



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
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TO: HB 424 Subcommittee
 FROM: Katie Guenther, Legislative Fiscal Division
 RE: Potential Revisions to the Budget Analysis Document
 DATE: September 15, 2023

The purpose of this memo is to outline potential changes to the LFD budget analysis document for the 2025 Legislative Session. There are several proposals for replacing, adding, or adjusting tables currently included in the budget analysis. These proposals will be discussed during the September 15, 2023, meeting of the HB 424 subcommittee. Once decisions are made on changes to tables, a mockup of the budget analysis will be provided to the subcommittee to show the proposed changes to the organization of the document.

Replace Biennium Comparison Table with Base Budget Comparison Table (Agency and Program Level)

Currently, the budget analysis includes a table that shows a biennial comparison at the agency and program level. The table, included below, compares appropriations for the current biennium with requested appropriations for the upcoming biennium by expenditure and source of funding.

Agency Biennium Comparison				
Budget Item	Appropriated Budget 22-23	Requested Budget 24-25	Biennium Change	Biennium % Change
Personal Services	10,942,832	11,496,316	553,484	5.06 %
Operating Expenses	17,233,485	22,155,979	4,922,494	28.56 %
Equipment & Intangible Assets	22,126	22,126	0	0.00 %
Local Assistance	29,134,072	31,657,989	2,523,917	8.66 %
Grants	35,442,108	39,061,016	3,618,908	10.21 %
Transfers	498,120,420	521,359,222	23,238,802	4.67 %
Debt Service	489,068	528,796	39,728	8.12 %
Total Expenditures	\$591,384,111	\$626,281,444	\$34,897,333	5.90 %
General Fund	503,837,657	518,755,757	14,918,100	2.96 %
State/Other Special Rev. Funds	50,127,218	69,729,310	19,602,092	39.10 %
Federal Spec. Rev. Funds	36,198,128	36,349,447	151,319	0.42 %
Proprietary Funds	1,221,108	1,446,930	225,822	18.49 %
Total Funds	\$591,384,111	\$626,281,444	\$34,897,333	5.90 %
Total Ongoing	\$583,949,111	\$621,281,444	\$37,332,333	6.39 %
Total OTO	\$7,435,000	\$5,000,000	(\$2,435,000)	(32.75)%

It is proposed that the biennial comparison table is removed from the budget analysis and replaced with a base budget comparison table. The base budget comparison table (included below) would compare the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget		Requested Budget		Biennium Change from Base	
	FY 2023	FY 2024	FY 2025	Amount	Percent	
FTE	50.22	50.22	50.22	0.00	0.0%	
General Fund	255,419,848	257,783,963	260,125,167	7,069,434	1.4%	
State Special Revenue	24,877,428	34,812,245	34,917,065	19,974,454	40.1%	
Federal Special Revenue	18,132,307	18,265,097	18,307,428	307,911	0.8%	
Proprietary	610,554	723,465	723,465	225,822	18.5%	
Total Funds	299,040,137	311,584,770	314,073,125	27,577,621	4.6%	
Personal Services	5,519,433	5,735,507	5,763,552	460,193	4.2%	
Operating Expenses	8,315,581	11,087,438	11,069,227	5,525,503	33.2%	
Equipment & Intangible Assets	11,063	11,063	11,063	-	0.0%	
Local Assistance	14,113,373	15,488,681	16,169,308	3,431,243	12.2%	
Grants	17,623,690	19,044,462	20,016,554	3,813,636	10.8%	
Transfers	253,212,470	259,953,221	260,779,023	14,307,304	2.8%	
Debt Service	244,527	264,398	264,398	39,742	8.1%	
Total Expenditures	299,040,137	311,584,770	314,073,125	27,577,621	4.6%	
Total Ongoing	299,040,137	309,084,770	311,573,125	22,577,621	3.8%	
Total One-Time-Only		2,500,000	2,500,000	5,000,000		

Potential benefits of this change include:

- A better connection between the base budget comparison table and the executive requests. The biennial comparison table has caused some confusion because the biennium change does not equal the total of the requested changes in the present law requests and new proposals (note: part of the biennial change is the difference between the first- and second-year appropriations in the current biennium)
- An easier transition to the highlights tables. If there is a significant difference between the first- and second-year appropriations in the current biennium, the requested changes included in the highlights table could be significantly higher or lower than the amount shown as the biennial change

Add Executive Request Table (Agency Level)

At the agency level there is currently not a breakdown, by fund type, of the requested adjustments to the budget. This new table would provide a breakout of the individual statewide present law adjustments. Potential benefits of this change include being able to review:

- The impact of statewide present law adjustments for the entire agency, since these changes will likely be in nearly every program
- On an agency-wide basis, the base budget, the statewide present law, present law, and new proposals

Office of the Commissioner of Higher Education 2025 Biennium Base Budget and Requested Adjustments										
	FY 2024					FY 2025				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
HB 2 Base Budget	255,419,848	24,877,428	18,132,307	299,040,137	96.0%	255,419,848	24,877,428	18,132,307	299,040,137	95.2%
HB 2 Adjustments										
DP 1 - Personal Services	138,353	20,927	(3,092)	156,188	0.1%	162,566	21,189	2,065	185,820	0.1%
DP 2 - Fixed Costs	(78,688)			(78,688)	0.0%	(150,827)			(150,827)	0.0%
DP 3 - Inflation Deflation	39,342	13,890	135,882	189,114	0.1%	49,960	18,448	173,056	241,464	0.1%
Total Statewide PL	99,007	34,817	132,790	266,614	0.1%	61,699	39,637	175,121	276,457	0.1%
Present Law (PL)	10,036,466			10,149,377	3.3%	12,546,353			12,659,264	4.0%
New Proposals	(7,771,358)	9,900,000		2,128,642	0.7%	(7,902,733)	10,000,000		2,097,267	0.7%
Total HB 2 Adjustments	2,364,115	9,934,817	132,790	12,544,633	4.0%	4,705,319	10,039,637	175,121	15,032,988	4.8%
Total Requested Budget	257,783,963	34,812,245	18,265,097	311,584,770		260,125,167	34,917,065	18,307,428	314,073,125	

Remove the Budget Summary by Category Table (Agency and Program Level)

The budget summary by category table is included at the agency and program levels and provides information on the base budget, present law adjustments and new proposals by general fund and all funds (the table is included below). If the proposed base budget comparison and executive request tables are included in the budget analysis, there may not be a need to continue to include this table.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	255,419,848	255,419,848	510,839,696	98.47 %	299,040,137	299,040,137	598,080,274	95.50 %
SWPL Adjustments	211,121	172,663	383,784	0.07 %	266,614	276,457	543,071	0.09 %
PL Adjustments	10,660,738	12,545,630	23,206,368	4.47 %	10,773,649	12,658,541	23,432,190	3.74 %
New Proposals	(7,771,358)	(7,902,733)	(15,674,091)	(3.02)%	2,128,642	2,097,267	4,225,909	0.67 %
Total Budget	\$258,520,349	\$260,235,408	\$518,755,757		\$312,209,042	\$314,072,402	\$626,281,444	

Add Information to the Funding Table (Agency Level)

At the agency level the current funding table provides a breakdown by fund type and source of authority and does not provide a breakdown by fund.

Total Commissioner of Higher Education Funding by Source of Authority 2025 Biennium Budget Request - Commissioner of Higher Education						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	513,755,757	5,000,000	0	3,765,356	522,521,113	52.81 %
State Special Total	69,729,310	0	0	8,775,033	78,504,343	7.93 %
Federal Special Total	36,349,447	0	0	0	36,349,447	3.67 %
Proprietary Total	1,446,930	0	350,631,927	0	352,078,857	35.58 %
Other Total	0	0	0	0	0	0.00 %
Total All Funds	\$621,281,444	\$5,000,000	\$350,631,927	\$12,540,389	\$989,453,760	
Percent - Total All Sources	62.79 %	0.51 %	35.44 %	1.27 %		

It is proposed that the funding table be expanded to include the top five funds for each fund type. The proposed table is included below.

Total Office of the Commissioner of Higher Education Funding by Source of Authority 2025 Biennium Budget Request						
Funds	HB 2 Ongoing	HB 2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	512,909,130	5,000,000		3,765,356	521,674,486	52.8%
02443 University Millage	66,194,532				66,194,532	6.7%
02943 Rural Physicians Account				3,335,193	3,335,193	0.3%
02111 Accommodation Tax Account				2,830,578	2,830,578	0.3%
02027 STEM Scholarships				2,094,262	2,094,262	0.2%
02944 Motorcycle Safety Training	1,160,318				1,160,318	0.1%
Other State Special Revenue	2,374,460			515,000	2,889,460	0.3%
State Special Revenue Total	69,729,310	-	-	8,775,033	78,504,343	7.9%
03042 2nd GEAR UP Grant	13,707,394				13,707,394	1.4%
03215 Carl Perkins Federal Funds	12,696,742				12,696,742	1.3%
03400 Guaranteed Std. Loan-Admin.	4,466,240				4,466,240	0.5%
03412 GEAR UP Federal Schol 2005	3,290,686				3,290,686	0.3%
03806 Talent Search	2,080,513				2,080,513	0.2%
Other Federal Special Revenue	330,950				330,950	0.0%
Federal Special Revenue Total	36,572,525	-	-	-	36,572,525	3.7%
06008 MUS Group Insurance Program			314,374,189		314,374,189	31.8%
06009 MUS Flexible Spending Account			26,788,365		26,788,365	2.7%
06082 MUS Self-Funded Workers Comp			9,469,373		9,469,373	1.0%
06539 Indirect Costs OCHE	1,446,930				1,446,930	0.1%
Proprietary Fund Total	1,446,930	-	350,631,927	-	352,078,857	35.6%
Total of All Funds	620,657,895	5,000,000	350,631,927	12,540,389	988,830,211	
Percent of All Sources of Authority	62.8%	0.5%	35.5%	1.3%		

Potential benefits of this change include:

- Providing legislators with information on the most significant funds for an agency
- If there are large funds that provide funding for several programs within an agency, legislators can see the total funding used by the agency from that fund

Add an Actual Expenditures and Budget by Functional Area Table (Program Level)

Several legislators have expressed interest in better expenditure and budget detail by functional areas within an agency. The table below shows the breakdown that is included in the budgeting system by reporting level 4 (RL4). There is one notable area where data is limited, which is the budget for the first year of the current biennium. In most cases the first year of the current HB 2 budget is loaded in one RL4 for each program instead of distributing the budget between all RL4s as is done in the second year of the biennium. Options for the budget for the first year of the current biennium include:

- Develop the table with the data that currently exists in the budgeting system (as shown in the table below)
- Develop the table with the budget that was approved by the legislature, without budget modification that occur during the interim
- Work with the Governor’s Office to determine the feasibility of requiring agencies to map the budget to accounting data for the first and second year of the biennium (this is currently done for the second year of the biennium)

Student Assistance Program					
Actual Expenditures and Budget by Functional Area					
	Actuals	Budget	Budget	Request	Request
	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025
HB 2					
Student Assistance Admin	1,802,874	11,120,546	1,820,075	1,858,638	1,860,154
Loan Reimbursement MSH and MSP	7,500		43,388	43,388	43,388
WICHE	2,371,775		2,596,058	2,935,750	2,950,892
WWAMI	4,863,131		5,369,490	5,989,984	6,659,308
Minnesota Dentistry	56,000		229,000	175,500	179,400
WIMU	1,084,410		1,106,100	1,128,240	1,151,940
ICOM			245,000	501,000	768,000
Family Savings Program	305,708		330,035	364,852	369,672
HB 2 Total	10,491,398	11,120,546	11,739,146	12,997,352	13,982,754
Statutory					
Rural Physicians Trust	1,115,121	1,667,000	1,667,000	1,667,512	1,667,681
STEM	955,741	1,060,143	1,060,622	1,047,064	1,047,198
Statutory Total	2,070,862	2,727,143	2,727,622	2,714,576	2,714,879