

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	58.07	58.07	0.00	0.00	58.07	0.00	0.00	0.00
Personal Services	5,399,035	6,750,046	(475,758)	6,274,288	5,355,073	(470,776)	4,884,297	(946,534)
Operating Expenses	1,306,583	1,343,239	(171,071)	1,172,168	1,285,031	(173,234)	1,111,797	(344,305)
Total Costs	\$6,705,618	\$8,093,285	(\$646,829)	\$7,446,456	\$6,640,104	(\$644,010)	\$5,996,094	(\$1,290,839)
General Fund	6,705,618	7,468,285	(646,829)	6,821,456	6,440,104	(644,010)	5,796,094	(1,290,839)
State/other Special Rev. Funds	0	500,000	0	500,000	200,000	0	200,000	0
Federal Spec. Rev. Funds	0	100,000	0	100,000	0	0	0	0
Other	0	25,000	0	25,000	0	0	0	0
Total Funds	\$6,705,618	\$8,093,285	(\$646,829)	\$7,446,456	\$6,640,104	(\$644,010)	\$5,996,094	(\$1,290,839)
Total Ongoing	\$6,705,618	\$7,893,285	(\$646,829)	\$7,246,456	\$6,440,104	(\$644,010)	\$5,796,094	(\$1,290,839)
Total OTO	\$0	\$200,000	\$0	\$200,000	\$200,000	\$0	\$200,000	\$0

Summary of Proposed Spending Reductions

The Office of Budget and Program Planning (OBPP) recommends general fund expenditures for the Governor's Office be reduced by approximately \$647,000 in FY 2018 and \$644,000 in FY 2019. This results in an 8.7% reduction in FY 2018 and 10.0% reduction in FY 2019 from the HB 2/SB 294 level.

OBPP proposes reduced expenditures in personal services and operating expenses. Personal services comprise approximately 73.0% of proposed general fund reductions and the office anticipates primarily using vacancy savings. Operating expenses comprise approximately 27.0% of the proposed reductions. These primarily include reductions to contract and consulting services, travel, tradeshow participation, catering and food expenses, the maintenance operating budget in the Air Transportation program, an econometric data subscription, as well as other operating expenses.

For a complete narrative description of the proposed reductions, see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

OBPP proposes reductions to expenditures for an econometric data subscription. This subscription provides data used for revenue estimates, census work, labor statistics, and other economic analysis conducted by the state. OBPP pays for this subscription but it is also used by other agencies. The cost of this subscription would remain the same. This proposal would reduce expenditures in the Governor's Office but cause increased expenditures for other agencies using the service (Legislative Fiscal Division, Department of Commerce and Department of Labor and Industry).

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1001 - Personal Services Reduction	0.00	(245,477)	0	0	(245,477)	0.00	(245,477)	0	0	(245,477)
DP 1002 - Operating Expense Reduction	0.00	(31,029)	0	0	(31,029)	0.00	(31,805)	0	0	(31,805)
Total	0.00	(\$276,506)	\$0	\$0	(\$276,506)	0.00	(\$277,282)	\$0	\$0	(\$277,282)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1001 - Personal Services Reduction -

OBPP proposes to reduce general fund by approximately \$245,000 in personal services expenditures each fiscal year. The Governor's Office anticipates primarily using vacancy savings to institute the reduction.

DP 1002 - Operating Expense Reduction -

OBPP proposes to reduce general fund operating expenses by approximately \$31,000 each fiscal year. This proposal would result in reductions in travel, legal contracts, and tradeshow participation.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2001 - Operating Expense Reductions	0.00	(16,639)	0	0	(16,639)	0.00	(16,768)	0	0	(16,768)
Total	0.00	(\$16,639)	\$0	\$0	(\$16,639)	0.00	(\$16,768)	\$0	\$0	(\$16,768)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2001 - Operating Expense Reductions -

OBPP proposes to reduce general fund operating expenses by approximately \$17,000 each fiscal year. This proposal would result in reductions in catering and food expenses.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3001 - Operating Expense Reductions	0.00	(31,187)	0	0	(31,187)	0.00	(31,584)	0	0	(31,584)
Total	0.00	(\$31,187)	\$0	\$0	(\$31,187)	0.00	(\$31,584)	\$0	\$0	(\$31,584)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3001 - Operating Expense Reductions -

OBPP proposes to reduce general fund operating expenses by approximately \$31,000 each fiscal year. This proposal would result in reductions in the maintenance operating budget for the Air Transportation Program.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4001 - Operating Expense Reductions	0.00	(59,500)	0	0	(59,500)	0.00	(59,500)	0	0	(59,500)
DP 4002 - Personal Services Reductions	0.00	(150,589)	0	0	(150,589)	0.00	(145,251)	0	0	(145,251)
DP 4003 - Allocate Cost of Econometric Data Subscription	0.00	(21,530)	0	0	(21,530)	0.00	(22,391)	0	0	(22,391)
Total	0.00	(\$231,619)	\$0	\$0	(\$231,619)	0.00	(\$227,142)	\$0	\$0	(\$227,142)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 4001 - Operating Expense Reductions -

OBPP proposes to reduce general fund operating expenses by approximately \$60,000 each fiscal year. This proposal would result in reductions in contracted or consulting services, computer replacement, travel, and minor equipment and office supplies.

DP 4002 - Personal Services Reductions -

OBPP proposes to reduce general fund by approximately \$151,000 in FY 2018 and \$145,000 in FY 2019 in personal services. The Governor's Office anticipates primarily using vacancy savings to institute the reduction.

DP 4003 - Allocate Cost of Econometric Data Subscription -

OBPP proposes to reduce general fund operating expenses by approximately \$22,000 in each fiscal year. This proposal would reduce OBPP's expenditures on an econometric data subscription.

LFD COMMENT	OBPP proposes reductions to expenditures for an econometric data subscription. OBPP pays for this subscription but it is also used by other agencies. This proposal would reduce expenditures in the Governor's Office and shift those expenditures to the Legislative Fiscal Division, Department of Commerce and Department of Labor and Industry.
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New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5001 - Personal Services Reduction	0.00	(18,961)	0	0	(18,961)	0.00	(19,005)	0	0	(19,005)
Total	0.00	(\$18,961)	\$0	\$0	(\$18,961)	0.00	(\$19,005)	\$0	\$0	(\$19,005)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5001 - Personal Services Reduction -

OBPP proposes to reduce general fund by approximately \$19,000 in personal services expenditures each fiscal year. The Governor's Office anticipates primarily using vacancy savings to institute the reduction.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1200 - Budget Reductions	0.00	(33,323)	0	0	(33,323)	0.00	(33,404)	0	0	(33,404)
Total	0.00	(\$33,323)	\$0	\$0	(\$33,323)	0.00	(\$33,404)	\$0	\$0	(\$33,404)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1200 - Budget Reductions -

OBPP proposes to reduce general fund expenditures by approximately \$22,000 in personal services and approximately \$11,000 in operating expenses each fiscal year. The Governor's Office anticipates primarily using vacancy savings to institute the reduction in personal services. The proposed reduction in operating expenses would affect travel expenses.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2012 - Personal Services Reductions	0.00	(38,594)	0	0	(38,594)	0.00	(38,825)	0	0	(38,825)
Total	0.00	(\$38,594)	\$0	\$0	(\$38,594)	0.00	(\$38,825)	\$0	\$0	(\$38,825)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2012 - Personal Services Reductions -

OBPP proposes to reduce general fund by approximately \$39,000 in personal services each fiscal year. This proposal would reduce the expenditures for the Board of Visitors paralegal position from 0.75 FTE to 0.50 FTE, which is located at the Montana State Hospital. This proposal would also reduce expenditures for 0.50 FTE for a social services technician position in the Office of the Mental Health Ombudsman.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	7.00	7.00	0.00	0.00	7.00	0.00	0.00	0.00
Personal Services	480,776	501,266	(56,000)	445,266	503,276	(54,000)	449,276	(110,000)
Operating Expenses	209,828	264,560	(20,583)	243,977	255,029	(21,831)	233,198	(42,414)
Total Costs	\$690,604	\$765,826	(\$76,583)	\$689,243	\$758,305	(\$75,831)	\$682,474	(\$152,414)
General Fund	690,604	765,826	(76,583)	689,243	758,305	(75,831)	682,474	(152,414)
Total Funds	\$690,604	\$765,826	(\$76,583)	\$689,243	\$758,305	(\$75,831)	\$682,474	(\$152,414)
Total Ongoing	\$690,604	\$676,271	(\$76,583)	\$599,688	\$668,684	(\$75,831)	\$592,853	(\$152,414)
Total OTO	\$0	\$89,555	\$0	\$89,555	\$89,621	\$0	\$89,621	\$0

Summary of Proposed Spending Reductions

The Office of Budget and Program Planning (OBPP) recommends general fund expenditures for the Commissioner of Political Practices be reduced by approximately \$76,000 in each fiscal year. This results in a 10.0% reduction from the HB 2/SB 294 level.

OBPP proposes reduced expenditures in personal services and operating expenses in the Commissioner of Political Practices. Personal services comprise 26.9% of proposed general fund reductions in FY 2018 and 28.8% of general fund reductions in FY 2019. The proposed reductions in personal services will be reached using vacancy savings. Operating expenses comprise 73.1% of proposed general fund reductions in FY 2018 and 71.2% of general fund reductions in FY 2019. The proposed reductions in operating expenses affect the agency's State Information Technology Services Division (SITSD) expenditures.

For a complete narrative description of the proposed reductions, see the program narrative that follows.

Legal Issues

None identified at this time.

Cost Shifts

OBPP proposes reductions in SITSD expenditures in the Commissioner of Political Practices. This reduction has the potential to affect the rates other state agencies pay to SITSD.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - SITSD reduction FY 18 and FY 19	0.00	(20,583)	0	0	(20,583)	0.00	(21,831)	0	0	(21,831)
DP 2 - Vacancy savings FY 18 and FY 19	0.00	(56,000)	0	0	(56,000)	0.00	(54,000)	0	0	(54,000)
Total	0.00	(\$76,583)	\$0	\$0	(\$76,583)	0.00	(\$75,831)	\$0	\$0	(\$75,831)

**Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - SITSD reduction FY 18 and FY 19 -

OBPP proposes to reduce general fund of approximately \$21,000 for SITSD expenditures in each fiscal year. This proposed reduction affects legal holds on email archives. The agency currently does not have a need for legal holds but it could be ordered as a result of litigation in the future.

LFD COMMENT	The proposed reduction to SITSD expenditures in the Commissioner of Political Practices has the potential to affect the rates other state agencies pay to SITSD.
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DP 2 - Vacancy savings FY 18 and FY 19 -

OBPP proposes to reduce general fund of \$56,000 in FY 2018 and \$54,000 in FY 2019. The agency will utilize vacancy savings, which will primarily be related to a Compliance Specialist position.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	648.55	653.88	0.00	0.00	654.52	0.00	0.00	0.00
Personal Services	44,261,558	42,056,002	(3,223,002)	38,833,000	42,392,988	(3,247,717)	39,145,271	(6,470,719)
Operating Expenses	16,093,738	15,105,898	(1,355,135)	13,750,763	15,092,506	(1,354,016)	13,738,490	(2,709,151)
Equipment & Intangible Assets	30,554	30,554	0	30,554	30,554	0	30,554	0
Capital Outlay	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	42,810	42,364	0	42,364	42,364	0	42,364	0
Total Costs	\$60,428,660	\$57,234,818	(\$4,578,137)	\$52,656,681	\$57,558,412	(\$4,601,733)	\$52,956,679	(\$9,179,870)
General Fund	55,811,221	52,677,648	(4,279,166)	48,398,482	52,970,402	(4,300,256)	48,670,146	(8,579,422)
State/other Special Rev. Funds	1,017,549	959,482	0	959,482	962,733	0	962,733	0
Federal Spec. Rev. Funds	272,262	262,984	0	262,984	263,600	0	263,600	0
Other	3,327,628	3,334,704	(298,971)	3,035,733	3,361,677	(301,477)	3,060,200	(600,448)
Total Funds	\$60,428,660	\$57,234,818	(\$4,578,137)	\$52,656,681	\$57,558,412	(\$4,601,733)	\$52,956,679	(\$9,179,870)
Total Ongoing	\$59,826,504	\$57,109,818	(\$4,578,137)	\$52,531,681	\$57,433,412	(\$4,601,733)	\$52,831,679	(\$9,179,870)
Total OTO	\$602,156	\$125,000	\$0	\$125,000	\$125,000	\$0	\$125,000	\$0

Summary of Proposed Spending Reductions

OBPP recommends the general fund expenditures for the Department of Revenue be reduced by approximately \$4,600,000 in each fiscal year, which is 8.1% from the HB 2/SB 294 level; reductions occur in four of five programs. OBPP did not recommend any reduction for the Business and Income Taxes Division. OBPP recommends proprietary funds for the Liquor Control Division be reduced by \$600,448. Lower proprietary fund expenditures in the Liquor Control Division should result in a larger liquor profits transfer to the general fund at fiscal year end.

Personal services reductions account for 70.4% of the total proposed reductions in FY 2018 and 70.6% in FY 2019, and operating expense reductions make up the remaining 29.6% in FY 2018 and 29.4% in FY 2019

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

17-7-140, MCA limits the level of reductions the Governor may require to 10.0% during the biennium for each program within an agency. The Director's Office reductions are 0.14% or \$38,640 above the 17-7-140, MCA limit of 10.0%, and the Citizen Services reductions are 0.03% or \$5,353 above the 10.0% limit. Please refer to the LFD Analysis of the Spending Reduction Proposal for further information.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - Directors Office PS Reduction	0.00	(723,225)	0	0	(723,225)	0.00	(730,274)	0	0	(730,274)
DP 102 - Directors Office Operating Reduction	0.00	(663,108)	0	0	(681,260)	0.00	(661,575)	0	0	(679,683)
Total	0.00	(\$1,386,333)	\$0	\$0	(\$1,404,485)	0.00	(\$1,391,849)	\$0	\$0	(\$1,409,957)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 101 - Directors Office PS Reduction -

The executive recommends maintaining the current vacancy savings and reducing personal services expenditures for 12.00 FTE.

DP 102 - Directors Office Operating Reduction -

The executive recommends reductions to operating expenditures through contract renegotiations and delaying equipment purchases.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Liquor Control PS Reduction	0.00	0	0	0	(221,821)	0.00	0	0	0	(224,327)
DP 302 - Liquor Control Operating Reduction	0.00	0	0	0	(57,726)	0.00	0	0	0	(57,775)
Total	0.00	\$0	\$0	\$0	(\$279,547)	0.00	\$0	\$0	\$0	(\$282,102)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 301 - Liquor Control PS Reduction -

The executive recommends maintaining current vacancy savings.

DP 302 - Liquor Control Operating Reduction -

The executive recommends reducing operating costs, including licensee education.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - Citizen Services PS Reduction	0.00	(576,941)	0	0	(576,941)	0.00	(580,521)	0	0	(580,521)
DP 502 - Citizen Services Operating Reduction	0.00	(267,807)	0	0	(269,079)	0.00	(267,869)	0	0	(269,136)
Total	0.00	(\$844,748)	\$0	\$0	(\$846,020)	0.00	(\$848,390)	\$0	\$0	(\$849,657)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 501 - Citizen Services PS Reduction -

The executive recommends maintaining current vacancy savings and hiring fewer temporary employees.

DP 502 - Citizen Services Operating Reduction -

The executive recommends reducing operating costs by eliminating the following items: the toll-free number, tax season public service announcements, partnership in montanafreefile.org, and training and related travel expenses.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 801 - Property Assessment PS Reduction	0.00	(1,701,015)	0	0	(1,701,015)	0.00	(1,712,595)	0	0	(1,712,595)
DP 802 - Property Assessment Operating Reduction	0.00	(347,070)	0	0	(347,070)	0.00	(347,422)	0	0	(347,422)
Total	0.00	(\$2,048,085)	\$0	\$0	(\$2,048,085)	0.00	(\$2,060,017)	\$0	\$0	(\$2,060,017)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 801 - Property Assessment PS Reduction -

The executive recommends maintaining current vacancy savings and reducing personal services expenditures for 80.00 FTE for the remainder of FY 2018, with reduced personal services expenditures continued for 52.00 FTE throughout FY 2019.

DP 802 - Property Assessment Operating Reduction -

The executive recommends reducing office hours and potentially closing several county offices.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	144.06	139.75	0.00	0.00	139.75	0.00	0.00	0.00
Personal Services	12,277,023	11,795,718	(561,705)	11,234,013	11,840,015	(623,963)	11,216,052	(1,185,668)
Operating Expenses	8,234,170	6,806,147	(169,152)	6,636,995	5,652,663	(104,512)	5,548,151	(273,664)
Equipment & Intangible Assets	19,500	19,500	0	19,500	19,500	0	19,500	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	30,060	30,060	0	30,060	30,060	0	30,060	0
Transfers	0	1,649,000	0	1,649,000	1,657,000	0	1,657,000	0
Debt Service	89,977	0	0	0	0	0	0	0
Total Costs	\$20,650,730	\$20,300,425	(\$730,857)	\$19,569,568	\$19,199,238	(\$728,475)	\$18,470,763	(\$1,459,332)
General Fund	7,640,262	7,383,559	(730,857)	6,652,702	7,284,738	(728,475)	6,556,263	(1,459,332)
State/other Special Rev. Funds	7,041,007	6,623,455	0	6,623,455	6,681,522	0	6,681,522	0
Federal Spec. Rev. Funds	99,011	1,078,084	0	1,078,084	116,324	0	116,324	0
Other	5,870,450	5,215,327	0	5,215,327	5,116,654	0	5,116,654	0
Total Funds	\$20,650,730	\$20,300,425	(\$730,857)	\$19,569,568	\$19,199,238	(\$728,475)	\$18,470,763	(\$1,459,332)
Total Ongoing	\$18,473,758	\$18,651,425	(\$730,857)	\$17,920,568	\$17,542,238	(\$728,475)	\$16,813,763	(\$1,459,332)
Total OTO	\$2,176,972	\$1,649,000	\$0	\$1,649,000	\$1,657,000	\$0	\$1,657,000	\$0

Summary of Proposed Spending Reductions

OBPP recommends the general fund expenditures for the Department of Administration be reduced by approximately \$731,000 in each fiscal year which is 9.9% below the HB 2/SB 294 level. Of the total reductions, 70.5% of the costs reduced in general fund in FY 2018 and 79.1% in FY 2019 have been shifted to proprietary funds. These reductions occurred in personal services in the Director's Office, the State Financial Services Division, the State Information Technology Services Division, and the State Human Resources Division.

Operating expense reductions are 23.1% of the proposed reductions in FY 2018 and 14.3% in FY 2019 in the Director's Office and the Montana Tax Appeal Board. State Human Resources Division personal services reductions make up 9.8% of OBPP proposals in FY 2018 and FY 2019.

For a complete narrative description of the proposed reductions see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

OBBP proposes to shift \$515,000 of general fund costs in FY 2018 to proprietary funds and \$576,000 in FY 2019. Proprietary funds within the Department of Administration are funded through rates charged to either other programs within DOA, other state agencies, or local governments within Montana. Rates paid by other programs or state agencies use general fund, state and federal special revenue, and other funds. Increasing costs to the proprietary rates funded with general fund may require the program or agency receiving the services to pay for higher costs. A portion of those costs may require additional general fund for the services, either in the current or future biennia. Projected increases in costs to programs and state agencies are discussed in the program narrative of the proposed OBPP reductions that follows. In

addition, the State Financial Services Division proposes to shift costs from the general fund to local governments receiving services from the Local Government Services Bureau.

Impacts to Federal Special Revenue Funds

None identified at this time.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 102 - Reduction Plan for the Director's Office	0.00	(147,397)	0	0	(147,397)	0.00	(206,781)	0	0	(206,781)
DP 103 - Reduction for the Labor - Management Training Initiative	0.00	(65,000)	0	0	(65,000)	0.00	0	0	0	0
Total	0.00	(\$212,397)	\$0	\$0	(\$212,397)	0.00	(\$206,781)	\$0	\$0	(\$206,781)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 102 - Reduction Plan for the Director's Office -

For FY 2018, OBPP proposes to shift up to 1.50 FTE from general fund to the Director's Office internal service fund. In FY 2019 the personal service costs of up to an additional 0.75 FTE would also be shifted to the proprietary fund. Fund balance in the internal service fund would be utilized to offset the additional personal services expenditures. According to DOA, the proprietary rate will not increase in the current biennium but would need to increase in the 2021 biennium to re-establish fund balance.

LFD COMMENT	The management services account within the internal service fund has a fund balance of (\$1.3 million) at FYE 2017 due to pension and other post employment benefit liabilities. As of September 20, 2017 the Director's Office had \$663,000 in cash in the account that could be used to offset the personal services expenditures proposed to shift to the internal service fund. However, depleting these assets could result in higher rates in the subsequent biennia.
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DP 103 - Reduction for the Labor - Management Training Initiative -

OBPP proposes to reduce the Labor-Management Training Initiative expenditures from \$75,000 in general fund to \$10,000. Training in management skills, and handling grievances and arbitrations would be reduced or eliminated.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - 10% Reduction Plan for State Financial Services Division	0.00	(253,264)	0	0	(253,264)	0.00	(254,853)	0	0	(254,853)
Total	0.00	(\$253,264)	\$0	\$0	(\$253,264)	0.00	(\$254,853)	\$0	\$0	(\$254,853)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 301 - 10% Reduction Plan for State Financial Services Division -

OBPP proposes to shift the personal services expenditures of 5.00 FTE used for local government services from the general fund to the local government services audit and reporting account within the enterprise fund for the 2019 biennium. The expenditures would be supported through existing fund balance and current revenues. According to the State Financial Services Division (SFSD), at the end of the 2019 biennium, SFSD will evaluate the need for changing filing fees for financial reports and audits of local government entities as outlined in 2-7-514, MCA.

LFD COMMENT	At the end of fiscal year 2017 the local government services enterprise account had a fund balance of (\$94,349) due to outstanding liabilities for pension costs and other post employment benefits. As of September 20, 2017 the SFSD had \$214,000 in cash in the account that could be used to offset the personal services expenditures proposed to shift to the internal service fund. However, depleting these assets could result in higher rates in the subsequent biennia. The funding shift may require increasing the filing fees charged to local governments for financial reports and audits in future biennia.
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New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----				-----Fiscal 2019-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 701 - 10% Reduction Plan for the State Info. Tech. Serv. Division	0.00	(42,836)	0	0	(42,836)	0.00	(43,050)	0	0	(43,050)
Total	0.00	(\$42,836)	\$0	\$0	(\$42,836)	0.00	(\$43,050)	\$0	\$0	(\$43,050)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 701 - 10% Reduction Plan for the State Info. Tech. Serv. Division -

OBPP recommends that the Public Safety Communications Service Bureau general fund expenditures be shifted within the State Information Technology Services Division to the ISD proprietary account for the 2019 biennium.

LFD COMMENT	<p>At FYE 2017, the ISD proprietary account had a fund balance of (\$13.2) million due to outstanding liabilities for pension costs and other post employment benefits. The 2017 Legislature approved \$13.2 million in increased information technology service costs compared to the 2017 base appropriations, in part, to reestablish the working capital fund balance for the account. At the beginning of FY 2018, SITSD rates are established based on the budget established by the 2017 Legislature. However, SITSD has the authority to increase its rates during the interim. The proposal to shift costs from the general fund to the internal services fund may generate higher SITSD agency rates, either in the current or future biennia. In FY 2017, 39.4% of the SITSD rates were paid by the general fund. Assuming the 2019 biennium SITSD rates are paid at the same funding percentage as FY 2017, an increase of \$85,896 in internal services expenditures could result in \$33,839 in additional general fund costs to state agencies. If SITSD is able to absorb the costs within the current rate structure, the impact on the working capital fund balance may result in increases in SITSD rates in the following biennium.</p>
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New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2301 - 10% Reduction Plan for the State Human Res. Division	0.00	(161,044)	0	0	(161,044)	0.00	(162,329)	0	0	(162,329)
Total	0.00	(\$161,044)	\$0	\$0	(\$161,044)	0.00	(\$162,329)	\$0	\$0	(\$162,329)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 2301 - 10% Reduction Plan for the State Human Res. Division -

OBPP proposes to leave a Human Resource Specialist position budgeted at \$71,803 in FY 2018 and \$71,854 in FY 2019 vacant for the biennium. The remaining general fund personal service costs of \$89,241 in FY 2018 and \$90,475 in FY 2019 is proposed to be shifted to accounts within the internal service fund. According to the State Human Resources Division (SHRD), the shift may impact the internal service fund rates in the 2021 biennium.

LFD COMMENT	SHRD has two internal service funds for services it provides to other agencies, the intergovernmental training and the human resource information system (HRIS) accounts. At FYE the fund balance in each account was (\$257,000) and (\$2.1 million) respectively due to pension and other post-employment benefit liabilities. As previously discussed these liabilities do not impact the cash balance for the accounts. At FYE the intergovernmental training account had a cash balance of \$52,600 and the HRIS had \$386,000 that could be used to offset the personal services expenditures proposed to shift to the internal service fund. However, depleting the cash could result in higher rates in the 2021 biennium.
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New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3701 - 10% Reduction for the MT Tax Appeal Board	0.00	(61,316)	0	0	(61,316)	0.00	(61,462)	0	0	(61,462)
Total	0.00	(\$61,316)	\$0	\$0	(\$61,316)	0.00	(\$61,462)	\$0	\$0	(\$61,462)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3701 - 10% Reduction for the MT Tax Appeal Board -

OBPP proposes to suspend non-statutory reimbursements for counties for services and materials in support of the county tax appeal board hearings, including county tax appeal board secretary salary and benefits, office supplies, and phone charges associated with tax appeals. Travel, conference fees, subscriptions, office equipment, printing, and consulting services will be reduced. Costs of transcripts will be shifted to the requesting party.

LFD COMMENT	OBPP proposes to shift general fund costs of up to \$22,540 over the biennium for county tax appeal boards to local governments, and transcript costs to taxpayers. Depending on the number of property tax appeals in a given county, this could result in higher costs to property owners.
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Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	47.06	47.06	0.00	0.00	47.06	0.00	0.00	0.00
Personal Services	4,106,453	3,543,943	0	3,543,943	3,582,659	0	3,582,659	0
Operating Expenses	6,172,158	4,799,234	(82,847)	4,716,387	4,738,863	(82,759)	4,656,104	(165,606)
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Local Assistance	0	110,000	0	110,000	120,000	0	120,000	0
Grants	20,727,966	20,981,846	(384,707)	20,597,139	20,990,289	(385,190)	20,605,099	(769,897)
Benefits & Claims	358,921	358,921	0	358,921	358,921	0	358,921	0
Transfers	600,000	905,000	0	905,000	905,000	0	905,000	0
Total Costs	\$31,965,498	\$30,698,944	(\$467,554)	\$30,231,390	\$30,695,732	(\$467,949)	\$30,227,783	(\$935,503)
General Fund	5,869,277	3,626,101	(362,554)	3,263,547	3,629,488	(362,949)	3,266,539	(725,503)
State/other Special Rev. Funds	7,374,201	8,963,032	(105,000)	8,858,032	8,956,821	(105,000)	8,851,821	(210,000)
Federal Spec. Rev. Funds	18,722,020	18,109,811	0	18,109,811	18,109,423	0	18,109,423	0
Total Funds	\$31,965,498	\$30,698,944	(\$467,554)	\$30,231,390	\$30,695,732	(\$467,949)	\$30,227,783	(\$935,503)
Total Ongoing	\$29,427,998	\$28,293,944	(\$467,554)	\$27,826,390	\$28,290,732	(\$467,949)	\$27,822,783	(\$935,503)
Total OTO	\$2,537,500	\$2,405,000	\$0	\$2,405,000	\$2,405,000	\$0	\$2,405,000	\$0

Summary of Proposed Spending Reductions

The Office of Budget and Program Planning (OBPP) recommends general fund expenditures for the Department of Commerce be reduced by approximately \$363,000 in each fiscal year. This results in a 10.0% reduction from the HB 2/SB 294 level. OBPP also recommends state special revenue expenditures be reduced by \$105,000 each fiscal year and the amount reduced be transferred to the general fund.

The proposed general fund reductions occur in grants in the Office of Tourism and Business Development and operating expenses in the Community Development Division. Grants comprise approximately 77.0% of the general fund reductions and include reductions to Montana Manufacturing Extension Center (MMEC) grants and Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) grants. Operating expenses comprise approximately 23.0% of the general fund reductions and include reductions to contracted services in the Community Technical Assistance Program (CTAP).

The proposed state special revenue reductions occur in the Office of Tourism and Business Development. These reductions are comprised of grants for MMEC and brownfield spills. OBPP is recommending the amount reduced be transferred to the general fund. An additional discussion is included below in the Legal Issues section.

For a complete narrative description of the proposed reductions, see the program narratives that follow.

Legal Issues

OBPP proposes reducing state special revenue expenditures for grants funded through the Big Sky Economic Development fund and transferring that amount to general fund. Montana statute (90-1-205, MCA) specifies the allowable uses of this fund and transfers to the general fund are not included. For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, dated September 29, 2017, and attached as Appendix B.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

None identified at this time.

New Proposals

The “New Proposals” table shows new changes to expenditures.

New Proposals	Fiscal 2018					Fiscal 2019				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - OTBD HB 2 Eliminate Manufacturing Extension Line Item	0.00	(100,000)	0	0	(100,000)	0.00	(100,000)	0	0	(100,000)
DP 2 - OTBD HB 2 Reduce SBIR/STTR Grants	0.00	(179,707)	0	0	(179,707)	0.00	(180,190)	0	0	(180,190)
DP 4 - OTBD HB 2 Manufacturing Extension Transfer	0.00	0	(100,000)	0	(100,000)	0.00	0	(100,000)	0	(100,000)
DP 5 - OTBD HB 2 Brownfield Spills Transfer	0.00	0	(5,000)	0	(5,000)	0.00	0	(5,000)	0	(5,000)
Total	0.00	(\$279,707)	(\$105,000)	\$0	(\$384,707)	0.00	(\$280,190)	(\$105,000)	\$0	(\$385,190)

**Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - OTBD HB 2 Eliminate Manufacturing Extension Line Item -

OBPP proposes to eliminate general fund of \$100,000 for Montana Manufacturing Extension Center grants in each fiscal year.

DP 2 - OTBD HB 2 Reduce SBIR/STTR Grants -

OBPP proposes to reduce Small Business Innovation Research and Small Business Technology Transfer Grant Program by approximately \$180,000 in each fiscal year. The typical SBIR/STTR grant awarded by the department is approximately \$30,000.

DP 4 - OTBD HB 2 Manufacturing Extension Transfer -

OBPP proposes to reduce state special revenue of \$100,000 for Montana Manufacturing Extension Center grants in each fiscal year. This proposal transfers the amount reduced from the big sky economic development state special revenue fund to the general fund.

LFD COMMENT The Legislature approved an appropriation of \$200,000 each fiscal year for Montana Manufacturing Extension Center grants from the big sky economic development state special revenue fund. OBPP is proposing to reduce expenditures by \$100,000 each fiscal year and transfer this amount to the general fund. Montana statute (90-1-205, MCA) specifies the purposes for which the big sky economic development fund can be used. Transferring money from this account into the general fund is not one of the purposes outlined in statute. For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, dated September 29, 2017, and attached as Appendix B.

DP 5 - OTBD HB 2 Brownfield Spills Transfer -

OBPP proposes eliminating state special revenue of \$5,000 for brownfield spill grants in each fiscal year. This proposal transfers the amount reduced from the big sky economic development state special revenue fund to the general fund.

LFD COMMENT The Legislature approved an appropriation of \$5,000 each fiscal year for brownfield spills grants from the big sky economic development state special revenue fund. OBPP is proposing to eliminate expenditures for these grants and transfer this amount to the general fund. Montana statute (90-1-205, MCA) specifies the purposes for which the big sky economic development fund can be used. Transferring money from this account into the

general fund is not one of the purposes outlined in statute. For additional details refer to the legal memorandum by Julie Johnson of the Legislative Services Division, dated September 29, 2017, and attached as Appendix B.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3 - CDD HB 2 Reduce CTAP Contracted Services	0.00	(82,847)	0	0	(82,847)	0.00	(82,759)	0	0	(82,759)
Total	0.00	(\$82,847)	\$0	\$0	(\$82,847)	0.00	(\$82,759)	\$0	\$0	(\$82,759)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3 - CDD HB 2 Reduce CTAP Contracted Services -

OBPP proposes to reduce operating expenses in the Community Technical Assistance Program by approximately \$83,000 in each fiscal year. This proposal will reduce CTAP contracted services.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	693.06	668.16	0.00	0.00	668.16	0.00	0.00	0.00
Personal Services	49,468,232	45,053,048	(80,471)	44,972,577	45,570,856	(80,880)	45,489,976	(161,351)
Operating Expenses	27,439,556	27,053,021	(112,922)	26,940,099	27,095,907	(113,501)	26,982,406	(226,423)
Equipment & Intangible Assets	312,574	312,574	0	312,574	312,574	0	312,574	0
Grants	8,357,289	8,767,792	0	8,767,792	8,767,792	0	8,767,792	0
Benefits & Claims	100,389	100,389	0	100,389	100,389	0	100,389	0
Transfers	311,983	311,983	0	311,983	311,983	0	311,983	0
Debt Service	249,123	247,729	0	247,729	247,729	0	247,729	0
Total Costs	\$86,239,146	\$81,846,536	(\$193,393)	\$81,653,143	\$82,407,230	(\$194,381)	\$82,212,849	(\$387,774)
General Fund	1,940,776	1,787,311	(178,732)	1,608,579	1,795,377	(179,538)	1,615,839	(358,270)
State/other Special Rev. Funds	49,938,933	47,046,396	0	47,046,396	47,390,453	0	47,390,453	0
Federal Spec. Rev. Funds	34,359,437	33,012,829	(14,661)	32,998,168	33,221,400	(14,843)	33,206,557	(29,504)
Other	0	0	0	0	0	0	0	0
Total Funds	\$86,239,146	\$81,846,536	(\$193,393)	\$81,653,143	\$82,407,230	(\$194,381)	\$82,212,849	(\$387,774)
Total Ongoing	\$85,788,812	\$81,846,536	(\$193,393)	\$81,653,143	\$82,407,230	(\$194,381)	\$82,212,849	(\$387,774)
Total OTO	\$450,334	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Summary of Proposed Spending Reductions

The Office of Budget and Program Planning (OBPP) recommends general fund expenditures for the Department of Labor and Industry be reduced by approximately \$179,000 in each fiscal year. This results in a 10.0% reduction from the HB 2/ SB 294 level. OBPP also recommends federal special revenue expenditures be reduced by approximately \$15,000 each fiscal year.

OBPP proposes reduced expenditures in personal services and operating expenses in the Commissioner's Office/ Centralized Services Division, Employment Relations Division, and Office of Community Services. Personal services comprise 37.4% of proposed general fund reductions and will be reached using vacancy savings and reduced staff hours. Operating expenses comprise 62.6% of proposed general fund reductions and affect operating expenses related to supporting personal services expenses in the Office of Administrative Hearings and Office of Community Services as well as travel, outreach and legal expenses in the Human Rights Bureau.

For a complete narrative description of the proposed reductions, see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

The Office of Community Services receives matching federal funds. The proposed general fund reduction of approximately \$15,000 each fiscal year results in a corresponding reduction of approximately \$15,000 of federal special revenue each fiscal year.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 57 - 10% GF Reductions 17-7-140	0.00	(28,713)	0	0	(28,713)	0.00	(28,784)	0	0	(28,784)
Total	0.00	(\$28,713)	\$0	\$0	(\$28,713)	0.00	(\$28,784)	\$0	\$0	(\$28,784)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 57 - 10% GF Reductions 17-7-140 -

OBPP proposes to reduce general fund of approximately \$24,000 in personal services and \$5,000 in operating expenses each fiscal year. The proposed reduction will be in the Office of Administrative Hearings. Impacts to personal services will depend on caseloads and impacts to operating expense will be related to the expenditures associated with supporting personal services expenses.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 57 - 10% GF Reductions 17-7-140	0.00	(135,358)	0	0	(135,358)	0.00	(135,911)	0	0	(135,911)
Total	0.00	(\$135,358)	\$0	\$0	(\$135,358)	0.00	(\$135,911)	\$0	\$0	(\$135,911)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 57 - 10% GF Reductions 17-7-140 -

OBPP proposes to reduce general fund of approximately \$30,000 in personal services and \$106,000 in operating expenses each fiscal year. The proposed reduction will be in the Human Rights Bureau. The department anticipates using vacancy savings from a retirement to meet the proposed personal services reductions. The proposed operating expense reduction will affect travel, outreach and legal expenses in the bureau.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 57 - 10% GF Reductions 17-7-140	0.00	(14,661)	0	(14,661)	(29,322)	0.00	(14,843)	0	(14,843)	(29,686)
Total	0.00	(\$14,661)	\$0	(\$14,661)	(\$29,322)	0.00	(\$14,843)	\$0	(\$14,843)	(\$29,686)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 57 - 10% GF Reductions 17-7-140 -

OBPP proposes to reduce general fund of approximately \$14,000 in personal services and \$1,000 in operating expenses each fiscal year. The department anticipates using reduced staff hours to meet the proposed personal services reductions. The proposed reduction in operating expense will be related to the expenditures associated with supporting personal services expenses. The Office of Community Services receives federal matching funds and the reduction in general fund will result in a reduction of approximately \$15,000 in federal special revenue each fiscal year.

Budget Director's Proposed Reductions

The following table shows the adopted budget for the 2019 biennium, including SB 261 effects, with the Governor's proposed reductions per 17-7-140, by type of expenditure and source of funding.

Proposed Reductions								
Budget Item	Approp. Fiscal 2017	Approp. Fiscal 2018	Executive Reductions Fiscal 2018	Budget With Reductions Fiscal 2018	Approp. Fiscal 2019	Executive Reductions Fiscal 2019	Budget With Difference Fiscal 2019	Biennium Reductions Fiscal 18-19
FTE	200.21	202.78	0.00	0.00	202.78	0.00	0.00	0.00
Personal Services	14,768,871	14,691,943	(195,473)	14,496,470	14,835,921	(195,473)	14,640,448	(390,946)
Operating Expenses	20,399,976	20,195,452	(319,302)	19,876,150	20,193,917	(319,302)	19,874,615	(638,604)
Equipment & Intangible Assets	150,536	150,536	0	150,536	150,536	0	150,536	0
Grants	11,733,943	11,726,301	(20,736)	11,705,565	11,626,301	(20,736)	11,605,565	(41,472)
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	2,596,554	2,598,260	0	2,598,260	2,598,260	0	2,598,260	0
Total Costs	\$49,649,880	\$49,362,492	(\$535,511)	\$48,826,981	\$49,404,935	(\$535,511)	\$48,869,424	(\$1,071,022)
General Fund	6,632,321	6,521,709	(535,511)	5,986,198	6,543,006	(535,511)	6,007,495	(1,071,022)
State/other Special Rev. Funds	779,561	917,544	0	917,544	827,554	0	827,554	0
Federal Spec. Rev. Funds	42,237,998	41,923,239	0	41,923,239	42,034,375	0	42,034,375	0
Total Funds	\$49,649,880	\$49,362,492	(\$535,511)	\$48,826,981	\$49,404,935	(\$535,511)	\$48,869,424	(\$1,071,022)
Total Ongoing	\$49,599,880	\$49,212,492	(\$535,511)	\$48,676,981	\$49,354,935	(\$535,511)	\$48,819,424	(\$1,071,022)
Total OTO	\$50,000	\$150,000	\$0	\$150,000	\$50,000	\$0	\$50,000	\$0

Summary of Proposed Spending Reductions

The Office of Budget and Program Planning (OBPP) recommends general fund expenditures for the Department of Military Affairs be reduced by approximately \$536,000 in each fiscal year. These reductions are proposed for all programs with general fund appropriations, except for Disaster and Emergency Services. This results in an 8.2% reduction from the HB 2/SB 294 level.

OBPP proposes reduced expenditures in personal services, operating expenses, and grants. Personal services comprise 36.5% of proposed general fund reductions and includes reducing expenditures for several FTE. Operating expenses comprise 59.6% of the proposed reductions and include reducing and/or eliminating maintenance and janitorial services, postponing small construction projects, eliminating the veterans service outreach program, as well as other reductions in operating expenses. The remaining 3.9% of the general fund reductions are in grants in the Scholarship program.

For a complete narrative description of the proposed reductions, see the program narratives that follow.

Legal Issues

None identified at this time.

Cost Shifts

None identified at this time.

Federal Special Revenue Funds

The Department of Military Affairs has several programs that receive matching federal funds including the Challenge program, Army National Guard program, and the Air National Guard program. The total estimated reduction in federal special revenue for the department is approximately \$763,000 each fiscal year. In the Challenge program, the reduction of approximately \$111,000 in general fund results in a reduction of approximately \$334,000 in federal special revenue each fiscal year. In the Army National Guard program, the reduction of \$169,000 in general fund results in an estimated

reduction of \$301,000 of federal special revenue each fiscal year. In the Air National Guard program, the reduction of \$42,000 in general fund results in an estimated reduction of \$128,000 of federal special revenue each fiscal year.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(74,304)	0	0	(74,304)	0.00	(74,304)	0	0	(74,304)
Total	0.00	(\$74,304)	\$0	\$0	(\$74,304)	0.00	(\$74,304)	\$0	\$0	(\$74,304)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund of approximately \$74,000 in personal services expenditures each fiscal year. The Director's Office would initiate a hiring freeze for three positions (two Assistant to the Adjutant General positions and an Administrative Assistant position) to institute these reductions.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(49,267)	0	0	(49,267)	0.00	(49,267)	0	0	(49,267)
DP 6701002 - Proposed FTE Reduction	0.00	(62,183)	0	0	(62,183)	0.00	(62,183)	0	0	(62,183)
Total	0.00	(\$111,450)	\$0	\$0	(\$111,450)	0.00	(\$111,450)	\$0	\$0	(\$111,450)

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund operating expenses by approximately \$49,000 each fiscal year. The Challenge program receives federal matching funds and a reduction in general fund would result in the reduction of approximately \$148,000 in federal special revenue each fiscal year. The department may need to look for alternate locations for the program.

DP 6701002 - Proposed FTE Reduction -

OBPP proposes to reduce general fund expenditures by approximately \$62,000 in personal services each fiscal year. The Challenge program receives federal matching funds and a reduction in general fund would result in the reduction of approximately \$187,000 in federal special revenue each fiscal year. This proposal eliminates expenditures for 4.00 FTE, which affects the staff to student ratios.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(20,736)	0	0	(20,736)	0.00	(20,736)	0	0	(20,736)
Total	0.00	(\$20,736)	\$0	\$0	(\$20,736)	0.00	(\$20,736)	\$0	\$0	(\$20,736)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund by approximately \$21,000 in each fiscal year for scholarships awarded to Montana National Guard personnel. In FY 2016, 169 students were awarded scholarships ranging from \$300 to \$2,400 for colleges, universities, or other training programs.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(168,730)	0	0	(168,730)	0.00	(168,730)	0	0	(168,730)
Total	0.00	(\$168,730)	\$0	\$0	(\$168,730)	0.00	(\$168,730)	\$0	\$0	(\$168,730)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund expenditures by approximately \$169,000 in operating expenses each fiscal year. The Army National Guard receives federal matching funds and a reduction in general fund would result in the estimated reduction of approximately \$301,000 in federal special revenue each fiscal year. This proposal would defer major maintenance and postpone small construction projects.

New Proposals

The "New Proposals" table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(42,318)	0	0	(42,318)	0.00	(42,318)	0	0	(42,318)
Total	0.00	(\$42,318)	\$0	\$0	(\$42,318)	0.00	(\$42,318)	\$0	\$0	(\$42,318)

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund expenditures by approximately \$42,000 in operating expenses each fiscal year. The Air National Guard receives federal matching funds and a reduction in general fund would result in the estimated reduction of approximately \$128,000 in federal special revenue each fiscal year. This proposal would reduce and/or eliminate building and grounds maintenance contracts, janitorial services, and supply expenditures.

New Proposals

The “New Proposals” table shows new changes to expenditures.

New Proposals	-----Fiscal 2018-----					-----Fiscal 2019-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 67010 - Proposed Reduction	0.00	(58,987)	0	0	(58,987)	0.00	(58,987)	0	0	(58,987)
DP 6701031 - Proposed FTE Reduction	0.00	(58,986)	0	0	(58,986)	0.00	(58,986)	0	0	(58,986)
Total	0.00	(\$117,973)	\$0	\$0	(\$117,973)	0.00	(\$117,973)	\$0	\$0	(\$117,973)

**Total Funds” amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 67010 - Proposed Reduction -

OBPP proposes to reduce general fund expenditures by approximately \$59,000 in operating expenses each fiscal year. This proposal would eliminate the veterans service outreach program (approximately \$47,000 each fiscal year), restrict training expenditures, eliminate a program that assists groups that have aligned purposes, and eliminate one Board of Veterans Affairs in-person meeting per year.

DP 6701031 - Proposed FTE Reduction -

OBPP proposes to reduce general fund expenditures by approximately \$59,000 in personal services each fiscal year. This proposal eliminates expenditures for 1.00 FTE. The proposed operating expense and personal services reductions in the Veterans Affairs Division reduce budgeted expenditures from approximately \$1.2 million to \$1.1 million each fiscal year, which is a 10.0% reduction.