

EXECUTIVE BUDGET

Executive Proposal

The executive general fund budget based on the revenues forecast by the Office of Budget and Program Planning includes a positive structural balance and a \$300.3 million ending fund balance. The general fund balance sheet below summarizes the proposed budget.

General Fund Balance Sheet				
Governor's Budget Proposal				
(\$ Millions)				
	Actual	Current	Proposed	
	FY 2014	FY 2015	FY 2016	FY 2017
Beginning Fund Balance	\$537.6	\$428.5	\$344.9	\$283.5
Governor's Revenue Estimate	2,077.0	2,143.8	2,294.0	2,433.8
Governor's Revenue Legislation				(0.8)
Total Available Funds	\$2,614.6	\$2,572.4	\$2,639.0	\$2,716.4
Ongoing Appropriations and Transfers				
Previously authorized items				
Statutory and non-budgeted transfers, continue	\$270.9	\$291.3	\$288.3	\$294.5
HB 2 Ongoing: 2017 Biennium Governor's Budget from IBARS				
Section A: General Government	82.6	88.5	96.7	96.1
Section B: Health and Human Services*	445.9	469.1	526.9	563.0
Section C: Natural Resources	30.9	32.4	39.5	39.4
Section D: Public Safety	276.2	283.2	320.0	321.6
Section E: Education	927.9	972.2	1,037.7	1,048.0
HB 2 Subtotal	1,763.5	1,845.4	2,020.7	2,068.1
Governor's legislation recommendations				
HB 13: Pay plan for state employees			12.514	29.974
Other legislation included in Governor's Budget*			(15.239)	0.635
Assumptions				
HB 1 Feed Bill estimate		11.1	1.593	11.411
Reversions		(6.7)	(7.088)	(7.270)
One-Time Appropriations and Transfers				
Previously authorized	135.5	28.9	9.900	-
HB 2: 2017 Biennium Governor's Budget	20.6	25.9	23.157	18.364
Governor's one-time recommendations		31.6	21.671	0.396
Total Expenditures	\$2,190.6	\$2,227.4	\$2,355.5	\$2,416.1
Adjustments	4.5			
Ending Fund Balance	\$428.5	\$344.9	\$283.5	\$300.3
Structural Balance Calculation				
Ongoing Revenues	2,077.0	2,143.8	2,294.0	2,433.0
Ongoing Expenditures	2,034.4	2,141.0	2,300.8	2,397.3
Structural Balance (CHIP FMAP savings assumed ongoing)	\$42.6	\$2.8	(\$6.8)	\$35.6
Structural Balance (CHIP FMAP savings assumed OTO)	\$42.6	\$2.8	(\$27.4)	\$6.1

*CHIP FMAP adjustment is included in the proposed legislation line

Several key assumptions are made in the Governor's proposed general fund. First the CHIP FMAP change is assumed to be a new proposal attributed to the Governor's proposal for Healthy Montanans. In addition, this FMAP change is assumed to be of a one-time nature. While there is no federal guarantee of the higher FMAP rate indefinitely, the increased federal match will be available for at least four federal fiscal years from October 1 of 2015 to September 30, 2019. This assumption is a key assumption that the legislature will need to consider. The Legislative Finance Committee leadership will establish the rules for the session general fund status sheet and the calculations of this item for the 2015 Legislature.

The Governor's revenue estimates are \$154 million higher than the revenue estimates contained in HJ 2. The lower HJ 2 estimates include \$9.7 million lower corporation tax estimates in FY 2015 which lowers the transfer needed to the fire fund required from HB 354 of the 2013 session.

Legislative Options

The following general fund balance sheet updates the Governor's proposed budget with HJ 2 revenues, the LFD estimates of statutory appropriations and non-budgeted transfers, and adjusts the new legislation and present law HB 2 budgets to account for the CHIP FMAP being included in present law as discussed in the introduction. Values in this table have been updated to the Governor's December 15 budget revisions.

General Fund Balance Sheet				
Governor's Budget Proposal with HJ 2 Revenue, LFD Statutory, CHIP, and Transfer Estimates				
in millions				
	Actual FY 2014	Current FY 2015	Proposed FY 2016 FY 2017	
Beginning Fund Balance	\$537.6	\$428.5	\$332.8	\$216.6
RTIC HJ 2 Revenue Estimates	2,077.0	2,133.0	2,230.7	2,353.5
Governor's Revenue Legislation				(0.8)
Total Available Funds	\$2,614.6	\$2,561.6	\$2,563.5	\$2,569.4
Ongoing Appropriations and Transfers				
Previously authorized items				
Statutory and non-budgeted transfers, continue	\$270.9	\$292.6	\$289.3	\$295.6
HB 2 Ongoing: 2017 Biennium Governor's Budget from IBARS				
Section A: General Government	82.6	88.5	96.7	96.1
Section B: Health and Human Services**	445.9	469.1	506.4	533.8
Section C: Natural Resources	30.9	32.4	39.5	39.4
Section D: Public Safety	276.2	283.2	320.0	321.6
Section E: Education	927.9	972.2	1,037.7	1,048.0
HB 2 Subtotal	1,763.5	1,845.4	2,000.2	2,038.9
Governor's legislation recommendations				
HB 13: Pay plan for state employees			12.5	30.0
Other legislation included in Governor's Budget**			5.3	29.8
Assumptions				
HB 1 Feed Bill estimate		11.1	1.6	11.0
Reversions		(6.7)	(7.1)	(7.3)
One-Time Appropriations and Transfers				
Previously authorized	135.5	28.9	0.2	
HB 2: 2017 Biennium Governor's Budget	20.6	25.9	23.2	18.4
Governor's one-time recommendations		31.6	21.7	0.4
Total Expenditures	\$2,190.6	\$2,228.8	\$2,346.9	\$2,416.7
Adjustments	4.5			
Ending Fund Balance	\$428.5	\$332.8	\$216.6	\$152.6
Structural Balance Calculation				
Ongoing Revenues	2,077.0	2,133.0	2,230.7	2,353.5
Ongoing Expenditures	2,034.4	2,142.4	2,301.9	2,398.0
Structural Balance (CHIP FMAP savings assumed ongoing)	\$42.6	(\$9.4)	(\$71.1)	(\$44.5)
Structural Balance (CHIP FMAP savings assumed OTO)	\$42.6	(\$9.4)	(\$91.6)	(\$73.7)

**CHIP FMAP change has been included in the HB 2 Section B budget assumptions as present law

References

Details to the Governor's Budget recommendations are at this link [2017 Biennium Executive Budget](#) or can be found at www.budget.mt.gov.

BIENNIAL COMPARISON OF THE GOVERNOR'S BUDGET

Statute 17-7-151, MCA defines how the biennial comparison of the executive or legislative budget growth should be measured. The Legislative Finance Committee (LFC) reviewed this definition and considered options for updating current statute. Two reports were presented to the LFC to evaluate these definitions; links to these reports is included in the References section below. The analysis shown below considers a strict interpretation of statute as defined in the March of 2014 report to the LFC.

Key factors of this definition are: 1) it includes the five major fund types considered each session and 2) it removes transfers in order to not count expenditures twice. As shown in the table on the following page, the December 15th Governor's Budget recommendations demonstrate a 14.7% increase in anticipates expenditures of state resources.

A couple of items to consider in evaluating the budget growth:

The largest single proposal in the Governor's Budget is the Healthy Montana Program. Without this large expansion of Medicaid eligibility and other components of this program, the growth in the biennium would be 9.0% increase of state resources.

The executive recommends moving Supplemental Nutrition Assistance Program (SNAP) from HB 2 to a statutory appropriation. In total there is no impact to the biennial comparison from this change as the appropriation moves from the HB 2 line to the statutory line.

References

Reports to the Legislative Finance Committee in 2014:

March Report

http://leg.mt.gov/content/Publications/fiscal/interim/2014_financemty_March/biennial-comparison.pdf

September Report

http://leg.mt.gov/content/Publications/fiscal/interim/2014_financemty_Sept/BudgetComparisonsdm.pdf

Biennial Budget Comparison Strict March 2014 Method 17-7-151				
In millions				
Fiscal Year	2014 Actuals	2015 Approp	2016 Proposed	2017 Proposed
Appropriations HB 2 includes other bills in HB 2 base				
General Fund	1,782.4	1,870.4	2,043.9	2,086.4
State Special Revenue Fund	682.7	763.7	743.1	745.7
Federal Special Revenue (note SNAP)	1,998.1	2,259.3	2,043.9	2,098.8
Appropriated Proprietary Fund	10.3	11.4	14.0	13.2
<i>Subtotal HB 2</i>	<i>4,473.6</i>	<i>4,904.8</i>	<i>4,844.9</i>	<i>4,944.2</i>
Transfers HB 2 MUS transfers not subtracted	(19.6)	(22.1)	(17.7)	(17.7)
Net Subtotal HB 2	4,454.0	4,882.7	4,827.2	4,926.5
Appropriations Statutory				
General Fund	254.4	264.6	267.2	274.7
State Special Revenue Fund	277.7	285.1	249.6	259.7
Federal Special Revenue (note SNAP)	38.1	39.2	217.3	217.2
Capital Projects Fund	0.4	0.4	0.4	0.4
Appropriated Proprietary Fund	35.7	44.6	45.5	48.0
Transfers statutory (pension transfers subtracted)	(77.4)	(76.6)	(69.8)	(69.9)
Net Subtotal Statutory	528.9	557.2	710.2	730.0
Other Bill Appropriations (not including non-budgeted transfers and Medicaid expansion)				
General Fund	2.9	2.0	22.7	32.1
State Special Revenue Fund	78.7	99.6	96.0	15.3
Federal Special Revenue	20.3	32.8	25.3	10.7
Capital Projects Fund	19.0	21.3	243.0	-
Appropriated Proprietary Fund	0.7	-	0.1	0.3
Transfers	(36.5)	(3.4)		
Net Subtotal Other Bill Appropriations	85.1	152.4	387.1	58.4
Healthy Montanans (includes Medicaid expansion and present law CHIP FMAP change)				
General Fund			(30.7)	(28.9)
Federal Special Revenue			300.3	383.1
Healthy Montana subtotal			269.6	354.2
Language appropriations (mostly budgeted proprietary)				
General Fund	-	-	0.1	0.1
State Special Revenue Fund	2.0	4.4	3.7	3.7
Federal Special Revenue	0.0	0.4	3.6	3.6
Appropriated Proprietary Fund	105.9	130.0	138.0	145.0
Language appropriations transfers	(35.3)	(43.3)	(46.0)	(48.3)
Net Subtotal Language Appropriations	72.6	91.4	99.3	104.0
Other appropriations				
Long Range Building Appropriations		257.8		
Appropriation Transfers		58.8		
Totals not including transfers	5,140.6	6,000.3	6,293.5	6,173.2
Estimated Reversion (12.6% w/cont, 4.4%w/o cont.)	-	(755.4)	(278.2)	(273.0)
Total Comparable	5,140.6	5,244.9	6,015.3	5,900.1
Biennial Total Appropriations		10,385.5		11,915.4
Biennial increase				14.7%
Non-comparable				
Budget Amendments & Carryforward	121.6	324.9	-	-
Added Authority (HB1 & Supplemental)	1.5	1.8	-	-
Special Session	-	-	-	-
Emergency	20.3	17.1	8.3	8.3
Total Non-Comparable	143.4	343.9	8.3	8.3
Note: the executive recommends moving SNAP from HB 2 to statutory appropriation				

The FY 2014 HB 2 actuals vary slightly to the values in the State Expenditure section due to technical reasons. FY 2015 Appropriations in this comparison, by definition include continuing appropriations and are materially different than the values in the State Expenditure section.