

OVERVIEW

HB 645 – FEDERAL STIMULUS FUNDS AUTHORIZATION

HB 645 contains the appropriations for the federal “American Recovery and Reinvestment Act (ARRA) of 2009 that are allocated to the State of Montana to be used for the purpose of stimulating economic recovery. It also includes amendments to statute that are needed to implement the provisions of the federal stimulus act. This report provides a summary of the funds made available to Montana through the federal stimulus act, and specifically the funds that are appropriated through HB 647.

The following pages contain tables that summarize the following:

- Federal Stimulus Funds – Total Montana Impact (\$1.65 billion)
- Uses of Freed-up General Fund
- Fiscal Stabilization Funds

The body of this report includes an explanation of funds included in HB 645 by section and by agency. It includes a brief description of the funds for each agency as follows:

- Purpose of funds
- Statutory changes, if any
- Conditions and limitations on funds
- Description of each decision package (specific appropriation) in the bill

The program sections of this narrative are as follows:

- General Government
- Health and Human Services
- Natural Resources and Transportation
- Judiciary, Law Enforcement, and Justice
- Education

WHAT IS THE IMPACT TO MONTANA?

The following shows the estimated total impact to Montana of the economic stimulus package. Included in the table is anticipated additional unemployment insurance benefits that do not require an appropriation, as well as the tax impact as estimated by the Montana Department of Revenue. As shown, the impact of funds flowing through state government and estimated tax impacts is over \$1.6 billion. Please note that this does not include any funds that individuals or groups in Montana would receive directly from federal sources.

Figure 1
Federal Stimulus Funds
Total Montana Impact
FY 2009 through FY 2011

Funds	2011 Biennium
<u>House Bill 645</u>	
Total Federal Funds in HB 645	\$1,043,524,146
Minus Medicaid Caseload Spike/Provider Rates	<u>(166,876,581)</u>
Total HB 645	\$876,647,565
<u>Other State Stimulus Funds</u>	
Additional Unemployment Insurance	<u>207,129,149</u>
Total Federal Funds from Stimulus in State Budget	\$1,083,776,714
Estimated Tax Relief Provisions for Montanans*	<u>575,713,000</u>
Total State Impact	<u>\$1,659,489,714</u>
*Source: Montana Department of Revenue	

FISCAL STABILIZATION FUNDS

Most of the federal funds are allocated for specific purposes. However, over \$148 million is provided as state fiscal stabilization funds. Over 81 percent, or over \$121 million, must be used for various education purposes. The remaining \$27 million can be used for priorities of the legislature's choosing. The following figure shows where these funds are allocated in HB 645.

Figure 2
Fiscal Stabilization Funds
HB 645 through Senate Floor
2011 Biennium

Department/Purpose	<i>Other Government Services Fund</i>		
	FY 2010	FY 2011	Biennium
Montana University System			
Community College Assistance Infrastructure	762,056	786,701	1,548,757
Community College Tuition Mitigation	776,851	824,024	1,600,875
MUS Tuition Mitigation & Access	4,103,549	4,103,549	8,207,098
6 Mill Shortfall	1,447,296	1,046,625	2,493,921
Tuition Mitigation for Resident Students	1,845,967	2,493,770	4,339,737
Long Range Building Allocation	638,216	638,216	1,276,432
Unallocated	3,797,361	3,797,361	7,594,722
Subtotal - Other Government Services	<u>13,371,296</u>	<u>13,690,246</u>	<u>27,061,542</u>
Department/Purpose	<i>Education Fund</i>		
K-12 Education (OPI)			
Fund Present Law Increases	10,724,262	21,713,034	32,437,296
Maintain Support for Base Aid	12,763,509	13,216,482	25,979,991
Montana University System			
Operations	31,605,482	31,605,482	63,210,964
Subtotal - Section E	<u>55,093,253</u>	<u>66,534,998</u>	<u>121,628,251</u>
Grand Total State Fiscal Stabilization Funds	<u>\$68,464,549</u>	<u>\$80,225,244</u>	<u>\$148,689,793</u>

ALLOCATIONS OF GENERAL FUND

Figure 3 shows the allocation of the freed-up general fund in HB 645, as approved by the Senate Finance and Claims Committee.

Figure 3			
General Fund HB 645 through Senate Floor			
Agency/Purpose	FY 2010	FY 2011	Biennium
<u>Governor's Office</u>			
Pay Plan Contingency	\$4,000,000		\$4,000,000
Pay Plan Training	75,000		75,000
Pay Plan OTO Payment	3,065,451		3,065,451
<u>DofA</u>			
High Performance Computing	1,000,000	1,000,000	2,000,000
<u>Commerce</u>			
Main Street	125,000	125,000	250,000
Tribal Economic Development	798,496	798,496	1,596,992
Distressed Wood Products	3,752,548	3,747,452	7,500,000
Community Service Planning Grants	25,000		25,000
Biomass Energy Study	475,000		475,000
Agro-Energy Park	150,000	150,000	300,000
Energy Promotion Division	255,000	255,000	510,000
Grants to Schools/Tribal and Local Gov'ts	23,000,000		23,000,000
Coal Board Grants	4,500,000		4,500,000
Cultural Restoration and Redevelopment	1,500,000	1,500,000	3,000,000
Broadband Mapping	300,000		300,000
<u>Military Affairs</u>			
Military Museum	250,000		250,000
IED Training	750,000		750,000
<u>DPHHS</u>			
Food Banks	250,000	250,000	500,000
Homeless Prevention/Emergency Food Shelter	750,000	750,000	1,500,000
Provider Rate Increase 2%	4,650,830	10,333,165	14,983,995
County Health Grants	1,000,000	1,000,000	2,000,000
Health Information Technology	375,000	375,000	750,000
Medicaid Caseload	18,433,433	22,219,989	40,653,422
Kids Management Areas	333,500	333,500	667,000
Native American Medicaid Property Exclus.	231,764	310,188	541,952
Transitional Medicaid	196,432	248,020	444,452
Non-Medicaid Aging Services	1,500,000	1,500,000	3,000,000
Direct Care Worker Wages SLTC	1,915,738	2,446,846	4,362,584
Mental Health Crisis Demonstration Project	250,000	250,000	500,000

Figure 3 Continued

General Fund
HB 645 through Senate Floor

Agency/Purpose	FY 2010	FY 2011	Biennium
<u>DEQ</u>			
Permitting and Compliance Div Admin	359,794	367,918	727,712
Permitting and Compliance Div Admin 09	101,500		101,500
Department of Transportation			
Rail Transit Authority	49,354	50,000	99,354
<u>DNRC</u>			
Water Project Admin	230,000	230,000	460,000
Blackfeet Water Compact	4,000,000		4,000,000
Fort Belknap Water Compact	1,000,000		1,000,000
<u>Judicial Branch</u>			
Self-Help Law Program	125,000	125,000	250,000
<u>Justice</u>			
Meth Watch	500,000		500,000
<u>Corrections</u>			
Reduce Vacancy Savings @ 24/7	1,352,812	1,359,747	2,712,559
<u>OPI</u>			
Special Ed MOE	1,233,764	1,233,764	2,467,528
State Library			
Blind Newspapers	323,000		323,000
School for the Deaf and Blind			
General fund support	16,507		16,507
<u>Montana University System</u>			
Distance Learning	1,000,000	1,000,000	2,000,000
Virtual Academy	1,000,000	1,000,000	2,000,000
Community College Assistance	606,189	671,586	1,277,775
Community College Assistance Infrastructure	137,944	113,299	251,243
Tuition Mitigation	3,154,033	2,506,230	5,660,263
PBS Satellite Delivery	200,000	200,000	400,000
Agricultural Experiment Station	250,000	250,000	500,000
AES Equipment and Infrastructure	1,000,000	1,000,000	2,000,000
Extension Service Additional Funding	150,000	150,000	300,000
Tribal College Assistance	450,000	450,000	900,000
<u>Long Range Planning HB 5</u>			
LRBP Allocation	7,248,486	6,544,914	13,793,400
LRBP Transfer	1,792,586	1,792,586	3,585,172
State Energy Repayment Account	750,000	750,000	1,500,000
MUS Energy Conservation Improvements	6,150,000	6,150,000	12,300,000
UM Western Main Hall	3,000,000	3,000,000	6,000,000
Conservation Capital Projects Account	750,000	750,000	1,500,000
<u>Long Range Planning HB 10 IT</u>			
ESSC Equipment and Moving	1,250,000	1,250,000	2,500,000
Interoperability Montana	500,000	500,000	1,000,000
SOS Information Management System	750,000	750,000	1,500,000
Replace HB 10 GF Transfer	1,750,000	1,750,000	3,500,000
<u>Long Range Planning HB 11 TSEP</u>			
Regional Water System	4,000,000	4,000,000	8,000,000
TSEP Infrastructure	11,500,000	11,500,000	23,000,000
<u>Long Range Planning Other Transfers</u>			
School Facilities HB 152	21,500,000	21,500,000	43,000,000
<u>Long Range Planning Renewable Resource</u>			

SUMMARY OF CHANGES

The following shows the changes made on the Senate Floor to the Senate Finance and Claims version.

Figure 4

Senate Floor Changes From SFC
All Changes*

Change	General Fund	State Special	Fiscal Stabilization	Federal	Total
Commerce					
Other Grants	(\$1,285,000)	(\$3,966,000)			(\$5,251,000)
Community Development Grants	(2,000,000)				(2,000,000)
DEQ					
Enforcement Division	(99,354)				(99,354)
Transportation					
Rail Transit Authority	99,354				99,354
School for the Deaf and Blind					
General Fund Increase	<u>16,507</u>				<u>16,507</u>
Total	(\$3,268,493)	(\$3,966,000)	\$0	\$0	(\$7,234,493)

*Does not include a technical change made in long-range planning.