



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: March 5, 2014
TO: Members of the Legislative Finance Committee
FROM: Barbara Smith, Operations Manager
RE: Implementation of HB 2 boiler plate language

BACKGROUND

Prior to each legislative session the Legislative Fiscal Division begins the process to determine what technical budget issues will need to be addressed and how to accomplish the work. One such item for the 2015 session is the implementation of the boiler plate language in HB 2 that reduced FTE count in proportion to the amount of vacancy savings applied to the budget. The language is as follows:

Section 3. Legislative intent. It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.

After this language was inserted into HB 2, the LFD was asked to produce a document clearly explaining the purpose of the language. The information provided in April of 2013 is attached for reference purposes. The estimated impact spreadsheet was updated to reflect line item vetoes in HB 2. The current estimated statewide impact is 436.69 FTE.

In addition, the LFD documented the estimated reduction in FTE in the fiscal report on the agency budget comparison table. See table one in the attached document.

IMPLICATIONS

To illustrate the implications of this language, consider the process of calculating base personal services for the next biennium. The base number of FTE is that of ongoing FTE approved by the previous legislature. This would be calculated as the base positions from FY13 adjusted for approved ongoing positions in FY 14 and FY 15 and the impact of the boiler plate. If the base is calculated without the implications of the boiler plate, it will be overstated as it will be based on 436 more FTE than anticipated by the legislature.

NEXT STEPS

Both the Office of Budget and Program Planning (OBPP) and the LFD will need to determine how to technically implement the boiler plate language. In recent conversations with OBPP it was noted that they are working on a process, are not quite ready to relay the decisions but will provide agencies with directions associated with the plan as part of the budget preparation process. Those directions are normally provided mid to late April.

The LFD will continue working on refining the estimate of the FTE reduction. This process will include verifying the amounts of vacancy savings removed by program in both base positions and any new positions that were contained in HB 2. The estimated personal services amount with reduced FTE will be estimated and compared to the executive's request. If a material discrepancy is determined to exist, the LFD will develop a plan to remedy the situation and bring that to the Legislative Finance Committee at the September meeting.



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

April 18, 2013

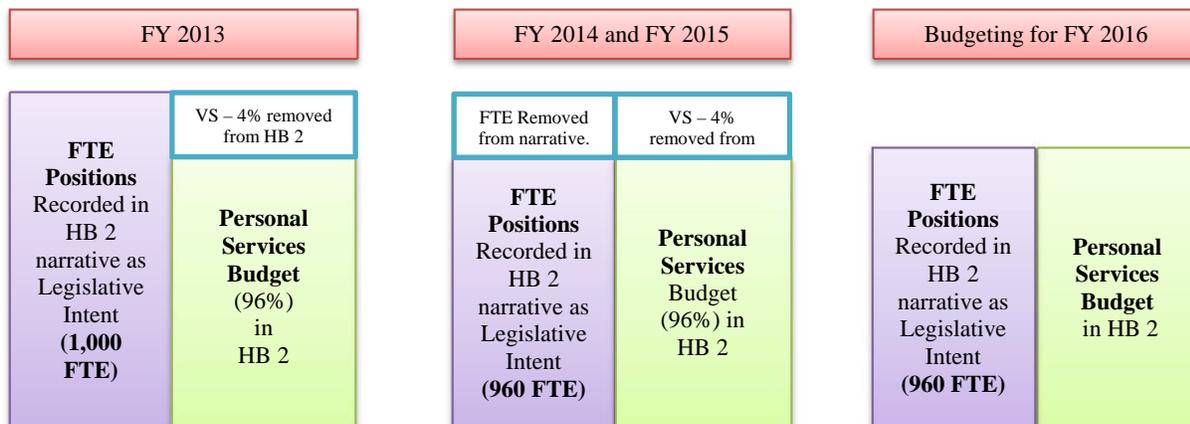
The Legislative Fiscal Division was directed by the bill sponsor, Representative Ankney and the amendment sponsor, Senator Jones to document the intent of the boiler plate amendment adopted on the Senate Floor. The boiler plate section of HB 2 was amended on the Senate Floor with the following language:

SECTION 3. LEGISLATIVE INTENT. IT IS THE INTENT OF THE LEGISLATURE THAT THE APPROPRIATIONS FOR PERSONAL SERVICES CONTAINED IN THIS BILL FOR FISCAL YEAR 2014 AND FISCAL YEAR 2015, EXCEPT FOR THE REDUCTIONS CONTAINED IN DECISION PACKAGES THAT REMOVE AN ADDITIONAL VACANCY SAVINGS AMOUNT, ARE SUPPORTED BY ONLY THE NUMBER OF FTE THAT ARE FUNDED. IT IS THE INTENT OF THE LEGISLATURE THAT THIS NET LEVEL OF FTE IS THE LEVEL THAT WILL BE USED TO CALCULATE PERSONAL SERVICES FUNDING IN THE NEXT BIENNIUM.

Personal services budget techniques are based on traditions and processes developed over the years that include:

- o Budgeting the costs and funding for personal services based ongoing FTE approved by the previous Legislature
- o Establishing a base “FTE” or Full-Time Equivalent positions agreed to by the Legislature for the current biennium
- o Establishing a vacancy savings amount that reduces the funding for personal services, but leaves all of the “FTE positions” (frequently 4%)

This amendment removes the “positions” associated with the lower funding available after the standard 4% vacancy savings reductions. This reduces the number of positions intended in the current biennium and included in base funding in the next biennium.



The spreadsheet on the following page illustrates the calculated FTE reductions by agency.



ESTIMATE*** of FTE associated with vacancy savings

	Sum of fte_y1	Sum of vac_sav_y1	Sum of tot_bud_y1	Sum of = BP Impact	Sum of fte_y2	Sum of vac_sav_y2	Sum of tot_bud_y2	Sum of =BP impact Y2
A								
Department Of Administration	113.38	(420,713)	10,097,138	(6.22)	149.38	(420,965)	10,103,165	(6.22)
Department Of Commerce	51.00	(148,956)	3,574,881	(2.13)	51.00	(148,980)	3,575,473	(2.13)
Department Of Labor & Industry	754.58	(1,807,298)	43,375,344	(31.44)	754.58	(1,809,259)	43,422,572	(31.44)
Department Of Military Affairs	198.21	(463,961)	11,135,062	(8.26)	198.21	(464,451)	11,146,706	(8.26)
Department Of Revenue	658.28	(1,538,487)	36,923,340	(27.43)	658.28	(1,539,680)	36,952,571	(27.43)
Governor's Office	28.50	(89,609)	2,150,564	(1.19)	28.50	(89,660)	2,151,857	(1.19)
Secretary Of State's Office	0.00	0	0	0.00	0.00	0	0	0.00
State Auditor's Office	72.80	(185,197)	4,444,813	(3.03)	72.80	(185,454)	4,450,867	(3.03)
B								
Department of Public Health and Hum	2,920.36	(6,716,058)	161,185,161	(121.68)	2,920.36	(6,712,024)	161,090,695	(121.68)
C								
Department Of Agriculture	117.39	(279,108)	6,698,532	(4.89)	117.39	(279,378)	6,704,903	(4.89)
Department Of Environmental Quality	382.95	(1,111,500)	26,675,639	(15.96)	382.95	(1,112,427)	26,697,883	(15.96)
Department Of Fish, Wildlife & Parks	692.60	(1,481,811)	42,415,468	(24.20)	692.60	(1,483,272)	42,457,764	(24.20)
Department Of Livestock	138.97	(295,654)	7,095,629	(5.79)	138.97	(295,856)	7,100,587	(5.79)
Department Of Transportation	2,110.26	(5,748,159)	137,954,500	(87.93)	2,110.26	(5,754,816)	138,112,802	(87.93)
Dept Of Natural Resources & Conserva	539.76	(1,386,431)	33,274,429	(22.49)	539.76	(1,387,640)	33,303,589	(22.49)
D								
Department Of Corrections#	1,277.90	(1,854,319)	68,710,558	(34.49)	1,277.90	(1,856,299)	68,780,596	(34.49)
Department Of Justice	737.85	(1,079,087)	48,447,928	(16.43)	737.85	(1,080,161)	48,510,123	(16.43)
Office Of The Public Defender	193.50	(239,582)	11,500,146	(8.06)	193.50	(239,582)	11,495,683	(8.06)
Public Service Regulation	31.00	(42,871)	2,057,788	(1.29)	31.00	(42,929)	2,060,626	(1.29)
E								
Commissioner of Higher Ed	93.88	(253,971.00)	6,095,264.00	(3.91)	93.88	(253,924.00)	6,094,243.00	(3.91)
Montana Historical Society	59.83	(131,472)	3,155,247	(2.49)	59.83	(131,506)	3,156,136	(2.49)
Montana State Library	28.25	(70,941)	1,702,523	(1.18)	28.25	(70,863)	1,700,692	(1.18)
Office Of Public Instruction	148.86	(388,922)	9,334,187	(6.20)	148.86	(389,309)	9,343,414	(6.20)
Grand Total	11,350.11	(24,725,501.50)	678,004,141	(436.69)	11,386.11	(24,738,874)	678,412,947.00	(436.69)

This calculation is an estimate based on the following parameters: 1) The personal service data is from the R11 extract with DP positions and all other non HB 2 positions removed. 2) Exempt programs, agencies, positions remain exempt from VS. 3) SOS office and the Health Care Benefits bureau are added in. 4) Adjustments to vacancy savings done in subcommittee that lower the amount of VS was done for Corrections, OPD and Justice.

Department of Corrections, Department of Justice and Office of the Public Defender include adjustments.

3/6/2014

Table 1:

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	52.00	52.00	49.00	49.00	52.00	49.00	(3.00)	(5.77%)
Estimated Impact of HB 2*			(2.13)	(2.13)		(2.13)	(2.13)	
Net Estimated FTE*			46.87	46.87		46.87	(5.13)	
Personal Services	2,934,154	3,330,923	3,335,321	3,334,984	6,265,077	6,670,305	405,228	6.47%
Operating Expenses	3,753,374	6,998,401	6,947,031	7,114,590	10,751,775	14,061,621	3,309,846	30.78%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	10,039,832	17,837,755	20,729,505	19,351,870	27,877,587	40,081,375	12,203,788	43.78%
Benefits & Claims	183,921	0	358,921	358,921	183,921	717,842	533,921	290.30%
Total Costs	\$16,911,281	\$28,167,079	\$31,370,778	\$30,160,365	\$45,078,360	\$61,531,143	\$16,452,783	36.50%
General Fund	3,166,889	3,204,433	6,461,219	5,460,749	6,371,322	11,921,968	5,550,646	87.12%
State Special	3,556,214	8,193,567	7,331,881	6,903,918	11,749,781	14,235,799	2,486,018	21.16%
Federal Special	10,188,178	16,769,079	17,577,678	17,795,698	26,957,257	35,373,376	8,416,119	31.22%
Total Funds	\$16,911,281	\$28,167,079	\$31,370,778	\$30,160,365	\$45,078,360	\$61,531,143	\$16,452,783	36.50%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.