

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	149.13	149.13	144.06	144.06	149.13	144.06	(5.07)	(3.40)%
Personal Services	10,060,576	11,012,224	13,196,714	13,194,239	21,072,800	26,390,953	5,318,153	25.24 %
Operating Expenses	5,791,314	7,828,103	13,808,110	11,720,366	13,619,417	25,528,476	11,909,059	87.44 %
Equipment & Intangible Assets	14,333	19,500	144,500	19,500	33,833	164,000	130,167	384.73 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Local Assistance	9,890	32,228	30,060	30,060	42,118	60,120	18,002	42.74 %
Transfers	61,642	0	0	0	61,642	0	(61,642)	(100.00)%
Debt Service	81,678	89,977	89,977	89,977	171,655	179,954	8,299	4.83 %
Total Costs	\$16,019,433	\$18,982,032	\$27,269,361	\$25,054,142	\$35,001,465	\$52,323,503	\$17,322,038	49.49 %
General Fund	5,131,158	6,540,899	7,891,129	7,858,548	11,672,057	15,749,677	4,077,620	34.93 %
State/Other Special Rev. Funds	5,843,269	6,326,034	6,866,696	6,806,248	12,169,303	13,672,944	1,503,641	12.36 %
Federal Spec. Rev. Funds	19,075	947,499	1,555,248	99,011	966,574	1,654,259	687,685	71.15 %
Proprietary Funds	5,025,931	5,167,600	10,956,288	10,290,335	10,193,531	21,246,623	11,053,092	108.43 %
Total Funds	\$16,019,433	\$18,982,032	\$27,269,361	\$25,054,142	\$35,001,465	\$52,323,503	\$17,322,038	49.49 %

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Legislative Budget Analysis, A-121

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	149.13	143.42	144.06	0.64	143.42	144.06	0.64	0.64
Personal Services	20,121,152	23,934,062	26,393,428	2,459,366	23,898,346	26,388,478	2,490,132	4,949,498
Operating Expenses	5,791,314	11,192,224	13,808,110	2,615,886	9,055,029	11,720,366	2,665,337	5,281,223
Equipment & Intangible Assets	14,333	334,333	144,500	(189,833)	134,333	19,500	(114,833)	(304,666)
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	19,780	53,280	60,120	6,840	53,280	60,120	6,840	13,680
Transfers	61,642	25,900	0	(25,900)	27,250	0	(27,250)	(53,150)
Debt Service	81,678	81,678	89,977	8,299	81,678	89,977	8,299	16,598
Total Costs	\$26,089,899	\$35,621,477	\$40,496,135	\$4,874,658	\$33,249,916	\$38,278,441	\$5,028,525	\$9,903,183
General Fund	5,131,158	8,319,123	7,891,129	(427,994)	8,173,245	7,858,548	(314,697)	(742,691)
State/Other Special Rev. Funds	5,843,269	6,953,406	6,866,696	(86,710)	6,882,544	6,806,248	(76,296)	(163,006)
Federal Spec. Rev. Funds	19,075	1,557,937	1,555,248	(2,689)	101,276	99,011	(2,265)	(4,954)
Other	5,025,931	6,797,340	10,956,288	4,158,948	6,117,038	10,290,335	4,173,297	8,332,245
Total Funds	\$16,019,433	\$23,627,806	\$27,269,361	\$3,641,555	\$21,274,103	\$25,054,142	\$3,780,039	\$7,421,594

The legislative budget for HB 2 increases when compared to the executive budget proposal due to the inclusion of the administrative costs of the State Employee Group Benefit Plan (SEGBP) in HB 2 as required by statute. SEGBP administrative costs are supported by proprietary funds which provide for:

- \$2.9 million in personal services supporting 19.44 FTE each year of the biennium
- \$2.9 million in operating expenses each year of the biennium

Agency Highlights

Department of Administration Major Budget Highlights	
<ul style="list-style-type: none"> • About 4.3% of the agency's budget is appropriated in HB 2 • State special revenues increase due to increased personal services within the Banking and Financial Institutions Division • Federal revenue increases are for the FirstNet planning grant provided to the State Information Technology Services Division • Proprietary funds increase due to inclusion of administrative costs of the State Employee Group Benefit Plan (SEGBP) in HB 2 as required by statute 	

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.

Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	15,749,677	0	192,678,804	208,428,481	20.84 %
State Special Total	13,672,944	0	47,640,000	61,312,944	6.13 %
Federal Special Total	1,654,259	0	4,320,000	5,974,259	0.60 %
Proprietary Total	21,246,623	627,467,289	75,000,000	723,713,912	72.36 %
Other Total	0	0	777,800	777,800	0.08 %
Total All Funds	\$52,323,503	\$627,467,289	\$320,416,604	\$1,000,207,396	
Percent - Total All Sources	5.23 %	62.73 %	32.04 %		

The majority of the overall funding proposed for Department of Administration is not budgeted through HB 2 but provided as either non-budgeted proprietary funding or as a statutory appropriation.

Within HB 2 general fund supports the Governor Elect Program, State Human Resources Division, and the State Tax Appeal Board. In addition, general fund supports the following programs and functions within various agency divisions including:

- Office of Labor Relations, the Board of County Printing, and the Burial Preservation Board within the Director's Office
- Accounting Bureau, the Social Security Administrator, the Treasury Unit, and the Local Government Services Bureau within the State Financial Services Division
- Procurement Bureau and facilities management functions within the General Services Division
- Public safety services within the State Information Technology Division

State special revenues include:

- Assessments, application fees, and examination fees paid by regulated financial institutions

- Fees imposed on a per month per access line basis for each telephone subscriber in the state using either land lines or wireless services that support 911 services throughout Montana
- Funds transferred from the long-range building capital projects fund for administrative expenses in support of the state Long-Range Building Program

Proprietary funds in HB 2 are appropriated to the Montana State Lottery Division (lottery) and the Health Care and Benefits Division for the administrative costs of the State Employee Group Benefit Plan. Profits from the lottery are deposited into the general fund. As such, the legislature made a policy decision to appropriate the funds for the lottery so that it can more closely examine the costs of its operations. The increased legislative oversight helps ensure the lottery continues to maximize general fund transfers.

The remaining proprietary funds, over half a billion, are non-budgeted. The legislature examined proposed rates for internal service funds in this agency as part of its consideration of HB 2. The internal service funds make up 85.6% of the proprietary funds in this agency. Proprietary funds are discussed in detail in the narrative sections of each program.

Statutory appropriations approved for the agency include Cash Management Improvement Act returns, debt service costs, local government employee pensions, school district employee pensions, teacher retirement, supplemental contributions to teachers retirement, mineral impact fees , Taylor Grazing Act fund, and forest reserve funds.

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								
	-----General Fund-----				-----Total Funds-----			
Budget Item	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	5,340,703	5,340,703	10,681,406	67.82 %	17,781,836	17,781,836	35,563,672	67.97 %
PL Adjustments	2,609,178	2,576,488	5,185,666	32.93 %	7,889,866	7,129,826	15,019,692	28.71 %
New Proposals	(58,752)	(58,643)	(117,395)	(0.75)%	1,597,659	142,480	1,740,139	3.33 %
Total Budget	\$7,891,129	\$7,858,548	\$15,749,677		\$27,269,361	\$25,054,142	\$52,323,503	

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	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	158,004	79,371	178,879	237,375	58,496	32.70 %
Local Assistance	3,516	16,464	14,296	14,296	19,980	28,592	8,612	43.10 %
Total Costs	\$476,256	\$468,725	\$565,835	\$488,357	\$944,981	\$1,054,192	\$109,211	11.56 %
General Fund	472,740	452,291	553,552	475,650	925,031	1,029,202	104,171	11.26 %
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	\$565,835	\$488,357	\$944,981	\$1,054,192	\$109,211	11.56 %

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Legislative Budget Analysis, A-130

Funding

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.

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	14.48 %	90,960	90,960	181,920	17.26 %
PL Adjustments	479,026	401,124	880,150	85.52 %	474,875	397,397	872,272	82.74 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$553,552	\$475,650	\$1,029,202		\$565,835	\$488,357	\$1,054,192	

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 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 \$377,765 in general fund, and 3.50 FTE in FY 2016 and \$377,765 in general fund and 3.50 FTE in FY 2017.

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.

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

Revenues

All divisions of the agency and other agencies and boards designated as administratively attached use the services provided in the programs of the Director's Office. Administratively attached agencies or boards with staff to perform functions do not use some of the services and thus are not charged a fee. The revenues for this program are allocated in three ways: 1) the human resources function allocation is based on the annual amount per FTE served; 2) the legal unit a time used study; and 3) the remaining portion on the proportional size of the division budget to the total of all served.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Director's Office			
	Fund	Fund Name					
	06534	Management Services					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,228,668	1,229,668	1,625,016	1,624,847	2,104,764	2,044,763
Fee Revenue B		12	36,797	547	12	-	-
Total Operating Revenues		<u>1,228,680</u>	<u>1,266,465</u>	<u>1,625,563</u>	<u>1,624,859</u>	<u>2,104,764</u>	<u>2,044,763</u>
Expenses:							
Personal Services							
Other Operating Expenses		144,993	169,013	188,606	237,152	257,518	256,432
Total Operating Expenses		<u>1,323,217</u>	<u>1,548,727</u>	<u>1,491,195</u>	<u>1,947,046</u>	<u>2,077,981</u>	<u>2,075,031</u>
Operating Income (Loss)		<u>(94,537)</u>	<u>(282,262)</u>	<u>134,368</u>	<u>(322,187)</u>	<u>26,783</u>	<u>(30,268)</u>
Nonoperating Revenues:							
Other Revenue A		-	-	-	365,000	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		<u>-</u>	<u>-</u>	<u>-</u>	<u>365,000</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers		<u>(94,537)</u>	<u>(282,262)</u>	<u>134,368</u>	<u>42,813</u>	<u>26,783</u>	<u>(30,268)</u>
Transfers In							
Transfers Out		49,667	49,578	-	-	-	-
Change in Net Position		<u>(44,870)</u>	<u>(232,684)</u>	<u>114,846</u>	<u>42,813</u>	<u>26,783</u>	<u>(30,268)</u>
Beginning Net Position - July 1		172,476	127,606	(105,078)	9,768	52,581	79,364
Change in Net Position		(44,870)	(232,684)	114,846	42,813	26,783	(30,268)
Ending Net Position - June 30		<u>127,606</u>	<u>(105,078)</u>	<u>9,768</u>	<u>52,581</u>	<u>79,364</u>	<u>49,096</u>
Net Position (Fund Balance) Analysis							

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				

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	
Operating Expenses	0	0	0	50,000	0	50,000	50,000	0.00 %	
Total Costs	\$0	\$0	\$0	\$50,000	\$0	\$50,000	\$50,000	0.00 %	
General Fund	0	0	0	50,000	0	50,000	50,000	0.00 %	
Total Funds	\$0	\$0	\$0	\$50,000	\$0	\$50,000	\$50,000	0.00 %	

Page Reference

Legislative Budget Analysis, A-147

Funding

This program is entirely funded with general fund provided in HB 2.

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 %	0	0	0	0.00 %	
PL Adjustments	0	50,000	50,000	100.00 %	0	50,000	50,000	100.00 %	
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %	
Total Budget	\$0	\$50,000	\$50,000		\$0	\$50,000	\$50,000		

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 200201 - Governor-Elect Appropriation (Restricted/OTO)	0.00	0	0	0	0	0.00	50,000	0	0	50,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$50,000	\$0	\$0	\$50,000

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

DP 200201 - Governor-Elect Appropriation (Restricted/OTO) -

Montana Statute (2-15-221, MCA) requires the department to provide funding to a governor-elect and his or her staff for the period between the general election and the inauguration in the event of a change in office as a result of the 2016 general election. The legislature provided \$50,000 in general fund in FY 2017 as a restricted, one-time-only appropriation.

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	18.67	18.67	17.67	17.67	18.67	17.67	(1.00)	(5.36)%
Personal Services	1,150,020	1,260,306	1,284,380	1,289,109	2,410,326	2,573,489	163,163	6.77 %
Operating Expenses	253,469	249,733	354,032	356,039	503,202	710,071	206,869	41.11 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Total Costs	\$1,403,489	\$1,510,039	\$1,638,412	\$1,645,148	\$2,913,528	\$3,283,560	\$370,032	12.70 %
General Fund	1,346,251	1,453,950	1,581,655	1,588,348	2,800,201	3,170,003	369,802	13.21 %
Federal Spec. Rev. Funds	2,133	1,065	1,427	1,427	3,198	2,854	(344)	(10.76)%
Proprietary Funds	55,105	55,024	55,330	55,373	110,129	110,703	574	0.52 %
Total Funds	\$1,403,489	\$1,510,039	\$1,638,412	\$1,645,148	\$2,913,528	\$3,283,560	\$370,032	12.70 %

Page Reference

Legislative Budget Analysis, A-150

Funding

House Bill 2

General fund in the program supports development of statewide accounting standards, treasury functions, and accounting assistance for local governments. Proprietary funding in HB 2 is a direct appropriation from the Board of Investments proprietary fund for services the Treasury Unit provides to the board. Federal support provides for cash management services for federal Cash Management Improvement Act funds that are deposited into the general fund.

Proprietary Funding

Over half of the funding for the division office functions are supported with proprietary funds not appropriated through HB 2. These funds are considered and approved as rates charged to other divisions in the agency and other state agencies. The rates are discussed in the "Proprietary Rates" section of the narrative.

Statutory Appropriations

About a quarter of the funding in the State Financial Services Division is statutorily appropriated for use by the state treasurer. The state treasurer may contract with a financial institution to provide general depository banking services. The cost of contracting for banking services is statutorily appropriated from the general fund.

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	1,453,950	1,453,950	2,907,900	91.73 %	1,510,039	1,510,039	3,020,078	91.98 %
PL Adjustments	127,705	134,398	262,103	8.27 %	128,373	135,109	263,482	8.02 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$1,581,655	\$1,588,348	\$3,170,003		\$1,638,412	\$1,645,148	\$3,283,560	

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	8,588	0	0	8,588	0.00	8,588	0	0	8,588
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	23,075	0	1	23,076	0.00	23,075	0	1	23,076
DP 525 - Fixed Cost Adjustment	0.00	55,314	0	0	55,314	0.00	52,179	0	0	52,179
DP 529 - Longevity and Other adjustments	0.00	(7,590)	0	0	(7,590)	0.00	(2,861)	0	0	(2,861)
DP 531 - SITSD Rate Adjustment	0.00	33,334	0	0	33,788	0.00	36,524	0	0	37,021
DP 532 - General Liability Insurance Rate Adjustment	0.00	(10,820)	0	0	(10,968)	0.00	(10,863)	0	0	(11,011)
DP 550 - Motor Pool Rate Adjustment	0.00	(131)	0	0	(131)	0.00	(131)	0	0	(131)
DP 300106 - Directors Office Costs	0.00	2,212	0	0	2,212	0.00	1,287	0	0	1,287
DP 300444 - Statewide 4% FTE Reduction - Program 3	(1.00)	0	0	0	0	(1.00)	0	0	0	0
Grand Total All Present Law Adjustments	(1.00)	\$103,982	\$0	\$1	\$104,289	(1.00)	\$107,798	\$0	\$1	\$108,148

*"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 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 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 300106 - Directors Office Costs -

The legislature provided general fund to support indirect/administrative costs for services provided by proprietary funded centralized service functions within the Director's Office.

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 PL-300444 includes a reduction of 1.00 FTE each year.

Other Issues -**Proprietary Rates**

The State Financial Services Division provides the following functions with proprietary funds:

- Statewide Accounting, Budgeting, and Human Resource System (SABHRS) Financial Services Technology Bureau (FSTB)
- Warrant Writer
- Local Government Audit and Reporting

SABHRS Financial Services Technology Bureau - 06511*Program Description*

The SABHRS Financial Services Technology Bureau is responsible for the operational support, hosting, and maintenance for the enterprise financial and budget development information systems. FTSB is also responsible for providing hosting services, system architecture, and maintenance for the SABHRS HR information system for the HR Information Systems Bureau.

Revenues and Expenses

The 2017 Biennium Report on Internal Service and Enterprise Funds on the following page shows the actual and projected costs associated with the fund.

2017 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
6511	SABHRS	6101	State Financial Services Division			
			Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues						
Fees and Charges						
	SABHRS Services		\$3,821,496	\$3,532,624	\$4,281,676	\$4,092,380
	Other Operating Revenues					
	Other Revenue		252	0	0	0
Total Operating Revenues			<u>3,821,748</u>	<u>3,532,624</u>	<u>4,281,676</u>	<u>4,092,380</u>
Expenses						
	Personal Services		1,523,404	1,899,800	1,929,013	1,929,013
	Other Operating Expense					
	Operating Expenses		1,859,257	1,814,917	2,352,663	2,163,367
Total Operating Expense			<u>3,382,661</u>	<u>3,714,717</u>	<u>4,281,676</u>	<u>4,092,380</u>
Operating Income (Loss)			<u>\$439,087</u>	<u>(\$182,093)</u>	<u>\$0</u>	<u>\$0</u>
Income (Loss) Before Contributions and Transfers			<u>\$439,087</u>	<u>(\$182,093)</u>	<u>\$0</u>	<u>\$0</u>
Change in Net Position			<u>\$439,087</u>	<u>(\$182,093)</u>	<u>\$0</u>	<u>\$0</u>
Beginning Net Position - July 1			1,306,075	1,745,162	1,563,069	1,563,069
	Prior Period Adjustments					
	Change in Net Position		439,087	(182,093)	0	0
Ending Net Position - June 30			<u>\$1,745,162</u>	<u>\$1,563,069</u>	<u>\$1,563,069</u>	<u>\$1,563,069</u>

Rate and Rate Explanation:

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
SABHRS Services:	\$3,689,397	\$3,346,369	\$4,008,249	\$3,818,905

As proposed the rates increase 16% in FY 2016 and 11% in FY 2017 when compared to the FY 2014 rate charged to agencies. 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.

Warrant Writer Program - 06564*Program Description*

The Warrant Writer Unit (WWU) provides the check writing and direct-deposit services for most state agencies, including the university system. The WWU processes agency approved payments and tracks the payment status on SABHRS. Warrant printing is provided to the WWU by Print and Mail Services within the General Services Division. The WWU generates, tracks, and reconciles each payment. The services include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, vendor file maintenance, and federal 1099-MISC processing.

Revenues and Expenses

The 2017 Biennium Report on Internal Service and Enterprise Funds on the following page shows the actual and projected costs associated with the fund.

2017 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name		Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
			Administrative Services	Financial				
6564	Warrant Writing	61010	Administrative Services	Financial				
Operating Revenues								
Fees and Charges								
Warrant Writing Revenue					\$645,007	\$688,072	\$891,775	\$849,837
Total Operating Revenues					645,007	688,072	891,775	849,837
Expenses								
Personal Services					194,314	229,143	229,143	229,143
Other Operating Expense								
Other Services					143,749	136,995	136,995	136,995
Supplies & Materials					11,241	6,811	6,811	6,811
Communications					294,394	337,169	337,168	350,665
Travel					203	0	0	0
Rent					16,889	16,811	16,811	16,811
Repair & Maintenance					12,601	18,071	18,071	18,071
Other Operating					12,159	17,756	17,756	17,756
Inventory Adjustment					(39,477)			
Total Operating Expense					646,074	762,756	762,755	776,252
Operating Income (Loss)					(\$1,067)	(\$74,684)	\$129,020	\$73,585
Total Nonoperating Revenues (Expenses)					0	0	0	0
Income (Loss) Before Contributions and Transfers					(\$1,067)	(\$74,684)	\$129,020	\$73,585
Change in Net Position					(\$1,067)	(\$74,684)	\$129,020	\$73,585
Beginning Net Position - July 1					66,601	65,534	(9,150)	119,870
Prior Period Adjustments					0	0	0	0
Change in Net Position					(1,067)	(74,684)	129,020	73,585
Ending Net Position - June 30					\$65,534	(\$9,150)	\$119,870	\$193,455
Net Position (Fund Balance) Analysis								
Unrestricted Net Position					\$65,534	(\$9,150)	\$119,870	\$193,455

Expenses

Overall expenditures for the WWU increase 1.5% in both years of the biennium when compared to FY 2014 spending. Personal services changes for the program include:

- Annualization of HB 13 increases for state share contributions to employee insurance
- Restoration of funding related to vacancy savings of 4% imposed by the 2013 Legislature

These increases are partially offset by reductions in operating expenses for indirect costs allocated to the Director’s Office.

Rate and Rate Explanation:

For the 2017 biennium the following rates were approved by the legislature. The rates charged in previous biennia are shown for comparison purposes.

Requested Rates for Internal Service Funds Fee/Rate Information					
		Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	Mailer	0.74392	0.74464	0.92500	0.92500
	Non-Mailer	0.28392	0.28464	0.40000	0.40000
	Emergency	14.11292	14.11364	15.00000	15.00000
	Duplicates	3.35417	3.35489	10.00000	10.00000
	Externals				
	Externals - Payroll	0.20512	0.21239	0.16861	0.16368
	Externals - Universities	0.13859	0.13907	0.13500	0.13500
	Direct Deposit				
	Direct Deposit - Mailer	0.81859	0.82907	1.10000	1.10000
	Direct Deposit - No Advice Printed	0.13859	0.13907	0.15000	0.15000
	Unemployment Insurance				
	Mailer - Print Only	0.14533	0.14557	0.13280	0.13141
	Direct Deposit - No Advice Printed	0.04769	0.04785	0.03910	0.03308

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.

Local Government Audit and Reporting Program - 06042

Program Description

The Audit Review program is responsible for administering the provisions of the Montana Single Audit Act, which specifies the audit requirements for about 900 Montana local government entities. The work of the Audit Review program is mandated primarily in 2-7-5, MCA. The program reviews financial reports and enters selected data into a statewide database and notifies state agencies of audit findings related to financial assistance programs that they administer. The program also maintains a roster of independent auditors authorized to conduct local government audits, provides technical accounting assistance to local governments and other staff within the bureau.

Expenses

The majority of the costs of the program are for personal services.

Other changes include additional costs to support services provided by the Director’s Office, present law personal services adjustments for current FTE, and applicable fixed cost adjustments.

Revenues

Unlike the other proprietary programs in SFSD, the Local Government Audit and Reporting Program is funded with enterprise funds, as it serves entities outside of state government. As an enterprise fund the legislature neither appropriates funding nor approves the proprietary rates charged for the program.

Fees include a:

- Report filing fee based on costs incurred by the department for administering the program. All local government entities are required to submit audit pay the fee, currently \$75
- Roster fee collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana, currently \$100 per year
- Late payment penalty incurred when a local government entity fails to file a report as required, currently 10% per month
- Fine for failure to file audits or reports as required, currently \$50 per publication.

2017 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Program Name			
6042	Single Audit Review - HB328	61010	State Financial Services			
			Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues						
Fees and Charges						
	Revenue from Audit Review Roster Fee		\$6,970	\$6,500	\$9,000	\$9,000
	Revenue from Annual Report Filing Fee		356,082	360,000	425,000	425,000
Other Operating Revenues						
	Revenue from Delinquent Report Submissions		40,996	40,000	35,000	35,000
	Miscellaneous Revenue					
Total Operating Revenues			404,048	406,500	469,000	469,000
Expenses						
	Personal Services		333,656	345,540	349,660	356,575
	Software upgrade			294,154		
	Other Operating Expense		89,208	90,100	91,001	91,911
Total Operating Expense			422,864	729,794	440,661	448,486
Operating Income (Loss)			(\$18,816)	(\$323,294)	\$28,339	\$20,514
Total Nonoperating Revenues (Expenses)			0	0	0	0
Income (Loss) Before Contributions and Transfers			(\$18,816)	(\$323,294)	\$28,339	\$20,514
Change in Net Position			(\$18,816)	(\$323,294)	\$28,339	\$20,514
Beginning Net Position - July 1			355,339	336,523	13,228	41,567
	Prior Period Adjustments					
	Change in Net Position		(18,816)	(323,294)	28,339	20,514
Ending Net Position - June 30			\$336,523	\$13,228	\$41,567	\$62,080
Net Position (Fund Balance) Analysis						
	Restricted Net Position (Enterprise Funds Only)					
	Unrestricted Net Position					

Proprietary Rates

Funding for the program is with enterprise type proprietary funds. As such, the legislature does not approve rates or appropriate funds for this proprietary funded program. The fees shown below are adopted in the Administrative Rules of Montana or are required in statute.

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Major Fee:				
Local Government Report Filing Fee				
Annual revenues equal to or greater than \$500,000, but less than \$1,000,000	\$435 635	\$435 635	\$440 640	\$440 640
Annual revenues equal to or greater than \$1,500,000, but less than \$2,500,000	760	760	830	830
Annual revenues equal to or greater than \$2,500,000, but less than \$5,000,000	845	845	1,000	1,000
Annual revenues equal to or greater than \$5,000,000, but less than \$10,000,000	890	890	1,200	1,200
Annual revenues are equal to or greater than \$10,000,000, but less than \$50,000,000	965	965	1,400	1,400
Annual revenues are equal to or greater than \$50,000,000	1,000	1,000	1,600	1,600
Minor Fee:				
Auditor Roster Fee				
Annual Fee	100	100	150	150

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	17.00	17.00	16.50	16.50	17.00	16.50	(0.50)	(2.94)%
Personal Services	1,282,052	1,438,836	1,449,900	1,452,819	2,720,888	2,902,719	181,831	6.68 %
Operating Expenses	545,698	529,875	603,764	604,341	1,075,573	1,208,105	132,532	12.32 %
Total Costs	\$1,827,750	\$1,968,711	\$2,053,664	\$2,057,160	\$3,796,461	\$4,110,824	\$314,363	8.28 %
General Fund	0	0	0	0	0	0	0	0.00 %
State/Other Special Rev. Funds	1,827,750	1,968,711	2,053,664	2,057,160	3,796,461	4,110,824	314,363	8.28 %
Total Funds	\$1,827,750	\$1,968,711	\$2,053,664	\$2,057,160	\$3,796,461	\$4,110,824	\$314,363	8.28 %

Page Reference

Legislative Budget Analysis, A-166

Funding

The Architecture and Engineering Program is funded with funds transferred from the long-range building capital projects fund to a state special revenue account established for administrative expenses in support of the state Long-range Building Program.

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 %	1,968,711	1,968,711	3,937,422	0.00 %
PL Adjustments	0	0	0	0.00 %	84,953	88,449	173,402	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$2,053,664	\$2,057,160	\$4,110,824	

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 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	0	1,315	0	1,315	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	0	8,019	0	8,019	0.00	0	8,019	0	8,019
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	0	1,197	0	1,197	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	0	3,045	0	3,045	0.00	0	5,964	0	5,964
DP 550 - Motor Pool Rate Adjustment	0.00	0	(1,582)	0	(1,582)	0.00	0	(1,604)	0	(1,604)
DP 400106 - Directors Office Costs	0.00	0	(5,306)	0	(5,306)	0.00	0	(6,563)	0	(6,563)
DP 400444 - Statewide 4% FTE Reduction - Program 04	(0.50)	0	0	0	0	(0.50)	0	0	0	0
Grand Total All Present Law Adjustments	(0.50)	\$0	\$6,688	\$0	\$6,688	(0.50)	\$0	\$5,816	\$0	\$5,816

***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 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 400106 - 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 400444 - Statewide 4% FTE Reduction - Program 04 -

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-400444 includes a reduction of 0.50 FTE each year.

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	11.25	11.25	12.25	12.25	11.25	12.25	1.00	8.89 %
Personal Services	697,985	725,163	816,730	818,844	1,423,148	1,635,574	212,426	14.93 %
Operating Expenses	157,316	1,364,116	2,326,943	2,330,051	1,521,432	4,656,994	3,135,562	206.09 %
Capital Outlay	0	0	0	0	0	0	0	0.00 %
Total Costs	\$855,301	\$2,089,279	\$3,143,673	\$3,148,895	\$2,944,580	\$6,292,568	\$3,347,988	113.70 %
General Fund	795,969	2,023,411	2,983,042	2,988,874	2,819,380	5,971,916	3,152,536	111.82 %
State/Other Special Rev. Funds	59,332	65,868	160,631	160,021	125,200	320,652	195,452	156.11 %
Proprietary Funds	0	0	0	0	0	0	0	0.00 %
Total Funds	\$855,301	\$2,089,279	\$3,143,673	\$3,148,895	\$2,944,580	\$6,292,568	\$3,347,988	113.70 %

Page Reference

Legislative Budget Analysis, A-170

Funding

HB 2 Funding

General fund provides support for the State Procurement Bureau and for transfers to the capitol complex major maintenance account in the state special revenue fund.

State special revenues from procurement rebates fund a portion of the procurement functions that provide for the fueling and procurement card operations. The legislature moved central stores from the proprietary fund to an account within the state special revenue fund.

Proprietary Funds

The majority of the office is supported through 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.

Statutory Appropriations

General Services Division issues federal fund rebates for procard and fuel card rebates under 17-3-106, MCA. Rebates that are for costs provided by federal funds are returned to the federal government.

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	823,215	823,215	1,646,430	27.57 %	889,083	889,083	1,778,166	28.26 %
PL Adjustments	2,159,827	2,165,659	4,325,486	72.43 %	2,168,903	2,174,300	4,343,203	69.02 %
New Proposals	0	0	0	0.00 %	85,687	85,512	171,199	2.72 %
Total Budget	\$2,983,042	\$2,988,874	\$5,971,916		\$3,143,673	\$3,148,895	\$6,292,568	

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 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	0	37	0	37	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	5,093	374	0	5,467	0.00	5,093	374	0	5,467
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	12,945	0	0	12,945	0.00	12,945	0	0	12,945
DP 525 - Fixed Cost Adjustment	0.00	2,105,197	5,642	0	2,110,839	0.00	2,109,288	5,647	0	2,114,935
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	0	255	0	255	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	3,012	0	0	3,012	0.00	5,301	0	0	5,301
DP 550 - Motor Pool Rate Adjustment	0.00	(28)	0	0	(28)	0.00	(28)	0	0	(28)
DP 600106 - Directors Office Costs	0.00	6,608	2,768	0	9,376	0.00	6,060	2,620	0	8,680
DP 600200 - Transfers for Original Governors Mansion (Restricted)	0.00	27,000	0	0	27,000	0.00	27,000	0	0	27,000
DP 600220 - Rent for the Common Areas (Restricted/OTO)	0.00	2,127,438	0	0	2,127,438	0.00	2,132,185	0	0	2,132,185
DP 600230 - Rent for the common areas - base adjustments	0.00	(2,127,438)	0	0	(2,127,438)	0.00	(2,132,185)	0	0	(2,132,185)
Grand Total All Present Law Adjustments	0.00	\$2,159,827	\$9,076	\$0	\$2,168,903	0.00	\$2,165,659	\$8,641	\$0	\$2,174,300

**"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 600106 - Directors Office Costs -

The legislature appropriated the program's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions within the Director's Office.

DP 600200 - Transfers for Original Governors Mansion (Restricted) -

The legislature approved a direct transfer of general fund from the Montana Historical Society to the General Services Program. The funding is restricted to maintenance for the Original Governor's Mansion, the purpose of the transfer.

DP 600220 - Rent for the Common Areas (Restricted/OTO) -

The legislature approved \$2.133 million in general fund for the rent of the common areas as a restricted, one-time-only appropriation. The funding was adjusted for reductions in the rental rate for office space approved by the legislature as part of its action on fixed costs.

DP 600230 - Rent for the common areas - base adjustments -

The legislature funded rent for the common areas as one-time-only, removing about \$2.1 million from the base budget.

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 600601 - Funding Switch for Central Stores Program	1.00	0	0	0	85,687	1.00	0	0	0	85,512
Total	1.00	\$0	\$0	\$0	\$85,687	1.00	\$0	\$0	\$0	\$85,512

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

DP 600601 - Funding Switch for Central Stores Program -

The legislature approved the General Services Division fund switch for the Central Stores Program, from proprietary funds to state special revenues. The state special revenues would be generated through a 2% fee assessed businesses participating in the eMarketCenter.

Other Issues -

Proprietary Rates

The General Services Division provides the following functions supported by proprietary rates charged to state agencies:

- Facilities management (Rent and Grounds Maintenance)
- Print services
- Mail services
- Surplus property
- Central stores

Facilities Management Bureau - 06528

Program Description

Rent and maintenance are managed by the Facilities Management Bureau (FMB), which is the custodian of all state property and grounds in the state capitol area. The state capitol area is the geographic area within a 10-mile radius of the State Capitol. Services include providing facilities management assistance, including repair, maintenance, and construction services to state agencies in the Helena area; and providing statewide leasing assistance to agencies to negotiate colocation of agencies when procuring leased space for field offices. The bureau also manages the office waste paper products recycling program in the Helena area. The program serves all agencies and units within state government.

Revenue and Expenses:

Revenues, expenditures and changes in net position for the fund associated with this function are shown on the following page.

Revenues

All agencies occupying office space in a state owned building on the capitol complex pay rent to the program. Separate rental rates are established for office space and storage space and for the grounds. In addition to rent payments, agencies pay a percentage of the costs for non-routine maintenance projects. These fees are charged at different rates depending on whether bureau or contracted employees are used to complete the project. The revenues from fees are budgeted in the following percentages:

- 93% - square footage rental rate for office and warehouse space billed to agencies occupying space in state owned buildings controlled by the Department of Administration
- 6% - grounds maintenance
- 1% - Construction and handyman services. These serves are outside the scope of rent and include remodeling, relocating offices, repair and maintenance, and construction services

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: General Services Program			
	Fund	Fund Name					
	06528	Rent And Maintenance					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		6,757,577	8,111,230	7,900,987	7,862,673	9,095,135	9,115,372
Fee Revenue B		335,820	406,661	388,608	385,775	538,691	540,085
Fee Revenue C		16,793	12,923	9,674	21,200	-	-
Fee Revenue D		67,659	94,349	116,149	80,000	40,000	40,000
Fee Revenue E		114,298	129,834	55,701	210,000	50,000	50,000
Fee Revenue F		397,546	475,066	459,758	500,000	570,655	570,655
Other Operating Revenue		20,159	1,532	6,633	1,000	1,500	1,500
Total Operating Revenues		7,709,852	9,231,595	8,937,510	9,060,648	10,295,981	10,317,612
Expenses:							
Personal Services		1,894,403	1,899,836	1,830,052	2,081,179	2,222,336	2,222,489
Other Operating Expenses		9,088,826	7,481,511	7,046,658	6,780,748	7,833,624	7,935,102
Total Operating Expenses		10,983,229	9,381,347	8,876,710	8,861,927	10,055,960	10,157,591
Operating Income (Loss)		(3,273,377)	(149,752)	60,800	198,721	240,021	160,021
Nonoperating Revenues:							
Other Revenue A		269	8,823	7,799	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		269	8,823	7,799	-	-	-
Income (Loss) Before Contributions and Transfers		(3,273,108)	(140,929)	68,599	198,721	240,021	160,021
Transfers In		(115,266)	(251,712)	-	-	-	-
Transfers Out		(289,000)	(246,000)	(328,068)	(240,000)	(240,000)	(160,000)
Change in Net Position		(3,677,374)	(638,641)	(259,469)	(41,279)	21	21
Beginning Net Position - July 1		4,365,019	687,645	45,708	(213,761)	733,609	733,630
Prior Period Adjustments		-	(3,296)	-	988,649	-	-
Change in Net Position		(3,677,374)	(638,641)	(259,469)	(41,279)	21	21
Ending Net Position - June 30		687,645	45,708	(213,761)	733,609	733,630	733,651
Net Position (Fund Balance) Analysis							

Rate and Rate Explanation

Rent is based on square feet occupied and is assessed each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services and operating expenses including maintenance and equipment. Grounds maintenance charges are also based on square feet of office space occupied in buildings controlled by the Department of Administration. Again, the rates are established to cover the cost of personal services and operating expenses including maintenance and equipment replacement.

The legislature adopted the following rates:

Requested Rates for Internal Service Funds Fee/Rate Information				
	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:				
Office Rent (per sq. ft.)	8.434	8.217	9.780	9.800
Warehouse Rent (per sq. ft.)	4.625	4.637	4.625	4.637
Grounds Maintenance (per sq. ft.)	0.491	0.493	0.615	0.615
Project Mgmt. (In-house)	15%	15%	15%	15%
Project Mgmt. (Contracted)	5%	5%	5%	5%

Print and Mail Services Bureau - 06530

Program Description

The Print and Mail Services Bureau (PMSB) provides printing and mail services to all agencies within State Government. The bureau has seven components: 1) internal printing; 2) external (contracted) printing; 3) photocopy pool; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead mail); and 7) postal station in the Capitol. All printing or purchasing of printing is requested through Print and Mail Services, which determines the most cost effective method of project completion. Approximately 64.4% of printing expenditures were procured through commercial vendors in FY 2014.

Revenue and Expenses

Revenues, expenses, and changes in net position are presented in the figure on the following page.

2017 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06530	Print & Mail Services	6101	General Services

	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues				
Fees and Charges				
Internal Printing	\$1,637,751	\$1,989,043	\$1,859,257	\$1,859,257
External Printing	2,965,562	2,739,014	2,981,350	2,981,350
Photocopy Pool	540,474	541,003	540,474	540,474
Mail Preparation	798,888	732,958	798,888	798,888
Mail Operations	4,377,743	4,727,801	4,518,743	4,518,743
Inter-Agency (Deadhead)	314,750	314,750	355,570	355,570
Postal Contract Station	38,976	38,976	38,976	38,976
Other Operating Revenues	0	0	0	0
Jury Duty	25	0	0	0
Total Operating Revenues	10,674,169	11,083,545	11,093,258	11,093,258
Expenses				
Personal Services	1,540,498	1,579,157	1,400,972	1,401,015
Other Operating Expense	9,132,154	9,538,458	9,492,459	9,484,815
Total Operating Expense	10,672,652	11,117,615	10,893,431	10,885,830
Operating Income (Loss)	\$1,517	(\$34,070)	\$199,827	\$207,428
Nonoperating Revenues				
Gain (loss) Sale of Fixed Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Contributions and Transfers	\$1,517	(\$34,070)	\$199,827	\$207,428
Capital Contributions				
Change in Net Position	\$1,517	(\$34,070)	\$199,827	\$207,428
Beginning Net Position - July 1	1,874,610	1,966,390	1,932,320	2,132,147
Prior Period Adjustments	90,263			
Change in Net Position	1,517	(34,070)	199,827	207,428
Ending Net Position - June 30	\$1,966,390	\$1,932,320	\$2,132,147	\$2,339,575

Revenues

All state agencies in Helena use the services of this program depending upon their printing and mail needs. Printing revenue is based on the actual type and volume of printing provided and mail services is based on agency specified service frequency.

Revenue was received in the following percentages in FY 2014:

- Internal printing - 15.3%
- External printing – 27.8%
- Photocopy pool – 5.1%
- Mail Preparation – 7.5%
- Central Mail Operations – 41.0%
- Inter-agency (Deadhead Mail) – 2.9%
- Postal Contract Station – 0.4%

Rates and Rate Explanations

For the 2017 biennium the following rates were adopted by the legislature as shown on the following page. The rates charged in the previous two biennia 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:						
Internal Printing						
Impression Cost						
1-20	0.0762	0.0762	0.0800	0.0800	0.0930	0.0930
21-100	0.0336	0.0336	0.0360	0.0360	0.0420	0.0420
101-1000	0.0193	0.0193	0.0200	0.0200	0.0230	0.0230
1001-5000	0.0078	0.0078	0.0080	0.0080	0.0090	0.0090
5000 +	0.0039	0.0039	0.0040	0.0040	0.0050	0.0050
Color Copy						
8 1/2 x 11	0.25	0.20	0.22	0.25	0.25	0.25
11 x 17	0.50	0.40	0.44	0.50	0.50	0.50
Ink						
Black per Sheet	0.0002	0.0002	0.0002	0.0002	0.00024	0.00024
Color	15.00	15.00	15.00	15.00	15.00	15.00
Special Mix	25.00	25.00	25.00	25.00	25.00	25.00
Collating Machine	0.0072	0.0072	0.0080	0.0080	0.0085	0.0085
Collating Hand	0.60	0.60	0.60	0.60	0.64	0.64
Stapling Hand	0.018	0.018	0.018	0.018	0.018	0.018
Stapling In-line	0.012	0.012	0.012	0.012	0.012	0.012
Saddle Stitch	0.036	0.036	0.036	0.036	0.036	0.036
Folding	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006
Folding Rt Angle	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006	12.00 + .006
Folding In-line	0.036	0.036	0.036	0.036	0.036	0.036
Punching St 3 hole	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012
Punching Non St	3.60 + .0012	3.60 + .0012	3.60 + .0012	3.60 + .0012	3.60 + .0012	3.60 + .0012
Cutting	0.66	0.66	0.66	0.66	0.66	0.66
Padding	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024

Scoring, perf, num	6.00 + Dup Rate					
Perfect Binding	18.00 + 0.66	18.00 + 0.66	18.00 + 0.66	18.00 + 0.66	18.00 + 0.66	18.00 + 0.66
Spirial Binding	0.69	0.69	0.69	0.69	0.79	0.79
Laminating						
8 1/2 x 11	0.57	0.57	0.57	0.57	0.57	0.57
11 x 17	0.85	0.85	0.85	0.85	0.85	0.85
Tape Binding	0.60	0.60	0.60	0.60	0.60	0.60
Shrink Wrapping	0.30	0.30	0.30	0.30	0.30	0.30
Hand Work Production	0.60	0.60	0.60	0.60	0.64	0.64
Overtime	22.15	22.15	24.00	24.00	24.00	24.00
Desktop	46.36	46.36	50.00	50.00	65.00	65.00
Scan	9.52	9.52	9.52	9.52	9.52	9.52
Large Format Color per ft.	12.70	12.70	12.70	12.70	12.70	12.70
Proof	0.25	0.25	0.25	0.25	0.25	0.25
Programming	45.46	45.46	50.00	50.00	65.00	65.00
File Transfer	22.00	22.73	25.00	25.00	25.00	25.00
Variable Data	0.009	0.009	0.015	0.02	0.02	0.02
CD Duplicating	1.75	1.75	1.75	1.75	1.75	1.75
DVD Duplicating	3.50	3.50	3.50	3.50	3.50	3.50
Mainframe Print	0.069	0.069	0.069	0.069	0.069	0.069
Silver Plates						
8.5x11	9.20	9.20	9.20	9.20	9.20	9.20
11x17	10.35	10.35	10.35	10.35	10.35	10.35
CTP Plates						
8.5x11	9.20	9.20	9.20	9.20	9.20	9.20
11x17	10.35	10.35	10.35	10.35	10.35	10.35
Inventory Mark Up	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

Fee Group						
External Printing						
Percent of Invoice	6.73%	6.73%	6.73%	6.73%	7.30%	7.30%
Mark-up						
Fee Group						
Photocopy Pool						
Percent of Invoice	15.0%	15.0%	15.9%	15.9%	15.9%	15.9%
Mark-up						
Fee Group						
Mail Preparation						
Tabbing	0.021	0.021	0.021	0.021	0.021	0.021
Labeling	0.021	0.021	0.021	0.021	0.021	0.021
Ink Jet	0.034	0.034	0.034	0.034	0.034	0.034
Inserting	0.030	0.030	0.030	0.030	0.030	0.030
Waymark	0.062	0.062	0.069	0.069	0.069	0.069
Permit mailings	0.062	0.062	0.069	0.069	0.069	0.069
Fee Group						
Mail Operations						
Service Type (each)						
Machinable	0.043	0.043	0.043	0.043	0.043	0.043
Non-Machinable	0.080	0.080	0.100	0.100	0.100	0.100
Seal Only	0.020	0.020	0.020	0.020	0.020	0.020
Post cards	0.049	0.049	0.060	0.060	0.060	0.060
Certified Mail	0.614	0.614	0.614	0.614	0.614	0.614
Registered Mail	0.614	0.614	0.614	0.614	0.614	0.614
Internatl Mail	0.400	0.400	0.500	0.500	0.500	0.500
Flats	0.110	0.110	0.140	0.140	0.140	0.140
Priority	0.614	0.614	0.614	0.614	0.614	0.614
Express Mail	0.614	0.614	0.614	0.614	0.614	0.614
USPS Parcels	0.400	0.400	0.500	0.500	0.500	0.500
Insured mail	0.614	0.614	0.614	0.614	0.614	0.614
Media Mail	0.307	0.307	0.307	0.307	0.307	0.307
Standard Mail	0.200	0.200	0.200	0.200	0.200	0.200
Postage Due	0.061	0.061	0.061	0.061	0.061	0.061
Fee Due	0.061	0.061	0.061	0.061	0.061	0.061
Tapes	0.245	0.245	0.245	0.245	0.245	0.245
Express Services	0.500	0.500	0.500	0.500	0.500	0.500
Mail tracking					0.250	0.250
Cass letters/postcards					0.043	0.043
Cass flats					0.100	0.100
Flat sorter					0.250	0.250
Fee Group						
Inter-agency Mail						
Dollars-yearly	297,657	297,657	314,750	314,750	355,570	355,570

Fee Group						
Postal Contract (Capitol)						
Dollars-yearly	38,976	38,976	38,976	38,976	38,976	38,976

06066 Surplus Property Program

Program Description

The Property and Supply Bureau operates the surplus property program to administer the sale of surplus property no longer needed by agencies. This property is distributed to state agencies or other eligible organizations. The program sells property through on-line auction, fixed price warehouse sales, public auction, and garage sales. The surplus property program services include extending the life of state property by providing a mechanism to transfer surplus property between agencies, providing accountability in the disposal of surplus state property, providing agencies with a surplus equipment pick up service, and providing a screening service to locate federal surplus property for state and local agencies.

The figure on the following page provides the anticipated revenues, expenditures, and net positions for the 2015 and 2017 biennia.

2017 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
06066	Surplus Property	6101	General Services Division

	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues				
Fees and Charges				
State Surplus Property Handling Fee	\$346,842	\$376,083	\$350,000	\$350,000
Federal Surplus Property Handling Fee	11,663	13,893	14,101	14,313
Total Operating Revenues	358,504	389,976	364,101	364,313
Expenses				
Personal	240,684	324,606	385,249	384,367
Services	756,615	142,250	177,394	176,453
Other Operating Expense				
Total Operating Expense	997,299	466,856	562,643	560,820
Operating Income (Loss)	(\$638,795)	(\$76,880)	(\$198,542)	(\$196,507)
Nonoperating Revenues	0	0	0	0
Gain (Loss) Sale of Fixed Assets	7,030	0	0	0
Nonoperating Expenses	0	0	0	0
Total Nonoperating Revenues (Expenses)	7,030	0	0	0
Income (Loss) Before Contributions and Transfers	(\$631,765)	(\$76,880)	(\$198,542)	(\$196,507)
Capital Contributions	607,182	500,000	600,000	600,000
Change in Net Position	(\$24,583)	\$423,120	\$401,458	\$403,493
Beginning Net Position - July 1	503,368	477,031	900,151	1,301,609
Prior Period Adjustments	(1,755)	0	0	0
Change in Net Position	(24,583)	423,120	401,458	403,493
Ending Net Position - June 30	\$477,031	\$900,151	\$1,301,609	\$1,705,102

Rate and Rate Explanation:

This program is funded with an enterprise fund type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. See LFD Issue in the narrative for a discussion of vacant positions within this program and related legislative options.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial positions of the fund.

Requested Rates for Internal Service Funds Fee/Rate Information					
Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
<p>Fee Description: The State Surplus handling fees are: If property is sold for less than \$500, the program retains the proceeds. The program retains \$500 plus 5% and unusual expenses for property sold for more than \$500. The Federal Surplus Property program fees are an allocation of freight expense and 14% of acquisition cost. This is included in the Federal Plan of Operation, which has been approved by the Federal General Services Administration.</p>					

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	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	1,743,579	285,163	1,394,738	2,028,742	634,004	45.46 %
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	\$2,240,819	\$782,719	\$2,639,124	\$3,023,538	\$384,414	14.57 %
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	321,129	319,876	762,164	641,005	(121,159)	(15.90)%
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	\$2,240,819	\$782,719	\$2,639,124	\$3,023,538	\$384,414	14.57 %

Page Reference

Legislative Budget Analysis, A-192

Funding

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	119.70 %
PL Adjustments	(97,023)	(97,209)	(194,232)	(25.69)%	(993,093)	(996,050)	(1,989,143)	(65.79)%
New Proposals	0	0	0	0.00 %	1,424,270	(30,873)	1,393,397	46.08 %
Total Budget	\$378,152	\$377,966	\$756,118		\$2,240,819	\$782,719	\$3,023,538	

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 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 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 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 for 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

Revenues and Expenses

Overall expenses and revenues for the program are shown on in the figure below.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Information Technology Services Division			
	Fund	Fund Name					
	06522	ISD Proprietary					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		36,988,678	37,204,910	38,332,137	39,600,000	42,294,100	44,508,458
Other Operating Revenue		34,468	10,778	51,905	35,000	50,000	50,000
Total Operating Revenues		37,023,146	37,215,688	38,384,042	39,635,000	42,344,100	44,558,458
Expenses:							
Personal Services							
Other Operating Expenses		14,708,049	14,318,880	14,658,251	15,502,081	16,733,047	16,757,600
Total Operating Expenses		27,433,836	24,880,710	25,706,816	23,240,212	25,558,627	27,723,158
Operating Income (Loss)		(5,118,739)	(1,983,902)	(1,981,025)	892,707	52,426	77,700
Nonoperating Revenues:							
Other Revenue A		696,638	-	-	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		696,638	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(4,422,101)	(1,983,902)	(1,981,025)	892,707	52,426	77,700
Capital Contributions							
Transfers In		872,349	-	33,132	-	-	-
Transfers Out		-	-	19,522	-	-	-
		-	-	(467,866)	-	-	-
Change in Net Position		(3,549,752)	(1,983,902)	(2,396,237)	892,707	52,426	77,700
Beginning Net Position - July 1		10,258,556	6,708,774	4,720,622	2,324,385	3,217,092	3,269,518
Prior Period Adjustments		(30)	(4,250)	-	-	-	-
Change in Net Position		(3,549,752)	(1,983,902)	(2,396,237)	892,707	52,426	77,700
Ending Net Position - June 30		6,708,774	4,720,622	2,324,385	3,217,092	3,269,518	3,347,218
Net Position (Fund Balance) Analysis							

Revenues

Funding for SITSD services is from charges to state agencies through the fixed cost process for server and application hosting and data network services.

Budget authority to pay the SITSD allocation is a fixed cost item in each agency’s budget. Projected increases are due to:

- The amount of services projected by the agency
- Rate increases due to increased costs of services
- An increase in the requested working capital balance contribution included in the proprietary rates

SITSD uses a methodology to identify and allocate the full costs of each separate service it offers to the users of that service. This is known as the full-cost transparency model (FTM) and has been in place since the 2011 biennium. SITSD

defines over 200 services, allocates costs and staff time to each service, and estimates the number of services that will be provided to each agency. Rates are based on a detailed allocation of expenditures and staff time to each service.

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:	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve

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	37.00	37.00	35.80	35.80	37.00	35.80	(1.20)	(3.24)%
Personal Services	2,736,740	2,870,477	3,338,686	3,341,454	5,607,217	6,680,140	1,072,923	19.13 %
Operating Expenses	861,750	1,016,511	992,586	927,737	1,878,261	1,920,323	42,062	2.24 %
Total Costs	\$3,598,490	\$3,886,988	\$4,331,272	\$4,269,191	\$7,485,478	\$8,600,463	\$1,114,985	14.90 %
State/Other Special Rev. Funds	3,598,490	3,886,988	4,331,272	4,269,191	7,485,478	8,600,463	1,114,985	14.90 %
Total Funds	\$3,598,490	\$3,886,988	\$4,331,272	\$4,269,191	\$7,485,478	\$8,600,463	\$1,114,985	14.90 %

Page Reference

Legislative Budget Analysis, A-201

Funding

The division is funded solely by state special revenues generated from assessments, application fees, and examination fees paid by the regulated financial institutions.

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 %	3,886,988	3,886,988	7,773,976	0.00 %
PL Adjustments	0	0	0	0.00 %	372,639	310,337	682,976	0.00 %
New Proposals	0	0	0	0.00 %	71,645	71,866	143,511	0.00 %
Total Budget	\$0	\$0	\$0		\$4,331,272	\$4,269,191	\$8,600,463	

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 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	0	2,401	0	2,401	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	0	16,913	0	16,913	0.00	0	16,913	0	16,913
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	95,306	0	95,306	0.00	0	95,306	0	95,306
DP 525 - Fixed Cost Adjustment	0.00	0	29,100	0	29,100	0.00	0	28,351	0	28,351
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	0	2,544	0	2,544	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	0	7,829	0	7,829	0.00	0	19,187	0	19,187
DP 550 - Motor Pool Rate Adjustment	0.00	0	(2,714)	0	(2,714)	0.00	0	(2,752)	0	(2,752)
DP 1400106 - Directors Office Costs	0.00	0	13,876	0	13,876	0.00	0	11,400	0	11,400
DP 1400200 - Operating Cost Adjustments	0.00	0	(69,132)	0	(69,132)	0.00	0	(125,773)	0	(125,773)
DP 1400210 - Other Personal Services	0.00	0	181,516	0	181,516	0.00	0	172,705	0	172,705
DP 1400444 - Statewide 4% FTE Reduction - Program 14	(2.20)	0	0	0	0	(2.20)	0	0	0	0
DP 1401403 - Examiner Situational Pay Adjustment	0.00	0	35,000	0	35,000	0.00	0	35,000	0	35,000
DP 1401405 - Re-classify Examiner Position	0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000
Grand Total All Present Law Adjustments	(2.20)	\$0	\$372,639	\$0	\$372,639	(2.20)	\$0	\$310,337	\$0	\$310,337

***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 4% 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 1400106 - Directors Office Costs -

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

DP 1400200 - Operating Cost Adjustments -

The legislature reduced funding for operating costs. The reductions are based on lower spending in the first year of the 2015 biennium that are carried forward into the 2017 biennium.

DP 1400210 - Other Personal Services -

The legislature provided funding to support personal services increases within the division.

DP 1400444 - Statewide 4% FTE Reduction - Program 14 -

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-1400444 includes a reduction of 2.20 FTE each year.

DP 1401403 - Examiner Situational Pay Adjustment -

The legislature provided funding for situational pay adjustments. In 2008, the Division of Banking and Financial Institutions established a situational pay scale to compensate examiners for the extensive travel that is required as part of their position. Examiners are compensated at the end of the calendar year for each night over 40 nights that are spent in an overnight travel status. The situational pay scale assists the division with examiner retention by providing an additional incentive to examiners that travel more than 40 nights per year.

DP 1401405 - Re-classify Examiner Position -

When the Division of Banking and Financial Institutions was re-accredited in 2009 by the Conference of State Bank Supervisors, the division was criticized for failing to have a certified financial institution information technology examiner on staff to perform information technology examinations of Montana's financial institutions. The legislature provided the division funding to reclassify an existing vacant position to serve as an information technology examiner and provide for travel, training, and related expenses.

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	31.50	31.50	31.50	31.50	31.50	31.50	0.00	0.00 %
Personal Services	1,934,732	2,039,103	2,163,692	2,164,610	3,973,835	4,328,302	354,467	8.92 %
Operating Expenses	2,940,083	2,963,996	3,972,156	3,435,390	5,904,079	7,407,546	1,503,467	25.46 %
Equipment & Intangible Assets	14,333	19,500	144,500	19,500	33,833	164,000	130,167	384.73 %
Debt Service	81,678	89,977	89,977	89,977	171,655	179,954	8,299	4.83 %
Total Costs	\$4,970,826	\$5,112,576	\$6,370,325	\$5,709,477	\$10,083,402	\$12,079,802	\$1,996,400	19.80 %
State/Other Special Rev. Funds	0	0	0	0	0	0	0	0.00 %
Proprietary Funds	4,970,826	5,112,576	6,370,325	5,709,477	10,083,402	12,079,802	1,996,400	19.80 %
Total Funds	\$4,970,826	\$5,112,576	\$6,370,325	\$5,709,477	\$10,083,402	\$12,079,802	\$1,996,400	19.80 %

Page Reference

Legislative Budget Analysis, A-207

Funding

House Bill 2

The lottery is funded entirely with proprietary funds derived from lottery game revenues. Net revenues of the lottery are by state law transferred to the general fund. Therefore, the lottery is indirectly funded with general fund and by law its funding for operations must be appropriated by the legislature.

Statutory Appropriations

In the 2017 biennium over 84% of the total proposed costs for the lottery are statutorily appropriated for lottery prizes and commissions and vendor fees paid to lottery ticket or change sales agents. The level of costs for commissions and vendor fees fluctuates in direct correlation to the ticket sales and is thus forecast to increase as are lottery revenues.

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 %	5,112,576	5,112,576	10,225,152	0.00 %
PL Adjustments	0	0	0	0.00 %	1,182,940	522,283	1,705,223	0.00 %
New Proposals	0	0	0	0.00 %	74,809	74,618	149,427	0.00 %
Total Budget	\$0	\$0	\$0		\$6,370,325	\$5,709,477	\$12,079,802	

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 510 - Legislative Audit- HB 2 2014 Fixed Costs (Biennial/Restricted)	0.00	0	0	0	110,145	0.00	0	0	0	0
DP 515 - State Share Health Insurance	0.00	0	0	0	14,755	0.00	0	0	0	14,755
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	0	0	38,310	0.00	0	0	0	38,310
DP 525 - Fixed Cost Adjustment	0.00	0	0	0	27,794	0.00	0	0	0	26,834
DP 526 - 2017 Biennium Legislative Audit (Biennial/Restricted)	0.00	0	0	0	3,143	0.00	0	0	0	0
DP 529 - Longevity and Other adjustments	0.00	0	0	0	(5,512)	0.00	0	0	0	1,172
DP 550 - Motor Pool Rate Adjustment	0.00	0	0	0	(54)	0.00	0	0	0	(55)
DP 1500106 - Directors Office Costs	0.00	0	0	0	11,587	0.00	0	0	0	8,783
DP 1500200 - Lottery Conversion to New Gaming System - Ongoing	0.00	0	0	0	205,000	0.00	0	0	0	170,000
DP 1500210 - Operating Cost Adjustments	0.00	0	0	0	(109,576)	0.00	0	0	0	(88,168)
DP 1500220 - Other Personal Services Changes	0.00	0	0	0	2,227	0.00	0	0	0	(3,348)
DP 1500444 - Statewide 4% FTE Reduction - Program 15	(1.14)	0	0	0	0	(1.14)	0	0	0	0
DP 1501501 - Lottery Coronis Terminals (Restricted/OTO)	0.00	0	0	0	336,121	0.00	0	0	0	0
DP 1501502 - Lottery Conversion to a New Gaming System (Restricted/OTO)	0.00	0	0	0	200,000	0.00	0	0	0	0
DP 1501503 - New tickets (OTO/Restricted)	0.00	0	0	0	349,000	0.00	0	0	0	354,000
Grand Total All Present Law Adjustments	(1.14)	\$0	\$0	\$0	\$1,182,940	(1.14)	\$0	\$0	\$0	\$522,283

**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 1500106 - Directors Office Costs -

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

DP 1500200 - Lottery Conversion to New Gaming System - Ongoing -

The legislature provided funding for the Montana State Lottery's conversion to a new gaming system. The lottery's current gaming system contract expires March 30, 2016. New technologies for gaming systems are estimated at a higher cost than the current system which is now 10 years old.

DP 1500210 - Operating Cost Adjustments -

The legislature reduced funding for operating costs. The reductions are based on lower spending in the first year of the 2015 biennium that are carried forward into the 2017 biennium.

DP 1500220 - Other Personal Services Changes -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 1500444 - Statewide 4% FTE Reduction - Program 15 -

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-1500444 includes a reduction of 1.14 FTE each year.

DP 1501501 - Lottery Coronis Terminals (Restricted/OTO) -

The legislature provided \$334,372 in one-time-only, restricted funding in FY 2016 for the 150 Lottery Coronis MP Terminals currently leased from the lottery's gaming contractor. The terminals are free standing lottery terminals that utilizes player activated touch-screen technology, which allows the player to play a variety of Montana lottery games. In the 2013 Legislative Session, the lottery was approved funding for these terminals and entered into an operating lease with the

vendor. The Montana Lottery's gaming contract with its current contractor ends in March of 2016, and at that time, the machines will revert back to the vendor.

DP 1501502 - Lottery Conversion to a New Gaming System (Restricted/OTO -

The Montana Lottery's current gaming system contract is set to expire March 30, 2016. Once the lottery has concluded selecting a new contractor, the conversion process will require numerous systems engineering disciplines to work together, while drafting the supporting software and system package in compliance with the specifications outlined in the new gaming system contract. In order to protect the integrity of this process, the the legislature provided funding for subsequent contract for an independent third parties to conduct validation and verification testing of the new system. Validation is required to make sure the software developed meets the lottery's needs, and verification would insure the resulting system is well engineered. The word "independent" is critical to this process, because it will provide the lottery with a perspective not under the control of the contactor developing the software and system.

DP 1501503 - New tickets (OTO/Restricted) -

The legislature provided restricted, one-time-only funding each year of the biennium to provide for additional tickets related to instant scratch games. This will allow the lottery to provide the games on a more frequent basis.

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 1500240 - Increase FTE by 1.14	1.14	0	0	0	74,809	1.14	0	0	0	74,618
Total	1.14	\$0	\$0	\$0	\$74,809	1.14	\$0	\$0	\$0	\$74,618

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

DP 1500240 - Increase FTE by 1.14 -

The legislature provided personal services funding to support an additional 1.14 FTE within the Montana State Lottery.

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	
Personal Services	0	0	1,588,104	1,588,432	0	3,176,536	3,176,536	0.00 %	
Operating Expenses	0	0	2,942,529	2,937,053	0	5,879,582	5,879,582	0.00 %	
Total Costs	\$0	\$0	\$4,530,633	\$4,525,485	\$0	\$9,056,118	\$9,056,118	0.00 %	
Proprietary Funds	0	0	4,530,633	4,525,485	0	9,056,118	9,056,118	0.00 %	
Total Funds	\$0	\$0	\$4,530,633	\$4,525,485	\$0	\$9,056,118	\$9,056,118	0.00 %	

Page Reference

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Funding

The Health Care and Benefits Division is funded entirely with proprietary funds. The legislature appropriated \$4.5 million of the funds within HB 2 as required by statute, the remaining funding is statutorily appropriated for benefits and claims.

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 %	0	0	0	0.00 %
PL Adjustments	0	0	0	0.00 %	4,530,633	4,525,485	9,056,118	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$4,530,633	\$4,525,485	\$9,056,118	

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 2100200 - Administrative Costs in HB 2	0.00	0	0	0	4,530,633	0.00	0	0	0	4,525,485
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$4,530,633	0.00	\$0	\$0	\$0	\$4,525,485

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

DP 2100200 - Administrative Costs in HB 2 -

The legislature funded the administrative costs of the State Employee Group Benefit Plan in HB 2 as required by statute and correspondingly reduced authority in the non-budgeted internal service fund.

Other Issues -

Proprietary Rates

The Healthcare and Benefits Division manages two proprietary programs:

- Employee benefits, which includes the state’s health and other benefit insurance plans, and contract administration of the flexible spending accounts
- Management of the state agency workers’ compensation insurance

Employee Benefits Program - 06559

Program Description

The Health Care and Benefits Bureau manages the following:

- State employee group benefit plan including on-site employee health centers in Helena, Billings, Miles City, Missoula, and in November Butte
- State employee sick leave fund
- Employee assistance services
- Health promotion
- Voluntary employee benefit health care expense trust

The plan offers two types of health insurance policies:

- Traditional
- Managed care

Plan participants have moved from the traditional plan to managed care, mainly due to the difference in contribution costs, as for the most part plan elements are similar.

Revenues

The state employee group health plan is self-insured, and as such is responsible for medical costs incurred by its members. SEGBP is funded through a combination of state share and member (employee and retiree) contribution payments. The state share is \$887 per month and is established in 2-18-703(2), MCA. As a component of employee compensation, the state share contribution amount is a subject of collective bargaining and is negotiated as part of the overall pay package for state employees. The figure below includes all budget authority for the SEGBP including that provided for in HB 2.

2017 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency	Program Name			
06559	Group Benefits Claims A/C	61010	Health Care and Bennefits Division			
			Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues						
Fees and Charges						
Other Operating Revenues						
	Investment Earnings		982,704	1,100,000	1,000,000	1,000,000
	Group Benefit Plan Contributions		159,646,229	175,000,000	210,000,000	230,000,000
	Other Operating Revenues		3,526,769	2,747,000	2,797,000	2,897,000
Total Operating Revenues			164,155,702	178,847,000	213,797,000	233,897,000
Expenses						
	Personal Services		1,348,815	1,427,513	1,588,153	1,588,490
Other Operating Expense						
	Operating		13,407,850	15,727,780	21,384,355	21,871,870
	Claims		171,674,176	182,043,466	192,786,619	210,291,067
	Expense C					
Total Operating Expense			186,430,841	199,198,759	215,759,127	233,751,427
Operating Income (Loss)			(22,275,139)	(20,351,759)	(1,962,127)	145,573
Income (Loss) Before Contributions and Transfer			(22,275,139)	(20,351,759)	(1,962,127)	145,573
Change in Net Position			(22,275,139)	(20,351,759)	(1,962,127)	145,573
Beginning Net Position - July 1			75,696,520	53,309,229	32,957,470	30,995,343
Prior Period Adjustments			(112,151)			
Change in Net Position			(22,275,139)	(20,351,759)	(1,962,127)	145,573
Ending Net Position - June 30			53,309,229	32,957,470	30,995,343	31,140,916
Net Position (Fund Balance) Analysis						
Restricted Net Postion (Enterprise Funds Only)						
Unrestricted Net Position						

Funding for the program is with enterprise type proprietary funds. As such, the legislature does not approve rates or appropriate funds for the benefits and claims of this fund. Statute requires that the administrative costs of the fund be included in HB 2.

Proprietary Rates

	Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	733	733	770	847	887	887
Rates are established to maintain adequate actuarial reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average monthly state share rate for each fiscal year.						

The amounts shown as rates above are the state share contributions for each state employee each month. The rates are contained in statute. The executive proposes to increase the state share in HB 13 to \$976 in FY 2016 and \$1,054 in FY 2017. The various contribution costs for the program are not limited through the legislative process but are determined by the division based on actuarial estimates of the claim costs for each insurance type. Any difference between the state share contribution and actual costs are made up by employee and retiree contributions and investment income. As the plan year for the state employee health insurance is a calendar year, the revenues for the plans are a combination of contributions from two plan years.

Workers' Compensation Management Program – 06575

Program Description

The Health Care & Benefits Division manages the Workers' Compensation Management Program. The program assists employees and state agencies in ensuring a safe working environment and reducing on-the-job injuries and accidents in the workplace, and assists employees who are injured in returning to meaningful and productive work. The program is the central resource in working with the state's workers' compensation insurer, Montana State Fund, to coordinate workers' compensation coverage and policy management issues.

Program Narrative

Revenues

The workers' compensation management program fees are composed of a fixed cost rate allocated to each state agency based on the average number of payroll warrants issued each pay period. The rate proposed in HB 2 is \$0.99 for each payroll warrant in FY 2016 and \$0.98 FY 2017. This is an increase of 24.4 % and is due to increases in personal service costs.

Proprietary Rates

For the 2017 biennium the following rates were approved by the legislature. The rates charged in the base year are shown for comparison purposes.

	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:	0.82	0.82	0.99	0.98

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.

Flexible Spending Account Program - 06027

Program Description

The Flexible Spending Account Program allows state employees to defer part of their gross pay into an account for reimbursement of qualified medical and childcare expenses.

Program Narrative

HCBD contracts for the administration of the Flexible Spending Account Program. State employees can elect to set aside a certain amount of their pay into accounts to pay dependent care and out-of-pocket medical costs. The “set aside” funds are withdrawn from employee pay prior to assessment of taxes, effectively lowering employee taxable pay. Employees must submit claims to use the funds deposited in the accounts for allowable expenses.

Federal rules govern the use of and the amount that can be contributed to flexible spending accounts. The current contribution maximums are \$2,500 per year for medical and \$5,000 per year for dependent care. In the fall of 2013 the Internal Revenue Service announced that participants can roll over up to \$500 from the medical flexible spending account into the next benefit year. The plan implemented this change beginning with plan year 2014. Employees forfeit any unspent funds beyond the \$500 rollover for medical and any remaining dependent care balance at the end of the year.

Expenses

Significant costs for the program are for the administration contract.

Revenues

The Flexible Spending Account Program is funded from an administrative fee of \$2.25 per month on each account for participation in the program. Employees may also elect to use a debit card to pay for medical or dependent care costs. The administrative fee for the debit card is an additional \$1.00 for month per employee.

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.

	Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Fee Description:						
FSA Account	2.25	2.25	2.25	2.25	2.25	2.25
FSA Debit Card	1.00	1.00	1.00	1.00	1.00	1.00
This is a per member per month fee for the members that have elected to participate.						

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. At times the flexible spending account program has accumulated additional funds due to forfeited funds. When able, the program uses the additional funds to waive the fees charged to participants.

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	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 %

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Funding

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 -

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	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 \$377,765 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.

Program Narrative

The 2017 Biennium Report on Internal Service and Enterprise Funds is shown on the following page. As shown the program began FY 2014 with a negative fund balance but strong revenues in the period allowed the program to generate sufficient revenues to pay for costs of the program in the year and provide for a positive ending fund balance (net position).

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: State Human Resources Division			
	Fund	Fund Name					
	06525	Intergovernmental Training					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		293,959	318,012	407,877	423,032	405,000	405,000
Other Operating Revenue		-	40	244	-	-	-
Total Operating Revenues		293,959	318,052	408,121	423,032	405,000	405,000
Expenses:							
Personal Services							
Other Operating Expenses		246,036	175,330	190,456	240,319	242,252	241,630
Total Operating Expenses		369,338	299,552	323,365	384,764	377,647	376,648
Operating Income (Loss)		(75,379)	18,500	84,756	38,268	27,353	28,352
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(75,379)	18,500	84,756	38,268	27,353	28,352
Transfers In		24,002	-	-	-	-	-
Change in Net Position		(51,377)	18,500	84,756	38,268	27,353	28,352
Beginning Net Position - July 1		23,564	(27,813)	(9,313)	75,443	113,711	141,064
Change in Net Position		(51,377)	18,500	84,756	38,268	27,353	28,352
Ending Net Position - June 30		(27,813)	(9,313)	75,443	113,711	141,064	169,416
Net Position (Fund Balance) Analysis							

Revenues

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.

Program Narrative:

As shown in the figure in below, the executive proposes to utilize fund balance to offset increased program costs for the program.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration		Program Name: State Human Resources Division				
	Fund 06563	Fund Name Payroll Fund					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	2,835,394	3,309,456	3,299,769	3,320,064	3,313,523	3,327,153
	Other Operating Revenue	772	772	861	1,000	500	500
	Total Operating Revenues	2,836,166	3,310,228	3,300,630	3,321,064	3,314,023	3,327,653
Expenses:							
	Personal Services	1,520,347	1,567,523	1,805,636	1,686,308	1,953,827	1,954,197
	Other Operating Expenses	1,623,486	1,358,218	1,295,782	1,641,701	1,571,211	1,502,711
	Total Operating Expenses	3,143,833	2,925,741	3,101,418	3,328,009	3,525,038	3,456,908
	Operating Income (Loss)	(307,667)	384,487	199,212	(6,945)	(211,015)	(129,255)
Nonoperating Revenues:							
Nonoperating Expenses:							
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	(307,667)	384,487	199,212	(6,945)	(211,015)	(129,255)
	Transfers Out	(49,667)	(49,578)	-	-	-	-
	Change in Net Position	(357,334)	334,909	199,212	(6,945)	(211,015)	(129,255)
	Beginning Net Position - July 1	1,161,841	804,507	1,139,416	1,338,628	1,331,683	1,120,668
	Change in Net Position	(357,334)	334,909	199,212	(6,945)	(211,015)	(129,255)
	Ending Net Position - June 30	804,507	1,139,416	1,338,628	1,331,683	1,120,668	991,413
Net Position (Fund Balance) Analysis							

Revenues

HRIS rates are set as a fixed cost and allocated out to each agency based on the number of paychecks processed during the two prior fiscal years.

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 (per employee process per pay period)	8.06	8.10	8.13	8.15	7.82	7.82
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.

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	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00 %
Personal Services	1,447,559	1,324,232	1,552,812	1,554,712	2,771,791	3,107,524	335,733	12.11 %
Operating Expenses	6,916,017	7,058,264	7,492,438	7,479,093	13,974,281	14,971,531	997,250	7.14 %
Grants	520,113	0	520,113	520,113	520,113	1,040,226	520,113	100.00 %
Benefits & Claims	6,235,087	5,956,769	8,235,087	8,235,087	12,191,856	16,470,174	4,278,318	35.09 %
Transfers	0	124,999	0	0	124,999	0	(124,999)	(100.00)%
Total Costs	\$15,118,776	\$14,464,264	\$17,800,450	\$17,789,005	\$29,583,040	\$35,589,455	\$6,006,415	20.30 %
Proprietary Funds	15,118,776	14,464,264	17,800,450	17,789,005	29,583,040	35,589,455	6,006,415	20.30 %
Total Funds	\$15,118,776	\$14,464,264	\$17,800,450	\$17,789,005	\$29,583,040	\$35,589,455	\$6,006,415	20.30 %

Page Reference

Legislative Budget Analysis, A-224

Funding

Proprietary Funding

The majority of the division's budget is supported by proprietary funds that are derived from premium assessments on insurance risks paid by state agencies and the Montana University System. These funds are considered and approved as rates charged to other state agencies and are discussed in the "Proprietary Rate" section of the narrative.

Statutory Appropriations

Less than 10% of the division's funding is derived from statutory appropriations for the receipts of insurance reimbursements on state agency buildings.

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 %	13,363,958	13,363,958	26,727,916	0.00 %
PL Adjustments	0	0	0	0.00 %	4,436,492	4,425,047	8,861,539	0.00 %
New Proposals	0	0	0	0.00 %	0	0	0	0.00 %
Total Budget	\$0	\$0	\$0		\$17,800,450	\$17,789,005	\$35,589,455	

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 700 - Proprietary Fund Adjustments	0.00	0	0	0	4,436,492	0.00	0	0	0	4,425,047
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$4,436,492	0.00	\$0	\$0	\$0	\$4,425,047

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

DP 700 - Proprietary Fund Adjustments -

The legislature approved proprietary rates for this division.

Other Issues -

Proprietary Rates

Program Description

The Risk Management & Tort Defense Division (division) administers a comprehensive plan of property/casualty insurance protection on behalf of state government. The division purchases commercial insurance, where cost-effective, to cover catastrophic losses above high deductibles. State risks that are currently insured through commercial insurance carriers include aircraft, airports, boilers & machinery, bonds (various), crime, cyber/information security, fine art, property, professional liability, and miscellaneous.

The state self-insures most commercial insurance risks under \$2,000,000 per occurrence as well as auto, general liability, inland marine (i.e. property in-transit), mobile/specialized equipment, and foster care risks. The division also provides consultative services that include training, inspections, program reviews, contract administration, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss.

The division investigates, evaluates, and resolves tort claims (i.e. personal injury or property damage to third parties) and coordinates the adjudication and settlement of other claims involving property damage.

Program Narrative

The State of Montana self-insures for risks including automobile, aviation, general liability, and property. State agencies and the Montana University System (MUS) pay premiums to the Risk Management and Tort Defense Division. Premium amounts for state agencies are based on the predicted costs of losses the state may incur as a result of claims and the operating costs of the division. Payments for claims and the operational expenses incurred by the division are expended from the proprietary fund. In addition, reserves for each insurance risk are maintained within the fund. Reserves are used for higher than anticipated claims costs or loss adjustment expenses and for incurred but not yet reported claims.

Costs for insurance in state agencies are increased by:

- \$0.7 million for automobile
- \$5.3 million for general liability
- \$7.5 million for property

Aviation insurance costs are unchanged from FY 2015.

Losses paid for automobile claims are almost three times higher in FY 2014 than in FY 2013 and have been generally increasing since FY 2010. In addition, expenses for automobile claims and related operational costs have exceeded earned premiums since FY 2010, which has reduced reserves for the program. Premium costs increase 30.5% to ensure costs for the program are provided for by the premiums.

Aviation costs continue to hold steady with no claims since FY 2012. Premiums remain at FY 2015 rates.

Premium revenues exceed general liability claims by approximately \$2.0 million in FY 2014. This funding is provided to rebuild reserves depleted for the payment of the Libby asbestosis settlement payment in FY 2012. Premiums increase to cover increased operational costs, losses for general liability claims, and further strengthening of reserves.

Property insurance claims have increased, in part due to flooding and hail damage in recent storms. In addition, the deductible on the catastrophic property insurance doubled for FY 2014 and beyond from \$1.0 million to \$2.0 million, increasing costs to the reinsurance program. Losses for the program in FY 2014 were 33.9% above those in FY 2010. Expenses for losses and operational costs have exceeded premium revenues in FY 2013 and FY 2014. Premium costs increase 39.2% to ensure costs of the program are funded through premiums.

Revenues

Montana self-insures its property via this program, and so all state agencies pay insurance premiums to the Risk Management and Tort Defense Division. Depending on the type of property owned and the agency's claims history, insurance premiums paid by agencies can vary. The 2017 Biennium Report on Internal Service and Enterprise Funds is shown on the following page.

2017 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration			Program Name: Risk Management & Tort Defense			
	Fund	Fund Name					
	06532	Agency Insurance Int. Svc.					
		Actual FY12	Actual FY13	Actual FY14	Budgeted FY15	Budgeted FY16	Budgeted FY17
Operating Revenues:							
Fee and Charges							
Fee Revenue A		11,736,438	11,783,758	13,886,428	13,926,531	17,688,161	17,688,161
Revenue A		27,923	13,526	23,869	7,000	7,000	7,000
Revenue B		2,449	36	27	-	-	-
Revenue C		60	226	14	-	-	-
Total Operating Revenues		11,766,870	11,797,546	13,910,338	13,933,531	17,695,161	17,695,161
Expenses:							
Personal Services							
Other Operating Expenses		43,951,107	10,054,095	14,593,984	13,148,968	14,247,638	14,234,293
Total Operating Expenses		44,855,646	11,014,709	15,612,712	14,473,200	15,800,450	15,789,005
Operating Income (Loss)		(33,088,776)	782,837	(1,702,374)	(539,669)	1,894,711	1,906,156
Nonoperating Revenues:							
Other Revenue A		120,542	61,952	61,321	182,000	182,000	182,000
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		120,542	61,952	61,321	182,000	182,000	182,000
Income (Loss) Before Contributions and Transfers		(32,968,234)	844,789	(1,641,053)	(357,669)	2,076,711	2,088,156
Transfers In							
Transfers Out		3,493,765	13,563,564	1,201,511	450,000	1,400,000	1,400,000
Change in Net Position		(29,608,209)	14,360,207	(440,867)	92,331	3,476,711	3,488,156
Beginning Net Position - July 1		13,177,490	(16,430,719)	(2,070,512)	(2,511,379)	(2,419,048)	1,057,663
Change in Net Position		(29,608,209)	14,360,207	(440,867)	92,331	3,476,711	3,488,156
Ending Net Position - June 30		(16,430,719)	(2,070,512)	(2,511,379)	(2,419,048)	1,057,663	4,545,819
Net Position (Fund Balance) Analysis							

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	Actual FY15	Budgeted FY16	Budgeted FY17
Fee Description:						
Auto/Comp/Collision	1,031,347	1,037,665	1,174,091	1,139,497	1,498,200	1,498,200
Aviation	212,451	212,451	173,466	169,961	169,961	169,961
General Liability	6,750,000	6,750,000	8,008,078	8,088,660	11,720,000	11,720,000
Property/Miscellaneous	3,733,020	3,783,090	4,521,541	4,528,413	6,300,000	6,300,000
Total	11,726,818	11,783,206	13,877,176	13,926,531	19,688,161	19,688,161

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.

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	7.50	7.50	5.50	5.50	7.50	5.50	(2.00)	(26.67)%
Personal Services	388,508	491,795	505,316	485,915	880,303	991,231	110,928	12.60 %
Operating Expenses	161,843	86,802	169,223	168,849	248,645	338,072	89,427	35.97 %
Local Assistance	6,374	15,764	15,764	15,764	22,138	31,528	9,390	42.42 %
Total Costs	\$556,725	\$594,361	\$690,303	\$670,528	\$1,151,086	\$1,360,831	\$209,745	18.22 %
General Fund	556,725	594,361	690,303	670,528	1,151,086	1,360,831	209,745	18.22 %
Total Funds	\$556,725	\$594,361	\$690,303	\$670,528	\$1,151,086	\$1,360,831	\$209,745	18.22 %

Page Reference

Legislative Budget Analysis, A-232

Funding

The board is fully funded with general fund. In addition, general fund provides support for travel expenses, compensation, and all other incidental expenses of county tax boards, except that counties fund office and equipment expenses of their respective county boards.

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	594,361	594,361	1,188,722	87.35 %	594,361	594,361	1,188,722	87.35 %
PL Adjustments	154,694	134,810	289,504	21.27 %	154,694	134,810	289,504	21.27 %
New Proposals	(58,752)	(58,643)	(117,395)	(8.63)%	(58,752)	(58,643)	(117,395)	(8.63)%
Total Budget	\$690,303	\$670,528	\$1,360,831		\$690,303	\$670,528	\$1,360,831	

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	3,402	0	0	3,402	0.00	3,402	0	0	3,402
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	9,471	0	0	9,471	0.00	9,471	0	0	9,471
DP 525 - Fixed Cost Adjustment	0.00	(19,433)	0	0	(19,433)	0.00	(19,424)	0	0	(19,424)
DP 529 - Longevity and Other adjustments	0.00	(600)	0	0	(600)	0.00	(110)	0	0	(110)
DP 550 - Motor Pool Rate Adjustment	0.00	(20)	0	0	(20)	0.00	(20)	0	0	(20)
DP 3700106 - Directors Office Costs	0.00	1,734	0	0	1,734	0.00	1,351	0	0	1,351
DP 3700210 - Additional operating expenses (OTO)	0.00	39,540	0	0	39,540	0.00	39,540	0	0	39,540
DP 3700300 - Rent - New Building Lease	0.00	26,684	0	0	26,684	0.00	26,684	0	0	26,684
DP 3700444 - Statewide 4% FTE Reduction - Program 37	(0.50)	0	0	0	0	(0.50)	0	0	0	0
DP 3703701 - 2015 Statewide Reappraisal Cycle	0.00	75,000	0	0	75,000	0.00	55,000	0	0	55,000
DP 3703702 - Rent - Base Funding	0.00	18,916	0	0	18,916	0.00	18,916	0	0	18,916
Grand Total All Present Law Adjustments	(0.50)	\$154,694	\$0	\$0	\$154,694	(0.50)	\$134,810	\$0	\$0	\$134,810

***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 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 3700106 - 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 3700210 - Additional operating expenses (OTO) -

The legislature provided additional support for operational expense such as supplies and materials, communications, travel, and training costs. The general fund is provided on a one-time-only basis.

DP 3700300 - Rent - New Building Lease -

The legislature approved additional rent costs associated with the Montana Tax Appeal Board moving into an ADA compliant building.

DP 3700444 - Statewide 4% FTE Reduction - Program 37 -

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-3700444 includes a reduction of 0.50 FTE each year.

DP 3703701 - 2015 Statewide Reappraisal Cycle -

The legislature provided \$75,000 in FY 2016 and \$55,000 in FY 2017 is to address anticipated increases in tax appeals. Effective January 1, 2015, all residential, commercial, agricultural, and timberland property was revalued for tax purposes. This was the first revaluation in six years and is anticipated to generate an increased number of appeals. Property tax appeals are heard by the County Tax Appeal Boards before they are appealed to the Montana Tax Appeal Board. Because the County Tax Appeal Boards are funded through the Montana Tax Appeal Board budget, an increased allocation was provided to handle upcoming appeals.

DP 3703702 - Rent - Base Funding -

The legislature provided the Montana Tax Appeal Board \$18,916 each year of the biennium for office rent supported by general fund. The budgeting process eliminated the base funding for rent.

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 3700200 - Reduce FTE 1.50	(1.50)	(58,752)	0	0	(58,752)	(1.50)	(58,643)	0	0	(58,643)
Total	(1.50)	(\$58,752)	\$0	\$0	(\$58,752)	(1.50)	(\$58,643)	\$0	\$0	(\$58,643)

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

DP 3700200 - Reduce FTE 1.50 -

The legislature eliminated 1.50 FTE from an aggregate secretarial position used to fund the personal services costs for the county tax appeals boards. Review of the usage of the position showed that only a small proportion of the funds appropriated for this purpose were utilized by the board.