

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 01

Type: NP

Status: Included

Number: 102

Group: None

Description: Reduction Plan for the Director's Office

Request Expenditures

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
61000	Personal Services		(\$147,397)	(\$206,781)	(\$354,178)
	First Level Subtotal		(\$147,397)	(\$206,781)	(\$354,178)
Total Request Expenditures			(\$147,397)	(\$206,781)	(\$354,178)

Request Funding

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	0	(\$147,397)	(\$206,781)	(\$354,178)
	Fund Type Subtotal		(\$147,397)	(\$206,781)	(\$354,178)
Total Request Funding			(\$147,397)	(\$206,781)	(\$354,178)

Description and Justification

For FY 2018, The Department will cost shift the Chief Labor Negotiator (.50 FTE); a part-time Administrative Assistant (.50 FTE); and a portion of the Financial Quality Analyst (.50 FTE) personal services --- from the General Fund to the Director's Office Internal Service Fund (ISF) (06534).

This General Fund reduction will be \$147,397 in FY 2018.

For FY 2019 a significant amount of an additional position (.75 FTE), a Labor Relations Specialist, will also have to be cost shifted to the Director's Office ISF. The General Fund reduction in the second year of the biennium will be \$206,781.

All of these four (4) positions are historically funded with General Fund.

Working Capital will be extremely negative at the end of the 2019 biennium. Other cost savings measures will need to be applied to not have negative cash at the end of the biennium.

The Department will be seeking a significant rate increase for the Director's Office ISF for the 2021 biennium.

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 01

Type: NP

Status: Included

Number: 103

Group: None

Description: Reduction for the Labor - Management Training Initiative in the Director's Office

Request Expenditures

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
62098	UNALLOCATED OPERATING EXPENSE	(\$65,000)	\$0	(\$65,000)
	First Level Subtotal	(\$65,000)	\$0	(\$65,000)
Total Request Expenditures		(\$65,000)	\$0	(\$65,000)

Request Funding

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	(\$65,000)	\$0	(\$65,000)
	Fund Type Subtotal	(\$65,000)	\$0	(\$65,000)
Total Request Funding		(\$65,000)	\$0	(\$65,000)

Description and Justification

The Department of Administration will reduce the Labor / Management Training biennial Appropriation (588J1) from \$75,000 down to \$10,000.

The Labor Management Training Initiative is designed to provide comprehensive, timely training for union employees and managers on a variety of topics. In the past, nationally recognized experts have provided training on improving management skills and handling grievances and arbitrations. The Labor Relations Office has also provided training and materials for labor management committees, which are committees of labor and management folks designed to address issues before they become problems. Reduction of the funding will obviously limit these training efforts.

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 03

Type: NP

Status: Included

Number: 301

Group: None

Description: 10% Reduction Plan for State Financial Services Division

Request Expenditures

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
61098	UNALLOCATED PERSONAL SERVICES	(\$253,264)	(\$254,853)	(\$508,117)
	First Level Subtotal	(\$253,264)	(\$254,853)	(\$508,117)
Total Request Expenditures		(\$253,264)	(\$254,853)	(\$508,117)

Request Funding

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	(\$253,264)	(\$254,853)	(\$508,117)
	Fund Type Subtotal	(\$253,264)	(\$254,853)	(\$508,117)
Total Request Funding		(\$253,264)	(\$254,853)	(\$508,117)

Description and Justification

State Financial Services Division will shift Local Government Services costs from the General Fund to the LGS Enterprise Fund (06042) for the 2019 biennium.

There are 5.00 LGS employees funded historically with general fund. This cost shift will save about \$254 thousand of general fund annually.

There should be no impact in filing fees rate changes for local governments for the current biennium.

The Division will use the existing cash balance at the beginning of FY 2018, and anticipated revenue over expenses for the two years of the 2019 biennium.

At the end of the 2019 biennium, the Department will evaluate the need for changing filing fees for financial reports and audits of local government entities as outlined in 2-7-514, MCA .

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 07

Type: NP

Status: Included

Number: 701

Group: None

Description: 10% Reduction Plan for the State Info. Tech. Serv. Division

Request Expenditures

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
62098	UNALLOCATED OPERATING EXPENSE	(\$42,836)	(\$43,050)	(\$85,886)
	First Level Subtotal	(\$42,836)	(\$43,050)	(\$85,886)
Total Request Expenditures		(\$42,836)	(\$43,050)	(\$85,886)

Request Funding

	<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	(\$42,836)	(\$43,050)	(\$85,886)
	Fund Type Subtotal	(\$42,836)	(\$43,050)	(\$85,886)
Total Request Funding		(\$42,836)	(\$43,050)	(\$85,886)

Description and Justification

The Public Safety Communications Service Bureau general fund cost will be shifted within the State Information Technology Services Division (SITSD) to the Internal Service Fund (ISF) (06522) for the 2019 biennium.

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 23

Type: NP

Status: Included

Number: 2301

Group: None

Description: 10% Reduction Plan for the State Human Res. Division

Request Expenditures

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
61098	UNALLOCATED PERSONAL SERVICES		(\$161,044)	(\$162,329)	(\$323,373)
	First Level Subtotal		(\$161,044)	(\$162,329)	(\$323,373)
Total Request Expenditures			(\$161,044)	(\$162,329)	(\$323,373)

Request Funding

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	0	(\$161,044)	(\$162,329)	(\$323,373)
	Fund Type Subtotal		(\$161,044)	(\$162,329)	(\$323,373)
Total Request Funding			(\$161,044)	(\$162,329)	(\$323,373)

Description and Justification

The general fund 10% reduction is approximately \$162 thousand a year for the State Human Resources Division.

To try and meet this target, an existing Human Resource Specialist position is being held vacant for the 2019 biennium.

Some other defensible direct and administrative costs will be shifted over to two Internal Service Funds (ISF) within the Division.

The two ISF are the Human Resource Information System (HRIS 06563), and the Professional Development Center (PDC 06525). However, minimal cash balances in these ISF have rolled forward into FY 2018 to help pay for some costs for the 2019 biennium only.

For example, an existing HB 2 general fund position (Organizational Development Specialist) has been able to serve as an instructor with the Professional Development Center and charge his time appropriately to the PDC.

Internal Service rates will have to be reviewed and adjusted as necessary for the 2021 biennium to maintain appropriate working capital.

If cash is not sufficient in our ISF, and further personal services reductions would have to occur, it will impact a) the number of position classifications, b) policy and rule updates, c) salary market analysis, and d) service to agencies in support of appeals, grievances and disciplinary matters, and recruitment and selection processes that are traditionally funded with general fund.

Agency Change Package Detail

Department: 61010 - DEPARTMENT OF ADMINISTRATION

Version: 2019F0661010

Program: 37

Type: NP

Status: Included

Number: 3701

Group: None

Description: 10% Reduction for the MT Tax Appeal Board

Request Expenditures

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
62100	Other Services		(\$61,316)	(\$61,462)	(\$122,778)
	First Level Subtotal		(\$61,316)	(\$61,462)	(\$122,778)
Total Request Expenditures			(\$61,316)	(\$61,462)	(\$122,778)

Request Funding

		<u>Line Item</u>	<u>2018</u>	<u>2019</u>	<u>Biennium Total</u>
01100	General Fund	0	(\$61,316)	(\$61,462)	(\$122,778)
	Fund Type Subtotal		(\$61,316)	(\$61,462)	(\$122,778)
Total Request Funding			(\$61,316)	(\$61,462)	(\$122,778)

Description and Justification

The Board will be freezing discretionary spending and implemented budget reductions up to and including reducing two staff schedules to meet the 10% reduction.

The effect of these reductions will adversely impact the county and state tax appeal systems which are mandated by Article VIII, Section 7 of the Montana Constitution: "The legislature shall provide independent appeal procedures for taxpayer grievances about appraisals, assessments, equalization, and taxes. The legislature shall include a review procedure at the local level."

While appeals will continue, they will be less timely to taxpayer's due to fewer resources to hear, research and write opinions and decisions. Because of this longer time of resolution, the state, schools, and local governments will be delayed in accessing the protested taxes paid pending resolution of the tax appeal process. This delay compounds the revenue shortfall which has triggered the budget cuts in the first place.

Among reductions are suspension of all non-statutory reimbursements to counties for services and materials in support of the county tax appeal board hearings. These expenditures reimburse county tax appeal board secretaries for their time and associated benefits, as well as office materials and phone charges associated with the appeal. Counties will have to bear those costs in the future.

All non-essential expenditures by the state board have been suspended including travel and conference fees for state board training, and any training of county boards and secretaries not in Helena. Subscriptions, office equipment, and printing or consulting service expenditures have been suspended.

Costs of transcripts of hearings will be shifted to the requesting party and only audio files of county and or state board hearings will be provided.