

Program Budget Comparison

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

Program 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	51.15	51.15	53.15	53.15	51.15	53.15	2.00	3.91 %
Personal Services	2,461,478	2,564,420	3,034,579	3,032,790	5,025,898	6,067,369	1,041,471	20.72 %
Operating Expenses	1,169,548	1,273,122	1,185,324	1,178,054	2,442,670	2,363,378	(79,292)	(3.25)%
Total Costs	\$3,631,026	\$3,837,542	\$4,219,903	\$4,210,844	\$7,468,568	\$8,430,747	\$962,179	12.88 %
General Fund	812,158	909,040	1,056,358	1,054,998	1,721,198	2,111,356	390,158	22.67 %
Federal Spec. Rev. Funds	2,818,868	2,928,502	3,163,545	3,155,846	5,747,370	6,319,391	572,021	9.95 %
Total Funds	\$3,631,026	\$3,837,542	\$4,219,903	\$4,210,844	\$7,468,568	\$8,430,747	\$962,179	12.88 %

Program Description

The Montana National Guard Youth ChalleNGe Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary, two-phased military modeled training program targeting unemployed, drug-free, and crime-free high school dropouts. The program provides an opportunity for high school "at risk" youth to enhance their life skills, and increase their educational levels and employment potential. Phase I of the program is a 22 week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

Program Highlights

Montana National Guard Youth ChalleNGe Program Major Budget Highlights
<ul style="list-style-type: none"> • The Governor’s proposed budget for the program increases 9.8% when compared to the 2015 legislative base doubled • Proposals for two additional staff and increases to personal service costs for existing program staff drive the increase
Major LFD Issues
<ul style="list-style-type: none"> • Overtime funding for the ChalleNGe Program can be reduced as it is requested twice

Program Discussion -

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

The ChalleNGe Program did not change the FY 2015 legislative appropriations. The numbers shown in the budget comparison table above reflect the budget approved by the 2013 Legislature.

Comparison of the FY 2014 Actual Expenditures to FY 2015 Legislative Appropriations

Actual FY 2014 expenditures are \$206,500 below the FY 2015 legislative appropriation. The majority of the differences are included in personal services. The primary reason for the difference is vacancies experienced throughout the fiscal year

that resulted in actual spending for personal services being lower than projected. The program had difficulty filling drill instructors and secondary teachers.

Executive Request

Personal services increase by about \$570,000 each year of the biennium when compared to FY 2014 actual spending. In addition to increases that result from the implementation of pay raises and health insurance contributions included in HB 13 other changes include:

- Market adjustments granted throughout FY 2014 that are annualized for the 2017 biennium
- Overtime compensation for operation of the ChalleNGe Program 24 hours a day, seven days a week
- Differential pay
- Employee attainment of longevity milestones in the 2017 biennium
- Changes in employer retirement contributions

Funding

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

Department of Military Affairs, 02-Challenge Program Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	2,111,356	0	0	2,111,356	25.04 %	
State Special Total	\$0	\$0	\$0	\$0	0.00 %	
03132 National Guard	6,319,391	0	0	6,319,391	100.00 %	
Federal Special Total	\$6,319,391	\$0	\$0	\$6,319,391	74.96 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$8,430,747	\$0	\$0	\$8,430,747		

The Youth ChalleNGe Program is funded with general fund and federal special revenue at a 25/75 state to federal funding ratio for most costs. Some travel and special projects required by the federal/state cooperative agreement are funded 100 percent from federal 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	909,040	909,040	1,818,080	86.11 %	3,837,542	3,837,542	7,675,084	91.04 %
PL Adjustments	132,875	131,550	264,425	12.52 %	324,588	315,670	640,258	7.59 %
New Proposals	14,443	14,408	28,851	1.37 %	57,773	57,632	115,405	1.37 %
Total Budget	\$1,056,358	\$1,054,998	\$2,111,356		\$4,219,903	\$4,210,844	\$8,430,747	

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	172,910	0	249,476	422,386	0.00	175,335	0	245,403	420,738
DP 99 - LEG. Present Law	0.00	(40,035)	0	(57,763)	(97,798)	0.00	(43,785)	0	(61,283)	(105,068)
Grand Total All Present Law Adjustments	0.00	\$132,875	\$0	\$191,713	\$324,588	0.00	\$131,550	\$0	\$184,120	\$315,670

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table on the following page includes all present law adjustments related to personal services, including statewide present law personal services adjustments. This adjustment has been broken out by some of its component parts for a more detailed understanding of the adjustments. FY 2016 and FY 2017 contain the reductions in FTE made by the executive to implement the boilerplate language in HB 2.

Personal Services Present Law Adjustments					
FY 2016					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	51.15	\$6,215	\$0	\$18,644	\$24,859
Executive Implementation of 2015 Pay Increase		11,109	-	33,326	44,435
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Additional ChalleNGe Recruiter	1.00	15,360	-	46,080	61,440
Overtime	0.00	36,192	-	108,576	144,768
Differential Pay	0.00	3,848	-	11,545	15,393
Funding Shift	0.00	21,420	-	(21,420)	-
Remainder of Other	0.00	78,766	-	52,725	131,491
Total Other	1.00	155,586	-	197,506	353,093
Personal Services Present Law Adjustments	52.15	\$172,910	\$0	\$249,476	\$422,386
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	51.15	\$6,215	\$0	\$18,644	\$24,859
Executive Implementation of 2015 Pay Increase		11,109	-	33,326	44,434
Fully Fund 2015 Legislatively Authorized FTE		-	-	-	-
Other					
Additional ChalleNGe Recruiter	1.00	15,349	-	46,047	61,396
Overtime	0.00	36,192	-	108,576	144,768
Differential Pay	0.00	3,848	-	11,545	15,393
Funding Shift	0.00	21,420	-	(21,420)	-
Remainder of Other	0.00	81,202	-	48,685	129,887
Total Other	1.00	158,011	-	193,433	351,444
Personal Services Present Law Adjustments	52.15	175,335	\$0	245,403	\$420,738

The executive is proposing to add an FTE for a recruiter to assist the Montana Youth ChalleNGe Academy in meeting federally established admission goals. In addition, the executive proposal includes increased funding for overtime and differential pay of \$119,000 each year of the biennium when compared to the 2015 legislative base.

<p>LFD ISSUE</p>	<p><u>Executive Proposal Contains Twice the Anticipated Amount for Overtime Pay</u></p> <p>The executive’s calculation of overtime was inadvertently doubled as part of the budgeting process. The funding each year of the biennium is \$18,096 in general fund and \$54,288 in federal funding.</p> <p>Legislative Option</p> <p>Reduce support for personal services by \$18,096 in general fund and \$54,288 in federal funds each year of the biennium.</p>
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Finally, as shown in the table above, the executive proposes a funding shift, from federal funds to general fund as part of the present law adjustment. The program is funded with 75% federal funds matched with 25% state general fund.

As shown in the present law adjustment table on the previous page, overall the executive is proposing reductions in costs and funding when compared to the FY 2015 legislative budget. As previously discussed, FY 2014 actual spending was lower than budgeted for a number of operating costs such as state information technology services division fixed costs, rewards, advertising and minor equipment purchases for computers. The LGPL captures these reductions, as the executive included them in the 2017 biennium.

New Proposals -

Total funds in the New Proposals table do not include proprietary funds budgeted in House Bill 2.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 200204 - Additional ChalleNGe Counselor	1.00	14,443	0	43,330	57,773	1.00	14,408	0	43,224	57,632
Total	1.00	\$14,443	\$0	\$43,330	\$57,773	1.00	\$14,408	\$0	\$43,224	\$57,632

DP 200204 - Additional ChalleNGe Counselor -

This executive proposes support for an additional 1.00 FTE for a counselor position to assist with larger enrollments and ensure compliance with the staffing requirements outlined in the Federal/State Master Youth Programs Cooperative Agreement (MYPCA) dated July 2012. The agreement requires a ratio to counselors to cadets of 1:30.