |
|---------------------|----------|----------|---------------|--------------|
| Corporation Tax | \$71.5 | \$75.8 | (\$4.3) | -5.7% |
| Estimated Payments | \$182.5 | \$155.0 | 27.6 | 17.8% |
| Refunds | (15.9) | (19.3) | 3.4 | -17.7% |
| Audit, P&I, Amended | 15.2 | 9.7 | 5.5 | 56.5% |
| Total | \$253.4 | \$221.2 | \$32.1 | 14.5% |

The adjacent chart shows that estimated payments in the first three quarters of FY 2022 are historically high. Estimated payments typically make up 80.0% of total corporate income tax collections, so they're the ultimate driver of where final collections end up. The fourth quarter contains the final two of the large, estimated payments, one that's posted in April and the other in June.

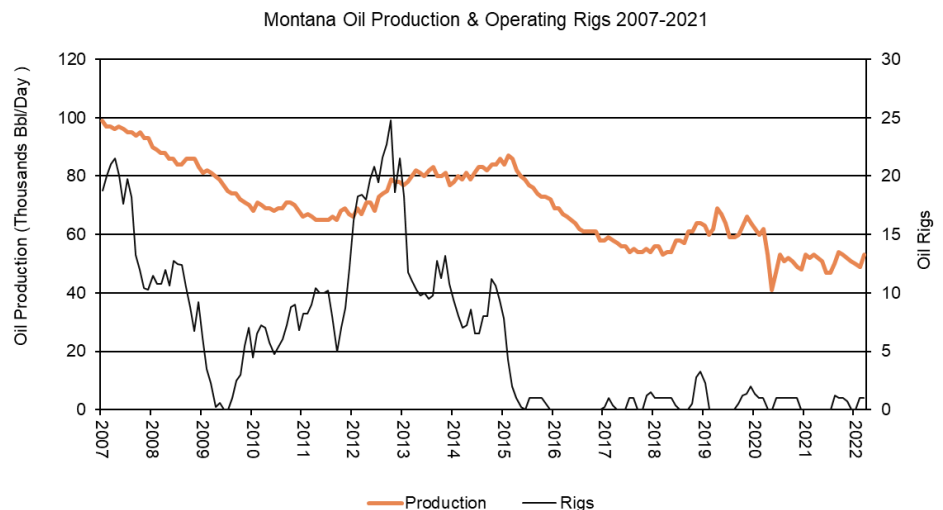


Vehicle Taxes & Fees: Above Estimate

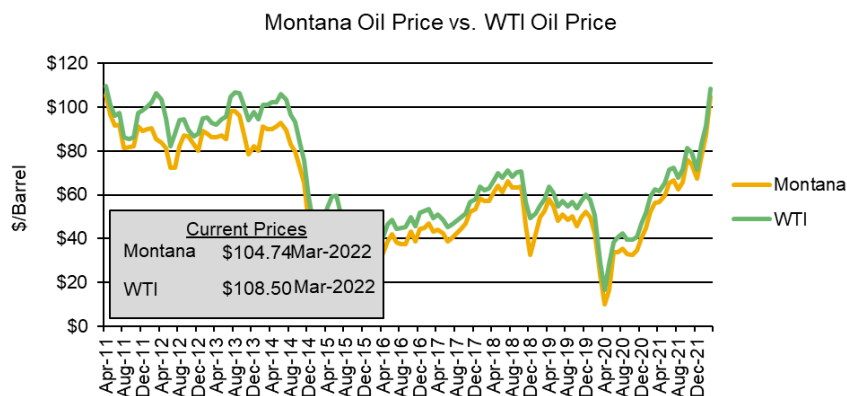
Through May, vehicle taxes & fees are up 2.4% or \$2.3 million from FY 2021 collections. This is above the HJ 2 estimate through May; however, it seems the growth may be slowing down. Most of this growth is in light vehicle registrations, recreation and small trailer registrations, and large vehicle registrations. The continued growth in this source is likely a result of new residents registering their vehicles in the state.

Oil & Natural Gas Production Tax: Above Estimate

So far, \$30.7 million has been received. This is a 103.0% increase since this time last year. The main driver of this change is a large increase in oil prices, with Montana oil seeing about a \$45.0 increase per barrel. If strong prices continue, it is expected that collections will end up higher than what was anticipated in HJ 2.



As the chart to the upper-right indicates, there was a significant decline in production in early 2020, which was the result of a sharp decline in prices due to the economic impacts of the Covid-19 pandemic (shown in the lower-right portion of the chart). Prices and production bounced back through the latter half of CY 2020. This trend has mostly continued, and while production has not yet returned to pre-2020 levels, it has remained fairly stable.



Insurance Tax: Above Estimate

Current insurance tax collections are 14.6% or \$10.2 million above FY 2021 through May. With the exception of captive premium tax, which is down slightly, all other categories of insurance tax are up. Notably, collections for insurance premiums are up 12.0% over the previous year.

Video gaming tax: Above Estimate

Revenue from video gambling is currently \$4.3 million or 8.0% above collections from this time last year. Last year's growth was far greater than both last year's and this year's HJ 2 estimates, and as a result, final collections for FY 2022 will likely end up significantly above the estimate in HJ 2.

OTHER KEY DIFFERENCES:

Coal Severance Tax: Above Estimate

Year-to-date coal severance tax collections are currently \$3.6 million or 45.1% above collections from last year. This large year-over-year increase is a result of increased price and production. Production in the current fiscal year is 13.6% higher than last year through the same period. Furthermore, prices for Powder River Basin coal in FY 2022 have been at least twice as high as they were in FY 2021 for portions of the year.

U.S. Mineral Leasing: Above Estimate

U.S. mineral leasing collections through May are about \$14.5 million or 44.4% above last year. This source is driven primarily by coal and oil value/production on federal lands within the state of Montana. Increased prices for both coal and oil compared to last year have contributed to the increased collections this year.

Lodging Facilities Sales Tax: Above Estimate

Lodging facilities sales tax collections are \$30.8 million or 55.3% above collections at this from point last year. This source has already surpassed the HJ 2 estimate of \$28.3 million for the year. This increase is primarily driven by increased lodging rates and inflation.

All Other Revenue: Above Estimate

All other revenue sources are \$28.1 million or 99.6% above collections through May last year. Of the \$28.1 million year-to-date increase, about \$5.7 million is from abandoned property collections. Furthermore, non-budgeted transfers have increased by \$18.9 million compared to last year, and this is driven by a reimbursement payment from the National Indemnity Company for a Libby settlement.

AGENCY EXPENDITURE HIGHLIGHTS FY 2022 MARCH - MAY

Agencies with significant budget highlights for the period March - May FY 2022 are included in this section. Detailed spending by each agency is provided in reports to the [Interim Budget Committees](#).

Budget Pressures

Inflation and Caseload Growth

While revenue collections remain strong, spending pressures are predicted. Inflation, caseload growth, increases in population, and other factors impact state government budgets in the areas of recruitment and retention, construction costs, institutional food expenditures, and more. Wage inflation pressures in agencies, some required by statute to provide a certain level of service, are discussed in the following section.

Department of Corrections (DOC)

The Department of Corrections negotiated an agreement with union representatives regarding the pay and retention of correctional officers. Although the pay agreement included an increase, the department reports continued pressure to recruit and retain correctional officers.

Office of Public Defender (OPD)

OPD increased salaries for staff attorneys and statewide contract attorney rates from \$56/hour to \$72/hour. While OPD absorbed the rate and salary increases within their FY 2022 budget, caseload growth continues to exceed prior year numbers, and on May 1, 2022, 28.50 FTE of lawyer positions were vacant.

Department of Public Health and Human Services (DPHHS)

Enrollment in both traditional and expanded Medicaid has continued to climb since the onset of the COVID-19 pandemic, and the current projected expenditure in Medicaid expansion for FY 2022 (\$1.0 billion) is significantly higher than the initial DPHHS budget request for Medicaid expansion (\$854.5 million) during the 2021 Legislative Session.

Full-Time Equivalent (FTE) Vacancies on May 1, 2022

On May 1, 2022, 1,664.46 HB 2 FTE positions across state government were vacant. This represents a 13.8% vacancy rate, which is higher 0.5% higher than reported in March and is greater than the 4.0%² vacancy savings for agencies adopted by the legislature in HB 2.

Recruitment and retention of state employees are impacted by age demographics, wage growth, and the labor market. While agencies continue to work to retain and recruit state employees, 91.3% of the total vacant FTE positions resulted from employees leaving state government for jobs elsewhere. For specific details on the reasons for the vacancies in state government, please refer to the [FY 2022 Quarterly Financial Reports by Agency](#).

The following agencies had a vacancy rate higher than 15.0% during the time period analyzed.

² The Office of Public Instruction vacancy savings were reduced to 2.0% by the legislature. An additional 1.0% vacancy savings was imposed by the legislature on the State Auditor, Department of Revenue, Department of Administration, Department of Labor and Industry, Military Affairs, Department of Environmental Quality, Department of Transportation, Department of Livestock, Department of Agriculture, Department of Justice, Public Service Commission, and Montana State Library. The legislature did not adopt any vacancy savings for exempt agencies per Montana statute.

Department of Agriculture

The Department of Agriculture experienced 23.6% vacancy over the time period analyzed. This is a 4.2% increase since last reported in March. Primarily, the vacancies are in two programs: the agricultural sciences division and the agricultural development division. The agricultural sciences division regulates, certifies, researches, inspects, registers, and licenses items related to environmental and consumer protection in agriculture, plus oversees county grants for noxious weeds. This division has two additional vacancies since the March report, with 9.12 vacant FTE, primarily the types of positions vacant are technicians, scientists and science specialists, and an analytical chemist. The agricultural development division focuses on the growth and expansion of Montana agriculture, including rural development, wheat and barley promotion, agricultural marketing, and the state grain laboratory. The division has 15.98 vacant FTE; however, 8.65 vacant FTE are seasonal samplers and have been vacant since February.

Department of Public Health and Human Services

The Department of Public Health and Human Services experienced a 20.5% vacancy of HB 2 FTE in the time period studied. The vacancy rate increased by 1.0% since last reported in March. Of the 581.41 vacancies, 509.00 FTE left state government employment, and 92.00 retired. Psychiatric technicians, certified nurse aides, child protective services specialists, and nursing positions continue to represent most vacant positions within the department.

Office of Public Instruction (OPI)

The Office of Public Instruction's rate of vacancy on May 1, 2022, was 23.4%, which is 6.2% higher than reported in March. Of the 35.84 vacant FTE positions, 25.00 left state government employment, and 7.00 retired.

State Auditor

The State Auditor experienced 17.5% vacancy in the time period analyzed. Vacancies decreased by 3.0% since reported in March but remains high. The insurance division is budgeted for 44.00 HB 2 FTE but currently has 6.00 FTE vacant, with two positions filled since the March report. This division is responsible for resolving insurance consumer inquiries and complaints, investigative code and rule violations, monitoring the financial solvency of insurance companies that operate in Montana, collecting premium taxes and fees paid by insurance companies operating in Montana, and other insurance related duties. The remaining two divisions in the State Auditor's Office, central management and the securities division, each have 3.00 vacant FTE.

Department of Environmental Quality

The Department of Environmental Quality experienced a 15.4% vacancy rate or 56.49 FTE in the period analyzed. This represents a 0.3% decrease since reported in March. Vacancies are 21.98 FTE in the water quality division but decreased by 7.00 FTE since March.

Other Expenditure Highlights

Workers' Compensation Appropriation Reductions

In 2011, the legislature adopted HB 334 authorizing agency appropriation reductions "in any year in which the workers' compensation premium due from a state agency is lower than in the previous year." Projected general fund savings for FY 2022 is \$669,235.

Budgeted vs. Actual Expenditures

Total HB 2 agency authority for FY 2022 through May is 54.2% expended. State agencies are experiencing budget pressures from increased wage inflation. In addition, the Departments of Corrections, Public Health and Human Services, and the Office of Public Defender continue to see increases in caseload and enrollments. For more details on agency appropriations vs. expenditures, the following interactive tools are available below.

HB 2 by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates the budgeted and actual HB 2 FY 2022 expenditures. This includes general fund, state and federal special revenue, and budgeted proprietary funds. The interactive tool shows a comparison of the modified budget to actual expenditures for all state agencies.

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page one** shows HB 2 all funds.

<https://app.powerbigov.us/view?r=eyJrIjoibmVzYm1Mjk4LTQyMTEtNDA1NC04Njc4LWlzMjgxYzY5MzI2NyJ9>

HB 2 General Fund Only by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates the budgeted and actual expenditures of **general fund** for HB 2 for FY 2022. The budgeted number reflects the modified budget. Detailed budget changes by section, agency, and program can be found in reports given to the [Interim Budget Committees](#).

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page two** shows HB 2 general fund only.

<https://app.powerbigov.us/view?r=eyJrIjoibmVzYm1Mjk4LTQyMTEtNDA1NC04Njc4LWlzMjgxYzY5MzI2NyJ9>

All Sources of Authority by Agency

The Legislative Fiscal Division has created a Power BI interactive data tool that illustrates all sources of authority budgeted and actual expenditures. This includes statutory appropriations, non-budgeted proprietary, other house and senate bill appropriations, budget amendments, and long-range building. It does not include COVID appropriations, please refer to the federal COVID table below for that information. The interactive tool shows a comparison of the modified budget to actual expenditures for all state agencies. *Please note, this tool is not reflective of the 17-7-152, MCA state resources definitions and some expenditures will be duplicated.*

The link to the Power BI tool allows viewers to pick and choose agencies and drill down deeper into the data. **Page three** include all sources of authority.

<https://app.powerbigov.us/view?r=eyJrIjoibmVzYm1Mjk4LTQyMTEtNDA1NC04Njc4LWlzMjgxYzY5MzI2NyJ9>

FEDERAL COVID FUNDING UPDATE

The following table provides an update to the overall authority and expenditures of federal dollars targeting the COVID-19 pandemic within the budget of the State of Montana.

Please note that this table includes data across three different fiscal years. As such, there are some data that appears to suggest the expenditures are larger than the authority provided. However, this is a result of an

accounting detail regarding prior year adjustments. These agencies have not exceeded their appropriation authority.

The data for the Governor's Office has also been adjusted to reduce authority that has been transferred to other agencies and to not reflect expenditures reported as Transfers-Out to other agencies.

Federal Funding Appropriated Through State Agencies
(as of June 6, 2022)

| | Appropriation Established | Expenditures |
|---|---------------------------|------------------------|
| CARES I (Plus Fed HR 6074 & 6201, 266) | | |
| Commissioner of Higher Ed | \$38,361,519 | \$38,361,519 |
| Department of Administration | 280,142,662 | 280,086,535 |
| Department of Commerce | 366,493,283 | 354,036,319 |
| Department of Justice | 1,586,075 | 924,237 |
| Department of Revenue ² | 451,556 | 547,489 |
| Department of Transportation | 49,351,747 | 36,031,433 |
| Dept Nat Resource/Conservation ² | 23,248,005 | 23,251,622 |
| Dept of Corrections | 44,396,759 | 44,396,759 |
| Dept of Environmental Quality ² | 527,248 | 545,464 |
| Dept of Military Affairs | 3,498,661 | 3,498,661 |
| Dept. of Fish, Wildlife & Parks | 5,306 | 5,306 |
| Governor's Office | 10,391,635 | 1,167,140 |
| Judiciary | 364,760 | 364,761 |
| Labor & Industry | 310,973,545 | 305,173,075 |
| Legislative Branch | 984,774 | 984,774 |
| Library Commission | 861,870 | 861,870 |
| Montana Arts Council | 1,251,096 | 1,251,096 |
| MT Dept of Agriculture | 16,238,236 | 16,238,236 |
| Office of Public Instruction | 41,405,502 | 33,165,690 |
| Public Defender | 247,058 | 247,058 |
| Public Health & Human Services | 623,627,050 | 575,317,948 |
| School for the Deaf & Blind | 68,177 | 68,177 |
| Secretary of State's Office | <u>3,000,000</u> | <u>222,373</u> |
| SubTotal | 1,817,476,524 | 1,716,747,542 |
| CARES II (HB 3 & HB 630) | | |
| Department of Commerce | 200,000,000 | 48,182,872 |
| Department of Transportation | 102,700,000 | 0 |
| Governor's Office | 17,000,000 | 206,269 |
| Judiciary | 100,469 | 0 |
| Labor & Industry | 5,251,366 | 1,878,999 |
| Office of Public Instruction | 184,342,525 | 45,389,391 |
| Public Health & Human Services | <u>326,405,415</u> | <u>94,971,342</u> |
| SubTotal | 835,799,775 | 190,628,873 |
| ARPA (HB 632) | | |
| Department of Administration | 48,882,771 | 43,384,336 |
| Department of Commerce | 304,178,981 | 15,784,338 |
| Department of Justice | 1,169,008 | 4,959 |
| Department of Transportation | 3,377,812 | 11,179 |
| Dept Nat Resource/Conservation | 302,604,788 | 1,533,465 |
| Dept of Corrections | 811 | 0 |
| Dept of Environmental Quality | 400,000 | 39,604 |
| Governor's Office | 630,767,612 | 77,161 |
| Judiciary | 944,721 | 19,759 |
| Labor & Industry | 33,544,904 | 5,171,418 |
| Legislative Branch | 200,000 | 55,989 |
| Library Commission | 2,355,444 | 651,009 |
| Montana Arts Council | 764,000 | 0 |
| MT Dept of Agriculture | 7,725,000 | 28,287 |
| Office of Public Instruction | 391,886,263 | 14,369,178 |
| Public Defender | 1,500,000 | 50,500 |
| Public Health & Human Services | 496,219,732 | 102,848,773 |
| School for the Deaf & Blind | <u>45,000</u> | <u>20,047</u> |
| SubTotal | 2,226,566,847 | 184,050,002 |
| Grand Total | \$4,879,843,146 | \$2,091,426,417 |

¹The ARPA authority in the Governor's Office has been manually adjusted down to eliminate duplication of AA authority moved to other agencies. Expenditures for the Governor's Office have also been adjusted to eliminate Transfers-Out to other agencies to avoid duplication of expenditures.

²Some CARES expenditures appear to exceed appropriations as a result of the technical process for making prior year adjustments.

STATUTORILY REQUIRED REPORTS

BUDGET AMENDMENTS

As of May 31, 2022, the Legislative Fiscal Division received notification of 66 budget amendments in the 2023 biennium and certified by the Governor since March 1, 2022.

These amendments increase federal special revenue authority by \$64.5 million and proprietary fund authority by \$150,000 in FY 2022. An additional 2.35 FTE in FY 2022 and 1.31 FTE in FY 2023 in modified positions have also been added. Modified FTE are valid for the fiscal year but do not become permanent FTE in agency base budgets. A total of 18 amendments transfers existing authority between expenditure categories or between organizational units, and four extend previously approved amendment authority. Figure 1 summarizes the budget amendments certified by the Governor from the period of March 1, 2022 through May 31, 2022.

Figure 1

| Budget Amendment Summary (Since last LFC meeting) | | |
|--|--------------|---------|
| Component | FY 2022 | FY 2023 |
| Number of Amendments | 66 | 8 |
| FTE Added | 2.35 | 1.31 |
| General Fund | 0 | 0 |
| State Special Revenue | 0 | 0 |
| Federal Special Revenue | 64,519,519 | 0 |
| Proprietary Fund | 150,000 | 0 |
| Total Revenue | \$64,669,519 | \$0 |

Each amendment, along with a brief explanation, is summarized in Appendix C. Staff has reviewed the amendments and has raised no concerns with any amendment meeting statutory criteria.

Figure 2 summarizes the budget amendments that were certified for the 2023 biennium. The various approving authorities have added a total of \$306.4 million in the 2023 biennium.

Figure 2

| Budget Amendment Cumulative Summary 2023 Biennium | | | | |
|---|-------------------------|----------------|---------------|------------------------|
| LFC Meeting 2023 Biennium | Number of Amendments | FY 2022 | FY 2023 | 2023 Biennium Total |
| September 16, 2021 | 88 | 54,366,767 | 341,600 | 54,708,367 |
| December 16, 2021 | 85 | 113,218,085 | 15,059,636 | 128,277,721 |
| March 17, 2022 | 60 | 55,591,378 | 3,137,500 | 58,728,878 |
| June 16, 2022 | 66 | 64,669,519 | - | 64,669,519 |
| Total | 299 | \$ 287,845,749 | \$ 18,538,736 | \$ 306,384,485 |

Figure 3 reflects the additional budget authority provided to each agency through the budget amendment process in FY 2022 compared to the HB 2 budget approved by the 2021 Legislature.

Figure 3

| Budget Amendment Authority Comparison with HB 2 Total Funds By State Agency | | | |
|---|--------------------------|---------------------|-------------------------|
| State Agency | FY 2022 Modified HB 2 | Budget Amendment | % of Modified Budget |
| Section A - General Government | | | |
| Secretary of State | 100,000 | (17,177) | -17.2% |
| Department of Commerce | 35,766,284 | 3,177,916 | 8.9% |
| Department of Labor and Industry | 89,204,692 | 3,481,877 | 3.9% |
| Department of Military Affairs | 54,162,459 | 170,325 | 0.3% |
| Total Section A | 179,233,435 | 6,812,941 | 3.8% |
| Section B - Public Health & Human Services | | | |
| Department of Public Health and Human Services | 2,962,392,404 | 199,616,248 | 6.7% |
| Total Section B | 2,962,392,404 | 199,616,248 | 6.7% |
| Section C - Natural Resources & Transportation | | | |
| Department of Fish, Wildlife, and Parks | 106,946,301 | 15,067,602 | 14.1% |
| Department of Environmental Quality | 63,198,118 | 2,512,248 | 4.0% |
| Department of Livestock | 14,058,937 | 301,178 | 2.1% |
| Department of Transportation | 785,137,721 | (30,869) | 0.0% |
| Department of Natural Resources and Conservation | 75,637,132 | 21,089,475 | 27.9% |
| Department of Agriculture | 19,187,840 | 7,978,855 | 41.6% |
| Total Section C | 1,064,166,049 | 46,918,489 | 4.4% |
| Section D - Judicial, Law Enforcement, and Justice | | | |
| Judicial Branch | 54,069,271 | 201,634 | 0.4% |
| Department of Justice | 129,729,264 | 2,045,493 | 1.6% |
| Department of Corrections | 218,847,802 | 619,668 | 0.3% |
| Total Section D | 402,646,337 | 2,866,795 | 0.7% |
| Section E - Education | | | |
| Office of Public Instruction | 1,069,272,052 | 30,017,769 | 2.8% |
| Office of the Commissioner of Higher Education | 288,538,974 | 232,050 | 0.1% |
| Montana Arts Council | 1,515,570 | 155,042 | 10.2% |
| Montana State Library | 7,227,760 | 470,500 | 6.5% |
| Montana Historical Society | 5,863,225 | 755,915 | 12.9% |
| Total Section E | 1,372,417,581 | 31,631,276 | 2.3% |
| Total | \$ 5,980,855,806 | \$ 287,845,749 | 4.8% |

OPERATING PLAN CHANGES AND PROGRAM TRANSFERS

The Office of Budget and Program Planning (OBPP) submitted a total of 29 operating plan changes and program transfers that met statutory criteria for LFC review and comment between March 8, 2022 and June 13, 2022. Staff have reviewed the amendments and have raised no concerns with any changes meeting statutory criteria.

A summary of the changes from OBPP can be found in Appendix D.