

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 61010 Administration

TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET

Minimum Requirement

General Fund	State Special Revenue Fund
\$ 249,799	\$ 239,787

SERVICE(S) TO BE ELIMINATED OR REDUCED

- 1 Director's Office
- 2 SFSD
- 3 ITSD
- 4 SHRD
- 5 MTAB
- 6 Banking
- 7
- 8

General Fund Annual Savings	State Special Revenue Annual Savings
20,298	
134,434	8,675
9,927	22,296
83,528	
1,611	
	208,816
\$ 249,798	\$ 239,787
	1
	0

TOTAL SAVINGS

DIFFERENCE

5% Base Budget Reduction Form

Director's Office Target \$ 20,298.00

**AGENCY CODE & NAME: 6101 Department of Administration
Program 1 - Director's Office**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
Reduce the Internal Auditor position that is funded in the General Fund from .50 FTE to approximately 0.25 FTE.
- #2 THE SAVINGS THAT ARE EXPECTED:**
A reduction from a half-time General Fund position to a 0.25 time position would generate a \$20,298 savings in each fiscal year.
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
The Internal Auditor position is located in the Directors Office of Finance and Budget. The position is responsible for subrecipient monitoring of the Federal Forest Reserve Program. The position does internal audits in many areas including Procurement card transactions, expense vouchers, payroll, and business processes that have been scored high in Division risk assessments. The position helps coordinate Legislative Audits including, working with auditors and monitoring and updating corrective action plans (CAPs).
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
The Department will have to look to other financial staff to help support internal audit functions.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**
Yes, 2 CFR 200 Uniform Grant Guidance

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SFSD GF Target	\$ 134,434.00
SFSD 02 fund Target	\$ 8,675.00

**AGENCY CODE & NAME: 6101 Department of Administration
Program 3 - State Financial Services Division**

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:
Both General Fund and State Procurement State Special Revenue Fund would fund some of their expenses with other funding sources (08 and 06 funds).

#2 THE SAVINGS THAT ARE EXPECTED:
Estimated annual costs savings is **\$134,434** for the General Fund, and **\$8,675** for the State Special Revenue Fund.

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:
Local Government Service system updates may need to be postponed.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:
Impact to constituents and staff would be minimal.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:
No.

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SITSD GF Target	\$ 9,927.00
STISD 02 fund Target	\$ 22,296.00

**AGENCY CODE & NAME: 6101 Department of Administration
Program 7 - State Information Technology Services Division**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
SITSD will decrease WAN circuit upgrades for the bienium to meet the SSR reduction and eliminate office rent costs to meet the GF target
- #2 THE SAVINGS THAT ARE EXPECTED:**
General Fund: \$9,927 and \$22,296 SSR
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
Minimal consequence. WAN circuit upgrades will be delayed and rent costs are currently expected to be reduced for the 23 biennium.
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
No major impact to constituents.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**
NO

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SHRD Target

\$ 83,528.00

**AGENCY CODE & NAME: 6101 Department of Administration
Program 23 - State Human Resources Division**

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Reduction in: a) the number of position classifications, b) policy and rule updates, c) salary market analysis, and d) service to agencies in support of appeals, grievances and disciplinary matters, and recruitment and selection processes.

#2 THE SAVINGS THAT ARE EXPECTED:

1.00 FTE or approximately 5% of general fund budget.

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Slower response to agency requests for classifications; outdated policies or rules not in compliance with state and federal regulations; delayed agency representation during appeals; loss of qualified applicants during recruitment and selection of vacancies; duplication of services at agency level.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

Classification services could be replaced by consultants but at a higher cost; agencies may need to redesign work processes to accommodate the lack of support from the Department of Administration.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes

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MTAB Target

\$ 1,611.00

**AGENCY CODE & NAME: 6101 Department of Administration
Program 37 - Montana Tax Appeal Board**

- #1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:**
Reduce expenditures in two categories: 62200 supplies reduced by \$1,000, and 62300 communications reduced by \$650.
- #2 THE SAVINGS THAT ARE EXPECTED:**
Savings would be \$1,650 per year.
- #3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:**
Consequences are minimal. These are two of only several areas where the Board has any discretionary spending.
- #4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:**
Minimal impact on customers or staff is likely to result.
- #5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:**
Yes, the work of MTAB is mandated in Article VIII, Section 7 of the Montana Constitution.

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Banking Division Target

\$ 208,816.00

AGENCY CODE & NAME: 6101 Department of Administration Program 14 - Division of Banking & Financial Institutions

#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Eliminate \$189,816 from Personal Services Budget. This would be approximately two positions.
Eliminate \$19,000 from the Operating Budget.

#2 THE SAVINGS THAT ARE EXPECTED:

For the 5% reduction, personal services is reduced by \$189,816 and operating is reduced by \$19,000 in FY 2022 and FY 2023.

#3

THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Loss of personal services funding would create an extreme hardship on the Division. All positions are filled which means the Division would have to RIF two trained examiners. Not only would this cause a significant loss in expertise, the Division spends significant amounts of money training examiners and losing two trained examiners would cost the Division significant additional money later in order to try to replace this knowledge. Failure to have enough trained and qualified examiners could result in an inability to examine all state-chartered banks and credit unions on the statutorily required basis. This loss in positions could also jeopardize the Division's ability to maintain its bank and mortgage accreditation. Examinations are critical to maintaining the safety and soundness of Montana's financial institutions, particularly in times like these where economic challenges lead to more loans being past due and more risk in the financial services system. Without adequate supervision, constituents could experience increased risk at local lending institutions and changes in local bank services. The loss of this funding would also create a greater strain on remaining examination staff resulting in increased overtime and travel which would result in higher fees charged to licensees and ultimately leads to greater turnover due to burnout in experienced examiners.

Reduction in operating expenses will have the greatest impact on examiner travel. The reduction in travel for certain training opportunities impacts examiners ability to sustain knowledge of federal laws and also the specific state laws relative to licensing and regulation of financial institutions. It would also limit the Division's ability to participate in regulator roundtable discussions regarding industry trends and emerging issues in the regulatory landscape.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

There are no mitigation options that can compensate for the loss of a trained examiner. The Division is continuously working on an electronic examination format that will reduce the number of examiners that are required to be onsite during an examination.

The knowledge gained by division examiners from attending training opportunities enhances the division's ability in responding to inquiries from the general public and regulated financial institutions. The impact on division staff may be mitigated by participation in online training tools and regulatory conference calls. Division examiners would continue to attend trainings necessary to complete essentials tasks as well as to attain certifications required under accreditation with the Conference of State Bank Supervisors.

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes - 32-1-211, MCA and 32-3-203, MCA