





# 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:** 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, ore 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 \$1800 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 :** One-Time

**FTE Impact :** Y

**Program Name:**

**Mode :** Research

**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

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## Legislative Budget Options

**Section Name:** Global Issue

**Time :** Medium

**Committee:** SAVA

**Agency Name:** Statewide Issue

**Status :** On-Going

**FTE Impact :** N

**Program Name:**

**Mode :** Research

**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

**Time :** Low

**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	\$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**

# 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

**Time :** Low

**Committee:** SAVA

**Agency Name:** Statewide Issue

**Status :** One-Time

**FTE Impact :** N

**Program Name:**

**Mode :** Research

**MCA :** 17-7-304

Option	General Fund	State Special	Federal Special
Spending Deferrals or Suspensions	\$0	\$0	\$0

**Description of Option:** Elimination of 2009/2010 General Fund Carry-Forward Appropriations

**Criteria Name:** Not subject to regular review

**Summary of Issue**

The current statute allows up to 30% of unspent appropriations to be carried forward for expenditure in the subsequent two years. Eliminating general fund carry-forward appropriations from fiscal years 2009 and 2010 in the upcoming biennium would reduce general fund expenditures. The total savings is unknown because the amount of unspent appropriations changes from year to year and it is not known if the agencies would spend more of the current year appropriations.

**Legislation Required**

17-7-304 would need to be permanently or temporarily changed to no longer allow agencies to spend the appropriations.

# 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.