



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: March 4, 2008

TO: Legislative Finance Committee

FROM: Greg DeWitt, Legislative Fiscal Division

RE: Montana Consensus Council Supplemental Appropriation

SUMMARY OF REQUEST

On February 27, 2008, the Governor's budget director sent notice to the Legislative Fiscal Analyst of his concurrence in a proposed supplemental appropriation request to transfer up to \$15,500 in general fund authority from FY 2009 to FY 2008 for the Montana Consensus Council. Staff has reviewed the request and raises no concerns with the request meeting statutory requirements. The notification letter from the budget director outlines steps taken to reduce expenditures for FY 2008 and a plan to control expenditures for FY 2009 within remaining appropriations after the authority is transferred from FY 2009 to FY 2008. The result will be a complete shutting down of the council in FY 2009. General fund appropriated by the legislature to fund FY 2009 salary and benefits for the council executive director will ultimately fund obligations of the council's state special revenue fund because the fund's revenues are insufficient to finance operating costs incurred.

BACKGROUND

The need for the supplemental appropriation comes down to a cash flow issue in which the office does not generate enough revenue from work to support costs of the office. A general fund loan was approved at the end of FY 2007 to help the office meet cash flow obligations of the state special revenue fund that finances the non-management functions of the office. The general fund loan is due to be paid off prior to the end of FY 2008. Furthermore, the council has operating costs that should be paid from the state special revenue fund for which revenues are insufficient to cover. Without sufficient state special revenue to cash flow obligations, a portion of the general fund the legislature appropriated to fund the salary and benefits for the executive director in FY 2009 will be moved into FY 2008 to cash flow the state special revenue obligations. The FY 2009 general fund authority for the executive director will not be needed as this position will be terminated at the end of FY 2008.

COMMITTEE OPTIONS

As directed in statute, the Legislative Finance Committee has the following options for this supplemental appropriation request:

- o Provide a written report to the Governor as to the committee's concurrence or concerns
- o Remain silent and not provide a written report as to the committee's concurrence or concerns

PROVIDE A WRITTEN REPORT

Whether the committee concurs or has concerns with the request the committee can provide a written report to the Governor stating its concurrence or any concerns the committee has with the request. If the committee provides a written report to the Governor, the Governor may, upon receipt of the report approve or deny the request, regardless of the committee's position. The written report, if directed, must be provided within ten days after committee consideration.

REMAIN SILENT AND NOT PROVIDE A WRITTEN REPORT

If the committee takes no action to direct a report to the Governor of committee determination, the Governor may not approve or deny the supplemental request until 90 calendar days have passed. However, after 90 calendar days from the date the proposed supplemental appropriation request was forwarded to the committee, the Governor can either approve or deny the request.

PRACTICAL IMPLICATIONS OF EITHER OPTION

Regardless of what action the committee takes, the Governor can either approve or deny the request. If the committee decides not to report, the 90 day statutory delay is still within the current fiscal year, so the only impact of not reporting would be a delay of when the Governor makes the final determination on the request. As indicated in the notification received from the budget director, general fund of at least \$66,412¹ less general fund would not be expended in FY 2009 as compared to appropriations, because of the suspension of council operations at the end of FY 2008.

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¹ \$81,912 general fund of House Bills 2, 13, and 131 less \$15,500 supplemental appropriation transfer in FY 2009

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA



BRIAN SCHWEITZER
GOVERNOR

RECEIVED
FEB 27 2008
LEGISLATIVE
FISCAL ANALYST

PO BOX 200802
HELENA, MONTANA 59620-0802

TO: Clayton Schenck, Legislative Fiscal Analyst
Legislative Fiscal Division

FROM: David Ewer, Budget Director
Office of Budget and Program Planning

DATE: February 27, 2008

SUBJECT: **LFC Review and Comment on a Fiscal Year Transfer Supplemental
Appropriation and a Program Transfer for the Montana Consensus Council**

In accordance with Title 17, Chapter 7, part 3, MCA, the Governor's Office of Budget and Program Planning is submitting for review and comment a proposed supplemental appropriation to transfer FY 2009 authority to FY 2008.

The Montana Consensus Council has not generated sufficient income to cover the costs of its operations. The Consensus Council Board has met and officially voted to close the office effective June 30, 2008. Two employees have been terminated and the remaining employee will work through the end of the fiscal year in order to complete the remaining work of the office.

In order to pay the obligations of the office remaining through June 30, 2008, the Consensus Council has requested and I have concurred to move up to \$15,500 in general fund authority from FY 2009 to FY 2008. Only the exact amount required will be transferred as the fiscal year end nears and more specific projections can be made. The remainder of the FY 2009 general fund appropriation will revert as the office will be closed for the entirety of FY 2009.

If you or your staff have any questions related to this request, please feel free to contact Amy Sassano from my office or Sheryl Olson from the Department of Administration. I look forward to receiving any comments from the Legislative Finance Committee so that this matter can be resolved. Thank you for your cooperation.

CC: Janet Kelly, Sheryl Olson

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE

61060 660 FS101



BRIAN SCHWEITZER, GOVERNOR

JANET R. KELLY, DIRECTOR

STATE OF MONTANA

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125 N. ROBERTS, RM 155
PO BOX 200101
HELENA, MONTANA 59620-0101

February 26, 2008

David Ewer
Budget Director
State Capitol Building
Helena, MT 59620

RE: BCD 660 FS101 for the Montana Consensus Council

Dear Director Ewer:

On Friday, February 22, 2008, the Board of Directors of the Montana Consensus Council approved a motion to end the Council's operations as of June 30, 2008.

Currently, the Montana Consensus Council has \$7,500 in unpaid operating costs for FY08 that its state special revenue fund cannot pay. In addition, it has a general fund loan of \$13,000 that is due June 30, 2008. To pay these costs, the Council must use its general fund account that only includes personal services costs for the Executive Director.

The projected personal services cost for the Executive Director through the end of FY08 is approximately \$27,000 and includes the sick and annual leave payouts. The general fund budget for the Executive Director's salary for FY08 is \$77,914, and the \$47 FY07 carry forward amount will be used. To date \$45,621.86 has been spent, leaving a balance of \$32,292. There is a projected surplus of approximately \$5,000 in this general fund budget.

The Consensus Council's state special revenue fund (02275) does not have enough cash to satisfy its current FY08 obligations of \$20,500 (operating costs of approximately \$7,500 and its \$13,000 general fund loan). Therefore, I am requesting your approval to use \$15,500 of the FY09 general fund budget to cover these FY08 obligations.

Thank you.

Sincerely,


Janet R. Kelly, Director
Department of Administration