

Agency Summaries



INTRODUCTION

In the pages that follow, the reader can find summary budget information for each agency of Montana state government. The summary for each agency includes:

- An agency budget comparison, showing the FY 2010 base budget, and comparing the 2013 biennium proposed budget to the current 2011 biennium
- An agency description
- An organizational chart for each multi-program agency, with number of FTE or employees and general fund/total fund expenditures for the FY 2010 base year (organizational charts are not provided for small agencies)
- A table of budget highlights and legislative issues when identified

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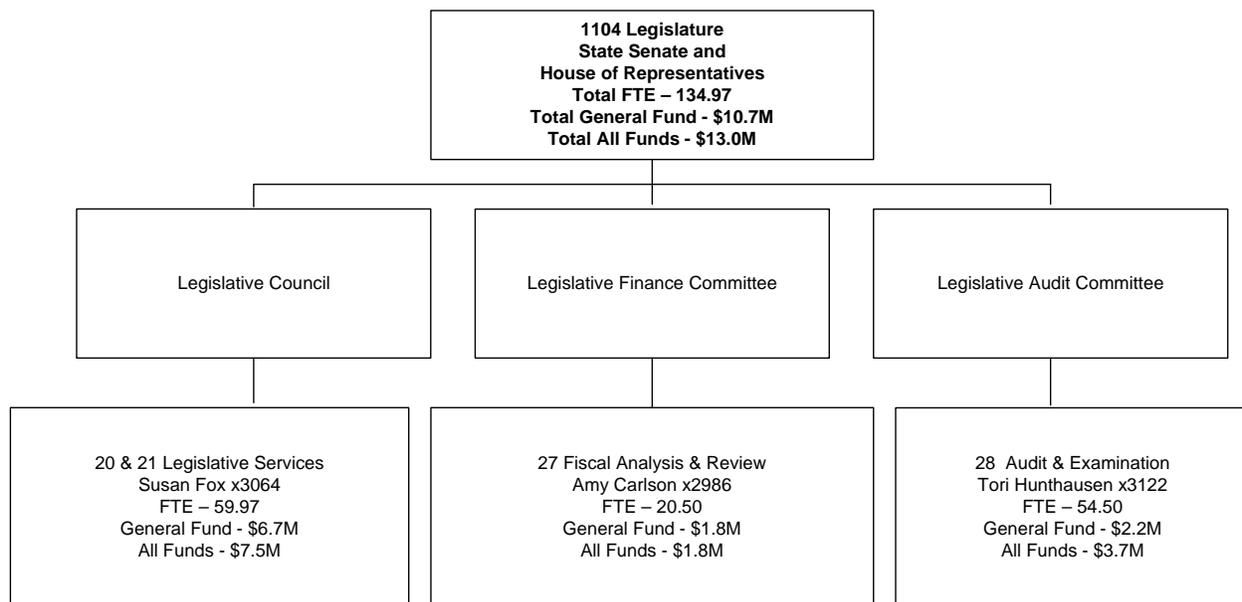
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Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	134.97	140.14	134.97	140.14	140.14	140.14	0.00	0.00%
Personal Services	9,975,053	11,251,586	10,873,290	10,858,306	21,226,639	21,731,596	504,957	2.38%
Operating Expenses	2,926,260	3,701,538	3,483,472	3,230,219	6,627,798	6,713,691	85,893	1.30%
Equipment & Intangible Assets	133,233	80,729	75,000	75,000	213,962	150,000	(63,962)	(29.89%)
Benefits & Claims	250	0	0	0	250	0	(250)	(100.00%)
Total Costs	\$13,034,796	\$15,033,853	\$14,431,762	\$14,163,525	\$28,068,649	\$28,595,287	\$526,638	1.88%
General Fund	10,671,264	12,745,186	11,763,554	12,140,721	23,416,450	23,904,275	487,825	2.08%
State Special	2,363,532	2,288,667	2,668,208	2,022,804	4,652,199	4,691,012	38,813	0.83%
Total Funds	\$13,034,796	\$15,033,853	\$14,431,762	\$14,163,525	\$28,068,649	\$28,595,287	\$526,638	1.88%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Principal entities of the Legislative Branch (Branch) consolidated under 5-2-503, MCA, include the Senate and the House of Representatives, the Legislative Services Division, the Legislative Fiscal Division, and the Legislative Audit Division. The Senate and the House of Representatives together comprise the Legislature, which exercises the legislative power of state government, creates the laws of the state, and appropriates funds for the functions of state government.

Standing and interim committees of the Legislature, aided by supporting divisions of the Branch, monitor the functions of state government and report to the Legislature. The Legislative Audit Committee, Legislative Council, and Legislative Finance Committee provide oversight and management of legislative divisions during the interim.

The budget for the three staff divisions and legislative interim work is presented in HB 2. The budget for House and Senate activity is presented in HB 1, the "feed bill."

Agency Highlights

Legislative Branch Major Budget Highlights
<ul style="list-style-type: none"> ◆ The budget would increase 1.9% from the 2011 biennium, including a 2.1% increase in general fund, due to the following: <ul style="list-style-type: none"> • Statewide present law adjustments • Funding of the Districting and Apportionment Commission and a portion of organizational dues • Retrofits of the State Capitol building to address work health issues
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Interim Committee Recommendation ◆ Funding for the Districting and Apportionment Commission ◆ Funding to address healthy work environment recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.54	5.54	5.54	5.54	5.54	5.54	0.00	0.00%
Personal Services	453,709	567,986	572,931	574,618	1,021,695	1,147,549	125,854	12.32%
Operating Expenses	485,539	825,334	1,064,288	1,066,255	1,310,873	2,130,543	819,670	62.53%
Total Costs	\$939,248	\$1,393,320	\$1,637,219	\$1,640,873	\$2,332,568	\$3,278,092	\$945,524	40.54%
State Special	939,248	1,393,320	1,637,219	1,640,873	2,332,568	3,278,092	945,524	40.54%
Total Funds	\$939,248	\$1,393,320	\$1,637,219	\$1,640,873	\$2,332,568	\$3,278,092	\$945,524	40.54%

Agency Description

Agency Mission: The Consumer Counsel represents state-wide consumer interests in hearings before the Public Service Commission and like agencies. On behalf of the public of Montana, the counsel may initiate, intervene, and participate in appropriate proceedings before state or federal courts or administrative agencies. The Montana Consumer Counsel is part of the legislative branch and is overseen by the Legislative Consumer Committee. The Consumer Counsel is provided for by Article XIII, Section 2 of the Montana Constitution, and is governed by Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA.

Agency Highlights

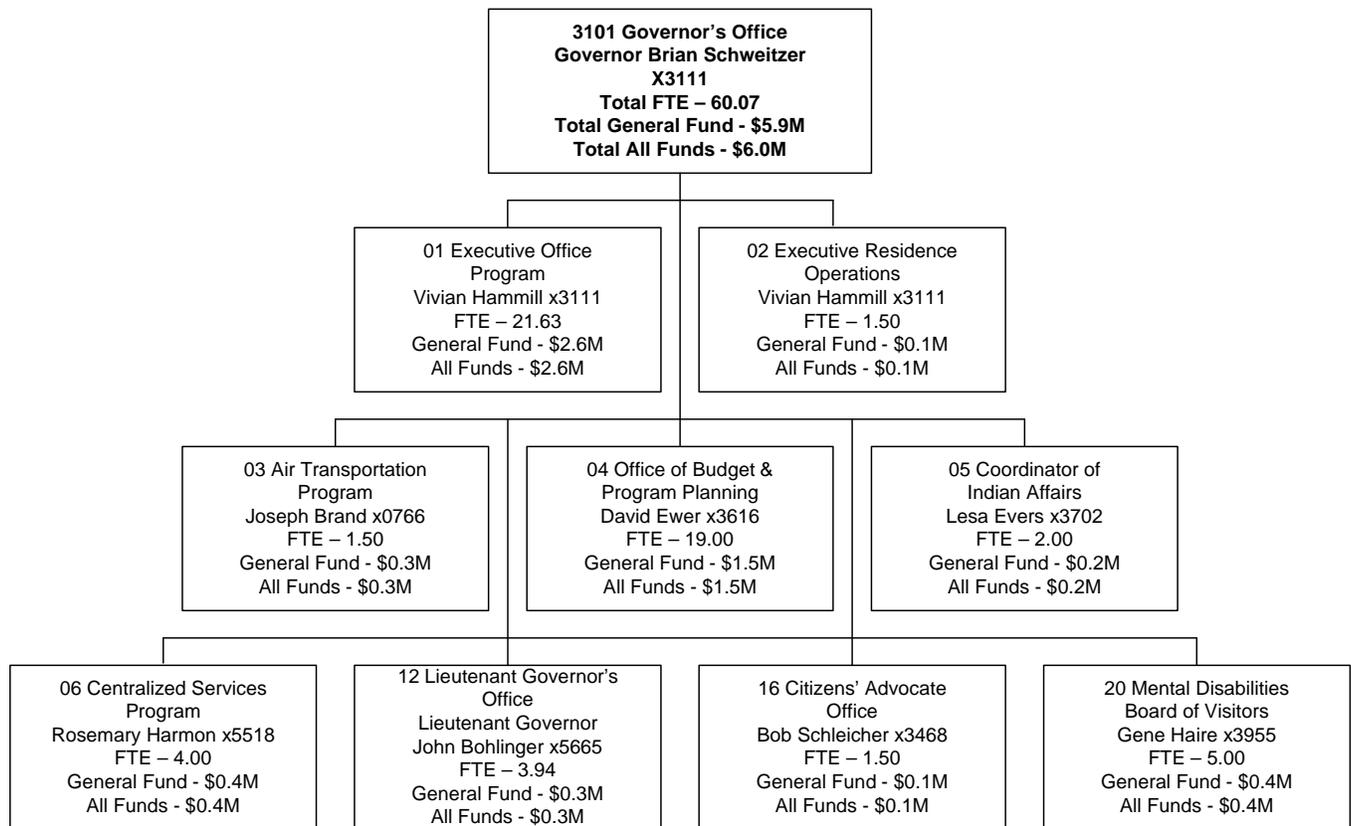
Montana Consumer Counsel	
Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The majority of the requested statewide present law increase is due to under-filled positions during the base year ◆ The 62.6% increase in operating expense is due to a request to re-establish funding for consulting and professional fees due to unusually light legal costs during the base year 	
Legislative Action Issues	
<ul style="list-style-type: none"> ◆ The single decision package submitted by the executive provides the agency with the possibility of increasing its base expenditures by including caseload contingency funding. 	

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	60.07	60.07	60.07	60.07	60.07	60.07	0.00	0.00%
Personal Services	4,465,074	4,605,475	4,502,571	4,500,239	9,070,549	9,002,810	(67,739)	(0.75%)
Operating Expenses	1,507,560	1,563,598	1,567,852	1,503,989	3,071,158	3,071,841	683	0.02%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$5,972,634	\$6,169,073	\$6,070,423	\$6,004,228	\$12,141,707	\$12,074,651	(\$67,056)	(0.55%)
General Fund	5,946,921	6,136,573	6,057,949	5,991,819	12,083,494	12,049,768	(33,726)	(0.28%)
State Special	25,713	32,500	12,474	12,409	58,213	24,883	(33,330)	(57.26%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$5,972,634	\$6,169,073	\$6,070,423	\$6,004,228	\$12,141,707	\$12,074,651	(\$67,056)	(0.55%)

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

The Governor's Office oversees the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates.

The Office of the Governor exists under authority granted in Article VI of the Montana Constitution. The Governor has constitutional and statutory authority to administer the affairs of the State of Montana. The Governor appoints all military and civil officers of the state whose appointments are provided for by statute or the constitution, grants reprieves and pardons, and serves on various boards and commissions. The Governor approves or vetoes legislation, reports to the legislature on the condition of the state, and submits a biennial executive budget. The Governor also represents the state in relations with other governments and the public.

The Governor’s office is comprised of the following programs:

- o The Executive Office
- o The Executive Residence Operations
- o The Air Transportation Program
- o The Office of Budget and Program Planning
- o The Coordinator of Indian Affairs
- o The Centralized Services Division
- o The Lieutenant Governor’s Office
- o The Citizens’ Advocate Office
- o The Mental Disabilities Board of Visitors

The Mental Health Ombudsman is housed within the Mental Disabilities Board of Visitors program.

Agency Highlights

<p>Governor’s Office Major Budget Highlights</p>
<ul style="list-style-type: none"> ◆ The Governor’s proposed budget decreases by 0.55% from the prior biennium, primarily due to statewide present law adjustments. The executive has also submitted a 5% reduction plan for the agency that includes a 4% personal services reduction, unspecified across the board reduction, and a reduction in the air transportation state special revenue fund ◆ Additional personal services funding is requested in two programs to align budgeted amounts with actual expenditures for previously unfilled positions ◆ The Governor’s proposal includes \$66,400 over the biennium for scheduled computer replacements
<p>Legislative Action Issues</p>
<ul style="list-style-type: none"> ◆ Major LFD Issues <ul style="list-style-type: none"> • The executive’s statewide present law proposal includes a \$19,957 biennial funding switch from state special revenue to general fund in the Citizens’ Advocate program • A portion of the general fund expenditures for the Governor’s Air Transportation program could be replaced by state special revenue ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	0	0	0	0	0	0	0	n/a
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	0	0	550,000	0	0	550,000	550,000	n/a
Total Costs	\$0	\$0	\$550,000	\$0	\$0	\$550,000	\$550,000	n/a
Federal Special	0	0	550,000	0	0	550,000	550,000	n/a
Total Funds	\$0	\$0	\$550,000	\$0	\$0	\$550,000	\$550,000	n/a

Agency Description

Agency Mission: It is the mission of the Secretary of State to improve services to Montana's voters, business community, and governmental agencies through open communications, effective use of technology, and transparent accountability.

The Secretary of State's Office:

- o Interprets state election laws and oversees statewide, federal, legislative, Public Service Commission, district court judge, and ballot issue elections
- o Maintains the official records of the executive branch and the acts of the legislature
- o Reviews, maintains, and distributes public-interest records of businesses and nonprofit organizations
- o Files administrative rules adopted by state departments, boards, and agencies
- o Attests to the Governor's signature on executive orders, proclamations, resolutions, extradition papers, and appointments
- o Preserves the state seal
- o Files and maintains records of secured financial transactions, such as liens
- o Serves on the state Board of Land Commissioners and the Board of Examiners
- o Commissions notaries public

The Secretary of State's Office consists of one program, the Business and Government Services Program, which provides all the functions of the office.

Agency Highlights

Secretary of State's Office Major Budget Highlights
<ul style="list-style-type: none">◆ No base funding exists for the office as the 2009 Legislature designated the \$305,000 federal Help America Vote Act of 2002 (HAVA) funds appropriated for the 2011 biennium as one time only◆ HB 2 funding consists entirely of a request to fund grants to counties with federal HAVA funds, which would add \$550,000 million for the 2013 biennium◆ The remainder of the office's funding is derived from non-budgeted proprietary funds
Legislative Action Issues
<ul style="list-style-type: none">◆ Proprietary Rate Discussion<ul style="list-style-type: none">• Because the proprietary funds are enterprise funds, the legislature does not appropriate or approve rates for the proprietary funding of the office

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	259,692	294,068	306,774	307,028	553,760	613,802	60,042	10.84%
Operating Expenses	174,125	163,785	265,081	259,588	337,910	524,669	186,759	55.27%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$433,817	\$457,853	\$571,855	\$566,616	\$891,670	\$1,138,471	\$246,801	27.68%
General Fund	433,817	457,853	571,855	566,616	891,670	1,138,471	246,801	27.68%
Total Funds	\$433,817	\$457,853	\$571,855	\$566,616	\$891,670	\$1,138,471	\$246,801	27.68%

Agency Description

Agency Mission: To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials, and state department directors, ethical standards of conduct for legislators, public officers, and state employees, and to investigate legitimate complaints that arise concerning any of the foregoing.

The Commissioner of Political Practices (COPP) has responsibilities that were defined by a legislative initiative in 1980 requiring disclosure of acts by lobbyists and business interests of elected officials. COPP also has responsibility for the ethical standards of conduct for legislators, public officers, and state employees pursuant to Title 2, Chapter 2, MCA.

Agency Highlights

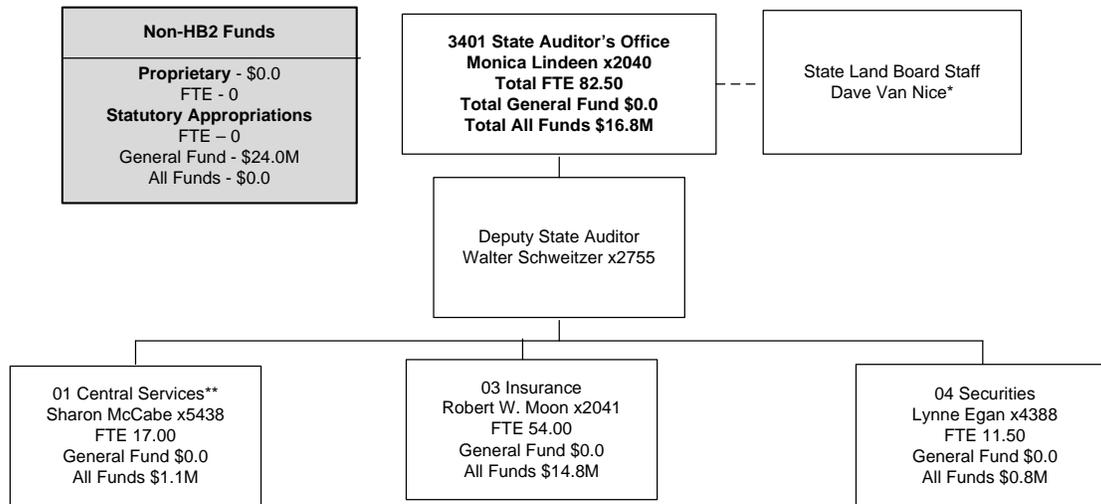
Commission of Political Practices Major Budget Highlights
<ul style="list-style-type: none"> ◆ The requested total executive budget increases from the previous biennium due to: <ul style="list-style-type: none"> • Statewide present law adjustments for personal services due to vacant positions and reallocation of fixed costs related to IT services • Increased funding for legal fees and court costs ◆ The executive has requested \$100,000 over the biennium for increased legal and court costs ◆ As an agency with fewer than 20.00 FTE, COPP is exempt from the requirement to submit a plan to reduce base expenditures by 5% ◆ The term of the current Commissioner of Political Practices is due to expire at the end of calendar year 2010
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Staff has provided options for the legislature to consider in dealing with the consistently high costs of legal fees and court costs

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	82.50	82.50	84.50	84.50	82.50	84.50	2.00	2.42%
Personal Services	4,744,653	4,838,404	5,216,716	5,215,431	9,583,057	10,432,147	849,090	8.86%
Operating Expenses	1,743,953	2,658,289	2,797,663	2,454,027	4,402,242	5,251,690	849,448	19.30%
Equipment & Intangible Assets	13,751	0	13,751	13,751	13,751	27,502	13,751	100.00%
Benefits & Claims	10,253,392	11,498,655	11,194,769	11,194,769	21,752,047	22,389,538	637,491	2.93%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$16,755,749	\$18,995,348	\$19,222,899	\$18,877,978	\$35,751,097	\$38,100,877	\$2,349,780	6.57%
State Special	16,755,749	18,995,348	19,222,899	18,877,978	35,751,097	38,100,877	2,349,780	6.57%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$16,755,749	\$18,995,348	\$19,222,899	\$18,877,978	\$35,751,097	\$38,100,877	\$2,349,780	6.57%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



**Elected officials included

* Supporting FTE included in administration

A portion of this agency's on-going funding does not appear in the table because it does not require a specific appropriation. Further information is provided in the funding section.

Agency Description

The Office of the State Auditor is authorized under Article VI of the Montana Constitution. The State Auditor is the ex-officio Commissioner of Securities and Insurance and is responsible for licensing and regulating insurance companies and agents, and registering and regulating securities firms and representatives that transact business to or from Montana. The Commissioner of Securities and Insurance adopts rules and administers reform for the securities and insurance industries operating in the state. The Commissioner also serves as a member of the Land Board and the Crop Hail Insurance Board. The Office of the State Auditor has three divisions: Central Services, Insurance, and Securities.

The State Auditor’s Office (SAO) is also responsible to pass through funding for local police and firefighter retirement programs (Municipal Police Officers’ Retirement System, Firefighters’ Unified Retirement System, the Volunteer Fire Fighters’ Compensation Act, local fire department relief associations, municipalities with police department trust funds, and local police pension funds for supplemental benefits). The retirement programs are funded from general insurance (33-2-705, MCA) and fire insurance premium taxes (50-3-109, MCA) - \$24 million in FY 2010. Because these funds are statutorily appropriated, the expenditures are not included in the general appropriations act.

The agency consists of three divisions with the following functions:

- The Centralized Management Division (17.00 FTE) provides management and administrative services for the agency including agency leadership, accounting, budgeting, and human resources
- The Insurance Division (54.00 FTE) is responsible for oversight and regulation of the insurance industry in Montana
- The Securities Division (11.50 FTE) is responsible for oversight and regulation of the securities industry in Montana

Agency Highlights

Office of the State Auditor Major Budget Highlights
<ul style="list-style-type: none"> ◆ The State Auditor’s Office (SAO) budget request increases \$2.3 million compared to the 2011 biennium due primarily to: <ul style="list-style-type: none"> • \$0.8 million in personal services to: <ul style="list-style-type: none"> ○ Make 2.00 FTE funded from one-time funding in the 2011 biennium permanent ○ Annualize pay plan health insurance increases funded by the legislature in the 2011 biennium • \$0.8 million in operating cost increases for: <ul style="list-style-type: none"> ○ Contracted services for examinations of insurance companies ○ In-house administration of the captive insurance industry ○ Office rent • \$0.6 million net increase to continue the Insure Montana base level program funding ◆ Elected Official Proposal <ul style="list-style-type: none"> • \$6.0 million in tobacco tax health and Medicaid initiatives state special revenue to continue one-time funding to expand Insure Montana (HB 258 - 2009 session)

Legislative Action Issues

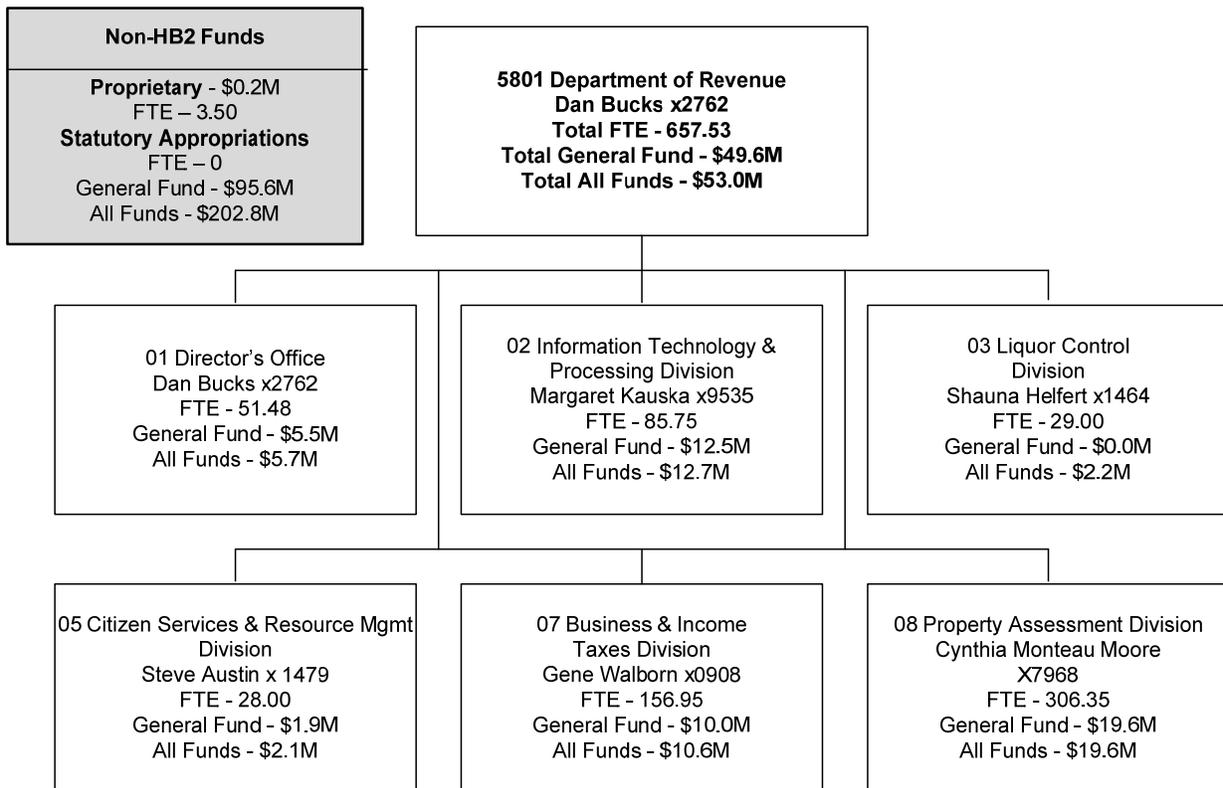
- ◆ The legislature may wish to consider whether and how to monitor SAO activities related to implementation of federal health insurance reform (Patient Protection and Affordable Care Act of 2010 -) during the interim
 - Implementation of federal health insurance reform is identified as a critical goal by the SAO as well as the Legislative Finance Committee
 - Development of the health insurance exchange design must be completed and submitted to the U.S. Department of Health and Human Services by January 1, 2013, curtailing the opportunity to review the submission by the next legislature and potentially driving some elements of the 2015 biennium budget request
 - Significant cooperation and work with other state agencies must be undertaken to develop the health insurance exchange design
 - Implementation of a new function to review and approve health insurance rates will be undertaken if LC 269 is passed and approved
- ◆ The legislature may wish to request that an interim legislative committee review how Insure Montana can be integrated into federal health insurance exchanges and make recommendations to the 2013 Legislature including identification of:
 - Areas of duplication between the state and federal programs
 - Types of efficiencies that might be achieved
- ◆ Interim Committee Recommendations
 - The Economic Affairs Committee approved several bill draft requests made by the State Auditor's Office, most in conjunction with federal health care reform
 - The Legislative Finance Committee recommends that the starting point for budget deliberations be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	657.53	657.53	672.53	672.53	657.53	672.53	15.00	2.28%
Personal Services	34,802,579	36,298,202	37,170,919	37,248,919	71,100,781	74,419,838	3,319,057	4.67%
Operating Expenses	17,778,349	17,385,845	16,190,987	16,077,989	35,164,194	32,268,976	(2,895,218)	(8.23%)
Equipment & Intangible Assets	383,777	70,095	330,978	330,978	453,872	661,956	208,084	45.85%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$52,964,705	\$53,754,142	\$53,692,884	\$53,657,886	\$106,718,847	\$107,350,770	\$631,923	0.59%
General Fund	49,569,692	50,171,670	49,609,233	49,570,431	99,741,362	99,179,664	(561,698)	(0.56%)
State Special	761,721	815,907	1,182,824	1,179,757	1,577,628	2,362,581	784,953	49.76%
Federal Special	204,942	206,447	270,210	271,218	411,389	541,428	130,039	31.61%
Other	2,428,350	2,560,118	2,630,617	2,636,480	4,988,468	5,267,097	278,629	5.59%
Total Funds	\$52,964,705	\$53,754,142	\$53,692,884	\$53,657,886	\$106,718,847	\$107,350,770	\$631,923	0.59%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: The Department of Revenue administers 38 Montana taxes and fees to achieve equity and integrity, while protecting taxpayer rights and information; values all property as accurately as possible and supervises Montana's property tax system; administers liquor laws to protect public health and safety; receives abandoned property and seeks to return it to its rightful Montana owners; informs and advises the Governor, the legislature, and the public on tax trends

and issues; and cooperates with local, state, tribal, and federal governments to advance the public interest under the law.

The Department of Revenue collects revenue from and enforces regulations for 38 state taxes and fees; values all property in the state and supervises the property tax system; regulates the sale and distribution of alcoholic beverages in the state; and administers abandoned property laws and a one-stop business registration system for multiple agencies.

The Department of Revenues is comprised of the following programs:

- Director's Office supports the agency's director and is composed of the following four functional units:
 - Legal Services supervises the overall legal efforts of the department, which includes rules, policies, bankruptcy, disclosure officer, and the Office of Dispute Resolution
 - Tax, Policy and Research is responsible for the preparation of legislative fiscal notes that affect revenue, the analysis of legislative proposals affecting the department, and department economic data and tax compliance analysis
 - Human Resources manages the personnel activities of the department. The office includes three functional units for: human resources, payroll and benefits, and education and training
 - Executive Office provides budget analyst, public relations, and administrative support for the department
- Information Technology and Processing Division has two main functions:
 - Provides application development and support services, as well as network services in the areas of data, desktop, information security, and help desk support
 - Processes tax returns and payments for the department and for state agencies
- Liquor Control Division administers the state's alcoholic beverage code, which governs the control, sale, and distribution of alcoholic beverages. The division includes
 - Liquor distribution
 - Liquor licensing
- Citizen Services and Resource Management Division provides service to:
 - Montana citizens, businesses, and nonresident taxpayers through a call center, forms design, and other taxpayer services
 - Other divisions of the department in the areas of accounting, purchasing, and facilities and asset management
- Business and Income Taxes Division has three main functions:
 - Oversees audits and verifies compliance with Montana tax law for all state taxes, oversees state revenue collection activity, and completes appraisals and assessments of industrial and centrally assessed property
 - Administers the Unclaimed Property Program to return unclaimed property (lost money and other properties) to its rightful owners
 - Operates a proprietary funded program to collect on behalf of state agencies debt owed to the state that is associated with delinquent accounts
- Property Assessment Division is responsible for the valuation and assessment of real and personal property throughout the state for property tax purposes

Agency Highlights

Department of Revenue Major Budget Highlights
<ul style="list-style-type: none"> ◆ General fund for the 2013 biennium is \$561,700, or 0.6%, lower than in the 2011 biennium. Offsetting factors for this change are: <ul style="list-style-type: none"> • Statewide present law adjustments reduce general fund largely because of a reduction in the ITSD fixed cost allocation to the agency • Multiple programs reduced the number of vehicles they would lease from the State Motor Pool to reduce general fund • Ongoing reductions were made to account for reductions implemented in FY 2011 as a result of the 17-7-140, MCA, reductions ordered by the Governor • Funding associated with base expenditures to install video conferencing equipment was removed since the expenditures were not ongoing in nature • Funding to add 8.00 FTE for tax compliance targeted at the area the department identified with the largest non-compliance -- non-residents and out-of-state companies ◆ State special fund expenditures is nearly \$0.8 million, or 49.8%, higher in the 2013 biennium than the 2011 biennium due to: <ul style="list-style-type: none"> • Use of tobacco settlement funding to convert 3.00 FTE from modified status to permanent for tobacco tax compliance work • Use of abandoned property state special revenue to convert 2.00 FTE from modified status to permanent to address workload issues • Funding to add 1.00 FTE to administer hail insurance premiums and livestock per capita fees ◆ Federal special fund expenditures increase by a little over \$0.1 million to fund federal mineral royalty audits at the level authorized in the current agreement with the federal government ◆ Staffing increases by 15.00 FTE for the following purposes: <ul style="list-style-type: none"> • To convert 6.00 FTE from modified status to permanent to: 1) administer the abandoned property program (2.00 FTE); 2) perform tobacco tax compliance work (3.00 FTE); and 3) establish a position for the Granite County appraiser (1.00 FTE) • To add 1.00 FTE to administer the hail insurance premiums and livestock per capita fees with funding from statutorily allowable retention of fees collected • To add 8.00 FTE to address tax compliance of areas the agency determined to have the highest level of non-compliance – non-residents and out-of-state companies ◆ The agency was exempted from the requirement in the executive budget of a 4% reduction in personal services

Legislative Action Issues

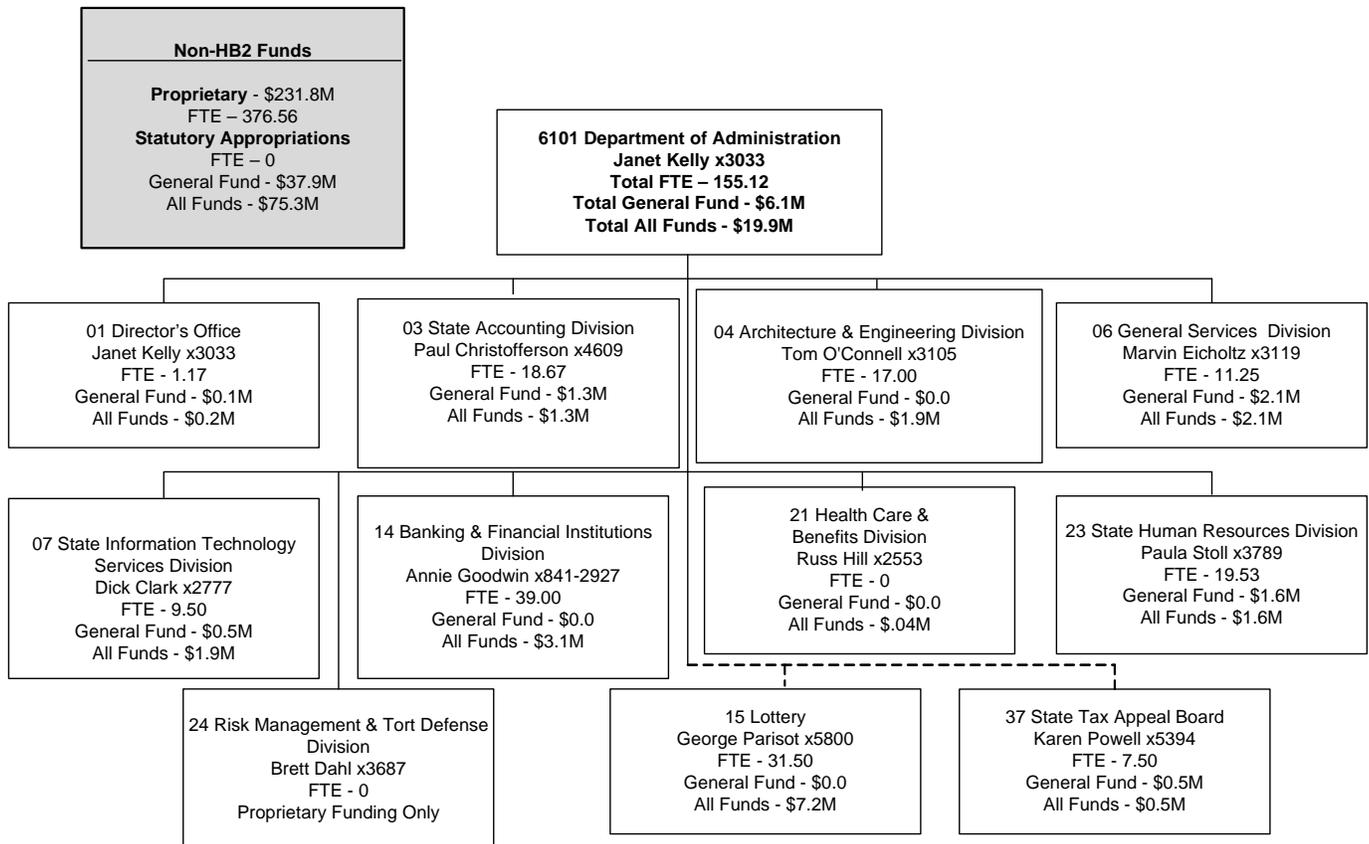
- ◆ Major/agency-wide LFD issues
 - A 5% plan item that was not included in the budget request and is allocated to all programs funded with general fund based on the program's share of total general fund in the agency does not specify what services would be impacted
 - The agency states that efficiencies would be realized from the Efficiencies Through Imaging project approved by the 2009 Legislature, but no associated reductions are included in the budget request. A legislative option is provided for setting the stage for future realization of the savings
 - A one-time payment to retire costs of a prior building renovation could save general fund in the long-term
 - Restricted funding designations are recommended for two adjustments in the Liquor Division
 - Collection services internal services fund balance is being depleted
- ◆ Proprietary Rate Decisions
 - The legislature must approve rates for the Collection Services Program within the Business and Income Tax Division
- ◆ Interim Committee Recommendations
 - The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	155.12	155.12	153.63	153.63	155.12	153.63	(1.49)	(0.96%)
Personal Services	9,395,163	10,127,479	10,287,859	10,329,268	19,522,642	20,617,127	1,094,485	5.61%
Operating Expenses	9,553,673	9,009,538	9,786,024	9,587,457	18,563,211	19,373,481	810,270	4.36%
Equipment & Intangible Assets	42,077	42,077	42,077	42,077	84,154	84,154	0	0.00%
Local Assistance	39,206	37,633	43,206	42,206	76,839	85,412	8,573	11.16%
Grants	838,563	1,483,576	838,563	838,563	2,322,139	1,677,126	(645,013)	(27.78%)
Transfers	0	75,000	0	0	75,000	0	(75,000)	(100.00%)
Debt Service	32,050	32,050	176,275	0	64,100	176,275	112,175	175.00%
Total Costs	\$19,900,732	\$20,807,353	\$21,174,004	\$20,839,571	\$40,708,085	\$42,013,575	\$1,305,490	3.21%
General Fund	6,054,826	6,212,547	6,426,155	6,198,509	12,267,373	12,624,664	357,291	2.91%
State Special	6,508,794	7,884,856	7,117,969	7,111,969	14,393,650	14,229,938	(163,712)	(1.14%)
Federal Special	42,043	48,739	42,043	42,043	90,782	84,086	(6,696)	(7.38%)
Other	0	0	0	0	0	0	0	n/a
Other	7,295,069	6,661,211	7,587,837	7,487,050	13,956,280	15,074,887	1,118,607	8.02%
Total Funds	\$19,900,732	\$20,807,353	\$21,174,004	\$20,839,571	\$40,708,085	\$42,013,575	\$1,305,490	3.21%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission - The Department of Administration's mission is to serve, satisfy, and support our customers.

The Department of Administration provides support services for state agencies in the following areas:

- o Accounting, financial reporting, and warrant writing
- o Audit review, enforcement and technical assistance for local governments
- o State treasury services
- o State-bonded indebtedness administration
- o Capitol complex grounds and building maintenance and security
- o Duplicating, mail and messenger services
- o Procurement and surplus property administration
- o Information systems development, telecommunications, geographic information services, 9-1-1 program management, data processing, and public safety radio communications
- o Human resource management, workforce development and labor relations
- o State financial institution oversight and regulation
- o Insurance coverage and risk management programs
- o Tort Claims Act administration
- o Long-Range Building Program
- o State employee group benefits
- o Workers compensation management

The following boards and commissions are attached to the department for administrative purposes only:

- o Board of Examiners
- o Burial Preservation Board
- o Information Technology Board
- o Public Employees' Retirement Board
- o State Banking Board
- o State Board of County Printing
- o State Compensation Insurance Fund Board
- o State Tax Appeal Board

The department is comprised of the following programs that are each discussed separately in their individual sections:

- o Director's Office
- o Governor Elect
- o State Accounting
- o Architecture and Engineering
- o General Services
- o Information Technology Services
- o Banking and Financial
- o Montana State Lottery
- o Health Care and Benefits
- o State Human Resources
- o Risk Management and Tort Defense
- o State Tax Appeals Board

Agency Highlights

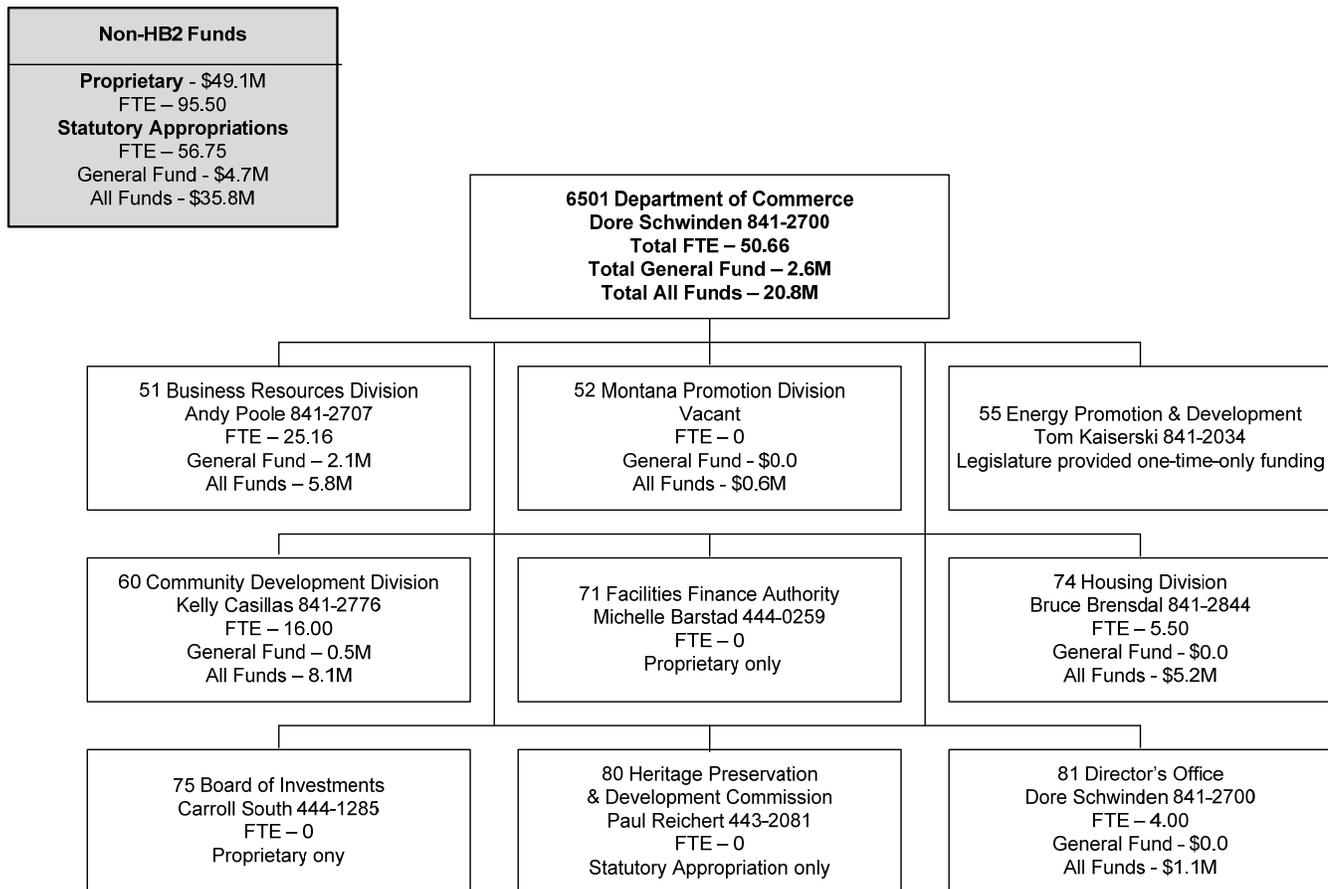
Department of Administration Major Budget Highlights
<ul style="list-style-type: none"> ◆ General fund increases nearly \$357,000, or 2.9% when comparing the 2013 biennium to the 2011 biennium due to: <ul style="list-style-type: none"> • Statewide present law adjustments (nearly \$825,000) • Final lease payment and option to buy the building that houses the Office of Public Instruction (\$144,225) • Costs to prepare and sell the state-owned building that previously housed the headquarters for the Department of Corrections (\$53,500) • Governor-elect startup costs (\$50,000) • Costs for workload impacts on county tax appeal boards due to the property reappraisal (\$42,000) • Burial board travel and meeting costs (\$24,000) ◆ 5% reduction plan items would reduce general fund by nearly \$593,000
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major/agency-wide LFD Issues <ul style="list-style-type: none"> • Revenues for the proprietary fund for the Central Stores Program do not support operating expenses • The legislature has options other than a working capital rate to fund proprietary programs ◆ Proprietary Rate Decisions <ul style="list-style-type: none"> • A number of programs and functions are funded with proprietary funds, for which the legislature sets a maximum rate, rather than a specific appropriation ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that base minus 5% be the starting point for legislative deliberations

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	50.66	50.66	56.00	56.00	50.66	56.00	5.34	10.54%
Personal Services	3,014,479	3,199,829	3,564,807	3,565,264	6,214,308	7,130,071	915,763	14.74%
Operating Expenses	3,310,301	5,178,533	6,463,726	6,754,586	8,488,834	13,218,312	4,729,478	55.71%
Equipment & Intangible Assets	0	97,650	0	0	97,650	0	(97,650)	(100.00%)
Grants	14,505,844	22,354,042	18,382,856	18,756,426	36,859,886	37,139,282	279,396	0.76%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$20,830,624	\$30,830,054	\$28,411,389	\$29,076,276	\$51,660,678	\$57,487,665	\$5,826,987	11.28%
General Fund	2,598,996	2,692,843	5,011,683	5,012,435	5,291,839	10,024,118	4,732,279	89.43%
State Special	4,216,567	6,178,304	7,333,031	7,300,737	10,394,871	14,633,768	4,238,897	40.78%
Federal Special	14,015,061	21,958,907	16,066,675	16,763,104	35,973,968	32,829,779	(3,144,189)	(8.74%)
Total Funds	\$20,830,624	\$30,830,054	\$28,411,389	\$29,076,276	\$51,660,678	\$57,487,665	\$5,826,987	11.28%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

The Department of Commerce strives to enhance the economic prosperity for all Montanans. The department works its with customers (economic and community development organizations, businesses, communities, governmental entities, elected officials, and the public) to diversify and expand the state's economic base through business creation, expansion, and retention and improvement of our infrastructure, housing and facilities.

The department is composed of nine major divisions as follows:

Business Resources Division

- o Board of Research and Commercialization Technology
- o State Tribal Economic Development Commission
- o Regional Development Bureau
- o Census and Economic Information Center
- o Trade and International Relations Bureau
- o Small Business Development Center Bureau

Montana Promotion Division

- o Tourism Marketing and Promotion
- o Film Marketing and Promotion
- o Tourism Development and Education
- o Industry Services and Operations

Energy Promotion & Development Division**Community Development Division**

- o Community Development Block Grant Program
- o Community Technical Assistance Program
- o Treasure State Endowment Program
- o Neighborhood Stabilization Program
- o Coal Board
- o Hard Rock Mining Impact Board

Montana Facility Finance Authority**Housing Division**

- o Board of Housing
- o Housing Assistance Bureau

Board of Investments**Montana Heritage Commission****Director's Office**

- o Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information
- o Quality Schools Program
- o Montana Council on Developmental Disabilities

The Department of Commerce encompasses a number of programs that provide grant administration, federal program administration, state initiatives, and investment services in order to diversify and expand the state's economic base through business creation, expansion, and retention and improvement of infrastructure, housing and facilities.

Agency Highlights

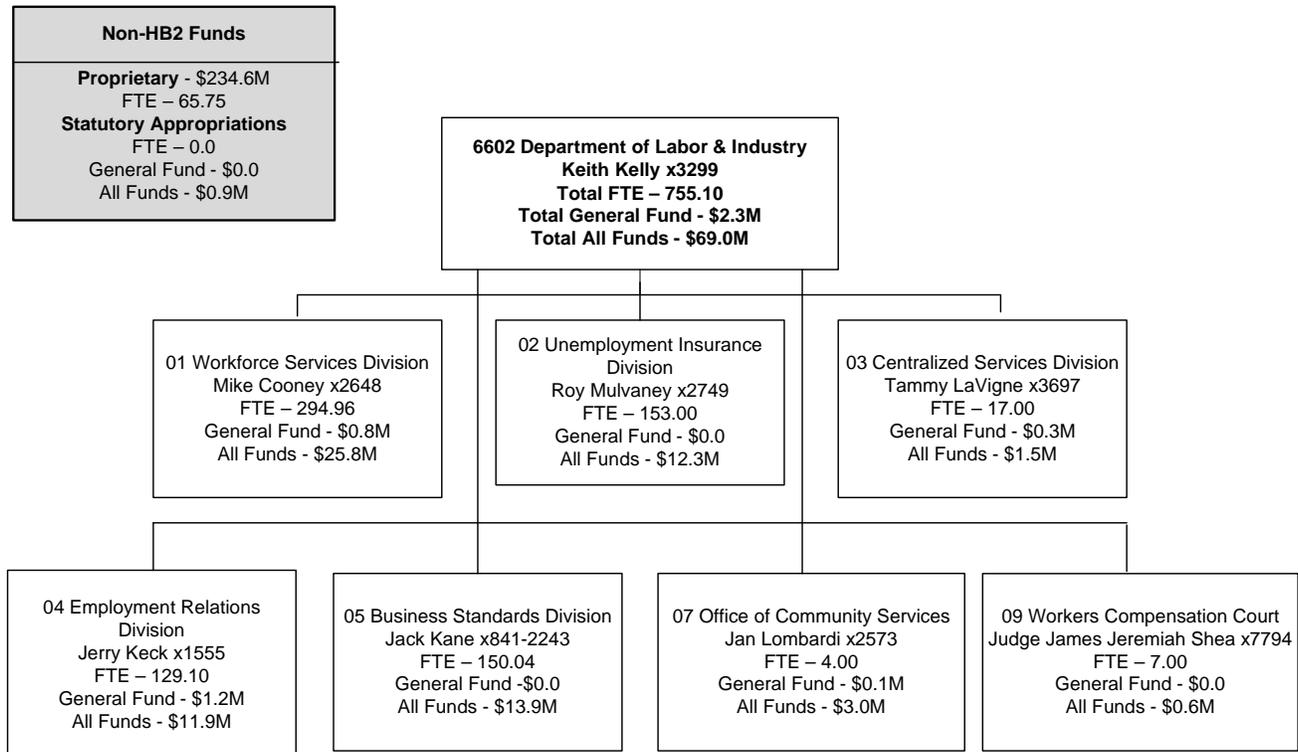
Department of Commerce Major Budget Highlights
<ul style="list-style-type: none"> ◆ The general fund would increase over 89% compared to the 2011 biennium due primarily to the Governor's proposed maintenance of three programs, including 4.00 FTE, designated as one-time-only by the previous legislature: <ul style="list-style-type: none"> • Indian country economic development • Montana Main Street • Primary business sector training grants ◆ The Governor would also provide general fund for operating expenses of the supercomputer in Butte ◆ These increases would be partially offset by the elimination of the Regional Development Program, including 3.66 FTE ◆ State special revenues would increase due to: <ul style="list-style-type: none"> • Loans to certified Micro-business development corporations • Increased coal board grants
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	755.10	755.10	757.22	757.22	755.10	757.22	2.12	0.28%
Personal Services	37,392,570	41,436,981	42,341,455	42,333,367	78,829,551	84,674,822	5,845,271	7.42%
Operating Expenses	20,324,240	21,629,850	23,118,609	23,210,975	41,954,090	46,329,584	4,375,494	10.43%
Equipment & Intangible Assets	274,234	437,032	274,234	274,234	711,266	548,468	(162,798)	(22.89%)
Grants	10,452,612	8,729,072	11,779,098	11,779,098	19,181,684	23,558,196	4,376,512	22.82%
Benefits & Claims	103,300	126,085	103,300	103,300	229,385	206,600	(22,785)	(9.93%)
Transfers	438,265	636,083	251,907	251,907	1,074,348	503,814	(570,534)	(53.11%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	\$68,988,996	\$72,998,878	\$77,872,378	\$77,956,656	\$141,987,874	\$155,829,034	\$13,841,160	9.75%
General Fund	2,308,627	2,612,713	2,417,105	2,427,988	4,921,340	4,845,093	(76,247)	(1.55%)
State Special	35,856,229	38,237,903	40,334,522	40,459,781	74,094,132	80,794,303	6,700,171	9.04%
Federal Special	30,767,415	32,047,983	35,032,341	34,980,370	62,815,398	70,012,711	7,197,313	11.46%
Other	56,725	100,279	88,410	88,517	157,004	176,927	19,923	12.69%
Total Funds	\$68,988,996	\$72,998,878	\$77,872,378	\$77,956,656	\$141,987,874	\$155,829,034	\$13,841,160	9.75%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission: The purpose of the Department of Labor and Industry is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities.

The Department of Labor and Industry (DOLI) has a number of functions. In part, the department:

- o Serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, and assists employers in finding workers
- o Oversees federal and state training and apprenticeship programs
- o Conducts research and collects employment statistics
- o Administers the unemployment insurance program and disburses state unemployment benefits
- o Enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws
- o Provides adjudicative services in labor-management disputes
- o Licenses, inspects, tests, and certifies all weighing or measuring devices used in making commercial transactions in the State of Montana
- o Provides administrative and clerical services to the 40 professional boards and occupational licensing programs authorized by state statutes
- o Establishes and enforces minimum building codes
- o Administers the federal AmeriCorps, Campus Corps, and Volunteer Montana programs through the Office of Community Services
- o Oversees and regulates the Montana Workers' Compensation system

Organizationally, the department is divided into five divisions: 1) Workforce Services; 2) Unemployment Insurance; 3) Commissioner's Office/Centralized Services; 4) Employment Relations; and 5) Business Standards. The Office of Community Services, Workers' Compensation Court, and three boards are administratively attached.

Agency Highlights

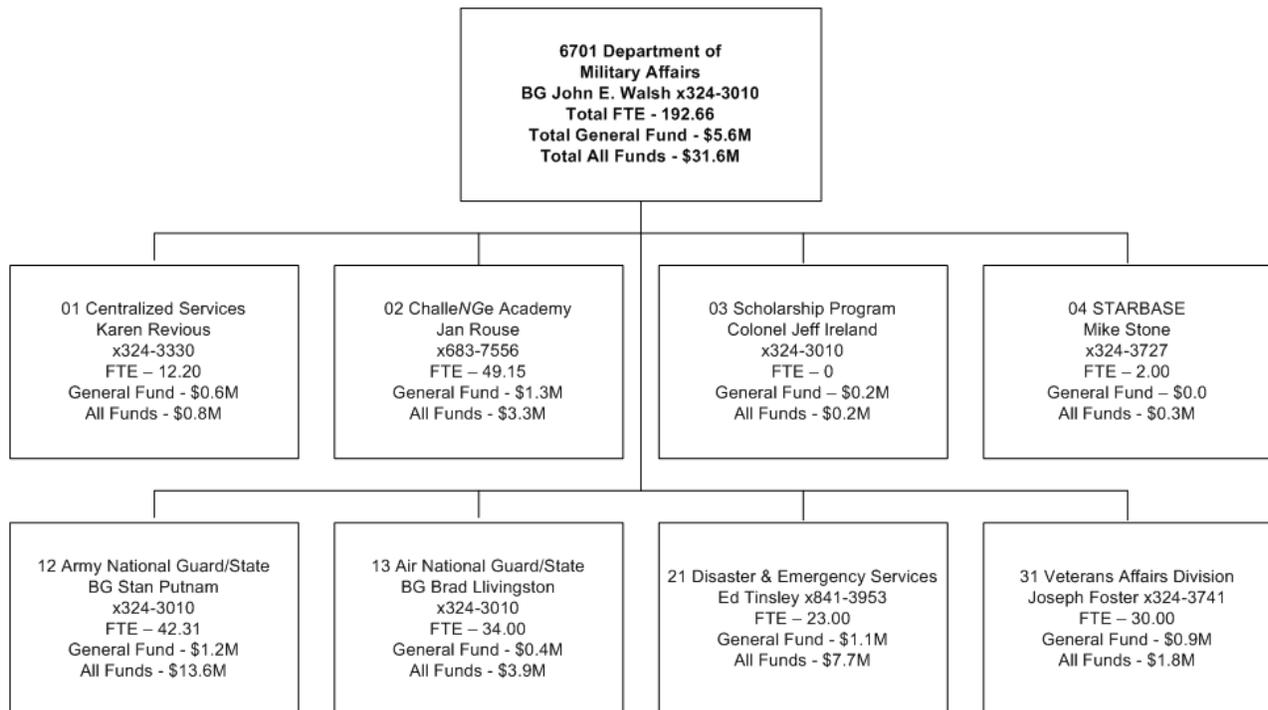
<p>Department of Labor and Industry Major Budget Highlights</p>
<ul style="list-style-type: none"> ◆ The overall increase in the budget from the 2011 biennium level is due primarily to: <ul style="list-style-type: none"> • Statewide present law adjustments • Significant increases in 5 of the 7 divisions for indirect assessments • Funding the incumbent worker program at the 2011 biennium appropriated level • Funding for utilization and treatment guidelines
<p>Legislative Action Issues</p>
<ul style="list-style-type: none"> ◆ The executive would fund the incumbent worker program from the employment security account ◆ Indirect costs increase significantly over the FY 2010 level ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	192.66	192.66	193.82	193.82	192.66	193.82	1.16	0.60%
Personal Services	10,767,265	10,506,254	11,184,368	11,209,981	21,273,519	22,394,349	1,120,830	5.27%
Operating Expenses	14,815,955	16,327,320	15,610,541	15,562,628	31,143,275	31,173,169	29,894	0.10%
Equipment & Intangible Assets	357,423	323,976	357,423	357,423	681,399	714,846	33,447	4.91%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	5,265,505	13,614,431	5,367,505	5,367,505	18,879,936	10,735,010	(8,144,926)	(43.14%)
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	441,549	0	441,549	441,549	441,549	883,098	441,549	100.00%
Total Costs	\$31,649,977	\$40,774,261	\$32,963,666	\$32,941,366	\$72,424,238	\$65,905,032	(\$6,519,206)	(9.00%)
General Fund	5,612,637	5,825,156	5,622,291	5,613,922	11,437,793	11,236,213	(201,580)	(1.76%)
State Special	1,127,398	1,393,170	1,383,886	1,366,373	2,520,568	2,750,259	229,691	9.11%
Federal Special	24,909,942	33,555,935	25,957,489	25,961,071	58,465,877	51,918,560	(6,547,317)	(11.20%)
Total Funds	\$31,649,977	\$40,774,261	\$32,963,666	\$32,941,366	\$72,424,238	\$65,905,032	(\$6,519,206)	(9.00%)

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission: To provide for safety and well being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

The Department of Military Affairs is administered by the Adjutant General and his staff. The agency oversees all activities of the Army and Air National Guard, Disaster and Emergency Services, the National Guard Youth Challenge program, and the National Guard educational outreach program, STARBASE. The Veterans Affairs Division, which is administratively attached to the department, manages and coordinates with state and federal agencies in providing services for veterans and their families as well as the state veterans' cemeteries.

The department, through the Army and Air National Guard, manages a joint federal-state program that maintains trained and equipped military organizations for the Governor in the event of a state emergency and the President in the event of a national emergency. The department also plans for and coordinates state responses in disaster and emergency situations.

Agency Highlights

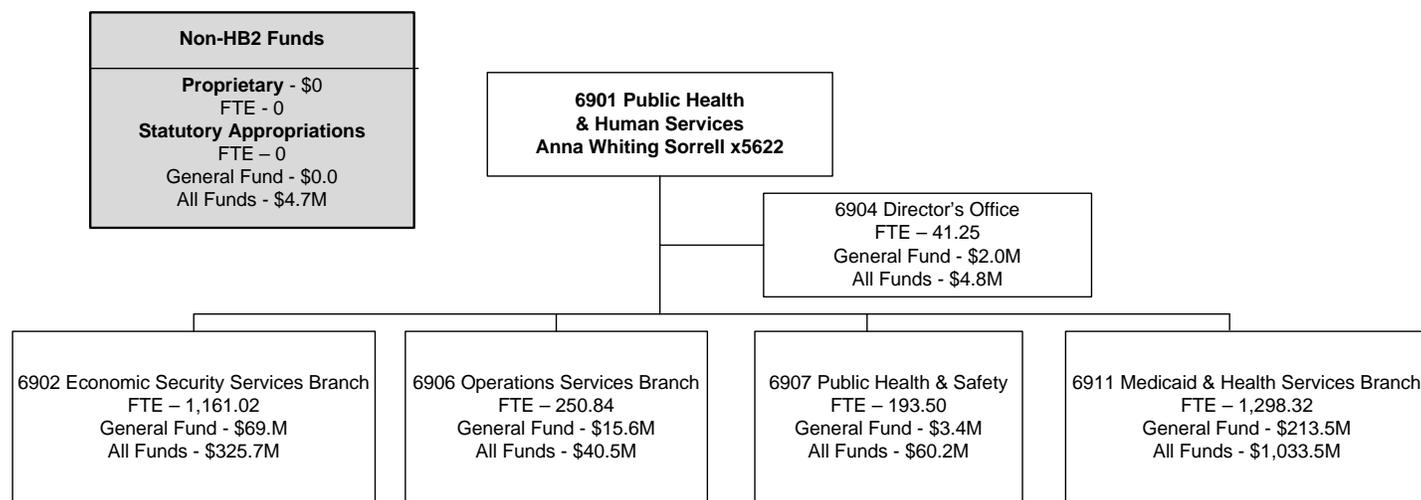
Department of Military Affairs Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor’s proposed budget decreases by 9% from the previous biennium due primarily from a change in the requested level of federal special revenue spending authority related to federal grant funds ◆ Major initiatives in the executive budget include: <ul style="list-style-type: none"> • 4% personal services general fund reduction eliminating 4.84 FTE across the agency • The addition of 6.0 FTE fire fighter positions in the Air National Guard ◆ General fund decreases by 1.76% over the biennium due to: <ul style="list-style-type: none"> • A change in the state-federal funding match for the Youth Challenge program • The 4% personal services general fund reductions
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major LFD Issues <ul style="list-style-type: none"> • There is no proposal included in the executive budget to address ongoing personal services expenditure/funding issues in the Youth Challenge Program • Requested level of funding for the Veterans’ Affairs program is not sustainable from the state special revenue account budgeted ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2944.93	2944.93	2942.68	2938.39	2944.93	2938.39	(6.54)	-0.22%
Personal Services	153,766,363	162,901,514	161,097,304	160,825,182	316,667,877	321,922,486	5,254,609	1.66%
Operating Expenses	98,996,562	103,741,189	107,479,735	109,073,137	202,737,751	216,552,872	13,815,121	6.81%
Equipment & Intangible Assets	663,318	1,293,488	670,318	670,318	1,956,806	1,340,636	(616,170)	-31.49%
Grants	63,535,583	68,164,823	67,938,868	66,944,569	131,700,406	134,883,437	3,183,031	2.42%
Benefits & Claims	1,147,297,504	1,216,679,067	1,479,291,275	1,565,309,991	2,363,976,571	3,044,601,266	680,624,695	28.79%
Debt Service	351,901	516,969	351,901	351,901	868,870	703,802	(165,068)	-19.00%
Total Costs	\$1,464,611,231	\$1,553,297,050	\$1,816,829,401	\$1,903,175,098	\$3,017,908,281	\$3,720,004,499	\$702,096,218	23.26%
General Fund	303,495,348	369,077,195	423,795,769	417,213,383	672,572,543	841,009,152	168,436,609	25.04%
State Special	118,771,216	126,929,068	141,450,698	161,480,125	245,700,284	302,930,823	57,230,539	23.29%
Federal Special	1,042,344,667	1,057,290,787	1,251,582,934	1,324,481,590	2,099,635,454	2,576,064,524	476,429,070	22.69%
Total Funds	\$1,464,611,231	\$1,553,297,050	\$1,816,829,401	1,903,175,098	\$3,017,908,281	\$3,720,004,499	\$702,096,218	23.26%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission statement: Improving and protecting the health, well-being and self-reliance of all Montanans

The Department of Public Health and Human Services (DPHHS) administers a wide spectrum of programs and projects, including: public assistance, Medicaid, foster care and adoption, nursing home licensing, long-term care, aging services, alcohol and drug abuse programs, mental health services, vocational rehabilitation, disability services, child support enforcement activities, and public health functions (such as communicable disease control and preservation of public health through chronic disease prevention).

As shown on the organization chart, the department has four branches and the Director's Office. The branches and the related divisions are:

- Economic Security Services Branch consisting of the Management and Disability Transition Program, Human and Community Services Division, Child and Family Services Division, and the Child Support Enforcement Division
- Operations Services Branch consisting of the Business and Financial Services Division, Quality Assurance Division, Technology Services Division, and the Management and Fair Hearings Program
- Public Health and Safety Branch
- Medicaid and Health Services Branch consisting of the Disability Services Division, Health Resources Division, Medicaid and Health Services Program, Senior and Long-term Care Division, and the Addictive and Mental Disorders Division

The department is also responsible for all state facilities except correctional institutions. DPHHS facilities include: Montana State Hospital, Warm Springs; Montana Mental Health Nursing Care Center, Lewistown; Montana Chemical Dependency Center, Butte; Eastern Montana Veterans' Home, Glendive; Montana Veterans' Home, Columbia Falls; and Montana Developmental Center, Boulder.

Agency Budget Highlights and Legislative Action Items

Department of Public Health and Human Services Major Budget Highlights
<ul style="list-style-type: none"> ◆ The DPHHS 2013 biennium budget request is \$702.1 million (\$168.4 million general fund) higher than the 2011 biennium. ◆ Funding for benefits (direct services to eligible persons) adds \$680.6 million total funds over the biennium, primarily due: <ul style="list-style-type: none"> • Medicaid service utilization and eligibility increases - \$276.4 million total funds and \$152.3 million general fund • Supplemental Nutrition Assistance Program (SNAP) - \$250.0 million • Healthy Montana Kids (HMK) program increased enrollment and service utilization - \$92.2 million • Low Income Energy Assistance Payments (LIEAP) and weatherization - \$25.0 million • A Medicaid expansion to shift 800 individuals from the state funded Mental Health Services Plan (MHSP) to Medicaid services, which has been discussed with the 2007 and 2009 legislatures - \$17.0 million • Temporary Assistance for Needy Families (TANF) benefits, economic security and employment programs - \$15.0 million • Developmentally disabled individuals moving from state funded services to Medicaid services - \$4.0 million ◆ Part of the increases in Medicaid and SNAP services continue one-time funding from the 2011 biennium due to the federal stimulus legislation ◆ Operating costs increase primarily due to contract adjustments supporting: <ul style="list-style-type: none"> • Agency-wide information technology (IT) systems supporting accounting, management and reporting functions of Medicaid and public assistance programs • Training and program support for public assistance programs across the state as well as provision of veterans services at the Eastern Montana Veterans' Home • A contingency request of \$1.6 million state special revenue by the Montana Telecommunications Program should the federal government mandate that states pay for new technologies in telecommunication programs

- ◆ Increased funding for FTE is primarily due to statewide and present law adjustments and the net of new proposals for total reductions in funding equivalent to 5.79 full time positions and offsetting increases of:
 - 20.00 FTE to administer HMK (an additional 8.00 above the 12.00 temporary FTE funded by the 2009 Legislature)
 - 5.00 FTE to implement expanded Medicaid family planning services

Legislative Action Issues

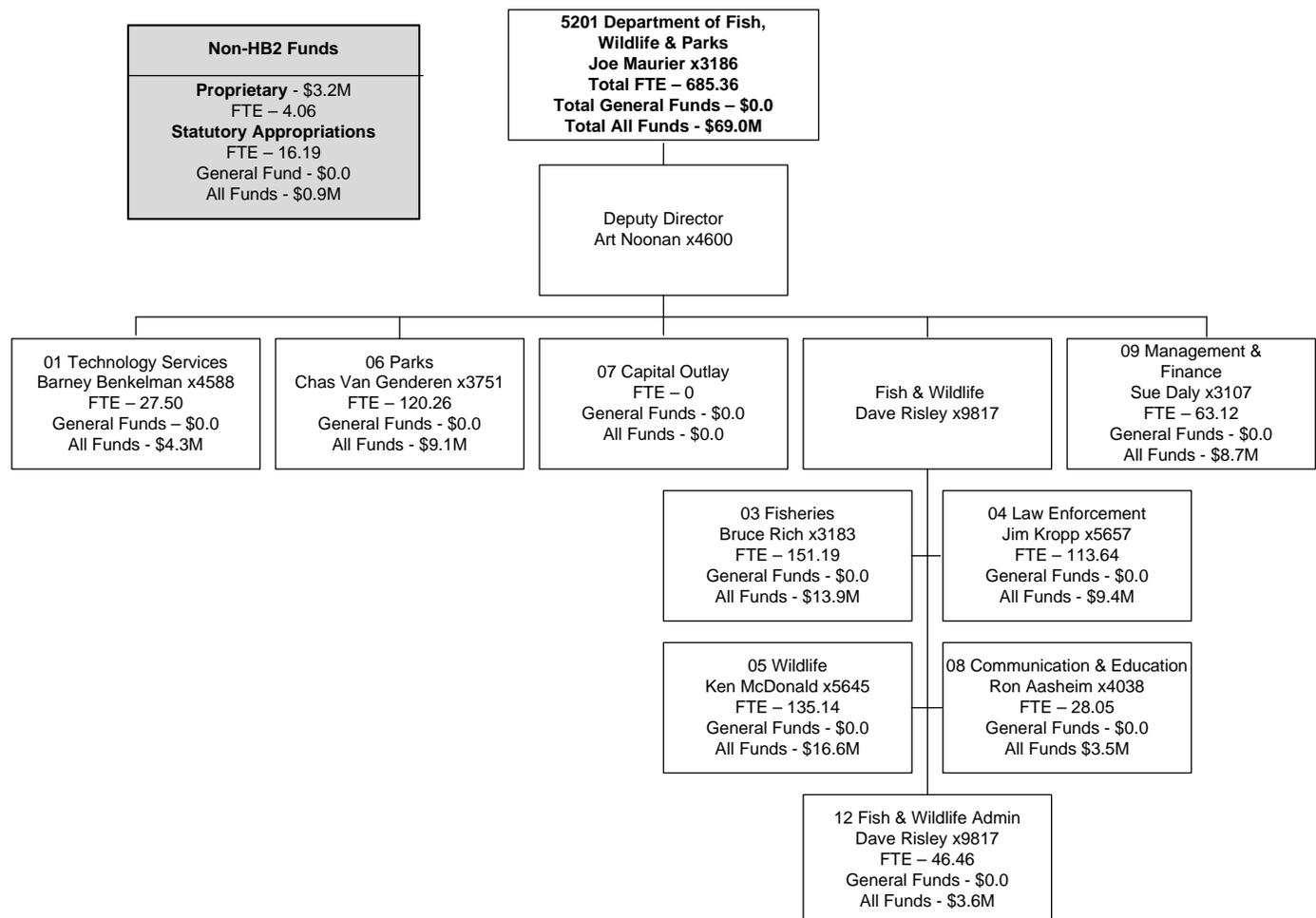
- ◆ Establishing Medicaid appropriations for the 2013 biennium has an inherent degree of risk because:
 - Medicaid services costs are a significant state expenditure (22% of total HB 2 appropriations) and small differences between actual expenditures and the projection can have major fiscal impacts
 - Executive budget cost trends used to project 2013 biennium costs are below national cost trends projected for Medicaid services
 - Small changes (1%) in the overall cost trend cause a \$6.1 million change in state match required over the biennium based on the executive budget request
 - Small changes (1%) in the federal Medicaid match rate cause a \$9.0 million change in the state match required for Medicaid services in FY 2013
- ◆ State special revenue dedicated to funding increased enrollment costs in HMK is \$11.8 million too low to cover projected enrollment increases in the 2013 biennium
 - A portion of the state match for increased enrollment in HMK Medicaid services is paid from the general fund
- ◆ Several state special revenue accounts are over budgeted including:
 - Tobacco settlement funds by \$8.2 million
 - Tobacco trust interest account by \$1.0 million
- ◆ 5% reduction plan does not reduce general fund to the targeted amount
- ◆ The required \$22.0 million DPHHS structural balance plan did not provide \$3.9 million in reductions for consideration by the legislature

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	685.36	685.36	700.59	700.59	685.36	700.59	15.23	2.22%
Personal Services	38,501,079	39,712,978	40,945,437	40,953,889	78,214,057	81,899,326	3,685,269	4.71%
Operating Expenses	28,622,412	29,336,152	30,556,888	30,524,845	57,958,564	61,081,733	3,123,169	5.39%
Equipment & Intangible Assets	873,722	857,212	816,995	816,995	1,730,934	1,633,990	(96,944)	(5.60%)
Grants	952,105	985,521	975,986	975,986	1,937,626	1,951,972	14,346	0.74%
Benefits & Claims	4,823	4,850	4,823	4,823	9,673	9,646	(27)	(0.28%)
Transfers	58,869	99,652	99,652	99,652	158,521	199,304	40,783	25.73%
Total Costs	\$69,013,010	\$70,996,365	\$73,399,781	\$73,376,190	\$140,009,375	\$146,775,971	\$6,766,596	4.83%
State Special	54,070,860	55,648,120	57,552,965	57,525,124	109,718,980	115,078,089	5,359,109	4.88%
Federal Special	14,942,150	15,348,245	15,846,816	15,851,066	30,290,395	31,697,882	1,407,487	4.65%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$69,013,010	\$70,996,365	\$73,399,781	\$73,376,190	\$140,009,375	\$146,775,971	\$6,766,596	4.83%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission: Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations.

Fish, Wildlife and Parks (FWP) is responsible for the management of Montana's fish, wildlife, parks, and recreational resources. The department is also responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The operational programs are in eight divisions and seven regional field offices. The five-member Governor appointed FWP Commission provides policy direction on resource management, seasons, fees, and use of department lands.

The agency has four overarching goals:

- o Create a work environment where priorities are clear; the decision-making process is efficient and effective; and where employees feel a sense of accountability, value, and satisfaction in their achievements and their contributions to the agency mission.
- o Provide quality opportunities for public appreciation and enjoyment of fish, wildlife, and parks resources.
- o Maintain and enhance the health of Montana's natural environment and the vitality of our fish, wildlife, cultural, and historic resources through the 21st century.
- o Emphasize education, communication, and responsible behavior to afford citizens the opportunity to better understand and participate in the decision-making process that sustain our natural, recreational and cultural resources for future generations.

The department consists of three divisions with the following functions:

The Management & Finance Division provides for overall department direction regarding policy, planning, program development, accounting, purchasing, property management, legal, information technology, personnel, and budgeting. The licensing program and special drawings are also managed in this division. This division is responsible for 63.0 FTE and is funded from the general license account and a portion of the indirect cost assessments on federal grants and nonfederal accounts.

The Parks Division is responsible for providing diverse recreational opportunities while preserving the historical, archaeological, scientific, and cultural resources of the state. This includes the maintenance and administration of all state parks, affiliated lands, fishing access sites, and the snowmobile program. In the 2003 session the daily park user fees for Montana residents were eliminated in exchange for an optional \$4 motor vehicle license fee. The fee provides significant revenue for the Parks Division. 120.26 FTE are dedicated to the Parks Division.

The Fish and Wildlife Division consists of six bureaus: communication and education, fisheries, wildlife, enforcement, strategic planning, and regional offices. The division oversees habitat and conservation practices for both fish and wildlife, enforcement of hunting and fishing regulations, hunter education, and production of regulations and implementation of department policies at the local level. Funding is primarily from the general license account and related federal funding. The division is operated with 502.10 FTE.

Agency Highlights

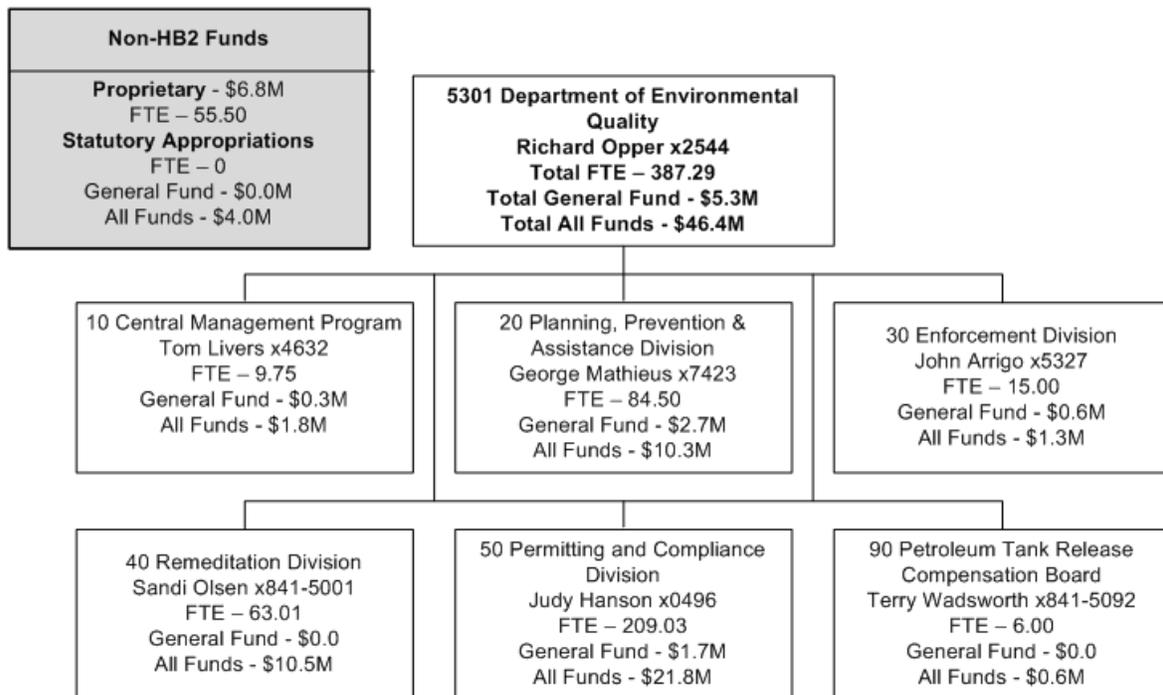
Department of Fish, Wildlife and Parks
Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this agency's budget by 4.8% from the previous biennium ◆ Major initiatives in the executive budget are: <ul style="list-style-type: none"> • Restoration of one-time-only appropriations • Elk management for brucellosis management • Provision of funds to operate the Montana Outdoor Discovery Center ◆ The department does not receive any general fund ◆ The majority of the budget requests are funded equally with state special and federal funds
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major agency-wide LFD issues <ul style="list-style-type: none"> • Balance of the general license account is declining • There is a lack of balance between land acquisitions and land management ◆ Potential Items Requiring Implementing Legislation <ul style="list-style-type: none"> • Realignment of funding for acquisitions and land management through modification of the habitat Montana fund. • Adjustment of the \$4.00 light vehicle registration fee to fund parks ◆ Proprietary Rate Decision <ul style="list-style-type: none"> • The legislature must approve rates for the vehicle fleet, aircraft operations, warehouse overhead, and the duplicating center ◆ Other Decision Factors <ul style="list-style-type: none"> • Voter Initiatives - The voters passed an initiative to eliminate outfitter sponsored combination licenses and replace them with an increased number of non-resident licenses. Revenues from the licenses are dedicated to hunting access programs ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5% on general fund and state special revenue not statutorily exempt • The general license account is exempt from the 5% reduction

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	387.29	387.29	385.44	385.44	387.29	385.44	(1.85)	(0.48%)
Personal Services	24,209,977	26,271,153	26,925,740	26,937,192	50,481,130	53,862,932	3,381,802	6.70%
Operating Expenses	20,595,563	30,561,107	28,907,252	28,877,279	51,156,670	57,784,531	6,627,861	12.96%
Equipment & Intangible Assets	80,932	187,077	594,520	594,520	268,009	1,189,040	921,031	343.66%
Capital Outlay	0	141,304	0	0	141,304	0	(141,304)	(100.00%)
Grants	1,473,211	2,040,916	1,791,808	1,806,461	3,514,127	3,598,269	84,142	2.39%
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Total Costs	\$46,367,183	\$59,201,557	\$58,226,820	\$58,222,952	\$105,568,740	\$116,449,772	\$10,881,032	10.31%
General Fund	5,341,202	5,443,674	5,466,101	5,469,117	10,784,876	10,935,218	150,342	1.39%
State Special	22,692,262	30,740,283	31,133,319	31,136,611	53,432,545	62,269,930	8,837,385	16.54%
Federal Special	18,333,719	23,017,600	21,627,400	21,617,224	41,351,319	43,244,624	1,893,305	4.58%
Total Funds	\$46,367,183	\$59,201,557	\$58,226,820	\$58,222,952	\$105,568,740	\$116,449,772	\$10,881,032	10.31%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: To protect, promote, and improve a clean and healthful environment to benefit present and future generations.

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for the siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and cleanup

activities related to the federal and state superfund programs and leaking underground storage tanks; and regulation and permitting of mining conducted on private, state, and federal lands. This work is completed through five divisions - Central Management, Planning Prevention and Assistance, Enforcement, Remediation, and Permitting and Compliance. The Petroleum Tank Compensation Board is also attached for administrative purposes.

The department works in partnership with the federal Environmental Protection Agency (EPA). Congress gave the EPA the initial responsibility for development and implementation of environmental protection, but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results. These joint activities become the basis of future agreements and long-term strategic planning. Given this unique relationship, the federal government dictates many of the department's activities.

Agency Highlights

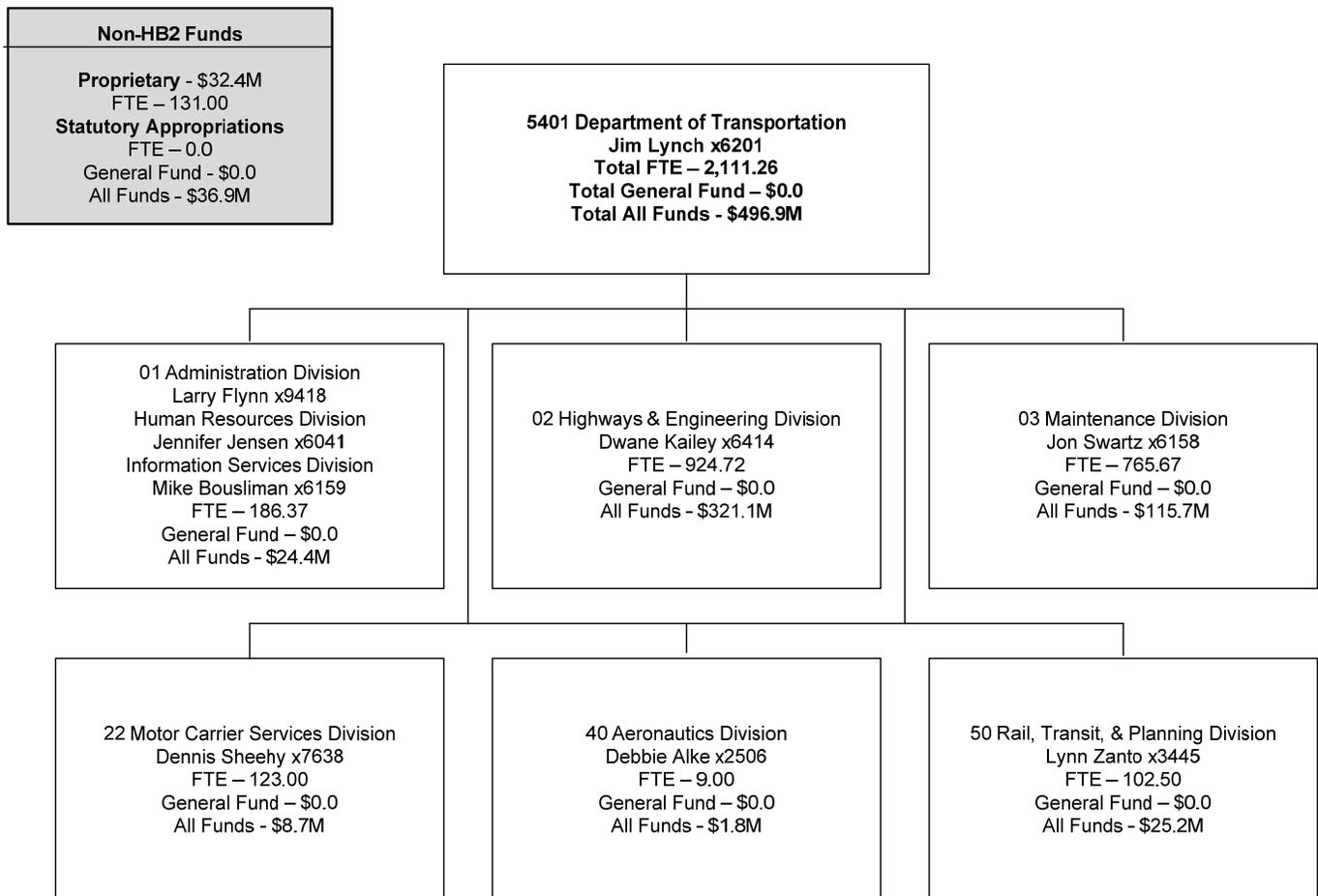
Department of Environmental Quality	
Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this program's budget by 10.3% from the 2011 biennium <ul style="list-style-type: none"> • General fund increases by 1.4% due to operating adjustments and statewide present law adjustments, partially offset by personal services reductions • State special revenue increases by 16.5% due to operating adjustments and increased authority for remediation activities. ◆ Major initiatives in the executive budget are: <ul style="list-style-type: none"> • Restoration of the FY 2010 base that was low due to decreased revenues and vacant positions • Funds for orphan share and superfund cleanup activities • General fund personal services reductions 	
Legislative Action Issues	
<ul style="list-style-type: none"> ◆ Major/agency-wide issues <ul style="list-style-type: none"> • Present law adjustments to reestablish the base budget at FY 2010 levels total \$9.4 million over the biennium • A number of state special revenue funds are being used for purposes not covered in statute ◆ Potential Legislation Items <ul style="list-style-type: none"> • Increase public water supply connection fees to offset general fund and inappropriately utilized state special revenue funds in the public water supply program. • Address the excess balance in the junk vehicle fund • Address the discrepancy in the allocation of metalliferous mines taxes ◆ Proprietary Rate Decisions <ul style="list-style-type: none"> • The legislature must approve rates for department indirect charges ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5% 	

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	2,111.26	0.00	0.00%
Personal Services	126,893,928	147,102,387	143,603,117	143,641,471	273,996,315	287,244,588	13,248,273	4.84%
Operating Expenses	318,017,294	435,509,385	486,429,132	485,418,363	753,526,679	971,847,495	218,320,816	28.97%
Equipment & Intangible Assets	2,974,142	3,027,679	2,987,467	2,974,142	6,001,821	5,961,609	(40,212)	(0.67%)
Capital Outlay	28,099,207	16,132,424	23,216,343	23,216,343	44,231,631	46,432,686	2,201,055	4.98%
Grants	19,468,999	22,012,246	20,652,379	20,652,379	41,481,245	41,304,758	(176,487)	(0.43%)
Transfers	1,407,892	1,013,328	1,418,710	1,418,710	2,421,220	2,837,420	416,200	17.19%
Total Costs	\$496,861,462	\$624,797,449	\$678,307,148	\$677,321,408	\$1,121,658,911	\$1,355,628,556	\$233,969,645	20.86%
General Fund	0	0	0	0	0	0	0	n/a
State Special	199,536,189	258,100,949	262,436,600	262,091,900	457,637,138	524,528,500	66,891,362	14.62%
Federal Special	297,325,273	366,696,500	415,870,548	415,229,508	664,021,773	831,100,056	167,078,283	25.16%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$496,861,462	\$624,797,449	\$678,307,148	\$677,321,408	\$1,121,658,911	\$1,355,628,556	\$233,969,645	20.86%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

The Department of Transportation is the agency responsible for administering the multimodal transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways. It is responsible for collecting and distributing highway user fees and fuel taxes. The department enforces state and federal laws for commercial motor carriers and registers interstate fleet vehicles. The department also facilitates the operation and infrastructure of airports and airways in Montana, registers aircraft and pilots, and maintains several state-owned airports. The department represents Montana interests in railroad planning issues and supports local entities in overall transportation planning and transit assistance.

The Department of Transportation constructs and maintains the state highway infrastructure. The department also provides for the other aspects of a statewide multimodal transportation system through:

- o Aeronautics safety protection and promotion
- o General aviation airport planning, promotion, and maintenance facilitation
- o Rail infrastructure coordination, monitoring, and planning
- o Highway traffic safety promotion, planning, and administration
- o Vehicle weight and dimension permitting and law enforcement
- o Transit assistance

The five-member transportation commission, whose members are appointed by the Governor, establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The nine-member Board of Aeronautics, whose members are appointed by the Governor, establishes priorities for department aeronautics activities.

The department provides the above services through the following programs:

- o General Operations Program
- o Construction Program
- o Maintenance Program
- o State Motor Pool (entirely funded with non-budgeted proprietary funds)
- o Equipment Program (entirely funded with non-budgeted proprietary funds)
- o Motor Carrier Services Division
- o Aeronautics Program (a portion of this program is funded with non-budgeted proprietary funds)
- o Rail, Transit, and Planning Division

Agency Highlights

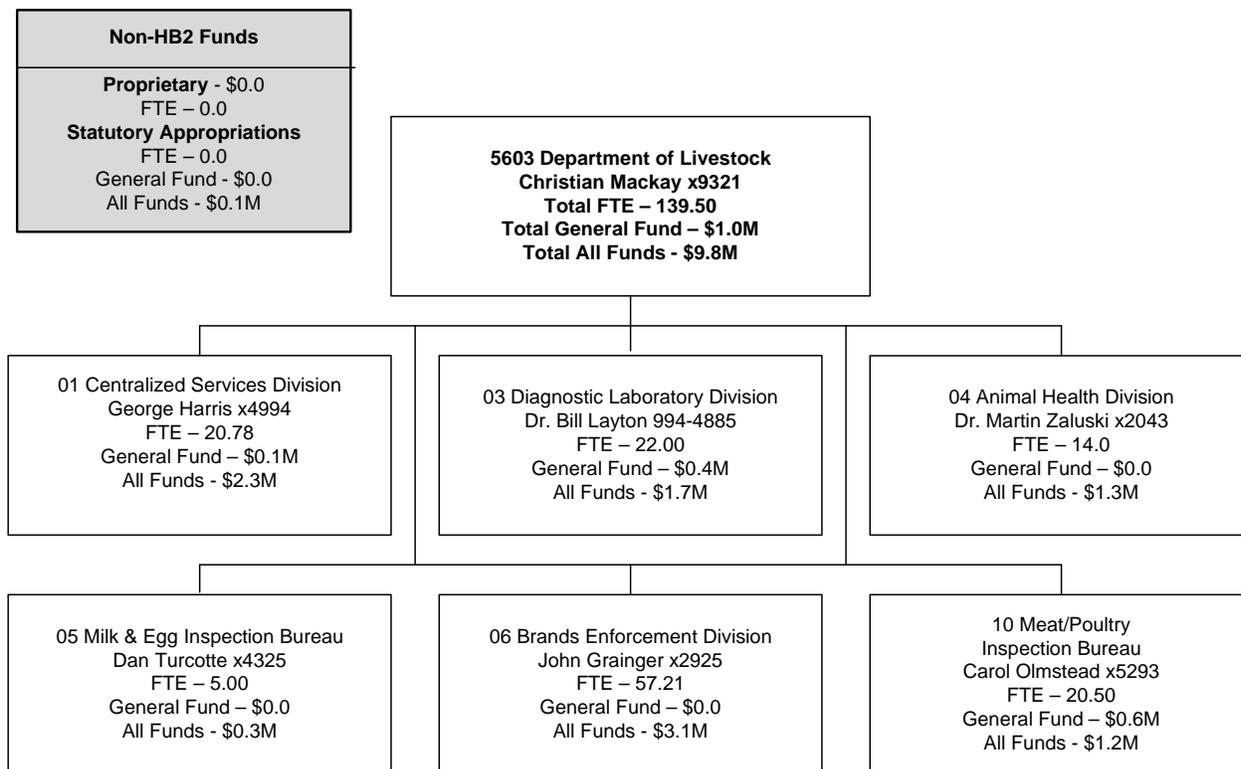
Department of Transportation Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total funds increase by \$234.0 million or 20.9%, ◆ State special revenue increases by \$67.0 million or 14.6%, and these increases are dominated by increases of: <ul style="list-style-type: none"> • \$60.0 million for the 100% state funded construction program • \$26.6 million to match increased federal funding for the federal-aid highway construction program • \$20.2 million for statewide present law adjustments • \$8.3 million for funding payments to the proprietary Equipment Program ◆ Federal special revenue increases by \$167.1 million, or 25.1%, primarily because of increases of: <ul style="list-style-type: none"> • \$234.2 million to increase federal-aid funding for highway construction contractor payments • \$2.1 million to increase transit funding for assistance to local transit providers • \$1.5 million of border enforcement grants associated with enforcement of commercial motor carriers around the border with Canada
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major/agency-wide LFD issues <ul style="list-style-type: none"> • The legislature will need to determine if the highway system improvements that may be achieved are worth the \$60.0 million cost to increase the 100% state funded construction program • An alternative rate structure is available for consideration when approving rates for the Equipment Program ◆ Proprietary Rate Discussion <ul style="list-style-type: none"> • The legislature must approve rates for the State Motor Pool and Equipment Program ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the starting point for budget deliberations be the adjusted base minus 5% • Highway state special revenue funds utilized by this agency are statutorily exempt from the 5% reduction plan requirement

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	139.50	139.50	144.50	142.76	139.50	142.76	3.26	2.34%
Personal Services	6,751,716	6,940,998	7,525,754	7,466,131	13,692,714	14,991,885	1,299,171	9.49%
Operating Expenses	2,896,569	3,033,416	3,894,041	3,876,469	5,929,985	7,770,510	1,840,525	31.04%
Equipment & Intangible Assets	47,689	70,052	273,191	235,441	117,741	508,632	390,891	331.99%
Benefits & Claims	140,000	450,000	290,000	140,000	590,000	430,000	(160,000)	(27.12%)
Total Costs	\$9,835,974	\$10,494,466	\$11,982,986	\$11,718,041	\$20,330,440	\$23,701,027	\$3,370,587	16.58%
General Fund	1,046,160	1,111,118	1,576,480	1,426,602	2,157,278	3,003,082	845,804	39.21%
State Special	7,325,213	7,574,506	8,750,930	8,662,951	14,899,719	17,413,881	2,514,162	16.87%
Federal Special	1,464,601	1,808,842	1,655,576	1,628,488	3,273,443	3,284,064	10,621	0.32%
Total Funds	\$9,835,974	\$10,494,466	\$11,982,986	\$11,718,041	\$20,330,440	\$23,701,027	\$3,370,587	16.58%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

The Department of Livestock is responsible for controlling and eradicating animal diseases; preventing the transmission of animal diseases to humans; protecting the livestock industry from theft and predatory animals; meat, milk, and egg inspection; and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer, the Livestock Crimestoppers' Commission, the Milk Control Board, the Livestock Loss Reduction and Mitigation Board, and the Board of Horse Racing. The department is organized into four divisions: Animal Health; Centralized Services; Brand-Enforcement; Diagnostic Laboratory; and two bureaus: Milk and Egg Inspection and Meat and Poultry Inspection. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

Agency Highlights

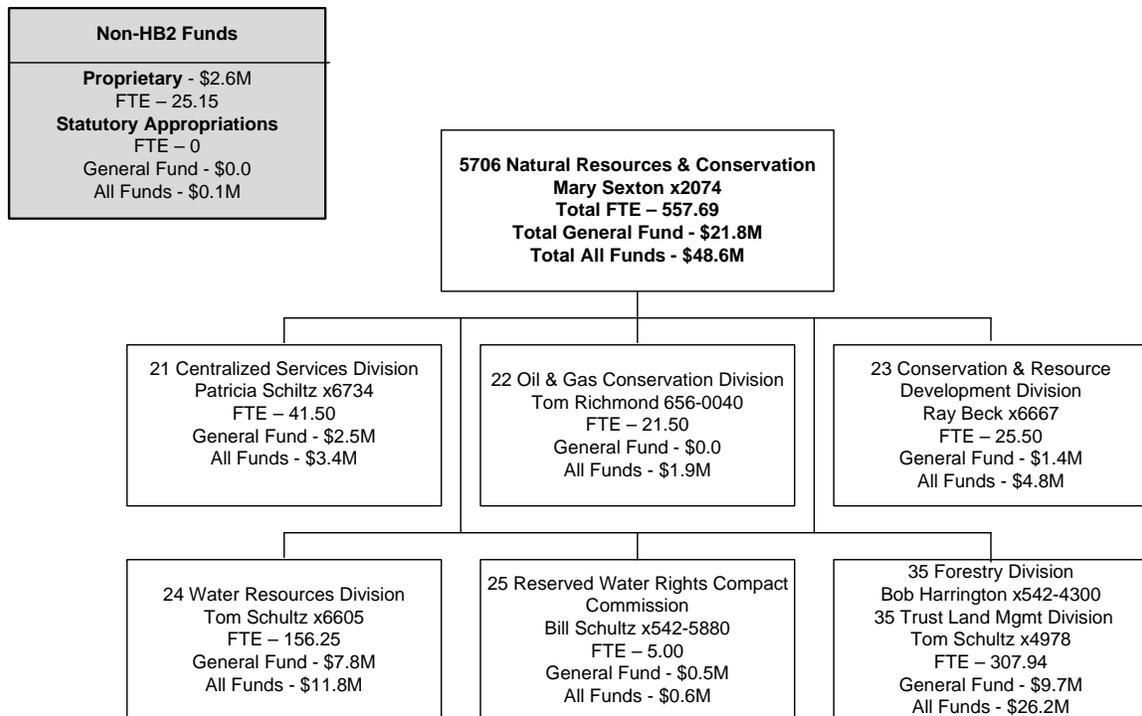
Department of Livestock Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this agency’s budget by 16.58% from the previous biennium ◆ Major initiatives in the executive budget are: <ul style="list-style-type: none"> • Funding brucellosis surveillance • Creating a new egg and milk screening program ◆ General fund increases by 39.2% primarily due to the brucellosis surveillance program offset by a personal services reduction ◆ State special revenue funds increase by 17% due to requests to increase expenditures from the per capita and animal health fund for various purposes ◆ Total increases include an additional 3.26 FTE, of which 1.50 are egg graders and the remainder are related to brucellosis surveillance activities
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major/Agency Wide Issues <ul style="list-style-type: none"> • The Governor proposes to spend down the fund balance in the per capita fund and over spend the animal health fund. • The budget has one-time-only requests for vehicles that would be appropriate in the base budget ◆ Potential Bills to Implement HB 2 <ul style="list-style-type: none"> • Establish per capita fees in statute • Separate the lab revenues and milk and egg revenues into two separate funds • Define the use of state special revenue funds ◆ Other Decision Factors <ul style="list-style-type: none"> • The Board of Livestock has set policy for the department to follow regarding fee increases and expenditures related to out of state travel; the legislature is not bound by these decisions ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5% • State special revenue funds in this department are statutorily exempt from the requirement

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	557.69	557.69	545.44	545.44	557.69	545.44	(12.25)	(2.20%)
Personal Services	30,785,701	32,075,682	33,172,302	33,187,369	62,861,383	66,359,671	3,498,288	5.57%
Operating Expenses	13,570,700	14,810,173	15,007,359	15,032,295	28,380,873	30,039,654	1,658,781	5.84%
Equipment & Intangible Assets	1,096,462	1,361,495	945,497	945,497	2,457,957	1,890,994	(566,963)	(23.07%)
Capital Outlay	122,204	69,788	122,204	122,204	191,992	244,408	52,416	27.30%
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	1,376,647	1,397,342	1,476,647	1,476,647	2,773,989	2,953,294	179,305	6.46%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	1,218,390	1,228,444	1,274,250	1,269,339	2,446,834	2,543,589	96,755	3.95%
Debt Service	383,275	473,419	473,418	473,418	856,694	946,836	90,142	10.52%
Total Costs	\$48,553,379	\$51,416,343	\$52,671,677	\$52,706,769	\$99,969,722	\$105,378,446	\$5,408,724	5.41%
General Fund	21,831,342	22,453,450	23,133,278	23,155,910	44,284,792	46,289,188	2,004,396	4.53%
State Special	24,837,687	26,886,999	27,487,205	27,495,450	51,724,686	54,982,655	3,257,969	6.30%
Federal Special	1,884,350	2,075,894	2,051,194	2,055,409	3,960,244	4,106,603	146,359	3.70%
Total Funds	\$48,553,379	\$51,416,343	\$52,671,677	\$52,706,769	\$99,969,722	\$105,378,446	\$5,408,724	5.41%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission: To help ensure Montana's land and water resources provide benefits for present and future generations.

The department is responsible for managing state trust land; protecting Montana's natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Reserved Water Rights Compact Commission and the Board of Oil and Gas Conservation.

The department consists of seven divisions with the following functions:

The Centralized Services Division (41.5 FTE) provides management and administrative services for the department. This includes such activities as accounting, budgeting human resources, department leadership, and legal services.

The Oil and Gas Conservation Division (21.5 FTE) is responsible for programs operated for the prevention of resource waste through regulation of oil and gas exploration and production. This division supports the quasi-judicial Board of Oil and Gas that is charged with regulation of the industry.

The Conservation and Resources Development Division (25.5 FTE) provides administrative, legal, and technical assistance and financial grants to the conservation districts and manages natural resource conservation and development grant and loan programs for local governments, state agencies, and private individuals.

The Water Resource Division (156.25 FTE) is responsible for the administration of all water use within the state, including: maintaining the database for all water rights, managing state water projects, investigating water use violations, ensuring dam safety compliance, and providing water adjudication support to the Water Court

The staff of the Reserved Water Rights Compact Commission (5.0 FTE) provide administrative and technical support to the members of the commission who are charged with negotiating water rights claims of Indian Tribes and federal agencies which claim federal reserved water rights within the state, to establish an out of court settlement regarding the amount of water to be allocated to each interest.

The Forestry Division (170.28 FTE) is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting Montana's natural resources from wildfire; regulating forest practices; providing a variety of services to private forest landowners, enforcing streamside management zone regulations; administering Montana's Fire Hazard Reduction Law; providing technical forestry assistance to private landowners, businesses, and communities; and growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The Trust Land Management division (137.66) is responsible for the management of the state trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land. This work is done under the direction of the Board of Land Commissioners (land board comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State), who are constitutionally charged to oversee trust resources. The department director is the chief administrative officer of the board.

Agency Highlights

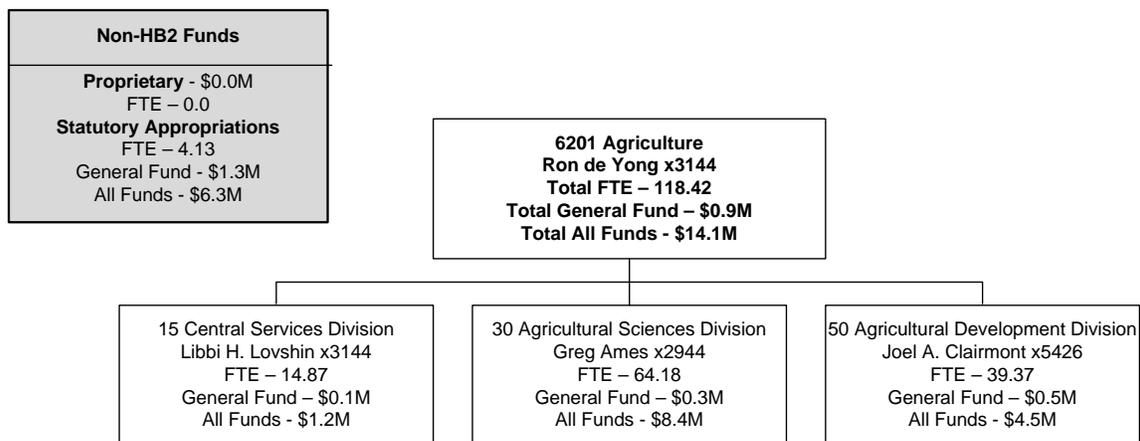
Department of Natural Resources and Conservation Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this agency's budget by 5.4% from the previous biennium ◆ General fund increases by 4.5% primarily due to statewide present law adjustments. ◆ State special revenue increases by 6.3% primarily due to increases for conservation districts and statewide present law adjustments. ◆ Major initiatives in the executive budget are: <ul style="list-style-type: none"> • General fund personal services reductions totaling \$1.3 million and 8.7 FTE • Transfer of 3.5 FTE to the water court
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major LFD Issues <ul style="list-style-type: none"> • The FTE transfer to the Water Court is inadequately funded • The water adjudication fund has an inadequate balance to fund the water adjudication process through FY 2020. • Reductions to the Forestry Division could lead to a decrease in the initial attack success rate and increase fire suppression costs. ◆ Potential Legislation <ul style="list-style-type: none"> • The Oil and Gas ERA fund has an excess balance of \$15.0 million that could be transferred to the general fund • The funding formula for Conservation Districts needs further examination ◆ Proprietary rates for the Air Operations Program need to be approved ◆ Other Decision Factors <ul style="list-style-type: none"> • The Reserved Water Rights Compact Commission sunsets on July 1, 2013, so a decision regarding an implementation bureau needs to be made. ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	118.42	118.42	120.40	120.40	118.42	120.40	1.98	1.67%
Personal Services	5,875,640	6,460,622	6,633,482	6,629,316	12,336,262	13,262,798	926,536	7.51%
Operating Expenses	3,092,278	3,738,378	3,471,749	3,436,902	6,830,656	6,908,651	77,995	1.14%
Equipment & Intangible Assets	375,624	287,276	1,032,624	377,624	662,900	1,410,248	747,348	112.74%
Grants	4,383,401	5,968,385	4,524,401	4,524,401	10,351,786	9,048,802	(1,302,984)	(12.59%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	326,489	280,000	396,489	396,489	606,489	792,978	186,489	30.75%
Debt Service	0	2,281	0	0	2,281	0	(2,281)	(100.00%)
Total Costs	\$14,053,432	\$16,736,942	\$16,058,745	\$15,364,732	\$30,790,374	\$31,423,477	\$633,103	2.06%
General Fund	880,007	1,020,580	1,324,381	1,276,028	1,900,587	2,600,409	699,822	36.82%
State Special	10,561,977	12,708,587	12,063,972	11,413,251	23,270,564	23,477,223	206,659	0.89%
Federal Special	2,111,490	2,390,235	2,098,452	2,099,165	4,501,725	4,197,617	(304,108)	(6.76%)
Other	499,958	617,540	571,940	576,288	1,117,498	1,148,228	30,730	2.75%
Total Funds	\$14,053,432	\$16,736,942	\$16,058,745	\$15,364,732	\$30,790,374	\$31,423,477	\$633,103	2.06%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission: The mission of the Montana Department of Agriculture is to protect producers and consumers, and to enhance and develop agriculture and allied industries.

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- o Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- o Collects and publishes agricultural production and marketing statistics relating to agricultural products
- o Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibitions of agriculture
- o Adopts standards for grade and other classifications of farm products
- o Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- o Gathers and distributes marketing information concerning supply, demand, price, and movement of farm

products

- o Regulates production and marketing of food and fiber products
- o Registers pesticides and fertilizers and enforces laws pertaining to them

Agency Highlights

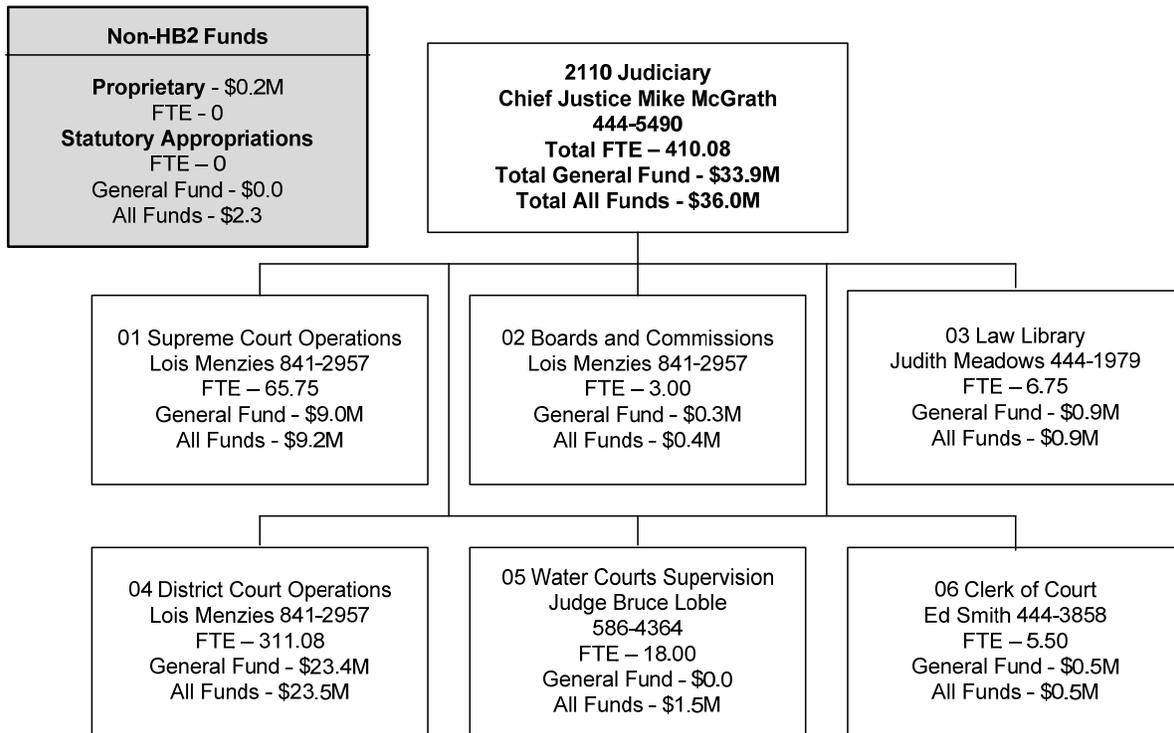
Department of Agriculture Major Budget Highlights
<ul style="list-style-type: none"> ◆ The executive's proposed budget increases by 2.06% over the previous biennium. Major items contributing to this increase include: <ul style="list-style-type: none"> • Equipment purchases of \$655,000 for testing and web-based agriculture product registration • Requested base budget adjustments totaling just over \$0.5 million • One-time-only funding request of \$667,000 for invasive species activities ◆ The executive proposal includes the addition of a 2.6 FTE recycling truck driver funded entirely from federal funds <ul style="list-style-type: none"> • A part-time recycling truck driver • 2.0 FTE for invasive species management ◆ A proposed 4% personal services reduction in general funded personal services moves one position from full time to part time resulting in a general fund savings of \$55,558 over the biennium ◆ Funding for grants decreases by \$902,984 primarily due to a temporary reduction in coal severance tax distributions to the Growth Through Agriculture program ◆ A 5% reduction plan was submitted by the executive that includes the 4% personal services reduction in the proposed budget and \$70,238 in operating expenditure reductions that would result in a 1.5% reduction in general fund and 0.2% reduction in overall funding for the agency
Legislative Action Issues
<p>The request to fund the invasive species program lacks details</p> <ul style="list-style-type: none"> ◆ Invasive Species OTO ◆ Budgeted expenditures for legislative audit are funded entirely from the general fund instead of being allocated across all funding sources ◆ Requested \$592,150 base budget adjustment for operating expenses did not include adequate justification

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	410.08	410.08	419.58	422.24	410.08	422.24	12.16	2.97%
Personal Services	27,508,677	28,995,376	30,834,085	31,106,595	56,504,053	61,940,680	5,436,627	9.62%
Operating Expenses	8,319,831	8,744,097	8,346,360	8,335,637	17,063,928	16,681,997	(381,931)	(2.24%)
Equipment & Intangible Assets	142,165	128,663	142,165	142,165	270,828	284,330	13,502	4.99%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	11,651	30,354	11,651	11,651	42,005	23,302	(18,703)	(44.53%)
Total Costs	\$35,982,324	\$37,898,490	\$39,334,261	\$39,596,048	\$73,880,814	\$78,930,309	\$5,049,495	6.83%
General Fund	33,937,675	35,467,158	36,952,194	37,020,776	69,404,833	73,972,970	4,568,137	6.58%
State Special	1,922,472	2,305,683	2,259,135	2,452,283	4,228,155	4,711,418	483,263	11.43%
Federal Special	122,177	125,649	122,932	122,989	247,826	245,921	(1,905)	(0.77%)
Total Funds	\$35,982,324	\$37,898,490	\$39,334,261	\$39,596,048	\$73,880,814	\$78,930,309	\$5,049,495	6.83%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: The Judicial Branch's mission is to provide an independent, accessible, responsive, impartial and timely forum to resolve disputes; to preserve the rule of law; and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.

Article III, Section I, and Article VII of the Montana Constitution authorizes the Judicial Branch. There are six programs within the branch: 1) Supreme Court Operations; 2) Boards and Commissions; 3) Law Library; 4) District Court Operations; 5) Water Court Supervision; and 6) Clerk of the Supreme Court.

Agency Highlights

Judicial Branch Major Budget Highlights
<ul style="list-style-type: none"> ◆ Funding for the Judicial Branch increases 6.8% (\$5.0 million) when the 2011 and 2013 biennia are compared <ul style="list-style-type: none"> • General fund support for the branch increases 6.6% (\$4.6 million) when the two biennia are compared ◆ The biennial difference is primarily due to the following: <ul style="list-style-type: none"> • No vacancy savings (2% in previous biennium) is applied to the 2013 biennium budget • Additional judges added by the 2009 Legislature (three) are funded for the entire biennium rather than six months • Funding for the court help program (formerly self-help) is included in the 2013 biennium • A portion of the increase in statewide present law adjustments is to replace the use of one-time-only carry forward funds in the base budget year
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Vacancy savings has not been applied to the Judicial Branch ◆ Two items included in the branch's voluntary reductions in April 2010 (consistent with reductions ordered by the Governor per 17-7-140, MCA) require statutory changes ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the starting point for budget deliberations be the adjusted base less the agency 5% reduction plan

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	19.50	19.50	20.00	20.00	19.50	20.00	0.50	2.56%
Personal Services	1,209,250	1,272,528	1,301,458	1,301,935	2,481,778	2,603,393	121,615	4.90%
Operating Expenses	711,072	768,164	831,876	807,256	1,479,236	1,639,132	159,896	10.81%
Equipment & Intangible Assets	13,042	0	13,042	13,042	13,042	26,084	13,042	100.00%
Grants	3,548,184	13,675,531	5,948,992	5,904,669	17,223,715	11,853,661	(5,370,054)	(31.18%)
Transfers	531,723	1,218,134	1,204,639	1,204,639	1,749,857	2,409,278	659,421	37.68%
Total Costs	\$6,013,271	\$16,934,357	\$9,300,007	\$9,231,541	\$22,947,628	\$18,531,548	(\$4,416,080)	(19.24%)
General Fund	2,351,300	2,386,384	2,456,750	2,384,634	4,737,684	4,841,384	103,700	2.19%
State Special	37,595	291,808	152,736	152,736	329,403	305,472	(23,931)	(7.26%)
Federal Special	3,624,376	14,256,165	6,690,521	6,694,171	17,880,541	13,384,692	(4,495,849)	(25.14%)
Total Funds	\$6,013,271	\$16,934,357	\$9,300,007	\$9,231,541	\$22,947,628	\$18,531,548	(\$4,416,080)	(19.24%)

Agency Description

Mission Statement: To pro-actively contribute to public safety, crime prevention, and victim assistance with planning, policy development, and coordination of the justice systems in partnership with citizens, government, and communities.

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.

Agency Highlights

Montana Board of Crime Control Major Budget Highlights	
◆	General fund support for the agency increases 2.2% (\$103,700) when the two biennia are compared <ul style="list-style-type: none"> • Increases in general fund support due to statewide present law adjustments are offset by decreases in other present law adjustments
◆	Total funding for the agency decreases between the two biennia due to changes in federal funding levels

Legislative Action Issues

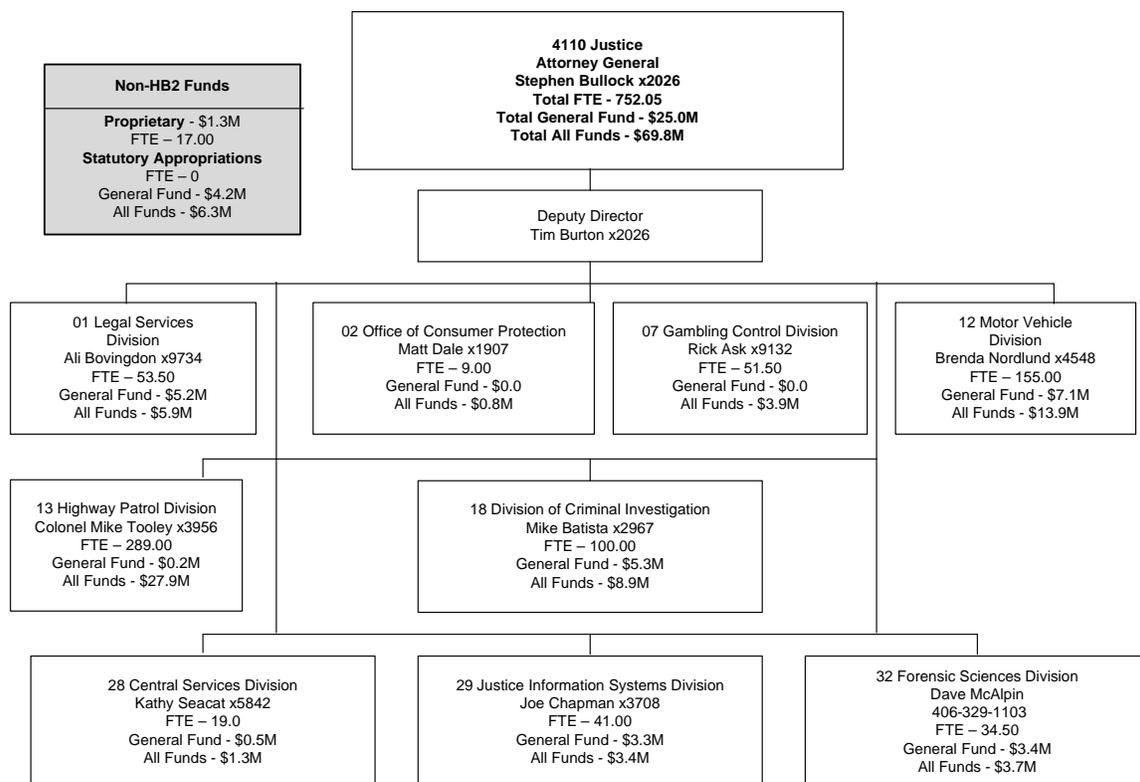
- ◆ Ongoing funding (federal) is requested for a 0.50 FTE that was funded with a one-time-only appropriation for the past two biennia
- ◆ Reductions made in accordance with 17-7-140, MCA do not reduce the agency base budget

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	752.05	752.05	752.89	752.85	752.05	752.85	0.80	0.11%
Personal Services	45,224,471	45,355,993	49,643,781	49,683,628	90,580,464	99,327,409	8,746,945	9.66%
Operating Expenses	20,867,277	25,904,682	28,638,924	27,989,642	46,771,959	56,628,566	9,856,607	21.07%
Equipment & Intangible Assets	1,995,547	2,111,490	2,265,547	2,265,547	4,107,037	4,531,094	424,057	10.33%
Benefits & Claims	1,011,704	1,868,328	1,261,704	1,261,704	2,880,032	2,523,408	(356,624)	(12.38%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	674,549	2,348,703	2,524,549	2,524,549	3,023,252	5,049,098	2,025,846	67.01%
Total Costs	\$69,773,548	\$77,589,196	\$84,334,505	\$83,725,070	\$147,362,744	\$168,059,575	\$20,696,831	14.04%
General Fund	24,957,152	25,938,858	27,391,940	27,391,113	50,896,010	54,783,053	3,887,043	7.64%
State Special	41,651,649	48,102,143	50,986,728	50,729,737	89,753,792	101,716,465	11,962,673	13.33%
Federal Special	1,405,530	1,760,313	1,492,068	1,493,495	3,165,843	2,985,563	(180,280)	(5.69%)
Other	0	0	2,250,000	2,250,000	0	4,500,000	4,500,000	n/a
Other	1,759,217	1,787,882	2,213,769	1,860,725	3,547,099	4,074,494	527,395	14.87%
Total Funds	\$69,773,548	\$77,589,196	\$84,334,505	\$83,725,070	\$147,362,744	\$168,059,575	\$20,696,831	14.04%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety. The department:

- o Provides legal representation for the state and its political subdivisions in criminal appeals
- o Provides legal services and counsel for the state, county, and municipal agencies and their officials
- o Enforces Montana traffic laws and registers all motor vehicles
- o Enforces state fire safety codes and regulations
- o Assists local law enforcement agencies in bringing offenders to justice
- o Provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement
- o Manages a statewide system of death investigations
- o Provides scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies
- o Maintains and disseminates criminal justice information to authorized state, local, and other entities
- o Provides uniform regulation of all gambling activities in the state of Montana
- o Enforces consumer protection laws and regulations relating to unfair and deceptive business practices
- o Assists Montana consumers in making sound decisions by providing public outreach
- o Provides statewide leadership on issues related to victims of crime and administers the Crime Victims Compensation program

Agency Highlights

Department of Justice Major Budget Highlights
<ul style="list-style-type: none"> ◆ Funding for the department increases 14.0% (\$20.7 million) between the two biennia <ul style="list-style-type: none"> • More than one half of the increase (\$12.0 million) is related to increases in state special revenue ◆ State special revenue increases 13.3% (\$12.0 million) between the two biennia due to: <ul style="list-style-type: none"> • Statewide present law adjustments • Debt payments for information technology projects (\$6.6 million) • Funding for the new insurance verification system (\$1.8 million) • Funding increase for the Criminal Justice Information System (CJIS) \$1.1 million ◆ General fund support for the department increases 7.6% (\$3.9 million) between the two biennia primarily due to statewide present law adjustments

Legislative Action Issues

- ◆ Major LFD Issues
 - Montana Enhanced Registration and Licensing Information Network (MERLIN) titling and registration implementation difficulties including: titling and registration work backlogs, printer malfunctions, help desk response time, system response time, and allocation of revenue on the accounting system
 - The Montana Law Enforcement Academy (MLEA) state special revenue fund does not have sufficient income to support expenses
 - The legislature may wish to consider transferring funds from the consumer settlement proceeds and highway patrol recruitment and retention accounts to the general fund
 - The executive budget does not use the highway patrol recruitment and retention fund to support the entire costs of additional troopers
 - The impacts of personal services reductions cannot be determined because the positions included in the personal services reduction are not specified
- ◆ Interim Committee Recommendations
 - The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	39.00	39.00	40.00	40.00	39.00	40.00	1.00	2.56%
Personal Services	2,866,511	3,092,742	3,045,532	3,007,785	5,959,253	6,053,317	94,064	1.58%
Operating Expenses	573,095	596,398	652,331	639,229	1,169,493	1,291,560	122,067	10.44%
Debt Service	6,080	6,080	6,080	6,080	12,160	12,160	0	0.00%
Total Costs	\$3,445,686	\$3,695,220	\$3,703,943	\$3,653,094	\$7,140,906	\$7,357,037	\$216,131	3.03%
State Special	3,420,213	3,669,577	3,597,432	3,547,660	7,089,790	7,145,092	55,302	0.78%
Federal Special	25,473	25,643	106,511	105,434	51,116	211,945	160,829	314.64%
Total Funds	\$3,445,686	\$3,695,220	\$3,703,943	\$3,653,094	\$7,140,906	\$7,357,037	\$216,131	3.03%

Agency Description

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

The Department of 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.

Agency Highlights

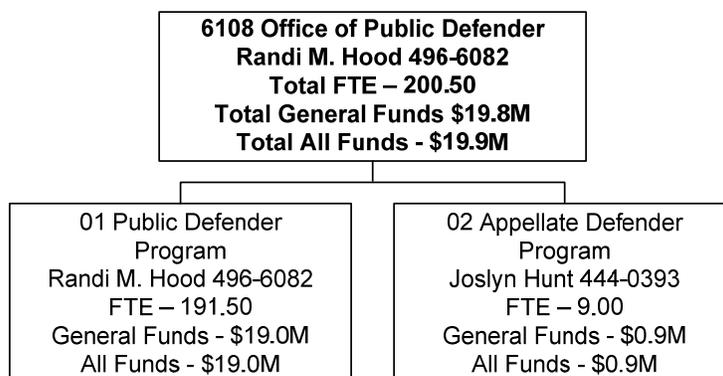
Public Service Regulation Major Budget Highlights
<ul style="list-style-type: none"> ◆ The agency budget increases less than 1% between the 2011 and 2013 biennia ◆ Present law adjustments are the only adjustments to the agency budget and increase the agency budget by \$465,665 total funds ◆ Funding for the agency comes primarily from state special revenue derived from a tax on regulated entities
Legislative Action Issues
<ul style="list-style-type: none"> ◆ The agency 5% reduction plan lacks sufficient detail to enable the legislature to evaluate potential impacts of the reductions ◆ A request for computer equipment does not reflect a change in state policy changing from a four year replacement cycle to a five year replacement cycle ◆ Interim committee recommendation <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base less 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	200.50	200.50	216.50	216.50	200.50	216.50	16.00	7.98%
Personal Services	11,912,040	11,553,705	13,499,779	13,485,337	23,465,745	26,985,116	3,519,371	15.00%
Operating Expenses	7,959,536	7,938,224	8,265,055	8,212,813	15,897,760	16,477,868	580,108	3.65%
Equipment & Intangible Assets	21,118	123,370	80,396	72,895	144,488	153,291	8,803	6.09%
Total Costs	\$19,892,694	\$19,615,299	\$21,845,230	\$21,771,045	\$39,507,993	\$43,616,275	\$4,108,282	10.40%
General Fund	19,849,276	19,571,843	21,707,345	21,661,333	39,421,119	43,368,678	3,947,559	10.01%
State Special	43,418	43,456	137,885	109,712	86,874	247,597	160,723	185.01%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$19,892,694	\$19,615,299	\$21,845,230	\$21,771,045	\$39,507,993	\$43,616,275	\$4,108,282	10.40%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement - The mission of the Office of the State Public Defender (OPD) is to ensure equal access to justice for the state's indigent. The statewide public defender system, created by passage of the Montana Public Defender Act contained in Title 47, MCA, required the new system to be operational by July 1, 2006. The Public Defender Commission is responsible for the design, direction, and supervision of the new system. The commission appoints the chief public defender, approves the strategic plan for the delivery of services, approves statewide standards for qualifications and training of public defenders, and approves the overall design of the statewide system.

The Office of State Public Defender administers the statewide public defender system and delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be indigent per statutory provisions and is accused of an offense that could result in the person's loss of life or liberty if convicted. The statewide public defender system is supervised by the Public Defender Commission, an eleven member commission appointed by the Governor. The office is administratively attached to the Department of Administration with the exception of some functions as provided in statute (2-15-1028, MCA). The statewide public defender system also includes appellate defender functions.

Agency Highlights

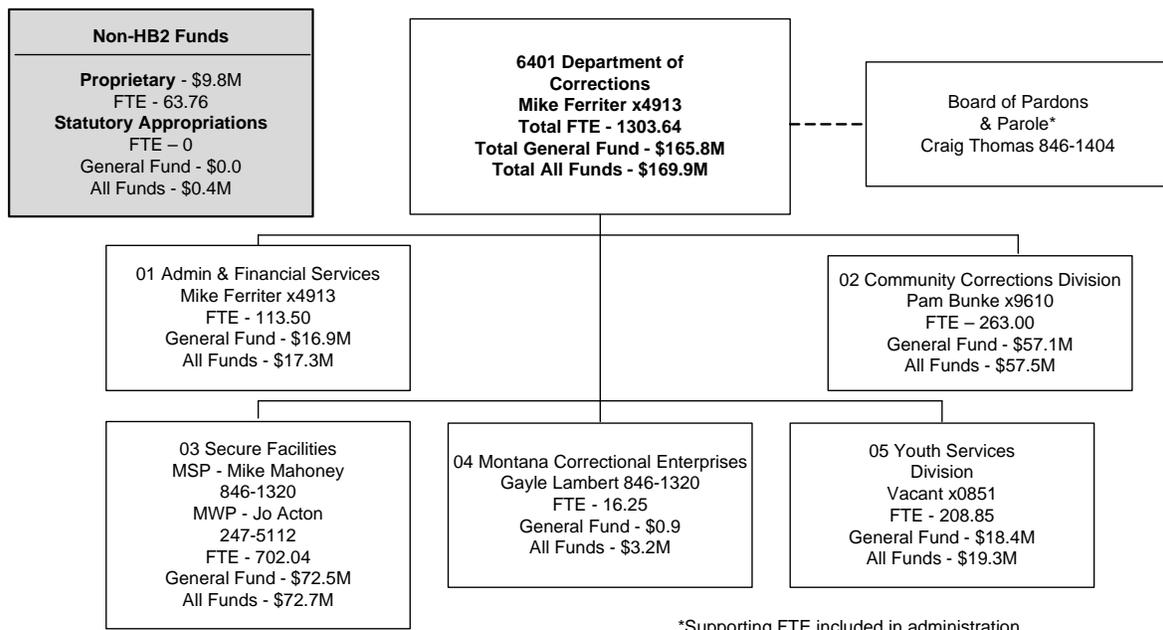
Office of State Public Defender Major Budget Highlights
<ul style="list-style-type: none"> ◆ The general fund biennial increase for the agency is 10.0% or \$3.9 million. When the executive request for the 2013 biennium is compared to the 2011 biennium appropriation level, the increase is 7.8% or \$3.4 million, as the agency transferred funding from FY 2011 to FY 2010 and these funds were removed from actual FY 2010 expenditures in the main table. <ul style="list-style-type: none"> • The general fund increase is split among statewide present law adjustments (\$1.4 million), present law adjustments (\$1.6 million and 10.00 FTE) and new proposals (\$0.6 million and 5.00 FTE) ◆ The agency requests 15.00 FTE supported by general fund for current caseloads, to reduce manager's caseloads, and for records management; and 1.00 FTE, accounts receivable technician funded from state special revenue
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major LFD Issues <ul style="list-style-type: none"> • FY 2009 and FY 2010 caseload data were extracted using two different methodologies. Due to these data inconsistencies, it cannot be used for trend analysis • The agency plans to request a supplemental appropriation of \$850,000 general fund • The public defender program's case weighting system, while consistent with nationally recommended standards, is not based upon objective analysis of statistical data • Agency data supporting the request for 4.00 FTE to reduce manager's caseload does not clearly indicate the relationship between current caseloads, the request, and agency policy ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1,303.64	1,303.64	1,289.14	1,289.14	1,303.64	1,289.14	(14.50)	(1.11%)
Personal Services	69,610,880	72,382,475	71,275,144	71,298,642	141,993,355	142,573,786	580,431	0.41%
Operating Expenses	93,944,707	95,303,055	101,832,252	107,276,335	189,247,762	209,108,587	19,860,825	10.49%
Equipment & Intangible Assets	201,078	207,507	687,078	245,078	408,585	932,156	523,571	128.14%
Benefits & Claims	3,343,082	4,055,855	3,343,082	3,343,082	7,398,937	6,686,164	(712,773)	(9.63%)
Transfers	2,848,950	2,124,917	2,848,950	2,848,950	4,973,867	5,697,900	724,033	14.56%
Total Costs	\$169,948,697	\$174,073,809	\$179,986,506	\$185,012,087	\$344,022,506	\$364,998,593	\$20,976,087	6.10%
General Fund	165,758,162	169,198,753	175,317,022	180,351,473	334,956,915	355,668,495	20,711,580	6.18%
State Special	3,561,540	4,086,930	3,959,153	3,950,588	7,648,470	7,909,741	261,271	3.42%
Federal Special	20,872	134,068	20,872	20,872	154,940	41,744	(113,196)	(73.06%)
Other	608,123	654,058	689,459	689,154	1,262,181	1,378,613	116,432	9.22%
Total Funds	\$169,948,697	\$174,073,809	\$179,986,506	\$185,012,087	\$344,022,506	\$364,998,593	\$20,976,087	6.10%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission - The Montana Department of Corrections enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community, and supports victims of crime.

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's five programs are:

- o Administration and support services including the Director’s Office, Health Services, Information Technology Services, Human Resources Division, Administrative and Financial Services Division, and the administratively attached Board of Pardons and Parole
- o Community Corrections Division including division administration; Treasure State Correctional Treatment Center (TSCTC); contracted pre-release centers, probation and parole; DUI Unit (Warm Springs Addictions Treatment and Change Program (WATCH)); Elkhorn and Nexus methamphetamine treatment centers, Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- o Secure Custody including Montana State Prison (MSP), Montana Women’s Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- o Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew, lumber processing, and inmate canteen
- o Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, the Transition Center, and Pine Hills Youth Correctional Facility

Agency Highlights

Department of Corrections Major Budget Highlights
<ul style="list-style-type: none"> ◆ Total funding for the department increases 6.1% or \$21 million <ul style="list-style-type: none"> • General fund support increases 6.2% or \$20.7 million primarily due to present law adjustment related to population increases, including \$10.1 million for additional community corrections beds mostly in prerelease settings and \$12.3 million for 164 additional prison beds and operating increases at state institutions • 6.00 FTE would be added for correctional officers at MWP (2.00 FTE funded by a reduction in overtime), mental health technicians at MSP (3.00 FTE), and the inmate canteen (1.00 FTE) • New proposal requests for equipment are offset by a 4% reduction in personal services that would eliminate 20.50 FTE positions ◆ The department estimates that the Average Daily Population (ADP) of offenders will increase: <ul style="list-style-type: none"> • 3.1% per year in male prison beds • 4.9% per year in alternatives to prison • 3.1% per year in prerelease • 1.9% per year in total

Legislative Action Issues

- ◆ Major LFD Issues
 - The executive budget does not fund sufficient bed increases to house the projected increase in ADP
 - The departments population estimate maintains the 80/20 ratio of offenders supervised in community options verses prison
 - The positions included in the 4% personal services reduction have not been specified making it difficult to determine the potential impact of these reductions
 - The executive budget may not provide an adequate level of system capacity to facilitate maintenance of the offender classification system and movement of offenders
- ◆ Interim Committee Recommendations
 - The Legislative Finance Committee recommends that the starting point for budget deliberations be the adjusted base less the agency 5% reduction plan

Proposed (Unified Budget) Budget

The following table summarizes the executive proposed table by agency and funding source.

Unified Budget	Base FY 2010	Approp. FY 2011	Exec. Request FY 2012	Exec. Request FY 2013	Biennium FY 10 - 11	Biennium FY 12 -13	Biennium \$ Change	Biennium % Change
Full Time Equivalent (FTE)	461.16	461.16	446.93	446.93	461.16	446.93	(14.23)	-3.09%
3501 Office of Public Instruction	721,810,430	896,204,525	852,668,705	861,439,301	1,618,014,955	1,714,108,006	96,093,051	5.94%
5101 Board of Public Education	384,383	413,221	400,937	406,707	797,604	807,644	10,040	1.26%
5102 Commissioner of Higher Education	240,230,561	264,902,841	266,519,723	276,050,842	505,133,402	542,570,565	37,437,163	7.41%
5113 School for the Deaf & Blind	6,278,484	6,385,358	6,351,366	6,318,450	12,663,842	12,669,816	5,974	0.05%
5114 Montana Arts Council	1,274,192	1,280,792	1,461,300	1,450,058	2,554,984	2,911,358	356,374	13.95%
5115 Montana Library Commission	4,671,608	4,668,378	5,136,697	4,117,321	9,339,986	9,254,018	(85,968)	-0.92%
5117 Montana Historical Society	4,202,780	4,545,008	4,556,910	4,533,241	8,747,788	9,090,151	342,363	3.91%
Total Proposed Budget By Agency	\$978,852,438	\$1,178,400,123	\$1,137,095,638	\$1,154,315,920	\$2,157,252,561	\$2,291,411,558	\$134,158,997	6.22%
01000 General Fund	719,477,679	885,772,254	856,314,462	863,042,676	1,605,249,933	1,719,357,178	114,107,245	7.11%
02000 State Special Revenue Funds	22,137,796	20,908,530	69,389,213	71,423,751	43,046,326	140,812,964	97,766,638	227.12%
03000 Federal Special Revenue Funds	236,345,011	270,630,473	210,474,398	218,933,298	506,975,484	429,407,696	(77,567,788)	-15.30%
06000 Proprietary Funds	891,952	1,088,866	917,565	916,195	1,980,818	1,833,760	(147,058)	-7.42%
Total Proposed Funding	\$978,852,438	\$1,178,400,123	\$1,137,095,638	\$1,154,315,920	\$2,157,252,561	\$2,291,411,598	\$134,159,037	6.22%

Agency Description

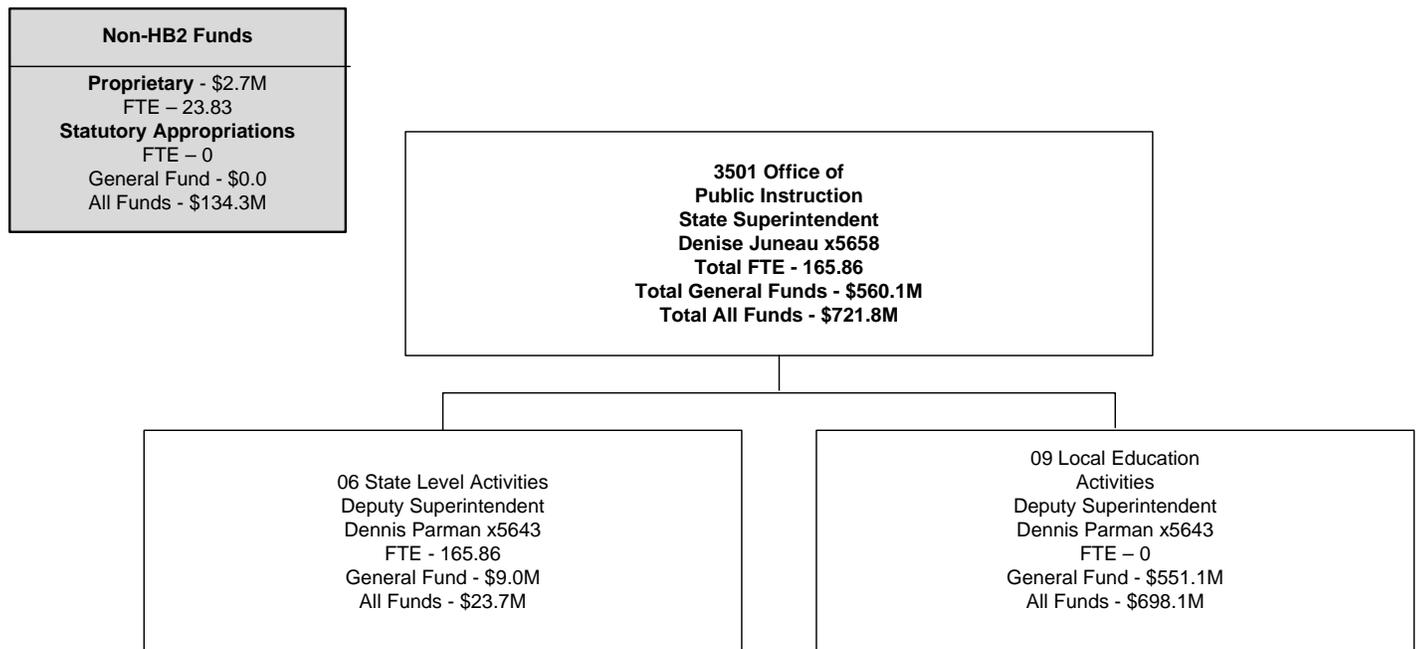
The fourteen-member Board of Education (BOE), under authority of Article X, Section 9 of the Montana Constitution, is composed of the Board of Regents of Higher Education (BOR) and the Board of Public Education (BOPE). It is responsible for long-range planning, and for coordinating and evaluating policies and programs for the state's educational systems. The Board of Education is constitutionally required to submit a unified budget request for the state's education system.

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	165.86	165.86	165.86	165.86	165.86	165.86	0.00	0.00%
Personal Services	9,958,949	11,582,397	10,676,905	10,674,244	21,541,346	21,351,149	(190,197)	(0.88%)
Operating Expenses	14,806,100	21,595,012	16,036,171	16,067,292	36,401,112	32,103,463	(4,297,649)	(11.81%)
Equipment & Intangible Assets	11,839	50,426	11,839	11,839	62,265	23,678	(38,587)	(61.97%)
Local Assistance	564,594,849	713,487,529	685,768,117	690,860,253	1,278,082,378	1,376,628,370	98,545,992	7.71%
Grants	132,029,203	147,998,651	139,766,183	143,416,183	280,027,854	283,182,366	3,154,512	1.13%
Transfers	409,490	1,490,510	409,490	409,490	1,900,000	818,980	(1,081,020)	(56.90%)
Total Costs	\$721,810,430	\$896,204,525	\$852,668,705	\$861,439,301	\$1,618,014,955	\$1,714,108,006	\$96,093,051	5.94%
General Fund	560,053,258	722,904,404	650,266,733	654,798,000	1,282,957,662	1,305,064,733	22,107,071	1.72%
State Special	975,513	979,051	48,018,021	48,610,569	1,954,564	96,628,590	94,674,026	4,843.74%
Federal Special	160,781,659	172,321,070	154,383,951	158,030,732	333,102,729	312,414,683	(20,688,046)	(6.21%)
Total Funds	\$721,810,430	\$896,204,525	\$852,668,705	\$861,439,301	\$1,618,014,955	\$1,714,108,006	\$96,093,051	5.94%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: The Montana Office of Public Instruction provides vision, advocacy, support and leadership for schools and communities to ensure that all students meet today's challenges, and tomorrow's opportunities.

The Superintendent of Public Instruction is an elected official authorized by Article VI, Section 1, of the Montana Constitution. The Office of Public Instruction (OPI) distributes funding to school districts and provides services to Montana's school-age children and to teachers in approximately 427 school districts. The staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as teacher preparation, teacher

certification, school accreditation, school curriculum, school finance, and school law. The staff also administers a number of federally-funded programs and provides a variety of information services, including the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system.

Agency Highlights

Office of Public Instruction Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this agency's budget by 5.9% when compared to the previous biennium. ◆ State level activities decreases by 9.6% due to adjustments made to federal authority to equal anticipated funding ◆ The executive proposes an increase in OPI's distribution to schools program of \$276.7 million in state funds in the 2013 biennium when compared to base expenditures in FY 2010. The increase is \$101.6 million when compared to the 2011 biennium. <ul style="list-style-type: none"> • The difference between the doubled base and biennial increases is due to the provision of one-time funding for the Otter Creek leases and from the federal government in FY 2010, both of which replaced general fund in that year only ◆ Of this amount, present law general fund spending would increase \$269.7 million in the 2013 biennium. New proposals would reduce general fund spending by \$87.4 million, and state special revenue account spending would increase by \$94.4 million. The biennial present law increases in general fund spending from the doubled FY 2010 base are: <ul style="list-style-type: none"> • \$29.2 million to replace spending that was supplied by federal American Reinvestment and Recovery Act (ARRA) funds in FY 2010 • \$169.3 million to replace spending that was supplied by the guarantee fund using coal bonus payments made by Arch Coal Co in FY 2010 (Otter Creek) • \$26.2 million to bring general fund spending up to levels consistent with FY 2011 entitlements • \$29.6 million to reflect an inflationary increase in entitlements equivalent to 1.9% in FY 2012 and 1.5% in FY 2013 • \$10.0 million for the at-risk payment • \$3.0 million to maintain special education spending • \$2.4 million for additional spending on HB 124 block grants, transportation, and other general fund spending ◆ The executive budget also increases federal spending by \$19.1 million primarily in school foods, Title 1, and special education. This is offset by a \$29.2 million reduction in federal ARRA funds ◆ The executive budget contains two new proposals that switch funding for K-12 programs from the general fund to state special revenue accounts, one proposal to increase the quality educator payment by inflation, and one proposal to increase special education by inflation. These proposals are: <ul style="list-style-type: none"> • Remove \$17.2 million in school facility reimbursements from the general fund and pay for this program from the school facility and technology fund using streambed rental monies • Remove \$76.7 million in quality educator payments from the general fund and pay for this program from a new Teach Montana state special revenue account, which would receive oil and gas revenues

<p>that have been diverted from school district coffers; this would also require GTB funding in the amount of \$3.8 million for school districts that lose oil and gas revenues</p> <ul style="list-style-type: none"> • Increase the quality educator payment by inflation in FY 2013 for an additional cost to the Teach Montana account of \$0.6 million • Increase special education for the biennium by \$2.7 million to reflect inflation
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Major LFD Issues <ul style="list-style-type: none"> • The executive underestimates K-12 general fund costs for the 2013 biennium by \$14.0 million. Of this amount, new cost data shows \$7.5 million is due to higher than predicted costs to pay for spending consistent with FY2011 entitlement levels. The remaining increase in general fund cost, \$6.5 million, is the result of lower revenue estimates for the guarantee account as chosen by the Revenue and Transportation Interim Committee. • The executive proposes to use the school facility and technology account to pay for school facility reimbursements instead of the general fund. The revenue in the school facility and technology account during the 2013 biennium will depend on the riverbed rents paid by Avista and PPL. The PPL portion of these payments is in litigation at the US Supreme Court and it is unknown when the case will be resolved. If PPL wins the case, these revenues will be unavailable to pay for school facility reimbursements. • The executive proposes to create a new Teach Montana state special account to pay for the quality educator payment, an amount of approximately \$38.0 million per year, and pay for this payment by diverting 90% of oil and natural gas revenues currently distributed to school districts in 32 counties. This action is contingent on passage of LC 360. In the latest year in which data is available, school districts received \$33.6 million in oil and gas revenues, not enough to pay for one year's quality educator payment. • The executive improperly increases the special education appropriation by the attendant GTB increase which is properly BASE Aid, in both its present law adjustment and new proposal for special education. • The MT Digital Academy is required to provide a report to the legislature regarding its first biennia of operations. ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	289,792	298,929	295,689	300,929	588,721	596,618	7,897	1.34%
Operating Expenses	92,809	112,510	103,466	103,996	205,319	207,462	2,143	1.04%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Debt Service	1,782	1,782	1,782	1,782	3,564	3,564	0	0.00%
Total Costs	\$384,383	\$413,221	\$400,937	\$406,707	\$797,604	\$807,644	\$10,040	1.26%
General Fund	198,333	227,589	228,017	233,385	425,922	461,402	35,480	8.33%
State Special	186,050	185,632	172,920	173,322	371,682	346,242	(25,440)	(6.84%)
Total Funds	\$384,383	\$413,221	\$400,937	\$406,707	\$797,604	\$807,644	\$10,040	1.26%

Agency Description

Mission Statement: The Montana Constitution created and empowered the Board of Public Education to supervise, serve, maintain, and strengthen Montana's system of free quality public elementary and secondary schools. The board exists to promote high academic achievement for all Montana students.

Article X, Section 9 of the Montana Constitution establishes authority for the seven-member Board of Public Education (BPE). As per constitutional direction the board exercises "general supervision over the public school system" including the Montana School for the Deaf and Blind. General supervision includes activities such as school accreditation, teacher certification, standardization of policies and programs, and equalization of state aid distribution. The board, with recommendation from the Superintendent of Public Instruction, establishes the accreditation status of each school. This accreditation is the basis for local school district eligibility for state funding.

Per 20-2-101, MCA, the board combines with the Board of Regents to create the State Board of Education. The State Board of Education is responsible for general planning, coordination, and evaluation of the state education system, and for developing and submitting to the legislature the unified budget for Montana's educational system.

Agency Highlights

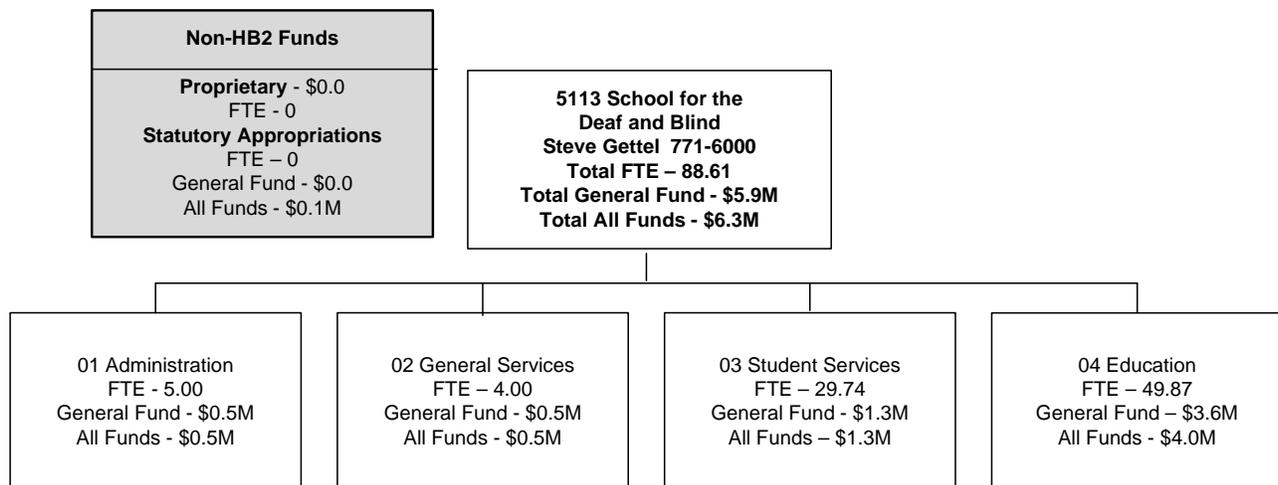
Board of Public Education Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase this agency's budget by 1.26 percent from the previous biennium ◆ Major initiatives in the executive budget are: <ul style="list-style-type: none"> ● Reductions in operating expenses to make permanent the reductions made by the Governor during the 2011 biennium ● A fund switch from teacher certification fees to general fund
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Governor's budget creates a structural imbalance in the state special revenue fund used to support the board and advisory council

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	88.61	88.61	87.36	87.36	88.61	87.36	(1.25)	(1.41%)
Personal Services	5,396,578	5,496,967	5,511,251	5,513,733	10,893,545	11,024,984	131,439	1.21%
Operating Expenses	881,906	888,391	840,115	804,717	1,770,297	1,644,832	(125,465)	(7.09%)
Total Costs	\$6,278,484	\$6,385,358	\$6,351,366	\$6,318,450	\$12,663,842	\$12,669,816	\$5,974	0.05%
General Fund	5,865,460	5,953,456	6,000,578	5,967,474	11,818,916	11,968,052	149,136	1.26%
State Special	333,818	348,929	268,731	268,919	682,747	537,650	(145,097)	(21.25%)
Federal Special	79,206	82,973	82,057	82,057	162,179	164,114	1,935	1.19%
Total Funds	\$6,278,484	\$6,385,358	\$6,351,366	\$6,318,450	\$12,663,842	\$12,669,816	\$5,974	0.05%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Mission Statement: As part of Montana's educational system, the Montana School for the Deaf and the Blind is committed to promote and provide free and appropriate educational opportunities statewide, for children who are deaf, hard of hearing, blind, low vision, and deaf-blind ages birth to twenty-one. This comprehensive education ensures these children achieve their greatest potential for independence and success.

The Montana School for the Deaf and Blind (MSDB), located in Great Falls, is part of Montana's educational system, and under the policy and governance of the State Board of Public Education. The school is a state funded special purpose school with a residential option for children and adolescents whose hearing or sight is a barrier to receiving proper education in the public schools of the state. MSDB also provides outreach educational services and serves as a resource center for parents of deaf and blind children, as well as state public schools and organizations that serve sensory impaired children.

The school consists of four programs with the following functions:

- Administration (5.0 FTE) - purchasing, accounting, personnel functions, and overall management of the school
- General Services (4.0 FTE) - upkeep and maintenance of school facilities and grounds of the 18.5 acre campus

- Student Services (29.74 FTE) - round-the-clock residential care for children residing at the school, including general supervision, meal services, and support services
- Educational Services (49.87 FTE) –residential, outreach, and mainstream educational programs

Agency Highlights

Montana School for the Deaf and Blind
Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor proposes to increase the school’s budget by .05%, due primarily to statewide present law adjustments and the executive’s proposed personal services reduction ◆ The major initiative in this budget is the executive’s personal services reduction
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Personal services reductions may negatively impact the school’s ability to provide a quality education for sensory impaired students ◆ If the legislature increases the quality educator payment, an adjustment to this budget is required by statute

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	580,863	544,960	538,780	539,997	1,125,823	1,078,777	(47,046)	(4.18%)
Operating Expenses	243,542	314,929	309,791	288,748	558,471	598,539	40,068	7.17%
Grants	449,787	420,903	612,729	621,313	870,690	1,234,042	363,352	41.73%
Total Costs	\$1,274,192	\$1,280,792	\$1,461,300	\$1,450,058	\$2,554,984	\$2,911,358	\$356,374	13.95%
General Fund	465,294	463,194	454,845	445,255	928,488	900,100	(28,388)	(3.06%)
State Special	212,426	215,074	204,342	201,903	427,500	406,245	(21,255)	(4.97%)
Federal Special	596,472	602,524	802,113	802,900	1,198,996	1,605,013	406,017	33.86%
Total Funds	\$1,274,192	\$1,280,792	\$1,461,300	\$1,450,058	\$2,554,984	\$2,911,358	\$356,374	13.95%

Agency Description

Mission Statement: The Montana Arts Council is the agency of state government established to develop the creative potential of all Montanans, advance education, spur economic vibrancy and revitalize communities through involvement in the arts.

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

The Montana Arts Council provides these services through a structure consisting of one division with 7.00 FTE

Promotion of the Arts

Grants are funded through the general appropriations act and offered to schools, artists, and cultural organizations including Artists in Schools grants, Public Value Partnership Grants, and other grant programs. MAC also administers grants funded through the Cultural and Aesthetic Trust.

Programs and Services

MAC offers a variety of services to artists in Montana including an artist registry, an arts education hotline, a leadership institute, entrepreneurial initiatives, and other services.

Communication

MAC also offers a number of communication methodologies for those interested in additional information on the arts in Montana, including website services and the State of the Arts newspaper.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Montana Arts Council budget increases 14% in the 2013 biennium due to an anticipated increase in its federal grant from the National Endowment for the Arts ◆ The executive continues the \$23,010 17-7-140, MCA, general fund reduction incurred by MAC in the 2011 biennium into the 2013 biennium ◆ Due to its small size, the executive exempts this agency from vacancy savings and the 4% personal services reduction applied to larger agencies ◆ As an agency with 20 or fewer FTE, MAC is exempt from the statutory requirement to submit a 5% reduction plan
Legislative Action Issues
<ul style="list-style-type: none"> ◆ The 2013 biennium executive budget proposes spending more from the cultural and aesthetic project account than the revenue to that account projected by the Revenue and Transportation Interim Committee will support

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	30.50	30.50	29.00	29.00	30.50	29.00	(1.50)	(4.92%)
Personal Services	2,064,578	1,779,388	1,738,949	1,740,427	3,843,966	3,479,376	(364,590)	(9.48%)
Operating Expenses	2,069,966	1,888,345	1,996,875	1,976,021	3,958,311	3,972,896	14,585	0.37%
Equipment & Intangible Assets	44,016	19,216	44,016	44,016	63,232	88,032	24,800	39.22%
Grants	493,048	981,429	1,356,857	356,857	1,474,477	1,713,714	239,237	16.23%
Total Costs	\$4,671,608	\$4,668,378	\$5,136,697	\$4,117,321	\$9,339,986	\$9,254,018	(\$85,968)	(0.92%)
General Fund	2,722,517	2,787,459	2,721,573	2,705,797	5,509,976	5,427,370	(82,606)	(1.50%)
State Special	803,498	803,523	807,098	803,498	1,607,021	1,610,596	3,575	0.22%
Federal Special	1,145,593	1,060,155	1,608,026	608,026	2,205,748	2,216,052	10,304	0.47%
Other	0	17,241	0	0	17,241	0	(17,241)	(100.00%)
Total Funds	\$4,671,608	\$4,668,378	\$5,136,697	\$4,117,321	\$9,339,986	\$9,254,018	(\$85,968)	(0.92%)

Agency Description

Mission Statement: Montana Library Commission (MLC) meets the information needs of Montana government agency management and staff, ensures all Montana citizens have access to information created by their government, supports the role of all Montana libraries in delivering quality library content and services to their patrons, works to strengthen local community public libraries, ensures that Montanans who are visually or physically handicapped are provided access to library resources, and measures its successes by its patrons' and partners' successes.

MLC, authorized in Section 22-1-101, MCA, administers state and federal library funding to operate and maintain the state library, oversees the six library federations located throughout Montana, and develops library oriented statewide long-range planning, policy, and service coordination.

MLC is further authorized in section 90-15-101, MCA to establish a planning framework for the development of the natural resources information system (NRIS), to implement the system, and to establish an ongoing Montana Natural Heritage Program.

Additional responsibilities of the commission include: assisting all tax-supported libraries and local governments wishing to establish or improve libraries; maintaining an audio book library for use by Montanans unable to utilize printed materials; providing access to state publications; and maintaining and providing information related to Montana's plant and animal species and habitat and comprehensive natural resources (land) information.

Agency Highlights

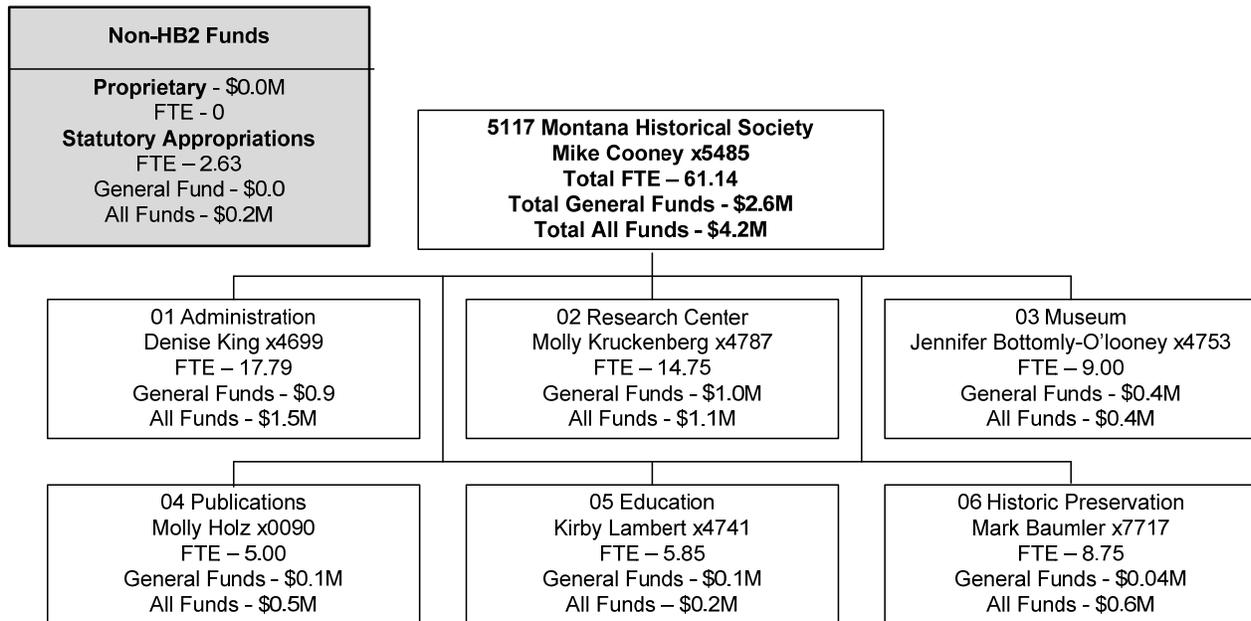
Montana Library Commission Major Budget Highlights
<ul style="list-style-type: none">◆ The Governor proposes to decrease this agency's budget by 1% from the previous biennium◆ The executive budget reduces general funded personal services costs 4% each year of the 2013 biennium, including the elimination of 1.50 FTE positions◆ The major initiative by the Governor for this agency is to add 1.50 FTE positions in the off-budget Montana Shared Catalog program at a biennial net cost of \$37,186 funded 100% from proprietary funds◆ Interim Committee Recommendation<ul style="list-style-type: none">• The Legislative Finance Committee recommends that the budget starting point be the adjusted base minus 5%

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	61.14	61.14	59.83	59.83	61.14	59.83	(1.31)	(2.14%)
Personal Services	2,814,802	3,109,826	3,136,677	3,138,552	5,924,628	6,275,229	350,601	5.92%
Operating Expenses	1,242,132	1,277,968	1,277,387	1,251,843	2,520,100	2,529,230	9,130	0.36%
Equipment & Intangible Assets	6,954	29,711	3,954	3,954	36,665	7,908	(28,757)	(78.43%)
Grants	88,389	77,000	88,389	88,389	165,389	176,778	11,389	6.89%
Transfers	50,503	50,503	50,503	50,503	101,006	101,006	0	0.00%
Total Costs	\$4,202,780	\$4,545,008	\$4,556,910	\$4,533,241	\$8,747,788	\$9,090,151	\$342,363	3.91%
General Fund	2,641,116	2,761,337	2,862,024	2,835,068	5,402,453	5,697,092	294,639	5.45%
State Special	90,795	139,710	91,082	91,082	230,505	182,164	(48,341)	(20.97%)
Federal Special	659,333	671,859	760,618	765,318	1,331,192	1,525,936	194,744	14.63%
Other	811,536	972,102	843,186	841,773	1,783,638	1,684,959	(98,679)	(5.53%)
Total Funds	\$4,202,780	\$4,545,008	\$4,556,910	\$4,533,241	\$8,747,788	\$9,090,151	\$342,363	3.91%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

The Montana Historical Society (MHS), authorized by Title 22-3-101, MCA, exists for the use, learning, culture, and enjoyment of the citizens of, and visitors to, the State of Montana. MHS acquires, preserves, and protects historical records, art, documents, photographs, museum objects, historical places, sites, and monuments. MHS maintains a historical museum and a library and archives; provides educational programs and services for teachers and the general public; and, publishes the state historical magazine, press books, and newsletter. MHS also administers the preservation and antiquities acts; supports commissions with state historical orientation; and, provides technical assistance to all Montana museums, historical societies, preservation programs, and owners of historic resources.

Agency Highlights

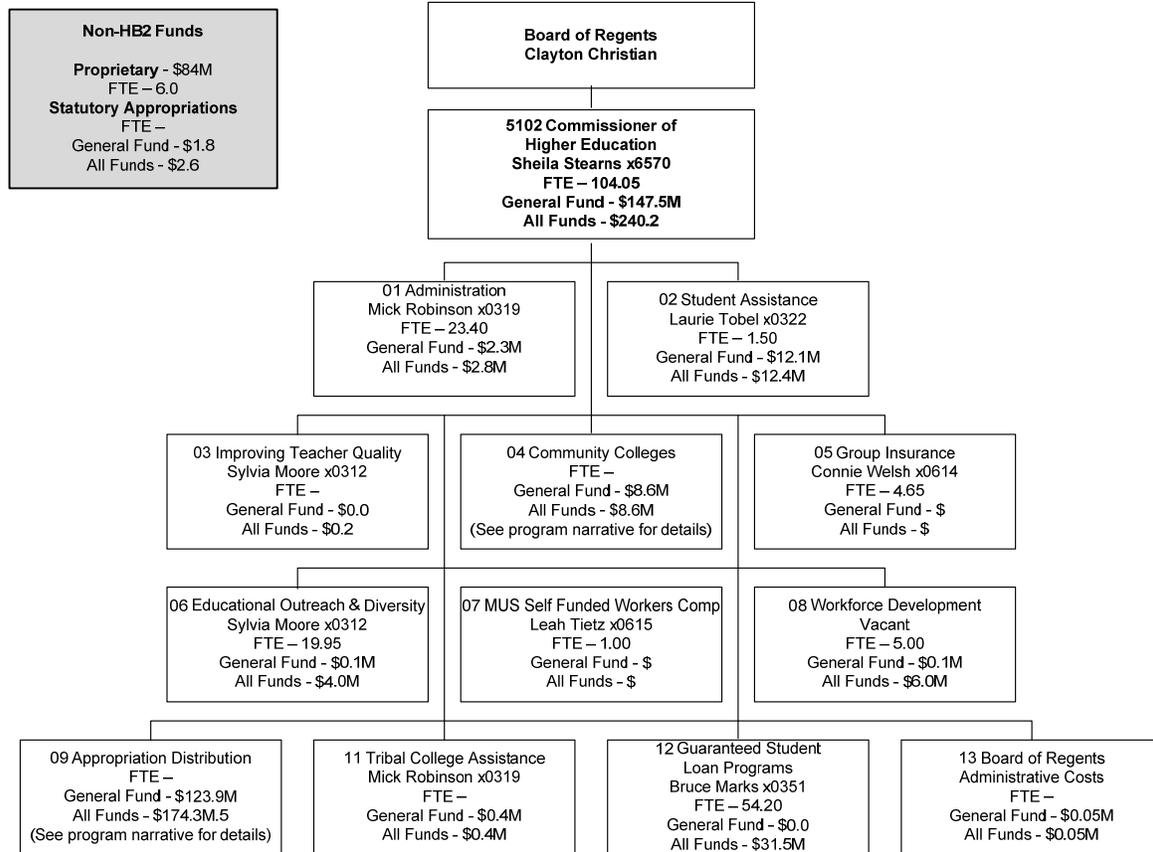
Montana Historical Society Major Budget Highlights
<ul style="list-style-type: none"> ◆ The executive budget proposes to increase the budget 3.9%, primarily due to statewide present law adjustments ◆ The executive budget reduces general funded personal services costs 4% each year of the 2013 biennium, including the elimination of 1.31 FTE positions ◆ The executive budget proposes to reduce general fund budgets \$126,000 in the 2013 biennium as part of the 5% reduction plan, but offsets \$21,400 of the general fund reduction with increased proprietary fund authority ◆ The executive budget includes a one-time-only request for \$16,000 general fund for a physical and structural evaluation of the Original Governor's Mansion
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Lodging facility use tax funding for MHS relies upon goodwill between executive and legislative branches

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	104.05	104.05	93.88	93.88	104.05	93.88	(10.17)	(9.77%)
Personal Services	5,405,153	7,319,233	5,874,346	5,893,313	12,724,386	11,767,659	(956,727)	(7.52%)
Operating Expenses	5,047,869	7,436,719	5,348,710	5,238,636	12,484,588	10,587,346	(1,897,242)	(15.20%)
Equipment & Intangible Assets	0	70,464	10,000	0	70,464	10,000	(60,464)	(85.81%)
Local Assistance	8,687,831	8,874,483	11,535,186	11,424,393	17,562,314	22,959,579	5,397,265	30.73%
Grants	16,202,303	22,954,774	19,492,668	19,181,834	39,157,077	38,674,502	(482,575)	(1.23%)
Benefits & Claims	25,813,316	42,148,362	32,313,316	38,813,316	67,961,678	71,126,632	3,164,954	4.66%
Transfers	179,030,609	176,052,286	191,902,017	195,455,870	355,082,895	387,357,887	32,274,992	9.09%
Debt Service	43,480	46,520	43,480	43,480	90,000	86,960	(3,040)	(3.38%)
Total Costs	\$240,230,561	\$264,902,841	\$266,519,723	\$276,050,842	\$505,133,402	\$542,570,565	\$37,437,163	7.41%
General Fund	147,531,701	150,674,815	193,780,692	196,057,697	298,206,516	389,838,389	91,631,873	30.73%
State Special	19,535,696	18,236,611	19,827,019	21,274,458	37,772,307	41,101,477	3,329,170	8.81%
Federal Special	73,082,748	95,891,892	52,837,633	58,644,265	168,974,640	111,481,898	(57,492,742)	(34.02%)
Other	80,416	99,523	74,379	74,422	179,939	148,801	(31,138)	(17.30%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$240,230,561	\$264,902,841	\$266,519,723	\$276,050,842	\$505,133,402	\$542,570,565	\$37,437,163	7.41%

The following is the agency organizational chart, with contact information. The chart has been modified by the LFD to include the FY 2010 base budget FTE, general fund, and total funds for each program. As applicable, total agency proprietary funds and statutory appropriations, along with associated FTE, are also shown.



Agency Description

Agency Mission: To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana’s economy and society.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff. The agency’s 11 programs are:

- OCHE Administration*- General administration of the Montana University System including system level academic, financial, legal, and labor management functions. The Montana Constitution requires the Board of Regents to appoint a Commissioner of Higher Education and prescribe his/her duties.
- Student Financial Assistance*- Financial assistance programs for students attending units of the Montana University System. Programs include several state and federal funded grant programs, state support for professional student exchange programs, and loan repayment assistance programs.
- Improving Teacher Quality*- A federally-funded program intended to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom
- Community College Assistance - State funding for community colleges is budgeted in this program. Two-year community colleges in Kalispell, Glendive, and Miles City collectively serve about 3,000 resident full-time students.
- MUS Group Health Insurance -This program administers a system wide group benefit program for MUS campuses, agencies, and programs, and the state's community colleges. Both the employer and the employee participate in the cost of this program.
- Educational Outreach and Diversity Program*- A primarily federally funded program that serves at-risk and underrepresented populations to increase participation and retention in postsecondary education.

- MUS Self-Insured Workers Compensation - Since July 2003, this program manages the MUS self-insured workers compensation program. All workers compensation insurance for the MUS is provided through this program.
- Workforce Development*- The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and postsecondary levels.
- Appropriation Distribution – State funding for university educational units and agencies is budgeted in this program. The MUS campuses collectively serve approximately 28,500 resident full-time students.
 - University Units*
 - UM Missoula
 - UM MT Tech
 - UM Western
 - UM Helena
 - MSU Bozeman
 - MSU Billings
 - MSU Northern
 - MSU Great Falls
 - Research and Public Service Agencies
 - Agricultural Experiment Station
 - Extension Service
 - Forest and Conservation Experiment Station
 - Bureau of Mines
 - Fire Services Training School
- Tribal College Assistance - Provides funding to Montana tribal colleges to support a portion of the cost of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana.
- Guaranteed Student Loan Program*-Guarantees student loans that were made by private lenders to higher education students in Montana under the former Federal Family Education Loan Program prior to July 1, 2010. After July 1, all federal student loans will be issued and serviced through the U.S. Department of Education’s William D. Ford Direct Loan Program.
- Board of Regents*- This program provides travel expenses and per diem expenses for the Board of Regents.

*Since the 1995 legislative session, the legislature has combined the appropriation for the university educational units and most of OCHE into a single, lump-sum appropriation. Thus, the legislature determines the size of this budget, but the Regents make the ultimate funding allocations to the various university campuses and programs.

Agency Highlights

Montana University System Major Budget Highlights	
◆	Total funding for the agency increases 7.4%, with general fund increasing 30.7% and federal funds decreasing 34.0% due to: <ul style="list-style-type: none"> ● Replacement of \$59.5 million of federal stimulus funds with general fund as allowed in HB 645 ● Increased state funding for community colleges, universities, and tribal colleges ● Using a different methodology to estimate state percent share for the MUS campuses and agencies than was used for the 2011 biennium
◆	The executive budget proposes general fund reductions in the agency totaling \$10.3 million, with most of this reduction impacting the state funds transferred to the university units, community colleges, and tribal colleges
◆	The executive backfills \$1.8 million of reductions in the Student Assistance

<p>Program with federal funds from the guaranteed student loan account</p> <ul style="list-style-type: none"> ◆ The executive proposes that one-time-only funding for PBS and biodiesel research be reinstated - \$400,000 each project ◆ The executive budget proposes two new initiatives for higher education: <ul style="list-style-type: none"> • Dual enrollment, \$500,000 • University Unit increase - \$12.66 million ◆ The executive budget proposes to transfer the Digital Academy from the Office of the Commissioner of Higher Education to the Office of Public Instruction
Legislative Action Issues
<ul style="list-style-type: none"> ◆ Interim Committee Recommendations <ul style="list-style-type: none"> • The Legislative Finance Committee recommends that the starting point for budget deliberations be the adjusted base less the agency 5% reduction plan ◆ The Legislative Fiscal Division Reference Book includes an option to amend a statutory appropriation relating to the MUS optional retirement program to require that the general fund statutory appropriation only be used for positions that are paid from the general fund ◆ The executive budget double counted the 1% MUS optional retirement program employer contribution increase, overestimating the 2013 biennium general fund cost by \$2.4 million