

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

Comparisons

- Agency Budget Comparison by Fund

PRESENT LAW ADJUSTMENTS

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 \$365.4 million general fund and \$1,583.6 million total funds in HB 2 for present law adjustments. Please note that these adjustments are from the doubled base or the actual ongoing expenditures in HB 2 times 2.

Statewide present law adjustments add an additional \$257.6 million general fund and \$80.4 million total funds. Please note that the general fund reflects the replacement of one-time federal stimulus and Otter Creek coal leasing funds for ongoing functions of government and are therefore unnaturally high. Because total funds represent the net adjustment, it is a more accurate reflection of the actual increase.

The following figure shows present law for HB 2, including any one-time-only (OTO) appropriations approved by the 2011 Legislature.

Present Law Adjustments by Area of Government 2013 Biennium		
Area of Government	General Fund	Total Funds
K-12 Education	\$219,641,334	\$243,295,073
Higher Education	13,204,546	36,772,299
Corrections	21,206,453	22,536,453
Human Services	101,908,089	819,084,423
Other Agencies	<u>9,413,184</u>	<u>461,951,178</u>
Total	<u>\$365,373,606</u>	<u>\$1,583,639,426</u>

Present law changes are 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 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
- The legislature funds all anticipated federal highway construction funds along with required state match
- HB 2 funds all statewide present law adjustments, and then applies a reduction to personal services. Statewide present law adjustments (SWPLA) are made to account for three factors:
 - Fully funding all personal services costs at the annualized total, and then applying a vacancy savings rate (the rate in the SWPLA is 4%)
 - Inflation on selected items
 - 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

Major general fund present law increases in addition to the replacement of one-time funds in human services and education include the following:

- Public Health and Human Services – Medicaid and other program caseload and utilization growth and an increase in the percentage of Medicaid costs that must be paid by the state
- Office of Public Instruction – Replacement of at-risk funding
- Corrections – Population growth and annualization of programs begun in the 2011 biennium
- All Agencies – Statewide present law adjustments to fully fund personal services adjustments (minus a 4% vacancy savings rate), fixed costs, and inflation

Due to the failure of HB 316, K-12 education present law is underfunded by about \$53.4 million. Two components of HB 316 caused this net underfunding:

- HB 2 includes a second year inflation rate of 2.43%, while the failure of HB 316 means that inflation in that year will be 1.6%, for an over-appropriation of \$4.6 million
- HB 2 appropriations assume US mineral royalty revenues of \$56.8 million would be deposited to the statutorily appropriated guarantee account. The failure of HB 316 means that these revenues will not be deposited as assumed, and therefore not available to fund Base Aid. Because the guarantee account in concert with HB 2 funds Base Aid, HB 2 does not include enough to fund the statutory requirements. Additional supplemental amounts of \$1.2 million result in the net \$53.4 million supplemental projection

Among the major present law increases not funded with general fund are the following:

- Caseload and utilization increases in various human services programs, partially offset by a reduction in the percent of Medicaid costs that will be funded by the federal government
- Increased federal and state highway construction activity, and increased state funds to match the federal funds

NEW INITIATIVES

The legislature funded very few new initiatives in new proposals. Rather, overall new proposals are negative for both general fund and total funds primarily due to the adoption of a number of reductions.

New Proposals by Area of Government 2013 Biennium		
Area of Government	General Fund	Total Funds
K-12 Education	(\$99,619,937)	(\$82,429,937)
Higher Education	3,364,016	9,619,316
Corrections	(12,175,166)	(10,729,664)
Human Services	(20,179,135)	32,792,439
Other Agencies	(8,898,153)	5,886,851
Total	(\$137,508,375)	(\$44,860,995)

Please note that adjustments for corrections populations, human services caseload, and K-12 student counts are all considered present law adjustments.

For most agencies, the reductions were primarily those included by agencies in statutorily required plans to reduce general fund and certain state special revenues by 5%. The legislature reduced a net \$64.0 million that had initially been identified by agencies. The Governor had included about \$34.3 million of the \$64.0 million total, principally an ongoing reduction in personal services funded with general fund of 4% for most agencies.

Among the other major reductions adopted by the legislature were the following:

- Reductions in workers compensation costs due to the passage of HB 334 applied to all agencies that use general fund for some portion of those costs
- Several funding switches from general fund to other funds in several agencies, chief among them a switch from general fund to the statutorily appropriated guarantee account in K-12 education

Among the limited additions funded with general fund are the following:

- Judicial Branch – Court Help Program - \$0.6 million
- Office of Public Instruction – Montana Digital Academy (transferred from the university system), multi-district cooperatives, and replacement of funds lost to local governments and school districts due to the passage of SB 372 that lowered tax rates on business equipment - \$9.8 million
- Office of Public Instruction - An inflation adjustment of 1% in FY 2012 and 1.6% in FY 2013 for Base Aid (HB 2 includes funding for a 2.43% inflationary increase

in FY 2013)³ - \$24.5 million (\$19.9 million actual cost, included in the guarantee account and part of the net funding switch)

- Montana University System – Increased assistance for community colleges, university units, agencies, and non-beneficiary students at Tribal Colleges - \$19.2 million (portions were offset by a funding switch that replaced \$4.0 million in student assistance with one-time federal funds)
- Montana University System – Groundwater activities and Ag Experiment Station - \$2.5 million
- Livestock – Brucellosis activities - \$0.6 million
- Office of the Public Defender – Death penalty case - \$0.9 million
- Commerce – Continued funding for several economic development programs and high performance computing that were OTO in the previous biennium - \$4.1 million

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

³The inflation adjustment is funded in the statutorily appropriated guarantee account. The funding switch included in HB 2 is the net of anticipated additional revenues to the guarantee account and the additional inflation costs of \$24.5 million as funded, and the actual cost with a 1.6% increase in FY 2013 of \$19.9 million.

INCREASED FUTURE COSTS

The legislature took several actions that will cost more money in the 2015 biennium than in the 2013 biennium. Please note that the following figure does not include caseload, population, or enrollment increases in HB 2, or changes in the Medicaid match rate.

Legislative Actions with Increased Future Costs 2013 Biennium General Fund Costs Only			
Section/Agency	Purpose	2013 Bien General Fund	2015 Bien General Fund
<i>Section B - Department of Health and Human Services</i>			
Human and Community Services	HB 613 reinstates child care general fund benefits	\$2,528,664	\$2,528,664
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Corrections	Population Growth - 20 assisted living & 100 prison beds		\$2,979,130
<i>Section E - Education</i>			
Montana School for the Deaf and Blind	HB 613 exempts MSDB from vacancy savings	\$413,000	\$458,000
Montana University System	HB 2 fund switch in Student Assistance Program is unsustainable	\$26,387,997	\$32,187,997
OPI -Base Aid	Impact of continuing inflation increases in the 2015 biennium	<u>19,900,000</u>	<u>29,000,000</u>
Biennial Totals		<u>\$49,229,661</u>	<u>\$67,153,791</u>

A further discussion is included in the individual agency narratives in Volumes 3 and 4.

FEE CHANGES

The legislature provided for the following fee changes. Please note that while the legislature did not change statute to adjust the revenues going to the animal health fund, the appropriation assumes the Board of Livestock will likely have to increase fees.

Changes in Fees or Charges 2013 Biennium			
Section/Agency	Purpose	2013 Biennium	
		General Fund	Other Funds
<i>Section C - Natural Resources and Transportation</i>			
Livestock	Animal Health Fund*		
Agriculture	SB 126: Nursery license and inspection		169,506
Fish, Wildlife and Parks	HB 370: Increase in Light Vehicle Fees		320,000
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Public Defender	HB 96: Recovery of Costs for Guardianship Cases		28,000
Corrections	ACCD MCE Rate Increases		34,226
* Although an increase was not directly approved by the legislature, it was anticipated that the Board of Livestock would likely have to approve an increase in lab fees to fund its budget			

Further discussion can be found in the individual program narratives in Volume 4.

FUND SWITCHES

The following figure shows funding switches made by the legislature in HB 2. As shown, the legislature made a number of changes that reduced general fund by over \$106 million, chief among them several switches for K-12 education. Several switches are or may not be sustainable in the next biennium, as they incorporate one-time funding.

Further discussions of each can be found in the respective agency narratives in the appropriate volume of the 2013 Biennium LFD Fiscal Report.

Major Funding Switches 2013 Biennium			
Section/Agency	Purpose	2013 Biennium	
		General Fund	Other Funds
<i>Section A - General Government</i>			
Labor & Industry	Jobs for Montana Graduates, workforce research & analysis, Work Comp legal	(\$2,242,104)	\$2,242,104
Department of Administration	Switch funding for 1.00 FTE local government services bureau chief to proprietary	(\$153,123)	\$153,123
Department of Administration	Switch funding for 0.50 FTE of the public safety services bureau chief to 911 state special	(\$126,563)	\$126,563
<i>Section B - Human Services</i>			
Department of Public Health and Human Services			
	Federal TANF funds replace child care general fund benefits*	(2,528,664)	2,528,664
	Replace general fund for 5% reductions	(\$852,967)	\$852,967
	Laboratory services	(250,000)	250,000
	Refinancing DD services	(4,034,276)	4,034,276
	Offset general fund with health/Medicaid SSR	(888,138)	888,138
	Increase federal per diem	(888,062)	888,062
	Intergovernmental transfer	(530,364)	530,364
	Increase Medicaid and health initiative funding to FY 2010	(2,886,104)	2,886,104
	General fund support for nursing home bed tax overappropriation	1,570,470	(1,570,470)
<i>Section C - Natural Resources and Transportation</i>			
Livestock	Animal Health fund utilized in Diagnostic Lab to replace general fund	(222,058)	222,058
Natural Resource & Conservation	General fund replaced with coal severance shared funds	(400,000)	400,000
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Justice/Highway Patrol	Shift funding for executive protection from GF to SSR (MHP recruitment/retention fund)	(330,015)	330,015
Justice/Highway Patrol	Shift base funding from GF to SSR (MHP recruitment/retention fund)	(367,824)	367,824
Justice/Criminal Investigation	Replace FF with GF for Prescription Drug Diversion Unit	297,298	(297,298)
Justice/Criminal Investigation	Replace FF with GF for Child Sexual Predator Program	97,459	(97,459)
Justice/Forensic Science Div	Funding shift from Alcohol Tax SSR to Highways SSR	0	0
Justice/Gambling Control	Revised adjusted base funding from SSR to proprietary	0	0
Corrections/Admin Support Services	SSR funding shift - restitution admin fees	(250,000)	250,000
Corrections/Adult Comm Corrections	Reduce GF and increase supervision fee appropriation	(20,000)	20,000
Corrections/Adult Comm Corrections	Use supervision/restitution admin fees for adult probation and parole offices rent	(1,400,000)	1,400,000
Corrections/Secure Facilities	Expense of new revenue from housing utility payments	(11,656)	11,656
<i>Section E - Education</i>			
OCHE - Student Assistance	Replace general fund with federal funds from GSL program	(5,800,000)	5,800,000
OPI - School Facility Reimbursement	Replace general fund for debt service	(17,172,000)	17,172,000
OPI - Base Aid**	Replace general fund with Guarantee account revenues	(55,000,000)	55,000,000
OPI - Base Aid	Replace general fund with Guarantee account revenues - Ongoing	(12,200,000)	12,200,000
Total		<u>(\$106,588,691)</u>	<u>\$106,588,691</u>
*The agency may replace these funds with general fund in the 2015 biennium per HB 613.			
**New revenues in the guarantee account supplanted \$55.0 million in general fund Base Aid during the 2013 biennium. Of this amount, \$12.2 million will supplant general fund in the 2015 biennium on an ongoing basis.			

FTE

The legislature provided funding for 12,197.08 FTE in HB 2 in FY 2012 and 12,205.42 FTE in FY 2013. These totals are a decrease of 33.45 FTE in FY 2012 and 25.11 FTE in FY 2013 compared to the FY 2010 level.

The following 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.

FTE Levels 2013 Biennium						
Section/Agency	Base FY 2010	Net Change FY 2012	Total FY 2012	Net Change FY 2013	Total FY 2013	Change FY 2010-FY2013
Section A*						
Legislative Branch**	134.97	0.00	134.97	5.17	140.14	3.8%
Consumer Counsel	5.54	0.00	5.54	0.00	5.54	0.0%
Governor's Office	60.07	(2.00)	58.07	(2.00)	58.07	-3.3%
Commissioner of Political Practices	6.00	0.00	6.00	0.00	6.00	0.0%
State Auditor	82.50	4.30	86.80	4.30	86.80	5.2%
Revenue	657.53	3.75	661.28	3.75	661.28	0.6%
Administration*	155.12	(3.49)	151.63	-3.49	151.63	-2.2%
Commerce*	50.66	5.34	56.00	5.34	56.00	10.5%
Labor and Industry	755.10	1.50	756.60	1.50	756.60	0.2%
Military Affairs	192.66	6.56	199.22	6.56	199.22	3.4%
Section B						
Public Health and Human Services	2,944.93	(11.04)	2,933.89	(15.33)	2,929.60	-0.5%
Section C						
Fish, Wildlife, and Parks	685.36	8.25	693.61	8.25	693.61	1.2%
Environmental Quality	387.29	(3.81)	383.48	(3.81)	383.48	-1.0%
Transportation	2,111.26	0.00	2,111.26	0.00	2,111.26	0.0%
Livestock	139.50	3.26	142.76	3.26	142.76	2.3%
Natural Resources and Conservation	557.69	(12.91)	544.78	(12.91)	544.78	-2.3%
Agriculture	118.42	0.98	119.40	0.98	119.40	0.8%
Section D						
Judiciary	410.08	0.00	410.08	2.50	412.58	0.6%
Board of Crime Control	19.50	(2.00)	17.50	(2.00)	17.50	-10.3%
Justice	752.05	-1.16	750.89	2.80	754.85	0.4%
Public Service Commission	39.00	1.00	40.00	1.00	40.00	2.6%
Office of the Public Defender	200.50	8.00	208.50	9.00	209.50	4.5%
Corrections	1,303.64	(24.00)	1,279.64	(24.00)	1,279.64	-1.8%
Section E						
Office of Public Instruction	165.86	(2.25)	163.61	(2.25)	163.61	-1.4%
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	(10.17)	93.88	(10.17)	93.88	-9.8%
Arts Council	7.00	0.00	7.00	0.00	7.00	0.0%
State Library	30.50	(2.25)	28.25	(2.25)	28.25	-7.4%
Historical Society	61.14	(1.31)	59.83	(1.31)	59.83	-2.1%
Totals	<u>12,230.53</u>	<u>(33.45)</u>	<u>12,197.08</u>	<u>(25.11)</u>	<u>12,205.42</u>	<u>-0.2%</u>
*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 2013 includes session staff.						
***Includes only staff within the Office of the Commissioner of Higher Education.						

As shown in the table, reductions are widespread amongst the agencies of state government. Reductions are primarily due to the application by the legislature of parts of the plan to reduce general fund and certain state special revenue appropriations by 5% submitted by agencies as required by statute. In many cases these plans included FTE reductions, among them the Governor's recommendation to reduce most ongoing general fund personal services by 4%.

Among the other reductions were the following:

- Department of Public Health and Human Services (DPHHS) - Downsizing of the Montana Developmental Center and movement of clients to the community, and removal of funding for family planning services
- Office of the Commissioner of Higher Education – A reduction in the Guaranteed Student Loan Program due to federal changes that changed the scope and mission of the program

The limited FTE increases include:

- Office of the Public Defender - FTE to address workload issues
- Department of Commerce - Continued funding for the Energy Promotion and Development Division, which had been funded on a one-time-only basis in the prior biennium
- Department of Military Affairs - Federally funded firefighter positions
- DPPHS - 27.00 FTE for Healthy Montana Kids, and medical marijuana and public health program administration
- Legislative Branch - Temporary session staff hired each second year of the biennium
- Fish, Wildlife and Parks – Various adjustments, including changing several temporary positions to permanent

Detailed descriptions of the decision packages that add or remove funding for FTE are found in the respective agency and program narratives in Volumes 3 and 4 of the 2013 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 "enterprise" 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 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. (SB 55 passed by the 1999 legislature 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 1 shows each function for which the legislature sets rates in HB 2, by agency.

Figure 1

Internal Service Functions 2013 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

Fixed costs are costs charged to agencies to fund the operations of certain centralized service functions of state government (such as data network fees, messenger services, and legislative audit). Costs charged to the individual agency budgets are based upon the cost in the service agency and the method used to allocate those costs. These fixed costs are automatically added to each agency budget, as appropriate.

The following figure shows fixed costs funded by the legislature in the 2013 biennium.

Fixed Costs 2013 Biennium (in millions)		
Subcommittee/Agency	Function	Total*
General Government		
Administration	Insurance and Bonds	\$24.6
	Warrant Writing Fees	1.9
	Human Resources	5.8
	ITSD	78.1
	SABHRS Operating	7.4
	Messenger Services	0.6
	Rent - Buildings	19.3
	Grounds Maintenance	1.0
	Workers Compensation	0.8
Legislative Audit Division	Audit Fees	3.6
Various	Statewide Cost Allocation	<u>8.5</u>
Total		<u>\$151.6</u>

* All funds, including funds not appropriated in HB 2

The legislature did not make any material changes to fixed costs as proposed in the executive budget.

SUPPLEMENTAL APPROPRIATIONS

The legislature provided funding for FY 2011 of \$2.8 million, continuing the recent history of historically low supplemental totals as shown in the following figure.

There are two primary reasons for the low supplemental total:

- Agencies that have had significant supplemental appropriations in the past, such as the Department of Public Health and Human Services and Corrections, did not require additional authority in this biennium
- The state's portion of wildfire costs is generally funded with a supplemental appropriation. However, in the 2009 biennium the legislature provided upfront funding for fire costs and in the 2011 biennium continues to fund all fire costs from a statutory appropriation. In addition, FY 2009 and FY 2011 fire season costs were significantly below recent years' averages as shown in the figure on the following page.

General Fund Supplementals 1987 to 2011 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
2011	2.8

Supplemental Appropriations for Fire Suppression 1983 to 2011 Biennium (in millions)			
Biennium	Supplemental Appropriation	Statutory Appropriations	Total
1983	\$0.80	\$0.00	\$0.80
1985	2.90	0.00	2.90
1987	3.74	0.00	3.74
1989	12.64	0.00	12.64
1991	3.00	0.50	3.50
1993	7.94	1.96	9.90
1995	15.50	8.92	24.42
1997	4.47	3.10	7.57
1999	10.55	0.00	10.55
2001	33.22	6.20	39.42
2003	9.07	7.01	16.08
2005	0.00	0.00	0.00
2007	30.06	13.00	43.06
2009*	3.65	8.00	11.65
2011	0.00	2.80	2.80

*Appropriation is for state special revenue initially funded with general fund in FY 2009. All others were general fund. Other 2009 biennium state fire costs were about \$56 million, funded with general fund and general fund transfers to the state special revenue account.

For a further discussion of the 2011 biennium fire costs, please see the agency summary section of the Department of Natural Resources and Conservation, page C-146, Volume 4.

The following figure shows the individual supplemental appropriations funded by the 2011 Legislature.

Supplemental Appropriations FY 2011		
Agency/Program	General Fund	Other Funds
Office of Public Instruction		
Tuition	\$356,000	
Pupil Transportation	510,000	
Department of Administration		
VEBA	470,767	
Lottery		950,000
Office of the Public Defender		
Operations	1,200,000	
Death Penalty Cases	150,000	
Commissioner of Political Practices		
Hearing and Legal Costs	<u>88,500</u>	<u>0</u>
Total	<u>\$2,775,267</u>	<u>\$950,000</u>

- Office of Public Instruction – State tuition payments under 20-5-324(2)(a), MCA due to increased tuition obligation requests from K-12 school districts and for pupil transportation payments
- Department of Administration – Voluntary Employee Benefits Association (VEBA) plan loan and associated interest payments and additional proprietary funds for lottery costs
- Commissioner of Political Practices - Additional legal and hearings costs
- Office of the Public Defender – General operations costs and costs specific to representation on a death penalty case for which funds were also provided in the 2013 biennium

AGENCY BUDGET COMPARISONS BY FUND

This section provides a comparison, by agency, of the appropriations in HB 2 compared to the 2011 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.

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.

General fund increases by \$243.3 million, or 8.1%. However, as stated earlier in this report this increase does not reflect increased state expenditures for two reasons:

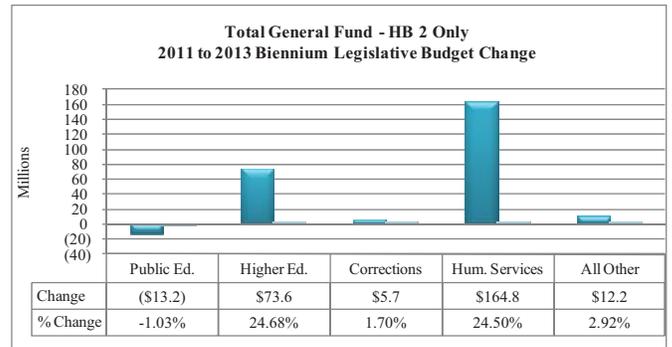
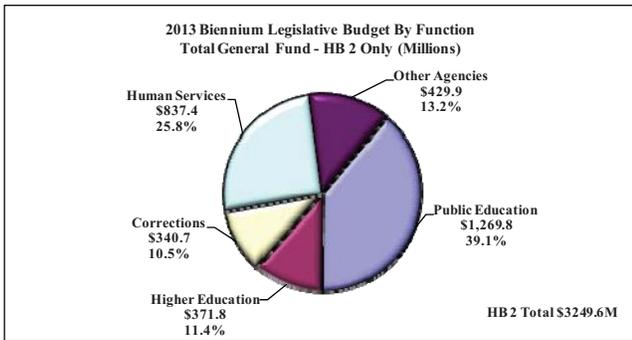
- Replacement of federal stimulus funds in human services and education
- Replacement of one-time Otter Creek coal leasing revenues for K-12 education

As shown in the table, several agencies have a net general fund reduction. The largest of these, the Office of Public Instruction (OPI), is primarily due to funding switches and the failure to pass of HB 316, which means that HB 2 has \$53.4 million less than required to fund K-12 schools. A supplemental appropriation will likely be presented to the 2013 Legislature. For a further discussion see the OPI narrative in Volume 4.

Among the major factors causing the increase are the following:

- DPHHS – Various programs caseload and utilization, increased percentage of Medicaid the state must pay, and replacement of one-time federal stimulus funds
- Corrections – Increased populations, including annualization of beds added by the 2011 Legislature and other additional beds
- Montana University System – Replacement of federal stimulus funds, and provision of ongoing and one-time funding for the units, agencies, community colleges, and Tribal College non-beneficiary students
- Office of the Public Defender – Additional staff to address workload issues
- Commerce – Continued funding of several economic development programs funded on a one-time-only basis by the 2011 Legislature

Fund Comparison 2011 Biennium versus Legislative Budget 2013 Biennium								
General Fund House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Legislative Budget FY 2012	Legislative Budget FY 2013	Legislative Budget FY 12-13	Biennial Change	Biennial Percent
1104 Legislative Branch	10,671,264	12,745,186	23,416,450	11,221,797	11,599,001	22,820,798	(595,652)	-2.5%
2110 Judicial Branch	33,937,675	35,467,158	69,404,833	35,914,032	35,980,334	71,894,366	2,489,533	3.6%
3101 Governor's Office	5,946,921	6,136,573	12,083,494	5,941,443	5,900,812	11,842,255	(241,239)	-2.0%
3202 Comm Of Political Practices	433,817	457,853	891,670	569,451	564,214	1,133,665	241,995	27.1%
3501 Office Of Public Instruction	560,053,258	722,904,404	1,282,957,662	617,403,116	652,397,712	1,269,800,828	(13,156,834)	-1.0%
4107 Crime Control Division	2,351,300	2,386,384	4,737,684	2,265,069	2,263,250	4,528,319	(209,365)	-4.4%
4110 Department Of Justice	24,957,152	25,938,858	50,896,010	26,389,702	26,816,941	53,206,643	2,310,633	4.5%
5101 Board Of Public Education	198,333	227,589	425,922	216,664	222,033	438,697	12,775	3.0%
5102 Commissioner Of Higher Education	147,531,701	150,674,815	298,206,516	186,265,852	185,574,613	371,840,465	73,633,949	24.7%
5113 School For The Deaf & Blind	5,865,460	5,953,456	11,818,916	5,997,777	5,964,894	11,962,671	143,755	1.2%
5114 Montana Arts Council	465,294	463,194	928,488	454,481	444,893	899,374	(29,114)	-3.1%
5115 Montana State Library	2,722,517	2,787,459	5,509,976	2,652,257	2,636,612	5,288,869	(221,107)	-4.0%
5117 Montana Historical Society	2,641,116	2,761,337	5,402,453	2,978,037	2,856,095	5,834,132	431,679	8.0%
5301 Department Of Environmental Quality	5,341,202	5,443,674	10,784,876	5,285,067	5,288,101	10,573,168	(211,708)	-2.0%
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5603 Department Of Livestock	1,046,160	1,111,118	2,157,278	1,272,549	1,272,667	2,545,216	387,938	18.0%
5706 Dept Of Natural Resources & Conservation	21,831,342	22,453,450	44,284,792	22,862,577	22,884,095	45,746,672	1,461,880	3.3%
5801 Department Of Revenue	49,569,692	50,171,670	99,741,362	48,279,546	47,709,977	95,989,523	(3,751,839)	-3.8%
6101 Department Of Administration	6,054,826	6,212,547	12,267,373	6,424,353	6,182,434	12,606,787	339,414	2.8%
6108 Office Of The Public Defender	19,849,276	19,571,843	39,421,119	22,949,014	22,808,387	45,757,401	6,336,282	16.1%
6201 Department Of Agriculture	880,007	1,020,580	1,900,587	950,916	902,568	1,853,484	(47,103)	-2.5%
6401 Department Of Corrections	165,758,162	169,198,753	334,956,915	168,788,354	171,950,660	340,739,014	5,782,099	1.7%
6501 Department Of Commerce	2,598,996	2,692,843	5,291,839	5,248,029	5,248,842	10,496,871	5,205,032	98.4%
6602 Department Of Labor & Industry	2,308,627	2,612,713	4,921,340	1,476,064	1,483,665	2,959,729	(1,961,611)	-39.9%
6701 Department Of Military Affairs	5,612,637	5,825,156	11,437,793	5,820,253	5,711,928	11,532,181	94,388	0.8%
6902 Economic Security Services Branch	69,002,422	75,171,198	144,173,620	70,660,711	72,039,075	142,699,786	(1,473,834)	-1.0%
6904 Director's Office	1,992,454	1,604,573	3,597,027	1,638,989	1,637,808	3,276,797	(320,230)	-8.9%
6906 Operations Services Branch	15,604,180	14,472,372	30,076,552	14,996,605	15,142,723	30,139,328	62,776	0.2%
6907 Public Health	3,396,584	3,492,167	6,888,751	2,727,931	2,725,183	5,453,114	(1,435,637)	-20.8%
6911 Medicaid And Health Services Branch	213,499,708	274,336,885	487,836,593	323,656,704	332,173,566	655,830,270	167,993,677	34.4%
Total House Bill 2 Proposals	\$1,382,122,083	\$1,624,295,808	\$3,006,417,891	\$1,601,307,340	\$1,648,383,083	\$3,249,690,423	\$243,272,532	8.1%



STATE SPECIAL REVENUE

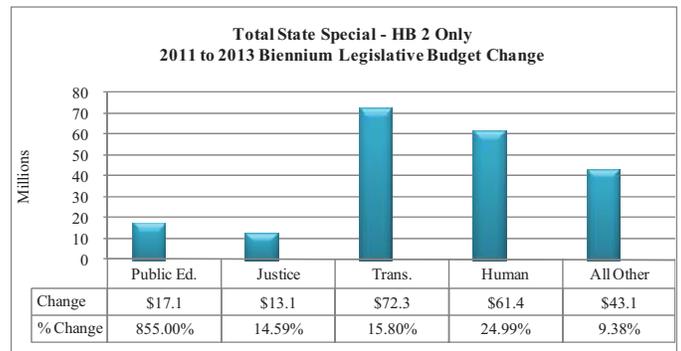
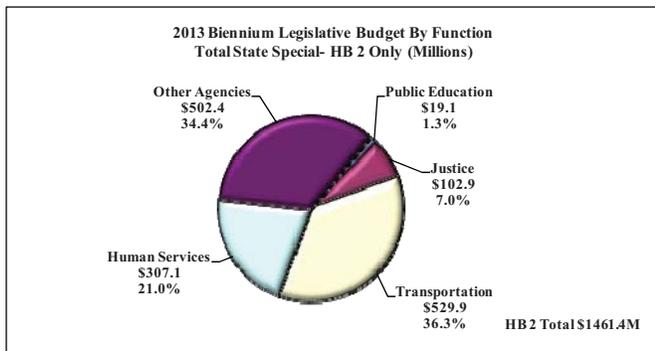
As defined in 17-2-102, MCA, the state special fund “consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal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

State special revenue increases by \$207.1 million, or 16.5%. This increase is due to expenditure increases and funding switches. The net reduction in a number of agencies is in large part due to the application of reductions submitted by agencies as part of the statutorily required plans to reduce certain state special revenues by 5%.

Two agencies, DPHHS and the Department of Transportation, are 65% of the net increase.

- DPHHS – Increased state match for the Healthy Montana Kids Program, use of the one-time Medicaid reserve account, and increased use of health and Medicaid initiatives for direct care worker wage increases and other health related expenditures
- Transportation – Increased match for federal construction funds and increased state funded construction program
- Office of Public Instruction – School facility reimbursement fund switch
- Department of Justice – Funding switches, debt payments, IT contracts, and highway patrol salaries
- Various initiatives in the environmental related agencies

Fund Comparison								
2011 Biennium versus Legislative Budget 2013 Biennium								
State/other Special Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Legislative Budget FY 2012	Legislative Budget FY 2013	Legislative Budget FY 12-13	Biennial Change	Biennial Percent
1104 Legislative Branch	2,363,532	2,288,667	4,652,199	2,549,854	1,904,450	4,454,304	(197,895)	-4.3%
1112 Consumer Council	939,248	1,393,320	2,332,568	1,637,219	1,640,873	3,278,092	945,524	40.5%
2110 Judicial Branch	1,922,472	2,305,683	4,228,155	2,128,010	2,386,679	4,514,689	286,534	6.8%
3101 Governor's Office	25,713	32,500	58,213	11,188	11,123	22,311	(35,902)	-61.7%
3401 State Auditor's Office	16,755,749	18,995,348	35,751,097	18,699,360	18,316,659	37,016,019	1,264,922	3.5%
3501 Office Of Public Instruction	975,513	979,051	1,954,564	9,572,503	9,572,692	19,145,195	17,190,631	879.5%
4107 Crime Control Division	37,595	291,808	329,403	152,283	152,284	304,567	(24,836)	-7.5%
4110 Department Of Justice	41,651,649	48,102,143	89,753,792	51,585,463	51,273,282	102,858,745	13,104,953	14.6%
4201 Public Service Regulation	3,420,213	3,669,577	7,089,790	3,595,359	3,577,734	7,173,093	83,303	1.2%
5101 Board Of Public Education	186,050	185,632	371,682	187,920	188,322	376,242	4,560	1.2%
5102 Commissioner Of Higher Education	19,535,696	18,236,611	37,772,307	19,827,019	21,274,458	41,101,477	3,329,170	8.8%
5113 School For The Deaf & Blind	333,818	348,929	682,747	286,873	287,061	573,934	(108,813)	-15.9%
5114 Montana Arts Council	212,426	215,074	427,500	204,342	201,903	406,245	(21,255)	-5.0%
5115 Montana State Library	803,498	803,523	1,607,021	766,923	763,323	1,530,246	(76,775)	-4.8%
5117 Montana Historical Society	90,795	139,710	230,505	567,618	581,831	1,149,449	918,944	398.7%
5201 Department Of Fish, Wildlife & Parks	54,070,860	55,648,120	109,718,980	58,361,630	58,333,429	116,695,059	6,976,079	6.4%
5301 Department Of Environmental Quality	22,692,262	30,740,283	53,432,545	30,542,509	30,546,163	61,088,672	7,656,127	14.3%
5401 Department Of Transportation	199,536,189	258,100,949	457,637,138	264,090,903	265,786,203	529,877,106	72,239,968	15.8%
5603 Department Of Livestock	7,325,213	7,574,506	14,899,719	8,200,179	8,178,743	16,378,922	1,479,203	9.9%
5706 Dept Of Natural Resources & Conservation	24,837,687	26,886,999	51,724,686	28,405,216	28,412,000	56,817,216	5,092,530	9.8%
5801 Department Of Revenue	761,721	815,907	1,577,628	1,144,738	1,141,671	2,286,409	708,781	44.9%
6101 Department Of Administration	6,508,794	7,884,856	14,393,650	6,887,774	6,881,774	13,769,548	(624,102)	-4.3%
6108 Office Of The Public Defender	43,418	43,456	86,874	100,000	186,144	286,144	199,270	229.4%
6201 Department Of Agriculture	10,561,977	12,708,587	23,270,564	11,948,475	11,647,754	23,596,229	325,665	1.4%
6401 Department Of Corrections	3,561,540	4,086,930	7,648,470	4,755,524	4,746,959	9,502,483	1,854,013	24.2%
6501 Department Of Commerce	4,216,567	6,178,304	10,394,871	6,804,204	6,823,681	13,627,885	3,233,014	31.1%
6602 Department Of Labor & Industry	35,856,229	38,237,903	74,094,132	41,849,547	41,914,681	83,764,228	9,670,096	13.1%
6701 Department Of Military Affairs	1,127,398	1,393,170	2,520,568	1,383,886	1,291,373	2,675,259	154,691	6.1%
6902 Economic Security Services Branch	6,520,447	7,487,049	14,007,496	7,474,382	8,242,989	15,717,371	1,709,875	12.2%
6904 Director's Office	439,899	308,235	748,134	378,654	378,769	757,423	9,289	1.2%
6906 Operations Services Branch	1,966,753	2,068,890	4,035,643	2,584,865	2,652,668	5,237,533	1,201,890	29.8%
6907 Public Health	18,024,188	18,776,019	36,800,207	14,806,920	14,804,580	29,611,500	(7,188,707)	-19.5%
6911 Medicaid And Health Services Branch	91,819,929	98,288,875	190,108,804	127,007,364	128,802,437	255,809,801	65,700,997	34.6%
Total House Bill 2 Proposals	579,125,038	\$675,216,614	\$1,254,341,652	\$728,498,704	\$732,904,692	\$1,461,403,396	\$207,061,744	16.5%



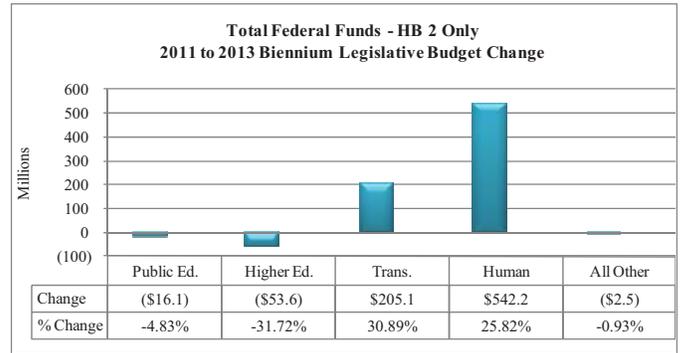
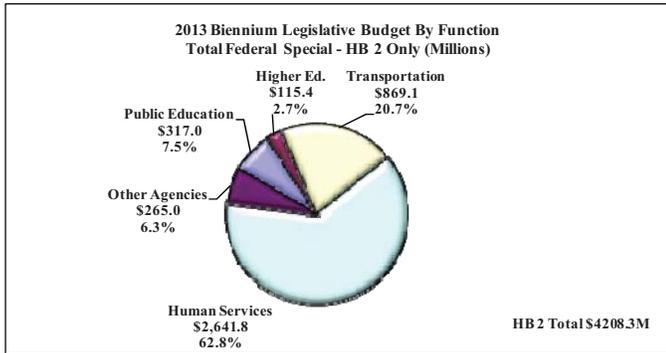
FEDERAL SPECIAL REVENUE

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 revenues increase \$675.1 million, or 19.1%. Due to reductions in other agencies, two agencies, Public Health and Human Services and Transportation, are over 100% of the total net increase.

- DPHHS - Increased caseload and utilization for various human services programs, partially offset by a decrease in the percentage of Medicaid costs paid by the federal government
- DPHHS – Increased federal grants, including SNAP (food stamps), low income housing assistance, health information systems, and various others
- Transportation – Increased projected federal construction program funding
- Montana University System – Change in mission and scope of the student loan function due to federal reform
- Office of Public Instruction – Primarily fewer grants in FY 2010 and the 2013 biennium than appropriated for FY 2011
- Department of Military Affairs – Policy change to request federal homeland security grants in a budget amendment during the interim when the amount is known

Fund Comparison 2011 Biennium versus Legislative Budget 2013 Biennium								
Federal Spec. Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Legislative Budget FY 2012	Legislative Budget FY 2013	Legislative Budget FY 12-13	Biennial Change	Biennial Percent
2110 Judicial Branch	122,177	125,649	247,826	122,932	122,989	245,921	(1,905)	-0.8%
3101 Governor's Office	-	-	-	-	-	-	-	-
3201 Secretary Of State's Office	-	-	-	550,000	-	550,000	550,000	-
3501 Office Of Public Instruction	160,781,659	172,321,070	333,102,729	157,757,983	159,192,519	316,950,502	(16,152,227)	-4.8%
4107 Crime Control Division	3,624,376	14,256,165	17,880,541	6,684,899	6,688,659	13,373,558	(4,506,983)	-25.2%
4110 Department Of Justice	1,405,530	1,760,313	3,165,843	1,492,068	1,493,495	2,985,563	(180,280)	-5.7%
4201 Public Service Regulation	25,473	25,643	51,116	106,511	105,434	211,945	160,829	314.6%
5102 Commissioner Of Higher Education	73,082,748	95,891,892	168,974,640	54,820,663	60,626,344	115,447,007	(53,527,633)	-31.7%
5113 School For The Deaf & Blind	79,206	82,973	162,179	63,915	63,915	127,830	(34,349)	-21.2%
5114 Montana Arts Council	596,472	602,524	1,198,996	802,113	802,900	1,605,013	406,017	33.9%
5115 Montana State Library	1,145,593	1,060,155	2,205,748	1,608,026	608,026	2,216,052	10,304	0.5%
5117 Montana Historical Society	659,333	671,859	1,331,192	760,618	765,318	1,525,936	194,744	14.6%
5201 Department Of Fish, Wildlife & Parks	14,942,150	15,348,245	30,290,395	15,846,816	15,851,066	31,697,882	1,407,487	4.6%
5301 Department Of Environmental Quality	18,333,719	23,017,600	41,351,319	21,384,108	21,373,932	42,758,040	1,406,721	3.4%
5401 Department Of Transportation	297,325,273	366,696,500	664,021,773	425,906,295	443,225,324	869,131,619	205,109,846	30.9%
5603 Department Of Livestock	1,464,601	1,808,842	3,273,443	1,515,576	1,488,488	3,004,064	(269,379)	-8.2%
5706 Dept Of Natural Resources & Conservation	1,884,350	2,075,894	3,960,244	2,049,480	2,053,554	4,103,034	142,790	3.6%
5801 Department Of Revenue	204,942	206,447	411,389	270,210	271,218	541,428	130,039	31.6%
6101 Department Of Administration	42,043	48,739	90,782	42,043	42,043	84,086	(6,696)	-7.4%
6108 Office Of The Public Defender	-	-	-	-	-	-	-	-
6201 Department Of Agriculture	2,111,490	2,390,235	4,501,725	2,328,952	2,329,665	4,658,617	156,892	3.5%
6401 Department Of Corrections	20,872	134,068	154,940	20,872	20,872	41,744	(113,196)	-73.1%
6501 Department Of Commerce	14,015,061	21,958,907	35,973,968	16,066,675	16,763,104	32,829,779	(3,144,189)	-8.7%
6602 Department Of Labor & Industry	30,767,415	32,047,983	62,815,398	35,032,341	34,980,370	70,012,711	7,197,313	11.5%
6701 Department Of Military Affairs	24,909,942	33,555,935	58,465,877	26,222,691	26,226,145	52,448,836	(6,017,041)	-10.3%
6902 Economic Security Services Branch	250,222,580	263,483,905	513,706,485	383,051,664	383,166,522	766,218,186	252,511,701	49.2%
6904 Director's Office	2,320,308	1,836,471	4,156,779	1,922,777	1,922,181	3,844,958	(311,821)	-7.5%
6906 Operations Services Branch	22,891,618	22,802,479	45,694,097	23,195,529	23,453,755	46,649,284	955,187	2.1%
6907 Public Health	38,742,988	45,232,983	83,975,971	38,246,179	38,247,740	76,493,919	(7,482,052)	-8.9%
6911 Medicaid And Health Services Branch	728,167,173	723,934,949	1,452,102,122	860,820,929	887,772,386	1,748,593,315	296,491,193	20.4%
Total House Bill 2 Proposals	\$1,689,889,092	\$1,843,378,425	\$3,533,267,517	\$2,078,692,865	\$2,129,657,964	\$4,208,350,829	\$675,083,312	19.1%



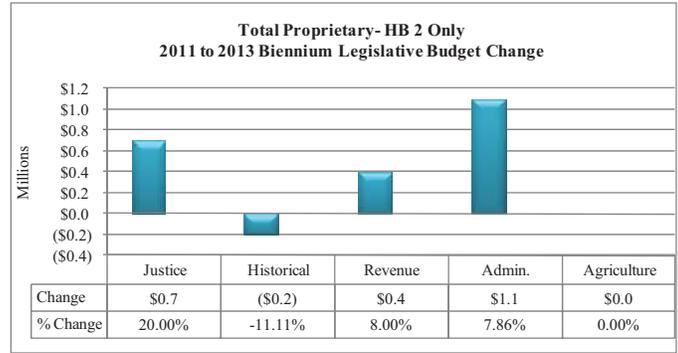
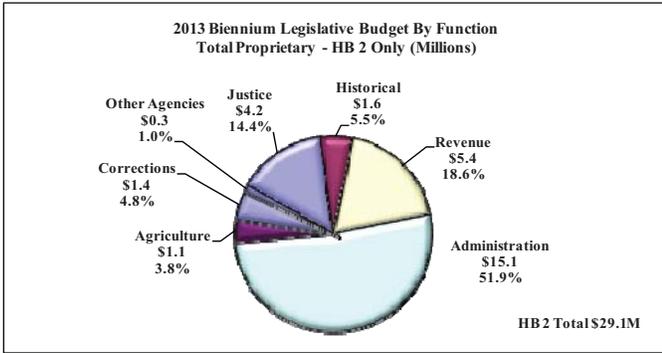
PROPRIETARY FUNDS

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.

Proprietary funds in HB 2 increase by \$2.1 million or 7.8% due primarily to increased vendor fees in the Department of Administration.

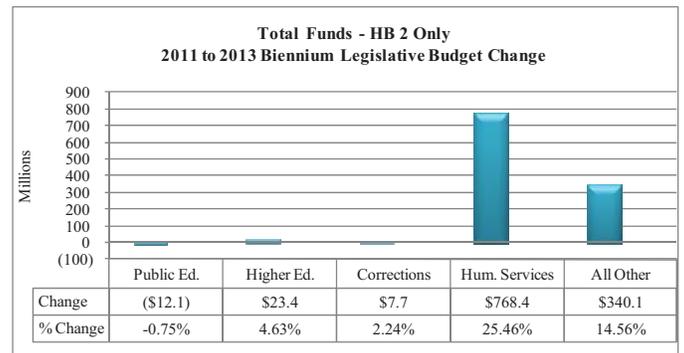
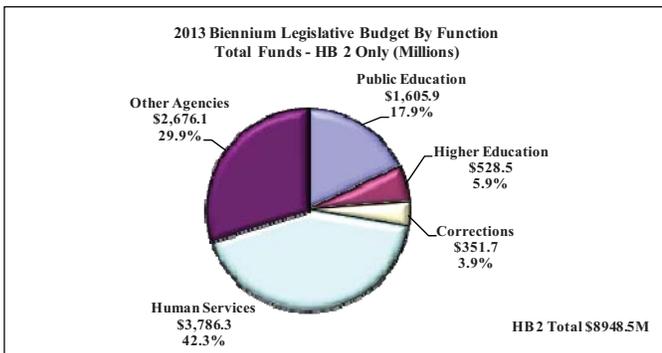
Fund Comparison 2011 Biennium versus Legislative Budget 2013 Biennium								
Proprietary Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2010	Adjusted Authorized FY 2011	Adjusted Total FY 10-11	Legislative Budget FY 2012	Legislative Budget FY 2013	Legislative Budget FY 12-13	Biennial Change	Biennial Percent
3101 Governor's Office	-	-	-	-	-	-	-	-
3401 State Auditor's Office	-	-	-	-	-	-	-	-
4110 Department Of Justice	1,759,217	1,787,882	3,547,099	2,294,126	1,940,162	4,234,288	687,189	19.4%
5102 Commissioner Of Higher Education	80,416	99,523	179,939	74,379	74,422	148,801	(31,138)	-17.3%
5115 Montana State Library	-	17,241	17,241	-	-	-	(17,241)	-100.0%
5117 Montana Historical Society	811,536	972,102	1,783,638	792,683	791,270	1,583,953	(199,685)	-11.2%
5201 Department Of Fish, Wildlife & Parks	-	-	-	-	-	-	-	-
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5801 Department Of Revenue	2,428,350	2,560,118	4,988,468	2,689,621	2,691,899	5,381,520	393,052	7.9%
6101 Department Of Administration	7,295,069	6,661,211	13,956,280	7,587,837	7,487,050	15,074,887	1,118,607	8.0%
6201 Department Of Agriculture	499,958	617,540	1,117,498	571,940	576,288	1,148,228	30,730	2.7%
6401 Department Of Corrections	608,123	654,058	1,262,181	689,459	689,154	1,378,613	116,432	9.2%
6602 Department Of Labor & Industry	56,725	100,279	157,004	88,410	88,517	176,927	19,923	12.7%
Total House Bill 2 Proposals	\$13,539,394	\$13,469,954	\$27,009,348	\$14,788,455	\$14,338,762	\$29,127,217	\$2,117,869	7.8%



ALL FUNDS

The following figure is a composite by agency of the preceding tables, and shows a \$1,127.5 million or 14.4% increase.

Fund Comparison								
2011 Biennium versus Legislative Budget 2013 Biennium								
Total Funds	Adjusted Base	Adjusted Authorized	Adjusted Total	Legislative Budget	Legislative Budget	Legislative Budget	Biennial Change	Biennial Percent
House Bill 2 Proposals	FY 2010	FY 2011	FY 10-11	FY 2012	FY 2013	FY 12-13		
Agency Number and Name								
1104 Legislative Branch	13,034,796	15,033,853	28,068,649	13,771,651	13,503,451	27,275,102	(793,547)	-2.8%
1112 Consumer Council	939,248	1,393,320	2,332,568	1,637,219	1,640,873	3,278,092	945,524	40.5%
2110 Judicial Branch	35,982,324	37,898,490	73,880,814	38,164,974	38,490,002	76,654,976	2,774,162	3.8%
3101 Governor's Office	5,972,634	6,169,073	12,141,707	5,952,631	5,911,935	11,864,566	(277,141)	-2.3%
3201 Secretary Of State's Office	-	-	-	550,000	-	550,000	550,000	
3202 Comm Of Political Practices	433,817	457,853	891,670	569,451	564,214	1,133,665	241,995	27.1%
3401 State Auditor's Office	16,755,749	18,995,348	35,751,097	18,699,360	18,316,659	37,016,019	1,264,922	3.5%
3501 Office Of Public Instruction	721,810,430	896,204,525	1,618,014,955	784,733,602	821,162,923	1,605,896,525	(12,118,430)	-0.7%
4107 Crime Control Division	6,013,271	16,934,357	22,947,628	9,102,251	9,104,193	18,206,444	(4,741,184)	-20.7%
4110 Department Of Justice	69,773,548	77,589,196	147,362,744	81,761,359	81,523,880	163,285,239	15,922,495	10.8%
4201 Public Service Regulation	3,445,686	3,695,220	7,140,906	3,701,870	3,683,168	7,385,038	244,132	3.4%
5101 Board Of Public Education	384,383	413,221	797,604	404,584	410,355	814,939	17,335	2.2%
5102 Commissioner Of Higher Education	240,230,561	264,902,841	505,133,402	260,987,913	267,549,837	528,537,750	23,404,348	4.6%
5113 School For The Deaf & Blind	6,278,484	6,385,358	12,663,842	6,348,565	6,315,870	12,664,435	593	0.0%
5114 Montana Arts Council	1,274,192	1,280,792	2,554,984	1,460,936	1,449,696	2,910,632	355,648	13.9%
5115 Montana State Library	4,671,608	4,668,378	9,339,986	5,027,206	4,007,961	9,035,167	(304,819)	-3.3%
5117 Montana Historical Society	4,202,780	4,545,008	8,747,788	5,098,956	4,994,514	10,093,470	1,345,682	15.4%
5201 Department Of Fish, Wildlife & Parks	69,013,010	70,996,365	140,009,375	74,208,446	74,184,495	148,392,941	8,383,566	6.0%
5301 Department Of Environmental Quality	46,367,183	59,201,557	105,568,740	57,211,684	57,208,196	114,419,880	8,851,140	8.4%
5401 Department Of Transportation	496,861,462	624,797,449	1,121,658,911	689,997,198	709,011,527	1,399,008,725	277,349,814	24.7%
5603 Department Of Livestock	9,835,974	10,494,466	20,330,440	10,988,304	10,939,898	21,928,202	1,597,762	7.9%
5706 Dept Of Natural Resources & Conservation	48,553,379	51,416,343	99,969,722	53,317,273	53,349,649	106,666,922	6,697,200	6.7%
5801 Department Of Revenue	52,964,705	53,754,142	106,718,847	52,384,115	51,814,765	104,198,880	(2,519,967)	-2.4%
6101 Department Of Administration	19,900,732	20,807,353	40,708,085	20,942,007	20,593,301	41,535,308	827,223	2.0%
6108 Office Of The Public Defender	19,892,694	19,615,299	39,507,993	23,049,014	22,994,531	46,043,545	6,535,552	16.5%
6201 Department Of Agriculture	14,053,432	16,736,942	30,790,374	15,800,283	15,456,275	31,256,558	466,184	1.5%
6401 Department Of Corrections	169,948,697	174,073,809	344,022,506	174,254,209	177,407,645	351,661,854	7,639,348	2.2%
6501 Department Of Commerce	20,830,624	30,830,054	51,660,678	28,118,908	28,835,627	56,954,535	5,293,857	10.2%
6602 Department Of Labor & Industry	68,988,996	72,998,878	141,987,874	78,446,362	78,467,233	156,913,595	14,925,721	10.5%
6701 Department Of Military Affairs	31,649,977	40,774,261	72,424,238	33,426,830	33,229,446	66,656,276	(5,767,962)	-8.0%
6902 Economic Security Services Branch	325,745,449	346,142,152	671,887,601	461,186,757	463,448,586	924,635,343	252,747,742	37.6%
6904 Director's Office	4,752,661	3,749,279	8,501,940	3,940,420	3,938,758	7,879,178	(622,762)	-7.3%
6906 Operations Services Branch	40,462,551	39,343,741	79,806,292	40,776,999	41,249,146	82,026,145	2,219,853	2.8%
6907 Public Health	60,163,760	67,501,169	127,664,929	55,781,030	55,777,503	111,558,533	(16,106,396)	-12.6%
6911 Medicaid And Health Services Branch	1,033,486,810	1,096,560,709	2,130,047,519	1,311,484,997	1,348,748,389	2,660,233,386	530,185,867	24.9%
Total House Bill 2 Proposals	\$3,664,675,607	\$4,156,360,801	\$7,821,036,408	\$4,423,287,364	\$4,525,284,501	\$8,948,571,865	\$1,127,535,457	14.4%



APPENDIX B

INDEX TO OTHER LFD BUDGET REFERENCE DOCUMENTS

In addition to the Legislative Fiscal Report – 2013 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	√Medicaid
√Beer Tax	√Metalliferous Mines Tax
√Cigarette Tax	√Montana Highway Funding
√Coal Severance Tax	√Oil & Natural Gas Tax
√Coal Severance Tax - A Data View	√Pertinent State Statistics
√Coal Severance Tax - A Pictorial View	√Property Tax
√Coal Severance Tax – Distribution Detail	√Rental Car Sales Tax
√Corporation Income Tax	√Resource Indemnity Trust
√Electrical Energy Tax	√State Employees Budgeting
√General Fund (by year)	√State Financial and Budgeting Structure
√Higher Education	√TANF (Temporary Assistance for Needy Families)
√Individual Income Tax	√Telecommunications Tax
√Insurance Tax & License Fees	√Tobacco Settlement
√Insure Montana	√Tobacco Settlement Financial Summary
√K-12 Education Funding	√Tobacco Tax
√Liquor Excise Tax	√Video Gambling Tax

√ Wholesale Energy Tax
√ Wildfire Suppression Funding

√ Wine Tax

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 link to available publications and reports.

APPENDIX C

LEGISLATIVE INTERIM STUDIES – SUMMARY

The Sixty-second Legislature adopted 16 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 13, 2011 meeting. Of the 16 resolutions, 13 were assigned to various legislative interim committees. The remaining three studies were not assigned. As can be seen in the figure, five bills also resulted in interim assignments. Another bill (SB 65) added to the duties of the Energy and Telecommunications Interim Committee so it listed as well. (One other bill was enacted by the legislature but vetoed by the Governor. It is listed at the bottom. At the time of this writing the legislature is being polled to see if the veto will be upheld.)

Legislation Requesting or Requiring Studies 2013 Biennium		
Bill No.	Study Description	Legislative Council Interim Committee Assignment
HB 525	Revise business and professional licensing laws to provide termination review	Economic Affairs
HB 602	Require interim study of exempt water wells	Water Policy
HB 615	Advance cancer research and treatment	Children & Families
HB 642	Create select committee on efficiency in government--members--duties	Select Committee on Effic. In Govmt
SB 423	Monitor implementation of new provisions governing medical marijuana	Children & Families
HJ 8	Interim study on reducing childhood hunger in Montana	Children & Families
HJ 13	Interim study of state income tax and sales tax	Revenue & Transportation
HJ 32	Resolution to study state parks, recreation, heritage programs	Environmental Quality Council
HJ 33	Interim study on state health insurance exchange	Economic Affairs
HJ 39	Interim study of subdivision rent or lease exemption	Education & Local Government
SJ 15	Study resolution on bonding requirement for ag commodities and grain industry	Economic Affairs (<i>White paper</i>)
SJ 17	Interim study of valuing centrally assessed property for tax purposes	Revenue & Transportation
SJ 20	Study resolution on implementation of privatization of Medicaid administration	Select Committee on Effic. In Govmt
SJ 23	Interim study on exemption of nonprofits from property taxes	Revenue & Transportation
SJ 26	Study resolution for interim monitoring activities recommended by Joint Subcomm	Legislative Finance Committee
SJ 28	Interim study resolution on performance-based funding for education	Education & Local Government
SJ 29	Request interim study of restorative justice	Law & Justice
SJ 30	Interim study of ways to reduce childhood trauma	Children & Families
Other Assigned Iterim Activities		
SB 65	Review the state energy policy; recommend changes	Energy & Telecommunications
Other Study Legislation		
HJ 38	Interim study of local fire protection, firefighters, and EMT's	Not Assigned
SJ 18	Interim study on health care workforce development initiatives	Not Assigned
SJ 27	Interim study of waiver services for children with developmental disabilities	Not Assigned
SB 307	Revising the privatization plan review process and public comment	<i>Vetoed - Poll in progress</i>

One study, a study to monitor agency activities recommended by joint appropriation subcommittees (SJR 26), is assigned to the Legislative Finance Committee which ensures the direct involvement of Legislative Fiscal Division staff. Another, HB 642 – create select committee on efficiency in government, is also expected to directly involve LFD 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.