

OFFICE OF THE GOVERNOR

Governor Steve Bullock
Lieutenant Governor Mike Cooney



2021 BIENNIUM BUDGET

GOVERNOR BULLOCK'S BUDGET WILL CONTINUE TO BE BUILT ON THESE GUIDING PRINCIPLES TO ENSURE A FISCALLY RESPONSIBLE BUDGET:

- ✓ The state should have a **\$300 million** reserve on June 30, 2021.
- ✓ The state budget should be structurally balanced, not spending more than we take in.
- ✓ The state should make fiscally prudent and sustainable investments to benefit Montanans for generations – well beyond the tenure of any given governor or legislator.

Governor Bullock's budget emphasizes four main priority areas:

- ✓ **Ensuring Fiscal Responsibility**
- ✓ **Investing in Education**
- ✓ **Protecting Healthcare and Rural Communities**
- ✓ **Creating Jobs and Building Montana's Infrastructure**

ENSURING FISCAL RESPONSIBILITY

Rebuilding Montana's Reserve for a Rainy Day and Increasing Revenue to Modernize Montana's Economy

Governor Bullock proposes a budget that is a reflection of our values and priorities as Montanans. Montanans expect state leaders to make responsible decisions about finances while preserving all of the investments made over the last five years into the economy and the health and well-being of Montanans. Like families all across Montana do with their own finances, Governor Bullock will continue to insist on the same best practices for state government by ensuring that the budget does not spend more than it takes in and that we are left with a meaningful reserve for a rainy day. He also supports continued collaboration between the governor's office and the legislative branch in revenue estimating to ensure that budget planning is based on the best possible data and that the revenue estimating process is free of politics and partisanship.

Governor Bullock proposes to modernize Montana's economy through revenue enhancements that will foster new opportunities for growth, capitalize on Montana's strong and growing economy, and make critical investments in hard-working middle-class Montanans, their education and their healthcare, infrastructure, and core essential services. Governor Bullock proposes to maximize revenue from Montana's growing tourist economy through accommodations and car rentals. He also proposes to add new revenue by updating professional investment license fees to match what other states require and enhancing revenue received from tobacco products and hard liquor.

INVESTING IN EDUCATION

Maintaining Montana's Competitiveness Through Targeted Investments

Governor Bullock proposes targeted investments in workforce development and educational opportunities, from preschool to adult learning, to maintain Montana's competitiveness nationally. Through these investments we can prepare Montanans for success in a 21st Century economy and build a more talented and trained workforce to meet growing and changing workforce demands.

Governor Bullock proposes an investment of \$30 million over the biennium in high-quality preschool with funding made available to public schools, Head Start programs and community-based providers to create or expand services for preschool-aged Montana kids. Governor Bullock believes in building on the success of Montana's STARS Preschool pilot program that passed with bipartisan support in the 2017 legislative session to increase access to more high-quality, affordable preschool options in rural and urban communities. A report on the first year of the pilot program found that in both very rural communities and urban settings, 93% of preschoolers who participated were ready for kindergarten at the end of the year and 94% of teachers were given effective opportunities to grow professionally.

Governor Bullock also proposes to freeze college tuition across the Montana University System and invest in financial aid for students seeking two- or four-year degrees, including returning adult learners. Most jobs in Montana require training beyond a high school diploma, and Montana has set a goal of 60% of Montanans attaining a post-secondary degree or credential, yet for many Montanans, cost is a barrier to get the training they need to get a good job. Governor Bullock believes in increasing affordable access to post-secondary education and training to ensure students are prepared for jobs in a 21st Century economy. He froze tuition in the 2013 and 2015 legislative sessions, helping to keep Montana with the 4th most affordable college tuition in the nation.

Governor Bullock also proposes to prepare the workforce of tomorrow by investing in professional development for computer science teachers. An increasing number of occupations requires workers to have at least some level of basic technology literacy and proficiency, and computer science occupations are high wage and in high demand across Montana. By increasing training opportunities for teachers, we can ensure that all students gain the skills they need to choose this career pathway.

Governor Bullock's budget also includes an inflationary adjustment for K-12 funding and for special education funding, which is an investment critical to helping districts keep up with the costs of providing intervention and support services for some of our most vulnerable students.

PROTECTING HEALTHCARE AND OUR RURAL COMMUNITIES

Maintaining the Montana HELP Act, Protecting Healthcare for Montanans, Supporting Rural Communities

Governor Bullock proposes to reauthorize the Montana Health and Economic Livelihood Partnerships (HELP) Act, which will end in 2019 without legislative action. Thanks to Montana's unique, bipartisan approach to Medicaid expansion, nearly 100,000 Montanans have access to health insurance coverage and Montana's uninsured rate is down to 7% from a staggering 20% in 2013. Additionally, the HELP Act has created and sustained over 5,000 new jobs and infuses \$500 million in new dollars into the state's economy each year.

Furthermore, the bipartisan HELP Act has given a lifeline to rural communities by reducing uncompensated care costs by nearly 50%. Hospitals in states that did not expand Medicaid have been closing six times faster than those that did. Since expanding Medicaid, Montana has not lost one hospital in the entire state. Governor Bullock believes it is essential to protect Medicaid expansion from repeal to ensure that nearly 100,000 Montana seniors, veterans, and families don't lose healthcare coverage and to keep the doors of rural hospitals open and rural communities healthy.

Governor Bullock also proposes to continue Montana's HELP-Link jobs services program to connect expansion enrollees with high-quality workforce training, employment services, job openings, and opportunities to advance career and earning potential. Access to care, along with Montana's unique workforce promotion program, has helped to boost labor market participation among non-disabled enrollees by 9%, making Montana the only state in the nation to have done so.

Governor Bullock's budget also includes an increase in provider rates for health and human service providers by 0.91% in FY 2020 and 1.83% in FY 2021, at the same percentage applied in his proposal for K-12 school funding increases.

CREATING JOBS AND BUILDING MONTANA'S INFRASTRUCTURE

Building Montana Through Sustainable Investments

Governor Bullock believes that making sustainable investments in the infrastructure of rural and urban communities is important for Montana to continue strong economic growth and to create and maintain good-paying jobs.

Governor Bullock proposes a \$290 million investment in infrastructure financed through a responsible mix of cash and bonds, with a majority of the investment provided to projects in local communities throughout the state.

Governor Bullock's infrastructure proposal includes over \$148 million for local projects for drinking water, wastewater, and sewer systems, solid waste disposal, and bridges. The proposal also includes investments to increase access to broadband in Montana's communities. This investment in broadband infrastructure will increase innovation and job creation in rural communities and help Montanans compete for jobs in an increasingly connected and global society.

Additionally, Governor Bullock is proposing a grant program of over \$44 million for Montana's natural resource communities, largely in Eastern and Northern Montana, impacted by fossil fuel development to help alleviate infrastructure strains.

Governor Bullock also proposes infrastructure funding for Agriculture Research Centers in four communities to spur growth in Montana's leading industry through research and technology, and funding for a new Dental Clinic, Assisting and Hygiene Lab at Great Falls College, the only school in Montana with a dental hygiene program, as well as funding for the Romney Hall renovation at Montana State University and the Montana Historical Society.

OTHER BUDGET HIGHLIGHTS WITH FISCAL IMPACT:

- ✓ Restoring funding for the Quality Educator Loan repayment to help recruit and retain teachers in rural schools.
- ✓ Maintaining the state's current level of service with the Aquatic Invasive Species program to develop and implement prevention, early detection, and monitoring efforts of invasive species.
- ✓ Implementing a suite of economic development tools to support the growth, retention and creation of new businesses.
- ✓ Preparing tribal students for success with HiSET prep classes at tribal colleges.
- ✓ Strengthening cyber security to protect Montanans' privacy and providing apprenticeship opportunities in cyber security careers.
- ✓ Preparing for future wildfire risks and responses and restoring our forests through active forest management that will support the forest products industry and protect our communities.