

## STATE EXPENDITURES

The total budget proposed by the executive includes:

- HB 2 with total funds proposed at \$9,730.0 million for the 2019 biennium
- Language appropriations included in HB 2, an additional \$339.1 million
- Statutory appropriations estimated at \$2,094.9 million over the 2019 biennium
- Non-budgeted transfers
- Proposed legislation such as grant programs and Long-Range Building Program bills, continuing authority for federal grants, and a pay plan for state employees

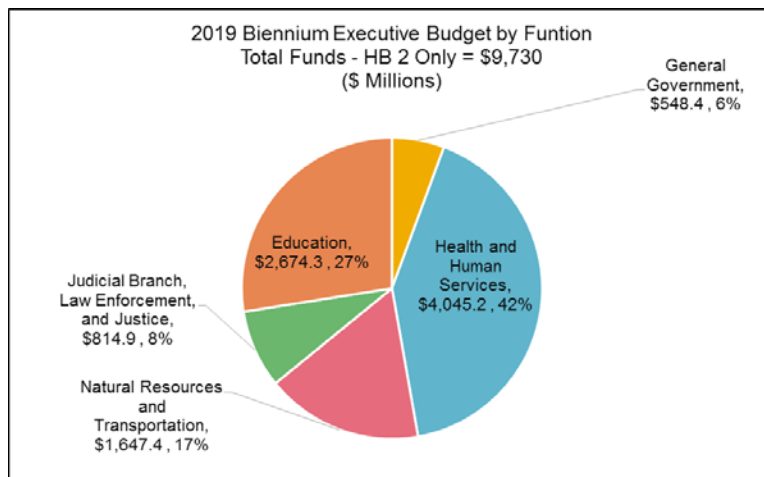
The LFD will provide summary information on total appropriations proposed for the 2019 biennium by source of authority and funding categories once proposed legislation is finalized.

## HB 2 FUNDING

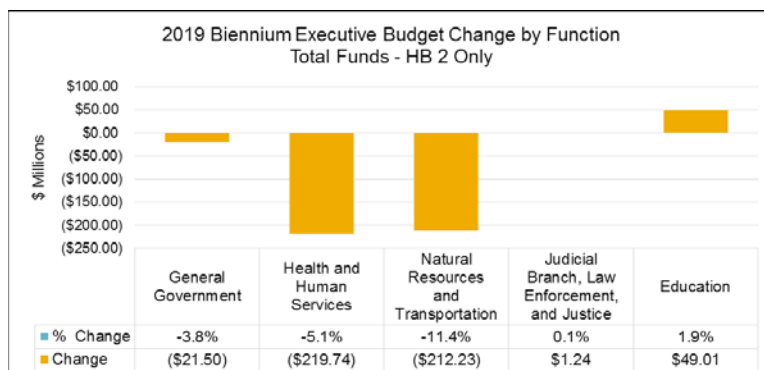
HB 2 is the general appropriations bill, in which the executive proposes the majority of general fund and total funds would be appropriated in the 2019 biennium.

### FUNDING BY FUNCTIONAL AREA

The legislature uses functional areas of state government when considering HB 2. The following figure shows the allocation of total funds proposed in HB 2 by functional area. Education and health and human services account for 69% of the total.



The following chart shows the changes between the 2017 and 2019 biennia in HB 2 total funds by functional area.



Overall, the executive proposes a 2019 biennium budget for HB 2 that is 4.0% lower than the 2017 biennium appropriated budget. Reductions within health and human services are mainly related to proposed legislation to provide for a statutory appropriation of \$359.1 million in federal funding for the Supplemental Nutrition Assistance Program (SNAP). Without this change, health and human services appropriations would increase by 3.6 % and the proposed budget reduction would be 0.4% in total funds. Natural resources and transportation reductions reflect proposed changes of \$234.9 million total funds to balance the highway state special restricted revenue account (HSRA). HSRA funds are used to match federal highway funding for highway construction and maintenance. HSRA is also used to fund a portion of the Montana Highway Patrol. The reductions are discussed further in Volumes 3-7 of the 2019 Biennium LFD Budget Analysis.

The following figure shows total funding in HB 2 by agency and compares each to the 2015 biennium. One-time-only funding has been segregated from ongoing expenditures. The figure shows the difference between 2017 biennium appropriations compared to those included in the executive's proposed 2019 biennium budget. The proposed change in funding for SNAP is segregated at the bottom of the chart to show the impact of the change without this factor.

**HB 2 Only - All Funds Agency Comparison**  
**Comparison of 2017 Biennium Appropriation to 2019 Biennium Executive Proposed Budget**  
(\$ Millions)

	Appropriated Budget			Executive Proposed Budget			
	FY 2016	FY 2017	2017 Biennium	FY 2018	FY 2019	2019 Biennium	Biennium % Change
<b>Ongoing</b>							
<b>General Government</b>							
11040 Legislative Branch	\$15.393	\$15.210	\$30.603	\$15.944	\$15.432	\$31.376	2.5%
11120 Consumer Counsel	1.457	1.483	2.940	1.481	1.484	2.965	0.9%
31010 Governor's Office	6.626	6.706	13.332	6.551	6.514	13.065	-2.0%
32020 Commissioner of Political Practices	0.681	0.691	1.372	0.771	0.762	1.534	11.8%
34010 State Auditor's Office	8.881	8.601	17.481	8.343	8.312	16.654	-4.7%
58010 Department of Revenue	58.337	59.827	118.163	59.201	59.213	118.414	0.2%
61010 Department of Administration	19.904	18.474	38.378	19.525	18.198	37.723	-1.7%
65010 Department of Commerce	29.266	29.428	58.694	27.532	27.490	55.022	-6.3%
66020 Department of Labor and Industry	83.695	85.789	169.484	84.089	84.223	168.312	-0.7%
67010 Department of Military Affairs	<u>49.186</u>	<u>49.600</u>	<u>98.786</u>	<u>49.431</u>	<u>49.475</u>	<u>98.906</u>	<u>0.1%</u>
Subtotal General Government	273.426	275.807	549.233	272.867	271.103	543.970	-1.0%
<b>Health and Human Services*</b>							
69010 Department of Public Health & Human Services	2,084.490	2,176.908	4,261.398	1,988.757	2,054.779	4,043.536	-5.1%
Subtotal Health and Human Services							
<b>Natural Resources and Transportation</b>							
52010 Department of Fish, Wildlife, and Parks	81.630	83.036	164.667	90.744	90.904	181.648	10.3%
53010 Department of Environmental Quality	61.952	62.973	124.924	64.668	65.505	130.174	4.2%
54010 Department of Transportation	678.318	680.161	1,358.479	537.374	595.860	1,133.234	-16.6%
56030 Department of Livestock	0.445	0.734	1.180	12.969	12.878	25.847	2090.9%
57060 Department of Natural Resources & Conservation	67.246	68.033	135.280	66.953	67.050	134.003	-0.9%
62010 Department of Agriculture	<u>17.667</u>	<u>17.868</u>	<u>35.535</u>	<u>17.853</u>	<u>17.837</u>	<u>35.690</u>	<u>0.4%</u>
Subtotal Natural Resources and Transportation	907.259	912.805	1,820.064	790.561	850.034	1,640.595	-9.9%
<b>Judicial Branch, Law Enforcement, and Justice</b>							
21100 Judicial Branch	50.218	51.056	101.273	50.800	50.800	101.600	0.3%
41070 Crime Control Division	13.134	8.187	21.321	14.667	14.675	29.342	37.6%
41100 Department of Justice	98.524	101.227	199.751	92.995	94.333	187.328	-6.2%
42010 Public Service Commission	4.034	4.095	8.128	4.700	4.228	8.928	9.8%
61080 Office of the Public Defender	2.039	2.814	4.853	34.251	33.585	67.836	1297.9%
64010 Department of Corrections	<u>205.235</u>	<u>205.410</u>	<u>410.646</u>	<u>209.486</u>	<u>209.790</u>	<u>419.276</u>	<u>2.1%</u>
Subtotal Judicial Branch, Law Enforcement, and Justice	373.184	372.788	745.972	406.899	407.411	814.310	9.2%
<b>Education</b>							
35010 Office of Public Instruction	960.606	970.792	1,931.398	992.066	1,003.177	1,995.243	3.3%
51010 Board of Public Education	0.335	0.328	0.663	0.346	0.331	0.677	2.2%
51020 Office of the Commissioner of Higher Education	314.462	316.243	630.705	318.776	318.717	637.493	1.1%
51130 School for the Deaf and Blind	7.304	7.506	14.810	7.368	7.348	14.717	-0.6%
51140 Montana Arts Council	1.460	1.444	2.904	1.484	1.462	2.946	1.4%
51150 Montana State Library	6.484	5.483	11.967	5.866	5.861	11.727	-2.0%
51170 Montana Historical Society	<u>5.700</u>	<u>5.794</u>	<u>11.494</u>	<u>5.647</u>	<u>5.627</u>	<u>11.274</u>	<u>-1.9%</u>
Subtotal Education	1,296.351	1,307.590	2,603.941	1,331.553	1,342.524	2,674.077	2.7%
Subtotal Ongoing	4,934.710	5,045.898	9,980.608	4,790.638	4,925.851	9,716.489	-4.1%
<b>One-Time*</b>							
General Government	14.471	6.242	20.713	2.225	2.250	4.475	-78.4%
Health and Human Services	1.823	1.755	3.579	1.100	0.600	1.700	-52.5%
Natural Resources and Transportation	20.289	19.278	39.566	4.412	2.397	6.809	-82.8%
Judicial Branch, Law Enforcement, and Justice	34.772	32.883	67.655	0.281	0.273	0.554	-99.2%
Education	<u>18.285</u>	<u>3.075</u>	<u>21.360</u>	<u>0.091</u>	<u>0.139</u>	<u>0.230</u>	<u>-98.9%</u>
Subtotal One-time	89.640	63.233	152.873	8.109	5.659	13.768	-91.0%
<b>Total Submitted HB 2</b>	<b>\$5,024.350</b>	<b>\$5,109.131</b>	<b>\$10,133.481</b>	<b>\$4,798.747</b>	<b>\$4,931.510</b>	<b>\$9,730.257</b>	<b>-4.0%</b>
*SNAP moved to statutory appropriation				179.540	179.540	359.080	
<b>Total Submitted HB 2 with SNAP</b>				<b>4,978.287</b>	<b>5,111.050</b>	<b>10,089.337</b>	<b>-0.4%</b>

\* In the 2017 biennium Department of Livestock and Office of the Public Defender had the majority of their budgets designated one-time-only

As noted in the preceding figure, the 2015 Legislature designated the budgets' of the Department of Livestock and the Office of the Public Defender as one-time-only. The movement of the one-time-only funding into ongoing funding in the executive's proposed 2019 budget results in a biennium % change for ongoing funds that is higher than shown in the Change by Function figure.

Substantive law changes cannot be included in the general appropriations act. “Companion bill(s)” to the general appropriations act (HB 2), enable a vehicle for substantive language related to the implementation of certain appropriation line items in HB 2. As part of the executive’s budget proposal a companion bill – HB 10 – has been requested to allow the executive to:

- Provide for rates paid to regional prisons
- Transfer certain state special revenue balances into the general fund in FY 2017
- Expand uses of the school facility and technology account to include administration of infrastructure assistance to local governments and define priorities for available funding
- Reduce the Legislative Branch budget
- Clarify funding for community colleges
- Eliminate a requirement that the health and Medicaid initiatives account is intended to increase Medicaid services and provider rates and not supplant the general fund
- Reduce the calculation of the physician services reimbursements
- Expand the uses of the fire suppression account and suspend transfers of funding into the account
- Provide for legislative intent regarding savings identified during the 2019 biennium

In addition, the executive proposes boilerplate language for HB 2. Proposed language includes a:

- Statement of legislative intent that the appropriations included in the bill do not include any funding for increased rent or lease payments on office, warehouse, or other similar space unless specifically expressed in legislative line item or change package as outlined in the LFD Fiscal Report. Further intent that state agencies are precluded from enacting any inflation provisions of rent or lease agreements or entering into new rent or lease agreements that include automatic inflation adjustors
- Requirement that the Office of Budget and Program Planning establish a separate restricted appropriation for the funding included in each agency’s budget to pay fixed cost allocations to the State Information Technology Services Division in the Department of Administration.

## **Proposed Base Reductions**

As reflected in the preceding figure, the executive proposes to reduce ongoing appropriations for state agency budgets by \$716.8 million total funds over the 2019 biennium through base reductions, changes in IT services, and elimination and or reduction of payments required in current statute. The following figure shows the proposed reductions in general fund compared to agency 2017 base budget appropriations for those funds. For comparison purposes, the one-time-only appropriations for the Department of Livestock and the Office of the Public Defender have been included.

Executive Proposed Budget Reductions Compared to FY 2017 Base Appropriation HB 2 - General Fund Only (\$ Millions)					
	FY 2017 Appropriation	FY 2018 Reductions	% of 2017 Appropriation	FY 2019 Reductions	% of 2017 Appropriation
<b>General Government</b>					
11040 Legislative Branch	\$13.166	(\$0.330)	-2.5%	(\$0.330)	-2.5%
11120 Consumer Counsel	-	0.000	0.0%	0.000	0.0%
31010 Governor's Office	6.706	(0.178)	-2.7%	(0.178)	-2.7%
32020 Commissioner of Political Practices	-	0.000	0.0%	0.000	0.0%
34010 State Auditor's Office	0.691	0.000	0.0%	0.000	0.0%
58010 Department of Revenue	55.364	(1.278)	-2.3%	(1.278)	-2.3%
61010 Department of Administration	5.817	(0.334)	-5.7%	(0.333)	-5.7%
65010 Department of Commerce	3.582	(0.167)	-4.7%	(0.167)	-4.7%
66020 Department of Labor and Industry	1.941	(0.094)	-4.8%	(0.094)	-4.8%
67010 Department of Military Affairs	<u>6.632</u>	<u>(0.163)</u>	<u>-2.5%</u>	<u>(0.163)</u>	<u>-2.5%</u>
Subtotal General Government	93.899	(2.544) ✓	-2.7%	(2.543)	-2.7%
<b>Health and Human Services</b>					
69010 Department of Public Health & Human Services	<u>520.700</u>	<u>(9.127)</u>	<u>-1.8%</u>	<u>(9.777)</u>	<u>-1.9%</u>
Subtotal Health and Human Services	520.700	(9.127) ✓	-1.8%	(9.777)	-1.9%
<b>Natural Resources and Transportation</b>					
52010 Department of Fish, Wildlife, and Parks	0.000	0.000	0.0%	0.000	0.0%
53010 Department of Environmental Quality	5.541	(0.219)	-4.0%	(0.219)	-4.0%
54010 Department of Transportation	0.000	0.000	0.0%	0.000	0.0%
56030 Department of Livestock*	2.823	(0.121)	-4.3%	(0.121)	-4.3%
57060 Department of Natural Resources & Conservation	30.301	(2.560)	-8.4%	(2.560)	-8.4%
62010 Department of Agriculture	<u>0.960</u>	<u>(0.047)</u>	<u>-4.9%</u>	<u>(0.047)</u>	<u>-4.9%</u>
Subtotal Natural Resources and Transportation	39.624	(2.947) ✓	-7.4%	(2.947)	-7.4%
<b>Judicial Branch, Law Enforcement, and Justice</b>					
21100 Judicial Branch	49.107	(1.074)	-2.2%	(0.970)	-2.0%
41070 Crime Control Division	2.513	(0.410)	-16.3%	(0.410)	-16.3%
41100 Department of Justice	35.669	(1.533)	-4.3%	(1.533)	-4.3%
42010 Public Service Commission	0.000	0.000	0.0%	0.000	0.0%
61080 Office of the Public Defender*	35.207	(0.613)	-1.7%	(0.613)	-1.7%
64010 Department of Corrections	<u>200.472</u>	<u>(0.500)</u>	<u>-0.2%</u>	<u>(0.500)</u>	<u>-0.2%</u>
Subtotal Judicial Branch, Law Enforcement, and Justice	322.969	(4.130) ✓	-1.3%	(4.026)	-1.2%
<b>Education</b>					
35010 Office of Public Instruction	792.007	(10.184)	-1.3%	(11.093)	-1.4%
51010 Board of Public Education	0.149	0.000	0.0%	0.000	0.0%
51020 Office of the Commissioner of Higher Education	229.705	(6.665)	-2.9%	(6.634)	-2.9%
51130 School for the Deaf and Blind	7.177	(0.328)	-4.6%	(0.328)	-4.6%
51140 Montana Arts Council	0.512	0.000	0.0%	0.000	0.0%
51150 Montana State Library	3.111	(0.158)	-5.1%	(0.158)	-5.1%
51170 Montana Historical Society	<u>3.544</u>	<u>(0.168)</u>	<u>-4.7%</u>	<u>(0.168)</u>	<u>-4.7%</u>
Subtotal Education	1,036.204	(17.503) ✓	-1.7%	(18.382)	-1.8%
<b>Total</b>	<b>\$2,013.396</b>	<b>(\$36.252) ✓</b>	<b>-1.8%</b>	<b>(\$37.675)</b>	<b>-1.9%</b>

\* One-time-only base appropriations included in the FY 2017 appropriation.

The executive proposes to reduce general fund appropriations by a total of \$73.927 million in the 2019 biennium with the majority of the funding reductions included in education and health and human services.

An additional \$62.950 million is proposed to be reduced in state special revenue appropriations. Natural resources and transportation include reductions to balance the HRSA account. The majority of the other proposed state special revenue reductions are within education and health and human services.

### 5% Reduction Plans

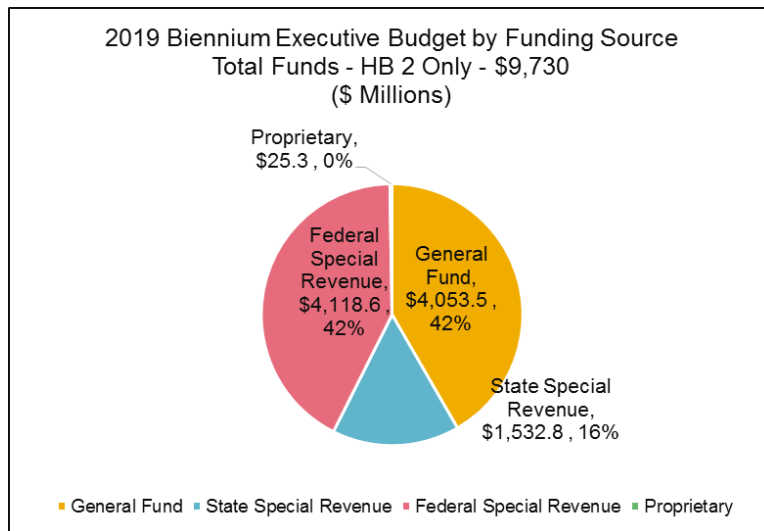
Statute requires that state agencies submit a plan to reduce general fund and certain state special revenue funds by 5% of the current base budget or lower if directed by the budget director. A number of the proposed reductions for the 2019 biennium were based on the 5% reduction plans. A

comparison of the Governor’s base reductions and the required 5% reduction plans is included in the Appendix.

## TYPE OF FUNDING

The largest source of funding for operations of state government is federal funds at 42.3% of the total, followed by general fund at 41.7%. General fund decreases as a percentage of the proposed HB 2 budget compared to the previous biennium while federal funds remain at 42.3%. As discussed, the executive recommends statutorily appropriating SNAP funding, reducing federal funds in HB 2 by \$359.1 million. If the impact of the proposed change in SNAP funding was removed, federal funds would be 44.4% of the proposed HB 2 budget while the general fund would be 40.2%.

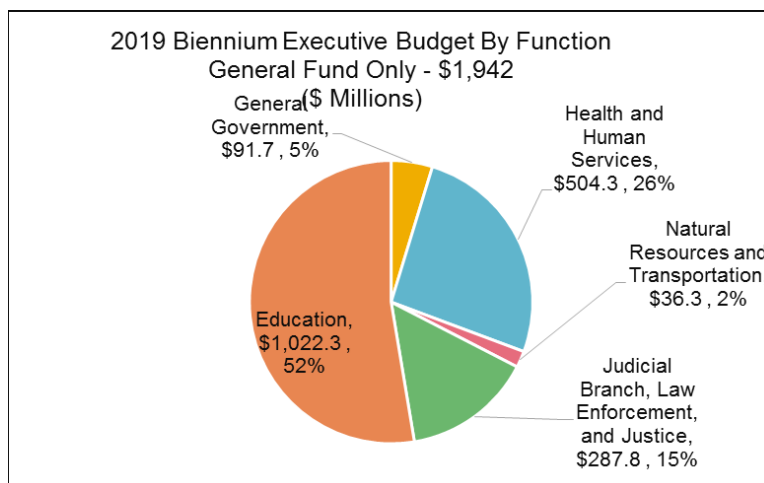
The following figure illustrates the executive funding appropriations for HB 2.



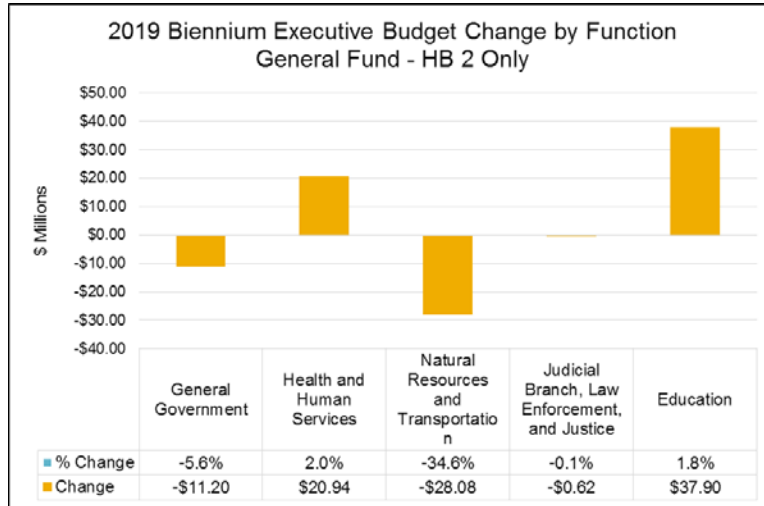
The three primary funding sources in HB 2—general fund, state special revenue, and federal funds—are discussed in the following sections.

## General Fund

The following shows total HB 2 general fund expenditures as proposed by the executive, by government functional area. Education, health and human services, and the Judicial Branch, law enforcement, and justice are 93.4% of the total proposed expenditures.



The following chart shows the total changes from the 2017 biennium, by functional area. As shown, the changes include reductions in general government, natural resources and transportation, and increases for education and health and human services.



The Governor proposes to increase ongoing general fund expenditures by \$124.4 million. Proposals for one-time-only general fund are \$106.49 million lower than those included in the 2017 biennial general fund budget resulting in a total general fund increase of \$17.9 million or 0.4% when compared to 2017 biennium appropriations. The designation of the Office of the Public Defender budget as one-time-only in the 2017 biennium is the major factor driving the differences between ongoing and one-time-only funding.

Increases for education and health and human services are offset by reductions in natural resources and transportation and general government. The executive proposes shifting the funding for \$25.3 million of expenditures in the Forestry Division in the Department of Natural Resources and Conservation from the general fund to state special revenues from the fire suppression fund. The proposed reductions in general government are spread throughout the various agencies. Education costs increases are mainly related to present law adjustments for inflation and reductions in the guarantee account that are offset by general fund. The proposed health and human services budget increases are mainly due to present law adjustments for Medicaid services and a new proposal for early childhood education.

The next figure shows general fund appropriations by agency compared to the 2017 biennium.

**HB 2 Only - General Fund Agency Comparison**  
**Comparison of 2017 Biennium Appropriation to 2019 Biennium Executive Proposed Budget**  
(\$ Millions)

	Appropriated Budget			Executive Proposed Budget			Biennium % Change
	FY 2016	FY 2017	2017 Biennium	FY 2018	FY 2019	2019 Biennium	
<b>Ongoing</b>							
<b>General Government</b>							
11040 Legislative Branch	\$12.794	\$13.166	\$25.960	\$13.668	\$13.280	\$26.949	3.8%
31010 Governor's Office	5.626	6.706	12.332	6.551	6.514	13.065	5.9%
32020 Commissioner of Political Practices	0.681	0.691	1.372	0.771	0.762	1.534	11.8%
58010 Department of Revenue	53.937	55.364	109.302	54.672	54.670	109.342	0.0%
61010 Department of Administration	5.795	5.817	11.612	5.872	5.820	11.692	0.7%
65010 Department of Commerce	3.537	3.582	7.119	3.306	3.303	6.610	-7.2%
66020 Department of Labor and Industry	1.875	1.941	3.816	1.821	1.824	3.645	-4.5%
67010 Department of Military Affairs	6.482	6.632	13.114	6.571	6.581	13.152	0.3%
Subtotal General Government	90.728	93.899	184.627	93.233	92.756	185.988	0.7%
<b>Health and Human Services</b>							
69010 Department of Public Health & Human Services	504.339	520.700	1,025.039	517.495	529.818	1,047.314	2.2%
Subtotal Health and Human Services	504.339	520.700	1,025.039	517.495	529.818	1,047.314	2.2%
<b>Natural Resources and Transportation</b>							
53010 Department of Environmental Quality	5.375	5.541	10.916	6.286	6.295	12.581	15.3%
56030 Department of Livestock	0.172	0.189	0.361	2.624	2.629	5.252	1354.4%
57060 Department of Natural Resources & Conservation	29.757	30.301	60.058	15.555	15.488	31.043	-48.3%
62010 Department of Agriculture	1.031	0.960	1.991	0.924	0.878	1.802	-9.5%
Subtotal Natural Resources and Transportation	36.336	36.990	73.326	25.389	25.289	50.677	-30.9%
<b>Judicial Branch, Law Enforcement, and Justice</b>							
21100 Judicial Branch	48.325	49.107	97.433	48.812	48.810	97.623	0.2%
41070 Crime Control Division	2.481	2.513	4.994	2.106	2.111	4.217	-15.6%
41100 Department of Justice	34.610	35.669	70.278	33.144	33.194	66.338	-5.6%
61080 Office of the Public Defender	2.039	2.814	4.853	33.977	33.311	67.289	1286.6%
64010 Department of Corrections	200.308	200.472	400.781	204.198	204.502	408.700	2.0%
Subtotal Judicial Branch, Law Enforcement, and Justice	287.763	290.575	578.338	322.238	321.929	644.167	11.4%
<b>Education</b>							
35010 Office of Public Instruction	783.386	792.007	1,575.393	812.525	822.604	1,635.129	3.8%
51010 Board of Public Education	0.157	0.149	0.306	0.158	0.142	0.300	-1.9%
51020 Office of the Commissioner of Higher Education	224.722	229.705	454.427	227.346	226.702	454.048	-0.1%
51130 School for the Deaf and Blind	6.975	7.177	14.153	6.951	6.931	13.883	-1.9%
51140 Montana Arts Council	0.525	0.512	1.037	0.542	0.520	1.062	2.4%
51150 Montana State Library	3.063	3.111	6.174	2.949	2.941	5.890	-4.6%
51170 Montana Historical Society	3.481	3.544	7.025	3.418	3.390	6.809	-3.1%
Subtotal Education	1,022.310	1,036.204	2,058.514	1,053.890	1,063.231	2,117.121	-5.4%
Subtotal Ongoing	1,941.477	1,978.368	3,919.845	2,012.244	2,033.022	4,045.267	3.2%
<b>One-Time</b>							
General Government	11.569	4.620	16.189	1.800	1.825	3.625	-77.6%
Health and Human Services	1.551	1.484	3.035	1.100	0.600	1.700	-44.0%
Natural Resources and Transportation	3.871	3.912	7.784	1.175	1.175	2.350	-69.8%
Judicial Branch, Law Enforcement, and Justice	34.124	32.883	67.007	0.281	0.273	0.554	-99.2%
Education	17.985	2.775	20.760	0.003	0.051	0.054	-99.7%
Subtotal One-time	69.100	45.674	114.775	4.359	3.924	8.283	-92.8%
<b>Grand Total</b>	<b>\$2,010.577</b>	<b>\$2,024.042</b>	<b>\$4,034.619</b>	<b>\$2,016.603</b>	<b>\$2,036.946</b>	<b>\$4,053.550</b>	<b>0.5%</b>

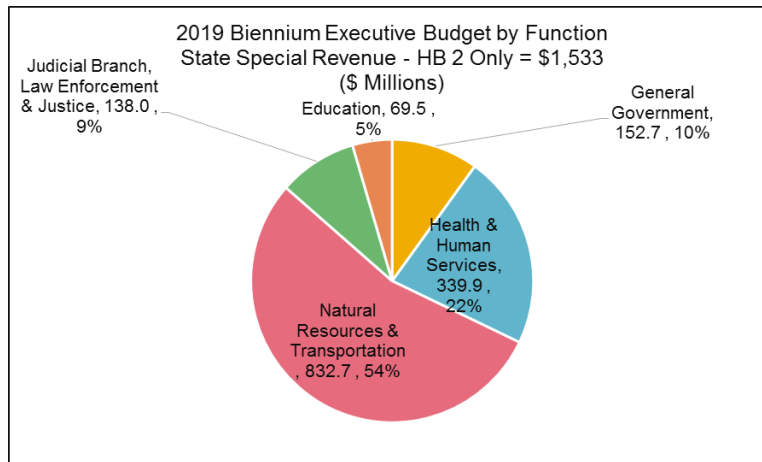
\* In the 2017 biennium Department of Livestock and Office of the Public Defender had the majority of their budgets designated one-time-only

General fund adjustments are discussed in more detail in Volumes 3-7 of the 2019 Biennium LFD Budget Analysis, along with any analysis comments or issues. Each of the one-time-only proposals is also explained more fully in Volumes 3-7.

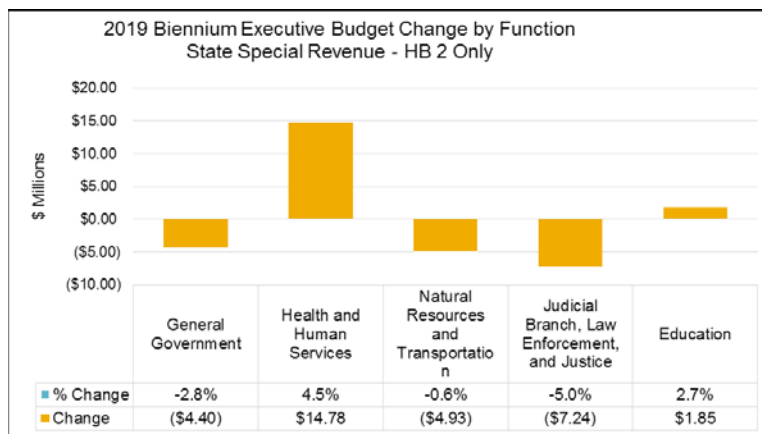
## State Special Revenue

State special revenue is earmarked for specific purposes and totals \$1,533 million or 15.8% of total proposed expenditures in the 2019 biennium in HB 2. The following figure shows total state special revenues by function for HB 2 only.





The following shows the proposed change from the previous biennium, by function of state government. The executive budget would decrease state special revenues by \$0.02 million when compared to 2017 biennium appropriations.



The executive budget proposes increasing ongoing expenditures by \$24.6 million or 1.6% while decreasing proposed one-time-only appropriations by \$24.6 million or a reduction of 77.7%. Similarly to the general fund, the designation of the Department of Livestock budget as one-time-only in the 2017 biennium is the major reason for the changes between the proposed designations of ongoing and one-time-only funding.

Health and human increases are mainly due to two funding switches proposed by the executive that replace general fund with:

- o \$21.3 million from the tobacco and Medicaid health initiatives account
- o \$5.5 million from earmarked alcohol funds generated from an increase to the wine tax

This increase is offset by proposed reductions in tobacco settlement funds and case load adjustments for Medicaid.

Reductions in the natural resources and transportation funding and Judicial Branch, law enforcement, and Justice are mainly related to the balancing of HSRA with a reduction of \$42.8 million over the 2019 biennium. This offsets a proposed funding switch in the Department of Natural Resources and Conservation using \$25.3 million of fire funds to replace general fund appropriations within the Forestry Division. Other increases are spread throughout the various state agencies in this functional area of the budget.

The next figure compares state special revenue appropriations by agency in the proposed 2019 biennium budget to the 2017 biennium.

**HB 2 Only - State Special Revenue Agency Comparison**  
**Comparison of 2017 Biennium Appropriation to 2019 Biennium Executive Proposed Budget**  
(\$ Millions)

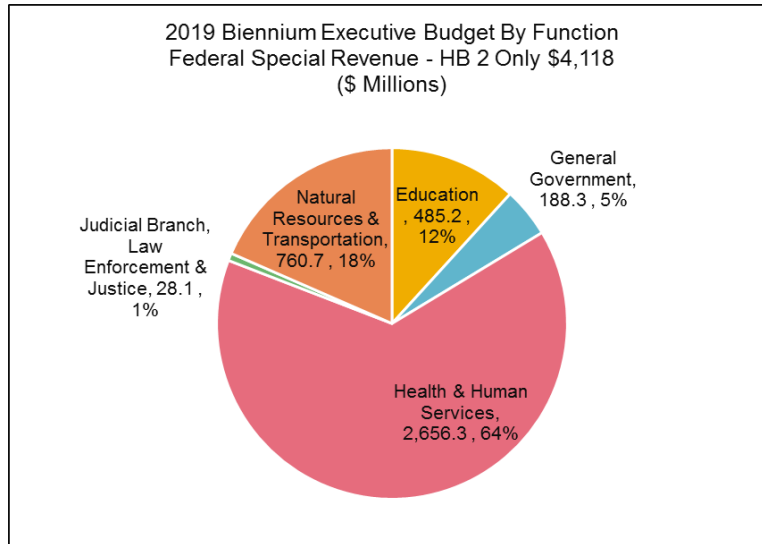
	Appropriated Budget			Executive Proposed Budget			Biennium % Change
	FY 2016	FY 2017	2017 Biennium	FY 2018	FY 2019	2019 Biennium	
<b>Ongoing</b>							
<b>General Government</b>							
11040 Legislative Branch	\$2.599	\$2.044	\$4.643	\$2.276	\$2.152	\$4.427	-4.6%
11120 Consumer Counsel	1.457	1.483	2.940	1.481	1.484	2.965	0.9%
34010 State Auditor's Office	8.881	8.601	17.481	8.343	8.312	16.654	-4.7%
58010 Department of Revenue	1.016	1.018	2.034	1.009	1.013	2.023	-0.6%
61010 Department of Administration	6.979	7.041	14.020	6.658	6.672	13.330	-4.9%
65010 Department of Commerce	7.027	7.124	14.151	6.105	6.072	12.177	-13.9%
66020 Department of Labor and Industry	48.191	49.536	97.726	49.201	49.561	98.763	1.1%
67010 Department of Military Affairs	0.733	0.730	1.463	0.865	0.867	1.732	18.4%
Subtotal General Government	76.883	77.575	154.458	75.938	76.133	152.072	-1.5%
<b>Health and Human Services</b>							
69010 Department of Public Health & Human Services	160.973	164.199	325.172	169.862	170.045	339.907	4.5%
Subtotal Health and Human Services	160.973	164.199	325.172	169.862	170.045	339.907	4.5%
<b>Natural Resources and Transportation</b>							
52010 Department of Fish, Wildlife, and Parks	60.989	61.973	122.962	68.578	68.663	137.241	11.6%
53010 Department of Environmental Quality	33.061	33.564	66.625	35.312	36.074	71.387	7.1%
54010 Department of Transportation	263.225	256.208	519.433	232.753	241.228	473.980	-8.8%
56030 Department of Livestock	0.210	0.380	0.590	8.498	8.388	16.886	2762.0%
57060 Department of Natural Resources & Conservation	35.252	35.385	70.637	49.167	49.328	98.494	39.4%
62010 Department of Agriculture	14.700	14.935	29.635	15.218	13.240	28.459	-4.0%
Subtotal Natural Resources and Transportation	407.439	402.445	809.883	409.526	416.921	826.447	2.0%
<b>Judicial Branch, Law Enforcement, and Justice</b>							
21100 Judicial Branch	1.765	1.820	3.585	1.887	1.889	3.776	5.3%
41070 Crime Control Division	0.266	0.122	0.389	0.122	0.122	0.244	-37.1%
41100 Department of Justice	60.693	62.279	122.972	56.596	57.883	114.480	-6.9%
42010 Public Service Commission	3.960	4.021	7.982	4.527	4.055	8.582	7.5%
61080 Office of the Public Defender	0.000	0.000	0.000	0.274	0.274	0.548	100.0%
64010 Department of Corrections	4.824	4.831	9.655	5.181	5.181	10.362	7.3%
Subtotal Judicial Branch, Law Enforcement, and Justice	71.509	73.073	144.582	68.587	69.404	137.991	-4.6%
<b>Education</b>							
35010 Office of Public Instruction	9.657	9.663	19.321	9.546	9.546	19.092	-1.2%
51010 Board of Public Education	0.178	0.179	0.357	0.189	0.189	0.377	5.6%
51020 Office of the Commissioner of Higher Education	20.811	20.614	41.425	21.596	22.192	43.789	5.7%
51130 School for the Deaf and Blind	0.258	0.258	0.516	0.403	0.403	0.807	56.2%
51140 Montana Arts Council	0.225	0.230	0.455	0.234	0.234	0.468	3.0%
51150 Montana State Library	1.748	1.749	3.497	1.704	1.708	3.411	-2.4%
51170 Montana Historical Society	0.749	0.751	1.500	0.697	0.702	1.399	-6.7%
Subtotal Education	33.626	33.445	67.071	34.369	34.975	69.344	3.4%
Subtotal Ongoing	750.430	750.737	1,501.167	758.283	767.477	1,525.760	1.6%
<b>One-Time</b>							
General Government	1.607	1.007	2.614	0.300	0.300	0.600	-77.1%
Health and Human Services	0.020	0.020	0.040	0.000	0.000	0.000	-100.0%
Natural Resources and Transportation	14.399	13.365	27.764	3.145	3.130	6.275	-77.4%
Judicial Branch, Law Enforcement, and Justice	0.648	0.000	0.648	0.000	0.000	0.000	-100.0%
Education	0.300	0.300	0.600	0.087	0.087	0.175	-70.9%
Subtotal One-time	16.974	14.693	31.667	3.532	3.517	7.050	-77.7%
<b>Grand Total</b>	<b>\$767.404</b>	<b>\$765.430</b>	<b>\$1,532.834</b>	<b>\$761.815</b>	<b>\$770.994</b>	<b>\$1,532.810</b>	<b>0.0%</b>

\* In the 2017 biennium Department of Livestock and Office of the Public Defender had the majority of their budgets designated one-time-only

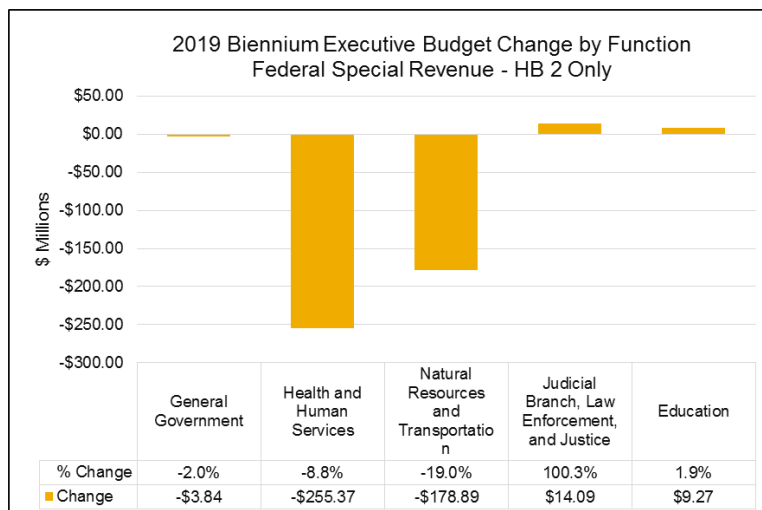
State special revenue adjustments are discussed in more detail in Volumes 3-7 of the 2019 Biennium LFD Budget Analysis, along with any analysis comments or issues. Each of the one-time-only proposals is also explained more fully in Volumes 3-7.

## Federal Funds

Federal funds are, as the name implies, received from various federal funding sources. The federal government provides targeted funding that cannot be used except for the general and/or specific purposes intended. It totals \$4,118.6 million or 42.3% of the proposed expenditures in the 2019 biennium. The following figure is net of the Governor’s proposal to move SNAP benefits from HB 2 to a statutory appropriation. If this proposal was not included, federal funds would comprise 46.0% of proposed expenditures, and would decrease by \$45.6 million or 1.1% from the 2017 biennium appropriations.



The following figure shows the proposed change in funding compared to the 2017 biennium. Please note that the figure includes the proposed change in SNAP funding, which results in a decrease of \$359.1 million or 2.8%. As proposed, decrease federal special revenues by \$405.6 million when compared to 2017 biennium appropriations or a reduction of 9.0%.



As shown, the decreases are included in two functional areas of the budget, health and human services and natural resources and transportation. Without the proposed changes to SNAP federal revenues health and human services would increase by \$103.4 million or 3.6%, the majority related to caseload adjustments for Medicaid services, child care, foster care, and CHIP. Natural resources and transportation federal special revenue reductions are driven by the proposed reduction in HRSA funding that is used to match \$193.5 million in federal funding for highway construction and maintenance.

The next figure compares federal funds by agency in the proposed 2019 biennium to the 2017 biennium. The change in SNAP funding is segregated.

HB 2 Only - Federal Special Revenue Agency Comparison							
Comparison of 2017 Biennium Appropriation to 2019 Biennium Executive Proposed Budget							
(\$ Millions)							
	Appropriated Budget		Executive Proposed Budget				
	FY 2016	FY 2017	2017 Biennium	FY 2018	FY 2019	2019 Biennium	Biennium % Change
<b>Ongoing</b>							
<b>General Government</b>							
58010 Department of Revenue	\$0.273	\$0.272	\$0.546	\$0.267	\$0.268	\$0.534	-2.0%
61010 Department of Administration	1.555	0.099	1.654	1.371	0.199	1.570	-5.1%
65010 Department of Commerce	18.702	18.722	37.424	18.121	18.114	36.235	-3.2%
66020 Department of Labor and Industry	33.629	34.313	67.942	33.066	32.838	65.904	-3.0%
67010 Department of Military Affairs	<u>41.971</u>	<u>42.238</u>	<u>84.209</u>	<u>41.996</u>	<u>42.027</u>	<u>84.022</u>	-0.2%
Subtotal General Government	96.130	95.644	191.774	94.820	93.445	188.265	-1.8%
<b>Health and Human Services</b>							
69010 Department of Public Health & Human Services	<u>1,419.178</u>	<u>1,492.009</u>	<u>2,911.187</u>	<u>1,301.399</u>	<u>1,354.916</u>	<u>2,656.316</u>	-8.8%
Subtotal Health and Human Services	1,419.178	1,492.009	2,911.187	1,301.399	1,354.916	2,656.316	-8.8%
<b>Natural Resources and Transportation</b>							
52010 Department of Fish, Wildlife, and Parks	20.641	21.063	41.704	22.167	22.241	44.407	6.5%
53010 Department of Environmental Quality	23.515	23.868	47.383	23.070	23.136	46.206	-2.5%
54010 Department of Transportation	415.093	423.953	839.045	304.621	354.633	659.254	-21.4%
56030 Department of Livestock	0.063	0.166	0.229	1.847	1.861	3.708	1522.2%
57060 Department of Natural Resources & Conservation	2.237	2.347	4.584	2.323	2.327	4.650	1.4%
62010 Department of Agriculture	<u>1.302</u>	<u>1.325</u>	<u>2.627</u>	<u>1.235</u>	<u>1.243</u>	<u>2.478</u>	-5.7%
Subtotal Natural Resources and Transportation	462.851	472.721	935.572	355.263	405.440	760.703	-18.7%
<b>Judicial Branch, Law Enforcement, and Justice</b>							
21100 Judicial Branch	0.127	0.128	0.255	0.101	0.101	0.202	-21.0%
41070 Crime Control Division	10.387	0.555	10.942	12.439	12.441	24.880	127.4%
41100 Department of Justice	1.344	1.364	2.709	1.360	1.358	2.718	0.4%
42010 Public Service Commission	<u>0.073</u>	<u>0.073</u>	<u>0.147</u>	<u>0.173</u>	<u>0.173</u>	<u>0.347</u>	136.4%
Subtotal Judicial Branch, Law Enforcement, and Justice	11.932	2.121	14.052	14.074	14.073	28.147	100.3%
<b>Education</b>							
35010 Office of Public Instruction	167.562	169.122	336.685	169.995	171.027	341.022	1.3%
51020 Office of the Commissioner of Higher Education	68.387	65.383	133.770	69.240	69.229	138.469	3.5%
51130 School for the Deaf and Blind	0.070	0.070	0.141	0.070	0.070	0.141	0.1%
51140 Montana Arts Council	0.711	0.701	1.412	0.708	0.708	1.416	0.3%
51150 Montana State Library	1.673	0.623	2.297	1.213	1.213	2.426	5.6%
51170 Montana Historical Society	<u>0.787</u>	<u>0.808</u>	<u>1.595</u>	<u>0.846</u>	<u>0.847</u>	<u>1.693</u>	6.1%
Subtotal Education	239.190	236.709	475.899	242.072	243.095	485.167	1.9%
Subtotal Ongoing	2,229.281	2,299.204	4,528.485	2,007.628	2,110.970	4,118.597	-9.1%
<b>One-Time</b>							
General Government	0.230	0.105	0.335	0.000	0.000	0.000	-100.0%
Health and Human Services	0.252	0.251	0.503	0.000	0.000	0.000	-100.0%
Natural Resources and Transportation	2.018	2.000	4.019	0.000	0.000	0.000	-100.0%
Judicial Branch, Law Enforcement, and Justice	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
Education	0.000	0.000	0.000	<u>0.001</u>	<u>0.001</u>	0.001	100.0%
Subtotal One-time	2.500	2.357	4.857	0.001	0.001	0.001	-100.0%
<b>Grand Total</b>	<b>\$2,231.781</b>	<b>\$2,301.561</b>	<b>\$4,533.342</b>	<b>\$2,007.628</b>	<b>\$2,110.970</b>	<b>\$4,118.599</b>	<b>-9.1%</b>
**SNAP moved to statutory appropriation				179.540	179.540	359.080	
<b>Total Submitted HB 2 with SNAP</b>				<b>\$2,187.17</b>	<b>\$2,290.51</b>	<b>\$4,477.68</b>	<b>-1.2%</b>
* In the 2017 biennium Department of Livestock and Office of the Public Defender had the majority of their budgets designated one-time-only							

Federally funded new proposals and present law adjustments are discussed in more detail in Volumes 3-7 of the 2019 Biennium LFD Budget Analysis.

## LONG RANGE

The Long-Range Planning Subcommittee (LRP) analyzes and recommends appropriations and grant authorizations for the executive proposal of capital projects. The capital project budgets include investment in various forms of infrastructure including: the acquisition of lands, construction and major maintenance of lands and buildings, maintenance and development of water related infrastructure, reclamation activities, and information technology.

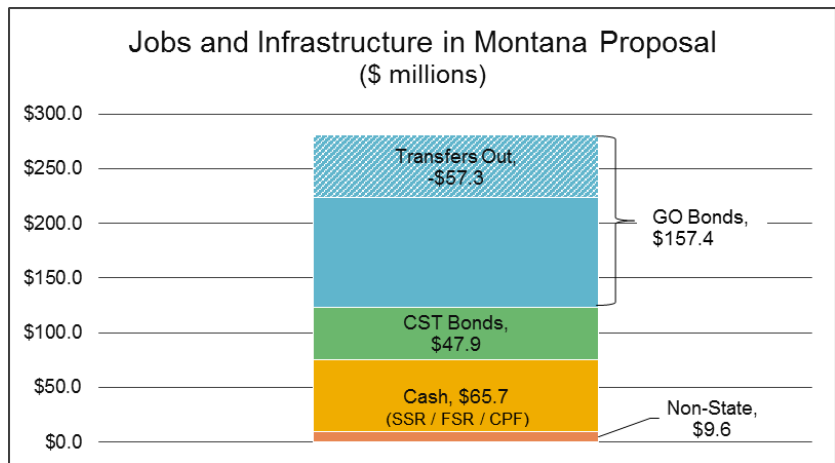
### GOVERNOR’S PROPOSAL

#### Background

The Long-Range Planning Subcommittee (LRP) analyzes and makes appropriations and grant authorizations for the executive proposal of capital projects. The capital project budgets include investment in various forms of infrastructure including: the acquisition of lands, construction and major maintenance of lands and buildings, maintenance and development of water related infrastructure, reclamation activities, and information technology. With the exception of the IT program, the LRP programs have dedicated revenue streams, or revenues designated in statute for the programs and their purposes. Occasionally those dedicated revenue streams are augmented with general fund transfers, or through the authorization to issue bonded debt.

#### The Jobs and Infrastructure in Montana Proposal

The executive proposal entitled “Jobs and Infrastructure in Montana” is basically an aggregation of the traditional LRP budgets, with the exception of the Cultural and Aesthetic Grants Program. The proposal totals \$271.0 million of state funds and \$9.6 million of non-state funds (Authority). This proposal makes use of bond proceeds to provide appropriations and grants for state and local government infrastructure investment. \$57.3 million of dedicated program revenues that typically would fund the program projects would be transferred to the general fund (GF). Overall, the increase of state funds financing for the Jobs and Infrastructure in Montana proposal is a \$100.1 million increase in spending above the dedicated revenue streams (Total GO Bonds – Transfers to GF) and is funded with the proceeds of \$157.4 million in general obligation bonds. The table below demonstrates the proposed funding, including the transfers to the general fund, which are shown as an offset to the bonding recommendation of the Jobs and Infrastructure in Montana proposal. SS-state special revenue / FSR-federal special revenue / CPF-capital project fund



Some of the major initiatives included in the Jobs and Infrastructure in Montana proposal include:

- Construction of the new Montana Heritage Center/Betty Babcock Museum - \$27.7 million
- Construction of the new Southwest Veterans’ Home - \$16.8 million
- Renovation of Romney Hall, MSU - \$25.0 million with \$3.0 of Authority
- Montana Community Grants and Loans - \$47.0 million
- Participation in the Wyoming Integrated Test Center - \$3.0 million

More information on the Long-Range Planning programs and the executive proposal for Jobs and Infrastructure in Montana is available in Section F of the Legislative Budget Analysis.

## **PRESENT LAW STATUTORY APPROPRIATIONS**

Statutory appropriations are in statute and are not part of the biennial budgeting process. They are not automatically reviewed by the legislature and are not subject to the priority setting process like temporary appropriations (such as those in HB 2). Since the appropriations are in statute, they remain in place until removed or changed by legislation. However, all statutory appropriations are available for the legislature to review and change if desired. Estimated totals by the Legislative Fiscal Division (LFD) for all statutory appropriation fund types are \$1,021.4 million FY 2018 and \$1,073.5 million FY 2019. For additional information on statutory appropriations, please refer to the statutory appropriations [guide](#) prepared by the Legislative Fiscal Division.

Valid statutory appropriations are contained in a list in [17-7-502, MCA](#). The list provides statutory citations for each statutory appropriation. Statutory appropriations are intended for limited situations, and guidelines for the appropriateness for establishing them are specified in [17-1-508, MCA](#). The Legislative Finance Committee periodically reviews statutory appropriations.

### **GENERAL FUND PRESENT LAW ESTIMATES**

The following table shows each individual general fund statutory appropriation estimated by the Legislative Fiscal Division. The LFD estimates are higher than those of the Office of Budget and Program Planning. The executive estimates for statutory appropriations are \$18.3 million lower for FY 2017-FY 2019. Methodology and assumption differences for HELP Act attribute to the differences.

**General Fund Statutory Appropriations FY 2016 - FY 2019**

Legislative Fiscal Division Estimates FY 2017 - FY 2019

<b>General Fund</b>	2016 (Actual)	2017 (Estimate)	2018 (Estimate)	2019 (Estimate)
<b>Retirement</b>				
<a href="#">15-35-108(9)(a) Coal Severance to PERS</a>	\$14,235,649	\$13,225,204	\$15,649,893	\$15,724,421
<a href="#">15-35-108(9)(b)(v) Coal Severance to PERS (Interest)</a>	16,076,171	16,828,058	17,385,695	17,889,617
<a href="#">19-3-319 Local Gov. Retirement Contribution</a>	1,005,358	1,045,572	1,087,395	1,130,891
<a href="#">19-6-404 MHP Retirement Transfer</a>	1,472,757	1,531,668	1,592,934	1,656,652
<a href="#">19-6-410 MHP Supplemental Retirement Transfer</a>	242,749	242,749	242,749	242,749
<a href="#">19-9-702 Police Retirement Contribution</a>	13,751,561	14,301,623	14,873,688	15,468,636
<a href="#">19-13-604 Firefighters' Association Contribution</a>	13,969,719	14,528,508	15,109,648	15,714,034
<a href="#">19-17-301 Volunteer Firefighter Fund Contribution</a>	2,036,297	2,138,112	2,245,017	2,357,268
<a href="#">19-18-512 Fire Department Relief Association Contribution</a>	464,238	482,808	502,120	522,205
<a href="#">19-19-305 Police (Non-PERS) Retirement Contribution</a>	180,651	180,651	180,651	180,651
<a href="#">19-19-506 Police Officer Pension Supplemental Contribution</a>	-	-	-	-
<a href="#">19-20-604 Teacher's Retirement Supplemental Contribution</a>	865,444	900,062	936,064	973,507
<a href="#">19-20-607 Teachers' Retirement System Contribution</a>	43,037,162	43,758,648	44,508,994	45,289,354
<a href="#">19-21-203 MUS Retirement Contribution</a>	1,714,016	1,782,577	1,853,880	1,928,035
<b>Subtotal</b>	<b>\$109,051,773</b>	<b>\$110,946,239</b>	<b>\$116,168,730</b>	<b>\$119,078,020</b>
<b>Economic Development</b>				
<a href="#">15-35-108(9)(b)(i) Coal Severance to Cooperative Develop Center</a>	65,000	65,000	65,000	65,000
<a href="#">15-35-108(9)(b)(ii) Coal Severance to Growth Through Ag</a>	615,319	625,000	625,000	625,000
<a href="#">15-35-108(9)(b)(iv) Coal Severance to Department of Commerce</a>	1,098,420	1,100,000	1,100,000	1,100,000
<a href="#">15-70-433 Biodiesel Tax Refunds</a>	-	-	-	-
<a href="#">15-70-601 Biodiesel Tax Incentives</a>	-	-	-	-
<b>Subtotal</b>	<b>1,778,739</b>	<b>1,790,000</b>	<b>1,790,000</b>	<b>1,790,000</b>
<b>Local Assistance</b>				
<a href="#">7-4-2502 Payment of County Attorneys</a>	3,268,393	3,399,129	3,535,094	3,676,498
<a href="#">15-1-121 Local Government Combined Distribution</a>	129,236,950	133,093,768	137,348,633	141,390,757
<a href="#">22-1-327 State Aid to Public Libraries</a>	395,766	396,000	-	-
<b>Subtotal</b>	<b>132,901,109</b>	<b>136,888,897</b>	<b>140,883,727</b>	<b>145,067,255</b>
<b>Other</b>				
<a href="#">10-1-1202 National Guard Death Benefit</a>	-	-	-	-
<a href="#">10-3-310 Incident Response Appropriation</a>	-	-	-	-
<a href="#">10-3-312 Emergency and Disaster Appropriation</a>	889,155	15,610,845	8,250,000	8,250,000
<a href="#">15-1-218 Out of State Collections</a>	400,000	150,000	150,000	150,000
<a href="#">16-11-509 Tobacco Enforcement</a>	-	-	-	-
<a href="#">17-3-106 Return of Federal Grant Interest</a>	90	1,000	1,000	1,000
<a href="#">17-3-106 Return of Federal Grant Money (GSD Only)</a>	294,092	225,000	225,000	225,000
<a href="#">17-3-106 Return of Federal Grant Money</a>	379,258	252,172	252,172	252,172
<a href="#">5-13-402 Legislative Audits</a>	-	-	-	-
<a href="#">17-6-101 Banking Charges</a>	2,337,651	2,407,781	2,480,014	2,554,414
<a href="#">17-7-502(4) Bond Fees &amp; Costs</a>	12,167,717	12,786,390	12,459,283	9,370,366
<a href="#">53-6-1304 SB 405 HELP Act</a>	4,968,280	16,783,534	31,615,056	38,479,149
<b>Subtotal</b>	<b>21,436,243</b>	<b>48,216,722</b>	<b>55,432,525</b>	<b>59,282,101</b>
<b>General Fund Total</b>	<b>\$265,167,864</b>	<b>\$297,841,858</b>	<b>\$314,274,981</b>	<b>\$325,217,376</b>

## REMAINING STATUTORY APPROPRIATIONS

The following tables show LFD estimates for statutory appropriations that impact state special revenue funds, federal special revenue funds, capital projects and enterprise funds.

Remaining Statutory Appropriations - Legislative Fiscal Division Estimates				
<b>State Special Funds</b>	2016	2017	2018	2019
	(Actual)	(Estimate)	(Estimate)	(Estimate)
<a href="#">20-9-622 Guarantee Account to BASE Aid</a>	\$47,053,496	\$42,673,884	\$44,038,275	\$45,662,336
<a href="#">15-36-332 Oil &amp; Gas Distribution to Counties</a>	37,865,148	45,257,684	46,807,198	49,453,025
<a href="#">15-65-121 Lodging Tax Distribution</a>	23,374,407	24,031,854	25,141,905	26,219,321
<a href="#">17-3-241 Mineral Impact Account</a>	8,894,445	5,725,088	5,725,088	5,725,088
All Other State Special	93,712,558	101,468,311	101,468,311	101,468,311
<b>State Special Total</b>	<b>\$210,900,055</b>	<b>\$219,156,821</b>	<b>\$223,180,777</b>	<b>\$228,528,081</b>
<b>Federal Special Funds</b>				
<a href="#">53-6-1304 SB 405 HELP Act</a>	\$153,601,319	\$366,737,607	\$403,538,519	\$440,322,538
<a href="#">17-3-212 Federal Forest Funds to Counties</a>	15,938,821	14,834,030	13,805,817	12,848,874
<a href="#">17-7-502(4) Highway 93 Debt Service</a>	15,597,413	15,700,000	15,700,000	15,700,000
All Other Federal Funds	12,069,535	10,877,526	10,877,526	10,877,526
<b>Federal Special Total</b>	<b>\$197,207,088</b>	<b>\$408,149,163</b>	<b>\$443,921,862</b>	<b>\$479,748,938</b>
<b>Capital Projects and Enterprise Funds</b>				
<a href="#">23-7-402 Lottery Prizes</a>	\$33,677,848	\$30,884,197	\$30,884,197	\$30,884,197
All Other	9,137,391	9,137,391	9,137,391	9,137,391
<b>Capital Projects and Enterprise Funds Total</b>	<b>\$42,815,239</b>	<b>\$40,021,588</b>	<b>\$40,021,588</b>	<b>\$40,021,588</b>



## PRESENT LAW GENERAL FUND NON-BUDGETED TRANSFERS

The Montana Constitution requires that all money paid out of the state treasury, except interest paid on the public debt, be done with an appropriation. However, the state treasury consists of numerous accounts and – with proper legislative authorization – money may be transferred from one account to another without an appropriation. Like statutory appropriations, these transfers and their authorizations are in statute (or sometimes contained in un-codified legislation) and are not part of the biennial budgeting process. However, they impact the amount of money available for the legislature to appropriate for specific programs. The Legislative Finance Committee has approved a policy that the legislature does not enact legislation that transfers general fund in an on-going manner to another account from which it can be appropriated.

## LEGISLATIVE FISCAL DIVISION PRESENT LAW ESTIMATES

The following table shows each individual general fund transfer estimated by the Legislative Fiscal Division. The primary difference between LFD estimates and the Office of Budget and Program Planning transfer estimates are for the 39-71-2352(6), old fund liability of the State Fund and the transfer into the sage grouse stewardship fund. The LFD estimated transfers are \$6.9 million for FY 2017 – FY 2019 the result of estimated higher costs for the Libby asbestos claims. The present law amount for sage grouse is \$10 million, however the Governor has proposed new legislation that would impact the sage grouse transfer. The Legislative Fiscal Division non-budgeted transfer estimates are used in the LFD general fund balance sheet.

General Fund Non-Budgeted Transfer LFD Estimates, FY 2016 - FY2019				
MCA Cite	2016 (Actual)	2017 (Estimate)	2018 (Estimate)	2019 (Estimate)
<u>Vehicle</u>				
15-1-122(1)	\$188,709	\$78,807	\$86,688	\$95,357
15-1-122(3)(a)	1,601,538	1,684,059	1,660,817	1,683,982
15-1-122(3)(b)	1,631,204	1,706,816	1,683,260	1,706,739
15-1-122(3)(c)(i)	499,566	523,424	516,120	523,400
15-1-122(3)(c)(ii)	113,842	113,788	112,217	113,783
15-1-122(3)(c)(iii)	173,762	182,060	179,548	182,052
15-1-122(3)(d)	878,911	921,681	908,961	921,639
15-1-122(3)(e)	43,441	45,515	44,887	45,513
<u>Other Transfers</u>				
15-1-122(3) Livestock Loss	200,000	200,000	200,000	200,000
17-1-511(2) Rural Physicians	227,285	227,000	227,000	227,000
39-71-2352(6) Old State Fund Shortfall	9,538,000	9,572,686	9,572,686	9,572,686
76-13-105 Wildfire Suppression	50,309,602	11,422,262	-	-
77-1-108(5a) Trust Land Adm.	80,000	-	40,000	40,000
87-2-801(6) Purple Heart Free Hunting	41,254	53,000	53,000	53,000
87-2-803(12d) Military Free Hunting	993	400	400	400
<u>Legislation</u>				
HB 10	10,300,000	-	-	-
HB 403	1,000,000	-	-	-
SB 57	1,060,395	3,632,413	3,498,298	3,509,046
SB 367	1,275,000	1,275,000	1,275,000	1,275,000
SB 163	775,821	775,821	-	-
SB 261		10,000,000		
<u>Other Adjustments</u>				
	(375,938)			
<b>Total GF</b>	<b>\$79,563,385</b>	<b>\$42,414,732</b>	<b>\$20,058,882</b>	<b>\$20,149,597</b>

# GOVERNOR'S PROPOSED OTHER LEGISLATION – GENERAL FUND ONLY

Other than HB 2, Long-Range Building, statutory authority, and non-budgeted changes described above, the executive proposes other legislation that impact general fund. The following figure illustrates those proposals. Not all legislation was available at the time of publication.

Other Proposed Legislation - General Fund Only (does not include any HB 2 items)			
(\$ Millions)			
	FY 2017	FY 2018	FY 2019
<b>Proposed Revenue Legislation</b>			
LC 891 - Repeal water's-edge election for corporation tax		\$2.0	\$4.0
LC 892 - Update Montana's corporate income tax to adopt a market-sourcing standard		0.5	1.5
LC 901 - Amend rates for individual income tax and provide for a new tax rate	1.5	20.9	14.7
LC 903 - Eliminate tax credit for capital gains for MT adjusted gross income over \$1.0 million		13.9	12.4
LC 904 - Income tax deductions equal for individuals, estates and trusts		1.3	1.3
LC 896 - An act taxing medical marijuana at 6%		1.3	1.3
LC 1084 - Increasing the rate of tax on cigarettes, non-cigarette tobacco, and taxing vapor products (increase of \$0.50 per pack)	1.9	10.6	11.1
LC 895 - Increasing the rate of tax for sale of wine (increase of \$0.25 per liter)		2.5	2.5
Energy legislation not all available at time of publication		5.9	5.9
LC 899 - Allowing for a refundable earned income credit based on percentage of federal earned income credit			(4.7)
LC 890 - Creating an income tax credit program for employers of registered apprentices			(1.0)
LC 905 - Create Build Montana Trust Fund		(0.5)	(1.2)
LC 1084 - increase in cigarette taxes revenue into fund for state veterans' homes. Excess authority transfers to general fund (16-11-119 (2))		1.4	1.4
Institutional reimbursements for continued operations of Montana Developmental Center - LC not all available at time of publication		2.8	2.5
Online travel company tax -LC not available at time of publication		0.4	0.4
Subtotal for proposed revenue legislation	\$3.4	\$62.9	\$52.0
<b>Proposed Transfer In Authority</b>			
Coal shared account balance transfer - LC not available at time of publication	\$0.5		
LC 907 - Medical Marijuana	2.0		
LC 907 - Criminal Records & Identification Services Section - DOJ	3.0		
LC 907 - Junk Vehicle - DEQ	2.0		
LC 909 - Yourth Court Intervention - Judicial Branch	1.0		
LC 907 - Rural Physicians - Higher Education	1.0		
LC 907 - Sale of Armory Fund - Military Affairs	1.3		
LC 907 - Montana Telecommunications Access Program	1.5		
LC 907 - Local 911	10.0		
HB 14 - SW Veteran's Home	5.1		
HB 14 - School Facility Grant Program		5.6	5.6
HB 14 - Treasure State Endowment Program		8.5	8.5
HB 14 - Regional Water		3.0	3.0
HB 14 - Long Range Building Program		5.2	5.2
HB 14 - Reclamation and Development Grants		1.6	1.6
HB 14 - Renewable Resource Grant and Loan Program		1.5	1.5
Dept. of Revenue - LC unknown at this time		0.4	0.4
LC 907 - Big Sky Economic Development		0.5	
Subtotal of Transfers In Proposed Legislation	\$27.3	\$26.5	\$26.0
<b>Proposed Expenditure Legislation</b>			
HB 1 - Assumed Feed Bill for the 2019 biennium cost of the legislature	\$7.0	\$2.2	\$2.6
HB 3 - Supplemental Appropriation	20.0		
HB 3 - fire transfers as related to unspent appropriations	-29.0		
HB 13 - Employee Pay Plan		3.816	7.154
Adjusts entitlement share inflation rate to consumer price index - LC not all available at time of publication		(2.5)	(5.6)
LC 905 - Create Build Montana Trust Fund, creates new fund within coal severance tax trust fund		(0.5)	(1.2)
HB 14 - Proposed General Obligation Bonds costs		6.0	12.1
Water Adjudication - new proposed ongoing transfer LC unavailable at time of publication		(0.9)	(0.9)
LC 900 - Property assessed clean energy act of Montana (PACE)		3.0	3.0
LC 909 - Suicide Prevention		0.5	0.5
LC 896 - DOR IT system enhancement for new tax legislation	0.6	0.3	0.2
LC 1121 - Sage Grouse Stewardship Act proposed transfer to a statutorily appropriated fund	2.0	2.0	2.0
Subtotal for proposed expenditure legislation	\$0.6	\$13.9	\$19.8

## REFERENCES

The Governor's Budget Highlights Fiscal Years 2018-2019 are found on the Governor's website:  
[http://budget.mt.gov/Budgets/2019\\_Budget](http://budget.mt.gov/Budgets/2019_Budget)

# FY 2017 SUPPLEMENTAL REQUESTS

## EXECUTIVE PROPOSAL

The executive is requesting \$20.0 million general fund in the 2017 biennium as supplemental funding for three agencies: Office of Public Instruction, Department of Corrections, and the Commissioner of Higher Education. The following details the FY 2017 executive request. A further discussion of the supplemental request is detailed at the agency level in the 2019 Biennium Legislative Fiscal Division Budget Analysis.

### Office of Public Instruction (OPI)

The executive is proposing a \$16.5 million general fund supplemental appropriation for OPI to cover unanticipated shortfalls in K-12 education funding. The reasons for are the following:

1. BASE Aid is funded by a combination of interest and income from the guarantee account and an appropriation from the general fund. LFD forecasts for FY 2017 that interest and income from the guarantee account will be \$7.5 million less than anticipated. The executive is using a lower estimate for interest and income from the guarantee fund, resulting in an overall supplemental request that is \$2.0 million higher than LFD estimates.
2. Higher than anticipated enrollments. The fall enrollment count to determine average number belonging (ANB) resulted in an ANB count higher than anticipated by 1,600, adjusting the school funding model. LFD estimates this would increase the current year expenditures for per-ANB and basic entitlements by about \$5.6 million. This increase would also increase the guaranteed tax base (GTB) payments from the state general fund to school districts by about \$0.6 million
3. The Department of Revenue settled a tax protest by Northwest Energy that lowered the company's taxable value. Lowering the available tax base for school districts increases the amount of GTB payments from the general fund. Using the school funding model and the lower tax base resulting from this settlement, LFD estimates the impact due to the settlement to be \$0.33 million. Other increases such as changes in audit costs and state funded components will add an additional \$0.8 million.

Office of Public Instruction K-12 Supplemental Appropriation Estimate - Nov 2016	
Funding Sources	Amount
HB2 General Fund Appropriation	\$650,634,914
General Fund Transfer FY 2017 to FY 2016	(\$3,500,000)
General Fund Carry Forward from FY 2016 to FY 2017	\$3,438,721
Guarantee Account HJ 2	\$49,362,000
Lower Than Expected Oil Bonus Payments	(5,460,000)
Other Interest and Income Lower Than Expected	(1,117,980)
LFD Forecast Available from Guarantee Account	\$42,784,020
Total Funding for BASE Aid	\$693,357,655
Forecast BASE Aid Payments	
September Forecast for Total BASE Aid	\$701,665,899
Increases above September Forecast	
Higher Payments for BASE Aid due to ANB Growth	5,562,116
Higher GTB support to due increase in ANB Growth	646,403
Higher GTB payments due to Northwest Energy Settlement	328,928
Total BASE Aid Payments	\$708,203,346
Estimated Supplemental for 2017 Biennium	
Funding Available less OPI Forecast Payments	(\$14,845,691)

### Department of Corrections

The executive has requested \$3.1 million general fund in FY 2017 for the Department of Corrections to cover shortfalls in secure facilities for costs associated with housing state offenders in county jails.

### Commissioner of Higher Education (OCHE)

The executive has requested \$358,000 general fund in FY 2017 to cover revenue shortages for scholarships provided to students in the fields of science, technology, engineering, and math (STEM).