

Timeline

The following is our current anticipated timeline, please note that this schedule could change:

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| January 29 | Receipt of the agency recommended expenditure reductions to the OBPP and Legislative Fiscal Division (LFD)
Receipt of the OBPP revenue estimates for consideration by the Revenue and Transportation Committee |
| February 5 | Legislative Fiscal Division revised revenue estimates |
| February 18/19 estimates | Revenue and Transportation committee reviews and comments on the OBPP revenue estimates |
| February 19 | OBPP submits its spending reduction recommendations to the Governor |
| February 27 | LFD issues an analysis of the spending reductions proposed by the OBPP (Note that this is a short amount of time from February 19 th if the OBPP recommends items significantly different from the agency proposed on January 29, additional time may be required for review.) |
| March 3 | Legislative training day <ul style="list-style-type: none">• Current 2011 biennium budget situation• Budget outlook through the 2013 biennium |
| March 4 | Legislative Finance Committee hearings on the MCA 17-7-140 expenditure reduction proposals |
| March 5 | Legislative Finance Committee comment regarding spending reductions |

Technical Items

Together with Legislative Services, the Legislative Fiscal Division is reviewing the technical aspects of the implementation of MCA 17-7-140. Some of the details that we have been investigating include:

- The interaction of MCA 17-7-140 with the State Fiscal Stabilization Funds (SFSF) of the American Reinvestment and Recovery Act (ARRA) prevents the Governor from reducing the expenditures of the educational units of the Montana University System (MUS). The restrictions in MCA 17-7-140 do not allow the Governor to reduce K-12 Base Aid to public school districts. The SFSF requires that K-12 Base Aid and the educational units of the MUS take the same percent reductions. The combination of these rules prevents the Governor from reducing the educational units or community colleges of the MUS.
- In addition there are some technical aspects to the definition of “program” for the MUS that we believe further limit the amount of spending that can be reduced in the MUS.
- Our current understanding is that statutory appropriation expenditures can be reduced. The largest general fund statutory appropriation is the MCA 15-1-121 entitlement share payments to counties and



- cities. In the last implementation of MCA 17-7-140, statutory appropriations were not considered for reductions.
- The initial memo from the OBPP directs agencies to submit reduction plans of almost \$51 million, due to some technical adjustments; this number has been reduced to \$47 million. If the LFD revenue forecast for January were adopted by the Executive and no supplemental appropriations were needed, this would leave the ending fund balance at \$64 million. This does not leave significant room for revenue deterioration or supplemental needs.
- There are many more items that the legislature could change in a special session that are not subject to the limitations of MCA 17-7-140 including:
 - Reductions in transfers to other funds, such as the long range building fund
 - Reductions to school Base aid and the educational units and community colleges of the Montana University System
 - Reductions to specific expansions of service that exceed the 10% maximum per program.