

**Agency Budget Comparison**

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

Agency 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
FTE	46.25	46.25	45.50	45.50	46.25	45.50	(0.75)
Personal Services	5,086,951	3,550,477	3,905,278	3,916,069	8,637,428	7,821,347	(816,081)
Operating Expenses	1,394,747	813,369	1,673,281	1,668,384	2,208,116	3,341,665	1,133,549
Grants	366,782	400,937	0	0	767,719	0	(767,719)
<b>Total Costs</b>	<b>\$6,848,480</b>	<b>\$4,764,783</b>	<b>\$5,578,559</b>	<b>\$5,584,453</b>	<b>\$11,613,263</b>	<b>\$11,163,012</b>	<b>(\$450,251)</b>
General Fund	3,128,095	2,029,862	2,510,093	2,514,053	5,157,957	5,024,146	(133,811)
State/Other Special Rev. Funds	746,972	587,222	610,196	610,540	1,334,194	1,220,736	(113,458)
Federal Spec. Rev. Funds	2,973,413	2,147,699	2,458,270	2,459,860	5,121,112	4,918,130	(202,982)
<b>Total Funds</b>	<b>\$6,848,480</b>	<b>\$4,764,783</b>	<b>\$5,578,559</b>	<b>\$5,584,453</b>	<b>\$11,613,263</b>	<b>\$11,163,012</b>	<b>(\$450,251)</b>

**Agency Description**

The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, personnel services, public information, the prevention resource center, and the AmeriCorps\*VISTA Program. The Montana Health Coalition is administratively attached to this office.

**Agency Highlights**

Director's Office Major Budget Highlights
<ul style="list-style-type: none"> <li>• The 2017 biennial appropriations are \$3.2 million or 42% higher than the 2015 biennium due to:                             <ul style="list-style-type: none"> <li>◦ Reductions to grants</li> <li>◦ Department wide termination pay of over \$1.0 million in FY 2014</li> <li>◦ Reorganizations and including moving tribal relations and the children's trust fund to the Director's Office the majority of the increase is in future operations and expenditures.</li> </ul> </li> </ul>

**Summary of Legislative Action**

The Legislature appropriated additional funds in each year of the biennium to fund personal services as requested. This is for expenses such as longevity and workers compensation rates and includes funding for the transfer of 5.50 FTE into the Director's office to support various functions within the department. In addition, the Legislature approved an increase in each year of the biennium to fund ongoing operations for the Director's office.

**Funding**

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Director's Office Funding by Source of Authority 2017 Biennium Budget - Director's Office						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	5,024,146	0	0	5,024,146	45.01 %	
State Special Total	1,220,736	0	0	1,220,736	10.94 %	
Federal Special Total	4,918,130	0	0	4,918,130	44.06 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
<b>Total All Funds</b>	<b>\$11,163,012</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,163,012</b>		
<b>Percent - Total All Sources</b>	<b>100.00 %</b>	<b>0.00 %</b>	<b>0.00 %</b>			

**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	1,764,065	1,764,065	3,528,130	70.22 %	4,027,385	4,027,385	8,054,770	72.16 %
PL Adjustments	746,028	749,988	1,496,016	29.78 %	1,551,174	1,557,068	3,108,242	27.84 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
<b>Total Budget</b>	<b>\$2,510,093</b>	<b>\$2,514,053</b>	<b>\$5,024,146</b>		<b>\$5,578,559</b>	<b>\$5,584,453</b>	<b>\$11,163,012</b>	

**Executive Budget Comparison**

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2014	Executive Budget Fiscal 2016	Legislative Budget Fiscal 2016	Leg — Exec. Difference Fiscal 2016	Executive Budget Fiscal 2017	Legislative Budget Fiscal 2017	Leg — Exec. Difference Fiscal 2017	Biennium Difference Fiscal 16-17
FTE	46.25	45.50	45.50	0.00	45.50	45.50	0.00	0.00
Personal Services	5,086,951	3,974,985	3,905,278	(69,707)	3,985,776	3,916,069	(69,707)	(139,414)
Operating Expenses	1,394,747	1,427,178	1,673,281	246,103	1,427,652	1,668,384	240,732	486,835
Grants	366,782	366,782	0	(366,782)	366,782	0	(366,782)	(733,564)
<b>Total Costs</b>	<b>\$6,848,480</b>	<b>\$5,768,945</b>	<b>\$5,578,559</b>	<b>(\$190,386)</b>	<b>\$5,780,210</b>	<b>\$5,584,453</b>	<b>(\$195,757)</b>	<b>(\$386,143)</b>
General Fund	3,128,095	2,595,088	2,510,093	(84,995)	2,601,200	2,514,053	(87,147)	(172,142)
State/other Special Rev. Funds	746,972	625,586	610,196	(15,390)	626,339	610,540	(15,799)	(31,189)
Federal Spec. Rev. Funds	2,973,413	2,548,271	2,458,270	(90,001)	2,552,671	2,459,860	(92,811)	(182,812)
<b>Total Funds</b>	<b>\$6,848,480</b>	<b>\$5,768,945</b>	<b>\$5,578,559</b>	<b>(\$190,386)</b>	<b>\$5,780,210</b>	<b>\$5,584,453</b>	<b>(\$195,757)</b>	<b>(\$386,143)</b>

The 2017 biennium legislative appropriation is \$386,143 lower than the 2017 executive biennial request, largely due to lower personal services and reductions in grants. However, it should be noted that a major portion of the perceived reduction in biennial expenditures is that termination pay is not budgeted for in the 2017 biennium. The Director's Office administers and pays termination balances for employees leaving state government. Termination pay is typically reconciled in even years and normally accounts for expenditures exceeding \$1.0 million over the course of the biennium.

**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 101 - Personal Services Adjustment	0.00	274,299	49,108	286,204	609,611	0.00	279,841	49,763	290,798	620,402
DP 102 - Remaining Differences from Executive PL	0.00	491,544	137,953	365,781	995,278	0.00	491,891	138,008	365,379	995,278
DP 515 - State Share Health Insurance	0.00	10,630	2,047	9,436	22,113	0.00	10,630	2,047	9,436	22,113
DP 520 - Fully fund 2015 legislatively authorized FTE	0.00	3,965	1,809	6,646	12,420	0.00	3,965	1,809	6,646	12,420
DP 525 - Fixed Costs	0.00	4,288	743	3,395	8,426	0.00	4,440	769	3,516	8,725
DP 527 - Inflation/Deflation	0.00	1,814	471	1,991	4,276	0.00	1,889	490	2,072	4,451
DP 532 - General Liability Insurance Rate Adjsutment	0.00	(40,512)	(7,726)	(52,712)	(100,950)	0.00	(42,668)	(8,137)	(55,516)	(106,321)
DP 400444 - Statewide 4% FTE Reduction - Program 4	(0.75)	0	0	0	0	(0.75)	0	0	0	0
<b>Grand Total All Present Law Adjustments</b>	<b>(0.75)</b>	<b>\$746,028</b>	<b>\$184,405</b>	<b>\$620,741</b>	<b>\$1,551,174</b>	<b>(0.75)</b>	<b>\$749,988</b>	<b>\$184,749</b>	<b>\$622,331</b>	<b>\$1,557,068</b>

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

DP 101 - Personal Services Adjustment -

The legislature appropriated additional funds in each year of the biennium to fund personal services at the current usage level; this covers changes such as longevity, workers compensation rates, movement of 5.50 FTE into the Director's office, and various other adjustments.

DP 102 - Remaining Differences from Executive PL -

The legislature approved an increase in funds in each year of the biennium to fund operations at the current usage level; this includes program transfers from the Business and Financial Services Division, Children and Family Services, and Health and Community Services.

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 Costs -

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 527 - Inflation/Deflation -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 532 - General Liability Insurance Rate Adjustment -

The legislature reduced the rate assessed to state agencies for general liability insurance provided by the Risk Management and Tort Defense Division.

DP 400444 - Statewide 4% FTE Reduction - Program 4 -

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 400444 includes a reduction of 0.75 FTE.