

REVIEW OF REQUIRED REPORTS

A Report Prepared for the
Legislative Finance Committee

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Legislative Fiscal Division



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REQUIRED REPORTS

The legislature (through statute, bill language or committee action) requires certain reports to be submitted to the Legislative Finance Committee (LFC) and the Legislative Fiscal Division (LFD). State agencies and other entities have been requested to provide information on various subjects of interest for various purposes, including facilitating the decision making process, monitor compliance or progress with legislative policy/initiatives; and/or providing data for staff analysis of budget issues. These reports are provided to the LFC at each meeting, although only occasionally and selectively discussed.

The purpose of this report is to provide the LFC with recommendations regarding whether requirements that reports be provided either to the LFC or LFD should be continued or eliminated, and to raise additional options for managing reports that would continue to be received. The recommendations fall into one of three categories:

- 1) Retain the requirement that the report be provided;
- 2) Eliminate the reporting requirement; or
- 3) Put a decision on hold pending further information

THE REPORTS

There are currently 31 statutes requiring a report to the LFC or the LFD. Staff reviewed each report to:

- o Validate its purpose
- o Determine if the report was one the agency already produced for other purposes such as federal requirement
- o Identify if issues have been raised as a result of information contained in the report
- o Determine if another mechanism exists to obtain the same information
- o The risk to the legislature if the report was removed from statute.

With this information LFD staff provided a recommendation for LFC consideration regarding the continuation of the required report. Seven reports were identified as reports that the committee can consider eliminating, four were placed on hold, and the remainder staff recommends be retained. This information is summarized in the appendix.

Reports for Potential Elimination

The staff identified seven reports for potential elimination. Each of these reports has an alternative method to receive the information with little or no participation from any other party, or the reporting function can be incorporated into another process. They are:

1. Report from the Department of Public Health and Human Services on changes to appropriations and authority related to the IT projects in HB 4 of the 2007 May special session (section 3, Chapter 3, Special Laws of May 2007 [subsection 3] and in section 2 of HB 10 [subsection 3] of 2009 session).
 - o Movement of authority between projects can be obtained from SABHRS. In addition, the information can be requested through the CIO and merged into the CIO project portfolio report.
2. Report from the Department of Administration (DOA) on the use of dedicated revenue provisions that do not satisfy the criteria established in statute. The Legislative Fiscal Analyst will report these to the LFC no later than Oct. 31 of the year preceding a regular session. (2003)
 - o LFD is in the process of analyzing state special revenue funds and statutory appropriations for the same purpose. If the LFC wishes to continue such work, it could be done under current LFC authority and within the committee's work plan
3. Information from DOA on state special revenue accounts if requested by the LFC. (1999)
 - o If the LFC wishes to review state special revenue funds, this could be done under current LFC authority and within the committee's work plan
4. Presentation to the Legislative Finance Committee from the Department of Commerce on the issuance of bonds for aerospace transportation and technology projects. (2009)

- The requirement is to notify the LFC if bonds are ever issued. The same information would be published in the state's Comprehensive Annual Financial Report (CAFR) disclosures
- 5. Report on appropriations that are transferred from one state agency to another if the original purpose is maintained.
 - This information is available from SABHRS, and can be reported to the LFC as needed
- 6. Interim reports on the status of the creation or expansion of community health centers, number of persons serviced, and program expenditures. This report is tied to the legislature appropriating funds for this purpose. (2007)
 - Information can be obtained from the department if requested by the committee
- 7. Mental Health Oversight Advisory Council (MHOAC) summary of each meeting and copy of any recommendations made to the department. (1999)
 - This information is available on-line. LFD staff can access and provide the information if requested

Other issues to consider

Taking into account the report specific information, the philosophy behind required reports as a whole, and the challenges of adequate and timely information, there are options for the committee to consider regarding the remaining reports or future requests for reports. These options, if adopted, may increase efficiencies and assure timely and accurate information to the committee.

1. Require all reports to be provided electronically. This would reduce the amount of clerical work associated with posting the information to the web or providing electronic access to committee members.
2. Change the delivery of reports to the Legislative Fiscal Analyst (LFA) rather than the LFC. The LFD staff member responsible for that assignment would still review the report, but would only bring it to the LFC if there was an issue to be raised.
3. Establish guidelines for reports required by statute; such as a clear definition of what is being required, the type of data, when the report is due, and the disposition of the report by the committee. Some of the current required reports statutes lack the necessary detail to ensure the appropriate information is being provided.

NEXT STEPS

The LFC has the ability to accept or reject the recommendations made in this report. The following recommendations would require statutory changes:

- Elimination of the seven required reports
- Electronic provision of reports
- Change in delivery to the LFA rather than the LFC

Draft legislation could be developed and provided to the committee for review at either the June or September meeting.

If the committee chose to look at developing guidelines, additional research would need to be done to determine the potential options to accomplish the task. This could include statutory changes, staff education, and/or a policy statement from the committee.

Prepared by the Legislative Fiscal Division

Authority	Reporting Entity	Frequency	To	Recommendation
1 House Bill 10 Short Description: Report on changes to appropriations and authority related to the IT projects in HB 4 of 2007 May special session (section 3, Chapter 3, Special Laws of May 2007 [subsection 3] and in section 2 of HB 10 [subsection 3] of 2009 session)	DPHHS	Upon Occurrence	LFC	Eliminate
<p>Review: This report notifies the legislature of movement of authority among IT projects. Long Range IT authority is provided to SITSD, who then transfers it to the agency when the appropriate planning documents are completed. This function could be rolled into the routine CIO report.</p>				
2 61-2-109 Short Description: Report summarizing emergency medical services grants requested, awarded, and use of funds, by November 1 preceding each regular session of legislature. (2009)	Transportation	Nov 1 of even year	LFC	Retain
<p>Review: Identify grants awarded for emergency medical transportation.</p>				
3 2-17-101(1) Short Description: Identify the amount, location, and nature of space used by each agency, including summary of info on average cost per square foot for each municipality. (2009)	Administration	Sept 1 of even year	LFC	Retain
<p>Review: This report is required to go to both the LFC and the Office of Budget and Program Planning. The report is used to determine the space needs for agencies. Information is utilized to notify the LFC of pending issues and/or for budget analysis.</p>				
4 2-17-515 Short Description: Exceptions to information technology policy, standard, or other requirement. (2001)	Administration	Upon Occurrence	LFC	Hold
<p>Review: The Montana Information Technology Act requires this reporting. This is currently incorporated into the CIO report delivered at each LFC meeting. MITA is currently under review by the Legislative Audit Division. The decision to continue this report should be held until the audit is complete.</p>				
5 2-17-522 Short Description: Updates to state strategic information technology plan. It is to be provided to the LFC at its first meeting following March 1st of each even-numbered year. (2001)	Administration	March, Even Yr	LFC	Hold
<p>Review: The Montana Information Technology Act requires this reporting. The LFC is scheduled to review the strategic plan at the March 2012 meeting. In addition, MITA is currently under review by the Legislative Audit Division. The decision to continue this report should be held until the audit is complete.</p>				

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| 6 | 17-1-102(4) | Administration | FY End | LFC | Retain |
| | Short Description: Reports on general fund/non-general fund encumbrances remaining at fiscal year-end. After 3 years, approved extensions must be reported. (2001) | | | | |
| | Review: This report identifies encumbrances made by agencies that have not been acted upon within three years. LFD could run a similar report, however this report is required to be filed with both the Office of Budget and Program Planning and the LFC. | | | | |
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| 7 | 17-1-505(2) | Agencies | Upon Occurrence | LFD | Eliminate |
| | Short Description: Report on the use of dedicated revenue provisions that do not satisfy the criteria established in statute. The Legislative Fiscal Analyst will report these to the LFC no later than Oct. 31 of the year preceding a regular session. (2003) | | | | |
| | Review: The LFD is in the process of developing a state special revenue data base that could be used for this purpose. If the Legislature wishes to review state special revenue funds, this could be done under current LFC authority and within the committee's work plan. (See #10) | | | | |
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| 8 | 17-2-107(5) | OCHE/Administration | Annual LFC | LFC | Retain |
| | Short Description: Loans or loan extensions authorized for two consecutive fiscal years to same accounting entity - due 9/1 of the next year. (1989) | | | | |
| | Review: This report is required from both the Department of Administration and OCHE. This provides the legislature with the ability to review inter-entity loans on a routine basis. | | | | |
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| 9 | 17-2-107(6) | OCHE | Annual | LFC | Retain |
| | Short Description: Negative cash balances for any two consecutive fiscal years - due 9/1 of the next year. (1989) | | | | |
| | Review: Prior to 1989, statute did not allow for negative balances. The change to the current requirement appears to have been done to require OCHE to validate that negative balances were not occurring. | | | | |
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| 10 | 17-2-111 | Administration | Feb. 1, 2012 | LFC | Eliminate |
| | Short Description: Information on state special revenue accounts if requested by the LFC. (1999) | | | | |
| | Review: This statute was originally enacted in 1987 to direct the Department of Administration (DOA) to determine if unobligated Balances should be transferred to the general fund. The statute, as currently written, directs DOA to provide information on SSR funds when requested by the LFC. If the Legislature wishes to review state special revenue funds, this could be done under current LFC authority and within the committee's work plan. | | | | |
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| 11 | 17-2-304(1) | Approving Authority | Sept 15 | LFC | Retain |
| | Short Description: Information concerning accounts with cash balances in excess of statutory limits; certification of statutory exceptions. (1997) | | | | |

Review: This requirement is driven by guidelines in 17-2-302, MCA. As long as those guidelines are still in place, the report is necessary to identify those funds that are carrying excess balances.

12	17-5-820(3)	Commerce	Upon Occurrence	LFC	Eliminate
Short Description: Presentation to Legislative Finance Committee on issuance of bonds for aerospace transportation and technology projects. (2009)					

Review: The requirement is to notify the LFC if bonds are ever issued. The same information would be published in the state's Comprehensive Annual Financial Report (CAFR) disclosures.

13	17-7-140(1)(b)	Agencies	Upon Occurrence	LFD	Retain
Short Description: Analyze if a GF program is mandatory and analyze the impact of the proposed reduction in spending in instances in which the Governor is proposing reductions in spending of up to 10 percent. (Only triggered when the Governor determines the fund balance meets the statutory floor level, it relates to his or her options for reducing expenditures and whether the particular program can be reduced at all.) (1991)					

Review: The LFD needs this information in order to analyze the proposed reductions. The LFD analysis is provided to the LFC, which can make recommendations on the proposed reductions to the Governor.

14	17-7-140(1)(b)	Budget Director	Upon Occurrence	LFD	Retain
Short Description: Copy of the recommendations for reductions in spending. The "trigger" for this to occur is in statute. (1991)					

Review: This reporting requirement should be consolidated with the one above. The two are inter-related.

15	17-7-304(2)	OCHE	If Requested	LFC	Retain
Short Description: Long-term plan for major and deferred maintenance expenditures and equipment or fixed assets. The plan is tied to the Transfer of certain unexpended appropriations to a fund for this purpose. (1991)					

Review: The information is not available to the LFD in any other manner.

16	17-8-101(5)	OBPP	Semi-Annual	LFC	Eliminate
Short Description: Appropriations transferred from one state agency to another if original purpose is maintained.					

Review: This information is available from SABHRS, and can be reported to the LFC as needed. (1995)

17	17-8-101(7)	Administration	Annually	LFC	Retain
Short Description: Nature, status, and justification for all new accounts in the enterprise fund and the internal service fund. (1995)					

Review: This report identifies potential changes to off budget funding. LFD could run a similar report; however this report is required to be filed with both the Office of Budget and Program Planning and the LFC. Given the age of this portion of the statute, the LFC may wish to conduct further research regarding the need for this report.

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| 18 | 33-22-1514(4)
Short Description: | Lead Carrier (BC/BS)
Report on the operation of the Montana Comprehensive Health Association (MCHA) plan by selected lead carrier, Blue Cross/Blue Shield. (Copies of the annual report are sent directly to all legislators.) (1999) | Semi-Annual | LFC | Retain |
| | | Review: Provides information regarding the operation and services provided by MCHA directly from the carrier. | | | |
| 19 | 39-71-2363(2)(b)
Short Description: | State Fund
Submit for review the approved annual budget for Montana State Fund (MSF) for the succeeding fiscal year. (1997) | October 1 | LFC | Retain |
| | | Review: Notifies the LFC of the MSF budget, and provides for an independent review of the budget. There is no other statutory requirement for MSF to provide this information. | | | |
| 20 | 47-1-201(10)(a)
Short Description: | Office of Public Defender
Report by Office of Public Defender of data for each fiscal year representing caseload for the entire public defender system. (2009) | Annual | LFC | Retain |
| | | Review: Legislative staff could request the information as needed or could accumulate data from reports provided to the Public Defender Commission. | | | |
| 21 | 47-1-201(10)(b)
Short Description: | Office of Public Defender
Report by Office of Public Defender on the amount of funds collected as reimbursement of services rendered. (2009) | Annual | LFC | Retain |
| | | Review: Legislative staff could request the information as needed or could accumulate data from reports provided to the Public Defender Commission. | | | |
| 22 | 50-4-805(5)(a)
Short Description: | DPHHS
Interim reports on the status of the creation or expansion of community health centers, number of persons service and program expenditures. This report is tied to the legislature appropriating funds for this purpose. (2007) | TBD | LFC | Eliminate |
| | | Review: This notifies the LFC of the development of new community health centers and expanded services at current centers. The legislation that enacted this statute included a one-time appropriation for the 2009 biennium only. Information can be obtained from the department if requested by the committee. | | | |
| 23 | 53-1-611(1), (3)
Short Description: | DPHHS
Evaluative report regarding federal Medicaid block grants if the state would need to make a decision regarding application or acceptance of such block grants prior to the next regularly scheduled legislative session. (2003) | Upon Occurrence | LFC | Retain |
| | | Review: Provides the LFC with information about potential policy issues that could have significant budgetary impacts. | | | |

24	53-6-110(4)	DPHHS	Monthly	LFC	Retain
	Short Description: Monthly (November through June) reports containing estimates of the cost for Medicaid services and a budget status report for all department programs, and a fiscal year-end summary of Medicaid costs and department budget status report. (2005)				
	Review: This report provides an estimate of DPHHS spending compared to appropriated amounts. It has sometimes provided the LFC with advance notice of a potential supplemental appropriation request. LFD staff review of the report has also identified funding shifts that have helped minimize general fund expenditures.				
25	53-6-116(5)	DPHHS	Upon Occurrence	LFC	Retain
	Short Description: Proposals, if developed, regarding managed-care and capitated health care systems for Medicaid recipients. (1993)				
	Review: Provides the LFC with information about potential policy issues that could have significant budgetary impacts.				
26	53-21-702(4)(d)	DPHHS	After Each MHOAC meeting.	LFC	Eliminate
	Short Description: Mental Health Oversight Advisory Council (MHOAC) summary of each meeting and copy of any recommendations made to the department. (1999)				
	Review: This information is available on-line. LFD staff can access and provide the information if requested.				
27	75-1-1101(5)	Governor (DNRC)	Annually by Sept 15	LFC	Retain
	Short Description: Annual financial report on the environmental contingency account, including a description of all expenditures made since the previous report (2007)				
	Review: Provide the LFC with a complete financial report on the Environmental Contingency Account, including a description of all expenditures made since the preceding report. This report serves as notification to the legislature of environmental emergencies and may be also provide advance notice of funding issues.				
28	85-1-605(4)	Natural Resources & Conservation	Upon Occurrence	LFC	Retain
	Short Description: Allocation of renewable resource grants and loans for emergencies.				
	Review: Provides information of emergency needs of communities and tracks when emergency grants are awarded and the need for emergency grants.				
29	90-6-703	Commerce	Upon Occurrence	LFC	Retain
	Short Description: Report on emergency grants awarded from an appropriation from the treasure state endowment special revenue account for emergency grants.				
	Review: Provides information of emergency needs of communities and tracks when emergency grants are awarded and the need for emergency grants.				

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| 30 | 53-4-209(6) | DPHHS | Annually | LFC | Hold |
| | Short Description: Annual report on Montana Parents as Scholars program. (2011) | | | | |
| | Review: This report is not due to the LFC until September 2012. | | | | |
| 31 | 17-2-304 | OBPP | September 15th, annually | LFC | Hold |
| | Short Description: All expenditures made by a state agency for the preceding 12 months related to the production and distribution of public service announcements (PSAs). | | | | |
| | <u>Review:</u> This report is not due to the LFC until September 2012. | | | | |