

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA


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MEMORANDUM

TO: Amy Carlson, Legislative Fiscal Analyst
Legislative Fiscal Division

FROM: Dan Villa, Budget Director 
Office of Budget and Program Planning

DATE: September 11, 2018

SUBJECT: **Fee accounts with balances exceeding the biennium appropriations**

In accordance with 17-2-304, MCA, the report from the Office of Budget and Program Planning to the Legislative Finance Committee – via the Legislative Fiscal Analyst - on fee accounts with balances exceeding the biennium appropriations is attached.

The attached sheet lists for all state special revenue “charge for services” funds which exceed the limits of section 17-2-302(1) and are not exempt under 17-2-302(4): the agency and account, the fiscal year end 2017 balance, the amount the balance exceeds the limitation, and any certified exception to the limitation as allowed under 17-2-302(2).

Please let me know if you have questions or wish additional information.

CC: Affected Agency Centralized Services Administrators

Compliance with 17-2-302, MCA				Certified Exception/Explanation		
Agency Name	Fund	Fund Name	Approp. Authority	7/1/18 Balance	Excess Cash Balance	
41100	02200	Permits and Transfer Plates	-	42,512	42,512	The fiscal year end 2018 balance of \$41,512, in the Permits and Transfer Plate Fund (Fund 02200) per 61-4-301, MCA, is to be used to defray the expense of administering the program. Budget authority may be established in FY 2019 to defray expenses as available, understanding that the fund has only collected an average of \$7,917 per year.
52010	02171	Smith R. Corridor Enhancement	618,672	789,476	170,804	This account has changed with the passage of SB 213 in the 17 Session. The account will provide for the operations of the Smith River State Park as well as the enhancement of the corridor. Additionally, all revenue derived from the Smith River State Park fee schedule is deposited in this account. The department is seeking additional spending authority in the 19 session to reduce the balance in this account.
57060	02216	Water Storage St Sp Rev Acct	1,036,420	1,374,031	337,611	The FY 2019 appropriation is to fund repairs to state owned dams. Current planned work for FY 2019 includes site investigations at the Fred Burr Project, Frenchman Dam low level outlet works gate replacement, Tongue River Emergency Spillway Concrete Repairs, Hydropower Determination, etc. Feasibility studies at the Painted Rocks and East Fork Dams have been contracted and WSA funds are anticipated to assist in funding any necessary amendments to these studies as the Painted Rocks and East Fork Dam projects move forward. Amounts needed per biennium vary based on the projects identified needing the most critical rehabilitation for planned engineering efforts. However, as the state infrastructure is aging beyond its design life, fiscal needs can also be driven by unknown events at state-owned water projects.
57060	02449	Forest Resources-Forest Improv	2,720,436	2,985,690	265,254	The funding is provided by FI fees. On May 1, 2018, the division reduced the FI Fee rate, which will bring the excess cash down in the next few years. The division anticipates using excess funds in this account for approximately \$770,000 in outstanding accruals and a change package request for the 2019 Legislative Session that includes a language appropriation of \$300,000 in FI funds for road maintenance for the biennium.
57060	02470	State Project Hydro Earnings	6,146,343	7,242,364	1,096,021	The FY 2019 appropriation is to fund feasibility studies for the upgrade of the mechanical systems, jetty replacement and trash rake repairs at the Broadwater (Toston) Dam. The appropriation will also fund the Tongue River gate chamber design project, the Tongue River panels project and amendments to currently contracted feasibility studies. In addition, the appropriation will be used to cover the cost of current, ongoing repairs at the Broadwater (Toston) Dam.
61010	02105	Basic 9-1-1 Emergncy Phone Prog	22,631	93,576	70,945	The excess cash from the 911 Admin account will be distributed out to the counties per MCA 10.4.301
61010	02299	Capitol Complex Major Maint.	-	28,342	28,342	The cash balance in fund 02299 is all for retainage for active capital projects. The authority was expended in a prior year, however we withhold 5% from contractor payments until final acceptance.
61010	02397	Enhanced 9-1-1 Emerg Tel Pgm	18,753	93,576	74,823	The excess cash from the 911 Admin account will be distributed out to the counties per MCA 10.4.301
61010	02518	Capitol Security Contract	-	13,385	13,385	This balance is due to a timing issue. A voucher payable had not cleared at year end.
66020	02079	Fire Protection & Permitting	214,090	240,007	25,917	The program needs an average of \$78,000.00 per year to operate. This program is currently working on a rule package to reduce fees for the May 2019 renewal period. The intention is to abate fees in FY 19 and monitor cash. If the abatement does not bring cash into compliance, the program will draft a notice to reduce fees by FY 20.
66020	02764	Private Alt. Adol Programs	77,380	92,661	15,282	The board abated renewal fees for their 2017 renewal cycle by 90% in order to reduce cash. Cash balance steadily reduced throughout FY 18 up to the point of license renewals which began in May 2018, the fund then exceeded its cash balance during its renewal cycle. The board did not abate fees for the FY 18 cycle due to a series of compliance issues, the costs of which could not be easily estimated. There is a statutory requirement to inspect programs licensed by this board every three years. Because the majority of the programs were originally licensed at the same time, those inspections will come due in FY 19, and possibly straddle the beginning of FY 20, resulting in additional costs for the board. The board has also lost a licensee (due to closure of the program) that provided \$13,000 in revenue annually. There is no information on any other program of that size coming on board to take the place of the revenue loss. The board estimates it will need \$75,350.00 in cash for the fiscal year. The board will continue to monitor cash and will consider a fee reduction if necessary to comply with statutory requirements.
66020	02809	Board Of Speech Pathologists	146,641	162,746	16,105	The board implemented a 45% fee reduction in FY 18 and has not had a full year of expenses since the end of the renewal period. Following the completion of the renewal period, the fund balance steadily declined. The board estimates it needs approximately \$89,000 to operate in FY19. The resulting reduction in revenue should bring the cash balance into compliance with statutory requirements, although it may take an additional fiscal year to see results, as the board does not normally have high expenses, i.e. compliance, etc.
66020	02814	Bd Of Hearing Aid Dispensers	106,478	130,368	23,890	The board has abated fees the past two license renewal cycles, and is now putting a notice together for a fee decrease of approximately 63% for all active license renewals, to be in place for the FY 19 renewal cycle that begins May 1, 2019. The board estimates that it will need approximately \$55,000 to operate in FY19.
66020	02818	Electrical Board	936,411	1,033,202	96,791	The board is discussing the following options to reduce the fund balance: a plan to request utilization of \$20,000 to use for public outreach to combat unlicensed practice, and database enhancements to improve customer service. The board has lacked an inspector for the eastern half of the state and personnel have now been hired. The board anticipates increased expenses in salary and benefits, as well as travel to accommodate the new employee. If the board is still in an excess cash situation after utilizing these options, they plan on abating electrical license renewals by 50% in the FY 20 renewal cycle.
66020	02829	Private Investigator	474,347	547,165	72,818	The board estimates that it will need approximately \$240,000.00 to operate in FY19. The board has been assigned a new Executive Officer and discussions are underway to abate fees for the FY 19 renewal cycle in January, 2019, in order to bring the cash balance into compliance with statutory requirements.

66020	02832	Board Of Pharmacy	1,972,580	2,341,827	369,247	Continued excess cash issues have resulted in enacting a fee decrease to bring the board into better compliance. The fee decrease went into effect for the FY 18 renewal cycle. The board experienced an unanticipated decrease in expenses, (salary, benefits, and in field inspection travel costs), with the retirement of one of the board inspectors. The position remained vacant for nearly six months. The board estimates that it will need approximately \$995,000.00 to operate in FY19. The board is continuing to monitor its cash and is analyzing whether the fee decrease will be sufficient to bring the board into compliance with statute, and may have to consider another abatement for the FY 19 renewal cycle.
69010	02496	Family Preservation Conference	28,532	60,493	31,961	Fund 02496, Family Preservation Conference went over the cash limitation in June 2017. The balance is exceeded by \$31,961. The cash amount that is needed for one year varies. In prior years, the Family Preservation Conference had developed excess of funds due to getting funds from the Department of Justice to use as matching funds for the Child Advocacy Center in Great Falls. This has been resolved. The additional revenue coming into the fund are from the Annual Montana Child Abuse and Neglect Conference (CAN) registration fees. These excess funds will be spent in FY19 on the Child Abuse and Neglect conference.