



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0192
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Title:	Exempt state permitting programs from vacancy savings requirements
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Primary Sponsor:	Wanzenried, David E
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Status:	As Introduced
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| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
Expenditures:				
General Fund	\$388,116	\$389,403	\$396,005	\$400,689
State Special Revenue	\$382,676	\$382,176	\$398,038	\$403,062
Federal Special Revenue	\$102,961	\$103,031	\$104,743	\$105,652
Trust Funds	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$31,218	\$30,520	\$30,715	\$32,210
Federal Special Revenue	\$0	\$0	\$0	\$0
Trust Funds	(\$31,647)	(\$32,051)	(\$32,804)	(\$33,499)
Net Impact-General Fund Balance:	<u>(\$388,116)</u>	<u>(\$389,403)</u>	<u>(\$396,005)</u>	<u>(\$400,689)</u>

Description of fiscal impact: SB 192 exempts from vacancy savings certain positions in the Department of Natural Resources and Conservation (DNRC) and the Department of Environmental Quality (DEQ) that review, coordinate, and approve environmental reviews, permits, and licenses.

FISCAL ANALYSIS

Assumptions:

1. The bill states that vacancy savings may not be imposed on authorized positions if the employee's job description requires the employee to perform the duties listed in the bill and the employee actually performs those duties.
2. DNRC and DEQ identified which associates job descriptions included those tasks and further confirmed that the staff members actually performed those duties.
3. Under this bill, 174.25 FTE at DNRC and 138.00 FTE at DEQ would be considered exempt.

4. The 4% vacancy savings rate by position was calculated for FY 2014 and FY 2015. An inflationary factor of 1.5% was applied to personal service costs for FY 2016 and FY 2017.
5. The agencies assume that all positions will continue to be funded at the same funding split as in base year 2012.
6. The annual requirement in section (3), which requires DNRC and DEQ to provide the legislative audit committee a detailed report on the positions that are exempt from vacancy savings, could be completed by existing staff.

Specific DNRC – Trust Land Management Division Assumptions

7. TLMD manages approximately five million surface acres and six million subsurface acres on behalf of the trust beneficiaries. Land management activities on these acres include leasing and licensing of land, land sales and acquisition, in four programs: agriculture and grazing, real estate, minerals, and forest management. Many of the activities involve environmental review to ensure good stewardship and protection of the school trust land. The division is funded by state special revenue in the Trust Administration Account from a portion of the trust revenues generated each year from land management activities.
8. The increase in personal services would be funded by using additional revenues from the trust beneficiaries distributable revenue stream. For fiscal note purposes, the surface acres as a percent of each trust were used to allocate costs to the trust beneficiaries.
9. The largest trust beneficiary with 90% of the surface acres is the common schools (K-12). The reductions in revenues to the common schools trust would be split 95% from the distributable revenue stream and 5% 5% from the common schools permanent fund.
10. Interest on the common schools permanent fund is forecast at a rate of 4.10% for FY 2013, 3.75% for FY 2014, 3.40% for FY 2016, and 3.05% for FY 2017. Interest rates were provided by the Board of Investments, who manage the trust and legacy fund.
11. For the common schools, 5% of the interest is reinvested in the permanent fund and 95% distributed to the common schools guarantee account. The reductions in revenue would result in additional reductions to interest earnings on the common school trust.
12. The reduced revenue to fund the vacancy savings are shown below:

Trust	FY 2014	FY 2015	FY 2016	FY 2017
Common Schools Guarantee Account	(\$198,397)	(\$199,437)	(\$202,691)	(\$204,697)
Common Schools Perm Fund	(\$10,870)	(\$11,242)	(\$11,685)	(\$12,064)
<u>University Trusts</u>				
University of Montana	(\$759)	(\$760)	(\$771)	(\$783)
Montana State University - Second Grant	(\$1,442)	(\$1,444)	(\$1,465)	(\$1,487)
Montana Tech	(\$2,686)	(\$2,690)	(\$2,730)	(\$2,771)
State Normal School (Eastern/Western)	(\$2,840)	(\$2,844)	(\$2,887)	(\$2,930)
<u>Other Trusts</u>				
School for the Deaf and Blind	(\$1,642)	(\$1,645)	(\$1,669)	(\$1,694)
State Reform School - Pine Hills	(\$3,031)	(\$3,036)	(\$3,081)	(\$3,127)
Veterans Home	(\$64)	(\$64)	(\$65)	(\$66)
Public Buildings	(\$8,313)	(\$8,326)	(\$8,451)	(\$8,577)
Total	(\$230,044)	(\$231,488)	(\$235,495)	(\$238,196)

Office of Public Instruction

13. The Guarantee Account (state special revenue fund) is the first source of revenue for BASE Aid school funding. A decrease in revenue, and therefore a decrease in expenditures, to the statutorily appropriated Guarantee Account would cause an increase in general fund expenditures for BASE Aid of a like amount.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services - DEQ	\$411,031	\$411,285	\$428,511	\$432,074
Personal Services - DNRC	\$462,722	\$463,325	\$470,275	\$477,329
TOTAL Expenditures	<u>\$873,753</u>	<u>\$874,610</u>	<u>\$898,786</u>	<u>\$909,403</u>
<u>Funding of Expenditures:</u>				
General Fund (01) - DEQ	\$31,751	\$31,754	\$32,729	\$32,998
General Fund (01) - DNRC	\$157,968	\$158,212	\$160,585	\$162,994
General Fund (01) - OPI	\$198,397	\$199,437	\$202,691	\$204,697
State Special Revenue (02) - DEQ	\$282,661	\$282,874	\$297,509	\$299,991
State Special Revenue (02) - DNRC	\$298,412	\$298,739	\$303,220	\$307,768
State Special Revenue (02) - OPI	(\$198,397)	(\$199,437)	(\$202,691)	(\$204,697)
Federal Special Revenue (03) - DE	\$96,619	\$96,657	\$98,273	\$99,085
Federal Special Revenue (03) - DN	\$6,342	\$6,374	\$6,470	\$6,567
TOTAL Funding of Exp.	<u>\$873,753</u>	<u>\$874,610</u>	<u>\$898,786</u>	<u>\$909,403</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02) - OPI	(\$198,397)	(\$199,437)	(\$202,691)	(\$204,697)
State Special Revenue (02) - DEQ	\$0	\$0	\$0	\$0
State Special Revenue (02) - DNRC	\$229,615	\$229,957	\$233,406	\$236,907
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Trust Funds (09)	(\$31,647)	(\$32,051)	(\$32,804)	(\$33,499)
TOTAL Revenues	<u>(\$429)</u>	<u>(\$1,531)</u>	<u>(\$2,089)</u>	<u>(\$1,289)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$388,116)	(\$389,403)	(\$396,005)	(\$400,689)
State Special Revenue (02)	(\$351,458)	(\$351,656)	(\$367,323)	(\$370,852)
Federal Special Revenue (03)	(\$102,961)	(\$103,031)	(\$104,743)	(\$105,652)
Trust Funds (09)	(\$31,647)	(\$32,051)	(\$32,804)	(\$33,499)

Sponsor's Initials

Date

Budget Director's Initials

Date