

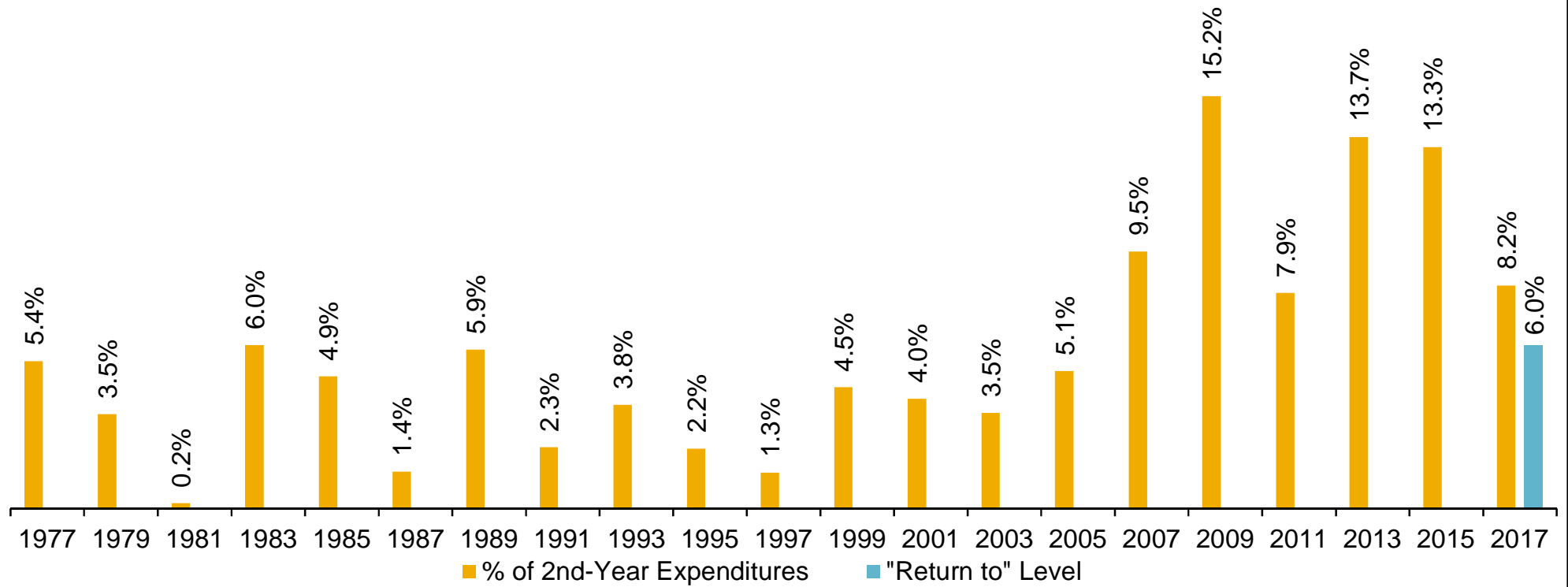


# Legislative Fiscal Division - Financial Overview

## Level of Expenditure Reductions Necessary Under Various Scenarios

Amount	Legislative			Executive
	2	3	4	5
	HJ 2	IHS update of HJ 2	Conservative Assumptions	Executive as of 8/30/2017
FY 2019 HJ 2 and SB 261 implemented Ending Fund Balance	\$236.0	\$236.0	\$236.0	\$247.5
Additional supplemental anticipated with Fires	40.6	40.6	40.6	40.0
HELP Act higher costs	9.8	9.8	9.8	9.8
Revised Ending fund balance	185.6	185.6	185.6	197.7
Revenue change from HJ 2	-	(74.0)	(196.0)	(282.0)
<b>Revised FY 2019 Ending Fund Balance without reductions</b>	<b>185.6</b>	<b>111.6</b>	<b>(10.4)</b>	<b>(84.3)</b>
<b>Reductions needed for ending fund balance return to level</b>				
<b>Current Law 17-7-140 triggers</b>				
Current law trigger 5% \$117.8				
Current law return to level 6% 141.4				
<b>Current law, anticipated 17-7-140 reductions</b>	<b>-</b>	<b>(\$29.8)</b>	<b>(\$151.8)</b>	<b>(\$225.7)</b>
<b>Alternatives based on conversations with legislators</b>				
<b>Previous Law 17-7-140 triggers</b>				
<b>Previous Law 17-7-140 triggers</b>				
Previous law trigger 2% 47.1				
Previous law return to level (biennial appropriations) 1% 46.6				
	-	-	(\$57.0)	(\$131.0)
<b>Previous trigger levels, anticipated 17-7-140 reductions</b>				
<b>No supplemental pressure</b>				
<b>If there were no supplemental fire pressure</b>	<b>-</b>	<b>-</b>	<b>(\$16.4)</b>	<b>(\$91.0)</b>

Legislative Projected Ending General Fund Balance by Session Year  
*Shown as a % of Projected Second Year Expenditures*



**State of Montana**  
**General Obligation Long-Range Building Program Bonds**  
**Rating History**

	Moody's	S&P	Fitch
Series 1998D	Aa3	AA	-
Series 1999C	Aa3	AA-	-
Series 2000C	Aa3	AA-	-
Series 2001B	Aa3	AA-	-
Series 2002B	Aa3	AA-	-
Series 2002D	Aa3	AA-	-
Series 2003A	Aa3	AA-	-
Series 2003G	Aa3	AA-	-
Series 2004B	Aa3	AA-	-
Series 2005A	Aa3	AA-	-
Series 2005B	Aa3	AA-	-
Series 2005H	Aa3	AA-	-
Series 2006A	Aa3	AA-	AA-
Series 2007A	Aa2	AA-	AA-
Series 2007D	Aa2	AA-	AA
Series 2008D	Aa2	AA	AA
Series 2010A	Aa1	AA	AA+
Series 2010G	Aa1	AA	AA+
Series 2011D	Aa1	AA	AA+
Series 2013C	Aa1	AA	AA+
Series 2014	Aa1	AA	AA+
Series 2015A	Aa1	AA	AA+

## Fitch Ratings

Montana's 'AA+' IDR is based on its increasingly diverse economic base, strong growth prospects, low liabilities and conservative financial practices. Although a decade of strong revenue gains tied to resource activity ended with the energy sector downturn in 2014, the state's consistently conservative approach to fiscal management and the revenue gains of that period have enabled it to both maintain steady operating performance and simultaneously address longstanding needs, including education and pensions.

## Moody's Investors Service

The Aa1 rating reflects the state's trend of conservative fiscal management, low debt levels, and an economy that is growing and diversifying beyond its traditional concentrations in the natural resource and government sectors.

The outlook for Montana's general obligation bond rating is stable reflecting Moody's expectation that the stable financial trends will be maintained, supported by long-standing conservative fiscal management.

### What Could Make the Rating Go Down

- Deterioration in the state's financial and economic performance leading to strained finances.
- A significant increase in debt levels.

## S&P Global

The 'AA' GO rating reflects our view of the state's:

- Low tax-supported debt burden and rapid debt amortization;
- Government framework that requires Montana to adopt a balanced budget and provides some flexibility to the governor to reduce spending across agencies within the biennium to maintain
- structurally stable fiscal results; and
- Relatively low historical unemployment rate compared with the national rate.

Somewhat offsetting these strengths is our view of:

- Softness in revenue collections and recent weakening of reserves, which has pressured structural budgetary balance;
- The state's continued economic dependence on natural resources, agriculture, and tourism, with the oil and natural gas sectors particularly sensitive to commodity prices; and
- A relatively low pension-funded ratio.

## FISCAL STABILIZATION TOOLS: MONTANA'S OPTIONS

Montana established a formal budget stabilization reserve fund (BSRF), or 'rainy day fund' in early 2017. A stabilization tool that existed prior to the BSRF is the 5% trigger threshold (ending fund balance must be at least 5% of second year expenditures or expenditure reductions must be made). This trigger was increased from 2% to 5% in 2015 to work as a budget stabilization tool and improve credit ratings. Budget stabilization tools, like both the trigger and the BSRF, are intended to give cushion to state budgets so that drastic tax or expenditure policy changes are not needed in the event of fiscal pressures.

An option for addressing the current Montana budget concerns could be to temporarily reduce this trigger threshold from 5% back to 2% in order to alleviate the most severe expenditure reductions being considered in the interim. Would a policy change of this type lead credit rating agencies to downgrade Montana's credit rating? While it is difficult to say with certainty how these agencies would respond, a report from the Pew Charitable Trusts (*Rainy Day Funds and State Credit Ratings - 2017*) sheds some light on the behavior of these agencies.

When credit rating agencies make assessments of state credit they take a great number of factors into account. A partial list of variables includes:

1. State economic profile and associated revenue volatility
2. Structure and size of rainy day funds
3. Discipline with rainy day fund deposits and withdrawals
4. Use of rainy day funds for smoothing, not to address structural balance
5. Ending balances

Both variables 3 and 4 would come under scrutiny with this proposed change in policy.

What would be the state credit impact of temporarily reducing the trigger threshold, a variation of a rainy day fund, considering these criteria? There are several reasons to think this reduction would not adversely impact state credit.

- This reduction in trigger threshold would be a temporary policy change that cannot be changed without action of the legislature, thus demonstrating discipline
- Reducing the trigger threshold would be carried out to address a low point in the revenue cycle, not structural issues with the state budget
- Montana's establishment of the BSRF 'rainy day fund' in 2017 reduces the need for large ending fund balances (trigger levels) to act as informal or ad-hoc rainy day funds in the long run
- The primary utility of the trigger threshold policy is to cause spending reductions in the case of a low point in the revenue cycle, but not go so far as to force drastic tax or expenditure policy changes
- Perhaps most significantly this trigger threshold reduction would not be the state's only response to its current fiscal situation: significant expenditure reductions would also occur

While it is not possible to predict the behavior of credit rating agencies there are several good reasons to think a temporary change in the trigger threshold (from 5% to 2%), along with other proposed changes will not adversely impact state credit.

While there are many reasons to think a reduction in the trigger level would not impact state credit it is possible that this temporary policy change could be viewed negatively by credit rating agencies:

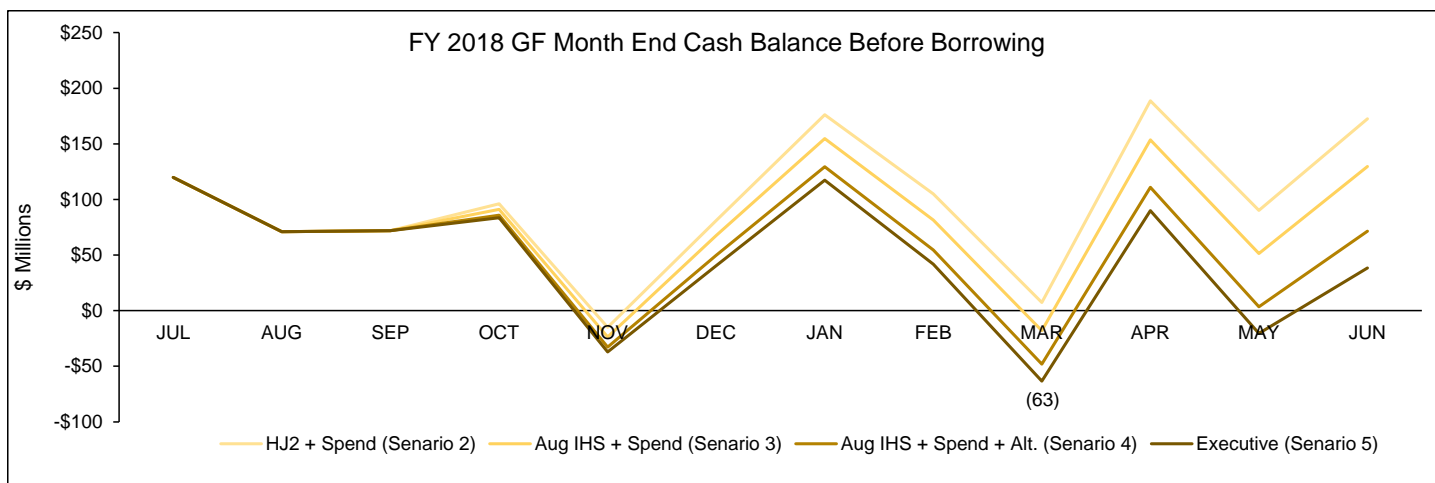
- While Montana now has a formal rainy day fund (BSRF) this fund does not yet have a balance
- Montana's economic profile, in which energy production and tourism are major pieces, tends toward volatility, and may make it difficult to know with certainty the long term structural balance

In summary, while it is not possible to predict the behavior of credit rating agencies there are several good reasons to think a temporary change in the trigger threshold (from 5% to 2%), along with other proposed changes will not adversely impact state credit.



### Highlights

- There are potential cash flow issues under different scenarios, with a max cash flow issue of \$63 million under the executive's scenario.
- Statute allows borrowing from other funds, current fund availability is at \$13.7 billion with \$936 million of that being cash.



This chart shows different cash flow possibilities under four different scenarios. The largest proposed borrowing pressure occurs in March under OBPP's revenue and expenditure assumptions at \$63 Million.

Fund Type	Cash	STIP Invst.	Other Financial Assets	Grand Total
02 State/Other Spec Rev	\$314,158,594	\$200,847,828	\$565,195,359	\$1,080,201,780
03 Fed/Other Spec Rev	22,915,393	34,162,089	64,126,344	121,203,827
04 Debt Service	4,105,545	9,141,978	29,400,905	42,648,428
05 Capital Projects	19,486,516	34,903,510	1,463,864	55,853,890
06 Enterprise	342,409,507	81,833,678	757,362,250	1,181,605,435
06 Internal Service	48,624,046	38,319,243	51,395,669	138,338,958
07 Agency	85,114,695	60,031,443	6,950,162,575	7,095,308,713
08 Investment Trust	-	650,082	1,018,568,683	1,019,218,765
08 Priv Purp Trust	80,085,643	19,461,775	155,366,713	254,914,132
08 State/Other Spec Rev	10,330,599	124,069,438	311,898,854	446,298,891
09 Perm Trust	9,140,636	75,211,394	2,223,775,924	2,308,127,953
Grand Total	\$936,371,173	\$678,632,457	\$12,128,717,141	\$13,743,720,771

Statute defines which funds are potentially available to borrow money from in the event of deficiencies in the general fund. This chart shows balances as of October 3, 2017 in these fund types. There may be restrictions in federal law, constitutional limits on the use of funds, or contractual restrictions that limit the ability to borrow from certain funds. The statute is shown below, as is a further breakdown of state special and capital projects funds on the following page.

17-2-105, MCA (2) (a) For the purpose of supplying deficiencies in the general fund, the state treasurer may temporarily borrow from other treasury funds, excluding pension trust funds, providing that the loan is recorded in the state accounting records. Except as provided in subsection (2)(b), the loan does not bear interest. A fund may not be so impaired that all proper demands on the fund cannot be met.

(b) If a loan to the general fund is made from a fund that retains its own interest, the department shall repay the loan with interest at a rate established by the state treasurer based on the estimated interest rate the funds would have earned if the funds had not been borrowed.



As of September 28, 2017						
	Cash in	STIP or	Cash	FY 2017 Cash in Bank (For Reference)		
Fund	Bank	Short Term	Equivalents	Average	High	Low
		Investments				
02014 Highway Patrol Pay & Retention	3,873,118			3,730,383	4,395,217	3,553,932
02015 TSEP Regional Water System	1,790,527			333,998	2,052,764	(760,574)
02016 Criminal Justice Info Network	1,222,144			944,177	1,123,860	792,018
02023 Private Ins. Medicaid Reim.-Ve	2,877,782			2,730,799	3,026,948	2,111,658
02040 Wheat & Barley Research & Mktg	622,159	4,277,563		230,267	1,898,736	(75,488)
02091 Securities Restitution Fund	633,049			525,327	755,415	326,322
02107 Environmental Contingency RIT	702,046	0		740,587	795,208	673,315
02113 Upland Game Bird Habitat	327,348	2,854,147		19,166	374,447	(140,897)
02114 Wildlife Habitat	3,712,513	15,161,130		393,655	3,892,411	(1,996,877)
02116 Accommodation Tax Account	3,979,053			5,123,177	8,222,718	1,883,641
02135 SW MT VETS HOME	5,044,453			5,051,621	5,084,954	4,684,954
02140 Consumer Education Settlement	7,150,954			11,468,665	16,848,239	4,735,826
02151 YthCrt Intervention&Prevention	6,490,382			5,967,594	7,005,165	4,781,979
02159 Handicapped Telecommunications	3,317,805			3,041,008	3,283,308	2,825,340
02167 MT Oil & Gas Tax Clearing Fund*	23,721,535			11,443,098	26,414,811	90,810
02205 Pulse Crop Research&Marketing	319,965	2,399,940		246,596	517,821	66,688
02218 School Facility & Tech Account	8,462	3,790,265		327,845	2,783,422	(999,665)
02223 Wastewater SRF Special Admin	(11,519)			(7,496)	12,986	(40,834)
02235 Insurance Fee Account	1,180,431			1,367,762	2,184,274	342,625
02255 SRF Principal Sub Account	0	10,159,859	7,851,497	0	0	0
02258 Employment Security Account	(42,618)	6,911,847		(102,880)	2,198,804	(1,011,967)
02260 Cigarette Tax Revenue	2,887,531			3,085,217	4,202,122	2,152,500
02274 FWP Accommodations Tax	3,319,408			3,630,104	3,824,868	3,274,518
02278 MPDES Permit Program	2,851,802			3,016,716	4,147,664	427,955
02281 Public Service Commission	1,577,159			724,397	1,656,074	87,773
02283 Securities Fee Account	1,167,594			3,142,051	6,409,694	247,722
02299 Capitol Complex Major Maint.	1,792,642			1,954,232	2,081,996	1,792,460
02303 Tribal Motor Fuels Tax Acct	1,566,343			42,861	492,578	0
02305 Blackfeet Mitigation	0	8,347,651	6,234,666	0	0	0
02306 Blackfeet Infrastructure	25,000	18,319,445		25,000	25,000	25,000
02334 Hunting Access	3,089,225	3,255,974		(904,892)	3,245,098	(3,564,512)
02344 Primary Sector Training	5,360	1,656,396		4,870	52,758	(5,195)
02346 Contractor Registration	1,198,809			1,173,308	1,210,204	1,100,062
02409 General License	9,577,209	22,174,828		1,810,827	11,161,528	(1,538,451)
02411 State Parks Miscellaneous	6,539,021			7,743,928	8,333,979	7,262,535
02422 Highways Special Revenue	9,786,371	10,002,293		21,315,549	37,120,758	(2,134,418)
02426 Lvstk Per Capita	47,598	7,372,048		867,261	1,540,261	206,562
02430 Water Right Appropriation	1,883,398			1,739,983	1,867,851	1,551,903
02440 Refunds/IFTA Suspense	1,806,783			60,303	723,639	0
02445 Coal Board	5,141,615			4,163,630	4,660,951	3,470,951
02448 Building Codes State Spec Rev	5,075,641			3,804,051	4,064,027	3,324,712
02449 Forest Resources-Forest Improv	322,912	2,504,288		624,539	2,959,844	(195,357)
02455 Workers' Comp Regulation	4,656,808			4,011,729	4,437,393	3,239,862
02456 61-6-158 MTIVS & MCE	5,739,822			5,853,821	6,145,959	5,685,350
02464 MHP Highway State Special***	2,626,010			0	0	0
02469 Habitat Trust Interest	172,089	1,394,640		(41,216)	472,422	(351,023)
02470 State Project Hydro Earnings	6,080,732			5,066,637	6,207,139	3,751,602
02484 FWP Highway Fund****	1,650,233			0	0	0
02489 Drinking Water Principal Acct	0	17,303,668	2,766,711	0	0	0
02532 2016C WW SRF BAN PROCEEDS	0		2,000,000	0	0	0
02547 Search & Rescue	53,234	1,012,812		17,481	67,506	(41,579)
02555 Alternative Energy Rev Loan	2,399	1,326,415		(3,325)	17,310	(42,811)
02566 Medical Marijuana	1,498,926			1,854,591	2,043,382	1,596,860
02576 Natural Resources Operations	1,477,784			301,141	1,995,763	(178,550)
02577 Natural Resources Projects	7,125,683			7,983,432	8,815,777	6,765,928
02598 MCDC Cost Recovery	2,240,185			968,251	1,899,884	133,801
02765 Insurance Policies Fees SB278	1,948,915			1,981,772	2,660,263	1,516,632
02772 Tobacco Hlth and Medicaid Init	(13,692)	13,233,956		115,605	1,499,194	(2,101,924)
02789 6901-CHIP/MCHA Tobacco Sett Fd	6,291,361			3,171,415	6,730,933	1,652,893
02790 6901-Statewide Tobacco Sttlmnt	2,783,763			2,445,305	6,828,588	(2,102,174)
02797 Criminal Records Info Sys	3,285,015			2,935,597	3,325,723	2,569,458
02798 61-3-550 MVD MERLIN HB261	4,771,420			4,259,514	4,770,597	3,602,214
02801 Dep Rev Consumer Cncl Tax	1,425,968			1,242,290	1,407,261	1,093,221
02819 Board of Realty Regulations	1,304,390			1,388,006	1,681,370	930,950
02824 Board Of Medical Examiners	1,841,021			1,626,569	2,176,416	1,159,378
02832 Board Of Pharmacy	2,094,991			2,260,888	2,475,465	2,089,611
02858 Mineral Impact	1,169,640			3,380,517	5,489,060	392,924
02988 Hard Rock Mining Reclamation	(0)	6,367,303		1,993	23,715	(0)
02994 911 Wireless Providers	254,252	4,699,430		926,378	1,727,344	298,743
02996 911 Next Generation****	5,000,000			0	0	0
05007 Long Range Building Program	(921,929)	29,692,626		740,382	5,360,234	(884,913)
05090 Long Range IT Projects - LRITP	7,073,279			9,184,718	10,777,351	7,341,588
05131 2013 HB 10 LRITP All Agencies	1,651,355			3,057,744	3,761,298	1,872,820
05135 LRITP DPHHS Projects HB4 60th	5,204,819			5,380,529	5,550,354	5,243,831
Total	205,069,487	194,218,525	18,852,873	181,711,046	291,000,103	84,564,220
*Quarterly payments made in July, October, January, April in FY 2017						
** Revenues deposited to general fund						
*** New account established in FY 2018 for gas tax MHP						
**** New account established in FY 2018						

## ***Financial Aspects to Consider***

### Ending fund balance:

Ending fund balance is the amount of fund balance at the end of the year. This is accrual accounting, meaning that at the end of the fiscal year the full expenditures obligated for the year and the revenues attributed to the fiscal year are included. At the end of the fiscal year, in recent years, the ending fund balance is typically lower than cash by \$20 to \$60 million.

### Structural balance:

Structural balance is the ongoing revenue compared to the ongoing expenditures by fiscal year. This is important for the long term viability of base program funding in state government.

### Cash flow and short term borrowing:

Cash flow is the change in cash balance over the course of the fiscal year. In the past 14 years, Montana has had high fund/cash general fund balances, so no cash flow short term borrowing was necessary. Currently, cash/fund balances are lower and Montana is anticipated to need a cash flow loan. Cash flow short term borrowing can come from either internal to state government funds called inter-entity borrowing, or from the market called Tax and Revenue Anticipation Notes or TRANS. Most businesses and governments get cash flow loans through some portion of their seasonal revenues and expenditures.

### Expenditure Pressure:

Since the legislative session, there is more pressure for higher expenditures than anticipated during the legislative session. Expenditure pressure may lead to short falls in appropriation authority or cause higher than anticipated statutory appropriations.

### Potential Appropriation Shortfall:

Only the legislature can appropriate. Appropriations must be used for the purpose that the appropriation was given by the legislature. If additional funding is required, such as for fires and no statutory appropriation exists, the legislature will need to appropriate funds. In most cases, appropriation shortfalls can be approved in the next legislative session. In rare circumstances, when all available appropriation authority is spent the legislature may need to be called into a special session to appropriate funds. The most common cause of this type of special session is for wildfire funding.

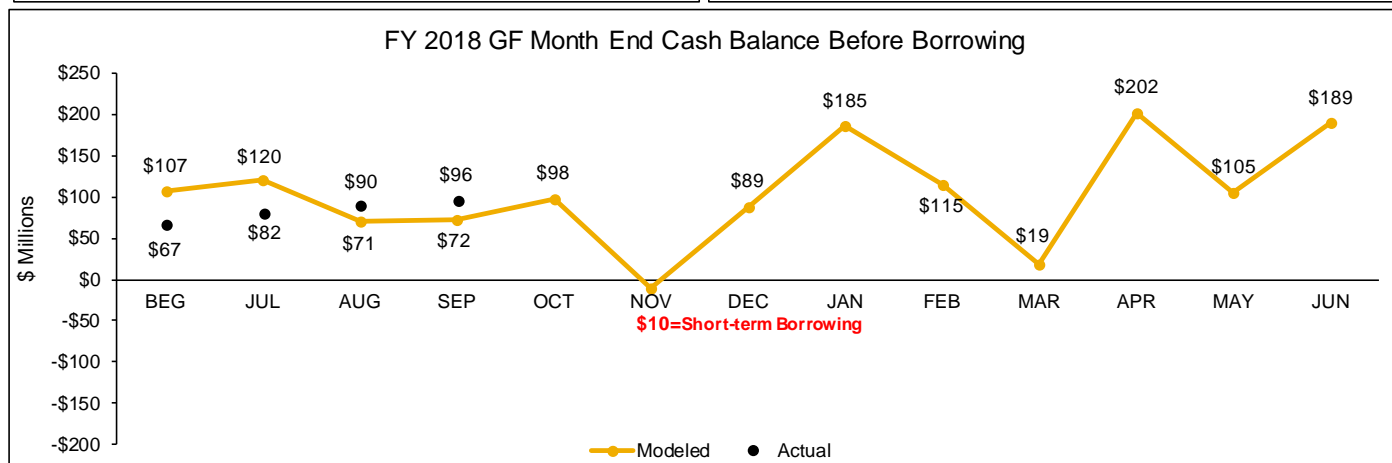
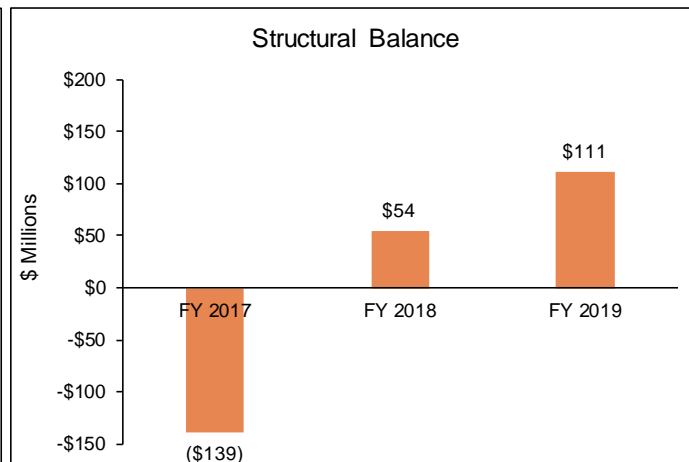
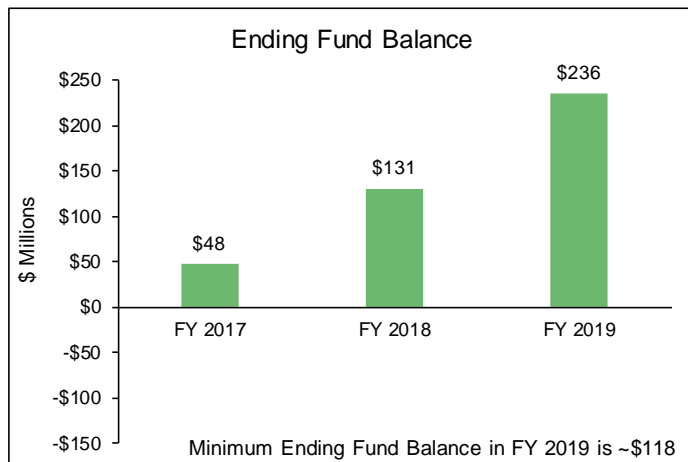
## ***Assumptions in Financial Analysis***

The assumptions used in the Financial Analysis cause substantial variation in the results.

The following five scenarios illustrate these variations.

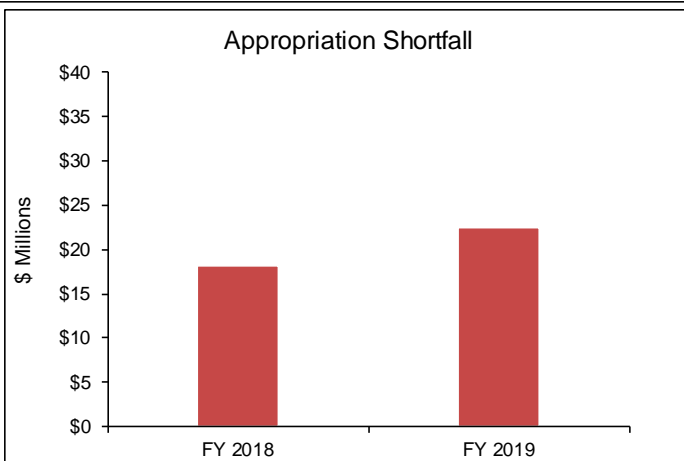
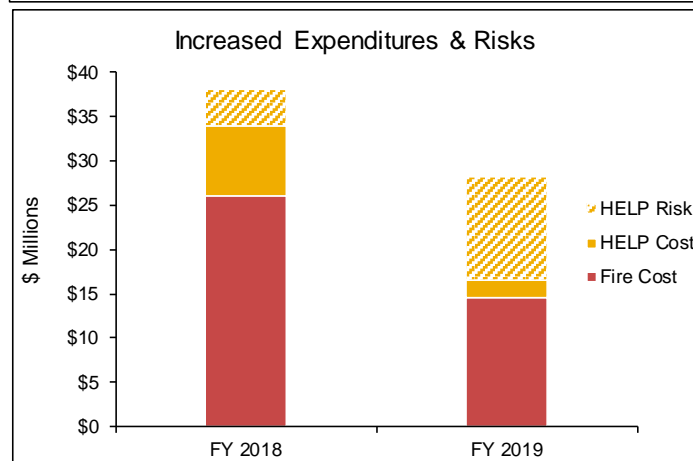
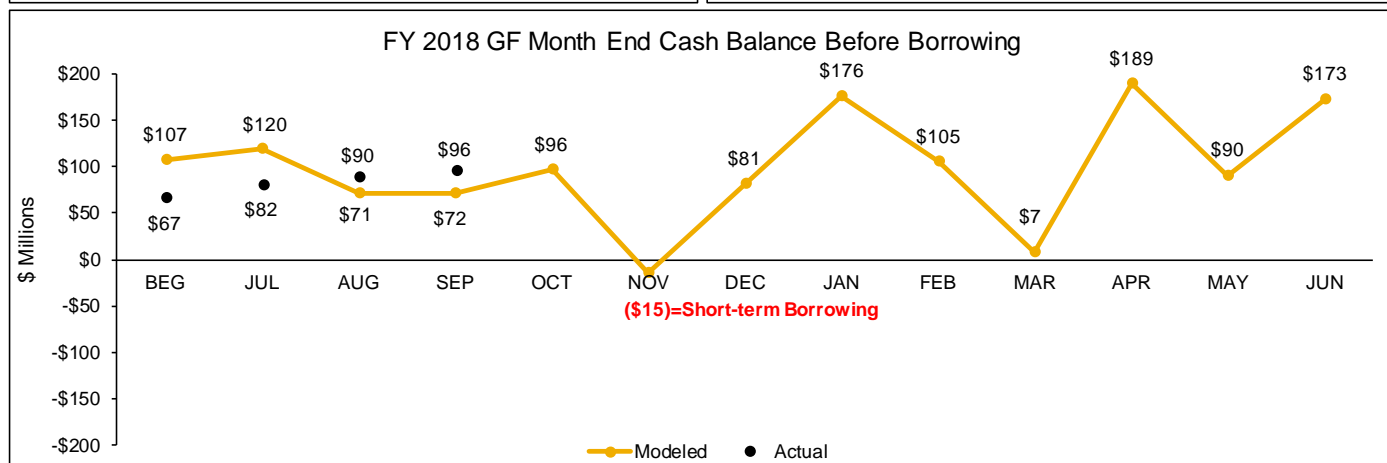
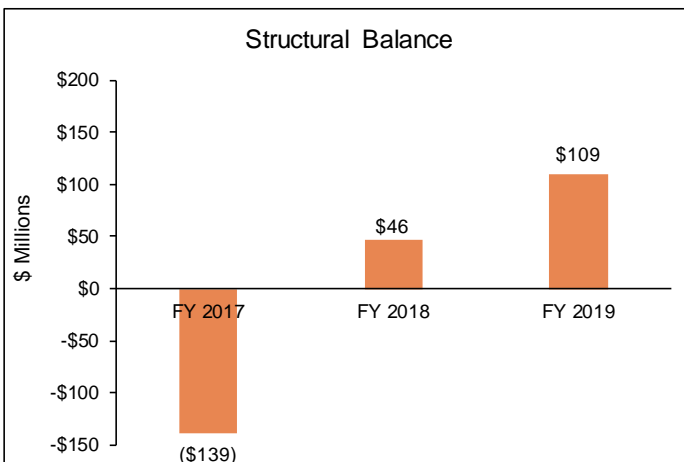
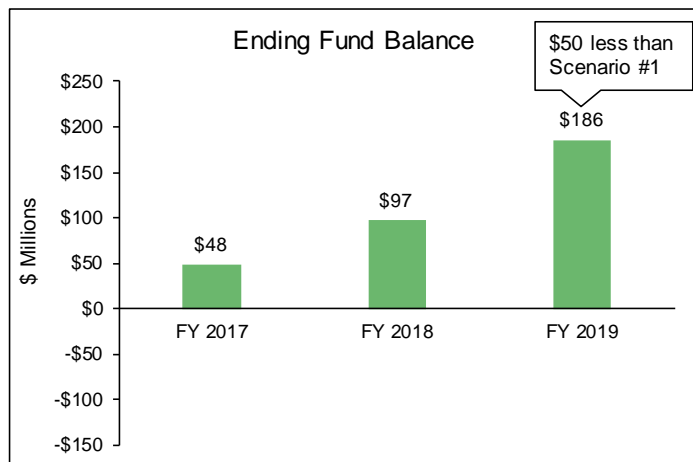
Scenario Highlights

- Incorporates FY 2017 actual revenues and expenditures
- Assumes 2019 biennium adjustments, with SB 261 implemented
- Assumes 2019 biennium revenues in HJ 2, adjusted for enacted legislation



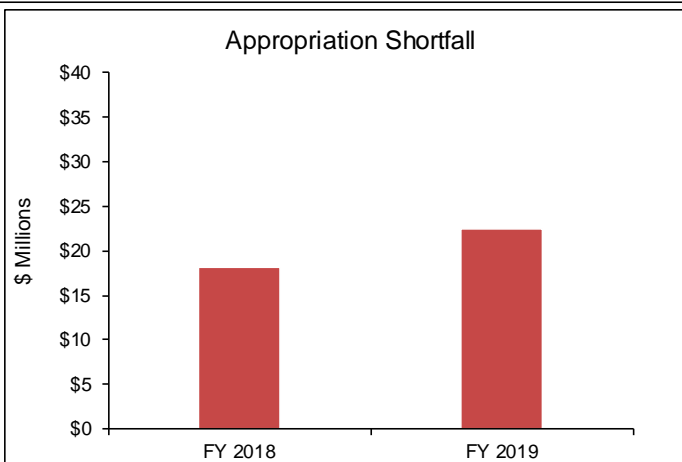
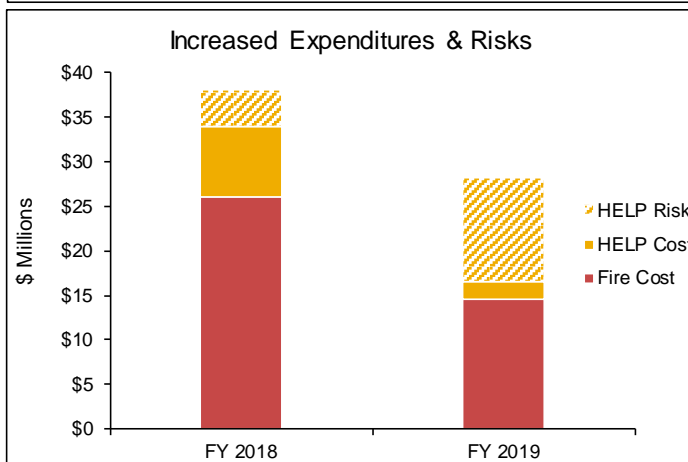
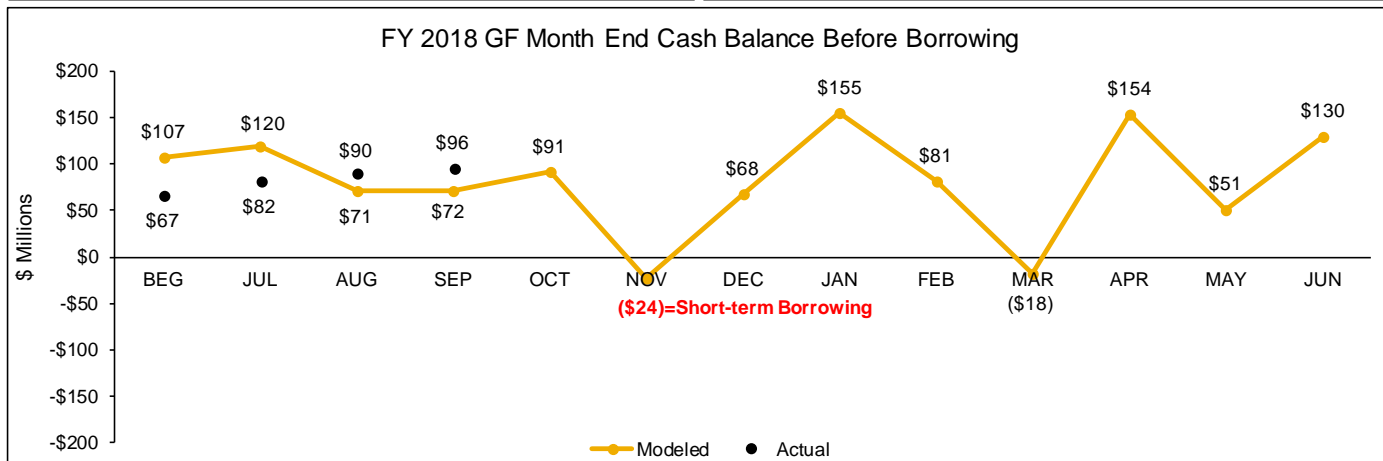
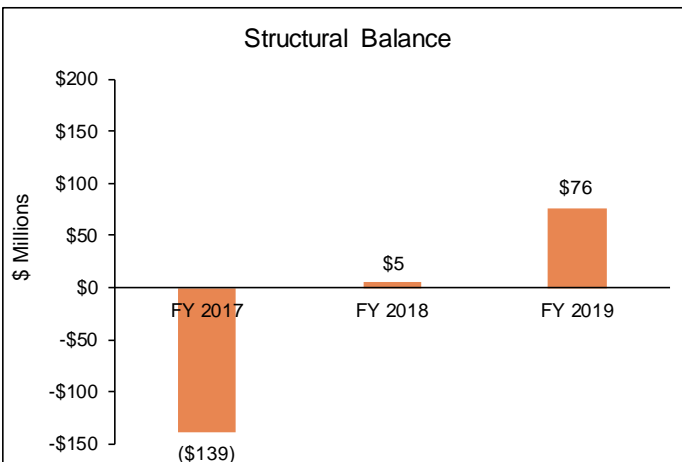
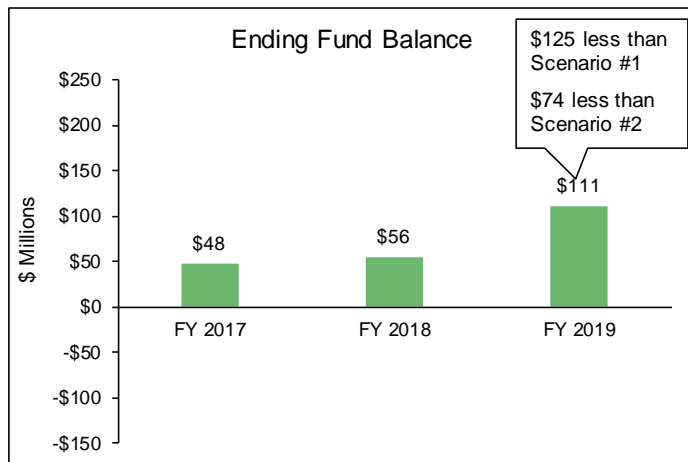
Scenario Highlights

- Scenario #1 plus additional 2019 biennium general fund costs
  - DNRC fire costs of \$62.9 million in FY 2018 & \$22.5 in FY 2019; see 2019 Biennium Report for details
  - HELP Act: \$9.8 million total: \$7.8 million FY 2018 and \$2 million in FY 2019



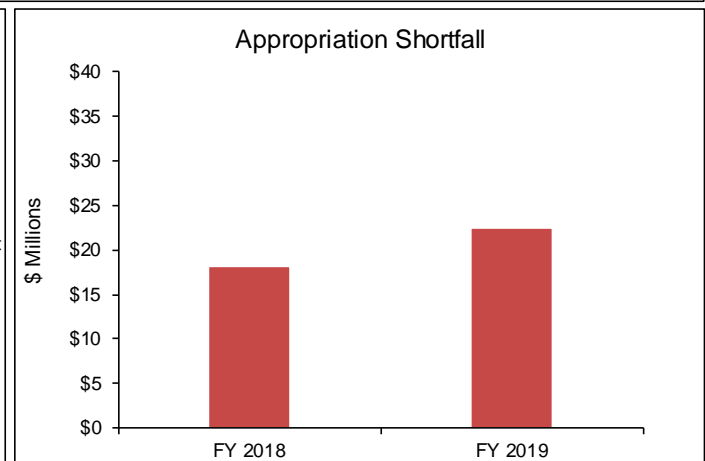
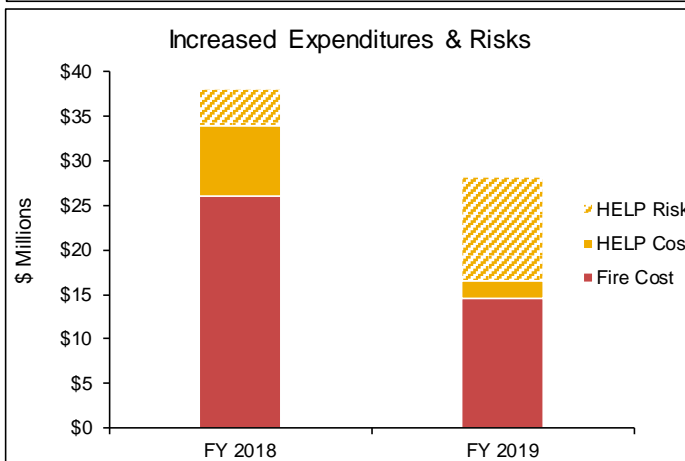
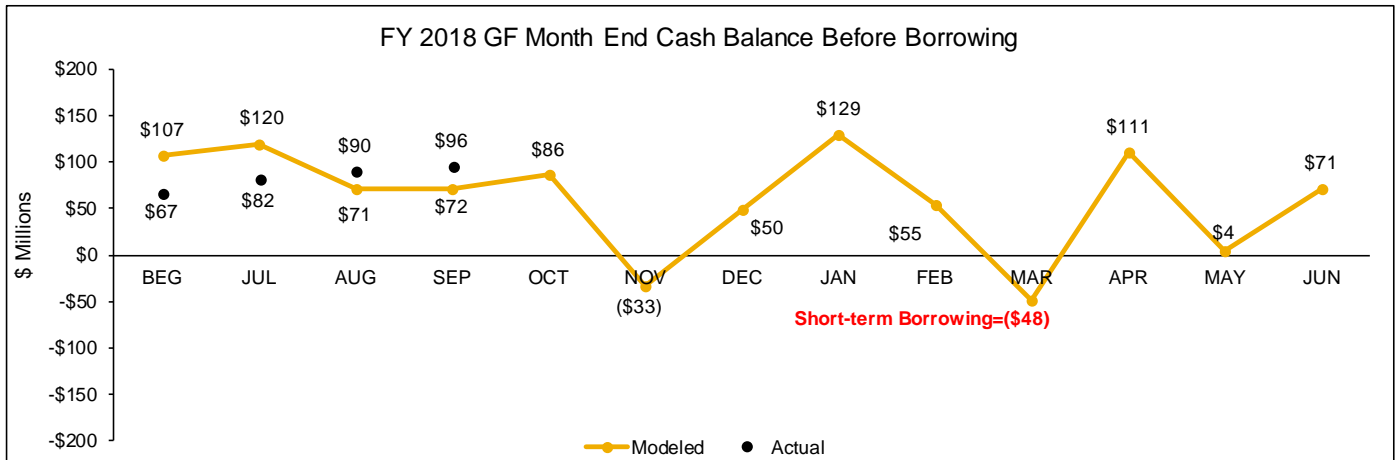
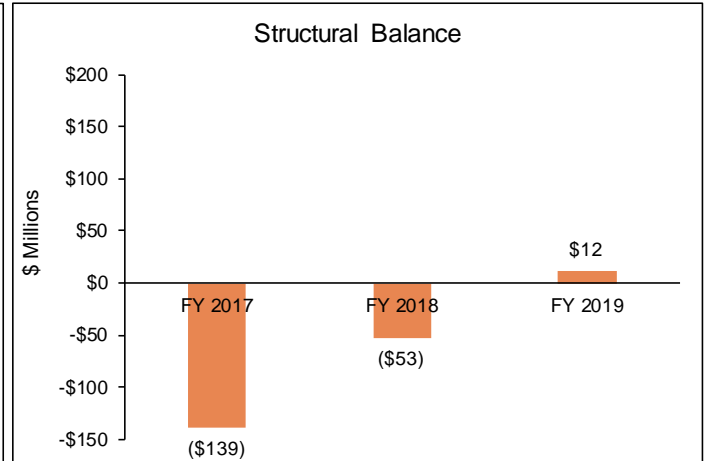
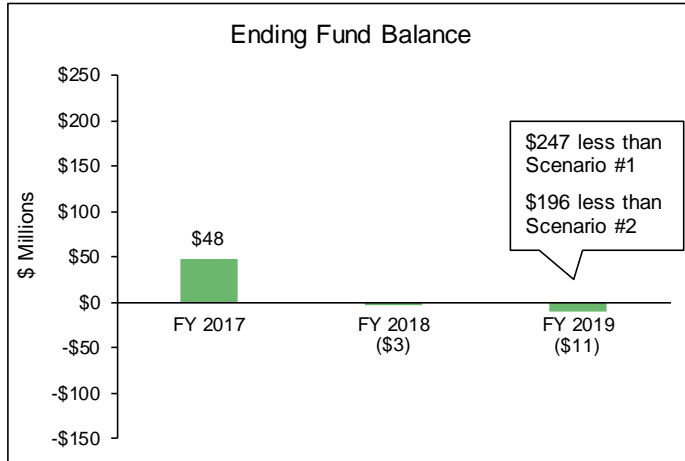
### Scenario Highlights

- Expenditures same as Scenario #2 of 5
- Assumes 2019 biennium assumptions in HJ 2 with August economic updated data from IHS: \$41 million less in FY 2018 and \$33 million less in FY 2019 than HJ 2



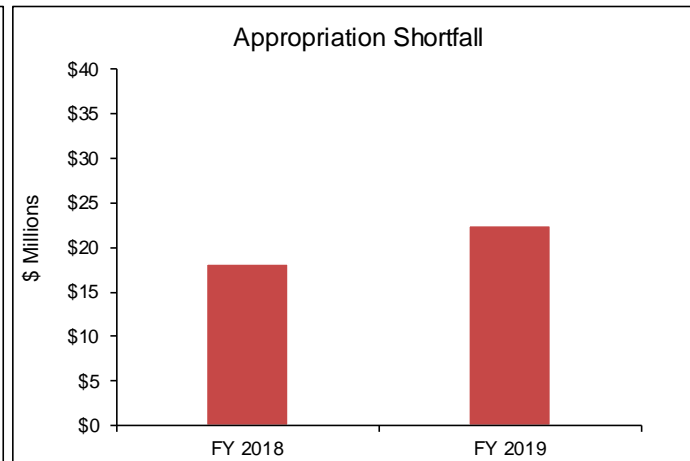
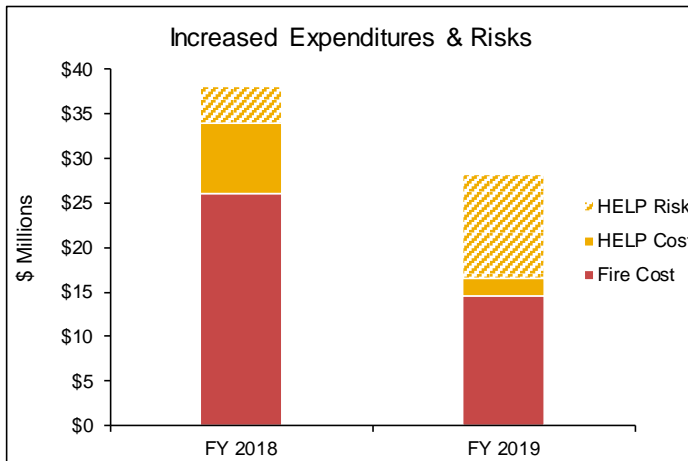
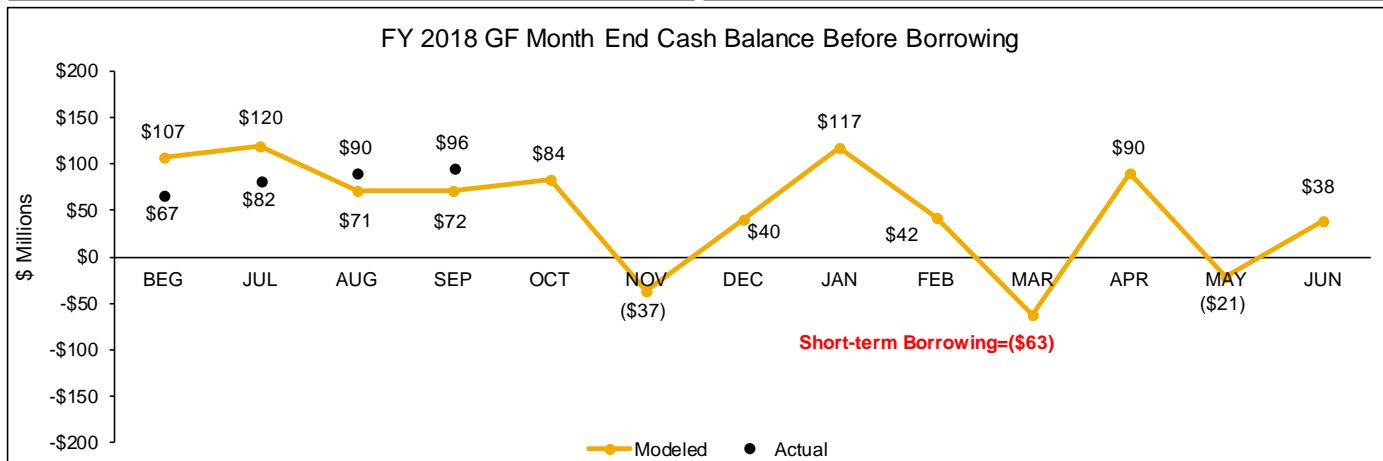
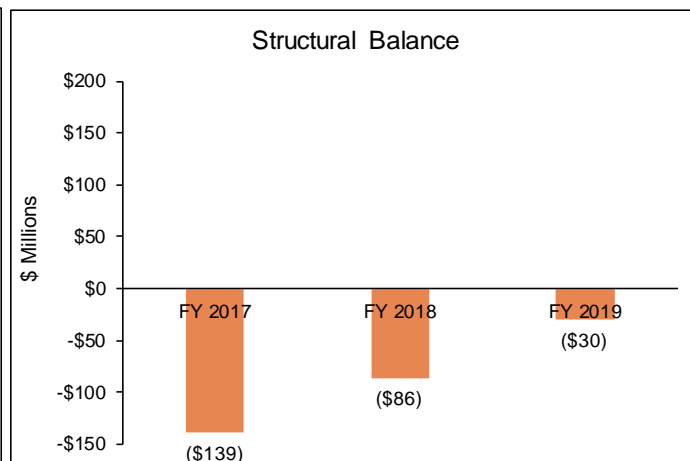
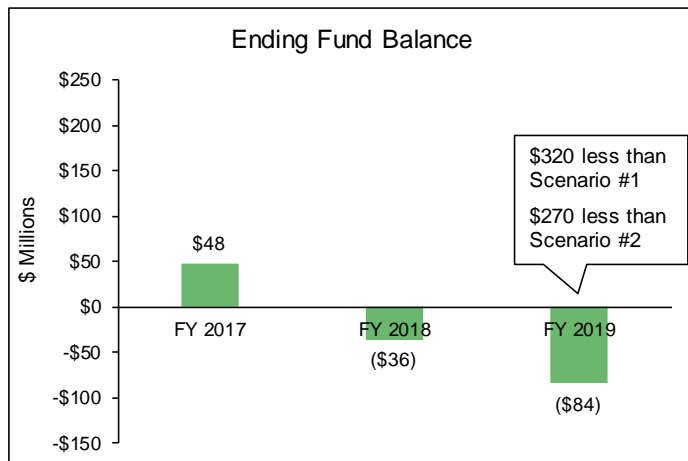
Scenario Highlights

- Expenditures same as Scenario #2 of 5
- Assumes conservative individual and corporation tax collections with August economic updated data from IHS: \$99 million less in FY 2018 and \$97 million less in FY 2019 than HJ 2
  - Individual income tax estimate grows from lower FY 2017 base
  - Corporation income tax estimate assumes FY 2017 lower audits and higher refunds continues, and removes an upward adjustment for IHS downward bias on WTI oil price estimates



Scenario Highlights

- Assumes executive expenditures: \$29 million more in FY 2018 and \$10 million more in FY 2019 than Scenario #1
- Assumes executive revenue estimate: \$137 million less in FY 2018 and \$145 million less in FY 2019 than HJ 2
- Adjustments needed to Scenario #4 estimates to reach executive estimate
  - Individual income tax estimate: assume somewhat lower audit revenue and higher refunds
  - Corporation tax estimate: use IHS pessimistic outlook





Range of Revenue Options (\$ Millions)				
Individual Income Tax				
FY	HJ 2	HJ 2 Models, August IHS	Alternative Assumptions, August IHS	Executive
2017	\$1,168	\$1,168	\$1,168	\$1,168
2018	1,321	1,291	1,249	1,241
2019	1,404	1,387	1,338	1,312
Biennium	2,725	2,678	2,588	2,554
Biennial Change from HJ 2		(47)	(137)	(171)
Corporation Income Tax				
FY	HJ 2	HJ 2 Models, August IHS	Alternative Assumptions, August IHS	Executive
2017	140	140	140	140
2018	169	166	150	132
2019	173	167	152	142
Biennium	342	333	301	274
Biennial Change from HJ 2		(9)	(40)	(68)
Total General Fund				
FY	HJ 2	HJ 2 Models, August IHS	Alternative Assumptions, August IHS	Executive
2017	2,141	2,141	2,141	2,141
2018	2,371	2,329	2,271	2,233
2019	2,481	2,448	2,384	2,336
Biennium	\$4,851	\$4,777	\$4,655	\$4,570
Biennial Change from HJ 2		(74)	(196)	(282)
Individual Income Tax Growth				
2018	13.1%	10.5%	6.9%	6.3%
2019	6.3%	7.4%	7.1%	5.7%
Corporation Income Tax Growth				
2018	20.6%	18.6%	7.1%	-5.3%
2019	2.6%	0.6%	1.1%	6.8%
General Fund Growth				
2018	10.7%	8.8%	6.1%	4.3%
2019	4.6%	5.1%	5.0%	4.6%

## ***Tools for Addressing the Budget Shortfalls***

### **EXECUTIVE TOOLS**

The Executive has several tools for managing the state budget during the interim.

- The executive relies on its own revenue estimating for the purposes of enacting 17-7-140, the executive can re-evaluate this estimate throughout the biennium to determine how much of reductions in spending are necessary
- If determined necessary by the executive it may enact spending reductions per MCA.17-7-140
- Internal short term borrowing (borrowing from other funds within state government for a period of time), to resolve cash flow shortages
- External short term borrowing (TRANS), to resolve cash flow shortages
- Call a special session to engage the Legislature in resolving the issue

### **LEGISLATIVE TOOLS**

The Legislature has many tools available to it to resolve any budget shortfall. The following discussion lists different broad categories of spending, revenue, policy, and combined options that could be considered.

- Increase revenue through tax or fee increases, examples include:
  - Inflation adjust and increase flat taxes and fees such as: motor vehicles, beer, wine, electricity
  - Eliminate tax credits/exemptions
  - Broadening tax bases/raising tax rates
  - Adopt Gross Proceeds Tax on Health Care Providers'
  - Change timing of collections to improve cash or fund position
- Change the allocation of revenue from a state special fund to the general fund, examples include:
  - In SB 261, the allocation of accommodations tax was changed to temporarily allocate a higher portion of the tax to the general fund
  - Taxes: Oil and Gas, beer, insurance tax, wine, or tobacco tax allocation
  - Other: interest earned from coal tax trust subfunds or U.S. Mineral Royalties & forest payments between local governments & schools
- Transfer cash from other state funds or trusts to the general fund, examples include:
  - Transfer funds of non-constitutionally protected trusts
  - General de-earmarking /transfer of fund balances
  - Sell state assets not in trusts and deposit cash in the general fund
- Reduce general fund appropriations, examples include:
  - Reducing or eliminating statutorily required programs
  - Review all general fund statutory appropriations and transfers, examples include:
    - General fund supplementary pension contributions and seeking alternative funding mechanisms
    - Motor vehicle transfers from the general fund to state special funds
    - State Fund old fund general fund transfers and seek alternative funding mechanisms
  - Temporary holiday of employer contribution to employee benefits or pension systems
  - Inflation Rate on distributions to local government entitlement share and school Base Aid
  - Spending deferrals, examples include:
    - Postpone some or all capital projects, transfer funds to the general fund
    - Postpone some or all economic development programs
    - Statewide hiring freeze, or work furlough
    - Travel, equipment, subscriptions, etc
  - Purchase the Shelby Prison and run as state institution
- Budget Policy changes such as budget policy changes such as decreasing the minimum ending fund balance that causes triggered reductions in 17-7-140