



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	HB0166
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<b>Title:</b>	Redirect lottery proceeds to Montana university system student aid
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<b>Primary Sponsor:</b>	Curtis, Amanda
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<b>Status:</b>	As Introduced-Revised
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|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$14,342,000	\$15,076,000	\$15,605,618	\$16,089,452
<b>Revenue:</b>				
General Fund	(\$14,342,000)	(\$15,076,000)	(\$15,605,618)	(\$16,089,452)
State Special Revenue	\$14,342,000	\$15,076,000	\$15,605,618	\$16,089,452
<b>Net Impact-General Fund Balance:</b>	<u>(\$14,342,000)</u>	<u>(\$15,076,000)</u>	<u>(\$15,605,618)</u>	<u>(\$16,089,452)</u>

**Description of fiscal impact:** Net lottery revenue will be redirected from the general fund to a state special revenue fund and used to provide scholarships to students enrolled in a unit of the Montana University System including public community colleges located in Miles City, Glendive, and Kalispell or attending an accredited tribal community college in Montana.

### FISCAL ANALYSIS

#### Assumptions:

1. The Office of the Commissioner of Higher Education (OCHE) will administer the new scholarship program.
2. A new staff person would be hired to manage the program. OCHE estimates it will need 1.00 FTE at a cost of \$60,000 including benefits.
3. OCHE will develop a scholarship tracking database for the program at an estimated one-time cost of \$50,000.
4. Other OCHE operational costs include database maintenance costs, website development, outreach to students and parents, and information guides at an estimated cost of \$20,000 per year.

5. Costs net of personal services and operating expenses are assumed to be distributed as scholarships.
6. Inflation of 1.5% is applied to the 2017 biennium.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$60,000	\$60,000	\$60,900	\$61,814
Operating Expenses	\$70,000	\$20,000	\$20,300	\$20,605
Scholarships	<u>\$14,212,000</u>	<u>\$14,996,000</u>	<u>\$15,524,418</u>	<u>\$16,007,034</u>
<b>TOTAL Expenditures</b>	<b><u>\$14,342,000</u></b>	<b><u>\$15,076,000</u></b>	<b><u>\$15,605,618</u></b>	<b><u>\$16,089,452</u></b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$14,342,000</u>	<u>\$15,076,000</u>	<u>\$15,605,618</u>	<u>\$16,089,452</u>
<b>TOTAL Funding of Exp.</b>	<b><u>\$14,342,000</u></b>	<b><u>\$15,076,000</u></b>	<b><u>\$15,605,618</u></b>	<b><u>\$16,089,452</u></b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$14,342,000)	(\$15,076,000)	(\$15,605,618)	(\$16,089,452)
State Special Revenue (02)	<u>\$14,342,000</u>	<u>\$15,076,000</u>	<u>\$15,605,618</u>	<u>\$16,089,452</u>
<b>TOTAL Revenues</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$14,342,000)	(\$15,076,000)	(\$15,605,618)	(\$16,089,452)
State Special Revenue (02)	\$0	\$0	\$0	\$0

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*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*



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## Dedication of Revenue 2015 Biennium

### 17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Yes; the fund will receive revenue from the sale of state lottery tickets. The revenue received, subject to legislative appropriation, would be used to provide scholarships for students enrolled in the MUS. It is likely that some scholarships would be awarded to students that do not buy lottery tickets.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

If the funds are deposited in a dedicated state special revenue fund they would not be available for other general fund appropriations.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes. The net lottery proceeds were originally intended to be directed toward the funding of education in the state.

- d) **Does the need for this state special revenue provision still exist?  Yes  No (Explain)**

This is a new state special revenue fund.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. Any expenditures out of this state special revenue fund are subject to appropriation by the legislature.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Perhaps; if the legislature chooses to appropriate funds for scholarships then this fund would be utilized.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

There is no accounting/auditing efficiency gained by making this a state special revenue fund versus appropriating general fund for this purpose.