



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: December 9, 2020
TO: Legislative Finance Committee
FROM: Kris Wilkinson, Lead Fiscal Analyst
RE: Budget Amendments and Operating Plan Changes

BUDGET AMENDMENTS

As of November 30, 2020, the Legislative Finance Division received notification of 73 budget amendments impacting the 2021 biennia and certified by the Governor since September 1.

These amendments increase federal revenue authority by \$194.5 million, and proprietary fund authority \$0.1 million, for an increase in total authority of \$194.6 million in FY 2021. An additional 23.31 FTE in FY 2021 in modified positions have also been added. Modified FTE are valid for the fiscal year but do not become permanent FTE in agency base budgets. One amendment transfers existing authority between expenditure categories or between organizational units and three extend previously approved amendment authority. Figure 1 summarizes the budget amendments certified by the Governor from the period September 1, 2020 through November 30, 2020.

Figure 1

Budget Amendment Summary (since last LFC meeting)		
Component	FY 2020	FY 2021
Number of Amendments	0	73
FTE Added	0.00	23.31
State Special Revenue	\$0	\$0
Federal Revenue	0	194,508,183
Proprietary Fund	0	115,000
Total Revenue	\$0	\$194,623,183

Each amendment, along with a brief explanation, is summarized in Appendix C. Staff has reviewed the amendments and has raised no concerns with any amendment meeting statutory criteria.

Figure 2 summarizes the budget amendments that were certified for the 2021 biennia. The various approving authorities have added a total of \$574.8 million in the 2021 biennium.

Figure 2

Budget Amendment Cumulative Summary 2021 Biennia*				
LFC Meeting 2021 Biennium	Number of Amendments	FY 2020	FY 2021	2021 Biennium Total
August 30, 2019	38	\$11,963,700	\$0	\$11,963,700
November 30, 2019	78	62,226,969	11,109,447	73,336,416
May 31, 2020	82	127,427,835	17,137,197	144,565,032
August 31, 2020	94	40,483,656	109,799,281	150,282,937
November 30, 2020	73	0	194,623,183	194,623,183
April 30, 2021	0	0	0	0
August 30, 2021	0	0	0	0
Total	365	\$242,102,160	\$332,669,108	\$574,771,268

* Includes formula corrections to previous reports

Figure 3 reflects the additional budget authority provided to each agency through the budget amendment process in FY 2021 compared to the HB 2 budget approved by the 2019 Legislature.

Figure 3

Budget Amendment Authority Comparison with HB 2 Total Funds By State Agency				
State Agency	FY 2021 Budget HB 2	Budget Amendment	% of Modified Budget	
Department of Agriculture	\$18,794,185	\$3,336,301	17.75%	
Department of Commerce	32,227,895	1,833,390	5.69%	
Department of Corrections	228,394,722	1,628,819	0.71%	
Department of Environmental Quality	67,426,264	1,578,367	2.34%	
Department of Fish, Wildlife, and Parks	97,524,401	8,666,818	8.89%	
Department of Justice	110,639,529	1,659,132	1.50%	
Department of Labor and Industry	86,562,834	52,440,765	60.58%	
Department of Livestock	13,545,742	400,307	2.96%	
Department of Natural Resources and Conservation	75,246,459	9,550,959	12.69%	
Department of Public Health and Human Services	2,200,577,617	152,326,356	6.92%	
Department of Transportation	688,013,223	90,887,258	13.21%	
Judicial Branch	54,266,172	599,999	1.11%	
Montana Arts Council	1,494,974	130,981	8.76%	
Montana State Library	5,440,814	736,413	13.53%	
Montana Historical Society	5,409,965	991,607	18.33%	
Office of Public Instruction	1,034,545,472	3,952,228	0.38%	
Public Service Commission	4,367,170	12,361	0.28%	
Secretary of State		0	1,937,047	0.00%
Total	\$4,724,477,438	\$332,669,108	7.04%	

OPERATING PLAN CHANGES AND PROGRAM TRANSFERS

The Office of Budget and Program Planning (OBPP) submitted a total of 10 operating plan changes and program transfers that met statutory criteria for LFC review and comment between September 11, 2020 and December 7, 2020. Staff have reviewed the amendments and have

raised concerns with a budget change request (PT 746) from the Department of Public Health and Human Services (DPHHS). DPHHS has transferred \$7.5 million in general fund appropriation authority from the Health Resources Division to the Director's Office (processed December 4, 2020). Appropriations established for traditional Medicaid (hospital services of \$3.5 million and \$4.0 million of acute services and pharmacy) were included in the transfer. The funds are to be used to establish an increased payment of up to 200.0% of the Medicaid daily rate for COVID-19 isolated or quarantined patients. The increased rate would be available to nursing homes, assisted living centers, group homes for mental health and developmentally disabled and entities that provide for inpatient substance use disorders, and congregate settings. The LFC Medicaid Monitoring Report indicates a DPHHS-projected surplus of \$7.0 million general fund at the end of FY 2021 before this program transfer was processed.

Under 17-7-139, MCA any transfer that involves a significant change in agency or program scope, objectives, activities, or expenditures must be submitted to the Legislative Fiscal Analyst for review and comment by the Legislative Finance Committee prior to implementation of the change. The Legislative Fiscal Division staff have determined that the establishment of a new provider rate under Medicaid is a significant change in program scope that should be reviewed by the Legislative Fiscal Division.

A summary of the changes from OBPP can be found in Appendix D.