

SECTION F

OTHER PROPOSED REDUCTIONS REQUIRING LEGISLATIVE ACTION

In calculating the state general fund ending fund balance, the executive has proposed a number of adjustments which include a list of long-range budget project reductions. The proposed reductions collectively amount to \$20.95 million. As noted on the balance sheet, these project reductions will require legislative action to provide any impact to the state general fund. These projects were authorized and appropriated in either HB 4 of the May 2007 special session or in HB 5 from the 2009 session. The appropriations for all of the projects, except the MACWIS (Child and Adult Protective Services) project, are made from the Long-Range Building Program (LRBP) capital projects fund. The MACWIS project is appropriated from a Long-Range Information Technology Program (LRITP) capital projects fund. Because these proposed reductions are from spending of non-general fund sources and do not directly affect the state general fund ending fund balance, they are not considered a component of the 17-7-140, MCA spending reductions.

Background

The connection between the proposed project reductions and the state general fund relates to transfers of state general funds into various capital project funds. In the May 2007 special session (HB 4) and the 2009 session (HB 645), the legislature approved transfers from the state general fund to increase the funds available for long-range projects. In HB 4, the legislature authorized a total of \$126.1 million of transfers from the state general fund to the LRBP capital projects fund. Additionally, HB 4 contained \$40.9 million of transfers from the state general to the LRITP capital projects fund. These transfers were complete as of June 30, 2009. In the 2009 session, the legislature authorized a series of transfers from the state general fund to the LRBP capital projects fund which totaled \$18.2 million in FY 2010 and \$17.5 million in FY 2011. In FY 2010, \$10.6 million of the \$18.2 million of transfers to the LRBP capital projects fund have been made, and the remaining FY 2010 transfers are expected to be made before the end of the fiscal year. In most cases, the transfers of state general fund to long-range capital projects funds are stand alone actions.¹ The one exception is a transfer from HB 645 to the LRBP specifically for a major renovation project at Main Hall on the University of Montana, Western campus. Whether to make the transfers, reduce the transfers, or transfer funds from the long-range capital projects funds to the general fund is a matter for legislative consideration.

Should the legislature agree with the proposed executive reductions, two legislative actions would be required for each project reduction in order to impact the state general fund. First, the legislature should amend prior session law by reducing or eliminating the original appropriation from the bill where it occurred. This is especially advisable in the case of long-range appropriations because per 17-7-212, MCA (LRBP) and 2-17-560, MCA (LRITP), the balances of the project appropriations are “reappropriated for the purposes of the original appropriation until the projects are complete”. If the project appropriations are not changed as the spending of the project is reduced, the remaining appropriations would exist indefinitely and would have to be considered in the future determination of the fund balances of the capital projects funds. Subsequently, the amount of the remaining appropriation would reduce the amount of funds that could be appropriated for future projects. The second step would be for the legislature to transfer the funds back to the general fund. The most efficient method for handling the transfer issue would be for the legislature to introduce legislation to transfer the funds from the various capital project funds to the state general fund. By doing so, the proposed reductions would positively impact the ending fund balance of the state general fund.

The following table provides some of the financial information related to the proposed project reductions. Included in the table is a listing of the session in which the project was appropriated and the number of the bill that contained the

¹ HB 5, Section 6, from the 2009 Legislative Session, is titled “Montana stimulus capital improvements” and the total appropriations of the section sum to the amount of the combined transfers made in HB 645 of the same session. Beyond that, there is no direct designation of which projects are funded with the transfers, and the transfers from HB 645 do not make reference to specific projects, other than the “Main Hall” transfer.

appropriation. Following the table are descriptions of the projects and the current status of the project. The text also includes mention of other fund appropriations, proprietary funds and federal funds, for those projects with additional appropriation authority.

Long-Range Planning Reduction Proposals					
Other Proposed Reductions - Requiring Legislative Action					
<i>Executive Balance Sheet Reductions (Feb. 16, 2010)</i>					
Project	Session	Bill No.	Capital Project Fund Appropriation	(in millions)	
				Expenditures Encumbrances Planned Spending	Executive Reduction Proposal
Long-Range Building Program Project Reduction Proposals					
Receiving Hospital Renovation, MT State Hospital	5/2007SS	HB 4	\$5.800	\$0.140	\$4.500
Expansion of Food Services, MSP	5/2007SS	HB 4	1.640	0.290	1.190
New Building for Youth Transition Center, Great Falls	2009	HB 5	1.310	0.020 *	1.250
Office of Public Assistance, Wolf Point	2009	HB 5	2.250	0.020	2.230
Statewide Facilities Planning	2009	HB 5	0.400	0.000	0.400
Infrastructure Repairs, State Capitol, Helena	2009	HB 5	0.500	0.000	0.500
Auto Tech Center Design, MSU-Northern	5/2007SS	HB 4	0.800	0.190	0.610
Total Long-Range Building Program Project Reduction Proposals					<u>\$10.680</u>
Long-Range Information Technology Program Project Reduction Proposals					
MACWIS (Child and Adult Protective Service, CAPS) ⁽⁴⁾	5/2007SS	HB 4	\$15.200	\$1.510	\$10.270
Total Long-Range Information Technology Program Project Reduction Proposals					<u>\$10.270</u>
Total Section F Reduction Proposals					<u>\$20.950</u>

* \$40,000 is set aside due to uncertainty of outstanding and unpaid expenses

Montana State Hospital Receiving Hospital Renovation

This project consists of two components, the renovation of the receiving hospital at the Montana State Hospital and upgrades and renovation at the Xantopolus building. The proposed reduction only applies to the receiving hospital component of the project. When the DOA began the planning activities on the receiving hospital, it was found that the cost of the anticipated improvements exceeded the appropriated amount, and in May 2009, DOA effectively put the project on hold.

At this time, some preliminary work was done on the receiving hospital projects. Through the preliminary work, it was determined that the extent of the problems in the existing structure were to great to move forward with the project. The renovations at the Xantopolus building have already started and will be finished, funded with the remaining balance of appropriation authority.

Expansion of Food Services at Montana State Prison

This project would expand the food service factory at the state prison and increase inventory and product storage capacity. The renovation would allow the prison the food service to switch over to a single serving system with food chillers instead of a preparing food in bulk. This project also includes an appropriation of \$290,000 of Department of Commerce proprietary funds.

At this time, the freezer and production area is in the pre-design phase.

New Building for Youth Transition Center, Great Falls

This project would construct a new 19 bed youth transition center. This project would replace currently leased space.

At this time, preliminary planning work has been started. The state has entered into an architectural contract, but the continuing contracted work has been stopped.

Office of Public Assistance, Wolf Point

This project would construct a new 5,000-5,600 gross square foot office of public assistance, including land acquisition and site and utility improvements. The project would replace currently leased space.

At this time, preliminary planning work has been started. The state has entered into an architectural contract, but the continuing contracted work has been stopped.

Statewide Facilities Planning

This project would provide planning for MT Agricultural Experiment stations, MT Veterans' Homes, the Department of Corrections master plan efforts, in addition to completing the capitol complex master plan.

At this time, the project has not been started.

Infrastructure Repairs, State Capitol, Helena

This project would continue capitol major maintenance and repairs. Major repairs would include repairs to the cooper dome and replacement and restoration of skylights. This project also included \$0.09 million General Services proprietary funds. This project also includes an appropriation of \$300,000 of General Services proprietary funds.

The work on the capitol building will not be continued at this time.

Auto Tech Center Design, MSU-Northern

This project design capital improvements: consolidating the auto diagnostics, metal arts, and auto mechanics programs. The project would result in designs for a new facility on the Northern campus.

At this time, the project will be taken through initial project planning. Enough information and planning will be completed to bring a basic building plan to a future legislature.

MACWIS (Child and Adult Protective Services, CAPS) Project

This project would replace the current CAPS system with a new, now referred to as MACWIS system that is intended to better meet the needs of the users and the mandated reporting requirements. This project also includes an appropriation of \$11.95 million of Federal Special funds.

At this time, expended funds have been used on planning for the MACWIS and other funds will be used for system development of the AFCARS project, as a component of the CAPS legacy system (as federally mandated). The Department of Public Health and Human Services proposes that remaining appropriations be transferred as follows:

- MMIS - \$2.9 million LRITP capital project funds
- TANF/SNAP - \$0.48 million LRITP capital project funds & \$0.51 million FS revenue funds

Note: The legislature might also consider reducing the remaining Federal Special appropriation by \$9.96 million