Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	Unassigned
Agency Name:	Legislative Branch	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Legis. Committees & Activities	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Spending Deferrals or Suspensions	$100,000	$0	$0

Description of Option: Reduction in Number of Meetings / Suspending the Activities of Some Committees

Criteria Name: Other

Summary of Issue
Legislative committees are budgeted for in the general appropriations act for the 2011 biennium at just over $1.0 million. The legislature could self-regulate general fund expenditures by reducing the number of meetings and/or scope of some committees while maintaining statutory obligations of the individual committees to produce a roughly 10 percent reduction in expenditures.

How the Fund Balance Would be Impacted
A 10 percent reduction in expenditures could achieve a $100,000 general fund savings. These reductions could be made by reducing the number of paid consultants, and/or specialty studies, a reduction in number of committee meetings, committee travel, and other general operating expenditures, which comprise about 85 percent of the general fund budget.

EXHIBIT 2
DATE 1/5/11
HB N/A

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	EA
Agency Name:	Governor's Office	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Executive Office Program	**Mode :**	Research	**MCA :**	2-15-218

Option	General Fund	State Special	Federal Special
Change Source of Funding	$2,289,313	($2,289,313)	$0

Description of Option: Move Governor's Office of Economic Development to Commerce - Promotion Division

Criteria Name: State is subsidizing what could or should be self-supporting/lower subsidy

Summary of the Issue
The Governor's Office of Economic Development (GOED) is an integrated function of the Executive Office Program of the Governor's Office and is funded primarily with a general fund appropriation in HB 2. The GOED could be moved to the Department of Commerce and housed in the Montana Promotion Division and completely funded with the statutory appropriation made in 15-65-121, the Lodging Facility Tax.

How the Fund Balance Would be Impacted
The statutory appropriation noted above is from a state special revenue account that was created to house the portion of the Lodging Facility Tax (bed tax) that is dedicated to the Department of Commerce for the promotion of Montana. The transfer of the GOED to the DOC and funding it from the bed tax proceeds would result in a general fund spending reduction of $2.3 million over the biennium. The Lodging Facility Tax state special revenue account was carrying a fund balance at the end of FY 2009 of over $7.4 and million, the fund balance has been growing at a compound annual rate of about 13.4 percent during the period between FY 2000 and 2009. The prior two years tax revenues have exceeded spending by over $1.0 million. Funding the GOED from this account would produce little to no impact on current programs

Legislation Required
Current statute provides for the structure of the Office of Economic Development within the Governor's Office and describes the duties of the Chief Development Officer in 2-15-218 and 219, MCA. These statutes would need to be changed so that the office would reside with the Department of Commerce. The Lodging Facilities Tax distribution statute (15-65-121, MCA) would need to be modified as well. The statute currently reads that the funds transferred to Commerce are "for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials". Language would be needed to include the functions of the GOED. A large function of the GOED is to promote the general business environment of the state and Montana as a place to locate or grow a business.

Legislative Fiscal Division
Legislative Budget Options

Section Name: General Government
Agency Name: Department Of Revenue
Program Name:

Time : Medium
Status : On-Going
Mode : Research

Committee: RTIC
FTE Impact : N
MCA :

Option	General Fund	State Special	Federal Special
Change Source of Funding	$3,000,000	($3,000,000)	$0

Description of Option: Fund Department of Revenue Administrative Costs With Funds Collected

Criteria Name: State is subsidizing what could or should be self-supporting/lower subsidy

Summary of Issue
This option would switch funding from general fund to state special revenue to fund Department of Revenue administrative costs for collecting and administering revenues received deposited into various state special revenue funds for which the department's administrative costs are currently funded with general fund.

In FY 2009, the department collected $303.0 million in revenues deposited into 57 state special revenue funds but funded administrative costs of $1.1 million from seven of these funds. A 1.0 percent administrative fee would free up $3.0 million in general fund.

How the Fund Balance Would be Impacted
Expenditures of general fund would be reduced and expenditures from various state special revenue funds would be increased by like amounts, reducing funding available for the recipients of those funds.

Further Work Required
Further work is needed to identify the funds and administrative costs associated with the department's administration of the various state special revenue funds. Further research is needed to identify legal issues for each fund involved.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	RTIC
Agency Name:	Department Of Revenue	**Status :**	One-Time	**FTE Impact :**	N
Program Name:	Business And Income Taxes Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Revenue Enhancements	$10,000,000	$0	$0

Description of Option: Temporary Tax Amnesty

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue
Amnesty programs generally allow people to avoid criminal prosecution, civil penalties, and a portion of the interest that is due, in return for paying their delinquent taxes.

How the Fund Balance Would be Impacted
There would be a one-time increase in revenue following the implementation of this program.

Further work required
Additional research to determine a more precise estimate of anticipated revenue; in addition, further research could be done into whether other revenue streams would significantly benefit from an amnesty program.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	CFHH
Agency Name:	Department Of Revenue	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Business And Income Taxes Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	$115,000	$0	$0

Description of Option: Eliminate General Fund Subsidy for Debt Collection on Child Support Payments

Criteria Name: State is subsidizing what could or should be self-supporting/lower subsidy

Summary of Issue
General fund provides a subsidy to offset the fee charged by the Department of Revenue (DOR) to collect outstanding child support payments from non-custodial parents when a request has been made to the Department of Public Health and Human Services (DPHHS) for assistance in collecting the owed child support payments. DPHHS contracts with DOR for this debt collection service. A collection fee of 5 percent of the funds collected is charged to offset the costs of collection. This option would eliminate the associated general fund subsidy provided as an appropriation in DOR.

How the Fund Balance Would be Impacted
General fund expenditures would be reduced by the amount of the subsidy. The budgeted amount for the 2011 biennium is $115,000 per year.

Other Factors
Prior to the subsidy (began in FY 2008), the debt collection fee of 5 percent was reduced from the amount collected. The direct impact is that custodial parents would receive only 95 percent of the child support owed from the non-custodial parents.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	High	**Committee:**	SAVA
Agency Name:	Department Of Administration	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Health Care & Benefits Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Other	$0	$0	$0

Description of Option: Limit Reserve Amount for State Employee Group Health Plan

Criteria Name: Other

Summary of Issue
The state employee group health plan maintains plan reserves to help avoid large changes in plan benefit design or premium amounts from year to year. The legislature could review the level of plan reserves to provide a "premium holiday" to lower general fund costs for employee health insurance.

The state group employee plan is required to hold a certain level of reserves for the group benefits plan to limit benefit and premium fluctuations. The statutory definition of the amount that is to be held in reserve is subject to interpretation.

The group plan consulted with an actuary and has opted to establish reserves using certain private insurance industry bench marks. Plan year 2010 expenses are projected to be $126.0 to $127.0 million. Currently, the reserve amount ranges from $37.5 million general plan reserves to $50.5 million ending fund balance. The estimate reserve and ending fund balances are equivalent to 3.5 to 4.8 months worth of claims.

How the Fund Balance Would be Impacted
This option would require more research to determine the general fund savings. This option would also augment some state special revenue accounts and those savings could be reviewed for transfer to the general fund as well. Additionally, if the legislature chose to use some of the reserves to fund a premium holiday, the amount of general fund savings would depend on the level of reserve draw down.

Legislation Required
The legislature may need to amend statute if it wants to specify a minimum or maximum level of reserves.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	SAVA
Agency Name:	Department Of Administration	**Status :**	One-Time	**FTE Impact :**	N
Program Name:	Health Care & Benefits Division	**Mode :**	Research	**MCA :**	2-18-704

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$0	$0	$0

Description of Option: Limit Reimbursement for Grandfathered Reserve

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue
The state employee group health plan maintains a reserve to refund an extra premium payment made by employees in 1999 when the new statewide accounting and budgeting system was implemented. When an employee leaves state employment, that extra premium payment is refunded to eligible employees. The premium amount withheld was about $300, but the amount refunded is equal to the current employer share (over $700 in 2010). The legislature could compare the cost of refunding the extra premium payment prior to eligible employees leaving state government or it could direct DofA to freeze the reimbursement level.

Other Factors
More work needs to be done to determine what type of savings might result in this option. The amount could be neglible in the short run. The savings that would accrue would be foregone costs in the future.

Legislation Required
Depending on the option chosen, it may be necessary to amend statute.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	SAVA
Agency Name:	Department Of Administration	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Health Care & Benefits Division	**Mode :**	Research	**MCA :**	2-18-704

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$0	$0	$0

Description of Option: Change Participation Requirements for Retirees in State Health Plan

Criteria Name: State is subsidizing what could or should be self-supporting/lower subsidy

Summary of Issue
The premiums charged to retirees who opt to continue to participate in the state group health plan are 30 to 65 percent lower than the cost of health plan services provided to retirees. The legislature could direct DofA to lower the subsidy. Depending on the savings generated, the legislature could opt to transfer some of the health plan reserves to the fund that paid the premiums, including the general fund, or it could opt for a premium holiday.

In calendar year 2009, the state group plan paid $1.60 in cost for each $1.00 in premium income received from retirees under 65 (loss ratio over 160 percent), and about $1.30 for every $1.00 in premium income from retirees over 65 (loss ratio over 130 percent).

The legislature could consider changing statute to:
1) Require the state plan to price premiums to achieve smaller loss ratio for each retiree group
2) Require retirees to attain a higher minimum number of years of service (currently 5) to continue participation in the group plan
3) Peg premium participation to years of service, lowering premiums for retirees with 20, 25 or 30 years of service
4) Limit plan participation to those ineligible for Medicare
5) Phase out the option to participate when insurance exchanges are fully functional (January 2014)

How the Fund Balance would be Impacted
More work needs to be done to determine the impact of this legislative option.

Legislation Required
Depending on the option chosen, it might be necessary to enact legislation.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	EA
Agency Name:	Department Of Commerce	**Status :**	One-Time	**FTE Impact :**	N
Program Name:	Business Resources Division	**Mode :**	Research	**MCA :**	90-1-501

Option	General Fund	State Special	Federal Special
Other	$4,800,000	$0	$0

Description of Option: Require that Loan Repayments Made to the Wood Products RLF Go to the GF

Criteria Name: Service recipients have other options to get the service or one similar

Summary of issue
The 2009 Legislature created a Wood Products Revolving Loan Fund (RLF) that is made up of three distinct sources of funding: 1) Economic Development Administration (EDA) and state general fund match; 2) General fund; and 3) Community Development Block Grants (CDBG). Of the $11,295,000 total funding, $7.3 million is general fund ($2.5 million used for EDA matching funds and $4.8 million unrestricted). The current statute allows for loan principal and interest payments to be re-loaned by the department to wood product or primary sector businesses. Legislation could be created that required that $4.8 million in general fund loans interest and principal payments must be deposited to the general fund instead of continuing to revolve in the loan fund. The additional $2.5 million general fund EDA matching funds may also be eligible, but further research would be required to determine if federal restrictions would apply.

How the Fund Balance Would be Impacted
There are ten separate loans that have been made with the general fund, each in varying amounts and maturities. As the department receives payments on these loans the principal and interest would be deposited in the general fund. The total general fund impact would be a gain of $4.8 million plus accrued interest over the life of the loans.

Further Work Required
Further research is necessary to determine how much, if any, of the general fund that was used to provide initial matching funds for the EDA grant could be returned to the general fund as those loans were repaid.

Legislation Required
90-1-501 must me changed to allow for the principal and interest payments received from loans that were made with transfers of general fund in to the RLF to be deposited in to the general fund.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	EA
Agency Name:	Department Of Commerce	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Business Resources Division	**Mode :**	Research	**MCA :**	39-11-201

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$3,753,238	$0	$0

Description of Option: Reduce or Eliminate Funding for Worker Training Program

Criteria Name: High cost of provision (with or without comparison to other programs)

Summary of Issue
The primary sector workforce training grant program is defined in statute and has been funded on a one-time-only basis for at least the last two biennia. The program reverted a large portion (over $400k) of the fiscal year 2009 appropriation and has spent approximately $176k of the $1,876,633 fiscal year 2010 appropriation. In addition, while the program was provided a $1.3 million dollar appropriation in HB 645, no expenditures have been recorded to date against the HB 645 appropriation. While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

How the Fund Balance Would be Impacted
The elimination of the program would decrease expected general fund expenditures by $3.75 million over the biennium. As an alternative, the legislature could reduce the program funding instead of eliminating it completely.

Other Factors
The worker training grant program reimburses companies for specific training expenses related to expanding, and in some cases maintaining, their workforce. Elimination or reduction of the program would cause those companies that would be eligible for grant funding to finance the covered cost of workforce training through other means. This may impede the expansion of jobs for some companies that would normally qualify for the program.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	EA
Agency Name:	Department Of Commerce	**Status :**	On-Going	**FTE Impact :**	Y
Program Name:	Energy Promotion & Dev Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$910,000	$0	$0

Description of Option: Eliminate the Energy Promotion and Development Division

Criteria Name: Definition of success is nebulous or difficult to measure

Summary of issue
The Energy Promotion and Development Division (EPDD) is a ongoing program that has been funded with one-time-only appropriations in the past two biennia. The program lacks significant measureable objectives that allow for quantitative evaluation of the attainment of stated goals. This is a stand-alone program and employs 5.0 FTE. While this appropriation was designated as OTO by the legislature and consequently will not be part of the base budget, the LFD included it in the Big Picture report in March due to its on-going nature and the likelihood the legislature, will be asked to continue funding. Therefore, a decision to discontinue or reduce funding would improve the projected budget imbalance.

How the Fund Balance Would be Impacted
The program has a total current general fund appropriation of $910,000 over the biennium. Elimination of the program would decrease expected general fund expenditures and increase the projected fund balance by that amount.

Other impacts
The EPDD currently employs 5.0 FTE. These positions would be eliminated.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	EA
Agency Name:	Department Of Commerce	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Community Development Division	**Mode :**	Research	**MCA :**	15-35-108

Option	General Fund	State Special	Federal Special
Spending Deferrals or Suspensions	$1,430,744	$0	$0

Description of Option: Eliminate 2.9% Increase in Coal Severance Tax Distribution to the Coal Board

Criteria Name: Definition of success is nebulous or difficult to measure

Summary of issue
Senate Bill 100 of the 2009 regular session doubled the amount of coal severance tax proceeds allocated to the coal board for use as local impact grants, thus reducing the amount allocated to the general fund. The increase is scheduled to take effect at the beginning of fiscal year 2011 and continue through the first quarter of fiscal year 2014. The reduction would bring available funds for local impact grants to coal producing areas back to the current level, adjusted for growth in tax revenues.

How the Fund Balance Would be Impacted
Reversing the 2.9 percent increase in coal severance tax as called for in Senate Bill 100 would eliminate the diversion of an estimated $1,430,744 from the general fund over the 2013 biennium.

Required legislation
15-35-108, MCA would require new legislation to eliminate the upcoming redistribution of the tax proceeds currently contained in statute.

Other Factors
The Coal Board uses these funds for grants to local counties impacted by coal mining to assist with infrastructure needs attributable to coal mining. By eliminating the increased funding, the Coal Board would have the same available funding level for grants in the upcoming biennium as were available in the current biennium.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	EA
Agency Name:	Department Of Labor & Industry	**Status :**	One-Time	**FTE Impact :**	N
Program Name:		**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Change Source of Funding	$3,000,000	($3,000,000)	$0

Description of Option: Replace General Fund With SSR From Employment Security Account

Criteria Name: Other

Summary of issue
The employment security account (ESA) is funded through an assessment on wages paid by employers and is used to partially fund a number of employment services and workforce programs. This proposal would replace general fund with the state special funds in those programs that are currently funded with both general fund and ESA, including the Research and Analysis Bureau and the 21st Century Workforce Bureau of the Workforce Services Division, the Hearings and Legal Bureaus of the Commissioner's Office, and The Employment Relations Division.

How the Fund Balance Would be Impacted
The ongoing state special fund balance will support at least one biennium of funding change and based on the 17 percent estimated compound annual growth rate of the fund balance, should support a partial replacement of general fund on an ongoing basis. The reduction in general fund expenditures are estimated to increase the projected fund balance by $3.0 million over the next biennium.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	EA
Agency Name:	Department Of Labor & Industry	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Work Force Services Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$550,000	$0	$0

Description of Option: Eliminate the Community College Student Growth Account Program

Criteria Name: New program, success has not been measured

Summary of Issue
Funding for this program was provided without direction from the legislature or proposal from the agency for its exact purpose. A change in bureau management at the agency left this initiative incomplete. The agency has conflicting ideas as to the original purpose of the program and did not receive specific direction from the legislature at the time of the appropriation. Due to these issues, the agency does not expect to expend the appropriation that was made for the current biennium.

How the Fund Balance Would be Impacted
Elimination of the program would increase the projected fund balance of the upcoming biennium by $550,000.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	EA
Agency Name:	Department Of Labor & Industry	**Status :**	On-Going	**FTE Impact :**	Y
Program Name:	Work Force Services Division	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$0	$0	$0

Description of Option: Reduce Funding for the Jobs for Montana Graduates Program

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of issue
The Department of Labor and Industry (DOLI) portion of this program provides training and technical assistance to local school districts to implement and maintain a program that identifies and assists high school students that may not graduate or may graduate without the skills needed to find and keep a job. This is a stand-alone program that is not mandated by statute.

How the Fund Balance Would be impacted
The current biennial appropriation for the program is just over $1.0 million. Increases in general fund balance would be in proportion to the amount of reduction implemented.

Other Factors
Reducing or eliminating the funding for the program at the state level would not automatically reduce or eliminate the program at the school level, but continued program coordination and instructor training would be impacted. A significant decrease in funding would likely result in a reduction of FTE.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Medium	**Committee:**	SAVA
Agency Name:	Department Of Military Affairs	**Status :**	On-Going	**FTE Impact :**	Y
Program Name:	Challenge Program	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$2,605,291	$0	($3,907,937)

Description of Option: Eliminate or Reduce the Montana Youth Challenge Program

Criteria Name: High cost of provision (with or without comparison to other programs)

Summary of Issue
The Montana Youth Challenge is a combination resident and non-resident educational and rehabilitative program for high-school age youth who have dropped out of school with goals that include attainment of a general education degree and a plan for successfully entering the workforce or post-secondary education. The program currently enrolls 100 participants and has a goal of 140 participants completing the program in the current year. The program is funded on a 60/40 federal to state funds. The total program budget for fiscal year 2010 is $3,312,788. If the program completes all 140 participants, the total annual cost per participant is $23,663. The state cost per participant is $9,297. The most comparable program to the Montana Youth Challenge is the Montana Job Corps, which is also a residential program that is geared towards high-school equivalency and job preparation for program participants. Job Corps total annual cost per student is estimated to be $54,052 with no annual cost to the state. The current estimated total per student expenditure by the public school system is $10,000 per year. The state share of this cost is about 50 percent or $5,000.

How the Fund Balance Would be Impacted
Reductions in general fund expenditures would be through program reduction or elimination. Because the program is funded through a federal cost share, each one dollar reduction in general fund would result in a $1.50 reduction in federal funds.

Further Research Required
The amount of reduction in general fund that could be absorbed by the program without effectively preventing the program from continuing to operate is unknown, further research would be required.

Other Factors
The program serves students that have dropped out of high school, but who have not established a criminal record. If the program was eliminated, other options available to those students would be to: 1) re-enroll in their high school, with the possibility of mentoring through the Jobs for Montana Graduates program; 2) apply for entry in the Montana Job Corps program; 3) enroll in an accredited apprenticeship program; or 4) apply for a number of youth job training programs through the Workforce Investment Act.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	General Government	**Time :**	Low	**Committee:**	SAVA
Agency Name:	Department Of Military Affairs	**Status :**	On-Going	**FTE Impact :**	N
Program Name:	Scholarship Program	**Mode :**	Research	**MCA :**	

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$500,000	$0	$0

Description of Option: Eliminate Montana National Guard Scholarship Program

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of issue
The Montana National Guard Scholarship Program provides scholarships to eligible Montana National Guard personnel enrolled as undergraduate students in Montana colleges, universities, or training programs. Each scholarship is awarded at the completion of a semester of study. Scholarship values are up to $900 per award per semester for a total of $1,800 per year per student. In fiscal year 2008, 411 scholarships were awarded.

Legislative Fiscal Division
Legislative Budget Options

Section Name: Global Issue | **Time :** High | **Committee:** SAVA

Agency Name: Statewide Issue | **Status :** On-Going | **FTE Impact :** N

Program Name: | **Mode :** Research | **MCA :**

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	$0	$0	$0

Description of Option: Consolidate Network Computing Servers

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue
Savings might be realized by consolidating network servers residing in Helena into the new State of Montana Data Center and optimizing the data center servers through virtualization to maximize server capacity.

How Fund Balance Would be Impacted
General fund as well as other funds would see reduced expenditures to operate state agency network servers. Savings would be for operating costs associated with powering and cooling servers and equipment savings by eliminating underutilized equipment and optimizing remaining equipment.

Further Work Required
Data on the cost to operate and cool various state agency network computers is not currently available to determine the savings. A comprehensive inventory of various network servers currently does not exist. As such, information is not available to estimate the savings available from this option. Furthermore, depending on how the operations of the state data center are established as to who is responsible for servicing and operating the consolidated servers, FTE may be saved. No details are currently available to estimate any FTE savings from server consolidation.

Further Work is Required
A statewide analysis of the saving gained through the consolidation of network computing servers would involve close coordination with various state entities, primarily the chief information officer, and will rely heavily on available data currently being developed in agency information technology strategic plans and inventories of computing assets.

Legislative Fiscal Division
Legislative Budget Options

Section Name: Global Issue
Agency Name: Statewide Issue
Program Name:

Time : Low
Status : On-Going
Mode : Research

Committee: SAVA
FTE Impact : N
MCA :

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	$52,000	$108,000	$35,000

Description of Option: Four-day by Ten-hour Workweek for all but 24/7 Functions

Criteria Name: Not mandated by statute, the constitution, or the federal government

Summary of Issue
Mandate work schedule of four days per week and ten hours per day for all state operations except for essential services and those requiring 24/7 operations.

How Fund Balance Would be Impacted
All funds would see savings. The funding impacts are based on FY 2009 expenditures on electricity, natural gas, fuel oil, and janitorial. Estimates have not been adjusted for any exceptions that may be granted for specified essential services and 24/7 operations. Total savings for all funds are $195,000 annually for state government. Estimates are based on a savings to Montana of 1.3 percent or roughly that experienced by Utah with a similar initiative. Utah expected to save $3.0 million, or 13 percent through energy reductions, but only realized $300,000 in savings for an effective reduction of 1.3 percent.

Utah implemented a mandatory four-day, ten-hour day workweek for most state government operations. The implementation began in August 2008 with the anticipation of reducing energy usage to operate state buildings by 20 percent annually. A year after implementation, the realized energy cost savings was approximately 10.5 percent of the original savings expected, (or $300,000 when $3.0 million as originally expected) and custodial cost savings was around $200,000. Furthermore, with the new work schedule state employees, except for public universities, the state court system, prisons, and other critical services, was favorably received by 80 percent of the state workers. Other benefits not directly realized as a savings to state government were:
- Two commuting trips per week were saved, which translated in lower carbon emissions and motor fuel consumption and less commuter traffic on Fridays
- Citizens had longer hours on state government operating days to access state services

Other unintended consequences experienced by Utah included:
- State holiday hours went from 96 to 110 hours per year even after eliminating one holiday day, resulting in productivity losses that more than offset the reported cost avoidance
- Some services not classified as essential may be pressured from 4/10 to 5/10 operations due to citizen expectations (e.g. Utah Department of Motor Vehicles for vehicles and driver's licenses) for added costs
- Overtime hours fell by 30 percent (it was unclear if it was due to the initiative or tighter controls on overtime by supervisors to address budget cuts)
- Employee turnover decreased from 10.7 percent per year to 9.7 percent (it was unclear if it was due to the initiative or concerns with the economy)

Further Work Required
Further research is needed to refine the expected savings and impacts. Based on Utah's experience savings would be achieved for expenditures on building utilities and janitorial costs.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	Global Issue	**Time :**	Medium	**Committee:**	EA
Agency Name:	Statewide Issue	**Status :**	On-Going	**FTE Impact :**	N
Program Name:		**Mode :**	Research	**MCA :**	15-35-108

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$613,000	$0	$0

Description of Option: General Fund Economic Development Statutory Appropriations

Criteria Name: Not subject to regular review

Summary of Issue
The legislature could examine the statutory appropriations used to fund economic development programs. Options include:
1) reduce 10% to achieve the level of expenditure reductions identified in the "Preliminary Budget Outlook for the 2013 Biennium"; 2) reduce or eliminate amount for a set period; 3) reduce or eliminate permanently. Amounts based on FY 2012 & 2013 estimates.

How the Fund Balance Would be Impacted
Reductions in authorized statutory appropriations and expenditures will increase the general fund balance.

Further Work Required
The recipients of the general fund money need to be identified along with potential effects of the expenditure reductions and any possible legal ramifications.

Legislative Fiscal Division
Legislative Budget Options

Section Name:	Global Issue	**Time :**	High	**Committee:**	ELG
Agency Name:	Statewide Issue	**Status :**	On-Going	**FTE Impact :**	N
Program Name:		**Mode :**	Research	**MCA :**	Multiple

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	$10,896,700	$0	$0

Description of Option: General Fund Retirement Statutory Appropriations

Criteria Name: Not subject to regular review

Summary of Issue
The legislature could examine the current statutory appropriations used to fund some local retirement costs. Options include:
1) reduce 10% to achieve the level of expenditure reductions identified in the "Preliminary Budget Outlook for the 2013 Biennium"; 2) reduce or eliminate amount for a set period; 3) reduce or eliminate permanently. Amounts based on FY 2012 & 2013 estimates

How the Fund Balance Would be Impacted
Reductions in authorized statutory appropriations and expenditures will increase the general fund balance.

Legislation Required
Twelve statutes would need to be amended
19-3-319, 19-6-404(2), 19-6-410, 19-9-702, 19-13-604, 19-17-301, 19-18-512(1), 19-19-305(1), 19-19-506(4), 19-20-604, 19-20-607, and 19-21-203

Further Work Required
The recipients of the general fund money should be identified along with potential effects of the expenditure reductions and any possible legal ramifications. Amounts above are based on FY 2012 & 2013 estimates.

Legislative Fiscal Division
Legislative Budget Options

Section Name: Global Issue
Agency Name: Statewide Issue
Program Name:

Time : Medium
Status : On-Going
Mode : Research

Committee: SAVA
FTE Impact : N
MCA :

Option	General Fund	State Special	Federal Special
Other	$0	$0	$0

Description of Option: Eliminate Election Day Paid Holiday

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue
Current state law provides for a paid holiday for state employees on election day every other November. The legislature could consider eliminating this holiday.

How the Fund Balance Would Be Impacted
Fiscal impact is difficult to quantify because the primary impact would be increased productivity with current staff, and increased service due to increased availability to the public. There would be negative impacts compared to current costs such as increased energy usage, as well as commuting costs and impacts.

Further Research Required
Further research would need to be done to determine what other factors such as union contracts or other requirements would influence the implementation and timing of this option.

Legislation Required
1-1-216, MCA would need to be amended to eliminate this day from the list of legal holidays. Other adjustments may need to be made that would be identified through further research.

Legislative Fiscal Division
Legislative Budget Options

Section Name: Global Issue
Agency Name: Statewide Issue
Program Name:

Time : High
Status : One-Time
Mode : Research

Committee: SAVA
FTE Impact : Y
MCA :

Option	General Fund	State Special	Federal Special
Other	$0	$0	$0

Description of Option: Employee Furloughs

Criteria Name: Few corollary impacts on other programs or services

Summary of Issue
Furlough state employees a given number of days per month. A furlough would require employees to take time off from work without pay.

How Fund Balance Would be Impacted
General fund and other funds that fund furloughed employee's costs would be reduced in proportion to the number of hours furloughs account for normal annual workdays for FTE. Pension funding would be impacted unless the legislature included provisions to make the pensions whole from the impacts of reduced employee and employer contributions.

Further Work Required
Further work is needed to identify the full impacts and legal issues associated with furloughs, and to refine savings estimates. Issues that would be researched include:
- Impacts on pensions (funding and eligibility)
- Impairment of union contracts and labor bargaining
- Impacts and restrictions due to equal treatment requirements
- Identification of essential services and 24/7 operations

In FY 2009, general fund supported salaries totaling $175.9 million or $460.0 million total funds. For each eight-hour day of furlough, savings would have equated to $676,000 general fund or $1.8 million total funds. These amounts are generalized based on statewide HB 2 and proprietary funding of regular salaries paid to all employees. Adjustments have not been made for any exemptions for critical positions or functions