



GOVERNOR
STEVE BULLOCK

STATE OF MONTANA

SECTION R: REFERENCE

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GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Office of Budget and Program Planning Staff Listing

As of November 15, 2018

Tom Livers, Budget Director

Amy Sassano, Deputy Budget Director
 Ryan Evans, Assistant Budget Director
 Gerry Murphy, Statewide Projects Analyst
 Evelyn Davis, Budget Compliance Specialist
 Jeanne Nevins, Executive Assistant

Revenue Analysts

Ralph Franklin	Chris Watson
Nancy Hall	Brian Hannan

<u>Code</u>	<u>Agency</u>	<u>Budget Analyst</u>
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Section A – General Government

11040.....	Legislative Branch.....	Sonia Powell
11120.....	Consumer Counsel.....	Sonia Powell
31010.....	Governor’s Office.....	Amy Sassano
32010.....	Secretary of State.....	Sonia Powell
32020.....	Commissioner of Political Practices.....	Errolyn Lantz
34010.....	State Auditor.....	Sonia Powell
58010.....	Dept. of Revenue.....	Nancy Hall
61010.....	Dept. of Administration.....	Sonia Powell
61030.....	State Fund.....	Sonia Powell
61040.....	PERS (non-budgeted).....	Ryan Evans
61050.....	TRS (non-budgeted).....	Ryan Evans
65010.....	Dept. of Commerce.....	Sonia Powell
66020.....	Dept. of Labor & Industry.....	Amy Sassano
67010.....	Dept. of Military Affairs.....	Brent Doig

Section B – Public Health and Human Services

69010.....	Dept. of PHHS.....	Pat Sullivan and Brian Hannan
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Section C – Natural Resources and Transportation

52010.....	Dept. of Fish, Wildlife & Parks.....	Brent Doig
53010.....	Dept. of Environmental Quality.....	Gerry Murphy
54010.....	Dept. of Transportation.....	Brent Doig
56030.....	Dept. of Livestock.....	Gerry Murphy
57060.....	Dept. of Natural Resources and Cons.....	Brent Doig
62010.....	Dept. of Agriculture.....	Brent Doig

Section D – Judicial Branch, Law Enforcement, & Justice

21100.....	Judicial Branch.....	Christin Hultin
41100.....	Dept. of Justice.....	Christin Hultin
42010.....	Public Service Regulation.....	Christin Hultin
61080.....	Office of Public Defender.....	Christin Hultin
64010.....	Dept. of Corrections.....	Christin Hultin

Office of Budget and Program Planning Staff Listing

Section E – Education

35010.....	Office of Public Instruction	Nancy Hall
.....	Colleges of Technology.....	Jason Harlow
51010.....	Board of Public Education.....	Nancy Hall
51020.....	Commissioner of Higher Education.....	Jason Harlow
.....	MUS Six Units	Jason Harlow
.....	Community Colleges and Research.....	Jason Harlow
51090.....	MAES	Jason Harlow
51100.....	MCES	Jason Harlow
51110.....	Forestry Experiment Station.....	Jason Harlow
51120.....	Bureau of Mines	Jason Harlow
51130.....	School for the Deaf & Blind	Nancy Hall
51140.....	Montana Arts Council	Nancy Hall
51150.....	State Library	Nancy Hall
51170.....	Montana Historical Society.....	Nancy Hall
51190.....	Fire Services Training School	Jason Harlow

Section F – Long Range PlanningChristine Hultin and Jason Harlow

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

Personal Services – The personal services portion of the executive budget is based upon a “snapshot” of actual salaries for authorized FTE, as they existed on the Statewide Accounting, Budgeting and Human Resources System (SABHRS) on June 30, 2018, which was the end of the fiscal year. OBPP prepared the FY 2020 and FY 2021 personal services budgets to reflect HB 2 as well as SB 294 passed by the 2017 Legislature, workers comp, unemployment insurance, FICA, retirement contribution rates, number of hours each fiscal year, longevity adjustments, and health insurance rates. These personal services schedules are included in the present law base for current level positions that are authorized for FY 2019 and thus authorized to continue into the 2021 biennium.

Inflation/Deflation - The following accounts have been inflated/deflated from the FY 2019 budgeted amounts due to the new recommended amounts/rates:

<u>Account</u>	<u>Name</u>	<u>FY 2020</u>	<u>FY 2021</u>
*	Motor Pool	14.44%	17.92%

* (62404, 62414, 62434, 62445, 62510)

No other inflation or deflation is included in the adjusted base budgets for FY 2020 and FY 2021. Agency requests for other changes to the expenditure accounts were submitted in change packages (CPs), which will be listed individually in Sections A – E of the budget.

Fixed Costs - Although most agencies will be billed in the 2021 biennium consistent with the amounts budgeted for fixed costs, there may be a few exceptions including various information technology charges, which are based upon actual usage, warrant writing fees for warrants actually issued, and the portion of lease vehicles based on the number of miles driven. The total of fixed costs for the 2021 biennium is shown for each fiscal year. A brief summary of each fixed cost follows, and the manner in which each of these services was adjusted in the budget is summarized.

Fixed Costs for the 2021 Biennium		
<u>Fixed Cost Account</u>	<u>FY 2020 Amount</u>	<u>FY 2021 Amount</u>
Insurance (62104)	\$23,695,770	\$23,695,762
Warrant Writer (62113)	\$692,240	\$687,153
Payroll Service (62114)	\$3,683,407	\$3,697,047
Workers' Comp. Mgmt. (62114A)	\$345,000	\$345,000
Legislative Audit Fees (62122)	\$4,091,046	
SABHRS (62148)	\$4,168,577	\$3,971,663
ITSD Fees (Various)	\$45,203,149	\$45,342,319
Messenger Services (62307)	\$362,325	\$362,325
Capitol Complex Rent (62527)	\$10,115,247	\$10,291,135
SWCAP (62888)	\$3,500,000	\$3,500,000

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

Insurance - The state self-insures for property losses under \$1,500,000 and claims for general liability, errors and omissions, inland marine, auto liability, and foster care liability.

FY 2019 budget: \$23,735,573 FY 2020 Budgeted: \$23,695,770 FY 2021 Budgeted: \$23,695,762

Warrant Writer - Check writing and auto-deposit capabilities for two million annual transactions are provided to state agencies. Although projections are based on historical demand, the service is charged out on actual experience.

FY 2019 budget: \$642,737 FY 2020 Projected: \$692,240 FY 2021 Projected: \$687,153

Payroll Service - Payroll processing for more than 13,500 state employees has projected operating expenses of \$3,683,407 in FY 2020 and \$3,697,047 in FY 2021.

Workers Compensation Management – All state agencies utilize the services of the Workers' Compensation Management Bureau, which serves as the central resource to enhance existing safety, loss-prevention, and return to work activities. Fees are based on the estimated average payroll advice per pay period for the fiscal year. Budgeted costs are \$345,000 in each year of the 2021 biennium.

Audit - Total statewide financial compliance audit costs for the 2021 biennium are \$4,091,046. Biennium financial compliance audit costs for the 2019 biennium were \$3,802,370, which did not include the community colleges.

SABHRS - Costs to finance the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) have been distributed to state agency budgets. The SABHRS operations bureau will maintain the uniform central management system with total budgeted operating expenses of \$8,140,240 in the 2021 biennium. State agencies will pay this in distributed fixed costs, allocated by FTE and transaction usage, using all funds proportionately.

Information Technology Services Division (ITSD) Fees - ITSD's rates are estimated using an activity-based budgeting model. Due to an increase of services, and agency predicted growth, ITSD's FY 2019 base fees of \$43,393,394 are projected to increase to \$45,203,149 in FY 2020 and \$45,342,319 in FY 2021.

Messenger Service - Mail sorting, volume of incoming and interagency mail, and number of mail deliveries per day to all state agencies within the Helena area is a budgeted cost, which is then distributed as a fixed cost to customer agencies. The distributed fixed costs are \$362,325 in each year of the 2021 biennium.

Department of Administration Rent - Agencies within the Capitol Complex will pay \$10.540 per square foot in FY 2020, and \$10.736 per square foot in FY 2021 for office space. Non-office (formerly warehouse space) is budgeted at \$5.546 per square foot in each year of the 2021 biennium. These costs include rent, grounds maintenance, snow removal, and water charges for each year of the 2021 biennium.

SWCAP (Statewide Cost Allocation Plan) - The costs recovered under the Statewide Cost Allocation Plan are deposited into the general fund and are recovered from non-general fund programs. Services associated with the allowable general fund programs benefit all agencies, including the university system. The following general fund services are allowed to be included in the SWCAP: state accounting, state personnel, state procurement, budget office, and buildings shared by more than one agency. The total amount allocated to agencies is \$7,000,000 in the 2021B biennium.

Vacancy Savings – Vacancy savings of 2 percent was applied to all agencies, except those with fewer than 20.00 FTE, elected officials, university system faculty, the legislative branch, and the judicial branch. In addition, the Montana Highway Patrol, Game Wardens in the Department of Fish, Wildlife & Parks, and the Montana School for the Deaf and Blind are statutorily exempt from vacancy savings. The vacancy savings from the HB 2 base budgets of the affected agencies generated \$36.6 million in all funds each year of the 2021 biennium.

HB 13 pay plan bill also includes a very important biennial contingency account of \$1 million general fund and \$0.425 million other funds for agencies that are unable to achieve vacancy savings due to lack of staff turnover and agencies that are unable to absorb the full costs of retirement payouts. A number of agencies are projecting very significant, costly retirements in the 2021 biennium and the Executive recommends this contingency, rather than funding individual agencies for unknown projected costs.

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

Agency Budgets – The detailed budget for each state agency is available on the Internet at http://budget.mt.gov/Portals/29/execbudgets/2019_Budget/SA.pdf and http://budget.mt.gov/Portals/29/execbudgets/2019_Budget/HB2.pdf.

Agency Mission, Goals and Objectives - The mission for each state agency is printed as part of the budget. Goals and objectives also are required in accordance with 17-7-111(3)(c), MCA, and are available on the Internet at http://budget.mt.gov/Budgets/2019_Budget/2019_Budget_GoalsAndObjectives.

Analysis of Receipts by Fund - The analysis of receipts by fund required by 17-7-124, MCA, is available on request from the OBPP, Room 277 State Capitol.

Proposed Five Percent Budget Reduction Plans – The budget requirements found in 17-7-111(3)(f), MCA, state that agencies with more than 20 FTE must submit a plan to reduce the proposed base budget for the agency from the general appropriations act and the state pay plan by five percent. The plans only apply to the general fund and those state special revenue funds that transfer their interest or fund balance to the general fund. Also exempted are legislative audit costs and administratively attached entities that hire their own staff. All state agencies have submitted their plans and they are available upon request from the OBPP, Room 277 State Capitol.

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

Supplemental Appropriations (HB 3)

HB 3 will contain appropriations for FY 2019 for four agencies and allow the budget director to freeze appropriations.

1. The Office of Public Instruction has requested a \$16.5 million general fund appropriation for base aid as a result of a \$2.6 million shortfall in the state special revenue guarantee account in FY 2018 and an anticipated \$8 million shortfall in that account in FY 2017. In addition, increasing student counts, taxable value changes, and reductions in non levy revenue due to reduced oil and gas receipts caused increases to guaranteed tax base aid (GTB), direct state aid, and other school funding component payments.
2. HB 3 will contain a \$358,000 general fund appropriation for the Office of the Commissioner of Higher Education for STEM Scholarships.
3. The bill will include a \$3,148,125 general fund appropriation to the Department of Corrections for Secure Facilities, previously due to costs associated with county jail hold population.
4. The bill will also contain a \$1,945,617 request for authority for Coal Board Grants from state special revenue.

Pay Plan (HB 13)

The executive has allocated \$9.9 million general fund – \$18.7 million all funds for the biennium for a 1% increase effective on November 15, 2017, and November 15, 2018. The bill will also include \$1 million general fund and \$0.425 million other funds for the personal services contingency fund as well as \$75,000 general fund for the labor – management training initiative.

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

Budget Bills

<u>Bill No</u>	<u>LC No</u>	<u>Bill Title</u>	<u>Executive Budget Reference</u>
HB 2	LC 212	General Appropriations Act	Volume 1 (Sect A – E)
HB 3	LC 213	Supplemental Appropriations Bill	Volume 1, R-6
HB 4	LC 214	Appropriations by Budget Amendment	N/A
HB 5	LC 215	Long-Range Building Cash Projects	Volume 3
HB 6	LC 216	Renewable Resource Grant and Loan Program	
HB 7	LC 217	Reclamation and Development Grants Program	
HB 8	LC 218	Renewable Resource Bonds and Loans	
HB 9	LC 219	Cultural & Aesthetic Grants	Volume 1 (Sect F)
HB 10	LC 220	Long-Range Information Technology	Volume 10
HB 11	LC 221	Treasure State Endowment Program	
HB 13	LC 224	State Employee Pay Plan	Volume 1, R-6
HB 14	LC 223	Long-Range Building Bonded Projects	Volume 3

Other Budget Bills Description

Bill No/(LC No) "Bill Title"/Description

- HBx (LC 225) "School funding bill": The bill provides inflationary increases of 1.37% in FY 2018 and 1.00% in FY 2019 in accordance with 20-9-326, MCA; eliminates the natural resource development K-12 funding payment; repeals the data-for-achievement payment and directs the OPI to remove and reduce reporting requirements on K-12 districts; revises unusual enrollment funding changes; revises the excess oil and natural gas laws; and redirects the timber for technology appropriation to federal E-Rate broadband infrastructure development for the biennium.
- HBx (LC 1098) "Create a statutory appropriation for receipt of federal SNAP funds": This bill would eliminate the HB 2 appropriation for SNAP benefits in the Department of Health and Human Services and creates a statutory appropriation for distribution of the funds.
- HBx (LC) "Inflate entitlement share payments": The bill authorizes ties the inflation rate for the local government entitlement share to the inflation rate budgeted for local school districts for the 2019 biennium only.
- HBx (LC 905) "Create Build Montana Trust Fund": The bill creates a new sub-trust within the Coal Tax Trust account dedicated to construction of water and wastewater systems, bridges, and local infrastructure. It requires the corpus of the trust reach \$50 million before grants can be made.
- HBx (LC 913) "Create optional pre-K education program": This bill establishes a grant program, capped at \$6 million per year, for school districts to create high quality pre-kindergarten education opportunities for Montana's children.
- HBx (LC 891) "Water's Edge": The bill eliminates the water's-edge election for corporate income taxpayers.
- HBx (LC 892) "Market Sourcing": The bill changes the numerator in the calculation of the sales factor in the apportionment of corporate income for in-state sales other than tangible personal property from "cost of performance" to "market base" sourcing. Sales would be considered in-state to the extent the property is delivered to a location in state.
- HBx (LC 895) "Wine Tax": The bill increases the tax on wine from \$0.27 per liter (about \$0.20 per bottle) to \$0.54 per liter.
- HBx (LC 888) "New and Expanding Businesses": The bill increases the tax abatement for new or expanding business to 75% for the first five years.

Budget Background Information

Details on How the 2021 Biennium Budget was Developed

- HBx (LC 901) "New top income tax rate": This bill would establish a new income tax bracket starting at \$500,000 of taxable income with a rate of 7.9% starting in TY 2017.
- HBx (LC903) "Limit Capital Gains Credit to incomes under \$1 million ": This bill will limit the capital gains credit to taxpayers with adjusted gross income under \$1 million starting in TY 2017. It would also limit the amount of capital gains income used as basis for the credit to the taxpayer's taxable income.
- HBx (LC 904) "Establish parity in the deductibility of federal taxes for Individuals, and Estates and Trusts": Beginning in tax year 2017, this bill would make estates and trust subject to the same limit on the deduction of federal taxes as individuals.

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