

## INTRODUCTION TO APPENDIX B – EXECUTIVE BUDGET DETAIL

This appendix includes additional budget detail summarization of various features of the executive budget. The following lists the executive detail items that are discussed in this section:

- Present Law Proposals
- Executive Initiatives – New Proposals
- One-Time-Only Expenditure Detail
- 5% Reduction Plan
- 4% Personal Services Reduction
- Fee Changes
- Fund Switches
- Proposals with Increased Future Costs
- Program Eliminations
- FTE Detail
- Fixed Costs
- FY 2011 Supplemental Requests – Detail
- Agency Budget Comparisons by Fund
- Miscellaneous Appropriations

### PRESENT LAW ADJUSTMENTS

The executive would add \$322.1 million general fund and \$1,161.0 million total funds in HB 2. Of this total \$393.0 million general fund or 122.0%, and \$1,101.3 million total funds or 95.0%, would be for present law.

For ongoing expenditures, the executive would add \$331.2 million general fund, with \$486.2 million or 122.0% of this total for present law; and \$1,145.1 million total funds, with \$1,093.7 million or 95.5% of this total for present law.

- Present law is defined in statute as “...that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:
  - Changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
  - Changes in funding requirements resulting from constitutional or statutory schedules or formulas;
  - Inflationary or deflationary adjustments; and
  - Elimination of nonrecurring appropriations.”
- Statewide present law adjustments (SWPLAs) are made to account for three factors:
  - Fully funding all personal services costs at the annualized total, and then applying a vacancy savings rate (the rate in the SWPLA is 4 percent)
  - Inflation on selected items, including gasoline and diesel

- Fixed costs so agencies receiving services from centralized functions can pay for those services

As stated, present law changes comprise over 100% of general fund changes proposed by the executive and almost 95% of the total changes proposed by the executive for all changes. The large percentage of general fund changes attributable to present law is due to two factors: 1) the executive requests a net negative new proposals; and 2) the 2009 Legislature stipulated that certain federal funds added as a result of federal stimulus legislation for ongoing functions in human services and education could be replaced with general fund as a present law adjustment.

There are four main themes in the executive budget:

- The executive generally funds anticipated caseload and utilization increases in human services and population increases in corrections, and provides an inflationary increase for K-12 education
- The executive funds all statewide present law adjustments, including 4% vacancy savings for most positions (the 4% reduction to general fund ongoing personal services costs is in new proposals)
- All other general fund present law increases within agencies are minimal. For many agencies, statewide present law adjustments are the largest present law adjustment provided
- The executive replaces one-time federal funding that had replaced general fund in the base year with general fund in the 2013 biennium

The figure shows the allocation of present law adjustments by function of state government in the 2013 biennium compared to the FY 2010 base. Increases to human services and education are 91.6% of the general fund total, due in part to the replacement of federal funds with general fund as outlined below. The Departments of Transportation and Justice and environmental agencies are the prime reasons for the large percentage attributable to “other agencies” for total funds. Also, any replacement general fund causes a like reduction in other funds.

The following are the major present law adjustments made by the executive.

- Replacement of one-time federal stimulus money in human services and education identified by the last legislature as an ongoing expense (a like amount of federal funds were reduced)
- An increase in the regular federal matching requirements for human services programs (FMAP – a like amount of federal funds were reduced)
- Caseload and utilization increases in the Department of Public Health and Human Services, including Medicaid, Healthy Montana Kids, and SNAP (food stamps)

Functional Area	Gen Fund % of Total	Total Funds % of Total
K-12 Education	42.0%	16.3%
Higher Education	12.8%	3.0%
Human Services	36.8%	48.0%
Corrections	4.0%	1.7%
Other Agencies	4.3%	31.1%

- Replacement of one-time funding in K-12 education received in FY 2010 due to additional federal funds and one-time payments for the rights to lease Otter Creek (a like amount of other funds was reduced)
- Inflationary increases in K-12 education and restoration of at-risk payments
- Various inflationary and other adjustments in the Montana University System
- Population growth and facility conversion and construction for secure care and community populations in the Department of Corrections
- Additional projected federal highway funds, and a four-fold expansion in the 100% state funded highway program
- Various information technology projects in the Department of Justice, including debt service payments
- Statewide present law adjustments

## NEW PROPOSALS

General fund new proposals are defined in the 2013 biennium executive budget by the reductions and fund switches proposed. General fund would be reduced by \$78.0 million, while total funds would increase \$51.4 million.

The following shows the distribution of new proposals by functional area. Please note that reductions within functional areas are being compared to a reduction in total. Therefore, K-12 shows as a positive total even though it has a net reduction in new proposals of over \$85 million.

New Proposals by Functional Area 2013 Biennium Executive Budget From the FY 2010 Base (including OTOs) In Millions		
Functional Area	Gen Fund % of Total	Total Funds % of Total
K-12 Education	109.0%	18.8%
Higher Education	-16.2%	28.9%
Human Services	8.8%	32.4%
Corrections	2.3%	-3.5%
Other Agencies	-3.9%	23.4%

The following shows the major general fund reductions included in the executive budget. Please note that for the funding switches, there is an equal increase in other funds.

Major Reductions in New Proposals Executive Budget 2013 Biennium General Fund, in Millions	
Agency/Reduction	Total Biennium
Multiple Agencies	
4% Personal Services Reduction	(\$15.7)
Carry Forward 17-7-140*	(6.7)
Office of Public Instruction	
Quality Educator	(72.9)
School Facilities	(17.2)
Natural Resources and Conservation	
Conservation Districts Fund Switch	(0.8)
Public Health and Human Services	
PACE Elimination	(0.6)
DD Refinance	(4.0)
 Total	 (\$117.9)
*Does not include \$4.9 million reductions in DPHHS and Board of Crime Control coded as present law reductions.	

Major increases proposed by the executive in general fund new proposals are shown in the following figure.

Major Increases in New Proposals Executive Budget 2013 Biennium General Fund, in Millions	
Agency/Reduction	Total Biennium
Montana University System	
Community College Assistance	\$5.6
Units Assistance	15.2
Office of Public Instruction	
Digital Academy	2.3
Special Education Inflation	2.7
Revenue	
Tax Compliance	1.0
Commerce	
Economic Development	4.4
Energy Infrastructure	0.9
Public Health and Human Services	
Autism, MDC Waiver, Indian Property Exclusion	1.5
 Total	 \$33.5

## ONE-TIME-ONLY EXPENDITURES

The executive is proposing a negative (\$9.2) million in general fund one-time-only (OTO) expenditures, and \$15.8 million total funds. This figure contrasts sharply with the previous biennium, when a large beginning fund balance and federal stimulus funds resulted in OTO appropriations of \$310.1 million general fund and \$1,821 million total funds.

The following details proposed general fund OTO expenditures. The Medicaid benefit hold harmless account is a fund into which certain federal enhanced Medicaid match funds were deposited for Medicaid caseload increases in the 2013 biennium.

One-Time-Only Expenditure Proposals Executive Budget General Fund 2013 Biennium	
Agency/Purpose	2013 Biennium
Judiciary	
Court Help Program	\$591,445
Office of Public Instruction	
National Board Certified Teachers	36,000
Justice	
FSD Equipment	300,000
Commissioner of Higher Education	
Community College Audit Costs	61,316
Montana Historical Society	
Historic Structures Report	16,000
Livestock	
LLRMB Loss Payments	150,000
Brucellosis Designated Surveillance Area	571,026
Brucellosis Vet and Compliance Specialist	131,727
Administration	
Close and Sell old Corrections Building	53,510
Purchase OPI Building	112,175
Statewide Reappraisal of Property	42,000
Agriculture	
Invasive Species	667,000
Corrections	
Security Equipment	205,000
Security Control System	325,000
Security Cameras	204,327
Commerce	
Primary Business Sector Training	2,000,000
Indian Country Econ Development	1,600,000
Main Street Prpogram	250,000
High Performance Computing	500,000
DPHHS	
Medicaid Benefit Hold Harmless Account	(16,984,522)
Total	(\$9,167,996)

## 5% REDUCTION PLAN

17-7-111(3) (f), MCA requires that, as part of their budget submissions, agencies with more than 20 FTE submit a plan to reduce base general fund expenditures by 5%. The plan also requires a plan for any state special revenue funds that do not retain their own interest or fund balances. In addition to agencies with 20 or fewer FTE, legislative audit costs and administratively attached entities that hire their own staff are also exempt.

At its June, 2010 meeting, the Legislative Finance Committee (LFC) voted to recommend that the 2011 Legislature adopt as its starting point for budget deliberations the FY 2010 adjusted base minus this 5% reduction plan. In all executive branch agencies not exempted by the Governor, the agencies have included in their plans and the Governor has included in his budget:

- 1) An ongoing reduction in personal services of 4%; and
- 2) Any ongoing reductions taken in response to the Governor's application of 17-7-140, MCA<sup>1</sup> in April 2010 that apply to FY 2011 expenditures.

The Governor has also included select other submissions by the agencies in his budget. However, the Governor has not included all 5% reduction plan items submitted by the agencies. Therefore, if the legislature adopts the LFC recommendation, the starting point would be less than the Governor's adjusted base budget, although it may not be less than the total budget submitted by the Governor.

The following shows the reduction plans for general fund and applicable state special revenue by agency for the 2013 biennium. The table also breaks down the plan by the amount included and not included in the executive budget. As shown, adoption of the 5% reduction would reduce the Governor's budget by a further \$96.2 million general fund, primarily in K-12 education and human services, and \$17.5 million state special revenue.

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<sup>1</sup> 17-7-140, MCA authorizes the Governor to order reductions in expenditures for non-exempt executive branch agencies and expenditures if it is certified that the anticipated ending fund balance is projected to be below a statutorily defined threshold. This threshold was certified in April 2010 and the reductions ordered.

5% Reduction Plans Submitted by Agencies 2013 Biennium Included and Not Included in the Executive Budget						
Section/Agency	General Fund		Percent Included	State Special		Percent Included
	Included	Not Included		Included	Not Included	
<b>Section A</b>						
Legislative Branch	\$0	\$1,065,760	0.0%	\$0	\$236,708	0.0%
Consumer Counsel*	--	--	--	--	--	--
Governor's Office	0	560,398	0.0%	0	2,572	0.0%
Secretary of State*	--	--	--	--	--	--
Commissioner of Political Practices*	--	--	--	--	--	--
State Auditor	--	--	--	0	52,724	0.0%
Revenue	116,380	4,827,950	2.4%	0	76,172	0.0%
Administration	592,856	0	100.0%	-43,935	460,390	-10.5%
Commerce	621,383	0	100.0%	0	325,496	0.0%
Labor and Industry	0	230,862	0.0%	0	2,189,936	0.0%
Military Affairs	<u>224,625</u>	<u>335,909</u>	40.1%	<u>0</u>	<u>112,686</u>	0.0%
<b>Total Section A</b>	<b>\$1,555,244</b>	<b>\$7,020,879</b>	<b>18.1%</b>	<b>(\$43,935)</b>	<b>\$3,456,684</b>	<b>-1.3%</b>
<b>Section B</b>						
Public Health and Human Services*	\$14,740,502	\$15,603,908	48.6%	\$0	\$8,229,662	0.0%
<b>Section C</b>						
Fish, Wildlife, and Parks	\$0	\$0	0.0%	\$0	\$565,010	0.0%
Environmental Quality	293,485	353,160	45.4%	0	1,464,134	0.0%
Transportation	0	0	0.0%	0	972,230	0.0%
Livestock	66,691	37,925	63.7%	0	0	0.0%
Natural Resources and Conservation	1,727,312	447,164	79.4%	382,955	1,456,477	20.8%
Agriculture	<u>55,588</u>	<u>29,064</u>	65.7%	<u>0</u>	<u>41,234</u>	0.0%
<b>Total Section C</b>	<b>\$2,143,076</b>	<b>\$867,313</b>	<b>71.2%</b>	<b>\$382,955</b>	<b>\$4,499,085</b>	<b>7.8%</b>
<b>Section D</b>						
Judicial Branch	\$0	\$3,392,526	0.0%	\$0	\$134,486	0.0%
Crime Control*	--	--	--	--	--	--
Justice	712,344	535,037	57.1%	0	640,775	0.0%
Public Service Commission	0	0	0.0%	0	170,613	0.0%
Public Defender	0	990,623	0.0%	0	2,171	0.0%
Corrections	<u>1,203,829</u>	<u>7,041,882</u>	14.6%	<u>0</u>	<u>178,077</u>	0.0%
<b>Total Section D</b>	<b>\$1,916,173</b>	<b>\$11,960,068</b>	<b>13.8%</b>	<b>\$0</b>	<b>\$1,126,122</b>	<b>0.0%</b>
<b>Section E</b>						
Office of Public Instruction	\$229,756	\$55,775,570	0.4%	\$0	\$97,552	0.0%
Board of Public Education*	--	--	--	--	--	--
School for the Deaf and Blind	154,538	429,027	26.5%	0	0	0.0%
Montana University System	10,305,913	4,305,231	70.5%	0	0	0.0%
Arts Council*	--	--	--	--	--	--
State Library	135,668	135,036	50.1%	0	80,350	0.0%
Historical Society	<u>310,634</u>	<u>12,844</u>	96.0%	<u>0</u>	<u>9,080</u>	0.0%
<b>Total Section E</b>	<b>\$11,136,509</b>	<b>\$60,657,708</b>	<b>15.5%</b>	<b>\$0</b>	<b>\$186,982</b>	<b>0.0%</b>
<b>Total Agencies</b>						
Included in Executive Budget	General Fund	Percent	State Special	Percent		
Not Included in Executive Budget	\$31,491,504	24.7%	\$339,020	1.9%		
	<u>96,109,876</u>	<u>75.3%</u>	<u>17,498,535</u>	<u>98.1%</u>		
<b>Total</b>	<b>\$127,601,380</b>		<b>\$17,837,555</b>			

\*Exempt either due to FTE levels or because state special revenue sources are exempt.

The 5% plans for each agency are shown and discussed in detail in the individual agency and program narratives in Volumes 1 through 7.

**4% PERSONAL SERVICES REDUCTION**

As stated in the 5% Reduction Plan and FTE narratives, the Governor has included an ongoing general fund personal services reduction of 4% for most executive branch agencies with FTE funded with general fund. The Governor’s proposal essentially reduces most agencies’ general fund personal services budgets by the equivalent of 8%, when coupled with the standard 4% vacancy savings rate also recommended. The following shows the total reduction by agency, along with associated FTE reductions, as submitted in the executive budget. Please note that the executive is requesting additional FTE in some of the agencies, and in limited instances the agency is switching funding for FTE from the general fund to another source.

The following agencies have general fund positions but did not have any 4% reductions made:

- The Department of Revenue
- The Governor’s Office
- Office of the Public Defender
- Commissioner of Political Practices
- Office of Public Instruction
- Board of Public Education

4% General Fund Personal Services Reductions 2013 Biennium Executive Budget Executive Branch Agencies			
Section/Agency	FTE		General Fund
	FY 12	FY 13	2013 Biennium
<b>Section A</b>			
Governor's Office	0.00	0.00	\$0
Secretary of State*	---	---	0
COPP	0.00	0.00	0
State Auditor*	---	---	0
Revenue	0.00	0.00	0
Administration	(1.49)	(1.49)	(318,144)
Commerce	(3.66)	(3.66)	(621,383)
Labor and Industry	(0.88)	(0.88)	(156,916)
Military Affairs	(4.84)	(4.84)	(224,625)
<b>Section B</b>			
Public Health and Human Services	(33.50)	(37.79)	(3,874,300)
<b>Section C</b>			
Fish Wildlife and Parks*	---	---	0
Environmental Quality	(1.85)	(1.85)	(293,485)
Transportation*	---	---	0
Livestock	(0.24)	(0.24)	(22,211)
DNRC	(10.25)	(10.25)	(1,308,618)
Agriculture	(0.62)	(0.62)	(55,588)
<b>Section D</b>			
Crime Control	0.00	0.00	0
Justice	(10.91)	(10.95)	(1,423,680)
PSC*	---	---	0
Public Defender	0.00	0.00	0
Corrections	(20.50)	(20.50)	(2,410,476)
<b>Section E</b>			
OPI	0.00	0.00	0
Board of Public Education	0.00	0.00	0
MSDB	(1.25)	(1.25)	(154,538)
MUS**	(0.97)	(0.97)	(4,512,617)
Arts Council	0.00	0.00	0
Library Commission	(1.50)	(1.50)	(135,668)
Historical Society	(1.31)	(1.31)	(184,525)
<b>Total</b>	<b>(93.77)</b>	<b>(98.10)</b>	<b>(\$15,696,774)</b>

\*Do not have positions supported by the general fund.  
 \*\*Office staff only. Estimated impact on units agencies is a reduction of 35.78 FTE each year. The Governor is recommending HB 2 language that would require the Board of Regents to provide specific position numbers and FTE by Aug. 1, 2011

- Montana Arts Council
- Board of Crime Control
- As separate branches of government, the Judicial and Legislative Branches; both branches submitted a 5% reduction plan that may include FTE reductions

This reduction is generally equated with reduced FTE levels in each agency. However, the agency may not yet have determined which specific positions would be eliminated if the proposal is accepted by the legislature. Consequently, the actual impacts of the reductions on operations or services may not be ascertainable without further information. For a further discussion see the individual agency and program narratives in Volumes 3 through 7 of the 2013 Biennium Legislative Fiscal Division Budget Analysis.

In the 2011 biennium, the Governor proposed and the legislature accepted a recommendation to increase vacancy savings in most agencies and for most positions from 4% to 7%, and agency budgets were reduced a further 3%. Consequently, agencies adopted a number of strategies to maintain expenditures within the personal services appropriation, including holding positions open longer before filling them or maintaining an ongoing vacancy. Some of these positions are slated for permanent removal under the 4% reduction.

Therefore, coordination is necessary between the reductions currently proposed in the executive budget and any further reductions to FTE or in vacancy savings the legislature may wish to consider.

**FEE CHANGES**

The executive budget has only one area of the budget where LFD staff has identified that fee increases will be necessary to generate the amount of state special revenue necessary to fund the executive proposal. It is shown in the figure below. For a further discussion, see the narrative beginning on page C-58 of Volume 5 of the 2013 Biennium LFD Budget Analysis.

<b>Changes in Fees or Charges Executive Budget 2013 Biennium</b>			
<b>Section/Agency</b>	<b>Purpose</b>	<b>2013 Biennium</b>	
		<b>General Fund</b>	<b>Other Funds</b>
<i>Section C - Natural Resources and Transportation</i>			
Environmental Quality	Air Program Operations		\$2,089,134

**FUND SWITCHES**

The following figure shows funding switches proposed by the executive. As shown, the funding switches identified a net general fund gain of \$79.2 million over the biennium. Further discussions of each can be found in the respective agency narratives in the appropriate volume of the 2013 Biennium LFD Budget Analysis.

Please note that the table contains only new funding switches proposed by the Governor for the 2013 biennium. The table does not include any replacement of one-time federal stimulus funds with general fund in the Department of Public Health and Human Services, the Office of Public Instruction, or the Office of the Commissioner of Higher Education as allowed by HB 645 from the 2009 Legislative Session.

<b>Major Funding Switches Executive Budget 2013 Biennium</b>			
<b>Section/Agency</b>	<b>Purpose</b>	<b>2013 Biennium</b>	
		<b>General Fund</b>	<b>Other Funds</b>
<i>Section A - General Government</i>			
Department of Administration	Fund public safety services bureau chief with state special	(126,563)	126,563
Department of Administration	Fund local government services bureau chief with proprietary fu	(153,123)	153,123
Military Affairs	Change in federal funding percentage*	(800,000)	800,000
Governor's Office	Citizen's Advocate Office	\$19,957	(\$19,957)
<i>Section C - Natural Resources and Transportation</i>			
Natural Resources & Conservation	Conservation District Funding	(400,000)	400,000
<i>Section E - Education</i>			
Board of Public Education	Board Operating Expenses	15,000	(15,000)
Office of the Commissioner of High Education	Student Financial Assistance Grants	(1,751,600)	1,751,600
OPI	Quality Educator Payment	(76,000,000)	76,000,000
Total		<u>(\$79,196,329)</u>	<u>\$79,196,329</u>

\*Approximate. Switch was not requested in a new proposal, but made in the adjusted base.

## PROPOSALS WITH INCREASED FUTURE COSTS

The executive has made three recommendations that would cost more money in the 2015 biennium than in the 2013 biennium. Therefore, before acting on any of the proposals shown in the table, the legislature may wish to discuss long-term costs to ensure that future impacts on structural balance can be assessed. Please note that the following figure does not include caseload, population, or enrollment increases.

<b>Governor's Proposals with Increased Future Costs 2013 Biennium Executive Budget General Fund Costs, Only</b>			
<b>Section/Agency</b>	<b>Purpose</b>	<b>2013 Bien</b>	<b>2015 Bien</b>
		<b>General Fund</b>	<b>General Fund</b>
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Corrections	Secure Custody Population Increase	5,708,600	10,176,200
Corrections	Northwestern Montana Prerelease	1,226,984	2,453,968
<i>Section E - Education</i>			
OPI	Teach Montana	77,271,395	81,361,100
Total		<u>\$84,206,979</u>	<u>\$93,991,268</u>

\*Total combined cost in the 2009 biennium is \$5.0 million, while total cost is \$25.0 million.

\*\*Does not assume any change in enrollment, GTB, or guarantee account from the 2011 biennium projected level

A further discussion is found in the agency narrative in Volumes 6 and 7.

## PROGRAM ELIMINATIONS

The following table shows that the Governor has proposed the complete elimination of three programs in the 2013 biennium. Funding for the Regional Development Program had initially been eliminated in FY 2011.

<b>Governor's Proposals to Eliminate Programs/Functions 2013 Biennium Executive Budget</b>			
<b>Section/Agency</b>	<b>Purpose</b>	<b>2013 Bien General Fund</b>	<b>2013 Bien Other Funds</b>
<i>Section A - General Government</i>			
Department of Commerce	Regional Development Program	(621,383)	
Department of Administration	Day Care Program		(82,628)
<i>Section B - Human Services</i>			
DPHHS	Eliminate PACE Program	(628,918)	
Total		<u>(\$1,250,301)</u>	<u>(\$82,628)</u>

A further discussion can be found in the individual agency narratives in Volumes 3 and 4.

## FTE

The executive would add a net 31.61 FTE in HB 2. The following figure shows the net change in HB 2 FTE proposed by the executive for each agency, by section.

<b>Total Proposed FTE Levels 2013 Biennium Executive Budget</b>						
<b>Section/Agency</b>	<b>Base FY 2010</b>	<b>Net Change FY 2012</b>	<b>Total FY 2012</b>	<b>Net Change FY 2013</b>	<b>Total FY 2013</b>	<b>Change FY 2010-FY2013</b>
<b>Section A*</b>						
Legislative Branch**	134.97	0.00	134.97	5.17	140.14	5.17
Consumer Counsel	5.54	0.00	5.54	0.00	5.54	0.00
Governor's Office	60.07	0.00	60.07	0.00	60.07	0.00
Commissioner of Political Practices	6.00	0.00	6.00	0.00	6.00	0.00
State Auditor	82.50	2.00	84.50	2.00	84.50	2.00
Revenue	657.53	15.00	672.53	15.00	672.53	15.00
Administration*	155.12	-1.49	153.63	-1.49	153.63	(1.49)
Commerce*	50.66	5.34	56.00	5.34	56.00	5.34
Labor and Industry	755.10	2.12	757.22	2.12	757.22	2.12
Military Affairs	192.66	1.16	193.82	1.16	193.82	1.16
<b>Section B</b>						
Public Health and Human Services	2,944.93	-1.63	2,943.30	-5.79	2,939.14	(5.79)
<b>Section C</b>						
Fish, Wildlife, and Parks	685.36	15.23	700.59	15.23	700.59	15.23
Environmental Quality	387.29	-1.85	385.44	-1.85	385.44	(1.85)
Transportation	2,111.26	0.00	2,111.26	0.00	2,111.26	0.00
Livestock	139.50	5.00	144.50	3.26	142.76	3.26
Natural Resources and Conservation	557.69	-12.25	545.44	-12.25	545.44	(12.25)
Agriculture	118.42	1.98	120.40	1.98	120.40	1.98
<b>Section D</b>						
Judicial Branch	410.08	9.50	419.58	12.16	422.24	12.16
Board of Crime Control	19.50	0.50	20.00	0.50	20.00	0.50
Justice	752.05	0.84	752.89	0.80	752.85	0.80
Public Service Commission	39.00	1.00	40.00	1.00	40.00	1.00
Office of the Public Defender	200.50	16.00	216.50	16.00	216.50	16.00
Corrections	1,303.64	-14.50	1,289.14	-14.50	1,289.14	(14.50)
<b>Section E</b>						
Office of Public Instruction	165.86	0.00	165.86	0.00	165.86	0.00
Board of Public Education	4.00	0.00	4.00	0.00	4.00	0.00
School for the Deaf and Blind	88.61	-1.25	87.36	-1.25	87.36	(1.25)
Commissioner of Higher Education***	104.05	-10.17	93.88	-10.17	93.88	(10.17)
Arts Council	7.00	0.00	7.00	0.00	7.00	0.00
State Library	30.50	-1.50	29.00	-1.50	29.00	(1.50)
Historical Society	61.14	-1.31	59.83	-1.31	59.83	(1.31)
<b>Totals</b>	<b><u>12,230.53</u></b>	<b><u>29.72</u></b>	<b><u>12,260.25</u></b>	<b><u>31.61</u></b>	<b><u>12,262.14</u></b>	<b><u>31.61</u></b>
Montana University System****	4,671.59	109.55	4,781.14	0.00	4,781.14	109.55
*The Office of the Secretary of State and a significant number of Department of Administration and Department of Commerce staff are funded with proprietary funds not included in HB 2.						
**FY 2013 includes session staff.						
***Includes only staff within the Office of the Commissioner of Higher Education.						
****FY 2010 is budgeted FY 2010 level						

The overall increase in FTE is a result of several increases, partially offset by reductions in FTE as part of the Governor's proposal to reduce ongoing general fund personal services by 4%. The executive is proposing the elimination of 98.10 FTE general fund positions. For a further discussion, see B-8 in this volume.

The major FTE increases are in the following four agencies.

- o Revenue – 8.00 FTE for auditing and tax compliance and an additional 5.00 total for tobacco compliance and abandoned property

- Fish, Wildlife and Parks – 4.50 FTE information technology positions currently funded with one-time-only funding to be made permanent, 3.00 FTE to implement an elk brucellosis management strategy, and 6.23 for parks and fishing access site maintenance and operations
- Judicial Branch – 3.00 FTE to make ongoing the Court Help program; 5.00 FTE to annualize the judges and staff added by the 2009 Legislature; and 4.16 FTE to the Water Court, including 3.00 FTE from the Department of Natural Resources and Conservation (DNRC)
- Office of the Public Defender – 15.00 FTE for current caseloads, to reduce managers' caseloads, and for records management and accounts receivable

The major net reductions are the following:

- Public Health and Human Services –The Governor's 4% personal services reduction, partially offset by the addition of: 1) 20.00 FTE to administer Healthy Montana Kids (12.00 one-time FTE made ongoing and an additional 8.00 FTE); 2) 5.00 FTE to expand family planning; 3) 3.50 FTE for medical marijuana program staffing; and 4) 3.50 FTE for asthma control and colorectal cancer screening
- Department of Corrections - The Governor's 4% reduction, partially offset by additional correctional officers and mental health technicians
- Commissioner of Higher Education - A reduction of 9.20 FTE in the Guaranteed Student Loan Program due to a change in federal student loan policy
- DNRC - The Governor's 4% reduction and the transfer of 3.00 FTE to the Water Court.

Detailed descriptions of the decision packages that change FTE are found in the respective agency and program narratives in Volumes 3 through 7 of the 2013 Biennium LFD Budget Analysis.

### Other FTE

While HB 2 funds the great majority, FTE are also funded from non-budgeted proprietary funds and statutory appropriations.

In the 2013 biennium the executive budget includes proprietary funding for 1,211.64 FTE in FY 2012 and 1,211.64 FTE in FY 2013, primarily in the Departments of Administration and Transportation and the State Fund.

A total of 79.70 FTE each year are funded with statutory appropriations, primarily in Commerce for Travel Montana and in the Department of Fish, Wildlife and Parks.

## FIXED COSTS

In the 2013 biennium, the Governor is recommending an overall reduction of \$6.7 million from the 2011 biennium appropriated amount. The figure below illustrates.

Fixed Costs 2013 Biennium Executive Budget (in millions)*				
Subcommittee/Agency	Function	2011 Biennium	2013 Biennium	Difference
<b>General Government</b>				
Administration	Insurance and Bonds	24.6	\$24.6	\$0.0
	Warrant Writing Fees	2.2	1.9	(0.3)
	Human Resources	6.1	5.8	(0.3)
	ITSD	80.6	78.1	(2.5)
	SABHRS Operating	8.9	7.4	(1.5)
	Messenger Services	0.6	0.6	0.0
	Rent - Buildings	21.6	19.3	(2.3)
	Grounds Maintenance	1	1.0	0.0
	Workers Compensation	0.8	0.8	0.0
Legislative Audit Division	Audit Fees	3.6	3.6	0.0
Various	Statewide Cost Allocation	8.3	<u>8.5</u>	0.2
Total		<u>\$158.3</u>	<u>\$151.6</u>	<u>(\$6.7)</u>

\* All funds, including funds not appropriated in HB 2

As shown, most costs would remain static or be reduced. The most notable reductions are in the Information Technology Services Division (ITSD) and in capitol complex rent.

In the 2011 biennium ITSD went to an activity-based budgeting system that charges agencies for the information technology services in a way that more closely relates to the actual services used by each individual user. There is also a reallocation of costs to smaller agencies that had been subsidized by larger agencies in the past. The subsidy would be eliminated when services that were bundled under one fee in the 2011 biennium are provided separately under unique fees in the 2013 biennium. Because the costs for the unbundled services are no longer determined by the size of the data being managed, but by the costs to provide the function, costs are being allocated more accurately to the agencies purchasing the services and a shift in allocation has resulted. Further information that shows the allocation changes for all agencies is contained in the narrative for ITSD in Volume 3 page A-184.

With rent, certain ongoing maintenance will be delayed, such as painting, grass cutting, and the like. If the delay is continued for more than one biennium, the risks of damage or more expensive repair and maintenance requirements will increase.

Risks associated with fixed cost allocations of the Governor's recommendations include:

- Budget reductions that result in agency usage of fixed cost services materially lower than usage rates assumed in rate calculations could under fund costs of service providers that are fixed regardless of the service volumes

- If insurance claims are higher than anticipated, reserves may not be sufficient to fund claim payments
- Long-term neglect of facility maintenance issues could cause higher costs to restore facilities

For an explanation of each of the fixed costs, see “Budget Basics” in the “Reference” volume online. Further information is also contained within the narrative for each agency in Volumes 3 through 7.

**SUPPLEMENTAL APPROPRIATIONS**

The executive is proposing \$2.85 million in general fund and \$0.95 million in other funds in supplemental appropriations for FY 2011. Please note that at the time of this writing the Department of Corrections had indicated it would mitigate any potential supplemental and no funds would be requested. The \$900,000 general fund is included in all general fund in this discussion for reference and until the executive officially removes the proposal from his budget.

The figure shows supplemental appropriations since the 1987 biennium.

As shown, the level of supplemental appropriations request is the lowest supplemental amount requested over this time period. Please note that the request includes no funding for fire suppression. Fire costs, which were low in the 2011 biennium, were funded from the fire suppression state special revenue account.

<b>General Fund Supplementals 1987 to 2011 Biennium</b>	
<b>Biennium</b>	<b>Millions</b>
1987	\$32.7
1989	17.1
1991	20.4
1993	82.2
1995	19.9
1997	14.2
1999	11.5
2001	68.2
2003	12.5
2005	12.7
2007	76.4
2009	3.5
2011*	2.9

\*Includes \$900,000 for the Department of Corrections that may be withdrawn by the executive.

The following details the FY 2011 executive request. The figure is followed by a brief description of each.

<b>Supplemental Appropriations Requests Executive Budget - 2011 Biennium</b>		
<b>Agency/Program</b>	<b>General Fund</b>	<b>Other Funds</b>
Office of Public Instruction		
Tuition	\$330,000	
Pupil Transportation	300,000	
Department of Administration		
VEBA	470,767	
Lottery		950,000
Office of the Public Defender		
Operations	850,000	
Department of Corrections*		
Operations	900,000	
<b>Total</b>	<b>\$2,850,767</b>	<b>\$950,000</b>

- Office of Public Instruction - \$330,000 general fund for state tuition payments under 20-5-324(2)(a), MCA due to increased tuition obligation requests from K-12 school districts and \$300,000 for pupil transportation payments
- Department of Administration, Health Care and Benefits Division - \$470,767 for Voluntary Employee Benefits Association (VEBA) plan loan and associated interest repayment
- Office of the Public Defender - \$850,000 general fund for operational expenses
- Montana Lottery - \$950,000 proprietary funds due to additional ticket sales and prize and commission expenses. Because the lottery deposits remaining balance in the proprietary account to the general fund, this supplemental has a direct general fund impact
- Department of Corrections - \$900,000 general fund for operating costs and vacancy savings. At the time of this writing the department had indicated it would not request these funds

A further discussion of each supplemental request is included in the individual agency narratives in the appropriate volumes of the 2013 Biennium Legislative Fiscal Division Budget Analysis.

## AGENCY BUDGET COMPARISONS BY FUND

This section provides a comparison, by agency, of the Governor's executive budget recommendations for HB 2 as compared to the 2011 biennium. For each fund type, a table shows the comparison by agency. Also included for each fund type is a pie chart showing the amount and percent of each fund by major program area, and a bar graph that shows the percentage increase by major program area. The narrative describes the primary reasons for the budget changes, by fund type.

### General Fund

As defined in 17-2-102, MCA, the general fund "accounts for all financial resources except those required to be accounted for in another fund." The general fund provides funding for the general operations of state government.

Please note that in this and the following sections, both the discussion and the figures include ongoing funding, only. As shown in Figure 1, the general fund would increase by \$322.1 million, or 10.7%.

Primary increases include:

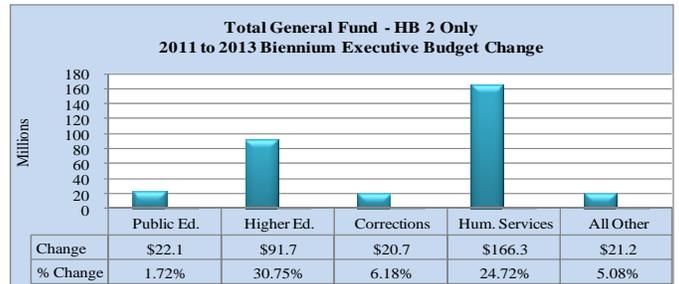
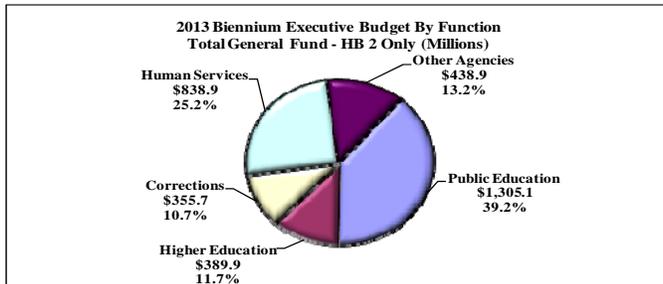
- Office of Public Instruction – Replacement of one-time federal and coal lease payments, inflationary increases, restoration of at-risk payments, and continuance of FY 2011 entitlement funding levels; partially offset by funding switches from general fund to state special revenue for the quality educator and school facility payments
- Commissioner of Higher Education – Replacement of one-time federal funds, enrollment increases, a new initiative that provides an unspecified increase for the

university units, and an increase in the state funded share of various increases; partially offset by a general reduction

- Department of Public Health and Human Services - Medicaid caseload and utilization increases, an increase in the percentage of Medicaid expenditures that must be paid for by the state (FMAP), and replacement of temporary 2011 biennium federal funds with general fund; partially offset by replacement of general fund with the Medicaid hold-harmless funds available due to federal stimulus legislation
- Department of Corrections – Conversion of existing space to house secure care inmates, and additional community corrections beds
- Office of the Public Defender – Additional staff to reduce caseloads
- All Agencies - Statewide present law adjustments, particularly fully funding personal services (minus a 4% vacancy savings rate), partially offset by a 4% reduction in most agencies' general fund personal services

Figure 1

Fund Comparison 2011 Biennium versus Executive Budget Proposal 2013 Biennium								
General Fund House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Executive Budget FY 2012	Executive Budget FY 2013	Executive Budget FY 12-13	Biennial Change	Biennial Percent
1104 Legislative Branch	10,671,264	12,745,186	23,416,450	11,763,554	12,140,721	23,904,275	487,825	2.1%
2110 Judicial Branch	33,937,675	35,467,158	69,404,833	36,952,194	37,020,776	73,972,970	4,568,137	6.6%
3101 Governor's Office	5,946,921	6,136,573	12,083,494	6,057,949	5,991,819	12,049,768	(33,726)	-0.3%
3202 Comm Of Political Practices	433,817	457,853	891,670	571,855	566,616	1,138,471	246,801	27.7%
3501 Office Of Public Instruction	560,053,258	722,904,404	1,282,957,662	650,266,733	654,798,000	1,305,064,733	22,107,071	1.7%
4107 Crime Control Division	2,351,300	2,386,384	4,737,684	2,456,750	2,384,634	4,841,384	103,700	2.2%
4110 Department Of Justice	24,957,152	25,938,858	50,896,010	27,208,028	27,206,970	54,414,998	3,518,988	6.9%
5101 Board Of Public Education	198,333	227,589	425,922	228,017	233,385	461,402	35,480	8.3%
5102 Commissioner Of Higher Education	147,531,701	150,674,815	298,206,516	193,828,002	196,104,759	389,932,761	91,726,245	30.8%
5113 School For The Deaf & Blind	5,865,460	5,953,456	11,818,916	6,000,578	5,967,474	11,968,052	149,136	1.3%
5114 Montana Arts Council	465,294	463,194	928,488	454,845	445,255	900,100	(28,388)	-3.1%
5115 Montana State Library	2,722,517	2,787,459	5,509,976	2,721,573	2,705,797	5,427,370	(82,606)	-1.5%
5117 Montana Historical Society	2,641,116	2,761,337	5,402,453	2,878,024	2,835,068	5,713,092	310,639	5.7%
5301 Department Of Environmental Quality	5,341,202	5,443,674	10,784,876	5,466,101	5,469,117	10,935,218	150,342	1.4%
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5603 Department Of Livestock	1,046,160	1,111,118	2,157,278	1,556,825	1,406,989	2,963,814	806,536	37.4%
5706 Dept Of Natural Resources & Conservation	21,831,342	22,453,450	44,284,792	23,133,278	23,155,910	46,289,188	2,004,396	4.5%
5801 Department Of Revenue	49,569,692	50,171,670	99,741,362	49,609,233	49,570,431	99,179,664	(561,698)	-0.6%
6101 Department Of Administration	6,054,826	6,212,547	12,267,373	6,426,155	6,198,509	12,624,664	357,291	2.9%
6108 Office Of The Public Defender	19,849,276	19,571,843	39,421,119	21,707,345	21,661,333	43,368,678	3,947,559	10.0%
6201 Department Of Agriculture	880,007	1,020,580	1,900,587	1,336,381	1,288,028	2,624,409	723,822	38.1%
6401 Department Of Corrections	165,758,162	169,198,753	334,956,915	175,317,022	180,351,473	355,668,495	20,711,580	6.2%
6501 Department Of Commerce	2,598,996	2,692,843	5,291,839	5,011,683	5,012,435	10,024,118	4,732,279	89.4%
6602 Department Of Labor & Industry	2,308,627	2,612,713	4,921,340	2,417,105	2,427,988	4,845,093	(76,247)	-1.5%
6701 Department Of Military Affairs	5,612,637	5,825,156	11,437,793	5,622,291	5,613,922	11,236,213	(201,580)	-1.8%
6902 Economic Security Services Branch	69,002,422	75,171,198	144,173,620	72,633,319	74,300,242	146,933,561	2,759,941	1.9%
6904 Director's Office	1,992,454	1,604,573	3,597,027	1,638,989	1,637,808	3,276,797	(320,230)	-8.9%
6906 Operations Services Branch	15,604,180	14,472,372	30,076,552	15,386,374	15,535,585	30,921,959	845,407	2.8%
6907 Public Health	3,396,584	3,492,167	6,888,751	3,365,526	3,363,129	6,728,655	(160,096)	-2.3%
6911 Medicaid And Health Services Branch	213,499,708	274,336,885	487,836,593	329,707,772	321,378,594	651,086,366	163,249,773	33.5%
<b>Total House Bill 2 Proposals</b>	<b>\$1,382,122,083</b>	<b>\$1,624,295,808</b>	<b>\$3,006,417,891</b>	<b>\$1,661,723,501</b>	<b>\$1,666,772,767</b>	<b>\$3,328,496,268</b>	<b>\$322,078,377</b>	<b>10.7%</b>
Long-Range Building Proposals	-	-	-	-	-	-	-	-
Miscellaneous Proposals	1,130	-	1,130	16,864,755	12,535,947	29,400,702	29,399,572	2601732.0%
Transfers	-	-	-	16,417,006	12,858,078	29,275,084	29,275,084	-
Statutory Recommendations	169,526,415	170,341,305	339,867,720	185,726,256	192,175,146	377,901,402	38,033,682	11.2%
<b>Total Executive Recommendations</b>	<b>\$1,551,649,628</b>	<b>\$1,794,637,113</b>	<b>\$3,346,286,741</b>	<b>\$1,880,731,518</b>	<b>\$1,884,341,938</b>	<b>\$3,765,073,456</b>	<b>\$418,786,715</b>	<b>12.5%</b>



### State Special Revenue

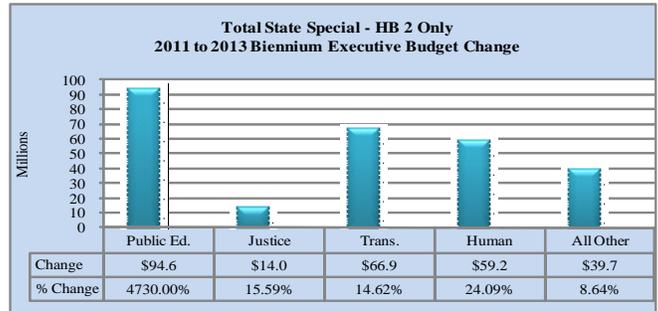
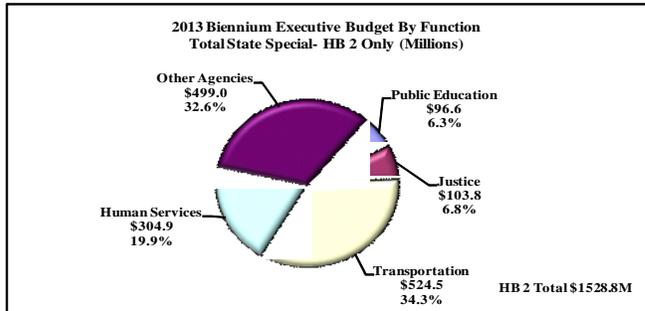
As defined in 17-2-102, MCA, the state special fund “consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal sources that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.”

State special revenue would increase by \$274.4 million, or 21.9%. Proposed increases are widespread across state government. However, three agencies account for 81.4% of the total increase.

- Office of Public Instruction – Funding switches for the quality educator payment from the general fund to oil and gas revenues (Teach Montana fund), and for school facility payments from general fund to the facility and technology fund
- Department of Transportation – A fourfold increase in the state funded construction program
- Department of Public Health and Human Services – Use of the Medicaid hold-harmless funds available due to 2011 biennium federal stimulus funds, additional Healthy Montana Kids enrollment and expansion populations, and additional hospital and nursing home utilization fund authority

Figure 2

Fund Comparison 2011 Biennium versus Executive Budget Proposal 2013 Biennium								
State/other Special Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Executive Budget FY 2012	Executive Budget FY 2013	Executive Budget FY 12-13	Biennial Change	Biennial Percent
1104 Legislative Branch	2,363,532	2,288,667	4,652,199	2,668,208	2,022,804	4,691,012	38,813	0.8%
1112 Consumer Council	939,248	1,393,320	2,332,568	1,637,219	1,640,873	3,278,092	945,524	40.5%
2110 Judicial Branch	1,922,472	2,305,683	4,228,155	2,259,135	2,452,283	4,711,418	483,263	11.4%
3101 Governor's Office	25,713	32,500	58,213	12,474	12,409	24,883	(33,330)	-57.3%
3401 State Auditor's Office	16,755,749	18,995,348	35,751,097	19,222,899	18,877,978	38,100,877	2,349,780	6.6%
3501 Office Of Public Instruction	975,513	979,051	1,954,564	48,018,021	48,610,569	96,628,590	94,674,026	4843.7%
4107 Crime Control Division	37,595	291,808	329,403	152,736	152,736	305,472	(23,931)	-7.3%
4110 Department Of Justice	41,651,649	48,102,143	89,753,792	52,019,150	51,762,341	103,781,491	14,027,699	15.6%
4201 Public Service Regulation	3,420,213	3,669,577	7,089,790	3,597,432	3,547,660	7,145,092	55,302	0.8%
5101 Board Of Public Education	186,050	185,632	371,682	172,920	173,322	346,242	(25,440)	-6.8%
5102 Commissioner Of Higher Education	19,535,696	18,236,611	37,772,307	19,827,019	21,274,458	41,101,477	3,329,170	8.8%
5113 School For The Deaf & Blind	333,818	348,929	682,747	268,731	268,919	537,650	(145,097)	-21.3%
5114 Montana Arts Council	212,426	215,074	427,500	204,342	201,903	406,245	(21,255)	-5.0%
5115 Montana State Library	803,498	803,523	1,607,021	807,098	803,498	1,610,596	3,575	0.2%
5117 Montana Historical Society	90,795	139,710	230,505	91,082	91,082	182,164	(48,341)	-21.0%
5201 Department Of Fish, Wildlife & Parks	54,070,860	55,648,120	109,718,980	57,552,965	57,525,124	115,078,089	5,359,109	4.9%
5301 Department Of Environmental Quality	22,692,262	30,740,283	53,432,545	31,133,319	31,136,611	62,269,930	8,837,385	16.5%
5401 Department Of Transportation	199,536,189	258,100,949	457,637,138	262,436,600	262,091,900	524,528,500	66,891,362	14.6%
5603 Department Of Livestock	7,325,213	7,574,506	14,899,719	8,750,930	8,662,951	17,413,881	2,514,162	16.9%
5706 Dept Of Natural Resources & Conservation	24,837,687	26,886,999	51,724,686	27,487,205	27,495,450	54,982,655	3,257,969	6.3%
5801 Department Of Revenue	761,721	815,907	1,577,628	1,182,824	1,179,757	2,362,581	784,953	49.8%
6101 Department Of Administration	6,508,794	7,884,856	14,393,650	7,117,969	7,111,969	14,229,938	(163,712)	-1.1%
6108 Office Of The Public Defender	43,418	43,456	86,874	137,885	109,712	247,597	160,723	185.0%
6201 Department Of Agriculture	10,561,977	12,708,587	23,270,564	12,248,172	11,597,451	23,845,623	575,059	2.5%
6401 Department Of Corrections	3,561,540	4,086,930	7,648,470	3,959,153	3,950,588	7,909,741	261,271	3.4%
6501 Department Of Commerce	4,216,567	6,178,304	10,394,871	7,333,031	7,300,737	14,633,768	4,238,897	40.8%
6602 Department Of Labor & Industry	35,856,229	38,237,903	74,094,132	40,334,522	40,459,781	80,794,303	6,700,171	9.0%
6701 Department Of Military Affairs	1,127,398	1,393,170	2,520,568	1,383,886	1,366,373	2,750,259	229,691	9.1%
6902 Economic Security Services Branch	6,520,447	7,487,049	14,007,496	8,280,064	8,275,571	16,555,635	2,548,139	18.2%
6904 Director's Office	439,899	308,235	748,134	385,118	385,240	770,358	22,224	3.0%
6906 Operations Services Branch	1,966,753	2,068,890	4,035,643	2,480,179	2,551,483	5,031,662	996,019	24.7%
6907 Public Health	18,024,188	18,776,019	36,800,207	18,418,989	18,425,864	36,844,853	44,646	0.1%
6911 Medicaid And Health Services Branch	91,819,929	98,288,875	190,108,804	113,151,477	132,496,137	245,647,614	55,538,810	29.2%
<b>Total House Bill 2 Proposals</b>	<b>579,125,038</b>	<b>\$675,216,614</b>	<b>\$1,254,341,652</b>	<b>\$754,732,754</b>	<b>\$774,015,534</b>	<b>\$1,528,748,288</b>	<b>\$274,406,636</b>	<b>21.9%</b>
Long-Range Building Proposals	-	-	-	-	-	-	-	-
Miscellaneous Proposals	-	-	-	4,060,008	5,734,861	9,794,869	9,794,869	-
Transfers	-	-	-	-	-	-	-	-
Statutory Recommendations	330,354,454	150,080,008	480,434,462	272,730,623	284,771,382	557,502,005	77,067,543	16.0%
<b>Total Executive Recommendations</b>	<b>\$909,479,492</b>	<b>\$825,296,622</b>	<b>\$1,734,776,114</b>	<b>\$1,031,523,385</b>	<b>\$1,064,521,777</b>	<b>\$2,096,045,162</b>	<b>\$361,269,048</b>	<b>20.8%</b>



### Federal Special Revenue

As defined in 17-2-102, MCA, the federal special fund “consists of money deposited in the treasury from federal sources, including trust income that is used for the operation of state government.”

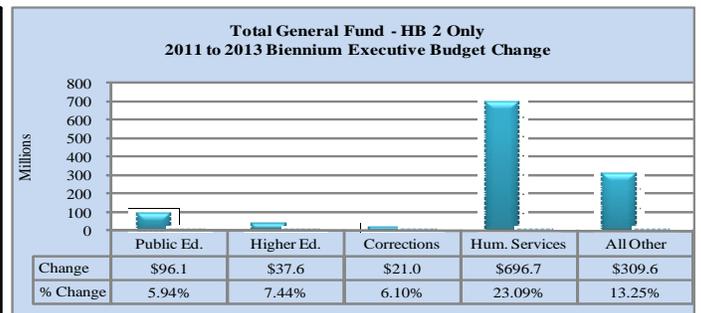
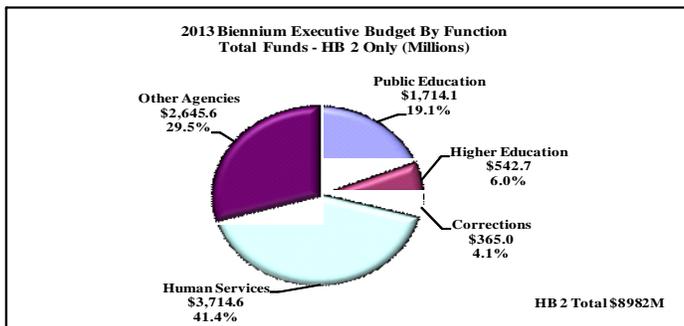
Federal funds increase by \$557.8 million, or 15.8%. Most agencies receive some federal funds. However, the Departments of Public Health and Human Services and Transportation account for over 83% of the federal funds proposed in the Governor’s budget and would receive over 100% of the proposed additions, partially offset by two major reductions.

- Department of Public Health and Human Services - Caseload and utilization increases, including Medicaid and SNAP (food stamps), along with other federal grants, partially offset by a reduction in the amount of Medicaid expenditures paid for by the federal government (FMAP) and replacement of one-time federal Medicaid enhanced match rate with general fund
- Department of Transportation - General increases in funding, primarily for highway construction

Major reductions in K-12 and higher education are due primarily to replacement of one-time federal money available due to federal stimulus legislation in the 2011 biennium.

Figure 3

Fund Comparison 2011 Biennium versus Executive Budget Proposal 2013 Biennium								
Federal Spec. Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Executive Budget FY 2012	Executive Budget FY 2013	Executive Budget FY 12-13	Biennial Change	Biennial Percent
2110 Judicial Branch	122,177	125,649	247,826	122,932	122,989	245,921	(1,905)	-0.8%
3101 Governor's Office	-	-	-	-	-	-	-	-
3201 Secretary Of State's Office	-	-	-	550,000	-	550,000	550,000	-
3501 Office Of Public Instruction	160,781,659	172,321,070	333,102,729	154,383,951	158,030,732	312,414,683	(20,688,046)	-6.2%
4107 Crime Control Division	3,624,376	14,256,165	17,880,541	6,690,521	6,694,171	13,384,692	(4,495,849)	-25.1%
4110 Department Of Justice	1,405,530	1,760,313	3,165,843	1,492,068	1,493,495	2,985,563	(180,280)	-5.7%
4201 Public Service Regulation	25,473	25,643	51,116	106,511	105,434	211,945	160,829	314.6%
5102 Commissioner Of Higher Education	73,082,748	95,891,892	168,974,640	52,836,718	58,643,414	111,480,132	(57,494,508)	-34.0%
5113 School For The Deaf & Blind	79,206	82,973	162,179	82,057	82,057	164,114	1,935	1.2%
5114 Montana Arts Council	596,472	602,524	1,198,996	802,113	802,900	1,605,013	406,017	33.9%
5115 Montana State Library	1,145,593	1,060,155	2,205,748	1,608,026	608,026	2,216,052	10,304	0.5%
5117 Montana Historical Society	659,333	671,859	1,331,192	760,618	765,318	1,525,936	194,744	14.6%
5201 Department Of Fish, Wildlife & Parks	14,942,150	15,348,245	30,290,395	15,846,816	15,851,066	31,697,882	1,407,487	4.6%
5301 Department Of Environmental Quality	18,333,719	23,017,600	41,351,319	21,627,400	21,617,224	43,244,624	1,893,305	4.6%
5401 Department Of Transportation	297,325,273	366,696,500	664,021,773	415,870,548	415,229,508	831,100,056	167,078,283	25.2%
5603 Department Of Livestock	1,464,601	1,808,842	3,273,443	1,635,920	1,608,875	3,244,795	(28,648)	-0.9%
5706 Dept Of Natural Resources & Conservation	1,884,350	2,075,894	3,960,244	2,051,194	2,055,409	4,106,603	146,359	3.7%
5801 Department Of Revenue	204,942	206,447	411,389	270,210	271,218	541,428	130,039	31.6%
6101 Department Of Administration	42,043	48,739	90,782	42,043	42,043	84,086	(6,696)	-7.4%
6108 Office Of The Public Defender	-	-	-	-	-	-	-	-
6201 Department Of Agriculture	2,111,490	2,390,235	4,501,725	2,328,952	2,329,665	4,658,617	156,892	3.5%
6401 Department Of Corrections	20,872	134,068	154,940	20,872	20,872	41,744	(113,196)	-73.1%
6501 Department Of Commerce	14,015,061	21,958,907	35,973,968	16,066,675	16,763,104	32,829,779	(3,144,189)	-8.7%
6602 Department Of Labor & Industry	30,767,415	32,047,983	62,815,398	35,032,341	34,980,370	70,012,711	7,197,313	11.5%
6701 Department Of Military Affairs	24,909,942	33,555,935	58,465,877	25,957,489	25,961,071	51,918,560	(6,547,317)	-11.2%
6902 Economic Security Services Branch	250,222,580	263,483,905	513,706,485	384,249,059	426,271,292	810,520,351	296,813,866	57.8%
6904 Director's Office	2,320,308	1,836,471	4,156,779	1,955,600	1,955,018	3,910,618	(246,161)	-5.9%
6906 Operations Services Branch	22,891,618	22,802,479	45,694,097	23,952,727	24,138,496	48,091,223	2,397,126	5.2%
6907 Public Health	38,742,988	45,232,983	83,975,971	40,596,849	40,597,387	81,194,236	(2,781,735)	-3.3%
6911 Medicaid And Health Services Branch	728,167,173	723,934,949	1,452,102,122	799,054,374	828,058,163	1,627,112,537	175,010,415	12.1%
<b>Total House Bill 2 Proposals</b>	<b>\$1,689,889,092</b>	<b>\$1,843,378,425</b>	<b>\$3,533,267,517</b>	<b>\$2,005,994,584</b>	<b>\$2,085,099,317</b>	<b>\$4,091,093,901</b>	<b>\$557,826,384</b>	<b>15.8%</b>
Long-Range Building Proposals	-	-	-	-	-	-	-	-
Miscellaneous Proposals	18,000	25,779,699	25,797,699	1,152,388	3,272,346	4,424,734	(21,372,965)	-82.8%
Transfers	-	-	-	-	-	-	-	-
Statutory Recommendations	40,848,435	42,381,811	83,230,246	41,514,267	41,641,512	83,155,779	(74,467)	-0.1%
<b>Total Executive Recommendations</b>	<b>\$1,730,755,527</b>	<b>\$1,911,539,935</b>	<b>\$3,642,295,462</b>	<b>\$2,048,661,239</b>	<b>\$2,130,013,175</b>	<b>\$4,178,674,414</b>	<b>\$536,378,952</b>	<b>14.7%</b>



### Capital Projects Funds

As defined in 17-7-102, MCA, capital projects funds account “...for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds...”

Capital projects funds in the Department of Justice are for debt payments for the Merlin system. These funds should have been coded to debt service.

**Figure 4**

Fund Comparison 2011 Biennium versus Executive Budget Proposal 2013 Biennium					
Capital Projects Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Biennial Change	Biennial Percent
4110 Department Of Justice	-	-	-	4,500,000	
6101 Department Of Administration	-	-	-	-	
<b>Total House Bill 2 Proposals</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,500,000</b>	
Long-Range Building Proposals					
Miscellaneous Proposals	-	-	-	-	
Transfers	-	-	-	-	
Statutory Recommendations	62,976	-	62,976	713,939	1133.7%
<b>Total Executive Recommendations</b>	<b>\$62,976</b>	<b>\$0</b>	<b>\$62,976</b>	<b>\$5,213,939</b>	<b>8279.2%</b>

### Proprietary Funds

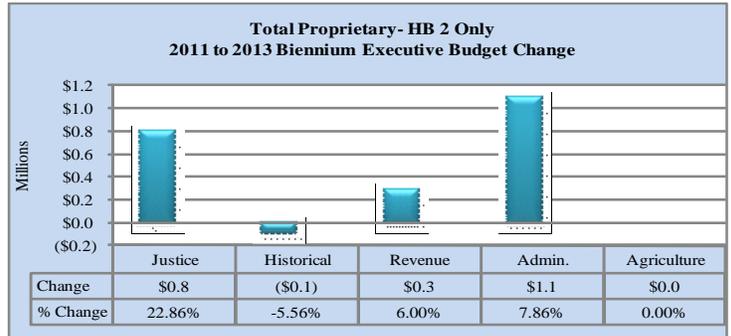
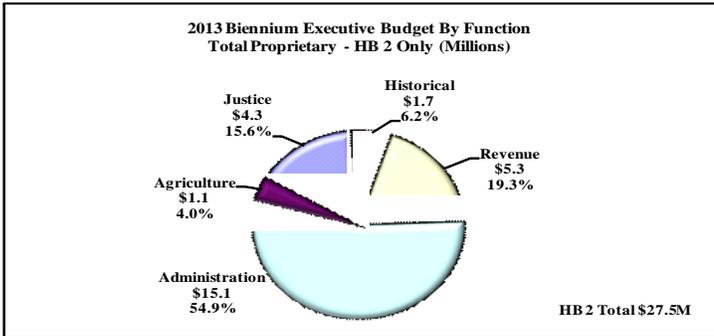
As defined in 17-7-102, MCA, proprietary funds are designated as either enterprise or internal service funds. Enterprise funds “account for operations: (A) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e. expenses, including depreciation) of providing goods or services to that general public on a continuing basis are to be financed or recovered primarily through user charges; or (B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.” Internal service funds “account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost reimbursed basis.”

Statute does not require that most proprietary funds be appropriated. Therefore, any increases in the programs supported with these proprietary funds are not reflected in the table.

Budgeted proprietary funds in the Department of Administration would increase due primarily to increased lottery payments.

Figure 5

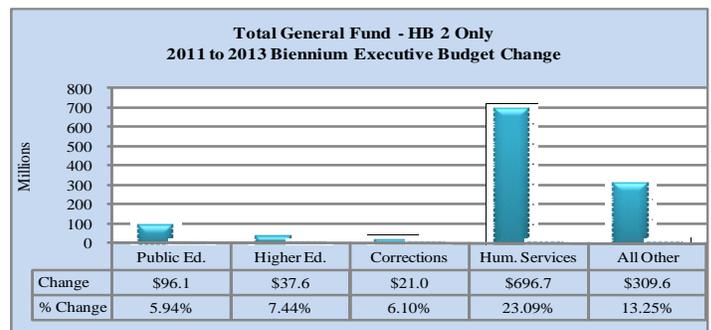
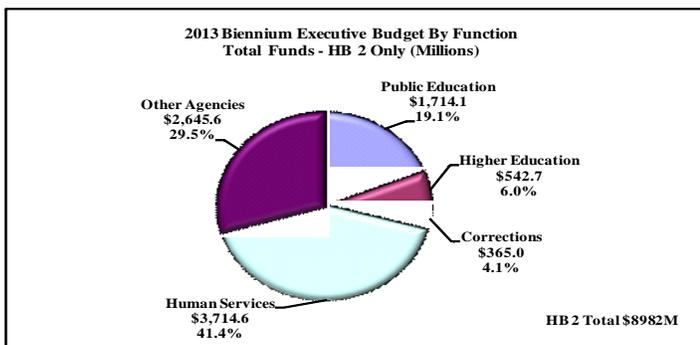
Fund Comparison 2011 Biennium versus Executive Budget Proposal 2013 Biennium								
Proprietary Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Executive Budget FY 2012	Executive Budget FY 2013	Executive Budget FY 12-13	Biennial Change	Biennial Percent
3101 Governor's Office	-	-	-	-	-	-	-	-
3401 State Auditor's Office	-	-	-	-	-	-	-	-
4110 Department Of Justice	1,759,217	1,787,882	3,547,099	2,315,259	1,962,264	4,277,523	730,424	20.6%
5102 Commissioner Of Higher Education	80,416	99,523	179,939	74,379	74,422	148,801	(31,138)	-17.3%
5115 Montana State Library	-	17,241	17,241	-	-	-	(17,241)	-100.0%
5117 Montana Historical Society	811,536	972,102	1,783,638	843,186	841,773	1,684,959	(98,679)	-5.5%
5201 Department Of Fish, Wildlife & Parks	-	-	-	-	-	-	-	-
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5801 Department Of Revenue	2,428,350	2,560,118	4,988,468	2,630,617	2,636,480	5,267,097	278,629	5.6%
6101 Department Of Administration	7,295,069	6,661,211	13,956,280	7,587,837	7,487,050	15,074,887	1,118,607	8.0%
6201 Department Of Agriculture	499,958	617,540	1,117,498	571,940	576,288	1,148,228	30,730	2.7%
6401 Department Of Corrections	608,123	654,058	1,262,181	689,459	689,154	1,378,613	116,432	9.2%
6602 Department Of Labor & Industry	56,725	100,279	157,004	88,410	88,517	176,927	19,923	12.7%
<b>Total House Bill 2 Proposals</b>	<b>\$13,539,394</b>	<b>\$13,469,954</b>	<b>\$27,009,348</b>	<b>\$14,801,087</b>	<b>\$14,355,948</b>	<b>\$29,157,035</b>	<b>\$2,147,687</b>	<b>8.0%</b>
Long-Range Building Proposals	-	-	-	-	-	-	-	-
Miscellaneous Proposals	-	1,210,731	1,210,731	124,163	121,612	245,775	(964,956)	-79.7%
Transfers	-	-	-	-	-	-	-	-
Statutory Recommendations	33,363,646	39,127,640	72,491,286	36,400,880	36,639,880	73,040,760	549,474	0.8%
<b>Total Executive Recommendations</b>	<b>\$46,903,040</b>	<b>\$53,808,325</b>	<b>\$100,711,365</b>	<b>\$51,326,130</b>	<b>\$51,117,440</b>	<b>\$102,443,570</b>	<b>\$1,732,205</b>	<b>1.7%</b>



All Funds

The following figure is a composite by agency of the preceding tables, and shows a \$1,161.0 million or 14.8% increase in total funds.

Fund Comparison								
2011 Biennium versus Executive Budget Proposal 2013 Biennium								
Total Funds	Adjusted Base	Adjusted Authorized	Adjusted Total	Executive Budget	Executive Budget	Executive Budget	Biennial	Biennial
House Bill 2 Proposals	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13	Change	Percent
Agency Number and Name								
1104 Legislative Branch	13,034,796	15,033,853	28,068,649	14,431,762	14,163,525	28,595,287	526,638	1.9%
1112 Consumer Council	939,248	1,393,320	2,332,568	1,637,219	1,640,873	3,278,092	945,524	40.5%
2110 Judicial Branch	35,982,324	37,898,490	73,880,814	39,334,261	39,596,048	78,930,309	5,049,495	6.8%
3101 Governor's Office	5,972,634	6,169,073	12,141,707	6,070,423	6,004,228	12,074,651	(67,056)	-0.6%
3201 Secretary Of State's Office	-	-	-	550,000	-	550,000	550,000	
3202 Comm Of Political Practices	433,817	457,853	891,670	571,855	566,616	1,138,471	246,801	27.7%
3401 State Auditor's Office	16,755,749	18,995,348	35,751,097	19,222,899	18,877,978	38,100,877	2,349,780	6.6%
3501 Office Of Public Instruction	721,810,430	896,204,525	1,618,014,955	852,668,705	861,439,301	1,714,108,006	96,093,051	5.9%
4107 Crime Control Division	6,013,271	16,934,357	22,947,628	9,300,007	9,231,541	18,531,548	(4,16,080)	-19.2%
4110 Department Of Justice	69,773,548	77,589,196	147,362,744	85,284,505	84,675,070	169,959,575	22,596,831	15.3%
4201 Public Service Regulation	3,445,686	3,695,220	7,140,906	3,703,943	3,653,094	7,357,037	216,131	3.0%
5101 Board Of Public Education	384,383	413,221	797,604	400,937	406,707	807,644	10,400	1.3%
5102 Commissioner Of Higher Education	240,230,561	264,902,841	505,133,402	266,566,118	276,097,053	542,663,171	37,529,769	7.4%
5113 School For The Deaf & Blind	6,278,484	6,385,358	12,663,842	6,351,366	6,318,450	12,669,816	5,974	0.0%
5114 Montana Arts Council	1,274,192	1,280,792	2,554,984	1,461,300	1,450,058	2,911,358	356,374	13.9%
5115 Montana State Library	4,671,608	4,668,378	9,339,986	5,136,697	4,117,321	9,254,018	(85,968)	-0.9%
5117 Montana Historical Society	4,202,780	4,545,008	8,747,788	4,572,910	4,533,241	9,106,151	358,363	4.1%
5201 Department Of Fish, Wildlife & Parks	69,013,010	70,996,365	140,009,375	73,399,781	73,376,190	146,775,971	6,766,596	4.8%
5301 Department Of Environmental Quality	46,367,183	59,201,557	105,568,740	58,226,820	58,222,952	116,449,772	10,881,032	10.3%
5401 Department Of Transportation	496,861,462	624,797,449	1,121,658,911	678,307,148	677,321,408	1,355,628,556	233,969,645	20.9%
5603 Department Of Livestock	9,835,974	10,494,466	20,330,440	11,943,675	11,678,815	23,622,490	3,292,050	16.2%
5706 Dept Of Natural Resources & Conservation	48,553,379	51,416,343	99,969,722	52,671,677	52,706,769	105,378,446	5,408,724	5.4%
5801 Department Of Revenue	52,964,705	53,754,142	106,718,847	53,692,884	53,657,886	107,350,770	631,923	0.6%
6101 Department Of Administration	19,900,732	20,807,353	40,708,085	21,174,004	20,839,571	42,013,575	1,305,490	3.2%
6108 Office Of The Public Defender	19,892,694	19,615,299	39,507,993	21,845,230	21,771,445	43,616,275	4,108,282	10.4%
6201 Department Of Agriculture	14,053,432	16,736,942	30,790,374	16,485,445	15,791,432	32,276,877	1,486,503	4.8%
6401 Department Of Corrections	169,948,697	174,073,809	344,022,506	179,986,506	185,012,087	364,998,593	20,976,087	6.1%
6501 Department Of Commerce	20,830,624	30,830,054	51,660,678	28,411,389	29,076,276	57,487,665	5,826,987	11.3%
6602 Department Of Labor & Industry	68,988,996	72,998,878	141,987,874	77,872,378	77,956,656	155,829,034	13,841,160	9.7%
6701 Department Of Military Affairs	31,649,977	40,774,261	72,424,238	32,963,666	32,941,366	65,905,032	(6,519,206)	-9.0%
6902 Economic Security Services Branch	325,745,449	346,142,152	671,887,601	465,162,442	508,847,105	974,009,547	302,121,946	45.0%
6904 Director's Office	4,752,661	3,749,279	8,501,940	3,979,707	3,978,066	7,957,773	(544,167)	-6.4%
6906 Operations Services Branch	40,462,551	39,343,741	79,806,292	41,819,280	42,225,564	84,044,844	4,238,552	5.3%
6907 Public Health	60,163,760	67,501,169	127,664,929	62,381,364	62,386,380	124,767,744	(2,897,185)	-2.3%
6911 Medicaid And Health Services Branch	1,033,486,810	1,096,560,709	2,130,047,519	1,241,913,623	1,281,932,894	2,523,846,517	393,798,998	18.5%
<b>Total House Bill 2 Proposals</b>	<b>\$3,664,675,607</b>	<b>\$4,156,360,801</b>	<b>\$7,821,036,408</b>	<b>\$4,439,501,926</b>	<b>\$4,542,493,566</b>	<b>\$8,981,995,492</b>	<b>\$1,160,959,084</b>	<b>14.8%</b>
Long-Range Building Proposals								
Miscellaneous Proposals	19,130	26,990,430	27,009,560	22,201,314	21,664,766	43,866,080	16,856,520	62.4%
Transfers	-	-	-	16,417,006	12,858,078	29,275,084	29,275,084	(4,216,084)
Statutory Recommendations	574,155,926	401,930,764	976,086,690	536,760,608	555,616,253	1,092,376,861	116,290,171	11.9%
<b>Total Executive Recommendations</b>	<b>\$4,238,850,663</b>	<b>\$4,585,281,995</b>	<b>\$8,824,132,658</b>	<b>\$5,014,880,854</b>	<b>\$5,132,632,663</b>	<b>\$10,147,513,517</b>	<b>\$1,323,380,859</b>	<b>15.0%</b>



### MISCELLANEOUS APPROPRIATIONS

Besides HB 2, the general appropriations act, there are typically a number of other bills that make up the total executive budget. The following figure lists the bills that appropriate money and the amounts by fiscal year.

<b>Appropriation Bills</b>										
<b>Executive Budget: FY 2011 - 2013</b>										
Bill	FY 2012					FY 2013				
	GF	SSR	Federal	Proprietary	Total	GF	SSR	Federal	Proprietary	Total
HB 1	\$0	\$0	\$0	\$0	\$0	\$543,270	\$0	\$0	\$0	\$543,270
HB 6	0	7,210,000	0	0	7,210,000	0	0	0	0	0
HB 7	0	6,849,000	0	0	6,849,000	0	0	0	0	0
HB 8	0	13,724,457	0	0	13,724,457	0	0	0	0	0
HB 9	0	724,976	0	0	724,976	0	0	0	0	0
HB 11	0	1,000,000	0	0	1,000,000	0	0	0	0	0
HB 13	6,564,755	3,410,008	1,150,479	124,163	11,249,405	12,535,947	5,081,861	3,272,346	121,612	21,011,766
HB 15	0	12,069,265	0	0	12,069,265	0	0	0	0	0
HB 136	<u>5,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$11,864,755	\$44,987,706	\$1,150,479	\$124,163	\$58,127,103	\$12,535,947	\$5,081,861	\$3,272,346	\$121,612	\$21,555,036

<b>FY 2011</b>						
Bill	GF	SSR	Federal	Capital	Proprietary	Total
HB 1	\$8,231,250	\$0	\$0	\$0	\$0	\$8,231,250
HB 3	2,850,767				950,000	3,800,767
HB 4			100,000			100,000
HB 5	<u>0</u>	<u>28,593,330</u>	<u>16,885,500</u>	<u>2,420,000</u>	<u>0</u>	<u>47,898,830</u>
Total	\$11,082,017	\$28,593,330	\$16,985,500	\$2,420,000	\$950,000	\$60,030,847