



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: September 26, 2014
TO: Legislative Finance Committee (LFC)
FROM: Kris Wilkinson, Senior Fiscal Analyst
RE: Budget Amendment Statutes

At the June 2014 LFC meeting, the Legislative Fiscal Division (LFD) staff raised concerns with three amendments meeting statutory criteria guiding the budget amendment process. The LFC directed and this report provides follow up on the following:

- 1) Results of staff review of statutes and potential legislative options for clarification of current statutes governing the budget amendment process
- 2) OBPP comments and discussion related to language clarification on budget amendment statutes
- 3) Review of the budget amendment for the expansion of the Blackleaf Wildlife Management Area

Staff identified potential areas within statute that could benefit from further clarification. As per, 17-7-403, MCA the approving authority, OBPP for the majority of budget amendments, must certify that specific additional services will be provided as a result of the expenditures permitted under the budget amendment. This requirement limits OBPP to approving additional federal funding only for additional services and does not allow for accepting additional federal reimbursement for higher costs approved at the federal level. The public policy question for the legislature is whether to allow OBPP to certify amendment for additional federal funds should the federal government approve additional federal reimbursement.

To illustrate, the Montana Veteran's Home (MVH) and the Eastern Montana Veteran's Home (EMVH) receive a per diem rate from the federal government for its contribution to the care of veterans. The two homes have different funding methodologies

- o MVH is funded for all operational costs through a combination of federal per diem reimbursements and state special revenues
- o The state contracts for the operation of EMVH using only the federal per diem reimbursements for the service contract and state special revenues to fund the contract manager for oversight

At the time the legislature established the FY 2014 budget for the Montana veterans' homes the per diem rate was estimated to be \$94.59 a day for the nursing facilities. The federal Department of Veteran's Affairs increased the per diem rate for FY 2014 to \$100.37 a day or an additional \$0.45 million in federal reimbursement for EMVH. Additional services were not provided as no additional patients received services due to the higher per diem and EMVH did not provide additional services to the current patients as a result of the higher funding. The contract for the operation of EMVH specifies that the contractor will receive the current federal per diem. Because of the contractual obligations with EMVH, if the department is unable to

accept additional federal reimbursements or if the department does not have excess federal authority from other programs, funding for the contract would need to be paid from state special revenues.

In discussion with OBPP regarding this concern, OBPP has indicated they would be willing to look at amending the statute to clarify instances when additional federal funds could be amended into the budget.

Regarding BA 737; Montana Fish, Wildlife and Parks proposes to purchase by fee title approximately 320 acres of timbered grasslands and wetland habitat west of Bynum, Montana, as an addition to the existing 10,397-acre Blackleaf Wildlife Management Area. The purchase and management of this property would protect year-round grizzly bear habitat, as well as winter range for elk and mule deer. Upon further review of the budget amendment, staff concluded that additional services, additional habitat, were provided according to 17-7-403, (1) (a), MCA.

Finally, LFD expenditure staff have met and clarified staffing requirements for consistency in reviewing budget amendments. New staff will be provided training on statutory requirements as part of orientation. In addition, staff responsible for summarizing budget amendment activity will also review the amendments for consistency between staff in regards to areas of review and comment.