

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	20.33	20.33	20.33	20.33	20.33	20.33	0.00	0.00%
Personal Services	1,163,894	1,251,502	1,420,415	1,419,250	2,415,396	2,839,665	424,269	17.57%
Operating Expenses	582,250	674,823	775,006	761,865	1,257,073	1,536,871	279,798	22.26%
Grants	4,661,752	9,639,248	7,223,954	6,845,993	14,301,000	14,069,947	(231,053)	(1.62%)
<b>Total Costs</b>	<b>\$6,407,896</b>	<b>\$11,565,573</b>	<b>\$9,419,375</b>	<b>\$9,027,108</b>	<b>\$17,973,469</b>	<b>\$18,446,483</b>	<b>\$473,014</b>	<b>2.63%</b>
General Fund	873,486	888,349	702,251	701,869	1,761,835	1,404,120	(357,715)	(20.30%)
State Special	2,317,872	5,192,768	3,412,404	3,021,065	7,510,640	6,433,469	(1,077,171)	(14.34%)
Federal Special	3,216,538	5,484,456	5,304,720	5,304,174	8,700,994	10,608,894	1,907,900	21.93%
<b>Total Funds</b>	<b>\$6,407,896</b>	<b>\$11,565,573</b>	<b>\$9,419,375</b>	<b>\$9,027,108</b>	<b>\$17,973,469</b>	<b>\$18,446,483</b>	<b>\$473,014</b>	<b>2.63%</b>

### Program Description

The Community Development Division (CDD) administers four programs directly:

- Community Development Block Grant Program (CDBG);
- Community Technical Assistance Program (CTAP);
- Neighborhood Stabilization Program (NSP - Budget Amendment); and
- Treasure State Endowment Program (TSEP).

Two citizen boards appointed by the Governor, Montana Coal Board and Montana Hard Rock Mining Impact Board, are attached to CDD for administrative purposes. The division provides office facilities, staff, and administrative support for the two boards.

### Program Highlights

<b>Community Development Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Funding for the division increases between the two biennia primarily due to increases in federal funding and increased costs associated with the Hard Rock Mining Impact Board and the Coal Board</li> <li>◆ State special revenue funds decrease between the two biennia due a reduction in funding to the Coal Board. The funding goes from 5.8% of coal severance tax revenues to 2.9% in the 2015 biennium per statute. The legislature approved SB 236 to extend the 5.8% allocation. However, the Governor vetoed the bill. As of this writing a veto override poll had been sent to legislators.</li> </ul>

### Program Discussion

Personal services increases are due to two factors:

- Broadband pay increases granted in FY 2012 that are annualized in the 2015 biennium
- A vacancy rate of 6.3% in FY 2012 compared to the legislatively established 4%

Operating expenses increases are mainly for additional support for consulting and professional services, printing, computers, postage, dues and indirect administrative costs. In addition, the division was provided an additional \$100,000 in general operating costs for a statutorily required reserve account for the Hard Rock Mining Board.

## Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Commerce Funding by Source of Authority 2015 Biennium Budget - Community Development Division							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,404,120	\$0	\$0	\$1,404,120	7.1%		
State Special Total	\$6,433,469	\$0	\$1,200,000	\$7,633,469	38.9%		
02049 Hard Rock Mining	\$404,794	\$0	\$1,200,000	\$1,604,794	8.2%	90-6-331	Pass Thru
02218 School Facility Imprvmnt Acct	\$765,070	\$0	\$0	\$765,070	3.9%		
02270 Treasure State Endowment	\$1,128,671	\$0	\$0	\$1,128,671	5.7%		
02445 Coal Board	\$4,134,934	\$0	\$0	\$4,134,934	21.0%		
Federal Special Total	\$10,608,894	\$0	\$0	\$10,608,894	54.0%		
03059 Community Development Block	\$10,608,894	\$0	\$0	\$10,608,894	54.0%		
Total All Funds	\$18,446,483	\$0	\$1,200,000	\$19,646,483	100.0%		
<b>Percent - Total All Sources</b>	<b>93.9%</b>	<b>0.0%</b>	<b>6.1%</b>				

### General fund:

- Provides matching funds for the Community Development Block Grant (CDBG)
- Wholly supports the Community Technical Assistance Program

State special revenues are dominated by grant funding for Coal Board programs that fund governmental services that are a direct consequence of an increase or decrease of coal development or as the result of an increase or decrease in the consumption of coal by a coal-using energy complex. The table shows the coal natural resource account and the decreasing revenues as a result of the reduced percentage of coal tax severance taxes that are allocated to the coal board.

Department of Commerce Coal Natural Resource Account				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Fund Balance	\$1,268,242	\$2,541,164	\$1,288,545	\$1,125,545
Revenues				
Coal Severance Taxes	3,059,129	3,181,000	2,099,000	1,749,000
Total Revenues				
Expenditures				
Administration	105,958	102,379	113,614	102,575
Grants	<u>1,586,184</u>	<u>4,331,240</u>	<u>2,148,386</u>	<u>1,770,425</u>
Total Expenditures	1,692,142	4,433,619	2,262,000	1,873,000
Adjustments	(94,065)			
Ending Fund Balance	<u>\$2,541,164</u>	<u>\$1,288,545</u>	<u>\$1,125,545</u>	<u>\$1,001,545</u>

As shown, the biennial funding for the coal board grants is significantly reduced as a result of the change, from \$5.9 million to \$3.9 million in the 2015 biennium. The legislature approved SB 236, a Joint Appropriation Subcommittee on General Government committee bill to continue funding for the Coal Board at 5.9% of the coal severance tax rather than allow a reduction to 2.9% of the taxes scheduled after September 2013 to occur. The Governor vetoed the bill. A poll to determine if the legislature wished to override the Governor's veto is in process.

The legislature switched the funding of the Quality Schools Grant Program from general fund to state special revenues from the School Facility and Technology Account.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	873,486	873,486	1,746,972	124.42%	6,407,896	6,407,896	12,815,792	69.48%
Statewide PL Adjustments	145,928	142,910	288,838	20.57%	257,115	250,112	507,227	2.75%
Other PL Adjustments	65,639	67,741	133,380	9.50%	2,754,364	2,369,100	5,123,464	27.77%
New Proposals	(382,802)	(382,268)	(765,070)	(54.49%)	0	0	0	0.00%
<b>Total Budget</b>	<b>\$702,251</b>	<b>\$701,869</b>	<b>\$1,404,120</b>		<b>\$9,419,375</b>	<b>\$9,027,108</b>	<b>\$18,446,483</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					309,137					307,918
Vacancy Savings					(58,855)					(58,801)
Inflation/Deflation					(205)					(28)
Fixed Costs					7,038					1,023
<b>Total Statewide Present Law Adjustments</b>		<b>\$145,928</b>	<b>\$27,732</b>	<b>\$83,455</b>	<b>\$257,115</b>		<b>\$142,910</b>	<b>\$24,514</b>	<b>\$82,688</b>	<b>\$250,112</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(145,928)	(27,732)	(83,455)	(257,115)	0.00	(142,910)	(24,514)	(82,688)	(250,112)
DP 51 - Adjustment for Statewide Personal Services	0.00	147,166	25,608	77,508	250,282	0.00	145,166	24,746	79,205	249,117
DP 52 - Adjustment for Statewide Operations	0.00	0	2,124	4,709	6,833	0.00	0	(232)	1,227	995
DP 53 - Base Funding Switch	0.00	(1,238)	0	1,238	0	0.00	(2,256)	0	2,256	0
DP 6002 - CDD Administrative Costs Adjustments - HB 2	0.00	65,639	683,998	4,727	754,364	0.00	67,741	296,411	4,948	369,100
DP 6003 - CDD Federal Grants Adjustments - HB 2	0.00	0	0	2,000,000	2,000,000	0.00	0	0	2,000,000	2,000,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$65,639</b>	<b>\$683,998</b>	<b>\$2,004,727</b>	<b>\$2,754,364</b>	<b>0.00</b>	<b>\$67,741</b>	<b>\$296,411</b>	<b>\$2,004,948</b>	<b>\$2,369,100</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$211,567</b>	<b>\$711,730</b>	<b>\$2,088,182</b>	<b>\$3,011,479</b>	<b>0.00</b>	<b>\$210,651</b>	<b>\$320,925</b>	<b>\$2,087,636</b>	<b>\$2,619,212</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government and Natural Resources and Transportations subcommittees.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 6002 - CDD Administrative Costs Adjustments - HB 2 - The legislature funded per diem for the Hard Rock Mining Impact Board and Coal Board. In addition, the legislature approved authority to establish a \$100,000 reserve account for the Hard Rock Mining Impact Board. Additional costs include consulting services for a designation study for allocation of Coal Board grants, publication costs, computer equipment, public notice, and printing costs.

DP 6003 - CDD Federal Grants Adjustments - HB 2 - The legislature provided federal appropriations for grants received by the Community Development Division to match estimated federal funds for the 2015 biennium.

**New Proposals**

New Proposals											
Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6005 - Quality Schools Funding Switch	60	0.00	(382,802)	382,802	0	0	0.00	(382,268)	382,268	0	0
<b>Total</b>	<b>0.00</b>	<b>(\$382,802)</b>	<b>\$382,802</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>(\$382,268)</b>	<b>\$382,268</b>	<b>\$0</b>	<b>\$0</b>	

DP 6005 - Quality Schools Funding Switch - The legislature approved a funding switch for the administrative costs of the quality school grant program, reducing general fund and increasing state special revenue support from the school facility and technology account.