

APPENDIX A

INTRODUCTION TO APPENDIX A – BUDGET DETAIL

Appendix A is a collection of various detailed information regarding the budget. This detail is not found elsewhere but is considered important reference information for readers who wish to delve further into the budget. It offers a deeper perspective on specific areas of the budget and can be the answer to numerous questions that arise in the course of future budget analysis. The items included in Appendix A are listed below and discussed further in the pages that follow.

ELEMENTS OF THE LEGISLATIVE BUDGET

- Present Law Budget
- New Initiatives
- Actions with Increased Future Costs
- Fee Changes
- Fund Switches
- FTE Summary
- Proprietary Funds and Rate-Setting
- Fixed Costs
- Supplemental Appropriations

STIMULUS BILL AND HB 2 COMPANION BILL INFORMATION NOT FOUND ELSEWHERE

- HB 645 Specific Appropriations
- HB 676 (HB 2 Companion Bill)

COMPARISONS

- Agency Budget Comparison by Fund

PRESENT LAW PROPOSALS

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:

- (a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
- (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
- (c) inflationary or deflationary adjustments; and
- (d) elimination of nonrecurring appropriations."

The legislature added \$245.6 million general fund and \$834.8 million total funds in HB 2 for ongoing present law. If one-time-only (OTO) adjustments are added, the total is over \$262.5 million general fund and \$991.2 million total funds. In addition, the legislature added present law funding in HB 645, which implements the federal stimulus bill, of over \$227.0 million and allows some of those expenditures to be included in the 2013 biennium base. Because those expenditures are funded with federal funds in the 2011 biennium but with general fund in the 2013 biennium, the ongoing general fund cost of the present law adjustments is understated in the 2011 biennium. Please note that these adjustments are from the doubled base and do not represent the increase from the 2009 biennium.

The following figure combines present law for HB 2 and HB 645. HB 2 includes all present law adjustments, including OTO.

Figure 1

Area of Government	HB 2	HB 645	Total	Percent of Total
K-12	\$50,184,698	\$42,860,704	\$93,045,402	19.0%
Higher Ed	24,620,943	63,296,143	87,917,086	17.9%
Corrections	34,174,451	0	34,174,451	7.0%
Human Services	112,206,736	121,474,915	233,681,651	47.7%
Other Agencies	41,325,948	0	41,325,948	8.4%
Total	<u>\$262,512,776</u>	<u>\$227,631,762</u>	<u>\$490,144,538</u>	100.0%

Present law changes are significantly higher than the total changes from the doubled base because new proposals, for both general fund and total funds, are negative. In general, the legislature provided present law adjustments, but then reduced total funding in new proposals. Therefore, total present law adjustments in HB 2 and HB 645 actually overstate the amount of funding available to maintain ongoing services.

A couple of general themes are applied:

- The legislature generally funds anticipated caseload and utilization increases in human services and population increases in corrections, and provides an inflationary increase for K-12 education. These changes are included in both HB 2 and HB 645
- HB 2 funds all statewide present law adjustments, and then applies a reduction to personal services and a 2 percent across-the-board general fund reduction through new proposals, and to inflation on fuel through an offsetting present law adjustment. Statewide present law adjustments (SWPLA) are made to account for three factors:
 - Fully funding all personal services cost 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 services from centralized functions can pay for those services
- All other general fund present law increases within agencies are minimal. For many agencies, SWPLAs are the largest and in many instances the only present law adjustment provided

Major present law increases include the following:

- Public Health and Human Services – Medicaid and other program caseload and utilization growth, and implementation of the Healthy Montana Kids initiative (I-155)
- Office of Public Instruction – Enrollment growth and a 3 percent adjustment to Base Aid
- Corrections – Population growth and annualization of programs begun in the 2009 biennium
- All agencies – Statewide present law adjustments to fully fund personal services adjustments (minus a 4 percent vacancy savings rate), fixed costs, and inflation
- An offsetting reduction to the increase in SWPLAs for inflation on gasoline and diesel

NEW INITIATIVES

The 2011 biennium budget includes a net negative new proposals total for both general fund and totals funds - \$216.3 million general fund and \$114.9 million total funds in HB 2. These totals are the net of increases and reductions generated from:

- An increase in the proposed vacancy savings rate
- A 2 percent across-the-board general fund reduction
- General fund reductions to K-12 education and human services to remove general fund that was replaced with one-time-only federal funding in HB 645, which implemented the federal stimulus bill

The totals do not include any funding in HB 645. The total general fund reduced in HB 2 due to replacement by federal funds in HB 645 totals:

- \$50.4 million in K-12 education Office of Public Instruction (OPI)
- \$100.9 million in human services (Department of Public Health and Human Services - DPHHS)

If these totals are not included, general fund new initiatives would total a negative \$65.0 million and total funds would be a positive \$36.4 million.

Figure 2 shows where, by function of state government, the legislature made changes in new proposals in HB 2.

Figure 2

Total New Proposals HB 2 2011 Biennium General Fund and All Funds		
Area of Government	General Fund	All Funds
K-12 Education	(\$51,395,350)	(\$44,163,169)
Higher Education	(64,572,642)	(37,082,968)
Corrections	(1,063,523)	(460,382)
Human Services	(103,988,536)	(78,306,320)
Other Agencies	<u>4,671,997</u>	<u>45,073,781</u>
Total	<u>(\$216,348,054)</u>	<u>(\$114,939,058)</u>

Major new proposals in HB 2 include:

- Surface transportation litigation in the Department of Transportation
- Additional services through the community based waiver for the elderly and physically disabled in DPHHS
- Environmental remediation
- Invasive species and noxious weed mitigation activities
- Provision of funding for property tax mitigation activities in the Department of Revenue
- Certain economic development programs in the Department of Commerce that had been funded with one-time-only authority in prior years (certain programs are also funded in HB 645)

The legislature also made two major funding changes for current programs that add funds to the total:

- Removal of a statutory appropriation to fund various functions of the highway patrol with a HB 2 appropriation
- Homeland security grants that had been funded with budget amendments in previous years

As stated above, increases were offset by a reduction in personal services due to an increase in the proposed vacancy savings rate from 4 percent to 7 percent for most positions and all funding sources, a 2 percent across-the-board general fund reduction, and replacement of general fund in K-12 education and human services with OTO federal economic stimulus funds in HB 645.

HB 2/HB 645

The following figure shows general fund new proposals, by area, if the non-ongoing general fund appropriations in HB 645 are included, and reductions due to replacement with federal funds were added back in. For purposes of this table, new proposals are defined as any general fund appropriations in HB 645 not used to replace general fund in HB 2 for ongoing expenditures, although funds to continue some initiatives may be requested by the executive.

Figure 3

Total New Proposals Including HB 645 2011 Biennium General Fund Only				
Area of Government	Non-Ongoing		Add Back HB 2	
	HB 645 New Proposals*	HB 2 Total	Reductions Funded in HB 645**	HB 2/HB 645 Total
K-12 Education	\$50,001	(\$51,395,350)	\$50,393,174	(\$51,345,349)
Higher Education	12,011,506	(64,572,642)	0	(52,561,136)
Corrections	500,000	(1,063,523)	0	(563,523)
Human Services	54,770,666	(103,988,536)	100,938,469	(49,217,870)
Other Agencies	<u>167,827,344</u>	<u>4,671,997</u>	<u>0</u>	<u>172,499,341</u>
Total	<u>\$235,159,517</u>	<u>(\$216,348,054)</u>	<u>\$151,331,643</u>	<u>\$18,811,463</u>

*For purposes of the table, ongoing is considered present law.
**General fund reductions in HB 2 are funded with federal funds in HB 645.

Among the OTO general fund initiatives funded in HB 645 are grants to schools, local governments, and tribal governments for various projects; continuance of various economic development initiatives; provider rate increases and potential Medicaid caseload increases; additional long-range planning projects; and distance learning, a virtual academy, and tuition mitigation for university and community college students. A detailed listing of all appropriations in HB 645 begins on page A-16 in this section.

All new proposals are discussed in the individual program narratives of the relevant agencies.

ACTIONS WITH INCREASED FUTURE COSTS

The legislature took several actions that will cost more money in the 2013 biennium than in the 2011 biennium. Please note that the following figure does not include caseload, population, or enrollment increases in HB 2 or that were funded with one-time federal money in HB 645.

Figure 4

Legislative Actions with Increased Future Costs 2011 Biennium General Fund Costs Only			
Section/Agency	Purpose	2011 Bien General Fund	2013 Bien General Fund
<i>Section B - Human Services</i>			
DSD	DD Waiting List Reduction	\$524,758	\$593,553
HRD	Medicaid for Workers with Disabilities (SB 119)	99,176	301,689
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Corrections	Items Related to Population Growth With Phase In	12,244,067	16,200,774
Corrections	Rate Increases	2,421,577	3,228,768
Judicial Branch	Addition of Three District Court Judges	560,327	1,889,902
Justice	Increase Attorney Salaries to 90 Percent of Market	415,653	475,032
<i>Section E - Education</i>			
OPI	Inflation of 3% Per Year Base Aid and Special Education**	1,268,399,624	1,405,939,631
OCHE/Community Colleges	2011 Biennium Present Law Adjustment Funded with OTO Funds***		1,277,775
<i>Other</i>			
Pay Plan	Health Insurance	11,583,207	20,458,364
Water Compact	Ft. Belknap: Total Cost is \$5 Million*	---	---
Water Compact	Blackfoot: Total Cost is \$20 Million*	---	---
	Biennial Totals	<u>\$1,296,248,389</u>	<u>\$1,450,365,488</u>
<p>*Total combined cost in the 2009 biennium is \$5.0 million, while total cost is \$25.0 million.</p> <p>**Does not assume any change in guarantee account revenue from the 2011 biennium projected level. Expected inflation is 2.88% for FY 2012 and 2.14% for FY 2013. Assumes legislature will restore At-Risk funding at \$5.0 million per year.</p> <p>***Ongoing costs funded with one-time-only funds in the 2011 biennium</p>			

FEE CHANGES

The legislature has two areas of the budget where fee increases will be necessary to generate the amount of state special revenue necessary to fund the appropriation, as shown in the figure below. For a further discussion, see the discussion beginning on page B-17 of Volume 3 and C-42 of Volume 4 of the *2011 Biennium LFD Fiscal Report*.

Figure 5

Changes in Fees or Charges 2011 Biennium			
Section/Agency	Purpose	2011 Biennium	
		General Fund	Other Funds
<i>Section B - Human Services</i>			
Public Health and Safety	Inspection Fees		\$285,698
<i>Section C - Natural Resources and Transportation</i>			
DEQ	Air Quality Permits		1,800,000

FUND SWITCHES

The following figure shows funding switches made by the legislature in both HB 2 and HB 645. As shown, because of the impact of funding switches made due to the availability of federal stimulus funding in HB 645, the funding switches net to \$204.0 million over the biennium. Further discussions of each can be found in the respective agency narratives in the appropriate volume of the 2011 Biennium LFD Fiscal Report.

Figure 6

		2011 Biennium	
		General Fund	Other Funds
Major Funding Switches 2011 Biennium			
Section/Agency	Purpose		
<i>Section A - General Government</i>			
Administration	Training development specialist to develop workforce development training	\$102,854	(\$102,854)
<i>Section B - Human Services</i>			
Temporary Increase in the Federal Medicaid Match Rate	Federal stimulus funds replaced base general fund (HB 645) for Medicaid and Foster Care services	(97,000,000)	97,000,000
Healthcare for Healthcare Workers	Medicaid provider rate increase for providers who opt to fund health insurance for their workers	(2,441,361)	2,441,361
Child Care General Fund	Federal stimulus funds replaced child care funding	(3,180,551)	3,180,551
Home Visiting/MIAMI	Home visiting program for pregnant women at risk of low birth weight babies	(405,536)	405,536
Child Support Enforcement	Federal stimulus fund replaced general fund	(2,368,235)	2,368,235
<i>Section C - Natural Resources and Transportation</i>			
DNRC - Central Services Division	General department administration	498,000	(498,000)
Agriculture - Grain Lab	Additional resource support	250,000	(250,000)
<i>Section E - Education</i>			
Montana Library Commission	Natural Resource Information System (NRIS) program support from Natural Resource Account switched to general fund to balance Natural Resource Account	502,802	(502,802)
OPI	Federal stimulus funds replaced base general fund (HB 645)	(40,393,176)	40,393,176
Montana University System	Federal stimulus funds replaced base general fund (HB 645)	(59,524,447)	59,524,447
Total		<u>(\$203,959,650)</u>	<u>\$203,959,650</u>

FTE

The legislature provided funding for 12,255.11 FTE in HB 2 in FY 2010 and 12,279.78 FTE in FY 2011. These totals are an increase of 286.91 in FY 2010 and 311.58 in FY 2011 compared to the FY 2008 level. In addition, some FTE increases are anticipated as a result of the passage of HB 645. As of the writing of the report, 15.25 FTE in FY 2009, 86.50 in FY2010 and 71.50 in FY 2011 had been added as modified, one-time-only positions. Federal funds are subsidizing 0.99 current FTE in FY 2009 and 7.93 FTE each year of the 2011 biennium.

Figure 7 shows FTE funded in HB 2, by agency. Please note that the figure does not include any FTE funded with non-budgeted proprietary funds or statutory appropriations.

Figure 7

FTE Levels 2011 Biennium						
Section/Agency	Base FY 2008	Net Change FY 2010	Total FY 2010	Net Change FY 2011	Total FY 2011	Change FY 2008-FY2011
Section A*						
Legislative Branch**	129.97	5.00	134.97	10.17	140.14	7.8%
Consumer Counsel	5.54	0.00	5.54	0.00	5.54	0.0%
Governor's Office	60.07	0.00	60.07	0.00	60.07	0.0%
Commissioner of Political Practices	6.00	0.00	6.00	0.00	6.00	0.0%
State Auditor	78.50	6.00	84.50	6.00	84.50	7.6%
Revenue	645.53	21.30	666.83	21.30	666.83	3.3%
Administration*	154.62	1.00	155.62	0.00	154.62	0.0%
Montana Consensus Council	2.50	-2.50	0.00	-2.50	0.00	-100.0%
Commerce*	46.66	7.00	53.66	7.00	53.66	15.0%
Labor and Industry	730.08	25.00	755.08	25.00	755.08	3.4%
Military Affairs	182.15	10.50	192.65	10.50	192.65	5.8%
Section B						
Public Health and Human Services	2,892.38	50.03	2,942.41	64.53	2,956.91	2.2%
Section C						
Fish, Wildlife, and Parks	678.60	17.48	696.08	17.48	696.08	2.6%
Environmental Quality	376.09	11.20	387.29	11.20	387.29	3.0%
Transportation	2,134.96	-23.70	2,111.26	-23.70	2,111.26	-1.1%
Livestock	137.99	3.50	141.49	5.50	143.49	4.0%
Natural Resources and Conservation	544.37	13.32	557.69	13.32	557.69	2.4%
Agriculture	115.54	5.00	120.54	5.00	120.54	4.3%
Section D						
Judiciary	397.08	7.00	404.08	13.00	410.08	3.3%
Board of Crime Control	19.50	0.50	20.00	0.50	20.00	2.6%
Justice	690.27	61.78	752.05	61.78	752.05	9.0%
Public Service Commission	39.00	0.00	39.00	0.00	39.00	0.0%
Office of the Public Defender	192.50	8.00	200.50	8.00	200.50	4.2%
Corrections	1,255.64	51.00	1,306.64	49.00	1,304.64	3.9%
Section E						
Office of Public Instruction	157.36	8.50	165.86	8.50	165.86	5.4%
Board of Public Education	4.00	0.00	4.00	0.00	4.00	0.0%
School for the Deaf and Blind	88.61	0.00	88.61	0.00	88.61	0.0%
Commissioner of Higher Education***	104.05	0.00	104.05	0.00	104.05	0.0%
Arts Council	7.00	0.00	7.00	0.00	7.00	0.0%
State Library	30.50	0.00	30.50	0.00	30.50	0.0%
Historical Society	61.14	0.00	61.14	0.00	61.14	0.0%
Totals	11,968.20	286.91	12,255.11	311.58	12,279.78	2.6%
*The Office of the Secretary of State and a significant number of Department of Administration and Department of Commerce staff are funded with proprietary funds not included in HB 2.						
**FY 2011 includes session staff.						
***Includes only staff within the Office of the Commissioner of Higher Education.						

A number of agencies received increases. Increases to five agencies are over 71 percent of the increase.

- Revenue – 21.3 FTE were added to make permanent FTE hired in the 2009 biennium for which the legislature provided funding but no FTE, and to implement HB 658, which addressed mitigation of property tax reappraisal impacts
- Labor and Industry – A net of 20.00 is due to reclassification from non-budgeted funds to HB 2 funds
- DPHHS – FTE were added for a number of purposes, with the largest number to implement Healthy Montana Kids
- Justice – FTE additions are primarily the result of a change in accounting that now funds a number of highway patrol positions from HB 2, rather than the statutory appropriation that had been used previously
- Corrections – FTE were added for several purposes, with most FTE added for an expansion of the work dorm and for a Montana State Prison relief factor

Detailed descriptions of the decision packages that fund the new FTE are found in the respective agency and program narratives in Volumes 3 and 4 of the *2011 Biennium LFD Legislative Fiscal Report*.

PROPRIETARY FUNDS AND RATE SETTING

There are two types of proprietary funds: 1) internal service funds; and 2) enterprise funds. Internal service funds are used to account for "internal service" functions that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. Enterprise funds are used to account for functions that provide goods or services to the public on a user-charge basis. Examples of internal service funds are those collected by the Information Technology Services Division of the Department of Administration for providing computer services to other agencies and those collected by the Central Stores program for providing various supplies to state agencies. An example of an enterprise fund is the state lottery. Since the 1997 biennium, the legislature has not appropriated proprietary funds to the program receiving the funds (except in cases where the proprietary funds are used as a part of a program that is not an enterprise or internal service function and otherwise requires an appropriation).

In the past, the legislature appropriated internal service funds to the agency receiving the funds and simultaneously provided funding to the agencies that would pay the internal service functions for services received, which resulted in a double counting of the cost of providing internal service functions. To avoid this double-counting, the legislature no longer appropriates proprietary funds to the internal service functions receiving the funds, but instead sets the maximum rates that the internal service functions may charge. Statute requires that rates be commensurate with costs and prohibits an internal service function from raising rates above the legislatively established rates during the biennium. The legislature reviews enterprise functions and enterprise funds, but statute does not require that the legislature establish rates for enterprise functions. 17-8-101(8), MCA requires that enterprise funds that transfer profits to the general fund or to an account subject to an appropriation must be appropriated by the legislature. The two enterprise accounts that currently fall under this requirement are the state lottery and liquor accounts.)

SUMMARY OF PROGRAMS/FUNCTIONS

Figure 8 shows each function for which the legislature sets rates in HB 2, by agency.

Figure 8

Internal Service Functions 2011 Biennium
<u>Agency/Program or Function</u>
Transportation
Motor Pool
Equipment
Revenue
Customer Service Center
Administration
Director's Office
Management Services Unit
State Accounting Division
SABHRS Services
Audit Review
Warrant Writer
General Services Division
Facilities Management
Mail Services
Print Services
Central Stores
Statewide Fueling Network
Surplus Property
Information Technology Services Division
Health Care and Benefits Division
Workers Compensation Management
Human Resources Division
Professional Development
Human Resources Information System
Risk Management and Tort Defense
Fish, Wildlife, and Parks
Vehicle Account
Aircraft Per Hour
Duplicating/Binding
Warehouse Overhead
Environmental Quality
Central Management
Natural Resources and Conservation
Air Operations
Commerce
Board of Investments
Director's Office/Management Services
Justice
Agency Legal Services
Corrections
Motor Vehicle Maintenance
Cook/Chill
Laundry
Labor and Industry
Centralized Services
Business Standards
Office of Public Instruction
Indirect Cost Pool

FIXED COSTS

The legislature made two changes in fixed costs:

- A major change in the way in which centralized information technology (IT) services performed by the Information Technology Services Division (ITSD) within the Department of Administration are funded. In prior biennia, these functions were primarily funded through an assessment on each computer. These services will now be funded through an activity-based budgeting system that charges agencies for the information technology services in a way that more closely relates to the actual services used by each individual user. This change results in a significant increase in costs in the 2011 biennium, although the 2011 biennium would be a transition year and actual costs will be refined as the biennium progresses. A further discussion is on page A-127 of Volume 3 in the Department of Administration.
- The addition of a new fixed cost to fund a workers compensation management function begun by the 2007 Legislature as a one-time-only proposal. A further discussion is found in Volume 3 on page A-142.

The following figure shows fixed costs funded by the legislature in the 2011 biennium.

Figure 9

Fixed Costs 2011 Biennium (in millions)		
Subcommittee/Agency	Function	Total*
General Government		
Administration	Insurance and Bonds	\$24.6
	Warrant Writing Fees	2.2
	Human Resources	6.1
	ITSD	80.6
	SABHRS Operating	8.9
	Messenger Services	0.6
	Rent - Buildings	21.6
	Grounds Maintenance	1.0
	Workers Compensation	0.8
Legislative Audit Division	Audit Fees	3.6
Various	Statewide Cost Allocation	<u>8.3</u>
Total		<u>\$158.3</u>

*All funds, including funds not appropriated in HB 2

SUPPLEMENTAL APPROPRIATIONS

The legislature provided an additional \$3.5 million general fund and \$3.6 million other funds in supplemental appropriations for the 2009 biennium. This total is significantly below prior years, as shown in the following figure.

Figure 10

There are two primary reasons for the low supplemental total.

- The state portion of wildfire costs is generally funded with a supplemental appropriation. However, in the 2009 biennium the legislature provided upfront funding for fire costs. In addition, FY 2009 fire season costs were significantly below recent years averages
- Agencies that have had significant supplemental appropriations in the past, such as the Department of Public Health and Human Services and Corrections, had significant reversions in the 2009 biennium.

Biennium	Millions
1987	\$32.7
1989	17.1
1991	20.4
1993	82.2
1995	19.9
1997	14.2
1999	11.5
2001	68.2
2003	12.5
2005	12.7
2007	76.4
2009	3.5

The following figure shows the individual supplemental appropriations funded by the 2009 Legislature.

Figure 11

Agency/Program	General Fund	Other Funds
Natural Resources and Conservation		
Wildfire Suppression		\$3,633,432
Livestock		
Brucellosis	\$2,375,784	0
Board of Crime Control		
Misdemeanor Probation for Domestic Violence		15,000
Office of the Public Defender		
Appellate Defender	292,000	0.00
Office of Public Instruction		
Pupil Transportation	360,000	0.00
Commissioner of Political Practices		
Legal Fees	36,000	0.00
Legal Judgment	225,000	0.00
Justice		
Highway Patrol	175,000	0
Total	<u>\$3,463,784</u>	<u>\$3,648,432</u>

- Livestock Brucellosis – General fund was added to assist in reviewing brucellosis free status. For a further discussion, see page C-118 of the Department of Livestock, Volume 4

- Board of Crime Control Domestic Violence Program – Additional spending authority was provided from fees earmarked for this purpose. A further discussion is on page D-27 of Volume 4
- Office of the Public Defender Appellate Defender – Funds were added to the Appellate Defender for additional FTE and contracted staff, as well as transcript costs. Further information is on page D-77 in Volume 4
- Office of Public Instruction Pupil Transportation – School districts are paid a per mile fee based upon factors such as bus size. Reimbursable miles were greater than anticipated in FY 2009. Further information is on page E-10 of Volume 4
- Commissioner of Political Practices Legal Fees and Legal Judgment – Additional funds were provided both to pay for additional contract legal fees incurred, and to pay the legal fees of a plaintiff awarded reimbursement in a court decision. A further discussion is on page A-55 of Volume 3
- Department of Justice Highway Patrol –The legislature provided additional funds for higher than anticipated gasoline costs. Additional information is on page D-33 of Volume 4
- Department of Natural Resources and Conservation Wildfire Suppression – While the legislature funded all known and anticipated wildfire costs in FY 2008 in the September 2007 special session, reimbursements from federal partners was lower than anticipated. The funding source for this appropriation is the fire suppression account established by the legislature in September 2007. The following Figure shows fire costs since the 1987 biennium.

Figure 12

Biennium	Supplemental Appropriation	Statutory Appropriations	Total
1983	\$0.80	\$0.00	\$0.8
1985	2.90	0.00	2.9
1987	3.74	0.00	3.7
1989	12.64	0.00	12.6
1991	3.00	0.50	3.5
1993	7.94	1.96	9.9
1995	15.50	8.92	24.4
1997	4.47	3.10	7.6
1999	10.55	0.00	10.6
2001	33.22	6.20	39.4
2003	9.07	7.01	16.1
2005	0.00	0.00	0.0
2007	30.06	13.00	43.1
2009	3.63	8.00	11.6

Appropriation for the 2009 biennium supplemental is from the state special revenue fund. All others are general fund. Total 2009 biennium state fire costs were about \$60.0 million, funded from the state special revenue account from which the original source was general fund, the state special revenue DNRC fire suppression fund, and the Governor general fund emergency fund.

For a further discussion of the 2009 biennium fire costs, please see the agency summary section of the Department of Natural Resources and Conservation, page C-146, Volume 4.

HB 645 SPECIFIC APPROPRIATIONS

The following figures show each specific appropriation in HB 645 from the three funding sources discussed earlier in this volume: 1) federal specific purpose; 2) federal fiscal stabilization; and 3) freed-up general fund. A further discussion of HB 645 begins on pages 69 and 88 of this volume.

FEDERAL SPECIFIC PURPOSE (SILO)

The following figure shows all of the federal funds for which the ARRA specifies a particular use. If the state accepts the money, it must use it for the purposes intended.

Figure 13

Federal Special Purpose Stimulus Funds HB 645 Plus Unemployment Insurance*			
Area/Purpose	Biennium	Area/Purpose	Biennium
<u>Education</u>		<u>Infrastructure</u>	
Title 1-A	\$415,800	Community Development Block Grant	\$1,829,878
Title IA - Improvement Pgm 6 FY09	468,150	Housing Credit Exchange	30,778,500
Title IID Technology Pgm 6 FY09	160,469	Energy Storage Grants	2,000,000
School Lunch Equipment	247,461	State Energy Programs	8,712,000
Title I	34,234,200	Energy Efficiency Block Grant	7,577,000
IDEA	36,708,056	Drinking Water SRF Admin	702,073
Education Technology FY 09	3,048,906	Clean Water SRF Admin	689,862
Title IA Improvement FY09	8,894,850	Water Quality Grant	193,886
IDEA Pt B Preschool 11B	1,260,947	Drinking Water SRF Admin	1,142,354
McKinney Vento Homeless Assistance 11B	224,000	Highways	220,000,000
Subtotal	\$85,662,839	Transit Formula	15,611,710
<u>Persons Most Impacted by the Recession</u>		Drinking Water SRF	150,852
WIA Adult	1,246,876	Drinking Water SRF	10,530,000
WIA Youth	2,947,501	Clean Water SRF	10,405,146
WIA Dislocated	1,728,008	LRBP Energy Conservation Improvements	13,038,000
Employment Services	1,104,669	MUS Energy Conservation Improvements	9,700,000
Community Service Employment for Older Americans	147,000	Subtotal	\$333,061,261
Temporary Extension of TAA	1,603,656	<u>Other</u>	
Reemployment Services for UI Claimants	1,841,114	Tax Credit Assistance	7,818,360
Extend Emergency Unemployment Comp Pgm	1,968,103	Spec Transper for Unemployment Comp Modernization	495,019
Temporary Extension of TAA	186,827	Spec Transfer in Fed FY 2009 for Admin	1,394,696
Increase Unemployment Compensation Program	190,628	Americorps	500,000
TANF Emergency 09	1,765,870	Various Army National Guard	1,279,568
TANF Emergency 11B	3,824,331	Community Services Block Grant	4,512,000
SNAP 09	5,983,625	Provider Rate Increase Human Services	24,455,654
SNAP 11B	42,918,656	VISTA	100,000
Food Distribution on Reservation 09	69,300	Prevention and Wellness Fund 11B	4,200,000
Food Distribution on Reservation 11B	84,700	Montana Arts Council	291,000
Emergency Food Assistance	32,750	Aging Services	500,000
Emergency Food Assistance 11B	54,583	Diesel Emissions Reduction Act Grant	1,700,000
Weatherization 09	3,382,460	LUST	2,000,000
Weatherization 11B	23,677,221	Direct Care Worker Wage Increase	11,985,836
Homeless Prevention/Emergency Food & Shelter 09	187,500	USFS State and Private Forestry Assistance	8,500,000
Homeless Prevention/Emergency Food & Shelter 11B	3,562,500	Subtotal	\$69,732,133
WIC 11B	1,483,000	<u>Stabilize State Budgets</u>	
IDEA Infants and Families 11B	2,139,843	FMAP 09	54,000,000
Vocational Rehabilitation State Grants 11B	2,315,737	FMAP 11B	109,000,000
Child Care Development Block Grant 09	718,736	CSED Temporarily Restore Fed Matching Funds 09	1,646,914
Child Care Development Block Grant 11 B	5,028,630	CSED Temporarily Restore Fed Matching Funds 11B	2,659,411
Medicaid Caseload	130,435,091	Subtotal	\$167,306,325
Indian Property Exclusion from Medicaid	1,483,646	<u>Total All Categories</u>	
Transitional Medicaid	1,222,348	\$904,329,075	
Subtotal	\$243,334,909	<u>Enhanced Unemployment Insurance</u>	
<u>Public Safety</u>		207,129,149	
Byrne/JAG	3,165,819	<u>Total with Unemployment Insurance</u>	
Crime Victims	564,000	\$1,111,458,224	
Crimes Against Women	916,955		
Crime Victims Compensation Grant	181,164		
Internet Crimes Against Children	403,670		
Subtotal	\$5,231,608		

FEDERAL FISCAL STABILIZATION

Stabilization funds are divided into two parts: 1) an education fund, which must be used for various education related expenditures and is over 81 percent of the total; and 2) a general stabilization fund, which can be used for any state purpose with an emphasis on maintenance of critical state services.

Figure 14

HB 645 Federal Fiscal Stabilization FY 2009 through FY 2011				
Agency	Purpose	Education Fund	Gen'l Gov't	Total SFSE
K-12	Stabilization Funding for K-12 Education	\$40,393,176	\$0	\$40,393,176
	Increase State Support for Schools	21,710,627	0	21,710,627
Higher Education	Community College Assistance	0	1,548,757	1,548,757
	Community College Tuition Mitigation	0	1,600,875	1,600,875
	Stabilization Funding for Higher Education	59,524,447	0	59,524,447
	MUS Tuition Mitigation & Increased DL Access	0	12,546,835	12,546,835
	Replace 6-Mill Levy Shortfall	0	2,493,921	2,493,921
DPHHS	County Health Grants Asbestos	0	2,000,000	2,000,000
	Non-Medicaid Aging Services	0	2,882,163	2,882,163
Corrections	Reduce Vac Savings at 24/7 Areas	0	2,712,559	2,712,559
LRBP	LRBP Allocation	0	1,276,432	1,276,432
Total		<u>\$121,628,250</u>	<u>\$27,061,542</u>	<u>\$148,689,792</u>

FREED-UP GENERAL FUND

Figure 15 details all appropriations to expend general fund made available as a result of ARRA.

Figure 15

HB 645 General Fund Summary FY 2009 through FY 2011				
Agency	Purpose	FY 2010	FY 2011	Biennium
<u>Infrastructure Local</u>				
	Regional Water System	\$4,000,000	\$4,000,000	\$8,000,000
	Fort Belknap Water Compact	1,000,000	0	1,000,000
	Blackfeet Water Compact	4,000,000	0	4,000,000
	TSEP Infrastructure	11,500,000	11,500,000	23,000,000
	Water Projects	2,074,398	2,074,398	4,148,796
	Reclamation Projects	897,133	897,133	1,794,266
	Grants for Tribal and Local Governments	25,000,000	0	25,000,000
	Historic Preservation Competitive Grants	2,000,000	2,000,000	4,000,000
	School Facilities HB 152 - Commerce	84,000	0	84,000
	Grants for School Districts	20,000,000	0	20,000,000
	Quick Start Energy Program Grants to School Districts	14,950,000	0	14,950,000
	Water Project Admin	230,000	230,000	460,000
	Interoperability Montana	500,000	500,000	1,000,000
	Broadband Mapping Grants	300,000	0	300,000
		0	0	0
<u>Infrastructure State</u>				
	LRBP Transfer	1,792,586	1,792,586	3,585,172
	State Energy Conservation Repayment Account Transfer *	750,000	750,000	1,500,000
	State Energy Conservation Capital Project Account Transfer*	750,000	750,000	1,500,000
	LRBP Allocation	7,248,486	6,544,914	13,793,400
	MUS Energy Conservation Improvements	6,150,000	6,150,000	12,300,000
	UMWestern Main Hall	3,000,000	3,000,000	6,000,000
	ESSC Equipment and Moving	1,750,000	1,750,000	3,500,000
	SOS Information Management System	750,000	750,000	1,500,000
		0	0	0
<u>Public Health and Humans Services</u>				
	Medicaid Caseload	18,433,433	22,219,989	40,653,422
	2% Annual Provider Rate Increase	4,650,830	10,333,165	14,983,995
	Direct Care Worker Wages - SLTC	1,915,738	2,446,846	4,362,584
	Food Banks	250,000	250,000	500,000
	Emergency Homeless Shelters	750,000	750,000	1,500,000
	Non Medicaid Aging Services	58,919	58,918	117,837
	Mental Health	25,000	0	25,000
	Implement House Bill 130	475,000	0	475,000
	Kids Management Authorities	333,500	333,500	667,000
	Native American Property Exclusion for Medicaid Eligibility	231,764	310,188	541,952
	Transitional Medicaid	196,432	248,020	444,452
	HB -173 National Public Health Standards	200,000	200,000	400,000
	Blind Newspaper	323,000	0	323,000
	Transportation for Senior Citizen and Persons with Disabilities	\$300,000	\$0	\$300,000

Continued on the following page

Figure 15 Continued

HB 645 General Fund Summary FY 2009 through FY 2011 (Continued)				
Agency	Purpose	FY 2010	FY 2011	Biennium
<u>Economic Development</u>				
	Main Street	\$125,000	\$125,000	\$250,000
	Distressed Wood Products	3,752,548	3,747,452	7,500,000
	Energy Promotion Division	255,000	255,000	510,000
	New Worker Training	655,698	655,698	1,311,396
	Tribal Economic Development	798,496	798,496	1,596,992
	Community Service Planning Grants	25,000	0	25,000
	BioMass Energy Study	475,000	0	475,000
	MT Agro-Energy Park (Havre)	150,000	150,000	300,000
	High Performance Computing	1,000,000	1,000,000	2,000,000
<u>Education</u>				
		0	0	0
	Special Needs Equipment - School for the Deaf and Blind	34,507	18,000	52,507
	Community College Assistance OTO (Infra)	137,944	113,299	251,243
	Community College Assistance	606,189	671,586	1,277,775
	PBS Satellite Delivery	200,000	200,000	400,000
	Ag Exper Station Add'l Funding - Sawfly	250,000	250,000	500,000
	Extension Service Add'l Funding	150,000	150,000	300,000
	Distance Learning	1,000,000	1,000,000	2,000,000
	Virtual Academy	1,000,000	1,000,000	2,000,000
	Tuition Mitigation for Resident Students	3,154,033	2,506,230	5,660,263
	Tribal College Assistance	450,000	450,000	900,000
	Special Ed Maintenance of Effort FY 2009	1,233,764	1,233,764	2,467,528
	Montana Learning Center	50,000	0	50,000
<u>Other</u>				
		0	0	0
	Health Information Technology	357,000	357,000	714,000
	Legislative Committees and Activities	117,084	121,520	238,604
	Military Museum	250,000	0	250,000
	IED Fort Harrison	750,000	0	750,000
	Permitting and Compliance Div Admin	359,794	367,918	727,712
	Permitting and Compliance Div Admin 09	101,500	0	101,500
	Self Help Law Program	250,000	250,000	500,000
	Total	<u>\$154,558,776</u>	<u>\$95,260,620</u>	<u>\$249,819,396</u>

HB 676

HB 676 implemented various provisions of HB 2, the general appropriations act. Because HB 2 is reserved for only appropriations and conditions on those appropriations, any change in statute necessary to implement any provision within HB 2 must be contained in another bill. The following summarizes the major components of HB 676, also known as the HB 2 companion bill. These and other components are discussed in the relevant agency narratives in Volumes 3 and 4.

- K-12 Base Aid – HB 676 includes an increase in the Base Aid schedules of 1 percent in FY 2010 and 3 percent in FY 2011. These increases are funded in HB 645
- Healthy Montana Kids – The bill reduces the amount of the revenues going to the healthy Montana kids account as the program ramps up and allows the remainder to continue to be deposited to the general fund. The bill also allows certain funding sources currently used to support the Children’s Health Insurance Program be used to fund Healthy Montana Kids
- End Stage Renal Program – The End Stage Renal Program, which provided assistance to defray a portion of medical costs for persons with end stage renal disease, was eliminated
- Natural Resources Operations Account – This account, which funds a number of natural resource functions, is funded from various natural resource sources. The account cannot fund all operations previously funded with the account and funds were transferred from various other accounts
- Coal Tax Shared Account – The bill includes several measures to stabilize revenue and expenditures in the coal tax shared account
- Eliminate Transfer to Department of Transportation – The Department of Transportation state special revenue account was to receive over \$3.0 million from the general fund for reimbursement for lost revenue. This transfer was eliminated and the funds will remain in the general fund
- Require that the 2 Percent Reduction in HB 2 is Ongoing – The legislature applied a 2 percent across the board general fund reduction to most agencies (Medicaid services and K-12 distributions to school districts were exempted). In order to make the reduction ongoing into the 2013 biennium, statute was changed to require a reduction in the 2013 biennium general fund budgets in an amount equal to any 2 percent reduction applied to personal services
- Require a Reduction in DPHHS Present Law – The Department of Public Health and Human Services is required to discuss with the Legislative Finance Committee ways to reduce present law expenditures by \$22.0 million in the 2013 biennium, and to have a budget request that reflects that reduction

AGENCY BUDGET COMPARISONS BY FUND

This section provides a comparison, by agency, of the appropriations in HB 2 and HB 13 as of the 2011 biennium to the 2009 biennium. For each fund type, a table shows the comparison by agency. Also included for each fund type is a pie chart showing the amount and percent of each fund by major program area, and a bar graph that shows the percentage increase by major program area.. The narrative describes the primary reasons for the budget changes, by fund type.

Please note that none of the tables include funding from HB 645, the federal stimulus bill. This bill includes ongoing funding for three significant areas of state government, and therefore the increases in those areas are understated in the following charts: 1) Medicaid expenditures in the Department of Public Health and Human Services; 2) Base Aid for K-12 education in the Office of Public Instruction; and 3) operations of higher education in the Commissioner of Higher Education. In addition, a number of agencies received general fund made available as a result of the legislation, particularly the Department of Commerce and long-range building, for a variety of project related expenditures. HB 645 also includes over \$900.0 million in one-time-only federal funds. For a further discussion, see the narrative beginning on page 69 of this volume.

GENERAL FUND

As defined in 17-2-102, MCA, the general fund “accounts for all financial resources except those required to be accounted for in another fund.” The general fund provides funding for the general operations of state government.

As shown in Figure 16, the general fund decreases by \$129.2 million, or 4.1 percent. If one-time-only expenditures are included, the decrease would total \$85.5 million, or 2.7 percent.

Decreases in K-12 and higher education and public health are due to the provision of funding in HB 645 for federal funds that replaced general fund in HB 2. The following programs received increases with some provided in HB 645:

- Office of Public Instruction – An increase in Base Aid in HB 645 that adds \$48.5 million to fund a total 3 percent per year increase in the schedules. An additional \$13.6 million was added for inflationary increases from FY 2008 to FY 2009. General fund was reduced in HB 2 due to the availability of the federal funds
- Department of Public Health and Human Services – Medicaid caseload and utilization increases, and an increase in the percentage of Medicaid expenditures that must be paid for by the state (FMAP). General fund was reduced by \$97 million because of the temporary increase in the FMAP rate funded in HB 645
- Department of Corrections - Population increases and annualization of initiatives begun in the 2009 biennium

- All agencies - Statewide present law adjustments, particularly fully funding personal services (minus a 7 percent vacancy savings rate and a 2 percent across-the-board reduction on most operations and personal services)
- Department of Revenue – Primarily statewide present law adjustments and funds to implement property tax mitigation
- Legislative Branch – Statewide present law adjustments and additional staff for several legislative initiatives

Figure 16

Fund Comparison 2009 Biennium versus Legislative Budget Proposal 2011 Biennium								
General Fund House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Legislative Budget-OTO FY 2010	Legislative Budget-OTO FY 2011	Legislative Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	9,116,067	11,249,936	20,366,003	11,792,452	11,775,305	23,567,757	3,201,754	15.7%
2110 Judicial Branch	32,171,909	35,547,624	67,719,533	34,585,579	35,436,164	70,021,743	2,302,210	3.4%
3101 Governor's Office	5,820,498	5,902,462	11,722,960	6,176,491	6,104,197	12,280,688	557,728	4.8%
3202 Comm Of Political Practices	365,420	448,840	814,260	444,165	440,883	885,048	70,788	8.7%
3501 Office Of Public Instruction	642,761,421	666,049,445	1,308,810,866	641,223,759	643,042,619	1,284,266,378	(24,544,488)	-1.9%
4107 Crime Control Division	2,195,808	2,304,278	4,500,086	2,368,338	2,386,384	4,754,722	254,636	5.7%
4110 Department Of Justice	23,761,709	25,275,706	49,037,415	25,634,145	25,923,645	51,557,790	2,520,375	5.1%
5101 Board Of Public Education	209,990	224,324	434,314	222,451	227,589	450,040	15,726	3.6%
5102 Commissioner Of Higher Education	170,167,847	186,280,601	356,448,448	147,681,591	151,220,014	298,901,605	(57,546,843)	-16.1%
5113 School For The Deaf & Blind	5,300,570	5,946,429	11,246,999	5,924,810	5,948,424	11,873,234	626,235	5.6%
5114 Montana Arts Council	467,889	459,035	926,924	468,277	460,209	928,486	1,562	0.2%
5115 Montana State Library	2,348,128	2,513,420	4,861,548	2,773,945	2,779,166	5,553,111	691,563	14.2%
5117 Montana Historical Society	2,668,353	2,721,748	5,390,101	2,723,621	2,737,041	5,460,662	70,561	1.3%
5201 Department Of Fish, Wildlife & Parks	-	-	-	-	-	-	-	-
5301 Department Of Environmental Quality	4,785,174	5,088,372	9,873,546	5,371,883	5,443,674	10,815,557	942,011	9.5%
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5603 Department Of Livestock	1,065,499	1,162,620	2,228,119	1,090,962	1,111,118	2,202,080	(26,039)	-1.2%
5706 Dept Of Natural Resources & Conservation	20,883,410	21,819,894	42,703,304	22,289,045	22,549,400	44,838,445	2,135,141	5.0%
5801 Department Of Revenue	46,999,289	48,766,397	95,765,686	49,693,836	50,082,798	99,776,634	4,010,948	4.2%
6101 Department Of Administration	6,341,405	6,740,525	13,081,930	6,184,636	6,212,547	12,397,183	(684,747)	-5.2%
6106 Mt Consensus Council	86,978	66,412	153,390	-	-	-	(153,390)	-100.0%
6108 Office Of The Public Defender	19,226,052	19,577,568	38,803,620	19,878,683	19,961,043	39,839,726	1,036,106	2.7%
6201 Department Of Agriculture	781,165	910,664	1,691,829	1,053,794	1,020,580	2,074,374	382,545	22.6%
6401 Department Of Corrections	153,515,661	185,172,717	338,688,378	166,551,599	173,818,401	340,370,000	1,681,622	0.5%
6501 Department Of Commerce	2,452,220	2,592,842	5,045,062	2,678,958	2,697,971	5,376,929	331,867	6.6%
6602 Department Of Labor & Industry	2,235,593	2,134,687	4,370,280	2,591,220	2,612,713	5,203,933	833,653	19.1%
6701 Department Of Military Affairs	5,345,653	5,537,043	10,882,696	5,675,951	5,825,156	11,501,107	618,411	5.7%
6901 Dept Of Public Health & Human Services	348,225,059	396,614,084	744,839,143	308,563,677	367,796,891	676,360,568	(68,478,575)	-9.2%
Total House Bill 2 Proposals	\$1,509,298,767	\$1,641,107,673	\$3,150,406,440	\$1,473,643,868	\$1,547,613,932	\$3,021,257,800	(\$129,148,640)	-4.1%

Figure 17

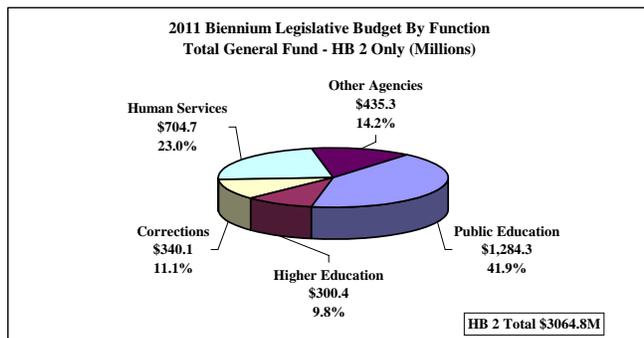
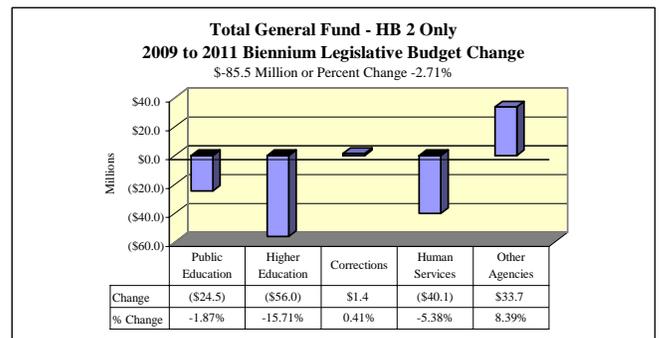


Figure 18



STATE SPECIAL REVENUE

As defined in 17-2-102, MCA, the state special fund “consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal sources that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.”

State special revenue would increase by \$113.4 million, or 9.4 percent from the 2009 biennium. If one-time-only costs are included the increase is 12.6 percent. As with general fund, increases are widespread across state government. However, the largest agency changes are due to the following.

- Department of Public Health and Human Services - Implementation of the Healthy Kids Initiative to increase health insurance coverage for children
- Department of Environmental Quality – Funding for activities at several Superfund sites, hard rock and major facility siting projects, permitting and compliance, and public water supply staff
- Justice – A change in funding for a portion of the highway patrol from a statutory appropriation to a HB 2 appropriation

Figure 19

Fund Comparison 2009 Biennium versus Legislative Budget Proposal 2011 Biennium										
State/other Special Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Legislative Budget FY 2010	Legislative Budget FY 2011	Legislative Budget-OTO FY 2010	Legislative Budget-OTO FY 2011	Legislative Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	2,258,093	2,334,773	4,592,866	2,657,108	1,995,094	2,657,108	1,995,094	4,652,202	59,336	1.3%
1112 Consumer Council	1,262,908	1,535,286	2,798,194	1,379,020	1,393,320	1,378,493	1,393,320	2,771,813	(26,381)	-0.9%
2110 Judicial Branch	1,773,813	1,900,080	3,673,893	2,237,325	2,305,683	2,234,692	2,305,683	4,540,375	866,482	23.6%
3101 Governor's Office	21,000	27,800	48,800	32,500	32,500	32,500	32,500	65,000	16,200	33.2%
3401 State Auditor's Office	15,328,050	17,524,850	32,852,900	18,608,016	19,110,097	18,243,551	18,638,799	36,882,350	4,029,450	12.3%
3501 Office Of Public Instruction	957,495	991,734	1,949,229	984,295	985,051	977,162	979,051	1,956,213	6,984	0.4%
4107 Crime Control Division	67,087	131,984	199,071	164,028	164,084	164,014	164,084	328,098	129,027	64.8%
4110 Department Of Justice	35,011,954	44,540,438	79,552,392	45,959,074	47,687,016	45,802,849	47,587,016	93,389,865	13,837,473	17.4%
4201 Public Service Regulation	3,159,782	3,354,897	6,514,679	3,614,782	3,586,384	3,576,080	3,586,384	7,162,464	647,785	9.9%
5101 Board Of Public Education	166,066	185,551	351,617	186,049	185,632	186,049	185,632	371,681	20,064	5.7%
5102 Commissioner Of Higher Education	18,154,607	17,031,878	35,186,485	19,536,996	18,235,837	19,536,469	18,235,837	37,772,306	2,585,821	7.3%
5113 School For The Deaf & Blind	417,370	293,924	711,294	334,290	348,929	334,290	348,929	683,219	(28,075)	-3.9%
5114 Montana Arts Council	204,517	214,756	419,273	213,909	213,742	213,752	213,742	427,494	8,221	2.0%
5115 Montana State Library	1,054,978	1,055,012	2,109,990	883,530	883,523	803,530	803,523	1,607,053	(502,937)	-23.8%
5117 Montana Historical Society	78,768	274,138	352,906	139,112	139,710	138,603	139,710	278,313	(74,593)	-21.1%
5201 Department Of Fish, Wildlife & Parks	50,860,770	53,604,968	104,465,738	56,780,650	57,040,352	55,257,952	55,706,120	110,964,072	6,498,334	6.2%
5301 Department Of Environmental Quality	18,943,357	24,069,733	43,013,090	31,415,503	31,383,445	29,005,757	28,999,416	58,005,173	14,992,083	34.9%
5401 Department Of Transportation	210,536,687	245,824,393	456,361,080	232,602,607	229,698,505	231,746,853	229,614,122	461,360,975	4,999,895	1.1%
5603 Department Of Livestock	6,781,645	7,507,746	14,289,391	8,180,255	8,662,995	7,742,274	7,878,014	15,620,288	1,330,897	9.3%
5706 Dept Of Natural Resources & Conservation	24,052,836	26,686,335	50,739,171	32,261,662	31,891,999	26,480,200	26,886,999	53,367,199	2,628,028	5.2%
5801 Department Of Revenue	823,595	882,192	1,705,787	1,106,069	1,097,520	810,137	815,907	1,626,044	(79,743)	-4.7%
6101 Department Of Administration	5,545,483	7,123,851	12,669,334	7,817,482	7,890,856	7,740,302	7,884,856	15,625,158	2,955,824	23.3%
6106 Mt Consensus Council	62,457	122,243	184,700	-	-	-	-	-	(184,700)	-100.0%
6108 Office Of The Public Defender	43,456	75,000	118,456	43,456	43,456	43,456	43,456	86,912	(31,544)	-26.6%
6201 Department Of Agriculture	9,343,877	10,489,602	19,833,479	13,329,544	12,788,587	12,643,349	12,708,587	25,351,936	5,518,457	27.8%
6401 Department Of Corrections	3,106,783	3,665,848	6,772,631	4,565,655	4,141,930	4,080,614	4,086,930	8,167,544	1,394,913	20.6%
6501 Department Of Commerce	2,442,145	6,110,217	8,552,362	11,343,140	5,884,568	8,840,239	5,884,568	14,724,807	6,172,445	72.2%
6602 Department Of Labor & Industry	33,593,817	36,684,078	70,277,895	39,049,022	38,237,903	37,642,629	38,167,903	75,810,532	5,532,637	7.9%
6701 Department Of Military Affairs	1,004,215	1,472,895	2,477,110	1,421,352	1,393,170	1,413,243	1,393,170	2,806,413	329,303	13.3%
6901 Dept Of Public Health & Human Services	106,278,801	130,660,952	236,939,753	153,578,824	132,515,287	148,951,441	127,709,064	276,660,505	39,720,752	16.8%
Total House Bill 2 Proposals	\$553,336,412	\$646,377,154	\$1,199,713,566	\$690,425,255	\$659,937,175	\$668,677,588	\$644,388,416	\$1,313,066,004	\$113,352,438	9.4%

Figure 20

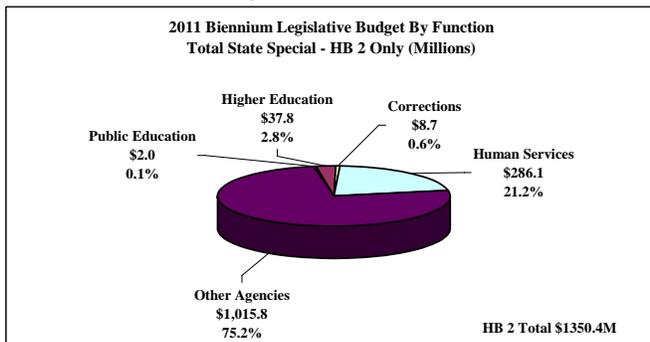
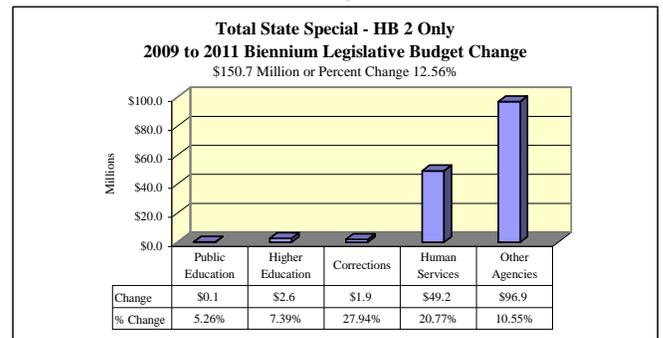


Figure 21



FEDERAL SPECIAL REVENUE

As defined in 17-2-102, MCA, the federal special fund “consists of money deposited in the treasury from federal sources, including trust income that is used for the operation of state government.”

Federal funds increase by 6 percent, or \$200.4 million. Most agencies receive some federal funds. However, the Departments of Public Health and Human Services and Transportation account for almost 80 percent of the federal funds in HB 2 and the Department of Public Health and Human Services receives about 72 percent of the increase. Please note that this figure does not include any funds made available through the American Recovery and Reinvestment Act (ARRA) through HB 645.

- Department of Public Health and Human Services - Medicaid caseload and utilization increases, partially offset by a reduction in the amount of Medicaid expenditures paid for by the federal government (FMAP). The increase in federal funds due to the temporary increase in FMAP is due to ARRA is in HB 645
- Department of Transportation - General increases in funding for highway construction
- Department of Military Affairs – Homeland security grants that had previously been added via budget amendment during the interim
- Department of Commerce – Primarily increases in grants and an accounting adjustment

The reduction in the Board of Crime Control is due to non-inclusion in the budget of grants that had been anticipated in the 2009 biennium but not received. The reduction to the Commissioner of Higher Education is because FY 2009 appropriations for the Guaranteed Student Loan Program were overstated.

Figure 22

Fund Comparison 2009 Biennium versus Legislative Budget Proposal 2011 Biennium										
Federal Spec. Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Legislative Budget FY 2010	Legislative Budget FY 2011	Legislative Budget-OTO FY 2010	Legislative Budget-OTO FY 2011	Legislative Budget-OTO FY 10-11	Biennial Change	Biennial Percent
2110 Judicial Branch	122,397	129,158	251,555	125,549	125,649	125,154	125,649	250,803	(752)	-0.3%
3101 Governor's Office	-	-	-	-	-	-	-	-	-	-
3201 Secretary Of State's Office	-	-	-	1,400,000	-	-	-	-	-	-
3501 Office Of Public Instruction	139,309,382	171,154,070	310,463,452	154,878,240	163,639,866	154,849,350	163,639,866	318,489,216	8,025,764	2.6%
4107 Crime Control Division	6,055,846	28,678,917	34,734,763	6,362,613	6,302,043	6,278,914	6,283,922	12,562,836	(22,171,927)	-63.8%
4110 Department Of Justice	1,335,049	1,736,714	3,071,763	1,749,167	1,760,313	1,743,969	1,760,313	3,504,282	432,519	14.1%
4201 Public Service Regulation	20,405	21,035	41,440	25,512	25,643	25,473	25,643	51,116	9,676	23.3%
5102 Commissioner Of Higher Education	40,929,549	83,459,942	124,389,491	53,327,837	56,151,306	53,298,879	56,151,306	109,450,185	(14,939,306)	-12.0%
5113 School For The Deaf & Blind	92,676	100,703	193,379	82,973	82,973	82,973	82,973	165,946	(27,433)	-14.2%
5114 Montana Arts Council	577,424	623,369	1,200,793	601,346	597,738	601,251	597,738	1,198,989	(1,804)	-0.2%
5115 Montana State Library	955,391	1,417,366	2,372,757	1,414,180	815,926	1,412,776	815,926	2,228,702	(144,055)	-6.1%
5117 Montana Historical Society	620,578	643,738	1,264,316	669,738	671,859	666,378	671,859	1,338,237	73,921	5.8%
5201 Department Of Fish, Wildlife & Parks	13,985,579	15,446,274	29,431,853	15,363,883	15,487,281	14,892,596	15,071,270	29,963,866	532,013	1.8%
5301 Department Of Environmental Quality	19,358,326	26,842,497	46,200,823	23,114,478	23,227,513	22,884,577	23,017,506	45,902,079	(298,744)	-0.6%
5401 Department Of Transportation	301,621,565	314,908,329	616,529,894	334,112,187	331,664,799	333,820,835	331,664,799	665,485,634	48,955,740	7.9%
5603 Department Of Livestock	1,447,854	1,632,461	3,080,315	1,807,268	1,817,592	1,788,985	1,808,842	3,597,827	517,512	16.8%
5706 Dept Of Natural Resources & Conservation	1,752,203	1,838,632	3,590,835	2,096,831	2,080,894	2,091,643	2,075,894	4,167,537	576,702	16.1%
5801 Department Of Revenue	194,192	424,881	619,073	206,318	206,447	205,198	206,447	411,645	(207,428)	-33.5%
6101 Department Of Administration	296,871	624,201	921,072	575,003	48,739	575,003	48,739	623,742	(297,330)	-32.3%
6201 Department Of Agriculture	2,195,170	2,638,954	4,834,124	2,397,146	2,390,235	2,386,396	2,390,235	4,776,631	(57,493)	-1.2%
6401 Department Of Corrections	134,148	223,376	357,524	134,079	134,068	134,079	134,068	268,147	(89,377)	-25.0%
6501 Department Of Commerce	16,082,955	17,875,184	33,958,139	21,850,739	21,958,907	21,847,107	21,958,907	43,806,014	9,847,875	29.0%
6602 Department Of Labor & Industry	28,535,931	34,251,539	62,787,470	31,543,848	31,312,994	31,429,711	31,312,994	62,742,705	(44,765)	-0.1%
6701 Department Of Military Affairs	19,976,360	21,965,656	41,942,016	33,391,982	33,555,935	33,344,811	33,555,935	66,900,746	24,958,730	59.5%
6901 Dept Of Public Health & Human Services	902,818,408	1,062,643,179	1,965,461,587	1,124,710,285	1,074,456,696	1,081,015,959	1,029,165,148	2,110,181,107	144,719,520	7.4%
Total House Bill 2 Proposals	\$1,498,418,259	\$1,789,280,175	\$3,287,698,434	\$1,811,941,202	\$1,768,515,416	\$1,765,502,017	\$1,722,565,975	\$3,488,067,992	\$200,369,558	6.1%
Long-Range Building Proposals	-	-	-	55,150,500	-	-	-	-	-	-
Federal Stimulus - HB645	-	-	-	604,418,377	318,165,399	-	-	-	-	-
Miscellaneous Proposals	-	-	-	647,327	140,527	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Statutory Recommendations	25,052,528	26,076,310	51,128,838	32,729,344	29,871,708	32,729,344	29,871,708	62,601,052	11,472,214	22.4%
Total Executive Recommendations	\$1,523,470,787	\$1,815,356,485	\$3,338,827,272	\$2,504,886,750	\$2,116,693,050	\$1,798,231,361	\$1,752,437,683	\$3,550,669,044	\$211,841,772	6.3%

Figure 23

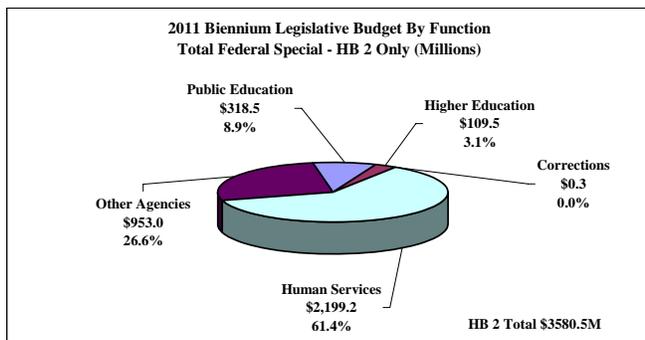
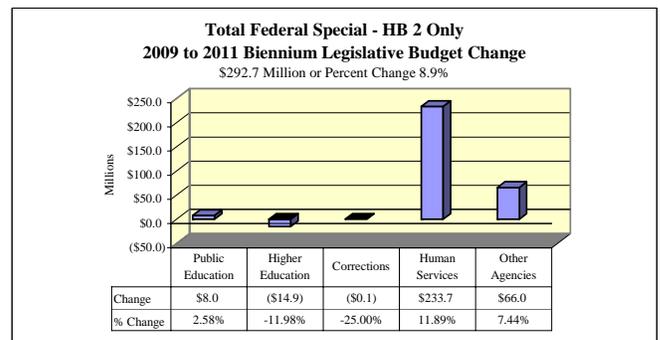


Figure 24



PROPRIETARY FUNDS

As defined in 17-7-102, MCA, proprietary funds are designated as either enterprise or internal service funds. Enterprise funds “account for operations: (A) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e. expenses, including depreciation) of providing goods or services to that general public on a continuing basis are to be financed or recovered primarily through user charges; or (B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.” Internal service funds “account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost reimbursed basis.”

Statute does not require that most proprietary funds be appropriated. Therefore, any increases in the programs supported with these proprietary funds are not reflected in the table.

Figure 25

Fund Comparison 2009 Biennium versus Legislative Budget Proposal 2011 Biennium										
Proprietary Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Legislative Budget FY 2010	Legislative Budget FY 2011	Legislative Budget-OTO FY 2010	Legislative Budget-OTO FY 2011	Legislative Budget-OTO FY 10-11	Biennial Change	Biennial Percent
3101 Governor's Office	-	-	-	-	-	-	-	-	-	-
3401 State Auditor's Office	-	-	-	-	-	-	-	-	-	-
3501 Office Of Public Instruction	-	-	-	-	-	-	-	-	-	-
4110 Department Of Justice	1,479,035	1,782,029	3,261,064	1,781,492	1,787,882	1,777,088	1,787,882	3,564,970	303,906	9.3%
5102 Commissioner Of Higher Education	94,471	110,358	204,829	90,795	89,141	90,795	89,141	179,936	(24,893)	-12.2%
5115 Montana State Library	-	152,044	152,044	-	-	-	-	-	(152,044)	-100.0%
5117 Montana Historical Society	800,466	956,433	1,756,899	986,636	972,102	984,451	972,102	1,956,553	199,654	11.4%
5301 Department Of Environmental Quality	-	-	-	-	-	-	-	-	-	-
5401 Department Of Transportation	-	-	-	-	-	-	-	-	-	-
5706 Dept Of Natural Resources & Conservation	-	-	-	-	-	-	-	-	-	-
5801 Department Of Revenue	2,179,052	2,308,582	4,487,634	2,542,884	2,560,118	2,530,769	2,560,118	5,090,887	603,253	13.4%
6101 Department Of Administration	7,241,453	7,711,373	14,952,826	7,399,550	7,311,211	7,386,975	7,311,211	14,698,186	(254,640)	-1.7%
6201 Department Of Agriculture	393,105	459,878	852,983	613,999	617,540	617,540	617,540	1,229,018	376,035	44.1%
6401 Department Of Corrections	515,376	557,956	1,073,332	656,157	654,058	654,062	654,058	1,308,120	234,788	21.9%
6602 Department Of Labor & Industry	47,442	6,275,481	6,322,923	95,190	100,279	93,605	100,279	193,884	(6,129,039)	-96.9%
Total House Bill 2 Proposals	\$12,750,400	\$20,314,134	\$33,064,534	\$14,166,703	\$14,092,331	\$14,129,223	\$14,092,331	\$28,221,554	(\$4,842,980)	-14.6%

Figure 26

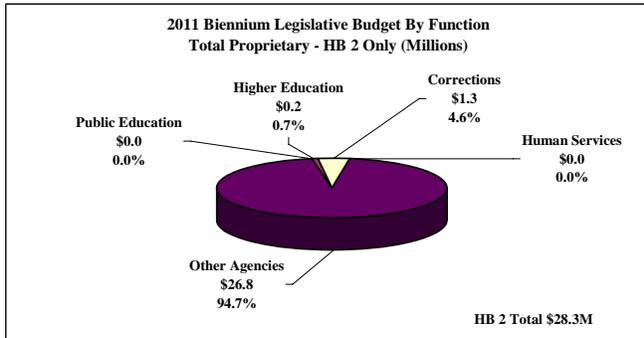
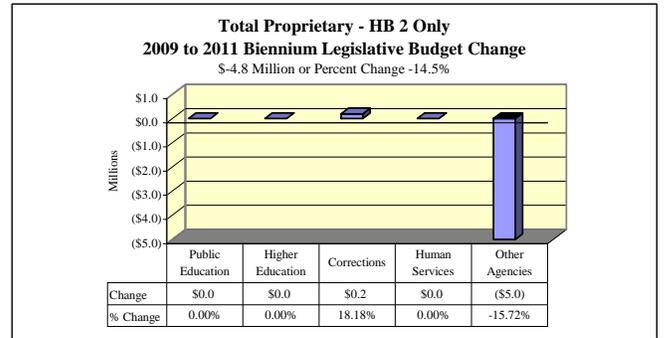


Figure 27



ALL FUNDS

The following figure is a composite by agency of the preceding tables, and shows a \$179.7 million, or 2.3 percent increase in total funds (5 percent increase if one-time-only appropriations are included).

Figure 28

Fund Comparison 2009 Biennium versus Legislative Budget Proposal 2011 Biennium										
Total Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Legislative Budget FY 2010	Legislative Budget FY 2011	Legislative Budget-OTO FY 2010	Legislative Budget-OTO FY 2011	Legislative Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	11,374,160	13,584,709	24,958,869	14,469,304	13,770,399	14,449,560	13,770,399	28,219,959	3,261,090	13.1%
1112 Consumer Council	1,262,908	1,535,286	2,798,194	1,379,020	1,393,320	1,378,493	1,393,320	2,771,813	(26,381)	-0.9%
2110 Judicial Branch	34,068,119	37,576,862	71,644,981	37,073,102	37,867,496	36,945,425	37,867,496	74,812,921	3,167,940	4.4%
3101 Governor's Office	5,841,498	5,930,262	11,771,760	6,303,176	6,174,517	6,208,991	6,136,697	12,345,688	573,928	4.9%
3201 Secretary Of State's Office	-	-	-	1,400,000	-	-	-	-	-	-
3202 Comm Of Political Practices	365,420	448,840	814,260	509,715	460,883	444,165	440,883	885,048	70,788	8.7%
3401 State Auditor's Office	15,328,050	17,524,850	32,852,900	18,608,016	19,110,097	18,243,551	18,638,799	36,882,350	4,029,450	12.3%
3501 Office Of Public Instruction	783,028,298	838,195,249	1,621,223,547	797,117,106	807,682,536	797,050,271	807,661,536	1,604,711,807	(16,511,740)	-1.0%
4107 Crime Control Division	8,318,741	31,115,179	39,433,920	8,972,537	8,860,511	8,811,266	8,834,390	17,645,656	(21,788,264)	-55.3%
4110 Department Of Justice	61,587,747	73,334,887	134,922,634	75,815,195	77,764,606	74,958,051	77,058,856	152,016,907	17,094,273	12.7%
4201 Public Service Regulation	3,180,187	3,375,932	6,556,119	3,640,294	3,612,027	3,601,553	3,612,027	7,213,580	657,461	10.0%
5101 Board Of Public Education	376,056	409,875	785,931	409,520	413,221	408,500	413,221	821,721	35,790	4.6%
5102 Commissioner Of Higher Education	229,346,474	286,882,779	516,229,253	222,119,609	225,696,298	220,607,734	225,696,298	446,304,032	(69,925,221)	-13.5%
5113 School For The Deaf & Blind	5,810,616	6,341,056	12,151,672	6,371,042	6,380,326	6,342,073	6,380,326	12,722,399	570,727	4.7%
5114 Montana Arts Council	1,249,830	1,297,160	2,546,990	1,283,796	1,271,689	1,283,280	1,271,689	2,554,969	7,979	0.3%
5115 Montana State Library	4,358,497	5,137,842	9,496,339	5,079,449	4,478,615	4,990,251	4,398,615	9,388,866	(107,473)	-1.1%
5117 Montana Historical Society	4,168,165	4,596,057	8,764,222	4,539,087	4,520,712	4,513,053	4,520,712	9,033,765	269,543	3.1%
5201 Department Of Fish, Wildlife & Parks	64,846,349	69,051,242	133,897,591	72,144,533	72,527,633	70,150,548	70,777,390	140,927,938	7,030,347	5.3%
5301 Department Of Environmental Quality	43,086,857	56,000,602	99,087,459	60,216,916	60,368,667	57,262,217	57,460,592	114,722,809	15,635,350	15.8%
5401 Department Of Transportation	512,158,252	560,732,722	1,072,890,974	569,314,794	561,363,304	565,567,688	561,278,921	1,126,846,609	53,955,635	5.0%
5603 Department Of Livestock	9,294,998	10,302,827	19,597,825	11,765,806	11,861,555	10,622,221	10,797,974	21,420,195	1,822,370	9.3%
5706 Dept Of Natural Resources & Conservation	46,688,449	50,344,861	97,033,310	56,864,902	56,649,570	50,860,888	51,512,293	102,373,181	5,339,871	5.5%
5801 Department Of Revenue	50,196,128	52,382,052	102,578,180	54,847,363	54,975,290	53,239,940	53,665,270	106,905,210	4,327,030	4.2%
6101 Department Of Administration	19,425,212	22,199,950	41,625,162	22,066,966	21,550,526	21,886,916	21,457,353	43,344,269	1,719,107	4.1%
6106 Mt Consensus Council	149,435	188,655	338,090	-	-	-	-	-	(338,090)	-100.0%
6108 Office Of The Public Defender	19,269,508	19,652,568	38,922,076	20,022,492	20,012,055	19,922,139	20,004,499	39,926,638	1,004,562	2.6%
6201 Department Of Agriculture	12,713,317	14,499,098	27,212,415	17,730,643	17,150,442	16,695,017	16,736,942	33,431,959	6,219,544	22.9%
6401 Department Of Corrections	157,271,968	189,619,897	346,891,865	172,779,388	177,648,809	171,420,354	178,693,457	350,113,811	3,221,946	0.9%
6501 Department Of Commerce	20,977,320	26,578,243	47,555,563	38,007,901	32,657,476	33,366,304	30,541,446	63,907,750	16,352,187	34.4%
6602 Department Of Labor & Industry	64,412,783	79,345,785	143,758,568	73,284,830	72,263,889	71,757,165	72,193,889	143,951,054	192,486	0.1%
6701 Department Of Military Affairs	26,326,228	28,975,594	55,301,822	40,513,696	40,774,261	40,434,005	40,774,261	81,208,266	25,906,444	46.8%
6901 Dept Of Public Health & Human Services	1,357,322,268	1,589,918,215	2,947,240,483	1,600,812,838	1,589,116,572	1,538,531,077	1,524,671,103	3,063,202,180	115,961,697	3.9%
Total House Bill 2 Proposals	\$3,573,803,838	\$4,097,079,136	\$7,670,882,974	\$4,015,463,036	\$4,008,377,302	\$3,921,952,696	\$3,928,660,654	\$7,850,613,350	\$179,730,376	2.3%

Figure 29

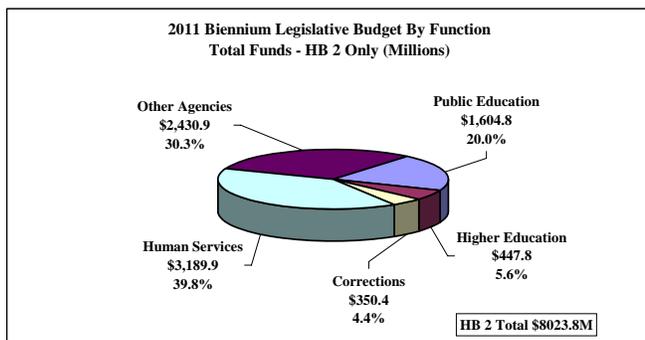
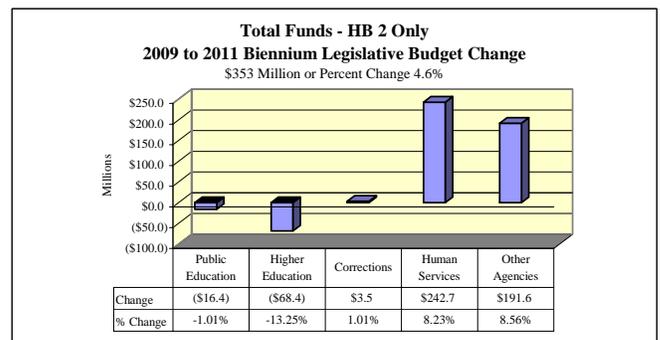


Figure 30



APPENDIX B

INDEX TO OTHER LFD BUDGET REFERENCE DOCUMENTS

In addition to the Legislative Fiscal Report – 2011 Biennium (Volumes 1 through 4), there are several other reference documents that legislators and other interested parties can use as a source of information concerning budget and other fiscal matters. A limited number of reports of past biennia are available for reference in the LFD office (photo copies of pages of interest can be made). Training publications and brochures are available for distribution and on the LFD website. Check with an LFD staff member for assistance (see staff list near the front of this volume).

Training Publications

Training materials prepared by the LFD include the following:

- Understanding State Finances and the Budgeting Process (A Reference Manual for Legislators) is a helpful guide for persons wanting more detailed information concerning fiscal matters
- HB 2 the Barbarian (How to Make HB 2 Implement Public Policy as Determined by the Legislature) describes the intricacies of developing the general appropriations act

Fiscal Pocket Guides

A variety of brochures have been prepared to provide summary information concerning select topics important to legislators and other interested parties.

- | | |
|--|--|
| √ Bed Tax | √ Oil & Natural Gas Tax |
| √ Beer Tax | √ Pertinent State Statistics |
| √ Cigarette Tax | √ Property Tax |
| √ Coal Severance Tax | √ Rental Car Sales Tax |
| √ Coal Severance Tax - A Data View | √ Resource Indemnity Trust |
| √ Coal Severance Tax - A Pictorial View | √ State Employees Budgeting |
| √ Coal Severance Tax - Distribution Detail | √ State Financial and Budgeting Structure |
| √ Corporation Income Tax | √ TANF (Temporary Assistance for Needy Families) |
| √ Electrical Energy Tax | √ Telecommunications Tax |
| √ General Fund (by year) | √ Tobacco Settlement |
| √ Higher Education | √ Tobacco Settlement Financial Summary |
| √ Individual Income Tax | √ Tobacco Tax |
| √ Insurance Tax & License Fees | √ Video Gambling Tax |
| √ Insure Montana | √ Wholesale Energy Tax |
| √ K-12 Education Funding | √ Wildfire Suppression Funding |
| √ Liquor Excise Tax | √ Wine Tax |
| √ Medicaid | |
| √ Metalliferous Mines Tax | |
| √ Montana Highway Funding | |

The LFD would welcome suggestions for other possible topics for pocket guides.

Agency Profiles

The LFD has created a “profile” of each of the agencies of state government for which funding is provided in the general appropriations act. These profiles include summaries of what the agency does, how it does it, how it is funded, who its primary customers are, and how the legislature can effect change. The profiles also contain a history of expenditures and selected pertinent statistics.

Previous Reports

The Legislative Budget Analysis is prepared at the beginning of each session and the Legislative Fiscal Report is published at the end of each session. The latter is a record of legislative actions that resulted from the enactment of House Bill 2 and other appropriation legislation, as well as revenue estimation and discussion of other fiscal issues.

- The Legislative Budget Analysis for all biennia beginning with the 1979 biennium is stored in the LFD office and in the State Library
- The Legislative Fiscal Report for all biennia beginning with the 1979 biennium is stored in the LFD office and in the State Library. Early versions of this report were titled the Appropriations Report

LFD Website

The Legislative Fiscal Division maintains a comprehensive website which, as mentioned, contains all of the above items except for items that predate the website (circa 1999).

Beginning with the 2011 Legislative Budget Analysis, some previously published items in the Volume 1 - Statewide Perspectives has been removed from that volume and placed on the LFD website with the Legislative Budget Analysis, in an area referred to as Volume 8. Feel free to ask LFD staff for assistance if you have trouble finding or accessing these items. The LFD website address is:

www.leg.mt.gov/css/fiscal/

On the LFD home page, you can find a list of available publications and reports.

APPENDIX C

LEGISLATIVE INTERIM STUDIES – SUMMARY

The Sixty-first Legislature adopted four bills and 18 joint resolutions for interim studies or review. Those interim studies are listed below along with the status of where each was assigned by the Legislative Council at its May 27, 2009 meeting. Of the 18 resolutions, 16 were assigned to various legislative interim committees. The remaining two studies were not assigned.

Figure 31

Legislation Requesting or Requiring Studies 2011 Biennium		Legislative Council Interim Committee Assignment
Bill No.	Study Description	
HB 657	Taxation of oil and natural gas property	Revenue and Transportation
HB 658	Property tax reappraisal	Revenue and Transportation
HB 659	Public retirement systems	State Admin. and Vets' Affairs
SB 290	State energy policy	Energy and Telecommunications
HJR 1	Interim study of biomass	Environmental Quality Council
HJR 15	Study resolution on funding for a recreation and tourism enhancement program	Environmental Quality Council
HJR 30	Study fire suppression issues	Environmental Quality Council
HJR 32	Study impact of historic preservation and strategies for preservation	Education and Local Government
HJR 35	Interim study of state employee bonus payments	State Admin. and Vets' Affairs
HJR 39	Study development of additional community services for developmentally disabled	Children & Families
SJR 2	Study community college establishment process	Education and Local Government
SJR 9	Study student loan system	Legislative Finance Committee
SJR 14	Study cooperative arrangements between state agriculture labs	Economic Affairs
SJR 16	Study cost of auto insurance and compliance with mandatory requirements	Revenue and Transportation
SJR 28	Resolution requesting an interim study on recycling and solid waste recovery	Environmental Quality Council
SJR 29	Study retention of DNA evidence by state and local law enforcement agencies	Law and Justice
SJR 30	Study work comp rates and Montana State Fund	Economic Affairs
SJR 35	Study health care	Children & Families
SJR 37	Resolution to study income tax filing by married taxpayers	Revenue and Transportation
SJR 39	Study DUI laws and enforcement	Law and Justice
HJR 36	Interim study of family self-sufficiency and economic development	Not Assigned
SJR 3	Interim study to consider establishment of Montana Scholarship Program	Not Assigned

One study, a study of the student loan system (SJR 9), is assigned to the Legislative Finance Committee which ensures the direct involvement of Legislative Fiscal Division staff. While many of the assigned studies likely include significant fiscal issues or may have an impact upon the state budget in some way, none seem to imply any direct fiscal impacts that can be addressed at this time. As the studies run their course, legislators and legislative staff members need to be cognizant of the potential for fiscal impacts that may have budget implications for the current and future biennia. It is not unusual for the staff of the Legislative Fiscal Division, in addition to other duties, to monitor the progress of legislative interim committees for fiscal implications and to participate when fiscal expertise is required.

GLOSSARY

A number of terms are used extensively in budgeting and appropriations. The most common terms, which are used throughout the budget analysis and in other fiscal materials, are listed and defined below.

Appropriations – An authorization by law for the expenditure of funds or to acquire obligations. Types of appropriations are listed below.

Biennial – A biennial appropriation is an appropriation made in the first year of the biennium, where the appropriated amount can be spent in either year of the biennium.

Budget amendment – See “Budget Amendment” below.

Continuing – An appropriation that continues beyond one biennium.

Language – An appropriation made in the language of the general appropriations act for a non-specific or limited dollar amount. Language appropriations are generally used when an agency knows that it will be receiving federal or state special revenue funds but is uncertain as to the amount.

Line Item – An appropriation made for a specific purpose and which cannot be used for any other purpose. Line item appropriations highlight certain appropriations and ensure that they can be separately tracked on the state accounting system.

One-time – Appropriations for a one-time purpose that are excluded from the base budget in the next biennium.

Restricted – An appropriation designated for a specific purpose or function.

Statutory – Funds appropriated in permanent law rather than a temporary bill. All statutory appropriations references are listed in 17-7-502, MCA.

Temporary - An appropriation authorized by the legislature in the general appropriations act or in a “cat and dog” bill that is valid only for the biennium.

Appropriation Transfers (also see “Supplemental Appropriation”) – The transfer of funds appropriated for the second year of the biennium to the first if the Governor or other approving authority determines that due to an unforeseen or unanticipated emergency there are insufficient funds in the first year for the operation of an agency.

Approving Authority – The entity designated in law as having the authority to approve certain budgetary changes during the interim. The approving authorities are:

- The Governor or his/her designated representative for executive branch agencies
- The Chief Justice of the Supreme Court or his/her designated representative for the judicial branch agencies
- The Speaker of the House of Representatives for the House;
- The President of the Senate for the Senate

- The appropriate standing legislative committees or designated representative for the legislative branch divisions
- The Board of Regents of Higher Education or their designated representative for the university system

Average Daily Population (ADP) – The population measure used to calculate population in the Montana correctional system. ADP is equivalent to one inmate incarcerated for one year.

Average Number Belonging (ANB) – The enrollment measure used for K-12 BASE aid calculations. ANB is the equivalent of one full-time student enrolled in school for the full school year.

Base – The level of funding authorized by the previous legislature.

Base Budget – The resources needed for the operation of state government that provide for expenses of an ongoing and non-extraordinary nature in the current biennium.

Benefits – An expenditure category used to account for the provision of payments or services by the government to individuals who qualify for receipt of those payments or services, such as Medicaid benefits. Personal services benefits for state employees are included in the personal services expenditure category.

Biennial Appropriation – An appropriation that can be expended in either or both years of the biennium.

Biennium – A two-year period. For the state, this period begins July 1 of the odd-numbered years and ends June 30 of the following odd-numbered year.

Budget Amendments – Temporary authority to spend unanticipated non-general fund revenue received after the legislature adjourns. The funds must be used to provide additional services and cannot make a commitment of general fund support for the present or future.

Cat and Dog Appropriations – One-time appropriations made in bills other than the general appropriations act.

Debt Service – The payment on outstanding bonds.

Decision Package – Separate, specific adjustments to the base budget. Decision packages can be either present law adjustments or new proposals.

Earmarked Revenue – Funds from a specific source that can be spent only for designated activities.

Enterprise Funds – A fund used to account for operations financed and operated similar to private business enterprises, where the intent of the legislature is to finance or recover costs, primarily through user charges.

Federal Special Revenue – Accounts deposited in the state treasury from federal sources, to be used for the operation of state government.

Fiduciary Funds – Funds used to account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Fiscal Note - An estimate, prepared by the Office of Budget and Program Planning, of the probable revenues and costs that will be incurred as the result of a bill or joint resolution.

Fiscal Year (FY) aka State Fiscal Year (SFY) – A 12-month accounting period beginning July 1 and ending June 30. Fiscal year 2003 refers to the fiscal year ending June 30, 2003. (Note: The federal fiscal year (FFY) is October 1 through September 30.)

Fixed Costs – Fees (fixed costs) charged to agencies for a variety of services provided by other state agencies (e.g., payroll service fees, rent, warrant writing services, and data network services.).

FTE – Full-Time Equivalent position, or the equivalent of one person working full-time for the entire year. Also used to denote full-time equivalent students in the Montana University System for purposes of calculating state support.

Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

General Fund – Accounts for all governmental financial resources except those that must be accounted for in another fund.

General Fund Reversions – Unspent appropriated funds that are returned to the general fund at the close of the budget period.

Grants – An expenditure category used to account for the payment by a government entity to an individual or other entity who will perform a service.

HB 2 –The General Appropriations Act in which the legislature authorizes the funding for state government for the upcoming biennium. Each session, House Bill 2 is reserved for this purpose.

Indirect Cost – A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to a specific division or agency.

Interim – The time between regular legislative sessions.

Internal Service Funds – Funds use to account for the financing of goods and services provided by one department or agency to other departments, agencies, or governmental entities on a cost-reimbursement basis.

IRIS - The Integrated Revenue Information System (IRIS) is an automated system to administer taxes that are the responsibility of the Department of Revenue to collect.

Local Assistance – An expenditure classification primarily used to account for expenditures made for K-12 funding provided by the state to school districts.

MBARS – The Montana Budget Analysis and Reporting System, which provides all state agencies with one computerized system for budget development, maintenance and tracking, and is integrated with the State Accounting, Budget, and Human Resource System (SABHRS).

Mill – The property tax rate based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property value.

New Proposals – Requests (decision packages) to provide new non-mandated services, to change program services, to eliminate existing services, or to change the source of funds.

Non-budgeted Expenditures – Accounting entries for depreciation, amortization, and other financial transactions that appear as expenditures, but don't actually result in direct dispersal of funds from the state treasury.

Operating Expenses – All operating expenditures that do not meet the personal services and capital outlay classification criteria. These expenditures include, but are not limited to, professional services, supplies, rent, travel, and repair and maintenance.

Other Funds – Capital projects and fiduciary funds.

- Capital projects fund – Accounts for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds.
- Fiduciary funds – Trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agency for individuals, private organizations, other governmental entities, or other funds.

Pay Plan – Provision by the legislature of a general adjustment to salaries and/or benefits paid to state employees. Also refers to the pay schedule listing the state salary rate for each classified position according to that position's grade and the market rate.

Personal Services – Expenditures for salaries, benefits, per diem, and other additions, such as overtime.

Personal Services Snapshot – The point in time at which personal services attributes are captured and from which the personal services budget is determined. The executive budget personal services costs are based on a "snapshot" of actual salaries for authorized FTE as they existed in a pre-determined pay period in the base year.

Present Law – The additional level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature.

Present Law Adjustments – Requests (decision packages) for an adjustment in funding sufficient to allow maintenance of operations and services at the level authorized by the previous legislature (e.g., caseload, enrollment changes, and legally mandated workload).

Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. Also, a grouping of functions or objectives that provides the basis for legislative review of agency activities for appropriations and accountability purposes.

Proprietary Funds – Enterprise or internal service funds. Statute does not require that most proprietary funds be appropriated.

- Enterprise funds – Funds that account for operations financed and operated in a manner similar to private business enterprises, and through which the intent is to provide goods or services to the public.
- Internal service funds - Funds that account for the financing of goods or services provided by one department or agency to other departments or agencies of state government.

Reporting Levels – Budget units dividing agency and program budgets into smaller units for the purpose of constructing, analyzing, and approving budgets.

SABHRS – The State Accounting, Budget, and Human Resource System that combines the state’s accounting, budgeting, personnel, payroll, and asset management systems into one single system.

State Special Revenue – Accounts for money from state and other nonfederal sources that is earmarked for a particular purpose, as well as money from other non-state or nonfederal sources that is restricted by law or by the terms of an agreement.

Supplemental Appropriation – An additional appropriation made by the governing body after the budget year or biennium has started. There are two types of supplemental appropriations that can be used to increase spending authority for a fiscal year: 1) a transaction in an even-numbered year that moves spending authority from the second year of the biennium to the first year; or 2) an appropriation passed and approved by the legislature to provide authority for the odd-numbered fiscal year ending the current biennium.

Vacancy Savings – The difference between what agencies actually spend for personal services and the cost of fully funding all funded positions for the entire year.

ACRONYMS

AES	Agricultural Experiment Station
ADP	Average Daily Population
ANB	Average Number Belonging (K-12 education)
ARM	Administrative Rules of Montana
ARRA	American Recovery and Reinvestment Act
BASE Aid	Base Amount for School Equity Aid
BPE	Board of Public Education
C&A	Cultural and Aesthetic (Trust)
CC	Community Colleges
CES	Cooperative Extension Service
CHE	Commissioner of Higher Education
CHIP	Children’s Health Insurance Program (also SCHIP)
CIO	Chief Information Officer
COPP	Commissioner of Political Practices
COT	College of Technology, followed by campus designation
CPI	Consumer Price Index
DEQ	Department of Environmental Quality
DMA	Department of Military Affairs
DNRC	Department of Natural Resources and Conservation
DOA	Department of Administration
DOA	Department of Agriculture
DOC	Department of Commerce
DOC	Department of Corrections
DOJ	Department of Justice
DOLI	Department of Labor and Industry
DOR	Department of Revenue
DP	Decision Package
DPHHS	Department of Public Health and Human Services

FCES	Forestry and Conservation Experiment Station
FMAP	Federal Medical Assistance Participation rate (Medicaid)
FSR	Federal Special Revenue
FSTS	Fire Services Training School
FTE	Full-Time Equivalent
FWP	Department of Fish, Wildlife, and Parks
FFY	Federal Fiscal Year
FY	Fiscal Year
FYE	Fiscal Year End
GAAP	Generally Accepted Accounting Principles
GF	General Fund
GSL	Guaranteed Student Loan
GTB	Guaranteed Tax Base
HAC	House Appropriations Committee
HSRA	Highways Special Revenue Account
I&I	Interest and Income
IRIS	Integraed Revenue Information System
IT	Information Technology
ITSD	Information Technology Services Division
LAD	Legislative Audit Division
LEPO	Legislative Environmental Policy Office
LFA	Legislative Fiscal Analyst
LFC	Legislative Finance Committee
LFD	Legislative Fiscal Division
LRBP	Long Range Building Program
LRP	Long Range Planning
LSD	Legislative Services Division
MAC	Montana Arts Council
MBARS	Montana Budgeting, Analysis, and Reporting System
MBCC	Montana Board of Crime Control
MBMG	Montana Bureau of Mines and Geology
MCA	Montana Code Annotated
MCHA	Montana Comprehensive Health Association
MDT	Montana Department of Transportation
MHP	Montana Highway Patrol
MHS	Montana Historical Society
MSDB	Montana School for the Deaf and Blind
MSF	Montana State Fund
MSL	Montana State Library
MSP	Montana State Prison
MSU	Montana State University, followed by campus designation i.e. MSU – Bozeman
MUS	Montana University System
NP	New Proposal
OBPP	Office of Budget and Program Planning
OCHE	Office of the Commissioner of Higher Education
OPI	Office of Public Instruction
PERS	Public Employees Retirement System
PL	Present Law
PSC	Public Service Commission
RIGWA	Resource Indemnity and Groundwater Assessment Tax
RIT	Resource Indemnity Trust
SABHRS	Statewide Accounting, Budgeting, and Human Resources System

SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SAO	State Auditor's Office
SBECP	State Building Energy Conservation Program
SF&C	Senate Finance and Claims Committee
SOS	Secretary of State
SSR	State Special Revenue
TANF	Temporary Assistance for Needy Families
TRS	Teachers' Retirement System
TSEP	Treasure State Endowment Program
UM	University of Montana, followed by campus designation i.e. UM – Missoula

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