

SB 261 “Budget Stabilization”

Triggered appropriation reductions

With the passage of SB 261, the legislature adopted a planned operating reserve of \$200 million, including budgetary reductions based on the actual revenues received in the general fund. These reductions limit the risk of using the operating reserve if actual revenues are below a baseline revenue projection of \$2,216 million. Different levels and reductions are as follows:

SB 261 Potential Triggered Reductions (in millions)							
Level	Revenue Triggers	Description	FY 2018	FY 2019	SB 261 Potential Reductions	Totals Per Level	
1	\$0-12 million below	Fire Fund Transfer to general fund (equivalent to shortfall)			(\$12.00)		
1.5	(<\$2,216 million)	HB 17 triggered out (@ \$6 million down)	(1.77)	(3.52)	(5.28)	(17.28)	
2		Fire Fund Transfer			(12.00)		
2	\$12-\$24 million below	0.5% across the board reductions (K-12 exclusions)	(6.30)	(6.40)	(12.70)		
2	(<\$2,204 million)	Reduce Old Fund Administrative costs (MCA 39-71-23-52)	(0.63)	(0.63)	(1.25)		
2		Eliminate TPA for HELP Act	(2.00)	(2.00)	(4.00)	(29.95)	
3		Fire Fund Transfer to general fund			(6.00)		
3		General fund reduction in Governor's Office	(0.09)	(0.09)	(0.18)		
3		General fund reduction in Legislative Branch	(0.13)	(0.13)	(0.27)		
3	\$24-36 million below	Cut digital Library general fund by half	(0.67)	(0.67)	(1.34)		
3	(<\$2,192 million)	Cut research center gf by half (Historical Society)	(0.61)	(0.61)	(1.22)		
3		Reduce Tourism Promotion by 8.1%	(1.64)	(1.64)	(3.28)		
3		Cut Agriculture Marketing general fund by half	(0.13)	(0.13)	(0.26)		
3		DPHHS provider rate reduction up to 1%	(3.50)	(3.50)	(7.00)		
3		Reduce Targeted Case Mgmt - Children/Adult Mental Health	(1.93)	(1.93)	(3.85)	(23.39)	
4		Eliminate approps for 1st year of pay plan, pay increase remains	(2.33)	(5.35)	(7.67)		
4		Delay new Secondary Vocational Education funding	(0.50)	(0.50)	(1.00)		
4	\$36 million+ below	Delay Data for Achievement	(3.11)	(3.18)	(6.29)		
4	(<\$2,180 million)	Reduce HB124 Combined Fund Block Grant	(2.80)	(2.80)	(5.60)		
4		Delay school facilities payment to schools		(5.80)	(5.80)		
4		Reduce the Native Language Preservation Program appropriation	(0.13)	(0.13)	(0.25)	(26.61)	
Total Potential Reductions							(\$97.23)

Many of these reductions have the potential to be enacted for the entire biennium if FY 2017 revenues come in low, or only for FY 2019 based on FY 2018 revenues. The reduction to the pay plan appropriation would not affect the actual pay plan. Agencies would still be responsible for providing a 1% increase.

Additionally, SB 261 coordinates with several other bills which are impacted depending upon actual revenues:

- HB 17 – Delays the implementation, eliminating 2019 biennium appropriations of \$5.3 million if general fund revenues are below \$2,216 million in FY 2017 (as indicated in table above)
- SB 281 – This bill modifies the way the fire suppression fund is used for fire mitigation and may have a delayed implementation if FY 2017 revenues are less than \$2,209 million
- HB 261 – A statutory appropriation for libraries facing a sunset was extended, but coordination language in SB 261 voids those appropriations for the 2019 biennium unless FY 2017 revenues exceed \$2,217 million
- HB 638 – This bill included a contingent appropriation for direct care worker wages, and the revenue trigger is modified in SB 261 to indicate implementation happens only if FY 2017 revenues exceed \$2,220 million or if FY 2018 revenues exceed \$2,375 million