



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: April 24, 2017

TO: Legislative Finance Committee

FROM: Legislative Fiscal Division Staff

RE: 2021 Biennium Budget Development and Statutory True up Discussion

The Legislative Fiscal Division (LFD) has been working with the Office of Budget and Program Planning (OBPP) (as per statute) to develop the details of the budget development process to be used in the 2021 session. The LFD held a discussion with the OBPP and the LFC management advisory workgroup to address the details of the development of the 2021 budget, as well as, true up some statutory processes. The individual items and the status of discussions are listed in those two categories below.

2021 Biennium Budget Development		
Item		
Process for developing the base budget if the "rewind" in Section 5 of SB 9 from special session occurs.	The LFD assumes that OBPP will make the changes to the base in SABHRS prior to loading IBARS such that the base would be SS HB 2, plus SB 9 increases to appropriations without appropriation reductions for fiscal transfers.	The OBPP contended that the rewind should be considered OTO and not in the Base. A resolution has not been reached and a decision will not be made until June. Conversely, the LFD has agreed to minor base adjustments to align the intention of the Governor's reductions with the special session actions.
Develop terminology and process for developing a budget for replacement of expanded Medicaid under HELP Act that sunsets.	Communication and terminology could be confusing to the legislature regarding this sunset program if a clear process is not understood by the LFD and OBPP.	OBPP is responsible for the fiscal note regarding the associated voter initiative. The LFD will make as clear as possible in documents and presentations.
How will the replacement for zero base budgeting be implemented.	The LFD assumes that the agencies will work with OBPP and LFD to develop spreadsheets that clearly articulate the budget from zero. LFD assumes that this will not occur in IBARS.	Full budget explanations will be shown in spreadsheets outside of IBARS.

Statutory True Up and Related Items			
Suggestion	Statute	Initial LFD Comment	Result of Conversation
Develop a process that will ensure that the beginning and ending fund balances are correct in IBARS for all funds.	MCA 17-7-111(3)(a)&(b)	Statue requires a balanced and accurate plan for each fund. In the past this plan has not been contained in IBARS and the accuracy of these calculations has not been reliable.	Both a timing issue and a technical issue were identified as partial fixes that OBPP can implement to fix much of this. LFD will still have to monitor for issues such as agency entered fund revenue estimates.
Use IBARS to calculate and submit pay plan in IBARS columns	MCA 17-7-111	Statue requires that play plan calculations are provided by agency by program by fund. Currently this information is provided in a spreadsheet with much less detail than contemplated in statute.	OBPP plans to continue to use their current spreadsheet process for pay plans. The LFD will research the flexibility of IBARS for future use.
Submit the budget at second level detail for all agencies.	MCA 17-7-111	Statute requires that a budget be submitted at a minimum of second level detail. Last budget submission an agreement was reached to allow agencies to submit at first or second level in order to simplify agency transition to standard budgets.	The OBPP will submit at second level and have implemented in the instructions to agencies.
Submit 5% plans in IBARS	MCA 17-7-111	The LFD has entered the 5% plans in IBARS with limited information and ability to make these plans accurate to agency intent. Submission by the agencies in IBARS will improve the agency communication with the legislature regarding the suggested 5% plans.	OBPP plans to continue their current process with the 5% plans. These comply with statute, but are not in IBARS. The LFD will load in to IBARS as time permits.
Submit preliminary revenue estimate for funding the present law base in IBARS on November 1.	MCA 17-7-111(6)	The OBPP has not traditionally submitted revenues to fund the present law base budget on November 1st.	The OBPP will continue as in the past. The discussion lead towards changing statute to adjust the date, rather than compliance with existing statute that does not work well with business processes.