ADMINISTRATION MODULE

The 2040 MARA model will be broken into "modules". The modules reflect different aspects of the revenues and expenditures of state government, local government, and school districts. The diagram below shows the revenue components in green and the expenditure components in blue. Personal service and general expenditures are part of the administration module.

Data Driven

All modules will rely on a consistent set of data used to keep the model assumptions consistent through all modules. Examples are econometric data from IHS Markit, Regional Economic Models, Inc (REMI), and others.

State and Local Government Personal Services and General Expenditures

The personal services module will include the following:

- Wage growth
- Population of the state and automation of workforce
- Past 20 years of expenditures by fiscal year
- Reach out to stakeholders: State Administration and Veterans' Affairs Interim Committee (SAVA), Section A Interim Budget Committee, League of Cities and Towns, Montana Association of Counties
- Develop a small group of experts for sounding board

Analysis: evaluate the data with ideas from stakeholders and experts, consider how to incorporate changes into the module.

State & Local Buildings Infrastructure Module

The State & Local Building module will include state and local government-owned buildings, including those owned by the Montana University System and K-12 public schools throughout the state.

The State & Local Buildings Infrastructure module process will begin with the following tasks:

- Gather these data:
  - Past 20 years of State & Local Infrastructure revenues, expenditures by fiscal year
  - Building inventories by ownership
  - Current replacement values
  - State and local planning documents
  - Construction inflation projections
- Reach out to stakeholders: Montana League of Cities and Towns, Montana Association of Counties, Montana Infrastructure Coalition, School Administrators of Montana, Montana School Boards Association, Governor's Office of Budget and Program Planning, Montana Department of Administration/Architecture & Engineering Division, Montana University System, the Office of Public Instruction, and Local Government, State Administration, and Education Interim Committees
- Develop a small group of experts for sounding board

Pension Potential Scenarios

The pension system benefit expenditures are formula driven. In a given year, cost = salaries multiplied by employer contribution rate.
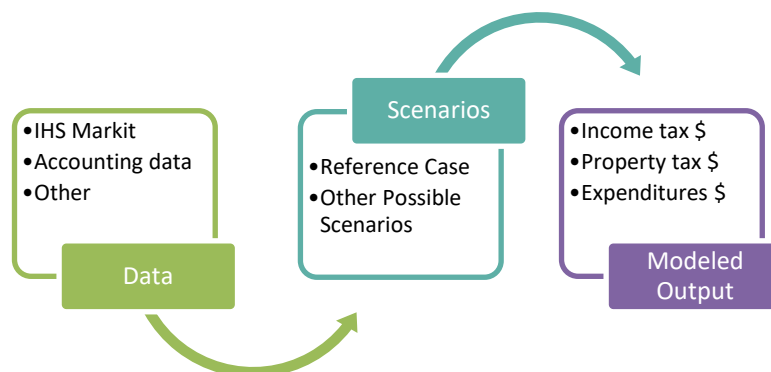
Scenarios are expected to show 1% and 2% employer contribution rate increases
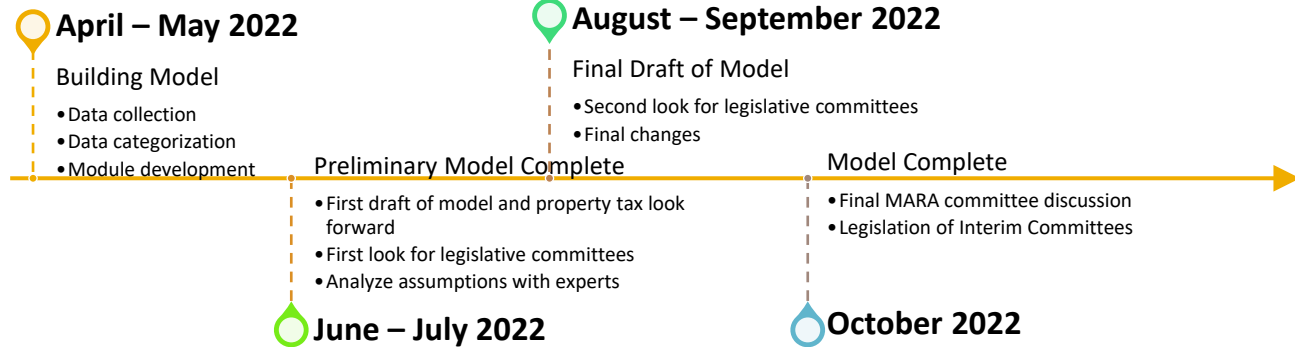
Pensions Module Process

The pension module process will begin with the following tasks:

- Gather actuarial evaluations
- Reach out to stakeholders: Public Employees' Retirement Systems, Teachers' Retirement System, Governor's Office of Budget and Program Planning, Department of Justice, State Administration and Veterans' Affairs Interim Committee, Section A Interim Budget Committee, Legislative Finance Committee
- Develop a small group of experts for sounding board

The graphic depicts the flow of information into the model, the pension specific scenarios, and the modeled outputs.

Timeline for Completion

April – May 2022

Building Model
- Data collection
- Data categorization
- Module development

Preliminary Model Complete
- First draft of model and property tax look forward
- First look for legislative committees
- Analyze assumptions with experts

June – July 2022

August – September 2022

Final Draft of Model
- Second look for legislative committees
- Final changes

Model Complete
- Final MARA committee discussion
- Legislation of Interim Committees

October 2022

The first draft of the model will be available in June. Additional legislator, stakeholder, and expert feedback will be sought during the summer months for suggested improvements to the model. The final version of the model is expected in early September. If you have questions about the modules or final model, or would like to provide feedback, please contact Susie Lindsay at slindsay@mt.gov.