

APPENDIX B - PRESENT LAW AND NEW PROPOSALS

The following shows the allocation of general fund and total funds by budgeting level.

Executive Request By DP Type Including Statewide and OTO in Millions				
General Fund				
DP Type	FY 2014	FY 2015	2015 Biennium	% of Total
BASE	\$1,578.2	\$1,578.2	\$3,156.4	88.3%
Statewide Present Law	11.3	10.3	21.5	0.6%
Present Law	135.7	177.9	313.6	8.8%
New Proposals	<u>\$42.2</u>	<u>\$42.5</u>	<u>\$84.7</u>	2.4%
Total Executive Request	<u>\$1,767.3</u>	<u>\$1,808.8</u>	<u>\$3,576.2</u>	
All Funds				
DP Type	FY 2014	FY 2015	2015 Biennium	% of Total
BASE	\$4,167.7	\$4,167.6	\$8,335.3	93.8%
Statewide Present Law	34.5	33.5	68.1	0.8%
Present Law	318.8	398.6	717.4	8.1%
New Proposals	<u>(\$124.2)</u>	<u>(\$113.2)</u>	<u>(\$237.4)</u>	-2.7%
Total Executive Request	<u>\$4,396.7</u>	<u>\$4,486.6</u>	<u>\$8,883.3</u>	

BASE

The intent of the base is to determine the expenditures in the previous budget year that were made for on-going costs of the agency. As such, the base is defined for budgeting purposes as actual expenditures of the previous fiscal year, adjusted to remove non-recurring costs (or for which costs cannot be assumed at the previous level). Among the expenditures removed from the base are those:

- From appropriations designated one-time-only by the previous legislature
- For overtime, holidays worked, and differential pay
- For retirement or other termination payouts

As shown, all but a small percentage of spending proposed by the Governor would be ongoing costs carried forward in the base.

PRESENT LAW ADJUSTMENTS

The executive would add \$335.1 million general fund and \$785.4 million total funds in present law adjustments in HB 2.

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 those services can pay for them

EXECUTIVE BUDGET

There are three main themes in the executive budget:

- The executive generally funds anticipated caseload and utilization increases in human services, including changes in the federal Medicaid matching rate, population increases in corrections, and an inflationary increase for K-12 education
- The executive funds all statewide present law adjustments, including 4% vacancy savings for most positions
- 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

Present Law Adjustments By Functional Area 2015 Executive Budget Including Statewide and OTOs				
Functional Area	General Fund in Millions	General Fund % of Total	Total Funds in Millions	Total Funds % of Total
Public Education	\$163,834,934	48.9%	\$180,745,742	23.0%
Higher Education	28,350,627	8.5%	54,718,758	7.0%
Public Health	88,304,065	26.4%	317,945,061	40.5%
Corrections	19,573,595	5.8%	21,382,706	2.7%
Other Agencies	<u>35,044,859</u>	10.5%	<u>210,651,270</u>	26.8%
	\$335,108,080		\$785,443,537	

The chart shows the major present law adjustments by general fund and total funds in the proposed budget. Please note that all of the figures in the present law and new proposal tables are compared to the doubled FY 2012 base. Consequently, they may differ from the changes compared to the 2013

biennium, which includes actual FY 2012 base and FY 2013 appropriations.

General Fund

Major Present Law Adjustments Executive Budget 2015 Biennium General Fund in Millions	
Agency	Biennial Total
Office Of Public Instruction	
Guarantee Account	\$95.5
K-12 BASE Aid - Annualization	24.7
K-12 BASE Aid - Inflationary Increase	22.1
SB 372 Block Grant Reimbursements	20.5
Commissioner Of Higher Education	
State Support of Educational Units	28.3
Community College Assistance	1.9
Department of Public Health and Human Services	
Medicaid & Other Caseload/Utilization Increases	49.8
State Special Revenue Hold Harmless	17.0
Replace Overtime/Holidays Worked/Differential Pay	6.8
Office of the Public Defender	
Various Workload/Caseload Initiatives	7.9
Corrections	
Secure and Community Bed Annualization	6.7
Outside Medical	4.0
Replace Overtime/Holidays Worked/Differential Pay	4.3
All Agencies	
Statewide Present Law Adjustments	21.5

The table at left shows the significant general fund present law adjustments. Proposed general fund present law increases are dominated by the agencies shown, with over 86% of the total for specific increases. The addition of present law adjustments that impact all agencies (including the agencies in the table) brings the total represented in the table to 92.6% of all general fund present law increases.

Total Funds

The following shows the significant present law adjustments for all funds by agency. The adjustments in the table represent almost 93% of all present law adjustments.

Major Present Law Adjustments Executive Budget 2015 Biennium Total Funds in Millions	
K-12 Education	
Guarantee Account	\$95.5
K-12 BASE Aid - Annualization	57.7
K-12 BASE Aid - Inflationary Increase	22.1
SB 372 Block Grant Reimbursements	20.5
Federal Grants	16.6
Higher Education	
State Support of Educational Units	28.3
Community College Assistance	1.9
Guaranteed Student Loan/Student Assistance	21.2
Transportation	
MAP 21 Federal Grant Adjustment	9.6
Overtime/Differential Pay	11.6
Right of Way Land Acquisition	22.5
Natural Resources and Conservation	
Loan Appropriation Authority	10.0
Office of the Public Defender	
Various Workload/Caseload Initiatives	7.9
Corrections	
Secure and Community Bed Annualization	6.7
Outside Medical	4.0
Replace Overtime/Holidays Worked/Differential Pay	4.3
Commerce	
Federal Grants Adjustments	12.7
Military Affairs	
Homeland Security Grants	22.0
DPHHS	
Caseload/Utilization (all programs)	243.4
CHIMES and TEAMS Computer M&O	7.2
Aging Grant	4.4
HIFA Waiver Annualization	8.3
Intergovernmental Transfers	14.4
Overtime/Holidays/Differential Pay	9.1
All Agencies	
Statewide Present Law Adjustments	68.1

NEW PROPOSALS

New proposals are defined in statute as those to “...provide new non-mandated services, to change program services, to eliminate existing services, or to change sources of funding...” The table at the top of the next page shows new proposals as included in the executive budget, by functional area.

New Proposals By Functional Area 2015 Executive Budget Including Statewide and OTOs				
Functional Area	General Fund	General	Total Funds in Millions	Total
		Fund % of Total		Funds % of Total
Public Education	\$12,748,304	22.5%	\$28,486,738	-12.0%
Higher Education	16,686,900	29.5%	11,613,341	-4.9%
Public Health	24,720,260	43.7%	(268,413,174)	113.1%
Corrections	9,328,833	16.5%	9,334,453	-3.9%
Other Agencies	(6,855,063)	-12.1%	(18,385,454)	7.7%
Total	\$56,629,234		(\$237,364,096)	

General Fund

The adjacent table shows the major new proposals in the executive budget. As shown, there are a large number of proposals across numerous agencies. The table shows about 75% of the total general fund new proposals requested. Descriptions of all new proposals are in the agency narratives.

Major New Proposals Executive Budget 2015 Biennium - January 7th Submission General Fund in Millions	
Agency	Biennial Total
Commissioner of Higher Education	
Universal Enrollment	\$5.0
Various Workforce Development Initiatives	5.6
Department of Corrections	
Lewistown Infirmary Beds	3.7
Re-entry Initiative	0.7
Office of Public Instruction	
Quality Educator Payment Increase	6.7
Department of Public Health and Human Services	
Aging Services - OTO	3.0
Protective Services FTE	0.9
Tribal Foster Care	0.4
Additional HMK Services	0.7
Judicial Branch	
Various Technology	1.3
Court Help, Drug Courts, Guardian Ad Litem	1.4
Secretary of State	
Statewide Voter Registration System	1.4
Justice	
Various Programs	1.5
Revenue	
6-Year Reappraisal	1.9
Enhance E-Services	1.0
Department of Commerce	
Economic Development Programs	3.6
Livestock	4.6
Brucellosis	1.0
Agriculture	
Aquatic Invasive Species	0.3
Numerous Agencies - Provider Rate Increases	
DPHHS	16.9
Corrections	2.2
Public Defender	0.3

Total Funds

The negative new proposals in total funds are primarily due to a proposed reclassification of federal SNAP (food stamps) funds in DPHHS from budgeted in HB 2 to a statutory appropriation. The funds would remain in the state treasury, but no longer require an appropriation every two years. The Insure Montana Program in the Office of the State Auditor, which is funded with state special funds, would be discontinued. The table below shows about 85% of all new proposals. Descriptions of all new proposals are in the agency narratives.

Major New Proposals Executive Budget 2015 Biennium - January 7 Submission All Funds in Millions	
Agency	Biennial Total
<u>Negative Proposals</u>	
Department of Public Health and Human Services	
SNAP Benefits Statutory Appropriation	(381.9)
State Auditor's Office	
Insure Montana	(15.3)
<u>Proposals with Increases</u>	
Numerous Agencies - Provider Rate Increases	
DPHHS	47.6
Corrections	2.2
Public Defender	0.3
Department of Public Health and Human Services	
Med Ben Personal Assistance Services Refinance	18.1
Health Information Technology	17.6
Various TANF	9.2
Additional HMK	3.1
Corrections	
Lewistown Infirmiry Beds	3.7
Office of Public Instruction	
Striving Readers Comp Literacy (Rst/Bien/OTO)	15.0