

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	47.00	47.00	44.99	44.98	47.00	44.98	(2.02)	(4.30)%
Personal Services	3,088,610	3,319,318	3,445,072	3,444,376	6,407,928	6,889,448	481,520	7.51 %
Operating Expenses	694,791	750,036	752,776	763,380	1,444,827	1,516,156	71,329	4.94 %
Equipment & Intangible Assets	80,500	82,860	80,500	80,500	163,360	161,000	(2,360)	(1.44)%
Transfers	53,508	0	53,508	53,508	53,508	107,016	53,508	100.00 %
Total Costs	\$3,917,409	\$4,152,214	\$4,331,856	\$4,341,764	\$8,069,623	\$8,673,620	\$603,997	7.48 %
State/Other Special Rev. Funds	2,769,245	2,934,118	3,075,671	3,082,899	5,703,363	6,158,570	455,207	7.98 %
Proprietary Funds	1,148,164	1,218,096	1,256,185	1,258,865	2,366,260	2,515,050	148,790	6.29 %
Total Funds	\$3,917,409	\$4,152,214	\$4,331,856	\$4,341,764	\$8,069,623	\$8,673,620	\$603,997	7.48 %

Program Description

The Gambling Control Division (GCD) was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections, audits, and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities.

In addition, it conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. The Gambling Control Program is mandated by state law.

Program Highlights

Gambling Control Division Major Budget Highlights
<ul style="list-style-type: none"> • The budget would increase due to: <ul style="list-style-type: none"> ◦ Funding to annualize the 2013 legislative pay plan ◦ Office space rent increases ◦ Increased costs to purchase services provided by other state agencies

Program 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.

Personal Services

In the FY 2015 legislative budget, personal services comprised 79.9% of the program budget. The Governor proposes 79.5% in FY 2016 and 79.3% in FY 2017. Overall increases in costs are due to:

- Funding to annualize the 2013 legislative pay plan, HB 13
- Funding to annualize pay increases provided at the agency’s discretion
- Funding to restore the 2% vacancy savings applied to the FY 2015 budget

This program provided pay increases to 44 staff for competitive hires or market adjustments. The average increase for the adjustments was 3.8% and would increase funding requirements for subsequent years by an estimated \$78,000.

Funding

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

Department of Justice, 07-Gambling Control Division 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 %	
02074 Gambling License Fee Account	5,898,393	0	3,606,500	9,504,893	97.14 %	
02120 Video Gaming Local Dist.	0	0	19,200	19,200	0.20 %	
02790 6901-Statewide Tobacco Sttlmnt	260,177	0	0	260,177	2.66 %	
State Special Total	\$6,158,570	\$0	\$3,625,700	\$9,784,270	79.55 %	
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %	
06005 Liquor Division	2,515,050	0	0	2,515,050	100.00 %	
Proprietary Total	\$2,515,050	\$0	\$0	\$2,515,050	20.45 %	
Total All Funds	\$8,673,620	\$0	\$3,625,700	\$12,299,320		

Gambling control activities are supported primarily by state special revenue generated from gambling licensing fees. Liquor licensing fees (a proprietary fund) support division functions related to liquor licensing. A small amount of funds from the tobacco settlement state special revenue account support activities related to enforcement of settlement provisions.

LFD COMMENT	<p><u>Gambling License Fee Account</u></p> <p>The figure illustrates the expenses, revenues, and fund balance projected for the gambling license fee account, the state special revenue fund that provides the bulk of the support for this division. Revenue for the account comes primarily from licensing fees while the primary expenses charged to the account are for the operation of the division. Revenue to the account had been on a declining trend since FY 2008 except for recovery in FY 2010. The 2013 Legislature increased the video gambling machine permit fee by \$20 anticipating additional revenues of \$300,000 per year. The figure shows that the account balance may be improving after the actions of the 2013 Legislature. Given the current budget request and revenue estimates the fund is now expected to end of the 2017 biennium at \$631,000 or about one and a half months of expenses.</p>
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Gambling License Fee Account State Special Revenue Fund 02074				
Item	Actual FY 2014	Estimated FY 2015	Requested FY 2016	Requested FY 2017
Beginning Balance	\$1,067,881	\$1,069,234	\$528,069	\$581,213
Disbursements:				
Gambling Control Division	4,770,327	5,310,142	4,748,971	4,755,922
Central Services Division	64,645	66,607	81,660	78,136
Justice Information Technology Services Division	17,566	17,566	17,566	17,566
Total Disbursements	4,852,538	5,394,315	4,848,197	4,851,624
Total Revenues (per agency revenue estimates)	4,853,800	4,853,150	4,901,341	4,901,341
Revenues less Disbursements	1,262	(541,165)	53,144	49,717
Adjustments	91			
Ending Balance	\$1,069,234	\$528,069	\$581,213	\$630,930

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 %	4,152,214	4,152,214	8,304,428	0.00 %
PL Adjustments	0	0	0	0.00 %	179,642	189,550	369,192	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,331,856	\$4,341,764	\$8,673,620	

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	99,091	0	99,091	0.00	0	98,160	0	98,160	
DP 99 - LEG. Present Law										
0.00	0	42,462	0	42,462	0.00	0	50,621	0	50,621	
Grand Total All Present Law Adjustments										
0.00	\$0	\$141,553	\$0	\$141,553	0.00	\$0	\$148,781	\$0	\$148,781	

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					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.99	\$0	\$15,525	\$0	\$15,525
Executive Implementation of 2015 Pay Increase	-	-	41,950	-	41,950
Fully Fund 2015 Legislatively Authorized FTE	-	-	44,971	-	44,971
Other	-	-	(3,355)	-	(3,355)
Personal Services Present Law Adjustments	44.99	\$0	\$99,091	\$0	\$99,091
FY 2017					
CP 98 PSPL Item	FTE	General Fund	State Special	Federal Special	Total Funds
State Share Health Insurance	44.98	\$0	\$15,522	\$0	\$15,522
Executive Implementation of 2015 Pay Increase	-	-	41,975	-	41,975
Fully Fund 2015 Legislatively Authorized FTE	-	-	44,971	-	44,971
Other	-	-	(4,307)	-	(4,307)
Personal Services Present Law Adjustments	44.98	\$0	\$98,160	\$0	\$98,160

The executive has proposed to increase funding for personal services by 3.8% in FY 2016 and FY 2017 compared to the FY 2015 legislative budget. Changes that make up the other adjustments include the following:

- Funding to annualize the impacts of staff turnover

DP 99 - LEG. Present Law -

The executive has proposed to increase funding for all other expenditure categories excluding personal services by 6.6% in FY 2016 and by 7.9% in FY 2017 compared to the FY 2015 legislative budget. Changes that make up the LGPL adjustment are:

- Office space lease inflation
- Increases in costs to purchase insurance and information technology services from the Department of Administration

Funding is requested for Helena office space lease contract inflation. The executive requests a \$3,061 biennium increase over the FY 2015 legislative funding to address office space cost increases. Additionally, fixed costs to fund purchase of services from other state agencies has increased, including funding for insurance and information technology purchased from the Department of Administration.