

# STATE EXPENDITURES

## EXECUTIVE PROPOSED SPENDING BY SOURCE OF AUTHORITY

Figures 1 and 2 show the executive budget by source of authority. Figure 1 shows the total executive budget from all sources of authority. HB 2 dominates the funding sources for total funds.

Figure 1

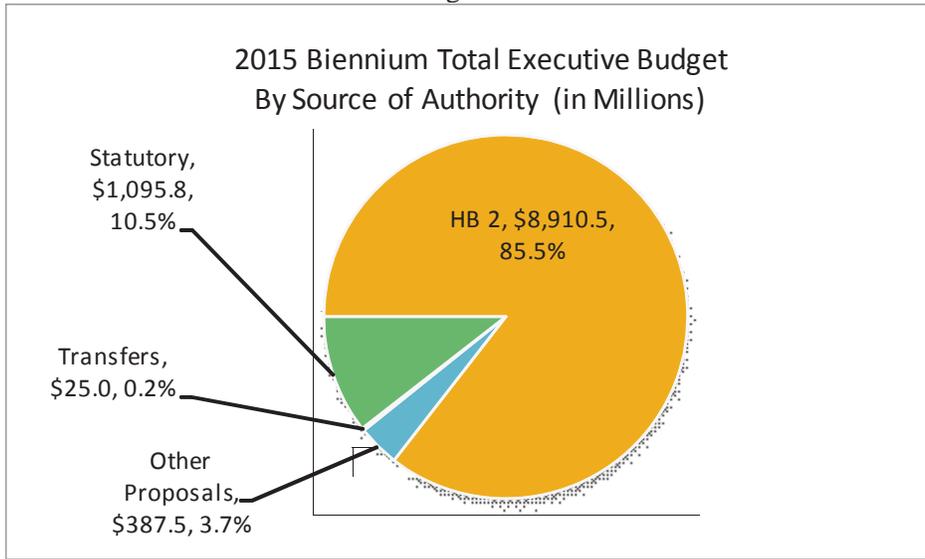
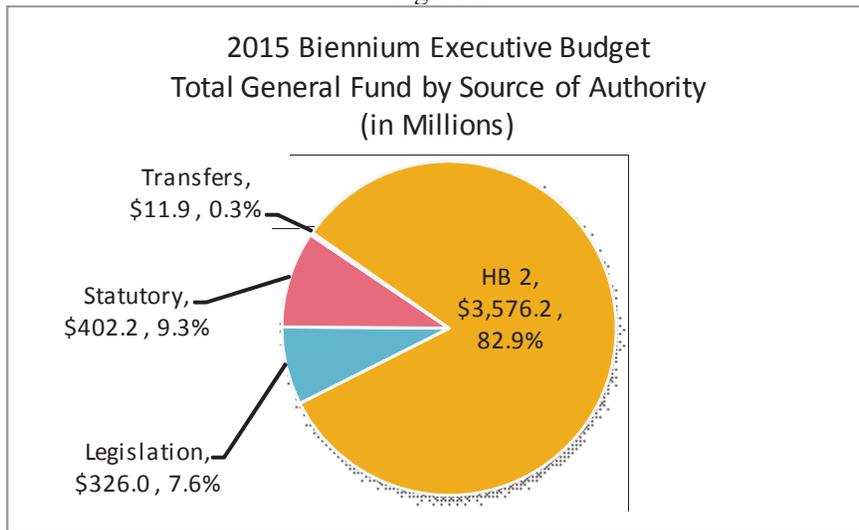


Figure 2 shows the general fund budget proposed by the executive by source of authority. Please note that “Legislation” includes the Long Range Planning, which is discussed separately.

Figure 2



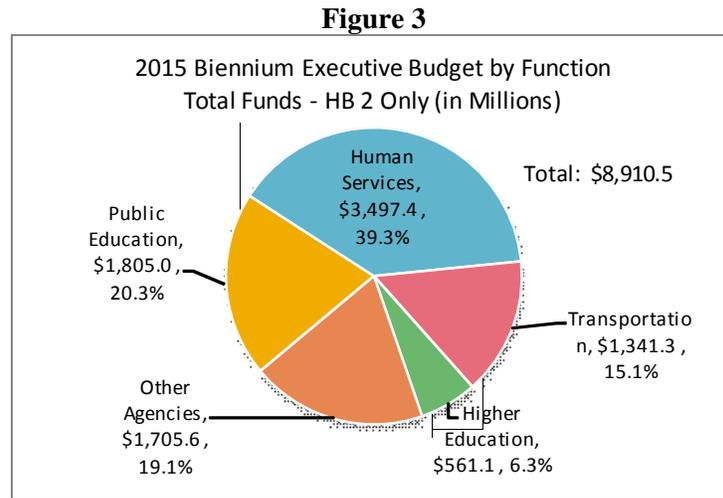
Using executive estimates for statutory appropriations the Governor Bullock budget would increase total general fund expenditures in the 2015 biennium by \$523.0 million or 9.2% from the previous biennium, and total funds by \$230.7 million or 2.3%. The following sections discuss the various components, beginning with HB 2.

## PROPOSAL BY SOURCE OF AUTHORITY – HB 2

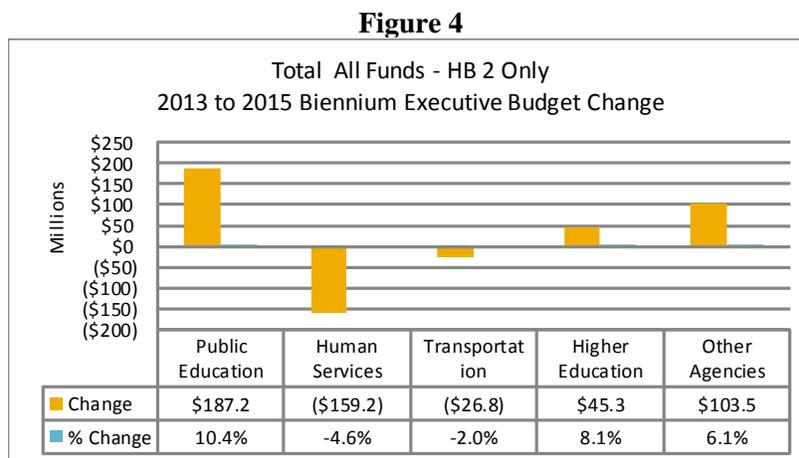
HB 2 is the general appropriations bill, in which about 83% of general fund would be appropriated in the 2015 biennium in the executive budget.

### FUNDING BY FUNCTIONAL AREA

The following shows the allocation of total funds in HB 2 by functional area. Education, human services, and transportation are almost 81% of the total.



The following shows the changes in total funds by functional area. The reduction in human services is due to a proposed change in funding source for SNAP (food stamps) benefits from HB 2 to a statutory appropriation.



### TYPE OF FUNDING

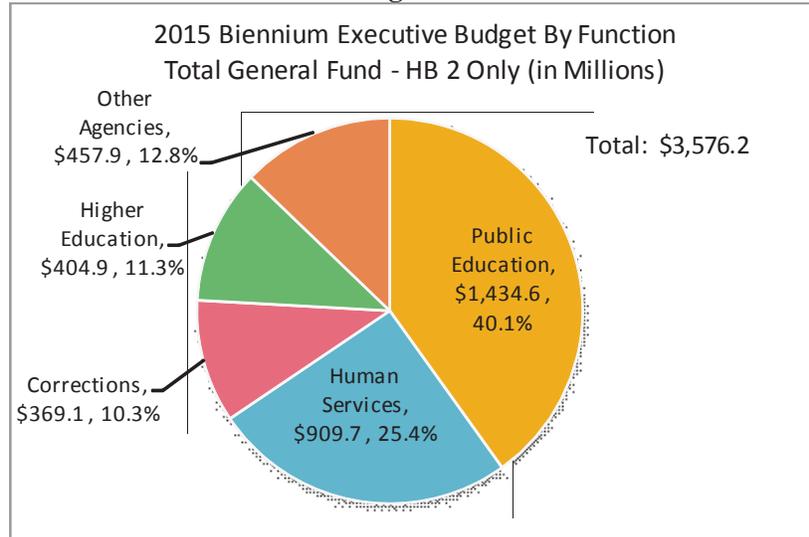
The largest source of funding for operations of state government is federal funds. In the 2015 biennium federal funds would go down as a share of state funding compared to the 2013 biennium because of the proposed change in the appropriation source for SNAP (food stamps) from HB 2 to a statutory appropriation, which reduces federal funds by over \$400 million.

The following discusses the three primary funding sources in HB 2: 1) general fund; 2) state special revenue; and 3) federal funds.

## EXECUTIVE PROPOSED GENERAL FUND

The following shows total HB 2 general fund as proposed by the executive, by government functional area. Education, human services, and corrections are 87.2% of the total proposed expenditures.

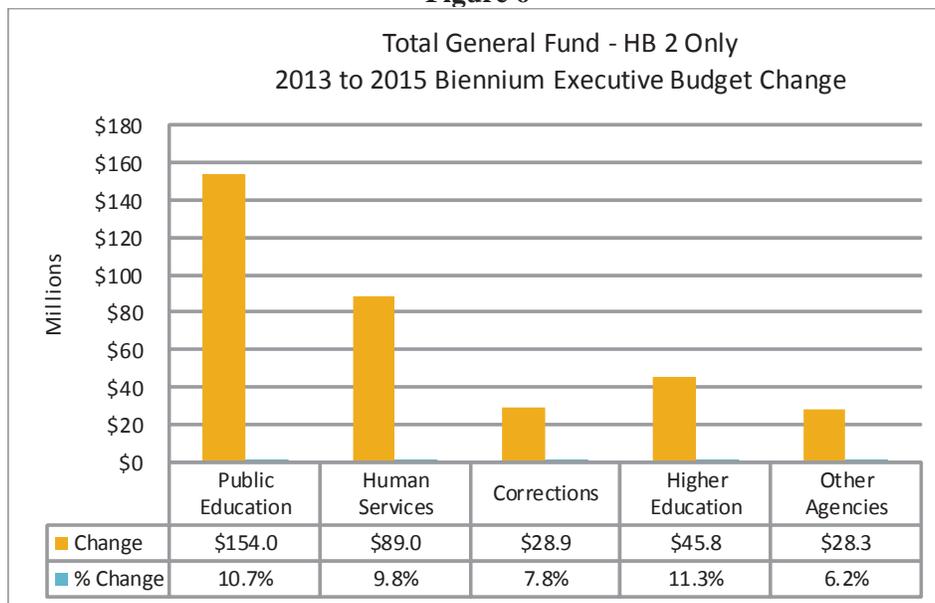
**Figure 5**



## GOVERNOR’S PROPOSAL

The Governor would increase HB 2 general fund expenditures by over \$346.0 million, or 10.7%. Increases for K-12 education and human services are over 70% of the total increase.

**Figure 6**



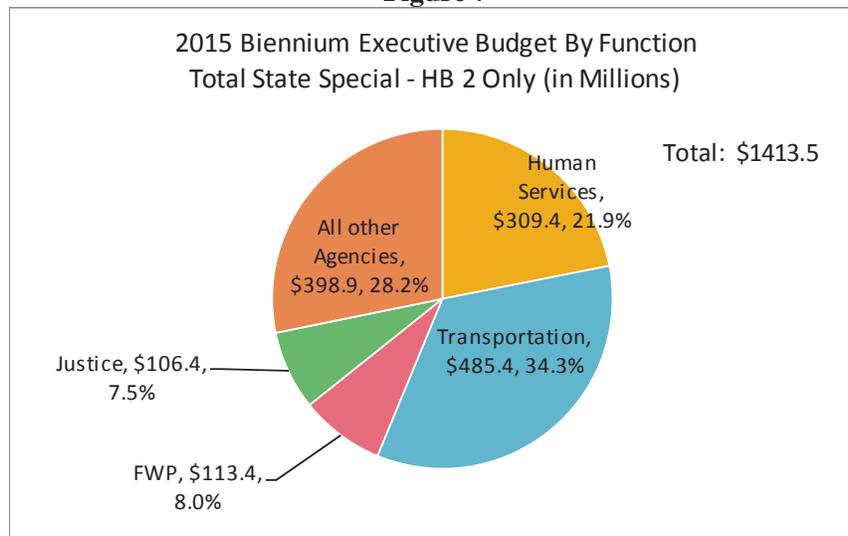
Major increases and policy proposals include:

- K-12 – Replacement of one-time guarantee account revenues and lower revenue estimates (\$86.1 million), annualization of Base Aid to FY 2013 levels (\$18.8 million), Base Aid inflation for the 2015 biennium (\$22.2 million), SB 372 reimbursements to school districts (13.7 million), and two new proposals: 1) provide an OTO increase in technology for schools (\$6 million) and 2) increase the quality educator payment by \$240 per educator (\$6.7 million).
- DPHHS – Medicaid caseload and utilization increases (\$52.6 million general fund, \$213.4 million total funds), and a proposed 2% provider rate increase each year (\$46.9 million general fund, \$47.6 million total funds). The executive includes funding for Medicaid expansion in separate legislation
- Corrections - Annualize contract bed and assisted living beds funding (\$10.3 million), inflation of outside medical costs (\$3.7 million), correction pay career ladder, 2% per year provider rate increase, prevailing wage adjustment (\$5.7 million), and additional community corrections beds and placements (\$1.1 million),
- Higher Education – An overall increase for the educational units and research facilities of 9.8%, generally funded at 82% general fund (\$30.3 million); and a 9.3% increase in funding for the community colleges (\$2.0 million)
- Office of the Public Defender – Additional staff and operating expenses to address workload/caseload issues (\$9.1 million)
- Revenue – 6-year re-appraisal cycle, enhanced e-services (\$1.9 million)
- FWP and Agriculture – Continuance of aquatic invasive species activities
- Livestock – Continuance of brucellosis containment and monitoring activities (\$1.0 million)
- All agencies – Statewide present law adjustments (\$21.5 million)

## State Special Revenue

State special revenue is earmarked for specific purposes and comprises \$1,413.5 million or 16% of total proposed expenditures in the 2015 biennium in HB 2. The following chart shows total state special revenues by function for HB 2 only.

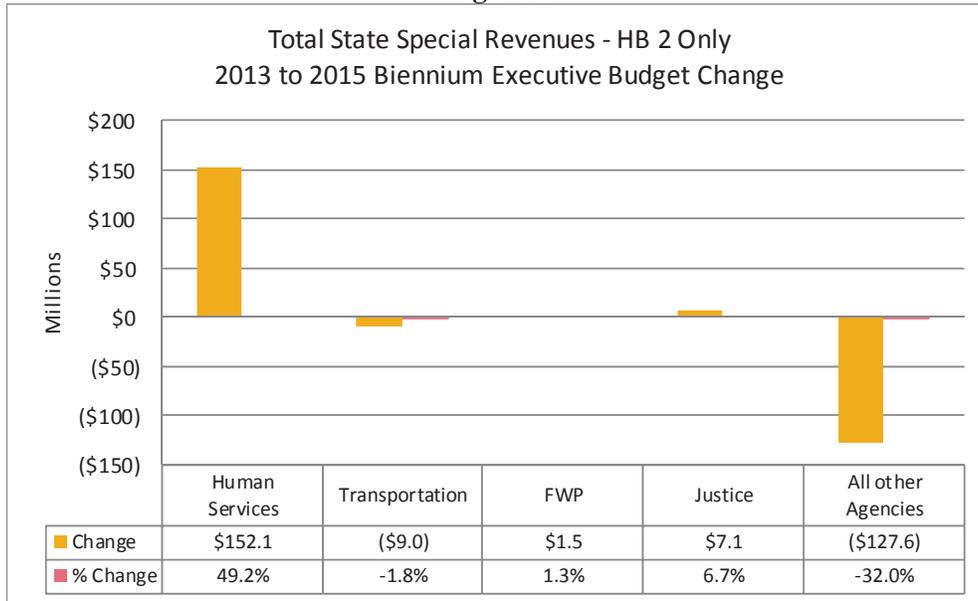
**Figure 7**



## Governor's Proposed Spending

State special revenue would increase by \$24.1 million, or about 1.7%.

**Figure 8**



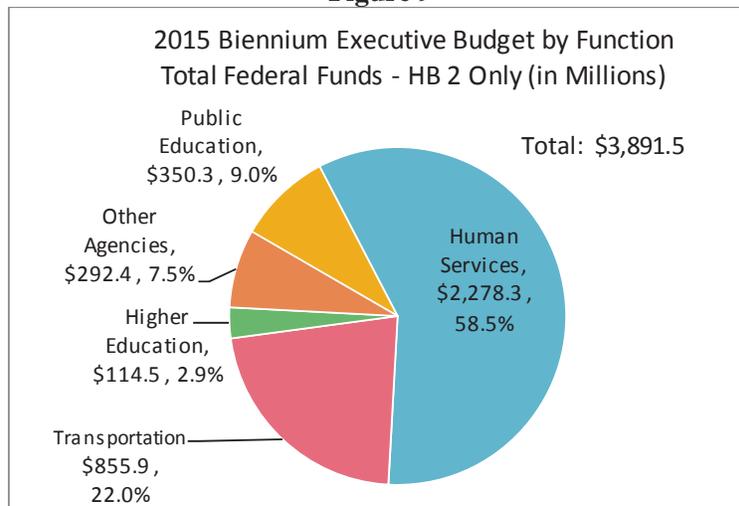
The executive is proposing a number of changes in various agencies. The most significant policy adjustments proposed by the Governor include the following:

- State Auditor – Elimination of the Insure Montana program
- Environmental related - Additional Zortman Landusky monitoring and remediation, and authority for rangeland loans and various water projects
- DPHHS – A reduction due to an anticipated hold harmless switch, increased intergovernmental transfers, and additional tobacco prevention and other public health initiatives
- All agencies – Statewide present law adjustments

## Federal Funds

Federal funds are, as the name implies, received from various federal funding sources. The federal government provides targeted funding that cannot be used except for the general and/or specific purposes intended. In HB 2, it comprises \$3,891.5 million or 44% of total proposed expenditures in the 2015 biennium.

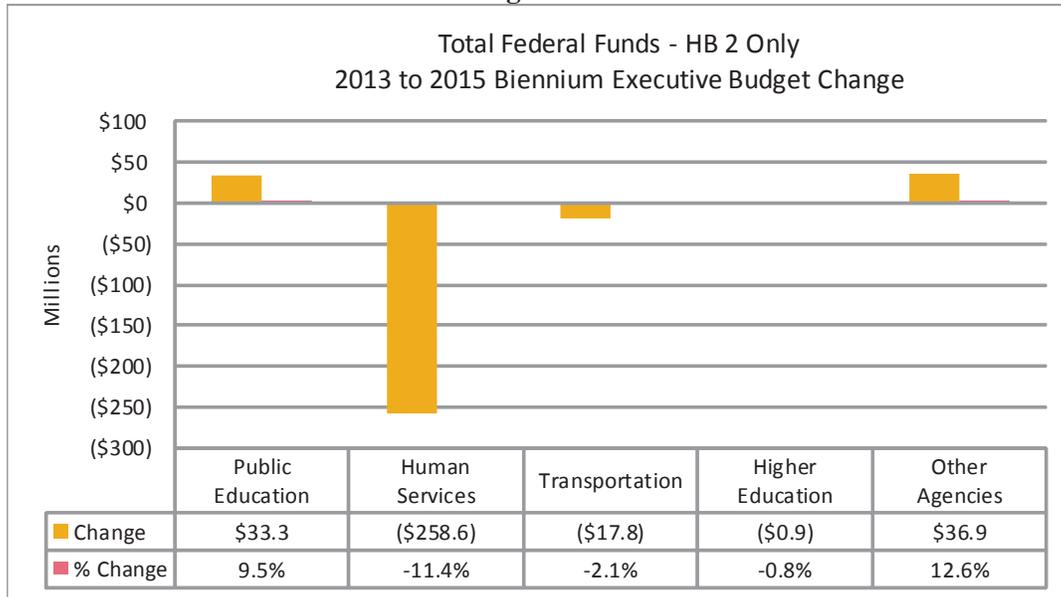
**Figure 9**



## Governor's Proposed Spending

Federal funds for ongoing expenditures would be reduced by \$207.2 or 5.1%. However, this reduction is due to a proposed change in the funding of SNAP (food stamps) in DPHHS from HB 2 to a statutory appropriation, which reduces funds by \$410.6 million but not total expenditures. If this proposal is factored out, federal funds would increase by \$203.4 million and 5.0% from the previous biennium, and the change in DPHHS would be a \$152.0 million or 6.0% increase.

**Figure 10**



As with state special funds, the executive proposes multiple changes over numerous agencies. The major changes include the following:

- DPHHS – Caseload and utilization increases and a 2% provider rate increase per year
- Transportation – Anticipated federal construction funds, and reductions due to the winding down of federal stimulus projects
- Public Education – Addition of a Montana Striving Readers Project (\$15 million) and other increased federal grants
- Commerce – Various grants adjustments
- Military Affairs – Additional homeland security grants (\$22 million)
- All agencies – Statewide present law adjustments

**LFD  
COMMENT**

The Governor has not made any adjustment for a potential loss of funds due to federal budget deficit actions. A number of areas are subject to reduction under current (December 2012) deficit reduction proposals. For a further discussion see:

<http://leg.mt.gov/content/Publications/fiscal/ba-2015/Volume-1/fed-fiscal-cliff.pdf>

# PROPOSAL BY SOURCE OF AUTHORITY – LONG RANGE

The Long-Range Planning Subcommittee (LRP) analyzes and recommends appropriations and grant authorizations for the executive proposal of capital projects. The capital project budgets include investment in various forms of infrastructure including: the acquisition of lands, construction and major maintenance of lands and buildings, maintenance and development of water related infrastructure, reclamation activities, and information technology.

## GOVERNOR’S PROPOSAL

The Governor’s budget proposes total funds spending of \$356.1 million for LRP budgets. In the 2015 biennium, the legislature will be considering proposals for nine LRP programs.

The figure below shows a summary of the proposed appropriations for the LRP programs included in the Governor’s budget. The appropriations shown have been adjusted to agree with the executive budget revisions of December 15, 2012.

**Figure 11**

Long-Range Planning Budget Comparison (millions) (as revised for 1/7/2013 executive budget proposal)				
Budget Item	Budget FY 12-13	Budget FY 14-15	Biennium Change	Biennium % Change
	<u>Appropriated</u>	<u>Proposed</u>		
Long-Range Building Program (LRBP) (HB 5 & HB 14)	\$82.3	\$268.9	\$186.6	226.6%
State Building Energy Conservation Program (SBCECP) (HB 5)	0.0	3.5	3.5	-
Long-Range Information Technology Program (LRITP) (HB 10)	0.0	20.2	20.2	-
Treasure State Endowment Program (TSEP) (HB 11)	14.8	19.3	4.6	31.1%
Treasure State Regional Water Program (TSEPRW) (HB 11)	3.9	8.9	5.0	128.2%
Renewable Resource Grant and Loan Program (RRGL) (HB 6 & HB 8)	21.4	16.2	(5.3)	-24.5%
Reclamation and Development Grant Program (RDGP)	7.1	6.2	(0.8)	-11.9%
Cultural and Aesthetic Grant Program (C&A) (HB 9)	0.7	0.6	(0.1)	-19.0%
Quality Schools Grant Program (QSFP) (HB 15)	12.1	12.3	0.2	1.7%
<b>Total Costs</b>	<b>\$142.3</b>	<b>\$356.1</b>	<b>\$213.9</b>	<b>150.4%</b>
Capital Projects Fund (Capital)	\$2.7	\$23.4	\$20.8	777.4%
General Fund (GF) <sup>1</sup>	0.0	27.1	27.1	-
State Special (SS)	85.4	88.4	2.9	3.4%
Federal Special (FS)	25.8	26.2	0.3	1.3%
Bonds and Loans (Bonds)	13.7	105.3	91.6	667.5%
Proprietary Fund (Prop)	0.3	1.0	0.7	280.0%
Authorization (Author)	14.3	84.8	70.5	491.6%
<b>Total Funds</b>	<b>\$142.3</b>	<b>\$356.1</b>	<b>\$213.9</b>	<b>150.4%</b>

<sup>1</sup>General Funds are transfers to the Long-Range Capital Project Funds - as revised for 12/15 executive budget proposal

The LRBP appropriations would fund the construction of eight new state buildings, additions and renovations at five state buildings, and a significant reduction of the state’s deferred maintenance backlog through the overall budget of building maintenance. New buildings would feature the Montana Heritage Center in Helena, replacement of the Low Side Units at the state prison in Deer Lodge, and construction of the new Missoula College of Technology in Missoula. The LRBP projects are funded with a combination of all fund types and include a \$16.3 million transfer of general fund to the LRBP capital projects fund. In the 2015 biennium, funding for the LRBP projects also includes \$97.9 million of bond proceeds.

The executive proposal includes investments of \$20.2 million in information technology capital projects, where significant projects for five state agencies and the Legislative Branch will be deliberated by the legislature.

A significant investment in local government infrastructure is also included in the LRP programs, with an increase of funding in the TSEP, including a total of \$16.2 million in grants primarily for bridge and water and wastewater infrastructure projects. For more information on all the LRP programs and projects, refer to Section F of the Legislative Fiscal Division, Legislative Budget Analysis.

# PROPOSAL BY SOURCE OF AUTHORITY – STATUTORY APPROPRIATIONS

Statutory appropriations are a special kind of legislative appropriation. Unlike temporary appropriations that expire in two years (such as those in the general appropriations act), statutory appropriations are, as their name suggests, in statute and are not part of the biennial budgeting process. As such, they are not automatically reviewed by the legislature and are not subject to the priority setting process like temporary appropriations (such as those in HB 2). Since the appropriations are in statute, they remain in place until removed or changed by legislation. However, all statutory appropriations are available for the legislature to review, prioritize and change if desired.

Valid statutory appropriations are contained in a list in 17-7-502, MCA. The list provides statutory citations for each statutory appropriation. In addition, statutory appropriations are intended for limited situations, and guidelines for the appropriateness for establishing them are specified in 17-1-508, MCA.

The Legislative Finance Committee periodically reviews statutory appropriations. See Appendix B for policy statements and legislation introduced by the committee.

The following table shows each individual general fund statutory appropriation estimated by the Legislative Fiscal Division that has been included in the general fund balance sheet for FY 2013-2015.

**Figure 12**

<b>General Fund Statutory Appropriation Estimates</b>								
Fiscal Years 2012-2015								
(Millions)								
MCA Cite	Bill/Purpose	Fiscal 2011A	2013 Biennium			2015 Biennium		
			Fiscal 2012A	Fiscal 2013E	Total	Fiscal 2014E	Fiscal 2015E	Total
<b>Retirement</b>								
19-3-319	Local Government PERD 19-3-319	\$0.921	\$0.933	\$1.057	\$1.990	\$1.190	\$1.369	\$2.560
19-6-404(2)	HB 102-MVD retirement transfer	1.270	1.200	1.281	2.481	0.267	0.266	0.533
19-6-410	HB 102-MHP retirement transfer	0.278	0.269	0.268	0.537	1.367	1.459	2.826
19-9-702	Ins Prem Tax-Fire/Polc Ret 19-9-702-SA	11.594	12.274	13.153	25.427	14.056	14.991	29.047
19-13-604	Prem Tax-Fire/Pol 19-13-604-SA	11.365	11.797	12.786	24.583	13.555	14.458	28.012
19-17-301	Prem Tax-Fire/Pol 19-17-301-SA	1.596	1.635	1.602	3.237	1.611	1.616	3.227
19-18-512(1)	Prem Tax-Fire/Pol 19-18-512-SA	0.356	0.390	0.363	0.753	0.370	0.374	0.744
19-19-305(1)	Prem Tax-Fire/Pol 19-19-305-SA	0.209	0.230	0.238	0.468	0.226	0.231	0.457
19-19-506(4)	Prem Tax-Fire/Pol 19-19-506-SA	0.000	0.000	0.004	0.004	0.001	0.002	0.003
19-20-604	Teachers GABA 19-20-604	0.813	0.800	0.840	1.641	0.878	0.918	1.796
19-20-607	HB 63 - Teachers' retirement system	16.624	16.043	16.845	32.889	17.604	18.396	35.999
19-21-203	HB 95 - Increase MUS employers' retirement contributions	<u>1.839</u>	<u>1.361</u>	<u>1.361</u>	<u>2.721</u>	<u>1.361</u>	<u>1.361</u>	<u>2.721</u>
Sub-total		\$46.866	\$46.933	\$49.799	\$96.732	\$52.485	\$55.440	\$107.925
<b>Economic Development</b>								
15-35-108(9)(b)(i)	Coop Developmental Center NMC	\$0.065	\$0.065	\$0.065	\$0.130	\$0.065	\$0.065	\$0.130
15-35-108(9)(b)(ii)	Growth Through Agriculture	0.636	0.625	0.625	1.250	1.250	1.250	2.500
15-35-108(9)(b)(iii)	Research & Commercialization	1.275	1.276	1.275	2.551	3.650	3.650	7.300
15-35-108(9)(b)(iv)	Economic Development	<u>1.066</u>	<u>1.098</u>	<u>1.100</u>	<u>2.198</u>	<u>1.100</u>	<u>1.100</u>	<u>2.200</u>
Sub-total		\$3.042	\$3.063	\$3.065	\$6.128	\$6.065	\$6.065	\$12.130
<b>Other</b>								
7-4-2502	HB 12 - Pay county attorney salaries	\$2.609	\$2.831	\$3.000	\$5.831	\$3.180	\$3.371	\$6.552
10-1-1202	HB 136 - Death benefit to national guard beneficiaries	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10-3-312(1)	Emergency Appropriations	0.827	1.528	14.972	16.500	8.250	8.250	16.500
15-1-121(3)	HB 124 - Combined Local Entitlement Distribution	99.209	99.209	110.448	209.657	109.349	120.829	230.178
15-1-121(6)	HB 124 - Local TIF Entitlement Distribution	0.819	0.763	1.218	1.981	1.475	2.432	3.907
15-1-218	HB 680 - DOR to collect out-of-state debt	0.048	0.042	0.042	0.084	0.042	0.042	0.084
15-70-601(1)(b)	HB 756 - Biodiesel tax incentives	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15-70-369(4)	HB 776 - Biodiesel tax refunds	0.000	0.000	0.000	0.000	0.000	0.000	0.000
16-11-509	HB 169 - Fines & cost recovery tobacco settlement	0.002	0.033	0.033	0.066	0.033	0.033	0.066
17-3-106(2)	DofA Cash Management Interest	0.185	0.161	0.187	0.348	0.178	0.175	0.353
17-6-101(6)	BOI Banking Charges	2.243	2.059	2.141	4.200	2.236	2.346	4.582
17-7-502(4)	TRANS Debt Service and Issuance Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17-7-502(4)	Transfer to Debt Service A/B Bond	14.999	15.925	16.045	31.970	15.972	14.160	30.132
85-20-1505	HB 49 - Authorize the sale of bonds for Blackfeet water compact	<u>0.000</u>						
Sub-total		\$120.942	\$122.551	\$148.086	\$270.637	\$140.716	\$151.638	\$292.354
<b>Total</b>		<b>\$170.849</b>	<b>\$172.548</b>	<b>\$200.950</b>	<b>\$373.497</b>	<b>\$199.266</b>	<b>\$213.143</b>	<b>\$412.409</b>

## **GOVERNOR'S PROPOSAL**

The Governor's proposed changes for statutory appropriations include the following:

- The executive is proposing to reduce general fund statutory appropriations for the growth through agriculture program and the research and commercialization account resulting in general fund expenditure reductions of \$6.0 million over the 2015 biennium.
- The executive is proposing the sale of \$159.9 million of general obligation bonds for debt service payments for new buildings (HB 14) and water compacts of \$16.1 million over the 2015 biennium paid with a general fund statutory appropriation.

## **PROPOSAL BY SOURCE OF AUTHORITY – GENERAL FUND TRANSFERS**

The Montana Constitution requires that all money paid out of the state treasury, except interest paid on the public debt, be done with an appropriation. However, the state treasury consists of numerous accounts and, with proper legislative authorization, money may be transferred from one account to another without an appropriation. This results in less money in one account for the programs it funds and more in another. Like statutory appropriations, these transfers and authorizations are in statute (or sometimes contained in un-codified legislation) and are not part of the biennial budgeting process, yet they affect the amount of money available for the legislature to appropriate for specific programs. Because they are in statute, they remain in place until removed or changed by the legislature.

The following table shows each individual general fund transfer estimated by the Legislative Fiscal Division that has been included in the general fund balance sheet for FY 2013-2015.

**General Fund Non-budgeted Transfer Estimates**  
**Fiscal Years 2012-2015**  
(Millions)

Authorization	Name	Fiscal 2011A	2013 Biennium			2015 Biennium		
			Fiscal 2012A	Fiscal 2013E	Total	Fiscal 2014E	Fiscal 2015E	Total
<b>Vehicle/Other Fee Transfers</b>								
15-1-122(1)	DPHHS-Adoption services	0.065	\$0.059	\$0.065	\$0.124	\$0.071	\$0.079	\$0.150
15-1-122(3)(a)	DEQ-Junk vehicles	1.474	1.477	1.499	\$2.976	1.584	1.598	\$3.182
15-1-122(3)(b)	Agriculture-Noxious weeds	1.494	1.496	1.519	\$3.015	1.605	1.620	\$3.225
15-1-122(3)(c)(i)	FWP-Boat facilities & enforcement, OHV, Parks	0.717	0.705	0.729	\$1.434	0.770	0.778	\$1.548
15-1-122(3)(c)(ii)	FWP-Enforcement, snowmobiles	In above	\$0.000					
15-1-122(3)(c)(iii)	FWP-Motorboats	In above	\$0.000					
15-1-122(3)(d)	MA-Veterans' services	0.677	0.692	0.689	1.381	0.728	0.734	\$1.462
15-1-122(3)(e)	DOT-Disabled seniors transportation	0.299	0.299	0.304	0.603	0.321	0.324	\$0.645
15-1-122(3)(f)	MA-Search and rescue	<u>In above</u>	<u>\$0.000</u>					
Sub-total		\$4.727	\$4.728	\$4.804	\$9.532	\$5.079	\$5.133	\$10.212
<b>Other Transfers</b>								
Unknown	DPHHS Nonbudgeted	\$0.016	\$0.136	\$0.136	\$0.272	\$0.136	\$0.136	\$0.272
Unknown	Other Agencies Nonbudgeted	0.000	0.016	0.016	\$0.032	0.016	0.016	\$0.032
15-1-122(5)	HB 622 - Livestock loss reduction and mitigation	0.000	0.200	0.200	\$0.400	0.200	0.200	\$0.400
15-1-123(5)(b)	SB 372 - Lower business equipment tax	0.000	0.000	0.285	\$0.285	0.171	0.375	\$0.547
17-1-511(2)	SB 553 - Incentative for rural physicians	0.170	0.227	0.227	\$0.454	0.227	0.227	\$0.454
39-71-2352(6)	Old state fund shortfall	0.050	10.042	9.290	\$19.332	7.356	5.652	\$13.008
77-1-108(4a)	HB 19 - To trust land administration account	0.000	0.080	0.000	\$0.080	0.080	0.000	\$0.080
87-2-801(6)	SB 166 - To general license acct. purple heart free license	0.033	0.040	0.040	\$0.080	0.040	0.040	\$0.080
87-2-803(12c)	SB 243 - To general license acct. national guard free license	<u>In above</u>	<u>\$0.000</u>					
Sub-total		\$0.270	\$10.741	\$10.194	\$20.935	\$8.227	\$6.646	\$14.873
<b>HB 645 - 2009 Session</b>								
Uncodified	HB 10 - To long-range information technology capital projects	\$3.433	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To the long-range building captial projects account	6.545	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To the long-range building captial projects account	1.793	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To state energy conservation repayment account	0.750	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To MUS energy conservation improvements	6.150	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To U of M Western main hall	3.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To state energy conservation account	0.750	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To Secretary of State information management system	0.750	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To TSEP regional water system	4.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To TSEP for infrastructure	11.500	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To the renewable resource grants & loans account	2.074	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Uncodified	HB 645 - To the reclamation grants & loans account	<u>0.897</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$0.000</u>
		\$41.642	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>Total</b>		\$46.639	\$15.469	\$14.998	\$30.467	\$13.306	\$11.779	\$25.085

The Legislative Finance Committee has approved a policy that the legislature does not enact legislation that transfers general fund in an on-going manner to another account from which it can be appropriated. See more about this and an issue concerning general fund transfers in Appendix B.

## EXECUTIVE BUDGET GENERAL FUND TRANSFER PROPOSALS

The executive is proposing one-time general fund transfers totaling \$27.1 million to the long-range information technology account and the long-range building account.

Two other proposals would transfer general fund to the fire suppression fund based on unused amounts of the general fund emergency statutory appropriation authorized in 10-3-312, MCA, and proposed triggers based on corporation license tax collections.

The executive is also proposing to eliminate the need for a general fund transfer to the State Workers Compensation “old fund” and replace the revenue with surplus and reserves from the “new fund” for a general fund savings of \$13.0 million over the 2015 biennium.

A further discussion of the governor’s proposals along with LFD comments, can be viewed in Appendix B

## PROPOSAL BY SOURCE OF AUTHORITY – OTHER LEGISLATION

Other than the HB 2, Long-Range Building, statutory authority and non-budgeted changes described above, the executive proposes other legislation that would increase general fund spending by an additional \$177.1 million. The following figure illustrates:

General Fund Proposals - Other Legislation Executive Budget 2015 Biennium (in millions)	
Proposal	2015 Biennium
Feed Bill (HB 1)	\$11.70
Pay Plan (HB 13)	\$80.10
Pension Legislation	\$60.90
Infrastructure Assistance	\$15.00
Water Compact Obligations	\$7.30
Medicaid Expansion	\$5.20
Homeowner Tax Legislation	\$100.00
Business Equipment Tax Legislation	\$10.40
Total	\$290.60

- Feed bill – The executive assumes \$11.7 million in the feed bill used to fund the operations of the legislature during the biennium
- Pay plan and contingency – The Governor proposes a state employee pay plan that would provide:
  - A 5% per year increase in salary
  - A 10% increase in health benefit contribution, from \$733 per month to \$806 per month in FY 2014 and \$887 per month in FY 2015
  - A contingency fund of \$4.0 million general fund (\$7.0 million total funds) for distribution to agencies that cannot meet their vacancy savings targets, plus \$75,000 for training
- The pay plan is discussed in further detail in Appendix B
- Pensions - the Governor proposes a number of initiatives designed to address the unfunded liability the public employees’ retirement and teachers’ retirement funds. The \$61.0 million described in this expenditure table is in addition to over 60 million in general fund revenue diverted to support pensions. For a further discussion of the unfunded pension liabilities, see “Pension Funding Shortfall” in this volume.
- Infrastructure Assistance – The executive would provide general fund for distribution to communities impacted by oil and gas development. For a discussion of impacts of natural resource development, see “Natural Resource Development Issues” in this volume.
- Water Compacts – The executive proposes to sell general obligation bonds totaling \$72 million for the state’s obligations in the water compact settlements negotiated with the Confederated Salish and Kootenai Tribes, Blackfeet Nations, and Fort Belknap Tribes. The general fund would be used for debt service on the bonds.
- Medicaid Expansion – The executive is proposing legislation that would expand Medicaid and fund a portion of the present law changes resulting from the Affordable Care Act. A further discussion is in the Summary section of the Department of Public Health and Human Services narrative here [http://leg.mt.gov/content/Publications/fiscal/ba-2015/section\\_b/dphhs-summary.pdf](http://leg.mt.gov/content/Publications/fiscal/ba-2015/section_b/dphhs-summary.pdf)
- Homeowner Tax Legislation – The executive proposes to return \$400 to every primary homeowner.
- Business Equipment Tax – The executive is proposing a reduction to the business equipment tax.