



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: September 5, 2018

TO: Legislative Finance Committee

FROM: Legislative Fiscal Division Staff

RE: 2021 Biennium Personal Services Calculations

Contained within the governor's budget request is an adjustment to personal services. The Legislative Fiscal Division (LFD) provides a personal services comparison as part of its budget analysis between this executive request for additional personal services and legislatively expected personal service changes including; the annualized cost of the legislatively approved pay plan, changes to longevity, benefit rates, and the number of hours in the fiscal year. This comparison allows the legislature to examine the management decisions impacting personal services such as broadband pay increases or adjustments to vacancy savings.

The LFD calculation starts with the FY 2019 base personal services. This base includes: overtime, per diem, and 6% vacancy savings. The incremental increase is then calculated to include:

- Annualizing the 1% raise
- Benefit rate changes for pensions, workers compensation, and unemployment insurance
- Longevity rate changes, and benefits associated with longevity rate changes
- Change in the number of hours per year
- Other statutorily required pay adjustments

These calculations will be shared with and evaluated by agencies to look for any discrepancies in the data or any other adjustments that the preliminary LFD calculations missed. In addition to evaluating the calculations, the agencies and analysts will work together to describe the management choices that created differences between the executive request and the final LFD calculated change.

The 2021 Biennium Budget Analysis will include the LFD calculated level of personal services compared to the executive requested statewide present law with explanations of the management decisions that describe the differences. Identified as part of management decisions will be any difference in vacancy savings rates between the 2021 and 2019 biennia.

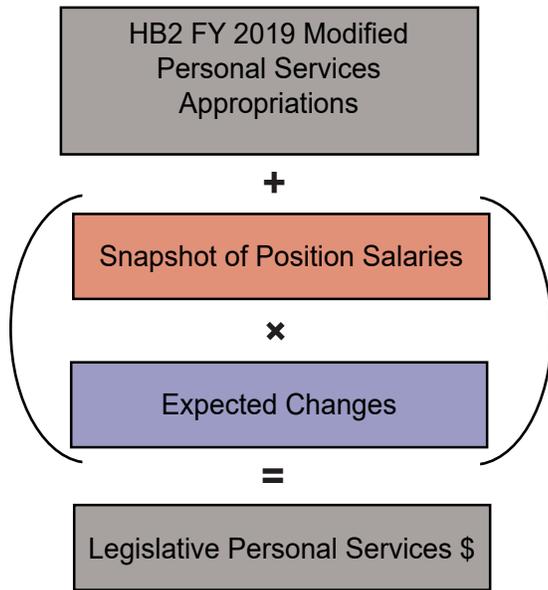
Attached to this report are graphics that will be shared with agencies to help them understand the method used in our calculations. In addition, the data and calculations will be shared with agencies.

The following table is an example of the tables that will be included in the budget analysis using an example from last biennium. These tables compare the agency personal services request to the LFD calculation. These tables compare the agency requested DP 1 Statewide Present Law (SWPL) adjustment to the comparable adjustment determined by the LFD calculation and provide a breakout of the known differences.

Department Of Revenue: 05 Citizen Services & Resource Management Division			
Personal Services Present Law Calculations			
PS Base:	\$6,260,574		
		FY 2018	FY 2019
Executive	DP 1: SWPL Personal Services	\$26,814	\$43,254
Legislative	Statutory Personal Service Change	<u>72,176</u>	<u>89,428</u>
	Difference	(45,362)	(46,174)
Management Choices Explaining the Difference			
	Additional 2% Vacancy Savings	(130,966)	(131,304)
	Broadband Pay Adjustments	44,527	44,527
	Benefits and Taxes on Pay Adjustment	8,981	8,981
	Other	<u>32,096</u>	<u>31,622</u>
	Total	(\$45,362)	(\$46,174)

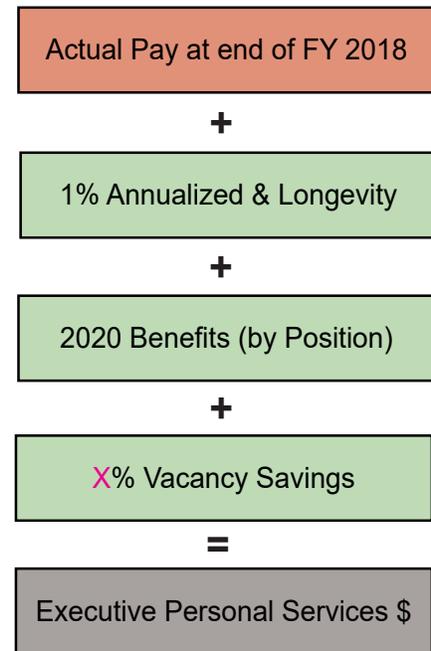
2021 Biennium Personal Services Comparison

Legislative



Legislative Personal Services
- 61000 FY 2019 Personal Services Base
= Compare to DP1

Executive



Executive Personal Services
- 61000 FY 2019 Personal Services Base
= DP1 Statewide Present Law Adjustment

Legislative Personal Services Calculation

(Base 61000 Amount plus Expected-Benefit-Changes-Amount)

