This level of reserves is relatively high compared to most years in the past. It totals $464 million in state reserve funds at the end of the fiscal year (June 30, 2020) and assumes revenue collections equal the legislative revenue estimates contained in HJ 2. Year to date revenues have been trending above HJ 2 revenue estimates, with recent events the final revenue collections are expected to be reduced, but are still anticipated to be near HJ 2 revenue estimates. Included in this estimate is the Governor spending $8 million of the Governor’s emergency statutory appropriation along with all other budgeted expenditures.

While ultimately, the Legislature and the Governor could use as much of the full balance of $460 million as they deemed appropriate for emergencies, there are statutory minimum levels. The minimum recommended general balance is 8% of annual appropriations or a little over $200 million. The minimum generally required anticipated biennial ending fund balance is 4% of annual appropriations or a little over $100 million.

If the Governor anticipates that general fund ending fund balance will go below 4% he is allowed to transfer funds from the budget stabilization reserve fund, reduce budgets, and other mechanisms to re-balance the budget (MCA 17-7-140). At this time it appears unlikely that the Governor would anticipate the ending general fund balance to go below 4%, as the current balance is nearly three times that level and year-to-date revenues have been stronger than anticipated.

On the appropriation side of the equation: If the Governor had need for more than $16 million in emergency spending, he would need to get an appropriation from the legislature. It may be possible, depending on available appropriations, for the Governor to wait until regular session and ask for a supplemental appropriation at that time.