



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0371	Title:	Manufacturing extension center program enhancement
Primary Sponsor:	Sonju, Jon	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$1,000,000	\$500,000	\$253,974	\$261,463
University Funds - Restricted	\$1,000,000	\$500,000	\$253,974	\$261,463
Revenue:				
General Fund	\$0	\$0	\$0	\$0
University Funds - Restricted	\$1,000,000	\$500,000	\$253,974	\$261,463
Net Impact-General Fund Balance	<u>(\$1,000,000)</u>	<u>(\$500,000)</u>	<u>(\$253,974)</u>	<u>(\$261,463)</u>

Description of fiscal impact: An act appropriating \$1.5 million to the Montana Manufacturing Extension Center at Montana State University-Bozeman.

FISCAL ANALYSIS

Assumptions:

Montana University System

- In FY 2008, the Montana Manufacturing Extension Center (MMEC) will issue a competitive request for proposals abiding by State of Montana procurement policy, award & commit funds for facilities expansion or renovation of a business one-stop center that houses clusters of economic development programs, including but not limited to employment and training services, small business development, government contracting assistance, tourism and convention promotion, manufacturing technical assistance, and business advocacy (\$934,579 Contract for facility expansion, \$65,421 indirect costs).
- Indirect costs are limited to 7%.

3. In FY 2009, MMEC will recruit, hire and put into service a qualified 1.0 FTE Field Engineer (annual salary \$82,774) to provide bio-product commercialization technical assistance to manufacturers state-wide.
4. 0.5 FTE of existing Montana State University Field Engineers will be engaged and charge time to the project.
5. When necessary, MMEC will partner with qualified vendors to deliver the services required by the varied manufacturers across the state.
6. Other operational costs in FY 2009 are \$55,250 for rent, training, computer and supplies. Indirect costs are \$32,709.
7. On going operation costs in FY 2010 and FY 2011 include personal services and related operating costs. Personal Services and Operating have been inflated 2.5% for the 2011 biennium.
8. Montana State University Bozeman would account for this activity in the restricted fund.

Department of Administration – Architecture and Engineering Division (A&E)

9. An appropriation of approximately \$1.0 million for a facility would construct roughly 4,000 square feet of classroom/office-type space. Estimate does not include the cost of a land purchase.
10. If it is a state-owned facility, annual operations and maintenance (O & M) expenses are in the range of \$9-\$10 per square foot for a classroom/office-type facility. The O and M costs would be approximately \$40,000.
11. It is assumed that O and M would start in FY 2010 when the building is assumed to be completed.
12. This type of facility is a “negotiated item” between the Executive, Legislature and the Montana University System on how the O and M costs would be funded. Given that no discussion has occurred between the Montana University System and the state on this facility, the general fund is shown as funding 100% of these costs.

Office of Commissioner of Higher Education (conduit of university system funding)

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Transfers	<u>\$1,000,000</u>	<u>\$500,000</u>	<u>\$253,974</u>	<u>\$261,463</u>
TOTAL Expenditures	<u>\$1,000,000</u>	<u>\$500,000</u>	<u>\$253,974</u>	<u>\$261,463</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$1,000,000</u>	<u>\$500,000</u>	<u>\$253,974</u>	<u>\$261,463</u>
TOTAL Funding of Exp.	<u>\$1,000,000</u>	<u>\$500,000</u>	<u>\$253,974</u>	<u>\$261,463</u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Montana State University - Bozeman

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	1.50	1.50	1.50
<u>Expenditures:</u>				
Personal Services	\$0	\$162,041	\$166,902	\$172,444
Operating Expenses	\$65,421	\$337,959	\$87,072	\$89,019
Construction	\$934,579	\$0	\$0	\$0
TOTAL Expenditures	\$1,000,000	\$500,000	\$253,974	\$261,463
<u>Funding of Expenditures:</u>				
University Funds (31)	\$1,000,000	\$500,000	\$253,974	\$261,463
TOTAL Funding of Exp.	\$1,000,000	\$500,000	\$253,974	\$261,463
<u>Revenues:</u>				
University Funds (31)	\$1,000,000	\$500,000	\$253,974	\$261,463
TOTAL Revenues	\$1,000,000	\$500,000	\$253,974	\$261,463

Combined Agencies - Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund	(\$1,000,000)	(\$500,000)	(\$253,974)	(\$261,463)
University Funds (31)	\$0	\$0	\$0	\$0

Technical Notes:

Department of Administration – Architecture and Engineering Division (A&E)

1. The bill should be clarified as to whether this is a grant or a construction project that is ran through the A&E Division.
2. MMEC has indicated a desire to utilize approximately \$1.0M of the funding on a request for proposal process to "grant" funding to a Local Development Corporation to build on non-state owned land and that the facilities constructed would not be state-owned.
3. There are several legal and administrative issues to be addressed if the bill is not amended:
 - Use of non-grant funds for construction may only be used on state-owned property and state-owned facilities.
 - Compliance with Title 18, Chapters 2 and 8 are mandatory for design and construction for a state facility.
 - The Architecture & Engineering Division will have administrative responsibilities for the project in accordance with Title 18, Chapters 2 and 8.

Sponsor's Initials

Date

Budget Director's Initials

Date