



# 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

Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: September 21, 2009

TO: Legislative Finance Committee

FROM: Taryn Purdy 

RE: Operating Plan Changes and Program Transfers

Sections 17-7-138 and 17-7-139, MCA, require that cumulative operating budget changes (in any budget category) and program transfers of \$25,000 and 25 percent or \$1,000,000<sup>1</sup> must be brought before the Legislative Finance Committee (LFC) prior to implementation, unless of a time sensitive nature. The Office of Budget and Program Planning has 4 operating plan changes that meet these criteria. The attached memoranda from OBPP explain the changes.

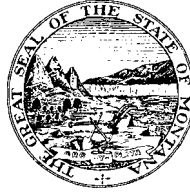
LFD staff has reviewed the proposed changes and raise no concerns.

Since the last meeting of the LFC, the Office of Budget and Program Planning approved as time sensitive 24 operating plan changes and 4 program transfers that met these criteria. The attached memorandum from OBPP explains the change. LFD staff has reviewed the changes and raises no issues.

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<sup>1</sup> Legislation passed by the 2009 Legislature raises this threshold to \$75,000 and 25 percent for all changes after the effective date of the bill, which was April 14, 2009.

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING  
STATE OF MONTANA



BRIAN SCHWEITZER  
GOVERNOR

CAPITOL BUILDING - P.O. BOX 200802  
HELENA, MONTANA 59620-0802

**To:** Clayton Schenck, Legislative Fiscal Analyst  
Legislative Fiscal Division

**From:** David Ewer, Budget Director  
Office of Budget & Program Planning

**Date:** September 14, 2009

**Subject:** LFC Review & Comment on Operating Budget Changes and Program Transfers

In accordance with 17-7-138 and -139, MCA, the Governor's Office of Budget and Program Planning is submitting four operating plan changes that will exceed \$25,000 and 25% of a budget category for review and comment at the June Legislative Finance Committee meeting.

We have reviewed the requests and find them to be in compliance with state and federal laws and policies. The transaction documents are available for you and your staff in our guest directory. Please let us know if you have questions or wish additional information.

CC: Taryn Purdy  
Julia Dilly  
Kris Schmitz  
Mary Hunt

**Budget Change Documents that Trigger - Being held for LFD/LFC Comment**

**Information submitted for the Sept 2009 LFC meeting**

<b><u>Agency #</u></b>	<b><u>Agency Name</u></b>	<b><u>Doc #</u></b>	<b><u>Brief Explanation</u></b>
35010	Office of Public Instruction	160 OP912	Request to transfer \$420,000 from Local Assistance to Operating. The legislative auditors have advised that the payments made by OPI for the In-State Treatment Facilities program are on behalf of districts; they should be coded as contracted services because the contracts do exist between the OPI and the vendors.
51150	Library Commission	325 OP106	Request to transfer \$490,160 from Grants to Operating (\$229,047) and Personal Services (\$261,113) so that projects already approved by the commission can be completed in house. Those projects are the Networking Consultants, Montanan Library Network, Info Coordination and Montana shared catalog new libraries.
62010	MT Dept of Agriculture	675 OP654	Request to move \$40,000 from Personal Services, \$75,000 from Operating and \$45,000 from Grants to Transfers (\$160,000) to meet guidelines set out in MOMs 2-5060 so agency is in compliance with state accounting policy. This is for both years of the biennium.
62010	MT Dept of Agriculture	680 OP655	Request to move \$200,000 from Grants to Transfers to meet guidelines set out in MOMs 2-5060 so agency is in compliance with state accounting policy. This is for both years of the biennium.

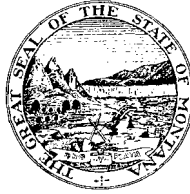
OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING  
STATE OF MONTANA

RECEIVED

SEP 16 2009

LEGISLATIVE  
FISCAL ANALYST

BRIAN SCHWEITZER  
GOVERNOR



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HELENA, MONTANA 59620-0802

*[Signature]*  
**To:** Clayton Schenck, Legislative Fiscal Analyst  
Legislative Fiscal Division  
**From:** *[Signature]* David Ewer, Budget Director  
Office of Budget & Program Planning  
**Date:** September 14, 2009  
**Subject:** OBPP Report on Time Sensitive Transactions Approved

In accordance with 17-7-138 and -139, MCA, the Governor's Office of Budget and Program Planning is reporting that twenty four operating plan budget changes and four program transfer budget changes that exceeded \$25,000 and 25% or \$1 million of a budget category have been approved since the last meeting of the Legislative Finance Committee. The reason for the large number this past quarter is because of fiscal year end processing.

We have reviewed the requests and found them to be in compliance with state and federal laws and policies, as well as allowing your staff to review the transactions, prior to processing. The Legislative Fiscal Division staff raised no issues with the transactions. Please let us know if you have questions or wish additional information.

CC: Taryn Purdy  
Ann Bauchman  
Becky Buska  
Julia Dilly  
Don Merritt  
Frieda Houser  
Carleen Layne  
John Huth  
Loraine Wodnick  
Pat McNamee  
Mary Hunt  
Harry Freebourn  
Scott Sim

**Budget Change Documents that Trigger and Have Been Processed as Time-Sensitive**

**Information submitted for the Sept 2009 LFC meeting**

<b><u>Agency #</u></b>	<b><u>Agency Name</u></b>	<b><u>Doc #</u></b>	<b><u>Brief Explanation</u></b>
57060	Dept Nat Resource/Conservation	540 OP948	Request to move \$300,000 from Grants to Local Assistance to allow for proper recording of expenditures. There was also adjustments between Personal Services, Operating and Equipment but netted to \$0.
57060	Dept Nat Resource/Conservation	555 OP953	Request to move \$120,000 from Capital Outlay to Operating to cover unbudgeted expenses for software for the vehicle inventory program and the tree seedling contracts for planting at the southwest land office.
57060	Dept Nat Resource/Conservation	555 OP951	The part of this BCD that triggers is the transfer of \$121,500 from Grants to Transfers to be in compliance with state accounting policy as per MOMs 2-5060.
21100	Judiciary	040 OP118	The part of this BCD that triggers is the transfer of \$814,532 from Grants to Transfers to be in compliance with state accounting policy as per MOMs 2-5060.
35010	Office of Public Instruction	160 OP906	Request to move \$548,655 from from Local Assistance to Operating. This adjustment is being done at the recommendation of the Legislative Audit Division so the agency is properly reflecting expenditures on the accounting system.
41070	Crime Control Division	165 HA007	The part of this BCD that triggers is the transfer of \$267,950 from Grants to Transfers to be in compliance with state accounting policy as per MOMs 2-5060.
51020	Commissioner of Higher Education	245 OP009.4	Request to move \$510,000 from Operating to Transfers in the Transferability appropriation. These funds were line-itemed in HB2 and only to be used for the transfer project. This will enable funds to be used directly at the campuses instead of at OCHE.
51140	Montana Arts Council	320 OP042	Request to reduce Personal Services by \$28,330 and Grants by \$39,698 and increase Operating by \$68,028. This is an adjustment of federal authority to match actual FY 2009 expenditures. The way continuing authority rolled forward created the need for this adjustment.
54010	Department of Transportation	450 OP127	Request to transfer \$4,721,000 from Operating to Capital Outlay (land acquisition). The FY 2009 budget was based on a base budget from FY 2006. Since then the cost to acquire right of way has increase dramatically.

<u>Agency #</u>	<u>Agency Name</u>	<u>Doc #</u>	<u>Brief Explanation</u>
54010	Department of Transportation	475 OP120	Request to transfer \$65,000 from Operating to Capital Outlay. The initial budget for the West Yellowstone Airport fence project was set up in Operating and to properly account for these expenditures the Department has to transfer the authority to Capital Outlay.
54010	Department of Transportation	480 OP124	Request to move \$300,000 from Operating to Equipment to facilitate the purchase of Oracle software made with federal grant. Also, request to move \$30,000 from Grants to Transfers to be in compliance with state accounting policy as per MOMs 2-5060.
54010	Department of Transportation	455 OP137	Request to move \$89,000 from Operating to Equipment to facilitate the purchase of repeaters for the Maintenance Program. These boost MDT's communication signals and play significant role in winter maintenance.
58010	Department of Revenue	565 OP190	Request to move \$257,600 from Operating to Equipment. Near fiscal year end agency utilized excess contracted services authority to prepare the department's infrastructure for the 2011 Imaging Project.
58010	Department of Revenue	570 OP189	Request to move \$74,000 from Equipment to Operating (\$28,000) and Personal Services (\$46,000). Excess budget authority was used to align actual expenditures with authority at fiscal year end. A small base budget in Equipment made this BCD trigger.
58010	Department of Revenue	567 OP193	Request to move excess Operating (\$149,300) and Equipment (\$5,700) to Personal Services (\$155,000) to cover shortfall due to the Liquor Control Division not realizing any natural vacancy saving to offset the applied vacancy savings of 4%.
61010	Department of Administration	605 OP705.2	Request to move \$599,233 from Transfers to Grants. This reverses transactions made earlier on OP705. It has been determined that the MLIA grant does not meet the criteria for the previous move, which was done to comply with state accounting policy, so this reversal is necessary.
62010	MT Dept of Agriculture	680 OP645	Request to move \$836,000 from Grants to Transfers to meet guidelines set out in MOMs 2-5060 so agency is in compliance with state accounting policy.
62010	MT Dept of Agriculture	680 OP649	Reversing \$625,000 of previous BCD to comply with new accounting policy. Grants to Universities must be expensed instead of transferred.
61080	Public Defender	667 OP009	Request to move \$101,950 in Personal Services to Operating in Appellate Defender Program. When the supplemental appropriation was established too much was put in Personal Services so this transfers HB 2 authority to Operating to match actual fiscal year end expenditures.

<b>Agency #</b>	<b>Agency Name</b>	<b>Doc #</b>	<b>Brief Explanation</b>
69010	Public Health & Human Services	892 HA360	Request to transfer \$3,500,000 from Benefits and Claims to Transfers to establish a transfer appropriation in DPHHS for the ARRA FMAP hold harmless adjustment for the 2013 biennium.
69010	Public Health & Human Services	900 OP357	Request to transfer \$2,000,000 from Grants to Benefits and Claims to match where the expenditures were recorded. The MHSP program was administered as a grant program but was switched to a fee for service program where expenditures are recorded as a benefit.
69010	Public Health & Human Services	892 HA349	Request to move \$1,341,259 from Benefits and Claims to Grants (\$324,574), Operating (\$987,883) and Personal Services (\$28,802). The Department has seen a 6% increase in Medicaid enrollment. With that increase come increased costs to administer the contracts that provide the Medicaid services.
69010	Public Health & Human Services	880 HA319	Request to move \$20,000 out of Grants and \$104,000 out of Personal Services and increase Operating by \$124,000. This will allow to agency to sign a contract to get development programming work on the Health Insurance Premium Payment System project done. This will benefit the Medicaid Program with cost avoidance and benefits to clients.
69010	Public Health & Human Services	885 PT306	Request to transfer \$120,000 from the Health Resources Division to the Technology Services Division. Per state policy some servers were purchased that had to be expensed in the Tech. Services Division and the authority to pay for these serves resided in the Health Resources Division.
69010	Public Health & Human Services	875 PT367	Request to transfer \$365,000 from the Addictive and Mental Disorders Division to the Public Health and Safety Division. There is a surplus of \$340,000 in Personal Services due to vacancies and \$25,000 surplus in Benefits and Claims that are requested to be used to make needed equipment purchases in the PHS Division.
69010	Public Health & Human Services	900 HA336	Request to \$500,000 from Personal Services and \$50,000 from Benefits and Claims to Operating (\$100,000) and Equipment (\$450,000). This adjustment provides needed operating and equipment funding for the Montana State Hospital. The equipment to be purchased includes Medical prescription carts, ultrasound machine, Endoscope, wireless routers, hallway flooring, gym flooring, funiture, lawnmower and snowblower.

<b><u>Agency #</u></b>	<b><u>Agency Name</u></b>	<b><u>Doc #</u></b>	<b><u>Brief Explanation</u></b>
69010	Public Health & Human Services	900 PT335	Request to move \$2,097,755 from the Addictive and Mental Disorders Division to the Information Technology Division. This transfer of state special revenue and federal authority is for the Healthy Montana Kids systems programming. The contract expenditures will be paid out of the IT Division.
69010	Public Health & Human Services	885 PT335	see above