

HOUSE BILL NO. 807

INTRODUCED BY J. WELLS, SINRUD, STAPLETON, BARKUS, MCGEE, MCGILLVRAY, MACLAREN, BARRETT

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE MONTANA UNIVERSITY SYSTEM AND COMMUNITY COLLEGES FOR THE BIENNIUM ENDING JUNE 30, 2009; REVISING LAWS TO ALLOW FOR THE APPROPRIATIONS AND TO IMPLEMENT THE STATUTORY PROVISIONS GOVERNING APPROPRIATIONS FOR THE OPERATION OF THE MONTANA UNIVERSITY SYSTEM AND COMMUNITY COLLEGES; AMENDING SECTIONS 15-1-122, 17-1-507, 17-7-102, 17-7-123, 17-7-131, 17-7-138, 17-7-139, 17-7-140, 17-7-142, 17-7-301, 17-7-304, 20-15-310, 20-25-428, AND 90-4-614, MCA; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. First level expenditures. The agency and program appropriation tables in the legislative fiscal analyst narrative accompanying this bill, showing first level expenditures and funding for the 2009 biennium, are adopted as legislative intent.

NEW SECTION. Section 2. Appropriation control. An appropriation item designated "Biennial" may be spent in either year of the biennium. An appropriation item designated "Restricted" may be used during the biennium only for the purpose designated by its title and as presented to the legislature. An appropriation item designated "One Time Only" or "OTO" may not be included in the present law base for the 2011 biennium. The office of budget and program planning shall establish a separate appropriation on the statewide accounting, budgeting, and human resource system for any item designated "Biennial", "Restricted", "One Time Only", or "OTO". The office of budget and program planning shall establish at least one appropriation on the statewide accounting, budgeting, and human resource system for any appropriation that appears as a separate line item in [section 26].

NEW SECTION. Section 3. Program definition. As used in [section 26], "program" has the same meaning as defined in 17-7-102, is consistent with the management and accountability structure established on the statewide accounting, budgeting, and human resource system, and is identified as a major subdivision of an agency ordinarily numbered with an Arabic numeral.

NEW SECTION. Section 4. Personal services funding -- 2011 biennium. (1) Except as provided in subsection (2), present law and new proposal funding budget requests for the 2011 biennium submitted under Title 17, chapter 7, part 1, by each executive, judicial, and legislative branch agency must include funding of first level personal services separate from

1 funding of other expenditures. The funding of first level personal services by accounting entity or equivalent for each fiscal year must be shown at the fourth reporting level or equivalent in the
 2 budget request for the 2011 biennium submitted by October 30 to the legislative fiscal analyst by the office of budget and program planning.

3 (2) The provisions of subsection (1) do not apply to the Montana university system.
 4

5 NEW SECTION. **Section 5. Totals not appropriations.** The totals shown in [section 26] are for informational purposes only and are not appropriations.
 6

7 **Section 6.** Section 15-1-122, MCA, is amended to read:

8 **"15-1-122. Fund transfers.** (1) There is transferred from the state general fund to the adoption services account, provided for in 42-2-105, \$36,764 for fiscal year 2003. ~~Beginning~~
 9 ~~with fiscal year 2004, the~~ The amount of the transfer must be increased by 10% in each succeeding fiscal year.

10 (2) There is transferred from the state general fund to the department of transportation state special revenue nonrestricted account the following amounts:

11 (a) \$3,050,205 in fiscal year 2006; and

12 (b) in each succeeding fiscal year, the amount in subsection (2)(a), increased by 1.5% in each succeeding fiscal year.

13 (3) For each fiscal year, there is transferred from the state general fund to the accounts, entities, or recipients indicated the following amounts:

14 (a) to the motor vehicle recycling and disposal program provided for in Title 75, chapter 10, part 5, ~~1.62% of the motor vehicle revenue deposited in the state general fund in fiscal~~
 15 ~~year 2006 and~~ 1.48% of the motor vehicle revenue deposited in the state general fund in ~~succeeding each~~ succeeding each fiscal years year. The amount of ~~8.75% of the allocation in fiscal year 2006 and~~ 9.48%
 16 of the allocation in ~~fiscal year 2007 and succeeding years~~ each fiscal year must be used for the purpose of reimbursing the hired removal of abandoned vehicles. Any portion of the allocation
 17 not used for abandoned vehicle removal reimbursement must be used as provided in 75-10-532.

18 (b) to the noxious weed state special revenue account provided for in 80-7-816, ~~1.53% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and~~ 1.50%
 19 of the motor vehicle revenue deposited in the state general fund in ~~succeeding each~~ succeeding each fiscal years year;

20 (c) to the department of fish, wildlife, and parks:

21 (i) ~~0.47% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and in succeeding fiscal years;~~ 0.46% of the motor vehicle revenue deposited in the
 22 state general fund in each fiscal year, with the applicable percentage to be:

23 (A) used to:

24 (I) acquire and maintain pumpout equipment and other boat facilities, ~~5.2% in fiscal year 2006 and~~ 4.8% in each fiscal year ~~2007 and succeeding years;~~

25 (II) administer and enforce the provisions of Title 23, chapter 2, part 5, ~~20.8% in fiscal year 2006 and~~ 19.1% in each fiscal year ~~2007 and succeeding years;~~

26 (III) enforce the provisions of 23-2-804, ~~12.1% in fiscal year 2006 and~~ 11.1% in each fiscal year ~~2007 and succeeding fiscal years;~~ and

1 (IV) develop and implement a comprehensive program and to plan appropriate off-highway vehicle recreational use, ~~18.1% in fiscal year 2006 and 16.7% in each~~ fiscal year 2007
2 and succeeding fiscal years; and

3 (B) deposited in the state special revenue fund established in 23-1-105 in an amount equal to ~~43.8% in fiscal year 2006 and 48.3% in each~~ fiscal year 2007 and succeeding fiscal
4 years;

5 (ii) ~~0.12% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and 0.10% of the motor vehicle revenue deposited in the state general fund in each~~
6 ~~subsequent~~ fiscal year, with 50% of the amount to be used for enforcing the purposes of 23-2-601, 23-2-602, 23-2-611, 23-2-614 through 23-2-619, 23-2-621, 23-2-622, 23-2-631 through
7 23-2-635, and 23-2-641 through 23-2-644 and 50% of the amount designated for use in the development, maintenance, and operation of snowmobile facilities; and

8 (iii) ~~0.5% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and 0.16% of the motor vehicle revenue deposited in the state general fund in each~~
9 ~~succeeding~~ fiscal year to be deposited in the motorboat account to be used as provided in 23-2-533;

10 (d) ~~0.75% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and 0.64% of the motor vehicle revenue deposited in the state general fund in each~~
11 ~~succeeding~~ fiscal year, with ~~21.30% in fiscal year 2006 and 24.55% in each~~ fiscal year 2007 and succeeding fiscal years to be deposited in the state veterans' cemetery account provided for
12 in 10-2-603 and with ~~78.70% in fiscal year 2006 and 75.45% in each~~ fiscal year 2007 and succeeding fiscal years to be deposited in the veterans' services account provided for in 10-2-112(1);

13 (e) ~~0.59% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and 0.30% of the motor vehicle revenue deposited in the state general fund in each~~
14 ~~succeeding~~ fiscal year for deposit in the state special revenue fund to the credit of the senior citizens and persons with disabilities transportation services account provided for in 7-14-112;
15 and

16 (f) to the search and rescue account provided for in 10-3-801, ~~0.20% of the motor vehicle revenue deposited in the state general fund in fiscal year 2006 and 0.04% of the motor~~
17 ~~vehicle revenue deposited in the state general fund in each succeeding~~ fiscal year.

18 (4) For the purposes of this section, "motor vehicle revenue deposited in the state general fund" means revenue received from:

19 (a) fees for issuing a motor vehicle title paid pursuant to 61-3-203;

20 (b) fees, fees in lieu of taxes, and taxes for vehicles, vessels, and snowmobiles registered or reregistered pursuant to 61-3-321 and 61-3-562;

21 (c) GVW fees for vehicles registered for licensing pursuant to Title 61, chapter 3, part 3; and

22 (d) all money collected pursuant to 15-1-504(3).

23 (5) The amounts transferred from the general fund to the designated recipient must be appropriated as state special revenue ~~in the general appropriations act~~ for the designated
24 purposes."

25
26 **Section 7.** Section 17-1-507, MCA, is amended to read:

1 **"17-1-507. Principles of revenue dedication.** (1) It is the policy of the legislature that a revenue source not be dedicated for a specific purpose unless one or more of the following
2 conditions are met:

3 (a) The person or entity paying the tax, fee, or assessment is the direct beneficiary of the specific activity that is funded by the tax, fee, or assessment; the entire cost of the activity
4 is paid by the beneficiary; and the tax, fee, or assessment paid is commensurate with the cost of the activity, including reasonable administrative costs.

5 (b) There is an expectation that funds donated by a person or entity will be used for a specified purpose. Grants from private or public entities are considered donations under this
6 subsection.

7 (c) There is a legal basis for the revenue dedication. A legal basis is a constitutional mandate, federal mandate, or statutory requirement in which a source of funds is designated
8 for a specific purpose.

9 (d) There is a recognized need for accountability through a separation of funding from the general fund consistent with generally accepted accounting principles.

10 (2) The total funding for a program is a legislative budget and policy issue for which a dedicated revenue provision may not be justified if:

11 (a) a general fund appropriation is needed to supplement the dedicated revenue support for the program or activity; or

12 (b) dedicating a revenue source or portion of a revenue source diverts funds that could be considered a general revenue source.

13 (3) In the consideration of the general appropriations act for each biennium, the legislature shall determine the appropriateness of dedicating revenue to a program or activity under
14 conditions described in subsection (2). The office of budget and program planning shall describe the occurrence in its presentation of the executive budget, and the legislative fiscal analyst
15 shall highlight the issue in the budget analysis and for the appropriations subcommittee considering the revenue dedication."
16

17 **Section 8.** Section 17-7-102, MCA, is amended to read:

18 **"17-7-102. Definitions.** As used in this chapter, the following definitions apply:

19 (1) "Additional services" means different services or more of the same services.

20 (2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that
21 spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.

22 (3) "Approving authority" means:

23 (a) the governor or the governor's designated representative for executive branch agencies;

24 (b) the chief justice of the supreme court or the chief justice's designated representative for judicial branch agencies;

25 (c) the speaker for the house of representatives;

26 (d) the president for the senate;

1 (e) appropriate legislative committees or a designated representative for legislative branch agencies; or

2 (f) the board of regents of higher education or its designated representative for the university system.

3 (4) "Base budget" means, subject to [sections 20 and 21], the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current
4 biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.

5 (5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.

6 (6) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and unanticipated circumstance that has occurred subsequent to the time that an agency's
7 appropriation was made, that was clearly not within the contemplation of the legislature and the governor, and that affects one or more functions of a state agency and the agency's expenditure
8 requirements for the performance of the function or functions.

9 (7) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set forth in 17-8-101.

10 (8) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration.

11 (9) "New proposals" means requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding. For purposes
12 of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of
13 constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal.

14 (10) "Present law base" means, subject to [sections 20 and 21], that level of funding needed under present law to maintain operations and services at the level authorized by the
15 previous legislature, including but not limited to:

16 (a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;

17 (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;

18 (c) inflationary or deflationary adjustments; and

19 (d) elimination of nonrecurring appropriations.

20 (11) "Program" means a principal organizational or budgetary unit within an agency.

21 (12) "Requesting agency" means the agency of state government that has requested a specific budget amendment.

22 (13) "University system unit" means the board of regents of higher education; office of the commissioner of higher education; university of Montana, with campuses at Missoula, Butte,
23 Dillon, and Helena; Montana state university, with campuses at Bozeman, Billings, Havre, and Great Falls; the agricultural experiment station, with central offices at Bozeman; the forest and
24 conservation experiment station, with central offices at Missoula; the cooperative extension service, with central offices at Bozeman; the bureau of mines and geology, with central offices at
25 Butte; the fire services training school at Great Falls; and the community colleges at Miles City, Glendive, and Kalispell."

26

1 **Section 9.** Section 17-7-123, MCA, is amended to read:

2 **"17-7-123. Form of executive budget.** (1) The budget submitted must set forth a balanced financial plan for funds subject to appropriation and enterprise funds that transfer profits
3 to the general fund or to accounts subject to appropriation for each accounting entity and for the state government for each fiscal year of the ensuing biennium. The base level plan must consist
4 of:

5 (a) a consolidated budget summary setting forth the aggregate figures of the budget in a manner that shows a balance between the total proposed disbursements and the total
6 anticipated receipts, together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted with the corresponding figures for the last-completed fiscal
7 year and the fiscal year in progress. The consolidated budget summary must be supported by explanatory schedules or statements.

8 (b) budget and full-time equivalent personnel position comparisons by agency, program, and appropriated funds for the current and subsequent biennium;

9 (c) the departmental mission and a statement of goals and objectives for the department;

10 (d) base budget disbursements for the completed fiscal year of the current biennium, estimated comparable disbursements for the current fiscal year, and the proposed present law
11 base budget plus new proposals, if any, for each department and each program of the department;

12 (e) a statement containing recommendations of the governor for the ensuing biennium by program and disbursement category, including:

13 (i) explanations of appropriation and revenue measures included in the budget that involve policy changes;

14 (ii) matters not included as a part of the executive budget bill but included as a part of the executive budget, such as the state employee pay plan, programs funded through separate
15 appropriations measures, and other matters considered necessary for comprehensive public and legislative consideration of the state budget; and

16 (iii) a summary of budget requests that include proposed expenditures on information technology resources. The summary must include funding, program references, and a decision
17 package reference;

18 (f) a report on:

19 (i) enterprise funds not subject to the requirements of subsections (1)(a) through (1)(e), including retained earnings and contributed capital, projected operations and charges, and
20 projected fund balances; and

21 (ii) fees and charges in the internal service fund type, including changes in the level of fees and charges, projected use of the fees and charges, and projected fund balances. Fees
22 and charges in the internal service fund type must be approved by the legislature in ~~the general~~ a bill providing appropriations for each agency. Fees and charges in a biennium may not
23 exceed the level approved by the legislature ~~in the general appropriations act effective for that biennium~~.

24 (g) any other financial or budgetary material agreed to by the budget director and the legislative fiscal analyst.

25 (2) The statement of departmental goals and objectives and the schedule for each fund required in 17-7-111(3)(b) of the executive budget are not required to be printed but must
26 be available in the office of budget and program planning and on the internet."

1 **Section 10.** Section 17-7-131, MCA, is amended to read:

2 **"17-7-131. Legislative action -- ending fund balance.** (1) The presiding officers of the house of representatives and of the senate shall promptly refer the budgets and budget bills
3 to the proper committees. The budget bill for the maintenance of the agencies of state government and the state institutions must be based upon the budget and proposed budget bill submitted
4 at the request of the governor. The legislature may amend the proposed budget bill, but it may not ~~amend the proposed~~ enact a budget bill so as to ~~that will~~ affect either the obligations of the
5 state or the payment of any salaries required to be paid by the constitution and laws of the state.

6 (2) The adopted budget must be limited so that a positive ending general fund balance exists at the end of the biennium for which funds are appropriated."
7

8 **Section 11.** Section 17-7-138, MCA, is amended to read:

9 **"17-7-138. Operating budget.** (1) (a) Expenditures by a state agency must be made in substantial compliance with the budget approved by the legislature. Substantial compliance
10 may be determined by conformity to the conditions contained in the bill providing general appropriations act for the agency and to legislative intent as established in the narrative accompanying
11 the ~~general bill providing~~ appropriations act for the agency. An explanation of any significant change in agency or program scope must be submitted on a regular basis to the interim committee
12 that has program evaluation and monitoring functions for the agency pursuant to Title 5, chapter 5, part 2. An explanation of any significant change in agency or program scope, objectives,
13 activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any implementation of the change. A significant
14 change may not conflict with a condition contained in the ~~general bill providing~~ appropriations act for the agency. If the approving authority certifies that a change is time-sensitive, the approving
15 authority may approve the change prior to the next regularly scheduled meeting of the legislative finance committee. The approving authority shall submit all proposed time-sensitive changes
16 to the legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification of the legislative finance committee is warranted, the legislative fiscal analyst shall
17 immediately notify as many members as possible of the proposed change and communicate any concerns expressed to the approving authority. The approving authority shall present a report
18 fully explaining the reasons for the action to the next meeting of the legislative finance committee. Except as provided in subsection (2), the expenditure of money appropriated in the ~~general~~
19 bill providing appropriations ~~act for an agency~~ is contingent upon approval of an operating budget by August 1 of each fiscal year. An approved original operating budget must comply with
20 state law and conditions contained in the ~~general bill providing~~ appropriations act for the agency.

21 (b) For the purposes of this subsection (1), an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if:

22 (i) the operating budget change exceeds \$1 million; or

23 (ii) the operating budget change exceeds 25% of a budget category and the change is greater than \$25,000. If there have been other changes to the budget category in the current
24 fiscal year, all the changes, including the change under consideration, must be used in determining the 25% and \$25,000 threshold.

25 (2) The expenditure of money appropriated in the ~~general bill providing~~ appropriations act to the board of regents, on behalf of the university system units, as defined in 17-7-102,
26 is contingent upon approval of a comprehensive operating budget by October 1 of each fiscal year. The operating budget must contain detailed revenue and expenditures and anticipated fund

1 balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval
2 of the board of regents. Transfers and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst.

3 (3) The operating budget for money appropriated by the ~~general bill providing the primary~~ appropriations ~~act for an agency~~ must be separate from the operating budget for money
4 appropriated by another law except a law appropriating money for the state pay plan or any portion of the state pay plan. The legislature may restrict the use of funds appropriated for personal
5 services to allow use only for the purpose of the appropriation. Each operating budget must include expenditures for each agency program, detailed at least by first-level categories as provided
6 in 17-1-102(3). Each agency shall record its operating budget for all funds, other than higher education funds, and any approved changes on the statewide budget and accounting state financial
7 system. Documents implementing approved changes must be signed. The operating budget for higher education funds must be recorded on the university financial system, with separate
8 accounting categories for each source or use of state government funds. State sources and university sources of funds may be combined for the general operating portion of the current
9 unrestricted funds."

10
11 **Section 12.** Section 17-7-139, MCA, is amended to read:

12 **"17-7-139. Program transfers.** (1) Unless prohibited by law or a condition contained in the ~~general bill providing~~ appropriations ~~act for an agency~~, the approving authority may approve
13 agency requests to transfer appropriations between programs within each fund type within each fiscal year. The legislature may restrict the use of funds appropriated for personal services
14 to allow use only for the purpose of the appropriation. An explanation of any significant transfer must be submitted on a regular basis to the interim committee that has program evaluation and
15 monitoring functions for the agency pursuant to Title 5, chapter 5, part 2. An explanation of any transfer that involves a significant change in agency or program scope, objectives, activities,
16 or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any implementation of the change. If the approving
17 authority certifies that a request for a transfer representing a significant change in agency or program scope, objectives, activities, or expenditures is time-sensitive, the approving authority
18 may approve the transfer prior to the next regularly scheduled meeting of the legislative finance committee. The approving authority shall submit all proposed time-sensitive changes to the
19 legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification of the legislative finance committee is warranted, the legislative fiscal analyst shall immediately
20 notify as many members as possible of the proposed change and communicate any concerns expressed to the approving authority. The approving authority shall present a report fully explaining
21 the reasons for the action to the next meeting of the legislative finance committee. All program transfers must be completed within the same fund from which the transfer originated. A request
22 for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by the requesting agency to the approving authority and the office of budget and program
23 planning. Upon approval of the transfer in writing, the approving authority shall inform the legislative fiscal analyst of the approved transfer and the justification for the transfer. If money
24 appropriated for a fiscal year is transferred to another fiscal year, the money may not be retransferred, except that money remaining from projected costs for spring fires estimated in the last
25 quarter of the first year of a biennium may be retransferred.

26 (2) For the purposes of subsection (1), an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if:

1 (a) the budget transfer exceeds \$1 million; or

2 (b) the budget transfer exceeds 25% of a program's total operating plan and the transfer is greater than \$25,000. If there have been other transfers to or from the program in the
3 current fiscal year, all the transfers, including the transfer under consideration, must be used in determining the 25% and \$25,000 threshold."
4

5 **Section 13.** Section 17-7-140, MCA, is amended to read:

6 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue.
7 Except as provided in subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the criteria provided in subsection (1)(b), shall direct agencies
8 to reduce spending in an amount that ensures that the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations during the biennium. An
9 agency may not be required to reduce general fund spending for any program, as defined in each ~~general bill providing~~ general bill providing appropriations ~~set for an agency~~, by more than 10% during a biennium.
10 Departments or agencies headed by elected officials or the board of regents may not be required to reduce general fund spending by a percentage greater than the percentage of general fund
11 spending reductions required for the total of all other executive branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may direct that the
12 appropriation item may not be reduced by more than 10%.

13 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund expenditures. Prior to directing agencies to reduce spending as provided in subsection
14 (1)(a), the governor shall direct each agency to analyze the nature of each program that receives a general fund appropriation to determine whether the program is mandatory or permissive
15 and to analyze the impact of the proposed reduction in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning and shall
16 at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and program planning shall review each agency's analysis, and the budget director shall
17 submit to the governor a copy of the office of budget and program planning's recommendations for reductions in spending. The budget director shall provide a copy of the recommendations
18 to the legislative fiscal analyst at the time that the recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed changes to the
19 recommendations. The legislative finance committee shall meet within 20 days of the date that the proposed changes to the recommendations for reductions in spending are provided to the
20 legislative fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed reductions in spending to the budget director at least 5 days
21 before the meeting of the legislative finance committee. The committee may make recommendations concerning the proposed reductions in spending. The governor shall consider each agency's
22 analysis and the recommendations of the office of budget and program planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in spending
23 must be designed to have the least adverse impact on the provision of services determined to be most integral to the discharge of the agency's statutory responsibilities.

24 (2) Reductions in spending for the following may not be directed by the governor:

25 (a) payment of interest and principal on state debt;

26 (b) the legislative branch;

1 (c) the judicial branch;

2 (d) the school BASE funding program, including special education;

3 (e) salaries of elected officials during their terms of office; and

4 (f) the Montana school for the deaf and blind.

5 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the budget director to the governor, by which the projected ending general fund
6 balance for the biennium is less than:

7 (i) 2% of the general fund appropriations for the second fiscal year of the biennium prior to October of the year preceding a legislative session;

8 (ii) 3/4 of 1% in October of the year preceding a legislative session;

9 (iii) 1/2 of 1% in January of the year in which a legislative session is convened; and

10 (iv) 1/4 of 1% in March of the year in which a legislative session is convened.

11 (b) In determining the amount of the projected general fund budget deficit, the budget director shall take into account revenue, established levels of appropriation, anticipated
12 supplemental appropriations for school equalization aid, and anticipated reversions.

13 (4) If the budget director determines that an amount of actual or projected receipts will result in an amount less than the amount projected to be received in the revenue estimate
14 established pursuant to 5-5-227, the budget director shall notify the revenue and transportation interim committee of the estimated amount. Within 20 days of notification, the revenue and
15 transportation interim committee shall provide the budget director with any recommendations concerning the amount. The budget director shall consider any recommendations of the revenue
16 and transportation interim committee prior to certifying a projected general fund budget deficit to the governor."

17
18 **Section 14.** Section 17-7-142, MCA, is amended to read:

19 **"17-7-142. Calculation of reversions for funded resident enrollment growth in Montana university system and community colleges.** (1) The reversion calculation in this section
20 is effective only in those years when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a reversion by the Montana university system
21 or a community college if the resident enrollment projections are not met.

22 (2) The reversion must be calculated based upon the marginal funding for each resident FTE identified in the general bill providing appropriations ~~act~~ for the university system and
23 community colleges.

24 (3) The total reversion is calculated based upon the difference between the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment
25 projection and the prior 3-year average FTE resident enrollment, whichever is lower."
26

1 **Section 15.** Section 17-7-301, MCA, is amended to read:

2 **"17-7-301. Authorization to expend during first year of biennium from appropriation for second year -- proposed supplemental appropriation defined -- limit on second-year**
3 **expenditures.** (1) An agency may make expenditures during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium if authorized by the general bill
4 providing appropriations ~~act for the agency~~. An agency that is not authorized in the ~~general appropriations act~~ to make first-year expenditures may be granted spending authorization by the
5 approving authority upon submission and approval of a proposed supplemental appropriation to the approving authority. The proposal submitted to the approving authority must include a plan
6 for reducing expenditures in the second year of the biennium that allows the agency to contain expenditures within appropriations. If the approving authority finds that, ~~due to~~ because of an
7 unforeseen and unanticipated emergency, the amount actually appropriated for the first fiscal year of the biennium with all other income will be insufficient for the operation and maintenance
8 of the agency during the year for which the appropriation was made, the approving authority shall, after careful study and examination of the request and upon review of the recommendation
9 for executive branch proposals by the budget director, submit the proposed supplemental appropriation to the legislative fiscal analyst.

10 (2) The plan for reducing expenditures required by subsection (1) is not required if the proposed supplemental appropriation is:

11 (a) due to an unforeseen and unanticipated emergency for fire suppression;

12 (b) requested by the superintendent of public instruction, in accordance with the provisions of 20-9-351, and is to complete the state's funding of guaranteed tax base aid,
13 transportation aid, or equalization aid to elementary and secondary schools for the current biennium; or

14 (c) requested by the attorney general and:

15 (i) is to pay the costs associated with litigation in which the department of justice is required to provide representation to the state of Montana; or

16 (ii) in accordance with the provisions of 7-32-2242, is to pay costs for which the department of justice is responsible for confinement of an arrested person in a detention center.

17 (3) Upon receipt of the recommendation of the legislative finance committee pursuant to 17-7-311, the approving authority may authorize an expenditure during the first fiscal year
18 of the biennium to be made from the appropriation for the second fiscal year of the biennium. Except as provided in subsection (2), the approving authority shall require the agency to implement
19 the plan for reducing expenditures in the second year of the biennium that contains agency expenditures within appropriations.

20 (4) The agency may expend the amount authorized by the approving authority only for the purposes specified in the authorization.

21 (5) The approving authority shall report to the next legislature in a special section of the budget the amounts expended as a result of all authorizations granted by the approving
22 authority and shall request that any necessary supplemental appropriation bills be passed.

23 (6) As used in this part, "proposed supplemental appropriation" means an application for authorization to make expenditures during the first fiscal year of the biennium from
24 appropriations for the second fiscal year of the biennium.

25 (7) (a) Except as provided in subsections (2) and (7)(b), an agency may not make expenditures in the second year of the biennium that, if carried on for the full year, will require a
26 deficiency appropriation, commonly referred to as a "supplemental appropriation".

1 (b) An agency shall prepare and, to the extent feasible, implement a plan for reducing expenditures in the second year of the biennium that contains agency expenditures within
2 appropriations. The approving authority is responsible for ensuring the implementation of the plan. If, in the second year of a biennium, mandated expenditures that are required by state or
3 federal law will cause an agency to exceed appropriations or available funds, the agency shall reduce all nonmandated expenditures pursuant to the plan in order to reduce to the greatest
4 extent possible the expenditures in excess of appropriations or funding. An agency may not transfer funds between fund types in order to implement a plan."

5
6 **Section 16.** Section 17-7-304, MCA, is amended to read:

7 **"17-7-304. Disposal of unexpended appropriations.** (1) All money appropriated for any specific purpose except that appropriated for the university system units listed in subsection
8 (2) [or state money appropriated for the state children's health insurance program provided for in Title 53, chapter 4, part 10,] and except as provided in subsection (4) must, after the expiration
9 of the time for which appropriated, revert to the several funds and accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may be used
10 for the years for which the appropriation was made or may be used to fund the provisions of 2-18-1203 through 2-18-1205 and 19-2-706 in the succeeding year.

11 (2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the university of Montana campuses at Missoula, Butte, Dillon, and Helena and the
12 Montana state university campuses at Bozeman, Billings, Havre, and Great Falls, the agricultural experiment station with central offices at Bozeman, the forest and conservation experiment
13 station with central offices at Missoula, the cooperative extension service with central offices at Bozeman, and the bureau of mines and geology with central offices in Butte must, after the
14 expiration of the time for which appropriated, revert to an account held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a statutory appropriation,
15 as provided in 17-7-502, to use the funds held in this account in accordance with a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases
16 prepared by the affected university system units and approved by the board of regents. The affected university system units may, with the approval of the board of regents, modify the long-term
17 plan at any time to address changing needs and priorities. The board of regents shall communicate the plan to each legislature, to the finance committee when requested by the committee,
18 and to the office of budget and program planning.

19 (3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed by the governor pursuant to 17-7-140. Any amount that is a result of a reduction
20 in spending directed by the governor must revert to the fund or account from which it was originally appropriated.

21 (4) (a) Subject to subsection (4)(b), after the end of a fiscal year, 30% of the money appropriated to an agency for that year ~~by the general appropriations act~~ for personal services,
22 operating expenses, and equipment, by fund type, and remaining unexpended and unencumbered at the end of the year may be reappropriated to be spent during the following 2 years for
23 any purpose that is consistent with the goals and objectives of the agency. The dollar amount of the 30% amount that may be carried forward and spent must be determined by the office of
24 budget and program planning.

25 (b) (i) Any portion of the 30% of the unexpended and unencumbered money referred to in subsection (4)(a) that was appropriated to a legislative branch entity may be deposited
26 in the account established in 5-11-407.

1 (ii) After the end of a biennium, any portion of the unexpended and unencumbered money appropriated for the operation of the preceding legislature in a separate appropriation act
 2 may be deposited in the account established in 5-11-407. The approving authority shall determine the portion of the unexpended and unencumbered money that is deposited in the account.
 3 (Bracketed language terminates on occurrence of contingency--sec. 7, Ch. 565, L. 2005.)"
 4

5 **Section 17.** Section 20-15-310, MCA, is amended to read:

6 **"20-15-310. Appropriation.** It is the intent of the legislature that all community college spending, other than from restricted funds or funds generated by an optional, voted levy, be
 7 governed by the provisions of this part and the ~~state general bill providing appropriations act to the community colleges~~. The state general fund appropriation must be based on a budget amount
 8 per full-time equivalent student, as determined by the legislature. The student count may not include those enrolled in community service courses as defined by the board of regents."
 9

10 **Section 18.** Section 20-25-428, MCA, is amended to read:

11 **"20-25-428. Financial assistance for resident nonbeneficiary students.** (1) Subject to a line item appropriation for purposes of this section, the regents shall provide financial
 12 assistance to tribally controlled community colleges for enrolled resident nonbeneficiary students who, except as provided in subsection (8), are taking courses for which credit is transferable
 13 to another Montana college or university.

14 (2) Each tribal community college shall apply for this assistance to the regents. Except as provided in subsection (6), the money must be distributed on a prorated basis according
 15 to the eligible resident nonbeneficiary student enrollment in each tribal community college during the previous year. To qualify, a resident nonbeneficiary student must meet the residency
 16 requirements as prescribed for the system by the regents and, except as provided in subsection (8), must be enrolled in courses for which credit is transferable to another Montana college
 17 or university. The distribution for any student is limited to a maximum of \$3,024 each year for each full-time equivalent student.

18 (3) An expenditure is contingent upon the tribal community college:

19 (a) being accredited or being a candidate for accreditation by the northwest association of schools and colleges;

20 (b) entering into a contract or a state-tribal cooperative agreement, pursuant to Title 18, chapter 11, with the regents to provide the regents with information relating to eligibility of
 21 resident nonbeneficiary students and documentation on the curriculum to ensure that the content and quality of courses offered by the tribal community college are consistent with the standards
 22 adopted by the system;

23 (c) providing the regents with documentation that credits for the courses in which the resident nonbeneficiary students are enrolled, except as provided in subsection (8), will be
 24 accepted at another Montana college or university; and

25 (d) filing with the regents evidence that the college's enrollment of Indian students is at least 51%, as required by the Tribally Controlled Community College Assistance Act of 1978,
 26 25 U.S.C. 1804.

1 (4) If funding is available pursuant to subsection (1), the legislature intends that the money be an amount in addition to the system budget approved in the ~~general bill providing~~
 2 appropriations ~~act~~ to the university system.

3 (5) All funds appropriated under subsection (1) that are unspent revert to the state general fund.

4 (6) Prior to receiving money pursuant to subsection (1), each tribal community college shall grant to eligible resident nonbeneficiary students who meet the residency requirements,
 5 as prescribed for the system by the regents, fee waivers in the same percentage as the number of Indian students who are receiving fee waivers to attend a unit of the system bears to the
 6 total enrollment in the system.

7 (7) The calculation in subsection (6) is not intended to allow the university system to retain the calculated amount of funds. Waivers must be given to eligible students.

8 (8) The limit of financial assistance to nonbeneficiary students enrolled in courses for which credit is transferable to another Montana college or university does not apply to a
 9 nonbeneficiary student enrolled in a course directly related to a vocational degree program or to a 2- to 4-year degree program or certificate program."

10
 11 **Section 19.** Section 90-4-614, MCA, is amended to read:

12 **"90-4-614. Appropriation of energy cost savings.** (1) In preparing the executive budget each biennium, the governor shall include for each state agency participating in the state
 13 energy conservation program:

14 (a) an estimate of the energy cost savings expected for that agency in each year of the biennium; and

15 (b) a projection of the debt service on energy conservation program bonds that should be apportioned to that agency in each year of the biennium. Debt service is zero after the term
 16 of bond repayment.

17 (2) Each session, the legislature shall review the governor's submission pursuant to 90-4-606 and subsection (1) of this section and appropriate ~~in the general appropriations act~~
 18 the following:

19 (a) authority for each participating state agency to transfer funds in an amount equal to the agency's projected debt service to the energy conservation program account established
 20 in 90-4-612; and

21 (b) authority for each participating state agency to transfer funds to the long-range building program fund in an amount equal to the difference between the estimated energy cost
 22 savings to the agency and the projected debt service apportioned to that agency.

23 (3) The current level utility appropriations of state agencies participating in the energy conservation program must be reduced by the sum of the amounts appropriated in subsections
 24 (2)(a) and (2)(b).

25 (4) Each participating state agency shall transfer upon request of the department the amounts appropriated in accordance with subsection (2)."
 26

1 **NEW SECTION.** **Section 20. Credit transferability incentive.** (1) The university system is encouraged to:

2 (a) create ~~44~~ 7 faculty councils to work on the transferability of credits between units of the university system;

3 (b) create transfer pathways in ~~44~~ 7 different program and subject areas, which may include common course work, a common curriculum, common course content, articulation
4 agreements, and other matters considered appropriate;

5 (c) increase the number of presecondary and postsecondary educational credits that are accepted by the university system by ~~45%~~ 10% above the fiscal year 2007 baseline, including
6 but not limited to dual enrollment, running start, advanced placement, and technology preparation; and

7 (d) reduce the number of appeals of transfer credit decisions below the rate that is documented for the 2006-07 base year, toward the goal of reducing the rate by at least 50% by
8 2009-10.

9 (2) By August 2008, the office of the commissioner of higher education shall report to the education and local government interim committee success in achieving the measures
10 contained in subsection (1). If the measures contained in subsection (1) are achieved, then the education and local government interim committee shall recommend to the office of budget
11 and program planning that the appropriation of \$312,500, contained in [section 26] and designated as "one time only", be treated as present law base and be part of the base budget for the
12 executive budget submitted to the 61st legislature.

13
14 **NEW SECTION.** **Section 21. Distance learning incentive.** (1) The university system is encouraged to expand and coordinate the distance learning program across the university
15 system. The university system is urged to:

16 (a) increase by 10%, above the fiscal year 2007 baseline, the number of students enrolled in distance learning education courses, toward a biennial goal of 20%;

17 (b) increase by ~~40%~~ 5%, above the fiscal year 2007 baseline, the number of distance learning courses and programs that are offered, which would be a total of approximately ~~60~~
18 30 new courses and programs; and

19 (c) increase by ~~40%~~ 5%, above the fiscal year 2007 baseline, the number of new credit and noncredit distance education programs that are intended to serve primarily workers in
20 need of career training and employers in need of specially skilled workers, which would be a total of approximately ~~30~~ 15 new courses.

21 (2) By August 2008, the office of the commissioner of higher education shall report to the education and local government interim committee success in achieving the measures
22 contained in subsection (1). If the measures contained in subsection (1) are achieved, then the education and local government interim committee shall recommend to the office of budget
23 and program planning that the appropriation of \$225,000, contained in [section 26] and designated as "one time only", be treated as present law base and be part of the base budget for the
24 executive budget submitted to the 61st legislature.

25
26 **NEW SECTION.** **Section 22. Student assistance -- financial aid report.** The appropriation in [section 26] for the Montana university system includes funding for a report to the

1 education and local government interim committee by August 2008 that includes the following:

2 (1) A segment of the report must address the various components of student financial aid, both federal and state funded, including the Baker grant program, the Montana higher
3 education grant program, Pell grants, the leveraging educational assistance partnership (LEAP) program, the special leveraging educational assistance partnership (SLEAP) program, the
4 governor's scholarship program, the Montana partnering for affordable college tuition (MPACT) program, tuition waivers, Montana university system honors scholarships, work study, and federal
5 Perkins loans. The report must include findings and recommendations for how the components of the student financial aid program may best achieve the shared policy goals of affordability
6 approved by the interim postsecondary education policy and budget subcommittee.

7 (2) The report must address the impact that all student assistance programs have on progress toward the board of regents 2006-2010 strategic plan goal I(2), to make higher education
8 more affordable by offering more need-based financial aid and scholarships, and on the following measures:

- 9 (a) reducing the gap between expected family contributions and average cost of attendance;
10 (b) increasing the percentage of students who receive financial aid or scholarships; and
11 (c) increasing the average aid and scholarship award amount.

12

13 **NEW SECTION. Section 23. Severability.** If any section, subsection, sentence, clause, or phrase of [this act] is for any reason held unconstitutional, the decision does not affect
14 the validity of the remaining portions of [this act].

15

16 **NEW SECTION. Section 24. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective July 1, 2007.

17 (2) [Sections 7 through 20] are effective on passage and approval.

18

19 **NEW SECTION. Section 25. Termination.** [Sections 8 and 20 through 22] terminate June 30, 2009.

20

21 **NEW SECTION. Section 26. Appropriations.** The following money is appropriated for the respective fiscal years:

		<u>Fiscal 2008</u>					<u>Fiscal 2009</u>					
<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	
1	MONTANA UNIVERSITY SYSTEM, INCLUDING OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION AND EDUCATIONAL UNITS AND AGENCIES (5100)											
2	1. OCHE -- Administration (01)											
3	1,714,992	0	278,082	101,145	0	2,094,219	1,716,018	0	278,081	101,143	0	2,095,242
4	a. Legislative Audit (Restricted/Biennial)											
5	37,980	0	0	0	0	37,980	0	0	0	0	0	0
6	b. Transferability of Student Data (OTO)											
7	791,099	0	0	0	0	791,099	253,901	0	0	0	0	253,901
8	c. Moving Expenses (OTO)											
9	30,000	0	0	0	0	30,000	0	0	0	0	0	0
10	d. Coordinate and Expand Distance Learning (OTO)											
11	225,000	0	0	0	0	225,000	200,000	0	0	0	0	200,000
12	e. Rent Increase (Restricted)											
13	13,356	0	0	0	0	13,356	54,420	0	0	0	0	54,420
14	2. OCHE -- Student Assistance Program (02)											
15	4,077,289	100,000	232,915	0	0	4,410,204	4,078,389	100,000	232,915	0	0	4,411,304
16	a. Governor's Postsecondary Scholarship Program (Restricted)											
17	1,530,000	0	0	0	0	1,530,000	2,510,000	0	0	0	0	2,510,000
18	b. WICHE/WWAMI/MN Dental Program											
19	5,197,136	0	0	0	0	5,197,136	5,382,581	0	0	0	0	5,382,581
20	3. OCHE -- Improving Teacher Quality (03)											
21	0	0	385,000	0	0	385,000	0	0	395,000	0	0	395,000
22	4. OCHE -- Community College Assistance (04) (Biennial)											
23	8,282,145	0	0	0	0	8,282,145	8,390,362	0	0	0	0	8,390,362
24	5. OCHE -- Talent Search (06)											
25	72,848	0	4,467,217	0	0	4,540,065	72,881	0	4,471,456	0	0	4,544,337
26	6. OCHE -- Workforce Development (08)											
27	90,918	0	6,295,362	0	0	6,386,280	90,902	0	6,295,751	0	0	6,386,653

		<u>Fiscal 2008</u>					<u>Fiscal 2009</u>						
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	
1	7.	OCHE -- Appropriation Distribution Transfers (09)											
2		116,549,958	17,285,323	0	0	0	133,835,281	122,289,766	16,089,436	0	0	0	138,379,202
3	a.	Legislative Audit (Restricted/Biennial)											
4		575,741	0	0	0	0	575,741	0	0	0	0	0	0
5	b.	Equipment and Technology (OTO)											
6		1,500,000	2,000,000	0	0	0	3,500,000	0	0	0	0	0	0
7	c.	Workforce Training -- Program Development (OTO)											
8		1,400,000	0	0	0	0	1,400,000	0	0	0	0	0	0
9	d.	Research Agencies Equipment (OTO)											
10		1,000,000	0	0	0	0	1,000,000	0	0	0	0	0	0
11	e.	High School Honors Tuition Waivers (OTO)											
12		0	500,000	0	0	0	500,000	0	500,000	0	0	0	500,000
13	f.	Dental Hygiene Program at Great Falls College of Technology (Restricted)											
14		235,000	0	0	0	0	235,000	235,000	0	0	0	0	235,000
15	g.	Agriculture Experiment Station											
16		11,756,625	0	0	0	0	11,756,625	11,796,748	0	0	0	0	11,796,748
17	h.	Extension Service											
18		5,551,495	0	0	0	0	5,551,495	5,567,426	0	0	0	0	5,567,426
19	i.	Forest and Conservation Experiment Station											
20		1,094,186	0	0	0	0	1,094,186	1,103,415	0	0	0	0	1,103,415
21	j.	Bureau of Mines and Geology											
22		1,820,060	666,000	0	0	0	2,486,060	1,888,718	666,000	0	0	0	2,554,718
23	k.	Fire Services Training School											
24		758,739	0	0	0	0	758,739	723,023	0	0	0	0	723,023
25	l.	Yellow Bay Biological Station											
26		100,000	0	0	0	0	100,000	100,000	0	0	0	0	100,000
27	<u>M.</u>	<u>REGIONAL INITIATIVES IN DENTAL EDUCATION (RESTRICTED/BIENNIAL)</u>											

	Fiscal 2008					Fiscal 2009					Total	
	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other	General Fund	State Special Revenue	Federal Special Revenue	Proprietary	Other		
1	<u>2,397,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,397,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2	N.	<u>COMPLETE CONSTRUCTION TRADES PORTION OF GREAT FALLS COT BUILDING PROJECT (RESTRICTED/BIENNIAL)</u>										
3	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4	8.	Tribal College Assistance Program (11) (Biennial)										
5	400,000	0	0	0	0	400,000	400,000	0	0	0	0	400,000
6	9.	OCHE -- Guaranteed Student Loan (12)										
7	0	0	48,832,760	0	0	48,832,760	0	0	51,707,217	0	0	51,707,217
8	a.	Legislative Audit (Restricted/Biennial)										
9	0	0	18,961	0	0	18,961	0	0	0	0	0	0
10	10.	OCHE -- Board of Regents (13)										
11	31,801	0	0	0	0	31,801	31,801	0	0	0	0	31,801
12	<hr/>											
13	Total											
14	<u>170,233,368</u>						<u>251,396,133</u>					
15	164,836,368	20,551,323	60,510,297	101,145	0	245,999,133	166,885,351	17,355,436	63,380,420	101,143	0	247,722,350

16 Items designated as OCHE-- Administration (01), Student Assistance Program (02), Improving Teacher Quality (03), Talent Search (06), Workforce Development (08), Appropriation
 17 Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, Bureau Ground Water
 18 Program, and Fire Services Training School], Guaranteed Student Loan (12), and Board of Regents (13) are a single biennial lump-sum appropriation.

19 General fund money and state and federal special revenue appropriated to the board of regents are included in all Montana university system programs (5100). All other public funds
 20 received by units of the Montana university system (other than plant funds appropriated in House Bill No. 5, relating to long-range building) are appropriated to the board of regents and may
 21 be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board
 22 policy.

23 The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and
 24 the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that
 25 is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

26 The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary
 27 and benefit data provided must reflect approved board of regents operating budgets.

<u>Fiscal 2008</u>						<u>Fiscal 2009</u>					
<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Proprietary</u>	<u>Other</u>	<u>Total</u>

1 Item OCHE -- Administration (01) includes a one-time-only appropriation of (\$58,519) in general fund money, \$57,109 in federal special revenue, and \$101,185 in proprietary fund
 2 revenue in fiscal year 2008 and (\$58,519) in general fund money, \$57,109 in federal special revenue, and \$101,185 in proprietary fund revenue in fiscal year 2009 to support a new indirect
 3 cost recovery plan.

4 WICHE/WWAMI/MN Dental Program is restricted so that any surplus funding may be transferred only to other student financial aid programs in Program 02.

5 If the legislature does not amend Governor's Postsecondary Scholarship Program to expand the number or size of the scholarship awards authorized in Title 20, chapter 26, part
 6 6, this item is reduced by \$250,000 in fiscal year 2008 and \$500,000 in fiscal year 2009, and OCHE -- Student Assistance Program is increased by \$139,768 in general fund money in fiscal
 7 year 2008 and \$221,900 in general fund money in fiscal year 2009 to support the Montana higher education grant (MHEG) program.

8 Contingent upon passage and approval of a teacher loan forgiveness program and a student loan payment account (LC2540) by the 2007 legislature, the legislature approved an
 9 appropriation of \$1.05 million in general fund money in the 2009 biennium to fund that program.

10 The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$1,815 each year of the 2009 biennium. The general fund
 11 appropriation for OCHE -- Community College Assistance (04) provides 48.5% of the fixed cost of education plus 48.5% of the variable cost of education for each full-time equivalent student
 12 in fiscal year 2008 and 49.3% of the fixed cost of education plus 49.3% of the variable cost of education for each full-time equivalent student in fiscal year 2009. The remaining percentage
 13 of the budget must be paid from funds other than those appropriated for OCHE -- Community College Assistance.

14 The general fund appropriation for OCHE -- Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,411 resident FTE students
 15 in both fiscal year 2008 and fiscal year 2009. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges
 16 shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges
 17 shall revert general fund money to the state in accordance with 17-7-142.

18 Total audit costs are estimated to be \$57,600 for the community colleges for the biennium. The general fund appropriation for each community college provides 48.5% of the total
 19 audit costs in the 2009 biennium. The remaining 51.5% of these costs must be paid from funds other than those appropriated for OCHE -- Community College Assistance. Audit costs for the
 20 biennium may not exceed \$18,500 for Dawson, \$16,600 for Miles, and \$22,500 for Flathead Valley community college.

21 The legislature defines rates for the Montana university system self-funded workers' compensation program to mean the amount necessary to maintain the plan on an actuarially
 22 sound basis.

23 Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$2,136,468 each year of the
 24 2009 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE.

25 Revenue anticipated to be received by the agriculture experiment station includes:

- 26 (1) interest earnings and other revenue of \$60,308 each year of the 2009 biennium; and
- 27 (2) federal revenue of \$2,098,417 in fiscal year 2008 and \$2,109,926 in fiscal year 2009.

<u>Fiscal 2008</u>					<u>Fiscal 2009</u>				
<u>General</u>	<u>State</u>	<u>Federal</u>	<u>Propri-</u>		<u>General</u>	<u>State</u>	<u>Federal</u>	<u>Propri-</u>	
<u>Fund</u>	<u>Special</u>	<u>Special</u>	<u>etary</u>	<u>Other</u>	<u>Fund</u>	<u>Special</u>	<u>Special</u>	<u>etary</u>	<u>Other</u>
	<u>Revenue</u>	<u>Revenue</u>				<u>Revenue</u>	<u>Revenue</u>		
					<u>Total</u>				
						<u>Total</u>			

1 Revenue anticipated to be received by the extension service includes:
 2 (1) interest earnings of \$20,133 each year of the 2009 biennium; and
 3 (2) federal revenue of \$2,429,908 in fiscal year 2008 and \$2,437,119 in fiscal year 2009.

4 Anticipated interest revenue of \$692 in each year of the 2009 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses.
 5 This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

6 Anticipated sales revenue of \$36,828 in fiscal year 2008 and \$37,983 in fiscal year 2009 is appropriated to the Bureau of Mines and Geology for current unrestricted operating
 7 expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

8 Anticipated interest revenue of \$943 each year of the 2009 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is
 9 in addition to that shown in OCHE -- Appropriation Distribution Transfers.

10 OCHE -- Appropriation Distribution Transfers includes \$932,200 for the 2009 biennium that must be transferred to the energy conservation program account and used to retire the
 11 general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of
 12 Montana-Missoula, \$104,000 in fiscal year 2008 and \$95,000 in fiscal year 2009; Montana tech of the university of Montana, \$31,800 in fiscal year 2008 and \$31,800 in fiscal year 2009; Montana
 13 state university-northern, \$69,200 in fiscal year 2008 and \$60,200 in fiscal year 2009; Montana state university-Bozeman, \$58,000 in fiscal year 2008 and \$58,000 in fiscal year 2009; Montana
 14 state university-Billings, \$105,500 in fiscal year 2008 and \$105,500 in fiscal year 2009; and western Montana college of the university of Montana, \$108,650 in fiscal year 2008 and \$108,150
 15 in fiscal year 2009.

16 The Montana university system shall pay \$88,506 for the 2009 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana
 17 state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.

18 Yellow Bay Biological Station is restricted to laboratory work associated with Flathead basin water quality monitoring.

19 Upon passage and approval of House Bill No. 116, providing that the cap on distributions to the bureau of mines and geology is lifted from the RIT interest and RIGWA funds, and
 20 subject to available funds, the following decision packages are approved and the amounts are appropriated to the bureau:

21 DP 1 - Maintain program funding: The legislature approved \$174,114 in state special revenue in the 2009 biennium to restore one-time program funding increases approved in the
 22 2007 biennium.

23 DP 2 - Support proposed pay plans: The legislature approved \$97,540 in state special revenue in the 2009 biennium to support personal services present law increases.

24 DP 3 - Operations support: The legislature approved \$8,070 in state special revenue in the 2009 biennium to support a 2% annual increase in gasoline and other operations costs.

25 Of the \$2 million 6-mill levy and \$1.5 million general fund appropriation for equipment and technology in Equipment and Technology, \$1.75 million must be matched on a one-to-one
 26 basis from nonstate funds identified by the board of regents. The grant process for distributing these funds, administered by the office of the commissioner of higher education, must require
 27 this one-to-one funding match by applicants and give scoring priority to grants that include matching funds. Matching funds may include federal revenue, private revenue, and other nonstate

<u>Fiscal 2008</u>					<u>Fiscal 2009</u>					
<u>General</u>	<u>State</u>	<u>Federal</u>	<u>Propri-</u>		<u>General</u>	<u>State</u>	<u>Federal</u>	<u>Propri-</u>		
<u>Fund</u>	<u>Special</u>	<u>Special</u>	<u>etary</u>	<u>Other</u>	<u>Fund</u>	<u>Special</u>	<u>Special</u>	<u>etary</u>	<u>Other</u>	
	<u>Revenue</u>	<u>Revenue</u>				<u>Revenue</u>	<u>Revenue</u>			
					<u>Total</u>					<u>Total</u>

1 university funds. The funding match may include in-kind revenue only if that revenue is equipment itself, cost reductions offered for purchased equipment, or space to house equipment. The
 2 office of the commissioner of higher education shall certify to the office of budget and program planning that an allowable funding match has been committed from an eligible revenue source,
 3 as evidenced by a commitment letter from that funding source. This appropriation is restricted so that 6-mill levy revenue may not be awarded to the community colleges.

4 Of the \$1.4 million general fund appropriation for high demand programs in Workforce Training--Program Development, \$700,000 must be matched by no less than one-half the
 5 appropriation amount, with nonstate funds identified by the board of regents. The grant process for distributing these funds, administered by the office of the commissioner of higher education,
 6 must require this funding match ratio and give scoring priority to grants that include matching funds. Matching funds may include federal revenue, private revenue, and other nonstate university
 7 funds. The funding match may include in-kind revenue only if that revenue is equipment itself, cost reductions offered for purchased equipment, or space to house equipment. The office of
 8 the commissioner of higher education shall certify to the office of budget and program planning that an allowable funding match has been committed from an eligible revenue source, as
 9 evidenced by a commitment letter from that funding source.

10 REGIONAL INITIATIVES IN DENTAL EDUCATION MAY BE USED ONLY TO ESTABLISH THE REGIONAL DENTAL EDUCATION INITIATIVE PROGRAM RECOMMENDED BY THE FEASIBILITY STUDY REPORT
 11 CONDUCTED PURSUANT TO HOUSE BILL NO. 522 (CHAPTER 339, LAWS OF 2005).

12 COMPLETE CONSTRUCTION TRADES PORTION OF GREAT FALLS COT BUILDING PROJECT MAY BE USED ONLY TO COMPLETE THE CONSTRUCTION TRADES BUILDING PROJECT AUTHORIZED BY CHAPTER
 13 499, LAWS OF 2005.

14 -End-