



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: June 12, 2009
TO: Legislative Finance Committee
FROM: Taryn Purdy
RE: Operating Plan Changes and Program Transfers

Sections 17-7-138 and 17-7-139, MCA, require that cumulative operating budget changes (in any budget category) and program transfers of \$25,000 and 25 percent or \$1,000,000¹ must be brought before the Legislative Finance Committee (LFC) prior to implementation, unless of a time sensitive nature. The Office of Budget and Program Planning has 6 operating plan changes and 2 program transfers that meet these criteria. The attached memoranda from OBPP explains the changes.

LFD staff has reviewed the proposed changes and raise no concerns.

¹ Legislation passed by the 2009 Legislature raises this threshold to \$75,000 and 25 percent for all changes after the effective date of the bill, which was April 14, 2009.

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

RECEIVED
JUN 10 2009
LEGISLATIVE
FISCAL ANALYST

BRIAN SCHWEITZER
GOVERNOR



CAPITOL BUILDING - P.O. BOX 200802
HELENA, MONTANA 59620-0802

To: Clayton Schenck, Legislative Fiscal Analyst
Legislative Fiscal Division

From: David Ewer, Budget Director
Office of Budget & Program Planning *David Ewer*

Date: June 10, 2009

Subject: LFC Review & Comment on Operating Budget Changes and Program Transfers

In accordance with 17-7-138 and -139, MCA, the Governor's Office of Budget and Program Planning is submitting six additional operating plan changes and two program transfers that will exceed \$75,000 and 25% of a budget category for review and comment at the June Legislative Finance Committee meeting.

- The **Supreme Court** is requesting \$267,546 be transferred from the equipment expenditure category (63000) to the operating expenditure category (62000) for the Law Library. During a FY 2008 review of Law Library assets it was discovered that purchases recorded as capital asset expenditures did not meet the definition of capital assets but should have been recorded as operating or repair and maintenance expenditures. [050 OP117]
- The **Historical Society** is requesting that \$40,000 be transferred from the Research and Education Program to the Museum Program. The excess authority is being generated by vacant positions. The need for authority is due to the Museum Program starting FY 2009 improperly funded in certain positions and a negative appropriation in the operating category. [345 PT023]
- The **Department of Transportation**, Aeronautics Division, is requesting that \$713,200 be transferred from Operating Expenses (62000) to Capital Outlay (64000) in order to capitalize the fence installed at the West Yellowstone Airport. This will accommodate proper accounting practices. [475 OP108]
- The **Department of Transportation**, Rail, Transit and Planning Division, is requesting that spending authority be transferred from the Local Assistance (65000) and Grants (66000) expenditure categories in the amounts of \$407,684 and \$1,242,316 respectively. This authority would be transferred to the Equipment category (63000) in the amount of \$150,000 and the Transfers category (68000) in the amount of \$1,500,000. The change in Equipment (63000) is due to projected expenditures for a Rollover Simulation trailer. The change in Local Assistance (65000) is due to a change in accounting treatment for DUI reinstatement fees paid to counties. It was determined that these payments should be Grants rather than Local Assistance. The change in Transfers (68000) is due to a change in the accounting treatment of money sent to other state agencies. It was determined that these payments should be Transfers rather than Grants. [480 OP107]
- The **Department of Administration**, Information Technology Bureau, requests that \$599,233 be transferred from the Grants expenditure category (66000) to the Transfers expenditure category (68000). As stated in previous transfers, based on the new accounting policies in MOM chapter 2 sections 1100 and 5000, authority needs to be moved from Grants to Transfers for the amount of authority transferred between state agencies to prevent duplicate recording of revenue and expenditures in the CAFR. [605 OP702]
- The **Department of Agriculture**, Ag Development Division, requests that \$836,000 be transferred from the Grants expenditure category (66000) to the Transfers expenditure category (68000). As

stated in previous transfers, based on the new accounting policies in MOM chapter 2 sections 1100 and 5000, authority needs to be moved from Grants to Transfers for the amount of authority transferred between state agencies to prevent duplicate recording of revenue and expenditures in the CAFR. [675 OP644]

- The **Department of Agriculture**, Ag Sciences Division, requests that \$625,087 be transferred from the Grants expenditure category (66000) to the Transfers expenditure category (68000). As stated in previous transfers, based on the new accounting policies in MOM chapter 2 sections 1100 and 5000, authority needs to be moved from Grants to Transfers for the amount of authority transferred between state agencies to prevent duplicate recording of revenue and expenditures in the CAFR. [680 OP645]
- The **Department of Revenue** requests that \$775,000 be transferred from the Property Assessment Division to the Business Income Tax Division. This is required to align the budget with actual operating expenditures in the Business & Income Taxes Division and to cover department personal services costs in the Property Assessment Division. Operating budget is available in the Business and Income Taxes Division due to the general allocation of the final amendment made to the department's budget in the 2007 legislative session. [580 PT188]

We have reviewed these requests and find them to be in compliance with state and federal laws and policies. The transaction documents are available for you and your staff in our guest directory. Please let us know if you have questions or wish additional information.

CC: Taryn Purdy
Becky Buska
John Huth
Denise King
Pat McNamee
Kathy Seacat
Loraine Wodnick

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JUN 2 2009

LEGISLATIVE
FISCAL ANALYST

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

BRIAN SCHWEITZER
GOVERNOR



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HELENA, MONTANA 59620-0802

To: Clayton Schenck, Legislative Fiscal Analyst
Legislative Fiscal Division

From: David Ewer, Budget Director
Office of Budget & Program Planning

A handwritten signature in black ink that reads "David Ewer for T. Ewer".

Date: June 1, 2009

Subject: LFC Review & Comment on Operating Budget Changes and Program Transfers

In accordance with 17-7-138 and -139, MCA, the Governor's Office of Budget and Program Planning is submitting two FY 2009 operating plan changes that will exceed \$25,000 and 25% of a budget category for review and comment at the June Legislative Finance Committee meeting.

- The **Department of Military Affairs** requests to transfer \$50,000 to the personal services (61000) and \$50,000 to the operating (62000) expenditure categories from the equipment (63000) category in the Veterans' Affairs Division. The division has grown with the current amount of returning veterans. Veteran Service Officers are working overtime to catch up with the heavy demand of veterans claim work and needed operations funds to pay for increased spending in all areas of operations. The \$100,000 of authority was for a Mobile Veteran Service Van they were going to purchase but have delayed buying it at this time.
- The **Department of Military Affairs** requests to transfer \$31,811 from personal services (61000) expenditure category to operating (62000) expenditure category in the Montana Youth Challenge Program. When the program was established the plan was to hire two instructors (teachers) [State Employees]. As the program evolved, the decision was made to contract with Helena School District for the two instructors (teachers).

We have reviewed the requests and find them to be in compliance with state and federal laws and policies. The transaction documents are available for you and your staff in our guest directory. Please let us know if you have questions or wish additional information.

CC: Taryn Purdy
Karen Revious