

SENATE BILL NO. 376

INTRODUCED BY L. JENT

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING ACTUARIAL FUNDING FOR THE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; REQUIRING THAT ANY SHORTFALL IN THE ANNUAL CONTRIBUTIONS REQUIRED TO ENSURE THAT PUBLIC EMPLOYEE RETIREMENT SYSTEMS ARE ACTUARIALLY SOUND MUST BE INCLUDED IN THE GOVERNOR'S PROPOSED BUDGET; AND AMENDING SECTIONS 17-7-111 AND 17-7-122, MCA."

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

**Section 1.** Section 17-7-111, MCA, is amended to read:

**"17-7-111. Preparation of state budget -- agency program budgets -- form distribution and contents.** (1) (a) To prepare a state budget, the executive branch, the legislature, and the citizens of the state need information that is consistent and accurate. Necessary information includes detailed disbursements by fund type for each agency and program for the appropriate time period, recommendations for creating a balanced budget, and recommended disbursements and estimated receipts by fund type and fund category.

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

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

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

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

1 instructions given for completing the forms.

2 (3) Subject to subsections (7) and ~~(8)~~ (9), the agency budget request must set forth a balanced financial  
3 plan for the agency completing the forms for each fiscal year of the ensuing biennium. The plan must consist of:

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

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

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

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

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

22 (f) for agencies with more than 20 FTE, a plan to reduce the proposed base budget for the general  
23 appropriations act and the proposed state pay plan to 95% of the current base budget or lower if directed by the  
24 budget director. Each agency plan must include base budget reductions that reflect the required percentage  
25 reduction by fund type for the general fund and state special revenue fund types. Exempt from the calculations  
26 of the 5% target amounts are legislative audit costs, administratively attached entities that hire their own staff  
27 under 2-15-121, and state special revenue accounts that do not transfer their investment earnings or fund  
28 balances to the general fund. The plan must include:

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

30 (ii) for each service included in the prioritized list, the savings that would result from the elimination or

1 reduction; and

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

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

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

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

7 (4) The budget director shall prepare and submit to the legislative fiscal analyst in accordance with  
8 17-7-112:

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

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

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

15 (d) agency proposals for the use of cultural and aesthetic project grants under Title 22, chapter 2, part  
16 3, the renewable resource grant and loan program under Title 85, chapter 1, part 6, the reclamation and  
17 development grants program under Title 90, chapter 2, part 11, and the treasure state endowment program under  
18 Title 90, chapter 6, part 7.

19 (5) The board of regents shall submit, with its budget request for each university unit in accordance with  
20 17-7-112, a report on the university system bonded indebtedness and related finances as provided in this  
21 subsection (5). The report must include the following information for each year of the biennium, contrasted with  
22 the same information for the last-completed fiscal year and the fiscal year in progress:

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

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

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

30 (6) (a) The department of revenue shall make Montana individual income tax information available by

1 removing names, addresses, and social security numbers and substituting in their place a state accounting record  
2 identifier number. Except for the purposes of complying with federal law, the department may not alter the data  
3 in any other way.

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

9 (7) (a) The department of public health and human services' budget request for the 2013 biennium must  
10 identify changes necessary to reduce the 2013 biennium expenditures to the level funded in the general  
11 appropriations act. The department may include changes such as reducing administrative costs, developing more  
12 cost-efficient methods to deliver services, limiting the number of medicaid services that adults may receive,  
13 changing medicaid services included in the Montana medicaid state plan, changing eligibility or level-of-care  
14 requirements for medicaid waiver services, limiting or changing services that are fully state-funded, or  
15 implementing other initiatives that reduce state funds. Achieving the necessary general fund reduction in the 2013  
16 biennium budget request may not include shifting costs to state special revenue funds.

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

24 (8) As soon as the annual actuarial valuation has been completed for a retirement system administered  
25 by the public employees' retirement board or the teachers' retirement board, the retirement board shall provide  
26 to the governor's budget office the amount of any shortfall in the annual required contributions, as defined in  
27 17-7-122(4), for the retirement system.

28 ~~(8)~~(9) Each agency budget request for the 2013 biennium must include the adjustments to present law  
29 base specified in 17-7-102(10)(b)."  
30

