



Recap: Montana's 64th Legislative Session Investments in Montana's Future and Missed Opportunities June 2015

The quality of life we enjoy in our state is directly connected to the public systems and structures we have developed over many decades. Our parks, quality schools, and reliable roads make Montana a great place to live and work. The state budget created during the 2015 legislative session will, for the most part, invest new dollars into our local communities to help our neighbors and friends. However, the legislature left some holes that will hinder some Montanans' well being.

Strong Investments in Montana's Future

- **Expanding Affordable Health Care Coverage to Montanans.** Montana legislators worked together on a bipartisan package to expand health care coverage to tens of thousands of Montanans, injecting billions in new federal taxpayer dollars into local economies. The Health and Economic Livelihood Partnership (HELP) Act (SB 405) will expand health care coverage to adults making less than 138% of the federal poverty level. The federal government will pay the full costs of the expansion until 2016, and Montana's share of the cost will never exceed 10%. The Montana plan will require federal government approval. *For more information, see MBPC's report [What Is Next for 70,000 Montanans?: Next Steps on Medicaid Expansion](#).*
- **Solid Support for Public Education.** The 64th Legislature provided a 12% increase in state aid to K-12 schools. This funding provided inflationary adjustments for quality educator payments, Indian Education for All, and American Indian Achievement Gap payments. However, the legislature rejected the inflationary adjustment for special education funding.
- **Investment in Higher Education, Providing Tuition Freeze for Montana Students.** The legislature provided in HB 2 an increase of \$26.8 million in present law adjustments and pay plan funding to the Montana University System, allowing the system to freeze tuition for 2016 and 2017 for resident students at Montana's two-year and four-year campuses. The legislature also funded \$15 million on one-time-only funds for university-based research focused on building Montana's economy.
- **Recognizing the Importance of Tribal Colleges in Montana.** Montana provides a partial reimbursement to tribal colleges for non-Indian students enrolled, but funding seriously lags behind that provided to other two-year colleges in the state. This session, legislators passed HB 196, providing a slight increase in the per-student distribution. While the appropriation remained the same, the legislation represents an important step in addressing the disparity in funding levels. *For more information, see MBPC's report [Critical Support for Montana's Students: Montana's Disproportionate Funding of Tribal College Students](#).*
- **Supporting Workers Who Keep Montana Functioning.** Public employees live and work in communities all across Montana, providing services that keep our state functioning. The legislature agreed to the negotiated pay plan, providing \$.50 per hour increase effective January 15, 2016, and \$.50 per hour increase effective January 15, 2017.¹

¹ This wage adjustment was initially proposed in HB 13, which was tabled in House Appropriation Committee. The Legislature amended HB 2 in Conference Committee to include the negotiated pay plan adjustment, but delayed its enactment for three months. The legislature also approved negotiated adjustments in the state's insurance contribution for public employees for 2016 and 2017.

- **Investment in Native Language Preservation.** The State of Montana again signaled its commitment to engaging tribal leaders and American Indian youth in preserving Native languages. HB 559, together with HB 2, provided \$1.5 million in the state budget to continue support for tribal governments or their designees to engage in preservation efforts of tribal languages. *For more information, see MBPC's report [Continued Preservation of Tribal Languages in Montana](#).*
- **Providing Stability and Structural Balance through a Strong Ending Fund.** At the end of the session, the state legislature left a \$315 million ending fund balance, providing structural balance to the budget and retaining critical funds in the event of an emergency.² The legislature rejected a series of tax cut bills that would have primarily benefited the wealthiest in Montana while leaving the state with insufficient revenue to support schools, infrastructure, and other critical investments in our communities.

Missed Opportunities

- While the legislature made key investments in communities across Montana, **it failed to address the ongoing infrastructure needs of the state, including ensuring the oil and gas industry is contributing to the growing needs in Eastern Montana.** During the final days of the session, the legislature failed to pass the bipartisan infrastructure bill (SB 416), to invest \$150 million for critical projects, such as school construction and sewer and water projects. Furthermore, the legislature refused to pass several measures to ensure that oil and gas companies benefitting from production pay their fair share to address the ongoing demands in Eastern Montana.³ Under current state law, oil and gas companies receive a tax holiday where they do not pay taxes during the most profitable period of the extraction process. *For more information, see MBPC's report [Montana Communities Cannot Afford the Oil and Gas Tax Holiday](#).*
- The state legislature **failed to invest in Montana's youngest learners.** Unfortunately, the legislature failed to fund the Governor's Early Edge proposal, and Montana remains one of only a handful of states in the nation that does not invest in early childhood education programs. *For more information, see MBPC's report [Strengthening Families, Strengthening Our Economy: The Economic Benefits of Pre-Kindergarten](#).*
- Investments in the development of small businesses and entrepreneurship have multiplying effects that drive economic growth, especially in Indian Country. Since 2005, the Indian Country Economic Development (ICED) program has empowered tribes to take a hands-on approach to strengthening reservation economies. **The 64th Legislature continued ICED funding at \$800,000 per year, but it failed to put the program in the base budget and instead, for the sixth session, funded it with one-time-only money.** Economic development requires long-term planning and a long-term commitment. For more information, see MBPC's report [Short Term Funding Stifles Economic Development in Indian Country](#).

² Memorandum from Amy Carlson, Legislative Fiscal Division, to Montana Legislators, "General Fund Status Sheet #10," May 14, 2015.

³ Three bills were proposed to lower or eliminate the oil and gas tax holiday: SB 374, HB 420 and HB 591.