

Agency Budget Comparison

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

Agency 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	0.00	0.00	56.25	56.25	0.00	56.25	56.25	n/a
Personal Services	0	0	3,147,838	3,146,169	0	6,294,007	6,294,007	n/a
Operating Expenses	0	0	2,147,065	2,115,604	0	4,262,669	4,262,669	n/a
Equipment & Intangible Assets	0	0	51,490	51,490	0	102,980	102,980	n/a
Grants	0	0	20,000	20,000	0	40,000	40,000	n/a
Debt Service	0	0	12,084	12,084	0	24,168	24,168	n/a
Total Costs	\$0	\$0	\$5,378,477	\$5,345,347	\$0	\$10,723,824	\$10,723,824	n/a
General Fund	0	0	0	0	0	0	0	n/a
Federal Special	0	0	128,000	128,000	0	256,000	256,000	n/a
Other	0	0	5,250,477	5,217,347	0	10,467,824	10,467,824	n/a
Total Funds	\$0	\$0	\$5,378,477	\$5,345,347	\$0	\$10,723,824	\$10,723,824	n/a

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Legislative Budget Analysis, A-49

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	0.00	1.00	56.25	55.25	1.00	56.25	55.25	
Personal Services	0	59,376	3,147,838	3,088,462	59,374	3,146,169	3,086,795	6,175,257
Operating Expenses	0	1,104,253	2,147,065	1,042,812	594,655	2,115,604	1,520,949	2,563,761
Equipment & Intangible Assets	0	40,000	51,490	11,490	40,000	51,490	11,490	22,980
Grants	0	0	20,000	20,000	0	20,000	20,000	40,000
Debt Service	0	0	12,084	12,084	0	12,084	12,084	24,168
Total Costs	\$0	\$1,203,629	\$5,378,477	\$4,174,848	\$694,029	\$5,345,347	\$4,651,318	\$8,826,166
General Fund	0	690,629	0	(690,629)	694,029	0	(694,029)	(1,384,658)
Federal Special	0	513,000	128,000	(385,000)	0	128,000	128,000	(257,000)
Proprietary	0	0	5,250,477	5,250,477	0	5,217,347	5,217,347	10,467,824
Total Funds	\$0	\$1,203,629	\$5,378,477	\$4,174,848	\$694,029	\$5,345,347	\$4,651,318	\$8,826,166

The legislature included the proprietarily funded operations of the Secretary of State in HB 2. In addition, the legislature switched funding for the Statewide Voter Registration System (SVRS) from the general fund to the proprietary fund. The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute which includes the elected official position for the Secretary of State. Finally, the legislature reduced authority for federal Help America Vote Act funds from \$513,000 over the biennium to \$256,000 over the biennium to align appropriation authority with the costs associated with the program.

Agency Highlights

Secretary of State's Office Major Budget Highlights
<ul style="list-style-type: none"> ◆ No base funding exists for the office as the 2011 Legislature designated the \$1.1 million in federal Help America Vote Act fund appropriated for the 2013 biennium as one-time-only and proprietary funding to support the office was not appropriated in HB 2 ◆ The legislature included all funding, FTE, personal service costs, operating expenses, equipment, grants, and debt service of the office from all funding sources in HB 2 for the 2015 biennium ◆ Proprietary funds provide 97.6% of support included in the budget

Agency Discussion

Since the 1993 Legislature enacted HB 549, the majority of the operations of the Secretary of State's Office have been funded through proprietary funds and as such have not been included in the legislative review process conducted as part of its budget deliberations. The proprietary fund provides support for the following major functions:

- Election administration
- Registration and document filing of Montana businesses
- Publication and distribution of administrative rules
- Records management of public documents generated by state and local government
- Centralized services for the Secretary of State's Office

The 2013 Biennium Report on Internal Service and Enterprise Funds for the business and government services account in the enterprise fund showed, and the last several legislative audits confirm, that the fund balance for the enterprise fund used to finance the operations of the Secretary of State is high and fees are not commensurate with costs as required by statute. The legislature increased its oversight over the operations of the Secretary of State by including the proprietary funding in HB 2 and designating its uses over the 2015 biennium.

Funding

The operations of the Secretary of State's Office are primarily funded with proprietary funds derived from fees for services, document sales, and other fees established in statute.

The legislature provided \$1.4 million in proprietary funding to support the statewide voter registration system. The executive had requested general fund for the statewide voter registration system.

In recent years, the federal Help America Vote Act of 2002 (HAVA) has provided federal special revenues for election reform initiatives. Since expenditure of HAVA interest funds in the base were designated as one-time-only, these expenditures were removed from the base and no base exists. Interest accrued on deposit of HAVA funds remains unspent and funding from these funds was approved for the 2015 biennium.

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	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	477	482	959	0.01%
New Proposals	0	0	0	0.00%	5,378,000	5,344,865	10,722,865	99.99%
Total Budget	\$0	\$0	\$0		\$5,378,477	\$5,345,347	\$10,723,824	

As discussed in the Agency Discussion narrative, proprietary funding was not appropriated in HB 2 previously and HAVA funding was designated as one-time-only for FY 2012 resulting in new proposal request to reinstate federal funding for the 2015 biennium.

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
Total Statewide Present Law Adjustments		\$0		\$0	\$0		\$0		\$0	\$0
DP 52 - Adjustments for Statewide Operations	0.00	0	0	0	477*	0.00	0	0	0	482*
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$477*	0.00	\$0	\$0	\$0	\$482*
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$477*	0.00	\$0	\$0	\$0	\$482*

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

DP 52 - Adjustments for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

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 54 - Additional Vacancy Savings	01	0.00	0	0	0	(63,583)*	0.00	0	0	0	(63,553)*
DP 1501 - Statewide Voter Registration System (SVRS)	01	1.00	0	0	0	690,629*	1.00	0	0	0	694,029*
DP 1503 - HAVA Interest (Biennial) OTO	01	0.00	0	0	128,000	128,000	0.00	0	0	128,000	128,000
DP 1505 - Include Secretary of States Budget in HB 2	01	55.25	0	0	0	4,622,954*	55.25	0	0	0	4,586,389*
Total		56.25	\$0	\$0	\$128,000	\$5,378,000*	56.25	\$0	\$0	\$128,000	\$5,344,865*

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

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1501 - Statewide Voter Registration System (SVRS) - The legislature approved support for 1.00 FTE and operational costs to support the Statewide Voter file that was mandated by the federal Help America Vote Act (HAVA) of 2002. The federal act requires states to maintain a uniform, official, centralized, interactive computerized system. The voter file must be maintained for fixes and enhancements to the system.

DP 1503 - HAVA Interest (Biennial) OTO - The legislature approved spending authority for cumulative interest earnings from the Help America Vote Act grant. Authority would be used for related expenses and grants to counties to continue to comply with the act.

DP 1505 - Include Secretary of States Budget in HB 2 - The legislature included the Secretary of State's budget in HB 2. Personal services costs of \$6.2 million for 55.25 FTE and operating expenses of \$2.95 million over the biennium are supported by fees paid by businesses and state agencies.

Language and Statutory Authority

The legislature proposes the following language for inclusion in HB 2.

"Business and Government Services includes a reduction in proprietary funds of \$63,583 in fiscal year 2014 and \$63,553 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction among programs when developing 2015 biennium operating plans."