

OFFICE OF THE GOVERNOR  
STATE OF MONTANA



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GOVERNOR

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TO: Amy Carlson, Legislative Fiscal Analyst  
Legislative Fiscal Division

FROM: Tom Livers, Budget Director *Tom*  
Office of Budget and Program Planning

DATE: December 15, 2020

RE: Governor Bullock's 2023 Final Biennium Executive Budget

***Substantive Changes***

- Based upon updated econometric data from the state's economic advisors, revenue estimates have been updated to reflect new information as well as adding revenues related to the I-190 ballot initiatives. Total increased revenue for the three-year period is \$56.4 million, bringing the estimate in line with the currently adopted HJ 2 revenue estimates.
- The November 15<sup>th</sup> Preliminary Executive Budget included a transfer of \$75 million from the Budget Stabilization Reserve fund which is available to address budget shortfalls in times of emergency, such as a pandemic. Due to the updated revenue estimates mentioned above, this required transfer has been reduced to \$25 million in the December 15<sup>th</sup> Final Executive Budget.
- In the November 15<sup>th</sup> Preliminary Executive Budget, a vacancy savings rate of 2% was applied to most state agency budgets. The December 15<sup>th</sup> Final Executive Budget eliminates the 2% vacancy savings rate.
- The December 15<sup>th</sup> Final Executive Budget includes a proposal for \$3 million general fund to stand up an IRA program for citizens of Montana. This would provide an option for employees of companies who do not provide to such a program through their employers and for self-employed individuals. The program would be administered by the Department of Labor & Industry. After rules are set up and the program is established, the program would be contracted to a third-party administrator and there would be self-sustaining.
- Change Packages totaling \$41.1 million state special revenue and \$2.1 million general fund were added to the following departments for implementation of and allocation for funds directed by the I-190 initiative passed by the electorate.
  - Department of Revenue
  - Department of Fish, Wildlife & Parks
  - Department of Military Affairs
  - Department of Public Health and Human Services

- A change package was added in the Department of Transportation totaling \$143 million for the biennium of state special and federal special revenue for contractor payments based on the updated Tentative Construction Plan approved by the Transportation Commission.
- In accordance with 17-7-210, MCA, change packages and language appropriations were added for the operations and maintenance for projects proposed in the long-range building program. Adjustments were made in the following agencies:
  - Department of Military Affairs
  - Department of Natural Resources and Conservation
  - Department of Administration
  - Department of Justice
  - Department of Livestock
  - Department of Revenue
  - Department of Health and Human Services
  - Department of Fish, Wildlife and Parks
  - Department of Transportation
  - Office of Commissioner of Higher Education/Montana University System
- Changes were made to the recommended Major Repair, Capital Complex projects to account for reductions in available revenues in the Capitol Land Grant account. Four projects were eliminated and three were reduced.

***Technical Corrections***

- Funding for SWPL 1 – Personal Services was adjusted in the following programs:
  - Department of Justice – Legal Services Division, Justice Information Technology Services Division, Division of Criminal Investigations, Gambling Control Division, Forensic Sciences Division, Motor Vehicle Division, and Central Services Division.
  - Department of Corrections – Crime Control Bureau in the Director’s Office
- Funding for SWPL 2 – Fixed Costs was adjusted for the following programs:
  - Department of Justice – Legal Services Division, Justice Information Technology Services Division, Division of Criminal Investigations, Gambling Control Division, Forensic Sciences Division, Motor Vehicle Division, and Central Services Division.
  - Department of Corrections – Director’s Office
  - Department of Military Affairs - Director’s Office, Army National Guard, Air National Guard, Disaster and Emergency Services Division, and Veterans’ Affairs Division
- An adjustment in the Department of Commerce (program 51) was made to move funding for NP 5111 between reporting levels.
- An adjustment in the Department of Military Affairs was made to add 1.00 FTE to NP 202 (no change in funding)
- Adjustments were made in the following departments to break the funding for Legislative Audit into a separate line item appropriation.
  - Office of Commissioner of Higher Education – Community College (and language correction related to the same)

- Department of Administration – Montana Lottery
  - Department of Natural Resources and Conservation – Director’s Office
- An adjustment was made to move funding in the Department of Justice – Justice Information Technology Division from one reporting level to another.
- An adjustment was made to “other operating expenses” category in the proprietary fund table in the Department of Transportation – Equipment Program.
- The program description for the Department of Administration – Montana Lottery was updated.
- An adjustment was made to move expenses between operating categories in PL 4005 in the Department of Transportation – Aeronautics Division (no net change in cost).
- A correction was made in the Department of Administration – State Human Resources Division to allocate 0.50 FTE to the correct reporting level in a non-appropriated proprietary budget rather than HB 2 (no net change in cost).
- The federal fund number was updated in PL 10993 in the Department of Public Health and Human Services – Developmental Services Division. There was no net change to the request.
- A correction was made in the Department of Administration – State Information Technology Services Division to allocate 10.00 FTE to the correct reporting level in a non-appropriated proprietary budget rather than HB 2 (no net change in cost).
- The revenue estimate and the statutory appropriation were updated in the Department of Administration – Montana Lottery.
- The revenue estimate for the Alcoholic Beverage Control Division (Liquor Fund) was updated.
- An adjustment was made to move expenses between operating categories in for the mineral impact fund statutory appropriation in the Department of Administration – Director’s Office (no net change in cost).
- A correction was made to update the estimated claims paid budget in the Department of Administration – Health Care and Benefits Division.
- Change packages 3101 and 3102 have been withdrawn in the Department of Military Affairs – Veterans’ Affairs Division.

IBARS has been updated as needed to reflect these changes in the H02 version. A revised general fund balance sheet has been included. If you have any questions, please feel free to contact me or my staff.

**State of Montana 2023 Biennium General Fund Balance Sheet (Millions \$)**

**Executive Proposal - December 15, 2020**

<u>Description</u>	<u>Actual</u>	<u>Enacted/Proposed</u>	<u>Proposed</u>	
	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
<b>Beginning Fund Balance</b>	361.313	452.411	404.919	307.095
OBPP/HJ 2 Present Law Revenue Estimate	2,533.321	2,469.234	2,537.695	2,647.666
Transfers-In from Budget Stabilization Reserve	-	-	12.500	12.500
Redirected Funds	-	-	4.377	4.309
Prior Year Revenue Adjustments	(3.498)	-	-	-
<b>Total Funds Available</b>	<b>2,891.136</b>	<b>2,921.645</b>	<b>2,959.491</b>	<b>2,971.570</b>
<b>General Appropriations Act</b>				
HB 2 Base	2,014.441	2,149.049	2,218.409	2,218.409
HB 2 Statewide Present Law	-	-	14.034	14.324
HB 2 Present Law Change Packages	-	-	67.223	110.792
HB 2 New Proposal Change Packages	-	-	18.595	25.097
Restore 2% Vacancy Savings	-	-	4.700	4.700
CRF Reimbursement and Planned Reversions	-	(84.144)	-	-
<b>Non-HB 2 Disbursements and Legislative Proposals</b>				
HB 1 - Feed Bill (Estimated)	2.381	10.457	2.452	10.771
HB 3 - Supplemental	-	11.669	-	-
HB 10 - IT	-	7.313	4.969	-
HB 13 - Payplan	-	-	1.227	7.248
Auto IRA Savings Plan	-	-	1.500	1.500
Fire Fund Transfer - Actuals	30.344	46.683	-	-
Budget Stabilization Reserve Transfer - Actuals	57.052	1.129	-	-
Other Appropriation Bills	28.991	50.232	-	-
<b>Other Disbursements</b>				
Statutory Appropriations - Present Law	282.750	305.539	306.120	314.140
Statutory Appropriations - New Proposals	-	-	0.410	1.958
Transfers - Present Law	35.281	24.508	21.706	21.517
Transfers - New Proposals	-	-	0.100	0.100
Other (Carry Forward and Admin Transfers)	0.975	2.876	-	-
Estimated Reversions	-	(8.586)	(9.049)	(9.284)
Prior Year Expenditure Adjustments	(16.051)	-	-	-
<b>Total Disbursements</b>	<b>2,436.164</b>	<b>2,516.725</b>	<b>2,652.396</b>	<b>2,721.272</b>
Fund Balance Adjustments	(2.561)	-	-	-
<b>Ending Fund Balance</b>	<b>452.411</b>	<b>404.919</b>	<b>307.095</b>	<b>250.298</b>