



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: September 26, 2007
TO: Legislative Finance Committee
FROM: Taryn Purdy
RE: Operating Plan Changes of a Time Sensitive Nature

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 \$1,000,000 must be brought before the Legislative Finance Committee (LFC) prior to implementation, unless of a time sensitive nature. Since the last meeting of the LFC, the Office of Budget and Program Planning approved as time sensitive 11 operating plan changes and 3 program transfers. The attached memorandum from OBPP explains the change.

LFD staff has reviewed the proposed changes and does not raise any issues.

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To: Clayton Schenck, Legislative Fiscal Analyst
Legislative Fiscal Division

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

Date: September 21, 2007

Subject: **OBPP Report on Time Sensitive Transactions Approved**

In accordance with 17-7-138 and –139, MCA, the Governor's Office of Budget and Program Planning is reporting that twelve operating budget changes and three program transfers that exceeded \$25,000 and 25% or \$1 million of a budget category have been approved since the last meeting of the Legislative Finance Committee. The transactions described below were all processed for FY 2008 and the documents are available for your staff to review on our guest directory.

Under 17-7-138, MCA.

- The **Department of Public Health and Human Services** had a request to move \$36,700 of budget authority from Operating to Debt Service. This BCD adjusts funding in AMDD programs to provide adequate funding to make the debt service payments. These funds were originally appropriated for supplies and materials (BCD 69010 900 OP348).
- The **Department of Corrections** had a request to move \$108,354 in Debt Service budget authority to the Operating category. Request was made to move a negative allocation to be off set in a different account and result in all positive allocations. This was due to an entire 12 month allocation for a lease being placed in another subclass (700H1) while the lease obligation was for 6 months and a negative allocation being placed in this subclass(700H4) (BCD 64010 700 OP450).
- The **Department of Justice** requested that \$29,994 be transferred from Debt Service to Operating to cover anticipated expenses at fiscal year end. The available funding was due to lower than anticipated lease payments for equipment at the Forensic Lab (BCD 41100 225 OP479).
- The **Department of Corrections** requested that \$223,067 be transferred from Operating and \$2,075,823 to be transferred from Benefits and Claims to Transfers. Since the 2003 Legislative Session, the Department of Corrections has had to send the balance of the Juvenile Probation Placement funds to the Office of Court Administrator. This budget move will allow the department to transfer the funds in the correct account (BCD 64010 701 OP555).
- The **Department of Transportation** had a request to transfer \$360,000 from Operating to Equipment. Items that used to fall into Operating expenditures have now increased in price making them capital purchases that fall into the Equipment and Intangible Assets category (BCD 54010 455 OP051).
- The **Department of Justice** requested that \$120,267 be transferred from Personal Services, \$7,815 from Equipment and \$105,320 from Debt Service to the Operating budget category. The Motor Vehicle Division experienced unanticipated expenses in the Operations budget category. This change allowed the division to keep within the boundaries of current level budget vs actual fiscal reporting (BCD 41100 185 OP484).

- The **Department of Justice** requested that \$57,097 be moved from Debt Service to Equipment to facilitate the purchase of a precision microscope. The Forensic Science Lab decided to purchase with budget authority that was not needed for lease payments (BCD 41100 225 OP488).
- The **Department of Transportation** requested that \$1,950,000 of gas tax spending authority in the Operating category be reallocated to Equipment (\$330,000), Capital Outlay (\$220,000), Local Assistance (\$500,000) and Grants (\$900,000). This transfer was to cover expenditures in each of those categories mainly due to new grants received throughout the year (BCD 54010 450 OP056).
- The **Department of Transportation** requested that \$2,500,000 be transferred from Operating to Grants. This was a result of overruns in 1st level budget authority due to increased Transit grants and urban planning requirements related to the passage of SAFETEA-LU and to accommodate a change in the agency's accrual policy (54010 480 OP082).
- The Judicial Branch request that \$445,000 be transferred from Personal Services to Operating to cover costs incurred throughout the year. The excess in Personal Services was due to vacancy savings (BCD 21100 055 HA082).
- The **Office of Public Instruction** requested that \$1,500,000 be transferred from Grants to Local Assistance. This was done to correct an error made when the budget was established (BCD 35010 160 OP982).

Under 17-7-139, MCA.

- The **Board of Public Education** requested that \$15,000 be transferred from the Advisory Council Program to the Administration Program as provided in statute (BCD's 51010 240/235 PT001.1).
- The **Department of Livestock** request that \$138,000 be transferred from the Animal Health Program to the Diagnostic Lab. State special authority existed in Animal Health Division because usage of federal funds. Operational costs have significantly increased at the lab particularly in the cost of lab supplies and materials and increased testing (BCD 490/495 PT004).
- The Department of Commerce requested that \$330,000 in each year of the 2008 biennium be transferred from the Community Development Division to the new Energy Infrastructure Promotion and Development Division created by Governor Schweitzer (BCD 727/730 PT003).

We have reviewed the requests and found them to be in compliance with state and federal laws and policies, as well as allowing your staff to review the transactions, prior to processing. The Legislative Fiscal Division staff raised no issues with the transactions. Please let us know if you have questions or wish additional information.

CC: Taryn Purdy