

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	19.80	19.80	19.80	19.80	19.80	19.80	0.00	0.00 %
Personal Services	1,328,675	1,446,288	1,602,263	1,601,098	2,774,963	3,203,361	428,398	15.44 %
Operating Expenses	641,858	725,350	468,904	458,197	1,367,208	927,101	(440,107)	(32.19)%
Equipment & Intangible Assets	47,374	1,683	47,374	47,374	49,057	94,748	45,691	93.14 %
Total Costs	\$2,017,907	\$2,173,321	\$2,118,541	\$2,106,669	\$4,191,228	\$4,225,210	\$33,982	0.81 %
State/Other Special Rev. Funds	2,017,907	2,173,321	2,118,541	2,106,669	4,191,228	4,225,210	33,982	0.81 %
Total Funds	\$2,017,907	\$2,173,321	\$2,118,541	\$2,106,669	\$4,191,228	\$4,225,210	\$33,982	0.81 %

Program Description

The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the Commissioner of Securities and Insurance.

Program Highlights

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> The Central Management Division 2017 biennium budget request is about \$34,000 or 0.8% higher than the 2015 biennium primarily due to increases for statewide present law adjustments to personal services

Program Discussion -

Central Management 2017 biennium budget is nearly equal to the 2015 biennium request in the main program budget table. However, there is an increase in personal services that is offset by a reduction in operating and equipment costs. Personal services increase due to a reorganization, vacancies in positions in FY 2014, and the increase in pay plan between FY 2014 expenditures and the FY 2015 appropriation as well as broad band pay plan increases implemented by the State Auditor.

Comparison of FY 2015 Legislative Base to FY 2015 Appropriation

The legislative budget analysis uses the FY 2015 legislative appropriation as a starting point. The following figure shows the FY 2015 legislative appropriation compared to the FY 2015 appropriation as implemented by the executive and included in the main program table.

FY 2015 Appropriation Transactions - State Auditor's Office				
Program	Legislative Appropriation	Legislative Approps OTO	Program Transfers	Total Executive Implementation
01 CENTRAL MANAGEMENT	\$1,748,278	\$33,915	\$126,791	\$2,173,322
01 CENTRAL MANAGEMENT			31,698	
01 CENTRAL MANAGEMENT			186,112	
01 CENTRAL MANAGEMENT			46,528	
Program Total	\$1,748,278	\$33,915	\$391,128	\$2,173,322

The legislative appropriation is about \$420,000 lower than the FY 2015 appropriation as implemented by the executive due to:

- A reorganization that moved appropriation authority to the Central Management program
- Inclusion of a one-time appropriation for continuing education for program staff

Biennial Budget Comparison Using FY 2015 Legislative Base Budget

The legislative staff analysis of the executive budget is based on the FY 2015 appropriation. Therefore the differences that the legislature will consider are about \$700,000 higher than the biennial difference using the FY 2014 expenditures as the base budget. The following figure shows the biennial comparison using the FY 2015 base budget. Again, personal services comprise the largest difference.

Central Management Biennial Change Using FY 2015 Legislative Base Budget					
Expenditure and Funding	2015 Bien	2017 Bien	Difference	%	
FTE	19.80	19.80	-	0.0%	
Personal Services	\$2,575,600	\$3,203,361	\$627,761	24.4%	
Operating Expenses	917,590	927,101	9,511	1.0%	
Equipment	3,366	94,748	91,382	n/a	
Total Expenditures	3,496,556	4,225,210	728,654	20.8%	
	-				
State Special Rev.	3,496,556	4,225,210	728,654	20.8%	
Total	\$3,496,556	\$4,225,210	\$728,654	20.8%	

Both the FY 2015 appropriation and FY 2014 actual expenditures shown in the main program budget table are about \$400,000 higher than the FY 2015 legislative base budget. The difference is due to a reorganization implemented in FY 2014 that transferred funds from the Insurance and Security programs to the Central Management program. The reorganization is not reflected in the FY 2015 legislative appropriation.

Comparison of FY 2014 Actual Expenditures to FY 2015 Legislative Appropriation

The following figure shows the difference between the FY 2015 legislative appropriation and FY 2014 expenditures. As noted several times, FY 2014 exceeds the legislative base primarily due to the effect of the reorganization.

Central Management - Legislative Base Compared to FY 2014 Expenditures			
Expend/Fund	FY 2014	FY 2015 Leg Base	FY 2015 Over (Under) FY 2014
FTE	19.80	19.80	-
Personal Services	\$1,328,675	\$1,287,800	(\$40,875)
Operating Expenses	641,858	458,795	(183,063)
Equipment	<u>47,374</u>	<u>1,683</u>	<u>(45,691)</u>
Total Expenditures	2,017,907	1,748,278	(269,629)
State Special	2,017,907	1,748,278	(269,629)
Total Funding	\$2,017,907	\$1,748,278	(\$269,629)

Funding

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

State Auditors Office, 01-Central Management 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 %	
02235 Insurance Fee Account	3,280,628	0	0	3,280,628	77.64 %	
02283 Securities Fee Account	944,582	0	0	944,582	22.36 %	
State Special Total	\$4,225,210	\$0	\$0	\$4,225,210	100.00 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$4,225,210	\$0	\$0	\$4,225,210		

The Centralized Services Division is funded entirely from state special revenue. Insurance and securities fee income are the two sources of funding, with insurance fee income supporting 78% of total division costs and the balance coming from securities fee income. The fund balance for the insurance account is discussed in the agency overview since the accounts fund multiple programs.

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 %	1,748,278	1,748,278	3,496,556	0.00 %
PL Adjustments	0	0	0	0.00 %	585,059	573,187	1,158,246	0.00 %
New Proposals	0	0	0	0.00 %	(214,796)	(214,796)	(429,592)	0.00 %
Total Budget	\$0	\$0	\$0		\$2,118,541	\$2,106,669	\$4,225,210	

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	314,463	0	314,463	0.00	0	313,298	0	313,298
DP 99 - LEG. Present Law	0.00	0	270,596	0	270,596	0.00	0	259,889	0	259,889
Grand Total All Present Law Adjustments	0.00	\$0	\$585,059	\$0	\$585,059	0.00	\$0	\$573,187	\$0	\$573,187

DP 98 - LEG. Personal Services Present Law -

The Personal Services Present Law Adjustments (PSPL) in the table below 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					
CP 98 PSPL Item	FY 2016				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	19.80	\$0	\$9,623	\$0	\$9,623
Executive Implementation of 2015 Pay Increase	-	-	27,788	-	27,788
Fully Fund 2015 Legislatively Authorized FTE	-	-	20,575	-	20,575
Other					
Reorganization	-	-	165,066	-	165,066
Fully Fund Vacant Positions	-	-	72,010	-	72,010
Remainder of Other	0.00	-	19,402	-	19,402
Total Other	0.00	-	256,478	-	256,478
Personal Services Present Law Adjustments	19.80	\$0	\$314,463	\$0	\$314,463
CP 98 PSPL Item	FY 2017				
	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	19.80	\$0	\$9,623	\$0	\$9,623
Executive Implementation of 2015 Pay Increase	-	-	27,788	-	27,788
Fully Fund 2015 Legislatively Authorized FTE	-	-	20,575	-	20,575
Other					
Reorganization	-	-	165,066	-	165,066
Fully Fund Vacant Positions	0.00	-	72,010	-	72,010
Remainder of Other	0.00	-	18,237	-	18,237
Total Other	0.00	-	255,313	-	255,313
Personal Services Present Law Adjustments	19.80	\$0	\$313,298	\$0	\$313,298

After accounting for the effect of the reorganization, the executive budget for personal services increases by about 5% each year of the 2017 biennium when compared to the FY 2015 legislative appropriation. As shown in the following table, more than half - 52% - of the change is due to the reorganization that moved FTE and personal services funding to the program, and 20% of the change is due to costs associated with HB 13 of the 2013 Legislature. In addition, the program had a 5% vacancy rate, which accounts for 22% of the change in the personal services adjustment. Other adjustments include:

- Broadband pay increases
- Full funding of positions that were unfilled during a portion of the year

DP 99 - LEG. Present Law -

Other Present Law Adjustments

Present law budget adjustments for other costs are shown in the following table. Each is discussed separately. The amount of each change is based on the difference from the FY 2015 legislative appropriation

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
Reorganization	\$0	\$232,052	\$0	\$232,052
Rent	-	14,179	-	14,179
Other		24,365	-	24,365
Legislative Present Law Adjustments	\$0	\$270,596	\$0	\$270,596
CP 99 Item	General Fund	State Special	Federal Special	Total Funds
Reorganization	-	232,052	-	232,052
Rent	-	14,404	-	14,404
Other		13,433	-	13,433
Legislative Present Law Adjustments	\$0	\$259,889	\$0	\$259,889

DP 101001 Building Rent – This present law adjustment funds additional space and a potential increase in the rental rate.

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 301001 - Unallocated Reduction	0.00	0	(214,796)	0	(214,796)	0.00	0	(214,796)	0	(214,796)
Total	0.00	\$0	(\$214,796)	\$0	(\$214,796)	0.00	\$0	(\$214,796)	\$0	(\$214,796)

DP 301001 - Unallocated Reduction -

This new proposal is a reduction in state special revenue of \$214,796 each year of the biennium to balance the insurance fee account in the State Auditor's Office.

LFD COMMENT	Specific Reductions The legislature may wish to ask what specific actions the State Auditor's Office will take to reduce spending.
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