

BUSINESS REPORT

**MONTANA HOUSE OF REPRESENTATIVES
64th LEGISLATURE - REGULAR SESSION**

**HOUSE JOINT APPROPS SUBCOM ON JUDICIAL BRANCH, LAW ENFORCEMENT, AND
JUSTICE**

Date: Monday, January 12, 2015
Place: Capitol

Time: 8:00 AM
Room: 317-A

BILLS and RESOLUTIONS HEARD:

EXECUTIVE ACTION TAKEN:

Comments: Board of Crime Control; Public Service Regulation



REP. Randy Brodehl, Chair



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

JUDICIAL SUBCOMMITTEE

ROLL CALL

DATE 1/12/2014

NAME	PRESENT	ABSENT/EXCUSED
REP. RANDY BRODEHL, CHAIRMAN	X	
SEN. KRISTIN HANSEN, VICE CHAIR	X	
REP. KIMBERLY DUDIK		X
REP. KENNETH HOLMLUND	X	
SEN. DAVID HOWARD	X	
SEN. CYNTHIA WOLKEN	X	

6 MEMBERS

**ADDITIONAL
DOCUMENTS**

The Legislative Fiscal Division Presents an Agency Profile of:
The Montana Board of Crime Control

Contact: Greg DeWitt, Senior Fiscal Analyst
Room 119, State Capitol Building
Phone: 444-5392

Updated November 2014

Definition of Terms

Agency Description

The Montana Board of Crime Control (MBCC) was established to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice systems. The MBCC is an 18-member board appointed by the Governor. The MBCC supervises the Crime Control Division (CCD), which provides financial support, technical assistance, and support services to state and local criminal justice agencies. The CCD administers a number of federal grants including anti-drug, anti-crime, victim assistance, and juvenile justice programs. The MBCC administers contracts with regional juvenile detention centers that are supported by state general fund and the misdemeanor domestic violence program supported by state special revenue. The MBCC also collects and analyzes crime data from Montana's law enforcement agencies and publishes the annual "Crime in Montana" report. MBCC is established in 2-15-2006, MCA.

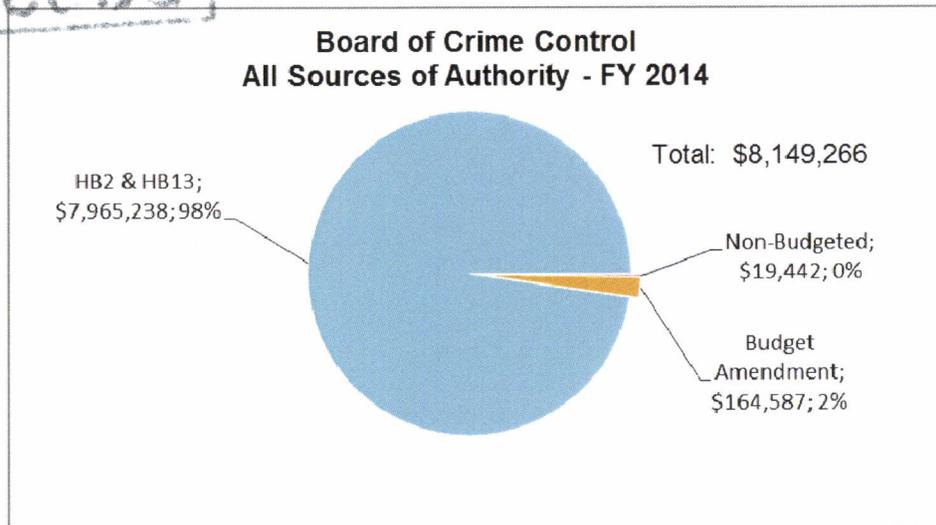
The MBCC has one advisory council, the Youth Justice Council (YJC). YJC develops and implements the state's juvenile justice plan and recommends educational, training, research, prevention, diversion, treatment and rehabilitation programs.

How Services are Provided

The board promotes public safety through its supervision of the Crime Control Division and board actions. Under the supervision of the board the Crime Control Division coordinates and assists public safety agencies and private non-profits both directly and in supportive functions such as:

- The direct provision of services such as planning, training, and awareness
- Collection, analysis, and distribution of crime data and statistics
- Allocation of federal grants to public safety agencies
- Provision of financial and technical support, coordination, and oversight for granted funds
- Administrative support for the activities of the board and the Youth Justice Council

Sources of Spending Authority



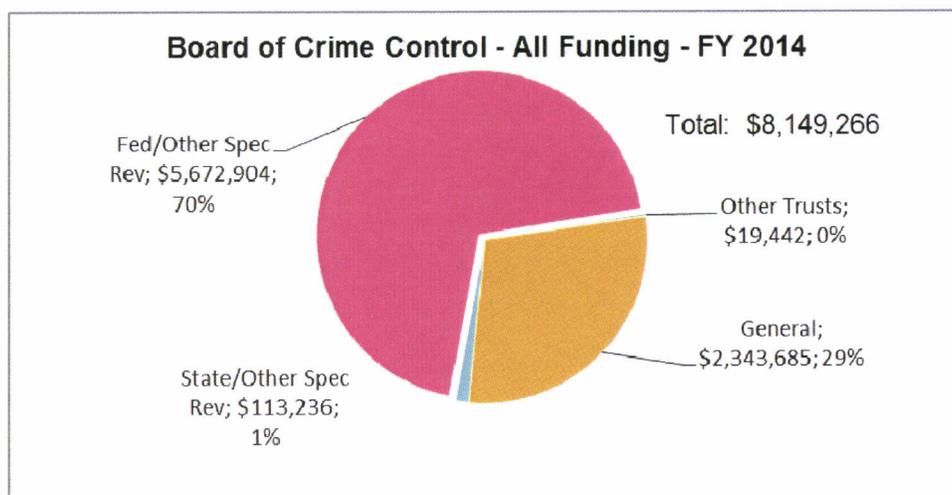
The above chart shows the sources of authority for the Montana Board of Crime Control. Non-budgeted spending is mainly from registration fees for conferences and workshops. Budget amendment funding is for programs to:

- Encourage qualified attorneys to choose careers as prosecutors and public defenders and to continue in that service
- Enhance the capacity of regulatory and law enforcement agencies to collect and analyze controlled substance prescription data through a centralized database

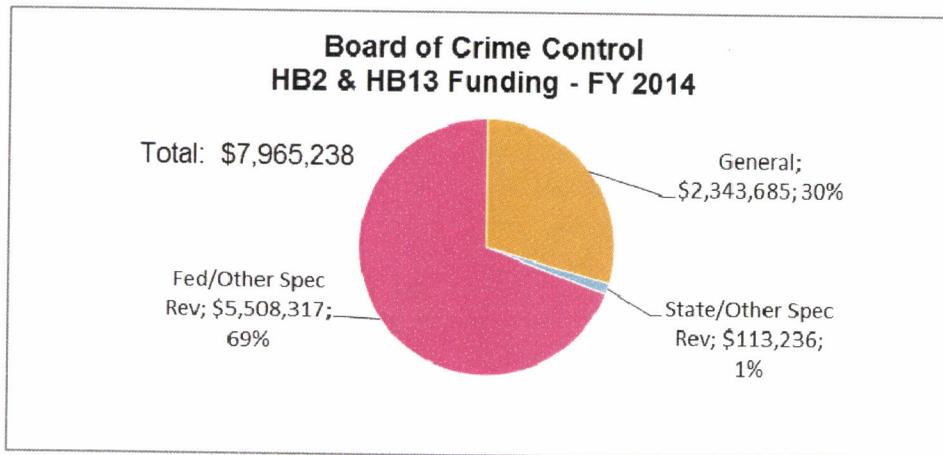
For a more detailed description of accounting terminology, please refer to the definition of terms.

HB 2 Funding

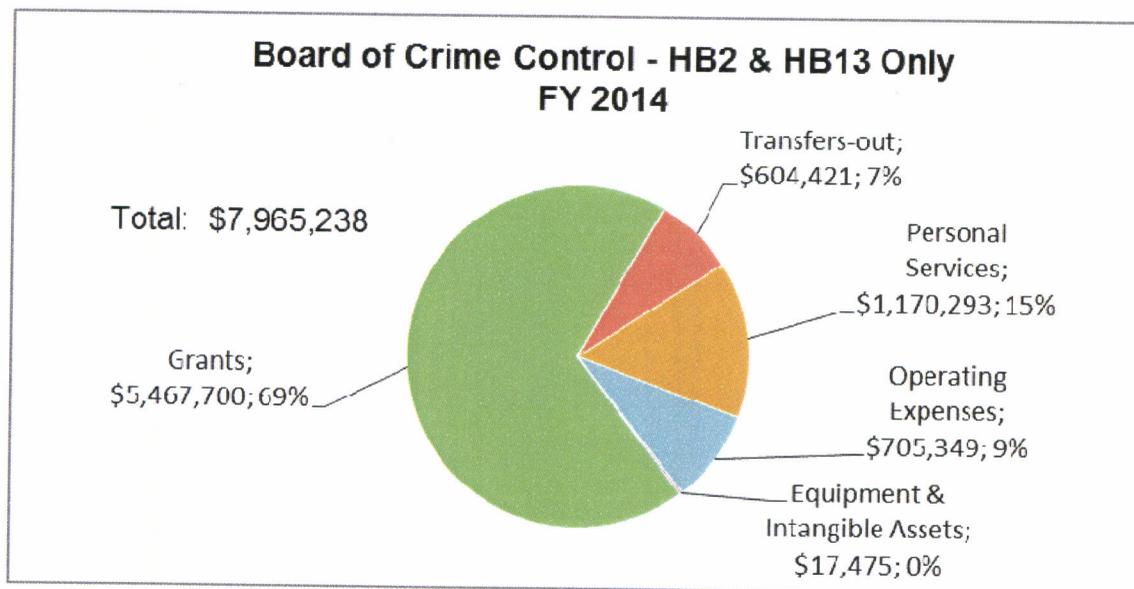
The following charts show the agency's FY 2014 HB 2 and HB 13 funding authority by fund type and all sources of its total funding authority. The state special revenue funds are domestic violence intervention funds received from court fees collected from filers of petitions for dissolution of marriage.



This chart matches the agency funding in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.



Expenditures



The above chart explains how the HB 2 authority is spent. Of the total HB 2 expenditures made in FY 2014, 69% were for grants consisting of nearly all granted to non-state public safety agencies (grants category) and 7% to state agencies (transfers-out). The remaining funds were used to administer the grants or provide direct services. This chart matches the agency chart found in the 2015 Budget Analysis. Some minor discrepancies may occur as a result of rounding.

How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs:

- MBCC expenditures are driven mainly by the cost of personal services
- The level of funding provided for juvenile detention centers
- The amount of federal funding available

Major Cost Drivers

Driver	FY 2004	FY 2014	Significance of Data
Federal funds revenue	\$10.6 million	\$6.7 million	Shows federal funds available to the state have been declining
Grants for detention centers	\$0.9 million	\$0.9 million	Shows the funding for this area has remained stable
State special revenue domestic violence misdemeanor grants	\$0	\$0.1 million	Shows new sources of funding for new services
Local matching funds	\$3.7 million	\$6.0 million	Shows that local contributions have increased as federal awards have declined

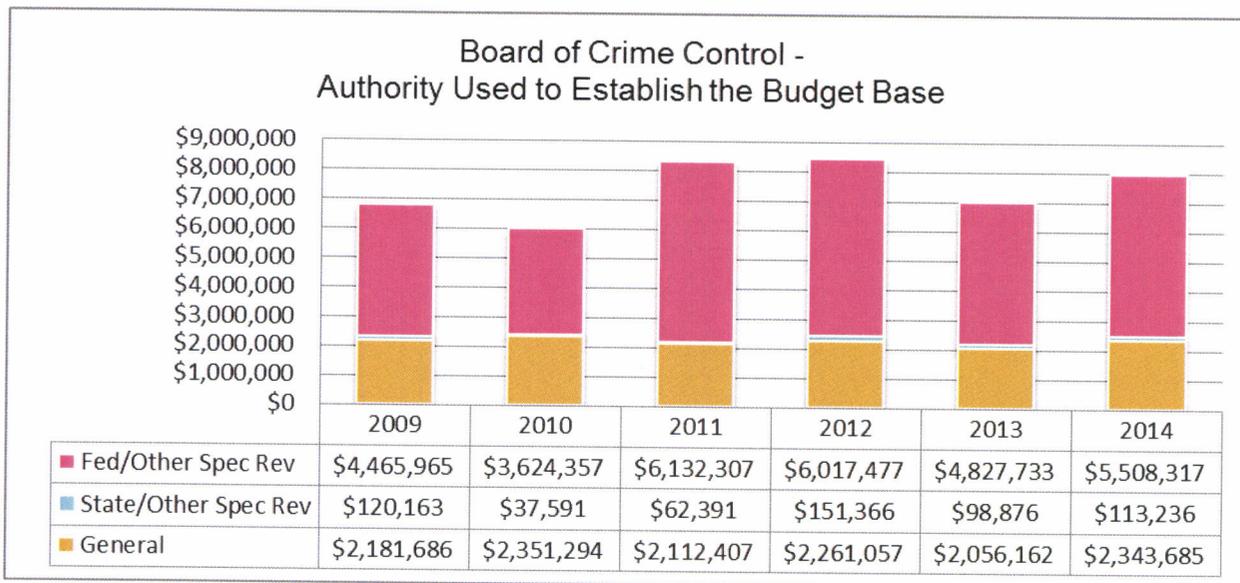
The table above provides some cost drivers that can indirectly impact the operating costs of the board. Federal funds play a significant role in this agency. With the uncertainties of the federal Budget Control Act of 2011, levels of federal funds are uncertain, but are likely to decline even further than the declines shown in the table.

Funding/Expenditure History, Authority Used to Establish the Budget Base

The figure on the next page shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. Over the period, general fund support for the board has remained somewhat constant. Federal funds have experienced the following significant changes over the period:

- Sexual assault services funds were first received in FY 2012, \$159,000
- Paul Coverdell Forensic Science Improvement Grants have steadily increased over the years from \$85,000 in FY 2009 to \$190,000 in FY 2012, but have dropped to \$48,000 in FY 2014.

- Justice Assistance Grants saw a decline for FY 2009 to FY 2010, going from \$521,000 to \$43,000 then a rebound in FY 2011 to \$1.2 million, In FY 2010, \$3.2 million of Justice Assistance Grants were funded in HB 624 (recovery act funds) instead of HB 2
- Crime victim assistance funding grew by \$452,000 from FY 2009 to FY 2014
- Prescription drug monitoring funds were first received in FY 2014, \$74,000



Major Legislative Changes in the Last Ten Years

The only major change for the boards was in the 2007 Legislative Session when the functions of the Montana Public Safety Officer Standards and Training Council (POST) were moved to the Department of Justice.

For further information, you may wish to contact the agency at:

Montana Board of Crime Control

5 S Last Chance Gulch

PO Box 201408

Helena, MT 59620-1408

(406) 444-3604

TTY: (406) 444-7099

web: <http://mbcc.mt.gov/>

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	17.50	17.50	17.50	17.50	17.50	17.50	0.00	0.00 %
Personal Services	1,170,292	1,274,934	1,318,846	1,318,651	2,445,226	2,637,497	192,271	7.86 %
Operating Expenses	705,359	789,953	730,344	730,478	1,495,312	1,460,822	(34,490)	(2.31)%
Equipment & Intangible Assets	17,475	12,779	17,475	17,475	30,254	34,950	4,696	15.52 %
Grants	5,467,703	5,930,638	5,467,703	5,467,703	11,398,341	10,935,406	(462,935)	(4.06)%
Transfers	604,421	637,956	604,421	604,421	1,242,377	1,208,842	(33,535)	(2.70)%
Total Costs	\$7,965,250	\$8,646,260	\$8,138,789	\$8,138,728	\$16,611,510	\$16,277,517	(\$333,993)	(2.01)%
General Fund	2,343,689	2,411,273	2,483,795	2,483,734	4,754,962	4,967,529	212,567	4.47 %
State/Other Special Rev. Funds	113,236	152,830	127,335	127,335	266,066	254,670	(11,396)	(4.28)%
Federal Spec. Rev. Funds	5,508,325	6,082,157	5,527,659	5,527,659	11,590,482	11,055,318	(535,164)	(4.62)%
Total Funds	\$7,965,250	\$8,646,260	\$8,138,789	\$8,138,728	\$16,611,510	\$16,277,517	(\$333,993)	(2.01)%

Mission Statement

The mission of the Board of Crime Control is to proactively contribute to public safety, crime prevention, and victim assistance through planning, policy development, and coordination of the justice system in partnership with citizens, government, and communities.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

**Crime Control Division
Major Budget Highlights**

- The growth from the FY 2015 legislative budget are for:
 - Funding to annualize pay increases provided at the agency's discretion
 - Funding to annualize the legislative pay plan, HB 13 of the 2013 Legislature
 - Funding for increase in fixed costs for services purchased from other agencies

Agency Discussion

This agency was exempt from the HB 2 boilerplate language.

5% Reduction Plan

With fewer than 20.00 FTE, this agency is exempt in statute from the requirements that agencies submit plans to reduce general fund and certain state special revenue funds by 5%.

Agency Personal Services

Personal services comprise 14.7% of FY 2015 legislative budget, while the Governor proposes 16.2% in both FY 2016 and FY 2017.

Vacancy Savings – The FY 2014 personal services expenditures were roughly \$51,000, or 4.2%, lower than the legislature budgeted.

Long-term Vacancies - The agency is currently experiencing no long-term vacancies and states that they have seen hiring pools of sufficient size and quality to fill positions when vacated.

Major Non-Pay Plan Salary Adjustments - Pay increases made at the agency's discretion and funded out of agency funding above that provided in the 2013 legislative pay plan were awarded in FY 2014 to 6 employees, or 34% of staff, for what are described by the agency as demonstrated competencies, positive behaviors, and overall contributions to the success of the agency. These pay adjustments ranged from 4.0% to 12.0% and add an estimated \$12,000 to the funding requirements for subsequent years.

Retirements – nearly 44% of the agency's staff will be eligible for in the 2017 biennium. Of those eligible to retire, one has indicated considering retiring in the 2017 biennium. The agency has not requested funding for retirement payouts.

Refer to the discussion of present law adjustments for a further discussion of personal services.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Crime Control Division		
Program	Legislative Appropriation	Total Executive Implementation
01 Justice System Support Service	\$8,646,260	\$8,646,260
Personal Services	1,274,934	1,274,934
Operating Expenses	789,953	789,953
Equipment & Intangible Assets	12,779	12,779
Grants	5,930,638	5,930,638
Transfers	637,956	637,956

The executive made no changes to the 2015 legislative budget.

Language and Statutory Authority -

The Governor proposes the following language for inclusion in HB 2.

"All pass-through grant authority is biennial."

"All remaining pass-through grant appropriations, up to \$100,000 in general fund money, \$180,000 in state special revenue, and \$7 million in federal funds, including reversions, for the 2015 biennium are authorized to continue and are appropriated in fiscal year 2016 and fiscal year 2017."

**LFD
COMMENT**Continuing Grant Authority Skews FY 2015 Appropriations in the Biennium Comparison Table

Continuing authority remaining valid due to similar language approved for the 2015 biennium accounts for why the 2015 appropriated amounts in the Agency Budget Comparison table are out of proportion with those shown in FY 2014 and the 2017 biennium amounts for Grants, Transfers, Federal Special, Total Costs, and Total Funds. For example, FY 2015 appropriated federal special funds show \$10.1 million while base FY 2014, budgeted FY 2016 and budgeted FY 2017 shows \$5.5 million each. The \$4.6 million difference is due to continuing grant authority reverted from prior years skewing the FY 2015 appropriated levels in the table.

Funding

The following table shows proposed program funding by source from all sources of authority.

Crime Control Division, 01-Justice System Support Service Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,967,529	0	0	4,967,529	30.52 %	
02768 Dom Violence Intervention - HB 476	254,670	0	0	254,670	100.00 %	
State Special Total	\$254,670	\$0	\$0	\$254,670	1.56 %	
03006 DMC Junvenile Detention	0	0	0	0	0.00 %	
03008 Juvenile Justice Council	989,954	0	0	989,954	8.95 %	
03009 Juvenile Accountability	0	0	0	0	0.00 %	
03081 OVW Sexual Assault Services	546,528	0	0	546,528	4.94 %	
03090 P COVERDELL FORENSIC SCIENCE	143,196	0	0	143,196	1.30 %	
03093 TITLE V DELINQUENCY INTERVENTION	0	0	0	0	0.00 %	
03111 RSAT RESIDENTIAL SUBSTANCE ABUSE	123,000	0	0	123,000	1.11 %	
03186 Project Safe Neighborhood	0	0	0	0	0.00 %	
03188 Justice Assistance Grants	2,461,090	0	0	2,461,090	22.26 %	
03192 Crime Victim Assistance	3,741,792	0	0	3,741,792	33.85 %	
03200 SORNA CFDA 16.580.7	61,534	0	0	61,534	0.56 %	
03201 Justice System Enhancements	168,368	0	0	168,368	1.52 %	
03248 Prescription Drug Monitoring	520,000	0	0	520,000	4.70 %	
03343 Criminal History Record Improv	194,010	0	0	194,010	1.75 %	
03344 Violence Against Women Act	2,005,846	0	0	2,005,846	18.14 %	
03961 BJA Mental Health Collaberatio	0	0	0	0	0.00 %	
03962 Enf. Underage Drinking Laws	0	0	0	0	0.00 %	
03963 John R Justice Grant	100,000	0	0	100,000	0.90 %	
Federal Special Total	\$11,055,318	\$0	\$0	\$11,055,318	67.92 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$16,277,517	\$0	\$0	\$16,277,517		

General fund supports agency operations and grants to regional juvenile detention centers. Agency operations receives most of its support from the general fund with the balance funded primarily with federal funds. State special revenue for the misdemeanor domestic violence intervention program is administered by this agency. Federal funds administered by the agency come from federal grants with the majority of these funds being pass-through funds that go to state and local agencies. A small portion of the federal funds support agency operations. Administrative costs account for about 6.0% of all federal funds administered by the agency.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	2,411,273	2,411,273	4,822,546	97.08 %	8,646,260	8,646,260	17,292,520	106.24 %
PL Adjustments	72,522	72,461	144,983	2.92 %	(507,471)	(507,532)	(1,015,003)	(6.24)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$2,483,795	\$2,483,734	\$4,967,529		\$8,138,789	\$8,138,728	\$16,277,517	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

	Fiscal 2016				Fiscal 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	(289,482)	(21,918)	355,312	43,912	0.00	(286,365)	(21,700)	351,782	43,717
DP 99 - LEG. Present Law	0.00	362,004	(3,577)	(909,810)	(551,383)	0.00	358,826	(3,795)	(906,280)	(551,249)
Grand Total All Present Law Adjustments	0.00	\$72,522	(\$25,495)	(\$554,498)	(\$507,471)	0.00	\$72,461	(\$25,495)	(\$554,498)	(\$507,532)

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	17.50	\$6,778	\$20	\$1,708	\$8,505
Executive Implementation of 2015 Pay Increase		17,966	52	4,527	22,545
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(314,226)	(21,990)	349,077	12,862
Personal Services Present Law Adjustments	17.50	(\$289,482)	(\$21,918)	\$355,312	\$43,912
	FY 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	17.50	\$6,778	\$20	\$1,708	\$8,505
Executive Implementation of 2015 Pay Increase		17,976	52	4,517	22,545
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other		(311,119)	(21,772)	345,557	12,667
Personal Services Present Law Adjustments	17.50	(\$286,365)	(\$21,700)	\$351,782	\$43,717

The executive has proposed to increase funding for personal services by 3.4% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other adjustments are to fund pay increases provided at the agency's discretion.

DP 99 - LEG. Present Law -

The executive has proposed to reduce funding for all other expenditure categories excluding personal services by 7.5% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Lower funding requested for system development costs
- Lower requested level of grant funding

The Legislative Fiscal Division Presents an Agency Profile of:

The Public Service Regulation

**ADDITIONAL
DOCUMENTS**

Contact: Greg DeWitt, Senior Fiscal Analyst
Room 119, State Capitol Building
Phone: 444-5392
E-mail: gcdewitt@mt.gov

Updated November 2014

Definition of Terms

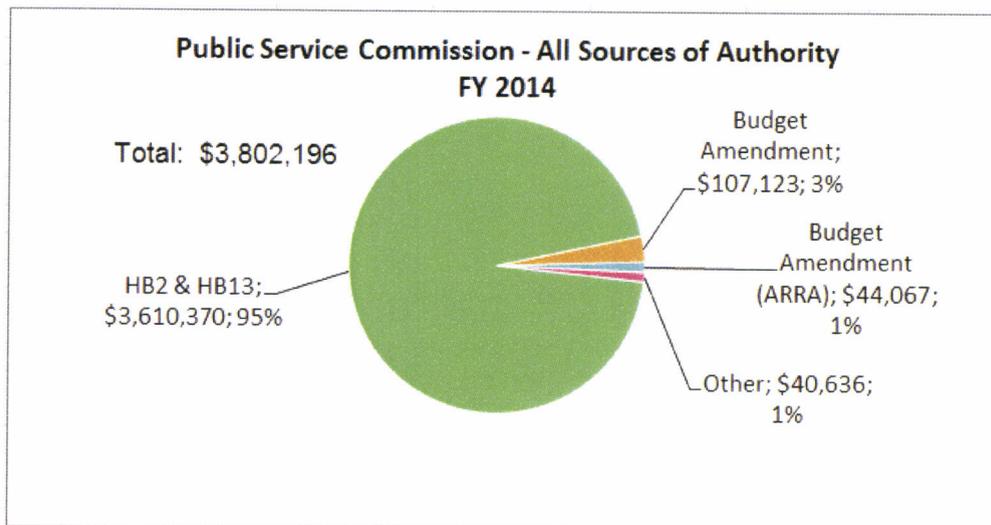
Agency Description

The Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the Public Service Regulation Program (PSR). Each commissioner serves a four-year term.

How Services are Provided

The PSR provides these services primarily through the employment of state FTE, who perform rate and economic analysis relative to the entities regulated by the commission, and other technical and administrative duties.

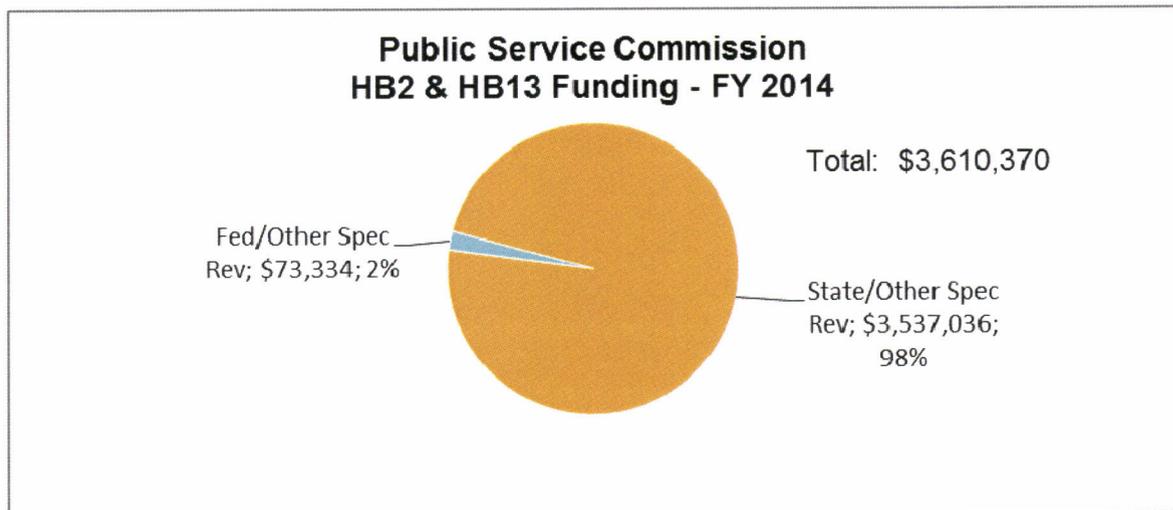
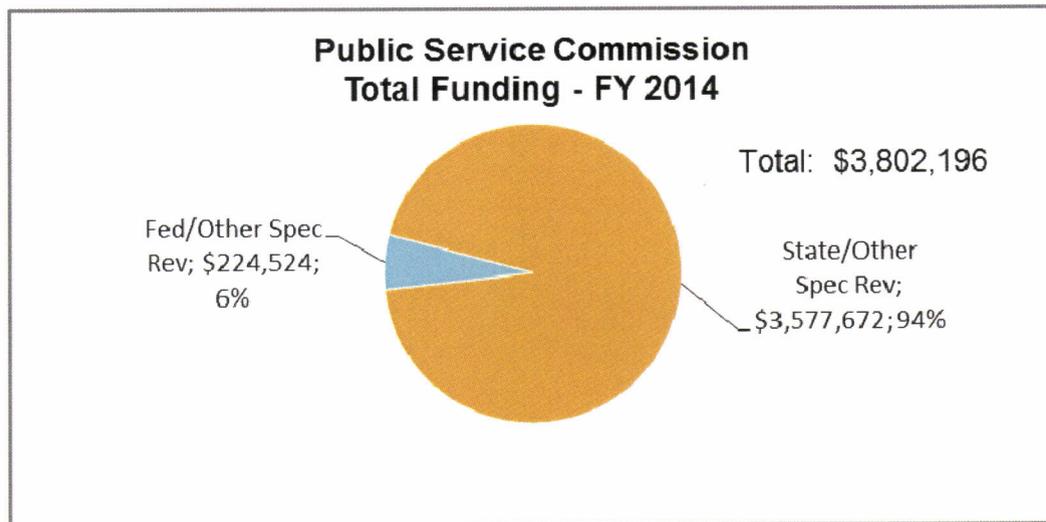
Sources of Spending Authority



The above chart shows all sources of authority that funds the PSR. Other is derived from continuation of unspent American Recovery and Reinvestment Act of 2009 funds associate with electric regulation and carry-forward authority.

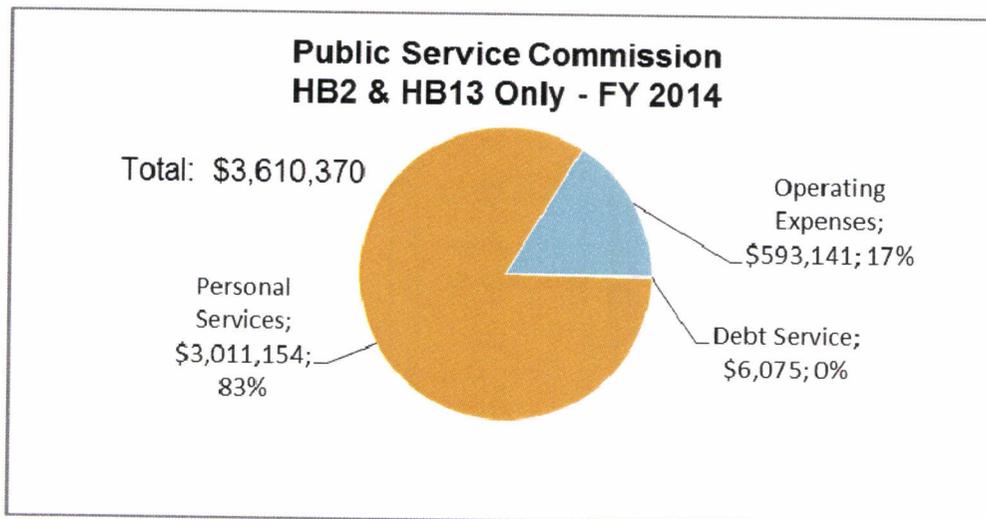
HB 2 Funding

The following charts show the agency's HB 2 funding authority by fund type and all sources of its total funding authority. The primary state special funding source is a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation. Federal funds support the natural gas safety program.



Expenditures

The next chart explains how the HB 2 authority is spent. The chart shows that personal services for commissioners and commission staff dominate the expenditures of the agency. "Other" expenditures are for debt service. Some minor discrepancies may occur as a result of rounding in operating expenses.



How the 2015 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs.

PSR costs are mainly driven by personal services and related operating costs. Without major adjustments to PSR duties, future growth can be expected to loosely follow that of legislatively approved increases for the employee pay plan and inflationary costs. PSR costs may also be impacted by changes in the statutory duties or the types of entities designated by the legislature for regulation by the commission.

Major Cost Drivers

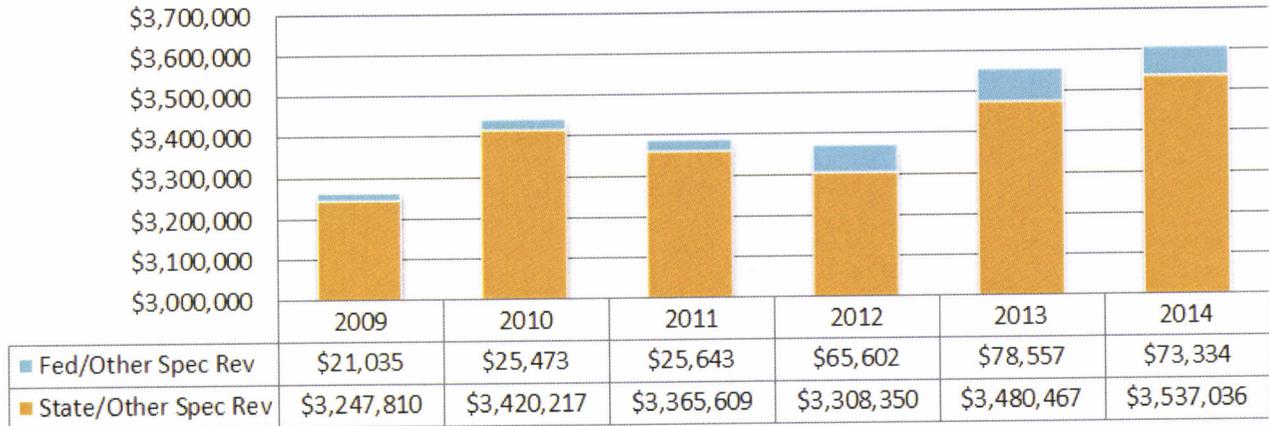
Driver	FY 2004	FY 2014	Significance of Data
Number of utility dockets open	188	97	Shows caseload impact of staff work
Number of transportation dockets open	61	21	Shows caseload impact of staff work
Number of complaints entered	1,923	958	Shows consumer satisfaction trends
Number of calls received on toll-free line	15,791	5,276	Shows consumer satisfaction trends

The table above provides some cost drivers that can indirectly impact the operating costs of the commission.

Funding/Expenditure History

The figure below shows how expenditures in HB 2 have been funded for the period from FY 2009 through FY 2014. The rise in funding from FY 2012 to FY 2014 was driven by pay raises given after a number of years when pay raises were not funded by the legislature.

Public Service Commission -
Authority Used to Establish the Budget Base



Major Legislative Changes in the Last Ten Years

No major legislation was enacted that impacted the funding of the PSR.

For further information, you may wish to contact the agency at:

Public Service Commission
1701 Prospect Ave
P.O. Box 202601
Helena, MT 59620-2601
406) 444-6199 Voice
(406) 444-4212 TDD
(406) 444-7618 FAX
web: <http://psc.mt.gov>

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Budget Fiscal 2016	Budget Fiscal 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	40.00	40.00	38.44	38.44	40.00	38.44	(1.56)	(3.90)%
Personal Services	3,011,152	3,211,070	3,529,678	3,328,639	6,222,222	6,858,317	636,095	10.22 %
Operating Expenses	593,146	652,041	761,214	757,975	1,245,187	1,519,189	274,002	22.00 %
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00 %
Debt Service	6,075	6,080	6,075	6,075	12,155	12,150	(5)	(0.04)%
Total Costs	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %
State/Other Special Rev. Funds	3,537,037	3,786,168	4,223,631	4,019,353	7,323,205	8,242,984	919,779	12.56 %
Federal Spec. Rev. Funds	73,336	83,023	73,336	73,336	156,359	146,672	(9,687)	(6.20)%
Total Funds	\$3,610,373	\$3,869,191	\$4,296,967	\$4,092,689	\$7,479,564	\$8,389,656	\$910,092	12.17 %

Mission Statement

To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

There is additional, more detailed information about the department in the agency profile. The profile may be viewed at: <http://leg.mt.gov/fbp-2017.asp>

Agency Highlights

**Public Service Regulation
Major Budget Highlights**

- The growth from the FY 2015 legislative budget are due to:
 - A request to fund anticipated retirement payouts
 - Funding for computer equipment above the base
 - Funding for miscellaneous present law adjustments
 - Funding to annualize the legislative pay plan
 - Funding to annualize pay increases given at the discretion of the agency

Agency Discussion

FY 2016 and FY 2017 contain any reductions in FTE made by the executive to implement the boilerplate language in HB 2. Though intended by the legislature, the FY 2014 and FY 2015 FTE levels do not reflect this language.

5% Plans

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. A summary of the entire 2017 biennium 5% Plan submitted for this agency is in the appendix. The agency has no funding from the general fund. The 5% plan reduction in state special revenue is \$176,399 per year.

Agency Personal Services

Personal services comprises 83.0% of the FY 2015 legislative budget, while the Governor proposes 82.1% in FY 2016 and 81.3% in FY 2017. Compared to the FY 2015 funding, personal services would grow by 9.9% in FY 2016 and by 3.7% in FY 2017.

The personal services budget for the 2017 biennium would increase over the FY 2015 funding level due to the following factors:

- A request for funding for retirement payouts
- Restoration of the 2% additional vacancy savings applied by the 2013 Legislature
- Funding to annualize pay increases funded in the 2013 legislative pay plan, HB 13
- Funding to annualize pay increases made at the agency's discretion over the funding provided in the 2013 legislative pay plan (HB 13) \$13,400 per year

In addition to pay increases for the elected commissioners and those funded in the pay plan of the 2013 Legislature in HB 13, 3 career ladder increases were given to one lawyer and two utility rate analysts. These additional increases averaged 8.3% and adds \$13,400 to funding requirements for subsequent years.

About 28.5% of this agency's FTE is eligible for full or early retirement in the 2017 biennium. Retirements are anticipated to be the largest driver of turnover in the 2017 biennium. The executive has requested funding for these payouts. Refer to the PSPL section for further discussion.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The following highlights the differences between the FY 2015 appropriations as shown in the main table to the FY 2015 legislative appropriations used for purposes of the budget base, by program.

FY 2015 Appropriation Transactions - Public Service Commission		
Program	Legislative Appropriation	Total Executive Implementation
01 Public Service Regulation Prog	\$3,869,191	\$3,869,191
Personal Services	\$3,211,070	\$3,211,070
Operating Expenses	\$652,041	\$652,041
Debt Service	\$6,080	\$6,080

The executive made no changes to the FY 2015 legislative budget for this agency.

Funding

The following table shows proposed program funding by source from all sources of authority.

Public Service Commission, 01-Public Service Regulation Prog Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	0	0	0.00 %	
02281 Public Service Commission	8,242,984	0	0	8,242,984	100.00 %	
State Special Total	\$8,242,984	\$0	\$0	\$8,242,984	98.25 %	
03011 Natural Gas Safety Pgm	146,672	0	0	146,672	100.00 %	
03374 NGPSP One Call	0	0	0	0	0.00 %	
03958 PSC ARRA Electricity Reg	0	0	0	0	0.00 %	
Federal Special Total	\$146,672	\$0	\$0	\$146,672	1.75 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$8,389,656	\$0	\$0	\$8,389,656		

Public Service Regulation (PSR) is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA). The department also administers a small amount of federal pipeline safety grant funds.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 Legislative base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	0	0	0	0.00 %	3,869,191	3,869,191	7,738,382	0.00 %
PL Adjustments	0	0	0	0.00 %	427,776	223,498	651,274	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,296,967	\$4,092,689	\$8,389,656	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed by the executive. PSPL adjusts all personal services. LGPL provides for adjustments to other expenditures such as operating expenses. Each is discussed in the narrative that follows. Total funds in the Present Law Adjustments table do not include proprietary funds budgeted in House Bill 2.

Present Law Adjustments	Fiscal 2016				Fiscal 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 98 - LEG. Personal Services Present Law	0.00	0	325,823	(7,215)	318,608	0.00	0	122,665	(5,096)	117,569
DP 99 - LEG. Present Law	0.00	0	111,640	(2,472)	109,168	0.00	0	110,520	(4,591)	105,929
Grand Total All Present Law Adjustments	0.00	\$0	\$437,463	(\$9,687)	\$427,776	0.00	\$0	\$233,185	(\$9,687)	\$223,498

DP 98 - LEG. Personal Services Present Law -

The following table outlines various components of the changes included in the PS PL adjustments.

Personal Services Present Law Adjustments					
	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	200,412	-	200,412
Remainder of Other	0.00	-	(1,717)	(7,215)	(8,932)
Total Other	0.00	-	198,695	(7,215)	191,480
Personal Services Present Law Adjustments	38.44	\$0	\$325,823	(\$7,215)	\$318,608
FY 2017					
	FTE	General Fund	State Special	Federal Special	Total Funds
CP 98 PSPL Item					
State Share Health Insurance	38.44	\$0	\$18,682	\$0	\$18,682
Executive Implementation of 2015 Pay Increase		-	58,496	-	58,496
Fully Fund 2015 Legislatively Authorized FTE		-	49,950	-	49,950
Other					
Retirement Payouts	0.00	-	-	-	-
Remainder of Other	0.00	-	(4,463)	(5,096)	(9,559)
Total Other	0.00	-	(4,463)	(5,096)	(9,559)
Personal Services Present Law Adjustments	38.44	\$0	\$122,665	(\$5,096)	\$117,569

The executive has proposed to increase funding for personal services by 9.9% in FY 2016 and by 3.7% in FY 2017 compared to the FY 2015 legislative budget.

Retirement Payouts - The executive requests \$200,412 in biennium funding to pay for staff retirement payouts. The executive recommends designating funding for retirement payouts as biennial and restricted only to be used to fund retirement payouts.

LFD COMMENT 2015 Biennium Funding for Retirement Payouts

The 2013 Legislature funded retirement payouts as a restricted and biennial appropriation but placed all funding in FY 2014. This request is for \$200,412 for the biennium, or \$107,612 over the 2015 biennium

funding. The entire amount is over the FY 2015 funding level. Of the 40.00 FTE in this agency, 6.00 FTE, or 28.5% of staff, will be eligible for full retirement in the 2017 biennium. In FY 2014, 1.00 FTE retired and \$4,101 in payouts were made.

Remainder of Other - Changes that make up the remainder of the other adjustments are primarily due to pay increases funded out of the agency's base budget.

DP 99 - LEG. Present Law -

The following table outlines various components of the changes included in the LGPL adjustments.

Legislative Present Law Adjustments				
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	7,012	-	7,012
Other	111,640	(55,885)	-	55,755
Legislative Present Law Adjustments	\$111,640	(\$2,472)	\$0	\$109,168

CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Contracted Services, Training, and Travel	\$0	\$46,401	\$0	\$46,401
Computer and Equipment Replacement	-	25,287	-	25,287
Other	110,520	(76,279)	-	34,241
Legislative Present Law Adjustments	\$110,520	(\$4,591)	\$0	\$105,929

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 16.6% in FY 2016 and by 16.1% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other category include the following, while individually listed adjustments are described separately:

- Legislative audit fees in FY 2016 that were all budgeted in FY 2014
- An increase for network services purchased from the Department of Administration

Contracted Services, Training, and Travel - The executive requests funding various present law expenditures such as consulting and professional, education and training, out-of-state travel, and printing the agency anticipates incurring.

Computer and Equipment Replacement - The executive requests one-time-only funding for replacement of the following computer equipment under a five-year replacement cycle:

- Five printers
- Nine licenses
- Four servers
- Nine storage and backup systems
- Two power connection switches
- Two desktop computers