

SENATE BILL NO. 271

INTRODUCED BY S. GALLUS

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING ELEMENTS OF THE BUDGETING PROCESS FOR THE
5 DEPARTMENT OF PUBLIC SERVICE REGULATION; PROVIDING THAT EMPLOYEES ARE EXEMPT FROM
6 VACANCY SAVINGS; PROVIDING AN EXEMPTION FROM THE 5% BASE BUDGET REDUCTION PLAN;
7 AMENDING SECTION 17-7-111, MCA; AND PROVIDING AN EFFECTIVE DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **NEW SECTION. Section 1. Department of public service regulation exempt from vacancy savings.**

12 (1) Vacancy savings may not be imposed on authorized positions in the department.

13 (2) Each fiscal year, the department shall provide to the legislative audit committee provided for in
14 5-13-201 a detailed report on all authorized positions in the department. At a minimum, the report must include
15 the following information:

16 (a) the number of positions that were filled during the year and the average salary paid at hire; and

17 (b) the total number of vacancies incurred during the year broken out by position title, the cause of each
18 vacancy, and the length of time the position remained vacant.

19 (3) For purposes of this section, the following definitions apply:

20 (a) "Authorized positions" means those positions included in the list of current authorized positions that
21 the department is required to maintain under 2-18-206.

22 (b) "Department" means the department of public service regulation provided for in Title 2, chapter 15,
23 part 26; and

24 (c) "Vacancy savings" means the difference between the cost of fully funding authorized positions for
25 an entire fiscal year and the actual cost of those authorized positions during that period.

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27 **Section 2.** Section 17-7-111, MCA, is amended to read:

28 **"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and**
29 **contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state
30 need information that is consistent and accurate. Necessary information includes detailed disbursements by fund

1 type for each agency and program for the appropriate time period, recommendations for creating a balanced
2 budget, and recommended disbursements and estimated receipts by fund type and fund category.

3 (b) Subject to the requirements of this chapter, the budget director and the legislative fiscal analyst shall
4 by agreement:

5 (i) establish necessary standards, formats, and other matters necessary to share information between
6 the agencies and to ensure that information is consistent and accurate for the preparation of the state's budget;
7 and

8 (ii) provide for the collection and provision of budgetary and financial information that is in addition to or
9 different from the information otherwise required to be provided pursuant to this section.

10 (2) In the preparation of a state budget, the budget director shall, not later than the date specified in
11 17-7-112(1), distribute to all agencies the proper forms and instructions necessary for the preparation of budget
12 estimates by the budget director. These forms must be prescribed by the budget director to procure the
13 information required by subsection (3). The forms must be submitted to the budget director by the date provided
14 in 17-7-112(2), or the agency's budget is subject to preparation based upon estimates as provided in 17-7-112(5).
15 The budget director may refuse to accept forms that do not comply with the provisions of this section or the
16 instructions given for completing the forms.

17 (3) Subject to subsections (7) and (8), the agency budget request must set forth a balanced financial plan
18 for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

19 (a) a consolidated agency budget summary of funds subject to appropriation, as provided in 17-8-101,
20 for the current base budget expenditures, including statutory appropriations, and for each present law adjustment
21 and new proposal request setting forth the aggregate figures of the full-time equivalent personnel positions (FTE)
22 and the budget, showing a balance between the total proposed disbursements and the total anticipated receipts,
23 together with the other means of financing the budget for each fiscal year of the ensuing biennium, contrasted
24 with the corresponding figures for the last-completed fiscal year and the fiscal year in progress;

25 (b) a schedule of the actual and projected receipts, disbursements, and solvency of each fund for the
26 current biennium and estimated for the subsequent biennium;

27 (c) a statement of the agency mission and a statement of goals and objectives for each program of the
28 agency. The goals and objectives must include, in a concise form, sufficient specific information and quantifiable
29 information to enable the legislature to formulate an appropriations policy regarding the agency and its programs
30 and to allow a determination, at some future date, on whether the agency has succeeded in attaining its goals

1 and objectives.

2 (d) actual FTE and disbursements for the completed fiscal year of the current biennium, estimated FTE
3 and disbursements for the current fiscal year, and the agency's request for the ensuing biennium, by program;

4 (e) actual disbursements for the completed fiscal year of the current biennium, estimated disbursements
5 for the current fiscal year, and the agency's recommendations for the ensuing biennium, by disbursement
6 category;

7 (f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general
8 appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the
9 budget director. Each agency plan must include base budget reductions that reflect the required percentage
10 reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations
11 of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff
12 under 2-15-121, the department of public service regulation provided for in 2-15-2601, and state special revenue
13 accounts that do not transfer their investment earnings or fund balances to the general fund. The plan must
14 include:

15 (i) a prioritized list of services that would be eliminated or reduced;

16 (ii) for each service included in the prioritized list, the savings that would result from the elimination or
17 reduction; and

18 (iii) the consequences or impacts of the proposed elimination or reduction of each service.

19 (g) a reference for each new information technology proposal stating whether the new proposal is
20 included in the approved agency information technology plan as required in 2-17-523;

21 (h) energy cost saving information as required by 90-4-616; and

22 (i) other information the budget director feels is necessary for the preparation of a budget.

23 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with
24 17-7-112:

25 (a) detailed recommendations for the state long-range building program. Each recommendation must
26 be presented by institution, agency, or branch, by funding source, with a description of each proposed project.

27 (b) a statewide project budget summary as provided in 2-17-526;

28 (c) the proposed pay plan schedule for all executive branch employees at the program level by fund, with
29 the specific cost and funding recommendations for each agency. Submission of a pay plan schedule under this
30 subsection is not an unfair labor practice under 39-31-401.

1 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part
2 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and
3 development grants program under Title 90, chapter 2, part 11, and the treasure state endowment program under
4 Title 90, chapter 6, part 7.

5 (5) The board of regents shall submit, with its budget request for each university unit in accordance with
6 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this
7 subsection (5). The report must include the following information for each year of the biennium, contrasted with
8 the same information for the last-completed fiscal year and the fiscal year in progress:

9 (a) a schedule of estimated total bonded indebtedness for each university unit by bond indenture;

10 (b) a schedule of estimated revenue, expenditures, and fund balances by fiscal year for each outstanding
11 bond indenture, clearly delineating the accounts relating to each indenture and the minimum legal funding
12 requirements for each bond indenture; and

13 (c) a schedule showing the total funds available from each bond indenture and its associated accounts,
14 with a list of commitments and planned expenditures from the accounts, itemized by revenue source and project
15 for each year of the current and ensuing bienniums.

16 (6) (a) The department of revenue shall make Montana individual income tax information available by
17 removing names, addresses, and social security numbers and substituting in their place a state accounting record
18 identifier number. Except for the purposes of complying with federal law, the department may not alter the data
19 in any other way.

20 (b) The department of revenue shall provide the name and address of a taxpayer on written request of
21 the budget director when the values on the requested return, including estimated payments, are considered
22 necessary by the budget director to properly analyze state revenue and are of a sufficient magnitude to materially
23 affect the analysis and when the identity of the taxpayer is necessary to evaluate the effect of the return or
24 payments on the analysis being performed.

25 (7) (a) The department of public health and human services' budget request for the 2013 biennium must
26 identify changes necessary to reduce the 2013 biennium expenditures to the level funded in the general
27 appropriations act. The department may include changes such as reducing administrative costs, developing more
28 cost-efficient methods to deliver services, limiting the number of medicaid services that adults may receive,
29 changing medicaid services included in the Montana medicaid state plan, changing eligibility or level-of-care
30 requirements for medicaid waiver services, limiting or changing services that are fully state-funded, or

1 implementing other initiatives that reduce state funds. Achieving the necessary general fund reduction in the 2013
2 biennium budget request may not include shifting costs to state special revenue funds.

3 (b) The department of public health and human services shall prepare a work plan with goals,
4 milestones, and measures to guide its review of alternatives to identify, evaluate, and select initiatives to reduce
5 ongoing state spending in its 2013 biennium budget submission. The department shall submit the work plan,
6 goals, milestones, and measures to the legislative finance committee at its first meeting after the adjournment
7 of the 2009 legislative session for its review and comment. The department shall provide an update of its budget
8 reduction for review and comment at each legislative finance committee meeting in a format developed with and
9 agreed upon by the committee.

10 (8) Each agency budget request for the 2013 biennium must include the adjustments to present law base
11 specified in 17-7-102(10)(b)."

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13 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
14 integral part of Title 17, chapter 7, part 1, and the provisions of Title 17, chapter 7, part 1, apply to [section 1].

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16 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2011.

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