

Agency Budget Comparison

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

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	Biennium % Change
FTE	87.80	87.80	87.04	87.04	87.80	87.04	(0.76)	(0.87)%
Personal Services	5,565,902	6,245,600	6,197,864	6,199,223	11,811,502	12,397,087	585,585	4.96%
Operating Expenses	1,665,580	3,333,398	2,198,692	2,131,999	4,998,978	4,330,691	(668,287)	(13.37)%
Equipment & Intangible Assets	47,374	8,695	27,994	27,994	56,069	55,988	(81)	(0.14)%
Benefits & Claims	813,624	10,004,758	388,679	(18,133)	10,818,382	370,546	(10,447,836)	(96.57)%
Total Costs	\$8,092,480	\$19,592,451	\$8,813,229	\$8,341,083	\$27,684,931	\$17,154,312	(\$10,530,619)	(38.04)%
General Fund	0	6,763,375	0	0	6,763,375	0	(6,763,375)	(100.00)%
State/Other Special Rev. Funds	8,092,480	12,829,076	8,813,229	8,341,083	20,921,556	17,154,312	(3,767,244)	(18.01)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00%
Total Funds	\$8,092,480	\$19,592,451	\$8,813,229	\$8,341,083	\$27,684,931	\$17,154,312	(\$10,530,619)	(38.04)%

Page Reference

Legislative Budget Analysis, A-68

Agency Discussion

The 2017 biennium legislative appropriation for the State Auditor's Office is lower than the 2015 biennium as shown in the main table. The primary reason for the difference is due to a one-time appropriation for the Insure Montana Program, which funds premium assistance and tax credit programs for small employers who offer health insurance to their employees. The Insure Montana program ends in FY 2015, which results in the negative differences between biennia.

Major changes from the ongoing FY 2015 appropriation (not including the one-time funds for Insure Montana) include:

- 1.50 new FTE to assist in management of the captive insurance industry and in analysis of insurance premium changes - \$210,000 state special revenue
- Other personal services changes to fund statutorily required pay adjustments and other changes implemented by the agency in FY 2014

Operating costs are anticipated to be lower than the FY 2015 appropriation due to fewer and less complex insurance and securities firms reviews.

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.

Executive Budget Comparison								
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	87.80	80.54	87.04	6.50	80.54	87.04	6.50	6.50
Personal Services	5,565,902	6,443,209	6,197,864	(245,345)	6,442,354	6,199,223	(243,131)	(488,476)
Operating Expenses	1,665,580	1,352,797	2,198,692	845,895	1,198,917	2,131,999	933,082	1,778,977
Equipment & Intangible Assets	47,374	47,374	27,994	(19,380)	47,374	27,994	(19,380)	(38,760)
Benefits & Claims	813,624	5,059,713	388,679	(4,671,034)	0	(18,133)	(18,133)	(4,689,167)
Total Costs	\$8,092,480	\$12,903,093	\$8,813,229	(\$4,089,864)	\$7,688,645	\$8,341,083	\$652,438	(\$3,437,426)
General Fund	0	4,769,387	0	(4,769,387)	0	0	0	(4,769,387)
State/other Special Rev. Funds	8,092,480	8,133,706	8,813,229	679,523	7,688,645	8,341,083	652,438	1,331,961
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0
Total Funds	\$8,092,480	\$12,903,093	\$8,813,229	(\$4,089,864)	\$7,688,645	\$8,341,083	\$652,438	(\$3,437,426)

The legislative appropriation for the State Auditor's Office is \$3.4 million and 6.50 FTE lower than the executive request. The major difference is that the legislature did not approve the executive request to continue the Insure Montana program through December 15, 2015, which accounts for the \$4.8 million general fund difference. The legislature made reductions to the executive request for personal services, primarily in not funding executive implementation of the FY 2015 pay plan and in not funding several increases implemented by the State Auditor in FY 2014.

The legislative appropriation for operating costs is higher than the executive request because the legislature did not accept unspecified reductions in spending from the insurance fee state special revenue account that were included in the executive budget request. The legislature reviewed FY 2015 spending projections and appropriations for the 2017 biennium from the account and concluded that revenues were sufficient to fund operations during the biennium. The reductions proposed in the executive budget were unnecessary.

The legislature approved two requests made by the State Auditor that were not included in the executive budget:

1. Funding for a 0.50 statistical aide FTE
2. Funding for contracted services for insurance rate review, which is restricted for that use

Agency Highlights

State Auditor's Office Major Budget Highlights	
<ul style="list-style-type: none"> • The 2017 biennium legislative budget for the State Auditor's Office is a net \$10.5 million lower than the FY 2015 biennium, including \$6.8 million general fund <ul style="list-style-type: none"> ◦ However, the main budget table includes one-time appropriations in FY 2015 for Insure Montana (\$9.8 million, including \$6.8 million general fund) and for examination of insurance and securities firms (\$0.5 million) ◦ If one one-time appropriations are removed, the total change from the 2017 biennium to the 2015 biennium is a net reduction of about \$244,000 • Personal services increases due to market adjustments funded by the 2013 Legislature and annualization of pay plan increases • FTE are a net 0.76 FTE lower due to the following changes: <ul style="list-style-type: none"> ◦ A reduction of funding for 3.26 FTE reduction to comply with legislative intent included in HB 2 ◦ Approval of funding for 1.50 new FTE • Operating costs are \$600,000 lower due to adjustments in contracted examination costs of insurance and security firms 	

Funding

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

Total State Auditor's Office Funding by Source of Authority 2017 Biennium Budget - State Auditor's Office						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	0	0	62,768,206	62,768,206	78.51 %	
State Special Total	17,154,312	0	26,678	17,180,990	21.49 %	
Federal Special Total	0	0	0	0	0.00 %	
Proprietary Total	0	0	0	0	0.00 %	
Other Total	0	0	0	0	0.00 %	
Total All Funds	\$17,154,312	\$0	\$62,794,884	\$79,949,196		
Percent - Total All Sources	21.46 %	0.00 %	78.54 %			

The State Auditor's Office is funded with state special revenue. The office had a one-time general fund appropriation in the 2015 biennium to continue the Insure Montana. Insurance and securities fees provide the funding for ongoing operation of the office.

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	0	0	0	0.00 %	9,309,714	9,309,714	18,619,428	0.00 %	
PL Adjustments	0	0	0	0.00 %	(601,647)	(1,073,592)	(1,675,239)	0.00 %	
New Proposals	0	0	0	0.00 %	105,162	104,961	210,123	0.00 %	
Total Budget	\$0	\$0	\$0		\$8,813,229	\$8,341,083	\$17,154,312		

Program Budget Comparison

The following table summarizes the total proposed 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	19.80	19.80	19.80	19.80	19.80	19.80	0.00	0.00 %
Personal Services	1,328,675	1,446,288	1,491,390	1,490,484	2,774,963	2,981,874	206,911	7.46 %
Operating Expenses	641,858	725,350	678,882	670,993	1,367,208	1,349,875	(17,333)	(1.27)%
Equipment & Intangible Assets	47,374	1,683	21,683	21,683	49,057	43,366	(5,691)	(11.60)%
Total Costs	\$2,017,907	\$2,173,321	\$2,191,955	\$2,183,160	\$4,191,228	\$4,375,115	\$183,887	4.39 %
State/Other Special Rev. Funds	2,017,907	2,173,321	2,191,955	2,183,160	4,191,228	4,375,115	183,887	4.39 %
Total Funds	\$2,017,907	\$2,173,321	\$2,191,955	\$2,183,160	\$4,191,228	\$4,375,115	\$183,887	4.39 %

Page Reference

Legislative Budget Analysis, A-75

Funding

The Centralized Services Division is funded entirely from state special revenue. Insurance and securities fee income are the two sources of funding, with insurance fee income supporting 78% of total division costs and the balance coming from securities fee income.

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	0	0	0	0.00 %	1,748,278	1,748,278	3,496,556	0.00 %
PL Adjustments	0	0	0	0.00 %	443,677	434,882	878,559	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$2,191,955	\$2,183,160	\$4,375,115	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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
Present Law Adjustments										
DP 510 - Legislative Audit Fixed Costs (Restricted/Biennial)	0.00	0	8,384	0	8,384	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	0	9,623	0	9,623	0.00	0	9,623	0	9,623
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	20,575	0	20,575	0.00	0	20,575	0	20,575
DP 525 - Fixed Cost Adjustment	0.00	0	(41,503)	0	(41,503)	0.00	0	(41,328)	0	(41,328)
DP 527 - Inflation/Deflation Adjustment	0.00	0	(67)	0	(67)	0.00	0	28	0	28
DP 531 - SITSD Rate Adjustment	0.00	0	7,843	0	7,843	0.00	0	7,843	0	7,843
DP 532 - General Liability Insurance Rate Adjustment	0.00	0	(1,389)	0	(1,389)	0.00	0	(1,389)	0	(1,389)
DP 101001 - Building Rent	0.00	0	14,179	0	14,179	0.00	0	14,404	0	14,404
DP 101002 - Equipment - (OTO)	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 101003 - Reorganization	0.00	0	391,128	0	391,128	0.00	0	391,128	0	391,128
DP 101004 - Elected Official Increase	0.00	0	2,453	0	2,453	0.00	0	2,444	0	2,444
DP 101005 - Market Increases for Classified Employees	0.00	0	11,859	0	11,859	0.00	0	11,814	0	11,814
DP 101006 - Longevity and Other Adjustments	0.00	0	(3,308)	0	(3,308)	0.00	0	59	0	59
DP 101007 - Other Personal Services Changes	0.00	0	3,900	0	3,900	0.00	0	(319)	0	(319)
Grand Total All Present Law Adjustments	0.00	\$0	\$443,677	\$0	\$443,677	0.00	\$0	\$434,882	\$0	\$434,882

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

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

The legislature provided a restricted biennial appropriation for 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 527 - Inflation/Deflation Adjustment -

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 531 - SITSD Rate Adjustment -

The legislature approved an increase for fixed cost rates included in state agency budgets for information technology services provided by the State Information Technology Services Division (SITSD).

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 101001 - Building Rent -

The legislature added funds to lease additional space.

DP 101002 - Equipment - (OTO) -

The legislature added \$20,000 annually for equipment. The appropriation is one-time only.

DP 101003 - Reorganization -

The legislature moved funding among programs in the State Auditor's Office to align ongoing appropriations with program transfers implemented in FY 2014.

DP 101004 - Elected Official Increase -

The legislature added funds to pay the statutorily required increase in elected officials' salaries.

DP 101005 - Market Increases for Classified Employees -

The legislature added funds for market pay adjustments implemented by the State Auditor in FY 2014.

DP 101006 - Longevity and Other Adjustments -

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

DP 101007 - Other Personal Services Changes -

The legislature approved other personal services changes related to ongoing costs in the 2017 biennium.

Program Budget Comparison

The following table summarizes the total proposed 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	57.00	57.00	56.40	56.40	57.00	56.40	(0.60)	(1.05)%
Personal Services	3,442,061	3,966,734	3,806,361	3,808,301	7,408,795	7,614,662	205,867	2.78 %
Operating Expenses	880,313	2,368,792	1,354,932	1,305,233	3,249,105	2,660,165	(588,940)	(18.13)%
Equipment & Intangible Assets	0	5,810	5,109	5,109	5,810	10,218	4,408	75.87 %
Benefits & Claims	813,624	10,004,758	388,679	(18,133)	10,818,382	370,546	(10,447,836)	(96.57)%
Total Costs	\$5,135,998	\$16,346,094	\$5,555,081	\$5,100,510	\$21,482,092	\$10,655,591	(\$10,826,501)	(50.40)%
General Fund	0	6,763,375	0	0	6,763,375	0	(6,763,375)	(100.00)%
State/Other Special Rev. Funds	5,135,998	9,582,719	5,555,081	5,100,510	14,718,717	10,655,591	(4,063,126)	(27.61)%
Federal Spec. Rev. Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$5,135,998	\$16,346,094	\$5,555,081	\$5,100,510	\$21,482,092	\$10,655,591	(\$10,826,501)	(50.40)%

Page Reference

Legislative Budget Analysis, A-81

Funding

The Insurance Division is funded with state special revenue. The following sources support these functions:

- Insurance licensure fees, examination fees, and penalties, which fund program functions related to insurance regulation
- Tobacco settlement revenues, which support premium subsidies for the state high risk insurance pool through the Montana Comprehensive Health Association (MCHA), which terminates in FY 2017

There is also a statutory appropriation of certain insurance premium fees that is transferred to the general fund to support retirement funds for local firefighters and law enforcement.

Montana Comprehensive Health Association

The Montana legislature created the MCHA in 1985 to provide access to health insurance benefits to Montana residents who were otherwise considered uninsurable due to medical conditions. MCHA operations are funded through the premiums paid by those insured in the program and through assessments on all disability (accident and health) benefit policies written in the state of Montana. MCHA also receives an allocation from the tobacco settlement revenue with expenditures of about \$0.8 million in FY 2014. The statute that allocates tobacco settlement revenue includes both MCHA and Healthy Montana Kids as allowable uses of the funds. The legislature ended funding for the MCHA beginning in FY 2017.

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	0	0	0	0.00 %	6,375,278	6,375,278	12,750,556	0.00 %	
PL Adjustments	0	0	0	0.00 %	(925,359)	(1,379,729)	(2,305,088)	0.00 %	
New Proposals	0	0	0	0.00 %	105,162	104,961	210,123	0.00 %	
Total Budget	\$0	\$0	\$0		\$5,555,081	\$5,100,510	\$10,655,591		

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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 515 - State Share Health Insurance	0.00	0	26,195	0	26,195	0.00	0	26,195	0	26,195	
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	73,250	0	73,250	0.00	0	73,250	0	73,250	
DP 525 - Fixed Cost Adjustment	0.00	0	27,198	0	27,198	0.00	0	26,393	0	26,393	
DP 527 - Inflation/Deflation Adjustment	0.00	0	(33,108)	0	(33,108)	0.00	0	(32,839)	0	(32,839)	
DP 300444 - Statewide 4% FTE Reduction - Program 3	(3.10)	0	0	0	0	(3.10)	0	0	0	0	
DP 303002 - Reorganization	0.00	0	(278,006)	0	(278,006)	0.00	0	(278,006)	0	(278,006)	
DP 303003 - Biennial Financial Exams	0.00	0	(479,946)	0	(479,946)	0.00	0	(500,981)	0	(500,981)	
DP 303004 - Pay Equalization Increases	0.00	0	5,975	0	5,975	0.00	0	5,952	0	5,952	
DP 303005 - Other Market Increases (Staff Below 80%)	0.00	0	53,474	0	53,474	0.00	0	53,270	0	53,270	
DP 303006 - Classified Staff Strategic and Performance Pay	0.00	0	21,108	0	21,108	0.00	0	21,027	0	21,027	
DP 303007 - Longevity and Other Adjustments	0.00	0	1,510	0	1,510	0.00	0	13,770	0	13,770	
DP 303008 - Building Rent	0.00	0	16,616	0	16,616	0.00	0	17,432	0	17,432	
DP 303009 - MCHA Expiration	0.00	0	(536,884)	0	(536,884)	0.00	0	(943,696)	0	(943,696)	
DP 303010 - Rate Review Contract (Restricted)	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000	
DP 303011 - Other Personal Services Changes	0.00	0	(1,685)	0	(1,685)	0.00	0	(11,496)	0	(11,496)	
Grand Total All Present Law Adjustments	(3.10)	\$0	(\$954,303)	\$0	(\$954,303)	(3.10)	\$0	(\$1,379,729)	\$0	(\$1,379,729)	

**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 527 - Inflation/Deflation Adjustment -

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 300444 - Statewide 4% FTE Reduction - Program 3 -

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 300444 includes a reduction of 3.10 FTE each year.

DP 303002 - Reorganization -

The legislature moved funding among programs in the State Auditor's Office to align ongoing appropriations with program transfers implemented in FY 2014.

DP 303003 - Biennial Financial Exams -

The legislature lowered appropriations to account for the difference between the FY 2015 appropriation and the State Auditor's request for each year of the 2017 biennium for contracted services for examination of insurance firms.

DP 303004 - Pay Equalization Increases -

The legislature approved funds for pay equalization changes implemented by the State Auditor's Office in FY 2014.

DP 303005 - Other Market Increases (Staff Below 80%) -

The legislature approved funding for pay changes to increase salaries of FTE that were below 80% of the market salary.

DP 303006 - Classified Staff Strategic and Performance Pay -

The legislature added funds to pay for strategic and performance pay implemented by the State Auditor in FY 2014.

DP 303007 - Longevity and Other Adjustments -

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

DP 303008 - Building Rent -

The legislature added funds to lease additional office space within the existing building location.

DP 303009 - MCHA Expiration -

The legislature removed funds to account for the expiration of the Montana Comprehensive Health Association, as defined in statute. The MCHA was the high risk pool for the state. Since insurance policies can no longer be denied based on preexisting health conditions, the MCHA was ended.

DP 303010 - Rate Review Contract (Restricted) -

The legislature added \$150,000 annually for contracted services for insurance rate review. The appropriation is restricted for that use.

DP 303011 - Other Personal Services Changes -

The legislature adopted changes to align present law personal services with the FY 2015 legislative appropriation.

New Proposals -

The "New Proposals" table shows the changes from the legislative appropriation for FY 15 to the proposed budget.

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 303012 - Captive Insurance FTE	2.00	0	75,135	0	75,135	2.00	0	74,934	0	74,934
DP 303013 - Statistical Aide	0.50	0	30,027	0	30,027	0.50	0	30,027	0	30,027
Total	2.50	\$0	\$105,162	\$0	\$105,162	2.50	\$0	\$104,961	\$0	\$104,961

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

DP 303012 - Captive Insurance FTE -

The legislature approved funding to make permanent an additional 1.00 FTE for the captive insurance program. The FTE was funded from a one-time appropriation in the 2015 biennium.

DP 303013 - Statistical Aide -

The legislature approved a request to fund a 0.50 statistical aide.

Program Budget Comparison

The following table summarizes the total proposed 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	11.00	11.00	10.84	10.84	11.00	10.84	(0.16)	(1.45)%
Personal Services	795,166	832,578	900,113	900,438	1,627,744	1,800,551	172,807	10.62 %
Operating Expenses	143,409	239,256	164,878	155,773	382,665	320,651	(62,014)	(16.21)%
Equipment & Intangible Assets	0	1,202	1,202	1,202	1,202	2,404	1,202	100.00 %
Total Costs	\$938,575	\$1,073,036	\$1,066,193	\$1,057,413	\$2,011,611	\$2,123,606	\$111,995	5.57 %
State/Other Special Rev. Funds	938,575	1,073,036	1,066,193	1,057,413	2,011,611	2,123,606	111,995	5.57 %
Total Funds	\$938,575	\$1,073,036	\$1,066,193	\$1,057,413	\$2,011,611	\$2,123,606	\$111,995	5.57 %

Page Reference

Legislative Budget Analysis, A-89

Funding

The Securities Division is funded entirely from state special revenue derived from charges to the securities industry for:

- Filing portfolio notices
- Examining issuers, broker-dealers, or investment advisers as part of registration

Other fees related to the securities industry and collected by the SOA, such as registration of securities, are deposited to the general fund. Excess revenue in the state special revenue account that funds program administration is transferred to the general fund at fiscal yearend.

The Securities Division also administers a statutory appropriation for restitution payments to victims of securities fraud. The restitution account receives funds from persons who violated securities statutes, renewal fees for security offerings, and donations. The restitution fund terminates at the end of the 2017 biennium.

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	0	0	0	0.00 %	1,186,158	1,186,158	2,372,316	0.00 %
PL Adjustments	0	0	0	0.00 %	(119,965)	(128,745)	(248,710)	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$1,066,193	\$1,057,413	\$2,123,606	

Present Law Adjustments -

The "Present Law Adjustments" table shows the changes from FY 2015 legislative appropriation to the budget proposed. 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	0	5,268	0	5,268	0.00	0	5,268	0	5,268
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	16,393	0	16,393	0.00	0	16,393	0	16,393
DP 525 - Fixed Cost Adjustment	0.00	0	(16,693)	0	(16,693)	0.00	0	(17,403)	0	(17,403)
DP 527 - Inflation/Deflation Adjustment	0.00	0	(4,200)	0	(4,200)	0.00	0	(4,200)	0	(4,200)
DP 400444 - Statewide 4% FTE Reduction - Program 4	(0.16)	0	0	0	0	(0.16)	0	0	0	0
DP 404002 - Building Rent	0.00	0	13,951	0	13,951	0.00	0	13,951	0	13,951
DP 404003 - Reorganization	0.00	0	(113,122)	0	(113,122)	0.00	0	(113,122)	0	(113,122)
DP 404004 - Exempt Staff Promotions	0.00	0	40,323	0	40,323	0.00	0	40,108	0	40,108
DP 404005 - Classified Staff Strategic and Performance Pay	0.00	0	5,451	0	5,451	0.00	0	5,430	0	5,430
DP 404006 - Longevity and Other Adjustments	0.00	0	1,899	0	1,899	0.00	0	3,214	0	3,214
DP 404007 - Other Personal Services Changes	0.00	0	(1,799)	0	(1,799)	0.00	0	(2,553)	0	(2,553)
DP 404009 - Lower Financial Examination Costs	0.00	0	(73,424)	0	(73,424)	0.00	0	(75,831)	0	(75,831)
Grand Total All Present Law Adjustments	(0.16)	\$0	(\$125,953)	\$0	(\$125,953)	(0.16)	\$0	(\$128,745)	\$0	(\$128,745)

*"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 527 - Inflation/Deflation Adjustment -

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 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 0.16 FTE each year.

DP 404002 - Building Rent -

The legislature added state special revenue each year of the biennium to lease additional office space within the existing building location.

DP 404003 - Reorganization -

The State Auditor realigned duties within the organization in FY 2014 and moved FTE and funding among programs. Appropriation authority and FTE were moved from the Securities Division to Central Management. This change aligns the FY 2015 legislative appropriation to account for that action. There is no net change in total appropriation authority or FTE.

DP 404004 - Exempt Staff Promotions -

The legislature added appropriation authority for exempt staff pay changes implemented by the State Auditor in FY 2014.

DP 404005 - Classified Staff Strategic and Performance Pay -

The legislature added state special revenue to fund strategic and performance pay adjustments for classified staff that were implemented by the State Auditor in FY 2014.

DP 404006 - Longevity and Other Adjustments -

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

DP 404007 - Other Personal Services Changes -

The legislature removed appropriation authority to account for the remaining differences between the FY 2015 appropriation and the present law budget request.

DP 404009 - Lower Financial Examination Costs -

The legislature lowered appropriations for contracted services costs for examination of securities firms to account for the difference between the FY 2015 legislative appropriation and the present law budget request for the 2017 biennium.