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LEGISLATIVE BUDGET ANALYSIS
2007 Biennium
Volume 5 Addendum – Agency Budgets:
Schweitzer Revisions

Presented to the Fifty-ninth Legislature

Submitted by
The Legislative Fiscal Division

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INTRODUCTION

The purpose of this addendum to Volume 5: Governor Schweitzer Budget Revisions, is to provide the detailed components (decision packages) of the budget revisions recommend by Governor Schweitzer to the Governor Martz executive budget. This addendum includes the new decision packages in Section (Subcommittee) and agency order, and is intended as a working document for use by the Joint Appropriations Subcommittees. It does this by:

- o Detailing components of the Schweitzer budget revisions
- o Raising budget and other issues for legislative consideration

Volumes 3 and 4 of the Legislative Budget Analysis contain the detailed decision packages for the original Martz executive budget, and this addendum contains the Schweitzer revisions that, collectively, comprise all decision packages of the complete 2007 biennium executive budget.

SECTION A
GENERAL GOVERNMENT AND TRANSPORTATION

Judiciary

PROGRAM 01 – SUPREME COURT OPERATIONS

NP 111 Support Information Technology for the Judicial Branch - The executive is requesting \$1,935,000 in FY 2006 and \$1,935,000 in FY 2007 in general fund to support the information technology program for the Judicial branch.

LFD COMMENT

The executive is requesting funding to support the Judiciary's information technology program that would include 17.00 FTE and provide services to the Supreme Court, all district courts and all courts of limited jurisdiction in the state.

This request is comprised of:

1. Personal service costs for 17.00 FTE as follows:
 - o 3.00 FTE as application developers
 - o 6.00 FTE as network support specialists
 - o 6.00 FTE as business analysts/trainers
 - o FTE as a user support/help desk personnel
 - o FTE as a data base administrator
2. Desktop network services – network connectivity and office productivity software provided by the Department of Administration to serve 672 end users.
3. Maintenance for computers and peripherals that are on a 4-year replacement schedule.
4. Case management system maintenance.

LFD ISSUE

The executive is requesting that the Judiciary's information technology program be funded with general fund. During the 2005 biennium this program was funded with state special revenue from a \$10.00 surcharge levied on all criminal and certain civil case filings in district court. However, the executive is requesting that any funds collected from this fee be deposited into the general fund. This fee was scheduled to expire on June 30, 2005. The executive is requesting that this fee be continued. The executive expects that this fee will generate about \$1.6 million in each fiscal year of the biennium. However, the executive is requesting \$1.935 million in each fiscal year of the biennium for the information technology program. Given these estimates, the cost of the information technology program will be \$335,000 more in each fiscal year than that collected and deposited into the general fund.

Options for the legislature:

1. Approve the executive budget as presented.
2. Require that the information technology program be funded with the state special revenue as it has been during the 2005 biennium. The fee would need to be increased by \$2.00 per filing or from \$10.00 to \$12.00 cover the entire budget request.
3. Require that the information technology program be funded partly with the state special revenue and partly with general fund.

For a discussion of issues related to the Judiciary's information technology please refer to page A-27 in the budget analysis for the Judiciary in Volume 3 – Agency Budgets of the Legislative Budget Analysis 2007 Biennium.

Governor's Office

PROGRAM 01 – EXECUTIVE OFFICE PROGRAM

PL 111 – Transfer the Workforce Training Program - The executive proposes to transfer the Workforce Training Act and its 2.00 FTE to the Department of Commerce from the Governor's Office of Economic Opportunity, and fund the act with general fund.

LFD COMMENT The Martz budget includes a state special revenue appropriation of approximately \$9.8 million to implement HB 564, passed by the 2003 Legislature. The bill, called the Workforce Training Act, created a program to offer training grants to primary sector businesses to create high-wage and high-skill jobs. Funding for the grants comes from an INTERCAP loan from the Board of Investments. The loan would be repaid from new job tax credits offered to these businesses based upon the new jobs and higher wages created. The legality of using the INTERCAP loan program has been questioned.

The Schweitzer Administration proposes to eliminate this funding source, remove all references to the Board of Investments, and provide funding through a direct general fund appropriation. For further discussion, please see narrative for the Department of Commerce.

The executive proposal for the transferring of the Workforce Training Program is contingent upon the passage of two pieces of legislation:

- LC 1286, which would make the Workforce Training Program permanent, transfer its administration to the Department of Commerce, and revise its funding mechanism
- LC 1842, which would appropriate \$2,170,000 general fund for the program grants and would establish an effective date upon passage and approval.

If legislation passes, the impact on the Governor's office will be the transfer to the Department of Commerce of:

- \$139,519 for 2.00 FTE - general fund
- \$64,957 operating expenses - general fund

And the removal of:

- \$9,789,803 grants spending authority - state special revenue

PL 555 – Add a Governor's Efficiency Council - The executive recommends \$400,000 one-time-only general fund for the 2007 biennium to add a Governor's Efficiency Council to the Governor's Office.

The council would be made up of nine members: Lieutenant Governor, Chair; Legislative Auditor, as an ex officio member, non-voting; two members appointed by the Speaker of the House; two members appointed by the President of the Senate; and three members appointed by the Governor. The Governor's Office and the Office of Budget and Program Planning would provide the council's staff. The council would work to streamline like services throughout state Government and would provide interim reports to the Legislative Audit Committee with a final report to the 60th Legislature. A biennial appropriation is requested.

LFD COMMENT As of this writing, the \$400,000 is not attached to specific operating expenses and the rationale for the current funds has not been provided. Although interim reports are contained in the recommendation, legislators might want to ask for the goals, objectives, implementation plan, and methods of evaluation for the program and an explanation of how this plan differs in expectations and costs from those tried in the past.

PROGRAM 02 – MANSION MAINTENANCE PROGRAM

PL-222 – Increase the budget of the Mansion Maintenance Program - The executive recommends the addition of \$25,000 per year of general fund to the Governor's Mansion Program in anticipation that the chief executive would host many functions and public activities, often requiring additional security, moving, and other logistical expenses.

LFD ISSUE

In the write-up in the Governor Elect's Budget Book, it is stated that the base is the lowest in many years. However, the Martz budget includes an increase of \$18,500 per year to the base, which brings the total for the Mansion Maintenance Program to \$86,527 each year of the biennium, the highest since FY 2000.

Spending in the Mansion Maintenance Program since FY 2000 is as follows: FY 2000 = \$80,025; FY 2001 = \$74,960; FY 2002 = \$79,107; FY 2003 = \$62, 989; and FY 2004 = \$69,527.

The executive proposed addition of \$25,000 per year would bring the Mansion Maintenance Program to \$111,527 for FY 2006 and \$111,395 for FY2007.

As mentioned in the LFD analysis of the Martz budget, documentation of the need for the increase in actual maintenance or other categories was not provided. The same holds true for this recommendation.

LFD ISSUE

Plans for the Governor's Mansion for the next biennium are unknown. Should legislators wish to approve this recommendation, they may wish to consider one-time-only funding.

PROGRAM 03 – AIR TRANSPORTATION PROGRAM

Two decision packages impact HB 2; general fund \$460,000 in FY 2006 and \$70,000 in FY 2007. The state special revenue account increases because of \$380,000 in PL 333 that would be transferred from the general fund.

PL 222 – Governor's Office Air Transportation Increase - The executive recommends \$80,000 general fund in FY 2006 and \$70,000 in FY 2007 for the Air Transportation Program to hire an additional half-time pilot, provide training, and increase the program's operating budget for additional hours of flight time and additional maintenance downtime for the Governor's airplane.

LFD COMMENT

The executive includes \$22,800 per year for 0.50 FTE and an additional \$20,000 in FY 2006 and \$10,000 in FY 2007 for training for the pilot. A description of what type of training would be attached to this cost item was not available at the time of this writing, but there is information available that the pool of pilots skilled in twin-engine aircraft is very small because of deployment to Iraq. Legislators may want to ask the Governor's Office at the time of the hearing if the training is still needed.

The executive also recommends an additional \$37,000 per year for hours of flight time over the Martz budget of \$38,087 per year. There is additional discussion of this matter on page A-61 of the LFD analysis.

LFD ISSUE

Unknown elements of this proposal that could impact the next biennium are the level of Governor's travel and the cost of aircraft fuel. Legislators may wish to consider one-time-only funding for this request.

PROGRAM 20 – MENTAL DISABILITIES BOARD OF VISITORS

NP 444 – Fund the Mental Health Ombudsman position - The executive recommends \$95,000 general fund each year of the biennium and 1.50 FTE for the Mental Health Ombudsman, which was previously funded with federal Medicaid funds.

These funds are not included in the Martz budget for the 2007 biennium because the federal Centers for Medicare and Medicaid Services determined that the program was not eligible for the Medicaid funds.

**LFD
COMMENT**

There is further discussion of the Medicaid funding in the LFD Budget Analysis on page A-73.