

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	4.50	4.50	4.50	4.50	4.50	4.50	0.00	0.00 %
Personal Services	356,414	389,708	393,535	394,690	746,122	788,225	42,103	5.64 %
Operating Expenses	116,326	62,553	233,004	79,371	178,879	312,375	133,496	74.63 %
Local Assistance	3,516	16,464	14,296	14,296	19,980	28,592	8,612	43.10 %
Total Costs	\$476,256	\$468,725	\$640,835	\$488,357	\$944,981	\$1,129,192	\$184,211	19.49 %
General Fund	472,740	452,291	628,552	475,650	925,031	1,104,202	179,171	19.37 %
State/Other Special Rev. Funds	0	0	0	0	0	0	0	0.00 %
Federal Spec. Rev. Funds	3,516	16,434	12,283	12,707	19,950	24,990	5,040	25.26 %
Total Funds	\$476,256	\$468,725	\$640,835	\$488,357	\$944,981	\$1,129,192	\$184,211	19.49 %

Program Description

The Director's Office (office) provides overall leadership and management support to the Department of Administration's divisions and offers administrative support to attached boards and commissions. The office acts as a liaison among the agency's divisions, administratively attached boards and commissions, the Governor's office, the Cabinet, and the legislature. The office provides services including:

- Legal
- Human resources
- Financial management
- Labor relations
- Project management and communication
- Continuity of government, emergency management, and homeland security

Program Highlights

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> • The legislature approved an agency reorganization and transferred the Office of Labor Relations to the Director's Office from the State Human Resources Division. The transfer included 3.50 FTE and \$0.4 million in appropriation authority which makes up the majority of the increase between biennia • Overall costs for the division in HB 2 are proposed to increase 376.7% when compared to 2015 legislative appropriations as a result • The Director's Office funding includes \$206.8 million in statutory appropriations over the 2017 biennium

Program Narrative

Comparison of FY 2015 Legislative Base to FY 2015 Adjusted Base

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

Department of Administration Director's Office FY 2015 Appropriation Transactions					
Category	Legislative Appropriation	Category Adjustments	Program Transfers	Reorganization	Total Executive Implementation
Personal Services	\$62,443	\$0	\$19,852	\$327,265	\$409,560
Operating Expenses	12,053	0	500	50,500	63,053
Local Assistance	<u>16,464</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,464</u>
Total Costs	<u>\$90,960</u>	<u>\$0</u>	<u>\$20,352</u>	<u>\$377,765</u>	<u>\$489,077</u>

As shown in the figure above, DOA transferred the Office of Labor Relations with 3.5 FTE and \$327,265 supporting those positions. In addition \$50,500 in operating costs were also transferred. Additional components of the reorganization were included in the proprietary funded programs within the Director's Office and are discussed in the "Proprietary Rate" section of the narrative.

In addition, the agency transferred 0.46 FTE and associated personal services and operating costs from the State Human Resources Division to the Director's Office.

Legislative Budget

The program budget comparison tables reflect the reorganization implemented by the executive as it impacted HB 2 appropriations. The 2015 legislative base budget did not include the Office of Labor Relations or the 0.46 FTE from the State Human Resources Division. These two changes were adopted by the legislature and make up the majority of the 376.7% increase in budget authority between biennia. The program budget comparison tables include the Office of Labor Relations and additional FTE in FY 2014 and FY 2015 as the reorganization was completed in FY 2014.

It should be note that HB 2 contains less than 1% of the total Director's Office budget. The legislature provided \$250.4 million in total appropriations for the Director's Office in the 2017 biennium. \$193.1 million of the funding is included as statutory appropriations from the general fund including:

- Debt service for bond issues
- Local government and school district public employee retirement contributions
- Teachers' retirement contributions
- Public employee retirement contributions generated from coal severance taxes and interest on the coal tax trust deposited into the general fund

Funding

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

Department of Administration, 01-Director's Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	1,104,202	0	186,107,035	187,211,237	87.50 %	
02317 Financial Advisor Fees	0	0	0	0	0.00 %	
02518 State Daycare Program	0	0	0	0	0.00 %	
02858 Mineral Impact	0	0	16,428,000	16,428,000	100.00 %	
State Special Total	\$0	\$0	\$16,428,000	\$16,428,000	7.68 %	
03095 Taylor Grazing Act Dist.	0	0	250,000	250,000	5.75 %	
03369 Flood Control Payments	24,990	0	0	24,990	0.58 %	
03425 Forest Reserve Shared Revenue	0	0	4,070,000	4,070,000	93.67 %	
Federal Special Total	\$24,990	\$0	\$4,320,000	\$4,344,990	2.03 %	
06534 Management Services	0	4,527,562	0	4,527,562	75.81 %	
06535 Continuity Emergency Mgmt	0	1,444,525	0	1,444,525	24.19 %	
Proprietary Total	\$0	\$5,972,087	\$0	\$5,972,087	2.79 %	
Total All Funds	\$1,129,192	\$5,972,087	\$206,855,035	\$213,956,314		

The majority of the office functions are supported by proprietary funds. These funds are considered and approved as rates charged to other divisions in the agency and are discussed in the "Proprietary Rates" section of the narrative.

Within HB 2 general fund provides funding for:

- Board of County Printing
- Burial Preservation Board
- General management and legal support for statewide functions
- Office of Labor Relations

Federal revenues support administrative functions that support the allocation of federal flood control payments.

The vast majority of appropriations for the Director's Office are statutory appropriations including general fund that provides for debt service and retirement contributions. Pass through funds to local governments are shown as mineral impact, Taylor Grazing Act, and forest reserve shared revenues in the table above.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget
2015 Budget	74,526	74,526	149,052	13.50 %	90,960	90,960	181,920	16.11 %
PL Adjustments	479,026	401,124	880,150	79.71 %	474,875	397,397	872,272	77.25 %
New Proposals	75,000	0	75,000	6.79 %	75,000	0	75,000	6.64 %
Total Budget	\$628,552	\$475,650	\$1,104,202		\$640,835	\$488,357	\$1,129,192	

Present law adjustments include the proposed reorganization of the Office of Labor Relations into the Director's Office. The Office of Labor Relations is entirely supported by general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	57,448	0	0	57,448	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	2,187	0	0	2,187	0.00	2,187	0	0	2,187
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	1,199	0	0	1,199	0.00	1,199	0	0	1,199
DP 525 - Fixed Cost Adjustment	0.00	6,808	0	0	6,808	0.00	6,697	0	0	6,697
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	20,838	0	0	20,838	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	4,140	0	0	4,140	0.00	5,295	0	0	5,295
DP 530 - Reorganization	0.00	352,214	0	0	352,214	0.00	352,214	0	0	352,214
DP 535 - Program Transfer	0.00	20,352	0	0	20,352	0.00	20,352	0	0	20,352
DP 550 - Motor Pool Rate Adjustment	0.00	(110)	0	0	(110)	0.00	(111)	0	0	(111)
DP 600 - Other Personal Services Changes	0.00	0	0	0	0	0.00	0	0	0	0
DP 100101 - Flood Control Base Adjustment	0.00	0	0	(2,168)	(2,168)	0.00	0	0	(2,168)	(2,168)
DP 100106 - Directors Office Costs	0.00	9,967	0	0	9,967	0.00	9,732	0	0	9,732
DP 100111 - Burial Board Per Diem (Restricted)	0.00	2,000	0	0	2,000	0.00	2,000	0	0	2,000
DP 100200 - Funding shift Included in FY 2014	0.00	1,983	0	(1,983)	0	0.00	1,559	0	(1,559)	0
Grand Total All Present Law Adjustments	0.00	\$479,026	\$0	(\$4,151)	\$474,875	0.00	\$401,124	\$0	(\$3,727)	\$397,397

**Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted) -

The legislature provided a restricted biennial appropriation for the legislative audit costs. The funding is established at the level of the 2015 biennial appropriation contained in HB 2 as enacted by the 2013 Legislature.

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD

fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted) -

The legislature adjusted legislative audit costs and funding based on the current estimate of the Legislative Auditor.

DP 529 - Longevity and Other adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, retirement, and health benefits.

DP 530 - Reorganization -

The legislature adopted the reorganization of the Office of Labor Relations to Director's Office within the department. This included transfers of \$352,214 in general fund, and 3.50 FTE each year of the biennium.

DP 535 - Program Transfer -

The legislature adopted program transfers made by the department in the interim. This includes transfers of \$20,352 in general fund in each year of the biennium from State Human Resources Division to the Director's Office.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 600 - Other Personal Services Changes -

The legislature provided additional funding for increased personal services costs such as reclassifications or adjustments to move employees closer to their target market ratio.

DP 100101 - Flood Control Base Adjustment -

The legislature appropriated funding for estimated federal flood control payment to a four year average. The combination of the FY 2015 base and the four year average resulted in a reduction in funding for flood control payments.

DP 100106 - Directors Office Costs -

The legislature provided \$9,967 in FY 2016 and \$9,732 in FY 2017 for increase costs of the Director's Office, including centralized services functions, funded through a proprietary rate.

DP 100111 - Burial Board Per Diem (Restricted) -

The legislature provided \$2,000 of general fund each year of the biennium for members of the Burial Board be paid per diem like members of other state boards. The funding is contingent on passage and approval of HB 126.

DP 100200 - Funding shift Included in FY 2014 -

The legislature approved a funding shift of \$1,983 in FY 2016 and \$1,559 in FY 2017 from federal revenue to general fund. FY 2014 actual expenditures for general fund were higher than anticipated.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 630 - Labor-Management Training Initiative (Restricted/Biennial/OTO	0.00	75,000	0	0	75,000	0.00	0	0	0	0
Total	0.00	\$75,000	\$0	\$0	\$75,000	0.00	\$0	\$0	\$0	\$0

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 630 - Labor-Management Training Initiative (Restricted/Biennial/OTO -

The legislature provided a biennial, restricted, one-time-only appropriation of \$75,000 over the biennium to support a labor-management training initiative.

Other Issues

Proprietary Rates

The Director's Office provides management services to other divisions within the agency as well as services for state agencies related to labor relations and continuity of government in the event of a major disruption.

Proprietary Program Description

The Director's Office provides legal, human resources, and financial management services to other divisions of the agency and the administratively attached boards and agencies. These include the:

- Office of Human Resources – processes payroll; assists with recruitment, selection, and orientation of new employees; classifies positions; and develops policies for the department
- Office of Legal Services – advises on legal matters
- Office of Finance and Budget – prepares and presents the biennial budget, processes budget change documents, monitors budgets for compliance with state law and legislative intent, and provides accounting assistance
- Continuity and Emergency Preparedness, and Security Program – prepares to manage and coordinate state government in the event of a major catastrophic disruption

Director's Office (Management Services) - 06534

Rate(s) and Rate Explanation

For the 2017 biennium the legislature approved the rates as shown below. The rate is determined by estimating the amount of revenue necessary to cover all personal services and operating costs and to maintain a sufficient working capital balance.

Requested Rates for Internal Service Funds Fee/Rate Information					
		Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:					
Management Services Fees		1,625,016	1,624,847	1,658,964	1,598,962
Per FTE		606	603	752	752

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

06535 Continuity, Emergency Preparedness and Security Program Proprietary

Program Description

The Department of Administration is responsible for providing centralized management and coordination of the continuity, emergency preparedness, and security program for state agencies to ensure the ability to protect and recover essential functions of state government in the event of a catastrophic loss. During FY 2014 DOA reorganized this function into the State Continuity and Emergency Management Office (SCEMO).

Rate(s) and Rate Explanation

SCEMO bills the State Information Technology Services Division (SITSD) and General Services Division (GSD) quarterly for their services. Because those two divisions are funded through charges on all state agencies, SCEMO is essentially funded from the same sources.

The legislature approved having SITSD pay \$525,000 and GSD pay \$200,967 annually in the 2017 biennium for this function.

Requested Rates for Internal Service Funds Fee/Rate Information					
		Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:		552,134	636,581	725,967	725,967
Allocation to State Information Technology Services Division and General Services Division Internal Service Funds					