

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	129.97	135.14	134.97	140.14	135.14	140.14	5.00	3.70%
Personal Services	8,819,756	10,781,395	10,500,279	10,483,499	19,601,151	20,983,778	1,382,627	7.05%
Operating Expenses	2,484,603	2,663,615	3,894,429	3,209,580	5,148,218	7,104,009	1,955,791	37.99%
Equipment & Intangible Assets	69,801	139,699	75,000	75,000	209,500	150,000	(59,500)	(28.40%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$11,374,160	\$13,584,709	\$14,469,708	\$13,768,079	\$24,958,869	\$28,237,787	\$3,278,918	13.14%
General Fund	9,116,067	11,249,936	11,812,600	11,772,985	20,366,003	23,585,585	3,219,582	15.81%
State Special	2,258,093	2,334,773	2,657,108	1,995,094	4,592,866	4,652,202	59,336	1.29%
Total Funds	\$11,374,160	\$13,584,709	\$14,469,708	\$13,768,079	\$24,958,869	\$28,237,787	\$3,278,918	13.14%

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Legislative Budget Analysis, A-1

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	129.97	130.97	134.97	4.00	136.14	140.14	4.00	
Personal Services	8,819,756	10,419,541	10,500,279	80,738	10,404,371	10,483,499	79,128	159,866
Operating Expenses	2,484,603	4,089,785	3,894,429	(195,356)	3,649,692	3,209,580	(440,112)	(635,468)
Equipment & Intangible Assets	69,801	75,000	75,000	0	75,000	75,000	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$11,374,160	\$14,584,326	\$14,469,708	(\$114,618)	\$14,129,063	\$13,768,079	(\$360,984)	(\$475,602)
General Fund	9,116,067	11,895,695	11,812,600	(83,095)	12,102,301	11,772,985	(329,316)	(412,411)
State/Other Special	2,258,093	2,688,631	2,657,108	(31,523)	2,026,762	1,995,094	(31,668)	(63,191)
Total Funds	\$11,374,160	\$14,584,326	\$14,469,708	(\$114,618)	\$14,129,063	\$13,768,079	(\$360,984)	(\$475,602)

This bill includes the addition of 4.0 FTE and general fund of \$426,040 in FY 2010 and \$361,363 in FY2011 for staffing of expanded interim committees, succession planning, additional fiscal note analysis, and monitoring of federal stimulus act implementation that was not included in the executive budget. In addition the legislature approved budget reductions for the Legislative Branch that include a biennial reduction in total funding for personal services of \$424,754 to apply a 2 percent vacancy savings initiative, a 2 percent unspecified reduction in general fund totaling \$478,251 over the biennium, and a reduction in TVMT transmission budget of \$180,000 general fund for the biennium, and a reduction of \$180,000 general fund in FY 2011 for the elimination of the legislator technology allowance.

Agency Highlights

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> ◆ Legislatively approved funding for the agency increases by 13.14 percent (\$3.28 million) over the 2009 biennium due to: <ul style="list-style-type: none"> • \$1.0 million to continue and expand broadcasting of the legislative session and interim committees on public television • Statewide present law adjustments for annualization of the pay plan and market adjustments • Addition of 4.0 FTE for interim committee staffing, succession planning, fiscal note analysis, and monitoring of the federal ARRA ◆ The legislature imposed a 2 percent vacancy savings reduction resulting in a biennial decrease of \$424,754 in personal services ◆ The legislature applied a 2 percent unspecified reduction in general fund to the agency totaling \$478,251 over the biennium. ◆ The legislator technology allowance was removed from HB 2

Agency Discussion

The Legislative Branch budget includes cyclical FTE and costs in the second year of the biennium for the cyclical session employee costs and operating expenses. For this reason, the FTE in FY 2011 are higher than the FTE in the base year or in FY 2010.

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative session, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. As such, the Legislative Branch receives biennial appropriations. However, as a means to facilitate comparison, the budget is presented in the annual format for budget review. Changes to the base year reflect the difference of activity from legislative session to interim years. Comparisons to the base year give a distorted picture in that session costs are not in the budget base year (even years), yet recur every other year (odd year).

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the approving authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
20 Legislative Services Division	\$ 13,888,513	\$ 1,279,483	\$ 15,167,996	53.72%
21 Legis. Committees & Activities	1,279,805	-	1,279,805	4.53%
27 Fiscal Analysis & Review	3,839,269	-	3,839,269	13.60%
28 Audit & Examination	4,577,998	3,372,719	7,950,717	28.16%
Grand Total	<u>\$ 23,585,585</u>	<u>\$ 4,652,202</u>	<u>\$ 28,237,787</u>	<u>100.00%</u>

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	9,116,067	9,116,067	18,232,134	77.30%	11,374,160	11,374,160	22,748,320	80.56%
Statewide PL Adjustments	1,318,178	1,652,380	2,970,558	12.59%	1,717,135	1,707,797	3,424,932	12.13%
Other PL Adjustments	966,374	581,142	1,547,516	6.56%	997,955	294,394	1,292,349	4.58%
New Proposals	411,981	423,396	835,377	3.54%	380,458	391,728	772,186	2.73%
Total Budget	\$11,812,600	\$11,772,985	\$23,585,585		\$14,469,708	\$13,768,079	\$28,237,787	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	56.00	61.17	59.00	64.17	61.17	64.17	3.00	4.90%
Personal Services	3,978,079	4,801,677	4,852,454	4,918,323	8,779,756	9,770,777	991,021	11.29%
Operating Expenses	1,886,980	1,919,104	2,791,105	2,456,114	3,806,084	5,247,219	1,441,135	37.86%
Equipment & Intangible Assets	69,801	139,699	75,000	75,000	209,500	150,000	(59,500)	(28.40%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$5,934,860	\$6,860,480	\$7,718,559	\$7,449,437	\$12,795,340	\$15,167,996	\$2,372,656	18.54%
General Fund	5,059,302	6,508,221	6,787,778	7,100,735	11,567,523	13,888,513	2,320,990	20.06%
State Special	875,558	352,259	930,781	348,702	1,227,817	1,279,483	51,666	4.21%
Total Funds	\$5,934,860	\$6,860,480	\$7,718,559	\$7,449,437	\$12,795,340	\$15,167,996	\$2,372,656	18.54%

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Legislative Budget Analysis, A-6

Funding

The Legislative Services Program is mainly funded by general fund. State special revenue funding supports the costs associated with the state broadcasting service (TVMT) and the preparation, publication, and distribution of the Montana Codes Annotated.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,059,302	5,059,302	10,118,604	72.86%	5,934,860	5,934,860	11,869,720	78.26%
Statewide PL Adjustments	870,094	1,193,901	2,063,995	14.86%	902,559	962,630	1,865,189	12.30%
Other PL Adjustments	619,974	547,658	1,167,632	8.41%	643,722	253,077	896,799	5.91%
New Proposals	238,408	299,874	538,282	3.88%	237,418	298,870	536,288	3.54%
Total Budget	\$6,787,778	\$7,100,735	\$13,888,513		\$7,718,559	\$7,449,437	\$15,167,996	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					751,164	0.00				818,311
Inflation/Deflation					769	0.00				1,007
Fixed Costs					150,626	0.00				143,312
Total Statewide Present Law Adjustments		\$870,094	\$32,465	\$0	\$902,559	0.00	\$1,193,901	(\$231,271)	\$0	\$962,630
					0	0.00				0
DP 1 - Program Operations, Legislative Services Division	0.00	619,974	23,748	0	643,722	0.00	547,658	(294,581)	0	253,077
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$619,974	\$23,748	\$0	\$643,722	0.00	\$547,658	(\$294,581)	\$0	\$253,077
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$1,490,068	\$56,213	\$0	\$1,546,281	0.00	\$1,741,559	(\$525,852)	\$0	\$1,215,707

DP 1 - Program Operations, Legislative Services Division - The legislature has approved funding that includes a \$39,348 increase in FY 2010 and a \$278,981 decrease in FY 2011 related to publication and distribution of the Montana Code Annotated. Additionally, the legislature has approved funding totaling \$52,979 in FY 2010 and \$15,604 in FY 2011 that include an increase in library subscription costs, the addition of a videoconferencing bridge as an alternative to travel, an increase in state broadcasting distribution costs, and information officer activities not fully captured in the base year. The majority of the general fund cost is for the branch computer network budget as approved by the Computer Systems Planning Council.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Systems Analyst FTE and Contracted Srv Reduction	20	1.00	(41,362)	0	0	(41,362)	1.00	77,665	0	0	77,665
DP 3 - TVMT Consolidation of Funding & Transmission	20	0.00	528,288	0	0	528,288	0.00	666,876	0	0	666,876
DP 205 - Add FTE for committee staffing and succession plan	20	2.00	170,497	0	0	170,497	2.00	155,657	0	0	155,657
DP 206 - Reduction in TVMT and Technology Allowance	20	0.00	(90,000)	0	0	(90,000)	0.00	(270,000)	0	0	(270,000)
DP 207 - Legislative Branch Vacancy Savings	20	0.00	(98,039)	(990)	0	(99,029)	0.00	(99,370)	(1,004)	0	(100,374)
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation	20	0.00	8,150	0	0	8,150	0.00	8,171	0	0	8,171
DP 6105 - 2 Percent Unspecified Reduction of General Fund	20	0.00	(239,126)	0	0	(239,126)	0.00	(239,125)	0	0	(239,125)
Total	3.00	\$238,408	(\$990)	\$0	\$237,418	3.00	\$299,874	(\$1,004)	\$0	\$298,870	

DP 2 - Systems Analyst FTE and Contracted Srv Reduction - The legislature has approved an appropriation that includes a biennial general fund decrease of \$119,000 in present law contracted services from the branch computer network budget and a biennial increase of \$155,303 in personal services for the 1.00 FTE systems analyst position. The net biennial increase is \$36,303. The analyst will document Legislative Fiscal Division (LFD) business processes and existing computer systems and support and maintain those systems in the branch network environment.

DP 3 - TVMT Consolidation of Funding & Transmission - The legislature has approved the appropriation of \$283,570 over the biennium to consolidate the funding for TVMT. TVMT has been previously from a variety of funding sources, the majority of which were not included in the base budget. In addition, the legislature has approved appropriation of \$911,594 over the biennium to increase transmission to reach Montana communities not previously included in the TVMT viewing area and to continue the same transmission effort during the legislative interim as during a legislative session.

DP 205 - Add FTE for committee staffing and succession plan - The legislature has approved funding for 2.0 FTE and associated operating expenses to aid the legislature with the increased committee staffing requirements and succession planning due to the high number of potential retirements. A number of bills are proposed to expand the number and scope of interim committees in the current legislative session. The additional FTE would provide the legislature with an adequate number of staff to support these committees and provide for succession plan implementation in order to seamlessly transfer institutional knowledge of potential retirees.

DP 206 - Reduction in TVMT and Technology Allowance - The legislature approved the reduction of the TVMT transmission costs in the amount of \$90,000 in FY 2010 and \$90,000 in FY 2011 general fund. In addition, the funding for legislator information technology allowance is reduced by \$180,000 in FY 2011.

DP 207 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Services Division in the amount of \$90,029 in FY 2010 and \$100,374 in FY 2011

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6105 - 2 Percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

Language and Statutory Authority

Legislative Services includes unspecified reductions in general fund money of \$239,126 in fiscal year 2010 and \$239,125 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	0.97	0.97	0.97	0.97	0.97	0.97	0.00	0.00%
Personal Services	79,884	88,921	135,189	34,129	168,805	169,318	513	0.30%
Operating Expenses	393,579	432,098	730,439	380,048	825,677	1,110,487	284,810	34.49%
Total Costs	\$473,463	\$521,019	\$865,628	\$414,177	\$994,482	\$1,279,805	\$285,323	28.69%
General Fund	473,463	521,019	865,628	414,177	994,482	1,279,805	285,323	28.69%
Total Funds	\$473,463	\$521,019	\$865,628	\$414,177	\$994,482	\$1,279,805	\$285,323	28.69%

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Legislative Budget Analysis, A-11

Funding

The program is funded with general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	473,463	473,463	946,926	73.99%	473,463	473,463	946,926	73.99%
Statewide PL Adjustments	55,551	(45,484)	10,067	0.79%	55,551	(45,484)	10,067	0.79%
Other PL Adjustments	336,614	(13,802)	322,812	25.22%	336,614	(13,802)	322,812	25.22%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$865,628	\$414,177	\$1,279,805		\$865,628	\$414,177	\$1,279,805	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					55,305					(45,755)
Inflation/Deflation					246					271
Total Statewide Present Law Adjustments		\$55,551	\$0	\$0	\$55,551		(\$45,484)	\$0	\$0	(\$45,484)
DP 5 - Program Operations, Committees & Activities Prog	0.00	336,614	0	0	336,614	0.00	(13,802)	0	0	(13,802)
Total Other Present Law Adjustments	0.00	\$336,614	\$0	\$0	\$336,614	0.00	(\$13,802)	\$0	\$0	(\$13,802)
Grand Total All Present Law Adjustments	0.00	\$392,165	\$0	\$0	\$392,165	0.00	(\$59,286)	\$0	\$0	(\$59,286)

DP 5 - Program Operations, Committees & Activities Prog - The legislature has approved a general fund increase of \$336,614 in FY 2010 and a decrease of \$13,802 in FY 2011 for adjustments related to the legislative interim. Biennial program increases include increased costs of lodging and mileage only partially captured in the base year, organizational dues, training and conference registration fees, and re-establishment of the Legislative Council discretionary fund for emerging issues. Additional funding is also included for the districting and apportionment cycle and legislative liaisons to the Board of Investments now required by 2-15-1808, MCA and the State Administration of Veteran's Affairs Interim Committee to meet statutory requirements of 5-5-228 MCA.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	18.50	18.50	20.50	20.50	18.50	20.50	2.00	10.81%
Personal Services	1,457,907	1,545,574	1,772,374	1,774,709	3,003,481	3,547,083	543,602	18.10%
Operating Expenses	41,284	87,110	149,269	142,917	128,394	292,186	163,792	127.57%
Total Costs	\$1,499,191	\$1,632,684	\$1,921,643	\$1,917,626	\$3,131,875	\$3,839,269	\$707,394	22.59%
General Fund	1,499,191	1,632,684	1,921,643	1,917,626	3,131,875	3,839,269	707,394	22.59%
Total Funds	\$1,499,191	\$1,632,684	\$1,921,643	\$1,917,626	\$3,131,875	\$3,839,269	\$707,394	22.59%

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Legislative Budget Analysis, A-14

Funding

This program is funded entirely with general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,499,191	1,499,191	2,998,382	78.10%	1,499,191	1,499,191	2,998,382	78.10%
Statewide PL Adjustments	203,080	203,917	406,997	10.60%	203,080	203,917	406,997	10.60%
Other PL Adjustments	0	45,000	45,000	1.17%	0	45,000	45,000	1.17%
New Proposals	219,372	169,518	388,890	10.13%	219,372	169,518	388,890	10.13%
Total Budget	\$1,921,643	\$1,917,626	\$3,839,269		\$1,921,643	\$1,917,626	\$3,839,269	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					202,970	0.00				203,782
Inflation/Deflation					110	0.00				135
Total Statewide Present Law Adjustments					\$203,080	0.00	\$203,917	\$0	\$0	\$203,917
					0	0.00				0
DP 6 - Program Operations, Legislative Fiscal Division	0.00	0	0	0	0	0.00	45,000	0	0	45,000
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$45,000	\$0	\$0	\$45,000
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$203,080	\$0	\$0	\$203,080	0.00	\$248,917	\$0	\$0	\$248,917

DP 6 - Program Operations, Legislative Fiscal Division - The legislature approved an increase of the FY 2011 budget by \$45,000 general fund in the categories of overtime, temporary services, printing, photocopy, and office supplies, and are due to cyclical legislative session costs which are not captured in the base year. This is the same amount approved for the 2009 biennium session costs, and is not an increase when comparing biennium to biennium.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 275 - Add FTE for committee staffing and succession plan											
27	2.00	157,830	0	0	157,830	2.00	152,114	0	0	152,114	
DP 276 - Legislative Branch Vacancy Savings											
27	0.00	(36,171)	0	0	(36,171)	0.00	(36,188)	0	0	(36,188)	
DP 278 - Monitoring of Federal ARRA											
27	0.00	97,713	0	0	97,713	0.00	53,592	0	0	53,592	
Total	2.00	\$219,372	\$0	\$0	\$219,372	2.00	\$169,518	\$0	\$0	\$169,518	

DP 275 - Add FTE for committee staffing and succession plan - Additional funding was added for 2.0 FTE and associated operating expenses to aid the legislature with the increased committee staffing requirements, fiscal note analysis, and succession planning due to the high number of potential retirements. A number of bills are proposed to expand the number and scope of interim committees in the current legislative session. The additional FTE would provide the legislature with an adequate number of staff to support these committees and provide for succession plan implementation in order to seamlessly transfer institutional knowledge of potential retirees.

DP 276 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Fiscal Division in the amount of \$36,171 in FY 2010 and \$36,188 in FY 2011

DP 278 - Monitoring of Federal ARRA - This item provides funding for the Legislative Fiscal Division of \$151,305 general fund over the biennium to monitor implementation of the federal stimulus. This appropriation would only be made if SB 460, which establishes a stimulus oversight committee, does not pass and the bulk of implementation monitoring falls to the Legislative Finance Committee. Funds would be for additional committee (or subcommittee) meetings, and consultant services.

Language and Statutory Authority

If House Bill No. 81 is not passed and approved, then the legislative fiscal division is decreased by \$91,704 in general fund money in fiscal year 2010 and \$93,828 in general fund money in fiscal year 2011. This includes the reduction of 1.0 FTE.

If Senate Bill No. 460 is passed and approved, Monitoring of Federal ARRA is void.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	54.50	54.50	54.50	54.50	54.50	54.50	0.00	0.00%
Personal Services	3,303,886	4,345,223	3,740,262	3,756,338	7,649,109	7,496,600	(152,509)	(1.99%)
Operating Expenses	162,760	225,303	223,616	230,501	388,063	454,117	66,054	17.02%
Total Costs	\$3,466,646	\$4,570,526	\$3,963,878	\$3,986,839	\$8,037,172	\$7,950,717	(\$86,455)	(1.08%)
General Fund	2,084,111	2,588,012	2,237,551	2,340,447	4,672,123	4,577,998	(94,125)	(2.01%)
State Special	1,382,535	1,982,514	1,726,327	1,646,392	3,365,049	3,372,719	7,670	0.23%
Total Funds	\$3,466,646	\$4,570,526	\$3,963,878	\$3,986,839	\$8,037,172	\$7,950,717	(\$86,455)	(1.08%)

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Funding

This program is funded through a combination of general fund and state special revenue funds generated through the assessment to agencies of federally approved hourly rates charged for audit services.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,084,111	2,084,111	4,168,222	91.05%	3,466,646	3,466,646	6,933,292	87.20%
Statewide PL Adjustments	189,453	300,046	489,499	10.69%	555,945	586,734	1,142,679	14.37%
Other PL Adjustments	9,786	2,286	12,072	0.26%	17,619	10,119	27,738	0.35%
New Proposals	(45,799)	(45,996)	(91,795)	(2.01%)	(76,332)	(76,660)	(152,992)	(1.92%)
Total Budget	\$2,237,551	\$2,340,447	\$4,577,998		\$3,963,878	\$3,986,839	\$7,950,717	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					512,708					529,112
Inflation/Deflation					3,584					5,065
Fixed Costs					39,653					52,557
Total Statewide Present Law Adjustments		\$189,453	\$366,492	\$0	\$555,945		\$300,046	\$286,688	\$0	\$586,734
DP 7 - Program Operations, Audit & Examination Program	0.00	9,786	7,833	0	17,619	0.00	2,286	7,833	0	10,119
Total Other Present Law Adjustments	0.00	\$9,786	\$7,833	\$0	\$17,619	0.00	\$2,286	\$7,833	\$0	\$10,119
Grand Total All Present Law Adjustments	0.00	\$199,239	\$374,325	\$0	\$573,564	0.00	\$302,332	\$294,521	\$0	\$596,853

DP 7 - Program Operations, Audit & Examination Program - The legislature approved changes from the adjusted base that include cyclical costs associated with a Peer Review required by Government Auditing Standards, Legislative Branch audit, and contract services for the potential use of actuarial expertise on audits of the retirement systems and Montana State Fund.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 288 - Legislative Branch Vacancy Savings											
28	0.00	(45,799)	(30,533)	0	(76,332)	0.00	(45,996)	(30,664)	0	(76,660)	
Total	0.00	(\$45,799)	(\$30,533)	\$0	(\$76,332)	0.00	(\$45,996)	(\$30,664)	\$0	(\$76,660)	

DP 288 - Legislative Branch Vacancy Savings - The legislature approved a 2 percent vacancy savings reduction for the legislative branch. This decision package reduces total funding for the Legislative Audit Division in the amount of \$76,332 in FY 2010 and \$76,660 in FY 2011

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.54	5.54	5.54	5.54	5.54	5.54	0.00	0.00%
Personal Services	364,167	526,208	561,173	562,226	890,375	1,123,399	233,024	26.17%
Operating Expenses	898,741	1,009,078	815,412	825,334	1,907,819	1,640,746	(267,073)	(14.00%)
Total Costs	\$1,262,908	\$1,535,286	\$1,376,585	\$1,387,560	\$2,798,194	\$2,764,145	(\$34,049)	(1.22%)
State Special	1,262,908	1,535,286	1,376,585	1,387,560	2,798,194	2,764,145	(34,049)	(1.22%)
Total Funds	\$1,262,908	\$1,535,286	\$1,376,585	\$1,387,560	\$2,798,194	\$2,764,145	(\$34,049)	(1.22%)

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Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	5.54	5.54	5.54	0.00	5.54	5.54	0.00	
Personal Services	364,167	561,173	561,173	0	562,226	562,226	0	0
Operating Expenses	898,741	1,190,412	815,412	(375,000)	1,200,334	825,334	(375,000)	(750,000)
Total Costs	\$1,262,908	\$1,751,585	\$1,376,585	(\$375,000)	\$1,762,560	\$1,387,560	(\$375,000)	(\$750,000)
State/Other Special	1,262,908	1,751,585	1,376,585	(375,000)	1,762,560	1,387,560	(375,000)	(750,000)
Total Funds	\$1,262,908	\$1,751,585	\$1,376,585	(\$375,000)	\$1,762,560	\$1,387,560	(\$375,000)	(\$750,000)

The legislative budget for this agency differs from the executive proposal by a reduction in contracted services in the amount of \$750,000 over the biennium for consulting and professional services.

Agency Highlights

Consumer Counsel Major Budget Highlights
<ul style="list-style-type: none"> ◆ Funding for the agency decreases 1.22 percent between the 2009 and 2011 biennium. The change is net of : <ul style="list-style-type: none"> • Present law adjustments that fully fund positions that were vacant for all or part of the base budget year. • Maintenance of caseload contingency appropriation at \$250,000 per year • A \$750,000 biennial reduction in funding for consulting and contracted professional fees.

Agency Discussion

The total budget for the agency decreases by 1.22 percent in the 2011 biennium from the 2009 biennium. The net decrease is due to a single reduction of \$750,000 over the biennium for contracted services and is almost completely offset with increases in other budgeted items. Budgetary increases for the agency total \$715,951 over the 2009 biennium. Of that amount, the increase in personal services is primarily due to fully funding the unfilled or under-filled positions in the base year. Operating expenses other than contracted services increase due primarily to two factors: 1) a request for \$96,568 annually to return the caseload contingency fund to \$250,000 from FY 2008 expenditures of \$153,432; and 2) additional funding for ongoing consulting and professional fees expenses that had been funded from the caseload contingency fund, and for increases in general caseload.

Funding

The Consumer Counsel is funded by a constitutionally earmarked tax that is levied on all regulated entities under the jurisdiction of the Public Service Commission. The funding formula is specified in 69-1-223 and 224, MCA. Each year, the Department of Revenue determines the total gross operating revenue generated by all regulated activities within the state for the previous fiscal year. The Department of Revenue then computes the percentage tax necessary to yield an amount equal to the current appropriation, with no excess funds. If collection of excess revenue occurs, the amount charged to the regulated utilities for the following year is reduced.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	1,262,908	1,262,908	2,525,816	91.38%
Statewide PL Adjustments	0	0	0	0.00%	200,708	201,642	402,350	14.56%
Other PL Adjustments	0	0	0	0.00%	287,804	297,867	585,671	21.19%
New Proposals	0	0	0	0.00%	(374,835)	(374,857)	(749,692)	(27.12%)
Total Budget	\$0	\$0	\$0		\$1,376,585	\$1,387,560	\$2,764,145	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					197,006	0.00				198,059
Inflation/Deflation					135	0.00				143
Fixed Costs					3,567	0.00				3,440
Total Statewide Present Law Adjustments		\$0	\$200,708	\$0	\$200,708	0.00	\$0	\$201,642	\$0	\$201,642
					0	0.00				0
DP 1 - Present Law Base Adjustment	0.00	0	287,804	0	287,804	0.00	0	297,867	0	297,867
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$0	\$287,804	\$0	\$287,804	0.00	\$0	\$297,867	\$0	\$297,867
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$0	\$488,512	\$0	\$488,512	0.00	\$0	\$499,509	\$0	\$499,509

DP 1 - Present Law Base Adjustment - The legislature has approved appropriation of \$585,671 in state special revenue including \$193,172 for the caseload contingency and \$392,499 in operating expenses, primarily consulting and professional fees.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Reduction in Contracted Services										
01	0.00	0	(375,000)	0	(375,000)	0.00	0	(375,000)	0	(375,000)
DP 6101 - Fixed Cost Workers Comp Management Program										
01	0.00	0	165	0	165	0.00	0	143	0	143
Total	0.00	\$0	(\$374,835)	\$0	(\$374,835)	0.00	\$0	(\$374,857)	\$0	(\$374,857)

DP 2 - Reduction in Contracted Services - The legislature approved the reduction of contracted services in the amount of \$750,000 over the biennium.

DP 6101 - Fixed Cost Workers Comp Management Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	60.07	60.07	60.07	60.07	60.07	60.07	0.00	0.00%
Personal Services	4,324,180	4,443,693	4,346,330	4,351,390	8,767,873	8,697,720	(70,153)	(0.80%)
Operating Expenses	1,517,318	1,486,569	1,656,753	1,489,421	3,003,887	3,146,174	142,287	4.74%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$5,841,498	\$5,930,262	\$6,003,083	\$5,840,811	\$11,771,760	\$11,843,894	\$72,134	0.61%
General Fund	5,820,498	5,902,462	5,970,583	5,808,311	11,722,960	11,778,894	55,934	0.48%
State Special	21,000	27,800	32,500	32,500	48,800	65,000	16,200	33.20%
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$5,841,498	\$5,930,262	\$6,003,083	\$5,840,811	\$11,771,760	\$11,843,894	\$72,134	0.61%

Page Reference

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Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	60.07	60.07	60.07	0.00	60.07	60.07	0.00	
Personal Services	4,324,180	4,346,330	4,346,330	0	4,351,390	4,351,390	0	0
Operating Expenses	1,517,318	1,839,914	1,656,753	(183,161)	1,672,582	1,489,421	(183,161)	(366,322)
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Total Costs	\$5,841,498	\$6,186,244	\$6,003,083	(\$183,161)	\$6,023,972	\$5,840,811	(\$183,161)	(\$366,322)
General Fund	5,820,498	6,153,744	5,970,583	(183,161)	5,991,472	5,808,311	(183,161)	(366,322)
State/Other Special	21,000	32,500	32,500	0	32,500	32,500	0	0
Federal Special	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$5,841,498	\$6,186,244	\$6,003,083	(\$183,161)	\$6,023,972	\$5,840,811	(\$183,161)	(\$366,322)

The legislatively approved budget for the Governor's Office differs from the executive proposal primarily due to an unspecified reduction of \$366,322 general fund for the biennium. In addition, the \$25,000 annual increase in funding for the executive residence that was requested as one-time-only has been approved by the legislature as ongoing funding.

Agency Highlights

Governor's Office	
Major Budget Highlights	
◆	Funding increases \$72,134 or 0.61 percent from the 2009 biennium
◆	The majority of the requested increase is for statewide present law adjustments
◆	An unspecified budget reduction decreases general fund budget by \$366,322 for the biennium
◆	The legislature has approved <ul style="list-style-type: none"> ○ An additional \$80,000 for aircraft maintenance ○ One-time-only appropriations for computer equipment and replacement and Governor's residence operations

Agency Discussion

There have been no substantial changes in the operation of the Governor's Office during the current biennium.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Executive Office Program	\$ 4,925,290	\$ -	\$ 4,925,290	41.59%
02 Executive Residence Operations	223,886	-	223,886	1.89%
03 Air Transportation Program	589,092	16,000	605,092	5.11%
04 Ofc Budget & Program Planning	3,290,979	-	3,290,979	27.79%
05 Coordinator Of Indian Affairs	355,908	-	355,908	3.00%
06 Centralized Services Division	778,153	-	778,153	6.57%
12 Lieutenant Governor'S Office	694,058	-	694,058	5.86%
16 Citizens' Advocate Office	146,112	49,000	195,112	1.65%
20 Mental Disabilities Bd Visitr	775,416	-	775,416	6.55%
Grand Total	<u>\$ 11,778,894</u>	<u>\$ 65,000</u>	<u>\$ 11,843,894</u>	<u>100.00%</u>

The Governor's office is almost entirely funded with general fund. State special revenue is generated through rental charges to other state agencies for use of the Governor's airplane and from the Department of Public Health and Human Services (DPHHS) for calls handled by the Citizens' Advocate Office.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,820,498	5,820,498	11,640,996	98.83%	5,841,498	5,841,498	11,682,996	98.64%
Statewide PL Adjustments	277,762	230,784	508,546	4.32%	289,262	242,284	531,546	4.49%
Other PL Adjustments	160,928	46,078	207,006	1.76%	160,928	46,078	207,006	1.75%
New Proposals	(288,605)	(289,049)	(577,654)	(4.90%)	(288,605)	(289,049)	(577,654)	(4.88%)
Total Budget	\$5,970,583	\$5,808,311	\$11,778,894		\$6,003,083	\$5,840,811	\$11,843,894	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	21.63	21.63	21.63	21.63	21.63	21.63	0.00	0.00%
Personal Services	1,674,183	1,708,541	1,659,776	1,660,898	3,382,724	3,320,674	(62,050)	(1.83%)
Operating Expenses	950,901	867,682	801,755	802,861	1,818,583	1,604,616	(213,967)	(11.77%)
Total Costs	\$2,625,084	\$2,576,223	\$2,461,531	\$2,463,759	\$5,201,307	\$4,925,290	(\$276,017)	(5.31%)
General Fund	2,625,084	2,576,223	2,461,531	2,463,759	5,201,307	4,925,290	(276,017)	(5.31%)
State Special	0	0	0	0	0	0	0	n/a
Total Funds	\$2,625,084	\$2,576,223	\$2,461,531	\$2,463,759	\$5,201,307	\$4,925,290	(\$276,017)	(5.31%)

Page Reference

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Funding

The Executive Office Program is entirely funded with the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,625,084	2,625,084	5,250,168	106.60%	2,625,084	2,625,084	5,250,168	106.60%
Statewide PL Adjustments	68,952	71,216	140,168	2.85%	68,952	71,216	140,168	2.85%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(232,505)	(232,541)	(465,046)	(9.44%)	(232,505)	(232,541)	(465,046)	(9.44%)
Total Budget	\$2,461,531	\$2,463,759	\$4,925,290		\$2,461,531	\$2,463,759	\$4,925,290	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					100,728					101,934
Vacancy Savings					(65,791)					(65,839)
Inflation/Deflation					4,026					4,437
Fixed Costs					29,989					30,684
Total Statewide Present Law Adjustments		\$68,952	\$0	\$0	\$68,952		\$71,216	\$0	\$0	\$71,216
Grand Total All Present Law Adjustments	0.00	\$68,952	\$0	\$0	\$68,952	0.00	\$71,216	\$0	\$0	\$71,216

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 101 - General fund budget reduction											
01	0.00	(183,161)	0	0	(183,161)	0.00	(183,161)	0	0	(183,161)	
DP 8101 - Increased 4% Vacancy Savings to 7%											
01	0.00	(49,344)	0	0	(49,344)	0.00	(49,380)	0	0	(49,380)	
Total	0.00	(\$232,505)	\$0	\$0	(\$232,505)	0.00	(\$232,541)	\$0	\$0	(\$232,541)	

DP 101 - General fund budget reduction - The legislature approved an unspecified general fund budget reduction of \$183,161 in FY 2010 and \$183,161 in FY 2011 for the Governor's Office. The agency may allocate the reduction in funding among programs when developing 2011 operating plans.

DP 8101 - Increased 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

The Executive office program budget includes unspecified reductions in general fund money of \$183,161 in FY 2010 and \$183,161 in FY 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	60,356	64,896	50,774	50,811	125,252	101,585	(23,667)	(18.90%)
Operating Expenses	32,445	34,702	61,010	61,291	67,147	122,301	55,154	82.14%
Total Costs	\$92,801	\$99,598	\$111,784	\$112,102	\$192,399	\$223,886	\$31,487	16.37%
General Fund	92,801	99,598	111,784	112,102	192,399	223,886	31,487	16.37%
Total Funds	\$92,801	\$99,598	\$111,784	\$112,102	\$192,399	\$223,886	\$31,487	16.37%

Page Reference

Legislative Budget Analysis, A-32

Funding

The Residence Operations Program is completely funded through the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	92,801	92,801	185,602	82.90%	92,801	92,801	185,602	82.90%
Statewide PL Adjustments	(4,380)	(4,060)	(8,440)	(3.77%)	(4,380)	(4,060)	(8,440)	(3.77%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	23,363	23,361	46,724	20.87%	23,363	23,361	46,724	20.87%
Total Budget	\$111,784	\$112,102	\$223,886		\$111,784	\$112,102	\$223,886	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(5,762)					(5,721)
Vacancy Savings					(2,183)					(2,185)
Inflation/Deflation					1,113					1,466
Fixed Costs					2,452					2,380
Total Statewide Present Law Adjustments		(\$4,380)	\$0	\$0	(\$4,380)		(\$4,060)	\$0	\$0	(\$4,060)
Grand Total All Present Law Adjustments	0.00	(\$4,380)	\$0	\$0	(\$4,380)	0.00	(\$4,060)	\$0	\$0	(\$4,060)

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Executive Residence Operating Increase										
02	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
DP 8101 - Increaseing 4% Vacancy Savings to 7%										
02	0.00	(1,637)	0	0	(1,637)	0.00	(1,639)	0	0	(1,639)
Total	0.00	\$23,363	\$0	\$0	\$23,363	0.00	\$23,361	\$0	\$0	\$23,361

DP 7 - Executive Residence Operating Increase - The legislature has approved a \$25,000 general fund appropriation each year of the 2011 biennium for ongoing expenses related to the operation of the executive residence.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	115,544	106,383	104,315	105,353	221,927	209,668	(12,259)	(5.52%)
Operating Expenses	156,508	196,993	238,053	157,371	353,501	395,424	41,923	11.86%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$272,052	\$303,376	\$342,368	\$262,724	\$575,428	\$605,092	\$29,664	5.16%
General Fund	272,052	296,576	334,368	254,724	568,628	589,092	20,464	3.60%
State Special	0	6,800	8,000	8,000	6,800	16,000	9,200	135.29%
Total Funds	\$272,052	\$303,376	\$342,368	\$262,724	\$575,428	\$605,092	\$29,664	5.16%

Page Reference

Legislative Budget Analysis, A-35

Funding

The Air Transportation Program is funded with both general fund and state special revenue funds. Revenue for the state special revenue account has historically come from other agencies' use of the Governor's plane when not occupied by the Governor.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	272,052	272,052	544,104	92.36%	272,052	272,052	544,104	89.92%
Statewide PL Adjustments	268	2,812	3,080	0.52%	8,268	10,812	19,080	3.15%
Other PL Adjustments	65,413	(16,742)	48,671	8.26%	65,413	(16,742)	48,671	8.04%
New Proposals	(3,365)	(3,398)	(6,763)	(1.15%)	(3,365)	(3,398)	(6,763)	(1.12%)
Total Budget	\$334,368	\$254,724	\$589,092		\$342,368	\$262,724	\$605,092	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(3,377)					(2,262)
Vacancy Savings					(4,487)					(4,531)
Inflation/Deflation					14,582					16,736
Fixed Costs					1,550					869
Total Statewide Present Law Adjustments		\$268	\$8,000	\$0	\$8,268		\$2,812	\$8,000	\$0	\$10,812
DP 3 - Aircraft Maintenance - Biennial	0.00	80,000	0	0	80,000	0.00	0	0	0	0
DP 7101 - Fuel Inflation Reduction	0.00	(14,587)	0	0	(14,587)	0.00	(16,742)	0	0	(16,742)
Total Other Present Law Adjustments	0.00	\$65,413	\$0	\$0	\$65,413	0.00	(\$16,742)	\$0	\$0	(\$16,742)
Grand Total All Present Law Adjustments	0.00	\$65,681	\$8,000	\$0	\$73,681	0.00	(\$13,930)	\$8,000	\$0	(\$5,930)

DP 3 - Aircraft Maintenance - Biennial - The legislature has approved a biennial appropriation of \$80,000 general fund for propeller overhaul and wing inspections and possible wing repair of the Governor's airplane.

DP 7101 - Fuel Inflation Reduction - The legislature has approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	(3,365)	0	0	(3,365)	0.00	(3,398)	0	0	(3,398)
Total	0.00	(\$3,365)	\$0	\$0	(\$3,365)	0.00	(\$3,398)	\$0	\$0	(\$3,398)

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	19.00	19.00	19.00	19.00	19.00	19.00	0.00	0.00%
Personal Services	1,400,868	1,455,394	1,438,001	1,439,562	2,856,262	2,877,563	21,301	0.75%
Operating Expenses	178,299	200,302	207,631	205,785	378,601	413,416	34,815	9.20%
Total Costs	\$1,579,167	\$1,655,696	\$1,645,632	\$1,645,347	\$3,234,863	\$3,290,979	\$56,116	1.73%
General Fund	1,579,167	1,655,696	1,645,632	1,645,347	3,234,863	3,290,979	56,116	1.73%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$1,579,167	\$1,655,696	\$1,645,632	\$1,645,347	\$3,234,863	\$3,290,979	\$56,116	1.73%

Page Reference

Legislative Budget Analysis, A-38

Funding

This program is funded entirely from the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,579,167	1,579,167	3,158,334	95.97%	1,579,167	1,579,167	3,158,334	95.97%
Statewide PL Adjustments	112,855	97,617	210,472	6.40%	112,855	97,617	210,472	6.40%
Other PL Adjustments	0	15,000	15,000	0.46%	0	15,000	15,000	0.46%
New Proposals	(46,390)	(46,437)	(92,827)	(2.82%)	(46,390)	(46,437)	(92,827)	(2.82%)
Total Budget	\$1,645,632	\$1,645,347	\$3,290,979		\$1,645,632	\$1,645,347	\$3,290,979	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					145,376					147,047
Vacancy Savings					(61,853)					(61,916)
Inflation/Deflation					521					725
Fixed Costs					28,811					11,761
Total Statewide Present Law Adjustments		\$112,855	\$0	\$0	\$112,855		\$97,617	\$0	\$0	\$97,617
DP 1 - OBPP Session Costs	0.00	0	0	0	0	0.00	15,000	0	0	15,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$15,000	\$0	\$0	\$15,000
Grand Total All Present Law Adjustments	0.00	\$112,855	\$0	\$0	\$112,855	0.00	\$112,617	\$0	\$0	\$112,617

DP 1 - OBPP Session Costs - The legislature approved an appropriation of \$15,000 general fund in FY 2011 to cover the cost of printing the Governor's executive budget and other session-related costs.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7% 04	0.00	(46,390)	0	0	(46,390)	0.00	(46,437)	0	0	(46,437)
Total	0.00	(\$46,390)	\$0	\$0	(\$46,390)	0.00	(\$46,437)	\$0	\$0	(\$46,437)

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00%
Personal Services	138,294	144,258	141,284	141,545	282,552	282,829	277	0.10%
Operating Expenses	22,214	18,012	36,404	36,675	40,226	73,079	32,853	81.67%
Total Costs	\$160,508	\$162,270	\$177,688	\$178,220	\$322,778	\$355,908	\$33,130	10.26%
General Fund	160,508	162,270	177,688	178,220	322,778	355,908	33,130	10.26%
Total Funds	\$160,508	\$162,270	\$177,688	\$178,220	\$322,778	\$355,908	\$33,130	10.26%

Page Reference

Legislative Budget Analysis, A-41

Funding

This program is funded entirely from the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	160,508	160,508	321,016	90.20%	160,508	160,508	321,016	90.20%
Statewide PL Adjustments	16,738	17,278	34,016	9.56%	16,738	17,278	34,016	9.56%
Other PL Adjustments	5,000	5,000	10,000	2.81%	5,000	5,000	10,000	2.81%
New Proposals	(4,558)	(4,566)	(9,124)	(2.56%)	(4,558)	(4,566)	(9,124)	(2.56%)
Total Budget	\$177,688	\$178,220	\$355,908		\$177,688	\$178,220	\$355,908	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					13,625					13,905
Vacancy Savings					(6,077)					(6,088)
Inflation/Deflation					144					156
Fixed Costs					9,046					9,305
Total Statewide Present Law Adjustments		\$16,738	\$0	\$0	\$16,738		\$17,278	\$0	\$0	\$17,278
DP 2 - Coordinator of Indian Affairs Operating Budget	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
Total Other Present Law Adjustments	0.00	\$5,000	\$0	\$0	\$5,000	0.00	\$5,000	\$0	\$0	\$5,000
Grand Total All Present Law Adjustments	0.00	\$21,738	\$0	\$0	\$21,738	0.00	\$22,278	\$0	\$0	\$22,278

DP 2 - Coordinator of Indian Affairs Operating Budget - The legislature approved a \$5,000 annual appropriation for increased operating expenses for the Office of the Coordinator of Indian Affairs.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7% 05	0.00	(4,558)	0	0	(4,558)	0.00	(4,566)	0	0	(4,566)
Total	0.00	(\$4,558)	\$0	\$0	(\$4,558)	0.00	(\$4,566)	\$0	\$0	(\$4,566)

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	255,652	263,488	265,312	265,626	519,140	530,938	11,798	2.27%
Operating Expenses	45,953	33,641	166,840	80,375	79,594	247,215	167,621	210.60%
Total Costs	\$301,605	\$297,129	\$432,152	\$346,001	\$598,734	\$778,153	\$179,419	29.97%
General Fund	301,605	297,129	432,152	346,001	598,734	778,153	179,419	29.97%
Total Funds	\$301,605	\$297,129	\$432,152	\$346,001	\$598,734	\$778,153	\$179,419	29.97%

Page Reference

Legislative Budget Analysis, A-44

Funding

This program is funded entirely with the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	301,605	301,605	603,210	77.52%	301,605	301,605	603,210	77.52%
Statewide PL Adjustments	51,437	13,278	64,715	8.32%	51,437	13,278	64,715	8.32%
Other PL Adjustments	85,515	37,820	123,335	15.85%	85,515	37,820	123,335	15.85%
New Proposals	(6,405)	(6,702)	(13,107)	(1.68%)	(6,405)	(6,702)	(13,107)	(1.68%)
Total Budget	\$432,152	\$346,001	\$778,153		\$432,152	\$346,001	\$778,153	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					29,629					29,968
Vacancy Savings					(11,411)					(11,425)
Inflation/Deflation					17					18
Fixed Costs					33,202					(5,283)
Total Statewide Present Law Adjustments		\$51,437	\$0	\$0	\$51,437		\$13,278	\$0	\$0	\$13,278
DP 6 - Maintain Computer Replacement Schedule - OTO	0.00	85,515	0	0	85,515	0.00	37,820	0	0	37,820
Total Other Present Law Adjustments	0.00	\$85,515	\$0	\$0	\$85,515	0.00	\$37,820	\$0	\$0	\$37,820
Grand Total All Present Law Adjustments	0.00	\$136,952	\$0	\$0	\$136,952	0.00	\$51,098	\$0	\$0	\$51,098

DP 6 - Maintain Computer Replacement Schedule - OTO - The legislature approved a one-time-only general fund appropriation of \$85,515 in FY 2010 and \$37,820 in FY 2011 to replace the computer equipment that will come due on the 4-year replacement schedule during the 2011 biennium.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Workers Compensation Management Program										
06	0.00	2,153	0	0	2,153	0.00	1,867	0	0	1,867
DP 8101 - Increasing 4% Vacancy Savings to 7%										
06	0.00	(8,558)	0	0	(8,558)	0.00	(8,569)	0	0	(8,569)
Total	0.00	(\$6,405)	\$0	\$0	(\$6,405)	0.00	(\$6,702)	\$0	\$0	(\$6,702)

DP 5 - Workers Compensation Management Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	3.94	3.94	3.94	3.94	3.94	3.94	0.00	0.00%
Personal Services	290,179	303,934	292,653	292,837	594,113	585,490	(8,623)	(1.45%)
Operating Expenses	49,173	49,274	54,236	54,332	98,447	108,568	10,121	10.28%
Total Costs	\$339,352	\$353,208	\$346,889	\$347,169	\$692,560	\$694,058	\$1,498	0.22%
General Fund	339,352	353,208	346,889	347,169	692,560	694,058	1,498	0.22%
Total Funds	\$339,352	\$353,208	\$346,889	\$347,169	\$692,560	\$694,058	\$1,498	0.22%

Page Reference

Legislative Budget Analysis, A-47

Funding

This program is funded entirely by the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	339,352	339,352	678,704	97.79%	339,352	339,352	678,704	97.79%
Statewide PL Adjustments	13,564	13,848	27,412	3.95%	13,564	13,848	27,412	3.95%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(6,027)	(6,031)	(12,058)	(1.74%)	(6,027)	(6,031)	(12,058)	(1.74%)
Total Budget	\$346,889	\$347,169	\$694,058		\$346,889	\$347,169	\$694,058	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					16,537					16,730
Vacancy Savings					(8,036)					(8,041)
Inflation/Deflation					1,213					1,324
Fixed Costs					3,850					3,835
Total Statewide Present Law Adjustments		\$13,564	\$0	\$0	\$13,564		\$13,848	\$0	\$0	\$13,848
Grand Total All Present Law Adjustments	0.00	\$13,564	\$0	\$0	\$13,564	0.00	\$13,848	\$0	\$0	\$13,848

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%										
12	0.00	(6,027)	0	0	(6,027)	0.00	(6,031)	0	0	(6,031)
Total	0.00	(\$6,027)	\$0	\$0	(\$6,027)	0.00	(\$6,031)	\$0	\$0	(\$6,031)

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	88,892	82,640	85,315	85,416	171,532	170,731	(801)	(0.47%)
Operating Expenses	10,991	12,979	12,193	12,188	23,970	24,381	411	1.71%
Total Costs	\$99,883	\$95,619	\$97,508	\$97,604	\$195,502	\$195,112	(\$390)	(0.20%)
General Fund	78,883	74,619	73,008	73,104	153,502	146,112	(7,390)	(4.81%)
State Special	21,000	21,000	24,500	24,500	42,000	49,000	7,000	16.67%
Total Funds	\$99,883	\$95,619	\$97,508	\$97,604	\$195,502	\$195,112	(\$390)	(0.20%)

Page Reference

Legislative Budget Analysis, A-50

Funding

This program is funded with general fund and state special revenue. The additional funding for the 2011 biennium is from state special revenue funds from the Department of Public Health and Human Services (DPHHS). The office is the first point of contact for several DPHHS calls. The office tracks the calls and bills the department accordingly.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	78,883	78,883	157,766	107.98%	99,883	99,883	199,766	102.39%
Statewide PL Adjustments	(3,122)	(3,023)	(6,145)	(4.21%)	378	477	855	0.44%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(2,753)	(2,756)	(5,509)	(3.77%)	(2,753)	(2,756)	(5,509)	(2.82%)
Total Budget	\$73,008	\$73,104	\$146,112		\$97,508	\$97,604	\$195,112	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					2,846					2,954
Vacancy Savings					(3,670)					(3,674)
Fixed Costs					1,202					1,197
Total Statewide Present Law Adjustments		(\$3,122)	\$3,500	\$0	\$378		(\$3,023)	\$3,500	\$0	\$477
Grand Total All Present Law Adjustments	0.00	(\$3,122)	\$3,500	\$0	\$378	0.00	(\$3,023)	\$3,500	\$0	\$477

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%										
16	0.00	(2,753)	0	0	(2,753)	0.00	(2,756)	0	0	(2,756)
Total	0.00	(\$2,753)	\$0	\$0	(\$2,753)	0.00	(\$2,756)	\$0	\$0	(\$2,756)

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	300,212	314,159	308,900	309,342	614,371	618,242	3,871	0.63%
Operating Expenses	70,834	72,984	78,631	78,543	143,818	157,174	13,356	9.29%
Total Costs	\$371,046	\$387,143	\$387,531	\$387,885	\$758,189	\$775,416	\$17,227	2.27%
General Fund	371,046	387,143	387,531	387,885	758,189	775,416	17,227	2.27%
Total Funds	\$371,046	\$387,143	\$387,531	\$387,885	\$758,189	\$775,416	\$17,227	2.27%

Page Reference

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Funding

This program is funded entirely through the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	371,046	371,046	742,092	95.70%	371,046	371,046	742,092	95.70%
Statewide PL Adjustments	21,450	21,818	43,268	5.58%	21,450	21,818	43,268	5.58%
Other PL Adjustments	5,000	5,000	10,000	1.29%	5,000	5,000	10,000	1.29%
New Proposals	(9,965)	(9,979)	(19,944)	(2.57%)	(9,965)	(9,979)	(19,944)	(2.57%)
Total Budget	\$387,531	\$387,885	\$775,416		\$387,531	\$387,885	\$775,416	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					31,939					32,414
Vacancy Savings					(13,286)					(13,305)
Inflation/Deflation					335					402
Fixed Costs					2,462					2,307
Total Statewide Present Law Adjustments		\$21,450	\$0	\$0	\$21,450		\$21,818	\$0	\$0	\$21,818
DP 4 - Mental Health Ombudsman Operating	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
Total Other Present Law Adjustments	0.00	\$5,000	\$0	\$0	\$5,000	0.00	\$5,000	\$0	\$0	\$5,000
Grand Total All Present Law Adjustments	0.00	\$26,450	\$0	\$0	\$26,450	0.00	\$26,818	\$0	\$0	\$26,818

DP 4 - Mental Health Ombudsman Operating - The legislature has approved appropriation of \$5,000 general fund each year of the 2011 biennium for the Mental Health Ombudsman.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increasing 4% Vacancy Savings to 7%	20	0.00	(9,965)	0	0	(9,965)	0.00	(9,979)	0	0	(9,979)
Total	0.00	(\$9,965)	\$0	\$0	(\$9,965)	0.00	(\$9,979)	\$0	\$0	(\$9,979)	

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	0	0	0	0	0	0	0	n/a
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	0	0	1,400,000	0	0	1,400,000	1,400,000	n/a
Total Costs	\$0	\$0	\$1,400,000	\$0	\$0	\$1,400,000	\$1,400,000	n/a
Federal Special	0	0	1,400,000	0	0	1,400,000	1,400,000	n/a
Total Funds	\$0	\$0	\$1,400,000	\$0	\$0	\$1,400,000	\$1,400,000	n/a

Page Reference

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Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0	0
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Grants	0	165,000	1,400,000	1,235,000	140,000	0	(140,000)	1,095,000
Total Costs	\$0	\$165,000	\$1,400,000	\$1,235,000	\$140,000	\$0	(\$140,000)	\$1,095,000
Federal Special	0	165,000	1,400,000	1,235,000	140,000	0	(140,000)	1,095,000
Total Funds	\$0	\$165,000	\$1,400,000	\$1,235,000	\$140,000	\$0	(\$140,000)	\$1,095,000

The legislative budget is \$1,095,000 higher in federal funds than the executive budget. The increase is for funding associated with Help America Vote Act of 2002 that, when the executive budget was submitted, was expected to be expended in the 2009 biennium. These funds are now not expected to be expended in the 2009 biennium as grant applications are falling short of expectations.

Agency Highlights

Office of Secretary of State Major Budget Highlights
<ul style="list-style-type: none"> ◆ The entire HB 2 budget consists of authority to expend Help America Vote Act of 2002 funds ◆ The remainder of the office’s funding is derived from non-budgeted proprietary funds

Funding

The operations of the Office of the Secretary of State are primarily funded with proprietary funds derived from fees for services, document sales, and other fees established in statute. In recent years, the federal Help America Vote Act of 2002 (HAVA) provided federal special revenue for election reform initiatives. Since expenditure of HAVA interest funds in the base were designated as one time only, these expenditures were removed from the base and no base exists. Interest accrued on deposit of HAVA funds remains unspent and is included for the 2011 biennium as part of HB 2. As such, the HB 2 tables show only HAVA funds.

The remainder of the office is funded with non-budgeted enterprise type proprietary funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	1,400,000	0	1,400,000	100.00%
Total Budget	\$0	\$0	\$0		\$1,400,000	\$0	\$1,400,000	

New Proposals

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3 - HAVA Interest - Bien/OTO 01	0.00	0	0	1,400,000	1,400,000	0.00	0	0	0	0
Total	0.00	\$0	\$0	\$1,400,000	\$1,400,000	0.00	\$0	\$0	\$0	\$0

DP 3 - HAVA Interest - Bien/OTO - An increase of \$1.4 million federal special revenue funds grants to counties for assistance in completing election reforms of the Help America Vote Act of 2002. Revenue is from Help America Vote Act of 2002 federal grant funds and interest earned on deposit of the funds. The funding was designated as biennial and one time only.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	218,906	324,185	288,132	288,260	543,091	576,392	33,301	6.13%
Operating Expenses	146,514	124,655	217,113	166,815	271,169	383,928	112,759	41.58%
Total Costs	\$365,420	\$448,840	\$505,245	\$455,075	\$814,260	\$960,320	\$146,060	17.94%
General Fund	365,420	448,840	505,245	455,075	814,260	960,320	146,060	17.94%
Total Funds	\$365,420	\$448,840	\$505,245	\$455,075	\$814,260	\$960,320	\$146,060	17.94%

Page Reference

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Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	6.00	6.00	6.00	0.00	6.00	6.00	0.00	
Personal Services	218,906	288,132	288,132	0	288,260	288,260	0	0
Operating Expenses	146,514	245,066	217,113	(27,953)	234,767	166,815	(67,952)	(95,905)
Total Costs	\$365,420	\$533,198	\$505,245	(\$27,953)	\$523,027	\$455,075	(\$67,952)	(\$95,905)
General Fund	365,420	533,198	505,245	(27,953)	523,027	455,075	(67,952)	(95,905)
Total Funds	\$365,420	\$533,198	\$505,245	(\$27,953)	\$523,027	\$455,075	(\$67,952)	(\$95,905)

The legislature has approved a one-time-only biennial appropriation of \$40,000 general fund for additional legal costs that represents a \$78,000 general fund reduction from the executive budget request. Additionally, the legislature has made a biennial appropriation of \$40,000 general fund restricted to the completion of the on-line candidate registration function of the department's web site. These funds were originally requested by the executive as an annual appropriation of \$20,000 for IT application maintenance and enhancement. An unspecified reduction in general fund has been applied by the legislature in the amount of \$17,905 over the biennium. This amount represents a 2 percent reduction in general fund from the executive budget.

Agency Highlights

Commissioner of Political Practices Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The budget increased by 17.94 percent in the 2011 biennium from the 2009 biennium due primarily to statewide present law adjustments and funding increases for legal fees and technology projects ◆ The legislature has applied a 2 percent unspecified reduction in general fund to the agency ◆ The legislature has approved funding for new proposals including: <ul style="list-style-type: none"> ● Additional legal costs ● Building security upgrades ● Completion of on-line candidate registration ● Workers compensation management plan 	

Agency Discussion

The Commissioner of Political Practices carries out its duties with a staff that includes one appointed official and five staff members. A single investigator position was added in the prior biennium to do preliminary inquiry on complaints received by the office. Personal services and operating expenses are divided in an approximate 60-40 ratio. Costs of contracted legal fees are the predominate operating expenses of the agency.

Funding

This program is entirely funded with general fund. A small amount of revenue is generated from nominal fees charged for printing and distribution, as well as civil fines for violation of campaign laws. Both are deposited into the general fund. In addition, COPP collects a \$150 lobbyist filing fee, \$50 of which is deposited into the general fund and \$100 in a state special revenue account that is appropriated to the Legislative Services Division to fund the state broadcasting system. The lobbyist license expires at the end of each even-numbered year, just before the start of the legislative session. Thus, the majority of the revenues are collected in odd numbered years.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	365,420	365,420	730,840	76.10%	365,420	365,420	730,840	76.10%
Statewide PL Adjustments	80,947	73,796	154,743	16.11%	80,947	73,796	154,743	16.11%
Other PL Adjustments	4,680	4,680	9,360	0.97%	4,680	4,680	9,360	0.97%
New Proposals	54,198	11,179	65,377	6.81%	54,198	11,179	65,377	6.81%
Total Budget	\$505,245	\$455,075	\$960,320		\$505,245	\$455,075	\$960,320	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					69,226	0.00				69,354
Inflation/Deflation					532	0.00				748
Fixed Costs					11,189	0.00				3,694
Total Statewide Present Law Adjustments		\$80,947	\$0	\$0	\$80,947	0.00	\$73,796	\$0	\$0	\$73,796
					0	0.00				0
DP 1 - Increases in Web/IT, Telephone, and Travel										
	0.00	4,680	0	0	4,680	0.00	4,680	0	0	4,680
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$4,680	\$0	\$0	\$4,680	0.00	\$4,680	\$0	\$0	\$4,680
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$85,627	\$0	\$0	\$85,627	0.00	\$78,476	\$0	\$0	\$78,476

DP 1 - Increases in Web/IT, Telephone, and Travel - The legislature has approved appropriation of \$4,680 general fund each year of the biennium to cover increased costs in web administrator software, FileNet storage, telephone, and travel funding for the investigator.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Additional Legal Costs Funding - OTO / BIEN										
01	0.00	40,000	0	0	40,000	0.00	0	0	0	0
DP 4 - Building Security Update- OTO										
01	0.00	3,000	0	0	3,000	0.00	0	0	0	0
DP 5 - IT Application Completion, OTO/RST/BIEN										
01	0.00	20,000	0	0	20,000	0.00	20,000	0	0	20,000
DP 6 - Fixed Cost Workers Comp Management Pgm Allocation										
01	0.00	151	0	0	151	0.00	131	0	0	131
DP 6105 - 2 Percent Unspecified Reduction of General Fund										
01	0.00	(8,953)	0	0	(8,953)	0.00	(8,952)	0	0	(8,952)
Total	0.00	\$54,198	\$0	\$0	\$54,198	0.00	\$11,179	\$0	\$0	\$11,179

DP 2 - Additional Legal Costs Funding - OTO / BIEN - The legislature has approved a one-time-only (OTO) biennial appropriation of \$40,000 general fund for additional legal costs and to decrease the backlog of unresolved complaints.

DP 4 - Building Security Update- OTO - The legislature has approved a one-time-only appropriation of \$3,000 general fund in FY 2010 to improve security by adding an alarm system and document shredding equipment at the Commissioner of Political Practices office.

DP 5 - IT Application Completion, OTO/RST/BIEN - The legislature has approved a restricted, biennial appropriation of \$40,000 for the completion of the on-line candidate registration component of the COPP web site before the 2010 election.

DP 6 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6105 - 2 Percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	78.50	78.50	84.50	84.50	78.50	84.50	6.00	7.64%
Personal Services	3,840,273	4,453,859	4,868,247	4,874,486	8,294,132	9,742,733	1,448,601	17.47%
Operating Expenses	1,334,922	5,521,177	2,185,674	2,652,995	6,856,099	4,838,669	(2,017,430)	(29.43%)
Benefits & Claims	10,152,855	7,549,814	11,498,655	11,498,655	17,702,669	22,997,310	5,294,641	29.91%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$15,328,050	\$17,524,850	\$18,552,576	\$19,026,136	\$32,852,900	\$37,578,712	\$4,725,812	14.38%
State Special	15,328,050	17,524,850	18,552,576	19,026,136	32,852,900	37,578,712	4,725,812	14.38%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$15,328,050	\$17,524,850	\$18,552,576	\$19,026,136	\$32,852,900	\$37,578,712	\$4,725,812	14.38%

Page Reference

Legislative Budget Analysis, A-69

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	78.50	83.50	84.50	1.00	83.50	84.50	1.00	
Personal Services	3,840,273	4,890,230	4,868,247	(21,983)	4,898,301	4,874,486	(23,815)	(45,798)
Operating Expenses	1,334,922	2,201,436	2,185,674	(15,762)	2,670,928	2,652,995	(17,933)	(33,695)
Benefits & Claims	10,152,855	11,498,655	11,498,655	0	11,498,655	11,498,655	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$15,328,050	\$18,590,321	\$18,552,576	(\$37,745)	\$19,067,884	\$19,026,136	(\$41,748)	(\$79,493)
State/Other Special	15,328,050	18,590,321	18,552,576	(37,745)	19,067,884	19,026,136	(41,748)	(79,493)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$15,328,050	\$18,590,321	\$18,552,576	(\$37,745)	\$19,067,884	\$19,026,136	(\$41,748)	(\$79,493)

The legislatively approved budget differs predominately from the executive proposal in personal services. The executive proposal requested the funding of 5.0 new FTE. Of these, only one, a captive insurance position, was approved for funding, a second FTE was approved, for traditional exams, but no funding was provided. An additional 3.0 FTE (Insure Montana, Insurance Exams, and Securities) were funded through the adoption of elected official proposals brought forward by the State Auditor. The legislature added one additional FTE to the Insurance program for forms analysis, approving funding on a one-time-only basis during committee action. The result of these actions is an increase of 1.0 FTE from the executive proposed budget.

Agency Highlights

State Auditor’s Office Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The legislature has approved a total funding increase of 14.38 percent in the 2011 biennium from the 2009 biennium including \$4.56 million in present law requests in addition to statewide present law and new proposals adding 6.0 FTE and related costs ◆ The legislature approved the consolidation of 8.0 FTE in to the Central Management program from the Insurance and Securities programs ◆ A \$2.5 million appropriation was approved to restore Insure Montana funding to FY 2008 level. ◆ 	

Agency Discussion

In addition to the items included in the executive proposal, the State Auditor included a number of elected official proposals for legislative consideration. Of these, the legislature has adopted four proposals for inclusion in HB 2. Three of the proposals add 1.0 FTE each for insurance examinations, a legal FTE for the Securities Division, and the Insure Montana program. The remaining proposal moved a number of FTE between the Insurance and Securities programs to the Central Services program with no net budgetary impact.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget			
Agency Program	State Spec.	Grand Total	Total %
01 Central Management	\$ 2,665,305	\$ 2,665,305	7.09%
03 Insurance	32,909,708	32,909,708	87.58%
04 Securities	<u>2,003,699</u>	<u>2,003,699</u>	<u>5.33%</u>
Grand Total	<u>\$ 37,578,712</u>	<u>\$ 37,578,712</u>	<u>100.00%</u>

This agency is funded with both general fund and state special revenue. The general fund is limited to a number of pass-through payments the State Auditor is statutorily required to make. State special revenue is derived from fees imposed on insurance policies written in the state of Montana, licensing, registration and audit fees from individuals and organizations dealing in securities in the state and a portion of the state tobacco tax.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	15,328,050	15,328,050	30,656,100	81.58%
Statewide PL Adjustments	0	0	0	0.00%	1,020,811	994,248	2,015,059	5.36%
Other PL Adjustments	0	0	0	0.00%	2,018,500	2,538,444	4,556,944	12.13%
New Proposals	0	0	0	0.00%	185,215	165,394	350,609	0.93%
Total Budget	\$0	\$0	\$0		\$18,552,576	\$19,026,136	\$37,578,712	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	10.00	10.00	18.00	18.00	10.00	18.00	8.00	80.00%
Personal Services	444,468	596,646	1,024,353	1,025,947	1,041,114	2,050,300	1,009,186	96.93%
Operating Expenses	117,281	87,054	299,759	315,246	204,335	615,005	410,670	200.98%
Total Costs	\$561,749	\$683,700	\$1,324,112	\$1,341,193	\$1,245,449	\$2,665,305	\$1,419,856	114.00%
State Special	561,749	683,700	1,324,112	1,341,193	1,245,449	2,665,305	1,419,856	114.00%
Total Funds	\$561,749	\$683,700	\$1,324,112	\$1,341,193	\$1,245,449	\$2,665,305	\$1,419,856	114.00%

Page Reference

Legislative Budget Analysis, A-74

Funding

This program is funded entirely from state special revenue derived from fees imposed on insurance policies written in the state of Montana, licensing, registration and audit fees from individuals and organizations dealing in securities in the state and a portion of the state tobacco tax. The Central Management Division uses direct HB 2 appropriation rather than a proprietary fund in order to fund expenditures related to the administrative support functions that the program provides for the other divisions of the agency.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	561,749	561,749	1,123,498	42.15%
Statewide PL Adjustments	0	0	0	0.00%	187,746	178,489	366,235	13.74%
Other PL Adjustments	0	0	0	0.00%	82,004	108,422	190,426	7.14%
New Proposals	0	0	0	0.00%	492,613	492,533	985,146	36.96%
Total Budget	\$0	\$0	\$0		\$1,324,112	\$1,341,193	\$2,665,305	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					177,234					177,416
Vacancy Savings					(20,970)					(20,974)
Inflation/Deflation					347					421
Fixed Costs					31,135					21,626
Total Statewide Present Law Adjustments		\$0	\$187,746	\$0	\$187,746		\$0	\$178,489	\$0	\$178,489
DP 101 - CSD Annual Rent Increase	0.00	0	9,544	0	9,544	0.00	0	17,607	0	17,607
DP 102 - CSD - Base Adj	0.00	0	46,064	0	46,064	0.00	0	46,064	0	46,064
DP 103 - CSD New Office Space RST/OTO	0.00	0	26,638	0	26,638	0.00	0	45,029	0	45,029
DP 7101 - Fuel Inflation Reduction	0.00	0	(242)	0	(242)	0.00	0	(278)	0	(278)
Total Other Present Law Adjustments	0.00	\$0	\$82,004	\$0	\$82,004	0.00	\$0	\$108,422	\$0	\$108,422
Grand Total All Present Law Adjustments	0.00	\$0	\$269,750	\$0	\$269,750	0.00	\$0	\$286,911	\$0	\$286,911

DP 101 - CSD Annual Rent Increase - The legislature has approved \$9,544 in FY 2010 and \$17,607 in FY 2011 of state special revenue to fund a scheduled 2 percent rent increase in FY 2010 and an estimated 3 percent rent increase in FY 2011.

DP 102 - CSD - Base Adj - The legislature has approved appropriation of \$46,064 state special revenue each year of the biennium is for additional travel expenses.

DP 103 - CSD New Office Space RST/OTO - The legislature has approved one-time-only appropriation of \$26,638 in FY 2010 and \$45,029 in FY 2011 of additional state special revenue funding to relocate the agency and associated moving costs. The appropriation is restricted to be available only if agency actually moves to new office space.

DP 7101 - Fuel Inflation Reduction - The legislature has approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 120 - Move of FTE from Insurance and Securities											
01	8.00	0	507,765	0	507,765	8.00	0	507,765	0	507,765	
DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation											
01	0.00	0	576	0	576	0.00	0	499	0	499	
DP 8101 - Increasing 4% Vacancy Savings to 7%											
01	0.00	0	(15,728)	0	(15,728)	0.00	0	(15,731)	0	(15,731)	
Total	8.00	\$0	\$492,613	\$0	\$492,613	8.00	\$0	\$492,533	\$0	\$492,533	

DP 120 - Move of FTE from Insurance and Securities - The Legislature has approved the move of 6.0 FTE from the Insurance Division and 2.0 FTE from the Securities Division to the Central Services Division in order to appropriately budget for the FTE based on their functions within the agency.

DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	55.50	55.50	54.50	54.50	55.50	54.50	(1.00)	(1.80%)
Personal Services	2,912,796	3,145,237	3,129,696	3,133,608	6,058,033	6,263,304	205,271	3.39%
Operating Expenses	1,088,078	5,199,262	1,612,721	2,036,373	6,287,340	3,649,094	(2,638,246)	(41.96%)
Benefits & Claims	10,152,855	7,549,814	11,498,655	11,498,655	17,702,669	22,997,310	5,294,641	29.91%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$14,153,729	\$15,894,313	\$16,241,072	\$16,668,636	\$30,048,042	\$32,909,708	\$2,861,666	9.52%
State Special	14,153,729	15,894,313	16,241,072	16,668,636	30,048,042	32,909,708	2,861,666	9.52%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$14,153,729	\$15,894,313	\$16,241,072	\$16,668,636	\$30,048,042	\$32,909,708	\$2,861,666	9.52%

Page Reference

Legislative Budget Analysis, A-78

Funding

This program is funded entirely with state special revenue. Insure Montana is funded through an appropriation of a portion of the tobacco tax. This appropriation is divided 60-40 between premium assistance and tax credits, respectively. The Montana Comprehensive Health Association is funded from a portion of the tobacco settlement fund. The other functions of the program are funded from revenues derived from a percentage charge against every insurance policy sold in the state, as well as from charges for insurance company examinations and fees paid by individual agents.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	14,153,729	14,153,729	28,307,458	86.02%
Statewide PL Adjustments	0	0	0	0.00%	544,893	531,302	1,076,195	3.27%
Other PL Adjustments	0	0	0	0.00%	1,806,341	2,263,884	4,070,225	12.37%
New Proposals	0	0	0	0.00%	(263,891)	(280,279)	(544,170)	(1.65%)
Total Budget	\$0	\$0	\$0		\$16,241,072	\$16,668,636	\$32,909,708	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					618,421	0.00				626,023
Vacancy Savings					(141,246)	0.00				(141,552)
Inflation/Deflation					6,731	0.00				9,536
Fixed Costs					60,987	0.00				37,295
Total Statewide Present Law Adjustments		\$0	\$544,893	\$0	\$544,893	0.00	\$0	\$531,302	\$0	\$531,302
					0	0.00				0
DP 301 - Ins Annual Rent Increase	0.00	0	46,798	0	46,798	0.00	0	91,542	0	91,542
DP 302 - Ins - Exam Bureau - Annualize Captive Base	0.00	0	37,489	0	37,489	0.00	0	37,489	0	37,489
DP 303 - Ins - Rates Base Adj	0.00	0	4,428	0	4,428	0.00	0	5,800	0	5,800
DP 304 - Ins - Legal Base Adj	0.00	0	15,244	0	15,244	0.00	0	15,268	0	15,268
DP 305 - Ins - Investigations Base Adjustments	0.00	0	8,078	0	8,078	0.00	0	8,078	0	8,078
DP 306 - Ins - Forms Bureau Base Adj	0.00	0	15,166	0	15,166	0.00	0	15,166	0	15,166
DP 307 - Ins - Policyholder Services Bureau Base Adj	0.00	0	12,575	0	12,575	0.00	0	10,580	0	10,580
DP 308 - Ins - Contract Examinations	0.00	0	145,151	0	145,151	0.00	0	441,551	0	441,551
DP 309 - Ins - Captive Promotion	0.00	0	25,551	0	25,551	0.00	0	40,551	0	40,551
DP 310 - Ins - Licensing Base Adjustment	0.00	0	8,684	0	8,684	0.00	0	8,684	0	8,684
DP 311 - Ins - New Office Space RST/OTO	0.00	0	141,694	0	141,694	0.00	0	243,739	0	243,739
DP 318 - Restore Insure MT Funding	0.00	0	1,244,359	0	1,244,359	0.00	0	1,244,359	0	1,244,359
DP 319 - Restore MCHA Funding	0.00	0	101,441	0	101,441	0.00	0	101,441	0	101,441
DP 7101 - Fuel Inflation Reduction	0.00	0	(317)	0	(317)	0.00	0	(364)	0	(364)
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$0	\$1,806,341	\$0	\$1,806,341	0.00	\$0	\$2,263,884	\$0	\$2,263,884
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$0	\$2,351,234	\$0	\$2,351,234	0.00	\$0	\$2,795,186	\$0	\$2,795,186

DP 301 - Ins Annual Rent Increase - The legislature approved \$46,798 in FY 2010 and \$91,542 in FY 2011 of state special revenue to fund a scheduled 2 percent rent increase in FY 2010 and an estimated 3 percent rent increase in 2011.

DP 302 - Ins - Exam Bureau - Annualize Captive Base - The legislature approved \$37,489 state special revenue for both FY 2010 and FY 2011 to annualize the costs associated with hiring a new FTE in the Captive Insurance program during the base year.

DP 303 - Ins - Rates Base Adj - The Legislature approved \$4,428 in FY 2010 and \$5,800 in FY 2011 of state special revenue is for increased travel and training costs and to purchase specialized actuary books and minor software.

DP 304 - Ins - Legal Base Adj - The legislature approved \$15,244 in FY 2010 and \$15,268 in FY 2011 of state special revenue funding for additional secured storage space, increased legal, travel, and education costs.

DP 305 - Ins - Investigations Base Adjustments - The legislature approved \$8,078 for FY 2010 and FY 2011 of state special revenue is for increased travel and training costs for the Investigations Bureau.

DP 306 - Ins - Forms Bureau Base Adj - The legislature approved \$15,166 each year of the biennium of state special revenue is for increased travel and training costs for the Forms Bureau.

DP 307 - Ins - Policyholder Services Bureau Base Adj - The legislature approved \$12,575 in FY 2010 and \$10,580 in FY 2011 for the Policyholder Services Unit for minor software purchase and increase travel for training and educational expenditures.

DP 308 - Ins - Contract Examinations - The legislature approved \$145,151 in FY 2010 and \$441,551 in FY 2011 of state special revenue funding to enable the examination of insurers using contractor services.

DP 309 - Ins - Captive Promotion - The legislature approved an appropriation of \$25,551 for FY 2010 and \$40,551 for FY 2011 state special revenue is to annualize the costs associated with promoting captive insurance in Montana.

DP 310 - Ins - Licensing Base Adjustment - The legislature approved \$8,684 each year of the biennium of state special revenue funding for travel and fees associated with Securities and Insurance Licensing Association (SILA) training.

DP 311 - Ins - New Office Space RST/OTO - The legislature approved a one-time-only appropriation of \$141,694 in FY 2010 and \$243,738 in FY 2011 of state special revenue funding to relocate the agency and associated moving costs. The appropriation is restricted to be available only if agency actually moves to new office space.

DP 318 - Restore Insure MT Funding - The legislature approved \$1,244,359 state special revenue funding each year of the 2011 biennium to restore funding for the Insure Montana Program to levels authorized by the 2007 legislature.

DP 319 - Restore MCHA Funding - The legislature approved \$101,441 state special revenue funding each year of the 2011 biennium to restore funding for the Montana Comprehensive Health Association.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 308 - New FTE for Insure Montana Program										
03	1.00	0	45,500	0	45,500	1.00	0	43,695	0	43,695
DP 314 - Ins - Traditional Exams FTE										
03	1.00	0	0	0	0	1.00	0	0	0	0
DP 315 - Ins - Policyholder Service Bureau Claims Examiner										
03	1.00	0	60,976	0	60,976	1.00	0	56,808	0	56,808
DP 317 - INS - Forms Analyst FTE (RST/OTO)										
03	1.00	0	47,551	0	47,551	1.00	0	40,551	0	40,551
DP 320 - New FTE for Captive Insurance Exams										
03	1.00	0	86,447	0	86,447	1.00	0	83,734	0	83,734
DP 325 - Move of FTE to Central Services Division										
03	(6.00)	0	(399,961)	0	(399,961)	(6.00)	0	(400,229)	0	(400,229)
DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation										
03	0.00	0	1,531	0	1,531	0.00	0	1,327	0	1,327
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	0	(105,935)	0	(105,935)	0.00	0	(106,165)	0	(106,165)
Total	(1.00)	\$0	(\$263,891)	\$0	(\$263,891)	(1.00)	\$0	(\$280,279)	\$0	(\$280,279)

DP 308 - New FTE for Insure Montana Program - The legislature approved an appropriation of \$45,500 in FY 2010 and \$43,685 in FY2011 of state special revenue for 1.0 new FTE.

DP 314 - Ins - Traditional Exams FTE - The legislature approved the request to add an additional 1.00 FTE for traditional exams, but did not provide funding for the position.

DP 315 - Ins - Policyholder Service Bureau Claims Examiner - The legislature approved \$60,976 in FY 2010 and \$56,808 in FY 2011 state special revenue funding to support 1.00 FTE and operating costs to complete additional market conduct examinations and new analysis responsibilities.

DP 317 - INS - Forms Analyst FTE (RST/OTO) - The legislature approved \$47,551 in FY 2010 and \$40,551 in FY 2011 state special revenue funding for personal services for 1.00 FTE to work in the Forms Bureau. This position is restricted to comply with provisions of 33-1-501, MCA, specifically to ensure that the commissioner makes a determination on submitted forms prior to triggering the automatic approval provision contained in 33-1-501(2)(b)

DP 320 - New FTE for Captive Insurance Exams - The legislature approved the addition of 1.0 FTE and related costs for Captive Insurance Exams.

DP 325 - Move of FTE to Central Services Division - The Legislature approved the move of 6.0 FTE from the Insurance Division to the Central Services Division in order to appropriately budget for the FTE based on their functions within the agency.

DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

The item for Form Analyst is restricted to funding for personal services to comply with provisions of 33-1-501, specifically to ensure that the commissioner makes a determination on submitted forms prior to triggering the automatic approval provision contained in 33-1-501(2)(b).

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	13.00	13.00	12.00	12.00	13.00	12.00	(1.00)	(7.69%)
Personal Services	483,009	711,976	714,198	714,931	1,194,985	1,429,129	234,144	19.59%
Operating Expenses	129,563	234,861	273,194	301,376	364,424	574,570	210,146	57.67%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$612,572	\$946,837	\$987,392	\$1,016,307	\$1,559,409	\$2,003,699	\$444,290	28.49%
State Special	612,572	946,837	987,392	1,016,307	1,559,409	2,003,699	444,290	28.49%
Total Funds	\$612,572	\$946,837	\$987,392	\$1,016,307	\$1,559,409	\$2,003,699	\$444,290	28.49%

Page Reference

Legislative Budget Analysis, A-89

Funding

This program is funded entirely with state special revenue. The department charges fees for examinations, audits, and licensure. Excess funding is transferred to the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	612,572	612,572	1,225,144	61.14%
Statewide PL Adjustments	0	0	0	0.00%	288,172	284,457	572,629	28.58%
Other PL Adjustments	0	0	0	0.00%	130,155	166,138	296,293	14.79%
New Proposals	0	0	0	0.00%	(43,507)	(46,860)	(90,367)	(4.51%)
Total Budget	\$0	\$0	\$0		\$987,392	\$1,016,307	\$2,003,699	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					311,897					312,706
Vacancy Savings					(31,796)					(31,832)
Inflation/Deflation					222					238
Fixed Costs					7,849					3,345
Total Statewide Present Law Adjustments		\$0	\$288,172	\$0	\$288,172		\$0	\$284,457	\$0	\$284,457
DP 401 - Securities Annual Rent Increase	0.00	0	11,535	0	11,535	0.00	0	22,015	0	22,015
DP 402 - Securities - Exams Base Adjustments - BIEN	0.00	0	37,204	0	37,204	0.00	0	37,204	0	37,204
DP 403 - Securities - Base Adjustment	0.00	0	47,704	0	47,704	0.00	0	49,304	0	49,304
DP 404 - Securities New Office Space RST/OTO	0.00	0	33,757	0	33,757	0.00	0	57,666	0	57,666
DP 7101 - Fuel Inflation Reduction	0.00	0	(45)	0	(45)	0.00	0	(51)	0	(51)
Total Other Present Law Adjustments	0.00	\$0	\$130,155	\$0	\$130,155	0.00	\$0	\$166,138	\$0	\$166,138
Grand Total All Present Law Adjustments	0.00	\$0	\$418,327	\$0	\$418,327	0.00	\$0	\$450,595	\$0	\$450,595

DP 401 - Securities Annual Rent Increase - The legislature approved \$11,535 in FY 2010 and \$22,015 in FY 2011 of state special revenue to fund a scheduled two percent rent increase in FY 2010 and an estimated three percent rent increase in 2011.

DP 402 - Securities - Exams Base Adjustments - BIEN - The legislature approved a biennial request of \$74,408 state special revenue is to annualize the reimbursable costs associated with the Securities Division's responsibility for the oversight of roughly 1,400 broker/dealer firms, 750 investment advisory firms, and 75,000 securities salespersons and investment adviser representatives.

DP 403 - Securities - Base Adjustment - The legislature approved \$47,704 in FY 2010 and \$49,304 in FY 2011 of state special revenue is to increase the budget for the costs associated with the estimated number of contract hearings officers and North American Securities Administrator's Association (NASAA) reimbursable related travel.

DP 404 - Securities New Office Space RST/OTO - The legislature approved a one-time-only appropriation of \$33,757 in FY 2010 and \$57,666 in FY 2011 of state special revenue funding to relocate the agency and associated moving costs. The appropriation is restricted to be available only if agency actually moves to new office space.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 420 - Move of FTE to Central Services Division										
04	(2.00)	0	(107,804)	0	(107,804)	(2.00)	0	(107,536)	0	(107,536)
DP 421 - Securities - New Legal FTE (OTO)										
04	1.00	0	87,871	0	87,871	1.00	0	84,313	0	84,313
DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation										
04	0.00	0	273	0	273	0.00	0	237	0	237
DP 8101 - Increasing 4% Vacancy Savings to 7%										
04	0.00	0	(23,847)	0	(23,847)	0.00	0	(23,874)	0	(23,874)
Total	(1.00)	\$0	(\$43,507)	\$0	(\$43,507)	(1.00)	\$0	(\$46,860)	\$0	(\$46,860)

DP 420 - Move of FTE to Central Services Division - The Legislature approved the move of 2.0 FTE from the Securities Division to the Central Services Division in order to appropriately budget for the FTE based on their functions within the agency.

DP 421 - Securities - New Legal FTE (OTO) - The legislature approved a one-time-only appropriation of \$87,871 in FY 2010 and \$84,313 in FY 2011 of state special revenue for personal services and associated operating costs to hire an additional attorney in the Securites Division of the State Auditors Office.

DP 6101 - Fixed Cost Workers Comp Management Prgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	645.53	645.53	657.53	657.53	645.53	657.53	12.00	1.86%
Personal Services	31,541,481	34,079,740	33,135,790	33,294,641	65,621,221	66,430,431	809,210	1.23%
Operating Expenses	18,434,552	18,119,477	18,210,639	18,026,432	36,554,029	36,237,071	(316,958)	(0.87%)
Equipment & Intangible Assets	220,095	181,863	220,095	220,095	401,958	440,190	38,232	9.51%
Local Assistance	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	972	0	0	972	0	(972)	(100.00%)
Total Costs	\$50,196,128	\$52,382,052	\$51,566,524	\$51,541,168	\$102,578,180	\$103,107,692	\$529,512	0.52%
General Fund	46,999,289	48,766,397	47,741,302	47,720,256	95,765,686	95,461,558	(304,128)	(0.32%)
State Special	823,595	882,192	1,100,505	1,089,366	1,705,787	2,189,871	484,084	28.38%
Federal Special	194,192	424,881	204,232	203,388	619,073	407,620	(211,453)	(34.16%)
Other	2,179,052	2,308,582	2,520,485	2,528,158	4,487,634	5,048,643	561,009	12.50%
Total Funds	\$50,196,128	\$52,382,052	\$51,566,524	\$51,541,168	\$102,578,180	\$103,107,692	\$529,512	0.52%

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Legislative Budget Analysis, A-93

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	645.53	662.53	657.53	(5.00)	664.53	657.53	(7.00)	
Personal Services	31,541,481	34,997,374	33,135,790	(1,861,584)	35,234,549	33,294,641	(1,939,908)	(3,801,492)
Operating Expenses	18,434,552	19,384,189	18,210,639	(1,173,550)	19,255,935	18,026,432	(1,229,503)	(2,403,053)
Equipment & Intangible Assets	220,095	220,095	220,095	0	220,095	220,095	0	0
Local Assistance	0	0	0	0	0	0	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$50,196,128	\$54,601,658	\$51,566,524	(\$3,035,134)	\$54,710,579	\$51,541,168	(\$3,169,411)	(\$6,204,545)
General Fund	46,999,289	50,866,436	47,741,302	(3,125,134)	50,979,667	47,720,256	(3,259,411)	(6,384,545)
State/Other Special	823,595	1,100,505	1,100,505	0	1,089,366	1,089,366	0	0
Federal Special	194,192	202,528	204,232	1,704	201,679	203,388	1,709	3,413
Proprietary	2,179,052	2,432,189	2,520,485	88,296	2,439,867	2,528,158	88,291	176,587
Total Funds	\$50,196,128	\$54,601,658	\$51,566,524	(\$3,035,134)	\$54,710,579	\$51,541,168	(\$3,169,411)	(\$6,204,545)

The legislative budget is \$6.2 million in total funds lower than the executive budget with the decrease primarily in general fund. Staffing in the legislative budget is 7.00 FTE lower than in the executive budget at the end of the 2011 biennium. The most significant revisions from the executive budget are summarized below:

- o An unspecified reduction of \$6.0 million general fund was approved along with accompanying language that allows the department flexibility in allocating the reduction when it establishes its operating plan for the 2011 biennium
- o Funding to add 2.00 FTE to address workload impacts for property assessment staff that are resulting from a

growing number of property parcels was not approved, resulting in a biennium reduction of \$378,900 general fund

- o Funding for two executive requested language appropriations in the Liquor Control Division were approved as HB 2 appropriations instead of language appropriations, so the legislative budget appears to be higher by \$180,000 when instead the only change was the form of the appropriation
- o Funding for executive requests to add 5.00 FTE was approved, but without the FTE

Agency Highlights

Department of Revenue Major Budget Highlights	
◆	The proposed HB 2 budget for the department increases by \$530,000 or 0.5 percent from the 2009 biennium to the 2011 biennium <ul style="list-style-type: none"> • Personal services in the statewide present law adjustment accounts for the largest share of the increase due primarily to the phased conversion to the broadband pay plan during FY 2008 and are attributed to roughly 6.8 percent of the budget growth over the 2009 biennium • Other statewide present law adjustments for fixed costs and inflation add about 1.5 percent to the growth over the 2009 biennium • An unspecified reduction of \$6.0 million offsets much of the growth in general fund • Continuation of tobacco tax compliance efforts started in the 2009 biennium add \$0.4 million, but no FTE • Addressing workload impacts associated with returning abandoned property to its owner adds \$0.2 million, but no FTE
◆	Department staff would increase by 12.00 FTE to continue tax compliance activities funded by the 2007 Legislature without FTE (no funding impact)

Funding

The following table summarizes funding for the agency, by program and source, approved by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Directors Office	\$ 5,412,263	\$ 214,184	\$ 1,000	\$ 177,896	\$ 5,805,343	5.63%
02 Information Technology & Processing	26,048,169	262,031	-	151,524	26,461,724	25.66%
03 Liquor Control Division	-	-	-	4,618,512	4,618,512	4.48%
05 Citizen Services & Resource Mgmt	3,995,340	295,614	-	100,711	4,391,665	4.26%
07 Business And Income Taxes Division	19,840,189	1,289,077	406,620	-	21,535,886	20.89%
08 Property Assessment Division	40,165,597	128,965	-	-	40,294,562	39.08%
Grand Total	\$ 95,461,558	\$ 2,189,871	\$ 407,620	\$ 5,048,643	\$ 103,107,692	100.00%

The department is primarily funded with general fund. Proprietary funds support the operation of the Liquor Control Division and other divisions that support liquor control functions or the staff of the Liquor Control Division. State special revenue funds coordination of one stop business licensing activities and collection of water adjudication fees. State special revenue is also from the property valuation improvement fund and is used for increasing the efficiency of the property appraisal, assessment, and taxation process through improvements in technology and administration. Federal special revenue supports mineral royalty audits.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	46,999,289	46,999,289	93,998,578	98.47%	50,196,128	50,196,128	100,392,256	97.37%
Statewide PL Adjustments	4,429,485	4,328,589	8,758,074	9.17%	4,748,860	4,655,430	9,404,290	9.12%
Other PL Adjustments	325,140	410,653	735,793	0.77%	415,140	500,653	915,793	0.89%
New Proposals	(4,012,612)	(4,018,275)	(8,030,887)	(8.41%)	(3,793,604)	(3,811,043)	(7,604,647)	(7.38%)
Total Budget	\$47,741,302	\$47,720,256	\$95,461,558		\$51,566,524	\$51,541,168	\$103,107,692	

Language and Statutory Authority

The legislature approved the following language for the agency:

"Director's Office includes unspecified reductions in general fund money of \$3,002,852 in fiscal year 2010 and \$3,002,852 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans."

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	48.98	48.98	48.98	48.98	48.98	48.98	0.00	0.00%
Personal Services	3,201,839	3,384,705	1,595,168	1,660,151	6,586,544	3,255,319	(3,331,225)	(50.58%)
Operating Expenses	2,279,318	1,738,046	1,381,893	1,168,131	4,017,364	2,550,024	(1,467,340)	(36.52%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Local Assistance	0	0	0	0	0	0	0	n/a
Total Costs	\$5,481,157	\$5,122,751	\$2,977,061	\$2,828,282	\$10,603,908	\$5,805,343	(\$4,798,565)	(45.25%)
General Fund	5,310,557	4,896,161	2,780,132	2,632,131	10,206,718	5,412,263	(4,794,455)	(46.97%)
State Special	84,281	81,486	107,056	107,128	165,767	214,184	48,417	29.21%
Federal Special	600	0	1,000	0	600	1,000	400	66.67%
Other	85,719	145,104	88,873	89,023	230,823	177,896	(52,927)	(22.93%)
Total Funds	\$5,481,157	\$5,122,751	\$2,977,061	\$2,828,282	\$10,603,908	\$5,805,343	(\$4,798,565)	(45.25%)

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Legislative Budget Analysis, A-99

Funding

Funding for the program comes primarily from the general fund. State special revenue funds the office support for one-stop and new hire administration activities. Federal special revenue funds office support of mineral royalty audits. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary fund and is for the Liquor Control Division share of Director's Office support costs. The allocation is based on FTE counts. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,310,557	5,310,557	10,621,114	196.24%	5,481,157	5,481,157	10,962,314	188.83%
Statewide PL Adjustments	575,559	372,469	948,028	17.52%	605,612	401,758	1,007,370	17.35%
Other PL Adjustments	6,000	61,587	67,587	1.25%	6,000	61,587	67,587	1.16%
New Proposals	(3,111,984)	(3,112,482)	(6,224,466)	(115.01%)	(3,115,708)	(3,116,220)	(6,231,928)	(107.35%)
Total Budget	\$2,780,132	\$2,632,131	\$5,412,263		\$2,977,061	\$2,828,282	\$5,805,343	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					611,874					621,981
Vacancy Savings					(152,548)					(152,954)
Inflation/Deflation					9,127					14,365
Fixed Costs					137,159					(81,634)
Total Statewide Present Law Adjustments		\$575,559	\$24,795	\$400	\$605,612*		\$372,469	\$24,876	(\$600)	\$401,758*
DP 10001 - Present Law Base Adjustments - Director's Office	0.00	6,000	0	0	6,000	0.00	61,587	0	0	61,587
Total Other Present Law Adjustments	0.00	\$6,000	\$0	\$0	\$6,000	0.00	\$61,587	\$0	\$0	\$61,587
Grand Total All Present Law Adjustments	0.00	\$581,559	\$24,795	\$400	\$611,612	0.00	\$434,056	\$24,876	(\$600)	\$463,345

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

DP 10001 - Present Law Base Adjustments - Director's Office - A biennium increase of \$67,587 general fund is for Tax Policy and Research Office overtime to prepare fiscal notes for the 2011 Legislature. In addition to overtime, portions of the increase are for software license agreements and website services.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation											
01	0.00	1,525	32	0	1,557	0.00	1,322	28	0	1,350	
DP 8101 - Increasing 4% Vacancy Savings to 7%											
01	0.00	(110,657)	(2,052)	0	(114,413)*	0.00	(110,952)	(2,057)	0	(114,718)*	
DP 10020 - Unspecified Agency Reduction											
01	0.00	(3,002,852)	0	0	(3,002,852)	0.00	(3,002,852)	0	0	(3,002,852)	
Total	0.00	(\$3,111,984)	(\$2,020)	\$0	(\$3,115,708)*	0.00	(\$3,112,482)	(\$2,029)	\$0	(\$3,116,220)*	

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

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

DP 10020 - Unspecified Agency Reduction - A biennium reduction of \$6.0 million general fund was approved. The legislature approved language that allows the agency to reallocate funding among the agency when it develops the operating plan for the biennium.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	87.25	87.25	87.25	87.25	87.25	87.25	0.00	0.00%
Personal Services	3,622,302	4,318,766	4,290,006	4,300,544	7,941,068	8,590,550	649,482	8.18%
Operating Expenses	8,325,544	7,795,420	8,746,597	8,762,077	16,120,964	17,508,674	1,387,710	8.61%
Equipment & Intangible Assets	181,250	37,702	181,250	181,250	218,952	362,500	143,548	65.56%
Total Costs	\$12,129,096	\$12,151,888	\$13,217,853	\$13,243,871	\$24,280,984	\$26,461,724	\$2,180,740	8.98%
General Fund	11,897,699	11,713,958	13,011,140	13,037,029	23,611,657	26,048,169	2,436,512	10.32%
State Special	161,522	231,295	131,017	131,014	392,817	262,031	(130,786)	(33.29%)
Federal Special	0	132,000	0	0	132,000	0	(132,000)	(100.00%)
Other	69,875	74,635	75,696	75,828	144,510	151,524	7,014	4.85%
Total Funds	\$12,129,096	\$12,151,888	\$13,217,853	\$13,243,871	\$24,280,984	\$26,461,724	\$2,180,740	8.98%

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Legislative Budget Analysis, A-104

Funding

The Information Technology and Processing Division is primarily funded with general fund. State special revenue funds the division's support for coordination of one-stop business licensing activities, in which a business is able to obtain or renew most, if not all, of the licenses, fees and permits required by state government from one centralized location. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary fund and is for the Liquor Control Division share of division support costs. The allocation is based on FTE counts. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	11,897,699	11,897,699	23,795,398	91.35%	12,129,096	12,129,096	24,258,192	91.67%
Statewide PL Adjustments	1,100,364	1,123,664	2,224,028	8.54%	1,077,860	1,101,295	2,179,155	8.24%
Other PL Adjustments	146,510	149,806	296,316	1.14%	146,510	149,806	296,316	1.12%
New Proposals	(133,433)	(134,140)	(267,573)	(1.03%)	(135,613)	(136,326)	(271,939)	(1.03%)
Total Budget	\$13,011,140	\$13,037,029	\$26,048,169		\$13,217,853	\$13,243,871	\$26,461,724	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					990,603					1,001,944
Vacancy Savings					(184,513)					(184,972)
Inflation/Deflation					16,111					16,281
Fixed Costs					255,659					268,042
Total Statewide Present Law Adjustments		\$1,100,364	(\$29,123)	\$0	\$1,077,860*		\$1,123,664	(\$29,123)	\$0	\$1,101,295*
DP 20001 - Present Law Base Adjustment - Info Tech & Proc	0.00	146,510	0	0	146,510	0.00	149,806	0	0	149,806
Total Other Present Law Adjustments	0.00	\$146,510	\$0	\$0	\$146,510	0.00	\$149,806	\$0	\$0	\$149,806
Grand Total All Present Law Adjustments	0.00	\$1,246,874	(\$29,123)	\$0	\$1,224,370	0.00	\$1,273,470	(\$29,123)	\$0	\$1,251,101

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

DP 20001 - Present Law Base Adjustment - Info Tech & Proc - A biennium increase of \$296,316 general fund is for increases for post office box rental, annual maintenance agreements, and payment processing fees. Funding is also to set up a segregated environment in the state data center to improve security of the department's federal tax information and other state tax data per Internal Revenue Service guidelines and replace two agency owned vehicles with vehicles leased from the State Motor Pool.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
02	0.00	2,773	0	0	2,773	0.00	2,404	0	0	2,404
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	(136,206)	(1,382)	0	(138,386)*	0.00	(136,544)	(1,385)	0	(138,730)*
Total	0.00	(\$133,433)	(\$1,382)	\$0	(\$135,613)*	0.00	(\$134,140)	(\$1,385)	\$0	(\$136,326)*

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

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	29.00	29.00	29.00	29.00	29.00	29.00	0.00	0.00%
Personal Services	1,377,931	1,451,743	1,708,571	1,714,629	2,829,674	3,423,200	593,526	20.98%
Operating Expenses	569,163	533,569	566,849	568,213	1,102,732	1,135,062	32,330	2.93%
Equipment & Intangible Assets	30,125	54,723	30,125	30,125	84,848	60,250	(24,598)	(28.99%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,977,219	\$2,040,035	\$2,305,545	\$2,312,967	\$4,017,254	\$4,618,512	\$601,258	14.97%
Other	1,977,219	2,040,035	2,305,545	2,312,967	4,017,254	4,618,512	601,258	14.97%
Total Funds	\$1,977,219	\$2,040,035	\$2,305,545	\$2,312,967	\$4,017,254	\$4,618,512	\$601,258	14.97%

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Legislative Budget Analysis, A-109

Funding

The division is funded with a direct appropriation of Liquor Control Division proprietary funds. Net revenues from liquor sales are transferred to the general fund after operating costs are deducted from gross revenues.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	1,977,219	1,977,219	3,954,438	85.62%
Statewide PL Adjustments	0	0	0	0.00%	289,617	297,357	586,974	12.71%
Other PL Adjustments	0	0	0	0.00%	90,000	90,000	180,000	3.90%
New Proposals	0	0	0	0.00%	(51,291)	(51,609)	(102,900)	(2.23%)
Total Budget	\$0	\$0	\$0		\$2,305,545	\$2,312,967	\$4,618,512	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					362,470					368,983
Vacancy Savings					(69,617)					(69,877)
Inflation/Deflation					5,907					6,517
Fixed Costs					(9,143)					(8,266)
Total Statewide Present Law Adjustments		\$0	\$0	\$0	\$289,617*		\$0	\$0	\$0	\$297,357*
DP 301 - Overtime and Temporary Staff to Meet Demand	0.00	0	0	0	50,000*	0.00	0	0	0	50,000*
DP 302 - Termination Payouts	0.00	0	0	0	40,000*	0.00	0	0	0	40,000*
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$90,000*	0.00	\$0	\$0	\$0	\$90,000*
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$379,617*	0.00	\$0	\$0	\$0	\$387,357*

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

DP 301 - Overtime and Temporary Staff to Meet Demand - The legislature approved \$50,000 liquor enterprise funds per year to hire additional temporary employees or pay overtime in the event that demand increases and to maintain statutory services levels to agency liquor stores. The legislature restricted the funding only for this purpose.

DP 302 - Termination Payouts - The legislature approved \$40,000 liquor enterprise funds per year to fund payouts of accrued leave balances in the event of staff terminations. The legislature restricted the funding only for this purpose.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
03	0.00	0	0	0	922*	0.00	0	0	0	799*
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	0	0	0	(52,213)*	0.00	0	0	0	(52,408)*
Total	0.00	\$0	\$0	\$0	(\$51,291)*	0.00	\$0	\$0	\$0	(\$51,609)*

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

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Language and Statutory Authority

The legislature approved the following language for the division:

“Liquor control division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in the amounts not to exceed \$129,000,000 in FY 2010 and \$141,000,000 in FY 2011.”

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	28.00	28.00	28.00	28.00	28.00	28.00	0.00	0.00%
Personal Services	1,304,724	1,403,398	1,469,738	1,473,800	2,708,122	2,943,538	235,416	8.69%
Operating Expenses	708,819	739,254	724,706	723,421	1,448,073	1,448,127	54	0.00%
Equipment & Intangible Assets	0	80,716	0	0	80,716	0	(80,716)	(100.00%)
Total Costs	\$2,013,543	\$2,223,368	\$2,194,444	\$2,197,221	\$4,236,911	\$4,391,665	\$154,754	3.65%
General Fund	1,859,004	2,062,555	1,996,299	1,999,041	3,921,559	3,995,340	73,781	1.88%
State Special	108,300	112,005	147,774	147,840	220,305	295,614	75,309	34.18%
Other	46,239	48,808	50,371	50,340	95,047	100,711	5,664	5.96%
Total Funds	\$2,013,543	\$2,223,368	\$2,194,444	\$2,197,221	\$4,236,911	\$4,391,665	\$154,754	3.65%

Page Reference

Legislative Budget Analysis, A-115

Funding

The Citizens Services and Resource Management Division is funded primarily by the general fund, with a small amount of state special revenue and proprietary funds. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary fund and is for the Liquor Division share of Resource Management Program support costs. The allocation is based on FTE counts. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted. The state special revenue funding comes from unclaimed property proceeds and from one-stop and new hire funds for services in support of new hire administration.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,859,004	1,859,004	3,718,008	93.06%	2,013,543	2,013,543	4,027,086	91.70%
Statewide PL Adjustments	180,265	183,247	363,512	9.10%	227,422	230,446	457,868	10.43%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(42,970)	(43,210)	(86,180)	(2.16%)	(46,521)	(46,768)	(93,289)	(2.12%)
Total Budget	\$1,996,299	\$1,999,041	\$3,995,340		\$2,194,444	\$2,197,221	\$4,391,665	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					275,635					280,005
Vacancy Savings					(63,210)					(63,389)
Inflation/Deflation					252					322
Fixed Costs					14,745					13,508
Total Statewide Present Law Adjustments		\$180,265	\$41,935	\$0	\$227,422*		\$183,247	\$42,007	\$0	\$230,446*
Grand Total All Present Law Adjustments	0.00	\$180,265	\$41,935	\$0	\$227,422	0.00	\$183,247	\$42,007	\$0	\$230,446

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

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
05	0.00	890	0	0	890	0.00	772	0	0	772
DP 8101 - Increasing 4% Vacancy Savings to 7%										
05	0.00	(43,860)	(2,461)	0	(47,411)*	0.00	(43,982)	(2,467)	0	(47,540)*
Total	0.00	(\$42,970)	(\$2,461)	\$0	(\$46,521)*	0.00	(\$43,210)	(\$2,467)	\$0	(\$46,768)*

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

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	145.95	145.95	157.95	157.95	145.95	157.95	12.00	8.22%
Personal Services	7,522,645	8,600,620	8,805,034	8,830,305	16,123,265	17,635,339	1,512,074	9.38%
Operating Expenses	2,179,437	2,862,973	1,955,704	1,944,843	5,042,410	3,900,547	(1,141,863)	(22.65%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$9,702,082	\$11,463,593	\$10,760,738	\$10,775,148	\$21,165,675	\$21,535,886	\$370,211	1.75%
General Fund	9,103,747	10,763,306	9,907,343	9,932,846	19,867,053	19,840,189	(26,864)	(0.14%)
State Special	404,743	407,406	650,163	638,914	812,149	1,289,077	476,928	58.72%
Federal Special	193,592	292,881	203,232	203,388	486,473	406,620	(79,853)	(16.41%)
Total Funds	\$9,702,082	\$11,463,593	\$10,760,738	\$10,775,148	\$21,165,675	\$21,535,886	\$370,211	1.75%

Page Reference

Legislative Budget Analysis, A-119

Funding

The Business and Income Taxes Division is primarily funded with general fund and with some state special revenue, federal special revenue, and proprietary funds. State special revenue comes from the accommodations tax and funds expenses for administering the tax. Federal special revenue comes from reimbursements for performing mineral royalty audits. The finances of the Collections Services Program are not shown in the HB 2 tables because they are funded with proprietary funds. The Collections Services Program is discussed in the Proprietary Rates Section that follows the HB 2 discussion.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	9,103,747	9,103,747	18,207,494	91.77%	9,702,082	9,702,082	19,404,164	90.10%
Statewide PL Adjustments	987,501	1,014,257	2,001,758	10.09%	962,807	989,901	1,952,708	9.07%
Other PL Adjustments	57,641	57,748	115,389	0.58%	57,641	57,748	115,389	0.54%
New Proposals	(241,546)	(242,906)	(484,452)	(2.44%)	38,208	25,417	63,625	0.30%
Total Budget	\$9,907,343	\$9,932,846	\$19,840,189		\$10,760,738	\$10,775,148	\$21,535,886	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					1,124,550	0.00				1,151,249
Vacancy Savings					(345,887)	0.00				(346,956)
Inflation/Deflation					19,256	0.00				25,914
Fixed Costs					164,888	0.00				159,694
Total Statewide Present Law Adjustments		\$987,501	(\$39,302)	\$14,608	\$962,807	0.00	\$1,014,257	(\$39,147)	\$14,791	\$989,901
					0	0.00				0
DP 70007 - Debt Collection - Child Support Cases										
	0.00	57,641	0	0	57,641	0.00	57,748	0	0	57,748
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$57,641	\$0	\$0	\$57,641	0.00	\$57,748	\$0	\$0	\$57,748
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$1,045,142	(\$39,302)	\$14,608	\$1,020,448	0.00	\$1,072,005	(\$39,147)	\$14,791	\$1,047,649

DP 70007 - Debt Collection - Child Support Cases - A biennium increase of \$115,400 general fund is to fund costs to collect bad debt associated with child support payments.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
07	0.00	4,543	0	95	4,638	0.00	3,939	0	83	4,022
DP 7021 - Abandoned Property Program Workload Increase										
07	0.00	0	115,212	0	115,212	0.00	0	103,662	0	103,662
DP 8101 - Increasing 4% Vacancy Savings to 7%										
07	0.00	(246,089)	(8,272)	(5,063)	(259,424)	0.00	(246,845)	(8,295)	(5,078)	(260,218)
DP 70002 - Nonresident and Nonfiler Tax Compliance										
07	12.00	0	0	0	0	12.00	0	0	0	0
DP 70003 - Reduce Smoking through Tobacco Tax Compliance										
07	0.00	0	177,782	0	177,782	0.00	0	177,951	0	177,951
Total	12.00	(\$241,546)	\$284,722	(\$4,968)	\$38,208	12.00	(\$242,906)	\$273,318	(\$4,995)	\$25,417

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 7021 - Abandoned Property Program Workload Increase - A biennium increase of \$218,874 state special revenue funds costs to address workload impacts in the abandoned property program. Funding is designated as one time only.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

DP 70002 - Nonresident and Nonfiler Tax Compliance - The legislature approved reallocating funding from operating expenses to personal services to add 12.00 FTE to address identified compliance issues in areas such as: 1) pass-through entities' partners and shareholders that have not filed or have underreported income; 2) nonresidents selling property in Montana who have not filed or paid the appropriate tax associated with the capital gain from the sale of Montana property; and 3) nonfilers or underreported income that have been identified through the cross-matching of department data with various external data sources.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The proposal is required so that the department can continue its highly successful efforts to improve compliance with Montana's tax laws. This request is for FTE only; no funding is requested. The FTE are needed to address identified compliance issues in such area as pass-through entities' partners and shareholders that have not filed or have underreported income (primarily non-residents), nonresidents selling property in Montana who have not filed or paid the appropriate tax associated with sale of Montana property, and identifying nonfilers or underreported income that have been identified through the cross-matching of department data with various data sources. In addition, other compliance issues will be addressed as they are found. In the recent past, these efforts have been yielding a significant rate of return for the citizens of Montana who already pay the taxes they owe.

Goal: The goal of the proposal is to increase the rate of compliance with Montana's tax laws.

Performance Criteria: To truly establish performance measures to determine if the department's activities in these areas are improving tax compliance the department would be required to conduct a Montana specific tax gap study. A tax gap study would set the benchmark that would be used to determine if rates of compliance were improving. The department has requested funding in the past to complete a tax gap study. These requests have not been successful. In light of this, the department will be measuring the success of this proposal by using a return on investment measure. The measure that will be used is based on a prospective return of \$8 in general fund revenue received for every dollar spent.

Milestones: Major milestones include:

- o The department will continue to use the 12 FTE to address noncompliance issues well beyond the conclusion of the 2011 biennium. Therefore the proposal will not have a completion date

FTE: The requested FTE are current department employees in modified positions. The existing staff currently conducts research to identify areas of noncompliance, perform discovery work to identify noncompliant taxpayers, conduct audits, and provide taxpayer assistance associated with the compliance issues discussed above. It should also be noted that the requested staff will only be able to address a fraction of the cases that the department has identified.

Obstacles: No obstacles have been identified as staff is already working on this initiative.

Risk: Without the requested FTE, Montana's tax system will continue to be compromised by non-filers and non-payers. If the department does not receive the requested FTE, tax compliance efforts will be reduced, costing the honest citizens of Montana who pay their taxes a loss of at least \$8 for every \$1 that would have been expended.

DP 70003 - Reduce Smoking through Tobacco Tax Compliance - A biennium increase of nearly \$356,000 state special revenue is to fund costs to continue the tobacco tax compliance program. Funding is designated as one time only.

Proprietary Rates

Program Description

The Collection Services Program collects, on behalf of state agencies, debt associated with delinquent accounts. The program serves all state agencies and is funded through a service charge for collecting on delinquent accounts.

Funding

The program is funded with an internal services type proprietary fund. The program receives revenues to fund its operations by charging a commission for collection services excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The legislature has provided an appropriation of general fund to fund these costs. The appropriation for the child support collections cost payments to this proprietary program is in the HB 2 portion of the program.

The following decision packages were concurred in when rates for the program were approved.

Present Law Adjustments

DP 70008 – Operating Cost Fund Switch – A biennium increase of \$32,610 funds support costs for collecting bad debt associated with child support payments, which are supported by payments of general fund from the HB 2 portion of the program.

New Proposals

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The legislature approved a maximum commission rate of 5 percent for the 2011 biennium. Exempted from this rate is collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	306.35	306.35	306.35	306.35	306.35	306.35	0.00	0.00%
Personal Services	14,512,040	14,920,508	15,267,273	15,315,212	29,432,548	30,582,485	1,149,937	3.91%
Operating Expenses	4,372,271	4,450,215	4,834,890	4,859,747	8,822,486	9,694,637	872,151	9.89%
Equipment & Intangible Assets	8,720	8,722	8,720	8,720	17,442	17,440	(2)	(0.01%)
Debt Service	0	972	0	0	972	0	(972)	(100.00%)
Total Costs	\$18,893,031	\$19,380,417	\$20,110,883	\$20,183,679	\$38,273,448	\$40,294,562	\$2,021,114	5.28%
General Fund	18,828,282	19,330,417	20,046,388	20,119,209	38,158,699	40,165,597	2,006,898	5.26%
State Special	64,749	50,000	64,495	64,470	114,749	128,965	14,216	12.39%
Total Funds	\$18,893,031	\$19,380,417	\$20,110,883	\$20,183,679	\$38,273,448	\$40,294,562	\$2,021,114	5.28%

Page Reference

Legislative Budget Analysis, A-129

Funding

Funding for the Property Assessment Division is from general fund and state special revenue in the percentages shown on the above figure. State special revenue is from the property valuation improvement fund and is used for increasing the efficiency of the property appraisal, assessment, and taxation process through improvements in technology and administration. Revenue deposited to the fund is from a fee received as reimbursement for the cost of developing and maintaining the property valuation and assessment system database. The fee is charged to persons, federal agencies, state agencies, and other entities requesting the database or any part of the database from any department property valuation and assessment system. The fee may not be charged to the Office of Budget and Program Planning, the State Tax Appeal Board, or any legislative agency or committee.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	18,828,282	18,828,282	37,656,564	93.75%	18,893,031	18,893,031	37,786,062	93.77%
Statewide PL Adjustments	1,585,796	1,634,952	3,220,748	8.02%	1,585,542	1,634,673	3,220,215	7.99%
Other PL Adjustments	114,989	141,512	256,501	0.64%	114,989	141,512	256,501	0.64%
New Proposals	(482,679)	(485,537)	(968,216)	(2.41%)	(482,679)	(485,537)	(968,216)	(2.40%)
Total Budget	\$20,046,388	\$20,119,209	\$40,165,597		\$20,110,883	\$20,183,679	\$40,294,562	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					1,904,367					1,955,934
Vacancy Savings					(656,648)					(658,721)
Inflation/Deflation					163,272					183,175
Fixed Costs					174,551					154,285
Total Statewide Present Law Adjustments		\$1,585,796	(\$254)	\$0	\$1,585,542		\$1,634,952	(\$279)	\$0	\$1,634,673
DP 7101 - Fuel Inflation Reduction										
	0.00	(678)	0	0	(678)	0.00	(778)	0	0	(778)
DP 80001 - Present Law Base Adjustments - Property Assessment										
	0.00	115,667	0	0	115,667	0.00	142,290	0	0	142,290
Total Other Present Law Adjustments	0.00	\$114,989	\$0	\$0	\$114,989	0.00	\$141,512	\$0	\$0	\$141,512
Grand Total All Present Law Adjustments	0.00	\$1,700,785	(\$254)	\$0	\$1,700,531	0.00	\$1,776,464	(\$279)	\$0	\$1,776,185

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 80001 - Present Law Base Adjustments - Property Assessment - A biennium increase of \$257,957 general fund is to pay for increases for office space rent for division staff throughout the state.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
08	0.00	9,807	0	0	9,807	0.00	8,504	0	0	8,504
DP 8101 - Increasing 4% Vacancy Savings to 7%										
08	0.00	(492,486)	0	0	(492,486)	0.00	(494,041)	0	0	(494,041)
Total	0.00	(\$482,679)	\$0	\$0	(\$482,679)	0.00	(\$485,537)	\$0	\$0	(\$485,537)

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	154.62	154.62	155.12	155.62	154.62	155.62	1.00	0.65%
Personal Services	8,709,460	10,110,458	9,865,948	10,010,639	18,819,918	19,876,587	1,056,669	5.61%
Operating Expenses	10,010,416	11,131,712	12,058,544	9,904,650	21,142,128	21,963,194	821,066	3.88%
Equipment & Intangible Assets	42,077	42,256	42,077	42,077	84,333	84,154	(179)	(0.21%)
Local Assistance	22,633	22,944	44,033	40,633	45,577	84,666	39,089	85.76%
Grants	608,576	860,530	1,558,576	1,558,576	1,469,106	3,117,152	1,648,046	112.18%
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	32,050	32,050	32,050	32,050	64,100	64,100	0	0.00%
Total Costs	\$19,425,212	\$22,199,950	\$23,601,228	\$21,588,625	\$41,625,162	\$45,189,853	\$3,564,691	8.56%
General Fund	6,341,405	6,740,525	8,235,580	6,232,763	13,081,930	14,468,343	1,386,413	10.60%
State Special	5,545,483	7,123,851	7,677,428	7,765,813	12,669,334	15,443,241	2,773,907	21.89%
Federal Special	296,871	624,201	311,871	311,871	921,072	623,742	(297,330)	(32.28%)
Other	0	0	0	0	0	0	0	n/a
Other	7,241,453	7,711,373	7,376,349	7,278,178	14,952,826	14,654,527	(298,299)	(1.99%)
Total Funds	\$19,425,212	\$22,199,950	\$23,601,228	\$21,588,625	\$41,625,162	\$45,189,853	\$3,564,691	8.56%

Page Reference

Legislative Budget Analysis, A-136

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	154.62	155.12	155.12	0.00	155.62	155.62	0.00	
Personal Services	8,709,460	9,763,023	9,865,948	102,925	9,803,539	10,010,639	207,100	310,025
Operating Expenses	10,010,416	12,712,308	12,058,544	(653,764)	10,510,280	9,904,650	(605,630)	(1,259,394)
Equipment & Intangible Assets	42,077	42,077	42,077	0	42,077	42,077	0	0
Local Assistance	22,633	44,033	44,033	0	40,633	40,633	0	0
Grants	608,576	1,558,576	1,558,576	0	1,558,576	1,558,576	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	32,050	32,050	32,050	0	32,050	32,050	0	0
Total Costs	\$19,425,212	\$24,152,067	\$23,601,228	(\$550,839)	\$21,987,155	\$21,588,625	(\$398,530)	(\$949,369)
General Fund	6,341,405	8,877,281	8,235,580	(641,701)	6,824,452	6,232,763	(591,689)	(1,233,390)
State/Other Special	5,545,483	7,585,316	7,677,428	92,112	7,571,404	7,765,813	194,409	286,521
Federal Special	296,871	311,871	311,871	0	311,871	311,871	0	0
Capital Projects	0	0	0	0	0	0	0	0
Proprietary	7,241,453	7,377,599	7,376,349	(1,250)	7,279,428	7,278,178	(1,250)	(2,500)
Total Funds	\$19,425,212	\$24,152,067	\$23,601,228	(\$550,839)	\$21,987,155	\$21,588,625	(\$398,530)	(\$949,369)

The legislative budget is \$949,369 in total funds and \$1.2 million in general fund lower than the executive budget. The most significant revisions from the executive budget are summarized below:

- o An unspecified reduction of \$1.2 million general fund was approved along with accompanying language that allows the department flexibility in allocating the reduction when it establishes its operating plan for the 2011

biennium

- o The legislature added funding for a career ladder for bank examiners in the Banking and Financial Division, which resulted in a \$312,500 increase in state special revenue
- o Funding to provide assistance to agencies in addressing workplace accommodations for disabled employees was not approved and resulted in a \$50,000 general fund reduction
- o Funding for per diem of the Board of County Printing, Burial Board, Interagency Disabilities Advisory Council, and Lottery Commission was not approved and resulted in reductions of \$36,800 general fund and \$2,500 lottery proprietary fund
- o A rent subsidy for the state employees' daycare was not approved, resulting in a \$12,400 state special revenue reduction

Agency Highlights

Department of Administration Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total funds increase \$3.6 million, or 8.6 percent, from the 2009 to the 2011 biennium ◆ General fund increases \$1.4 million, or 10.6 percent <ul style="list-style-type: none"> • Funding for a high performance computing center adds \$2.0 million • Statewide present law adjustments add much of the remaining general fund • An unspecified reduction of \$1.2 million offsets a portion of the general fund growth ◆ State special revenue increases \$2.8 million, or 22.0 percent <ul style="list-style-type: none"> • Funding for a career ladder for bank examiners adds \$312,500 • Moving 9-1-1 funds from general fund adds \$0.3 million • Statewide present law adjustments add \$0.9 million

Agency Discussion

Goals and Objectives

The legislature recommends that the Legislative Finance Committee monitor the following in the 2011 biennium:

- o Progress toward statewide retirement of old legacy computer systems and statewide standardization of software

The legislature also recommends that the Legislative Finance Committee review policy issues related to pricing of state group health insurance in conjunction with the Interim Committee on State Administration and Veterans' Affairs. Specific objectives could include review of:

- o Other state government health plans and subsidy of retiree participation in those plans, including the Montana university system
- o Legal requirements to provide a subsidy to retirees
- o Optional pricing strategies

Funding

The following table summarizes funding for the agency, by program and source, approved by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Director'S Office	\$ 216,369	\$ 3,174	\$ 74,266	\$ -	\$ 293,809	0.65%
02 Governor Elect Program	-	-	-	-	-	0.00%
03 State Accounting Division	2,593,545	-	23,212	99,228	2,715,985	6.01%
04 Architecture & Engineering Pgm	-	3,900,801	-	-	3,900,801	8.63%
06 General Services Program	4,231,764	106,582	-	-	4,338,346	9.60%
07 Information Tech Serv Division	3,064,995	4,152,101	526,264	-	7,743,360	17.14%
14 Banking And Financial Division	-	7,194,351	-	-	7,194,351	15.92%
15 Montana State Lottery	-	-	-	14,555,299	14,555,299	32.21%
21 Health Care & Benefits Division	-	86,232	-	-	86,232	0.19%
23 State Human Resources Division	3,317,454	-	-	-	3,317,454	7.34%
37 State Tax Appeal Board	1,044,216	-	-	-	1,044,216	2.31%
Grand Total	\$ 14,468,343	\$ 15,443,241	\$ 623,742	\$ 14,654,527	\$ 45,189,853	100.00%

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	6,341,405	6,341,405	12,682,810	87.66%	19,425,212	19,425,212	38,850,424	85.97%
Statewide PL Adjustments	779,453	761,174	1,540,627	10.65%	1,815,494	1,708,055	3,523,549	7.80%
Other PL Adjustments	14,942	16,599	31,541	0.22%	1,175,535	1,257,810	2,433,345	5.38%
New Proposals	1,099,780	(886,415)	213,365	1.47%	1,184,987	(802,452)	382,535	0.85%
Total Budget	\$8,235,580	\$6,232,763	\$14,468,343		\$23,601,228	\$21,588,625	\$45,189,853	

Language and Statutory Authority

The legislature approved the following language for the agency:

"General Services Program includes unspecified reductions in general fund money of \$580,071 in fiscal year 2010 and \$580,071 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans."

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1.17	1.17	1.17	1.17	1.17	1.17	0.00	0.00%
Personal Services	52,249	63,765	57,987	58,001	116,014	115,988	(26)	(0.02%)
Operating Expenses	40,086	29,849	80,378	23,177	69,935	103,555	33,620	48.07%
Local Assistance	22,133	22,133	37,133	37,133	44,266	74,266	30,000	67.77%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$114,468	\$115,747	\$175,498	\$118,311	\$230,215	\$293,809	\$63,594	27.62%
General Fund	90,748	90,169	136,778	79,591	180,917	216,369	35,452	19.60%
State Special	1,587	1,587	1,587	1,587	3,174	3,174	0	0.00%
Federal Special	22,133	23,991	37,133	37,133	46,124	74,266	28,142	61.01%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$114,468	\$115,747	\$175,498	\$118,311	\$230,215	\$293,809	\$63,594	27.62%

Page Reference

Legislative Budget Analysis, A-142

Funding

The Director's Office is funded with a combination of general fund, state and federal special revenues, and proprietary funds. General fund provides funding for the office's support of the allocations of police retirement funds, and general management and legal support for statewide functions of the department. State special revenue funds the office's functions in support of the Capital Financial Advisory Council. Federal special revenue funds administrative functions that support allocation of federal flood control payments.

Most operations of the office are funded with non-budgeted proprietary funds, which are discussed in the "Proprietary Rates" section of the narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	90,748	90,748	181,496	83.88%	114,468	114,468	228,936	77.92%
Statewide PL Adjustments	47,901	(9,286)	38,615	17.85%	47,901	(9,286)	38,615	13.14%
Other PL Adjustments	0	0	0	0.00%	15,000	15,000	30,000	10.21%
New Proposals	(1,871)	(1,871)	(3,742)	(1.73%)	(1,871)	(1,871)	(3,742)	(1.27%)
Total Budget	\$136,778	\$79,591	\$216,369		\$175,498	\$118,311	\$293,809	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					10,103					10,118
Vacancy Savings					(2,494)					(2,495)
Inflation/Deflation					3					4
Fixed Costs					40,289					(16,913)
Total Statewide Present Law Adjustments		\$47,901	\$0	\$0	\$47,901		(\$9,286)	\$0	\$0	(\$9,286)
DP 105 - Flood Control	0.00	0	0	15,000	15,000	0.00	0	0	15,000	15,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$15,000	\$15,000	0.00	\$0	\$0	\$15,000	\$15,000
Grand Total All Present Law Adjustments	0.00	\$47,901	\$0	\$15,000	\$62,901	0.00	(\$9,286)	\$0	\$15,000	\$5,714

DP 105 - Flood Control - A biennium increase of \$30,000 federal special revenue funds distribution of federal flood control payments to designated counties.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase 4% Vacancy Savings to 7%										
01	0.00	(1,871)	0	0	(1,871)	0.00	(1,871)	0	0	(1,871)
Total	0.00	(\$1,871)	\$0	\$0	(\$1,871)	0.00	(\$1,871)	\$0	\$0	(\$1,871)

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

Proprietary Program Description

The Management Services Unit consists of the Director’s Office, the Office of Legal Services, the Office of Human Resources, and the Office of Finance and Budget. The Management Services Unit coordinates preparation and presentation of the department’s biennial budget, monitors approved budgets for compliance with state law and legislative intent, provides accounting assistance to divisions within the department, processes payroll and provides new employee orientation for all divisions within the department, including attached-to agencies, assists with recruitment and selection, classifies positions, develops personnel policies and procedures, and advises all divisions within the department on legal matters.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

DP 0101 - Program Manager – A biennium increase of \$179,400 funds the addition of 1.00 FTE Program Manager to assist with department-wide projects. This FTE is being transferred from the Surplus Property Program in the General Services Division under new proposal DP 618 - Transfer FTE to Director's Office. The estimated impact of this decision package is a 13 percent increase in the Management Services rate.

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	18.67	18.67	18.67	18.67	18.67	18.67	0.00	0.00%
Personal Services	1,049,614	1,127,015	1,080,479	1,083,688	2,176,629	2,164,167	(12,462)	(0.57%)
Operating Expenses	239,981	268,855	275,799	276,019	508,836	551,818	42,982	8.45%
Local Assistance	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,289,595	\$1,395,870	\$1,356,278	\$1,359,707	\$2,685,465	\$2,715,985	\$30,520	1.14%
General Fund	1,228,375	1,282,859	1,295,058	1,298,487	2,511,234	2,593,545	82,311	3.28%
Federal Special	11,606	63,342	11,606	11,606	74,948	23,212	(51,736)	(69.03%)
Other	49,614	49,669	49,614	49,614	99,283	99,228	(55)	(0.06%)
Total Funds	\$1,289,595	\$1,395,870	\$1,356,278	\$1,359,707	\$2,685,465	\$2,715,985	\$30,520	1.14%

Page Reference

Legislative Budget Analysis, A-149

Funding

The State Accounting Division is funded with general fund, federal special revenues, and proprietary funds. General fund provides funding for the statewide accounting standards, treasury, and accounting assistance for local government. Federal special revenue provides funding for activities associated with the federal Cash Management Improvement Act funds and the federal portion of State Fund dividends. The division is also funded with a direct appropriation from the Board of Investments proprietary fund for services the Treasury Unit provides to the board.

Most operations of the division are funded with non-budgeted proprietary funds, which are discussed in the "Proprietary Rates" section of the narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,228,375	1,228,375	2,456,750	94.73%	1,289,595	1,289,595	2,579,190	94.96%
Statewide PL Adjustments	97,059	100,245	197,304	7.61%	97,059	100,245	197,304	7.26%
Other PL Adjustments	3,898	4,321	8,219	0.32%	3,898	4,321	8,219	0.30%
New Proposals	(34,274)	(34,454)	(68,728)	(2.65%)	(34,274)	(34,454)	(68,728)	(2.53%)
Total Budget	\$1,295,058	\$1,298,487	\$2,593,545		\$1,356,278	\$1,359,707	\$2,715,985	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					112,192					115,639
Vacancy Savings					(46,472)					(46,608)
Inflation/Deflation					692					867
Fixed Costs					30,647					30,347
Total Statewide Present Law Adjustments		\$97,059	\$0	\$0	\$97,059		\$100,245	\$0	\$0	\$100,245
DP 106 - Allocate department indirect/admin costs	0.00	3,898	0	0	3,898	0.00	4,321	0	0	4,321
Total Other Present Law Adjustments	0.00	\$3,898	\$0	\$0	\$3,898	0.00	\$4,321	\$0	\$0	\$4,321
Grand Total All Present Law Adjustments	0.00	\$100,957	\$0	\$0	\$100,957	0.00	\$104,566	\$0	\$0	\$104,566

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation										
03	0.00	581	0	0	581	0.00	503	0	0	503
DP 8101 - Increase 4% Vacancy Savings to 7%										
03	0.00	(34,855)	0	0	(34,855)	0.00	(34,957)	0	0	(34,957)
Total	0.00	(\$34,274)	\$0	\$0	(\$34,274)	0.00	(\$34,454)	\$0	\$0	(\$34,454)

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

Statewide Accounting, Budgeting and Human Resources Program (Fund 06511)

Proprietary Program Description

The Statewide Accounting, Budgeting and Human Resource (SABHRS) Finance and Budget Bureau (SFAB) is responsible for operational support and maintenance for the financial portion of SABHRS and Montana Budget, Analysis, and Reporting System (MBARS).

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 0302 - SABHRS Maintenance – A biennium increase of \$309,960 funds increased maintenance resulting from a new SABHRS finance module added during the 2009 biennium. This funding will increase the base rate by 3.3 percent in FY 2010 and by 3.6 percent in FY 2011.

DP 0303 - SABHRS Training Costs – A biennium increase of \$200,000 in FY 2010 funds increased training for bureau staff. This funding will increase the base rate by 4 percent in FY 2010 rates as compared to the base rate.

DP 0305 - Inc. License/Maint. Costs and Contracted Services – A biennium increase of \$481,000 funds increases in the license, maintenance, and contract services to support SABHRS. This funding will increase the base rate by 5.2 percent in FY 2010 and by 5.6 percent in FY 2011.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Warrant Writer Program (Fund 06564)**Proprietary Program Description**

The department provides the services of the Warrant Writer Program to state agencies for check writing and automatic-deposit capabilities for financial transactions. The program produces and processes warrants and tracks them on the warrant writer system. The program generates, mails, tracks, and cashes each warrant. The services the program offers include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, payee file data, and federal 1099-MISC processing. Because the service is mandated in statute, no alternative exists for agencies that need checks processed and funds transferred to vendors electronically if they use the state accounting system.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,014,799	1,121,134	1,226,967	1,230,588	2,135,933	2,457,555	321,622	15.06%
Operating Expenses	665,155	673,907	719,087	724,159	1,339,062	1,443,246	104,184	7.78%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,679,954	\$1,795,041	\$1,946,054	\$1,954,747	\$3,474,995	\$3,900,801	\$425,806	12.25%
State Special	1,679,954	1,795,041	1,946,054	1,954,747	3,474,995	3,900,801	425,806	12.25%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$1,679,954	\$1,795,041	\$1,946,054	\$1,954,747	\$3,474,995	\$3,900,801	\$425,806	12.25%

Page Reference

Legislative Budget Analysis, A-163

Funding

The Architecture & Engineering Program is funded with funds transferred from the long-range building capital projects fund to a state special revenue account established for administrative expenses.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	1,679,954	1,679,954	3,359,908	86.13%
Statewide PL Adjustments	0	0	0	0.00%	308,956	317,360	626,316	16.06%
Other PL Adjustments	0	0	0	0.00%	(3,806)	(3,327)	(7,133)	(0.18%)
New Proposals	0	0	0	0.00%	(39,050)	(39,240)	(78,290)	(2.01%)
Total Budget	\$0	\$0	\$0		\$1,946,054	\$1,954,747	\$3,900,801	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					304,519					308,417
Vacancy Savings					(52,772)					(52,930)
Inflation/Deflation					4,871					5,437
Fixed Costs					52,338					56,436
Total Statewide Present Law Adjustments		\$0	\$308,956	\$0	\$308,956		\$0	\$317,360	\$0	\$317,360
DP 106 - Allocate department indirect/admin costs	0.00	0	(3,550)	0	(3,550)	0.00	0	(3,033)	0	(3,033)
DP 7101 - Fuel Inflation Reduction	0.00	0	(256)	0	(256)	0.00	0	(294)	0	(294)
Total Other Present Law Adjustments	0.00	\$0	(\$3,806)	\$0	(\$3,806)	0.00	\$0	(\$3,327)	\$0	(\$3,327)
Grand Total All Present Law Adjustments	0.00	\$0	\$305,150	\$0	\$305,150	0.00	\$0	\$314,033	\$0	\$314,033

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation										
04	0.00	0	529	0	529	0.00	0	458	0	458
DP 8101 - Increase 4% Vacancy Savings to 7%										
04	0.00	0	(39,579)	0	(39,579)	0.00	0	(39,698)	0	(39,698)
Total	0.00	\$0	(\$39,050)	\$0	(\$39,050)	0.00	\$0	(\$39,240)	\$0	(\$39,240)

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	11.25	11.25	11.25	11.25	11.25	11.25	0.00	0.00%
Personal Services	597,183	646,375	632,959	635,578	1,243,558	1,268,537	24,979	2.01%
Operating Expenses	1,895,135	2,033,154	1,488,386	1,517,323	3,928,289	3,005,709	(922,580)	(23.49%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	32,050	32,050	32,050	32,050	64,100	64,100	0	0.00%
Total Costs	\$2,524,368	\$2,711,579	\$2,153,395	\$2,184,951	\$5,235,947	\$4,338,346	(\$897,601)	(17.14%)
General Fund	2,471,442	2,614,645	2,100,067	2,131,697	5,086,087	4,231,764	(854,323)	(16.80%)
State Special	52,926	96,934	53,328	53,254	149,860	106,582	(43,278)	(28.88%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$2,524,368	\$2,711,579	\$2,153,395	\$2,184,951	\$5,235,947	\$4,338,346	(\$897,601)	(17.14%)

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Funding

Base year funding for the General Services Division includes general fund, state special revenue, and proprietary funds. General fund provides funding for the Procurement Bureau and a portion of the funding for facilities maintenance. General fund supports facilities maintenance functions for common areas of the Capitol Building, office space for the Senate and House of Representatives, Governor's mansion, public display areas in the Historical Society Museum, and some office space in the museum building. State special revenue from procurement rebates fund portions of procurement functions.

The following programs are funded with proprietary funds and are not shown on the main budget tables but are discussed in the proprietary rates section for the division:

- ◆ Print and mail services
- ◆ Property and supply
- ◆ Central stores
- ◆ Facilities management
- ◆ Surplus property

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,471,442	2,471,442	4,942,884	116.80%	2,524,368	2,524,368	5,048,736	116.37%
Statewide PL Adjustments	223,849	255,342	479,191	11.32%	224,331	255,737	480,068	11.07%
Other PL Adjustments	3,508	3,766	7,274	0.17%	4,836	5,115	9,951	0.23%
New Proposals	(598,732)	(598,853)	(1,197,585)	(28.30%)	(600,140)	(600,269)	(1,200,409)	(27.67%)
Total Budget	\$2,100,067	\$2,131,697	\$4,231,764		\$2,153,395	\$2,184,951	\$4,338,346	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					83,420					86,231
Vacancy Savings					(27,225)					(27,335)
Inflation/Deflation					130					154
Fixed Costs					168,006					196,687
Total Statewide Present Law Adjustments		\$223,849	\$482	\$0	\$224,331		\$255,342	\$395	\$0	\$255,737
DP 106 - Allocate department indirect/admin costs	0.00	3,508	1,328	0	4,836	0.00	3,766	1,349	0	5,115
Total Other Present Law Adjustments	0.00	\$3,508	\$1,328	\$0	\$4,836	0.00	\$3,766	\$1,349	\$0	\$5,115
Grand Total All Present Law Adjustments	0.00	\$227,357	\$1,810	\$0	\$229,167	0.00	\$259,108	\$1,744	\$0	\$260,852

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 620 - Unspecified Agency Reduction	06	0.00	(580,071)	0	0	(580,071)	0.00	(580,071)	0	0	(580,071)
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	06	0.00	328	22	0	350	0.00	284	19	0	303
DP 8101 - Increase 4% Vacancy Savings to 7%	06	0.00	(18,989)	(1,430)	0	(20,419)	0.00	(19,066)	(1,435)	0	(20,501)
Total		0.00	(\$598,732)	(\$1,408)	\$0	(\$600,140)	0.00	(\$598,853)	(\$1,416)	\$0	(\$600,269)

DP 620 - Unspecified Agency Reduction - A biennium reduction of \$1.2 million general fund was approved. The legislature approved language that allows the agency to reallocate funding among the agency when it develops the operating plan for the biennium.

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

Proprietary Program Description

The General Services Division provides the following functions funded with proprietary fund. These programs are described below along with a discussion of the program revenues, expenses, and rates being requested to finance the programs:

- ◆ Facilities Management (Rent and Maintenance)
- ◆ Print and Mail Services
- ◆ Central Stores
- ◆ Surplus Property (enterprise fund, not included below)

Facilities Maintenance Bureau (Rent and Maintenance Fund - 06528)

Proprietary Program Description

Rent and maintenance is managed by the Facilities Management Bureau, which is the custodian of state property and grounds in the state capitol area. The bureau provides facilities management assistance, including repair, maintenance, and construction services to state agencies in the Helena area and provides statewide leasing assistance to agencies to negotiate co-location of agencies to procure leased space for field offices. The bureau also manages the office waste paper products recycling program in the Helena area. The program serves all agencies and units within state government.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 603 - FMB Contracted Services – A biennium increase of \$447,000 funds increases in janitorial, access control, and fire alarm contracts due to inflationary factors associated with prevailing wages and petroleum prices expected when the contracts are rebid. This funding increases the office space rate by \$0.215 per square foot in FY 2010 and \$0.232 per square foot in FY 2011.

DP 0604 - FMB Utility (Water and Sewer) Expenditures – A biennium increase of \$19,000 funds increases expected in water and sewer fees paid to the City of Helena. This funding increases the office space rate by \$0.009 per square foot in FY 2010 and \$0.01 per square foot in FY 2011.

DP 0606 - FMB Leasing Assistant – A biennium increase of \$117,000 funds the addition of 1.00 FTE leasing assistant to assist the state leasing officer in the daily management of 1.6 million square feet of leases, 1.2 million square feet of state office space and over 360 contracts. This funding increases the office space rate by \$0.052 per square foot in FY 2010 and by \$0.049 per square foot in FY 2011.

DP 0612 - FMB Wage Increase for Seasonal Workers – Grounds – A biennium increase of \$17,000 funds increases in pay for seasonal snow removal workers to address recruitment and retention issues due to current pay competition in the private sector. This funding increases the grounds maintenance charge by \$0.009 per square foot in both FY 2010 and FY 2011.

DP 0615 - Assume Maintenance Responsibility-St Fnd Bldg – A biennium increase of \$226,000 funds the addition 1.00 FTE beginning in FY 2011 to address workload increases for the addition of the old State Fund building after the State

Fund moves to a new building in September 2010. On-going funding is for personal services and operating costs (utilities, elevator maintenance, janitorial, mechanical, and sanitation services). One-time costs of \$50,000 fund new carpet and painting once the building is vacated. This funding increases the office space rate by \$0.189 per square foot in FY 2011.

DP 0616 - Maintenance of New ITSD Enterprises Center - 1 FTE – A biennium increase of \$449,000 in FY 2011 funds additional costs when the division assumes responsibilities for the facility management of the new enterprise data center building in the fall of 2010. Funding is for personal services to add 1.00 FTE and operating costs for electricity, natural gas, sewer and water, and contract costs for janitorial, mechanical, and sanitation services. This funding increases the office space rate by \$0.374 per square foot in FY 2011.

DP 7101 – Fuel Inflation Reduction – This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Print & Mail Services Bureau (06530)

Proprietary Program Description

The Print and Mail Services Bureau provides printing, mail services, duplicating, desktop publishing, layout and design, graphic and illustrative art, forms design, reprographics, binding and quick copy, and photocopier pools services for state agencies. The bureau has seven basic components: 1) internal printing; 2) external (contracted) printing; 3) photocopy pool; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead mail); and 7) postal contract station with locked mail boxes in the Capitol. Customers include all agencies and units within state government. Use of the photocopy pool is optional. A state agency may buy its own copier through the State Procurement Bureau. All printing or purchasing of printing is requested through print services, which determines the most cost effective method of project completion. Not all requests for printing are completed internally. Nearly 70 percent of printing expenditures are procured through commercial vendors. The Postal Contract Station provides mail services to the public.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 0605 – Print and Mail Legislative Session costs and overtime – A biennium increase of \$311,700 funds overtime and operating costs to operate the legislative print shop in support of the 2011 legislative session. Funding also addresses mailings in support of the session. This funding has no impact on rates.

DP 0607 – Print and Mail Equipment Replacement – A biennium increase of \$211,700 funds replacement of the following equipment:

- o Quickmaster press in FY 2010, \$70,000
- o Inserter in FY 2010, \$200,000
- o Computer-to-plate plate maker in FY 2011, \$85,000
- o Pressure sealer in FY 2011, \$55,000

DP 0608 – Print and Mail High Speed Copier Lease – A biennium increase of \$70,000 funds a five year operating lease of a high speed copier. The copier replaces two obsolete duplicators.

DP 0613 – Print and Mail replace mail sort system – A biennium increase of \$168,300 funds replacement of the mail sorting system. This funding will result in an increase in winsort and permit mailing rates of \$0.009 per mail piece in each year of the 2011 biennium.

DP 7101 – Fuel Inflation Reduction – This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Central Stores Program (Fund 06531)

Proprietary Program Description

The Central Stores program contracts with a large warehouse distribution center to provide on-line ordering for office supplies. The program develops standard specifications, procures, warehouses, and delivers commonly used items to all state agencies and participating local governments. Customers include all agencies and units within state government and participating local governments.

Section 18-4-302(3), MCA, mandates state agencies to use central stores unless the publicly advertised price of an alternate supplier, established catalog price, or discount price offered to the agency is less than the price offered by the stores program, as long as the office supply conforms in all material respects to the terms, conditions, and quality offered by the stores program. Local governments and university system employees are not mandated to use central stores.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 0614 - Central Stores Vehicle Replacement – A biennium increase of \$15,000 in FY 2010 funds replacement of a passenger car used to make daily deposits to the state treasurer's office and other trips to agency offices. This funding has no impact on the rates charged by the program.

DP 7101 – Fuel Inflation Reduction – This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	606,966	887,472	671,293	672,762	1,494,438	1,344,055	(150,383)	(10.06%)
Operating Expenses	613,832	955,527	2,642,236	639,917	1,569,359	3,282,153	1,712,794	109.14%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	608,576	860,530	1,558,576	1,558,576	1,469,106	3,117,152	1,648,046	112.18%
Total Costs	\$1,829,374	\$2,703,529	\$4,872,105	\$2,871,255	\$4,532,903	\$7,743,360	\$3,210,457	70.83%
General Fund	734,366	759,830	2,532,454	532,541	1,494,196	3,064,995	1,570,799	105.13%
State Special	831,876	1,406,831	2,076,519	2,075,582	2,238,707	4,152,101	1,913,394	85.47%
Federal Special	263,132	536,868	263,132	263,132	800,000	526,264	(273,736)	(34.22%)
Total Funds	\$1,829,374	\$2,703,529	\$4,872,105	\$2,871,255	\$4,532,903	\$7,743,360	\$3,210,457	70.83%

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Funding

Funding for the division is provided primarily with a proprietary fund that is not shown on the main budget tables, but is discussed in the proprietary rates section that follows the discussion of budget program activity. The HB 2 budgeted portion of the division is funded with general fund, state special revenue, and federal special revenue. The division receives general fund to administer the statewide 911 emergency telephone program and the Public Safety Services Office. Federal special revenue funds a portion of the GIS coordination work within the division and until the 2009 biennium a portion of the Public Safety Services Office. State special revenue funds the remaining portion of the GIS coordination work with funding derived from land transaction fees under the Montana Land Information Act.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	734,366	734,366	1,468,732	47.92%	1,829,374	1,829,374	3,658,748	47.25%
Statewide PL Adjustments	84,778	84,306	169,084	5.52%	102,902	101,223	204,125	2.64%
Other PL Adjustments	(936)	(636)	(1,572)	(0.05%)	961,094	962,023	1,923,117	24.84%
New Proposals	1,714,246	(285,495)	1,428,751	46.62%	1,978,735	(21,365)	1,957,370	25.28%
Total Budget	\$2,532,454	\$532,541	\$3,064,995		\$4,872,105	\$2,871,255	\$7,743,360	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					114,854	0.00				116,435
Vacancy Savings					(28,872)	0.00				(28,936)
Inflation/Deflation					1,453	0.00				1,636
Fixed Costs					15,467	0.00				12,088
Total Statewide Present Law Adjustments		\$84,778	\$18,124	\$0	\$102,902	0.00	\$84,306	\$16,917	\$0	\$101,223
					0	0.00				0
DP 106 - Allocate department indirect/admin costs	0.00	(904)	12,030	0	11,126	0.00	(599)	12,659	0	12,060
DP 6110 - Additional MLIA Grants	0.00	0	950,000	0	950,000	0.00	0	950,000	0	950,000
DP 7101 - Fuel Inflation Reduction	0.00	(32)	0	0	(32)	0.00	(37)	0	0	(37)
					0	0.00				0
Total Other Present Law Adjustments	0.00	(\$936)	\$962,030	\$0	\$961,094	0.00	(\$636)	\$962,659	\$0	\$962,023
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$83,842	\$980,154	\$0	\$1,063,996	0.00	\$83,670	\$979,576	\$0	\$1,063,246

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 6110 - Additional MLIA Grants - An increase of \$1.9 million state special revenue funds Montana Land Information Act grants for the 2011 biennium.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	07	0.00	150	240	0	390	0.00	130	208	0	338
DP 6102 - Move 911 Funds from General Fund to SSR (Requires Legislation)	07	0.00	(276,240)	276,240	0	0	0.00	(275,927)	275,927	0	0
DP 6109 - High Performance Computing Operations - Bien/OTO	07	0.00	2,000,000	0	0	2,000,000	0.00	0	0	0	0
DP 8101 - Increase 4% Vacancy Savings to 7%	07	0.00	(9,664)	(11,991)	0	(21,655)	0.00	(9,698)	(12,005)	0	(21,703)
Total	0.00	\$1,714,246	\$264,489	\$0	\$1,978,735	0.00	(\$285,495)	\$264,130	\$0	(\$21,365)	

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6102 - Move 911 Funds from General Fund to SSR (Requires Legislation) - A funding switch moves administrative 911 funds from general fund to state special revenue to distribute funds to Public Safety Answering Point (PSAP).

DP 6109 - High Performance Computing Operations - Bien/OTO - An increase of \$2.0 million general fund in FY 2010 funds a lease in the Thorton Building in Butte and startup and operating costs to run a high performance computer. The legislature designated funding as biennial and one time only.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

Proprietary Program Description

The Information Technology Services Division (ITSD) manages the following information technology (IT) services for state government:

- o Shared statewide desktop and data network services
- o Central mainframe computer processing
- o Mid-tier access and production services
- o Local and long-distance telephone networking
- o IT planning, research, and coordination
- o Design, development, and maintenance support of IT applications
- o Personal computer (PC) and office automation support and consultation
- o Design and development of telephone equipment, networking applications, and other telecommunication needs
- o Internet and intranet services
- o Electronic government planning and coordination
- o Central imaging
- o Geographic information systems (GIS) coordination
- o Disaster recovery facilities for critical data processing applications
- o IT training

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 6103 - Network Expansion On-going Transport Costs - A biennium increase of \$3.0 million funds additional communications costs as a result of the Network Expansion Project funded in HB 4 of the May 2007 Special Session. This funding increases the overall rates by approximately 4.37 percent.

DP 6104 - ESSC Operating Costs - A biennium increase of \$1.2 million funds new operating and maintenance costs associated with the new Helena and Miles City data centers. Included is funding for maintenance charges paid to the General Services Division of the department for the Helena site and maintenance and utility costs for the Miles City site. This funding increases the overall rates by approximately 2.43 percent.

DP 6105 - Microsoft EA – A biennium increase of \$3.8 million funds increases associated with an enterprise license agreement for a volume licensing program of Microsoft Professional Plus software products. This funding increases the overall rates by approximately 5.47 percent.

DP 6107 - Attachmate Settlement – A biennium reduction of \$1.8 million removes base funding associated with funds paid in the Attachmate software settlement. This adjustment decreases the overall rates by approximately 2.69 percent.

DP 7101 – Fuel Inflation Reduction – This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The legislature approved allowing the division the ability to charge various rates in order to maintain a 30-day working capital.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	39.00	39.00	39.00	39.00	39.00	39.00	0.00	0.00%
Personal Services	2,246,830	2,895,305	2,760,234	2,872,507	5,142,135	5,632,741	490,606	9.54%
Operating Expenses	689,194	873,584	796,590	765,020	1,562,778	1,561,610	(1,168)	(0.07%)
Total Costs	\$2,936,024	\$3,768,889	\$3,556,824	\$3,637,527	\$6,704,913	\$7,194,351	\$489,438	7.30%
State Special	2,936,024	3,768,889	3,556,824	3,637,527	6,704,913	7,194,351	489,438	7.30%
Total Funds	\$2,936,024	\$3,768,889	\$3,556,824	\$3,637,527	\$6,704,913	\$7,194,351	\$489,438	7.30%

Page Reference

Legislative Budget Analysis, A-202

Funding

The division is funded solely by state special revenue through assessments, application fees, and examination fees paid by the regulated financial institutions.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	2,936,024	2,936,024	5,872,048	81.62%
Statewide PL Adjustments	0	0	0	0.00%	540,052	545,636	1,085,688	15.09%
Other PL Adjustments	0	0	0	0.00%	165,245	240,761	406,006	5.64%
New Proposals	0	0	0	0.00%	(84,497)	(84,894)	(169,391)	(2.35%)
Total Budget	\$0	\$0	\$0		\$3,556,824	\$3,637,527	\$7,194,351	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					609,146					617,863
Vacancy Savings					(114,238)					(114,592)
Inflation/Deflation					8,845					9,819
Fixed Costs					36,299					32,546
Total Statewide Present Law Adjustments		\$0	\$540,052	\$0	\$540,052		\$0	\$545,636	\$0	\$545,636
DP 106 - Allocate department indirect/admin costs	0.00	0	24,947	0	24,947	0.00	0	26,614	0	26,614
DP 1401 - Banking Professional Career Ladder Program	0.00	0	104,175	0	104,175	0.00	0	208,350	0	208,350
DP 1402 - Banking Replacement Computers - OTO	0.00	0	36,300	0	36,300	0.00	0	6,000	0	6,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(177)	0	(177)	0.00	0	(203)	0	(203)
Total Other Present Law Adjustments	0.00	\$0	\$165,245	\$0	\$165,245	0.00	\$0	\$240,761	\$0	\$240,761
Grand Total All Present Law Adjustments	0.00	\$0	\$705,297	\$0	\$705,297	0.00	\$0	\$786,397	\$0	\$786,397

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 1401 - Banking Professional Career Ladder Program - An increase of \$312,525 state special revenue funds the division's professional career ladder program for the 2011 biennium.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The Banking Professional Career Ladder Program is needed so the division can retain and recruit its bank examiners. During the next biennium, five senior examiners are eligible to retire. Montana banks and credit unions hold \$17.5 billion in assets. The safety and soundness of Montana's financial institutions is crucial during this economic period. Regulation of the mortgage industry for the benefit of Montana borrowers is also key to the strength of our economy. The supervision of banks, credit unions, and other financial institutions is highly specialized work which requires extensive and continuous education as well as long-term on-the-job training. On average, it takes a minimum of five years to adequately train a bank examiner before they may attain the designation of a senior examiner. If the career ladder program is not adopted, the division will lose its examiners to federal financial regulators such as the Federal Deposit Insurance Corporation, Federal Reserve Bank, and the Office of the Comptroller of the Currency and financial institutions within the private sector. Without the experience and retention of staff, the ability of the division to supervise the safety and soundness of Montana's banks, credit unions, and other financial institutions will be jeopardized.

Goal: Three goals are identified for the professional career ladder program:

- ◆ To retain bank examiners who will achieve the skills and knowledge necessary to become senior examiners. In turn, these senior examiners would be integral as part of the division's management succession plan
- ◆ To use the career ladder program as an incentive to attract qualified applicants to fill vacancies within the division
- ◆ To assure the division's continued accreditation for meeting professional standards in bank supervision by the Conference of State Bank Supervisors

Performance Criteria: The progress of the professional career ladder program would be measured by the retention of existing bank examiners and the recruitment of qualified individuals to fill vacancies.

Milestones: The division is continuously putting its efforts into the retention and recruitment of its staff. This request represents an ongoing effort by the division to be competitive with the federal regulators and the private financial institution sector. The division will continue the professional career ladder until it has the ability to competitively recruit and retain bank examiners.

FTE: No new FTE are requested, only funding for existing FTE.

Fees: The request is to continue funding the professional career ladder program. It would be supported by the division's state special revenue fund, which is comprised of the licensing, examination, and assessment fees charged to its state chartered financial institutions and other licensees. The program would provide salary adjustments based upon an employee's performance and competency in fiscal years 2010 and 2011. The maximum potential salary adjustment for an employee during either fiscal year would be between \$1,500 and \$2,500.

Obstacles: The challenge to implementing this proposal is that although it provides additional funding, it does not match the higher salaries offered by federal financial regulators and financial institutions within the private sector. Therefore, even with having the career ladder program in place, the division bank examiners are offered positions with federal financial regulators and financial institutions within the private sector. However, the prospect of retaining staff by having the career ladder program in place is much better than if this funding was discontinued.

Risks: If the request is not adopted, the division expects difficulties retaining financial examiners. Without the experience and retention of bank examiners, the ability of the division to supervise the safety and soundness of Montana's banks, credit unions, and financial institutions will be jeopardized. The division needs experienced examiners in its mortgage broker and lender program to protect Montana borrowers and to address the affects of the ongoing national credit and liquidity crisis.

DP 1402 - Banking Replacement Computers - OTO - A biennium increase of \$42,300 state special revenue was approved to replace desktop computers and laptops. The legislature designated funding as one time only.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	14	0.00	0	1,182	0	1,182	0.00	0	1,050	0	1,050
DP 8101 - Increase 4% Vacancy Savings to 7%	14	0.00	0	(85,679)	0	(85,679)	0.00	0	(85,944)	0	(85,944)
Total	0.00	\$0	(\$84,497)	\$0	(\$84,497)	0.00	\$0	(\$84,894)	\$0	(\$84,894)	

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	31.50	31.50	31.50	31.50	31.50	31.50	0.00	0.00%
Personal Services	1,705,624	1,741,238	1,714,453	1,719,398	3,446,862	3,433,851	(13,011)	(0.38%)
Operating Expenses	5,444,138	5,878,210	5,570,205	5,467,089	11,322,348	11,037,294	(285,054)	(2.52%)
Equipment & Intangible Assets	42,077	42,256	42,077	42,077	84,333	84,154	(179)	(0.21%)
Total Costs	\$7,191,839	\$7,661,704	\$7,326,735	\$7,228,564	\$14,853,543	\$14,555,299	(\$298,244)	(2.01%)
Other	7,191,839	7,661,704	7,326,735	7,228,564	14,853,543	14,555,299	(298,244)	(2.01%)
Total Funds	\$7,191,839	\$7,661,704	\$7,326,735	\$7,228,564	\$14,853,543	\$14,555,299	(\$298,244)	(2.01%)

Page Reference

Legislative Budget Analysis, A-208

Funding

The lottery is funded entirely with proprietary funds derived from lottery game revenues. Net revenues of the lottery are by state law transferred to the general fund. Therefore, the lottery is indirectly funded with general fund and by law may only make expenditures against appropriations of the legislature.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	7,191,839	7,191,839	14,383,678	98.82%
Statewide PL Adjustments	0	0	0	0.00%	168,427	66,573	235,000	1.61%
Other PL Adjustments	0	0	0	0.00%	20,796	24,769	45,565	0.31%
New Proposals	0	0	0	0.00%	(54,327)	(54,617)	(108,944)	(0.75%)
Total Budget	\$0	\$0	\$0		\$7,326,735	\$7,228,564	\$14,555,299	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					137,879					143,192
Vacancy Savings					(73,743)					(73,953)
Inflation/Deflation					8,624					9,898
Fixed Costs					95,667					(12,564)
Total Statewide Present Law Adjustments		\$0	\$0	\$0	\$168,427*		\$0	\$0	\$0	\$66,573*
DP 106 - Allocate department indirect/admin costs	0.00	0	0	0	13,824*	0.00	0	0	0	14,983*
DP 1502 - Lottery Rent	0.00	0	0	0	14,049*	0.00	0	0	0	17,909*
DP 7101 - Fuel Inflation Reduction	0.00	0	0	0	(7,077)*	0.00	0	0	0	(8,123)*
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$20,796*	0.00	\$0	\$0	\$0	\$24,769*
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$189,223*	0.00	\$0	\$0	\$0	\$91,342*

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

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 1502 - Lottery Rent - A biennium increase of \$32,000 funds increases for rent of the lottery building in Helena.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	15	0.00	0	0	980*	0.00	0	0	0	848*
DP 8101 - Increase 4% Vacancy Savings to 7%	15	0.00	0	0	(55,307)*	0.00	0	0	0	(55,465)*
Total	0.00	\$0	\$0	\$0	(\$54,327)*	0.00	\$0	\$0	\$0	(\$54,617)*

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

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Personal Services	0	1,979	0	0	1,979	0	(1,979)	(100.00%)
Operating Expenses	43,116	52,590	43,116	43,116	95,706	86,232	(9,474)	(9.90%)
Total Costs	\$43,116	\$54,569	\$43,116	\$43,116	\$97,685	\$86,232	(\$11,453)	(11.72%)
General Fund	0	0	0	0	0	0	0	n/a
State Special	43,116	54,569	43,116	43,116	97,685	86,232	(11,453)	(11.72%)
Total Funds	\$43,116	\$54,569	\$43,116	\$43,116	\$97,685	\$86,232	(\$11,453)	(11.72%)

Page Reference

Legislative Budget Analysis, A-212

Funding

HCBD receives a small appropriation of state special revenue in HB 2, but it is funded predominantly with proprietary funds from employer contributions to health care and life insurance costs, premium payments by plan participants, investment income, and assessments to manage flexible spending accounts as well as the new proposal for the workers' compensation management program.

The HB 2 appropriation pays for quality improvements for child care providers who set aside a certain number of slots for state workers. The division receives contributions from state agencies through an annual memorandum of understanding between the division administrator and the director of each state agency. The allocation of these contributions is based upon the number of employees at each agency.

FY 2008 expenditures for the health care benefits program were about \$112.3 million compared to proprietary revenues of \$118.7 million. Most of expenditures (\$104.6 million) paid medical and drug costs. Most of the revenue (\$87.1 million) was the employer share and employee supplemental payments for insurance premium payments from the following sources:

- o General fund - \$35.2 million
- o State special revenue - \$30.2 million
- o Federal funds - \$13.5 million
- o Other funding sources such as capital project funds - \$8.9 million

Proprietary income also included self payments from retirees (\$15.5 million), and legislators and persons continuing coverage through COBRA payments (\$0.7 million).

Another \$2.2 million was due to reimbursement for prescriptions for Medicare eligible retiree participants and volume discounts. A net \$1.9 million of the income was due to earnings on short and long term investments on cash reserves (\$41.5 million as of June 30, 2008).

The flexible spending account program reimburses about \$7.0 million annually in pay check deferrals set aside by employees to pay child care and health care costs during the year. The program recouped about \$136,000 in fee income in FY 2008, from a \$2.25 per month administrative fee.

One proprietary rate is funded in HB 2. That rate supports the new Workers' Compensation Management Program. The program was initiated during the 2009 biennium and funded from general fund. The new rate is assessed against each

agency payroll warrant each month. The FY 2010 rate is \$1.29 per payroll warrant and the FY 2011 rate is \$1.12.

The rate for the employer share of health plan premiums is established in 2-18-703, MCA. HB 13 (the pay plan bill) establishes the employer share for a calendar year. The employer share in 2009 is \$626 per month. If HB 13 is passed and approved the employer share will rise to \$679 per month in 2010 and \$733 per month in 2011. The increase in the employer share is anticipated to offset some of the anticipated cost increases in the health plan. However, participants who insure dependents will see out of pocket increases in each year.

Legislative Recommendation to the Legislative Finance Committee

The legislature reviewed the issue of plan subsidies for the cost of health insurance for retirees. The legislature recommended that the Legislative Finance Committee review policy issues related to pricing of state group health insurance in conjunction with the Interim Committee on State Administration and Veterans’ Affairs. Specific objectives could include review of:

- o Other state government health plans and subsidy of retiree participation in those plans, including the Montana University System
- o Legal requirements to provide a subsidy to retirees
- o Optional pricing strategies

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	43,116	43,116	86,232	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$43,116	\$43,116	\$86,232	

The HB 2 base budget state special revenue supports a day care program to support quality improvements in day care operations in exchange for slots for a number of state employees.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 106 – Allocate Department Indirect Costs – This adjustment adds about \$130,000 proprietary funds over the biennium to pay for services provided by proprietary funded centralized service functions of the agency.

DP 2102 - HCBD Insurance Claims/Admin Cost Trends – This adjustment adds \$47.0 million in proprietary funds, including \$44.7 million for inflationary and utilization increases in the state employee health plan, funded with increases authorized in HB 13. HCBD estimates use an average annual increase of 8 percent in medical claims and 11 percent in prescription drug costs.

Claims administration and operating costs are also predicted to increase at a 5 percent annual rate. This adjustment also adds \$2.0 million in proprietary authority to cover those increases.

DP 2107 Annual 5 Percent Increase in Flexible Spending – This request adds \$1.0 million in proprietary spending authority over the 2011 biennium for an estimated annual 5 increase. Participants contribute excess state contribution

and personal funds to the program to be used for qualifying health and child care costs on a pre-tax basis. In addition, program participants pay a program administration fee to cover the costs of administering the program.

DP 2110 – Correct Statewide Present Law Adjustments – This adjustment adds \$506,540 proprietary funds each year of the biennium to correct an error that reduced base budget expenditures.

New Proposals

DP 2103 SABHRS Support Provided by HCB D – 1.00 FTE – This request adds \$136,000 proprietary funds over the biennium for a computer systems analyst. The position was approved as a modified FTE during the 2009 biennium and is responsible for providing production support for all users of the PeopleSoft Benefits Module within the State's PeopleSoft Human Resource Management System (HRMS).

These duties include ensuring that the division's benefit eligibility business processes interface with SABHRS and systems operated by multiple benefit contractors, resolving user problems, assisting with report development and determining business processes that maximize the utilization of functionality offered by the current and upcoming versions of PeopleSoft, planning and executing extensive testing of new queries, reports and overall business processes, and coordinating efforts between the State Human Resource Division (SHRD) and the HCB D on areas where system functionality impacts employee benefits. Organizationally, this position is within SHRD.

DP 2108 – Attorney FTE – The legislature added 1.00 FTE but no funding for a computer systems analyst. The position was approved as a modified FTE during the 2009 biennium and is responsible for providing production support for all users of the PeopleSoft Benefits Module within the state's PeopleSoft Human Resource Management System (HRMS).

DP 2101 – Workers' Compensation Program 3.00 FTE – The Health Care and Benefits Division (HCB D) is tasked with the implementation, management and oversight of the State of Montana Workers' Compensation Management Program. This program was new initiative from the 2009 biennium Governor's budget. The goal of the program is to reduce workers' compensation costs and injuries in state government. The program was funded by the 2009 Legislature with a one-time-only general fund appropriation. This proposal implements a new fixed costs allocated to all agencies to continue the program. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included a part of the standard present law fixed cost process. For the 2011 biennium only, each agency includes a new proposal "NP 6101 – Fixed Cost Workers Comp Management Program Allocation: to request funding for the fixed cost allocation.

The rate approved for the new proprietary function was an assessment of \$1.29 per payroll warrant in the FY 2010 and \$1.12 in FY 2011.

DP 0704 – Fixed Cost Workers' Comp Mgmt Program Allocation – Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration. This funding has a negligible impact on the assigned time rates for the biennium.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	19.53	19.53	20.03	20.53	19.53	20.53	1.00	5.12%
Personal Services	1,085,933	1,268,479	1,278,395	1,310,727	2,354,412	2,589,122	234,710	9.97%
Operating Expenses	318,393	252,640	363,747	364,585	571,033	728,332	157,299	27.55%
Total Costs	\$1,404,326	\$1,521,119	\$1,642,142	\$1,675,312	\$2,925,445	\$3,317,454	\$392,009	13.40%
General Fund	1,404,326	1,521,119	1,642,142	1,675,312	2,925,445	3,317,454	392,009	13.40%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$1,404,326	\$1,521,119	\$1,642,142	\$1,675,312	\$2,925,445	\$3,317,454	\$392,009	13.40%

Page Reference

Legislative Budget Analysis, A-232

Funding

Funding for statewide human resources rules, policies, and standards and labor relations are from the general fund. The Professional Development Center is funded with proprietary fees charged to state agencies for training services. Payroll and other human resources information systems are funded with proprietary fees charged to state agencies for payroll processing services. The proprietary funded portions of the division are not shown on the main budget tables, but are discussed in the proprietary rates at the end of the section for the division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,404,326	1,404,326	2,808,652	84.66%	1,404,326	1,404,326	2,808,652	84.66%
Statewide PL Adjustments	235,565	238,900	474,465	14.30%	235,565	238,900	474,465	14.30%
Other PL Adjustments	5,017	5,533	10,550	0.32%	5,017	5,533	10,550	0.32%
New Proposals	(2,766)	26,553	23,787	0.72%	(2,766)	26,553	23,787	0.72%
Total Budget	\$1,642,142	\$1,675,312	\$3,317,454		\$1,642,142	\$1,675,312	\$3,317,454	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					249,240	0.00				252,295
Vacancy Savings					(53,405)	0.00				(53,528)
Inflation/Deflation					937	0.00				1,161
Fixed Costs					38,793	0.00				38,972
Total Statewide Present Law Adjustments		\$235,565	\$0	\$0	\$235,565	0.00	\$238,900	\$0	\$0	\$238,900
					0	0.00				0
DP 106 - Allocate department indirect/admin costs	0.00	5,023	0	0	5,023	0.00	5,540	0	0	5,540
DP 7101 - Fuel Inflation Reduction	0.00	(6)	0	0	(6)	0.00	(7)	0	0	(7)
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$5,017	\$0	\$0	\$5,017	0.00	\$5,533	\$0	\$0	\$5,533
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$240,582	\$0	\$0	\$240,582	0.00	\$244,433	\$0	\$0	\$244,433

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2301 - Training Development Spec. FTE Funding Switch	23	0.50	36,681	0	0	36,681	1.00	66,173	0	0	66,173
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	23	0.00	607	0	0	607	0.00	526	0	0	526
DP 8101 - Increase 4% Vacancy Savings to 7%	23	0.00	(40,054)	0	0	(40,054)	0.00	(40,146)	0	0	(40,146)
Total	0.50	(\$2,766)	\$0	\$0	(\$2,766)	1.00	\$26,553	\$0	\$0	\$26,553	

DP 2301 - Training Development Spec. FTE Funding Switch - A biennium increase of \$102,900 general fund switches funding from proprietary funds to general fund for 0.50 FTE in FY 2010 and an additional 0.50 FTE in FY 2011. The funding switch is for the training manager position currently funded in the interagency training proprietary fund. A similar adjustment in the Professional Development Center proprietary program discussion provides for the other side of this funding switch. The legislature designated funding as one time only.

The following information is provided so that the legislature can consider various performance measurement principles when examining this proposal. It is submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification: The State Human Resource Division (SHRD) is charged with developing a broad workforce development model for Montana's executive branch. The model will include long-term strategies for attracting, retaining and developing state government's workforce. The Human Resources Policy and Programs (HRPP) Bureau will lead the

project. The Professional Development Center (PDC) will be responsible for developing the model's training components and helping HRPP consult with agencies. The PDC operates under a proprietary fund, charging its services to state agencies and other entities. Without a general fund appropriation, the PDC will not be able to develop these critical components.

Goal: The goal is to help agencies develop their workforces by developing and delivering relevant training. The HRPP Bureau's first objective of this goal is to pilot a statewide workforce development plan for information technology positions that can be used as a model for other occupations common to all state agencies (e.g. budgeting, accounting, human resources). The training manager will work with the HRPP Bureau staff to identify training needs, develop and update courses and course material, sponsor special interest events, and examine alternative methods of delivering training and other services.

Performance Criteria: The following plan was provided for the state workforce development model the FTE would work on:

- o Begin six month trial of revised performance appraisal (PA) process, 1/1/09
 - Evaluate revised process, 6/15/2009
 - Develop and present PA training, 7/1/2010 - 9/30/2010
 - Use PA data to identify "A" players, levels of employee engagement
- o New hire satisfaction survey process, 12/15/2008 - 2/15/2009
 - Begin a survey of employees hired in the last year
 - Repeat the survey for all employees 90 days after hire
 - Survey Managers and supervisors of the newly hired employees
 - Compile results
 - Review for effects on: 1) recruitment and selection; 2) employee engagement; and 3) retention
- o Professional Development Center (PDC) create and implement identified supervisory training, 7/1/2009 - 6/30/2011
 - Review existing on-line training software, 7/1/2009 - 12/31/2009
 - Select and install an on-line learning system, 1/1/2010 - 6/30/2010
 - Initial development and training - 1/1/2010 – 12/31/2010
 - Create on-line versions of existing training, 7/1/2010 – 12/31/2010
 - Develop new on-line courses as necessary, 1/1/2011 – 6/30/2011
- o Develop a business case for an on-line learning management system
 - Review learning management systems (LMS), 7/1/2010 – 9/30/10
 - Develop a funding plan for an LMS, 10/1/11 – 12/31/2010
 - Propose possible purchase or development of an on-line LMS
 - Implement and test an LMS, if feasible, 1/1/11 – 7/1/11
- o Develop and perform an employee engagement survey, 4/1/2009
 - Evaluate results for: 1) retention; 2) employee development needs; and 3) management or supervisory development needs
 - PDC develops training, 7/1/09 – 12/31/09
- o Continue work on succession planning, Information Technology Services Division
 - Identified key employees
 - Begin identifying successors
 - Create development plans for those identified in succession plans, 2/28/2009
 - Publish process model, 4/1/2009
- o Evaluate impact of training on employee productivity and morale
 - Develop a training evaluation process (PDC) focused on: 1) post training performance; and 2) employee's impact on work team and work environment

Milestones: The milestones are identified above under performance criteria and the model will be completed by June 30, 2011.

FTE: Existing staff in the HRPP Bureau will lead the project; the PDC training manager will develop the training component.

Obstacles: The requested general fund appropriation will pay 50 percent of the training manager's salary and benefits in FY 2010 and 100 percent in FY 2011. The training manager will devote that proportion of his or her time to workforce development. As a result, the PDC will see reduced proprietary revenue because of cutbacks in the manager providing fee-based training. The funding will be appropriated to the training bureau (PDC).

Fees: The model's success relies on the combined efforts of the HRPP Bureau, the PDC, and the affected state agencies.

Risks: Without a general fund appropriation, the PDC would not be able to develop these critical components. That responsibility would rest with individual state agencies. This would result in inefficiently duplicating efforts or, in the case of smaller agencies, no training.

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

Proprietary Program Description

Professional Development Center (Intergovernmental Training Fund – 06525)

The intergovernmental training fund supports the operation of the Professional Development Center (PDC). The PDC provides training and other services, such as facilitation, mediation, and curriculum design, to state agencies on a fee reimbursement basis. The use of PDC training is not mandatory for agencies that could choose from several available alternatives, such as seminars sponsored by national training firms, conferences and symposia, contracted training consultants, in-house training programs, and courses through post-secondary education institutions.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

DP 2301 Training Development Spec. FTE Funding Switch – A biennium reduction of \$102,900 funds a switch in funding from proprietary funds to general fund for 0.50 FTE in FY 2010 and additional 0.50 FTE in FY 2011. The funding switch is for the training manager position currently funded in the interagency training proprietary fund. A similar adjustment in the HB 2 portion of this division discusses the other side of the funding switch and provides an expanded justification. This funding has no impacts on the PDC rates.

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Human Resources Information Systems Bureau (Payroll Fund - 06563)

Proprietary Program Description

The Human Resources Information System (HRIS) Bureau operates payroll, benefits and human resources (HR) systems of the State Accounting Budgeting and Human Resources (SABHRS) to process, distribute, report, and account for payroll, benefits and associated withholding and deductions for over 13,500 state employees in the Executive, Legislative and Judicial branches. The bureau establishes and maintains standards, processes and procedures to be followed by state agencies in preparing and submitting payroll, benefits and related HR data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs including employee benefits (group insurance, FSA, deferred compensation, and pension) classification, pay, labor relations, policy, and training.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Page Reference

Legislative Budget Analysis, A-245

Proprietary Rates**Proprietary Program Description**

The Risk Management and Tort Defense Division administers a comprehensive plan of property and casualty insurance protection on behalf of state government. The division purchases commercial insurance, where cost-effective, to cover catastrophic losses above high deductibles. State risks that are currently insured through commercial insurance carriers include aircraft, airports, boilers and machinery, bonds (various), crime, fine art, property, professional liability, and miscellaneous. The state self-insures most commercial insurance risks under \$250,000 per occurrence as well as auto, general liability, inland marine, mobile/specialized equipment, and foster care risks. The division also provides consultative services that include training, inspections, program reviews, contract administration, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss. The division investigates, evaluates, and resolves tort claims, and coordinates the adjudication and settlement of other claims involving property damage.

The following budget adjustments factored into the change in rates from those charged in the base year to those approved by the legislature for the 2011 biennium.

Present Law Adjustments

DP 0106 - Allocate department indirect/admin costs – This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

New Proposals

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 – Increasing 4% Vacancy Savings To 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Proprietary Rates

The proprietary rates the legislature approved for this program are listed in Section R of HB 2.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	7.50	7.50	7.50	7.50	7.50	7.50	0.00	0.00%
Personal Services	350,262	357,696	443,181	427,390	707,958	870,571	162,613	22.97%
Operating Expenses	61,386	63,396	79,000	84,245	124,782	163,245	38,463	30.82%
Local Assistance	500	811	6,900	3,500	1,311	10,400	9,089	693.29%
Total Costs	\$412,148	\$421,903	\$529,081	\$515,135	\$834,051	\$1,044,216	\$210,165	25.20%
General Fund	412,148	421,903	529,081	515,135	834,051	1,044,216	210,165	25.20%
Total Funds	\$412,148	\$421,903	\$529,081	\$515,135	\$834,051	\$1,044,216	\$210,165	25.20%

Page Reference

Legislative Budget Analysis, A-249

Funding

The State Tax Appeals Board is funded entirely with general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	412,148	412,148	824,296	78.94%	412,148	412,148	824,296	78.94%
Statewide PL Adjustments	90,301	91,667	181,968	17.43%	90,301	91,667	181,968	17.43%
Other PL Adjustments	3,455	3,615	7,070	0.68%	3,455	3,615	7,070	0.68%
New Proposals	23,177	7,705	30,882	2.96%	23,177	7,705	30,882	2.96%
Total Budget	\$529,081	\$515,135	\$1,044,216		\$529,081	\$515,135	\$1,044,216	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					98,319	0.00				99,621
Vacancy Savings					(17,943)	0.00				(17,996)
Inflation/Deflation					202	0.00				279
Fixed Costs					9,723	0.00				9,763
Total Statewide Present Law Adjustments		\$90,301	\$0	\$0	\$90,301	0.00	\$91,667	\$0	\$0	\$91,667
					0	0.00				0
DP 106 - Allocate department indirect/admin costs	0.00	3,525	0	0	3,525	0.00	3,696	0	0	3,696
DP 7101 - Fuel Inflation Reduction	0.00	(70)	0	0	(70)	0.00	(81)	0	0	(81)
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$3,455	\$0	\$0	\$3,455	0.00	\$3,615	\$0	\$0	\$3,615
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$93,756	\$0	\$0	\$93,756	0.00	\$95,282	\$0	\$0	\$95,282

DP 106 - Allocate department indirect/admin costs - This adjustment funds changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized functions of the agency.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3701 - STAB 2009 Statewide Reappraisal of Property	37	0.00	36,400	0	0	36,400	0.00	21,000	0	0	21,000
DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation	37	0.00	234	0	0	234	0.00	202	0	0	202
DP 8101 - Increase 4% Vacancy Savings to 7%	37	0.00	(13,457)	0	0	(13,457)	0.00	(13,497)	0	0	(13,497)
Total	0.00	\$23,177	\$0	\$0	\$23,177	0.00	\$7,705	\$0	\$0	\$7,705	

DP 3701 - STAB 2009 Statewide Reappraisal of Property - A biennium increase of \$57,400 general fund funds county tax appeal board costs associated with anticipated increased workload issues after the property tax reappraisal that becomes effective in January 2009. Funding is for county tax appeal board per diem (\$35,000) and other costs associated with the increased workload. The legislature designated funding as one time only.

DP 6101 - Fixed Cost Work Comp Mgmt Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

Agency Budget Comparison

The following table summarizes the total budget approved by the legislature for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	2.50	2.50	0.00	0.00	2.50	0.00	(2.50)	(100.00%)
Personal Services	101,214	146,503	0	0	247,717	0	(247,717)	(100.00%)
Operating Expenses	35,221	42,152	0	0	77,373	0	(77,373)	(100.00%)
Transfers	13,000	0	0	0	13,000	0	(13,000)	(100.00%)
Total Costs	\$149,435	\$188,655	\$0	\$0	\$338,090	\$0	(\$338,090)	(100.00%)
General Fund	86,978	66,412	0	0	153,390	0	(153,390)	(100.00%)
State Special	62,457	122,243	0	0	184,700	0	(184,700)	(100.00%)
Total Funds	\$149,435	\$188,655	\$0	\$0	\$338,090	\$0	(\$338,090)	(100.00%)

Page Reference

Legislative Budget Analysis, A-254

Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	2.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	101,214	0	0	0	0	0	0	0
Operating Expenses	35,221	0	0	0	0	0	0	0
Transfers	13,000	0	0	0	0	0	0	0
Total Costs	\$149,435	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Fund	86,978	0	0	0	0	0	0	0
State/Other Special	62,457	0	0	0	0	0	0	0
Total Funds	\$149,435	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The legislative budget reflects the executive budget as requested.

Agency Highlights

Montana Consensus Council	
Major Budget Highlights	
◆	The legislative budget removes all funding for the council

Funding

All funding for the Montana Consensus Council is eliminated in the legislative budget to reflect actions taken in FY 2008 when the board of directors for the council voted to eliminate the council operations effective June 30, 2008. The board made its decision after determining that the council was not able to fund operations without continued support from the state general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	86,978	86,978	173,956	0.00%	149,435	149,435	298,870	0.00%
Statewide PL Adjustments	(10,962)	(10,962)	(21,924)	0.00%	54,875	54,937	109,812	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(76,016)	(76,016)	(152,032)	0.00%	(204,310)	(204,372)	(408,682)	0.00%
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					62,393					62,444
Inflation/Deflation					125					136
Fixed Costs					(7,643)					(7,643)
Total Statewide Present Law Adjustments		(\$10,962)	\$65,837	\$0	\$54,875		(\$10,962)	\$65,899	\$0	\$54,937
Grand Total All Present Law Adjustments	0.00	(\$10,962)	\$65,837	\$0	\$54,875	0.00	(\$10,962)	\$65,899	\$0	\$54,937

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
	01	(2.50)	(76,016)	(128,294)	0	(204,310)	(2.50)	(76,016)	(128,356)	0	(204,372)

DP 1 - Eliminate Montana Consensus Council Budget (Requires Legislation) - A reduction of nearly \$409,000 eliminates all funding of the Montana Consensus Council.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	46.66	46.66	55.66	55.66	46.66	55.66	9.00	19.29%
Personal Services	2,755,120	2,911,344	3,492,920	3,501,460	5,666,464	6,994,380	1,327,916	23.43%
Operating Expenses	2,526,589	5,318,047	5,486,579	5,433,018	7,844,636	10,919,597	3,074,961	39.20%
Equipment & Intangible Assets	97,650	0	97,650	97,650	97,650	195,300	97,650	100.00%
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	15,597,961	18,348,852	28,739,909	23,347,598	33,946,813	52,087,507	18,140,694	53.44%
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$20,977,320	\$26,578,243	\$37,817,058	\$32,379,726	\$47,555,563	\$70,196,784	\$22,641,221	47.61%
General Fund	2,452,220	2,592,842	5,974,275	5,959,684	5,045,062	11,933,959	6,888,897	136.55%
State Special	2,442,145	6,110,217	9,999,882	4,473,898	8,552,362	14,473,780	5,921,418	69.24%
Federal Special	16,082,955	17,875,184	21,842,901	21,946,144	33,958,139	43,789,045	9,830,906	28.95%
Total Funds	\$20,977,320	\$26,578,243	\$37,817,058	\$32,379,726	\$47,555,563	\$70,196,784	\$22,641,221	47.61%

Page Reference

Legislative Budget Analysis, A-257

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	46.66	55.66	55.66	0.00	55.66	55.66	0.00	
Personal Services	2,755,120	3,472,542	3,492,920	20,378	3,480,741	3,501,460	20,719	41,097
Operating Expenses	2,526,589	5,516,378	5,486,579	(29,799)	5,463,158	5,433,018	(30,140)	(59,939)
Equipment & Intangible Assets	97,650	97,650	97,650	0	97,650	97,650	0	0
Local Assistance	0	0	0	0	0	0	0	0
Grants	15,597,961	26,209,909	28,739,909	2,530,000	23,317,598	23,347,598	30,000	2,560,000
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$20,977,320	\$35,296,479	\$37,817,058	\$2,520,579	\$32,359,147	\$32,379,726	\$20,579	\$2,541,158
General Fund	2,452,220	5,953,696	5,974,275	20,579	5,939,105	5,959,684	20,579	41,158
State/Other Special	2,442,145	7,499,882	9,999,882	2,500,000	4,473,898	4,473,898	0	2,500,000
Federal Special	16,082,955	21,842,901	21,842,901	0	21,946,144	21,946,144	0	0
Total Funds	\$20,977,320	\$35,296,479	\$37,817,058	\$2,520,579	\$32,359,147	\$32,379,726	\$20,579	\$2,541,158

The legislatively approved budget differs from the executive proposal due to four items. The first two legislatively approved items, the increase in the biennial funding for the Energy Promotion and Development division by \$250,000 and the funding of a \$2.5 million grant program for biomedical research are offset by a \$100,000 biennial reduction in funding for the Montana Equity Capital Act and a 2 percent unspecified reduction in general fund totaling \$108,842. The net result of these items is a 7.85 percent increase over the executive budget proposal.

Agency Highlights

Department of Commerce Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The legislature approved an increase in funding of 47.6 percent (136.6 percent increase in general fund) in the 2011 biennium from the 2009 biennium including: <ul style="list-style-type: none"> • \$6.62 million in new proposals to continue economic development initiatives • Increased spending authority for community development block grants • Increased spending authority for state grants and requests for general expenditure increases ◆ Funding for the Montana Equity Capital Act was eliminated ◆ The legislature applied a 2 percent unspecified reduction in general fund 	

Agency Discussion

The Department of Commerce encompasses a number of programs that provide grant administration, federal program administration, state initiatives, and investment services in order to diversify and expand the state's economic base through business creation, expansion, and retention and improvement of our infrastructure, housing and facilities. The legislatively approved budget for the agency increased 47.6 percent from the 2009 biennium. Of this increase 80.1 percent is attributable to appropriations made to accommodate federal and state grant programs. A number of the decision packages approved by the legislature were funded in the prior biennium as one-time-only and therefore are presented as increase in the current biennium. Funding was eliminated for the Montana Equity Capital Act. A total increase of 9.00 FTE was approved by the legislature. 5.00 FTE were approved and funded with a one-time-only appropriation for the Energy Promotion and Development Division, 4.00 FTE were approved and funded with a one-time-only appropriation for the New Worker Training and Tribal Economic Development programs in the Business Resources Division, 1.0 FTE (TSEP engineer) was approved and funded in the Community Development division. One FTE was removed in the Manufactured Home Program.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narrative that follows.

Agency Program	Total Agency Funding 2011 Biennium Budget			
	General Fund	State Spec.	Fed Spec.	Grand Total
51 Business Resources Division	\$ 9,945,863	\$ 7,183,094	\$ 8,185,307	\$ 25,314,264
52 Montana Promotion Division	-	1,525,226.00	-	1,525,226
55 Energy Promotion & Dev Division	910,000.00	-	-	910,000
60 Community Development Division	1,078,096.00	5,465,460.00	15,813,338.00	22,356,894
74 Housing Division	-	300,000.00	18,339,104.00	18,639,104
81 Director/Management Services	-	-	1,451,296.00	1,451,296
Grand Total	\$ 11,933,959.00	\$ 14,473,780.00	\$ 43,789,045.00	\$ 70,196,784

Funding for the agency continues to be predominately federal special revenue comprising 66.9 percent of the total funding. Funding increases from the prior biennium are primarily attributable to adjustments in federal grant programs.

General fund supports a number of administrative functions, federal administrative grant matches and grant programs in HB 2. The New Worker Training program in the business resources division represents 38.7 percent of total general fund for the agency.

State special revenue continues to support the recording of mico-business loans to qualifying businesses, private

contributions for Montana promotion, and mining impact grants and technical assistance to local governments.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,452,220	2,452,220	4,904,440	41.10%	20,977,320	20,977,320	41,954,640	59.77%
Statewide PL Adjustments	202,857	198,470	401,327	3.36%	336,174	297,906	634,080	0.90%
Other PL Adjustments	111,782	113,472	225,254	1.89%	10,742,900	7,856,065	18,598,965	26.50%
New Proposals	3,207,416	3,195,522	6,402,938	53.65%	5,760,664	3,248,435	9,009,099	12.83%
Total Budget	\$5,974,275	\$5,959,684	\$11,933,959		\$37,817,058	\$32,379,726	\$70,196,784	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a

Page Reference

Legislative Budget Analysis, A-261

Funding

This program is entirely funded with state special revenue. The state special revenue account is established by 90-3-1002 MCA and is statutorily appropriated to the Board of Research and Commercialization by 90-3-1003 MCA.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	25.16	25.16	29.16	29.16	25.16	29.16	4.00	15.90%
Personal Services	1,562,436	1,586,643	1,888,236	1,891,995	3,149,079	3,780,231	631,152	20.04%
Operating Expenses	1,219,100	3,489,432	3,611,174	3,593,882	4,708,532	7,205,056	2,496,524	53.02%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	2,632,421	4,124,259	8,414,596	5,914,381	6,756,680	14,328,977	7,572,297	112.07%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$5,413,957	\$9,200,334	\$13,914,006	\$11,400,258	\$14,614,291	\$25,314,264	\$10,699,973	73.22%
General Fund	2,008,230	2,084,153	4,980,362	4,965,501	4,092,383	9,945,863	5,853,480	143.03%
State Special	176,100	2,321,239	4,842,094	2,341,000	2,497,339	7,183,094	4,685,755	187.63%
Federal Special	3,229,627	4,794,942	4,091,550	4,093,757	8,024,569	8,185,307	160,738	2.00%
Total Funds	\$5,413,957	\$9,200,334	\$13,914,006	\$11,400,258	\$14,614,291	\$25,314,264	\$10,699,973	73.22%

Page Reference

Legislative Budget Analysis, A-264

Funding

Total funding for the 2011 biennium increases by 73.22 percent from the 2009 biennium led by a \$5.85 million increase in general fund. General fund supports a number of functions including technology research programs, workforce training grants, the Census and Economic Information Center, the Made in Montana program, regional development programs, the Tribal Economic Development program and international relations programs. Of the general fund increase, \$5.5 million is for funding one-time-only projects that were funded the same way in previous biennia, but not reflected in the base year.

State special revenue funding supports several projects including small business research, micro-business loan administration, the big sky trust program, and trade and international relations programs. Requested funding from state special revenue sources increases by \$4.67 million or 187.6 percent from the 2009 biennium, primarily due to the addition of \$2.0 million in funding for the recording of micro-business loans receivable made through the Small Business Development Center to certified micro-business development corporations and the addition of \$2.5 million for biomedical research grants.

Federal special revenue that primarily supports the WIRED and Community Development Block Grant programs, increases 2.0 percent from the 2009 to the 2011 biennium net of a reduction in CDBG funding and increases in both the Economic Development Authority revolving loan fund and federal funding for small business development centers.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,008,230	2,008,230	4,016,460	40.38%	5,413,957	5,413,957	10,827,914	42.77%
Statewide PL Adjustments	64,183	59,915	124,098	1.25%	150,708	146,146	296,854	1.17%
Other PL Adjustments	50,087	51,331	101,418	1.02%	3,004,068	3,006,838	6,010,906	23.75%
New Proposals	2,857,862	2,846,025	5,703,887	57.35%	5,345,273	2,833,317	8,178,590	32.31%
Total Budget	\$4,980,362	\$4,965,501	\$9,945,863		\$13,914,006	\$11,400,258	\$25,314,264	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					185,936	0.00				190,833
Vacancy Savings					(69,936)	0.00				(70,134)
Inflation/Deflation					2,323	0.00				2,936
Fixed Costs					32,385	0.00				22,511
Total Statewide Present Law Adjustments		\$64,183	\$100,692	(\$14,167)	\$150,708	0.00	\$59,915	\$99,212	(\$12,981)	\$146,146
					0	0.00				0
DP 5105 - BRD Administrative Costs Adjustments HB 2	0.00	50,110	2,067,782	27,654	2,145,546	0.00	51,357	2,068,197	28,765	2,148,319
DP 5106 - BRD Federal Grants Adjustment HB 2	0.00	0	0	858,545	858,545	0.00	0	0	858,545	858,545
DP 7101 - Fuel Inflation Reduction	0.00	(23)	0	0	(23)	0.00	(26)	0	0	(26)
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$50,087	\$2,067,782	\$886,199	\$3,004,068	0.00	\$51,331	\$2,068,197	\$887,310	\$3,006,838
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$114,270	\$2,168,474	\$872,032	\$3,154,776	0.00	\$111,246	\$2,167,409	\$874,329	\$3,152,984

DP 5105 - BRD Administrative Costs Adjustments HB 2 - The legislature approved operating adjustments for the Business Resources Division. Additional operating cost adjustments include travel, communications, rent, training costs, indirect costs, and software for reporting to the federal government in the Small Business Development Center (SBDC) bureau. In addition, the funding includes \$2.0 million state special revenue each year to record loans to certified Micro-business development corporations on the state accounting system. The total amount approved is \$2,145,546 in FY 2010 and \$2,148,319 in FY 2011.

DP 5106 - BRD Federal Grants Adjustment HB 2 - The legislature approved an appropriation for the Business Resources Division to match available grants of federal funds for the 2011 biennium.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 5190 - BRD New Worker Training -OTO	51	2.00	1,876,619	0	0	1,876,619	2.00	1,876,633	0	0	1,876,633
DP 5191 - BRD Tribal Economic Development - OTO	51	1.00	798,496	0	0	798,496	1.00	798,496	0	0	798,496
DP 6101 - HB 2 Fixed Cost Workers Comp Management Program	51	0.00	427	142	379	948	0.00	370	123	329	822
DP 6103 - Montana Main Street Program - OTO	51	1.00	125,000	0	0	125,000	1.00	125,000	0	0	125,000
DP 6104 - Made in Montana Program	51	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 6105 - 2 Percent Unspecified Reduction of General Fund	51	0.00	(54,421)	0	0	(54,421)	0.00	(54,421)	0	0	(54,421)
DP 6106 - 2010 Decennial Census- OTO	51	0.00	51,085	0	0	51,085	0.00	39,397	0	0	39,397
DP 6107 - Biomedical Research Grant	51	0.00	0	2,500,000	0	2,500,000	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%	51	0.00	(39,344)	(2,622)	(10,488)	(52,454)	0.00	(39,450)	(2,632)	(10,528)	(52,610)
Total	4.00	\$2,857,862	\$2,497,520	(\$10,109)	\$5,345,273	4.00	\$2,846,025	(\$2,509)	(\$10,199)	\$2,833,317	

DP 5190 - BRD New Worker Training -OTO - The legislature approved one time only funding for workforce training grants through the new worker training program from the Department of Commerce. Program funding appropriated is \$1,876,619 in FY 2010 and \$1,876,633 in FY 2011.

DP 5191 - BRD Tribal Economic Development - OTO - The legislature approved a one-time-only general fund appropriation of \$798,496 each year of the biennium to support tribal business development projects, workforce training projects, entrepreneurial training, feasibility studies, and other types of Tribal economic development activities and projects. Each tribal government is eligible to apply.

DP 6101 - HB 2 Fixed Cost Workers Comp Management Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6103 - Montana Main Street Program - OTO - The legislature approved funding to implement the Montana Main Street Program to help communities rejuvenate their downtown and historic districts. The one-time-only appropriation is general fund in the amount of \$125,000 each year.

DP 6104 - Made in Montana Program - The legislature approved a one-time-only appropriation in the amount of \$100,000 of general fund each year for the Made in Montana program to provide technical (business-to-business) marketing information and coaching to selected Montana businesses.

DP 6105 - 2 Percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 6106 - 2010 Decennial Census- OTO - The legislature approved a one-time-only general fund appropriation of \$51,085 in FY 2010 and \$39,397 in FY 2011 for the Census and Economic Information Center to continue its long standing commitment and partnership with the U.S. Census Bureau and take full responsibility for promoting the decennial census in Montana and coordinate with the Census Bureau, the 56 counties, and the 126 incorporated cities/towns and numerous organizations and educational institutions throughout the state in an effort to ensure an accurate population count for the state.

DP 6107 - Biomedical Research Grant - This item is for a one-time-only biennial \$2.5 million state special revenue appropriation for a grant to support innovative biomedical research in Montana. The grant would be used to expand, renovate, and purchase equipment for biomedical research and to expand infrastructure that will enhance the scientific collaborations between independent non-profit researchers and researchers in the Montana University System. Funds would be used to leverage additional private or federal funds.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

If Senate Bill 89 is not passed and approved, the appropriation for new worker training is void.

Business Resources Division includes unspecified reductions in general fund money of \$54,421 in fiscal year 2010 and \$54,421 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Operating Expenses	636,359	763,268	775,226	750,000	1,399,627	1,525,226	125,599	8.97%
Grants	0	0	0	0	0	0	0	n/a
Total Costs	\$636,359	\$763,268	\$775,226	\$750,000	\$1,399,627	\$1,525,226	\$125,599	8.97%
General Fund	0	0	0	0	0	0	0	n/a
State Special	636,359	763,268	775,226	750,000	1,399,627	1,525,226	125,599	8.97%
Total Funds	\$636,359	\$763,268	\$775,226	\$750,000	\$1,399,627	\$1,525,226	\$125,599	8.97%

Page Reference

Legislative Budget Analysis, A-271

Funding

The Montana Promotion Division is funded entirely by state special revenues. \$750,000 annually is from private contributions to joint private/state targeted advertising campaigns. The remaining funding is appropriated from a portion of the 4 percent Montana lodging facility use tax “remaining after statutory deductions” and these are presented in the first year of the biennium for legislative audit costs.

The portion of the division’s budget that is considered by the legislature in HB 2 is less than 5 percent of the division’s total budget for the 2011 biennium. The remaining \$31.38 million biennium budget is funded by the statutorily appropriated lodging facility use tax. The following brief description of how these funds are apportioned to the Montana Promotion Division is for informational purposes so that the division’s entire funding can be clearly understood.

Montana has a seven percent tax on lodging facilities in the state. The total tax is divided into two parts:

- o The 1987 Legislature enacted a 4 percent lodging facility use tax. This tax equals 4 percent of the rate charged on accommodations and is collected from customers of the facility upon payment. The tax can only be based on the fees charged for lodging and cannot include the costs for meals, transportation, entertainment, or any other similar charges. The revenues are distributed as discussed below.
- o The 2003 Legislature enacted a 3 percent lodging sales & use tax. This tax, imposed for the “privilege of using property or services within this state”, is equal to 3 percent of the rate charged on accommodations. All revenues are deposited to the general fund.

Pursuant to the statement of intent provided by the legislature when it enacted the 4 percent lodging facility use tax, all proceeds are to be dedicated to the promotion of Montana’s travel and tourism industries. Of the total collections, \$400,000 is allocated to the Montana heritage preservation and development account for the purpose of purchasing, restoring, and maintaining historically significant properties in Montana that are in need of preservation. Additionally, state funds are reimbursed for any lodging facility use tax paid by state employees while on official business, and the Department of Revenue is allowed to keep an amount based on costs of collecting and disbursing the proceeds from the tax (approximately 1 percent of collections). The remaining tax proceeds are statutorily allocated as follows:

- o 67.5 percent to the Department of Commerce for promotion and tourism
- o 22.5 percent to be distributed by the Department of Commerce to regional nonprofit tourism corporations as defined in 15-65-101(6), MCA
- o 6.5 percent to the Department of Fish, Wildlife, and Parks for maintenance of facilities in state parks that have both resident and nonresident use
- o 2.5 percent to the Commissioner of Higher Education for operation of the Institute for Tourism and Recreation Research at the University of Montana
- o 1 percent to the Montana Historical Society to be used for the installation or maintenance of roadside historical signs and historic sites

The 67.5 percent allocation from the statutory appropriation is used by the department to operate the Montana Promotion Division. The division uses this funding in addition to the state special revenue appropriated in HB 2 to promote the travel and tourism industry in Montana.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	636,359	636,359	1,272,718	83.44%
Statewide PL Adjustments	0	0	0	0.00%	18,899	(6,327)	12,572	0.82%
Other PL Adjustments	0	0	0	0.00%	119,968	119,968	239,936	15.73%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$775,226	\$750,000	\$1,525,226	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Fixed Costs					18,899					(6,327)
Total Statewide Present Law Adjustments		\$0	\$18,899	\$0	\$18,899		\$0	(\$6,327)	\$0	(\$6,327)
DP 5203 - MPD Private Funds & Audit Adjustments HB0002	0.00	0	119,968	0	119,968	0.00	0	119,968	0	119,968
Total Other Present Law Adjustments	0.00	\$0	\$119,968	\$0	\$119,968	0.00	\$0	\$119,968	\$0	\$119,968
Grand Total All Present Law Adjustments	0.00	\$0	\$138,867	\$0	\$138,867	0.00	\$0	\$113,641	\$0	\$113,641

DP 5203 - MPD Private Funds & Audit Adjustments HB0002 - The legislature approved an appropriation to adjust state special revenue spending authority to the same amount as the prior biennium for private matching funds.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	0.00	0.00	3.00	3.00	0.00	3.00	3.00	n/a
Personal Services	0	0	180,649	180,856	0	361,505	361,505	n/a
Operating Expenses	0	0	19,351	19,144	0	38,495	38,495	n/a
Total Costs	\$0	\$0	\$200,000	\$200,000	\$0	\$400,000	\$400,000	n/a
General Fund	0	0	200,000	200,000	0	400,000	400,000	n/a
Total Funds	\$0	\$0	\$200,000	\$200,000	\$0	\$400,000	\$400,000	n/a

Page Reference

Legislative Budget Analysis, A-275

Funding

This program is entirely funded from the general fund. This program has been and is currently funded with a one-time-only appropriation. As such the funding and expense information from the prior biennium has been removed.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	200,000	200,000	400,000	100.00%	200,000	200,000	400,000	100.00%
Total Budget	\$200,000	\$200,000	\$400,000		\$200,000	\$200,000	\$400,000	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

New Proposals

Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 5192 - EPDD Energy Division -Reauthorize OTO RST	55	3.00	200,000	0	0	200,000	3.00	200,000	0	0	200,000
Total	3.00	\$200,000	\$0	\$0	\$200,000	3.00	\$200,000	\$0	\$0	\$200,000	

DP 5192 - EPDD Energy Division -Reauthorize OTO RST - The legislature approved a one-time-only, restricted appropriation of \$200,000 general fund annually for the 2011 biennium to continue the operation of the division.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	15.00	15.00	16.00	16.00	15.00	16.00	1.00	6.67%
Personal Services	902,064	977,700	1,008,008	1,010,457	1,879,764	2,018,465	138,701	7.38%
Operating Expenses	371,226	528,133	581,756	575,483	899,359	1,157,239	257,880	28.67%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	6,969,025	7,858,100	11,090,595	8,090,595	14,827,125	19,181,190	4,354,065	29.37%
Total Costs	\$8,242,315	\$9,363,933	\$12,680,359	\$9,676,535	\$17,606,248	\$22,356,894	\$4,750,646	26.98%
General Fund	434,130	458,282	538,913	539,183	892,412	1,078,096	185,684	20.81%
State Special	1,629,025	2,671,485	4,232,562	1,232,898	4,300,510	5,465,460	1,164,950	27.09%
Federal Special	6,179,160	6,234,166	7,908,884	7,904,454	12,413,326	15,813,338	3,400,012	27.39%
Total Funds	\$8,242,315	\$9,363,933	\$12,680,359	\$9,676,535	\$17,606,248	\$22,356,894	\$4,750,646	26.98%

Page Reference

Legislative Budget Analysis, A-279

Funding

Funding for the program is a combination of general fund, state special revenue, and federal special revenue.

Federal special revenue is the program's largest funding component and includes federal Community Development Block Grant funds of over \$15.8 million. The CDBG funds support local economic development, public facilities projects, housing and neighborhood renewal, and grant proposal planning assistance.

State special revenue funding comprising 23.8 percent of the total funding is dominated by grant funding for TSEP projects and Coal Board programs that fund a variety of local governmental economic and quality of life initiatives. The Coal Board has experienced an unanticipated inflow of funds due to the recent increases in coal prices and production and is seeking additional authority to match the prior biennium funding based on a percentage of total funds available. The Coal Board account receives revenue from a 2.9 percent allocation from the coal severance tax and an allocation from oil and gas production taxes. The Treasure State Endowment Program is funded by interest earnings from the treasure state endowment fund, a sub-fund within the coal tax trust fund. Fifty percent of the coal severance taxes that go into the coal tax trust fund are to be transferred to the treasure state endowment fund for a 23-year period, which began in 1993

General fund comprises just under 5 percent of the total funding. Along with a component of state special revenue, the general fund supports the remaining administrative and operational costs of the program. The required state matching funds for the federal CDBG are provided by the general fund as well.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	434,130	434,130	868,260	80.54%	8,242,315	8,242,315	16,484,630	73.73%
Statewide PL Adjustments	73,676	73,536	147,212	13.65%	70,431	65,079	135,510	0.61%
Other PL Adjustments	43,027	43,475	86,502	8.02%	4,302,752	1,304,441	5,607,193	25.08%
New Proposals	(11,920)	(11,958)	(23,878)	(2.21%)	64,861	64,700	129,561	0.58%
Total Budget	\$538,913	\$539,183	\$1,078,096		\$12,680,359	\$9,676,535	\$22,356,894	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					89,295					91,935
Vacancy Savings					(39,653)					(39,763)
Inflation/Deflation					2,085					2,726
Fixed Costs					18,704					10,181
Total Statewide Present Law Adjustments		\$73,676	\$24,583	(\$27,828)	\$70,431		\$73,536	\$24,040	(\$32,497)	\$65,079
DP 6002 - CDD Administrative Costs Adjustments HB 2	0.00	43,027	2,499,859	18,701	2,561,587	0.00	43,475	(499,155)	18,956	(436,724)
DP 6003 - CDD CDBG Federal Grants Adjustment HB 2	0.00	0	0	1,741,165	1,741,165	0.00	0	0	1,741,165	1,741,165
Total Other Present Law Adjustments	0.00	\$43,027	\$2,499,859	\$1,759,866	\$4,302,752	0.00	\$43,475	(\$499,155)	\$1,760,121	\$1,304,441
Grand Total All Present Law Adjustments	0.00	\$116,703	\$2,524,442	\$1,732,038	\$4,373,183	0.00	\$117,011	(\$475,115)	\$1,727,624	\$1,369,520

DP 6002 - CDD Administrative Costs Adjustments HB 2 - The legislature approved funding for per diem for the Hard Rock Mining Impact Board and Coal Board and the maintenance of a reserve account that is set forth in statute for the Hard Rock Mining Impact Board. Additional costs of the decision package include a rent adjustment, local impact grants for the Coal Board, and authority to disperse funds to the counties from the hard-rock mining impact trust account.

DP 6003 - CDD CDBG Federal Grants Adjustment HB 2 - The legislature approved an appropriation to adjust for federal grants received by the Community Development Division for the Community Development Block Grant (CDBG) program for estimated federal authority in the 2011 biennium.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6001 - CDD TSEP Engineer HB 2 60	1.00	0	94,000	0	94,000	1.00	0	94,000	0	94,000
DP 6101 - HB 2 Fixed Cost Workers Comp Management Program 60	0.00	181	324	98	603	0.00	157	281	85	523
DP 8101 - Increasing 4% Vacancy Savings to 7% 60	0.00	(12,101)	(15,229)	(2,412)	(29,742)	0.00	(12,115)	(15,293)	(2,415)	(29,823)
Total	1.00	(\$11,920)	\$79,095	(\$2,314)	\$64,861	1.00	(\$11,958)	\$78,988	(\$2,330)	\$64,700

DP 6001 - CDD TSEP Engineer HB 2 - The legislature approved funding for 1.00 FTE and \$94,000 state special revenue each year of the biennium for an in-house engineer and related operating expenses for the Treasure State Endowment Program.

DP 6101 - HB 2 Fixed Cost Workers Comp Management Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

The department is appropriated up to \$800,000 for the 2011 biennium from the state special revenue account established in 90-6-304, MCA for the purposes of disbursing hard rock mining impact funds to the impacted counties per 90-6-331, MCA, if revenue exceeds the appropriated amount in HB 2. Should House Bill 194 be passed and adopted by the 2009 legislature in a form that creates a statutory appropriation for the purpose stated herein, this language appropriation is voided.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a

Page Reference

Legislative Budget Analysis, A-284

Funding

The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided, nor are the rates approved in HB 2.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Proprietary Program Description

The Facility Finance Authority issues bonds and then uses the proceeds of those bonds to provide debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. Customers include health care and related facilities, entities serving persons with development and/or mental disabilities, and prerelease/methamphetamine treatment centers.

There has not been any significant program, service, or customer base change since the last session.

Proprietary Revenues and Expenses

Revenue Description:

The Facility Finance Authority is funded entirely by proprietary funds (enterprise accounting entities 06012 and 06015) with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided in HB 2.

The authority application and annual administrative fee assessments are contingent upon its business volume. Customer volume is assumed to be at the current level throughout the 2011 biennium.

Expense Description:

The major cost drivers within the Facilities Finance Authority are personal services, operating expenses, grants, and expenditures related to the periodic replacement of computer equipment. Base year program costs were allocated primarily to:

- o Personal Services (\$153,131) supported costs for 3.0 FTE
- o Operating Expenses (\$184,079) made up of assorted administrative expenses
- o Grants (\$38,396) for special projects

There is little uncertainty in forecasting future costs of major cost drivers, unless the authority were to become involved in litigation related to the issuance and maintenance of bonds.

For the purposes of this analysis, it is assumed the authority's ongoing work and customer levels remain constant. Non-typical and one time only expenses, if any, are subtracted from any proposed budgets. Personal services expenditures fund 3.00 FTE and board member per diem.

Present Law

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7101 – Overtime, Per Diem, Travel and Administrative Costs

The executive requests overtime, per diem, travel, administrative costs in the amount of \$36,600 in FY 2010 and \$37,014 in FY 2011 in Facility Finance Authority Program. The funding source for the request is a proprietary fund.

New Proposals

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

Working Capital Discussion:

The 60 day Working Capital Calculation is not applicable to the authority because national bond rating agencies, national bond insurers, and institutional investors expect the authority to reserve two years operating capital (approximately \$907,194) to assure that the authority can financially operate between legislative sessions.

Fund Equity and Reserved Fund Balance:

The total fund equity requirement for the 2011 biennium (\$13,805,340) is derived from the following Authority Program Reserve mandates:

- A. Biennium Working Capital Reserve: \$900,334
- B. Capital Reserve Account (Loan Loss Reserve): \$11,778,034
- C. Facility Direct Loan Program Reserve: \$1,126,972

Rate Explanation:

The Facilities Finance Authority is funded by an enterprise fund (accounting entities 06012 and 06015) and authority customers are outside of state government. The fee structure that is proposed does not materially vary from that proposed in the last session.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.50	6.50	5.50	5.50	6.50	5.50	(1.00)	(15.38%)
Personal Services	290,620	347,001	298,798	300,789	637,621	599,587	(38,034)	(5.96%)
Operating Expenses	299,904	537,214	361,301	356,872	837,118	718,173	(118,945)	(14.21%)
Equipment & Intangible Assets	97,650	0	97,650	97,650	97,650	195,300	97,650	100.00%
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	5,270,867	5,640,847	8,509,070	8,616,974	10,911,714	17,126,044	6,214,330	56.95%
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$5,959,041	\$6,525,062	\$9,266,819	\$9,372,285	\$12,484,103	\$18,639,104	\$6,155,001	49.30%
General Fund	9,860	50,407	0	0	60,267	0	(60,267)	(100.00%)
State Special	661	354,225	150,000	150,000	354,886	300,000	(54,886)	(15.47%)
Federal Special	5,948,520	6,120,430	9,116,819	9,222,285	12,068,950	18,339,104	6,270,154	51.95%
Total Funds	\$5,959,041	\$6,525,062	\$9,266,819	\$9,372,285	\$12,484,103	\$18,639,104	\$6,155,001	49.30%

Page Reference

Legislative Budget Analysis, A-289

Funding

The programs funded through HB 2 within the Housing Division are the Housing and Urban Development HOME Investment Partnerships program and Montana's Manufactured Home Replacement program. The HUD HOME program is 100 percent federally funded. Federal funds comprise 93.9 percent of the HB 2 funding for the Housing Division.

The legislature approved a decision package to remove 1.0 FTE and related operating costs from the Montana Manufactured Home Replacement program. This was the only FTE funded directly through the program. The program has on-going functions that will be maintained through existing bureaus. Remaining functions are funded through a non-budgeted enterprise account and therefore are not appropriated in HB2

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	9,860	9,860	19,720	0.00%	5,959,041	5,959,041	11,918,082	63.94%
Statewide PL Adjustments	64,998	65,019	130,017	0.00%	96,136	93,008	189,144	1.01%
Other PL Adjustments	18,668	18,666	37,334	0.00%	3,316,112	3,424,818	6,740,930	36.17%
New Proposals	(93,526)	(93,545)	(187,071)	0.00%	(104,470)	(104,582)	(209,052)	(1.12%)
Total Budget	\$0	\$0	\$0		\$9,266,819	\$9,372,285	\$18,639,104	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					101,936					104,100
Vacancy Savings					(15,702)					(15,789)
Inflation/Deflation					367					426
Fixed Costs					9,535					4,271
Total Statewide Present Law Adjustments		\$64,998	\$149,339	(\$118,201)	\$96,136		\$65,019	\$149,339	(\$121,350)	\$93,008
DP 7405 - HD Administrative Costs Adjustments HB0002	0.00	18,668	0	59,241	77,909	0.00	18,666	0	60,045	78,711
DP 7406 - HD Federal Grants Adjustment HB0002	0.00	0	0	3,238,203	3,238,203	0.00	0	0	3,346,107	3,346,107
Total Other Present Law Adjustments	0.00	\$18,668	\$0	\$3,297,444	\$3,316,112	0.00	\$18,666	\$0	\$3,406,152	\$3,424,818
Grand Total All Present Law Adjustments	0.00	\$83,666	\$149,339	\$3,179,243	\$3,412,248	0.00	\$83,685	\$149,339	\$3,284,802	\$3,517,826

DP 7405 - HD Administrative Costs Adjustments HB0002 - The legislature approved funding to annualize the cost of the mobile home renovation program and adjust other fixed costs such rent and indirect costs to the program.

DP 7406 - HD Federal Grants Adjustment HB0002 - The legislature approved funding to adjust normal ongoing federal appropriations for grants received by the Housing Division to match available federal funds for the 2011 biennium.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - HB 2 Fixed Cost Workers Comp Management Program	74	0.00	0	0	245	245	0.00	0	0	212	212
DP 7410 - Eliminate Manufactured Home Base Position	74	(1.00)	(92,938)	0	0	(92,938)	(1.00)	(92,952)	0	0	(92,952)
DP 8101 - Increasing 4% Vacancy Savings to 7%	74	0.00	(588)	0	(11,189)	(11,777)	0.00	(593)	0	(11,249)	(11,842)
Total	(1.00)	(\$93,526)	\$0	(\$10,944)	(\$104,470)	(1.00)	(\$93,545)	\$0	(\$11,037)	(\$104,582)	

DP 6101 - HB 2 Fixed Cost Workers Comp Management Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 7410 - Eliminate Manufactured Home Base Position - The legislature approved the removal of the Manufactured Home Position (1.0 FTE) and related costs from the base.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a

Page Reference

Legislative Budget Analysis, A-302

Funding

The investment programs that are operated with an internal services type proprietary fund have a rate that is approved by the legislature in HB 2. Revenues for this fund are generated from charges to each account that the board invests. The rate is intended to allow for the fair assessment of costs of operations while maintaining a 60 day working capital reserve.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$0	\$0	\$0	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Proprietary Program Description

The Board of Investments operates an internal service fund for the Investment Program with rates approved by the legislature under House Bill 2. Nearly all Investment Program revenues are generated from charges to each account that the Board invests. The revenue objective of the Investment Program is to fairly assess the costs of operations while maintaining a reasonable and prudent 60 day working capital reserve.

Unified Investment Program

The Board of Investments manages the Unified Investment Program mandated by Article VIII, Section 13 of the Montana Constitution. Statute, 2-15-1808, MCA, created the board of Investments and 17-6-201, MCA, gave the board sole authority to invest state funds. The board also invests local government funds at their discretion. The board manages the portfolio under the "prudent expert principle."

To provide for diversification and reduced risk, the board manages several investment pools in which funds of similar types are invested. The Legislative Auditor audits the Board annually. The board consists of nine members appointed by the Governor. The board also has two non-voting legislative liaisons, from different political parties, one appointed by the President of the Senate and one appointed by the Speaker of the House.

In-State Investments

Statute, 17-6-305, MCA, authorizes the board to invest 25 percent of the Permanent Coal Tax Trust Fund (trust fund) to assist Montana's economic development. This "In-State Investment Program" makes business loans from the trust fund in participation with financial institutions. The Board lends trust fund monies to local governments to fund infrastructure that will serve job-creating businesses located in the government's jurisdiction. The board also lends low-interest monies funded from the trust fund to value-added type businesses creating jobs. Throughout FY 2008, the board purchased Montana residential mortgages with pension funds as part of the In-State Investment Program.

Present Law Adjustments

PL 7501 Fixed Income Analytics System – The Board of Investments manages a \$4.5 billion fixed income portfolio that includes all the state's major trusts, pensions, and the State Fund. The Board has never had access to a fixed-income analytics system that permits a drill down to the security level to provide the type of information needed to assist in managing the portfolios. The Board has hired a new fixed income portfolio manager and subscribed to an analytical system in the fall of 2008. This annualized cost adjustment builds the 2011 biennium budget.

PL 7502 Administrative Cost Adjustments – Funding is for administrative cost adjustments including overtime, per diem, rent, and subscriptions for a total proprietary funding of \$176,835 in FY 2010 and \$202,706 in FY 2011

New Proposals

P 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

Proprietary Rate Explanation

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting an estimated maximum level of expenditures and setting the rate as a lump sum at that level.

Please refer to section R for a complete listing of the rates approved by the legislature.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Grants	725,648	725,646	725,648	725,648	1,451,294	1,451,296	2	0.00%
Total Costs	\$725,648	\$725,646	\$725,648	\$725,648	\$1,451,294	\$1,451,296	\$2	0.00%
Federal Special	725,648	725,646	725,648	725,648	1,451,294	1,451,296	2	0.00%
Total Funds	\$725,648	\$725,646	\$725,648	\$725,648	\$1,451,294	\$1,451,296	\$2	0.00%

Page Reference

Legislative Budget Analysis, A-308

Funding

The Council on Developmental Disabilities is entirely funded with federal special revenues. The Director's Office/Management Services Division is funded by an internal service proprietary fund from indirect costs charged to all agency programs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	725,648	725,648	1,451,296	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$725,648	\$725,648	\$1,451,296	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Proprietary Rates

Proprietary Program Description

The Director's Office provides overall leadership, communication, and management support to the Department of Commerce staff, programs, bureaus, divisions, and administratively attached boards. The office provides executive, administrative, legal, and policy direction along with offering problem-solving guidance. The office keeps abreast of department related issues and acts in a public relations and informational capacity. The office acts as the liaison with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, other governmental agencies, and the Governor's Office.

The Management Services Division (MSD) provides internal support to Department of Commerce staff, programs, bureaus, divisions, and administratively attached boards. Services provided by the Management Services Division include budgeting, accounting, fiscal management, internal controls, contracting, purchasing, asset management, information technology, human resources, payroll, benefits, training, and assistance with the implementation of and compliance with policies, rules, regulations and statutes.

Funding

The Director's Office/Management Services Division is funded by an internal service proprietary fund from indirect costs charged to all agency programs. This indirect charge is calculated by applying the legislatively approved rate to the actual personal services expenditures of each program.

The following decision packages were approved by the legislature as a component of the approved rate.

Present Law Adjustments

DP 0801 MSD Software and Software Maintenance – The Management Services Division operates a number of software packages and web site specific program that require regular upgrades and revisions. This adjustment adds additional funds for web site audits and software maintenance.

DP 0804 MSD Administrative Costs Adjustments – The legislature approved adjustments for overtime that is not included in the base year and for increased rent costs for the 2011 biennium.

DP 8105 Correction of Error – This adjustment corrects a posting error to the wrong subclass. The base year expenditure was one-time-only and therefore needs to be removed from the base.

Proprietary Rates

The division calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs. This rate is then applied against actual federally funded personal services expenditures within the department, not including the Director's Office/ Management Services Division.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the division under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

The division's indirect cost rate is determined based on guidelines prescribed by the federal government. Additionally, the division complies with 17-3-111, MCA, which requires agencies to calculate a rate that would recover indirect costs to the greatest extent possible. In order to comply with this statute, the division has requested a rate that may vary slightly from the annually calculated federal rate. The rate approved by the legislature is considered a cap; therefore, the division cannot impose a rate higher than what has been approved by the legislature. However, the annually calculated federal rate may be slightly lower.

Please refer to section R for a complete listing of approved rates.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	730.08	730.08	755.08	755.08	730.08	755.08	25.00	3.42%
Personal Services	37,295,537	43,870,969	40,506,676	40,643,053	81,166,506	81,149,729	(16,777)	(0.02%)
Operating Expenses	17,451,034	22,742,465	22,681,423	21,538,107	40,193,499	44,219,530	4,026,031	10.02%
Equipment & Intangible Assets	437,097	561,339	444,032	437,032	998,436	881,064	(117,372)	(11.76%)
Capital Outlay	0	0	163,700	0	0	163,700	163,700	n/a
Grants	8,087,502	11,392,270	8,087,502	8,087,502	19,479,772	16,175,004	(3,304,768)	(16.97%)
Benefits & Claims	126,085	156,586	126,085	126,085	282,671	252,170	(30,501)	(10.79%)
Transfers	1,011,753	618,381	633,556	636,083	1,630,134	1,269,639	(360,495)	(22.11%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	\$64,412,783	\$79,345,785	\$72,646,749	\$71,471,637	\$143,758,568	\$144,118,386	\$359,818	0.25%
General Fund	2,235,593	2,134,687	2,581,573	2,583,522	4,370,280	5,165,095	794,815	18.19%
State Special	33,593,817	36,684,078	38,639,181	37,768,710	70,277,895	76,407,891	6,129,996	8.72%
Federal Special	28,535,931	34,251,539	31,335,625	31,029,179	62,787,470	62,364,804	(422,666)	(0.67%)
Other	47,442	6,275,481	90,370	90,226	6,322,923	180,596	(6,142,327)	(97.14%)
Total Funds	\$64,412,783	\$79,345,785	\$72,646,749	\$71,471,637	\$143,758,568	\$144,118,386	\$359,818	0.25%

Page Reference

Legislative Budget Analysis, A-313

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	730.08	770.08	755.08	(15.00)	770.08	755.08	(15.00)	
Personal Services	37,295,537	41,453,973	40,506,676	(947,297)	41,587,278	40,643,053	(944,225)	(1,891,522)
Operating Expenses	17,451,034	20,891,424	22,681,423	1,789,999	20,817,763	21,538,107	720,344	2,510,343
Equipment & Intangible Assets	437,097	481,038	444,032	(37,006)	474,038	437,032	(37,006)	(74,012)
Capital Outlay	0	163,700	163,700	0	0	0	0	0
Grants	8,087,502	8,087,502	8,087,502	0	8,087,502	8,087,502	0	0
Benefits & Claims	126,085	126,085	126,085	0	126,085	126,085	0	0
Transfers	1,011,753	633,556	633,556	0	636,083	636,083	0	0
Debt Service	3,775	3,775	3,775	0	3,775	3,775	0	0
Total Costs	\$64,412,783	\$71,841,053	\$72,646,749	\$805,696	\$71,732,524	\$71,471,637	(\$260,887)	\$544,809
General Fund	2,235,593	2,628,206	2,581,573	(46,633)	2,630,155	2,583,522	(46,633)	(93,266)
State/Other Special	33,593,817	37,914,846	38,639,181	724,335	38,088,086	37,768,710	(319,376)	404,959
Federal Special	28,535,931	31,210,211	31,335,625	125,414	30,926,446	31,029,179	102,733	228,147
Proprietary	47,442	87,790	90,370	2,580	87,837	90,226	2,389	4,969
Total Funds	\$64,412,783	\$71,841,053	\$72,646,749	\$805,696	\$71,732,524	\$71,471,637	(\$260,887)	\$544,809

The legislatively approved budget represents a 0.4 percent increase from the executive proposal and is primarily due to the addition of \$1.0 million state special revenue for the initial program development of WorkSafeMT. The reduction of 15.00 FTE from the executive budget is a result of an agency proposal to create the Office of Information Technology, a proprietary program that moved 13.00 FTE out of HB 2 and the non-approval of a decision package adding 2.00 FTE in the Business Standards Division. A number of proposals moving FTE between HB 2 and proprietary programs resulted in decreased personal services and increased operating expenses in comparison to the executive budget.

Agency Highlights

Department of Labor and Industry Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The legislature approved a 18.2 percent increase in general fund in the 2011 biennium from the 2009 biennium for statewide present law adjustments, general operating increases in several divisions, and community college student growth account funding. ◆ \$800,000 in funding is approved for expansion of programs within the Workforce Services Division, including incumbent worker training. ◆ A Funding switch moves 33.00 FTE and associated costs to a HB 2 funded program from proprietary funded program ◆ Funding was approved for the WorkSafeMT safety initiative including the addition of 3.00 FTE ◆ A one-time-only \$1,000,000 biennial appropriation was provided to WorkSafeMT in addition to on-going funding for initial program development ◆ The legislature approved the creation of the Office of Information Technology, a proprietary program incorporating 13.00 FTE previously budgeted in HB 2 ◆ An unspecified reduction of \$93,266 general fund was approved by the legislature 	

Agency Discussion

The legislatively approved budget slightly increases total expenditures by the agency when compared to the prior biennium, due primarily to the operational changes approved by the legislature in proprietary programs. The total increase of 25.0 FTE include a net change of 20.0 FTE resulting from proposals to move 33.00 FTE to HB 2 from a Business Standards Division proprietary funded program and to move 13.00 FTE from HB 2 to the Office of Information Technology, a newly approved proprietary program within the Central Services Division. The net impact of these proposals is negligible because it represents a funding switch rather than a funding increase. Three of the remaining 5.0 FTE were approved as a result of the WorkSafeMT proposal, an outreach program targeted to employers to decrease work place injury occurrence with the goal of reducing workers' compensation rates. 1.00 FTE was approved for the Business Services Division for an IT support specialist and 1.00 FTE to the Workers' Compensation Court for an additional clerical clerk.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Work Force Services Division	\$ 2,024,764	\$ 16,378,598	\$ 37,017,894	\$ -	\$ 55,421,256	38.46%
02 Unemployment Insurance Divisio	-	7,345,427	17,363,295	-	24,708,722	17.14%
03 Commissioner'S Office/Csd	517,575	1,535,156	1,144,175	180,596	3,377,502	2.34%
04 Employment Relations Division	2,377,804	20,979,861	1,311,750	-	24,669,415	17.12%
05 Business Standards Division	-	28,772,693	-	-	28,772,693	19.96%
07 Office Of Community Services	244,952	78,802	5,527,690	-	5,851,444	4.06%
09 Workers Compensation Court	-	1,317,354	-	-	1,317,354	0.91%
Grand Total	\$ 5,165,095	\$ 76,407,891	\$ 62,364,804	\$ 180,596	\$ 144,118,386	100.00%

The Department of Labor and Industry is supported by general fund, state special revenue, federal special revenue, and proprietary funds. General fund comprises approximately 3.7 percent of the total funding for the agency and supports

Workforce Services Division oversight operations and research and analysis; Unemployment Insurance Division Legal and Hearing Bureaus; the Human Rights Board in its entirety; administrative functions within the Employment Relations Division for worker's compensation regulation, Management Services, and Occupational Safety Bureaus; and the administration of community service grants. A large percentage of the federal funding is in the form of grants for workforce training and unemployment insurance benefit administration. The largest state special revenue source is unemployment insurance tax revenues. Internal service proprietary funds have root sources of funding that may include general fund, state special revenue, or federal special revenue. The net increase in both general fund and state special revenue fund is primarily attributable to funding switches and changes in proprietary programs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,235,593	2,235,593	4,471,186	86.57%	64,412,783	64,412,783	128,825,566	89.39%
Statewide PL Adjustments	111,240	116,162	227,402	4.40%	3,408,202	3,568,479	6,976,681	4.84%
Other PL Adjustments	64,710	61,898	126,608	2.45%	1,762,695	1,703,713	3,466,408	2.41%
New Proposals	170,030	169,869	339,899	6.58%	3,063,069	1,786,662	4,849,731	3.37%
Total Budget	\$2,581,573	\$2,583,522	\$5,165,095		\$72,646,749	\$71,471,637	\$144,118,386	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	302.95	302.95	294.95	294.95	302.95	294.95	(8.00)	(2.64%)
Personal Services	13,310,138	16,234,237	15,348,055	15,406,643	29,544,375	30,754,698	1,210,323	4.10%
Operating Expenses	4,454,878	4,381,999	6,252,381	6,188,085	8,836,877	12,440,466	3,603,589	40.78%
Equipment & Intangible Assets	21,288	73,398	21,288	21,288	94,686	42,576	(52,110)	(55.03%)
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	5,919,834	9,011,239	5,919,834	5,919,834	14,931,073	11,839,668	(3,091,405)	(20.70%)
Transfers	171,924	170,036	171,924	171,924	341,960	343,848	1,888	0.55%
Total Costs	\$23,878,062	\$29,870,909	\$27,713,482	\$27,707,774	\$53,748,971	\$55,421,256	\$1,672,285	3.11%
General Fund	738,774	754,207	1,012,193	1,012,571	1,492,981	2,024,764	531,783	35.62%
State Special	8,251,698	8,547,512	8,188,740	8,189,858	16,799,210	16,378,598	(420,612)	(2.50%)
Federal Special	14,887,590	20,569,190	18,512,549	18,505,345	35,456,780	37,017,894	1,561,114	4.40%
Total Funds	\$23,878,062	\$29,870,909	\$27,713,482	\$27,707,774	\$53,748,971	\$55,421,256	\$1,672,285	3.11%

Page Reference

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Funding

The Workforce Services Division is funded through the general fund, state special revenue, and federal special revenue. General fund increases by 35.6 percent due to the additional funds for the 21st century worker program, statewide present law adjustments and a general operating increase. The legislature approved an unspecified reduction in general fund for the agency that has been applied to the Workforce Services Division, but the legislature has provided the agency the ability to distribute the reductions among programs when implementing the 2011 biennium budget. State special revenue is funded primarily from the administrative portion of the unemployment insurance tax (employment security account). Federal special revenue is comprised mainly of workforce training grants

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	738,774	738,774	1,477,548	72.97%	23,878,062	23,878,062	47,756,124	86.17%
Statewide PL Adjustments	44,540	45,794	90,334	4.46%	2,991,093	3,057,777	6,048,870	10.91%
Other PL Adjustments	16,471	15,642	32,113	1.59%	685,052	663,023	1,348,075	2.43%
New Proposals	212,408	212,361	424,769	20.98%	159,275	108,912	268,187	0.48%
Total Budget	\$1,012,193	\$1,012,571	\$2,024,764		\$27,713,482	\$27,707,774	\$55,421,256	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,558,186					3,623,185
Vacancy Savings					(674,755)					(677,347)
Inflation/Deflation					42,927					47,159
Fixed Costs					64,735					64,780
Total Statewide Present Law Adjustments		\$44,540	(\$422,902)	\$3,369,455	\$2,991,093		\$45,794	(\$400,587)	\$3,412,570	\$3,057,777
DP 101 - WSD General Operating Increase	0.00	16,478	217,387	451,565	685,430	0.00	15,650	213,321	434,486	663,457
DP 7101 - Fuel Inflation Reduction	0.00	(7)	(118)	(253)	(378)	0.00	(8)	(136)	(290)	(434)
Total Other Present Law Adjustments	0.00	\$16,471	\$217,269	\$451,312	\$685,052	0.00	\$15,642	\$213,185	\$434,196	\$663,023
Grand Total All Present Law Adjustments	0.00	\$61,011	(\$205,633)	\$3,820,767	\$3,676,145	0.00	\$61,436	(\$187,402)	\$3,846,766	\$3,720,800

DP 101 - WSD General Operating Increase - The legislature approved an appropriation of \$685,430 in FY 2010 and \$663,457 in FY 2011 which includes base adjustments in overtime, per diem, and operating cost increases for the Workforce Services Division.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 102 - 21st Century Workforce	01	0.00	275,000	400,000	0	675,000	0.00	275,000	400,000	0	675,000
DP 110 - Move of FTE to new Office of Information Tech	01	(8.00)	0	(237,248)	(422,928)	(660,176)	(8.00)	0	(237,816)	(424,243)	(662,059)
DP 115 - Net Change in Indirect Cost Allocation for OIT	01	0.00	0	264,908	432,256	697,164	0.00	0	249,480	401,140	650,620
DP 117 - General fund budget reduction	01	0.00	(46,633)	0	0	(46,633)	0.00	(46,633)	0	0	(46,633)
DP 8101 - Increasing 4% Vacancy Savings to 7%	01	0.00	(15,959)	(284,985)	(205,136)	(506,080)	0.00	(16,006)	(286,102)	(205,908)	(508,016)
Total		(8.00)	\$212,408	\$142,675	(\$195,808)	\$159,275	(8.00)	\$212,361	\$125,562	(\$229,011)	\$108,912

DP 102 - 21st Century Workforce - The legislature approved an appropriation of \$400,000 state special revenue funds each year of the biennium for the consolidation of workforce technology infrastructure and moves the Jobs for Montana Graduates program, the Apprenticeship and Training program, the WIRED program, and the Statewide Workforce Investment Board (SWIB) into the 21st Century Workforce Technology, Apprenticeship and Training Bureau. An additional \$275,000 restricted annual general fund has been approved for the Community College Student Growth account.

DP 110 - Move of FTE to new Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 115 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$697,164 in FY 2010 and \$650,620 in FY 2011 for indirect costs. The net amount is a result of the addition of \$956,864 in FY 2010 and \$958,929 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$259,700 in FY 2010 and \$308,309 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.00 proprietary funded FTE and associated operating costs from CSD and 13.00 HB 2 funded FTE and associated operating costs into a single proprietary funded program, the Office of Information Technology.

DP 117 - General fund budget reduction - The legislature approved the reduction of \$46,633 in FY 2010 and \$46,633 in FY 2011 general fund monies in order to achieve structural balance in the general fund.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

Item 1 includes unspecified reductions in general fund money of \$183,161 in FY 2010 and \$183,161 in FY 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	155.00	155.00	153.00	153.00	155.00	153.00	(2.00)	(1.29%)
Personal Services	7,444,367	8,058,328	7,703,432	7,725,979	15,502,695	15,429,411	(73,284)	(0.47%)
Operating Expenses	3,360,896	4,598,157	4,383,215	4,349,603	7,959,053	8,732,818	773,765	9.72%
Equipment & Intangible Assets	0	6,400	0	0	6,400	0	(6,400)	(100.00%)
Capital Outlay	0	0	163,700	0	0	163,700	163,700	n/a
Transfers	564,555	188,345	186,358	188,885	752,900	375,243	(377,657)	(50.16%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	\$11,373,593	\$12,855,005	\$12,440,480	\$12,268,242	\$24,228,598	\$24,708,722	\$480,124	1.98%
State Special	1,623,269	3,041,210	3,608,758	3,736,669	4,664,479	7,345,427	2,680,948	57.48%
Federal Special	9,750,324	9,813,795	8,831,722	8,531,573	19,564,119	17,363,295	(2,200,824)	(11.25%)
Total Funds	\$11,373,593	\$12,855,005	\$12,440,480	\$12,268,242	\$24,228,598	\$24,708,722	\$480,124	1.98%

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Funding

The Unemployment Insurance Division is funded through state special revenue derived from employment taxes, federal special revenue in the form of administrative grants and proprietary service funds. Because the proprietary funds do not require an appropriation, they are not typically included in HB 2 tables.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	11,373,593	11,373,593	22,747,186	92.06%
Statewide PL Adjustments	0	0	0	0.00%	759,165	784,913	1,544,078	6.25%
Other PL Adjustments	0	0	0	0.00%	230,039	219,375	449,414	1.82%
New Proposals	0	0	0	0.00%	77,683	(109,639)	(31,956)	(0.13%)
Total Budget	\$0	\$0	\$0		\$12,440,480	\$12,268,242	\$24,708,722	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					946,575					970,918
Vacancy Savings					(335,634)					(336,600)
Inflation/Deflation					14,009					14,540
Fixed Costs					134,215					136,055
Total Statewide Present Law Adjustments		\$0	\$322,849	\$436,316	\$759,165		\$0	\$322,849	\$462,064	\$784,913
DP 201 - UI General Operating Increase	0.00	0	57,520	172,563	230,083	0.00	0	54,856	164,569	219,425
DP 7101 - Fuel Inflation Reduction	0.00	0	(7)	(37)	(44)	0.00	0	(8)	(42)	(50)
Total Other Present Law Adjustments	0.00	\$0	\$57,513	\$172,526	\$230,039	0.00	\$0	\$54,848	\$164,527	\$219,375
Grand Total All Present Law Adjustments	0.00	\$0	\$380,362	\$608,842	\$989,204	0.00	\$0	\$377,697	\$626,591	\$1,004,288

DP 201 - UI General Operating Increase - The legislature approved \$230,083 in FY 2010 and \$219,425 in FY 2011 state and federal special revenue funding for base adjustments in overtime, per diem, and operating costs.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 203 - UI Funding Switch										
02	0.00	0	1,400,000	(1,400,000)	0	0.00	0	1,700,000	(1,700,000)	0
DP 204 - UI Parking & Building Repair Bien - OTO										
02	0.00	0	163,700	0	163,700	0.00	0	0	0	0
DP 210 - Move of FTE to Office of Information tech										
02	(2.00)	0	(40,808)	(122,422)	(163,230)	(2.00)	0	(40,834)	(122,502)	(163,336)
DP 215 - Net Change in Indirect Cost Allocation for OIT										
02	0.00	0	82,235	246,704	328,939	0.00	0	76,537	229,610	306,147
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	0	0	(251,726)	(251,726)	0.00	0	0	(252,450)	(252,450)
Total	(2.00)	\$0	\$1,605,127	(\$1,527,444)	\$77,683	(2.00)	\$0	\$1,735,703	(\$1,845,342)	(\$109,639)

DP 203 - UI Funding Switch - The legislature has approved appropriation of \$1.4 million in FY 2010 and \$1.7 million in FY 2011 state special revenue funding in place of federal special revenue funding to annualize the funding switch completed in the 2009 biennium.

DP 204 - UI Parking & Building Repair Bien - OTO - The legislature approved a biennial, one-time-only appropriation of \$163,700 state special funds to use proceeds from the sale of a parking lot and to additional funds to develop an unpaved lot and to resurface the lot directly in front of the building. In addition, this will allow the department to replace the carpet within the building.

DP 210 - Move of FTE to Office of Information tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions into the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 215 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$328,939 in FY 2010 and \$306,147 in FY 2011 for indirect costs. The net amount is a result of the addition of \$464,762 in FY 2010 and \$465,766 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to the Central Services Division of \$135,823 in FY 2010 and \$159,619 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.00 proprietary funded FTE and associated operating costs from CSD and 13.00 HB 2 funded FTE and associated operating costs into a single proprietary funded program, the Office of Information Technology.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,044,380	3,075,221	1,231,184	1,235,123	4,119,601	2,466,307	(1,653,294)	(40.13%)
Operating Expenses	336,425	1,425,611	457,618	453,577	1,762,036	911,195	(850,841)	(48.29%)
Equipment & Intangible Assets	0	7,205	0	0	7,205	0	(7,205)	(100.00%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Total Costs	\$1,380,805	\$4,508,037	\$1,688,802	\$1,688,700	\$5,888,842	\$3,377,502	(\$2,511,340)	(42.65%)
General Fund	259,167	102,488	258,549	259,026	361,655	517,575	155,920	43.11%
State Special	595,756	502,431	767,869	767,287	1,098,187	1,535,156	436,969	39.79%
Federal Special	478,440	145,395	572,014	572,161	623,835	1,144,175	520,340	83.41%
Other	47,442	3,757,723	90,370	90,226	3,805,165	180,596	(3,624,569)	(95.25%)
Total Funds	\$1,380,805	\$4,508,037	\$1,688,802	\$1,688,700	\$5,888,842	\$3,377,502	(\$2,511,340)	(42.65%)

Page Reference

Legislative Budget Analysis, A-331

Funding

The division is funded through the general fund, state special revenue, and federal special revenue. General fund is the smallest component at about 15.3 percent of total funding. State special revenue is the majority funding source and includes revenues derived from the administrative portion of the unemployment insurance tax deposited to the unemployment security account and the worker's compensation regulation fund. Federal special revenue is primarily from administrative grants for unemployment insurance.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	259,167	259,167	518,334	100.15%	1,380,805	1,380,805	2,761,610	81.76%
Statewide PL Adjustments	(2,970)	(1,998)	(4,968)	(0.96%)	251,440	257,083	508,523	15.06%
Other PL Adjustments	9,898	9,430	19,328	3.73%	49,540	47,506	97,046	2.87%
New Proposals	(7,546)	(7,573)	(15,119)	(2.92%)	7,017	3,306	10,323	0.31%
Total Budget	\$258,549	\$259,026	\$517,575		\$1,688,802	\$1,688,700	\$3,377,502	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					279,481					283,708
Vacancy Savings					(52,956)					(53,123)
Inflation/Deflation					1,527					2,152
Fixed Costs					23,388					24,346
Total Statewide Present Law Adjustments		(\$2,970)	\$138,799	\$76,257	\$251,440*		(\$1,998)	\$141,170	\$78,387	\$257,083*
DP 301 - CSD General Operating Increase	0.00	9,899	22,560	13,709	49,546*	0.00	9,431	21,772	13,051	47,512*
DP 7101 - Fuel Inflation Reduction	0.00	(1)	(2)	(3)	(6)	0.00	(1)	(2)	(3)	(6)
Total Other Present Law Adjustments	0.00	\$9,898	\$22,558	\$13,706	\$49,540*	0.00	\$9,430	\$21,770	\$13,048	\$47,506*
Grand Total All Present Law Adjustments	0.00	\$6,928	\$161,357	\$89,963	\$300,980*	0.00	\$7,432	\$162,940	\$91,435	\$304,589*

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

DP 301 - CSD General Operating Increase - The legislature has approved appropriation of \$49,546 in FY 2010 and \$47,512 in FY 2011 for increased operating expenses to support the Centralized Services Division.

DP 7101 - Fuel Inflation Reduction - The legislature has approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 310 - Move of FTE to Office of Information Tech										
03	0.00	0	(78)	(79)	(157)	0.00	0	(78)	(79)	(157)
DP 315 - Net Change in Indirect Cost Allocation for OIT										
03	0.00	0	27,809	16,506	46,895*	0.00	0	25,687	15,229	43,305*
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	(7,546)	(16,975)	(12,816)	(39,721)*	0.00	(7,573)	(17,018)	(12,864)	(39,842)*
Total	0.00	(\$7,546)	\$10,756	\$3,611	\$7,017*	0.00	(\$7,573)	\$8,591	\$2,286	\$3,306*

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

DP 310 - Move of FTE to Office of Information Tech - The legislature has approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 315 - Net Change in Indirect Cost Allocation for OIT - The legislature has approved a net increase of \$46,895 in FY 2010 and \$43,304 in FY 2011 for indirect costs. The net amount is a result of the addition of \$68,374 in FY 2010 and \$68,495 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$21,452 in FY 2010 and \$25,190 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Proprietary Rates

Proprietary Program Description

Supportive services provided by the Commissioner's Office and Centralized Services Division are funded through a cost allocation plan whereby the department programs are assessed a percentage of their personal services costs.

The Office of Information Technology provides general computer, network and software support throughout the agency. An hourly rate is assessed for these functions.

The Hearings Bureau holds administrative hearings on behalf of the Business Standards Licensing and Building Code bureaus. An hourly rate is assessed for Administrative Law Judge and paralegal time associated with the hearings.

The Office of Legal Services provides legal services to the Business Standards Division whereby an hourly rate for attorney fees is established.

Funding

The Commissioner's Office and Central Services Division proprietary programs are funded by internal service type proprietary funds. The fees and charges approved in this bill are the maximum fees and charges that may be charged in the biennium. Cost Allocation Plan (CAP) rates are derived from the administrative support functions provided by the Commissioner's Office and the Centralized Services Division for global type activities common to all of the programs within the agency. Specialized support functions generate revenues in the form of direct or hourly charges to the programs that use the services.

The budgetary impact of the following decision packages are included in the stated rates and were adopted by the legislature as a component of the approved rate.

DP 0311 -HB 576 Funding Increase for FTE Moved to OIT -This decision package captures the increase in funding and expenditures due to the movement of 13.0 FTE and associated operating expenses to the proprietary funded Office of Information Technology from HB 2 funded programs.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration

Proprietary Rate Explanation

There are no significant changes to the methodology for calculating the rate for Centralized Services or the Hearings Bureau. However legal services rate was included in the Business Standards Division rate calculation in past biennia. It now is included on the Commissioners Office rate calculation and rate table.

The cost allocation rate must be approved by the U.S. Department of Labor which requirements include a working capitol of no more than 60 days. The rate is determined by calculating the total costs of providing the services divided by the projected agency personal services expenditures. The approved rate for 2010 is 9.73% and for 2011 is 9.25%

The Hearings Bureau rate per hour is calculated based in the projected cost of services for the 2011 biennium divided by the direct hours of service provided in the 2009 biennium. Rates are established for both Administrative Law judges and paralegal services are \$90 and \$50 respectively.

The office of Legal Services rate per hour is calculated on projected costs of services for the 2011 biennium divided by the direct hours of service provided in the 2009 biennium. The rate for the 2011 biennium is \$95 per hour.

The Office of Information Technology rate per hour for the 2011 biennium based on estimated costs and hours expended for services provided in performing these functions in the prior biennium. The rate for the 2011 biennium is \$121 per hour.

Please refer to section R for a complete listing of the rates.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	128.10	128.10	129.10	129.10	128.10	129.10	1.00	0.78%
Personal Services	6,836,094	7,383,753	7,417,329	7,439,376	14,219,847	14,856,705	636,858	4.48%
Operating Expenses	3,717,829	3,630,805	5,233,262	4,197,522	7,348,634	9,430,784	2,082,150	28.33%
Equipment & Intangible Assets	64,878	79,590	64,878	64,878	144,468	129,756	(14,712)	(10.18%)
Benefits & Claims	126,085	156,586	126,085	126,085	282,671	252,170	(30,501)	(10.79%)
Total Costs	\$10,744,886	\$11,250,734	\$12,841,554	\$11,827,861	\$21,995,620	\$24,669,415	\$2,673,795	12.16%
General Fund	1,112,653	1,152,992	1,188,380	1,189,424	2,265,645	2,377,804	112,159	4.95%
State Special	8,970,029	9,307,453	10,997,707	9,982,154	18,277,482	20,979,861	2,702,379	14.79%
Federal Special	662,204	790,289	655,467	656,283	1,452,493	1,311,750	(140,743)	(9.69%)
Total Funds	\$10,744,886	\$11,250,734	\$12,841,554	\$11,827,861	\$21,995,620	\$24,669,415	\$2,673,795	12.16%

Page Reference

Legislative Budget Analysis, A-338

Funding

The division is primarily funded with state special revenue funds, which accounts for 84.4 percent of the total funding, is derived mainly from workers compensation regulation funds. Workers compensation regulation and workplace safety issues represent the largest share of the division's activities. General fund comprising about 10 percent of total funding supports personal services and general operating expenses. Federal special revenue is derived from grants related to equal employment opportunity programs and workplace safety.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,112,653	1,112,653	2,225,306	93.59%	10,744,886	10,744,886	21,489,772	87.11%
Statewide PL Adjustments	69,413	72,051	141,464	5.95%	842,274	872,104	1,714,378	6.95%
Other PL Adjustments	38,341	36,826	75,167	3.16%	296,185	284,634	580,819	2.35%
New Proposals	(32,027)	(32,106)	(64,133)	(2.70%)	958,209	(73,763)	884,446	3.59%
Total Budget	\$1,188,380	\$1,189,424	\$2,377,804		\$12,841,554	\$11,827,861	\$24,669,415	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					1,095,748					1,119,467
Vacancy Savings					(317,273)					(318,216)
Inflation/Deflation					42,708					48,848
Fixed Costs					21,091					22,005
Total Statewide Present Law Adjustments		\$69,413	\$781,926	(\$9,065)	\$842,274		\$72,051	\$806,850	(\$6,797)	\$872,104
DP 401 - ERD General Operating Increase	0.00	38,348	243,315	14,603	296,266	0.00	36,834	233,930	13,962	284,726
DP 7101 - Fuel Inflation Reduction	0.00	(7)	(65)	(9)	(81)	0.00	(8)	(74)	(10)	(92)
Total Other Present Law Adjustments	0.00	\$38,341	\$243,250	\$14,594	\$296,185	0.00	\$36,826	\$233,856	\$13,952	\$284,634
Grand Total All Present Law Adjustments	0.00	\$107,754	\$1,025,176	\$5,529	\$1,138,459	0.00	\$108,877	\$1,040,706	\$7,155	\$1,156,738

DP 401 - ERD General Operating Increase - The legislature approved an appropriation of \$296,266 in FY 2010 and \$284,726 in FY 2011 funded by general fund, federal, and state special revenue to support board per diem, indirect costs, leased vehicles, server hosting, and off-campus rent.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - WorkSafeMT - Safety Initiative										
04	3.00	0	236,248	0	236,248	3.00	0	227,375	0	227,375
DP 410 - Move of FTE to Office of Information Tech										
04	(2.00)	0	(239,327)	(8,681)	(248,008)	(2.00)	0	(239,452)	(8,685)	(248,137)
DP 415 - Net Change in Indirect Cost Allocation for the OIT										
04	0.00	0	200,649	7,277	207,926	0.00	0	179,168	6,499	185,667
DP 417 - WorksafemT Initial Program Development										
04	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
04	0.00	(32,027)	(195,068)	(10,862)	(237,957)	0.00	(32,106)	(195,672)	(10,890)	(238,668)
Total	1.00	(\$32,027)	\$1,002,502	(\$12,266)	\$958,209	1.00	(\$32,106)	(\$28,581)	(\$13,076)	(\$73,763)

DP 402 - WorkSafeMT - Safety Initiative - The legislature approved \$236,248 in FY 2010 and \$227,375 in FY 2011 state special revenue funding for an additional 3.00 FTE for WorkSafeMT, a statewide safety initiative, its mission is to reduce the incidence of workplace injury, illness, and disease.

DP 410 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 415 - Net Change in Indirect Cost Allocation for the OIT - The legislature approved a net increase of \$207,926 in FY 2010 and \$185,667 in FY 2011 for indirect costs. The net amount is a result of the addition of \$341,737 in FY 2010 and \$342,475 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$133,810 in FY 2010 and \$156,808 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 417 - WorksafeMT Initial Program Development - The legislature approved a one-time-only, biennial appropriation of \$1,000,000 state special revenue for initial development of a state-wide work place safety education effort to reduce Montana work place injuries. Funding is from the state special revenue account established in 39-71-201, MCA; the workers compensation regulation fund.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	117.03	117.03	150.03	150.03	117.03	150.03	33.00	28.20%
Personal Services	7,970,150	8,458,155	8,105,397	8,133,723	16,428,305	16,239,120	(189,185)	(1.15%)
Operating Expenses	5,194,309	8,157,003	5,902,794	5,898,285	13,351,312	11,801,079	(1,550,233)	(11.61%)
Equipment & Intangible Assets	350,931	394,746	357,866	350,866	745,677	708,732	(36,945)	(4.95%)
Grants	11,881	21,001	11,881	11,881	32,882	23,762	(9,120)	(27.74%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$13,527,271	\$17,030,905	\$14,377,938	\$14,394,755	\$30,558,176	\$28,772,693	(\$1,785,483)	(5.84%)
State Special	13,527,271	14,513,147	14,377,938	14,394,755	28,040,418	28,772,693	732,275	2.61%
Other	0	2,517,758	0	0	2,517,758	0	(2,517,758)	(100.00%)
Total Funds	\$13,527,271	\$17,030,905	\$14,377,938	\$14,394,755	\$30,558,176	\$28,772,693	(\$1,785,483)	(5.84%)

Page Reference

Legislative Budget Analysis, A-344

Funding

The Business Standards Division is funded entirely through state special revenue. State special revenue accounts are maintained for each type of licensee and professional board. Charges and fees paid by licensees are deposited in to the accounts and administrative and operational expenses of the division are charged directly to the funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	13,527,271	13,527,271	27,054,542	94.03%
Statewide PL Adjustments	0	0	0	0.00%	(1,428,788)	(1,397,912)	(2,826,700)	(9.82%)
Other PL Adjustments	0	0	0	0.00%	463,196	449,626	912,822	3.17%
New Proposals	0	0	0	0.00%	1,816,259	1,815,770	3,632,029	12.62%
Total Budget	\$0	\$0	\$0		\$14,377,938	\$14,394,755	\$28,772,693	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(1,322,853)					(1,297,272)
Vacancy Savings					(265,893)					(266,911)
Inflation/Deflation					65,762					76,651
Fixed Costs					94,196					89,620
Total Statewide Present Law Adjustments		\$0	(\$1,428,788)		\$0 (\$1,428,788)		\$0	(\$1,397,912)		\$0 (\$1,397,912)
DP 503 - Administration General Operating Increase	0.00	0	12,804	0	12,804	0.00	0	5,804	0	5,804
DP 504 - Health Care Licensing Bureau Operating Increases	0.00	0	223,078	0	223,078	0.00	0	223,078	0	223,078
DP 505 - BOLB General Operating Increase	0.00	0	171,737	0	171,737	0.00	0	171,737	0	171,737
DP 506 - Weights and Measures Bureau Operating Increase	0.00	0	18,775	0	18,775	0.00	0	18,775	0	18,775
DP 507 - Building Codes General Operating Increase	0.00	0	81,255	0	81,255	0.00	0	81,255	0	81,255
DP 7101 - Fuel Inflation Reduction	0.00	0	(44,453)	0	(44,453)	0.00	0	(51,023)	0	(51,023)
Total Other Present Law Adjustments	0.00	\$0	\$463,196	\$0	\$463,196	0.00	\$0	\$449,626	\$0	\$449,626
Grand Total All Present Law Adjustments	0.00	\$0	(\$965,592)	\$0	(\$965,592)	0.00	\$0	(\$948,286)	\$0	(\$948,286)

DP 503 - Administration General Operating Increase - The legislature approved an appropriation of \$12,804 in FY 2010 and \$5,804 in FY 2011 for general operating increases including \$7,000 to replace a server in FY 2010. .

DP 504 - Health Care Licensing Bureau Operating Increases - The legislature approved an appropriation of \$223,078 in FY 2010 and \$223,078 in FY 2011 state special revenue funding is for board per diem, contracted services, supplies and materials, travel, off-campus rent increase, indirect costs, legal costs, and other miscellaneous administrative operating expenses.

DP 505 - BOLB General Operating Increase - The legislature approved funding of \$171,737 in FY 2010 and \$171,737 in FY 2011 for board member per diem, contracted services, supplies and materials, travel, rent, indirect costs, recharges, and other miscellaneous administrative operating expenses funded by state special revenue funds within the Business and Occupational Licensing Boards.

DP 506 - Weights and Measures Bureau Operating Increase - The legislature approved an appropriation of \$18,775 in FY 2010 and \$18,775 in FY 2011 state special revenue funds to cover supplies and materials, travel expenses, increases in rent, and indirect costs.

DP 507 - Building Codes General Operating Increase - The legislature approved an appropriation of \$81,255 in FY 2010 and \$81,255 in FY 2011 for operating expenses including rent, legal costs, and indirect costs. It is funded by state special revenue.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - BSD - Funding Switch										
05	33.00	0	1,831,310	0	1,831,310	33.00	0	1,835,900	0	1,835,900
DP 502 - Sunset the Athletics Licensing Program (Requires Legislation)										
05	0.00	0	(41,081)	0	(41,081)	0.00	0	(41,081)	0	(41,081)
DP 509 - BSD IT Support Specialist FTE										
05	1.00	0	66,286	0	66,286	1.00	0	63,336	0	63,336
DP 511 - BSD Restore Legal Contingency Fund - OTO										
05	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
DP 512 - Move of FTE to Office of Information Tech										
05	(1.00)	0	(115,855)	0	(115,855)	(1.00)	0	(115,912)	0	(115,912)
DP 513 - Additional funds for indirect costs										
05	0.00	0	139,167	0	139,167	0.00	0	162,909	0	162,909
DP 515 - Net Change in Indirect Cost Allocation for OIT										
05	0.00	0	65,875	0	65,875	0.00	0	40,838	0	40,838
DP 8101 - Increase 4% Vacancy Savings to 7%										
05	0.00	0	(199,443)	0	(199,443)	0.00	0	(200,220)	0	(200,220)
Total	33.00	\$0	\$1,816,259	\$0	\$1,816,259	33.00	\$0	\$1,815,770	\$0	\$1,815,770

DP 501 - BSD - Funding Switch - The legislature approved the move of 33.00 proprietary FTE to HB 2. The FTE were previously accounted for in an internal service fund whereby a "recharge" was assessed to the boards and programs who use their services. The operating costs related to the FTE are in HB 2 base authority. Moving the FTE to HB 2 properly accounts for the cost of services provided through cost allocation rather than a "recharge".

DP 502 - Sunset the Athletics Licensing Program (Requires Legislation) - The legislature has removed funding for the Athletics Licensing program resulting in a decrease in state special revenue spending of \$41,081 in FY 2010 and \$41,081 in FY 2011. It is contingent on passage and approval of LC 519 which eliminates the program.

DP 509 - BSD IT Support Specialist FTE - The legislature approved an appropriation of \$66,286 in FY 2010 and \$63,336 in FY 2011 including 1.00 FTE information support specialist and related operating costs.

DP 511 - BSD Restore Legal Contingency Fund - OTO - The legislature approved \$70,000 state special revenue funding each year of the biennium is to restore the legal contingency fund for the Business and Occupational and the Health Care Licensing Bureaus. This contingency fund has been included in the budget since the 1993 biennium and isn't used if it isn't needed.

DP 512 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 513 - Additional funds for indirect costs - The legislature approved \$139,167 in FY2010 and \$162,909 in FY2011 state special revenue funds for additional indirect costs.

DP 515 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$65,875 in FY 2010 and \$40,838 in FY 2011 for indirect costs. The net amount is a result of the addition of \$205,042 in FY 2010 and \$205,485 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$139,167 in FY 2010 and \$164,647 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 8101 - Increase 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	242,130	217,164	235,051	235,733	459,294	470,784	11,490	2.50%
Operating Expenses	248,208	345,676	259,644	258,894	593,884	518,538	(75,346)	(12.69%)
Grants	2,155,787	2,360,030	2,155,787	2,155,787	4,515,817	4,311,574	(204,243)	(4.52%)
Transfers	275,274	260,000	275,274	275,274	535,274	550,548	15,274	2.85%
Total Costs	\$2,921,399	\$3,182,870	\$2,925,756	\$2,925,688	\$6,104,269	\$5,851,444	(\$252,825)	(4.14%)
General Fund	124,999	125,000	122,451	122,501	249,999	244,952	(5,047)	(2.02%)
State Special	39,027	125,000	39,432	39,370	164,027	78,802	(85,225)	(51.96%)
Federal Special	2,757,373	2,932,870	2,763,873	2,763,817	5,690,243	5,527,690	(162,553)	(2.86%)
Total Funds	\$2,921,399	\$3,182,870	\$2,925,756	\$2,925,688	\$6,104,269	\$5,851,444	(\$252,825)	(4.14%)

Page Reference

Legislative Budget Analysis, A-350

Funding

The major fund source for the program is federal special revenue. General fund and state special revenue funds most of the administrative expenses for the program, with federal special revenue filling the remainder and providing the funding for the grants and special projects administered by the program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	124,999	124,999	249,998	102.06%	2,921,399	2,921,399	5,842,798	99.85%
Statewide PL Adjustments	257	315	572	0.23%	4,759	5,793	10,552	0.18%
Other PL Adjustments	0	0	0	0.00%	(6)	(7)	(13)	0.00%
New Proposals	(2,805)	(2,813)	(5,618)	(2.29%)	(396)	(1,497)	(1,893)	(0.03%)
Total Budget	\$122,451	\$122,501	\$244,952		\$2,925,756	\$2,925,688	\$5,851,444	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					10,612					11,346
Vacancy Savings					(10,109)					(10,139)
Inflation/Deflation					300					337
Fixed Costs					3,956					4,249
Total Statewide Present Law Adjustments		\$257	\$0	\$4,502	\$4,759		\$315	\$0	\$5,478	\$5,793
DP 7101 - Fuel Inflation Reduction	0.00	0	0	(6)	(6)	0.00	0	0	(7)	(7)
Total Other Present Law Adjustments	0.00	\$0	\$0	(\$6)	(\$6)	0.00	\$0	\$0	(\$7)	(\$7)
Grand Total All Present Law Adjustments	0.00	\$257	\$0	\$4,496	\$4,753	0.00	\$315	\$0	\$5,471	\$5,786

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 710 - Move of FTE to Office of Information Tech 07	0.00	0	(67)	(1,131)	(1,198)	0.00	0	(67)	(1,131)	(1,198)
DP 715 - Net Change in Indirect Cost Allocation for OIT 07	0.00	0	472	7,912	8,384	0.00	0	410	6,895	7,305
DP 8101 - Increasing 4% Vacancy Savings to 7% 07	0.00	(2,805)	0	(4,777)	(7,582)	0.00	(2,813)	0	(4,791)	(7,604)
Total	0.00	(\$2,805)	\$405	\$2,004	(\$396)	0.00	(\$2,813)	\$343	\$973	(\$1,497)

DP 710 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 715 - Net Change in Indirect Cost Allocation for OIT - The legislature approved a net increase of \$8,384 in FY 2010 and \$7,305 in FY 2011 for indirect costs. The net amount is a result of the addition of \$13,669 in FY 2010 and \$13,699 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$5,285 in FY 2010 and \$6,394 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.00	6.00	7.00	7.00	6.00	7.00	1.00	16.67%
Personal Services	448,278	444,111	466,228	466,476	892,389	932,704	40,315	4.52%
Operating Expenses	138,489	203,214	192,509	192,141	341,703	384,650	42,947	12.57%
Total Costs	\$586,767	\$647,325	\$658,737	\$658,617	\$1,234,092	\$1,317,354	\$83,262	6.75%
State Special	586,767	647,325	658,737	658,617	1,234,092	1,317,354	83,262	6.75%
Total Funds	\$586,767	\$647,325	\$658,737	\$658,617	\$1,234,092	\$1,317,354	\$83,262	6.75%

Page Reference

Legislative Budget Analysis, A-353

Funding

The workers compensation court is funded entirely from state special revenue derived from a fee charged to workers compensation carriers in Montana.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	586,767	586,767	1,173,534	89.08%
Statewide PL Adjustments	0	0	0	0.00%	(11,741)	(11,279)	(23,020)	(1.75%)
Other PL Adjustments	0	0	0	0.00%	38,689	39,556	78,245	5.94%
New Proposals	0	0	0	0.00%	45,022	43,573	88,595	6.73%
Total Budget	\$0	\$0	\$0		\$658,737	\$658,617	\$1,317,354	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					929					1,167
Vacancy Savings					(17,969)					(17,977)
Inflation/Deflation					840					1,081
Fixed Costs					4,459					4,450
Total Statewide Present Law Adjustments		\$0	(\$11,741)	\$0	(\$11,741)		\$0	(\$11,279)	\$0	(\$11,279)
DP 901 - Workers Comp Court Operating Increase	0.00	0	38,689	0	38,689	0.00	0	39,556	0	39,556
Total Other Present Law Adjustments	0.00	\$0	\$38,689	\$0	\$38,689	0.00	\$0	\$39,556	\$0	\$39,556
Grand Total All Present Law Adjustments	0.00	\$0	\$26,948	\$0	\$26,948	0.00	\$0	\$28,277	\$0	\$28,277

DP 901 - Workers Comp Court Operating Increase - The legislature approved an appropriation of \$38,689 in FY 2010 and \$39,556 in FY 2011 for indirect costs to support the Centralized Services Division, off-campus rent increase, and contracted services. The funding source is state special revenue.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 902 - Judicial Clerical Clerk FTE										
09	1.00	0	53,968	0	53,968	1.00	0	54,303	0	54,303
DP 910 - Move of FTE to Office of Information Tech										
09	0.00	0	(1,067)	0	(1,067)	0.00	0	(1,067)	0	(1,067)
DP 915 - Net Change in Indirect Cost Allocation for the OIT										
09	0.00	0	5,598	0	5,598	0.00	0	3,820	0	3,820
DP 8101 - Increasing 4% Vacancy Savings to 7%										
09	0.00	0	(13,477)	0	(13,477)	0.00	0	(13,483)	0	(13,483)
Total	1.00	\$0	\$45,022	\$0	\$45,022	1.00	\$0	\$43,573	\$0	\$43,573

DP 902 - Judicial Clerical Clerk FTE - The legislature approved an appropriation of \$53,968 in FY 2010 and \$54,303 in FY 2011 of state special revenue funding for 1.00 FTE to perform clerical duties within the court and indirect costs.

DP 910 - Move of FTE to Office of Information Tech - The legislature approved the creation of a proprietary funded bureau that consolidates a number of FTE performing specific information technology functions in to the Office of Information Technology (OIT) within the Central Services Division. This decision package reduces the HB 2 funding for these positions and their associated operating expenses.

DP 915 - Net Change in Indirect Cost Allocation for the OIT - The legislature approved a net increase of \$5,598 in FY 2010 and \$3,820 in FY 2011 for indirect costs. The net amount is a result of the addition of \$13,669 in FY 2010 and \$13,699 in FY 2011 for indirect costs paid to the Office of Information Technology (OIT) and a reduction in indirect costs paid to Central Services Division of \$8,071 in FY 2010 and \$9,879 in FY 2011. The reason for the net increase and change in funding is the consolidation of 8.0 proprietary funded FTE and associated operating costs from CSD and 13.0 HB 2 funded FTE and associated operating costs in to a single proprietary funded program, the Office of Information Technology.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

The workers' compensation court is appropriated up to \$20,000 state special revenue for the 2011 biennium to contract for replacement judges when the workers' compensation judge must recuse himself from a case. The appropriation is contingent on passage and approval of legislation providing a process for such a substitution to occur.

Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	182.15	182.15	192.65	192.65	182.15	192.65	10.50	5.76%
Personal Services	9,331,043	10,082,132	10,221,578	10,263,559	19,413,175	20,485,137	1,071,962	5.52%
Operating Expenses	15,431,921	17,171,617	16,208,878	16,380,320	32,603,538	32,589,198	(14,340)	(0.04%)
Equipment & Intangible Assets	273,976	307,305	323,976	323,976	581,281	647,952	66,671	11.47%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	1,287,008	1,412,260	13,614,431	13,614,431	2,699,268	27,228,862	24,529,594	908.75%
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$26,326,228	\$28,975,594	\$40,371,143	\$40,584,566	\$55,301,822	\$80,955,709	\$25,653,887	46.39%
General Fund	5,345,653	5,537,043	5,656,874	5,767,462	10,882,696	11,424,336	541,640	4.98%
State Special	1,004,215	1,472,895	1,407,954	1,377,190	2,477,110	2,785,144	308,034	12.44%
Federal Special	19,976,360	21,965,656	33,306,315	33,439,914	41,942,016	66,746,229	24,804,213	59.14%
Total Funds	\$26,326,228	\$28,975,594	\$40,371,143	\$40,584,566	\$55,301,822	\$80,955,709	\$25,653,887	46.39%

Page Reference

Legislative Budget Analysis, A-357

Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	182.15	192.65	192.65	0.00	192.65	192.65	0.00	
Personal Services	9,331,043	10,221,578	10,221,578	0	10,263,559	10,263,559	0	0
Operating Expenses	15,431,921	16,317,953	16,208,878	(109,075)	16,489,395	16,380,320	(109,075)	(218,150)
Equipment & Intangible Assets	273,976	323,976	323,976	0	323,976	323,976	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	1,287,008	13,614,431	13,614,431	0	13,614,431	13,614,431	0	0
Benefits & Claims	2,280	2,280	2,280	0	2,280	2,280	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$26,326,228	\$40,480,218	\$40,371,143	(\$109,075)	\$40,693,641	\$40,584,566	(\$109,075)	(\$218,150)
General Fund	5,345,653	5,765,949	5,656,874	(109,075)	5,876,537	5,767,462	(109,075)	(218,150)
State/Other Special	1,004,215	1,407,954	1,407,954	0	1,377,190	1,377,190	0	0
Federal Special	19,976,360	33,306,315	33,306,315	0	33,439,914	33,439,914	0	0
Total Funds	\$26,326,228	\$40,480,218	\$40,371,143	(\$109,075)	\$40,693,641	\$40,584,566	(\$109,075)	(\$218,150)

The legislature approved the executive budget for the agency in its entirety. In addition, the legislature has added \$7,500 each year (\$15,000 for the biennium) to the Veterans Affairs Program for operating expenses associated with Veteran Service Officer travel expenses from the Missoula office to Hamilton and Polson.

An unspecified general fund reduction was applied to the agency in the amount of \$233,150 over the biennium by the legislature. Language included in the bill allows the agency to allocate the reduction among programs when developing their 2011 biennium operating plans.

Agency Highlights

Military Affairs Major Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature approved a 46.4 percent increase in overall funding from the 2009 to the 2011 biennium including a 4.98 percent increase from the general fund ◆ The legislature approved: <ul style="list-style-type: none"> • Funding for federal disaster and emergency grants that were funded through budget amendments in prior biennia • An additional total of 10.5 FTE and associated funding to expand the Challenge Program, Army National Guard, and Veterans Affairs ◆ The 2011 biennium budget annualizes the STARBASE program, which had a delayed start in the 2009 biennium ◆ A 2 percent unspecified reduction in general fund has been applied to the agency

Agency Discussion

While remaining nearly operationally static from the prior biennium, the agency has added 10.5 FTE among three divisions. Operational expansions include 3.0 FTE in Veterans Affairs for new Veteran Service Officers throughout the state and 1.5 FTE for the Montana Youth Challenge program for participant recruiting and mentoring. Prior investments in new facilities result in an additional 1.0 FTE in the Army National Guard for facilities maintenance and 2.0 FTE in Veterans Affairs for cemetery operations at the new Missoula veterans cemetery. The Army National Guard added an additional 3.0 FTE to replace contracted services. The total growth in personal services accounts for 4 percent of the total budget change from the prior biennium. The largest single impact of the legislatively approved budget is the addition of \$24.36 million in federal grant spending authority for Homeland Security and Disaster and Emergency Services.

Funding

The following table summarizes funding for each agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total Percent
01 Centralized Services Division	\$ 1,063,242	\$ -	\$ 453,878	\$ 1,517,120	1.87%
02 Challenge Program	2,570,073	-	3,972,747	\$ 6,542,820	8.08%
03 Scholarship Program	500,000	-	-	\$ 500,000	0.62%
04 Starbase	-	-	727,209	\$ 727,209	0.90%
12 Army National Guard Pgm	2,634,528	-	26,046,968	\$28,681,496	35.43%
13 Air National Guard Pgm	743,460	-	7,125,589	\$ 7,869,049	9.72%
21 Disaster & Emergency Services	2,143,595	634,955	28,419,838	\$31,198,388	38.54%
31 Veterans Affairs Program	<u>1,769,438</u>	<u>2,150,189</u>	<u>-</u>	<u>\$ 3,919,627</u>	<u>4.84%</u>
Grand Total	<u>\$ 11,424,336</u>	<u>\$ 2,785,144</u>	<u>\$ 66,746,229</u>	<u>\$80,955,709</u>	<u>100%</u>

The Department of Military Affairs is funded from general fund, state special revenue, and federal special revenue funds. General fund supports a portion of most of the programs in the department and 100 percent of the cost of the National Guard Scholarship program.

State special revenue funds the Disaster and Emergency Services Division, Veterans Affairs Program and Montana Military Family Relief program. The Veterans Affairs Division accounts for 77.2 percent of the state special revenue funding with revenues generated through vehicle registrations, specialty license plates, and cemetery plot fees and donations.

Federal special revenues account for approximately 81.5 percent of total agency funding. The most significant impact to the total funding increase is the movement of \$24.36 million in federal grants previously appropriated via budget amendments to HB 2 in the 2011 biennium.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,345,653	5,345,653	10,691,306	93.58%	26,326,228	26,326,228	52,652,456	65.04%
Statewide PL Adjustments	178,233	232,668	410,901	3.60%	642,329	687,143	1,329,472	1.64%
Other PL Adjustments	210,976	267,673	478,649	4.19%	1,250,610	1,421,031	2,671,641	3.30%
New Proposals	(77,988)	(78,532)	(156,520)	(1.37%)	12,151,976	12,150,164	24,302,140	30.02%
Total Budget	\$5,656,874	\$5,767,462	\$11,424,336		\$40,371,143	\$40,584,566	\$80,955,709	

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	11.20	11.20	11.20	11.20	11.20	11.20	0.00	0.00%
Personal Services	670,827	797,159	776,490	777,688	1,467,986	1,554,178	86,192	5.87%
Operating Expenses	91,829	121,430	(19,870)	(24,330)	213,259	(44,200)	(257,459)	(120.73%)
Equipment & Intangible Assets	1,291	0	1,291	1,291	1,291	2,582	1,291	100.00%
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$766,227	\$920,869	\$760,191	\$756,929	\$1,687,096	\$1,517,120	(\$169,976)	(10.08%)
General Fund	548,684	630,258	533,424	529,818	1,178,942	1,063,242	(115,700)	(9.81%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	217,543	290,611	226,767	227,111	508,154	453,878	(54,276)	(10.68%)
Total Funds	\$766,227	\$920,869	\$760,191	\$756,929	\$1,687,096	\$1,517,120	(\$169,976)	(10.08%)

Page Reference

Legislative Budget Analysis, A-361

Funding

The Centralized Services Division is funded through both the general fund and federal funds. Federal fund support is provided by federal-state agreements. Costs of positions and activities that provide support to federally funded operations are applicable for federal funding. For the 2011 biennium, federal funds support 29.9 percent of the funding for the program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	548,684	548,684	1,097,368	103.21%	766,227	766,227	1,532,454	101.01%
Statewide PL Adjustments	118,648	115,132	233,780	21.99%	135,136	131,976	267,112	17.61%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(133,908)	(133,998)	(267,906)	(25.20%)	(141,172)	(141,274)	(282,446)	(18.62%)
Total Budget	\$533,424	\$529,818	\$1,063,242		\$760,191	\$756,929	\$1,517,120	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					164,111	0.00				165,397
Vacancy Savings					(33,399)	0.00				(33,448)
Inflation/Deflation					625	0.00				912
Fixed Costs					3,799	0.00				(885)
Total Statewide Present Law Adjustments		\$118,648	\$0	\$16,488	\$135,136	0.00	\$115,132	\$0	\$16,844	\$131,976
					0	0.00				0
					0	0.00				0
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$118,648	\$0	\$16,488	\$135,136	0.00	\$115,132	\$0	\$16,844	\$131,976

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
01	0.00	452	0	0	452	0.00	389	0	0	389
DP 6105 - 2 Percent Unspecified Reduction of General Fund										
01	0.00	(116,575)	0	0	(116,575)	0.00	(116,575)	0	0	(116,575)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(17,785)	0	(7,264)	(25,049)	0.00	(17,812)	0	(7,276)	(25,088)
Total	0.00	(\$133,908)	\$0	(\$7,264)	(\$141,172)	0.00	(\$133,998)	\$0	(\$7,276)	(\$141,274)

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6105 - 2 Percent Unspecified Reduction of General Fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Language and Statutory Authority

Centralized Services includes unspecified reductions in general fund money of \$116,575 in fiscal year 2010 and \$116,575 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	47.65	47.65	49.15	49.15	47.65	49.15	1.50	3.15%
Personal Services	2,060,522	2,088,284	2,079,960	2,086,639	4,148,806	4,166,599	17,793	0.43%
Operating Expenses	1,110,658	1,197,848	1,192,733	1,183,488	2,308,506	2,376,221	67,715	2.93%
Total Costs	\$3,171,180	\$3,286,132	\$3,272,693	\$3,270,127	\$6,457,312	\$6,542,820	\$85,508	1.32%
General Fund	1,251,661	1,288,737	1,285,668	1,284,405	2,540,398	2,570,073	29,675	1.17%
Federal Special	1,919,519	1,997,395	1,987,025	1,985,722	3,916,914	3,972,747	55,833	1.43%
Total Funds	\$3,171,180	\$3,286,132	\$3,272,693	\$3,270,127	\$6,457,312	\$6,542,820	\$85,508	1.32%

Page Reference

Legislative Budget Analysis, A-365

Funding

The Youth Challenge Program is funded with general fund and federal special revenue at a 60/40 federal to state funding ratio for most costs. Some travel and special projects required by the federal/state cooperative agreement are funded 100 percent from federal funds. Total funding ratios between general fund and federal special revenue remain nearly constant and reflect the increases in total expenditures.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,251,661	1,251,661	2,503,322	97.40%	3,171,180	3,171,180	6,342,360	96.94%
Statewide PL Adjustments	22,367	21,398	43,765	1.70%	22,406	20,591	42,997	0.66%
Other PL Adjustments	36,293	36,213	72,506	2.82%	140,731	140,527	281,258	4.30%
New Proposals	(24,653)	(24,867)	(49,520)	(1.93%)	(61,624)	(62,171)	(123,795)	(1.89%)
Total Budget	\$1,285,668	\$1,284,405	\$2,570,073		\$3,272,693	\$3,270,127	\$6,542,820	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					76,869					84,039
Vacancy Savings					(85,497)					(85,784)
Inflation/Deflation					1,748					2,031
Fixed Costs					29,286					20,305
Total Statewide Present Law Adjustments		\$22,367	\$0	\$39	\$22,406		\$21,398	\$0	(\$807)	\$20,591
DP 201 - Improve ChalleNGE Recruiting Efforts	1.00	15,342	0	23,014	38,356	1.00	15,346	0	23,018	38,364
DP 202 - Funding for ChalleNGe 24/7 Overtime	0.00	14,000	0	21,000	35,000	0.00	14,000	0	21,000	35,000
DP 203 - Challenge Mentoring Activity Support	0.50	7,533	0	11,300	18,833	0.50	7,534	0	11,302	18,836
DP 204 - Federal Spending Authority for Challenge Training	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 7101 - Fuel Inflation Reduction	0.00	(582)	0	(876)	(1,458)	0.00	(667)	0	(1,006)	(1,673)
Total Other Present Law Adjustments	1.50	\$36,293	\$0	\$104,438	\$140,731	1.50	\$36,213	\$0	\$104,314	\$140,527
Grand Total All Present Law Adjustments	1.50	\$58,660	\$0	\$104,477	\$163,137	1.50	\$57,611	\$0	\$103,507	\$161,118

DP 201 - Improve ChalleNGE Recruiting Efforts - The legislature approved \$38,356 in FY 2010 and \$38,364 in FY 2011 in additional general fund and federal special revenue funding for 1.00 FTE to improve the program's recruiting efforts.

DP 202 - Funding for ChalleNGe 24/7 Overtime - The legislature approved \$35,000 general fund and federal special revenue funding each year of the biennium to support overtime, holidays worked, and excess exempt comp time payout costs for the Montana Youth Challenge program. These costs are zero based and are not included in the program's base budget. These costs are incurred because the program is required to have staff coverage 24 hours a day, 7 days a week.

DP 203 - Challenge Mentoring Activity Support - The legislature approved \$18,833 in FY 2010 and \$18,836 in FY 2011 general fund and federal special revenue funding to add 0.50 FTE to serve as a case manager for mentoring activities for the Montana Youth ChalleNGe Program.

DP 204 - Federal Spending Authority for Challenge Training - The legislature approved appropriation of \$50,000 federal special revenue each year of the biennium for ChalleNGe employees to participate in training classes required by National Guard Bureau. These federal funds do not require any state matching funds.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
02	0.00	999	0	1,500	2,499	0.00	866	0	1,301	2,167
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	(25,652)	0	(38,471)	(64,123)	0.00	(25,733)	0	(38,605)	(64,338)
Total	0.00	(\$24,653)	\$0	(\$36,971)	(\$61,624)	0.00	(\$24,867)	\$0	(\$37,304)	(\$62,171)

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2009 Legislature with a one-time-only general fund appropriation. For the 2011 biennium and beyond, the executive proposes the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Operating Expenses	250,000	250,000	250,000	250,000	500,000	500,000	0	0.00%
Total Costs	\$250,000	\$250,000	\$250,000	\$250,000	\$500,000	\$500,000	\$0	0.00%
General Fund	250,000	250,000	250,000	250,000	500,000	500,000	0	0.00%
Total Funds	\$250,000	\$250,000	\$250,000	\$250,000	\$500,000	\$500,000	\$0	0.00%

Page Reference

Legislative Budget Analysis, A-370

Funding

This program is funded entirely through the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	250,000	250,000	500,000	100.00%	250,000	250,000	500,000	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$250,000	\$250,000	\$500,000		\$250,000	\$250,000	\$500,000	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	95,963	168,044	206,295	206,352	264,007	412,647	148,640	56.30%
Operating Expenses	154,039	81,956	157,644	156,918	235,995	314,562	78,567	33.29%
Total Costs	\$250,002	\$250,000	\$363,939	\$363,270	\$500,002	\$727,209	\$227,207	45.44%
Federal Special	250,002	250,000	363,939	363,270	500,002	727,209	227,207	45.44%
Total Funds	\$250,002	\$250,000	\$363,939	\$363,270	\$500,002	\$727,209	\$227,207	45.44%

Page Reference

Legislative Budget Analysis, A-372

Funding

This program is funded entirely with federal special revenue.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	250,002	250,002	500,004	68.76%
Statewide PL Adjustments	0	0	0	0.00%	120,515	119,859	240,374	33.05%
Other PL Adjustments	0	0	0	0.00%	(4)	(4)	(8)	0.00%
New Proposals	0	0	0	0.00%	(6,574)	(6,587)	(13,161)	(1.81%)
Total Budget	\$0	\$0	\$0		\$363,939	\$363,270	\$727,209	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					125,860					125,922
Vacancy Savings					(8,873)					(8,876)
Inflation/Deflation					17					21
Fixed Costs					3,511					2,792
Total Statewide Present Law Adjustments		\$0	\$0	\$120,515	\$120,515		\$0	\$0	\$119,859	\$119,859
DP 7101 - Fuel Inflation Reduction	0.00	0	0	(4)	(4)	0.00	0	0	(4)	(4)
Total Other Present Law Adjustments	0.00	\$0	\$0	(\$4)	(\$4)	0.00	\$0	\$0	(\$4)	(\$4)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$120,511	\$120,511	0.00	\$0	\$0	\$119,855	\$119,855

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
04	0.00	0	0	81	81	0.00	0	0	70	70
DP 8101 - Increasing 4% Vacancy Savings to 7%										
04	0.00	0	0	(6,655)	(6,655)	0.00	0	0	(6,657)	(6,657)
Total	0.00	\$0	\$0	(\$6,574)	(\$6,574)	0.00	\$0	\$0	(\$6,587)	(\$6,587)

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	37.30	37.30	41.30	41.30	37.30	41.30	4.00	10.72%
Personal Services	2,098,036	2,261,822	2,348,750	2,352,775	4,359,858	4,701,525	341,667	7.84%
Operating Expenses	11,385,229	11,623,845	11,568,725	11,801,336	23,009,074	23,370,061	360,987	1.57%
Equipment & Intangible Assets	254,955	207,305	304,955	304,955	462,260	609,910	147,650	31.94%
Capital Outlay	0	0	0	0	0	0	0	n/a
Total Costs	\$13,738,220	\$14,092,972	\$14,222,430	\$14,459,066	\$27,831,192	\$28,681,496	\$850,304	3.06%
General Fund	1,191,692	1,151,627	1,258,164	1,376,364	2,343,319	2,634,528	291,209	12.43%
State Special	0	12,000	0	0	12,000	0	(12,000)	(100.00%)
Federal Special	12,546,528	12,929,345	12,964,266	13,082,702	25,475,873	26,046,968	571,095	2.24%
Total Funds	\$13,738,220	\$14,092,972	\$14,222,430	\$14,459,066	\$27,831,192	\$28,681,496	\$850,304	3.06%

Page Reference

Legislative Budget Analysis, A-376

Funding

The Army National Guard program is funded with a combination of general fund and federal funds. General fund accounts for 10.1 percent of overall expenditures for the biennium. The funding ratio between general fund and federal funds depends on the nature of the activity, the use or location of the facility, and the goals of the operation. Possible scenarios include funding:

- 1) Entirely with state funds;
- 2) Entirely with federal funds; or
- 3) As a shared responsibility, with the ratio between general fund and federal funds dependent on the specific activity or use.

When a facility is owned by the state and located on state land, maintenance costs are the responsibility of the state and utility costs are split evenly with the federal government. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent general fund. When a facility is classified as a logistics facility, the funding is 100 percent federal funds for the entire facility. Federally owned facilities located on federal land and those that serve training missions are predominantly funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 100 percent general fund for maintenance and 50 percent federal and 50 percent general fund for utilities costs. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,191,692	1,191,692	2,383,384	90.47%	13,738,220	13,738,220	27,476,440	95.80%
Statewide PL Adjustments	45,288	106,795	152,083	5.77%	252,913	301,805	554,718	1.93%
Other PL Adjustments	27,605	84,328	111,933	4.25%	299,495	487,559	787,054	2.74%
New Proposals	(6,421)	(6,451)	(12,872)	(0.49%)	(68,198)	(68,518)	(136,716)	(0.48%)
Total Budget	\$1,258,164	\$1,376,364	\$2,634,528		\$14,222,430	\$14,459,066	\$28,681,496	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					222,236					226,502
Vacancy Savings					(92,809)					(92,986)
Inflation/Deflation					115,342					126,721
Fixed Costs					8,144					41,568
Total Statewide Present Law Adjustments		\$45,288	\$0	\$207,625	\$252,913		\$106,795	\$0	\$195,010	\$301,805
DP 1201 - Operational Support for New ARNG Facilities										
1.00	28,413	0	67,786	96,199	1.00	85,255	0	199,879	285,134	
DP 1202 - 100% Federal Support for National Guard Operations										
3.00	0	0	209,596	209,596	3.00	0	0	209,656	209,656	
DP 7101 - Fuel Inflation Reduction										
0.00	(808)	0	(5,492)	(6,300)	0.00	(927)	0	(6,304)	(7,231)	
Total Other Present Law Adjustments	4.00	\$27,605	\$0	\$271,890	\$299,495	4.00	\$84,328	\$0	\$403,231	\$487,559
Grand Total All Present Law Adjustments	4.00	\$72,893	\$0	\$479,515	\$552,408	4.00	\$191,123	\$0	\$598,241	\$789,364

DP 1201 - Operational Support for New ARNG Facilities - The legislature approved \$96,199 in FY 2010 and \$285,134 in FY 2011 general fund and federal special revenue funding to support the operational costs of Army National Guard facilities that will come on line after the base year. This funding is to provide a basic level of janitorial services, utilities, ground maintenance, code required inspections such as fire sprinkler, fire alarm, and kitchen hood inspections as well as an 80 percent federally funded FTE.

DP 1202 - 100% Federal Support for National Guard Operations - The legislature approved \$209,596 in FY 2010 and \$209,656 in FY 2011 federal special revenue funding to hire 3.00 FTE and operations funding to support the Army National Guard (ARNG) mission. 1.0 FTE provides supervision for the Geographic Information Systems employees while the other 2.00 FTE replace contracted services for weapons vault and supply room alarm systems.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation	12	0.00	142	0	1,268	1,410	0.00	124	0	1,100	1,224
DP 8101 - Increasing 4% Vacancy Savings to 7%	12	0.00	(6,563)	0	(63,045)	(69,608)	0.00	(6,575)	0	(63,167)	(69,742)
Total	0.00	(\$6,421)	\$0	(\$61,777)	(\$68,198)	0.00	(\$6,451)	\$0	(\$62,067)	(\$68,518)	

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	34.00	34.00	34.00	34.00	34.00	34.00	0.00	0.00%
Personal Services	1,992,722	2,146,792	2,119,065	2,141,847	4,139,514	4,260,912	121,398	2.93%
Operating Expenses	1,756,659	2,995,593	1,805,169	1,802,968	4,752,252	3,608,137	(1,144,115)	(24.08%)
Total Costs	\$3,749,381	\$5,142,385	\$3,924,234	\$3,944,815	\$8,891,766	\$7,869,049	(\$1,022,717)	(11.50%)
General Fund	351,740	388,315	371,515	371,945	740,055	743,460	3,405	0.46%
Federal Special	3,397,641	4,754,070	3,552,719	3,572,870	8,151,711	7,125,589	(1,026,122)	(12.59%)
Total Funds	\$3,749,381	\$5,142,385	\$3,924,234	\$3,944,815	\$8,891,766	\$7,869,049	(\$1,022,717)	(11.50%)

Page Reference

Legislative Budget Analysis, A-381

Funding

The Air National Guard program is funded primarily from federal funds. In the base budget, federal funds supported 90.6 percent of the expenditures and general fund provided 9.4 percent. In the 2011 biennium, federal funds and general fund ratios remain unchanged.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	351,740	351,740	703,480	94.62%	3,749,381	3,749,381	7,498,762	95.29%
Statewide PL Adjustments	23,658	24,117	47,775	6.43%	(97,901)	(89,389)	(187,290)	(2.38%)
Other PL Adjustments	(14)	(16)	(30)	0.00%	329,158	341,734	670,892	8.53%
New Proposals	(3,869)	(3,896)	(7,765)	(1.04%)	(56,404)	(56,911)	(113,315)	(1.44%)
Total Budget	\$371,515	\$371,945	\$743,460		\$3,924,234	\$3,944,815	\$7,869,049	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(68,199)					(57,235)
Vacancy Savings					(76,978)					(77,419)
Inflation/Deflation					37,051					41,004
Fixed Costs					10,225					4,261
Total Statewide Present Law Adjustments		\$23,658	\$0	(\$121,559)	(\$97,901)		\$24,117	\$0	(\$113,506)	(\$89,389)
DP 1301 - Federal Spending Authority for ANG Firefighter OT	0.00	0	0	329,254	329,254	0.00	0	0	341,844	341,844
DP 7101 - Fuel Inflation Reduction	0.00	(14)	0	(82)	(96)	0.00	(16)	0	(94)	(110)
Total Other Present Law Adjustments	0.00	(\$14)	\$0	\$329,172	\$329,158	0.00	(\$16)	\$0	\$341,750	\$341,734
Grand Total All Present Law Adjustments	0.00	\$23,644	\$0	\$207,613	\$231,257	0.00	\$24,101	\$0	\$228,244	\$252,345

DP 1301 - Federal Spending Authority for ANG Firefighter OT - The legislature approved an appropriation of \$329,254 in FY 2010 and \$341,844 in FY 2011 federal special revenue funding to restore overtime and benefit costs incurred by the Air National Guard firefighters in Great Falls to FY 2008 base levels. .

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation	13	0.00	70	0	1,260	1,330	0.00	61	0	1,093	1,154
DP 8101 - Increasing 4% Vacancy Savings to 7%	13	0.00	(3,939)	0	(53,795)	(57,734)	0.00	(3,957)	0	(54,108)	(58,065)
Total	0.00	(\$3,869)	\$0	(\$52,535)	(\$56,404)	0.00	(\$3,896)	\$0	(\$53,015)	(\$56,911)	

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	23.00	23.00	23.00	23.00	23.00	23.00	0.00	0.00%
Personal Services	1,177,516	1,388,326	1,319,275	1,323,613	2,565,842	2,642,888	77,046	3.00%
Operating Expenses	317,232	377,724	683,785	642,853	694,956	1,326,638	631,682	90.90%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	1,287,008	1,412,260	13,614,431	13,614,431	2,699,268	27,228,862	24,529,594	908.75%
Total Costs	\$2,781,756	\$3,178,310	\$15,617,491	\$15,580,897	\$5,960,066	\$31,198,388	\$25,238,322	423.46%
General Fund	1,046,158	1,099,667	1,073,414	1,070,181	2,145,825	2,143,595	(2,230)	(0.10%)
State Special	90,471	334,408	332,478	302,477	424,879	634,955	210,076	49.44%
Federal Special	1,645,127	1,744,235	14,211,599	14,208,239	3,389,362	28,419,838	25,030,476	738.50%
Total Funds	\$2,781,756	\$3,178,310	\$15,617,491	\$15,580,897	\$5,960,066	\$31,198,388	\$25,238,322	423.46%

Page Reference

Legislative Budget Analysis, A-385

Funding

The Disaster and Emergency Services Division is supported with general fund, state special revenue, and federal special revenue. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 basis with general fund and federal special revenue. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded 100 percent with federal funds. A portion of state special revenue is fee revenue from division-sponsored workshops and conferences and is used to support these functions. Other state special revenue includes fees from snowmobile and off road vehicle decals to support local search and rescue organizations.

Homeland Security Funding

The department has received federal homeland security funding since FY 2002. Most of these funds have been added to the department's budget via the budget amendment (BA) process rather than the HB 2 legislative process due to the uncertainty of the amount and the timing of these federal grants. In the 2011 biennium, the authority to expend these funds is contained in HB 2.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,046,158	1,046,158	2,092,316	97.61%	2,781,756	2,781,756	5,563,512	17.83%
Statewide PL Adjustments	(99,468)	(102,638)	(202,106)	(9.43%)	179,621	173,250	352,871	1.13%
Other PL Adjustments	147,094	147,151	294,245	13.73%	261,344	231,312	492,656	1.58%
New Proposals	(20,370)	(20,490)	(40,860)	(1.91%)	12,394,770	12,394,579	24,789,349	79.46%
Total Budget	\$1,073,414	\$1,070,181	\$2,143,595		\$15,617,491	\$15,580,897	\$31,198,388	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					205,697					210,358
Vacancy Savings					(55,328)					(55,513)
Inflation/Deflation					1,287					1,466
Fixed Costs					27,965					16,939
Total Statewide Present Law Adjustments		(\$99,468)	(\$15)	\$279,104	\$179,621		(\$102,638)	(\$16)	\$275,904	\$173,250
DP 2101 - State Special Revenue Spending Authority	0.00	0	242,029	0	242,029	0.00	0	212,029	0	212,029
DP 2103 - DES Duty Officer Overtime	0.00	9,769	0	9,768	19,537	0.00	9,769	0	9,768	19,537
DP 2104 - Correct Adjusted Base Funding	0.00	137,396	0	(137,396)	0	0.00	137,463	0	(137,463)	0
DP 7101 - Fuel Inflation Reduction	0.00	(71)	(7)	(144)	(222)	0.00	(81)	(7)	(166)	(254)
Total Other Present Law Adjustments	0.00	\$147,094	\$242,022	(\$127,772)	\$261,344	0.00	\$147,151	\$212,022	(\$127,861)	\$231,312
Grand Total All Present Law Adjustments	0.00	\$47,626	\$242,007	\$151,332	\$440,965	0.00	\$44,513	\$212,006	\$148,043	\$404,562

DP 2101 - State Special Revenue Spending Authority - The legislature approved an appropriation of \$242,029 in FY 2010 and \$212,029 in FY 2011 to provide reimbursements through the Emergency Management Assistance Compact and account for expenditures at the annual Governor's Emergency Preparedness Summit. A portion of this additional authority is used to reimburse county sheriffs and local search and rescue units for expenses related to search and rescue missions, training, and equipment.

DP 2103 - DES Duty Officer Overtime - The legislature approved \$19,537 general fund and federal special revenue funding each year of the biennium to restore overtime to FY 2008 base levels for DES Duty Officers to provide 24 hour, 7 day a week disaster and emergency response.

DP 2104 - Correct Adjusted Base Funding - The legislature approved the substitution of \$137,396 in FY 2010 and 137,463 in FY 2011 of federal special revenue with general fund to correct the adjusted base funding for the DES program. The adjusted base for this program was incorrectly funded and was not noticed until after the executive budget was submitted on November 15th.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2102 - Additional Federal Spending Authority										
21	0.00	0	0	12,435,390	12,435,390	0.00	0	0	12,435,455	12,435,455
DP 8101 - Increasing 4% Vacancy Savings to 7%										
21	0.00	(20,753)	0	(20,754)	(41,507)	0.00	(20,822)	0	(20,823)	(41,645)
DP 61010 - Fixed Cost Workers Comp Management Pgm Allocation										
21	0.00	383	0	504	887	0.00	332	0	437	769
Total	0.00	(\$20,370)	\$0	\$12,415,140	\$12,394,770	0.00	(\$20,490)	\$0	\$12,415,069	\$12,394,579

DP 2102 - Additional Federal Spending Authority - The legislature approved an appropriation of \$24,870,845 federal special revenue in the 2011 biennium with \$511,939 for operating expenses and \$24,358,906 for grants.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 61010 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	25.00	25.00	30.00	30.00	25.00	30.00	5.00	20.00%
Personal Services	1,235,457	1,231,705	1,371,743	1,374,645	2,467,162	2,746,388	279,226	11.32%
Operating Expenses	366,275	523,221	570,692	567,087	889,496	1,137,779	248,283	27.91%
Equipment & Intangible Assets	17,730	100,000	17,730	17,730	117,730	35,460	(82,270)	(69.88%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,619,462	\$1,854,926	\$1,960,165	\$1,959,462	\$3,474,388	\$3,919,627	\$445,239	12.81%
General Fund	705,718	728,439	884,689	884,749	1,434,157	1,769,438	335,281	23.38%
State Special	913,744	1,126,487	1,075,476	1,074,713	2,040,231	2,150,189	109,958	5.39%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$1,619,462	\$1,854,926	\$1,960,165	\$1,959,462	\$3,474,388	\$3,919,627	\$445,239	12.81%

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Funding

The Veterans' Affairs program is funded with both general fund and state special revenue. State special revenue is derived from a portion of the vehicle licensing fees and from the sale of branded license plates. Cemetery operations are fully funded by state special revenue received primarily from the sale of veterans' license plates with a smaller portion being received from donations and cemetery plot allowances.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	705,718	705,718	1,411,436	79.77%	1,619,462	1,619,462	3,238,924	82.63%
Statewide PL Adjustments	67,740	67,864	135,604	7.66%	29,639	29,051	58,690	1.50%
Other PL Adjustments	(2)	(3)	(5)	0.00%	219,886	219,903	439,789	11.22%
New Proposals	111,233	111,170	222,403	12.57%	91,178	91,046	182,224	4.65%
Total Budget	\$884,689	\$884,749	\$1,769,438		\$1,960,165	\$1,959,462	\$3,919,627	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					56,684					59,611
Vacancy Savings					(51,686)					(51,802)
Inflation/Deflation					11,753					13,427
Fixed Costs					12,888					7,815
Total Statewide Present Law Adjustments		\$67,740	(\$38,101)	\$0	\$29,639		\$67,864	(\$38,813)	\$0	\$29,051
DP 3101 - VA Cemetery Operations Support										
2.00	0	220,405	0	220,405	2.00	0	220,499	0	220,499	
DP 7101 - Fuel Inflation Reduction										
0.00	(2)	(517)	0	(519)	0.00	(3)	(593)	0	(596)	
Total Other Present Law Adjustments	2.00	(\$2)	\$219,888	\$0	\$219,886	2.00	(\$3)	\$219,906	\$0	\$219,903
Grand Total All Present Law Adjustments	2.00	\$67,738	\$181,787	\$0	\$249,525	2.00	\$67,861	\$181,093	\$0	\$248,954

DP 3101 - VA Cemetery Operations Support - The legislature approved \$220,405 for FY 2010 and \$220,499 for FY 2011 of state special revenue spending authority and 2.0 FTE to support the operations and maintenance of the Montana State Veterans Cemeteries located at Fort Harrison in Helena, Eastern Montana State Veterans Cemetery in Miles City, and the new Western Montana State Veterans Cemetery in Missoula.

DP 7101 - Fuel Inflation Reduction - The legislature approved a reduction in funding for gasoline and diesel by the amount that these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is that no inflation adjustment has been applied to these two expenditure categories.

New Proposals

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3102 - Expand and Enhance Statewide Veterans Services										
31	3.00	128,936	0	0	128,936	3.00	129,025	0	0	129,025
DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation										
31	0.00	887	121	0	1,008	0.00	769	105	0	874
DP 8101 - Increasing 4% Vacancy Savings to 7%										
31	0.00	(18,590)	(20,176)	0	(38,766)	0.00	(18,624)	(20,229)	0	(38,853)
Total	3.00	\$111,233	(\$20,055)	\$0	\$91,178	3.00	\$111,170	(\$20,124)	\$0	\$91,046

DP 3102 - Expand and Enhance Statewide Veterans Services - The legislature approved the addition of 3.00 FTE and operating expenses to provide service to the state's veterans, particularly in the areas of posttraumatic stress disorder and traumatic brain injury, and the increase in the average number and complexity of veterans disability claims. The positions are Veterans Service Officers, and are stationed in Missoula, Billings, and Helena.

DP 6101 - Fixed Cost Workers Comp Management Pgm Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.