

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00 %
Personal Services	173,357	240,050	266,494	265,950	413,407	532,444	119,037	28.79 %
Operating Expenses	138,804	227,976	160,871	149,715	366,780	310,586	(56,194)	(15.32)%
Capital Outlay	0	31,536	0	0	31,536	0	(31,536)	(100.00)%
Grants	57,000	60,000	60,000	60,000	117,000	120,000	3,000	2.56 %
Transfers	18,833	18,000	19,775	19,775	36,833	39,550	2,717	7.38 %
Total Costs	\$387,994	\$577,562	\$507,140	\$495,440	\$965,556	\$1,002,580	\$37,024	3.83 %
Proprietary Funds	387,994	577,562	507,140	495,440	965,556	1,002,580	37,024	3.83 %
Total Funds	\$387,994	\$577,562	\$507,140	\$495,440	\$965,556	\$1,002,580	\$37,024	3.83 %

Program Description

The Facility Finance Authority (Authority) was created by the 1983 Legislature to assist health care and related facilities contain future health care costs by offering debt financing at low-cost, tax-exempt interest rates for capital construction and improvements. The legislature extended eligible facilities to include community pre-release centers and for-profit manufacturing facilities. Cost savings are shared with consumers in the form of lower fees. The ability to issue industrial development revenue bonds for small manufacturing facilities was added in 2009.

Facility Finance Authority - HFA Loan Program – 06012

Facilities Finance Authority – 06015

The Authority provides debt financing through a number of programs. The Authority has established reserve requirements for each including:

- Master Loan Program (Capital Reserve Account A) - The Authority designates certain funds equal to 10% of the bonds and loans under contract with the Board of Investments (BOI) for a required reserve. The Authority contracts with BOI to replenish the debt service reserve fund if necessary
- Permanent Coal Tax Trust Loan Program (Capital Reserve Account B) - Statute allows the Authority to make loans up to \$15.0 million from the coal trust for capital projects. The loan amount is reported as investments in the financial statements of the BOI. The Authority designates up to 10% of the amount of outstanding loans made from this program as reserve
- Direct Loan Program – by statute the Authority may make direct loans to eligible facilities for eligible projects including construction and renovation, facility acquisition, refinancing of qualified outstanding debt, or purchase of equipment. Funding for the loans is derived from the revenues deposited in the Facilities Finance Authority account that is transferred to the HFA Loan Program. As of FYE 2014 The Direct Loan Program had a fund balance of \$1.9 million. About \$0.9 million is available for loans with the remainder shown as reserves for the outstanding loans of about \$1.0 million.
- Working capital - National bond rating agencies, national bond insurers, and institutional investors expect the Facility Finance Authority to maintain a working capital reserve of two years' operating capital to assure that it can financially operate between legislative sessions. At the beginning of FY 2014 this was \$1.2 million.

The Facility Finance Authority is funded entirely by proprietary funds from two accounts within the enterprise fund.

Proprietary Rate Explanation

The Facilities Finance Authority is funded by an enterprise fund, and Authority customers are outside of state government. The fee structure that is proposed does not materially vary from that proposed in the last session.

Requested Rates for Internal Service Funds Fee/Rate Information					
Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description: Application Fee:					
<u>Loan Amount</u>		<u>Fee</u>			
Up to \$5,000,000		30 basis points (bp) (.0030)			
Up to \$10,000,000		the > of 25 bp or \$ 15,000			
Up to \$25,000,000		the > of 15 bp or \$ 25,000			
Up to \$50,000,000		the > of 12.5 bp or \$ 37,500			
Up to \$100,000,000		the > of 7.5 bp or \$ 62,500			
Over \$100,000,000		the > of 6.5 bp or \$ 75,000			
Annual Fee:					
			<u>Fee</u>		
Stand Alone Bond Issues			5 bp X the outstanding principal amount		
Private Placement bond issues			5 bp X the outstanding principal amount		
Trust Fund Loan Program			5 bp X the outstanding principal amount		
Master Loan Program			10 bp X the outstanding principal amount		
Authority: Fee revenues: 90-7-202 and 90-7-211, MCA; Investment Earnings: 90-7-202, MCA					

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Program Highlights

There are no highlights for this program.

Funding

The following table shows program funding by source from all sources of authority.

Department of Commerce, 71-Facility Finance Authority Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06015 Facilities Finance Authority	0	1,002,580	0	1,002,580	100.00 %	
Proprietary Total	\$0	\$1,002,580	\$0	\$1,002,580	100.00 %	
Total All Funds	\$0	\$1,002,580	\$0	\$1,002,580		

This program is entirely funded with proprietary rates.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	559,887	559,887	1,119,774	111.69 %
PL Adjustments	0	0	0	0.00 %	(52,747)	(64,447)	(117,194)	(11.69)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$507,140	\$495,440	\$1,002,580	

This program is entirely funded with proprietary rates. Changes shown as present law reflect anticipated changes in the rates.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 700 - Proprietary Fund Adjustments	0.00	0	0	0	(52,747)	0.00	0	0	0	(64,447)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$52,747)	0.00	\$0	\$0	\$0	(\$64,447)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 700 - Proprietary Fund Adjustments -

The legislature concurred with changes in the proprietary budget.