

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	14.71	14.71	14.25	14.25	14.71	14.25	(0.46)	(3.13)%
Personal Services	990,178	1,138,039	1,159,131	1,160,810	2,128,217	2,319,941	191,724	9.01 %
Operating Expenses	510,936	403,672	545,294	546,372	914,608	1,091,666	177,058	19.36 %
Total Costs	\$1,501,114	\$1,541,711	\$1,704,425	\$1,707,182	\$3,042,825	\$3,411,607	\$368,782	12.12 %
General Fund	1,501,114	1,541,711	1,704,425	1,707,182	3,042,825	3,411,607	368,782	12.12 %
Total Funds	\$1,501,114	\$1,541,711	\$1,704,425	\$1,707,182	\$3,042,825	\$3,411,607	\$368,782	12.12 %

Program Description

The State Human Resources Division (SHRD) provides statewide human resource services utilizing the following functions and programs:

- The Human Resources Policy and Programs (HRPP) Bureau establishes the human resource rules, policies and standards for Montana’s executive branch.
- The Professional Development Center (PDC) offers training and other professional development services to Montana state government and other organizations.
- The Human Resources Information Systems (HRIS) Bureau processes the biweekly payroll and other HR information systems for all branches of state government.

Program Highlights

State Human Resources Division Major Budget Highlights
<ul style="list-style-type: none"> • The majority of the funding for this program is from non-budgeted proprietary funds that are included in the proprietary rate section of HB 2 • The legislature provided a decrease of 9.8% to the 2017 biennium when compared to 2015 biennium legislative appropriations • The legislature approved moving the Office of Labor Relations from the State Human Resources Division to the Director's Office resulting in a decrease in authority when compared to the 2015 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 compared to the FY 2015 legislative appropriations used for purposes of the budget base.

Department of Administration State Human Resources Division FY 2015 Appropriation Transactions				
Category	Legislative Appropriation	Program Transfers	Reorganization	Total Executive Implementation
Personal Services	\$1,465,304	(\$19,852)	(\$327,265)	\$1,118,187
Operating Expenses	454,172	(500)	(50,500)	403,172
Total Costs	\$1,919,476	(\$20,352)	(\$377,765)	\$1,521,359

The number for total executive implementation on the table above does not tie to FY 2015 appropriation for FY 2015 as the executive included the \$20,352 that was transferred to the Director's Office. The State Human Resources Division transferred a total of \$398,117 in authority to the Director's Office. SHRD 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. SHRD also transferred 0.46 FTE and associated personal services and operating costs to the Director's Office.

Legislative Budget

The State Human Resource Division budget for HB 2 provides for the Human Resources Policy and Programs Bureau. The Office of Labor Relations was moved from SHRD to the Director's Office during FY 2014. Personal services changes between biennia supported by general fund include:

- Annualization of increases provided in FY 2015
- Annualization of state share contribution for health insurance
- Reclassification of 2.25 FTE
- Reinstating funding for vacancy savings assessed in the 2015 biennium. The executive chose to eliminate positions from other areas to comply with the boilerplate language of HB 2 passed by the 2013 Legislature

Operating expense increases between biennia are due to:

- Funding increases for IT professional and consulting services for programming changes for a recruitment project. The costs occurred in FY 2014 and are carried into the 2017 biennium. They were not included in FY 2015 budgeted operating expenses.

Funding

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

Department of Administration, 23-State Human Resources Division Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,411,607	0	0	3,411,607	32.03 %
State Special Total	\$0	\$0	\$0	\$0	0.00 %
Federal Special Total	\$0	\$0	\$0	\$0	0.00 %
06525 Intergovernmental Training	0	747,463	0	747,463	10.32 %
06563 Payroll Fund	0	6,493,229	0	6,493,229	89.68 %
Proprietary Total	\$0	\$7,240,692	\$0	\$7,240,692	67.97 %
Total All Funds	\$3,411,607	\$7,240,692	\$0	\$10,652,299	

HB 2

General fund supports the Human Resources Policy and Programs Bureau.

Proprietary Funding

The majority of the division’s operations are supported by proprietary funds that support two programs:

- Professional Development Center (PDC)
- Human Resource Information Services Bureau

The PDC is supported through fees in the form of tuition paid by state agencies that enroll employees in the various classes provided by PDC and fees for other services offered by the PDC.

The HRIS Bureau is funded through a fee charged state agencies for each employee payroll processed in a pay period. Both of these funds are considered and approved as rates charged to other state agencies and are discussed in the “Proprietary Rates” section of the narrative.

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	1,919,476	1,919,476	3,838,952	112.53 %	1,919,476	1,919,476	3,838,952	112.53 %
PL Adjustments	(215,051)	(212,294)	(427,345)	(12.53)%	(215,051)	(212,294)	(427,345)	(12.53)%
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,704,425	\$1,707,182	\$3,411,607		\$1,704,425	\$1,707,182	\$3,411,607	

Present law adjustments include the transfer of FTE and appropriation authority for the Office of Labor Relations to the Director’s Office. As shown, the change reduces the budget for SHRD.

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 515 - State Share Health Insurance	0.00	6,926	0	0	6,926	0.00	6,926	0	0	6,926
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	28,203	0	0	28,203	0.00	28,203	0	0	28,203
DP 525 - Fixed Cost Adjustment	0.00	(12,567)	0	0	(12,567)	0.00	(12,503)	0	0	(12,503)
DP 529 - Longevity and Other adjustments	0.00	(19,736)	0	0	(19,736)	0.00	(18,057)	0	0	(18,057)
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	(87)	0	0	(87)	0.00	(88)	0	0	(88)
DP 2300106 - Directors Office Costs	0.00	5,577	0	0	5,577	0.00	4,544	0	0	4,544
DP 2300444 - Statewide 4% FTE Reduction - Program 23	(0.46)	0	0	0	0	(0.46)	0	0	0	0
Grand Total All Present Law Adjustments	(0.46)	(\$364,250)	\$0	\$0	(\$364,250)	(0.46)	(\$363,541)	\$0	\$0	(\$363,541)

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

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 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 from State Human Resources Division to Director's Office within the department. This included transfers of \$352,214 in general fund and 3.50 FTE in each year of the biennium.

DP 535 - Program Transfer -

The legislature adopted program transfers made by the department in the interim.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 2300106 - Directors Office Costs -

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

DP 2300444 - Statewide 4% FTE Reduction - Program 23 -

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-2300444 includes a reduction of 0.46 FTE each year.

Other Issues

Proprietary Rates

The State Human Resources Division provides the following programs funded through proprietary rates:

- Professional Development Center (PDC), which trains state employees
- Human Resource Information Services, including payroll and benefits eligibility processing

Professional Development Center/Training Program - 06525

Program Description

The PDC program provides training and related services throughout locations in the state of Montana. The PDC offers training directed towards improving state practices, meeting state and federal regulations, and providing professional services such as facilitation, mediation, or curriculum design.

Funding for the PDC is generated through two rates:

1. Open-enrollment fees, which is per-person tuition charged for attendance. Tuition rates are based on two factors: 1) projected attendance; and 2) competitive pricing.
2. Contract fees, which is a flat fee charged for providing a service. The amount per service varies by length of the service and number of services arranged in a single contract.

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.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:				
PDC Fee per FTE	N/A	N/A	N/A	N/A
Fee Group A				
Training Services per hour				
Open Enrollment Courses				
Two-Day Course (per participant)	\$190.00	\$190.00	\$190.00	\$190.00
One-Day Course (per participant)	\$123.00	\$123.00	\$123.00	\$123.00
Half-Day Course (per participant)	\$95.00	\$95.00	\$95.00	\$95.00
Eight-Day Management Series (per participant)	\$570.00	\$570.00	\$800.00	\$800.00
Six-Day Management Series (per participant)	\$440.00	\$440.00	\$600.00	\$600.00
Four-Day Administrative Assistant Series (per participant)	\$333.00	\$333.00	\$400.00	\$400.00
Contract Courses				
Full Day Training (flat fee)	\$830.00	\$830.00	\$830.00	\$830.00
Half Day Training (flat fee)	\$570.00	\$570.00	\$570.00	\$570.00
The Training Program determines rates by analyzing its billable staff hours, overhead costs, and variable costs which are directly associated with providing a specific training services. Service fees include an allocation of total overhead costs based on an estimate of total billable hours during the year. Rates are established to build up to a 60-day working capital.				

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.

Human Resources Information System Bureau (HRIS) - 06563

Program Description:

The HRIS Bureau operates the SABHRS-HR payroll, benefits and human resources system to process, distribute, report, and account for payroll, benefits, and associated withholding and deductions for over 13,500 state employees in the Executive, Legislative and Judicial branches. The bureau establishes and maintains standards, processes, and procedures to be followed by state agencies in preparing and submitting payroll, benefits, and related HR data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs including employee benefits (group insurance, FSA, deferred compensation, and pension) classification, pay, labor relations, policy, and training.

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.

Requested Rates for Internal Service Funds Fee/Rate Information						
	Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:						
HRIS fees	8.06	8.10	8.13	8.15	7.82	7.83
(per employee process per pay period)						
Health Resources Information Services (HRIS) rates have been established under the authority of 2-18-401, MCA and 2-18-403, MCA. Projected HRIS expenditures anticipated for the 2017 biennium are distributed as a fixed cost fee to the Health Care Benefits Division for services rendered by HRIS to support benefit operations associated with managing the state's payroll system; and as a fixed cost rate to state agencies based on an estimated average number of payroll warrants/advices per pay period per agency. The agencies' payroll warrant/advice counts are based upon FY 2013 and FY 2014 data.						

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.