



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: September 24, 2015

TO: Legislative Finance Committee

FROM: Greg DeWitt, Senior Fiscal Analyst
Legislative Fiscal Division

RE: New Quarterly Report Format

New for the 2017 biennium, the Legislative Fiscal Division proposed changes to the quarterly budget status reports (BSR). This memo lists the changes from the format used in the FYE 2015 report. Additionally, committee input is requested for the level of detail of some of the components in the appropriations and expenditures section of the report.

NEW ITEMS

Beginning in the December 2015 BSR, the previously separate required reports will be included as components of the fiscal year budget monitoring reports.

Budget Amendments

The budget amendment report will be integrated into the BSR in three ways: 1) a summary of budget amendments that have been certified by the executive since the previous report; 2) discussions in the corresponding agency section will be included for budget amendments of either concern or significance; and 3) an appendix listing all newly certified budget amendments.

Program Transfers and Operating Plan Changes

The report listing program transfers and operating plan changes that have met the requirements under MCA Title 17, Chapter 7, parts 138 and 139, which would change budgets by more than \$1.0 million or 25% of a budget category and \$75,000, will be integrated into discussions under the corresponding agency with any concerns noted.

Other Reports Required in Statute

Reports required in statute to be provided to the committee will be integrated in three ways: 1) a summary and listing of all reports received; 2) discussions of any concerns will be included in the corresponding agency section; and 3) the report will be posted to the committee's webpage and made available to committee members upon request.

Section F - Infrastructure

The LFD is exploring the option to include information on long range building budgets in the BSR.

COMMITTEE INPUT REQUESTED

September 2015 FYE Report Structure

The appropriations and expenditures section of the FYE 2015 report has been structured differently than previous monitoring reports. The basic changes are that the report are presented by budget sections as contained in the general appropriations act and discussions of agency budgets and budget changes have been added for the agencies within a budget section. The focus would no longer be placed only on general fund, but center around total state resources with specific fund discussions included when appropriate. Under this format, various levels of detail can be provided. The following items require committee input regarding the level of detail to be provided.

Agency Budget Descriptions

The report for FYE 2015 includes descriptions of budgets for agencies in Section D – Judicial Branch, Law Enforcement, and Justice that provided much more detail than those provided for other agencies. The Section D agency budget discussions provided the entirety of each agency's budgets for all sources of authority including summaries of services provided within each source of authority. Additionally, summaries were provided to describe significant budget changes since the previous report.

In addition to the agency discussions two sets of tables are provided that somewhat duplicates the information in the more detailed discussions for Section D: 1) Appendix A provides agency totals for budgets in each source of authority with separate tables provided for both general fund only and all state resources; and 2) Appendix B provides detailed agency's HB 2 budgets that shows all changes made from the legislative appropriation to the budget as it stands on the date of the report. The Appendix B tables are presented for each program including first level expenditure category and fund type. Beginning with the FY 2016 report that will be presented at the December 2015 committee meeting, a separate report presented to the committee to define the starting point for development of the 2019 biennium budgets will show the progression from legislative appropriations to the executive implementation of the budget. The tables in Appendix B will only show the changes made from the executive implementation to the budgets that exist at the time of each BSR.

Committee Guidance - Level of Agency Budget Details

For the budget status reports that begin at the December 2015 committee meeting please provide committee guidance in regards to the level of details the committee wants provided for agency budgets.

Budget Descriptions

Does the committee want to have budget descriptions provided at the detail shown in the FYE 2015 report for the Section D agencies or will the level provided for all other agencies, but augmented by relevant new items including required reports be adequate?

HB 2 Budget Changes in Appendix B

Does the committee want to continue to see the HB 2 budget changes listed in Appendix B at the program level, or would budget changes provided at the agency level suffice?

Please note, if the Appendix B tables are presented at the agency level, aggregate budget changes associated with program transfers would be mute as the transfers between programs would cancel each other out at the agency level. Furthermore, operating plan changes would

only show the net amount within the agency and would not fully present the changes made to the various programs of the agencies. Summarizing the Appendix B tables at the agency level would primarily show movements of net budget in to or out of the agency. Staff do review all budget changes and would identify significant budget movements.

Upcoming Items of Interest

In the agency expenditure section staff would include items that may affect the future budget or those that may be of interest to the committee. An example of items noted would be: federal rulings on items effecting state programs, lawsuits filed, or court decisions that could impact future budgets.