



HB 2 EXECUTIVE ACTION

Budget subcommittees first round of decisions on House Bill 2

February 2023

The state budget is housed within House Bill 2 and determines the funding to state agencies that provide services across Montana. The state budget represents the collective investment in the public institutions and services that educate our children, keep our communities safe, and provide health care and other services to our neighbors who need them.

At the beginning of the session, HB 2 is divided into six sections, each reviewed by their respective subcommittee of legislators. Starting the second week of February, subcommittee members make the first round of legislative decisions about the budget.

Here is a quick overview of what MBPC staff follow in budget subcommittees.

Section A: Department of Commerce Budget

Indian Country Economic Development

In previous sessions, the Indian Country Economic Development (ICED) program has been funded only through each biennium. This budget cycle, ICED has the opportunity to invest on an ongoing basis (\$875,000 general fund increase per fiscal year), as well as in one agency staffer dedicated to implementing the program.¹

ASK: The Subcommittee should accept the Governor's recommendation to fund the Indian Country Economic Development program within the base budget, and not one-time-only.

Section B: Department of Public Health and Human Services (DPHHS) budget

Provider Rates

Provider rates determine the reimbursement rate for Medicaid providers. An adequate reimbursement rate is necessary to ensure that care is available to people who need it. Before the legislature convened, the state conducted a provider rate study over the interim. The rate study focused on the significant impact COVID-19 had on service delivery, the costs to sustain high-quality services, and how to address workforce shortages. The provider rate study determined the rate increase required to maintain high-quality services.² Yet, the Executive Budget proposes to fund only around one-third (36%) of what the study recommended.³

ASK: Fully fund 100 percent of the provider rate study to provide high-quality services and address workforce shortages.

Child Care

Families across the state are struggling to find and afford child care. Inadequate child care impacts business productivity, and families lose millions in wages. Additionally, child care providers need help paying and keeping their staff. While the Executive Budget includes a 4 percent provider rate increase each fiscal year for providers that support child care programs for families with low incomes, it contains

no meaningful investment in improving access to child care, like the Best Beginnings scholarship program.⁴⁵

ASK: The best way to invest in child care is by investing in child care. The Legislature needs to increase provider rates and direct state dollars to improve the Best Beginnings scholarship program so more families needing child care can access it.

Behavioral and Mental Health Services

There is a lack of availability of behavioral and mental health services across the state, which would improve with provider rate increases. Additionally, DPHHS is requesting \$129 million for major repairs for the Montana State Hospital and new facilities in the state.⁶ They have yet to make a clear plan for the new facilities' locations and scope of services. Of that total, \$15.9 million is for the Montana State Hospital to recertify as a Medicaid facility. This may take up to two years to complete before the recertification process begins.

ASK: The Legislature needs to invest in expanding and supporting behavioral health services across the state. The Legislature must also demand a clear plan from DPHHS on how they plan to use over 100 million dollars to ensure that communities get the high-quality care they deserve.

Section D: Judicial Branch, Law Enforcement, and Justice agencies budget

Office of Public Defender

The Office of Public Defender (OPD) is meant to provide compassionate and expert legal defense to Montanans living on low incomes. Yet, since its inception as a state agency in 2006, it has been consistently underfunded, often requesting additional funds to ensure it can meet the demand for its legally required services.⁷ The Executive Budget includes much-needed funding for OPD, requesting \$4.3 million for 20 additional new staff positions to support caseload and clients interacting with the criminal legal system.⁸ OPD Director has clearly stated that this level of funding would merely narrow the gap in services, not close it. Yet, Section D committee members have expressed hesitations in honoring the Executive Budget request.

ASK: The Legislature needs to fully fund the Office of Public Defender so the agency may finally provide the full scope of legal defense across the state as dictated by the 2005 Montana Public Defender Act.

Department of Corrections

The Department of Corrections is tasked with maintaining safe facilities for those in their custody. Currently, DOC faces staffing shortages at Montana State Prison (up to a 40 percent vacancy rate) and the Montana Women's Prison. This level of vacancy rates limits inmates' access to programs and visitation from community members. These prison facilities are also in varying states of disrepair, which places staff and inmates in unhealthy and unsafe conditions. DOC requests around \$9.4 million for major repairs to these two facilities and \$11.7 million to provide raises and overtime for their correctional officer staff.^{9,10}

ASK: The Legislature needs to fund repairs to both facilities and raises to incentivize quality staff recruitment and retention. This funding will prioritize the health and well-being of those in DOC custody. Currently incarcerated individuals deserve access to programs, treatment, and connection with the communities from which they are separated. With that in mind, the Legislature needs to increase funding for community services across the state that provide pre-release, rehabilitation, and re-entry housing and programs.

Section E: Education

Indian Language Preservation Program

The Indian Language Preservation Program was established to address the language loss of Native American languages in the state and to preserve tribal heritage. Tribal nations use this funding to develop and make accessible resources and materials to preserve Indian languages. The Executive Budget proposes to change this funding as one-time-only each session to permanent ongoing funding.¹¹

ASK: The Legislature needs to demonstrate a commitment to honoring tribal nations and tribal heritage by funding the ongoing yearly investment of \$750,000 for the Montana Indian Language Preservation Program.

Tribal College Assistance Program

Tribal College Assistance Program provides funding to tribal colleges to support a portion of the costs of educating non-tribal member Montana students by providing specific classes and training to individuals to prepare for and complete the high school equivalency test (HiSET).¹² The executive budget requests an increase to \$700,000 and moves this to ongoing funds, as they are currently listed as one-time-only in the previous budget.¹³

ASK: Tribal colleges have seen record enrollment and request that program funding continues.¹⁴ Legislators need to move this funding into the ongoing base budget, instead of having it as one-time-only funding, which places it in a precarious position every biennium. The Legislature needs to fully fund the Tribal College Assistance Program at the level requested in the Executive Budget.

Indian Education For All

Indian Education for All is a constitutionally and legally honored recognition of the distinct and unique cultural heritage of American Indians. Indian Education for All endeavors to preserve that heritage through educational K-12 institutions.

ASK: The Legislature needs to fully fund the Executive Budget request of \$1.4 million for Indian Education For All for the next biennium.¹⁵

¹ Legislative Fiscal Division, "[Commerce Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022

² Department of Health and Human Services, "[Provider Rate Study](#)", updated Jan. 11, 2022

³ Semmens, J., "[Why Medicaid Provider Rates Matter](#)", Jan. 12, 2023

⁴ Legislative Fiscal Division, "[DPHHS Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022

⁵ O'Loughlin, H., "[What's In and What's Out in the Governor's Proposed Budget](#)", Nov. 22, 2022

⁶ Legislative Fiscal Division, "[Long-Range Planning Overview- 2025 Biennium](#)", Dec. 15, 2022

⁷ Legislative Services Division, "[Constitutional Duties of the Office of the State Public Defender](#)", Feb. 2006

⁸ Legislative Fiscal Division, "[OPD Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022

⁹ Legislative Fiscal Division, "[Long-Range Building Program - 2025 Biennium](#)", Dec. 15, 2022

¹⁰ Legislative Fiscal Division, "[DOC Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022

¹¹ Legislative Fiscal Division, "[OPI Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022

¹² Legislative Fiscal Division, "[HiSET - 23 Biennium](#)", Dec. 15, 2021

¹³ Legislative Fiscal Division, "[CHE Budget Analysis - 2025 Biennium](#)", Dec 25, 2022

¹⁴ Legislative Fiscal Division, "[CHE Budget Analysis - 2025 Biennium](#)", Dec 25, 2022

¹⁵ Legislative Fiscal Division, "[OPI Budget Analysis - 2025 Biennium](#)", Dec. 15, 2022