



# Legislative Fiscal Report: 2021 Biennium

## Volume 1 - Statewide Perspectives

**LFD**   
MONTANA LEGISLATIVE FISCAL DIVISION

**LEGISLATIVE FISCAL REPORT  
2021 BIENNIUM  
VOLUME 1 – STATEWIDE PERSPECTIVES**

**REPORT FROM THE LEGISLATIVE FISCAL DIVISION  
TO THE SIXTY-SIXTH LEGISLATURE  
JUNE 2019**

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## **Acknowledgements**

The Legislative Fiscal Division (LFD) provides non-partisan budget and data analysis to the Montana Legislature so all lawmakers have objective, accurate, and relevant information to make state financial decisions.

For information on this report and others, contact the Legislative Fiscal Division at (406) 444-2986 or visit the division's website at: <https://leg.mt.gov/lfd/>

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# MONTANA LEGISLATIVE BRANCH

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**Director**  
AMY CARLSON

June 2019

Members of the 66<sup>th</sup> Legislature  
Members of the Legislative Finance Committee:

In accordance with the provisions of Section [5-12-302, MCA](#), I submit the Legislative Fiscal Report for the 2021 biennium. The report provides an overview and details of the 2021 biennium budget for the State of Montana adopted by the 66<sup>th</sup> Legislature in the 2019 Session.

This four volume report includes:

- Volume 1: Statewide Perspectives – This volume provides an overview of the 2021 biennium state budget as well as significant policy addressed by the 2019 Legislature
- Volume 2: Revenue Estimates – This volume provides the legislative revenue estimates and underlying economic assumptions that were included in HJR 2
- Volumes 3 and 4: Agency Budgets – These volumes provide a detailed report of the appropriations for each agency and program contained in the general appropriations act (HB 2) and in other legislation

These volumes are intended as a reference document and historical archive of the legislative budget action for the use of legislators, the public, and state agencies.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Amy Carlson".

Amy Carlson  
Legislative Fiscal Analyst



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# **VOLUME 1: INTRODUCTION**

The purpose of this report is to provide legislators and all interested parties with a record of the fiscal actions of the 2019 Legislature (including legislation passed and legislative intent related to fiscal issues) and the fiscal status of state government through the 2021 biennium.

Volume 1 is intended to compliment Volumes 2 through 4 of the 2021 Biennium Legislative Fiscal Report by providing a general overview of the budget approved by the legislature. Volume 1 presents a broad fiscal overview and discusses significant fiscal and policy issues that either encompass all programs and agencies or do not necessarily fall under the jurisdiction of a single committee of the legislature. Volumes 2 through 4 describe the detailed results of the 2019 Legislature's actions regarding expenditures and revenues and adopted budgets of state programs,

This volume is divided into the following sections:

- Overview - a high level summary of the actions of the 2019 Legislature
- Biennial Comparison - the changes between the 2019 biennium and 2021 biennium legislative appropriations
- Revenues - a review of the revenue projections used to craft the 2021 biennium budget
- Expenditures - an overview of the state spending plan for the 2021 biennium
- Legislative Action - significant fiscal decisions
- Appendix - information that further defines various aspects of the legislative budget

## **LEGISLATIVE FISCAL REPORT: VOLUMES 2 THROUGH 4**

### **Volume 2 – Revenue Estimates**

Volume 2 provides detailed summaries of the state's major revenue sources as adopted by HJ 2. It also describes the 2019 legislative actions that impacted the various revenue sources.

### **Volumes 3 and 4 – Expenditure Details**

Volumes 3 and 4 include detailed summaries of each individual agency budget as adopted by the legislature. These volumes feature program-by-program detail, including a summary of legislative intent where appropriate. Agencies are grouped in sections corresponding to the appropriations subcommittee that reviewed each agency budget.

- Volume 3
  - HB 2 – General Appropriations Act of 2019
  - Section A – General Government
  - Section B – Health and Human Services
- Volume 4
  - Section C – Natural Resources and Transportation
  - Section D – Judicial Branch, Law Enforcement, and Justice
  - Section E – Education
  - Section F – Long-Range Planning

Agency budgets are presented in three tiers:

- FY 2019 legislative appropriations as a starting point
- Present Law Adjustments: additional funding needed to maintain current operations and services at the level authorized by the 2017 Legislature
- New proposal requests to provide new non-mandated services, to change program services, to eliminate existing services, or to change sources of funding

The 66<sup>th</sup> Legislature used the FY 2019 legislative appropriation as the starting point, then incrementally either added or subtracted funds through either present law adjustments or new proposals to arrive at a total approved budget for an agency. These volumes detail an agency's appropriations, both in tables and narrative, and present detailed discussions of present law adjustments, new proposals, and new legislation.



# OVERVIEW



## OVERVIEW

This document reports on the adopted legislative appropriations as defined in [17-7-150, MCA](#): general fund, state special funds, federal funds, and certain proprietary funds. The general fund is the primary fund used for general government purposes such as education, health care, and corrections. All funds budgets include the general fund plus the other appropriated funds. The overview of the general fund budget begins below and the overview of the all funds budget begins on page 8.

### GENERAL FUND BALANCE THROUGH 2021 BIENNIUM

When the legislature adjourned in April 2017, the general fund ending balance was estimated at \$198.8 million. However, measures were adopted in SB 261 to improve the general fund ending balance if projected revenues fell short of expectations. In August 2017 the implementations of SB 261 were necessary and triggered transfers and reductions of \$97.4 million further stabilized the ending fund balance. However, the extraordinary fire season and revenue estimates from the executive's staff, prompted the Governor to further reduce agency expenditures as provided in 17-7-140, MCA. A special session of the legislature was called by the Governor in November 2017, which resulted in additional fire suppression appropriation authority and legislation to increase the projected general fund ending balance to \$132.3 million for FY 2019 based on the executive's revenue estimates.

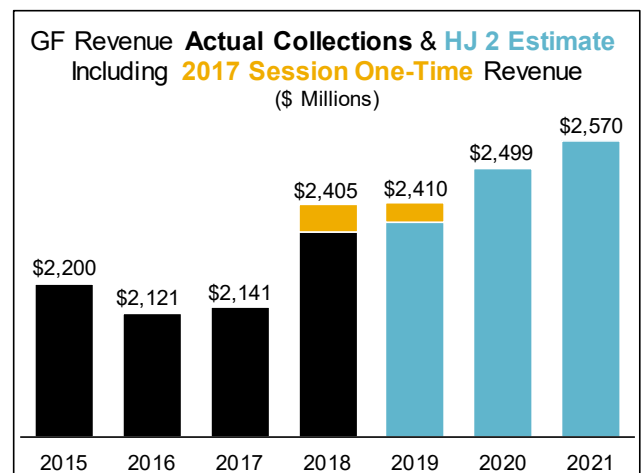
Legislators returned for the regular legislative session in January 2019 expecting a stable financial outlook. The legislature adopted a budget of \$14.3 billion and a projected general fund ending balance of \$228.6 million or 8.9% of annual expenditures. The budget included the continuation of Medicaid expansion, infrastructure funding, and projected fund balances in the budget stabilization reserve fund of \$73.0 million and \$39.0 million in the fire fund.

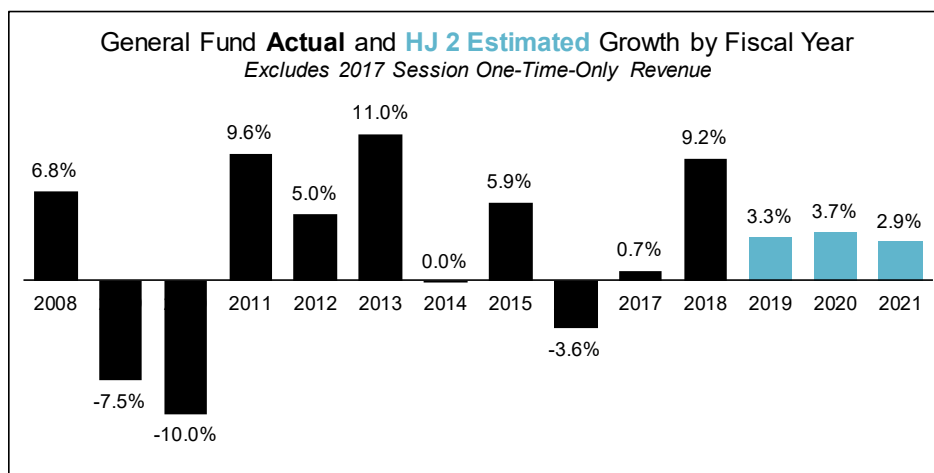
### GENERAL FUND REVENUES THROUGH THE 2021 BIENNIUM

General fund revenue collections have been and continue to be influenced by both changing economics and taxpayer choices made in response to the anticipated and actual federal tax changes. Economic factors lowered collections in FY 2016 and FY 2017. Taxpayer choices may have lowered general fund revenues in FY 2017 that may have extended in to FY 2018. For more description of how both impacts have affected revenue collections, see page 13.

The adjacent chart illustrates general fund revenue collections since FY 2015 and forecast levels through the 2021 biennium. Note that the one-time-only revenue depicted in yellow in FY 2017 through FY 2019 was primarily used to shore up the ending fund balance in the 2019 biennium as described above.

To compare ongoing revenues, the bar chart on the next page has growth stated without the one-time-only revenue of the last few years. Currently, 2019 HJ 2 ongoing revenues are anticipated to grow by 3.3% in FY 2019, 3.7% in FY 2020, and 2.9% in FY 2021. The average growth of ongoing revenue between FY 2000 and FY 2018 is 3.9%; the growth anticipated in HJ 2 is modest in comparison to this long term trended growth rate and below the anticipated growth in the economy.





## **FY 2019 REVENUE MAY BE UNDER-ESTIMATED**

The HJ 2 revenue estimate does not include any additional one-time revenue from potential delayed income realization due to taxpayer choices as described in the revenue section of this report. The HJ 2 estimate was finalized in early April 2019, before tax return data was complete. It now appears that individual income tax collections for FY 2019 may end up above HJ 2, likely in part due to previously delayed income realizations. This under-estimate is anticipated to affect FY 2019 revenue only and is not anticipated to be an ongoing revenue increase.

## **ADOPTED GENERAL FUND BUDGET**

The 2019 Legislature adopted the following significant changes to general fund authority:

### ***Statewide***

Executive proposals to increase general fund present law personal services budgets by \$34.0 million in the 2021 biennium were scrutinized by the legislature. As a result, certain vacant full-time equivalent (FTE) and the associated funding were reduced from HB 2 agency budgets. For additional information on FTE, please refer to page 48.

[HB 3](#) lowered FY 2019 general fund appropriations in HB 2 by \$13.5 million and increased general fund appropriations by \$12.8 million for a net savings to general fund of about \$700,000.

### ***Bonding for Infrastructure***

The legislature passed general obligation bonding for infrastructure in [HB 652](#); the estimated general fund costs for bond issuance and debt service is \$11.0 million for the 2021 biennium.

### ***Cyber Security***

The legislature adopted restricted general fund appropriations in HB 2 of \$6.3 million over the biennium for the Montana cybersecurity enhancement project in the Department of Administration's State Information Technology Services Division.

### ***Department of Public Health and Human Services***

The legislature adopted the following significant general fund appropriations:

- Continued Medicaid expansion in HB 658, with \$54.9 million less general fund than the executive proposal
- Adopted caseload funding increases, including \$28.9 million general fund for the Child and Family Services Division

- Directed \$16.1 million general fund to support anticipated shortfalls in the tobacco health and Medicaid initiative state special revenue fund
- Increased Children's Health Insurance Program (CHIP) present law by \$11.0 million general fund to adjust for the lower federal match rate known as the Enhanced Federal Medical Assistance Percentage (E-FMAP)

## Office of Public Defender

Office of Public Defender (OPD) caseload adjustments in HB 2 increased general fund appropriation authority by \$8.5 million for the biennium.

## Education

### Office of the Commissioner of Higher Education

The legislature adopted a \$26.5 million total increase to the educational units for a tuition freeze and present law adjustments.

- \$14.4 million was designated as the funding for a tuition freeze
- \$12.1 million for present law and other adjustments

### Office of Public Instruction: K-12 education

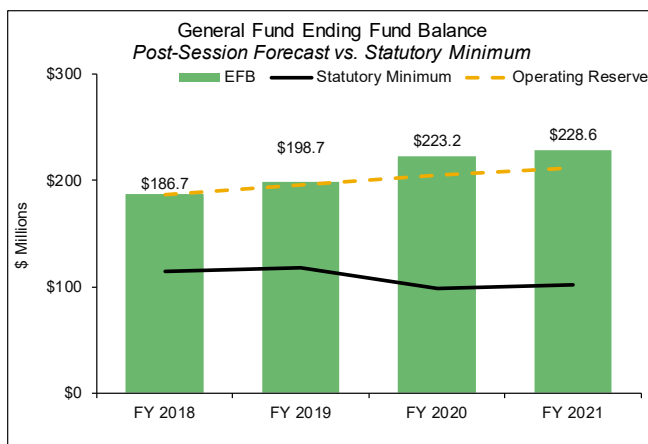
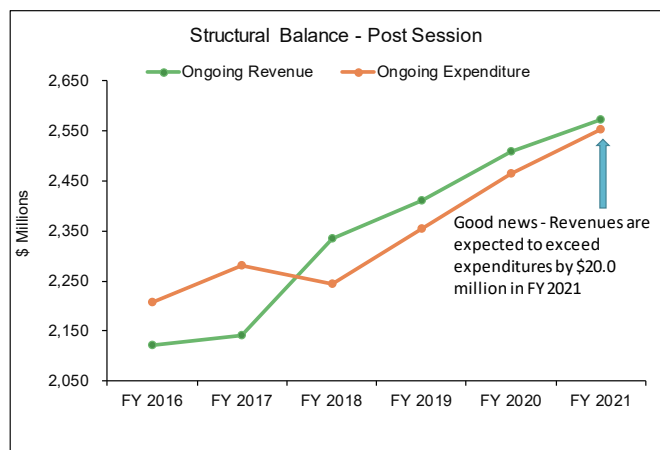
- Inflationary and enrollment increases for BASE Aid components growth, at \$77.7 million over the biennium
- Major maintenance aid increased by \$14.0 million over the biennium

## Structural Balance

The estimated structural balance at the end of the 2019 Legislative Session was \$20.0 million for FY 2021. Compared to the 2017 biennium, when ongoing expenditures exceeded available ongoing revenue, the projected 2021 biennium structural balance is positive and provides a solid financial start to the 2023 biennium budgeting process.

## Ending Fund Balance

The [budget stabilization reserve study](#) conducted during the 2019 interim concluded that the minimum suggested general fund level at which the projected ending fund balance may be allowed



to drop before the executive implements agency budget reductions ([17-7-140, MCA](#)) should be lower.

The 66th Legislature adopted [HB 715](#) which changed the statute, [17-7-140, MCA](#), to lower the projected ending fund balance minimum before spending reductions occur. The statute change requires the projected ending fund balance be at least 4.0% of the second-year appropriations, prior to October of the year preceding a legislative session. The final post session forecasted ending fund balance is \$228.6 million, which is about \$127.0 million above the 4% minimum and about \$18.0 million above the statutorily recommended level known as the 8.3% operating reserve.



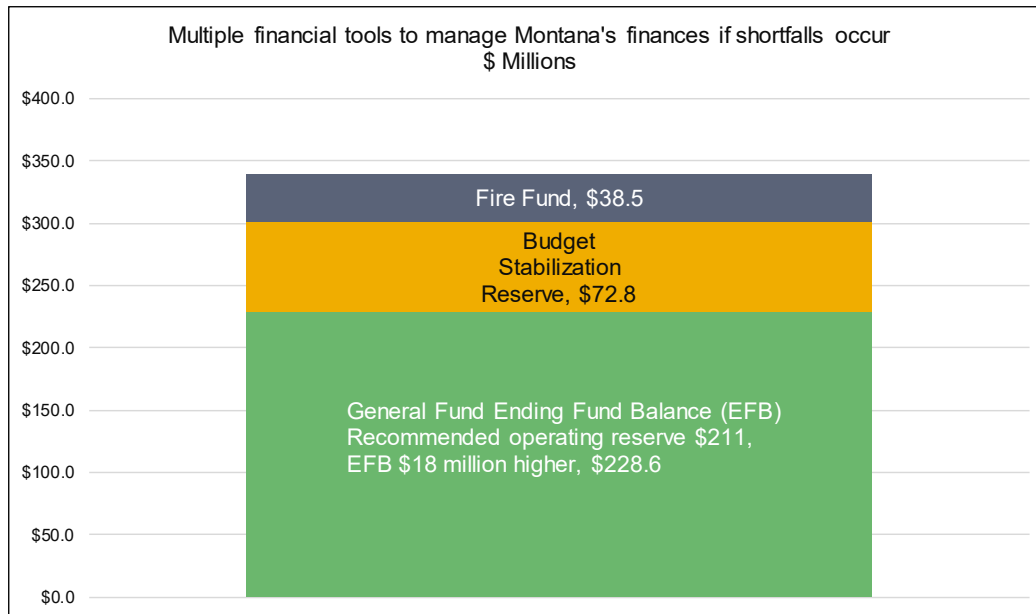
# GENERAL FUND BALANCE SHEET

The general fund balance sheet has changed \$10.4 million since reported in the preliminary Volume 1 on May 29, 2019. The most significant change to the balance sheet since the legislative session ended is an increase in general fund transfers. State Fund has reported that old fund liabilities will be higher due to anticipated settlement payments. As a result, estimates for general fund transfers for FY 2019 – FY 2021 have been adjusted upwards and result in a projected general fund ending fund balance of \$228.6 million for FY 2021. The following table provides general fund balance details:

| General Fund Balance Sheet  |                   |                      |                      |                      |
|---|-------------------|----------------------|----------------------|----------------------|
| Includes HJ 2 Revenue Estimates as Adopted by the Revenue and Transportation Interim Committee  |                   |                      |                      |                      |
| (\$ Millions)   |                   |                      |                      |                      |
| 6/19/2019 10:43 AM  |                   |                      |                      |                      |
|   | Actual<br>FY 2018 | Estimated<br>FY 2019 | Estimated<br>FY 2020 | Estimated<br>FY 2021 |
| Beginning Fund Balance  | \$47.933          | \$186.707            | \$198.708            | \$223.193            |
| Revenues  |                   |                      |                      |                      |
| Actual & Estimated  | 2,333.618         | 2,410.403            | 2,498.558            | 2,570.361            |
| Revenue legislation   |                   | 0.306                | 9.908                | 2.507                |
| Revenue legislation - OTO   |                   | 4.353                |                      |                      |
| OTO   | 71.829            | 51.024               | 4.100                |                      |
| Prior Year Adjustments - revenue  | 1.638             |                      |                      |                      |
| Total Revenue Funds Available   | 2,455.018         | 2,652.793            | 2,711.273            | 2,796.062            |
| Expenditures - Ongoing  |                   |                      |                      |                      |
| Statutory Approps   | 316.360           | 323.996              | 284.356              | 289.773              |
| General Fund Transfers <sup>①</sup>   | 19.857            | 22.145               | 23.481               | 22.366               |
| HB 2 Agency Budgets*  | 1,904.347         | 2,003.024            | 2,100.970            | 2,159.972            |
| HB 1 (includes continuing authority & estimate for 2021 session)  | 2.401             | 10.272               | 2.293                | 10.457               |
| Other Appropriations (includes continuing authority)  | 0.068             | 1.793                |                      |                      |
| Bill Legislation  |                   |                      | 61.626               | 77.916               |
| Reversions  |                   | (7.119)              | (7.319)              | (7.583)              |
| Ongoing Expenditures  | 2,243.033         | 2,354.112            | 2,465.408            | 2,552.902            |
| OTO   |                   |                      |                      |                      |
| HB 2 Agency Budgets   | 12.992            | 14.351               | 7.650                | 6.948                |
| HB 3  |                   | 35.798               |                      |                      |
| Special Session SB 9 BSRF Transfer  |                   | 45.721               |                      |                      |
| Fire Fund Transfers   | 25.309            |                      |                      |                      |
| Other Appropriations  | 2.031             |                      |                      |                      |
| HB 715 Excess Emerg Approp Transfer to BSRF   |                   |                      | 12.126               |                      |
| Bill Legislation  |                   | 4.103                | 2.896                | 7.563                |
| Other, including carry forward  | 4.166             |                      |                      |                      |
| Total Expenditures  | 2,287.530         | 2,454.085            | 2,488.080            | 2,567.413            |
| Other Adjustments, includes CAFR  | 19.219            |                      |                      |                      |
| Ending Fund Balance   | \$186.707         | \$198.708            | \$223.193            | \$228.649            |
| Structural Balance  |                   | \$56.597             | \$43.058             | \$19.967             |
| <b>Please note: ① State Fund old fund liability estimates increased since the end of the legislative session for FY 2019 - FY 2021 due to higher than anticipated settlements.</b> Also, small changes were made to existing statutory appropriation estimates and contingent bills. No general fund vetoes were overridden by the legislature. Please refer to the status sheet rules adopted by the Legislative Finance Committee management group. The rules are available on the LFD web page. *Agency budgets in the 2019 biennium include the pay plan. FY 2020 OTO revenue includes an anticipated Core Civic contract renegotiation amount. BSRF means budget stabilization reserve fund. |                   |                      |                      |                      |

## STATE FINANCIAL TOOLS FOR MANAGING FINANCES

In addition to the general fund balance of \$228.6 million, other financial tools are available for managing volatility in revenues and expenditures, like the budget stabilization reserve fund and the fire fund.



### Budget Stabilization Reserve Fund Balance Assumptions

The budget stabilization reserve fund is a significant asset for managing general fund volatility and is the cornerstone of Montana's budget management tools. The BSRF funding is from the following:

1. Initial funding received into the BSRF occurred in FY 2019 when expected general fund revenues were higher than anticipated, thus triggering \$45.7 million in extra revenues into the BSRF;
2. HB 3, passed during the 2019 session, transferred \$15.0 million to the BSRF from the general fund;
3. For the 2019 biennium, redistribution of the unspent Governor's emergency statutory appropriation authority is transferred to the BSRF, which is estimated at \$12.1 million; and
4. At the end of FY 2019, if general fund revenues are above the HJ 2 estimate by at least \$15.0 million, then 50% of the excess is transferred to the BSRF. At this time, HJ 2 revenues are expected and therefore no extra revenue transfers to the BSRF are anticipated.

### Fire Suppression Fund Balance Assumptions

The fire suppression fund is available to manage expenditure risk associated with wildland fire costs. The fire fund balance is projected to be \$38.5 million at the end of the 2019 biennium. The primary reason for the increased balance is the transfer of \$15.0 million from the Core Civic state special revenue fund into the fire fund as directed in [HB 3](#) (2019 session). By law, the executive normally makes two deposits into the fund on a regular basis:

- 1) Reversion Transfer: General fund appropriations that are underspent (or reverted) by more than 0.5% of all appropriations. This transfer was suspended for the 2019 biennium by legislation passed in the 2017 session.
- 2) Remaining authority from the Governor's emergency statutory appropriation is transferred to the fire suppression fund after the end of the biennium. Legislation adopted in [HB 715](#) (2019 session) redistributed this transfer at the end of the 2019 biennium to the budget stabilization reserve state special fund.

## ALL FUNDS SUMMARY

The following significant legislative actions changed existing law, provided new policy direction, and implemented infrastructure decisions.

### Medicaid Expansion

HB 658 extended Medicaid expansion, and compared to the original executive budget proposal, the total appropriations included in the bill are \$274.2 million higher than what had been submitted for continuation of the statutory appropriation.

| HELP Act Medicaid Expansion Expenditures & 2021 Biennium Appropriations  |               |               |               |                                |               |               |
|--|---------------|---------------|---------------|--------------------------------|---------------|---------------|
|  |               |               |               | DPHHS<br>Estimate <sup>1</sup> | HB 658        |               |
|  | FY 2016       | FY 2017       | FY 2018       | FY 2019                        | FY 2020       | FY 2021       |
| General Fund   |               |               |               |                                |               |               |
| Benefits and Administration  | \$5,603,410   | \$24,810,836  | \$42,633,784  | \$39,987,699                   | \$31,657,493  | \$40,174,374  |
| Supplemental Payments  | -             | -             | -             | -                              | -             | -             |
| subtotal   | 5,603,410     | 24,810,836    | 42,633,784    | 39,987,699                     | 31,657,493    | 40,174,374    |
| State Special Revenue  |               |               |               |                                |               |               |
| Benefits and Administration  | -             | -             | -             | -                              | 33,165,464    | 35,200,535    |
| Supplemental Payments <sup>2</sup>   | -             | -             | -             | -                              | 25,776,425    | 26,613,993    |
| subtotal   | -             | -             | -             | -                              | 58,941,889    | 61,814,528    |
| Federal Funds  |               |               |               |                                |               |               |
| Benefits and Administration  | 137,061,972   | 403,675,669   | 517,586,943   | 539,196,331                    | 562,447,343   | 571,658,286   |
| Supplemental Payments  | -             | 145,845,885   | 155,400,833   | 174,920,041                    | 217,278,228   | 216,176,522   |
| subtotal   | 137,061,972   | 549,521,554   | 672,987,775   | 714,116,372                    | 779,725,571   | 787,834,808   |
| Grand Total  | \$142,665,382 | \$574,332,390 | \$715,621,560 | \$754,104,071                  | \$870,324,953 | \$889,823,710 |
| <sup>1</sup> As reported in the April 2019 DPHHS Budget Status Report.   |               |               |               |                                |               |               |
| <sup>2</sup> Prior to the 2021 biennium, the state match for hospital supplemental payments was under the HB 2 Medicaid appropriation. |               |               |               |                                |               |               |

In considering the \$274.2 million difference more closely:

- General fund savings - the executive general fund proposal was \$54.9 million higher than what was adopted in HB 658
- New state special revenue funds comprise \$124.3 million in HB 658, which are from premiums, a new outpatient hospital fee, increased bed tax (Hospital Utilization Fee), 501(d) fees, and the Taxpayer Integrity Fee. Approximately \$5.5 million from premiums were previously deposited in the general fund and expended from there
- Federal fund authority is higher in HB 658 by \$203.8 million, primarily the result of increased hospital supplemental payments that leverage both the bed tax and the outpatient fee to provide federal matching funds, which are paid out to hospitals

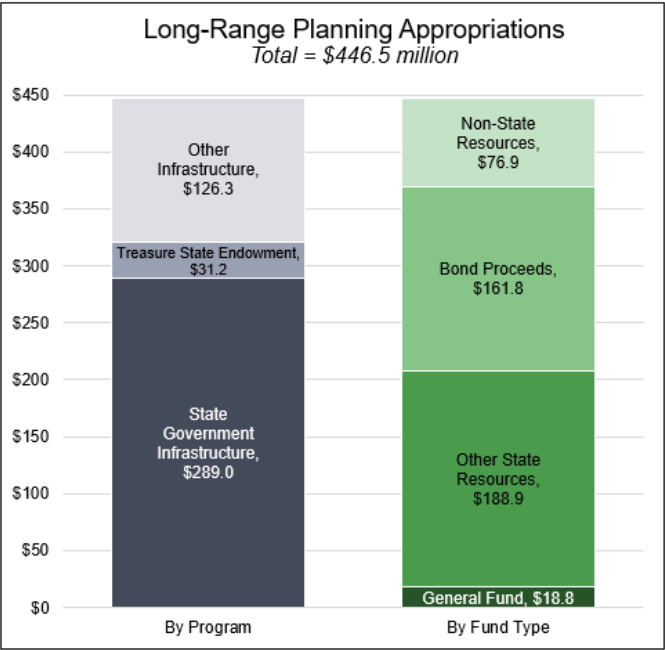
### Montana Re-insurance Association and Program – [SB 125](#)

Legislators created a new 1.2% assessment on total premium volume for major medical health insurers in the individual and employer group health insurance market covering Montana residents. SB 125 requires all eligible health insurers to calculate the premium amount the eligible health insurer would have charged for the benefit year if the Montana reinsurance program had not been established. The [fiscal note](#) estimates that the assessment will create state special revenues of approximately \$9.9 million in each year of the 2021 biennium. Federal revenues received during this period are estimated at \$34.0 million each fiscal year in the 2021 biennium.

The cost for the new program is estimated at \$88.0 million in total funds for the 2021 biennium. Appropriation authority to the State Auditor of \$88.3 million in state and federal special revenues was provided in HB 715, if the State Auditor chooses to apply the authority to this new program. The policy benefit as outlined in the legislation states that the program was created to, “. . . stabilize the individual health insurance market, maintain competition, and reduce premiums”. The re-insurance policy and program adopted by the legislature was not included in the executive’s budget proposal, however the Governor signed it into law.

**Infrastructure Funding**

The 2019 Legislature approved a total one-time spending (appropriations and authorizations) of \$446.5 million in infrastructure funding through the Long-Range Planning budgets. State resources funding is \$207.8 million, made up of state special, federal special, capital project, and general fund appropriations. The general fund appropriations represent transfers to capital projects funds, as authorized by the legislature. The 2019 Legislature also provided appropriations of \$161.8 million through the authorization of bond issues, which includes \$79.9 million in general fund supported general obligation bonds and \$82.0 million in coal severance tax bonds. Finally, the legislature authorized state agencies to use \$76.9 million in donations and proprietary funds on state building projects. More information on the Long-Range Planning budgets is in Section F of the 2021 Biennium Legislative Fiscal Report.





## **Future Infrastructure Funding – [HB 553](#)**

The 2019 Legislature made significant policy changes in the financing of infrastructure projects with the passage of HB 553, the Infrastructure Development and Economic Accountability Act (IDEA act). The legislation provides ongoing funding sources for state building maintenance (major repairs projects) and new state buildings and local infrastructure (capital development projects) and limits the amount of general obligation bonds that the legislature may authorize. HB 553 applies to budgets starting in the 2023 biennium.

HB 553 increases the amount of funding available for major repairs projects on state buildings through a general fund appropriation in HB 2. Future legislatures will appropriate general fund at a level that combined with the current dedicated program revenues of the Long-Range Building Program (LRBP) will equal 0.6% of the current replacement value of LRBP eligible state buildings. The legislation also requires that appropriations for major repairs must meet that level before any capital development projects can be appropriated.

HB 553 also provides ongoing funding for capital development projects, for either state infrastructure (buildings) or local government infrastructure projects, within a working rainy-day fund. The legislation requires the executive budget recommendation to include annual funding for these purposes, as present law, equal to 1.0% of general fund revenue less the amount of annual bond payments of outstanding plus newly proposed general fund general obligation bonds (GFGO). In times of revenue shortfall, the executive may propose, or legislature may elect, to decrease this present law amount to balance expenditures and revenues. This characteristic of this ongoing funding stream allows these funds to be put to work for infrastructure needs during good times and curtailed for budget stabilization during revenue shortfalls – hence the term “working rainy-day fund”. Additionally, HB 553 includes language that halts the flow of funds into the capital developments fund in the event statutory spending reductions are triggered, or the executive needs to access the state’s budget stabilization reserve fund.

Finally, HB 553 imposed two limits on the legislative authority to authorize GFGO bonds. The first prohibits the legislature from authorizing new GFGO bonds if the sum of the current and any new GFGO bond balances plus the unamortized actuarial accrued liability of the state’s pension system is greater than 0.6% of the fair market value of taxable property in the state. The second prohibits the legislature from authorizing new GFGO bonds if the costs of the current and proposed GFGO debt service would exceed 1.5% of general fund revenues.

HB 553 changes the nature and availability of infrastructure funding in the future. The new statutory structure creates a system where maintenance of the state’s assets, buildings, is prioritized and funded before new infrastructure projects are constructed. It provides a stream of revenue that can be used to finance both state and local infrastructure projects. The legislation establishes statutory debt limits, which sets limits on how much money the state can borrow and spend on infrastructure projects, based on state revenues and existing debt.

## 2021 BIENNIAL COMPARISON – 17-7-151, MCA

The biennial comparison is provided in accordance with the requirements for content and comparison to the previous biennium contained in [17-7-151, MCA](#). The table shows the appropriation comparison between the 2019 biennium as adopted by the 2017 regular legislature, and the 2021 biennium as adopted by the legislature in greater detail. It includes updated existing statutory appropriation estimates since last reported.

| 2019 Biennial Budget Compared to 2021 Biennial Budget<br>(\$ Millions) |                               |                               |                    |
|--|-------------------------------|-------------------------------|--------------------|
|  | Appropriated<br>2019 Biennium | Appropriated<br>2021 Biennium | Biennial<br>Change |
| <b>Comparables</b>   |                               |                               |                    |
| HB 2   |                               |                               |                    |
| General Fund   | \$4,063.2                     | \$4,275.5                     | 5.2%               |
| State Special Revenue  | 1,513.2                       | \$1,599.4                     | 5.7%               |
| Federal Special Revenue  | 4,531.1                       | \$4,392.9                     | -3.0%              |
| Appropriated Proprietary   | <u>24.3</u>                   | <u>\$25.5</u>                 | <u>4.8%</u>        |
| Subtotal HB 2  | 10,131.9                      | 10,293.3                      | 1.6%               |
| Transfers HB 2   | (40.6)                        | (38.1)                        | -6.4%              |
| Net Subtotal HB 2  | 10,091.2                      | 10,255.3                      | 1.6%               |
| Statutory Appropriations   |                               |                               |                    |
| General Fund   | 626.0                         | 592.0                         | -5.4%              |
| State Special Revenue  | 493.8                         | 530.6                         | 7.5%               |
| Federal Special Revenue  | 1,100.6                       | 333.1                         | -69.7%             |
| Appropriated Proprietary & Capital Projects                            | <u>80.0</u>                   | <u>104.0</u>                  | <u>30.0%</u>       |
| Subtotal Statutory   | 2,300.4                       | 1,559.8                       | -32.2%             |
| Transfers & Debt Service Statutory                                     | (60.7)                        | (57.7)                        | -4.9%              |
| Net Subtotal Statutory   | 2,239.7                       | 1,502.0                       | -32.9%             |
| Other Appropriation Bills (excludes noncomparables)                    | 397.0                         | 2,312.9                       | 482.6%             |
| Debt Service   | 0.0                           | 0.0                           |                    |
| Net Subtotal Other Appropriation Bills                                 | 397.0                         | 2,312.9                       | 482.6%             |
| HB 2 Language Appropriations   | 325.8                         | 329.8                         | 1.2%               |
| Transfers Language Appropriations                                      | (102.0)                       | (102.0)                       | 0.0%               |
| Net Subtotal Language Appropriations                                   | 223.9                         | 227.8                         | 1.8%               |
| Total Comparables Not Including Transfers                              | \$12,951.8                    | \$14,298.0                    | 10.4%              |
| <b>Non-Comparable</b>  |                               |                               |                    |
| HELP Act under appropriated  | 547                           | -                             | -100.0%            |
| 2019 Session HB 4  | 238.7                         | -                             | -100.0%            |
| 2019 Session HB 3  | 0.7                           | -                             | -100.0%            |
| New 2019 session HB 1 & other  | 12.8                          | -                             | -100.0%            |
| After 2019 Biennium began legislative adjustments                      |                               |                               |                    |
| General Fund   | 0.0                           | -                             | 0.0%               |
| 17-7-140   | (139.2)                       | -                             | -100.0%            |
| SS Reductions  | (61.6)                        | -                             | -100.0%            |
| Restore  | <u>45.7</u>                   | -                             | -100.0%            |
| Total 2019 Biennium adjustments  | (200.9)                       | -                             | -100.0%            |
| Total Non-Comparable Items   | \$850.9                       | \$0.0                         | -100.0%            |

## **DIFFERENCES BETWEEN 2019 APPROPRIATIONS AND 2021 APPROPRIATIONS**

The primary difference between the statutory appropriations category and other appropriation bills category from the 2019 biennium to the 2021 biennium is the termination of the statutory appropriations for Medicaid expansion and establishment of Medicaid expansion in [HB 658](#) other appropriation bill.

HELP Act (Medicaid expansion) expenditures were under-estimated in the 2019 biennium. Actual expenditures were higher due to the following:

- Anticipated enrollment was more than double the [SB 405](#) (2015 session) estimate at FYE 2018 (96,000 as opposed to the 45,723 estimated in the fiscal note).
- Medicaid supplemental payments to hospitals (hospital utilization fee payments) increased significantly. These payments to hospitals totaled roughly \$66.0 million per year prior to the HELP Act, but increased to \$187.1 million in FY 2017 and \$200.9 million in FY 2018

If the HELP Act had been correctly estimated, the biennial change between the 2019 biennium and the 2021 biennium would have been 5.9%.

# REVENUE



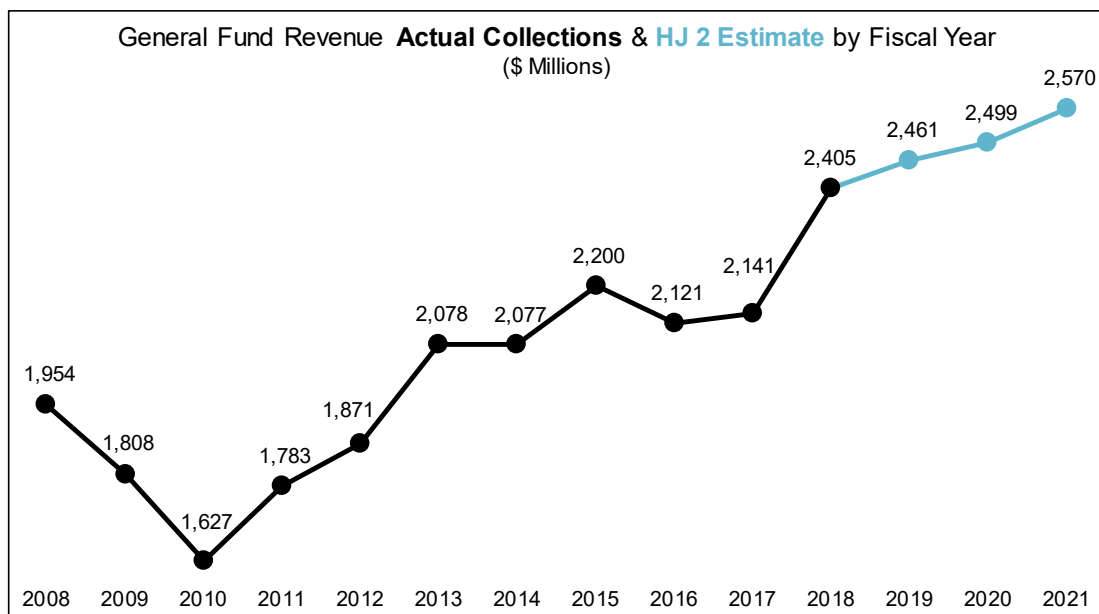


# STATE REVENUE

## GENERAL FUND REVENUE ESTIMATES AS ADOPTED BY THE LEGISLATURE

Recent general fund revenue collections have been and continue to be influenced by the changing economy and taxpayer choices made in response to anticipated and actual federal tax changes. Economic factors—in particular, the drag on the Montana economy due to declines in natural resource and agricultural prices—lowered collections in FY 2016 and FY 2017. Taxpayer choices made to take advantage of potentially lower federal tax rates may have lowered individual income tax collections in FY 2017 and FY 2018; subsequent realization of pent-up income could result in FY 2019 individual income tax collections being higher than anticipated.

The following chart illustrates actual collections from FY 2008 to FY 2018 and the HJ 2 estimated revenue for FY 2019 to FY 2021. Note that the estimates have not been adjusted for the enacted legislation of the 2019 Session.



### Legislative Action

The table below summarizes the general fund impacts of revenue-related legislation enacted by the 66<sup>th</sup> Legislature by revenue source. If more than one bill impacted a certain revenue source, the cumulative impact of the enacted bills is shown for each revenue source. For the three-year outlook period, the enacted legislation increased general fund by \$17.1 million.

| General Fund Revenue Legislation Impacts of the 66th Legislature<br>(\$ Millions) |                      |                      |                      |                         |                         |                         |
|---|----------------------|----------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Source of Revenue   | Estimated<br>FY 2019 | Estimated<br>FY 2020 | Estimated<br>FY 2021 | Estimated<br>2019 Bien. | Estimated<br>2021 Bien. | Estimated<br>3-Yr Total |
| <b>Largest Seven Sources</b>  |                      |                      |                      |                         |                         |                         |
| Individual Income Tax   | \$0.000              | \$0.000              | (\$5.308)            | \$0.000                 | (\$5.308)               | (\$5.308)               |
| Property Tax  | -                    | -                    | (0.159)              | -                       | (0.159)                 | (0.159)                 |
| Corporation Income Tax  | -                    | (0.005)              | (0.005)              | -                       | (0.010)                 | (0.010)                 |
| Vehicle Taxes & Fees  | -                    | (0.026)              | (0.038)              | -                       | (0.064)                 | (0.064)                 |
| Oil & Natural Gas Production Tax  | -                    | (0.013)              | (0.013)              | -                       | (0.026)                 | (0.026)                 |
| Insurance Tax & License Fees  | -                    | -                    | -                    | -                       | -                       | -                       |
| Video Gambling Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Other Business Taxes</b>   |                      |                      |                      |                         |                         |                         |
| Driver's License Fee  | -                    | -                    | -                    | -                       | -                       | -                       |
| Investment License Fee  | 0.306                | 7.758                | 7.969                | 0.306                   | 15.727                  | 16.033                  |
| Lodging Taxes   | -                    | -                    | -                    | -                       | -                       | -                       |
| Public Contractors Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| Railroad Car Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| Rental Car Sales Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| Telecommunications Excise Tax   | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Other Natural Resource Taxes</b>   |                      |                      |                      |                         |                         |                         |
| Coal Severance Tax  | -                    | (1.654)              | (1.657)              | -                       | (3.311)                 | (3.311)                 |
| Electrical Energy Tax   | -                    | -                    | -                    | -                       | -                       | -                       |
| Metalliferous Mines Tax   | -                    | -                    | -                    | -                       | -                       | -                       |
| US Mineral Royalty  | -                    | -                    | -                    | -                       | -                       | -                       |
| Wholesale Energy Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Other Interest Earnings</b>  |                      |                      |                      |                         |                         |                         |
| Coal Trust Interest   | -                    | (0.018)              | (0.043)              | -                       | (0.061)                 | (0.061)                 |
| Treasury Cash Account Interest  | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Other Consumption Taxes</b>  |                      |                      |                      |                         |                         |                         |
| Beer Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| Cigarette Tax   | -                    | -                    | -                    | -                       | -                       | -                       |
| Liquor Excise & License Tax   | -                    | 0.260                | 0.302                | -                       | 0.562                   | 0.562                   |
| Liquor Profits  | -                    | 0.006                | 0.006                | -                       | 0.011                   | 0.011                   |
| Lottery Profits   | -                    | 3.266                | 3.326                | -                       | 6.592                   | 6.592                   |
| Tobacco Tax   | -                    | -                    | -                    | -                       | -                       | -                       |
| Wine Tax  | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Other Sources</b>  |                      |                      |                      |                         |                         |                         |
| All Other Revenue   | 4.353                | 0.348                | (1.858)              | 4.353                   | (1.511)                 | 2.842                   |
| Highway Patrol Fines  | -                    | (0.014)              | (0.014)              | -                       | (0.028)                 | (0.028)                 |
| Nursing Facilities Fee  | -                    | -                    | -                    | -                       | -                       | -                       |
| Public Institution Reimbursements   | -                    | -                    | -                    | -                       | -                       | -                       |
| Tobacco Settlement  | -                    | -                    | -                    | -                       | -                       | -                       |
| <b>Total General Fund</b>   | <b>\$4.659</b>       | <b>\$9.908</b>       | <b>\$2.507</b>       | <b>\$4.659</b>          | <b>\$12.415</b>         | <b>\$17.074</b>         |

The table below shows the revised general fund revenue estimates by source which is the sum of HJ 2 estimates and all enacted legislation impacts. These revised estimates are used to determine the overall financial condition of the general fund for the 2021 biennium.

| General Fund Revenue: HJ 2 Estimate Plus Legislation Impacts<br>(\$ Millions) |                    |                      |                      |                      |                         |                         |
|---|--------------------|----------------------|----------------------|----------------------|-------------------------|-------------------------|
| Source of Revenue   | Actual<br>FY 2018  | Estimated<br>FY 2019 | Estimated<br>FY 2020 | Estimated<br>FY 2021 | Estimated<br>2019 Bien. | Estimated<br>2021 Bien. |
| <b>Largest Seven Sources</b>  |                    |                      |                      |                      |                         |                         |
| Individual Income Tax   | \$1,297.777        | \$1,356.966          | \$1,410.943          | \$1,464.438          | \$2,654.742             | \$2,875.381             |
| Property Tax  | 276.414            | 283.225              | 302.470              | 308.944              | 559.639                 | 611.414                 |
| Corporation Income Tax  | 167.100            | 160.824              | 165.893              | 167.209              | 327.924                 | 333.102                 |
| Vehicle Taxes & Fees  | 109.540            | 111.525              | 112.953              | 114.118              | 221.065                 | 227.070                 |
| Oil & Natural Gas Production Tax  | 54.508             | 60.049               | 56.639               | 53.049               | 114.557                 | 109.688                 |
| Insurance Tax & License Fees  | 75.273             | 77.475               | 81.158               | 83.915               | 152.749                 | 165.073                 |
| Video Gambling Tax  | 60.324             | 60.158               | 60.248               | 60.172               | 120.482                 | 120.420                 |
| <b>Other Business Taxes</b>   |                    |                      |                      |                      |                         |                         |
| Driver's License Fee  | 4.581              | 4.342                | 4.370                | 4.394                | 8.923                   | 8.763                   |
| Investment License Fee  | 7.683              | 8.269                | 16.040               | 16.473               | 15.953                  | 32.513                  |
| Lodging Taxes   | 24.091             | 25.218               | 26.380               | 27.287               | 49.309                  | 53.667                  |
| Public Contractors Tax  | 4.267              | 3.503                | 3.579                | 3.655                | 7.769                   | 7.234                   |
| Railroad Car Tax  | 3.649              | 3.492                | 3.878                | 4.196                | 7.141                   | 8.074                   |
| Rental Car Sales Tax  | 3.719              | 3.730                | 4.039                | 4.258                | 7.449                   | 8.297                   |
| Telecommunications Excise Tax   | 13.726             | 12.889               | 11.927               | 11.370               | 26.615                  | 23.298                  |
| <b>Other Natural Resource Taxes</b>   |                    |                      |                      |                      |                         |                         |
| Coal Severance Tax  | 14.107             | 13.555               | 13.731               | 13.756               | 27.663                  | 27.487                  |
| Electrical Energy Tax   | 4.302              | 4.547                | 4.416                | 4.497                | 8.848                   | 8.913                   |
| Metalliferous Mines Tax   | 6.291              | 6.749                | 6.767                | 6.761                | 13.040                  | 13.528                  |
| US Mineral Royalty  | 20.139             | 20.934               | 20.891               | 20.547               | 41.074                  | 41.438                  |
| Wholesale Energy Tax  | 3.628              | 3.516                | 3.464                | 3.485                | 7.144                   | 6.949                   |
| <b>Other Interest Earnings</b>  |                    |                      |                      |                      |                         |                         |
| Coal Trust Interest   | 17.938             | 17.088               | 17.315               | 17.461               | 35.026                  | 34.776                  |
| Treasury Cash Account Interest  | 10.888             | 21.514               | 27.318               | 29.643               | 32.402                  | 56.961                  |
| <b>Other Consumption Taxes</b>  |                    |                      |                      |                      |                         |                         |
| Beer Tax  | 3.002              | 3.074                | 3.074                | 3.075                | 6.076                   | 6.149                   |
| Cigarette Tax   | 27.755             | 27.313               | 26.687               | 26.057               | 55.069                  | 52.744                  |
| Liquor Excise & License Tax   | 21.007             | 22.884               | 24.153               | 25.346               | 43.890                  | 49.499                  |
| Liquor Profits  | 12.200             | 12.900               | 13.506               | 14.206               | 25.100                  | 27.711                  |
| Lottery Profits   | 10.699             | 11.510               | 14.603               | 14.462               | 22.209                  | 29.066                  |
| Tobacco Tax   | 6.058              | 6.273                | 6.279                | 6.268                | 12.330                  | 12.546                  |
| Wine Tax  | 2.446              | 2.461                | 2.554                | 2.644                | 4.906                   | 5.197                   |
| <b>Other Sources</b>  |                    |                      |                      |                      |                         |                         |
| All Other Revenue   | 117.645            | 95.039               | 41.259               | 39.588               | 212.684                 | 80.846                  |
| Highway Patrol Fines  | 3.754              | 3.907                | 3.848                | 3.827                | 7.661                   | 7.675                   |
| Nursing Facilities Fee  | 4.405              | 4.275                | 4.087                | 3.990                | 8.680                   | 8.077                   |
| Public Institution Reimbursements   | 13.754             | 13.887               | 11.396               | 11.197               | 27.641                  | 22.593                  |
| Tobacco Settlement  | 2.778              | 2.996                | 2.603                | 2.581                | 5.773                   | 5.184                   |
| <b>Total General Fund</b>   | <b>\$2,405.447</b> | <b>\$2,466.086</b>   | <b>\$2,508.465</b>   | <b>\$2,572.869</b>   | <b>\$4,871.533</b>      | <b>\$5,081.334</b>      |

The following table shows the revenue impacts of legislation enacted by the 66<sup>th</sup> Legislature summarized by bill number. For the three-year outlook period, the enacted legislation increased general fund revenue by \$17.1 million.

| General Fund Impact of Revenue Legislation Enacted by the 66th Legislature<br>(\$ Millions) |                |                |                |                |                |  | 2021 Bien.<br>Total |
|---|----------------|----------------|----------------|----------------|----------------|--|---------------------|
| Bill Number and Short Title   | FY 2019        | FY 2020        | FY 2021        | FY 2022        | FY 2023        |  |                     |
| HB0002 General Appropriations Act   | -              | -              | (\$2.500)      | -              | -              |  | (\$2.500)           |
| HB0016 Establish affordable housing loan program  | -              | (\$0.001)      | (0.009)        | (\$0.018)      | (\$0.022)      |  | (0.010)             |
| HB0024 Revise irrigation cost deduction for irrigated property                              | -              | -              | -              | (0.245)        | (0.244)        |  | -                   |
| HB0050 Provide civil penalty for violations of agricultural commodity laws                  | -              | -              | 0.010          | 0.010          | 0.010          |  | 0.010               |
| HB0211 Address recruitment and retention of K-12 quality educators                          | -              | -              | (0.041)        | (0.041)        | (0.041)        |  | (0.041)             |
| HB0213 Revise the tax rate for certain oil production                                       | -              | (0.013)        | (0.013)        | (0.012)        | (0.012)        |  | (0.026)             |
| HB0292 Extend funding to Coal Board   | -              | (1.654)        | (1.657)        | (1.626)        | (1.541)        |  | (3.311)             |
| HB0293 Provide for film tax credits   | -              | -              | (2.021)        | (3.561)        | (5.197)        |  | (2.021)             |
| HB0355 Revise laws related to motorized recreation  | -              | (0.016)        | (0.032)        | (0.032)        | (0.032)        |  | (0.048)             |
| HB0393 Change truck speed limits  | -              | (0.014)        | (0.014)        | (0.014)        | (0.014)        |  | (0.028)             |
| HB0403 Generally revise coal tax laws   | -              | -              | -              | -              | (0.673)        |  | -                   |
| HB0422 Increase amount available for Montana veteran home loan program                      | -              | (0.009)        | (0.020)        | (0.015)        | 0.003          |  | (0.029)             |
| HB0444 Provide funding allocation for intermediary re-lending program                       | -              | (0.007)        | (0.015)        | (0.022)        | (0.029)        |  | (0.022)             |
| HB0613 Create exception to liquor quota system for residential senior facilities            | -              | 0.006          | 0.006          | 0.006          | 0.006          |  | 0.011               |
| HB0661 Revise aviation fuel taxation  | -              | (0.459)        | (0.459)        | (0.459)        | (0.459)        |  | (0.919)             |
| HB0684 Implement provisions of HB 2, Section D  | \$4.353        | -              | -              | -              | -              |  | 4.353               |
| HB0688 Implement provisions of HB 2, Section A  | -              | 0.057          | 0.341          | -              | -              |  | 0.398               |
| HB0694 Revise certain licensing fees for investment-related advisors                        | 0.306          | 7.758          | 7.969          | 8.225          | 8.477          |  | 16.033              |
| HB0715 Generally revise laws related to state finance; provide for fiscal studies           | -              | 0.750          | 0.750          | -              | -              |  | 1.500               |
| HB0725 Allow sports wagering through the state lottery                                      | -              | 3.766          | 4.326          | 4.837          | 5.369          |  | 8.092               |
| SB0055 Generally revise captive insurance laws  | -              | -              | -              | 0.029          | 0.057          |  | -                   |
| SB0060 Generally revise laws related to financial aid programs                              | -              | (0.500)        | (1.000)        | (1.500)        | (2.000)        |  | (1.500)             |
| SB0111 Extend termination date of qualified endowment tax credit                            | -              | -              | (3.246)        | (3.400)        | (3.554)        |  | (3.246)             |
| SB0204 Revise tax exemption laws for certain mobile homes                                   | -              | -              | (0.159)        | (0.159)        | (0.159)        |  | (0.159)             |
| SB0337 Revise income tax credit for alternative energy generation                           | -              | (0.005)        | (0.005)        | (0.005)        | (0.005)        |  | (0.010)             |
| SB0338 Provide for the Montana Heritage Center and create museum grants                     | -              | -              | -              | -              | -              |  | -                   |
| SB0346 Generally revise motor vehicle laws  | -              | (0.010)        | (0.006)        | (0.006)        | (0.006)        |  | (0.016)             |
| SB0358 Revise resort area alcoholic beverage license laws                                   | -              | 0.260          | 0.302          | 0.208          | 0.212          |  | 0.562               |
| <b>Total</b>  | <b>\$4.659</b> | <b>\$9.908</b> | <b>\$2.507</b> | <b>\$2.197</b> | <b>\$0.144</b> |  | <b>\$17.074</b>     |

## General Fund Revenue Bill Highlights

This section provides a summary of each enacted bill that impacts general fund and selected non-general fund sources estimated by the legislature. Detailed information for each general fund and selected non-general fund revenue sources can be found in [“2021 Biennium Fiscal Report: Volume 2.”](#) Each source includes a description, the applicable tax or fee rates, distribution mechanisms, and estimating methodology. A legislation impact table (if applicable) summarizes all bills that impact that source of revenue.

[HB 2](#) increased the maximum statewide cost allocation plan (SWCAP) rates, which may result in higher revenues to the general fund from other fund types. In addition, the legislation appropriated a portion the veterans’ home state special revenue, which will reduce the balance that is transferred to the general fund.

[HB 16](#) makes \$15 million from the coal tax trust available to provide funding for low-income and moderate-income multifamily housing loans.

[HB 24](#) provides that all irrigated lands receive a fixed allowable water cost allowance of \$50.00 per acre (the current maximum), when the department of revenue values irrigated land. It also eliminates the energy cost reporting by irrigated property owners.

[HB 50](#) revises agricultural penalty laws, which will increase fines revenue.

[HB 211](#) allows individuals who receive loan repayment assistance during the tax year from the quality educator loan assistance program to subtract the assistance amount from their adjusted gross income when calculating their tax liability. The exclusion is limited to \$5,000 each tax year and applies to tax years beginning after December 31, 2019.

[HB 213](#) moves the trigger price for lowered oil tax rates for stripper well exemption production from the average West Texas Intermediate (WTI) quarterly price to an individualized price received by the producer for that quarter.

[HB 292](#) increases the share of revenues the coal natural resource account receives of the coal severance tax from 2.9% to 5.8% for FY 2020 through FY 2023.

[HB 293](#) provides a tax credit for film production companies for up to 35% of production expenditures. A production company must be certified through the Department of Commerce to qualify for the credit and submit production expenditure verification reports. The total amount of credits is capped at \$7.5 million through the Department of Commerce and \$10.0 million through the Department of Revenue.

[HB 355](#) creates a new summer motorized recreation trail pass for Montana residents and changed the fee rates for selected recreational vehicles.

[HB 393](#) increased the speed limit for trucks from 65 miles per hour to 70 miles per hour on interstate highways, and from 60 miles per hour during the day and 55 miles per hour at night to 65 miles per hour day or night.

[HB 403](#) removed the sunset date on the reduced tax rate of 2.5% on coal gross proceeds from a new underground coal mine, and extended the reduced tax rate of 2.5% on existing underground coal mines until December 31, 2030.

[HB 422](#) provided an additional \$10 million to the Montana Veterans Home Loan Program from the permanent coal tax trust fund to be administered by the Board of Housing. Program costs are paid from the interest earned on the mortgage loans, with the remaining interest and all principal going to the permanent coal tax trust fund.

[HB 444](#) increased from \$5 million to \$10 million the funds the Board of Investments may set aside for the intermediary relending program for loans to Board-approved local economic development programs with revolving loan programs.

[HB 613](#) allows for all-beverage liquor licenses to be granted to continuing care retirement communities meeting certain criteria. These all-beverage licenses would not count against the quota limits.

[HB 661](#) increased the aviation fuel tax from \$0.04 per gallon to \$0.05 per gallon. In addition, it increased aircraft registration fees and changed the allocation of those fees from 90% general fund, 10% state special revenue to 100% state special revenue.

[HB 684](#) implemented provisions of Section D of HB 2 and included several fund transfers, with a net positive impact to the general fund.

[HB 688](#) implemented provisions of Section A of HB 2 and included several fund transfers, with a net positive impact to the general fund.

[HB 694](#) increases the annual fees paid by broker-dealer firms, investment advisor firms, non-resident securities salespeople, non-resident investment adviser representatives and certain exemptions requests.

[HB 715](#) includes several fund transfers, which have a net positive impact to the general fund.

[HB 725](#) authorizes sports wagering in Montana, which will increase lottery net revenue transferred to the general fund and the STEM scholarship fund.

[SB 55](#) includes individual series insurers and protected cell captive insurers with captive insurance companies in the requirement to pay a \$300 annual license fee. The bill also removed the \$100,000 cap on premium tax for protected cell captive insurers. The balance of the captive fund is transferred to the general fund at the end of the fiscal year.

[SB 60](#) revises the STEM scholarship program by first allocating specified net lottery revenue amounts to the STEM scholarship program special revenue fund, then depositing the remaining net revenue in the general fund. In addition, it eliminates the Governor's postsecondary scholarship program.

[SB 111](#) extends the sunset date for the charitable endowment credit from the end of tax year 2019 to the end of tax year 2025.

[SB 204](#) exempts from property tax certain mobile homes, manufactured homes, or house trailers. To qualify for the exemption, the property needs to be at least 28 years old, have a value of \$10,000 or less, and be an improvement to real property under 15-1-101, MCA. No owner may receive more than two exemptions.

[SB 337](#) expands the facilities able to claim the alternative energy production credit by including hydroelectric generators that produce at least 1 megawatt of electrical energy installed on dams that otherwise do not produce power.

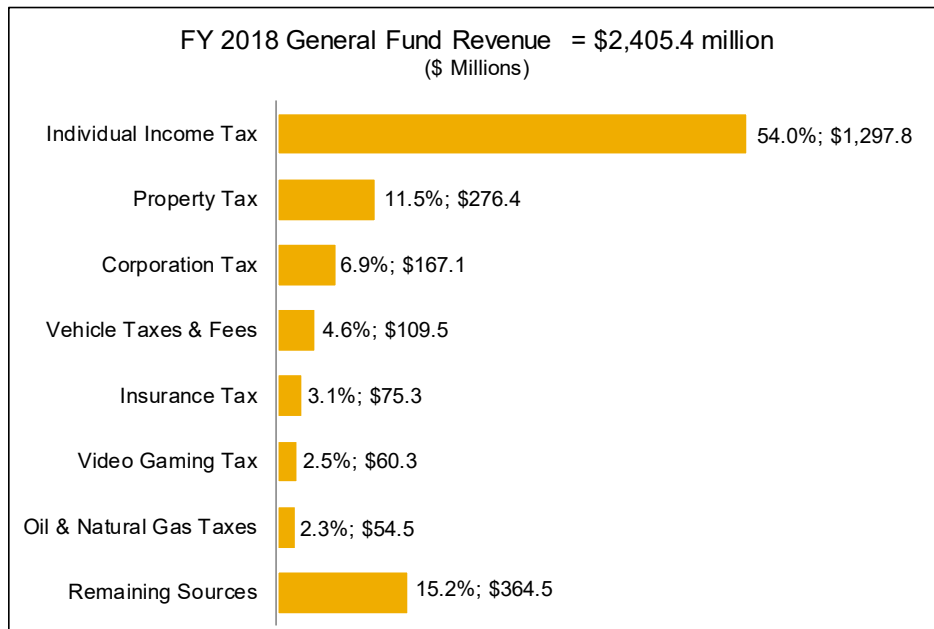
[SB 338](#) increased the accommodations sales tax from 3% to 4% beginning January 1, 2020, and allocated the additional funds for construction of the Montana heritage center and historic preservation grants.

[SB 346](#) lowers the fee for motorcycles and trailers registered by companies or individuals working in Montana that fall under the quarterly registration purpose only permit.

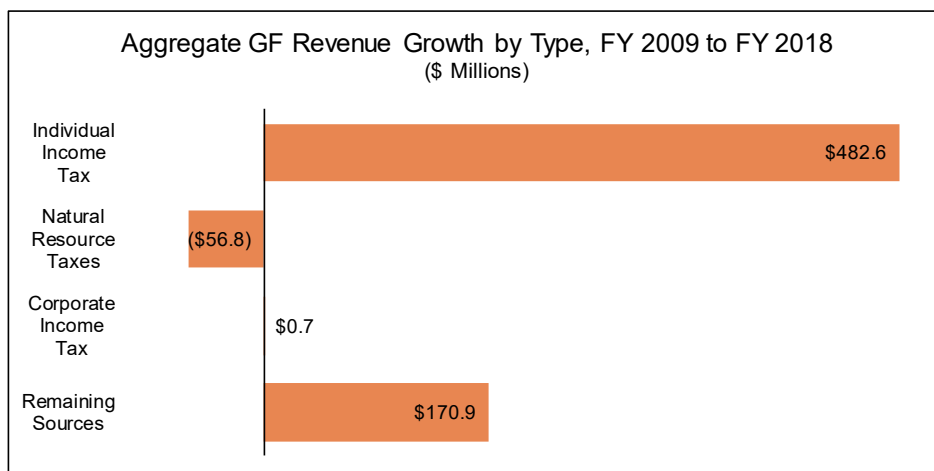
[SB 358](#) amends laws related to resort area determinations and resort retail all-beverage licenses. The fee for a new license is increased to \$100,000 and resort all-beverage license holders can deliver alcohol to guests staying in the accommodation units.

## GENERAL FUND REVENUE

The largest seven sources of general fund revenue are individual income tax, property tax, corporation income tax, oil and natural gas taxes, vehicle taxes, insurance tax, and video gambling tax. In FY 2018, these sources accounted for nearly 85.0% of general fund revenue.



General fund growth for the past decade has been led by the growth in individual income tax, as illustrated in the following chart. Since FY 2009, 80.8% of general fund growth is due to the growth in individual income tax collections; meanwhile, the natural resource taxes decline has offset overall growth by 9.5%, corporate income tax has remained flat, and all remaining sources of revenue have contributed 28.6% of general fund growth. General fund reliance on individual income tax is anticipated to continue to increase, with [HJ \(2019 Session\)](#) projecting it to account for 57.0% of total collections by FY 2021.



Details of all general fund and selected non-general fund revenue sources are contained in the Legislative Fiscal Division's [2021 Biennium Fiscal Report: Volume 2](#).



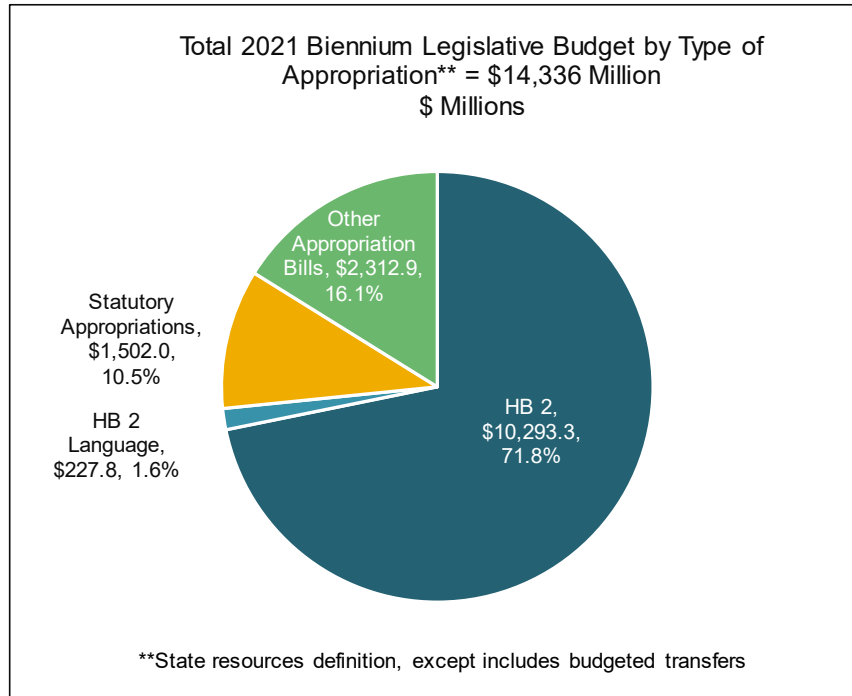
# EXPENDITURES



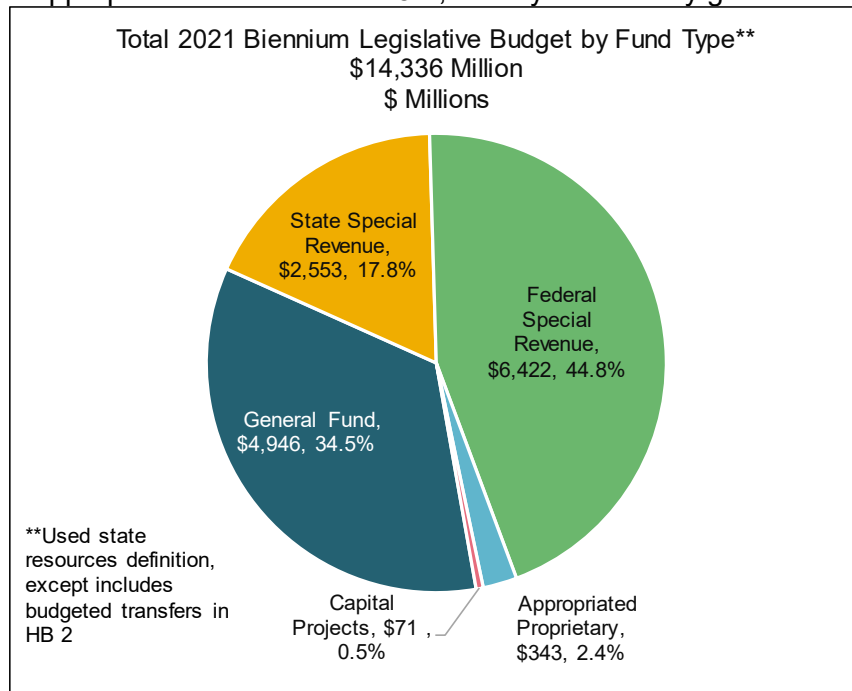
# STATE EXPENDITURES

## SPENDING BY SOURCE OF AUTHORITY

The chart below shows the legislative budget broken down by source of authority. HB 2 (including language appropriations) dominates the appropriations sources for total funds at 73.4%. The next three charts uses the [state resources definition](#) and do not include non-comparable appropriations like HB 1 and HB 3, nor do they include general obligation bond costs or non-budgeted transfers.

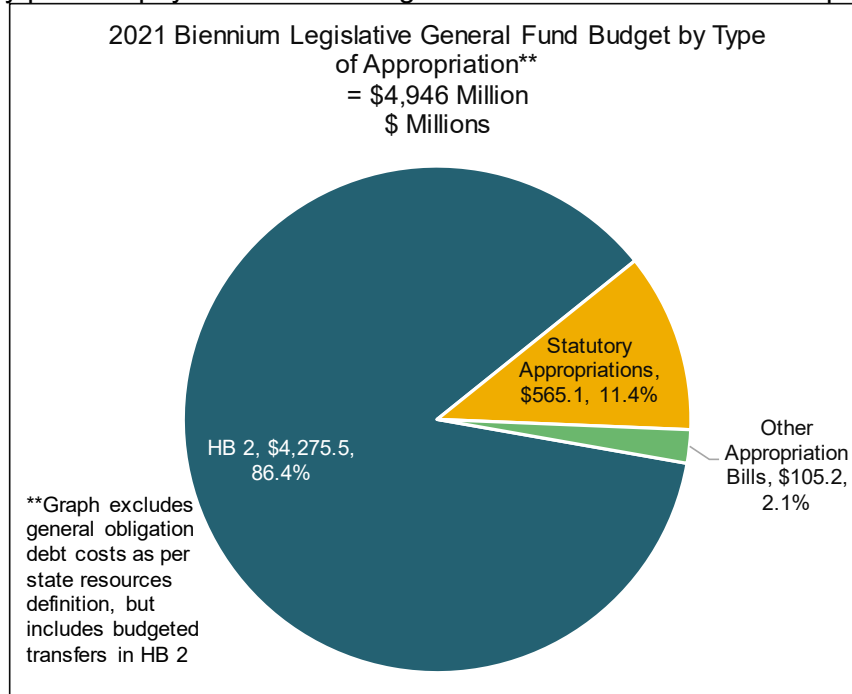


The next figure shows the 2021 biennium budget by funding source. As reflected in the figure, federal funds dominate the appropriation sources at 44.8%, closely followed by general fund at 34.5%.



## General Fund

The following figure shows the general fund budget approved by the legislature by appropriation source of authority. HB 2 is the largest component of general fund costs, followed by statutory appropriations, which are primarily pension payments and local government entitlement share expenditures.



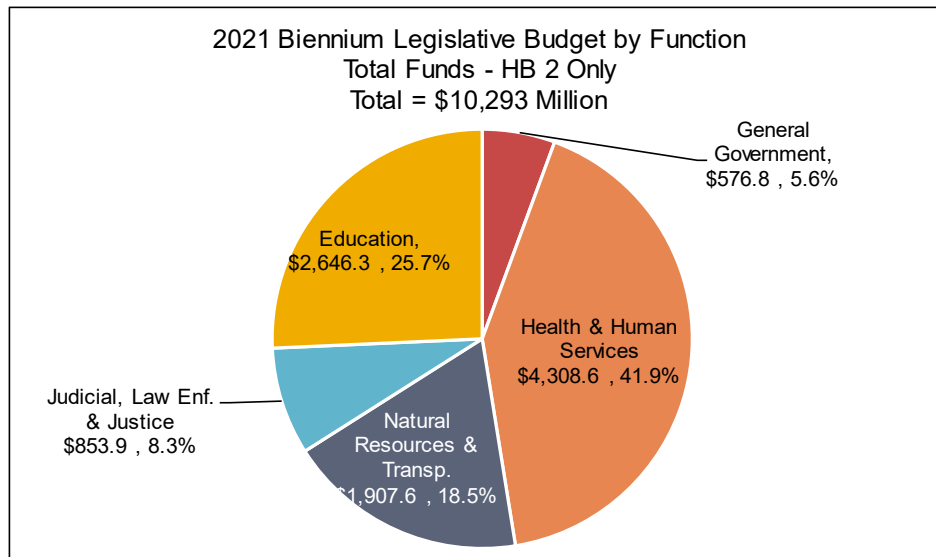
The following sections discuss the various components of state expenditures, beginning with HB 2.

## HB 2 FUNDING

HB 2, the general appropriations bill, contains about 86.4% of general fund and about 73.4% of total funds appropriated by the legislature for the 2021 biennium. The 2019 Legislature adopted a HB 2 budget that was 3.0% higher or \$300 million more than the appropriations contained in HB 2 as adopted by the 2017 Legislature including all the reductions and restorations authorized by the 2017 Legislature and the November 2017 Special Session Legislature.

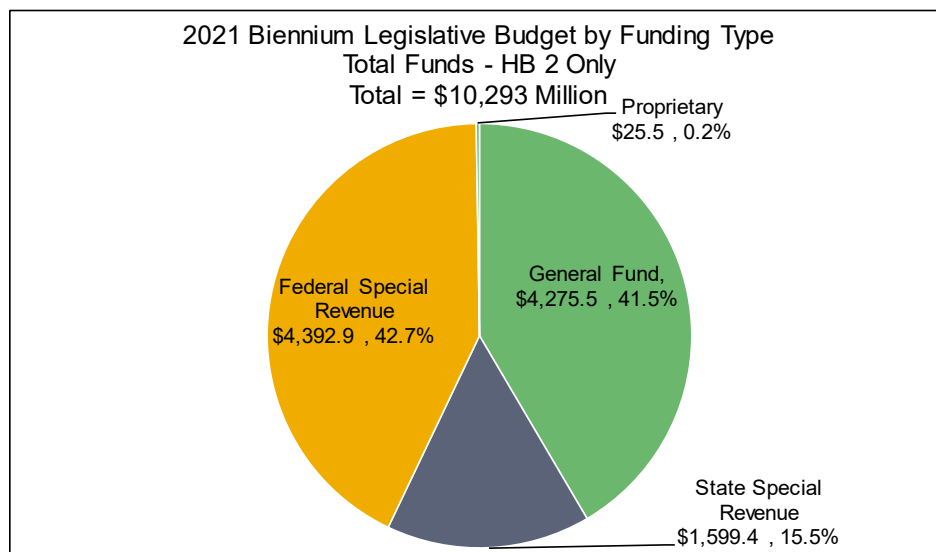
### ***Funding by Functional Area***

The following figure shows the allocation of total funds in HB 2 by functional area. Education and human services account for 67.6% of the total appropriations for the 2021 biennium.

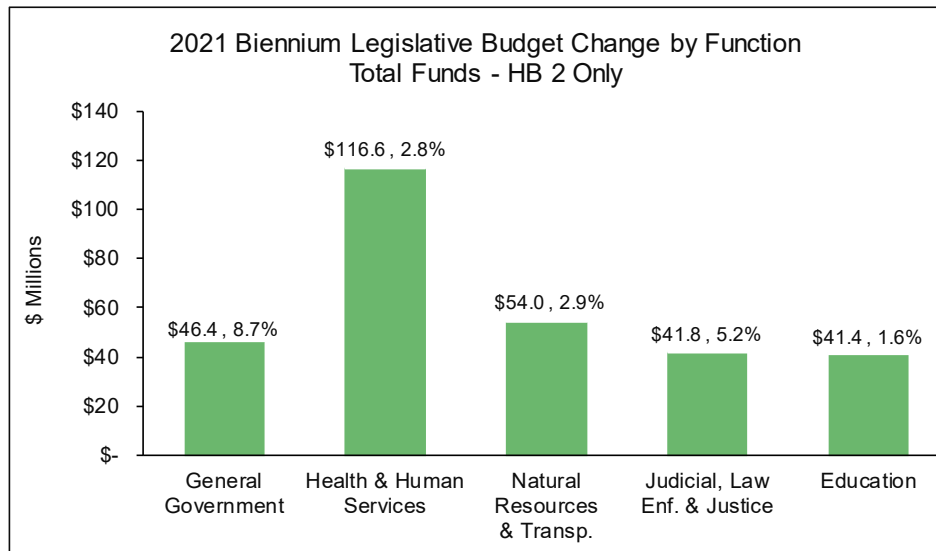


### ***Funding by Fund Source***

The next figure shows the HB 2 budget by source of funding. Federal funds are the largest funding source at 42.7% followed closely by general fund at 41.5% of the total funding.



The bar chart shows the changes between the 2019 and 2021 biennia in total funds appropriated in HB 2 by functional area.



The overall budget increased by 3.0% when compared to the previous biennium. The greatest overall increase in budget authority was Health and Human Services, with an increase of \$116.6 million. From a percentage growth perspective however, General Government grew by 8.7%.

The table below shows total funding in HB 2, by agency, and compares each to the 2019 biennium appropriations. One-time-only (OTO) funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2019 biennium to the 2021 biennium is shown in the “Biennium % Change” column.

HB 2 Only - All Funds Agency Comparison  
Comparison of 2019 Biennium Appropriation to 2021 Biennium Legislative Budget  
(\$ Millions)

|  | Appropriated Budget |                    | Legislative Budget |                    | Biennium    |
|--|---------------------|--------------------|--------------------|--------------------|-------------|
|  | FY 2018             | FY 2019            | FY 2020            | FY 2021            | % Change    |
| <b>Ongoing</b>                                       |                     |                    |                    |                    |             |
| <b>General Government</b>                            |                     |                    |                    |                    |             |
| Legislative Branch                                   | \$14.738            | \$15.492           | \$17.491           | \$17.058           | 14.3%       |
| Consumer Counsel                                     | 1.621               | 1.641              | 1.652              | 1.651              | 1.3%        |
| Governor's Office                                    | 5.910               | 6.427              | 7.061              | 6.995              | 13.9%       |
| Commissioner of Political Practices                  | 0.581               | 0.662              | 0.764              | 0.751              | 21.9%       |
| State Auditor's Office                               | 8.213               | 8.426              | 8.586              | 8.636              | 3.5%        |
| Department of Revenue                                | 53.697              | 57.280             | 60.142             | 59.945             | 8.2%        |
| Department of Administration                         | 17.521              | 17.505             | 21.808             | 21.597             | 23.9%       |
| Department of Commerce                               | 26.441              | 26.803             | 29.790             | 29.830             | 12.0%       |
| Department of Labor and Industry                     | 80.066              | 82.188             | 85.332             | 85.203             | 5.1%        |
| Department of Military Affairs                       | 47.848              | 48.896             | 51.350             | 51.275             | 6.1%        |
| Subtotal   | 256.637             | 265.319            | 283.976            | 282.942            | 8.6%        |
| <b>Health and Human Services</b>                     |                     |                    |                    |                    |             |
| Department of Public Health & Human Services         | 2,045.224           | 2,122.564          | 2,110.469          | 2,198.160          | 3.4%        |
| Subtotal Health and Human Services                   | 2,045.224           | 2,122.564          | 2,110.469          | 2,198.160          | 3.4%        |
| <b>Natural Resources and Transportation</b>          |                     |                    |                    |                    |             |
| Department of Fish, Wildlife, and Parks              | 86.602              | 88.576             | 94.602             | 94.643             | 8.0%        |
| Department of Environmental Quality                  | 61.219              | 63.699             | 66.700             | 66.706             | 6.8%        |
| Department of Transportation                         | 673.116             | 673.759            | 682.645            | 683.561            | 1.4%        |
| Department of Livestock                              | 11.211              | 11.714             | 13.051             | 13.004             | 13.7%       |
| Department of Natural Resources & Conservation       | 62.204              | 65.280             | 73.525             | 74.084             | 15.8%       |
| Department of Agriculture                            | 17.370              | 17.840             | 18.601             | 18.573             | 5.6%        |
| Subtotal   | 911.723             | 920.869            | 949.125            | 950.570            | 3.7%        |
| <b>Judicial Branch, Law Enforcement, and Justice</b> |                     |                    |                    |                    |             |
| Judicial Branch                                      | 46.884              | 48.722             | 52.670             | 52.739             | 10.3%       |
| Department of Justice                                | 96.848              | 101.168            | 105.697            | 105.384            | 6.6%        |
| Public Service Commission                            | 3.984               | 3.675              | 4.229              | 4.207              | 10.2%       |
| Office of the Public Defender                        | 31.509              | 31.537             | 36.717             | 37.293             | 17.4%       |
| Department of Corrections                            | 220.994             | 220.674            | 225.257            | 226.125            | 2.2%        |
| Subtotal   | 400.219             | 405.777            | 424.570            | 425.749            | 5.5%        |
| <b>Education</b>                                     |                     |                    |                    |                    |             |
| Office of Public Instruction                         | 957.538             | 979.186            | 1,009.332          | 1,034.063          | 5.5%        |
| Board of Public Education                            | 0.323               | 0.331              | 0.356              | 0.339              | 6.2%        |
| Office of the Commissioner of Higher Education       | 312.048             | 315.199            | 277.719            | 279.690            | -11.1%      |
| School for the Deaf and Blind                        | 7.168               | 7.303              | 7.979              | 7.959              | 10.1%       |
| Montana Arts Council                                 | 1.411               | 1.463              | 1.510              | 1.481              | 4.1%        |
| Montana State Library                                | 5.086               | 5.163              | 5.589              | 5.233              | 5.6%        |
| Montana Historical Society                           | 4.857               | 4.953              | 5.311              | 5.304              | 8.2%        |
| Subtotal   | 1,288.431           | 1,313.598          | 1,307.796          | 1,334.068          | 1.5%        |
| Subtotal Ongoing                                     | 4,902.233           | 5,028.127          | 5,075.936          | 5,191.489          | 3.4%        |
| <b>One-Time</b>                                      |                     |                    |                    |                    |             |
| General Government                                   | 4.289               | 4.197              | 5.787              | 4.111              | 16.7%       |
| Health and Human Services                            | 11.537              | 12.706             | -                  | -                  | -100.0%     |
| Natural Resources and Transportation                 | 11.754              | 9.272              | 5.079              | 2.861              | -62.2%      |
| Judicial Branch, Law Enforcement, and Justice        | 3.426               | 2.677              | 2.186              | 1.431              | -40.7%      |
| Education  | 1.419               | 1.449              | 2.022              | 2.425              | 55.1%       |
| Subtotal One-time                                    | 32.425              | 30.301             | 15.074             | 10.829             | -58.7%      |
| <b>Total</b>   | <b>\$4,934.658</b>  | <b>\$5,058.428</b> | <b>\$5,091.010</b> | <b>\$5,202.318</b> | <b>3.0%</b> |

2019 biennium data reflects all reductions and restorations authorized by the 2017 regular and 2017 special session legislatures.

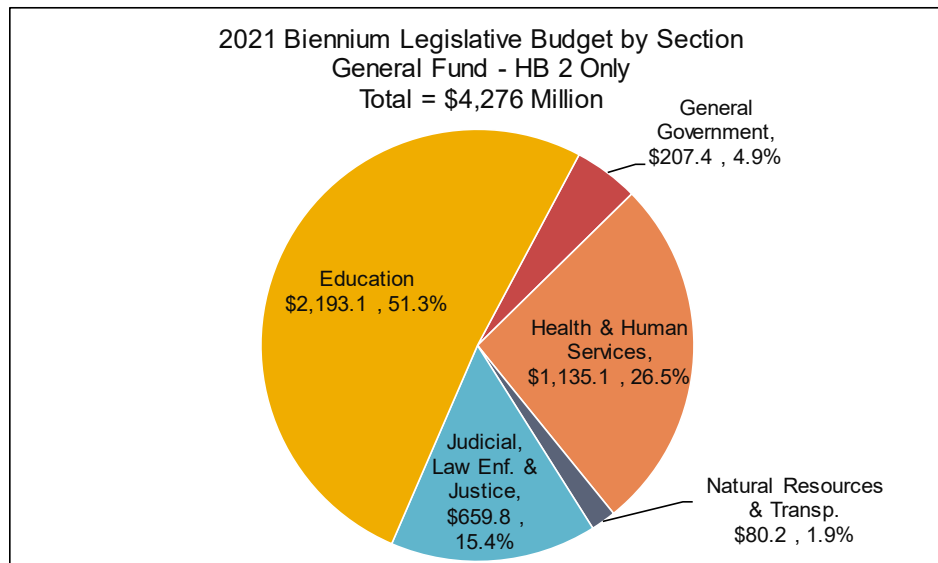
Ongoing expenditures increase at a slightly higher rate than the total, but the use of one-time-only (OTO) funding was decreased by 58.7%. The largest change in OTO funding occurred in Health and Human Services, where nothing was designated as OTO in the 2021 biennium.

## Type of Funding

The four primary funding sources appropriated in HB 2 – general fund, state special revenue, federal funds, and budgeted proprietary funds – are discussed in the following sections.

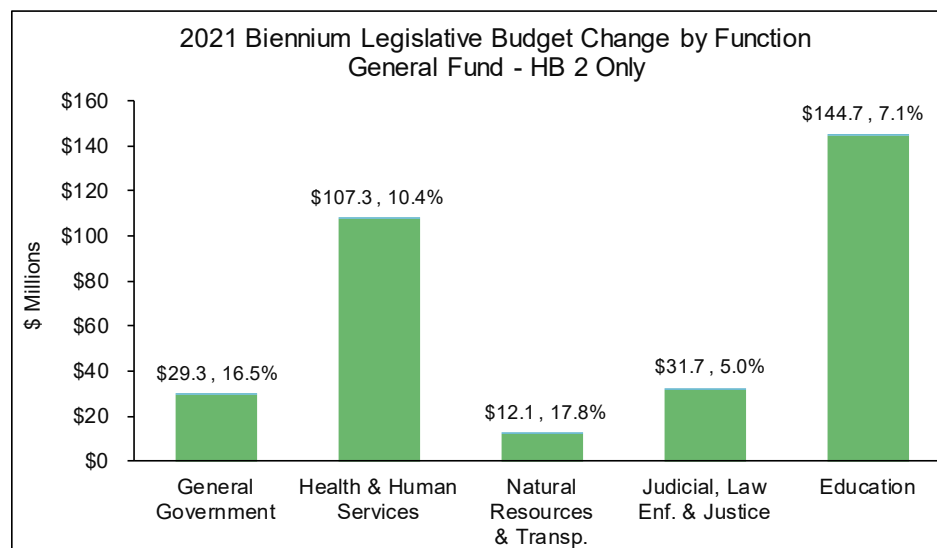
### General Fund

The pie chart shows total HB 2 general fund appropriations for expenditures as adopted by the legislature, by governmental functional area. Education, health and human services, and the judicial, law enforcement, and justice sections make up 93.2% of the total budgeted general fund expenditures.



The following chart shows the total changes in general fund appropriations from the 2019 biennium by functional area. As shown, the changes are dominated by increases within education and human services. However, from a percentage growth perspective, natural resources general fund use grows by 17.8% despite being the smallest overall growth.

The appropriations reflected in the chart includes both ongoing and one-time-only changes.





Overall the legislature increased general fund appropriations by \$325.5 million or 8.2% when compared to the 2019 biennium.

### Ongoing Funding

The 66<sup>th</sup> Legislature increased ongoing general fund appropriations by \$340.3 million or 8.7% compared to the 2019 legislative appropriations. Of this total change, \$143 million is in education and \$125 million is in health and human services.

#### *Department of Administration - Montana Cybersecurity Enhancement Project*

The legislature adopted restricted general fund appropriations of \$6.3 million over the biennium for the Montana cybersecurity enhancement project in the Department of Administration's State Information Technology Division. This project includes appropriations for personal services of \$2.0 million for cybersecurity staff. It also appropriates \$4.3 million for operating expenses that include cybersecurity hardware, software, and licenses, an enterprise risk assessment, and cybersecurity student programs. In addition to the appropriations, HB 2 includes language that requires the State Information Technology Services Division report to the Legislative Finance Committee and states that it is the intent of the legislature that funding be moved to proprietary rates in the 2023 biennium if this project is successful.

#### *Department of Public Health and Human Services*

Significant general fund impacts include expenditures associated with the Children's Health Insurance Program (CHIP), Medicaid caseload, and the Child & Family Services Division. Montana's federal matching rate for CHIP will decline by 21 percentage points over the next biennium, therefore the legislature appropriated \$11.0 million in general fund to provide part of the matching state funds for CHIP in the 2021 biennium.

Ongoing increases for the state's traditional (non-expansion) Medicaid program increased a total of \$45.8 million over the 2019 base for the 2021 biennium. Present law increases in the Child & Family Services Division, driven largely by child welfare activities including foster care, total \$36.9 million for the 2021 biennium over the 2019 base.

#### *Office of the Commissioner of Higher Education - Tuition Freeze*

The legislature agreed to the Governor's proposal for a resident student tuition freeze each year of the 2021 biennium. The legislature adopted a \$26.5 million total increase to the educational units. Of this increase, \$14.4 million was designated as the funding for a tuition freeze with the remaining \$12.1 million for present law adjustments and other adjustments. As part of the agreed upon tuition freeze, the legislature and the Commissioner of Higher Education agreed to a shared policy goal to enhance the efforts of career and technical education.

#### *Office of Public Instruction*

Major increases for K-12 education include the following:

- Inflationary increases for BASE Aid components growth at \$70.7 million over the biennium
- FY 2019 spring enrollment increases impacting the 2021 biennium at \$7.0 million over the biennium
- Major maintenance aid increased by \$14.0 million over the biennium

### One-Time-Only Funding

One-time-only funding decreased by \$14.8 million or 50.4% when compared to the 2019 biennium.

General fund appropriations designated as one-time-only in the 2021 biennium include:

- Session Systems Replacement Project - The legislature adopted one-time-only, biennial general fund appropriations of \$2.3 million for the session systems replacement project in the Legislative Branch. This is the final phase of the replacement of legacy systems. It includes appropriations

of \$1.5 million for the chamber design project, \$500,000 for the bill draft editor project, and \$300,000 for the legislative portal project

- Indian country economic development funding of \$875,000 each year of the biennium within the Department of Commerce
- Native Language Preservation funding of \$750,000 each year of the biennium within the Department of Commerce
- Primary business sector training of \$600,000 each year of the biennium within the Department of Commerce
- In the Department of Natural Resources and Conservation, there are 6.50 FTE that were approved on a one-time-only basis for good neighbor authority (GNA) along with \$1.8 million of general fund, with the intention that these become self-funding through federal funds generated because of good neighbor authority

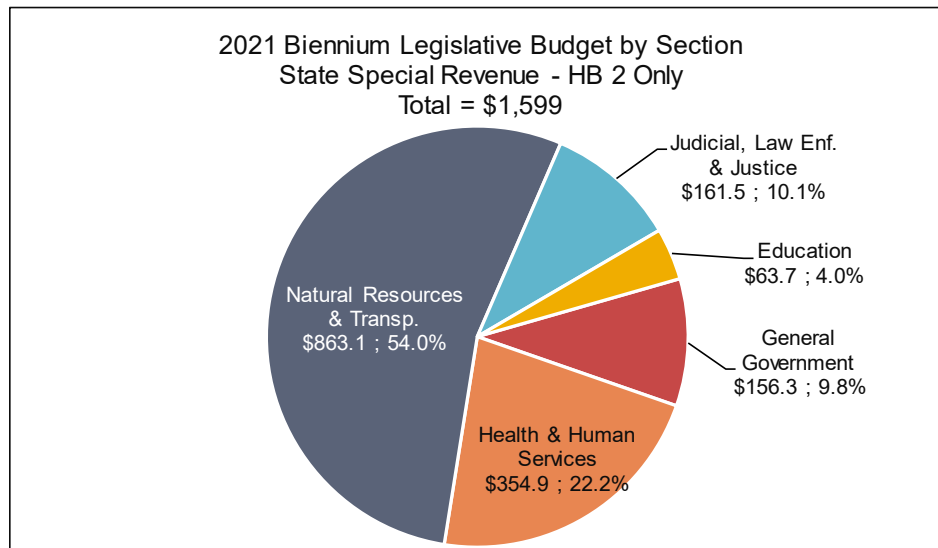
Further information on changes to the state agency budgets between biennia are more fully explained in Volumes 3 and 4 of the 2021 Biennium Legislative Fiscal Report.

The table below shows general fund in HB 2, by agency, and compares each to the 2021 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2019 biennium to the 2021 biennium is shown in the “Biennium % Change” column.

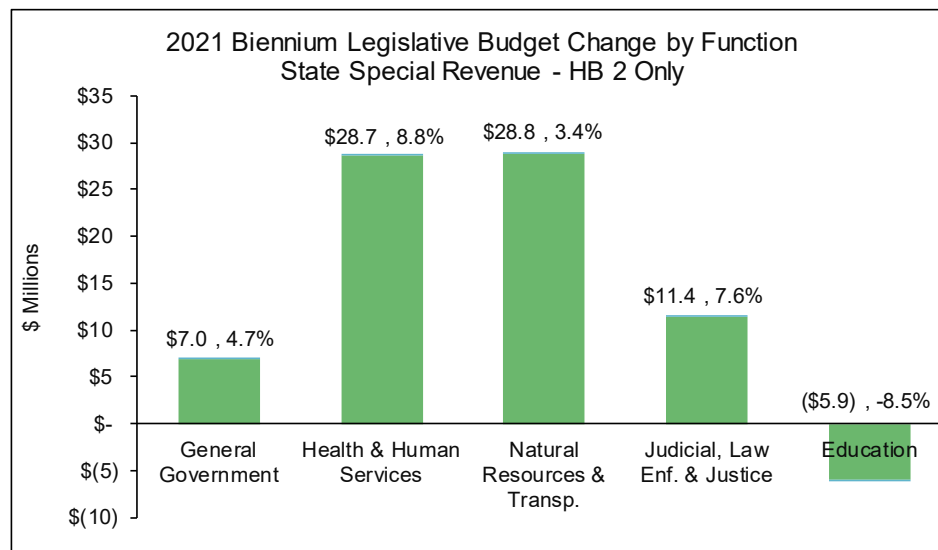
| HB 2 Only - General Fund Agency Comparison  |                     |                    |                    |                    |             |
|---|---------------------|--------------------|--------------------|--------------------|-------------|
| Comparison of 2019 Biennium Appropriation to 2021 Biennium Legislative Budget   |                     |                    |                    |                    |             |
| (\$ Millions)   |                     |                    |                    |                    |             |
|   | Appropriated Budget |                    | Legislative Budget |                    | Biennium    |
|   | FY 2018             | FY 2019            | FY 2020            | FY 2021            | % Change    |
| <b>Ongoing</b>  |                     |                    |                    |                    |             |
| <b>General Government</b>   |                     |                    |                    |                    |             |
| Legislative Branch  | \$12.538            | \$13.260           | \$14.981           | \$14.928           | 15.9%       |
| Governor's Office   | 5.910               | 6.427              | 7.061              | 6.995              | 13.9%       |
| Commissioner of Political Practices   | 0.581               | 0.662              | 0.764              | 0.751              | 21.9%       |
| Department of Revenue   | 49.334              | 52.824             | 55.459             | 55.255             | 8.4%        |
| Department of Administration  | 4.797               | 5.610              | 9.176              | 9.108              | 75.7%       |
| Department of Commerce  | 2.889               | 3.201              | 3.306              | 3.306              | 8.6%        |
| Department of Labor and Industry  | 1.567               | 1.792              | 1.973              | 1.973              | 17.5%       |
| Department of Military Affairs  | 5.936               | 6.540              | 7.032              | 6.998              | 12.5%       |
| Subtotal  | 83.552              | 90.316             | 99.752             | 99.313             | 14.5%       |
| <b>Health and Human Services</b>  |                     |                    |                    |                    |             |
| Department of Public Health & Human Services  | 488.273             | 521.882            | 549.470            | 585.621            | 12.4%       |
| Subtotal  | 488.273             | 521.882            | 549.470            | 585.621            | 12.4%       |
| <b>Natural Resources and Transportation</b>   |                     |                    |                    |                    |             |
| Department of Environmental Quality   | 4.566               | 5.200              | 5.403              | 5.401              | 10.6%       |
| Department of Livestock   | 2.248               | 2.562              | 2.863              | 2.862              | 19.0%       |
| Department of Natural Resources & Conservation  | 24.774              | 26.921             | 29.956             | 29.903             | 15.8%       |
| Department of Agriculture   | 0.680               | 0.738              | 0.848              | 0.801              | 16.4%       |
| Subtotal  | 32.269              | 35.420             | 39.070             | 38.968             | 15.3%       |
| <b>Judicial Branch, Law Enforcement, and Justice</b>  |                     |                    |                    |                    |             |
| Judicial Branch   | 44.213              | 46.742             | 49.898             | 50.001             | 9.8%        |
| Department of Justice   | 30.730              | 34.168             | 35.524             | 35.447             | 9.4%        |
| Office of the Public Defender   | 31.509              | 31.537             | 36.717             | 37.293             | 17.4%       |
| Department of Corrections   | 201.231             | 202.818            | 206.769            | 207.645            | 2.6%        |
| Subtotal  | 307.683             | 315.264            | 328.908            | 330.386            | 5.8%        |
| <b>Education</b>  |                     |                    |                    |                    |             |
| Office of Public Instruction  | 778.405             | 798.679            | 834.510            | 855.149            | 7.1%        |
| Board of Public Education   | 0.137               | 0.142              | 0.173              | 0.157              | 18.4%       |
| Office of the Commissioner of Higher Education  | 220.704             | 223.986            | 235.455            | 236.860            | 6.2%        |
| School for the Deaf and Blind   | 6.757               | 6.886              | 7.511              | 7.491              | 10.0%       |
| Montana Arts Council  | 0.479               | 0.516              | 0.551              | 0.523              | 7.9%        |
| Montana State Library   | 2.149               | 2.186              | 2.582              | 2.560              | 18.6%       |
| Montana Historical Society  | 2.593               | 2.662              | 2.987              | 2.945              | 12.9%       |
| Subtotal  | 1,011.224           | 1,035.057          | 1,083.770          | 1,105.685          | 7.0%        |
| Subtotal Ongoing  | 1,923.000           | 1,997.940          | 2,100.969          | 2,159.972          | 8.7%        |
| <b>One-Time</b>   |                     |                    |                    |                    |             |
| General Government  | 2.114               | 2.122              | 4.741              | 3.638              | 97.8%       |
| Health and Human Services   | 8.808               | 8.783              | -                  | -                  | -100.0%     |
| Natural Resources and Transportation  | 0.207               | 0.207              | 1.053              | 1.103              | 420.8%      |
| Judicial Branch, Law Enforcement, and Justice   | 2.926               | 2.177              | 0.234              | 0.231              | -90.9%      |
| Education   | 1.032               | 1.062              | 1.622              | 1.975              | 71.8%       |
| Subtotal One-time   | 15.086              | 14.351             | 7.650              | 6.948              | -50.4%      |
| <b>Total</b>  | <b>\$1,938.087</b>  | <b>\$2,012.291</b> | <b>\$2,108.619</b> | <b>\$2,166.920</b> | <b>8.2%</b> |
| 2019 biennium data reflects all reductions and restorations authorized by the 2017 regular and 2017 special session legislatures. |                     |                    |                    |                    |             |

## **State Special Revenue**

State special revenue is designated for specific purposes; in the 2021 biennium total appropriations are \$1,599.4 million or 15.5% of proposed HB 2 expenditures. The pie chart below shows total state special revenues by function for HB 2.



As reflected above, Natural Resources and Transportation state special revenue appropriations account for 54.0% of the total with the majority of this funding to the Department of Transportation (\$512.6 million). The chart below shows the change in state special revenues from the 2017 biennium, by function of state government. The appropriations reflected in the chart includes both ongoing and one-time-only changes.



In total the legislature increased appropriations for state special revenues by 4.6% when compared to the previous biennium.

### Ongoing Funding

The legislature increased ongoing funding by 5.4% or \$80.8 million higher than the 2019 biennium with increases in Natural Resources as well as Health and Human Services being the largest drivers. Education was the only area that reduced state special appropriations for the 2021 biennium.

Every Natural Resources agency received an increase in state special authority, with the largest actual increase going to the Department of Fish, Wildlife and Parks, though others had a higher percentage change.

- Fish, Wildlife and Parks ongoing present law increases totaled \$7.9 million. In addition, there were \$3.5 million of new proposals, the largest of which was a switch for enforcement personnel from federal funding to general license dollars with a cost of \$2.4 million

- The Department of Natural Resources and Conservation received an increase of 14.4%, driven primarily by statewide present law adjustments totaling almost \$4.0 million. There were additional state special revenues appropriated for a wide variety of projects totaling \$5.5 million, with the largest being \$900,000 for the Painted Rocks dam access road and bridge
- The Department of Livestock increase of 13.3% is primarily a result of statewide present law adjustments totaling almost \$2.0 million

Changes within Health and Human Services included a \$22.9 million state special increase associated with the CHIP FMAP change, which impacted not only state special funding, but general fund and federal as well.

The Office of Public Instruction state special authority was reduced by 56.4%, or \$10.8 million, which was primarily the result of the elimination of state special authority for debt service assistance. Please see E-17 in 2021 Biennium Fiscal Report, Volume 4 for additional details.

#### One-Time-Only Funding

The legislature adopted \$9.5 million in OTO appropriations, down from \$20.5 million in the 2019 biennium, a 53.7% reduction.

Natural resources has the greatest amount of one time only authority, totaling \$4.2 million, which is a 71.4% decrease from the \$14.7 million in the 2019 biennium. The largest contributor to this is Fish, Wildlife and Parks, with \$3.3 million in OTO authority including:

- \$1.0 million for public land access
- \$500,000 for the replacement of a boat for enforcement
- \$500,000 for equipment purchases

State special revenue adjustments including new proposals, present law adjustments, and one-time-only appropriations are discussed in more detail in Volumes 3 and 4 of the 2019 Biennium Legislative Fiscal Report.

The table below shows state special revenue in HB 2, by agency, and compares each to the 2019 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2019 biennium to the 2021 biennium is shown in the “Biennium % Change” column.

**HB 2 Only - State Special Revenue Agency Comparison**  
**Comparison of 2019 Biennium Appropriation to 2021 Biennium Legislative Budget**  
(\$ Millions)

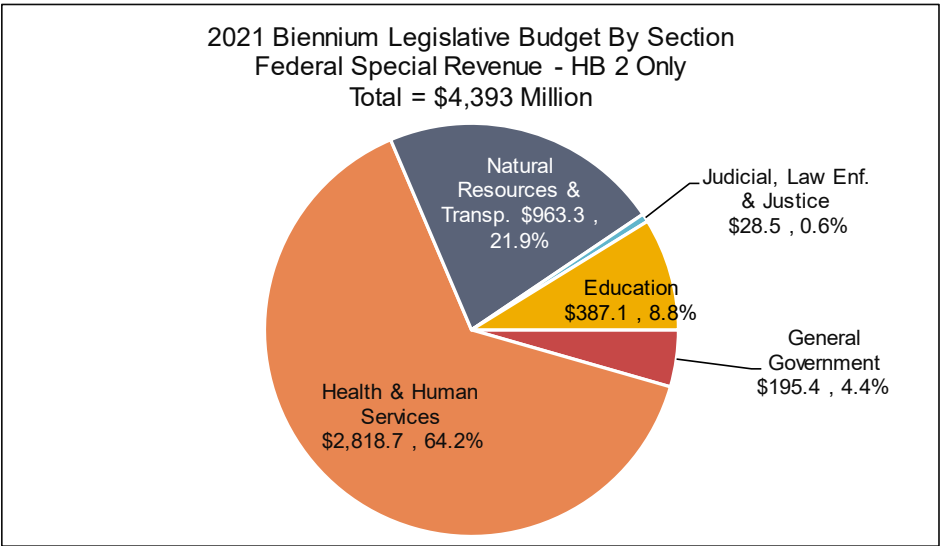
|   | Appropriated Budget |                  | Legislative Budget |                  | Biennium    |
|---|---------------------|------------------|--------------------|------------------|-------------|
|   | FY 2018             | FY 2019          | FY 2020            | FY 2021          | % Change    |
| <b>Ongoing</b>  |                     |                  |                    |                  |             |
| <b>General Government</b>   |                     |                  |                    |                  |             |
| Legislative Branch  | \$2.200             | \$2.231          | \$2.510            | \$2.131          | 4.7%        |
| Consumer Counsel  | 1.621               | 1.641            | 1.652              | 1.651            | 1.3%        |
| State Auditor's Office  | 8.213               | 8.426            | 8.586              | 8.636            | 3.5%        |
| Department of Revenue   | 0.959               | 0.962            | 0.990              | 0.990            | 3.1%        |
| Department of Administration  | 6.502               | 6.668            | 7.250              | 7.241            | 10.0%       |
| Department of Commerce  | 5.478               | 5.493            | 5.451              | 5.432            | -0.8%       |
| Department of Labor and Industry  | 46.095              | 47.289           | 50.197             | 50.060           | 7.4%        |
| Department of Military Affairs  | 0.740               | 0.778            | 1.109              | 1.109            | 46.2%       |
| Subtotal  | 71.809              | 73.487           | 77.744             | 77.250           | 6.7%        |
| <b>Health and Human Services</b>  |                     |                  |                    |                  |             |
| Department of Public Health & Human Services  | 160.005             | 166.136          | 175.251            | 179.604          | 8.8%        |
| Subtotal  | 160.005             | 166.136          | 175.251            | 179.604          | 8.8%        |
| <b>Natural Resources and Transportation</b>   |                     |                  |                    |                  |             |
| Department of Fish, Wildlife, and Parks   | 63.641              | 64.944           | 70.603             | 70.618           | 9.8%        |
| Department of Environmental Quality   | 34.063              | 35.461           | 37.592             | 37.612           | 8.2%        |
| Department of Transportation  | 256.481             | 248.694          | 256.186            | 256.446          | 1.5%        |
| Department of Livestock   | 7.256               | 7.396            | 8.323              | 8.275            | 13.3%       |
| Department of Natural Resources & Conservation  | 35.150              | 36.046           | 40.662             | 40.768           | 14.4%       |
| Department of Agriculture   | 15.061              | 15.418           | 15.884             | 15.902           | 4.3%        |
| Subtotal  | 411.651             | 407.958          | 429.250            | 429.620          | 4.8%        |
| <b>Judicial Branch, Law Enforcement, and Justice</b>  |                     |                  |                    |                  |             |
| Judicial Branch   | 2.571               | 1.879            | 2.671              | 2.637            | 19.3%       |
| Department of Justice   | 62.930              | 63.709           | 66.758             | 66.524           | 5.2%        |
| Public Service Commission   | 3.811               | 3.502            | 3.956              | 3.934            | 7.9%        |
| Department of Corrections   | 5.390               | 5.306            | 5.931              | 5.923            | 10.8%       |
| Subtotal  | 74.702              | 74.396           | 79.316             | 79.018           | 6.2%        |
| <b>Education</b>  |                     |                  |                    |                  |             |
| Office of Public Instruction  | 9.535               | 9.545            | 2.612              | 5.704            | -56.4%      |
| Board of Public Education   | 0.186               | 0.190            | 0.183              | 0.183            | -2.8%       |
| Office of the Commissioner of Higher Education  | 21.722              | 21.492           | 23.618             | 24.084           | 10.4%       |
| School for the Deaf and Blind   | 0.341               | 0.347            | 0.285              | 0.285            | -17.0%      |
| Montana Arts Council  | 0.230               | 0.236            | 0.241              | 0.241            | 3.5%        |
| Montana State Library   | 1.729               | 1.765            | 1.780              | 1.797            | 2.4%        |
| Montana Historical Society  | 0.769               | 0.766            | 0.905              | 0.937            | 20.0%       |
| Subtotal  | 34.513              | 34.340           | 29.626             | 33.232           | -8.7%       |
| Subtotal Ongoing  | 752.680             | 756.318          | 791.188            | 798.725          | 5.4%        |
| <b>One-Time</b>   |                     |                  |                    |                  |             |
| General Government  | 2.050               | 1.950            | 0.921              | 0.349            | -68.3%      |
| Health and Human Services   | -                   | -                | -                  | -                | 0.0%        |
| Natural Resources and Transportation  | 8.852               | 5.844            | 2.882              | 1.324            | -71.4%      |
| Judicial Branch, Law Enforcement, and Justice   | 0.500               | 0.500            | 1.952              | 1.200            | 215.2%      |
| Education   | 0.387               | 0.387            | 0.400              | 0.450            | 9.8%        |
| Subtotal One-time   | 11.789              | 8.681            | 6.155              | 3.322            | -53.7%      |
| <b>Total</b>  | <b>\$764.469</b>    | <b>\$764.999</b> | <b>\$797.342</b>   | <b>\$802.047</b> | <b>4.6%</b> |
| 2019 biennium data reflects all reductions and restorations authorized by the 2017 regular and 2017 special session legislatures. |                     |                  |                    |                  |             |

## **Federal Funds**

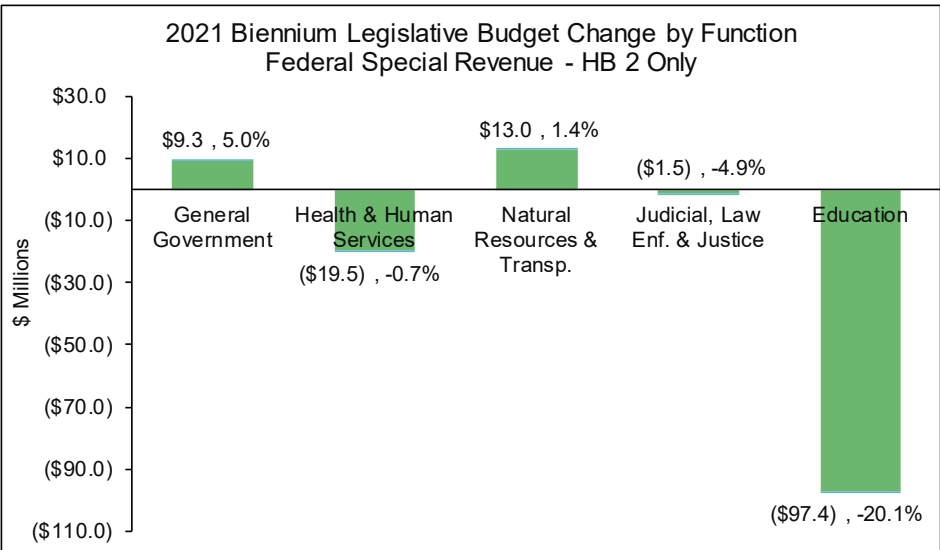
Federal funds are received from various federal funding sources. The federal government grants targeted funding that cannot be used except for the general or specific purposes intended by the grantor. In the 2021 biennium federal funds total \$4,393 million or about 43.0% of the total HB 2 budget. Three



functions: Health and Human Services, Natural Resources and Transportation, and Education, receive 95.0% of the federal funds. The following table shows the 2021 biennium budgeted federal revenues by functional area of the budget.



The chart below shows the change in federal funding compared to the 2019 biennium by function. The appropriations reflected in the chart includes both ongoing and one-time-only changes.



Overall federal funds decline 2.1% or \$96.1 million when compared to the 2019 biennium appropriations.

Ongoing Funding

The legislature reduced ongoing federal funding by 1.9% or \$85.1 million less than the 2019 biennium with the largest decrease in Education, where federal appropriations were decreased by \$97.4 million.

- The 73.8% reduction in federal authority for OCHE is due to the reduction of services in the Guaranteed Student Loan (GSL) Program and the elimination of the federal Improving Teacher Quality grant. Due to federal regulations, the loan portfolio that was previously managed by GSL was transitioned to an approved loan servicing provider
- A significant amount of federal reduction in health and human services is to true up the amount of federal funding that can be leveraged. DPHHS had unused federal authority in FY 2018

(\$128.0 million) and is projected to have significant unused federal authority in FY 2019 (\$136.6 million). This authority is not unspent funds, but federal matching funds that could not be collected by the state due to the lack of corresponding state match

- As discussed in the general fund overview, Montana's federal matching rate for the Children's Health Insurance Program (CHIP) will decline by 21 percentage points over the next biennium, resulting in a federal funding reduction of \$35.3 million that is offset by increases in both general fund and state special

#### One-Time-Only Funding

The legislature adopted \$1.6 million in OTO appropriations, down from \$12.6 million in the 2019 biennium, an 87.4% reduction.

Child and Family Services Division (CFSD) caseload funding was OTO in the 2019 biennium, including \$6.5 million of federal funds. It was funded as ongoing for the 2021 biennium, explaining the bulk of the federal OTO decrease in Health and Human Services.

The only OTO federal authority remaining is in Natural Resources, where \$854,000 was provided to Fish, Wildlife, & Parks for matching funds for equipment purchases and in Transportation, where \$725,000 in federal funding is expected to be utilized for airport upgrades.

The table below shows federal special revenue in HB 2, by agency, and compares each to the 2019 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2019 biennium to the 2021 biennium is shown in the "Biennium % Change" column.

| HB 2 Only - Federal Special Revenue Agency Comparison   |                     |                    |                    |                    |              |
|---|---------------------|--------------------|--------------------|--------------------|--------------|
| Comparison of 2019 Biennium Appropriation to 2021 Biennium Legislative Budget   |                     |                    |                    |                    |              |
|   | Appropriated Budget |                    | Legislative Budget |                    | Biennium     |
|   | FY 2018             | FY 2019            | FY 2020            | FY 2021            | % Change     |
| <b>Ongoing</b>  |                     |                    |                    |                    |              |
| <b>General Government</b>   |                     |                    |                    |                    |              |
| Department of Revenue   | \$0.262             | \$0.263            | \$0.275            | \$0.275            | 4.7%         |
| Department of Administration  | 1.078               | 0.116              | 0.014              | 0.014              | -97.6%       |
| Department of Commerce  | 18.073              | 18.108             | 21.034             | 21.093             | 16.4%        |
| Department of Labor and Industry  | 32.404              | 33.107             | 33.162             | 33.170             | 1.3%         |
| Department of Military Affairs  | 41.172              | 41.579             | 43.208             | 43.168             | 4.4%         |
| Subtotal  | 92.989              | 93.173             | 97.693             | 97.720             | 5.0%         |
| <b>Health and Human Services</b>  |                     |                    |                    |                    |              |
| Dept. of Public Health & Human Services   | 1,396.946           | 1,434.546          | 1,385.748          | 1,432.934          | -0.5%        |
| Subtotal  | 1,396.946           | 1,434.546          | 1,385.748          | 1,432.934          | -0.5%        |
| <b>Natural Resources and Transportation</b>   |                     |                    |                    |                    |              |
| Department of Fish, Wildlife, and Parks   | 22.962              | 23.632             | 23.999             | 24.026             | 3.1%         |
| Department of Environmental Quality   | 22.591              | 23.039             | 23.705             | 23.693             | 3.9%         |
| Department of Transportation  | 416.635             | 425.065            | 426.459            | 427.115            | 1.4%         |
| Department of Livestock   | 1.705               | 1.756              | 1.866              | 1.867              | 7.9%         |
| Department of Natural Resources & Conservation  | 2.280               | 2.313              | 2.907              | 3.412              | 37.6%        |
| Department of Agriculture   | 1.166               | 1.207              | 1.313              | 1.314              | 10.7%        |
| Subtotal  | 467.339             | 477.013            | 480.250            | 481.427            | 1.8%         |
| <b>Judicial Branch, Law Enforcement, and Justice</b>  |                     |                    |                    |                    |              |
| Judical Branch  | 0.099               | 0.101              | 0.101              | 0.101              | 1.0%         |
| Department of Justice   | 1.335               | 1.356              | 1.426              | 1.426              | 6.0%         |
| Public Service Commission   | 0.173               | 0.173              | 0.273              | 0.273              | 57.8%        |
| Department of Corrections   | 14.266              | 12.443             | 12.443             | 12.443             | -6.8%        |
| Subtotal  | 15.874              | 14.074             | 14.244             | 14.244             | -4.9%        |
| <b>Education</b>  |                     |                    |                    |                    |              |
| Office of Public Instruction  | 169.598             | 170.962            | 172.210            | 173.210            | 1.4%         |
| Office of the Commissioner of Higher Education  | 69.095              | 69.187             | 18.036             | 18.135             | -73.8%       |
| School for the Deaf and Blind   | 0.069               | 0.071              | 0.182              | 0.182              | 159.5%       |
| Montana Arts Council  | 0.702               | 0.710              | 0.717              | 0.717              | 1.5%         |
| Montana State Library   | 1.208               | 1.212              | 1.227              | 0.876              | -13.1%       |
| Montana Historical Society  | 0.818               | 0.841              | 0.797              | 0.799              | -3.8%        |
| Subtotal  | 241.490             | 242.982            | 193.168            | 193.919            | -20.1%       |
| Subtotal Ongoing  | 2,214.638           | 2,261.787          | 2,171.103          | 2,220.244          | -1.9%        |
| <b>One-Time</b>   |                     |                    |                    |                    |              |
| General Government  | -                   | -                  | -                  | -                  | 0.0%         |
| Health and Human Services   | 2.730               | 3.923              | -                  | -                  | -100.0%      |
| Natural Resources and Transportation  | 2.695               | 3.221              | 1.144              | 0.435              | -73.3%       |
| Judicial Branch, Law Enforcement, and Justice   | -                   | -                  | -                  | -                  | 0.0%         |
| Education   | -                   | -                  | -                  | -                  | 0.0%         |
| Subtotal One-time   | 5.424               | 7.144              | 1.144              | 0.435              | -87.4%       |
| <b>Total</b>  | <b>\$2,220.062</b>  | <b>\$2,268.931</b> | <b>\$2,172.247</b> | <b>\$2,220.679</b> | <b>-2.1%</b> |
| 2019 biennium data reflects all reductions and restorations authorized by the 2017 regular and 2017 special session legislatures. |                     |                    |                    |                    |              |

## HB 2 Companion Bills

Companion bills are used to implement substantive law changes needed to implement the budget included in HB 2. The following were utilized to implement necessary changes for funding decisions in HB 2:

- [HB 662](#) – Section E - Education, amends the statute that establishes the eligibility of career and vocational/technical education (CTE) programs for funding and authorizes the Superintendent to determine the method for allocating the CTE appropriation. This clarifies that the CTE appropriation funds both school district CTE programs and statewide Career Technical Student Organizations (CTSOs).
- [HB 669](#) – Section B - Department of Public Health and Human Services, carries out several significant legislative actions related to the HB 2 budget. It creates two state special revenue accounts, one for extended employment and targeted case management and one for funding 100 additional slots in the Big Sky waiver. HB 669 directs that the upcoming Southwest Veterans' Home in Butte be operated with a contracted private vendor. It also authorizes expenditures from the FY 2021 appropriation in FY 2020 if Medicaid caseload is higher than budgeted, and states that the executive does not need to create a second-year mitigation plan in the case of such a transfer in the 2021 biennium. Medicaid provider rate increases are reduced for physicians by \$600,000 to fund the health information exchange project in the 2021 biennium. This bill also changes the statute for the Older Montanans' Trust Fund and the Montana Telecommunications Access Program to permit transfers to the state special revenue funds described above and directs those transfers.
- [HB 684](#) – Section D – Judicial Branch, Law Enforcement & Justice, coordinates policy with HB 2 budget actions. This includes the creation of a state special revenue account for the pretrial diversion program within the Judicial Branch. HB 684 also provided clarification in the transfer of the Public Safety Officer Standards & Training (POST) into the Montana Law Enforcement Academy within the Department of Justice. Also included is a provision to allow for telework opportunities outside of Montana for employees who are mental health professionals involved in psychological or psychiatric evaluations and treatment, employees engaged in providing information technology services, and employees who are medical professionals involved in medical evaluations and treatment. There is direction for drug treatment courts to allow for an evidence-based evaluation tool to measure effective intervention and updated language for the request of presentence investigations in the Judicial Branch.
- [HB 688](#) – Section A - General Government, carries out several significant legislative actions related to the HB 2 budget. It transfers \$284,299 to the general fund for FY 2020 from the insurance fee state special revenue account in the State Auditor's Office. This bill also transfers \$56,740 to the general fund from the securities fee state special revenue account in the State Auditor's Office for FY 2020. The amounts included in these two transfers are the savings resulting from the HB 2 reduction of 7.11 FTE in the agency.

# LEGISLATIVE ACTION



## LONG RANGE PLANNING

The Long-Range Planning (LRP) subcommittee analyzes and recommends appropriations and grant authorizations for capital projects to the legislature. 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. For more information on all the LRP programs and projects, refer to Section F of the 2021 Biennium Legislative Fiscal Report.

### LRP Budgets

The 66th Legislature approved total funds spending of \$446.5 million for the LRP budgets. For the 2021 biennium, the legislature appropriated funding in each of the eight LRP programs and created a new one-time infrastructure grant program. The LRP programs include:

- Long-Range Building Program (LRBP) – acquisition, construction, and major maintenance of state owned lands and buildings, administered by Department of Administration
- State Building Energy Conservation Program (SBECP) – energy efficiency improvements to state owned buildings, administered by Department of Environmental Quality
- Long-Range Information Technology Program (LRITP) – major information technology build and upgrade, administered by Department of Administration
- Treasure State Endowment Program (TSEP) – water, wastewater, solid waste, and bridge infrastructure grants to local governments, administered by the Department of Commerce
- NEW OTO: Delivering Local Assistance Program (DLA) – infrastructure maintenance, repairs and improvements for local governments impacted by natural resource activities and school facilities, administered by the Department of Commerce
- Treasure State Endowment Regional Water Program (TSEPRW) – matching funds for major regional water projects, administered by the Department of Natural Resources and Conservation
- Renewable Resource Grant and Loan Program (RRGL) – grants to local governments for projects that measurably conserve, develop, manage, or preserve resources, administered by the Department of Natural Resources and Conservation
- Reclamation and Development Grant Program (RDGP) – grants for the reclamation of lands degraded by resource severance activities, administered by the Department of Natural Resources and Conservation
- Cultural and Aesthetic Grant Program (C&A) – arts, cultural, and historical grants, administered by the Montana Arts Council

| Long-Range Planning Budgets - 2021 Biennium<br>(\$ millions)                                    |                        |                     |                  |                    |                  |                         |                          |                  |               |
|---|------------------------|---------------------|------------------|--------------------|------------------|-------------------------|--------------------------|------------------|---------------|
| Program   | Gen. Fund<br>Transfers | Capital<br>Projects | State<br>Special | Federal<br>Special | Bond<br>Proceeds | Subtotal<br>State Funds | Authority<br>(non-State) | Total<br>Funding | %<br>Total    |
| LRBP (multiple bills) <sup>1</sup>  | \$11.5                 | \$18.5              | \$42.3           | \$58.1             | \$39.6           | \$169.9                 | \$76.9                   | \$246.8          | 55.3%         |
| SBECP (HB 5)  |                        | 3.6                 |                  |                    |                  | 3.6                     |                          | 3.6              | 0.8%          |
| LRITP (HB 10)   | 7.3                    |                     | 18.4             | 12.9               |                  | 38.6                    |                          | 38.6             | 8.6%          |
| TSEP (HB 11 & HB 652)   |                        |                     | 18.6             |                    | 12.6             | 31.2                    |                          | 31.2             | 7.0%          |
| DLA (HB 652)  |                        |                     | 0.2              |                    | 21.5             | 21.7                    |                          | 21.7             | 4.9%          |
| TSEPRW (HB 11)  |                        |                     | 5.0              |                    |                  | 5.0                     |                          | 5.0              | 1.1%          |
| RRGL (HB 6, HB 8, HB 652)   |                        |                     | 6.4              |                    | 86.9             | 93.3                    |                          | 93.3             | 20.9%         |
| RDGP (HB 7 & HB 652)  |                        |                     | 4.6              |                    | 1.2              | 5.8                     |                          | 5.8              | 1.3%          |
| C&A (HB 9)  |                        |                     | 0.5              |                    |                  | 0.5                     |                          | 0.5              | 0.1%          |
| <b>Total</b>  | <b>\$18.8</b>          | <b>\$22.1</b>       | <b>\$95.8</b>    | <b>\$71.0</b>      | <b>\$161.8</b>   | <b>\$369.6</b>          | <b>\$76.9</b>            | <b>\$446.5</b>   | <b>100.0%</b> |
| <sup>1</sup> Includes appropriations and authority included in HB 5, HB 652, HB 695, and SB 338 |                        |                     |                  |                    |                  |                         |                          |                  |               |

Note: Funding from the column titled Authority, representing 17.2% of the total LRP funding, are not technically appropriations. Authority refers to non-state funds, typically university funds and donations. These items are included in the table because statute requires that capital building projects with costs in excess of \$150,000 must be authorized by the legislature regardless of the source of funding.



## Legislative Action

Total legislative appropriations and authority for the LRP budgets are \$446.5 million. This amount is a 124.4% increase from the LRP budgets in the 2019 biennium and 1.4% greater than the executive budget proposal. The legislature made some changes in the executive's recommendations for project funding and added numerous new projects to the executive proposal. The legislature did not provide an appropriation for the Betty Babcock museum project (\$32.1 million), but did provide a funding source for the project through separate legislation (SB 338). Future legislatures are expected to provide appropriation authority.

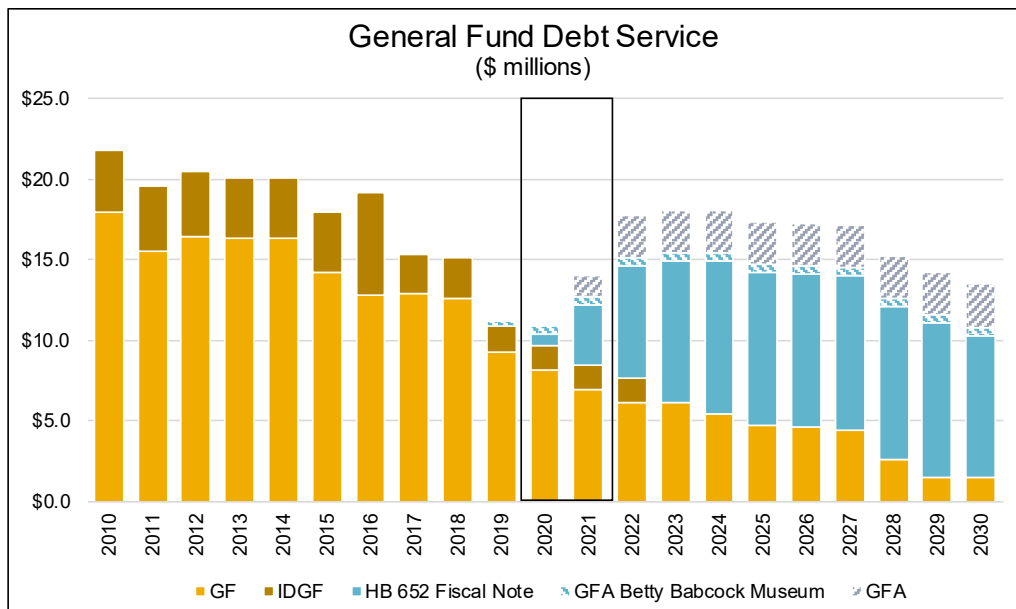
The legislature authorized the issuance of general fund supported general obligation bonds. This was the first time such bonds have been authorized since 2005, or 14 years. The bond proceeds are used to increase program funding in four of the usual LRP programs; LRBP, TSEP, RRGL, and RDGP. The proceeds also fully fund the DLA program.

The LRP budgets contain several significant appropriations, that include:

- \$32.0 million for the renovation of Romney Hall, on the Montana State University campus
- \$22.0 million for a new armory in Butte-Silver Bow County
- \$46.5 million for seven new university system building construction and renovation projects on the Montana State University campus, funded through anticipated donations
- \$12.0 million for FWP to purchase a permanent recreational easement at Big Arm State Park (HB 695)
- \$40.0 million appropriated for a loan to the users of Milk River waters to reconstruct the water diversion system

## DEBT SERVICE

The following table illustrates current statutorily appropriated general fund debt service and includes debt service projections for bonds that have been authorized but are unissued, as well as debt service projections related to the passage of HB 652, the State and Local Infrastructure Act.



- Gold-GF – General obligation (GO) bonds paid by the general fund. The bond issues related to this debt service primarily funded the construction of state government buildings (\$15.0 million in the 2021 biennium)
- Brown IDGF – This category includes GO bonds and special revenue bonds that are paid indirectly through the general fund. The revenues used to pay for this debt service would flow into the general were it not for these costs (\$3.1 million in the 2021 biennium)

- Blue HB 652 Fiscal Note – This category illustrates the debt service costs of HB 652 using the debt service projections provided in the fiscal note. HB 652 authorized \$40.3 million of GO bonds for local government infrastructure projects and \$39.6 million of GO bonds for state infrastructure projects, for a total of \$79.9 million of general fund GO bonds. Note: HB 652 directs that the bonds be issued with 10-year maturities, so the associated annual debt service costs are greater than the traditional 20-year maturities. The debt service is projected to add \$4.5 million to the general fund debt costs in the 2021 biennium and \$9.5 million per year when the bonds are fully issued
- Blue Hatched GFA Betty Babcock Museum – There is an outstanding balance of \$6.7 million of bond authority provided by the 2005 Legislature. With the passage of SB 338, which provided a funding source for the Betty Babcock Museum, there is a greater likelihood that the remaining bond authority will be issued. The debt service for this bond authority is projected to be \$250,885 in the 2021 biennium and \$0.5 million in future years. Since the date of issuance is still in question, the debt service is shown in hatched lines in the chart above
- Grey Hatched GFA – This category includes the projections for debt services costs on \$35.5 million of authorized but unissued bonds. This category includes bonds authorized for the costs of two tribal compacts, and the St. Mary's diversion structure repairs, all of which are reliant on federal action prior to the state's ability to issue (\$1.3 million in the 2021 biennium). While there is no certainty for when these bonds may be issued, there are indications that the federal government is considering actions that could result in the issuance of certain authority. Due to the uncertainty surrounding the issuance of these authorized bonds, the debt service related to this authority is shown in hatched in the chart above

The general fund will support, either directly or indirectly, \$18.1 million of debt service costs in the 2021 biennium from issued bonds. The 2019 Legislature took actions that will increase the amount of state debt and general fund debt service with the passage of HB 652, bringing the projected general fund debt service costs to \$22.6 million in the 2021 biennium. While potential exists for the issuance of the previously authorized debt including the Betty Babcock Museum, tribal compacts, and St. Mary's project, there is no certainty for when those bonds will be issued. However, there is the potential that the general fund debt service could increase by as much as the projected amount of \$1.6 million during the biennium.

## STATUTORY APPROPRIATIONS

Statutory appropriations are in statute and are not part of the biennial budgeting process. As such, 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.

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 Fiscal Division has prepared a [guide to statutory appropriations](#) for further information.

### ***Legislative Action***

The 2019 Legislature made changes to existing statutory appropriations and established new statutory appropriations. The decisions impacted general fund, state special revenue, and federal special revenue funds. Significant legislative action included the following:

- [HB 658](#) which removed the statutory appropriation for Medicaid expansion
- [HB 52](#) which extended sunsets on various economic development statutory appropriations and increased the appropriation for some
- [HB 652](#) Revised the long-range building bonding program and issued \$80.0 million in bonds which will increase the debt service statutory appropriation
- [HB 725](#) Legalized sports betting which will increase the statutory appropriation for prize money payouts

| General Fund Statutory Appropriations FY 2018 - FY 2023                    |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | (\$ Millions)    |                  |                  |                  |                  |                  |
|  | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             |
| <b>General Fund</b>  | Actual           | (Estimate)       | (Estimate)       | (Estimate)       | (Estimate)       | (Estimate)       |
| <b>Retirement</b>  |                  |                  |                  |                  |                  |                  |
| <a href="#">19-3-320 Statutory Appropriation to PERS</a>                   | \$31.386         | \$31.958         | \$32.278         | \$32.600         | \$32.926         | \$33.256         |
| <a href="#">19-3-319 Local Gov. Retirement Contribution</a>                | 0.969            | 0.988            | 1.008            | 1.028            | 1.048            | 1.069            |
| <a href="#">19-6-404 MHP Retirement Transfer</a>                           | 1.460            | 1.489            | 1.519            | 1.549            | 1.580            | 1.612            |
| <a href="#">19-6-410 MHP Supplemental Retirement Transfer</a>              | 0.250            | 0.250            | 0.250            | 0.250            | 0.250            | 0.250            |
| <a href="#">19-9-702 Police Retirement Contribution</a>                    | 15.858           | 16.254           | 16.660           | 17.077           | 17.504           | 17.941           |
| <a href="#">19-13-604 Firefighters' Association Contribution</a>           | 16.157           | 16.803           | 17.475           | 18.174           | 18.901           | 19.657           |
| <a href="#">19-17-301 Volunteer Firefighter Fund Contribution</a>          | 2.212            | 2.301            | 2.393            | 2.488            | 2.588            | 2.691            |
| <a href="#">19-18-512 Fire Department Relief Association Contribution</a>  | 0.390            | 0.390            | 0.390            | 0.390            | 0.390            | 0.390            |
| <a href="#">19-19-305 Police (Non-PERS) Retirement Contribution</a>        | 0.216            | 0.216            | 0.216            | 0.216            | 0.216            | 0.216            |
| <a href="#">19-19-506 Police Officer Pension Supplemental Contribution</a> | -                | -                | -                | -                | -                | -                |
| <a href="#">19-20-604 Teacher's Retirement Supplemental Contribution</a>   | 0.909            | 0.937            | 0.965            | 0.994            | 1.023            | 1.054            |
| <a href="#">19-20-607 Teachers' Retirement System Contribution</a>         | 44.096           | 44.656           | 45.246           | 45.854           | 46.479           | 47.124           |
| <a href="#">19-21-203 MUS Retirement Contribution</a>                      | 1.767            | 1.838            | 1.911            | 1.988            | 2.067            | 2.150            |
| <b>Subtotal</b>  | <b>115.669</b>   | <b>118.079</b>   | <b>120.310</b>   | <b>122.607</b>   | <b>124.973</b>   | <b>127.410</b>   |
| <b>Economic Development</b>  |                  |                  |                  |                  |                  |                  |
| <a href="#">15-35-108(11)(b)(i)(A) Coal Sev. to Coop. Dev. Center</a>      | 0.065            | 0.065            | 0.065            | 0.065            | 0.065            | 0.065            |
| <a href="#">15-35-108(11)(b)(i)(B) Coal Sev. to Growth Through Ag</a>      | 0.623            | 0.625            | 0.900            | 0.900            | 0.900            | 0.900            |
| <a href="#">15-35-108(11)(b)(i)(C) Coal Sev. to MT Food &amp; Ag</a>       | -                | -                | 0.600            | 0.600            | 0.600            | 0.600            |
| <a href="#">15-35-108(11)(b)(ii) Coal Sev. to Dept. of Commerce</a>        | 1.099            | 1.100            | 1.800            | 1.800            | 1.800            | 1.800            |
| <a href="#">15-70-433 Biodiesel Tax Refunds</a>                            | -                | -                | -                | -                | -                | -                |
| <b>Subtotal</b>  | <b>1.788</b>     | <b>1.790</b>     | <b>3.365</b>     | <b>3.365</b>     | <b>3.365</b>     | <b>3.365</b>     |
| <b>Local Assistance</b>  |                  |                  |                  |                  |                  |                  |
| <a href="#">7-4-2502 Payment of County Attorneys</a>                       | 3.452            | 3.452            | 3.555            | 3.662            | 3.772            | 3.885            |
| <a href="#">15-1-121 Local Government Combined Distribution</a>            | 133.853          | 136.472          | 140.778          | 145.001          | 149.351          | 153.832          |
| <a href="#">22-1-327 State Aid to Public Libraries</a>                     | -                | -                | 0.396            | 0.396            | 0.396            | 0.396            |
| <b>Subtotal</b>  | <b>137.304</b>   | <b>139.924</b>   | <b>144.729</b>   | <b>149.059</b>   | <b>153.519</b>   | <b>158.113</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>              | 3.574            | 0.300            | 8.250            | 8.250            | 8.250            | 8.250            |
| <a href="#">15-1-218 Out of State Collections</a>                          | 0.182            | 0.200            | 0.200            | 0.200            | 0.200            | 0.200            |
| <a href="#">16-11-509 Tobacco Enforcement</a>                              | -                | -                | -                | -                | -                | -                |
| <a href="#">17-3-106 Return of Federal Grant Interest</a>                  | 0.013            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            |
| <a href="#">17-3-106 Return of Federal Grant Money (GSD Only)</a>          | 0.276            | 0.225            | 0.225            | 0.225            | 0.225            | 0.225            |
| <a href="#">17-3-106 Return of Federal Grant Money</a>                     | 0.213            | 0.155            | 0.170            | 0.170            | 0.170            | 0.170            |
| <a href="#">HB 676 2019 Session</a>  | -                | -                | 0.045            | 0.045            | 0.045            | 0.045            |
| <a href="#">5-13-402 Legislative Audits</a>                                | -                | -                | -                | -                | -                | -                |
| <a href="#">17-1-205 Loan to G.F. / other</a>                              | 0.075            | -                | -                | -                | -                | -                |
| <a href="#">17-6-101 Banking Charges</a>                                   | 2.235            | 2.279            | 2.325            | 2.372            | 2.419            | 2.467            |
| <a href="#">17-7-502(4) Bond Fees &amp; Costs</a>                          | 12.395           | 9.271            | 10.935           | 15.178           | 15.428           | 15.833           |
| <a href="#">Aquatic Invasive Species</a>                                   | -                | -                | -                | -                | -                | -                |
| <a href="#">53-6-1304 SB 405 HELP Act</a>                                  | 42.634           | 51.771           | -                | -                | -                | -                |
| <b>Subtotal</b>  | <b>61.598</b>    | <b>64.203</b>    | <b>22.152</b>    | <b>26.441</b>    | <b>26.739</b>    | <b>27.192</b>    |
| <b>General Fund Total</b>  | <b>\$316.360</b> | <b>\$323.996</b> | <b>\$290.556</b> | <b>\$301.473</b> | <b>\$308.596</b> | <b>\$316.080</b> |

| Remaining Statutory Appropriations - Legislative Fiscal Division Estimates |                    |                    |                  |                  |                  |                  |
|--|--------------------|--------------------|------------------|------------------|------------------|------------------|
|  | (\$ Millions)      |                    |                  |                  |                  |                  |
|  | 2018               | 2019               | 2020             | 2021             | 2022             | 2023             |
| <b>State Special Funds</b>   | (Estimate)         | (Estimate)         | (Estimate)       | (Estimate)       | (Estimate)       | (Estimate)       |
| <a href="#">20-9-622 Guarantee Account to BASE Aid</a>                     | \$47.041           | \$43.384           | \$45.551         | \$45.888         | \$47.106         | \$49.033         |
| <a href="#">15-36-332 Oil &amp; Gas Distribution to Counties</a>           | 53.594             | 59.072             | 55.731           | 52.199           | 51.272           | 50.681           |
| <a href="#">15-65-121 Lodging Tax Distribution</a>                         | 25.485             | 32.069             | 33.571           | 34.743           | 35.806           | 36.771           |
| <a href="#">15-70-101 Fuel Tax to Local Governments</a>                    | 20.218             | 34.079             | 36.589           | 36.662           | 38.744           | 41.032           |
| <a href="#">17-3-241 Mineral Impact Account</a>                            | 5.779              | 5.779              | 5.779            | 5.779            | 5.779            | 5.779            |
| All Other State Special  | 128.755            | 85.482             | 89.061           | 89.081           | 89.145           | 89.140           |
| <b>State Special Total</b>   | <b>280.871</b>     | <b>259.865</b>     | <b>266.282</b>   | <b>264.352</b>   | <b>267.851</b>   | <b>272.435</b>   |
| <b>Federal Special Funds</b>   |                    |                    |                  |                  |                  |                  |
| <a href="#">53-6-1304 SB 405 HELP Act</a>                                  | 672.988            | 715.731            | -                | -                | -                | -                |
| <a href="#">53-6-148 Indian Health Services</a>                            | 74.823             | 94.556             | 108.740          | 125.051          | 143.808          | 165.379          |
| <a href="#">17-3-212 Federal Forest Funds to Counties</a>                  | 15.120             | 14.177             | 14.177           | 14.177           | 14.177           | 14.177           |
| <a href="#">17-7-502(4) Highway 93 Debt Service</a>                        | 15.416             | 15.416             | 15.416           | 15.416           | 15.416           | 15.416           |
| All Other Federal Funds  | 28.808             | 20.000             | 20.000           | 20.100           | 20.125           | 21.500           |
| <b>Federal Special Total</b>   | <b>807.155</b>     | <b>859.881</b>     | <b>158.333</b>   | <b>174.744</b>   | <b>193.526</b>   | <b>216.473</b>   |
| <b>Capital Projects and Enterprise Funds</b>                               |                    |                    |                  |                  |                  |                  |
| <a href="#">23-7-402 Lottery Prizes</a>                                    | 32.551             | 32.551             | 32.551           | 32.551           | 32.551           | 32.551           |
| <a href="#">HB 553 2019 Session</a>  | -                  | -                  | -                | -                | 23.318           | 25.557           |
| <a href="#">HB 725 2019 Session</a>  | -                  | -                  | 8.515            | 9.373            | 10.309           | 11.349           |
| All Other  | 10.515             | 10.515             | 10.515           | 10.515           | 10.515           | 10.515           |
| <b>Capital Projects and Enterprise Funds Total</b>                         | <b>43.066</b>      | <b>43.066</b>      | <b>51.581</b>    | <b>52.439</b>    | <b>76.693</b>    | <b>79.973</b>    |
| <b>Total Statutory Appropriations (All Funds)</b>                          | <b>\$1,447.451</b> | <b>\$1,486.808</b> | <b>\$766.753</b> | <b>\$793.007</b> | <b>\$846.667</b> | <b>\$884.960</b> |

## GENERAL FUND 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 multiple funds and with proper legislative authorization, money may be transferred from one fund to another without an appropriation. Like statutory appropriations, these transfers and authorizations are existing law and are not part of the biennial budgeting process. Transfers impact the amount of money available for the legislature to appropriate for specific programs.

### ***Legislative Action***

The 2019 Legislature authorized, changed, or adopted multiple general fund transfers. Some of the significant changes for the 2021 biennium are as follows:

- [HB 3](#) transferred \$21.5 million from the general fund to the fire suppression account as well as a \$15 million general fund transfer to the budget stabilization reserve fund
- [HB 5](#) provides a \$2.5 million general fund transfer to the long-range building program account in FY 2020
- [HB 10](#) provides a \$7.3 million general fund transfer to the long-range information technology capital program account in FY 2021
- [HB 652](#) transfers \$9.0 million from the general fund to the long-range building program account in FY 2020
- [HB 684](#) the Section D companion bill, transferred a combined \$4.1 million from the general fund to the pretrial diversion program, legislative committees, the state library, and the treatment court support account in FY 2019
- [HB 715](#) transfers excess authority at the end of the 2019 biennium from the Governor's emergency fund to the budget stabilization reserve fund. This is estimated at \$12.1 million in FY 2020
- [SB 352](#) provides a general fund transfer of \$3.75 million to the statewide public safety communications system account for the fiscal years 2020 through 2029

| General Fund Non-Budgeted Transfers: LFD Estimates                              |                 |                  |                  |                  |                  |                  |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|
|   | (\$ Millions)   |                  |                  |                  |                  |                  |
| Statutory Reference   | 2018<br>Actual  | 2019<br>Estimate | 2020<br>Estimate | 2021<br>Estimate | 2022<br>Estimate | 2023<br>Estimate |
| <b>Vehicle</b>  |                 |                  |                  |                  |                  |                  |
| <a href="#">15-1-122(1) Adoption Services Account</a>                           | \$0.072         | \$0.079          | \$0.087          | \$0.095          | \$0.105          | \$0.115          |
| <a href="#">15-1-122(2) Research &amp; Commercialization Account</a>            | 1.275           | 1.275            | -                | -                | -                | -                |
| <a href="#">15-1-122(3)(a) Motor Vehicle Recycling &amp; Disposal Program</a>   | 1.620           | 1.649            | 1.670            | 1.687            | 1.706            | 1.723            |
| <a href="#">15-1-122(3)(b) Noxious Weed Account</a>                             | 1.641           | 1.671            | 1.693            | 1.710            | 1.729            | 1.747            |
| <a href="#">15-1-122(3)(c)(i) Boat Facilities &amp; Off-Highway Vehicles</a>    | 0.503           | 0.512            | 0.519            | 0.524            | 0.530            | 0.536            |
| <a href="#">15-1-122(3)(c)(ii) Snowmobile Facility Development &amp; Maint.</a> | 0.109           | 0.111            | 0.113            | 0.114            | 0.115            | 0.116            |
| <a href="#">15-1-122(3)(c)(iii) Motorboat Account</a>                           | 0.175           | 0.178            | 0.181            | 0.182            | 0.184            | 0.186            |
| <a href="#">15-1-122(3)(d) State Veterans' Cemetery Account</a>                 | 0.868           | 0.884            | 0.895            | 0.904            | 0.914            | 0.924            |
| <a href="#">15-1-122(3)e Search &amp; Rescue Account</a>                        | 0.044           | 0.045            | 0.045            | 0.046            | 0.046            | 0.047            |
| <b>Other Transfers</b>  |                 |                  |                  |                  |                  |                  |
| <a href="#">15-1-122(5) Sage Grouse</a>   | 2.000           | 2.000            | 2.000            | 2.000            | -                | -                |
| <a href="#">15-1-122(4) Livestock Loss</a>                                      | 0.200           | 0.200            | 0.200            | 0.200            | 0.200            | 0.200            |
| <a href="#">17-1-511(2) Rural Physicians</a>                                    | 0.227           | 0.227            | 0.227            | 0.227            | 0.227            | 0.227            |
| <a href="#">39-11-206 Commerce Training Account</a>                             | -               | -                | -                | -                | -                | -                |
| <a href="#">39-71-2352(6) Old State Fund Shortfall</a>                          | 8.050           | 9.050            | 12.816           | 10.933           | 10.933           | 10.933           |
| <a href="#">2017 Special Session Transfers</a>                                  | 25.309          | 45.721           | -                | -                | -                | -                |
| <a href="#">77-1-108(5a) Trust Land Adm.</a>                                    | 0.080           | -                | 0.040            | 0.040            | 0.040            | 0.040            |
| <a href="#">85-2-280 Water Adjudication</a>                                     | 3.179           | 3.864            | 2.996            | 3.702            | 3.702            | 3.702            |
| <a href="#">87-2-801(6) Purple Heart Free Hunting</a>                           | 0.025           | -                | -                | -                | -                | -                |
| <a href="#">87-2-803(12d) Military Free Hunting</a>                             | 0.000           | -                | -                | -                | -                | -                |
| <b>Legislation</b>  |                 |                  |                  |                  |                  |                  |
| <a href="#">HB 647 (2017 Session)</a>   | -               | -                | -                | -                | -                | -                |
| <a href="#">HB 3 (2019 Session)</a>   | -               | 0.400            | -                | -                | -                | -                |
| <a href="#">HB 5 (2019 Session)</a>   | -               | 36.500           | -                | -                | -                | -                |
| <a href="#">HB 10 (2019 Session)</a>  | -               | -                | 2.500            | -                | -                | -                |
| <a href="#">HB 10 (2019 Session)</a>  | -               | -                | -                | 7.313            | -                | -                |
| <a href="#">HB 158 (2019 Session)</a>   | -               | -                | 0.050            | -                | -                | -                |
| <a href="#">HB 341 (2019 Session)</a>   | -               | -                | 0.250            | 0.255            | 0.261            | 0.266            |
| <a href="#">HB 553 (2019 Session)</a>   | -               | -                | -                | -                | 23.318           | 25.557           |
| <a href="#">HB 631 (2019 Session)</a>   | -               | -                | 0.045            | -                | -                | -                |
| <a href="#">HB 633 (2019 Session)</a>   | -               | -                | 0.000            | -                | -                | -                |
| <a href="#">HB 652 (2019 Session)</a>   | -               | -                | 9.000            | -                | -                | -                |
| <a href="#">HB 662 (2019 Session)</a>   | -               | -                | 0.000            | -                | -                | -                |
| <a href="#">HB 684 (2019 Session)</a>   | -               | 4.103            | -                | -                | -                | -                |
| <a href="#">HB 715 (2019 Session)</a>   | -               | -                | 12.126           | -                | -                | -                |
| <a href="#">SB 312 (2019 Session)</a>   | -               | -                | 0.050            | -                | -                | -                |
| <a href="#">SB 352 (2019 Session)</a>   | -               | -                | 3.750            | 3.750            | 3.750            | 3.750            |
| <b>Other Adjustments</b>  |                 |                  |                  |                  |                  |                  |
|   | (0.212)         | -                | -                | -                | -                | -                |
| <b>Total General Fund</b>   | <b>\$45.166</b> | <b>\$108.470</b> | <b>\$51.252</b>  | <b>\$33.684</b>  | <b>\$47.762</b>  | <b>\$50.069</b>  |



## OTHER GENERAL FUND APPROPRIATION LEGISLATION

In addition to HB 2, long-range building, statutory appropriations, and non-budgeted transfers, appropriation authority was provided through other bills as adopted by the 2019 Legislature. The following table summarizes other appropriation bills (general fund only) commonly referred to as cat and dog bills. The general fund appropriation bills total \$116.7 million for the three-year period.

| General Fund Appropriation Bills - 2019 Legislative Session                          |             |              |              |
|--|-------------|--------------|--------------|
|  | FY 2019     | FY 2020      | FY 2021      |
| HB0001 Feed Bill to fund 66th Legislative session and prepare for 2021               | \$7,024,377 | \$2,293,453  | \$2,804,462  |
| HB0003 Supplemental Appropriations Bill  | (702,142)   | -            | -            |
| HB0111 Transfer parole supervision of certain youth to youth court                   | -           | 10           | -            |
| HB0172 Establish county veterans' service offices                                    | -           | 30,000       | 30,000       |
| HB0175 Provide for state employee pay plan   | -           | 6,028,128    | 15,641,449   |
| HB0211 Address recruitment and retention of K-12 quality educators                   | -           | 500,000      | 500,000      |
| HB0351 Encourage transformational learning   | -           | 1,033,151    | 1,566,849    |
| HB0369 Generally revise criminal justice laws  | -           | 20,000       | 20,000       |
| HB0387 Create advanced opportunity act for Montana students                          | -           | -            | 750,000      |
| HB0632 Require decennial report on economic impact of Indian reservations            | -           | 24,000       | 24,000       |
| HB0638 Increasing K-12 special ed allowable cost payment                             | -           | 460,080      | 1,400,139    |
| HB0643 Extend state lands reimbursement block grant for schools                      | -           | 100,000      | 100,000      |
| HB0657 Study community college funding formula and CTE funding                       | -           | 2,500        | 2,500        |
| HB0658 Generally revise healthcare laws and permanently expand Medicaid              | -           | 32,207,493   | 40,174,374   |
| HB0660 Create Mobile Crisis Unit Grant Program                                       | -           | 250,000      | 250,000      |
| HB0680 Establishing a caseload cap on DD targeted case management services           | -           | 500,000      | 500,000      |
| HB0715 Generally revise laws related to state finance and provide for fiscal studies | -           | 992,600      | 1,022,500    |
| HB0716 Developing an agreement with MUS and Idaho College of Medicine                | -           | 1,000        | -            |
| HB0717 Establish the Louis Charles Charlo memorial highway                           | -           | 1            | -            |
| HB0719 Establish the Jeannette Rankin memorial highway                               | -           | 1            | -            |
| HB0726 Extend child support obligation for children with disabilities                | -           | 2,500        | 2,500        |
| HB0748 Establish the Minnie Spotted-Wolf memorial highway                            | -           | 1            | -            |
| HB0754 Create study commission to review MUS restructuring                           | -           | 34,200       | 22,800       |
| HB0756 Establish the Dolly Smith Akers memorial highway                              | -           | 1            | -            |
| HB0763 Generally revise corrections laws   | -           | 175,000      | 25,000       |
| HB0776 Revise laws related to districting and apportionment commission               | -           | 75,000       | 75,000       |
| SB0310 Revise laws related to legislature and budgeting                              | -           | 2,500        | 2,500        |
| SB0352 Generally revise laws related to the state budget                             | -           | 283,620      | 398,625      |
| SB0365 Memorialize Flathead veterans on the new southfork bridge                     | -           | 1            | -            |
| Grand Total - General Fund Appropriation Bills                                       | \$6,322,235 | \$45,015,240 | \$65,312,698 |

### Legislative Action - Highlights

The following bills contain general fund appropriations for the 2021 biennium:

#### [HB 1](#) – Feed bill

The 2019 Legislature authorized \$12.1 million in general fund appropriations to fund the operations of the legislature.

#### [HB 3](#) – Supplemental Appropriations

The legislature lowered FY 2019 general fund appropriations in HB 2 by \$13.5 million and increased general fund appropriations by \$12.8 million for a net savings to general fund of \$702,142.

| HB 3 Supplemental Appropriations - 2019 Session |              |
|---|--------------|
| Judicial Branch                                 | 120,000      |
| Office of Public Instruction                    | 100,000      |
| Department of Administration                    | 500,000      |
| Office of Public Defender                       | 7,394,023    |
| Department of Corrections                       | 4,683,835    |
| Department of Public Health and Human Services  | (13,500,000) |
| Total appropriations                            | (702,142)    |
|   |              |

**HB 175** - Provide for state employee pay plan

A pay plan for state employees was adopted by the legislature that included \$21.7 million in general fund authority for the 2021 biennium. This includes authority provided to the Office of Budget and Program Planning to be distributed to agencies when personnel vacancies do not occur or when retirement costs exceed agency resources.

**HB 658** - Generally revise healthcare laws and permanently expand Medicaid

Lawmakers passed expanded Medicaid in the 2015 Session, however that legislation was due to sunset at the end of June 2019. The 2019 Legislature revamped Medicaid expansion and extended the program approving \$72.4 million in general fund authority to the Department of Public Health and Human Services and the Department of Revenue. For a more details about Medicaid expansion, please refer to page 8.

**HB 715** - Generally revise laws related to state finance and provide for fiscal studies

The 2019 Legislature provided nearly \$1.9 million general fund appropriation authority to elected official budgets for legislation passed with a fiscal impact, but no appropriation. Elected officials would have flexibility to provide HB 715 appropriations where necessary for the new legislation requirements.

In addition, HB 715 provided \$145,100 to the Legislative Branch to implement studies and the appointment of additional interim committee members. HB 715 directs the Legislative Finance Committee to study long-term budget stabilization and financial modernization with emphasis on risk analysis.

| HB 715 General Fund Appropriations      |         |           |             |
|---|---------|-----------|-------------|
|   | FY 2019 | FY 2020   | FY 2021     |
| Executive Branch                        | -       | \$660,000 | \$730,000   |
| Legislative Branch                      | -       | 72,600    | 72,500      |
| Office of Public Instruction            | -       | 30,000    | -           |
| Department of Justice                   | -       | 230,000   | 220,000     |
| Grand Total General Fund Appropriations |         | \$992,600 | \$1,022,500 |
|   |         |           |             |

**SB 310** - Revise laws related to legislature and budgeting

The Legislative Branch received \$5,000 in general fund appropriation authority to study 45-day annual legislative sessions, with odd years for policy legislation and even years for adopting a biennial budget.

**SB 352** - Generally revise laws related to the state budget

General fund appropriation authority was provided in SB 352 to Fish, Wildlife, and Parks for aquatic invasive species prevention.

# LEGISLATIVE ACTION

## PAY PLAN

The legislature adopted a pay plan in HB 175 for state employees that included a 0.50 cent increase beginning the first pay period including January 1 for each year of the biennium. The figure below outlines total funding provided by the legislature for the pay increase each year of the biennium.

| Pay Plan for State Employees   |              |               |                 |             |              |
|--|--------------|---------------|-----------------|-------------|--------------|
| Pay Increase of .50 cents per hour beginning 01/01/2020 & 01/01/2021 |              |               |                 |             |              |
| Annual Summary by Branch   | General Fund | State Special | Federal Special | Proprietary | Total        |
| FY 2020  |              |               |                 |             |              |
| Legislative Branch   | \$78,622     | \$15,386      |                 |             | \$94,008     |
| Consumer Counsel   |              | 3,653         |                 |             | 3,653        |
| Judicial Branch  | 248,884      | 7,996         | 238             |             | 257,118      |
| Executive Branch   | 4,153,682    | 2,960,756     | 1,976,178       | 84,187      | 9,174,803    |
| Montana University System  | 1,546,940    |               | 40,305          |             | 1,587,245    |
| FY 2020 Total  | 6,028,128    | 2,987,791     | 2,016,721       | 84,187      | 11,116,827   |
| FY 2021  |              |               |                 |             |              |
| Legislative Branch   | 223,072      | 45,174        |                 |             | 268,246      |
| Consumer Counsel   |              | 10,647        |                 |             | 10,647       |
| Judicial Branch  | 727,724      | 22,469        | 711             |             | 750,904      |
| Executive Branch   | 10,119,396   | 7,484,089     | 5,238,021       | 194,089     | 23,035,595   |
| Montana University System  | 4,571,257    |               | 118,746         |             | 4,690,003    |
| FY 2021 Total  | 15,641,449   | 7,562,379     | 5,357,478       | 194,089     | 28,755,395   |
| 2021 Biennium Total  |              |               |                 |             |              |
|  | \$21,669,577 | \$10,550,170  | \$7,374,199     | \$278,276   | \$39,872,222 |

HB 175 also provided other appropriations for changes in state agency personal services costs including: \$3.0 million in total funds for the Office of Budget and Program Planning to be distributed to executive agencies when personnel vacancies do not occur, or retirement costs exceed agency resources.

## Contribution to Employee Group Benefits

Funding for the state share contribution to employee group benefits remained unchanged for the 2021 biennium at \$1,054 each month.

## LEGISLATIVE FINANCE COMMITTEE INTERIM STUDIES

The 2019 legislature passed study bills that impact the Legislative Finance Committee (LFC). The following explains each study in detail:

[HB 715](#) Generally revise laws related to state finance and provide for fiscal studies

### *Financial Modernization and Risk Analysis*

Under the guidance of the LFC and input from other interim committees, this study will use data compiled last interim to analyze how Montana can move its financial plan forward with the changing economy.

### *Budget Stabilization*

This analysis will gather data and test financial sustainability of certain state revenue sources supporting state programs; stress test assumptions for the public pension systems; and test assumptions of local government expenditures and funding. A key output will be observations of trends over the past 20 years and the evaluation of potential outcomes to future budgets. It will specifically look at the following: risks, opportunities, present law budgets, trended budgets, and other spending and revenue pressures.

### *Personal Services Budgeting*

This analysis will evaluate options for personal services budgeting including understanding of the current “snapshot” budgeting and calculated methods. Snapshot is an executive budgeting tool used to build state agency budgets and is comprised of salaries and benefits. The snapshot is then used by the executive to determine changes to the personal services budget.

[HB 657](#) Study community college funding formula and CTE funding

This study will follow up on previous interim and session work regarding community college, career and technical education, and special education funding. A subcommittee is required in the bill for this study.

[HB 633](#) Create digital library services state special revenue account

The Legislative Finance Committee is charged with finding a method to adequately and fairly distribute the cost of administering and operating the natural resource information system and other digital library services among state agencies and private or commercial entities.

[SB 310](#) Revise laws related to legislature and budgeting

The Legislative Finance Committee is requested to work with the Legislative Council in the following areas:

- (a) evaluation of other state legislatures' interim policy and budget processes and procedures that encourage development of legislators' understanding of both policy and budget;
- (b) evaluation of the session calendar, schedules, and transition required that would allow for an odd-year session focused on adjusting the policy and statutory changes in 45 days or less;
- (c) evaluation of the session calendar, schedules, and transition required that would allow for an even-year session focused on adopting a biennial budget in 45 days or less; and
- (d) consideration of the best approach to each interim following a policy session in preparation for the budget session and each interim following a budget session in preparation for the policy session

## **FTE CHANGES**

Full-time-equivalent (FTE) is used to account for full and part-time employees of state government. The legislature does not appropriate FTE per se, but instead uses FTE and its individual attributes such as salary and benefits to build the personal services budget. The FTE are also used to indicate which FTE can be used to build the base budget in the next biennium.

The 2019 Legislature considered the executive's proposed \$34.0 million increase in personal services budget modifications and reinstatements. Lawmakers chose to balance personal services budgets by reducing certain vacant FTE, and adopting additional FTE where needed.

The following figure shows the reductions to vacant FTE taken by the legislature and the added FTE as decided by the legislature. The bottom of the table shows FTE provided by HB 715, which included extra FTE to the executive and other elected officials.

| HB 2 Only - FTE Agency Summary<br>Summary of 2019 Session FTE Legislative Action |             |                                    |          |             |         |           |           |
|--|-------------|------------------------------------|----------|-------------|---------|-----------|-----------|
|  | Base<br>FTE | Removal of Available<br>Vacant FTE |          | Adopted FTE |         | Total FTE |           |
|  |             | FY 2020                            | FY 2021  | FY 2020     | FY 2021 | FY 2020   | FY 2021   |
| <b>General Government</b>  |             |                                    |          |             |         |           |           |
| 11040 LEGISLATIVE BRANCH   | 139.89      | -                                  | -        | 2.00        | 2.00    | 141.89    | 141.89    |
| 11120 CONSUMER COUNSEL   | 5.54        | -                                  | -        | -           | -       | 5.54      | 5.54      |
| 31010 GOVERNOR'S OFFICE  | 58.07       | -                                  | -        | -           | -       | 58.07     | 58.07     |
| 32020 COMMISSIONER OF POLITICAL PRACTICES  | 6.00        | -                                  | -        | 1.00        | 1.00    | 7.00      | 7.00      |
| 34010 STATE AUDITOR'S OFFICE   | 81.11       | (7.11)                             | (7.11)   | -           | -       | 74.00     | 74.00     |
| 58010 DEPARTMENT OF REVENUE  | 654.52      | (32.85)                            | (32.85)  | -           | -       | 621.67    | 621.67    |
| 61010 DEPARTMENT OF ADMINISTRATION   | 139.66      | (2.00)                             | (2.00)   | 11.00       | 11.00   | 148.66    | 148.66    |
| 65010 DEPARTMENT OF COMMERCE   | 47.05       | (1.00)                             | (1.00)   | 2.00        | 2.00    | 48.05     | 48.05     |
| 66020 DEPARTMENT OF LABOR AND INDUSTRY   | 666.98      | (5.00)                             | (5.00)   | -           | -       | 661.98    | 661.98    |
| 67010 DEPARTMENT OF MILITARY AFFAIRS   | 201.75      | -                                  | -        | 11.00       | 11.00   | 212.75    | 212.75    |
| Subtotal   | 2,000.57    | (47.96)                            | (47.96)  | 27.00       | 27.00   | 1,979.61  | 1,979.61  |
| <b>Health and Human Services</b>   |             |                                    |          |             |         |           |           |
| 69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES                               | 2,934.16    | (117.46)                           | (117.46) | 18.00       | 18.00   | 2,834.70  | 2,834.70  |
| Subtotal   | 2,934.16    | (117.46)                           | (117.46) | 18.00       | 18.00   | 2,834.70  | 2,834.70  |
| <b>Natural Resources and Transportation</b>                                      |             |                                    |          |             |         |           |           |
| 52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS                                    | 683.17      | (2.56)                             | (2.56)   | 15.13       | 15.13   | 695.74    | 695.74    |
| 53010 DEPARTMENT OF ENVIRONMENTAL QUALITY  | 366.54      | (1.00)                             | (1.00)   | -           | -       | 365.54    | 365.54    |
| 54010 DEPARTMENT OF TRANSPORTATION   | 1,990.27    | (5.00)                             | (5.00)   | 1.00        | 7.00    | 1,986.27  | 1,992.27  |
| 56030 DEPARTMENT OF LIVESTOCK  | 137.63      | (4.75)                             | (4.75)   | 0.75        | 1.50    | 133.63    | 134.38    |
| 57060 NATURAL RESOURCES AND CONSERVATION   | 525.11      | -                                  | -        | 9.50        | 9.50    | 534.61    | 534.61    |
| 62010 DEPARTMENT OF AGRICULTURE  | 115.04      | (0.97)                             | (0.97)   | 1.00        | 1.00    | 115.07    | 115.07    |
| Subtotal   | 3,817.76    | (14.28)                            | (14.28)  | 27.38       | 34.13   | 3,830.86  | 3,837.61  |
| <b>Judicial Branch, Law Enforcement, and Justice</b>                             |             |                                    |          |             |         |           |           |
| 21100 JUDICIAL BRANCH  | 447.08      | -                                  | -        | 9.36        | 10.86   | 456.44    | 457.94    |
| 41100 DEPARTMENT OF JUSTICE  | 770.41      | -                                  | -        | 6.50        | 6.50    | 776.91    | 776.91    |
| 42010 PUBLIC SERVICE COMMISSION  | 35.00       | -                                  | -        | 1.00        | 1.00    | 36.00     | 36.00     |
| 61080 OFFICE OF STATE PUBLIC DEFENDER  | 271.94      | -                                  | -        | 30.50       | 30.50   | 302.44    | 302.44    |
| 64010 DEPARTMENT OF CORRECTIONS  | 1,284.52    | (16.35)                            | (16.35)  | 6.00        | 6.00    | 1,274.17  | 1,274.17  |
| Subtotal   | 2,808.95    | (16.35)                            | (16.35)  | 53.36       | 54.86   | 2,845.96  | 2,847.46  |
| <b>Education</b>   |             |                                    |          |             |         |           |           |
| 35010 OFFICE OF PUBLIC INSTRUCTION   | 156.32      | (4.03)                             | (4.03)   | -           | -       | 152.29    | 152.29    |
| 51010 BOARD OF PUBLIC EDUCATION  | 3.00        | -                                  | -        | -           | -       | 3.00      | 3.00      |
| 52010 COMMISSIONER OF HIGHER EDUCATION   | 89.90       | (39.68)                            | (39.68)  | -           | -       | 50.22     | 50.22     |
| 51130 SCHOOL FOR THE DEAF & BLIND  | 84.96       | (1.49)                             | (1.49)   | -           | -       | 83.47     | 83.47     |
| 51140 MONTANA ARTS COUNCIL   | 7.00        | -                                  | -        | -           | -       | 7.00      | 7.00      |
| 51150 MONTANA STATE LIBRARY  | 30.46       | (1.00)                             | (1.00)   | -           | -       | 29.46     | 29.46     |
| 51170 MONTANA HISTORICAL SOCIETY   | 58.39       | (4.01)                             | (4.01)   | -           | -       | 54.38     | 54.38     |
| Subtotal   | 430.03      | (50.21)                            | (50.21)  | -           | -       | 379.82    | 379.82    |
| <b>Total</b>   | 11,991.47   | (246.26)                           | (246.26) | 125.74      | 133.99  | 11,870.95 | 11,879.20 |
| <b>Additional FTE per HB 715</b>   |             |                                    |          |             |         |           |           |
| EXECUTIVE AGENCIES   |             | -                                  | -        | 13.50       | 15.50   | 13.50     | 15.50     |
| 34010 STATE AUDITOR'S OFFICE   |             | -                                  | -        | 0.50        | 0.50    | 0.50      | 0.50      |
| 41100 DEPARTMENT OF JUSTICE  |             | -                                  | -        | 6.25        | 12.25   | 6.25      | 12.25     |
| Subtotal   |             | -                                  | -        | 20.25       | 28.25   | 20.25     | 28.25     |
| <b>Total</b>   | 11,991.47   | (246.26)                           | (246.26) | 145.99      | 162.24  | 11,891.20 | 11,907.45 |

## LEGISLATIVE ACTION

Legislative action resulted in two primary areas of reductions: Department of Revenue and the Department of Public Health and Human Services. In addition to the reductions, the legislature chose to provide additional FTE in other areas of the budget, primarily Office of Public Defender (OPD), Judicial Branch, natural resource agencies, and Department of Transportation.

## Reductions

The legislature carefully examined vacant FTE and balanced personal services by reducing areas where most FTE were vacant longer than one year.

## ***Department of Public Health and Human Services (DPHHS)***

A total of 101.46 FTE reduced at DPHHS were positions that had been vacant for more than one year. The remainder, 16.00 FTE, were an additional reduction at the Boulder Campus (formerly the Montana Developmental Center). While the funding for most FTE reductions was completely removed, 2.00 psychiatrist FTE were eliminated at the Montana State Hospital and the funding moved to operations to reflect historical department expenditures for contracted psychiatrists. The total FTE reduction at DPHHS resulted in a decrease in personal services of \$13.3 million total funds including \$9.8 million in general fund during the 2021 biennium.

## ***Department of Revenue (DOR)***

The 2019 legislature reduced total DOR FTE by 32.85. The FTE reductions occurred primarily in the Property Assessment Division, where 6.85 FTE was reduced at the request of the executive and an additional 25.00 FTE was reduced to coincide with the department's closure of 25 county property assessment offices. The remaining 1.00 FTE reduction occurred in the Director's Office at the request of the executive. The total FTE reduction at DOR resulted in a decrease in personal services of \$2.6 million total funds including \$2.5 million in general fund during the 2021 biennium.

## **Additions**

The legislature adopted most of the FTE increases in the following agencies:

- Office of Public Defender and Conflict Coordinator Divisions - 20.00 FTE for increases in caseload over the 2021 biennium. An additional 10.50 FTE were provided for estimated caseload growth over the biennium
- Department of Public Health and Human Services - 18.00 new FTE were added at Quality Assurance Division (QAD) for the medical marijuana program
- Fish, Wildlife, and Parks – 12.88 FTE primarily for wildlife management, and disease surveillance and response
- Department of Military Affairs - 11.00 FTE were added for the Army and Air National Guard programs. The Army National Guard program will use 6.00 FTE for a natural resource manager, a facility conditions manager, a project manager, a geographical information survey (GIS) support position, and others. All 6.00 FTE are funded entirely with federal funds. The Air National Guard program added 5.00 FTE, three of which are new firefighter positions, plus a software administrator and a plumber. The firefighter FTE are federally funded, while the other 2.00 FTE are funded with a 25/75 state to federal match
- Department of Administration's State Information Technology Division - personal services appropriations of \$2.0 million and an associated 10.00 FTE were added over the biennium for the Montana cybersecurity enhancement project
- Department of Natural Resources and Conservation - 8.50 FTE were added to support the Good Neighbor Authority (GNA), of which 6.50 FTE are one-time-only. The agency also added 1.00 FTE to enhance public access to public lands
- Department of Transportation - 1.00 FTE in FY 2020 and an additional 6.00 FTE in FY 2021 in the budget. The FTE will staff a new 24/7 rural traffic management center to handle road reporting, maintenance call outs, incident and construction reporting, and to enable notification of emergency personnel of incidents on state maintained highways
- Judicial Branch – additional FTE were provided for drug courts and district and supreme court operations



# COMPARISON TO EXECUTIVE PROPOSAL

The following table shows FTE adopted by the 2019 Legislature as compared to the executive proposal.

| HB 2 Only - FTE Agency Comparison   |                           |             |                    |             |                         |
|---|---------------------------|-------------|--------------------|-------------|-------------------------|
| Comparison of 2021 Biennium Executive Proposed Budget to 2021 Biennium Legislative Budget |                           |             |                    |             |                         |
|   | Executive Proposed Budget |             | Legislative Budget |             | Biennium<br>%<br>Change |
|   | FY 2020 FTE               | FY 2021 FTE | FY 2020 FTE        | FY 2021 FTE |                         |
| <b>General Government</b>   |                           |             |                    |             |                         |
| 11040 LEGISLATIVE BRANCH  | 141.89                    | 141.89      | 141.89             | 141.89      | 0.0%                    |
| 11120 CONSUMER COUNSEL  | 5.54                      | 5.54        | 5.54               | 5.54        | 0.0%                    |
| 31010 GOVERNOR'S OFFICE   | 57.07                     | 57.07       | 58.07              | 58.07       | 1.8%                    |
| 32020 COMMISSIONER OF POLITICAL PRACTICES   | 7.00                      | 7.00        | 7.00               | 7.00        | 0.0%                    |
| 34010 STATE AUDITOR'S OFFICE  | 81.11                     | 81.11       | 74.00              | 74.00       | -8.8%                   |
| 58010 DEPARTMENT OF REVENUE   | 646.67                    | 646.67      | 621.67             | 621.67      | -3.9%                   |
| 61010 DEPARTMENT OF ADMINISTRATION  | 139.66                    | 139.66      | 148.66             | 148.66      | 6.4%                    |
| 65010 DEPARTMENT OF COMMERCE  | 49.05                     | 49.05       | 48.05              | 48.05       | -2.0%                   |
| 66020 DEPARTMENT OF LABOR AND INDUSTRY  | 666.98                    | 666.98      | 661.98             | 661.98      | -0.7%                   |
| 67010 DEPARTMENT OF MILITARY AFFAIRS  | 214.75                    | 214.75      | 212.75             | 212.75      | -0.9%                   |
| Subtotal  | 2,009.72                  | 2,009.72    | 1,979.61           | 1,979.61    | -1.5%                   |
| <b>Health and Human Services</b>  |                           |             |                    |             |                         |
| DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES  | 2,952.16                  | 2,952.16    | 2,834.70           | 2,834.70    | -4.0%                   |
| Subtotal  | 2,952.16                  | 2,952.16    | 2,834.70           | 2,834.70    | -4.0%                   |
| <b>Natural Resources and Transportation</b>   |                           |             |                    |             |                         |
| DEPARTMENT OF FISH, WILDLIFE, AND PARKS   | 702.70                    | 702.70      | 695.74             | 695.74      | -1.0%                   |
| DEPARTMENT OF ENVIRONMENTAL QUALITY   | 366.54                    | 366.54      | 365.54             | 365.54      | -0.3%                   |
| DEPARTMENT OF TRANSPORTATION  | 1,991.27                  | 1,997.27    | 1,986.27           | 1,992.27    | -0.3%                   |
| DEPARTMENT OF LIVESTOCK   | 133.63                    | 134.38      | 133.63             | 134.38      | 0.0%                    |
| NATURAL RESOURCES AND CONSERVATION  | 533.61                    | 533.61      | 534.61             | 534.61      | 0.2%                    |
| DEPARTMENT OF AGRICULTURE   | 116.04                    | 116.04      | 115.07             | 115.07      | -0.8%                   |
| Subtotal  | 3,843.79                  | 3,850.54    | 3,830.86           | 3,837.61    | -0.3%                   |
| <b>Judicial Branch, Law Enforcement, and Justice</b>                                      |                           |             |                    |             |                         |
| JUDICIAL BRANCH   | 454.44                    | 455.94      | 456.44             | 457.94      | 0.4%                    |
| DEPARTMENT OF JUSTICE   | 784.91                    | 784.91      | 776.91             | 776.91      | -1.0%                   |
| PUBLIC SERVICE COMMISSION   | 38.00                     | 38.00       | 36.00              | 36.00       | -5.3%                   |
| OFFICE OF STATE PUBLIC DEFENDER   | 302.44                    | 302.44      | 302.44             | 302.44      | 0.0%                    |
| DEPARTMENT OF CORRECTIONS   | 1,289.17                  | 1,289.17    | 1,274.17           | 1,274.17    | -1.2%                   |
| Subtotal  | 2,868.96                  | 2,870.46    | 2,845.96           | 2,847.46    | -0.8%                   |
| <b>Education</b>  |                           |             |                    |             |                         |
| OFFICE OF PUBLIC INSTRUCTION  | 156.32                    | 156.32      | 152.29             | 152.29      | -2.6%                   |
| BOARD OF PUBLIC EDUCATION   | 3.00                      | 3.00        | 3.00               | 3.00        | 0.0%                    |
| COMMISSIONER OF HIGHER EDUCATION  | 49.88                     | 49.88       | 50.22              | 50.22       | 0.7%                    |
| SCHOOL FOR THE DEAF & BLIND   | 84.96                     | 84.96       | 83.47              | 83.47       | -1.8%                   |
| MONTANA ARTS COUNCIL  | 7.00                      | 7.00        | 7.00               | 7.00        | 0.0%                    |
| MONTANA STATE LIBRARY   | 29.46                     | 29.46       | 29.46              | 29.46       | 0.0%                    |
| MONTANA HISTORICAL SOCIETY  | 54.38                     | 54.38       | 54.38              | 54.38       | 0.0%                    |
| Subtotal  | 385.00                    | 385.00      | 379.82             | 379.82      | -1.3%                   |
| <b>Total</b>  | 12,059.63                 | 12,067.88   | 11,870.95          | 11,879.20   | -1.6%                   |
| <b>Additional FTE per HB 715</b>  |                           |             |                    |             |                         |
| EXECUTIVE AGENCIES  | -                         | -           | 13.50              | 15.50       |                         |
| 34010 STATE AUDITOR'S OFFICE  | -                         | -           | 0.50               | 0.50        |                         |
| 41100 DEPARTMENT OF JUSTICE   | -                         | -           | 6.25               | 12.25       |                         |
| Subtotal  | -                         | -           | 20.25              | 26.25       |                         |
| <b>Total</b>  | 12,059.63                 | 12,067.88   | 11,891.20          | 11,905.45   | -1.4%                   |

# APPENDIX

## ONE-TIME-ONLY HB 2

The legislature appropriated \$14.6 million general fund in HB 2 as one-time-only (OTO) in the 2021 biennium. The following figure details the general fund OTOs in HB 2. Additional discussion of each can be found in the narratives for the individuals agencies listed.

| One-Time-Only Appropriations<br>Legislative Budget 2021 Biennium<br>General Fund in Millions |  |                     |
|--|--|---------------------|
| Section  | Agency   | Biennium Total (\$) |
| General Government   | LEGISLATIVE BRANCH   |                     |
|  | Bill Draft Editor Project (BIEN/OTO)                         | 500,000             |
|  | Chamber Design (BIEN/OTO)                                    | 300,000             |
|  | Chamber Project (BIEN/OTO)                                   | 1,200,000           |
|  | Digital Vote Boards (BIEN/OTO)                               | 1,000,000           |
|  | House Chairs and Senate Furniture Replacement (RST/BIEN/OTO) | 200,000             |
|  | Legislator Portal Project (BIEN/OTO)                         | 300,000             |
|  | Present Law Adjustment - IT Training (OTO)                   | 28,868              |
|  | COMMISSIONER OF POLITICAL PRACTICES                          |                     |
|  | Legal Counsel (OTO)  | 199,311             |
|  | Personal Services LR 129 (OTO)                               | 25,184              |
|  | DEPARTMENT OF ADMINISTRATION                                 |                     |
|  | Governor-Elect Appropriation - OTO                           | 75,000              |
|  | DEPARTMENT OF COMMERCE                                       |                     |
|  | OTBD Census 2020 Marketing BIEN/OTO                          | 100,000             |
|  | OTBD Indian Country Economic Development (OTO)               | 1,750,000           |
|  | OTBD Montana Indian Language Preservation (BIEN/OTO)         | 1,500,000           |
|  | OTBD Primary Business Sector Training (OTO)                  | 1,200,000           |
| Natural Resources and Transportation   | DEPARTMENT OF LIVESTOCK                                      |                     |
|  | DSA Expansion (RST/OTO)                                      | 250,000             |
|  | DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION             |                     |
|  | FD-GNA - (OTO)   | 1,766,000           |
|  | WRD- MT Drought Mitigation, Resp. & Recovery (OTO)           | 100,000             |
| Judicial Branch, Law Enforcement, and Justice  | WRD-External Engineering Review - Dam Designs (OTO)          | 40,000              |
|  | OFFICE OF STATE PUBLIC DEFENDER                              |                     |
|  | Death Penalty Cases (OTO)                                    | 465,548             |
| Education  | OFFICE OF PUBLIC INSTRUCTION                                 |                     |
|  | National Board Certification Stipends RST/OTO                | 281,500             |
|  | COMMISSIONER OF HIGHER EDUCATION                             |                     |
|  | Additional funding for FVCC (OTO)                            | 542,500             |
|  | Financial Assistance Match (RST/OTO)                         | 2,000,000           |
|  | HiSET to Tribal Colleges (RST/OTO)                           | 350,000             |
|  | MAES Seed Lab (RST/OTO)                                      | 200,000             |
|  | MAES Wool Lab (RST/OTO)                                      | 110,000             |
|  | SCHOOL FOR THE DEAF & BLIND                                  |                     |
|  | Extra-curricular stipends RST/OTO                            | 53,876              |
|  | Student Travel RST/OTO                                       | 60,000              |

# NEW PROPOSALS

New proposals are defined in statute as those that "...provide new non-mandated services, to change program services, to eliminate existing services, or to change sources of funding..."

## Total Funds

The adjacent figure shows major new proposals as included in the legislative budget, by functional area. Additional discussion of each can be found in the narratives for the individuals agencies listed.

| Major New Proposals<br>Legislative Budget 2021 Biennium<br>All Funds in Millions |  |                     |
|--|--|---------------------|
| Section  | Agency   | Biennium Total (\$) |
| General Government   | LEGISLATIVE BRANCH                                       |                     |
|  | Chamber Project (BIEN/OTO)                               | 1,200,000           |
|  | Digital Vote Boards (BIEN/OTO)                           | 1,000,000           |
|  | STATE AUDITOR'S OFFICE                                   |                     |
|  | FTE Reduction  | (1,033,318)         |
|  | DEPARTMENT OF REVENUE                                    |                     |
|  | FTE Reductions   | (1,125,480)         |
|  | DEPARTMENT OF ADMINISTRATION                             |                     |
|  | Montana Cybersecurity Enhancement Project (Restricted)   | 6,320,000           |
|  | DEPARTMENT OF COMMERCE                                   |                     |
|  | CDD Federal Housing Trust Fund Appropriation             | 6,000,000           |
|  | OTBD Indian Country Economic Development (OTO)           | 1,750,000           |
|  | OTBD Montana Indian Language Preservation (BIEN/OTO)     | 1,500,000           |
|  | OTBD Primary Business Sector Training (OTO)              | 1,363,546           |
| Health and Human Services  | DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES             |                     |
|  | Behavioral Health Peer Support Services (Biennial/OTO)   | 5,693,992           |
|  | Increase provider rates for DD Medicaid                  | 6,832,790           |
|  | Move MDC Operations funding to DD Waiver                 | 3,693,992           |
|  | PRI - Foster Care - CFSD                                 | 1,183,221           |
|  | PRI - Medicaid Core - AMDD                               | 1,659,751           |
|  | PRI - Medicaid Core - SLTC                               | 7,912,094           |
|  | PRI - Medicaid Core PRI - DSD                            | 3,682,049           |
|  | PRI - Medicaid Federal - DSD                             | 1,494,182           |
|  | PRI - Medicaid Waiver - SLTC                             | 1,961,107           |
|  | PRI - Medicaid Waiver- DSD                               | 4,511,814           |
|  | PRI Medicaid Core - HRD                                  | 13,612,647          |
|  | SW Veterans' Home Operating                              | 4,605,262           |
|  | Transfer from MTAP for TCM for mental illness            | 7,707,680           |
|  | Transfer of Existing FTE - CFSD                          | 2,070,539           |
|  | Transfer of Existing FTE - DSD                           | (2,387,838)         |
|  | Trust Fund Big Sky Waiver Transfer - SLTC                | 3,039,273           |
| Natural Resources and Transportation   | DEPARTMENT OF FISH, WILDLIFE, AND PARKS                  |                     |
|  | Enforcement Boat Replacement (BIEN/OTO)                  | 1,000,000           |
|  | Public Access Land Act (RST/BIEN/OTO)                    | 1,000,000           |
|  | DEPARTMENT OF ENVIRONMENTAL QUALITY                      |                     |
|  | Petroleum Tank Cleanup (RST/OTO)                         | 1,000,000           |
|  | DEPARTMENT OF TRANSPORTATION                             |                     |
|  | FHWA Grant Reduction                                     | (6,000,000)         |
|  | Rural Traffic Management Center                          | 1,570,274           |
|  | DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION         |                     |
|  | FD-GNA - (OTO)   | 1,766,000           |
|  | FD-GNA Program Income                                    | 1,500,000           |
| Judicial Branch, Law Enforcement, and Justice                                    | JUDICIAL BRANCH  |                     |
|  | Pretrial Program OTO                                     | 1,552,182           |
|  | Youth Parole (HB 111)                                    | 1,188,206           |
|  | DEPARTMENT OF JUSTICE                                    |                     |
|  | MHP Salary Survey  | 1,800,000           |
|  | OFFICE OF STATE PUBLIC DEFENDER                          |                     |
|  | Attorney Pay Ladder Adjustments                          | 1,802,710           |
|  | DEPARTMENT OF CORRECTIONS                                |                     |
|  | MSCTC Obligations  | (3,000,000)         |
|  | Provider Rate Increases for Regional Facilities and MASC | 2,961,936           |
|  | Provider Rate Increases for Statewide Facilities         | 1,399,480           |
| Education  | Youth Services Division Reorganization                   | (2,103,461)         |
|  | OFFICE OF PUBLIC INSTRUCTION                             |                     |
|  | Adjust Debt Service Assistance                           | (8,000,000)         |
|  | Montana Digital Academy - RST                            | 1,685,000           |
|  | COMMISSIONER OF HIGHER EDUCATION                         |                     |
|  | Financial Assistance Match (RST/OTO)                     | 2,000,000           |

## General Fund

The following table shows the general fund new proposals adopted by the legislature that exceed \$1 million in cost. The table shows about 81.7% of the total general fund new proposals approved. Descriptions of new proposals are in the agency narratives.

| Major New Proposals<br>Legislative Budget 2021 Biennium<br>General Fund in Millions |  |                     |
|---|--|---------------------|
| Section   | Agency   | Biennium Total (\$) |
| General Government  | LEGISLATIVE BRANCH                                       |                     |
|   | Chamber Project (BIEN/OTO)                               | 1,200,000           |
|   | Digital Vote Boards (BIEN/OTO)                           | 1,000,000           |
|   | DEPARTMENT OF REVENUE                                    |                     |
|   | FTE Reductions   | (1,125,480)         |
|   | DEPARTMENT OF ADMINISTRATION                             |                     |
|   | Montana Cybersecurity Enhancement Project (Restricted)   | 6,320,000           |
|   | DEPARTMENT OF COMMERCE                                   |                     |
|   | OTBD Indian Country Economic Development (OTO)           | 1,750,000           |
|   | OTBD Montana Indian Language Preservation (BIEN/OTO)     | 1,500,000           |
|   | OTBD Primary Business Sector Training (OTO)              | 1,200,000           |
|   | DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES             |                     |
|   | Increase provider rates for DD Medicaid                  | 2,400,000           |
|   | PRI - Medicaid Core - SLTC                               | 1,609,195           |
|   | PRI - Medicaid Core PRI - DSD                            | 1,285,895           |
|   | PRI - Medicaid Waiver- DSD                               | 1,575,504           |
|   | PRI Medicaid Core - HRD                                  | 4,753,469           |
|   | Transfer of Existing FTE - CFSD                          | 1,449,377           |
|   | Transfer of Existing FTE - DSD                           | (2,387,838)         |
| Natural Resources and Transportation  | DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION         |                     |
|   | FD-GNA - (OTO)   | 1,766,000           |
| Judicial Branch, Law Enforcement, and Justice                                       | JUDICIAL BRANCH  |                     |
|   | Youth Parole (HB 111)                                    | 1,145,758           |
|   | OFFICE OF STATE PUBLIC DEFENDER                          |                     |
|   | Attorney Pay Ladder Adjustments                          | 1,802,710           |
|   | DEPARTMENT OF CORRECTIONS                                |                     |
|   | MSCTC Obligations  | (3,000,000)         |
|   | Provider Rate Increases for Regional Facilities and MASC | 2,961,936           |
| Education   | Provider Rate Increases for Statewide Facilities         | 1,399,480           |
|   | Youth Services Division Reorganization                   | (2,256,728)         |
|   | OFFICE OF PUBLIC INSTRUCTION                             |                     |
|   | Montana Digital Academy - RST                            | 1,685,000           |
|   | COMMISSIONER OF HIGHER EDUCATION                         |                     |
|   | Financial Assistance Match (RST/OTO)                     | 2,000,000           |