



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

**Bill #** SB0058

**Title:** Transfer money to the endowment for children

**Primary Sponsor:** Kaufmann, Christine

**Status:** As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input 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 type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<b>FY 2014 Difference</b>	<b>FY 2015 Difference</b>	<b>FY 2016 Difference</b>	<b>FY 2017 Difference</b>
<b>Expenditures:</b>				
General Fund	\$1,000,000	\$0	\$0	\$0
State Special Revenue	\$40,600	\$37,400	\$34,200	\$31,100
Other	\$40,600	\$37,400	\$34,200	\$31,100
<b>Revenue:</b>				
General Fund	(\$3,100)	(\$3,600)	(\$3,600)	(\$3,600)
State Special Revenue	\$40,600	\$37,400	\$34,200	\$31,100
Other	\$1,040,600	\$37,400	\$34,200	\$31,100
<b>Net Impact-General Fund Balance:</b>	<b>(\$1,003,100)</b>	<b>(\$3,600)</b>	<b>(\$3,600)</b>	<b>(\$3,600)</b>

**Description of fiscal impact:** This bill, as amended, transfers \$1 million from the general fund to the permanent endowment for children trust fund on July 1, 2013.

### FISCAL ANALYSIS

**Assumptions:**

1. On July 1, 2013 \$1 million will be transferred from the general fund to the permanent endowment for children trust fund and invested by the Board of Investments.
2. Annual earnings from the permanent endowment for children trust fund are available for expenditure by the Montana Children's Trust Fund Board.
3. Interest earnings on the permanent endowment for children trust fund are deposited in the permanent endowment for children income fund and subsequently transferred to the Montana Children's Trust Fund Board's state special revenue account and expended.

4. For the purpose of this fiscal note, it is assumed that the permanent endowment for children trust fund would earn 4.06% in FY14, 3.74% in FY15, 3.42% in FY16, and 3.11% in FY17 and that said interest earnings would be fully expended by the Montana Children’s Trust Fund Board in their state special revenue account each fiscal year.
5. It is also assumed that had the \$1 million remained in the general fund that said funds would have been invested in the Short Term Investment Pool (STIP) at SJ 2’s reported annual yield of 0.31% for FY 2014 and 0.36% for FY 2015. BOI’s assumption that STIP rates would remain at FY 2015 levels was applied to FY 2016 and FY 2017.

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Projected Trust Funds Interest Rate	4.06%	3.74%	3.42%	3.11%
Deposit to Endowment for Children	\$1,000,000			
Projected Interest Earnings	\$40,600	\$37,400	\$34,200	\$31,100
Projected STIP Interest Rate	0.31%	0.36%	0.36%	0.36%
General Fund	\$1,000,000			
Projected Interest Earnings	(\$3,100)	(\$3,600)	(\$3,600)	(\$3,600)

	<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>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$40,600	\$37,400	\$34,200	\$31,100
Transfers	\$1,040,600	\$37,400	\$34,200	\$31,100
<b>TOTAL Expenditures</b>	<b>\$1,081,200</b>	<b>\$74,800</b>	<b>\$68,400</b>	<b>\$62,200</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$40,600	\$37,400	\$34,200	\$31,100
Other (09)	\$40,600	\$37,400	\$34,200	\$31,100
<b>TOTAL Funding of Exp.</b>	<b>\$1,081,200</b>	<b>\$74,800</b>	<b>\$68,400</b>	<b>\$62,200</b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$3,100)	(\$3,600)	(\$3,600)	(\$3,600)
State Special Revenue (02)	\$40,600	\$37,400	\$34,200	\$31,100
Other (09)	\$1,040,600	\$37,400	\$34,200	\$31,100
<b>TOTAL Revenues</b>	<b>\$1,078,100</b>	<b>\$71,200</b>	<b>\$64,800</b>	<b>\$58,600</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,003,100)	(\$3,600)	(\$3,600)	(\$3,600)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Other (09)	\$1,000,000	\$0	\$0	\$0

Sponsor’s Initials

Date

Budget Director’s Initials

Date