

OVERVIEW

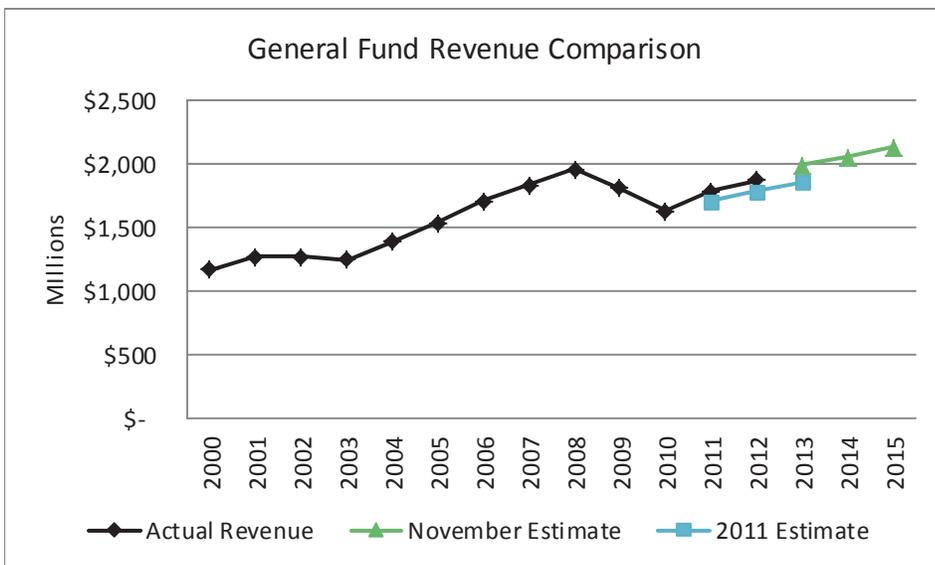
GROWING REVENUES AND BUDGET CHALLENGES

The 2013 legislative session will have the advantage of growing general fund revenue streams and a significant fund balance. The following analysis outlines the trends in revenue, structural balance and budget challenges for the 2013 legislative session. There are several budget challenges and significant policy issues that will be considered this session.

GROWING REVENUES

In FY 2009 and FY 2010, state revenues declined two years in a row. While two years ago, the legislature was confident that these declines were past, it was not clear how strong general fund revenues would return. The last two years has brought growth and stability to the general fund revenues. This stability gives confidence that the worst is behind us.

The next two years anticipate continued growth in the general fund revenue, though not at the same rate as the past two years. Growth patterns are anticipated to even out to just under the long term growth trend in FY 2014 and FY 2015.



The chart above demonstrates the actual revenue collected from FY 2000 to FY 2012. The lower blue line for FY 2011 to FY 2013 shows the revenue anticipated at the end of the 2011 session and the green line shows the revenue estimated for FY 2013 to FY 2015 in November of 2012 by the Legislative Fiscal Division (LFD).

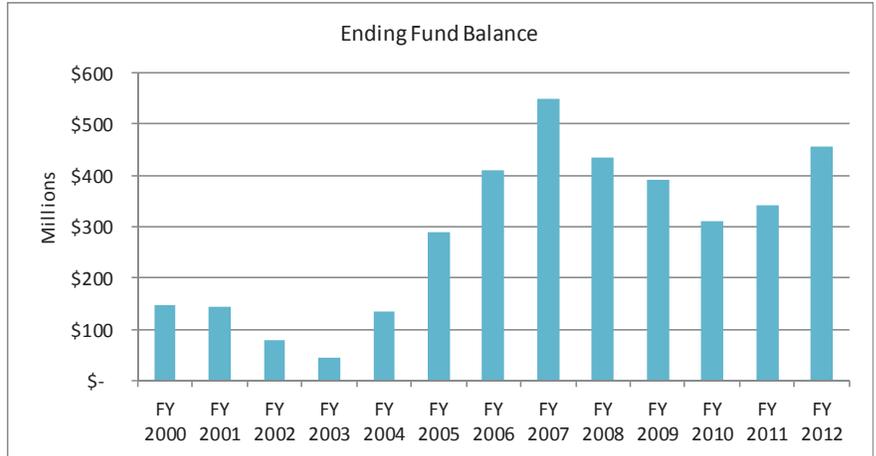
These additional revenues are based on an economic forecast from IHS Global Insight that shows a relatively slow economic growth of 4.3% as measured by gross domestic product (GDP). Economists believe that the current slow growth patterns will continue for some time. For more information, see page 5 of Volume 2, the LFD revenue estimate analysis. Therefore, while the forecast level of revenue is higher and growing from recent years, it is below the long term revenue trend for Montana.

Structural Balance

The November revised revenue estimate for FY 2013 is \$143 million or 7.7% greater than the original FY 2013 estimate. In the 2011 session, the FY 2013 ongoing spending was set \$25 million above the revenue estimate. The net structural balance of \$118 million (\$143 million less \$25 million) from FY 2013 affords the legislature the opportunity to determine the use of this additional revenue for ongoing purposes if it so chooses.

Ending Fund Balance

In addition to this structural balance, a higher level of ending fund balance is available to the 2013 Legislature. Three years of higher revenues than anticipated adds up. While the 2011 session anticipated ending fund balance was \$150 million, even with the Governor's requested supplemental appropriations for the 2013 biennium the ending fund balance is currently anticipated to be nearly \$450 million. Some portion of this higher ending fund balance could be used by the 2013 Legislature for one time needs.



Several spending pressures face the 2013 Legislative session and Governor Bullock has offered solutions to many of these challenges in his budget proposal.

BUDGET CHALLENGES

Pension Funding Shortfall

The public pensions in Montana have a combined unfunded liability of \$4.3 billion. Collectively Montana public employers and employees are making payments on about \$2.0 billion of this liability, the remaining portion (\$2.3 billion) of this liability needs to be funded or amortized over 30 years as generally recommended by experts. The additional annual funding needed is approximately \$121 million per year. Without legislative measures to close this funding gap, the liabilities are estimated to continue to grow to the point where, 39 to 41 years from now there are no assets to pay required pension payments and the state and local governments will be liable for funding these costs out of current operating expenses.

Governor Bullock has proposals to fund the two largest systems' liabilities with a combination of employer, state, local government, and employee contribution increases. The annual general fund cost of these proposals is just less than \$67 million per year. While the proposals do not fully fund the additional amounts need to fund the Annual Required Contribution (ARC) as recommended by actuaries, it does turn the corner on the liabilities and they are forecast to close the funding gap in 37 to 45 years.

Personnel and Pay Plan

Employees of the state of Montana have not received an inflationary adjustment approved by the legislature in four years. Yet during this time period, many changes have occurred in market conditions and pay approved by the executive. LFD analysis has shown variance between agencies and types of employees how well employee pay compares to private and public sector counterparts. Since pay increases in the pay plan bill are in addition to the base HB 2 budget, the legislature may want to consider this variance when considering both base cost pay and the pay plan. For more information on state employee pay see:

http://leg.mt.gov/content/Publications/fiscal/interim/2012_financemty_Sept/Personal%20Services%20Rpt.pdf

Governor Bullock has proposed changes in the HB 2 budget to address some base pay concerns. Specifically these adjustments can be found in the Department of Corrections and the Office of the Public Defender. In addition, Governor Schweitzer and the unions agreed to a 5% per year across the board pay increase and a 10% per year increase in employer contributions for health insurance for state employees that the legislature will be asked to approve. For a more detailed analysis on the Governor Schweitzer and Governor Bullock proposed pay plan see:

<http://leg.mt.gov/content/Publications/fiscal/ba-2015/Volume-1/Appendix-B-Executive-Pay-Plan-Proposal.pdf>

Rates Paid to Private Providers of Services

Some state government services are provided by private entities such as hospitals, nursing homes, private prisons, and other community providers. Similar to pay increases for state employees, private providers of services to citizens of Montana have generally not received an across the board increase in funding in four years. Governor Bullock has proposed an increase of 2% per year for most providers and statutorily calculated increases for other providers.

Federal Healthcare Reform and Montana's choices

Federal Affordable Care Act or ACA requires or allows Montana to make several changes in the funding and structure of state healthcare programs. Montana's choices include part of the expansion of Medicaid and the future of certain current state health programs that, in part, overlap with some new federal provisions. The program, law, and budget choices are interconnected and will need to be tracked carefully during session.

Governor Bullock recommends expanding Medicaid and phasing out Insure Montana, the state program that provides subsidies to small businesses that provide health care to employees.

Federal Fiscal Cliff

The federal government has plans to increase tax collections and decrease spending. Both impacts will affect Montana's budget and economy. The tax changes will slightly decrease Montana's income tax collections as additional federal taxes will be partially deductible from Montana's taxable income. On net, the direct tax impact from the tax changes considered in the Federal Fiscal Cliff are relatively small.

The larger impact on the revenue side will result in changes to the economy from changes to federal tax law and federal direct spending reductions. For these impacts, the LFD revenue estimate relies on IHS Global Insight, the state's economic forecast company. As the federal government makes decisions regarding addressing the federal deficit, IHS Global Insight will adjust their economic forecast accordingly. Currently, IHS Global Insight has assumed a partial implementation of the fiscal cliff provisions. For more information see the Revenue Section of this volume.

In addition to tax and direct spending provisions, the Federal Fiscal Cliff contains budget reductions that will impact the state agency budgets directly. The largest and most difficult of these provisions is anticipated to be in K-12 education, the Department of Justice, and public health. Governor Bullock has no specific recommendations to address the anticipated reductions in federal funding. Details as to which fiscal cliff measures will be implemented may become clearer during session.

Wildfire Funding

Wildfire costs in FY 2013 are expected to reach \$59.4 million, a much higher than usual level. The seven year average wildfire costs are \$23.8 million per year. The fire suppression account established in the 2007 special session has been fully expended and both a supplemental appropriation for the current biennium and additional funds for the next biennium have been requested by the executive.

Energy Development Issues

Local and state governments are being challenged with finding personnel and resources to provide services in the energy development areas of the state. Housing costs have increased dramatically. Water and sewer systems are over their limits. Police, fire, and other public safety systems are stretched. School districts face challenges of quickly expanding enrollments with children from all over the country with varying educational needs. Essentially every government service is being stretched. The legislature will see many choices this session to address some of these challenges.

In order to assist with these challenges, Governor Bullock recommends transferring \$15 million of state general fund to the Department of Commerce to distribute to affected counties and cities. In addition, policies are being implemented to address recruitment and retention concerns for state employees in these areas.

Managing Budget Volatility

The 2013 Legislature will determine how it addresses budget volatility. The general fund status sheets provided to the legislature illustrate structural balance and ending fund balance are both readily available. Governor Bullock proposes a structural balance (revenues equal to or exceeding spending) and an ending fund balance of \$300 million.

Questions before the 2013 legislative session will include:

- 1) How much estimated ending fund balance does the legislature wish to budget for the 2015 biennium?
- 2) Are there other ways that the legislature will wish to manage potential budget volatility?

GOVERNOR BULLOCK'S BUDGET REQUEST

While the major budget issues shown above highlight some of the recommendations of the Governor Bullock budget, there are several more budget recommendations contained in the executive proposal.

Other major recommendations in the Governor Bullock's budget request include:

State Fund Worker's Compensation

Governor Bullock recommends a bill to combine the Montana State Fund "Old Fund" (claims for injuries resulting from accidents that occurred before July 1, 1990), with the current workers' compensation fund. This bill would have claims from the "Old Fund" paid from current workers' compensation insurance surplus and reserves rather than the general fund. This results in general fund savings of \$7.4 million in FY 2014 and \$5.7 million in FY 2015. The bill also includes a provision that the State Fund may not raise rates to pay for these amounts. Potential legal ramifications are described in the Appendix to Volume 1 under general fund transfers.

K-12 Funding

The Executive proposes present law increases to fund K-12 school district BASE aid and special education factors by 0.89% in FY 2014 and 2.08% in FY 2015. The increase in general fund from the FY 2012 base appears largely due to the amount of school trust revenue in the guarantee account which was higher than normal, and reduced the level of general fund needed to fund schools in FY 2012. These unusually higher school trust revenue amounts will not continue in the 2015 biennium. In addition to these amounts, Governor Bullock recommends two new proposals:

- 1) Provide one time allocation for technology in schools (\$6 million) and
- 2) Increase the quality educator payment by \$240 per educator over two years (\$6.7 million)

In addition to the present tax increases, Governor Bullock recommends increases in the per educator school funding components and a one-time \$6 million technology fund allocation. The quality educator payment is proposed to increase 7.8% or \$2.9 million in FY 2014 and an additional 2.08% or \$3.8 million in FY 2015.

Montana University System Funding

Governor Bullock recommends a 9.8% increase in the general fund budgets from the 2013 biennium to the 2015 biennium for educational units and agencies. Several one-time-only initiatives are proposed in the executive budget including, \$5.0 million to further integrate the Montana University System's enterprise information system, \$2.0 million for implementing programs system wide to address veterans' needs, \$0.6 million to implement an energy and natural resource doctoral program, \$2.0 million to invest in two-year education across Montana, and \$1.0 million to expand veterinary medicine opportunities to Montana students.

The budget recommends returning \$2.6 million per year of student assistance funding to general fund after the temporary federal funding is no longer available. Additional recommendations include: Community college funding increases by 9% or nearly \$2 million in the biennium, additional University of Washington medical education slots for doctors, and continuing support for Montana's non-beneficiary tribal college students.

Department of Corrections

The Department of Corrections is funded primarily with general fund. The main increases in the Department of Corrections budget are to maintain current programs. The budget addresses average annual increases of 1% for male offenders and 4.4% for female offenders as well as 10% annual growth of medical costs. To accommodate the Governor's objectives and these increased offenders, staffing would increase by 30.00 FTE or 2.3%.

Office of Public Defender

The Governor recommends increases to the funding for the Office of Public Defender of 21.6% over the previous biennium funding, which includes 37.00 FTE or a 17.7% staffing increase. This request addresses double digit growth in cases and factors contributing to high levels of staff turnover.

Department of Commerce

The executive request includes funding for \$3.9 million of economic development programs that were funded as one-time-only in the 2013 biennium and new funding in two areas:

- \$750,000 in general fund for the Montana Small Business Innovation Research Program (SBIR) and the Small Business Technology Transfer Program (STTR). The purpose of the programs is to provide matching grants to small businesses that receive federal funding
- \$1.0 million in general fund to support biomedical research in Montana

Long-Range Planning (HB 5)

The executive proposal for the LRBP would provide \$272.4 million of authority to expend non-state funds and appropriations of capital projects (includes state building energy conservation program funding in HB 5). The LRBP proposal would construct eight new state buildings, including a new Low Side Prison Unit in Deer Lodge, the Heritage Center in Helena, and the College of Technology in Missoula, among others. The projects would be funded with a mix of all fund types, with additional project funding through a \$16.3 million transfer of general funds to the LRBP capital projects fund and \$97.9 million in bond proceeds.

Long-Range Information Technology (HB 10)

The executive proposal for the LRITP recommends \$20.2 million in appropriations for major information technology (IT) projects. The proposal includes seven major projects which include upgrades to the Secretary of State's information system, which will allow the agency to better manage information on the state's registered businesses. Another large IT project is the Legislative Branch Session Systems Replacement project that would replace the operating systems underlying the LAWS system. Funding for the projects would come from most fund types and would require a transfer of \$10.8 million from the general fund to the LRITP capital projects fund.

The executive proposes to change the deposition of lottery profits from the general fund to the school facility and technology fund. This will shift approximately \$30 million from the general fund to the school facility and technology account during the 2015 biennium.

More information on the LRBP and LRITP requests may be seen in Section F of the Legislative Fiscal Division Budget Analysis.

Water Compacts

Water compacts are for the equitable division and apportionment of waters between the State and the several Indian Tribes claiming reserved water rights within the state and between the State and the federal government claiming non-Indian reserved waters within the state. All compacts must be approved by the Legislature and Congress prior to implementation. The executive is proposing to utilize \$72 million of general obligation bonds to fund the cost of tribal water compacts with the Confederated Salish and Kootenai tribes (\$55 million), the Blackfeet Nation (\$14 million) and the Fort Belknap Tribes (\$3.0 million). The anticipated general fund impact of the bonds are \$2.4 million in FY 2014 and \$4.8 million in FY 2015.

Homeowners' Tax Credit

The executive proposes a one-time-only rebate of \$400 in property taxes in FY 2014 for homeowners in Montana for their primary residence. The cost of the proposal is estimated to be \$100 million in general fund including both the rebate and the associated administrative costs.

Business Equipment Exemption

The executive proposes to raise the exemption threshold for business equipment from \$20,000 to \$100,000 starting in tax year 2014. Approximately 11,000 business equipment owners would owe no business equipment tax under the proposal. The proposal would lower revenue to the general fund. The proposal would reimburse local governments and schools for the lost revenue. The cost of the proposal is approximately \$10.4 million during the 2015 biennium of which approximately 80% is for reimbursements to local governments and 20% is for reductions in state revenues.

THE GOVERNOR BULLOCK BUDGET

The Governor Bullock recommended budget is structurally balanced and has an ending fund balance of \$301 million or 6.9% of the biennial budget. The following table shows the Governor's estimation of general fund revenues and proposed spending:

Executive Budget Proposal - General Fund (in Millions)								
	Actual FY 2012	Estimated FY 2013	Requested FY 2014	Requested FY 2015	2013 Biennium	2015 Biennium	Biennial \$ Change	Biennial % Change
Beginning Fund Balance	341.9	453.2	449.5	316.0	341.9	449.5	107.6	31.5%
Revenue								
Executive Revenue Estimates	1,871.0	1,978.8	2,056.4	2,119.0	3,849.7	4,175.5	325.8	8.5%
Pension Legislation - Reduction to General Fund	-	-	(35.3)	(36.4)	-	(71.7)	(71.7)	
School Facilities and Technology - Reduction to General Fund	-	-	(14.9)	(15.7)	-	(30.6)	(30.6)	
Business Equipment Tax Legislation	-	-	(0.7)	(0.9)	-	(1.6)	(1.6)	
Executive Revenue Adjustments	-	14.5	33.2	47.0	14.5	80.2	65.7	452.2%
Prior Year Adjustments	8.8	-	-	-	-	-	-	
Total Funds Available	\$2,221.6	\$2,446.5	\$2,488.2	\$2,429.1	\$4,206.1	\$4,601.2	\$395.1	9.4%
Disbursements								
General Appropriations Act	\$1,587.9	\$1,642.3	\$1,767.3	\$1,808.9	\$3,230.2	\$3,576.2	\$346.0	10.7%
Feed Bill (HB1)	1.4	10.1	1.4	10.3	11.4	11.7	0.3	2.6%
Supplemental Appropriations (HB 3)	-	123.6	-	-	123.6	-	(123.6)	-100.0%
Long Range Building Proposals - Cash (HB 5)	-	-	16.3	-	-	16.3	16.3	
Long Range Information Technology (HB 10)	-	-	10.8	-	-	10.8	10.8	
Pay Plan (HB 13)	-	-	28.1	52.0	-	80.1	80.1	
Long Range Building Proposal - Bonds (HB 14)*	-	-	3.3	6.6	-	9.9	9.9	
Digital Academy	-	0.3	-	-	0.3	-	(0.3)	-100.0%
Pension Legislation	-	-	30.5	30.5	-	61.0	61.0	
Infrastructure Assistance	-	-	15.0	-	-	15.0	15.0	
Water Compact Obligations	-	-	2.4	4.8	-	7.3	7.3	
Medicaid Expansion	-	-	2.0	3.2	-	5.2	5.2	
Homeowner Tax Legislation	-	-	100.0	-	-	100.0	100.0	
Business Equipment Tax Legislation	-	-	3.3	5.5	-	8.8	8.8	
Statutory Appropriations	171.2	207.7	197.1	211.1	378.9	408.2	29.3	7.7%
Statutory Appropriations - Economic Development Legislation	-	-	(3.0)	(3.0)	-	(6.0)	(6.0)	
Transfers	15.5	15.1	13.3	11.6	30.6	25.0	(5.6)	-18.4%
Transfers - Old Fund Legislation	-	-	(7.4)	(5.7)	-	(13.0)	(13.0)	
Other Appropriations	3.7	5.6	-	-	9.2	-	(9.2)	-100.0%
Reversions	-	(7.6)	(8.3)	(8.1)	(7.6)	(16.4)	(8.8)	115.3%
Prior Year Adjustments	(5.1)	-	-	-	(5.1)	-	5.1	-100.0%
Total Disbursements	\$1,774.5	\$1,997.0	\$2,172.2	\$2,127.8	\$3,771.5	\$4,300.0	\$528.5	14.0%
Fund Balance Adjustment	6.1	0.0	0.0	0.0	6.1	0.0	(6.1)	
Ending Fund Balance	\$453.2	\$449.5	\$316.0	\$301.2	\$440.7	\$301.2	(\$139.5)	-46.3%

Changes from Governor Schweitzer's Budget

Governor Bullock's budget was built from the Governor Schweitzer budget. Governor Schweitzer's HB 2 budget increases can be broken down between changes to the adjusted base or the FY 2012 actual spending plus typical budget adjustments for personal services and inflation; present law changes or those changes necessary to maintain current levels of service; and new proposals or those items new to the budget. The following table illustrates:

Governor Schweitzer HB 2 General Fund Summary			
(in Millions)			
	FY 2014	FY 2015	Biennial
Adjusted Base increases from FY 2012	\$11.3	\$10.3	\$21.6
Present Law changes	138.0	176.8	314.8
New Proposals	25.5	31.9	57.4
Total Changes from FY 2012	<u>\$174.8</u>	<u>\$219.0</u>	<u>\$393.8</u>

Governor Schweitzer also had proposals for long range building, pension funding and other items described in the previous section. Governor Bullock's changes to these budget proposals are described in the table below. Governor Bullock increased the revenue estimate of Governor Schweitzer by \$96.2 million over 3 years, increased overall spending to draw the fund balance down by \$112.4 million, and spent additional ongoing funds to structural balance with the higher revenues.

Governor Bullock Changes Grouped by Type (in Millions)				
Type	FY 2013	FY 2014	FY 2015	3 Year change
Revenue increases from Gov. Schweitzer	\$16.0	\$33.2	\$47.0	\$96.2
Revenue proposals that increase spending in other state funds		(32.9)	(33.7)	(66.6)
Additional spending		(19.3)	(12.3)	(31.7)
Revenue rebates and reductions		(104.0)	(6.4)	(110.4)
Annual change in Fund Balance	<u>\$16.0</u>	<u>(\$123.0)</u>	<u>(\$5.4)</u>	<u>(\$112.4)</u>

The increase revenue is outlined in more detail in the revenue section of this report. The additional spending is shown in the following table.

Governor Bullock Spending Changes Detail			
(in Millions)			
	FY 2014	FY 2015	Biennial
HB 2 ongoing			
K-12: Present Law	(\$2.3)	\$1.1	(\$1.2)
K-12: Increase Quality Educator Payment	2.9	3.7	6.6
Other	1.5	1.5	3.0
Non-HB 2 ongoing			
HB 14: Bonding for buildings	0.3	0.7	1.0
Pensions (part in revenue and statutory)	18.0	18.0	36.0
ACA and Medicaid expansion	0.1	0.1	0.2
Business Equipment Tax Adjustment (part revenue reductio	4.0	6.4	10.4
School Facilities (GF revenue reduction to spent in other state funds)	14.9	15.7	30.6
One-time spending			
Home Owner Rebate (part shown in revenue)	100.0		100.0
HB 2: OPI - School Technology	6.0		6.0
HB 2: MUS Universal Enrollment	2.5	2.5	5.0
HB 2: Dept of Commerce Economic Development	1.4	0.4	1.8
HB 10: Long range IT – SOS, PubSafety, SW Security	2.0		2.0
Local Infrastructure Assistance- Oil and Gas Impacts	3.0		3.0
Other	<u>2.5</u>	<u>2.3</u>	<u>4.3</u>
Totals	<u>\$156.8</u>	<u>\$52.4</u>	<u>\$208.7</u>

GOVERNOR’S BUDGET ADJUSTED USING THE LFD ESTIMATES FOR REVENUE AND STATUTORY APPROPRIATIONS

The legislature has the authority to decide the level of revenue used to balance the state’s budget. Using the November 15th Legislative Fiscal Division’s revenue estimates, the final Governor Bullock’s budget is no longer structurally balanced, meaning that ongoing revenue is less than ongoing spending. The FY 2015 budget exceeds LFD forecast revenues by \$47.2 million. The primary reason for this difference is Governor Bullock increased revenue estimates and ongoing spending relative to Governor Schweitzer’s budget.

The following balance sheet lays out the ongoing and one-time-only spending of the Governor Bullock budget submission with the LFD November revenue estimates. It illustrates the comparable and non-comparable items and allows for biennium to biennium comparisons.

2015 Biennium Ongoing Spending

The growth in ongoing spending in Governor Bullock’s budget (adjusted for a school Base Aid supplemental in FY 2013) is 13.0% from biennium to biennium if the additional spending connected with revenue shifts were included, the increase would be 15.8%. The primary components of the increase are: HB 2 adjustments total 9.0%, pay plan 2.0%, and pensions (including revenue reductions and offsets to statutory appropriations) 3.6%.

FY 2013

Supplemental appropriations for FY 2013 total \$123.6 million. These supplementals are primarily for: K-12 funding as anticipated with the veto of HB 316 after the 2011 session for \$34.7 million, wildland fire cost of \$50 million, and

the Libby asbestos legal settlement for \$26.8 million. The school funding items of the supplemental have been considered ongoing spending as it is statutorily required spending.

2015 Biennium One-time Spending

Governor Bullock's proposed budget increases by \$50.2 million spending on one-time items primarily due to no supplemental requirements anticipated in the 2015 biennium offset by the increases for property tax rebates and infrastructure programs.

The following table illustrates the Governor Bullock budget adjusted using LFD revenue estimates and statutory appropriations:

17-7-151, MCA - General Fund Comparison								
Using LFD Revenue, Statutory Appropriations and Non Budgeted estimates								
(in Millions)								
	Actual FY 2012	Estimated FY 2013	Requested FY 2014	Requested FY 2015	2013 Biennium	2015 Biennium	Biennial \$ Change	Biennial % Change
Beginning Fund Balance	\$341.9	\$453.2	\$449.4	\$268.3	\$341.9	\$449.4	\$107.5	31.5%
Revenue								
Legislative Revenue Estimates	1,871.0	1,988.8	2,044.5	2,124.2	3,859.7	4,168.7	309.0	8.0%
Legislative Prior Year Revenue Adjustments	8.8	-	-	-	-	-	-	-
Supplemental Appropriations (HB 3) - Tfr from Lottery Reduction	-	(1.5)	-	-	(1.5)	-	1.5	-100.0%
Pension Legislation - Reduction to General Fund	-	-	(35.3)	(36.4)	-	(71.7)	(71.7)	-
School Facilities and Technology - Reduction to General Fund	-	-	(14.9)	(15.7)	-	(30.6)	(30.6)	-
Business Equipment Tax Legislation	-	-	(0.7)	(0.9)	-	(1.6)	(1.6)	-
Total Funds Available	\$2,221.6	\$2,440.4	\$2,443.1	\$2,339.4	\$4,200.1	\$4,546.5	\$346.4	8.2%
Disbursements								
General Appropriations Act - Ongoing	\$1,577.3	\$1,628.7	\$1,746.3	\$1,796.4	\$3,205.9	\$3,542.7	\$336.7	10.5%
General Appropriations Act - OTO	10.6	13.6	21.0	12.5	24.3	33.5	9.3	38.3%
Feed Bill (HB 1)	1.4	10.9	1.4	11.1	12.3	12.5	0.2	1.8%
Supplemental Appropriations (HB 3) - Ongoing	-	38.5	-	-	38.5	-	(38.5)	-100.0%
Supplemental Appropriations (HB 3) - OTO	-	85.1	-	-	85.1	-	(85.1)	-100.0%
Long Range Building Proposals - Cash (HB 5)	-	-	16.3	-	-	16.3	16.3	-
Long Range Information Technology (HB 10)-OTO	-	-	10.8	-	-	10.8	10.8	-
Pay Plan (HB 13) - Ongoing	-	-	24.0	52.0	-	76.0	76.0	-
Pay Plan (HB 13) - OTO	-	-	4.1	-	-	4.1	4.1	-
Long Range Building Proposal - Bonds (HB 14)* - Ongoing	-	-	3.3	6.6	-	9.9	9.9	-
Digital Academy - OTO	-	0.3	-	-	0.3	-	(0.3)	-100.0%
Pension Legislation - Ongoing	-	-	30.5	30.5	-	61.0	61.0	-
Infrastructure Assistance - OTO	-	-	15.0	-	-	15.0	15.0	-
Water Compact Obligations - Bonds - Ongoing	-	-	2.4	4.8	-	7.3	7.3	-
Medicaid Expansion - Ongoing	-	-	2.0	3.2	-	5.2	5.2	-
Homeowner Rebate	-	-	100.0	-	-	100.0	100.0	-
Business Equipment Tax Legislation	-	-	3.3	5.5	-	8.8	8.8	-
Statutory Appropriations - Ongoing	171.2	200.9	199.3	213.1	372.2	412.4	40.2	10.8%
Statutory Appropriations - Legislation	-	-	(3.0)	(3.0)	-	(6.0)	(6.0)	-
Transfers - Ongoing	15.5	15.0	13.3	11.8	30.5	25.1	(5.4)	-17.7%
Transfers - Old Fund Legislation	-	-	(7.4)	(5.7)	-	(13.0)	(13.0)	-
Other Appropriations	3.7	5.6	-	-	9.2	-	(9.2)	-100.0%
Reversions	-	(7.6)	(7.8)	(8.0)	(7.6)	(15.9)	(8.2)	108.3%
Prior Year Adjustments	(5.1)	-	-	-	(5.1)	-	5.1	-100.0%
Total Disbursements	\$1,774.5	\$1,991.0	\$2,174.8	\$2,130.8	\$3,765.5	\$4,305.7	\$540.1	14.3%
Fund Balance Adjustment	<u>6.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>6.1</u>	<u>0.0</u>	<u>(6.1)</u>	
Ending Fund Balance	\$453.2	\$449.4	\$268.3	\$208.6	\$440.7	\$240.8	(\$199.9)	-83.0%
Biennial Comparison								
Total Ongoing	\$1,765.3	\$1,886.5	\$2,007.6	\$2,118.3	\$3,651.8	\$4,125.9	\$474.1	13.0%
Total OTO	<u>14.3</u>	<u>104.6</u>	<u>167.2</u>	<u>12.5</u>	<u>118.9</u>	<u>179.7</u>	<u>60.9</u>	<u>51.2%</u>
Total Disbursements	\$1,779.6	\$1,991.0	\$2,174.8	\$2,130.8	\$3,770.7	\$4,305.7	\$535.0	14.2%
Structural Balance	105.6	100.8	(13.9)	(47.2)				
For informational purposes only:								
Executive Budget Adjustments for Guarantee Account Revenue estimate difference								
Reduce School funding present law requirement for additional Guarantee Account revenue estimated by the LFD	-	(\$5.099)	(\$7.607)	(\$8.181)	(\$5.099)	(\$15.788)	(\$10.689)	209.6%
Adjusted Total Disbursements	1,774.509	1,985.919	2,167.228	2,122.650	3,760.428	4,289.878	529.45	14.1%
Adjusted Ending Fund Balance	453.180	454.515	280.969	229.453	454.515	229.453	(225.06)	-49.5%
Adjusted Structural Balance	\$105.631	\$105.890	(\$6.314)	(\$39.016)	\$211.521	(\$45.330)	(\$256.851)	-121.4%

Note that the balance sheet above adjusted all revenue estimates except the coal severance tax switch to fund pensions instead of being deposited in the general fund. The LFD estimate for coal severance tax is \$2.0 million less per year than estimated by the Office of Budget and Program Planning. Governor Bullock's proposal for pension funding requires a certain level of funding to achieve the actuarial goals outlined in his proposal; if these revenues were reduced the actuarial goals would not be achieved. This balance sheet assumes that Governor Bullock maintains his level of funding for pensions.

The graphic at right describes the past several years and the next biennium's budgets and revenues. The Governor Bullock budget increases total general fund spending to be slightly above anticipated revenues in FY 2013 through FY 2015.

Budget Analysis

Many more details are contained in the revenue estimates, the budget analysis, and the remaining sections of the overview. A previous version of this analysis for the Governor Schweitzer budget is available online.

