

HB2: SENATE FINANCE AND CLAIMS COMPARISON

General Fund Budget Comparison

HB 2 legislative general fund budget is \$3,203 million, \$125 million or 3.8% less than the Governor's recommended general fund budget of \$3,329 million and 6.0 % higher than the adjusted base of \$3,022 billion. Note that \$163 million of the increase from the adjusted base is replacing the one-time revenue associated with the bonus payments of the Otter Creek coal leases in school funding.

The following chart reflects the general fund adjusted base (FY 2010 expenditures with minor and required adjustments), the executive branch budget proposal (Governor's Budget), the current Legislative action, and the changes from the Governor's budget both in absolute dollar amounts and in percentage differences.

GENERAL FUND SUMMARY COMPARISON TO EXECUTIVE BUDGET

SubCommittee/Agency	Adj Base	Executive	Legislative	Change1	Change1 %
01 General Government	168,186,119	175,002,266	164,318,387	(10,683,879)	-6.1%
1104 Legislative Branch	23,001,225	23,904,275	22,838,515	(1,065,760)	-4.5%
3101 Governor's Office	11,935,595	12,049,768	11,492,254	(557,514)	-4.6%
3202 Comm Of Political Practices	1,038,471	1,138,471	1,134,471	(4,000)	-0.4%
5801 Department Of Revenue	97,789,531	99,179,664	93,351,714	(5,827,950)	-5.9%
6101 Department Of Administration	12,934,335	12,624,664	12,610,384	(14,280)	-0.1%
6501 Department Of Commerce	5,396,542	10,024,118	8,481,629	(1,542,489)	-15.4%
6602 Department Of Labor & Industry	4,928,874	4,845,093	2,965,714	(1,879,379)	-38.8%
6701 Department Of Military Affairs	11,161,546	11,236,213	11,443,706	207,493	1.9%
02 Health & Human Services	755,670,341	838,947,338	824,152,388	(14,794,950)	-1.8%
6902 Economic Security Services Branch	145,346,304	146,933,561	142,655,928	(4,277,633)	-2.9%
6904 Director's Office	3,419,107	3,276,797	3,276,797	-	0.0%
6906 Operations Services Branch	30,851,230	30,921,959	30,139,328	(782,631)	-2.5%
6907 Public Health	6,954,231	6,728,655	5,453,114	(1,275,541)	-19.0%
6911 Medicaid And Health Services Branch	569,099,469	651,086,366	642,627,221	(8,459,145)	-1.3%
03 Natural Resources & Transportation	63,411,136	62,851,897	55,909,063	(6,942,834)	-11.1%
5301 Department Of Environmental Quality	10,948,533	10,935,218	9,186,998	(1,748,220)	-16.0%
5401 Department Of Transportation	-	-	-	-	0.0%
5603 Department Of Livestock	2,140,444	3,003,082	2,298,619	(704,463)	-23.5%
5706 Dept Of Natural Resources & Conservation	48,405,562	46,289,188	42,067,501	(4,221,687)	-9.1%
6201 Department Of Agriculture	1,916,597	2,624,409	2,355,945	(268,464)	-10.2%
04 Judicial Branch, Law Enforcement, Justice	504,523,855	532,266,525	508,626,490	(23,640,035)	-4.4%
2110 Judicial Branch	72,394,035	73,972,970	71,602,787	(2,370,183)	-3.2%
4107 Crime Control Division	5,031,924	4,841,384	4,395,199	(446,185)	-9.2%
4110 Department Of Justice	54,280,867	54,414,998	53,348,577	(1,066,421)	-2.0%
6108 Office Of The Public Defender	41,109,302	43,368,678	41,709,302	(1,659,376)	-3.8%
6401 Department Of Corrections	331,707,727	355,668,495	337,570,625	(18,097,870)	-5.1%
05 Education	1,530,033,741	1,719,467,510	1,650,445,044	(69,022,466)	-4.0%
3501 Office Of Public Instruction	1,149,779,431	1,305,064,733	1,268,438,477	(36,626,256)	-2.8%
5101 Board Of Public Education	437,982	461,402	439,182	(22,220)	-4.8%
5102 Commissioner Of Higher Education	355,271,903	389,932,761	357,635,862	(32,296,899)	-8.3%
5113 School For The Deaf & Blind	12,068,714	11,968,052	11,899,066	(68,986)	-0.6%
5114 Montana Arts Council	905,946	900,100	900,100	-	0.0%
5115 Montana State Library	5,562,038	5,427,370	5,292,334	(135,036)	-2.5%
5117 Montana Historical Society	6,007,727	5,713,092	5,840,023	126,931	2.2%
Grand Total	3,021,825,192	3,328,535,536	3,203,451,372	(125,084,164)	-3.8%

Total Funds Budget Comparison

In all funds combined, the HB 2 spending currently proposed by the legislature is \$30.2 million or 0.3% less than the executive recommended budget of \$8,982 million and \$1,542 million or 20.8% higher than the adjusted base of \$7,410 million. Note that much of the federal spending in the adjusted bases is understated as a result of its appropriation in HB 645 from the 2009 session that is not included in the adjusted base.

TOTAL FUNDS SUMMARY COMPARISON TO EXECUTIVE BUDGET

SubCommittee/Agency	Adj Base	Executive	Legislative	Change1	Change1 %
01 General Government	479,557,541	512,323,454	502,038,041	(10,285,413)	-2.0%
1104 Legislative Branch	27,961,411	28,595,287	27,292,819	(1,302,468)	-4.6%
1112 Consumer Council	2,161,514	3,278,092	3,278,092	-	0.0%
3101 Governor's Office	11,960,478	12,074,651	11,514,565	(560,086)	-4.6%
3201 Secretary Of State's Office	-	550,000	550,000	-	0.0%
3202 Comm Of Political Practices	1,038,471	1,138,471	1,134,471	(4,000)	-0.4%
3401 State Auditor's Office	34,142,907	38,100,877	37,016,019	(1,084,858)	-2.9%
5801 Department Of Revenue	105,070,453	107,350,770	101,386,648	(5,964,122)	-5.6%
6101 Department Of Administration	41,829,311	42,013,575	41,538,905	(474,670)	-1.1%
6501 Department Of Commerce	42,159,595	57,487,665	56,051,155	(1,436,510)	-2.5%
6602 Department Of Labor & Industry	150,100,813	155,829,034	155,707,566	(121,468)	-0.1%
6701 Department Of Military Affairs	63,132,588	65,905,032	66,567,801	662,769	1.0%
02 Health & Human Services	2,934,455,723	3,714,626,425	3,594,433,121	(120,193,304)	-3.2%
6902 Economic Security Services Branch	655,970,242	974,009,547	924,543,221	(49,466,326)	-5.1%
6904 Director's Office	8,255,032	7,957,773	7,879,178	(78,595)	-1.0%
6906 Operations Services Branch	80,665,245	84,044,844	81,726,145	(2,318,699)	-2.8%
6907 Public Health	121,348,722	124,767,744	102,958,533	(21,809,211)	-17.5%
6911 Medicaid And Health Services Branch	2,068,216,482	2,523,846,517	2,477,326,044	(46,520,473)	-1.8%
03 Natural Resources & Transportation	1,408,490,419	1,780,210,649	1,826,890,507	46,679,858	2.6%
5201 Department Of Fish, Wildlife & Parks	141,349,814	146,775,971	148,392,941	1,616,970	1.1%
5301 Department Of Environmental Quality	98,352,929	116,449,772	113,212,998	(3,236,774)	-2.8%
5401 Department Of Transportation	1,014,920,614	1,355,628,556	1,399,308,725	43,680,169	3.2%
5603 Department Of Livestock	20,363,916	23,701,027	21,931,605	(1,769,422)	-7.5%
5706 Dept Of Natural Resources & Conservation	103,924,679	105,378,446	112,454,725	7,076,279	6.7%
6201 Department Of Agriculture	29,578,467	32,276,877	31,589,513	(687,364)	-2.1%
04 Judicial Branch, Law Enforcement, Justice	625,883,314	683,393,337	655,878,448	(27,514,889)	-4.0%
2110 Judicial Branch	76,671,193	78,930,309	76,577,981	(2,352,328)	-3.0%
4107 Crime Control Division	12,386,130	18,531,548	18,034,067	(497,481)	-2.7%
4110 Department Of Justice	148,652,711	169,959,575	163,472,554	(6,487,021)	-3.8%
4201 Public Service Regulation	7,033,913	7,357,037	7,416,079	59,042	0.8%
6108 Office Of The Public Defender	41,284,302	43,616,275	41,884,302	(1,731,973)	-4.0%
6401 Department Of Corrections	339,855,065	364,998,593	348,493,465	(16,505,128)	-4.5%
05 Education	1,961,406,437	2,291,520,164	2,372,696,708	81,176,544	3.5%
3501 Office Of Public Instruction	1,445,031,389	1,714,108,006	1,826,864,831	112,756,825	6.6%
5101 Board Of Public Education	814,224	807,644	815,424	7,780	1.0%
5102 Commissioner Of Higher Education	482,146,135	542,663,171	510,366,272	(32,296,899)	-6.0%
5113 School For The Deaf & Blind	12,770,478	12,669,816	12,600,830	(68,986)	-0.5%
5114 Montana Arts Council	2,487,651	2,911,358	2,911,358	-	0.0%
5115 Montana State Library	8,777,174	9,254,018	9,038,632	(215,386)	-2.3%
5117 Montana Historical Society	9,379,386	9,106,151	10,099,361	993,210	10.9%
Grand Total	7,409,793,434	8,982,074,029	8,951,936,825	(30,137,204)	-0.3%

SENATE FINANCE AND CLAIMS ACTION

Overall

After HB 2 action by Senate Finance and Claims, the legislative budget that is \$30.2 million lower, in total funds than the executive request. The difference can be attributed to the following:

- The 5% plans required in MCA 17-7-111(3)(f) were adopted for both state special and general fund
- State special sources of funding were used to offset general fund expenses throughout the sections. In some cases legislation will be proposed to implement the actions taken.
- \$70.5 million of general fund was replaced with state special revenue to fund K-12 education.

The tables on pages 1 and 2 give the section and agency subtotals of the comparisons to the adjusted base and the executive proposal. The following sections summarize the action taken by the house appropriations committees.

Section A: General Government

- The Department of Revenue budget is \$6.0 million below the Governor's budget request. \$3.4 million of these budget reductions could cause lower general fund tax collections of \$11.7 to \$20.1 million
- Reduced the income tax credit for Insure Montana and limited premium assistance to employees with household incomes under 300% of the federal poverty level
- Eliminated funding for the Energy Promotion Division in the Department of Commerce
- Used the Employment Security Account to offset general fund expenses

Section B: Health and Human Services

- Eliminated the tobacco prevention state program funded with state special funds. These funds were redirected to offset general fund costs of enrollment over the 2013 biennium for Healthy Montana Kids
- Scaled back Healthy Montana Kids anticipated enrollment in the higher income groups for the 2013 biennium, but still increased appropriation levels for services for this group by \$66 million
- Reinstated funding for Big Sky Rx to maintain financial eligibility at 200% of the federal poverty level with about two thirds of the funding designated as one-time and dependent on a bill to transfer funds from the Older Montanans' Trust fund
- Adopted 65% of the general fund needed for the executive's increased February Medicaid caseload forecast
- Provided increased funding for community chemical dependency treatment by downsizing the Montana Chemical Dependency Center in Butte
- Provided permanent funding for 10.00 FTE funded on a temporary basis in the 2011 biennium to administer Healthy Montana Kids
- Provided a biennial appropriation of \$215.0 million, federal Supplemental Nutrition Assistance Program (SNAP) authority
- Transferred \$34.3 million for Medicaid services for the lowest income children enrolled in Healthy Montana Kids from HB 2 to HB 633, a bill to reallocate tobacco settlement funds from tobacco prevention and control to fund increased enrollment in Healthy Montana Kids
- Did not approve \$122.8 million in federal funds, including
 - \$35.4 million for electronic health records technology incentive payments to healthcare providers
 - \$35.0 million less for SNAP
 - \$11.4 million for reductions to Medicaid services, including adoption of 5% reduction plans not included in the executive budget
 - \$11.1 million for presumptive eligibility as a requirement of the Healthy Montana Kids program
 - \$9.6 million less for federal low income energy assistance (LIEAP)
 - \$8.1 million for lower enrollment growth in Healthy Montana Kids for children in higher income families

- \$4.7 million for family planning services to low income men and women provided by local county health departments and non-profits

Section C: Natural Resources

- Increased user fees for general fund subsidized programs that benefit private parties
- Established the budgets based on legislative priorities such as effective land management, control of invasive species, stable fire protection resources and highway construction projects
- Transferred \$380,000 of water adjudication authority to the Water Court

Section D: Public Safety

- Funded 20 new secure assisted living beds and 100 additional secure prison beds for FY 2013. As with the executive proposal, the funded beds are less than the executive's estimated populations
- Noted that corrections facilities are very close to capacity now and do not have room for additional populations

Section E: Education

- Noted that tuition increases at the educational units and community colleges may occur. The Regents have not determined the tuition levels for the 2013 biennium
- For K-12:
 - Funded at-risk student payments, special education, transportation, school lunch, in-state treatment, secondary vocational education, adult basic education and gifted and talented from the general fund, contingent on HB 316
 - Funded the digital academy (\$2.3 million) with guarantee funds, contingent on HB 42, HB 604 and SB 403
 - Fully funded base aid inflation at \$10.5 million and \$19.1 million respectively
 - Funded the pathways to excellence program, including the necessary data support contingent on SB 403

OTHER SUBCOMMITTEE ACTION LONG-RANGE PLANNING SUMMARY

The Long-Range Planning Subcommittee (LRP) conducted hearings and finalized work on 12 appropriation bills. The Long-Range Planning bills have progressed through hearings in the House Appropriations Committee (HAC) and are now scheduled for second reading in the House. In addition to hearing the executive LRP proposals, eight bills (HB 5-HB 15), LRP work included four bills introduced by the legislature. As shown in the figure below and at this time, the HAC recommends increasing total appropriations by \$9.7 million over the executive proposal. The subcommittee also recommends reducing transfers to the general fund by \$29.5 million, primarily as a result of the tabling of the executive plan for the Treasure State Endowment (TSEP) programs. The legislature recommends a revised 2013 biennium program for TSEP programs, which is included in HB 351. Two of the bills introduced by the legislature, HB 316 and HB 375, are initiatives of the legislature to more closely analyze the various uses of state special funds and transfers. At this time, HB 316 is estimated to have a (\$29.5) million cost to the general fund with an offset of \$60.5 million expenditure offset to the K-12 guarantee account. HB 375 has a positive general fund impact of \$494,577.



LRP Subcommittee Summary (through House Appropriations) (as of 3/18/2011)								
Initial LRP Legislation		Executive Recommendations		HAC Recommendations		Change		
Bill	Program	Total "All Funds" Approps ¹	Transfers / Reallocation to GF	Total "All Funds" Approps ¹	Transfers / Reallocation to GF	Total "All Funds" Approps ¹	Transfers / Reallocation to GF	% Change of Approps
HB 5	Long-Range Building Program	\$62,483,830	\$11,685,622	\$73,458,830	\$10,685,622	\$10,975,000	(\$1,000,000)	17.6%
HB 6	Renewable Resource Grant Program	7,210,000	0	\$7,210,000	N/A	0	N/A	0.0%
HB 7	Reclamation and Development Grant Program	7,149,000	0	\$6,983,800	N/A	(165,200)	N/A	-2.3%
HB 8	Renewable Resource Loan Program	13,724,457	0	13,724,457	N/A	0	N/A	0.0%
HB 9	Cultural and Aesthetic Trust	724,976	0	696,299	N/A	(28,677)	N/A	-4.0%
HB 10	Long-Range Information Technology Program	0	10,737,273	0	4,762,033	0	(5,975,240)	-
HB 11	Treasure State Endowment Program (tabled)	1,000,000	17,614,270	0	0	(1,000,000)	(17,614,270)	-100.0%
HB 11	Treasure State Endowment Regional Water Program (tabled)	0	4,867,000	0	0	0	(4,867,000)	-
HB 15	Quality School Facility Program	12,069,265	0	12,069,265	N/A	0	N/A	0.0%
	Total	<u>\$104,361,528</u>	<u>\$44,904,165</u>	<u>\$114,142,651</u>	<u>\$15,447,655</u>	<u>\$9,781,123</u>	<u>(\$29,456,510)</u>	9.4%
Legislative LRP Legislation		Introduction Recommendations		HAC Recommendations		Change		
Bill	Program/ Title	Total "All Funds" Approps ¹	Transfers / Reallocation to GF	Total "All Funds" Approps ¹	<u>Estimated</u> Transfers / Reallocation to GF	Total "All Funds" Approps ¹	Transfers / Reallocation to GF	% Change of Approps
HB 51	State Building Energy Conservation Program	\$0	\$0	\$0	\$0	\$0	\$0	
HB 316	Redistribute Certain Revenue & Income to the General Fund	0	54,079,653	0	(29,537,194)	0	(83,616,847)	
HB 316	Offset of K-12 Guarantee Account Expenditures		0		60,543,000	0	60,543,000	
HB 351	Treasure State Endowment Program	14,753,578	1,000,000	14,753,578	1,000,000	0	0	0.0%
HB 351	Treasure State Endowment Regional Water Program	1,000,000	3,754,053	3,500,000	1,000,000	2,500,000	(2,754,053)	250.0%
HB 375	Reduce Certain General Fund Transfers	0	1,062,804	0	494,577	0	(568,227)	
	Total	<u>\$15,753,578</u>	<u>\$59,896,510</u>	<u>\$18,253,578</u>	<u>\$33,500,383</u>	<u>\$2,500,000</u>	<u>(\$26,396,127)</u>	
	Total	<u>\$120,115,106</u>	<u>\$104,800,675</u>	<u>\$132,396,229</u>	<u>\$48,948,038</u>	<u>\$12,281,123</u>	<u>(\$55,852,637)</u>	

¹Total "All Funds" Appropriations include \$14.9 million of authorization for capital projects that do not require appropriation (for example proprietary funds, university funds, and donations)