

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	7.00	7.00	6.09	6.09	7.00	6.09	(0.91)	(13.00)%
Personal Services	523,947	658,797	497,240	497,556	1,182,744	994,796	(187,948)	(15.89)%
Operating Expenses	243,893	1,150,845	1,744,331	286,020	1,394,738	2,030,351	635,613	45.57%
Equipment & Intangible Assets	0	0	0	0	0	0	0	0.00%
Transfers	61,642	0	0	0	61,642	0	(61,642)	(100.00)%
Total Costs	\$829,482	\$1,809,642	\$2,241,571	\$783,576	\$2,639,124	\$3,025,147	\$386,023	14.63%
General Fund	458,359	475,175	378,152	377,966	933,534	756,118	(177,416)	(19.00)%
State/Other Special Rev. Funds	357,697	404,467	321,881	320,733	762,164	642,614	(119,550)	(15.69)%
Federal Spec. Rev. Funds	13,426	930,000	1,541,538	84,877	943,426	1,626,415	682,989	72.39%
Total Funds	\$829,482	\$1,809,642	\$2,241,571	\$783,576	\$2,639,124	\$3,025,147	\$386,023	14.63%

Program Description

The State Information Technology Services Division (SITSD) is a proprietary program that provides central computing, data network, and telecommunications services for state government. SITSD provides central mainframe and mid-tier computer services and manages the statewide data network (SummitNet) used by all agencies located throughout the state. SITSD provides local and long distance telephone network services for state agencies, including the university system, and manages the state's video network. SITSD coordinates electronic government services and manages the state's Internet presence mt.gov.

The division houses the Public Safety Services Office that includes the state's 911, public safety radio, and Montana broadband programs.

The Office of the Chief Information Officer (office) directs and coordinates the development of the Statewide Strategic IT Plan, information technology (IT), statewide IT training, and establishment of hardware, software, and consulting service contracts used by agencies. The office also reviews and approves IT acquisitions.

Program Highlights

State Information Technology Services Division Major Budget Highlights
<ul style="list-style-type: none"> • Majority of the funding in this program is proprietary funds • The legislature increased state agency costs for information technology services by \$2.3 million over the 2017 biennium from the 2015 legislative base appropriation based on: <ul style="list-style-type: none"> ◦ Personal services for SITSD increase by \$1.2 million or 8.4% above the 2015 base budget ◦ Operating expenses increase by \$0.5 million in FY 2016 and \$1.1 million in FY 2017 above the 2015 base budget ◦ Support for equipment decreased by \$0.9 million each year of the biennium

Program Narrative

The legislature included \$1.6 million in federal funds over the biennium for continuation of the FirstNet grant. In FY 2014 the funding for the grant was not utilized resulting in increases to operating expenses when comparing between the two biennia as shown on the program budget comparison table. Funding for personal services and operating costs supported by state special revenues for basic 911 fees were reduced in order to align program costs with anticipated revenues for the program.

Fixed costs for state agencies for information technology services provided by the division were increased by \$2.3 million above the 2015 base budget. The rates support the costs of operating the majority of the staff and operational expenses of the division. This is discussed further in the "Proprietary Rate" narrative.

Funding

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

Department of Administration, 07-State Information Technology Services Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	756,118	0	0	756,118	0.69 %	
02105 Basic 9-1-1 Emrgncy Phone Prog	1,609	0	7,932,618	7,934,227	26.94 %	
02397 Enhanced 9-1-1 Emerg Tel Pgm	0	0	6,559,230	6,559,230	22.27 %	
02594 Basic 911 Emerg Phone Program	641,005	0	0	641,005	2.18 %	
02993 WIRELESS 911	0	0	6,582,980	6,582,980	22.35 %	
02994 WIRELESS 911 PROVIDERS	0	0	7,737,172	7,737,172	26.27 %	
State Special Total	\$642,614	\$0	\$28,812,000	\$29,454,614	26.79 %	
03397 STATE BROADBAND DATA & DEV	0	0	0	0	0.00 %	
03454 Homeland Security Grant	0	0	0	0	0.00 %	
03462 GIS-Homeland Security Grant	0	0	0	0	0.00 %	
03485 FirstNet Planning Grant	1,626,415	0	0	1,626,415	100.00 %	
03562 CISO HSGP Grant	0	0	0	0	0.00 %	
Federal Special Total	\$1,626,415	\$0	\$0	\$1,626,415	1.48 %	
06522 ISD Proprietary	0	78,111,277	0	78,111,277	100.00 %	
Proprietary Total	\$0	\$78,111,277	\$0	\$78,111,277	71.04 %	
Total All Funds	\$3,025,147	\$78,111,277	\$28,812,000	\$109,948,424		

General fund provides funding for the administration of the Public Safety Services Office. State special revenues in the program provide support for the administrative costs related to 911 services. Fees are imposed on a per month per access line basis for each telephone subscriber in the state using either land lines or wireless services.

Proprietary Funding

The majority of the office functions are funded with proprietary funds. These funds are considered and approved as rates charged to other agencies and divisions within this agency and are discussed in the "Proprietary Rate" section of the narrative.

Statutory Appropriations

The majority of the state special revenue funding in the division is statutorily appropriated for 911 services. 911 surcharges are collected by the state and statutorily appropriated for distribution to counties and telecommunication providers.

Budget Summary by Category

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

Budget Summary by Category								
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	475,175	475,175	950,350	125.69 %	1,809,642	1,809,642	3,619,284	119.64 %
PL Adjustments	(97,023)	(97,209)	(194,232)	(25.69)%	(992,341)	(995,193)	(1,987,534)	(65.70)%
New Proposals	0	0	0	0.00 %	1,424,270	(30,873)	1,393,397	46.06 %
Total Budget	\$378,152	\$377,966	\$756,118		\$2,241,571	\$783,576	\$3,025,147	

As shown in the table the reductions related to the FirstNet grant drive the changes in the budget. Operating adjustments included in the present law adjustments are mainly due to changes for the FirstNet grant that are then offset by adoption of new proposals for the same grant.

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.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	0	731	0	731	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	1,502	1,701	0	3,203	0.00	1,502	1,701	0	3,203
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	7,304	0	0	7,304	0.00	7,304	0	0	7,304
DP 525 - Fixed Cost Adjustment	0.00	(94,620)	(13,538)	0	(108,158)	0.00	(94,608)	(14,814)	0	(109,422)
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	0	(241)	0	(241)	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	0	650	0	650	0.00	0	2,434	0	2,434
DP 550 - Motor Pool Rate Adjustment	0.00	(60)	(70)	0	(130)	0.00	(60)	(70)	0	(130)
DP 700106 - Directors Office Costs	0.00	8,573	7,269	0	15,842	0.00	8,258	7,023	0	15,281
DP 700200 - Other Personal Services Changes	0.00	(19,722)	24,002	(108,894)	(104,614)	0.00	(19,605)	21,459	(108,104)	(106,250)
DP 700210 - Operating Cost Adjustments	0.00	0	0	(807,680)	(807,680)	0.00	0	0	(808,470)	(808,470)
DP 700444 - Statewide 4% FTE Reduction - Program 07	(0.41)	0	0	0	0	(0.41)	0	0	0	0
Grand Total All Present Law Adjustments	(0.41)	(\$97,023)	\$20,504	(\$916,574)	(\$993,093)	(0.41)	(\$97,209)	\$17,733	(\$916,574)	(\$996,050)

**"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 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 700106 - Directors Office Costs -

The legislature approved funding the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

DP 700200 - Other Personal Services Changes -

The legislature approved the executive's proposed reductions in personal services for the State Information Technology Services Division.

DP 700210 - Operating Cost Adjustments -

The legislature adopted federal grant reductions for the program. The operating cost adjustments are based on reduced spending in the first year of the 2015 biennium.

DP 700444 - Statewide 4% FTE Reduction - Program 07 -

The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package PL-700444 includes a reduction of 0.41 FTE each year.

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 700704 - FTE and Expenditure Reduction	(0.50)	0	(103,842)	0	(103,842)	(0.50)	0	(102,324)	0	(102,324)
DP 700705 - FirstNet Grant (Restricted/Biennial)	0.00	0	0	1,528,112	1,528,112	0.00	0	0	71,451	71,451
Total	(0.50)	\$0	(\$103,842)	\$1,528,112	\$1,424,270	(0.50)	\$0	(\$102,324)	\$71,451	(\$30,873)

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

DP 700704 - FTE and Expenditure Reduction -

The legislature adjusted personal services and operating expenditures for FY 2016 and FY 2017 in order to balance to estimated revenues for this program.

DP 700705 - FirstNet Grant (Restricted/Biennial) -

The legislature provided \$1.59 million in federal special revenue to support the FirstNet Grant Program. The grant supports the planning process for a specific frequency for emergency responders. The legislature's intent is that the state's FirstNet planning efforts include substantive participation from private telecommunication network providers, both wireline and wireless, and that the developed plan seeks to maximize the use of existing private telecommunications infrastructure.

Other Issues

Proprietary Rates

State Information Technology Services Division - 06522

Program Description

The State Information Technology Services Division manages information technology services for state government. Responsibilities include:

- Information Systems Security: ensure continuity of enterprise operations and security of data through risk assessment and mitigation, planning and monitoring, detailed recovery planning, incident response, and periodic testing. Coordinate security policies and procedures
- Network Technology Services: manage the statewide network (SummitNet); provide prioritized voice, video, data and wireless services; develop and implement solutions to address network growth and expansion; and support customers' needs regarding increased bandwidth and connectivity
- Enterprise Technology Services: develop and manage hardware and software services across the enterprise in a cost-effective manner
- Enterprise Support Services – manage service desk to assist customers regarding hardware and software applications, manage desktop lifecycle for customers
- Montana Data Centers: manage state data centers in Helena and Miles City and reliably, efficiently, and securely provide file storage
- Application Technology Services: support the state's mt.gov websites and assist customers to design and deploy customized applications and online services, including eGovernment applications
- Strategic Planning Services: ensure IT operations are conducted through planning and periodic performance reports, and provide oversight of agency IT procurements and plans
- Business and Financial Services – manage budget development, billing, and acquisition and procurement services for IT customers, implement strategies to meet customer needs and deliver and maintain services

- State IT Project Management Services – provide expertise, assistance, tools, methodologies, and training to customers to ensure IT projects are conducted in an organized, deliberative, and cost-effective manner

Proprietary Rates

For the 2017 biennium the following rates were adopted by the legislature. The rates charged in the base year are shown for comparison purposes. The 30-day working capital reserve used to establish the rates for state agencies included in HB 2 are based on personal services amounts of \$15,732,717 in FY 2016 and \$15,747,437 in FY 2017. This is an increase of \$1.2 million above the 2015 legislative base budget or an increase of 8.4% each year of the biennium. Operating costs were budgeted at \$24,278,456 in FY 2016, an increase of \$543,675 or 2.3% in FY 2016 and \$25,805,921 an increase of \$1,100,942 or 4.6% in FY 2017. Equipment and intangible assets were budgeted at \$746,242 each year of the biennium, a decrease of \$911,131 or 45.0% from the 2015 legislative base budget. 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.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve