EXHIBIT 13
DATE 3/12/09
HB 645

SECTION F - LONG-RANGE PLANNING

Figure 1

9999 Summary Agency **All Programs**
Legislative Budget Comparison Table

Federal Stimulus Budget Version Budget Item	Base FY 2008	Approp FY 2009	Budgeted FY 2010	Budgeted FY 2011	Biennium FY 2008-09	Biennium FY 2010-11	Biennial Change	Biennial Percent
Operating Expenses	-	-	-	-	-	-	-	0.0%
Capital Outlay	-	-	3,000,000	3,000,000	-	6,000,000	6,000,000	0.0%
Local Assistance	-	-	-	-	-	-	-	0.0%
Transfers	-	-	80,804,600	80,804,600	-	161,609,200	161,609,200	0.0%
Total Costs	-	-	**83,804,600**	**83,804,600**	-	**167,609,200**	**167,609,200**	**0.0%**
General Fund	-	-	54,975,686	54,975,686	-	109,951,372	109,951,372	0.0%
Federal Spec. Rev. Funds	-	-	28,828,914	28,828,914	-	57,657,828	57,657,828	0.0%
Total Funds	-	-	**83,804,600**	**83,804,600**	-	**167,609,200**	**167,609,200**	**0.0%**

Agency Narrative

Long-Range Planning programs include new funding requests of $167.6 million for the biennium. The new requests consist of $110.0 million of freed up general funds and $57.7 million of federal special revenue from Montana's receipt of American Recovery and Reinvestment Act of 2009 (ARRA) funds.

Purpose of Funds

The purpose for the funding is to replace general fund for one-time transfers that fund long-range projects and increase the number of projects that can be completed using general funds freed up and federal funds made available through ARRA.

Statutory Changes

No statutory changes are anticipated in association with the funding for LRP programs.

Conditions and Limitations

In general, all proposals funded with either federal stabilization funds, federal energy funds, or general funds freed up through ARRA must be tracked for compliance as required in the reporting requirements of the ARRA and by administering federal agencies.

Long-Range Building Program (LRBP)

The main funding source for LRBP proposals is federal stabilization funds. Projects funded with ARRA funds are not subject to "shovel ready" provisions, but the projects will be required to follow the provisions of the Davis-Bacon, federal prevailing wage law, and will need to use U.S. steel products. The ARRA requires that funds that are not subgranted or otherwise committed within two years must be returned to the Secretary of Education to be reallocated. As a result, it would be advisable that LRBP projects funded with stabilization funds be committed in the next two years.

State Building Energy Conservation Program (SBECP)

SBECP projects funded with ARRA funds must be energy projects expended in existing programs, and the Department of Energy must approve the use of the funds. Projects must be awarded within 18 months and completed within 36 months.

Long-Range Information Technology Program (LRITP)

There are no conditions or limitations on the new proposals for the LRITP.

Treasure State Endowment Program (TSEP) and TSEP Regional Water (TSEPRW)

There are no direct conditions or limitations associated with the new proposals for the TSEP or TSEPRW, however should local governments receiving TSEP grants also receive other sources of federal funding originating in the ARRA, the projects will be required to comply with the Davis-Bacon Act and will need to use US steel products in their projects and may be required to comply with shovel ready time constraints.

Renewable Resource Grant and Loan Program (RRGL) and Reclamation and Development Grant Program (RDGP)

There are no direct conditions or limitations associated with the new proposals for the RRGL or RDGP, however should local governments receiving RRGL or RDGP grants also receive other sources of federal funding originating in the ARRA, the projects will be required to comply with the Davis-Bacon Act and will need to use US steel products in their projects and may be required to comply with shovel ready time constraints.

Quality School Facility Program (QSFP)

There are no conditions or limitations on the new proposals for the QSFP.

Figure 2

9999 Summary Agency **All Programs**

Legislative Budget Decision Package	General Fund FY 2010	General Fund FY 2011	General Fund FY 2010-11	Total Funds FY 2010	Total Funds FY 2011	Total Funds FY 2010-11
Federal Stimulus New Proposal Decision Packages						
NP01101 Transfer from GF into Stimulus GF	3,000,000	3,000,000	6,000,000	3,000,000	3,000,000	6,000,000
NP01101 Transfer in to TSEP Stimulus GF	10,250,000	10,250,000	20,500,000	10,250,000	10,250,000	20,500,000
NP01104 Regional Water System	4,000,000	4,000,000	8,000,000	4,000,000	4,000,000	8,000,000
NP02001 SOS Information Management System	2,750,000	2,750,000	5,500,000	2,750,000	2,750,000	5,500,000
NP02002 Replace HB 10 General Fund Transfer	3,433,100	3,433,100	6,866,200	3,433,100	3,433,100	6,866,200
NP02015 Replace Dec 15 Gf with Stimulus GF	1,500,000	1,500,000	3,000,000	1,500,000	1,500,000	3,000,000
NP05001 Replace December 15 general fund with federal fund	-	-	-	2,600,000	2,600,000	5,200,000
NP05007 Access MT	3,000,000	3,000,000	6,000,000	3,000,000	3,000,000	6,000,000
NP05011 Add federal allocation for remaining energy funds	-	-	-	11,944,000	11,944,000	23,888,000
NP05012 Additional transfer for LRBP state projects	542,586	542,586	1,085,172	542,586	542,586	1,085,172
NP05014 Fund LRBP Projects with Stablization Funds	-	-	-	14,284,914	14,284,914	28,569,828
NP05015 Ruby Dam	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000	2,000,000
NP06001 Transfer into the RRGL stimulus GF	1,750,000	1,750,000	3,500,000	1,750,000	1,750,000	3,500,000
NP07001 Transfer into RDGL Stimulus GF	500,000	500,000	1,000,000	500,000	500,000	1,000,000
NP09901 Transfer of Stim GF to HB 152 Sch Facility Acct	21,500,000	21,500,000	43,000,000	21,500,000	21,500,000	43,000,000
NP09902 HB 213 SW Vet's Home transfer of Stim GF	1,750,000	1,750,000	3,500,000	1,750,000	1,750,000	3,500,000
New Proposal Total	**54,975,686**	**54,975,686**	**109,951,372**	**83,804,600**	**83,804,600**	**167,609,200**
Total All Decision Packages	**54,975,686**	**54,975,686**	**109,951,372**	**83,804,600**	**83,804,600**	**167,609,200**

Decision Package Narrative

NP01101 Transfer from GF to Stimulus GF – This proposal replaces general fund OTO appropriations of a biennium total of $6 million in HB 10 with appropriations from general funds freed up through AARA. The projects include the ESSC equipment and moving expenses, $3.5 million/biennium, interoperability Montana, $2.0 million/biennium, and child support computer system, $0.5 million/biennium. The projects will be appropriated in HB 10.

NP01101 Transfer in to TSEP Stimulus GF – An OTO biennium total of $20.5 million, from general funds freed up through ARRA, is proposed to be transferred to the Treasure State Endowment Program (TSEP). The proposal would fund grants authorized for the 2009 biennium and provide funding to extend the number of TSEP recommended grants funded in the 2011 biennium. The funds will be appropriated in HB 11.

NP01104 Regional Water System – This proposal provides transfers of a total $8.0 million in the 2011 biennium of OTO general funds freed up through ARRA for the Treasure State Endowment Regional Water Program. These funds would be used as the state match for federal funding of large regional water systems. The funds will be appropriated in HB 11.

NP02001 SOS Information Management System – This proposal would transfer $2.75 million in each FY 2010 and FY 2011 from OTO general fund freed up through ARRA to a LRITP capital projects fund for the build out of the Secretary of State (SOS) information management system. These funds will be appropriated in HB 10.

NP02002 Replace HB 10 General Fund Transfer – This proposal replaces general fund OTO transfers of a biennium total of $6.9 million in HB 10, the LRITP bill, with an OTO transfer from general funds freed up through ARRA. The transfer would fund the states share of the Medicaid management information system, $3.5/biennium for the Department of Public Health and Human services, and the improving efficiency through

technology project, $3.4 million/biennium for the Department of Revenue. The project appropriations will be included in HB 10.

NP02015 Replace Dec 15 GF with Stimulus GF - This proposal replaces biennial transfers of $3.0 million of OTO general funds to the State Building Energy Conservation Program (SBECP) with general funds freed up through ARRA. From these funds, $1.5 million would be transferred to the SBECP state special revenue account to fund the administrative expenses of the program and $1.5 million would be transferred to the SBECP capital projects fund to be used for energy conservation projects. The original proposal, included in HB 5 (the Long-Range Building Program (LRBP) bill), contained OTO general fund transfers of a total $14.9 million. Consequently, this proposal represents a net $11.9 million in freed up general fund savings. The remainder of the SBECP 2011 biennium projects will be funded with federal energy funds. The project appropriations will be included in HB 5.

NP05001 Replace December 15 General Fund with Federal Funds – This proposal is an allocation of a total $5.2 million of federal special revenue funds that replaces biennial transfers of $5.2 million of OTO general fund to the Long-Range Building Program (LRBP) capital projects fund. The funds are available through the federal stabilization component of ARRA. This proposal will enhance the ability for the LRBP to make upgrades and improvements to state buildings. The original proposal, included in HB 5 (the LRBP bill), contained OTO general fund transfers of a total $5.2 million. Consequently, this proposal represents $5.2 million in freed up general fund savings. The project appropriations will be included in HB 5.

NP05007 Access Montana – This proposal replaces $2.0 million of general fund OTO support of the FWP Access Montana project and replaces the funding with a biennial total of $6.0 million from general funds freed up by ARRA. The funds would be used to acquire lands that allow access to Montana waterways. The funds will be appropriated in HB 5.

NP05011 Add Federal Allocation for Remaining Energy Funds – This proposal allocates $23.9 million of federal energy funds, $11.9 million in FY 2010 and FY 2011, through ARRA. The allocation replaces biennial transfers of OTO general fund to the SBECP. The funds would enhance the funding for energy conservation improvements in state buildings and community colleges. Energy projects included in the allocation include $9.7 million to the Montana university system for energy projects and $1 million for community colleges. The funds will be appropriated in HB 5.

NP05012 Additional Transfer for LRBP State Projects – This proposal transfers an additional $1.1 million for the 2011 biennium of OTO general funds freed up through ARRA. This proposal will enhance the ability for the LRBP to make upgrades and improvements to state buildings. The project appropriations will be included in HB 5.

NP05014 Fund LRBP Projects with Stabilization Fund - This proposal allocates $28.6 million of federal special revenue funds, $14.3 million in FY 2010 and FY 2011, through ARRA federal stabilization funds. This proposal will enhance the ability for the LRBP to make upgrades and improvements to state buildings. Specific improvement projects include $6 million to complete the adaptive renovations, deferred maintenance, life safety, ADA code compliance, and historic restoration project of Main Hall on the University of Montana, Western campus in Dillon. Additionally, $12.3 million of these funds would be used on projects contained in the University systems list of $22.0 million of deferred maintenance and energy improvement projects. The funds will be appropriated in HB 5.

NP0515 Ruby Dam – This proposal would transfer $2.0 million of OTO general funds freed up through ARRA, $1 million in each FY 2010 and FY 2011. The funds would be transferred to the hydroelectric power generation

state special revenue account for the purpose of repairs to the Ruby Dam. The funds will be appropriated in HB 5.

NP06001 Transfer into the RRGL stimulus GF – This proposal would transfer $1.75 million in FY 2010 and FY 2011 of OTO general funds freed up through ARRA to the Department of Natural Resource and Conservation natural resource projects account. The funds would be used to fund additional renewable resource water project grants. The funds will be appropriated in HB 6.

NP07001 Transfer into the RRGL stimulus GF – This proposal would transfer $0.5 million in FY 2010 and FY 2011 of OTO general funds freed up through ARRA to the Department of Natural Resource and Conservation natural resource projects account. The funds would be used to fund additional reclamation and development grants. The funds will be appropriated in HB 7.

NP09901 Transfer of Stim GF to HB 152 Sch Facility – This proposal would transfer a total of $43.0 million, $21.5 million in FY 2010 and FY 2011, of OTO general funds freed up through ARRA to the Department of Commerce. The funds would be used for K-12 facility upgrades, maintenance, and energy improvements.

NP09902 HB 213 SW Vet's Home Transfer of Stim GF – This proposal would transfer a total of $3.5 million, $1.75 million in FY 2010 and FY 2011, of OTO general funds freed up through ARRA to a state special revenue account as created in HB 213. The funds would be used for site selection and to begin construction of a new state veterans' home at a site in Beaverhead, Deer Lodge, Jefferson, Madison, Powell, or Silver Bow County. The funds will be appropriated in HB 5.

Alternatives and Policy Options

Long-Range Building Program (LRBP)

The proposals for the LRBP generally fund projects with federal "stabilization" funds. There is no requirement related to the use of stabilization funds. Consequently, the legislature could choose to use the stabilization funds for other "capital projects". If the legislature chose, the transfers to HB 5 could be reduced or eliminated and the stabilization funds could be used to fund other, preferably OTO projects.

Quality School Facility Program (QSFP)

The QSFP proposal is inconsistent with the method used to provide funding to LRP programs. In HB 645, section F, funds are transferred to the Department of Commerce, schools facilities improvement account, for the purposes of the QSFP, being established in HB 152. In HB 645, section A, the funds are appropriated from the schools facilities improvement account. To be consistent in approach to funding other LRP programs, the freed up OTO general funds would have been transferred to the school facilities improvement account and amendments would have been made for the appropriations of the state special revenue account in HB 152. This lack of consistency has the potential of creating a double counting of the funds, as the funds will be counted once as a transfer and once as an appropriation.

The proposal for the QSFP would transfer $43 million in freed up general fund to the Department of Commerce for K-12 school upgrades and energy improvements. The QSFP has not yet been developed, and it is expected that the program will not be ready to distribute funds for school improvements until late in the 2011 biennium. The legislature may wish to consider another method of distribution of these funds that will provide a more immediate distribution of the funds.

Other LRP Proposals

The general method of providing new funding for the Long-Range Planning (LRP) programs is through transfers into the individual programs. The funds are then appropriated in the bill designated for the programs. In most cases, except the proposals related to the SBECP (in which the federal funds are specifically designated for state energy projects by the federal government), transfers could be changed or eliminated and new transfers and appropriations could be developed for other, preferably one-time, projects.

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EXHIBIT 13
DATE 3/12/09
HB 645

SECTION F - LONG-RANGE PLANNING

Figure 1

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Operating Expenses	-	-	-	-	-	-	-	0.0%
Capital Outlay	-	-	3,000,000	3,000,000	-	6,000,000	6,000,000	0.0%
Local Assistance	-	-	-	-	-	-	-	0.0%
Transfers	-	-	80,804,600	80,804,600	-	161,609,200	161,609,200	0.0%
Total Costs	**-**	**-**	**83,804,600**	**83,804,600**	**-**	**167,609,200**	**167,609,200**	**0.0%**
General Fund	-	-	54,975,686	54,975,686	-	109,951,372	109,951,372	0.0%
Federal Spec. Rev. Funds	-	-	28,828,914	28,828,914	-	57,657,828	57,657,828	0.0%
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Long-Range Planning programs include new funding requests of $167.6 million for the biennium. The new requests consist of $110.0 million of freed up general funds and $57.7 million of federal special revenue from Montana's receipt of American Recovery and Reinvestment Act of 2009 (ARRA) funds.

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The main funding source for LRBP proposals is federal stabilization funds. Projects funded with ARRA funds are not subject to "shovel ready" provisions, but the projects will be required to follow the provisions of the Davis-Bacon, federal prevailing wage law, and will need to use U.S. steel products. The ARRA requires that funds that are not subgranted or otherwise committed within two years must be returned to the Secretary of Education to be reallocated. As a result, it would be advisable that LRBP projects funded with stabilization funds be committed in the next two years.

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There are no direct conditions or limitations associated with the new proposals for the TSEP or TSEPRW, however should local governments receiving TSEP grants also receive other sources of federal funding originating in the ARRA, the projects will be required to comply with the Davis-Bacon Act and will need to use US steel products in their projects and may be required to comply with shovel ready time constraints.

Renewable Resource Grant and Loan Program (RRGL) and Reclamation and Development Grant Program (RDGP)

There are no direct conditions or limitations associated with the new proposals for the RRGL or RDGP, however should local governments receiving RRGL or RDGP grants also receive other sources of federal funding originating in the ARRA, the projects will be required to comply with the Davis-Bacon Act and will need to use US steel products in their projects and may be required to comply with shovel ready time constraints.

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There are no conditions or limitations on the new proposals for the QSFP.

Figure 2

9999 Summary Agency **All Programs**

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NP05014 Fund LRBP Projects with Stablization Funds	-	-	-	14,284,914	14,284,914	28,569,828
NP05015 Ruby Dam	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000	2,000,000
NP06001 Transfer into the RRGL stimulus GF	1,750,000	1,750,000	3,500,000	1,750,000	1,750,000	3,500,000
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NP01104 Regional Water System – This proposal provides transfers of a total $8.0 million in the 2011 biennium of OTO general funds freed up through ARRA for the Treasure State Endowment Regional Water Program. These funds would be used as the state match for federal funding of large regional water systems. The funds will be appropriated in HB 11.

NP02001 SOS Information Management System – This proposal would transfer $2.75 million in each FY 2010 and FY 2011 from OTO general fund freed up through ARRA to a LRITP capital projects fund for the build out of the Secretary of State (SOS) information management system. These funds will be appropriated in HB 10.

NP02002 Replace HB 10 General Fund Transfer – This proposal replaces general fund OTO transfers of a biennium total of $6.9 million in HB 10, the LRITP bill, with an OTO transfer from general funds freed up through ARRA. The transfer would fund the states share of the Medicaid management information system, $3.5/biennium for the Department of Public Health and Human services, and the improving efficiency through

technology project, $3.4 million/biennium for the Department of Revenue. The project appropriations will be included in HB 10.

NP02015 Replace Dec 15 GF with Stimulus GF - This proposal replaces biennial transfers of $3.0 million of OTO general funds to the State Building Energy Conservation Program (SBECP) with general funds freed up through ARRA. From these funds, $1.5 million would be transferred to the SBECP state special revenue account to fund the administrative expenses of the program and $1.5 million would be transferred to the SBECP capital projects fund to be used for energy conservation projects. The original proposal, included in HB 5 (the Long-Range Building Program (LRBP) bill), contained OTO general fund transfers of a total $14.9 million. Consequently, this proposal represents a net $11.9 million in freed up general fund savings. The remainder of the SBECP 2011 biennium projects will be funded with federal energy funds. The project appropriations will be included in HB 5.

NP05001 Replace December 15 General Fund with Federal Funds – This proposal is an allocation of a total $5.2 million of federal special revenue funds that replaces biennial transfers of $5.2 million of OTO general fund to the Long-Range Building Program (LRBP) capital projects fund. The funds are available through the federal stabilization component of ARRA. This proposal will enhance the ability for the LRBP to make upgrades and improvements to state buildings. The original proposal, included in HB 5 (the LRBP bill), contained OTO general fund transfers of a total $5.2 million. Consequently, this proposal represents $5.2 million in freed up general fund savings. The project appropriations will be included in HB 5.

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NP05011 Add Federal Allocation for Remaining Energy Funds – This proposal allocates $23.9 million of federal energy funds, $11.9 million in FY 2010 and FY 2011, through ARRA. The allocation replaces biennial transfers of OTO general fund to the SBECP. The funds would enhance the funding for energy conservation improvements in state buildings and community colleges. Energy projects included in the allocation include $9.7 million to the Montana university system for energy projects and $1 million for community colleges. The funds will be appropriated in HB 5.

NP05012 Additional Transfer for LRBP State Projects – This proposal transfers an additional $1.1 million for the 2011 biennium of OTO general funds freed up through ARRA. This proposal will enhance the ability for the LRBP to make upgrades and improvements to state buildings. The project appropriations will be included in HB 5.

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NP0515 Ruby Dam – This proposal would transfer $2.0 million of OTO general funds freed up through ARRA, $1 million in each FY 2010 and FY 2011. The funds would be transferred to the hydroelectric power generation

state special revenue account for the purpose of repairs to the Ruby Dam. The funds will be appropriated in HB 5.

NP06001 Transfer into the RRGL stimulus GF – This proposal would transfer $1.75 million in FY 2010 and FY 2011 of OTO general funds freed up through ARRA to the Department of Natural Resource and Conservation natural resource projects account. The funds would be used to fund additional renewable resource water project grants. The funds will be appropriated in HB 6.

NP07001 Transfer into the RRGL stimulus GF – This proposal would transfer $0.5 million in FY 2010 and FY 2011 of OTO general funds freed up through ARRA to the Department of Natural Resource and Conservation natural resource projects account. The funds would be used to fund additional reclamation and development grants. The funds will be appropriated in HB 7.

NP09901 Transfer of Stim GF to HB 152 Sch Facility – This proposal would transfer a total of $43.0 million, $21.5 million in FY 2010 and FY 2011, of OTO general funds freed up through ARRA to the Department of Commerce. The funds would be used for K-12 facility upgrades, maintenance, and energy improvements.

NP09902 HB 213 SW Vet's Home Transfer of Stim GF – This proposal would transfer a total of $3.5 million, $1.75 million in FY 2010 and FY 2011, of OTO general funds freed up through ARRA to a state special revenue account as created in HB 213. The funds would be used for site selection and to begin construction of a new state veterans' home at a site in Beaverhead, Deer Lodge, Jefferson, Madison, Powell, or Silver Bow County. The funds will be appropriated in HB 5.

Alternatives and Policy Options

Long-Range Building Program (LRBP)

The proposals for the LRBP generally fund projects with federal "stabilization" funds. There is no requirement related to the use of stabilization funds. Consequently, the legislature could choose to use the stabilization funds for other "capital projects". If the legislature chose, the transfers to HB 5 could be reduced or eliminated and the stabilization funds could be used to fund other, preferably OTO projects.

Quality School Facility Program (QSFP)

The QSFP proposal is inconsistent with the method used to provide funding to LRP programs. In HB 645, section F, funds are transferred to the Department of Commerce, schools facilities improvement account, for the purposes of the QSFP, being established in HB 152. In HB 645, section A, the funds are appropriated from the schools facilities improvement account. To be consistent in approach to funding other LRP programs, the freed up OTO general funds would have been transferred to the school facilities improvement account and amendments would have been made for the appropriations of the state special revenue account in HB 152. This lack of consistency has the potential of creating a double counting of the funds, as the funds will be counted once as a transfer and once as an appropriation.

The proposal for the QSFP would transfer $43 million in freed up general fund to the Department of Commerce for K-12 school upgrades and energy improvements. The QSFP has not yet been developed, and it is expected that the program will not be ready to distribute funds for school improvements until late in the 2011 biennium. The legislature may wish to consider another method of distribution of these funds that will provide a more immediate distribution of the funds.

Other LRP Proposals

The general method of providing new funding for the Long-Range Planning (LRP) programs is through transfers into the individual programs. The funds are then appropriated in the bill designated for the programs. In most cases, except the proposals related to the SBECP (in which the federal funds are specifically designated for state energy projects by the federal government), transfers could be changed or eliminated and new transfers and appropriations could be developed for other, preferably one-time, projects.

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