

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	159.71	156.51	0.00	0.00	156.51	0.00	0.00	0.00
Personal Services	13,209,843	12,400,046	0	12,400,046	12,555,612	0	12,555,612	0
Operating Expenses	16,777,196	16,393,918	(1,065,376)	15,328,542	16,502,506	(1,082,083)	15,420,423	(2,147,459)
Equipment & Intangible Assets	524,323	492,761	0	492,761	492,762	0	492,762	0
Local Assistance	788,203,873	781,236,226	(2,811,579)	778,424,647	813,697,491	(2,811,579)	810,885,912	(5,623,158)
Grants	150,502,551	151,498,676	0	151,498,676	152,498,676	0	152,498,676	0
Transfers	2,508,340	2,504,177	0	2,504,177	2,504,177	0	2,504,177	0
Total Costs	\$971,726,126	\$964,525,804	(\$3,876,955)	\$960,648,849	\$998,251,224	(\$3,893,662)	\$994,357,562	(\$7,770,617)
General Fund	792,940,503	785,108,570	(3,876,955)	781,231,615	817,744,334	(3,893,662)	813,850,672	(7,770,617)
State/other Special Rev. Funds	9,663,277	9,543,302	0	9,543,302	9,544,849	0	9,544,849	0
Federal Spec. Rev. Funds	169,122,346	169,873,932	0	169,873,932	170,962,041	0	170,962,041	0
Total Funds	\$971,726,126	\$964,525,804	(\$3,876,955)	\$960,648,849	\$998,251,224	(\$3,893,662)	\$994,357,562	(\$7,770,617)
Total Ongoing	\$970,792,318	\$963,643,304	(\$3,876,955)	\$959,766,349	\$997,338,724	(\$3,893,662)	\$993,445,062	(\$7,770,617)
Total OTO	\$933,808	\$882,500	\$0	\$882,500	\$912,500	\$0	\$912,500	\$0

Summary of Proposed Spending Reductions

17-7-140, MCA, indicates that the Office of Public Instruction may only be reduced by the average of the reduction of other executive branch agencies, which is 9.57% from the HB 2/SB 261 level. There are proposed reductions of 9.57% in both the funds to operate the Office of Public Instruction (Program 6) and the funds to be distributed to local school districts (Program 9). However, BASE aid and special education funds directed to local school districts are exempt from the proposed reductions. If these exemptions are taken into consideration the overall general fund budget change is a 0.5% reduction.

In Program 6 these reductions total \$2,147,459 and are proposed to occur in operating expenses within the Superintendent's Office. Specifics of the reductions are at the discretion of the superintendent and have not been announced. In Program 9 these reductions total \$5,623,158 and are proposed to be reduced in the combined block grants, which is entirely local assistance for school districts.

For additional information on the proposed reductions see the program narratives that follow.

Legal Issues

There is a concern that the expenditure reduction in Program 9 may conflict with 20-9-630, MCA which outlines the calculation for the block grants. For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, date September 29 2017, and attached as Appendix B.

Cost Shifts

None identified at this time.

Impacts to Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 601 - 17-7-140 Reduction Program 06	0.00	(1,065,376)	0	0	(1,065,376)	0.00	(1,082,083)	0	0	(1,082,083)
Total	0.00	(\$1,065,376)	\$0	\$0	(\$1,065,376)	0.00	(\$1,082,083)	\$0	\$0	(\$1,082,083)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 601 - 17-7-140 Reduction Program 06 -

In accordance with 17-7-140, MCA, this agency may only be reduced by the average of the reduction of other executive branch agencies. Therefore, the general fund appropriations in Program 06 - State Level Activities will be reduced by 9.571%, or \$1,065,376 in FY 2018 and \$1,082,082 in FY 2019. The determination regarding specific reductions will be made at the discretion of the agency head.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 901 - 17-7-140 Reduction Program 09	0.00	(2,811,579)	0	0	(2,811,579)	0.00	(2,811,579)	0	0	(2,811,579)
Total	0.00	(\$2,811,579)	\$0	\$0	(\$2,811,579)	0.00	(\$2,811,579)	\$0	\$0	(\$2,811,579)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 901 - 17-7-140 Reduction Program 09 -

In accordance with 17-7-140, MCA, this agency may only be reduced by the average of the reduction of other executive branch agencies. Therefore, the general fund appropriations in Program 09 - Local Education Activities will be reduced by 9.571%, or \$2,811,579 in FY 2018 and \$2,811,579 in FY 2019. The determination regarding specific reductions will be made at the discretion of the agency head.

LFD COMMENT

Currently this proposed reduction is applied against the combined block grants for local school districts, which may conflict with 20-9-630, MCA. For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, date September 29 2017, and attached as Appendix B.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	3.00	3.00	0.00	0.00	3.00	0.00	0.00	0.00
Personal Services	235,486	244,348	0	244,348	245,949	0	245,949	0
Operating Expenses	120,485	131,432	(15,689)	115,743	116,066	(14,211)	101,855	(29,900)
Debt Service	1,782	0	0	0	0	0	0	0
Total Costs	\$357,753	\$375,780	(\$15,689)	\$360,091	\$362,015	(\$14,211)	\$347,804	(\$29,900)
General Fund	178,546	156,922	(15,689)	141,233	142,108	(14,211)	127,897	(29,900)
State/other Special Rev. Funds	179,207	218,858	0	218,858	219,907	0	219,907	0
Total Funds	\$357,753	\$375,780	(\$15,689)	\$360,091	\$362,015	(\$14,211)	\$347,804	(\$29,900)
Total Ongoing	\$327,753	\$345,780	(\$15,689)	\$330,091	\$332,015	(\$14,211)	\$317,804	(\$29,900)
Total OTO	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$0	\$30,000	\$0

Summary of Proposed Spending Reductions

The executive recommends the general fund expenditures for the Board of Public Education be reduced approximately \$15,700 in FY 2018 and \$14,200 in FY 2019, which is 10% below the HB 2/SB 294 level. 100% of the reductions will be taken from operating expenses.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2018 - Budget Reduction	0.00	(15,689)	0	0	(15,689)	0.00	(14,211)	0	0	(14,211)
Total	0.00	(\$15,689)	\$0	\$0	(\$15,689)	0.00	(\$14,211)	\$0	\$0	(\$14,211)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2018 - Budget Reduction -

To accommodate the proposed 10% reduction in general fund the Board of Public Education will be imposing a "no travel to conferences outside of regular board/Council meetings" policy for FY18 and FY19 for staff and Board or Council members. Additionally, it may be necessary to hold up to 2 Board meetings via conference call, and 1 Council meeting via conference call as cost saving measures. The board staff will closely monitor operational costs and office expenditures will be kept to a minimum.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	89.90	89.90	0.00	0.00	89.90	0.00	0.00	0.00
Personal Services	7,380,315	6,837,837	(74,464)	6,763,373	6,892,265	(75,190)	6,817,075	(149,654)
Operating Expenses	7,911,454	7,945,005	(231,034)	7,713,971	7,899,204	(233,034)	7,666,170	(464,068)
Equipment & Intangible Assets	21,315	21,315	(10,588)	10,727	21,315	(10,682)	10,633	(21,270)
Local Assistance	13,390,768	12,972,606	(388,141)	12,584,465	13,014,844	(389,134)	12,625,710	(777,275)
Grants	14,141,466	15,774,113	(1,822,964)	13,951,149	15,929,789	(1,825,698)	14,104,091	(3,648,662)
Benefits & Claims	48,825,537	48,825,537	0	48,825,537	48,825,537	0	48,825,537	0
Transfers	226,601,205	224,469,723	(18,829,421)	205,640,302	223,067,772	(18,919,723)	204,148,049	(37,749,144)
Debt Service	12,682	12,682	0	12,682	12,682	0	12,682	0
Total Costs	\$318,284,742	\$316,858,818	(\$21,356,612)	\$295,502,206	\$315,663,408	(\$21,453,461)	\$294,209,947	(\$42,810,073)
General Fund	231,445,894	225,134,895	(21,356,612)	203,778,283	224,146,998	(21,453,461)	202,693,537	(42,810,073)
State/other Special Rev. Funds	20,913,880	22,022,324	0	22,022,324	21,792,185	0	21,792,185	0
Federal Spec. Rev. Funds	65,383,403	69,170,183	0	69,170,183	69,189,888	0	69,189,888	0
Other	541,565	531,416	0	531,416	534,337	0	534,337	0
Total Funds	\$318,284,742	\$316,858,818	(\$21,356,612)	\$295,502,206	\$315,663,408	(\$21,453,461)	\$294,209,947	(\$42,810,073)
Total Ongoing	\$316,243,474	\$316,403,818	(\$21,356,612)	\$295,047,206	\$315,208,408	(\$21,453,461)	\$293,754,947	(\$42,810,073)
Total OTO	\$2,041,268	\$455,000	\$0	\$455,000	\$455,000	\$0	\$455,000	\$0

Summary of Proposed Spending Reductions

OBPP has proposed general fund expenditure reductions of \$21.4 million for FY 2018 and \$21.5 million for FY 2019 for the Office of the Commissioner of Higher Education (OCHE). By statute, OBPP would apply the average percentage reduced by the executive branch agencies to OCHE. OBPP has calculated this as a 9.571% reduction.

With the exception of Workforce Development, the reduction was applied to all programs that have HB 2 general fund. The reason for no reduction applied to Workforce Development is the minimum maintenance of effort required for the \$5.4 million federal funds for the Carl D. Perkins grant is the entire amount of general fund appropriated for this program.

There are other factors that will impact the current unrestricted budgets for the educational units within OCHE including enrollment, tuition, and six-mill levy. The year-to-date unofficial enrollment for the educational units indicates a decrease in full-time equivalent (FTE) counts. This enrollment figure is below the projections in which budgets were established initially, which could create an additional gap for the Montana University System (MUS) in regards to tuition revenue. The six-mill levy, another major source of MUS funding has experienced lower collection levels than projections, in FY 2017 there was a \$1.0 million shortfall. The MUS is anticipating this shortfall will occur again and would then need to be absorbed by the educational units.

The determination regarding specific reductions will be made at the discretion of the Board of Regents once reduction figures are finalized and the impacts will be defined at that time. Their next scheduled meeting is November 16 & 17, 2017.

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(297,389)	0	0	(297,389)	0.00	(300,037)	0	0	(300,037)
Total	0.00	(\$297,389)	\$0	\$0	(\$297,389)	0.00	(\$300,037)	\$0	\$0	(\$300,037)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions totalling \$297,389 in FY 2018 and \$300,037 in FY 2019. OBPP has recommended the reductions apply to personal services in the amount of \$124,890, operating expenses in the amount of \$451,176, and \$21,270 in equipment. The determination regarding specific reductions will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(903,542)	0	0	(903,542)	0.00	(904,130)	0	0	(904,130)
Total	0.00	(\$903,542)	\$0	\$0	(\$903,542)	0.00	(\$904,130)	\$0	\$0	(\$904,130)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to grants totalling \$903,542 in FY 2018 and \$904,130 in FY 2019. The determination regarding specific reductions will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(1,227,369)	0	0	(1,227,369)	0.00	(1,230,508)	0	0	(1,230,508)
Total	0.00	(\$1,227,369)	\$0	\$0	(\$1,227,369)	0.00	(\$1,230,508)	\$0	\$0	(\$1,230,508)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to local assistance totalling \$1.2 million in FY 2018 and FY 2019. The determination regarding specific reductions to each community college will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(12,251)	0	0	(12,251)	0.00	(12,423)	0	0	(12,423)
Total	0.00	(\$12,251)	\$0	\$0	(\$12,251)	0.00	(\$12,423)	\$0	\$0	(\$12,423)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to personal services totalling \$12,251 in FY 2018 and \$12,423 in FY 2019. The determination regarding specific reductions will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(16,223,864)	0	0	(16,223,864)	0.00	(16,301,721)	0	0	(16,301,721)
Total	0.00	(\$16,223,864)	\$0	\$0	(\$16,223,864)	0.00	(\$16,301,721)	\$0	\$0	(\$16,301,721)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to transfers totalling \$16.2 million in FY 2018 and \$16.3 million in FY 2019. The determination regarding specific reductions to each educational unit will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(2,605,557)	0	0	(2,605,557)	0.00	(2,618,002)	0	0	(2,618,002)
Total	0.00	(\$2,605,557)	\$0	\$0	(\$2,605,557)	0.00	(\$2,618,002)	\$0	\$0	(\$2,618,002)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to transfers totalling \$2.6 million in FY 2018 and FY 2019. The determination regarding specific reductions to each agency will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(80,194)	0	0	(80,194)	0.00	(80,194)	0	0	(80,194)
Total	0.00	(\$80,194)	\$0	\$0	(\$80,194)	0.00	(\$80,194)	\$0	\$0	(\$80,194)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to grants totalling \$80,194 in FY 2018 and \$80,194 in FY 2019. The determination regarding specific reductions will be made at the discretion of the Board of Regents.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 51020 - Mandated Budget Reductions	0.00	(6,446)	0	0	(6,446)	0.00	(6,446)	0	0	(6,446)
Total	0.00	(\$6,446)	\$0	\$0	(\$6,446)	0.00	(\$6,446)	\$0	\$0	(\$6,446)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 51020 - Mandated Budget Reductions -

OBPP recommends reductions to operating expenses totalling \$6,446 in FY 2018 and \$6,446 in FY 2019. The determination regarding specific reductions will be made at the discretion of the Board of Regents.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	7.00	7.00	0.00	0.00	7.00	0.00	0.00	0.00
Personal Services	676,577	680,178	(20,000)	660,178	688,414	(19,788)	668,626	(39,788)
Operating Expenses	304,707	339,960	(33,927)	306,033	313,898	(31,948)	281,950	(65,875)
Grants	462,238	462,238	0	462,238	462,238	0	462,238	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$1,443,522	\$1,482,376	(\$53,927)	\$1,428,449	\$1,464,550	(\$51,736)	\$1,412,814	(\$105,663)
General Fund	511,991	539,275	(53,927)	485,348	517,358	(51,736)	465,622	(105,663)
State/other Special Rev. Funds	230,128	234,652	0	234,652	236,542	0	236,542	0
Federal Spec. Rev. Funds	701,403	708,449	0	708,449	710,650	0	710,650	0
Total Funds	\$1,443,522	\$1,482,376	(\$53,927)	\$1,428,449	\$1,464,550	(\$51,736)	\$1,412,814	(\$105,663)
Total Ongoing	\$1,443,522	\$1,482,376	(\$53,927)	\$1,428,449	\$1,464,550	(\$51,736)	\$1,412,814	(\$105,663)
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Summary of Proposed Spending Reductions

OBPP recommends the general fund expenditures for the Montana Arts Council (MAC) be reduced by \$105,663 over the biennium. This is a 10% reduction to the agency from the HB 2/ SB 294 level.

Personal services will be reduced by \$39,788. MAC hired a new director at a lower salary which allows them to absorb this reduction with salary savings.

Operating expenses will be reduced by \$65,875. This reduction will be managed through reduced staff travel, renegotiation of office lease, and new terms for their HR contract.

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Program 1 Reduction	0.00	(53,927)	0	0	(53,927)	0.00	(51,736)	0	0	(51,736)
Total	0.00	(\$53,927)	\$0	\$0	(\$53,927)	0.00	(\$51,736)	\$0	\$0	(\$51,736)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Program 1 Reduction -

OBPP proposes a reduction in personal services of \$20,000 in FY 2018 and \$19,788 in FY 2019. MAC hired a new director at a lower salary which allows them to absorb this reduction with salary savings. Proposed reductions to operating expenses would be \$33,927 in FY 2018 and \$31,948 in FY 2019. This reduction will be managed through reduced staff travel, renegotiation of office lease, and new terms for their HR contract.

Budget Director's Proposed Reductions

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Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	30.46	30.46	0.00	0.00	30.46	0.00	0.00	0.00
Personal Services	2,288,239	1,848,017	(181,424)	1,666,593	1,862,069	(180,707)	1,681,362	(362,131)
Operating Expenses	2,199,024	1,691,151	(39,705)	1,651,446	1,704,379	(40,000)	1,664,379	(79,705)
Equipment & Intangible Assets	13,697	13,697	0	13,697	13,697	0	13,697	0
Grants	982,210	1,604,678	0	1,604,678	1,604,678	0	1,604,678	0
Total Costs	\$5,483,170	\$5,157,543	(\$221,129)	\$4,936,414	\$5,184,823	(\$220,707)	\$4,964,116	(\$441,836)
General Fund	3,110,763	2,212,452	(221,129)	1,991,323	2,207,070	(220,707)	1,986,363	(441,836)
State/other Special Rev. Funds	1,749,269	1,734,475	0	1,734,475	1,765,719	0	1,765,719	0
Federal Spec. Rev. Funds	623,138	1,210,616	0	1,210,616	1,212,034	0	1,212,034	0
Total Funds	\$5,483,170	\$5,157,543	(\$221,129)	\$4,936,414	\$5,184,823	(\$220,707)	\$4,964,116	(\$441,836)
Total Ongoing	\$5,483,170	\$5,157,543	(\$221,129)	\$4,936,414	\$5,184,823	(\$220,707)	\$4,964,116	(\$441,836)
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Summary of Proposed Spending Reductions

OBPP recommends the general fund expenditures for the Montana State Library (MSL) be reduced by \$441,836 over the biennium. This is a 10% reduction to the agency from the HB 2/SB 294 level.

Personal services will be reduced by \$362,131 over the biennium. This will impact expenditure for 2.00 FTE.

Operating expense reductions are 18% of the proposed reductions for both FY 2018 and FY 2019. The \$79,705 in reductions to operating expenses will include cancelling electronic journal subscriptions, delaying payments for software maintenance contracts, and eliminating equipment purchases.

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

There is potential that reductions to personal services including FTE could have impact on statutory programs within MSL. Half of the general fund FTE in this agency are tied to statutorily mandated programs. The Library Commission would have to decide which of the following FTE would be reduced upon final executive decisions:

- State Library Commission Authority, 22-1-103, MCA (3.00 general fund FTE)
- Administration of state publications depository library program -- rulemaking, 22-1-212, MCA (1.00 general fund FTE)
- Natural Resource Information System, 90-15-101, MCA (2.00 general fund FTE)
- Additional operational support, 22-1-102, MCA (5.50 general fund FTE)

For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, dated September 29, 2017, and attached as Appendix B.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - MSL 10% Reduction Plan	0.00	(221,129)	0	0	(221,129)	0.00	(220,707)	0	0	(220,707)
Total	0.00	(\$221,129)	\$0	\$0	(\$221,129)	0.00	(\$220,707)	\$0	\$0	(\$220,707)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - MSL 10% Reduction Plan -

OBPP proposes to reduce personal services by \$181,424 in FY 2018 and \$180,707 in FY 2019 including expenditures for 2.00 FTE. Proposed reductions to operating expenses would be \$39,705 in FY 2018 and \$40,000 in FY 2019. The \$79,705 in reductions to operating expenses will include cancelling electronic journal subscriptions, delaying payments for software maintenance contracts, and eliminating equipment purchases.

LFD COMMENT

There is potential that reductions to personal services including FTE could have impact on statutory programs within MSL. Half of the general fund FTE in this agency are tied to statutorily mandated programs. The Library Commission would have to decide which of the following FTE would be reduced upon final executive decisions:

- State Library Commission Authority, 22-1-103, MCA (3.00 general fund FTE)
- Administration of state publications depository library program -- rulemaking, 22-1-212, MCA (1.00 general fund FTE)
- Natural Resource Information System, 90-15-101, MCA (2.00 general fund FTE)
- Additional operational support, 22-1-102, MCA (5.50 general fund FTE)

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	59.39	58.39	0.00	0.00	58.39	0.00	0.00	0.00
Personal Services	3,835,625	3,063,076	(186,135)	2,876,941	3,087,815	(236,641)	2,851,174	(422,776)
Operating Expenses	1,777,035	1,744,121	(83,092)	1,661,029	1,697,528	(30,203)	1,667,325	(113,295)
Equipment & Intangible Assets	94,010	94,010	0	94,010	94,010	0	94,010	0
Grants	87,120	87,120	0	87,120	87,120	0	87,120	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$5,793,790	\$4,988,327	(\$269,227)	\$4,719,100	\$4,966,473	(\$266,844)	\$4,699,629	(\$536,071)
General Fund	3,543,970	2,692,269	(269,227)	2,423,042	2,668,436	(266,844)	2,401,592	(536,071)
State/other Special Rev. Funds	750,688	769,397	0	769,397	766,397	0	766,397	0
Federal Spec. Rev. Funds	808,467	841,391	0	841,391	844,599	0	844,599	0
Other	690,665	685,270	0	685,270	687,041	0	687,041	0
Total Funds	\$5,793,790	\$4,988,327	(\$269,227)	\$4,719,100	\$4,966,473	(\$266,844)	\$4,699,629	(\$536,071)
Total Ongoing	\$5,793,790	\$4,988,327	(\$269,227)	\$4,719,100	\$4,966,473	(\$266,844)	\$4,699,629	(\$536,071)
Total OTO	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Summary of Proposed Spending Reductions

OBPP recommends expenditure reductions for the Montana Historical Society (MHS) totaling \$536,071 for the biennium. This would be a 10% reduction from the HB 2/SB 294 level.

Over 60% of the HB 2 budget for MHS is in personal services. The reductions presented by OBPP will reduce personal services by \$186,135 in FY 2018 and \$236,641 in FY 2019. This would equate to a reduction of 3.00 FTE of their existing workforce. In addition, several employees volunteered a reduction of hours and/or unpaid leave to fulfill the personal services reductions.

For the biennium, operating expenses would be reduced by \$113,295. Reductions would be applied throughout the majority of programs. MHS will forego IT upgrades and travel and registration fees for the director, along with reducing hours of the museum and research center.

OBPP did not propose reductions in the Education or Historic Preservation programs.

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

17-7-140, MCA limits the level of reductions the Governor may require to 10% during the biennium for each program within an agency. The Museum Program reductions are \$67,893 above the 17-7-140, MCA limit of 10%. The Publications Program reductions are \$99,519 above the 17-7-140, MCA limit of 10%. Please refer to the LFD Analysis of the Spending Reduction Proposal for further information.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Prgm 01 10%	0.00	(70,697)	0	0	(70,697)	0.00	(34,182)	0	0	(34,182)
Total	0.00	(\$70,697)	\$0	\$0	(\$70,697)	0.00	(\$34,182)	\$0	\$0	(\$34,182)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Prgm 01 10% -

OBPP proposes general fund reductions to personal services and operating expenses. Personal services reductions of \$56,787 will be realized through reducing security hours and with volunteered unpaid leave in FY 2019 for the director and CSD administrator. The agency will forego travel, training, education, and upgrades to IT equipment and network for the \$48,092 in operating reductions.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Prgm 02 10%	0.00	(65,494)	0	0	(65,494)	0.00	(60,358)	0	0	(60,358)
Total	0.00	(\$65,494)	\$0	\$0	(\$65,494)	0.00	(\$60,358)	\$0	\$0	(\$60,358)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2 - Prgm 02 10% -

OBPP proposes general fund reductions to personal services and operating expenses. Personal services reductions of \$60,649 will be through volunteered unpaid leave for the program manager. The agency will suspend digital initiatives, reduce research center library hours, and reduce preservation projects for the \$65,203 in operating expense reductions.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3 - Prgm 03 10%	0.00	(73,592)	0	0	(73,592)	0.00	(107,136)	0	0	(107,136)
Total	0.00	(\$73,592)	\$0	\$0	(\$73,592)	0.00	(\$107,136)	\$0	\$0	(\$107,136)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3 - Prgm 03 10% -

OBPP proposes general fund reductions of \$180,728 to personal services. These reductions will be realized through reducing the expenditures for 2.00 FTE and with volunteered unpaid leave in FY 2019 for the program manager.

LFD COMMENT	17-7-140, MCA limits the level of reductions the Governor may require to 10% during the biennium for each program within an agency. The Museum Program reductions are \$67,893 above the 17-7-140, MCA limit of 10%.
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New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Prgm 04 10%	0.00	(59,444)	0	0	(59,444)	0.00	(65,168)	0	0	(65,168)
Total	0.00	(\$59,444)	\$0	\$0	(\$59,444)	0.00	(\$65,168)	\$0	\$0	(\$65,168)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 4 - Prgm 04 10% -

OBPP proposes general fund reductions of \$124,612 to personal services. These reductions will be through reducing 1.00 FTE and with volunteered reduction of hours in FY 2019 for the program manager.

LFD COMMENT	17-7-140, MCA limits the level of reductions the Governor may require to 10% during the biennium for each program within an agency. The Publications Program reductions are \$99,519 above the 17-7-140, MCA limit of 10%.
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