

OFFICE OF THE GOVERNOR
STATE OF MONTANA



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TO: Amy Carlson, Legislative Fiscal Analyst
Legislative Fiscal Division

FROM: Ryan Osmundson, Budget Director *AB for RO*
Office of Budget and Program Planning

DATE: December 15, 2022

RE: Amendments to Governor Gianforte's 2025 Biennium Executive Budget

In accordance with 17-7-112, MCA, I am submitting the following formal written amendments to my November 15 preliminary 2025 biennium Executive Budget. The changes are broken out between substantive changes, technical corrections, and narrative updates. Most, if not all, of these changes have already been discussed with your staff. In fact, many of the technical and narrative changes came at the request of your staff. Changes are reflected in the H02 version in IBARS.

Substantive Changes

- Department of Public Health and Human Services (DPHHS): Removed a duplicate change package totaling \$12.2 million federal funds for Change Package (CP) 11888 Medicaid Expansion HUF.
- Department of Public Health and Human Services: Corrected an error in the base budget in the Health Resources Division. The funding was mistakenly placed in the budget for the Big Sky RX program and was moved to the Medicaid Core program. This resulted in a reduction of required funding in CP 11991 of \$9.3 million general fund and \$16.7 million federal funds each year of the biennium.
- Department of Public Health and Human Services: CP 11888 advertently contained duplicate funding in two reporting levels. The duplicate funding was removed reducing the request by \$4 million in FY 2024 and \$8 million in FY 2025 federal funds.
- Department of Administration: CP 702 requesting \$170,000 each year for IT security consolidation training costs was added.
- Department of Revenue: CP 18 was adjusted to add 0.25 FTE to make a 0.75 FTE position a full-time position in the Alcoholic Beverage Control Division.
- Office of Commissioner of Higher Education: Duplicate funding for Legislative Audit costs was removed from CP 902 reducing the request by approximately \$600,000.
- Department of Justice: Two change packages were added requesting 3.00 FTE trainers at the Montana Law Enforcement Academy and 1.00 FTE appellate attorney in the Legal Services Division.

- Department of Military Affairs: CP 2106 was added to request funding for operation of the Disaster Warehouse and Logistic Operations.
- Office of Public Instruction: The executive budget includes proposed legislation to move the deposit of the statewide 95 property tax mills from the general fund to the guarantee account. Associated with this legislation is a change package to remove the expenditure of these funds from HB 2 as the guarantee account, the first source of funding for K-12 education, is statutorily appropriated.
- Office of Public Instruction: An adjustment was made to the change package for guaranteed tax base (GTB) funding based on revised revenue estimates.
- Montana State Library: A state special revenue change package was added to provide start-up funding for the Real Time Network.
- Montana Historical Society (MHS): A state special revenue change package was added to allow the MHS to spend funds previously transferred to the agency from the Legislative Services Division for archiving legislative proceedings.

Technical Corrections

- Standard HB 2 language for the Board of Crime Control to continue the balance of grant appropriations into the next biennium was added.
- Funding was adjusted for the Legislative Audit appropriation in the Department of Military Affairs.
- Standard HB 2 language for the Department of Public Health and Human Services (DPHHS) related to the Montana Telecommunications Access Program was added.
- Funding was moved for the Legislative Audit appropriation for DPHHS to the correct program
- Funding for the Legislative Audit appropriation in the Department of Agriculture was adjusted to account for proprietary funding.
- In the Department of Justice, funding for CP 502 was adjusted from general fund to state special revenue.
- In the Office of Commissioner of Higher Education (OCHE), CP 405 was corrected to reflect it is not a one-time-only proposal.
- In the Montana School for the Deaf and Blind, CP 8 and 12 were corrected to reflect the requests are not one-time-only.
- In the Department of Revenue, the language related to required transfers for cannabis revenue was updated based upon the most recent revenue estimates.
- CP 13, 15, and 16 in the Department of Revenue were updated to indicate they are one-time-only requests.
- Funding for the Legislative Audit in the Department of Military Affairs was updated.
- Change packages 350108, 350109, and 350111 in the Department of Natural Resources and Conservation were removed as they are included in HB 5. CP 316 in the Department of Transportation was removed for the same reason.
- Duplicative funding in the Department of Military Affairs was removed in CP 3103 and 3104.
- In the Department of Administration, CP 2101 was removed as it was not needed. In CP 101, the funding was moved from HB 2 to proprietary funds correcting an error. CP 108 was adjusted for the same reason.

- An adjustment was made in the Department of Administration to correctly allocate a position between Treasury and Warrant Writer.
- In the Department of Corrections, change packages for the ongoing provider rate increases was adjusted to correct a mathematical error.
- Funding for SWPL 1 in the Workforce Development Division (OCHE) was changed from general fund to federal funds.
- Changes to the FTE types in CP 9 for the Office of Public Defender were made to accurately reflect the positions requested.
- In the Department of Commerce, state special revenue was adjusted in CP 5109 for the Business Attraction program.
- An adjustment was made between first level expenditure categories in CP 51506 for the Montana State Library.
- Funding in CP 605 and 612 in the Office of Public Instruction was moved between federal funds.
- Federal funds were adjusted between CP 11017 and CP 11015 in DPHHS.

Narrative Adjustments:

- Department of Agriculture – CP 3002
- Department of Corrections – CP 399
- Office of Public Defender – CP 13, change package numbering, biennial language
- Office of Commissioner of Higher Education – HB 2 language
- State Auditor's Office – change package numbering
- Public Service Commission – change package numbering
- Department of Military Affairs – CP 1301, 1302
- Department of Justice – CP 501, 502
- Department of Public Health and Human Services – CP 10005, CP 99

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 2025 Biennium General Fund Balance Sheet (Millions \$)
December 15, 2022

12/15/2022 12:56	<u>Actual</u>	<u>Enacted/Proposed</u>	<u>Proposed</u>	
<u>Description</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Revenues and Assets				
Beginning Fund Balance	720.047	1,854.385	500.668	637.519
OBPP December 15/HJ 2 Revenue Estimate	3,774.618	3,539.484	3,710.034	3,782.680
Governor's Income Tax Rate Reduction and Other Tax Poposals		2.500	(24.704)	(199.683)
State 95 Mills to SSR and Debt Free in 23		(101.367)	(556.901)	(534.619)
Economic Volatility Hedge		(24.704)	(199.683)	(199.683)
Title 17 - CAGR Transfer-In	116.184	260.789		
Prior Year Revenue Adjustments	(12.773)	-		
Total Funds Available	4,598.076	5,531.087	3,429.414	3,486.214
Investments, Expenditures and Liabilites				
<u>General Appropriations Act</u>				
HB 2 Base	2,140.638	2,344.818	2,337.274	2,337.274
HB 2 FMAP 6.2% Enhancement through June 2023		(66.000)		
HB 2 Statewide Present Law			37.396	42.751
HB 2 Present Law + New Proposals - Ongoing			(343.417)	(265.685)
HB 2 Present Law + New Proposals - One-Time-Only			28.406	22.136
HB 2 Language Appropriations		2.000	1.000	1.000
<u>Non-HB 2 Disbursements</u>				
HB 1 - Feed Bill	2.163	10.909	3.508	13.339
HB 3 - Supplemental		8.588		
HB 10 - IT		0.500	73.788	73.788
HB 13 - Pay Plan			29.411	66.547
Transfer-Out to Fire Fund Suppression Fund	35.350	7.671		
Title 17 - Transfer Out to Budget and Capital Reserves	234.873	519.378		
HB 5/14 O&M		0.890	2.700	2.700
One-Time-Only Investments and Relief		1,833.380	285.100	298.600
Other Appropriation Bills	10.837	16.364		
<u>Other Disbursements</u>				
Statutory Appropriations - Present Law	302.881	326.955	329.644	336.920
Statutory Appropriations - New Proposals			(8.878)	(6.277)
Double Governor's Emergency Appropriation - One-Time-Only			8.000	8.000
Transfers - Present Law	23.441	21.689	22.938	23.278
Transfers - New Proposals			(10.500)	(9.975)
Other (Carry Forward, Admin Transfers, Other)	2.541	7.304		
Estimated Reversions		(4.028)	(4.474)	(5.889)
Prior Year Expenditure Adjustments	(4.710)	-		
Total Disbursements	2,748.014	5,030.419	2,791.895	2,938.508
Fund Balance Adjustments	4.323	-		
Ending Fund Balance	1,854.385	500.668	637.519	547.706
Structural Balance		FY 2023	FY 2024	FY 2025
				316.4
Ongoing Expenditures Adj. for Enhanced FMAP and 95 Mills Switch		2,717.60	2,828.94	2,974.08
Ongoing Expenditures % Change Year-Over-Year			4.10%	5.13%