

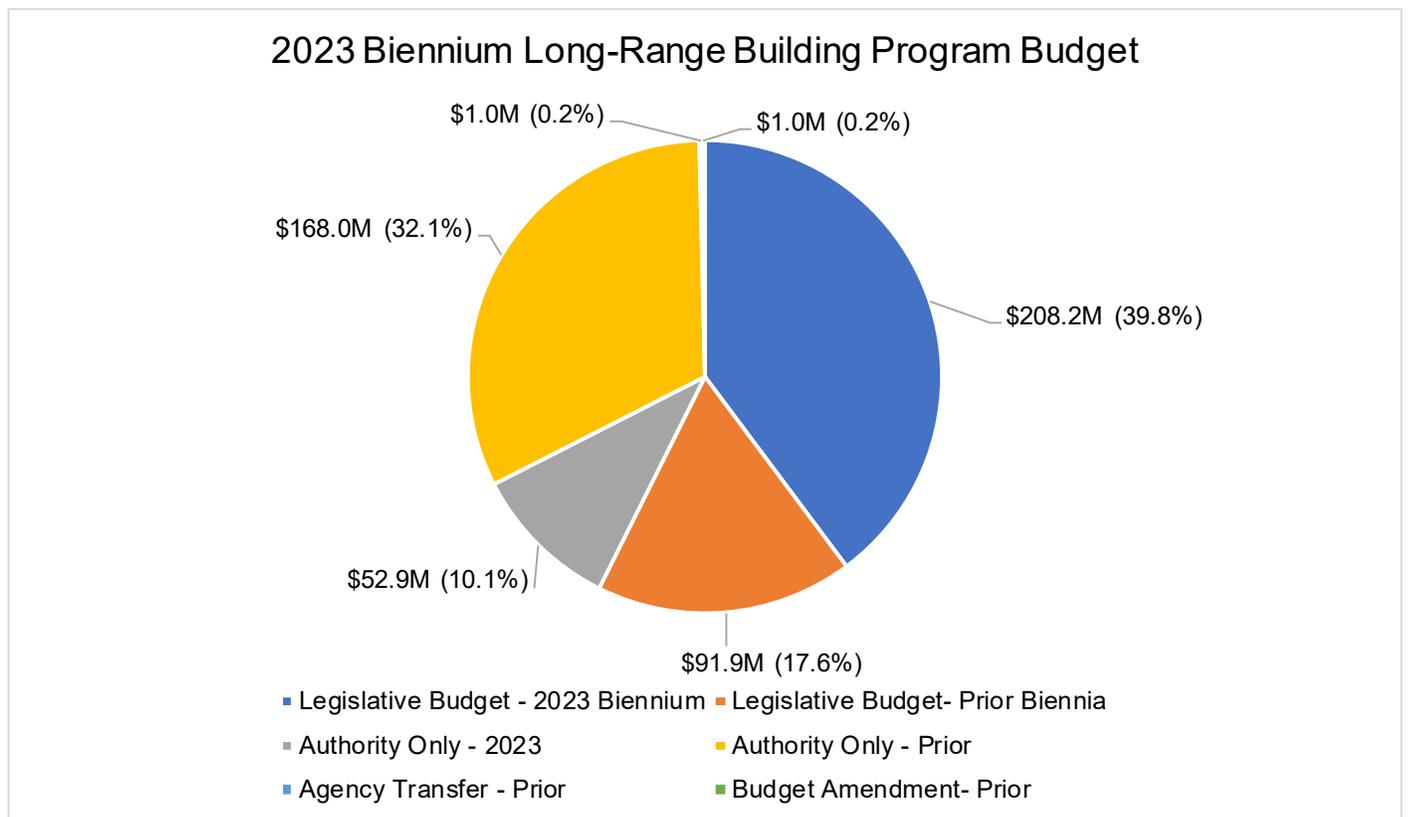
LONG-RANGE BUILDING PROGRAM

PROGRAM SUMMARY

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed to present a single, comprehensive, and prioritized plan for allocating state resources for capital construction and repair of state-owned facilities. Historically, the LRBP has been funded with a combination of cash accounts and bonding. The various types of cash accounts include state and federal special revenue funds, other funds (such as university and private funds), and the capital projects funds (long-range building major repairs and capital development accounts). The LRBP is administered by the Department of Administration, Architecture and Engineering Division (A&E).

BUDGET BY TYPE

The following chart shows the different budget types established for the long-range building program for the 2023 biennium.



The legislative budget is that which is established under HB 5 and 14 for the program. For the 2023 biennium, there was approximately \$208.2 million established for the program's budget for 91 projects. The legislative budget for projects approved in prior biennia is about \$91.9 million.

The LRBP includes approximately \$52.9 million of projects for the 2023 biennium and \$168.0 million from prior biennia projects that are funded with non-state resource spending authority. The “authority only” funding is in reference to funds for major construction projects that do not require appropriation, such as university funds, donations, and some internal service funds, but due to the sizable cost of the project and the potential of future costs to the state, those projects must be authorized by the legislature. Of the \$52.9 million budget established for 2023, \$48.3 million is from university funds, and \$4.6 million is state special revenue from private sources. Of the \$168.0 million established for prior biennia projects, about \$123.8 million of budget is for university-funded projects, and \$44.2 million is for projects funded with other non-appropriated funds, such as trust funds, enterprise funds, and internal service funds.

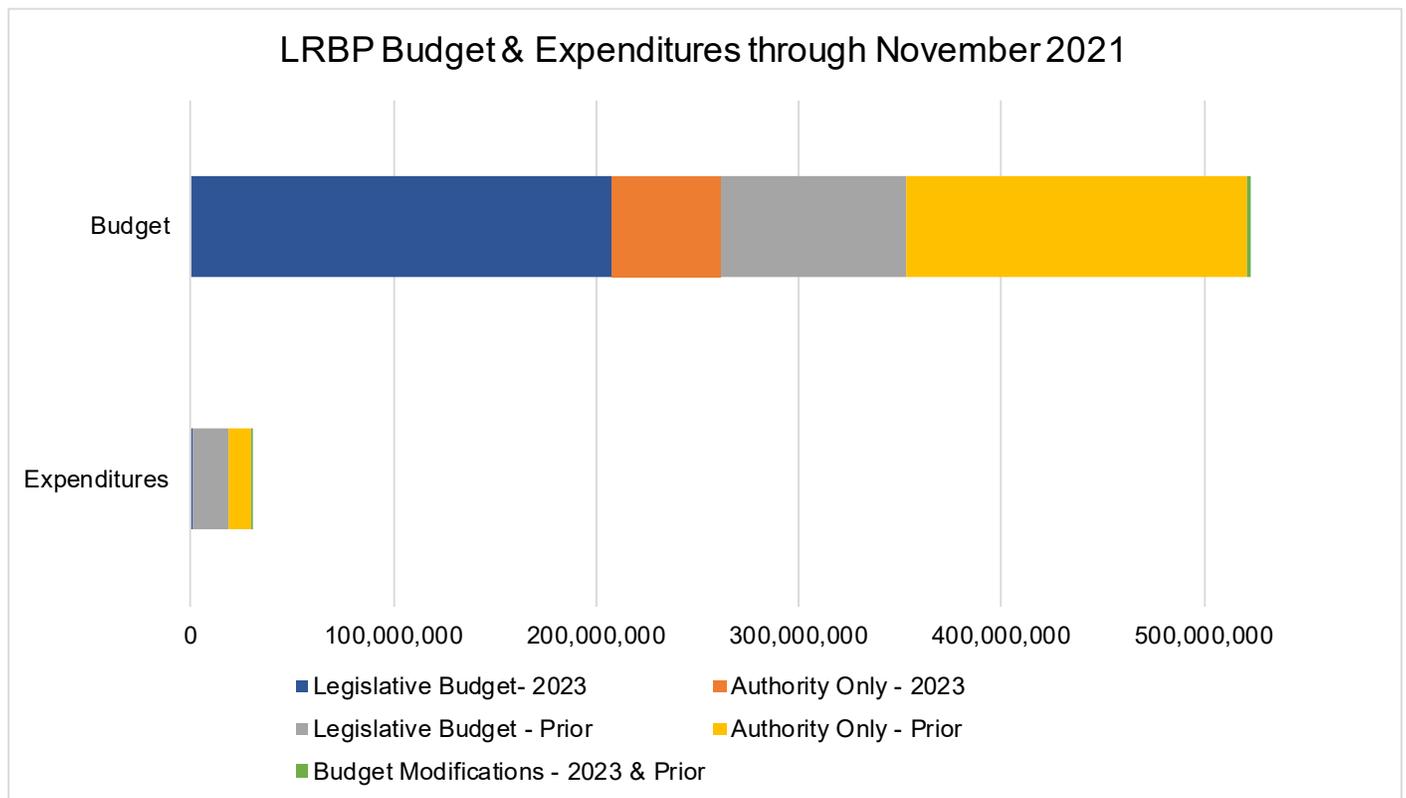
For budget amendment funding, there are a couple different types:

- Agency transfers are transfers of budget from one agency to another. There has not yet been budget established for 2023 agency transfers. For prior biennia, \$1.0 million of budget was transferred for State Building Energy Conservation Program projects
- Budget amendments are used to establish budget for additional revenue or to make changes to prior amendments that already exist. There have not been budget amendments for the 2023 biennium, but there have been budget amendments established of about \$967,000 total for prior biennia projects

Additionally, the LRBP program has administrative authority, which is not included in the pie chart, as it is not an appropriation. For the 2023 biennium, \$46.3 million of this budget type was established for 2023 biennium LRBP projects, and \$43.2 million of budget was established for projects from prior biennia. Typically, this budget is for agreements between agencies, and the budget is allocated to the receiving agency.

2023 BUDGET & EXPENDITURE

The following chart and table show the 2023 budget for the LRBP program, as well as expenditure through November 30, 2021.



LRBP 2023 Biennium Project Appropriations and Expenditures through Nov. 30, 2021				
Item	Budget	Expenditures	Balance	% Expended
Legislative Budget- 2023 Biennium	208,206,388	1,342,195	206,864,193	0.6%
Legislative Budget - Prior Biennia	91,879,887	16,938,855	74,941,032	18.4%
Authority Only - 2023	52,900,000	-	52,900,000	0.0%
Authority Only - Prior	168,041,226	11,023,936	157,017,290	6.6%
Budget Modifications - 2023 & Prior	2,018,272	332,557	1,685,715	16.5%
Total Appropriations/Expenditures	523,045,772	29,637,543	493,408,230	5.7%

The budget shown in the chart and table is that which was included in the pie chart in the previous section. The budget modifications category includes both agency transfers and budget amendments.

In FY 2022, \$1.3 million has been expended from the 2023 biennium legislative budget of \$208.2 million. This expenditure was for the Montana Heritage Center project.

Most of the expenditure that has occurred through November has been from prior biennia budget, including about \$16.9 million expended from the legislative budgets, \$11.0 million expended of authority only, and \$332,557 from the budget modification category. This includes both actual expenditures and accruals for future expenditures.

For the administrative authority previously described, approximately \$39.6 million of the 2023 budget has been expended, including both actual expenditures and accruals for future expenditures. For prior biennia projects, \$39.4 million of administrative authority has been expended or accrued.

FUND BALANCE

Major Repairs Account

The following table shows the fund balance for the major repairs account; it includes actuals for the 2021 biennium and projections for the 2023 biennium. The LRBP major repairs account is the primary source of funding for the major maintenance of general fund supported buildings in the state building program. The ending fund balance is projected to be negative \$6.9 million at the end of the 2023 biennium. The account will never actually go negative, but instead the negative balance indicates an imbalance between the projected revenues and total appropriation authority in the account.

HJ 2 projections are used for the revenue projections for the 2023 biennium. Actual revenue collections may be different than those projections, which can affect the 2023 ending fund balance.

LRBP Major Repairs Account Fund Balance Analysis - 2023 Biennium					
Account 05007					
	FY 2020 Actual	FY 2021 Actual	FY 2022 Projected	FY 2023 Projected	2023 Bien. Projected
Calculated Beginning Fund Balance	\$20,784,497	\$18,084,284	\$12,395,792	(\$19,093,605)	\$12,395,792
Beginning Fund Balance	20,784,497	18,071,672	12,395,792	(19,093,605)	12,395,792
Revenues ¹					
Cigarette Tax	\$1,555,542	\$1,603,680	\$1,530,161	\$1,493,584	\$3,023,745
Coal Severance Tax	5,413,782	4,759,726	4,244,593	3,738,443	7,983,036
Interest Earnings	380,463	28,240	64,913	64,913	129,825
Supervisory Fees	77,261	477,104	288,186	288,186	576,372
Energy Savings Transfer	(120,252)	0	111,000	111,000	222,000
HB 2 Major Repairs Transfers ²	<u>11,500,000</u>	<u>432,000</u>	<u>8,589,879</u>	<u>8,941,581</u>	<u>17,531,460</u>
Total Revenues	18,806,797	7,300,750	14,828,731	14,637,707	29,466,438
Expenditures					
Operating Costs-A & E Division ³	2,292,121	2,250,000	2,387,865	2,417,763	4,805,628
Prior Biennia Projects ³	19,214,890	10,726,630	16,327,551	0	16,327,551
APRA-Ineligible Projects ⁴			6,710,000		6,710,000
2023 Biennium Projects	<u>0</u>	<u>0</u>	<u>20,892,713</u>	<u>0</u>	<u>20,892,713</u>
Total Expenditures/Appropriations	21,507,011	12,976,630	46,318,129	2,417,763	48,735,892
Estimated Ending Fund Balance	\$18,084,284	\$12,395,792	(\$19,093,605)	(\$6,873,661)	(\$6,873,661)
¹ HJ2 Projections					
² Beginning in the 2023 Biennium - HB 2 Appropriated Transfer					
³ HB 2					
³ Assumes all appropriation authority is expended in FY 2021					
⁴ There were 7 projects not eligible for ARPA funds; HB 632, section 34(1) re-establishes appropriation in the MR fund for that is how it was funded in the introduced version of HB5.					

There were 7 projects, about \$6.7 million of expenditure, that were planned to be funded with ARPA Section 604 funding; however, the projects were determined to be ineligible. Therefore, per HB 632, the appropriations were re-established in the major repairs account, since that's how they were funded in the introduced version of HB 5.

Capital Land Grant Account

Capitol land grant (CLG) revenues, derived from trust lands designated in the Enabling Act for the state capitol complex, are used as a source of LRBP funding for capital projects. Funding from this source may only be used for projects on the Montana Capitol Complex (10-mile radius from the Montana Capitol building) per the requirements of the Enabling Act. There is projected to be a negative ending fund balance of \$455,429 at the end of the 2023 biennium. As mentioned previously, the account will never actually go negative, but instead the negative balance indicates an imbalance between the projected revenues and total appropriation authority in the account.

Capitol Land Grant Account Fund Balance Analysis - 2023 Biennium					
Account 05008					
	FY 2020 Actual	FY 2021 Actual	FY 2022 Projected	FY 2023 Projected	2023 Bien. Projected
Beginning Fund Balance	\$4,873,931	\$5,508,966	\$5,777,027	(\$2,394,660)	\$5,777,027
Revenues ¹					
Land Grant Interest & Earnings	<u>2,187,043</u>	<u>1,569,827</u>	<u>1,814,625</u>	<u>1,939,231</u>	<u>3,753,856</u>
Total Revenues	2,187,043	1,569,827	1,814,625	1,939,231	3,753,856
Expenditures					
Prior Biennia Projects	1,552,008	1,292,787	6,670,811	0	6,670,811
Fund Balance Adjustment		8,978			
2023 Biennium HB 5 Projects	<u>0</u>	<u>0</u>	<u>3,315,500</u>	<u>0</u>	<u>3,315,500</u>
Total Expenditures/Appropriations	1,552,008	1,301,765	9,986,311	0	9,986,311
Estimated Ending Fund Balance	\$5,508,966	\$5,777,027	(\$2,394,660)	(\$455,429)	(\$455,429)
¹ HJ 2					