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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	134.97	140.14	134.97	140.14	140.14	140.14	0.00	0.00%
Personal Services	9,975,053	11,251,586	10,420,528	10,406,089	21,226,639	20,826,617	(400,022)	(1.88%)
Operating Expenses	2,926,260	3,701,538	3,285,000	3,031,202	6,627,798	6,316,202	(311,596)	(4.70%)
Equipment & Intangible Assets	133,233	80,729	75,000	75,000	213,962	150,000	(63,962)	(29.89%)
Benefits & Claims	250	0	0	0	250	0	(250)	(100.00%)
Total Costs	**$13,034,796**	**$15,033,853**	**$13,780,528**	**$13,512,291**	**$28,068,649**	**$27,292,819**	**($775,830)**	**(2.76%)**
General Fund	10,671,264	12,745,186	11,230,674	11,607,841	23,416,450	22,838,515	(577,935)	(2.47%)
State Special	2,363,532	2,288,667	2,549,854	1,904,450	4,652,199	4,454,304	(197,895)	(4.25%)
Total Funds	**$13,034,796**	**$15,033,853**	**$13,780,528**	**$13,512,291**	**$28,068,649**	**$27,292,819**	**($775,830)**	**(2.76%)**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	134.97	134.97	134.97	0.00	140.14	140.14	0.00	
Personal Services	9,975,053	10,873,290	10,420,528	(452,762)	10,858,306	10,406,089	(452,217)	(904,979)
Operating Expenses	2,926,260	3,483,472	3,285,000	(198,472)	3,230,219	3,031,202	(199,017)	(397,489)
Equipment & Intangible Assets	133,233	75,000	75,000	0	75,000	75,000	0	0
Benefits & Claims	250	0	0	0	0	0	0	0
Total Costs	**$13,034,796**	**$14,431,762**	**$13,780,528**	**($651,234)**	**$14,163,525**	**$13,512,291**	**($651,234)**	**($1,302,468)**
General Fund	10,671,264	11,763,554	11,230,674	(532,880)	12,140,721	11,607,841	(532,880)	(1,065,760)
State/Other Special	2,363,532	2,668,208	2,549,854	(118,354)	2,022,804	1,904,450	(118,354)	(236,708)
Total Funds	**$13,034,796**	**$14,431,762**	**$13,780,528**	**($651,234)**	**$14,163,525**	**$13,512,291**	**($651,234)**	**($1,302,468)**

General fund support has been reduced by a total of $1.1 million for the biennium from the budget originally submitted by the branch. These reductions are a result of adoption of the 5% plan reductions approved globally for all agencies required to submit such plans. The largest component of this reduction comes from personal services savings, with a smaller portion each year from operations. The specifics of these reductions can be seen in Decision Packages 95205, 95215, 95275, and 95285 in each of the following program overviews.

Agency Highlights

Legislative Branch
Major Budget Highlights

- The budget decreases from the 2011 biennium due to decreases partially offset by a number of increases
- A variety of increases include:
  - Statewide present law adjustments
  - Funding of the Districting and Apportionment Commission and a portion of organizational dues
  - Retrofits of the State Capitol building to address work health issues
- The decreases more than offsetting these increases are a result of adoption of the 5% reduction plan:
  - Leaving 6.00 FTE professional level positions vacant
  - Reducing budgets for interim committees and the Legislative Council's emergent issues fund
  - Reductions to various supplies, training, lodging, and equipment

Agency Discussion

The budget of the Legislative Branch is presented as a biennial budget due to the cyclical nature of the legislative sessions and the many costs associated therein. Many of the costs of the Legislative Branch are incurred in non-base years, as the sessions are held in the second year of the biennium. This often makes it look as if a significant increase is being requested, as the new budgets are typically prepared from the even-numbered base years.

The 2013 biennium budget also includes certain one-time costs not included in the 2011 biennium. The Districting and Apportionment Commission meets only after the decennial census is completed, so these costs would not have been included in the last biennium. There is also a decision package to provide funds for workplace health issues associated with the prior Capitol renovation, and setting the stage for a Capital Building Master Plan for which funding will likely be requested at some point in the future. Alternately, there are several decreases in the budget that more than offset these increases, as a result of adoption of the 5% reduction plan approved by the legislature, to leave some positions vacant, reduce some interim committee budgets, and provide for a variety of operations decreases.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Grand Total	Total %
20 Legislative Services Division	$ 13,462,631	$ 1,149,341	$ 14,611,972	53.54%
21 Legis. Committees & Activities	1,102,010	-	1,102,010	4.04%
27 Fiscal Analysis & Review	3,560,728	-	3,560,728	13.05%
28 Audit & Examination	4,713,146	3,304,963	8,018,109	29.38%
Grand Total	$ 22,838,515	$ 4,454,304	$ 27,292,819	100.00%

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	10,671,264	10,671,264	21,342,528	93.45%	13,034,796	13,034,796	26,069,592	95.52%
Statewide PL Adjustments	605,283	1,053,414	1,658,697	7.26%	894,279	997,540	1,891,819	6.93%
Other PL Adjustments	167,285	336,321	503,606	2.21%	182,965	51,467	234,432	0.86%
New Proposals	(213,158)	(453,158)	(666,316)	(2.92%)	(331,512)	(571,512)	(903,024)	(3.31%)
Total Budget	**$11,230,674**	**$11,607,841**	**$22,838,515**		**$13,780,528**	**$13,512,291**	**$27,292,819**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	59.00	64.17	59.00	64.17	64.17	64.17	0.00	0.00%
Personal Services	4,606,243	5,302,075	4,750,301	4,816,459	9,908,318	9,566,760	(341,558)	(3.45%)
Operating Expenses	2,342,462	2,850,300	2,490,793	2,404,419	5,192,762	4,895,212	(297,550)	(5.73%)
Equipment & Intangible Assets	133,233	80,729	75,000	75,000	213,962	150,000	(63,962)	(29.89%)
Total Costs	**$7,081,938**	**$8,233,104**	**$7,316,094**	**$7,295,878**	**$15,315,042**	**$14,611,972**	**($703,070)**	**(4.59%)**
General Fund	6,197,641	7,837,919	6,452,995	7,009,636	14,035,560	13,462,631	(572,929)	(4.08%)
State Special	884,297	395,185	863,099	286,242	1,279,482	1,149,341	(130,141)	(10.17%)
Total Funds	**$7,081,938**	**$8,233,104**	**$7,316,094**	**$7,295,878**	**$15,315,042**	**$14,611,972**	**($703,070)**	**(4.59%)**

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Funding

The Legislative Services Division is mainly funded by general fund. State special revenue funding supports the costs associated with the state broadcasting service (TVMT) and the preparation, publication, and distribution of the Montana Codes Annotated.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	6,197,641	6,197,641	12,395,282	92.07%	7,081,938	7,081,938	14,163,876	96.93%
Statewide PL Adjustments	343,855	828,816	1,172,671	8.71%	358,242	566,880	925,122	6.33%
Other PL Adjustments	8,450	320,675	329,125	2.44%	17,080	28,771	45,851	0.31%
New Proposals	(96,951)	(337,496)	(434,447)	(3.23%)	(141,166)	(381,711)	(522,877)	(3.58%)
Total Budget	**$6,452,995**	**$7,009,636**	**$13,462,631**		**$7,316,094**	**$7,295,878**	**$14,611,972**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					374,371					440,529
Inflation/Deflation					567					568
Fixed Costs					(16,696)					125,783
Total Statewide Present Law Adjustments		**$343,855**	**$14,387**	**$0**	**$358,242**		**$828,816**	**($261,936)**	**$0**	**$566,880**
DP 201 - LSD Cyclical Program Operations	0.00	8,450	8,630	0	17,080	0.00	320,675	(291,904)	0	28,771
Total Other Present Law Adjustments	**0.00**	**$8,450**	**$8,630**	**$0**	**$17,080**	**0.00**	**$320,675**	**($291,904)**	**$0**	**$28,771**
Grand Total All Present Law Adjustments	**0.00**	**$352,305**	**$23,017**	**$0**	**$375,322**	**0.00**	**$1,149,491**	**($553,840)**	**$0**	**$595,651**

DP 201 - LSD Cyclical Program Operations - The legislature approved a package to fund increases and decreases reflecting the cyclical nature of the legislative business cycle. An $8,000 general fund increase each year supports the work of the Districting & Apportionment Commission following the national census. A $9,000 special revenue fund increase in Montana Code Annotated (MCA) costs in the first year is more than offset by a second year reduction of $292,348 related to the production and publication of the MCA. Other second year changes totaling $321,000 fund costs of the 2013 legislative session which are not included in the base year or that increase during a session year. Such costs include streaming legislative proceedings over the internet, production costs of TVMT, temporary staff support of House and Senate secretaries, and contracted services for support of the LAWS system, session network buildup, and computer-related assistance to legislators.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 206 - Retro-Commissioning the Capitol Building - OTO										
20	0.00	240,000	0	0	240,000	0.00	0	0	0	0
DP 95205 - LSD 5% Reduction Plan, 17-7-111, MCA										
20	0.00	(336,951)	(44,215)	0	(381,166)	0.00	(337,496)	(44,215)	0	(381,711)
Total	**0.00**	**($96,951)**	**($44,215)**	**$0**	**($141,166)**	**0.00**	**($337,496)**	**($44,215)**	**$0**	**($381,711)**

DP 206 - Retro-Commissioning the Capitol Building - OTO - The legislature approved one-time biennial funding for shorter-term options related to a healthy work environment and retro-commissioning the mechanical system and controls within the Capitol building and with the central plant. Healthy work environment issues include upgrading lighting and opening window wells closed over during Capitol renovation.

DP 95205 - LSD 5% Reduction Plan, 17-7-111, MCA - The legislature approved a 5% reduction plan in its global motion to begin the budgeting process. This is the first of four decision packages presenting the Legislative Branch reduction plan required under 17-7-111, MCA. Personal services reductions, branchwide, total $452,000 each year and exceed 4.5% of base year expenditures. Branchwide reductions in operations total $199,000 each year, equal to 6.5% of base year expenditures.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	0.97	0.97	0.97	0.97	0.97	0.97	0.00	0.00%
Personal Services	99,245	70,074	125,722	48,375	169,319	174,097	4,778	2.82%
Operating Expenses	352,826	490,584	571,155	356,758	843,410	927,913	84,503	10.02%
Total Costs	**$452,071**	**$560,658**	**$696,877**	**$405,133**	**$1,012,729**	**$1,102,010**	**$89,281**	**8.82%**
General Fund	452,071	560,658	696,877	405,133	1,012,729	1,102,010	89,281	8.82%
Total Funds	**$452,071**	**$560,658**	**$696,877**	**$405,133**	**$1,012,729**	**$1,102,010**	**$89,281**	**8.82%**

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Funding

The program is entirely funded with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	452,071	452,071	904,142	82.04%	452,071	452,071	904,142	82.04%
Statewide PL Adjustments	38,102	(68,953)	(30,851)	(2.80%)	38,102	(68,953)	(30,851)	(2.80%)
Other PL Adjustments	149,585	(35,104)	114,481	10.39%	149,585	(35,104)	114,481	10.39%
New Proposals	57,119	57,119	114,238	10.37%	57,119	57,119	114,238	10.37%
Total Budget	**$696,877**	**$405,133**	**$1,102,010**		**$696,877**	**$405,133**	**$1,102,010**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					40,658					(66,400)
Inflation/Deflation					(119)					(116)
Fixed Costs					(2,437)					(2,437)
Total Statewide Present Law Adjustments		**$38,102**	**$0**	**$0**	**$38,102**		**($68,953)**	**$0**	**$0**	**($68,953)**
DP 211 - Interim Committees Cyclical Program Operations	0.00	149,585	0	0	149,585	0.00	(35,104)	0	0	(35,104)
Total Other Present Law Adjustments	**0.00**	**$149,585**	**$0**	**$0**	**$149,585**	**0.00**	**($35,104)**	**$0**	**$0**	**($35,104)**
Grand Total All Present Law Adjustments	**0.00**	**$187,687**	**$0**	**$0**	**$187,687**	**0.00**	**($104,057)**	**$0**	**$0**	**($104,057)**

DP 211 - Interim Committees Cyclical Program Operations - An operational increase of $49,134 relates to decennial work of the Districting & Apportionment Commission, a $25,354 reduction in dues, an $8,785 increase relates to personal car mileage, and a $50,000 increase relates to re-establishment of the Legislative Council's discretionary fund for emerging issues that was not expended in the base year.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 212 - Interstate Organization Dues										
21	0.00	79,722	0	0	79,722	0.00	79,722	0	0	79,722
DP 95215 - Interim Comm 5% Reduction Plan, 17-7-111, MCA										
21	0.00	(22,603)	0	0	(22,603)	0.00	(22,603)	0	0	(22,603)
Total	**0.00**	**$57,119**	**$0**	**$0**	**$57,119**	**0.00**	**$57,119**	**$0**	**$0**	**$57,119**

DP 212 - Interstate Organization Dues - The legislature approved funding for interstate organizational dues in an amount equal to 30% of the total dues for the 2013 biennium for four interstate organizations including the National Conference of Commissioners on Uniform State Law (NCCUSL), the Pacific Northwest Economic Region (PNWER), the National Conference of State Legislatures (NCSL) and the Council of State Governments (CSG). The program's present law budget contains funding sufficient to pay 50% of the dues, and this addition increases the total funding to 80% of the anticipated cost.

DP 95215 - Interim Comm 5% Reduction Plan, 17-7-111, MCA - The legislature approved as part of the overall 5% reduction global motion the second of four decision packages presenting the Legislative Branch reduction plan required by 17-7-111, MCA. A $22,000 biennial general fund reduction is the result of removing $2,000 from each of 11 interim committee budgets. In addition, an $11,603 reduction each year was made from the Legislative Council's emerging issues fund.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	20.50	20.50	20.50	20.50	20.50	20.50	0.00	0.00%
Personal Services	1,771,252	1,811,909	1,722,406	1,719,970	3,583,161	3,442,376	(140,785)	(3.93%)
Operating Expenses	54,931	86,707	38,653	79,699	141,638	118,352	(23,286)	(16.44%)
Total Costs	**$1,826,183**	**$1,898,616**	**$1,761,059**	**$1,799,669**	**$3,724,799**	**$3,560,728**	**($164,071)**	**(4.40%)**
General Fund	1,826,183	1,898,616	1,761,059	1,799,669	3,724,799	3,560,728	(164,071)	(4.40%)
Total Funds	**$1,826,183**	**$1,898,616**	**$1,761,059**	**$1,799,669**	**$3,724,799**	**$3,560,728**	**($164,071)**	**(4.40%)**

Page Reference

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Funding

The division is entirely funded with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,826,183	1,826,183	3,652,366	102.57%	1,826,183	1,826,183	3,652,366	102.57%
Statewide PL Adjustments	9,116	2,181	11,297	0.32%	9,116	2,181	11,297	0.32%
Other PL Adjustments	0	45,000	45,000	1.26%	0	45,000	45,000	1.26%
New Proposals	(74,240)	(73,695)	(147,935)	(4.15%)	(74,240)	(73,695)	(147,935)	(4.15%)
Total Budget	**$1,761,059**	**$1,799,669**	**$3,560,728**		**$1,761,059**	**$1,799,669**	**$3,560,728**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					8,688					4,207
Inflation/Deflation					(96)					(94)
Fixed Costs					524					(1,932)
Total Statewide Present Law Adjustments		**$9,116**	**$0**	**$0**	**$9,116**		**$2,181**	**$0**	**$0**	**$2,181**
DP 271 - LFD Cyclical Program Operations	0.00	0	0	0	0	0.00	45,000	0	0	45,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$45,000**	**$0**	**$0**	**$45,000**
Grand Total All Present Law Adjustments	**0.00**	**$9,116**	**$0**	**$0**	**$9,116**	**0.00**	**$47,181**	**$0**	**$0**	**$47,181**

DP 271 - LFD Cyclical Program Operations - The legislature approved an increase in the FY 2013 budget in the categories of overtime, temporary services, printing, photocopy, and office supplies due to cyclical legislative session costs that are not captured in the base year. This is the same amount approved in the previous two biennia.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95275 - LFD 5% Reduction Plan, 17-7-111, MCA										
27	0.00	(74,240)	0	0	(74,240)	0.00	(73,695)	0	0	(73,695)
Total	**0.00**	**($74,240)**	**$0**	**$0**	**($74,240)**	**0.00**	**($73,695)**	**$0**	**$0**	**($73,695)**

DP 95275 - LFD 5% Reduction Plan, 17-7-111, MCA - This is the third of four decision packages approved by the legislature to enact a 5% reduction plan required by 17-7-111, MCA. For the LFD, personal services reductions of $57,534 in FY 2012 and $56,989 in FY 2013 represent a plan to leave one professional-level position vacant for the biennium. Operating reductions remove $8,506 from office supplies and $8,200 from contracted services each year of the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	54.50	54.50	54.50	54.50	54.50	54.50	0.00	0.00%
Personal Services	3,498,313	4,067,528	3,822,099	3,821,285	7,565,841	7,643,384	77,543	1.02%
Operating Expenses	176,041	273,947	184,399	190,326	449,988	374,725	(75,263)	(16.73%)
Benefits & Claims	250	0	0	0	250	0	(250)	(100.00%)
Total Costs	**$3,674,604**	**$4,341,475**	**$4,006,498**	**$4,011,611**	**$8,016,079**	**$8,018,109**	**$2,030**	**0.03%**
General Fund	2,195,369	2,447,993	2,319,743	2,393,403	4,643,362	4,713,146	69,784	1.50%
State Special	1,479,235	1,893,482	1,686,755	1,618,208	3,372,717	3,304,963	(67,754)	(2.01%)
Total Funds	**$3,674,604**	**$4,341,475**	**$4,006,498**	**$4,011,611**	**$8,016,079**	**$8,018,109**	**$2,030**	**0.03%**

Page Reference

Legislative Budget Analysis, A-15

Funding

This program is funded through a combination of general fund and state special revenue funds generated through the assessment to agencies of federally approved hourly rates charged for audit services.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,195,369	2,195,369	4,390,738	93.16%	3,674,604	3,674,604	7,349,208	91.66%
Statewide PL Adjustments	214,210	291,370	505,580	10.73%	488,819	497,432	986,251	12.30%
Other PL Adjustments	9,250	5,750	15,000	0.32%	16,300	12,800	29,100	0.36%
New Proposals	(99,086)	(99,086)	(198,172)	(4.20%)	(173,225)	(173,225)	(346,450)	(4.32%)
Total Budget	**$2,319,743**	**$2,393,403**	**$4,713,146**		**$4,006,498**	**$4,011,611**	**$8,018,109**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					488,701					487,887
Inflation/Deflation					(1,106)					(1,089)
Fixed Costs					1,224					10,634
Total Statewide Present Law Adjustments		**$214,210**	**$274,609**	**$0**	**$488,819**		**$291,370**	**$206,062**	**$0**	**$497,432**
DP 281 - LAD Cyclical Program Operations	0.00	9,250	7,050	0	16,300	0.00	5,750	7,050	0	12,800
Total Other Present Law Adjustments	**0.00**	**$9,250**	**$7,050**	**$0**	**$16,300**	**0.00**	**$5,750**	**$7,050**	**$0**	**$12,800**
Grand Total All Present Law Adjustments	**0.00**	**$223,460**	**$281,659**	**$0**	**$505,119**	**0.00**	**$297,120**	**$213,112**	**$0**	**$510,232**

DP 281 - LAD Cyclical Program Operations - Changes from the adjusted base include cyclical costs associated with a peer review required by Governmental Auditing Standards, the biennial Legislative Branch audit, and contract services for the potential use of actuarial expertise during the division's audits of the retirement systems and the Montana State Fund.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95285 - LAD 5% Reduction Plan, 17-7-111, MCA										
28	0.00	(99,086)	(74,139)	0	(173,225)	0.00	(99,086)	(74,139)	0	(173,225)
Total	**0.00**	**($99,086)**	**($74,139)**	**$0**	**($173,225)**	**0.00**	**($99,086)**	**($74,139)**	**$0**	**($173,225)**

DP 95285 - LAD 5% Reduction Plan, 17-7-111, MCA - This is the fourth of four decision packages approved by the legislature to enact a 5% reduction plan required by 17-7-111, MCA. Personal services reductions of $164,915 in FY 2012 and again in FY 2013 represent a plan to leave three professional-level positions vacant for an extended period of time. Operating reductions remove $2,700 from ITSD voice services and $5,610 from education and training budgets each year of the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.54	5.54	5.54	5.54	5.54	5.54	0.00	0.00%
Personal Services	453,709	567,986	572,931	574,618	1,021,695	1,147,549	125,854	12.32%
Operating Expenses	485,539	825,334	1,064,288	1,066,255	1,310,873	2,130,543	819,670	62.53%
Total Costs	**$939,248**	**$1,393,320**	**$1,637,219**	**$1,640,873**	**$2,332,568**	**$3,278,092**	**$945,524**	**40.54%**
State Special	939,248	1,393,320	1,637,219	1,640,873	2,332,568	3,278,092	945,524	40.54%
Total Funds	**$939,248**	**$1,393,320**	**$1,637,219**	**$1,640,873**	**$2,332,568**	**$3,278,092**	**$945,524**	**40.54%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	5.54	5.54	5.54	0.00	5.54	5.54	0.00	
Personal Services	453,709	572,931	572,931	0	574,618	574,618	0	0
Operating Expenses	485,539	1,064,288	1,064,288	0	1,066,255	1,066,255	0	0
Total Costs	**$939,248**	**$1,637,219**	**$1,637,219**	**$0**	**$1,640,873**	**$1,640,873**	**$0**	**$0**
State/Other Special	939,248	1,637,219	1,637,219	0	1,640,873	1,640,873	0	0
Total Funds	**$939,248**	**$1,637,219**	**$1,637,219**	**$0**	**$1,640,873**	**$1,640,873**	**$0**	**$0**

The budget was approved as originally requested by the agency, although a portion was separated out and made one-time-only to establish a caseload contingency fund.

Agency Highlights

Montana Consumer Counsel
Major Budget Highlights

- There is no general fund utilized by this agency
- This agency was exempt from the 5% plan requirements because it has fewer than 20 FTE
- The funding increase between the 2013 and 2011 biennia is the result of two major factors:
  - The majority of the statewide present law increase is due to under-filled positions during the base year
  - The 62.5% increase in operating expense is for consulting and professional fees due to unusually light legal costs during the base year, and establishment of a caseload contingency fund

Agency Discussion

Personal services increases from the prior biennium are due to statewide present law adjustments including fully funding positions that were under-filled in the base year. The agency underutilized its budgeted personal services hours by 14.5% during the base year due to one full-time and one part-time position being filled for approximately half of the year.

The increase in operating expenses is due to the addition of about $560,000 annually in additional authority for consulting and professional services expense. Included is almost $250,000 annually for caseload contingency. There were no expenditures recorded on the state accounting system for caseload contingency in the FY 2010 base year.

Funding

The Consumer Counsel is funded by a constitutionally earmarked tax that is levied on all regulated entities under the jurisdiction of the Public Service Commission. The funding formula is specified in 61-1-223 and 224, MCA. Each year the Department of Revenue determines the total gross operating revenue generated by all regulated activities within the state for the previous fiscal year. The Department of Revenue then computes the percentage tax necessary to yield an amount equal to the current appropriation, with no excess funds. If collection of excess revenue occurs, the amount charged to the regulated utilities for the following year is reduced.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	939,248	939,248	1,878,496	57.30%
Statewide PL Adjustments	0	0	0	0.00%	140,425	142,593	283,018	8.63%
Other PL Adjustments	0	0	0	0.00%	557,546	559,032	1,116,578	34.06%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$1,637,219**	**$1,640,873**	**$3,278,092**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					119,222					120,909
Inflation/Deflation					(10)					(9)
Fixed Costs					21,213					21,693
Total Statewide Present Law Adjustments		**$0**	**$140,425**	**$0**	**$140,425**		**$0**	**$142,593**	**$0**	**$142,593**
DP 1 - Present Law Base Adjustments	0.00	0	557,546	0	557,546	0.00	0	559,032	0	559,032
Total Other Present Law Adjustments	**0.00**	**$0**	**$557,546**	**$0**	**$557,546**	**0.00**	**$0**	**$559,032**	**$0**	**$559,032**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$697,971**	**$0**	**$697,971**	**0.00**	**$0**	**$701,625**	**$0**	**$701,625**

DP 1 - Present Law Base Adjustments - The legislature approved an amount equal to the initial agency request, but split it into two separate amounts to recognize that two separate actions were being taken to both adjust the base to be equal to the FY 2011 appropriation of $1,393,320 and also set aside an amount for "caseload contingency." The caseload contingency for FY 2012 was approved at $243,899 and for FY 2013 at $247,553 as a restricted, one-time-only appropriation.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	60.07	60.07	58.07	58.07	60.07	58.07	(2.00)	(3.33%)
Personal Services	4,465,074	4,605,475	4,335,840	4,333,912	9,070,549	8,669,752	(400,797)	(4.42%)
Operating Expenses	1,507,560	1,563,598	1,441,807	1,403,006	3,071,158	2,844,813	(226,345)	(7.37%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	**$5,972,634**	**$6,169,073**	**$5,777,647**	**$5,736,918**	**$12,141,707**	**$11,514,565**	**($627,142)**	**(5.17%)**
General Fund	5,946,921	6,136,573	5,766,459	5,725,795	12,083,494	11,492,254	(591,240)	(4.89%)
State Special	25,713	32,500	11,188	11,123	58,213	22,311	(35,902)	(61.67%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$5,972,634**	**$6,169,073**	**$5,777,647**	**$5,736,918**	**$12,141,707**	**$11,514,565**	**($627,142)**	**(5.17%)**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	60.07	60.07	58.07	(2.00)	60.07	58.07	(2.00)	
Personal Services	4,465,074	4,502,571	4,335,840	(166,731)	4,500,239	4,333,912	(166,327)	(333,058)
Operating Expenses	1,507,560	1,567,852	1,441,807	(126,045)	1,503,989	1,403,006	(100,983)	(227,028)
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Total Costs	**$5,972,634**	**$6,070,423**	**$5,777,647**	**($292,776)**	**$6,004,228**	**$5,736,918**	**($267,310)**	**($560,086)**
General Fund	5,946,921	6,057,949	5,766,459	(291,490)	5,991,819	5,725,795	(266,024)	(557,514)
State/Other Special	25,713	12,474	11,188	(1,286)	12,409	11,123	(1,286)	(2,572)
Federal Special	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	**$5,972,634**	**$6,070,423**	**$5,777,647**	**($292,776)**	**$6,004,228**	**$5,736,918**	**($267,310)**	**($560,086)**

General fund support has been reduced by $0.5 million compared to the original executive request. These reductions are a result of adoption of the 5% plan reductions approved globally for all agencies required to submit such plans. The largest component of this reduction comes from personal services savings, with a smaller portion each year from operations. The specifics of these reductions can be seen in Decision Packages 95400 and 95101 as reflected in each of the program areas, and 95102 in the Air Transportation program. The 5% plan reduction to the Mental Disabilities Board of Visitors program was reversed, restoring just over $54,000 for the biennium. The legislature did not provide funding requested for costs associated with co-locating the Governor's Office servers at the State of Montana Data Center (SMDC), or for the increased cost of a custodial position filled at a higher rate than for which it had been budgeted.

Agency Highlights

Governor's Office
Major Budget Highlights

- The decrease in the budget from the 2011 biennium to the 2013 biennium is primarily due to application of the 5% reduction plan submitted by the agency, including:
  - 4% personal services reduction
  - Unspecified across the board reductions
  - Reduction to the air transportation state special revenue fund
- These reductions are partially offset by:
  - Statewide present law adjustments
  - Adjustment to the budget of the Mental Disabilities Board of Visitors to allow for actual personal services costs above the budgeted allowable and restoration of the 5% reduction plan
- Language is included giving the Air Transportation program the authority to spend state special revenue for maintenance and upkeep as needed
- Computer replacements were funded on a one-time-only basis

Agency Discussion

The agency budget is reduced by approximately 5% from the 2011 biennium. The 5% reduction plan is the major reason for this, but a number of other decisions factor in. Increases to the budget included one program (Mental Disabilities Board of Visitors) for which the 5% plan was reversed, additional funding for a position that was being paid at an increased rate compared to what was budgeted, and computer replacements funded as one-time-only. However, funding for another position that was hired at an inflated rate versus what was budgeted, and funding to move the computer servers to the State of Montana Data Center, was not approved. A language appropriation is made which provides biennial authority for the Air Transportation program to spend state special revenue funds.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Executive Office Program	$ 4,825,708	$ -	$ 4,825,708	41.91%
02 Executive Residence Operations	214,610	-	214,610	1.86%
03 Air Transportation Program	634,816	38	634,854	5.51%
04 Ofc Budget & Program Planning	3,159,769	-	3,159,769	27.44%
05 Coordinator Of Indian Affairs	345,244	-	345,244	3.00%
06 Centralized Services Division	689,777	-	689,777	5.99%
12 Lieutenant Governor'S Office	651,317	-	651,317	5.66%
16 Citizens' Advocate Office	176,805	22,273	199,078	1.73%
20 Mental Disabilities Bd Visitrs	794,208	-	794,208	6.90%
Grand Total	$ 11,492,254	$ 22,311	$ 11,514,565	100.00%

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,946,921	5,946,921	11,893,842	103.49%	5,972,634	5,972,634	11,945,268	103.74%
Statewide PL Adjustments	45,392	(3,639)	41,753	0.36%	32,153	(16,943)	15,210	0.13%
Other PL Adjustments	27,479	35,442	62,921	0.55%	27,479	35,442	62,921	0.55%
New Proposals	(253,333)	(252,929)	(506,262)	(4.41%)	(254,619)	(254,215)	(508,834)	(4.42%)
Total Budget	**$5,766,459**	**$5,725,795**	**$11,492,254**		**$5,777,647**	**$5,736,918**	**$11,514,565**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	21.63	21.63	20.63	20.63	21.63	20.63	(1.00)	(4.62%)
Personal Services	1,787,970	1,756,812	1,614,086	1,609,928	3,544,782	3,224,014	(320,768)	(9.05%)
Operating Expenses	828,389	882,482	800,484	801,210	1,710,871	1,601,694	(109,177)	(6.38%)
Total Costs	**$2,616,359**	**$2,639,294**	**$2,414,570**	**$2,411,138**	**$5,255,653**	**$4,825,708**	**($429,945)**	**(8.18%)**
General Fund	2,616,359	2,639,294	2,414,570	2,411,138	5,255,653	4,825,708	(429,945)	(8.18%)
State Special	0	0	0	0	0	0	0	n/a
Total Funds	**$2,616,359**	**$2,639,294**	**$2,414,570**	**$2,411,138**	**$5,255,653**	**$4,825,708**	**($429,945)**	**(8.18%)**

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Funding

The Executive Office Program is entirely funded with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,616,359	2,616,359	5,232,718	108.43%	2,616,359	2,616,359	5,232,718	108.43%
Statewide PL Adjustments	(91,087)	(94,681)	(185,768)	(3.85%)	(91,087)	(94,681)	(185,768)	(3.85%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(110,702)	(110,540)	(221,242)	(4.58%)	(110,702)	(110,540)	(221,242)	(4.58%)
Total Budget	**$2,414,570**	**$2,411,138**	**$4,825,708**		**$2,414,570**	**$2,411,138**	**$4,825,708**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(43,039)					(47,520)
Vacancy Savings					(64,443)					(64,282)
Inflation/Deflation					(2,416)					(2,371)
Fixed Costs					18,811					19,492
Total Statewide Present Law Adjustments		**($91,087)**	**$0**	**$0**	**($91,087)**		**($94,681)**	**$0**	**$0**	**($94,681)**
Grand Total All Present Law Adjustments	**0.00**	**($91,087)**	**$0**	**$0**	**($91,087)**	**0.00**	**($94,681)**	**$0**	**$0**	**($94,681)**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
01	0.00	(44,300)	0	0	(44,300)	0.00	(44,300)	0	0	(44,300)
DP 95400 - 4% Personal Services Reduction										
01	(1.00)	(66,402)	0	0	(66,402)	(1.00)	(66,240)	0	0	(66,240)
Total	**(1.00)**	**($110,702)**	**$0**	**$0**	**($110,702)**	**(1.00)**	**($110,540)**	**$0**	**$0**	**($110,540)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95400 - 4% Personal Services Reduction - The legislature approved a 4% reduction in general fund personal services. This 4% plan was not included in the Governor's proposed budget, although the 4% reduction was included in most other executive branch agencies. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	69,750	65,073	57,569	57,451	134,823	115,020	(19,803)	(14.69%)
Operating Expenses	50,564	61,291	49,423	50,167	111,855	99,590	(12,265)	(10.97%)
Total Costs	**$120,314**	**$126,364**	**$106,992**	**$107,618**	**$246,678**	**$214,610**	**($32,068)**	**(13.00%)**
General Fund	120,314	126,364	106,992	107,618	246,678	214,610	(32,068)	(13.00%)
Total Funds	**$120,314**	**$126,364**	**$106,992**	**$107,618**	**$246,678**	**$214,610**	**($32,068)**	**(13.00%)**

Page Reference

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Funding

The Executive Residence Operations program is funded entirely from general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	120,314	120,314	240,628	112.12%	120,314	120,314	240,628	112.12%
Statewide PL Adjustments	(11,286)	(10,660)	(21,946)	(10.23%)	(11,286)	(10,660)	(21,946)	(10.23%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(2,036)	(2,036)	(4,072)	(1.90%)	(2,036)	(2,036)	(4,072)	(1.90%)
Total Budget	**$106,992**	**$107,618**	**$214,610**		**$106,992**	**$107,618**	**$214,610**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(9,782)					(9,905)
Vacancy Savings					(2,399)					(2,394)
Inflation/Deflation					1,036					1,723
Fixed Costs					(141)					(84)
Total Statewide Present Law Adjustments		**($11,286)**	**$0**	**$0**	**($11,286)**		**($10,660)**	**$0**	**$0**	**($10,660)**
Grand Total All Present Law Adjustments	**0.00**	**($11,286)**	**$0**	**$0**	**($11,286)**	**0.00**	**($10,660)**	**$0**	**$0**	**($10,660)**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
02	0.00	(2,036)	0	0	(2,036)	0.00	(2,036)	0	0	(2,036)
Total	**0.00**	**($2,036)**	**$0**	**$0**	**($2,036)**	**0.00**	**($2,036)**	**$0**	**$0**	**($2,036)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	113,734	112,952	119,678	119,417	226,686	239,095	12,409	5.47%
Operating Expenses	193,988	182,371	193,603	202,156	376,359	395,759	19,400	5.15%
Total Costs	**$307,722**	**$295,323**	**$313,281**	**$321,573**	**$603,045**	**$634,854**	**$31,809**	**5.27%**
General Fund	306,417	287,323	313,262	321,554	593,740	634,816	41,076	6.92%
State Special	1,305	8,000	19	19	9,305	38	(9,267)	(99.59%)
Total Funds	**$307,722**	**$295,323**	**$313,281**	**$321,573**	**$603,045**	**$634,854**	**$31,809**	**5.27%**

Page Reference

Legislative Budget Analysis, A-35

Funding

The Air Transportation program is funded with both general fund and state special revenue. Income for the state special revenue account has historically come from other agencies' use of the Governor's plane when not occupied by the Governor. Although this use has been minimal in the past few biennia, the residual fund balance of the state special revenue account has continued to increase. The legislature approved a language appropriation to allow the program to expend some of this fund balance for maintenance and operation expenses.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	306,417	306,417	612,834	96.54%	307,722	307,722	615,444	96.94%
Statewide PL Adjustments	12,024	20,316	32,340	5.09%	12,024	20,316	32,340	5.09%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(5,179)	(5,179)	(10,358)	(1.63%)	(6,465)	(6,465)	(12,930)	(2.04%)
Total Budget	**$313,262**	**$321,554**	**$634,816**		**$313,281**	**$321,573**	**$634,854**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					10,931					10,658
Vacancy Savings					(4,987)					(4,975)
Inflation/Deflation					7,021					9,240
Fixed Costs					(941)					5,393
Total Statewide Present Law Adjustments		**$12,024**	**$0**	**$0**	**$12,024**		**$20,316**	**$0**	**$0**	**$20,316**
Grand Total All Present Law Adjustments	**0.00**	**$12,024**	**$0**	**$0**	**$12,024**	**0.00**	**$20,316**	**$0**	**$0**	**$20,316**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
03	0.00	(5,179)	0	0	(5,179)	0.00	(5,179)	0	0	(5,179)
DP 95102 - 5% Plan Air Transportation SSR Reduction										
03	0.00	0	(1,286)	0	(1,286)	0.00	0	(1,286)	0	(1,286)
Total	**0.00**	**($5,179)**	**($1,286)**	**$0**	**($6,465)**	**0.00**	**($5,179)**	**($1,286)**	**$0**	**($6,465)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95102 - 5% Plan Air Transportation SSR Reduction - The legislature has approved a $2,572 biennial reduction in state special revenue funding for the Air Transportation Program. This amount is less than 1% of the total program funding and had been included by the agency in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Language and Statutory Authority

The legislature included the following language in HB 2.

"The Air Transportation is appropriated up to $45,000 for the 2013 biennium from the air transportation state special revenue fund to be used for aircraft maintenance and operating expenses."

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	19.00	19.00	18.00	18.00	19.00	18.00	(1.00)	(5.26%)
Personal Services	1,324,041	1,508,366	1,403,777	1,406,015	2,832,407	2,809,792	(22,615)	(0.80%)
Operating Expenses	208,859	207,392	179,767	170,210	416,251	349,977	(66,274)	(15.92%)
Total Costs	**$1,532,900**	**$1,715,758**	**$1,583,544**	**$1,576,225**	**$3,248,658**	**$3,159,769**	**($88,889)**	**(2.74%)**
General Fund	1,532,900	1,715,758	1,583,544	1,576,225	3,248,658	3,159,769	(88,889)	(2.74%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$1,532,900**	**$1,715,758**	**$1,583,544**	**$1,576,225**	**$3,248,658**	**$3,159,769**	**($88,889)**	**(2.74%)**

Page Reference

Legislative Budget Analysis, A-38

Funding

The Office of Budget and Program Planning is funded entirely with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,532,900	1,532,900	3,065,800	97.03%	1,532,900	1,532,900	3,065,800	97.03%
Statewide PL Adjustments	169,632	154,108	323,740	10.25%	169,632	154,108	323,740	10.25%
Other PL Adjustments	513	8,476	8,989	0.28%	513	8,476	8,989	0.28%
New Proposals	(119,501)	(119,259)	(238,760)	(7.56%)	(119,501)	(119,259)	(238,760)	(7.56%)
Total Budget	**$1,583,544**	**$1,576,225**	**$3,159,769**		**$1,583,544**	**$1,576,225**	**$3,159,769**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					235,975					238,052
Vacancy Savings					(62,402)					(62,483)
Inflation/Deflation					(63)					(62)
Fixed Costs					(3,878)					(21,399)
Total Statewide Present Law Adjustments		**$169,632**	**$0**	**$0**	**$169,632**		**$154,108**	**$0**	**$0**	**$154,108**
DP 4001 - Global Insight Contract and Session Costs	0.00	513	0	0	513	0.00	8,476	0	0	8,476
Total Other Present Law Adjustments	**0.00**	**$513**	**$0**	**$0**	**$513**	**0.00**	**$8,476**	**$0**	**$0**	**$8,476**
Grand Total All Present Law Adjustments	**0.00**	**$170,145**	**$0**	**$0**	**$170,145**	**0.00**	**$162,584**	**$0**	**$0**	**$162,584**

DP 4001 - Global Insight Contract and Session Costs - The legislature approved an increase in the budget for the Office of Budget and Program Planning to pay for a subscription to IHS Global Insight. This subscription provides economic data that is used in developing revenue estimates and in conducting other analyses. The cost of the contract for the economic data will increase 2% per year in the next biennium. This decision package also includes $7,500 in FY 2013 to cover the increased costs related to the preparation and publication of the executive budget.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
04	0.00	(25,664)	0	0	(25,664)	0.00	(25,664)	0	0	(25,664)
DP 95400 - 4% Personal Services Reduction										
04	(1.00)	(93,837)	0	0	(93,837)	(1.00)	(93,595)	0	0	(93,595)
Total	**(1.00)**	**($119,501)**	**$0**	**$0**	**($119,501)**	**(1.00)**	**($119,259)**	**$0**	**$0**	**($119,259)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature has approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95400 - 4% Personal Services Reduction - The legislature approved a 4% reduction in general fund personal services This 4% plan was not included in the Governor's proposed budget, although the 4% reduction was included in all other executive branch agencies. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00%
Personal Services	152,841	151,091	147,011	146,635	303,932	293,646	(10,286)	(3.38%)
Operating Expenses	27,953	36,675	25,778	25,820	64,628	51,598	(13,030)	(20.16%)
Total Costs	**$180,794**	**$187,766**	**$172,789**	**$172,455**	**$368,560**	**$345,244**	**($23,316)**	**(6.33%)**
General Fund	180,794	187,766	172,789	172,455	368,560	345,244	(23,316)	(6.33%)
Total Funds	**$180,794**	**$187,766**	**$172,789**	**$172,455**	**$368,560**	**$345,244**	**($23,316)**	**(6.33%)**

Page Reference

Legislative Budget Analysis, A-41

Funding

The Coordinator of Indian Affairs Program is funded entirely from the general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	180,794	180,794	361,588	104.73%	180,794	180,794	361,588	104.73%
Statewide PL Adjustments	(4,946)	(5,280)	(10,226)	(2.96%)	(4,946)	(5,280)	(10,226)	(2.96%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(3,059)	(3,059)	(6,118)	(1.77%)	(3,059)	(3,059)	(6,118)	(1.77%)
Total Budget	**$172,789**	**$172,455**	**$345,244**		**$172,789**	**$172,455**	**$345,244**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					295					(96)
Vacancy Savings					(6,125)					(6,110)
Inflation/Deflation					(167)					(164)
Fixed Costs					1,051					1,090
Total Statewide Present Law Adjustments		**($4,946)**	**$0**	**$0**	**($4,946)**		**($5,280)**	**$0**	**$0**	**($5,280)**
Grand Total All Present Law Adjustments	**0.00**	**($4,946)**	**$0**	**$0**	**($4,946)**	**0.00**	**($5,280)**	**$0**	**$0**	**($5,280)**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
05	0.00	(3,059)	0	0	(3,059)	0.00	(3,059)	0	0	(3,059)
Total	**0.00**	**($3,059)**	**$0**	**$0**	**($3,059)**	**0.00**	**($3,059)**	**$0**	**$0**	**($3,059)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	298,318	283,780	278,008	278,634	582,098	556,642	(25,456)	(4.37%)
Operating Expenses	65,549	48,324	86,312	46,823	113,873	133,135	19,262	16.92%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	**$363,867**	**$332,104**	**$364,320**	**$325,457**	**$695,971**	**$689,777**	**($6,194)**	**(0.89%)**
General Fund	363,867	332,104	364,320	325,457	695,971	689,777	(6,194)	(0.89%)
Total Funds	**$363,867**	**$332,104**	**$364,320**	**$325,457**	**$695,971**	**$689,777**	**($6,194)**	**(0.89%)**

Page Reference

Legislative Budget Analysis, A-44

Funding

The Centralized Services Program is funded entirely from the general fund.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	363,867	363,867	727,734	105.50%	363,867	363,867	727,734	105.50%
Statewide PL Adjustments	(15,744)	(54,607)	(70,351)	(10.20%)	(15,744)	(54,607)	(70,351)	(10.20%)
Other PL Adjustments	21,800	21,800	43,600	6.32%	21,800	21,800	43,600	6.32%
New Proposals	(5,603)	(5,603)	(11,206)	(1.62%)	(5,603)	(5,603)	(11,206)	(1.62%)
Total Budget	**$364,320**	**$325,457**	**$689,777**		**$364,320**	**$325,457**	**$689,777**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(8,726)					(8,074)
Vacancy Savings					(11,584)					(11,610)
Fixed Costs					4,566					(34,923)
Total Statewide Present Law Adjustments		**($15,744)**	**$0**	**$0**	**($15,744)**		**($54,607)**	**$0**	**$0**	**($54,607)**
DP 6001 - Computer Replacement - OTO	0.00	21,800	0	0	21,800	0.00	21,800	0	0	21,800
Total Other Present Law Adjustments	**0.00**	**$21,800**	**$0**	**$0**	**$21,800**	**0.00**	**$21,800**	**$0**	**$0**	**$21,800**
Grand Total All Present Law Adjustments	**0.00**	**$6,056**	**$0**	**$0**	**$6,056**	**0.00**	**($32,807)**	**$0**	**$0**	**($32,807)**

DP 6001 - Computer Replacement - OTO - The legislature approved funding for computer replacement because these costs are not funded in the agency base budget.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
06	0.00	(5,603)	0	0	(5,603)	0.00	(5,603)	0	0	(5,603)
Total	**0.00**	**($5,603)**	**$0**	**$0**	**($5,603)**	**0.00**	**($5,603)**	**$0**	**$0**	**($5,603)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature has approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	3.94	3.94	3.94	3.94	3.94	3.94	0.00	0.00%
Personal Services	301,872	303,675	303,109	302,244	605,547	605,353	(194)	(0.03%)
Operating Expenses	47,052	54,332	22,943	23,021	101,384	45,964	(55,420)	(54.66%)
Total Costs	**$348,924**	**$358,007**	**$326,052**	**$325,265**	**$706,931**	**$651,317**	**($55,614)**	**(7.87%)**
General Fund	348,924	358,007	326,052	325,265	706,931	651,317	(55,614)	(7.87%)
Total Funds	**$348,924**	**$358,007**	**$326,052**	**$325,265**	**$706,931**	**$651,317**	**($55,614)**	**(7.87%)**

Page Reference

Legislative Budget Analysis, A-47

Funding

The Lieutenant Governor’s Office is funded entirely from the general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	348,924	348,924	697,848	107.14%	348,924	348,924	697,848	107.14%
Statewide PL Adjustments	(16,969)	(17,756)	(34,725)	(5.33%)	(16,969)	(17,756)	(34,725)	(5.33%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(5,903)	(5,903)	(11,806)	(1.81%)	(5,903)	(5,903)	(11,806)	(1.81%)
Total Budget	**$326,052**	**$325,265**	**$651,317**		**$326,052**	**$325,265**	**$651,317**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					9,317					8,432
Vacancy Savings					(8,080)					(8,060)
Inflation/Deflation					(1,352)					(1,332)
Fixed Costs					(16,854)					(16,796)
Total Statewide Present Law Adjustments		**($16,969)**	**$0**	**$0**	**($16,969)**		**($17,756)**	**$0**	**$0**	**($17,756)**
Grand Total All Present Law Adjustments	**0.00**	**($16,969)**	**$0**	**$0**	**($16,969)**	**0.00**	**($17,756)**	**$0**	**$0**	**($17,756)**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
12	0.00	(5,903)	0	0	(5,903)	0.00	(5,903)	0	0	(5,903)
Total	**0.00**	**($5,903)**	**$0**	**$0**	**($5,903)**	**0.00**	**($5,903)**	**$0**	**$0**	**($5,903)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	93,580	91,945	89,352	89,422	185,525	178,774	(6,751)	(3.64%)
Operating Expenses	10,602	12,188	10,132	10,172	22,790	20,304	(2,486)	(10.91%)
Total Costs	**$104,182**	**$104,133**	**$99,484**	**$99,594**	**$208,315**	**$199,078**	**($9,237)**	**(4.43%)**
General Fund	79,774	79,633	88,315	88,490	159,407	176,805	17,398	10.91%
State Special	24,408	24,500	11,169	11,104	48,908	22,273	(26,635)	(54.46%)
Total Funds	**$104,182**	**$104,133**	**$99,484**	**$99,594**	**$208,315**	**$199,078**	**($9,237)**	**(4.43%)**

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Funding

The Citizens' Advocate Office is funded with both general fund and state special revenue. The state special revenue account is funded through charges by the Citizens' Advocate to the Department of Public Health and Human Services (DPHHS) for the telephone calls that the Citizens Advocate Office handles on behalf of DPHHS, as they are the initial point of contact for many DPHHS programs.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	79,774	79,774	159,548	90.24%	104,182	104,182	208,364	104.66%
Statewide PL Adjustments	9,891	10,066	19,957	11.29%	(3,348)	(3,238)	(6,586)	(3.31%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(1,350)	(1,350)	(2,700)	(1.53%)	(1,350)	(1,350)	(2,700)	(1.36%)
Total Budget	**$88,315**	**$88,490**	**$176,805**		**$99,484**	**$99,594**	**$199,078**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(505)					(432)
Vacancy Savings					(3,723)					(3,726)
Fixed Costs					880					920
Total Statewide Present Law Adjustments		**$9,891**	**($13,239)**	**$0**	**($3,348)**		**$10,066**	**($13,304)**	**$0**	**($3,238)**
Grand Total All Present Law Adjustments	**0.00**	**$9,891**	**($13,239)**	**$0**	**($3,348)**	**0.00**	**$10,066**	**($13,304)**	**$0**	**($3,238)**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
16	0.00	(1,350)	0	0	(1,350)	0.00	(1,350)	0	0	(1,350)
Total	**0.00**	**($1,350)**	**$0**	**$0**	**($1,350)**	**0.00**	**($1,350)**	**$0**	**$0**	**($1,350)**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature has approved an across the board unallocated general fund reduction for the agency. The agency's total annual reduction is $94,916 apportioned to each general funded program proportionally by its programmatic use of general fund subject to the reduction plan. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	322,968	331,781	323,250	324,166	654,749	647,416	(7,333)	(1.12%)
Operating Expenses	74,604	78,543	73,365	73,427	153,147	146,792	(6,355)	(4.15%)
Total Costs	**$397,572**	**$410,324**	**$396,615**	**$397,593**	**$807,896**	**$794,208**	**($13,688)**	**(1.69%)**
General Fund	397,572	410,324	396,615	397,593	807,896	794,208	(13,688)	(1.69%)
Total Funds	**$397,572**	**$410,324**	**$396,615**	**$397,593**	**$807,896**	**$794,208**	**($13,688)**	**(1.69%)**

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Funding

This program is funded entirely by the general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	397,572	397,572	795,144	100.12%	397,572	397,572	795,144	100.12%
Statewide PL Adjustments	(6,123)	(5,145)	(11,268)	(1.42%)	(6,123)	(5,145)	(11,268)	(1.42%)
Other PL Adjustments	5,166	5,166	10,332	1.30%	5,166	5,166	10,332	1.30%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$396,615**	**$397,593**	**$794,208**		**$396,615**	**$397,593**	**$794,208**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					8,370					9,323
Vacancy Savings					(13,254)					(13,291)
Inflation/Deflation					(317)					(312)
Fixed Costs					(922)					(865)
Total Statewide Present Law Adjustments		**($6,123)**	**$0**	**$0**	**($6,123)**		**($5,145)**	**$0**	**$0**	**($5,145)**
DP 2000 - Adjust Budget for Actual Pay Rate	0.00	5,166	0	0	5,166	0.00	5,166	0	0	5,166
Total Other Present Law Adjustments	**0.00**	**$5,166**	**$0**	**$0**	**$5,166**	**0.00**	**$5,166**	**$0**	**$0**	**$5,166**
Grand Total All Present Law Adjustments	**0.00**	**($957)**	**$0**	**$0**	**($957)**	**0.00**	**$21**	**$0**	**$0**	**$21**

DP 2000 - Adjust Budget for Actual Pay Rate - The legislature approved additional personal services funding to cover a gap in funding for a half-time position that was vacant at the date from which the personal services budget is determined, but which has been recruited and filled at a rate in excess of the budgeted entry rate. The Mental Disabilities Board of Visitors has hired a 0.50 FTE Legal Assistant for $4.26 more per hour than its budgeted rate.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan Across the Board General Fund Reduction										
20	0.00	(1,822)	0	0	(1,822)	0.00	(1,822)	0	0	(1,822)
DP 95400 - 4% Personal Services Reduction										
20	(0.50)	(25,271)	0	0	(25,271)	(0.50)	(25,221)	0	0	(25,221)
DP 96400 - Restore 5% to Mental Health Ombudsman										
20	0.50	25,271	0	0	25,271	0.50	25,221	0	0	25,221
DP 96501 - Restore 5% to Mental Disabilities Board of Visitor										
20	0.00	1,822	0	0	1,822	0.00	1,822	0	0	1,822
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 95101 - 5% Plan Across the Board General Fund Reduction - The legislature has approved an across the board unallocated general fund reduction for the agency. The agency had included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The legislature then restored this funding in DP 96501.

DP 95400 - 4% Personal Services Reduction - The legislature reduced general fund for personal services. This item was included in the statutorily required 5% reduction plan submitted by the agency. The legislature then restored this reduction in DP 96400.

DP 96400 - Restore 5% to Mental Health Ombudsman - The legislature reversed a 5% reduction that was not included in the executive budget by restoring funding that had been reduced in an unallocated reduction.

DP 96501 - Restore 5% to Mental Disabilities Board of Visitor - The legislature reversed a 5% reduction that was not included in the executive budget by restoring the funding for a 0.50 FTE position in the Mental Health Ombudsman.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	0	0	0	0	0	0	0	n/a
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	0	0	550,000	0	0	550,000	550,000	n/a
Total Costs	**$0**	**$0**	**$550,000**	**$0**	**$0**	**$550,000**	**$550,000**	**n/a**
Federal Special	0	0	550,000	0	0	550,000	550,000	n/a
Total Funds	**$0**	**$0**	**$550,000**	**$0**	**$0**	**$550,000**	**$550,000**	**n/a**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0	0
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Grants	0	550,000	550,000	0	0	0	0	0
Total Costs	**$0**	**$550,000**	**$550,000**	**$0**	**$0**	**$0**	**$0**	**$0**
Federal Special	0	550,000	550,000	0	0	0	0	0
Total Funds	**$0**	**$550,000**	**$550,000**	**$0**	**$0**	**$0**	**$0**	**$0**

The legislative budget for the office is unchanged from that proposed by the executive.

Agency Highlights

Secretary of State's Office
Major Budget Highlights

- No base funding exists for the office as the 2009 Legislature designated the $305,000 federal Help America Vote Act of 2002 (HAVA) funds appropriated for the 2011 biennium as one time only
- HB 2 funding consists entirely of a request to fund grants to counties with federal HAVA funds, which would add $550,000 for the 2013 biennium
- The remainder of the office's funding is derived from non-budgeted proprietary funds

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. In recent years, the federal Help America Vote Act of 2002 (HAVA) has provided federal special revenue 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 is included for the 2013 biennium as part of HB 2. Only HAVA funds are included in HB 2.

The remainder of the office is funded with enterprise type proprietary funds. For the 2013 biennium, proprietary funds account for $10.7 million of nearly $11.2 million total funds included in the executive budget to finance the office. The proprietary fund and supported operations are discussed below in the "Proprietary Rates" section.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	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%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	550,000	0	550,000	100.00%
Total Budget	**$0**	**$0**	**$0**		**$550,000**	**$0**	**$550,000**	

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - HAVA (Biennial/OTO)										
01	0.00	0	0	550,000	550,000	0.00	0	0	0	0
Total	**0.00**	**$0**	**$0**	**$550,000**	**$550,000**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 2 - HAVA (Biennial/OTO) - The legislature approved federal special revenue to provide grants to counties for continued voting equipment improvements. Funding was designated as biennial and one time only.

Proprietary Rates

Proprietary Program Description

The Secretary of State's Office conducts its daily operations through a single program, the Business and Government Services Program. It provides 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 governments
- Central services for the Secretary of State's Office

Expenses

The major base year expenses of the office were for:

- Personal services for 54.25 FTE, $3.0 million or 61% of base year expenses

- Operating costs, $1.8 million with roughly 43% of these costs associated with providing electronic government service including:
    - $357,000 for e-government transaction fees
    - $193,500 for information technology consultants and professional services
    - $166,000 for application and server hosting with the Department of Administration

Revenues

Revenues are received from fees charged to: 1) businesses and corporations for corporate filings, registration of assumed business names, and trademarks; 2) state agencies and users of Administrative Rules of Montana (ARM) for publishing and distributing the ARM and the Montanan Administrative Register (MAR), and storage and management of public documents; 3) candidates who file for elections; and 4) Montana citizens who apply to be notaries. Revenues, by source, have been consistent for the past four years and are not projected to deviate from this pattern.

Funding Sources

Except for the HB 2 funding discussed above, the remainder of the office is funded with enterprise funds. The legislature does not appropriate enterprise funds nor does it approve the level of fees and charges in HB 2. Instead, the legislature accepts and identifies any concerns with a report on the enterprise fund that includes retained earnings and contributed capital, projected operations and charges, and projected fund balances.

Proprietary Rate Explanation

Funding for the program is with enterprise type proprietary funds. As such, the legislature does not approve rates or appropriate funds for the proprietary portion of the funding for the Secretary of State. Rates for the Secretary of State's Office are established in administrative rule.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	259,692	294,068	306,774	307,028	553,760	613,802	60,042	10.84%
Operating Expenses	174,125	163,785	263,081	257,588	337,910	520,669	182,759	54.09%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$433,817**	**$457,853**	**$569,855**	**$564,616**	**$891,670**	**$1,134,471**	**$242,801**	**27.23%**
General Fund	433,817	457,853	569,855	564,616	891,670	1,134,471	242,801	27.23%
Total Funds	**$433,817**	**$457,853**	**$569,855**	**$564,616**	**$891,670**	**$1,134,471**	**$242,801**	**27.23%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	6.00	6.00	6.00	0.00	6.00	6.00	0.00	
Personal Services	259,692	306,774	306,774	0	307,028	307,028	0	0
Operating Expenses	174,125	265,081	263,081	(2,000)	259,588	257,588	(2,000)	(4,000)
Transfers	0	0	0	0	0	0	0	0
Total Costs	**$433,817**	**$571,855**	**$569,855**	**($2,000)**	**$566,616**	**$564,616**	**($2,000)**	**($4,000)**
General Fund	433,817	571,855	569,855	(2,000)	566,616	564,616	(2,000)	(4,000)
Total Funds	**$433,817**	**$571,855**	**$569,855**	**($2,000)**	**$566,616**	**$564,616**	**($2,000)**	**($4,000)**

The legislature approved an additional $96,000 for the 2013 biennium for legal fees. This was $4,000 less than the executive request for $100,000.

Agency Highlights

Commissioner of Political Practices
Major Budget Highlights

- The budget increases 27.2% from the previous biennium due to:
  - Statewide present law adjustments for personal services due to vacant positions and reallocation of fixed costs related to IT services
  - Increased funding for legal fees and court costs
- The legislature approved $96,000 over the biennium for increased legal and court costs
- As an agency with fewer than 20.00 FTE, COPP is exempt from the requirement to submit a plan to reduce base expenditures by 5%

Agency Discussion

The Commissioner of Political Practices has faced budget shortfalls related to contracted legal expenses in current and previous biennia. Increased funding for legal fees and court costs were added to help the commissioner address the backload of existing cases and address the increasing number of complaints being received, as well as provide for legal operations throughout the biennium.

Funding

The Office of the Commissioner of Political Practices is funded entirely with general fund. A small amount of revenue is generated from nominal fees charged for printing and distribution, as well as civil fines for violation of campaign laws. Both are deposited to the general fund. In addition, the COPP collects a $150 lobbyist filing fee that is also deposited into the general fund, but $100 of this amount is transferred to a state special revenue account for appropriation to the Legislative Services Division to support the state broadcasting system TVMT. The lobbyist license expires at the end of each odd numbered year, just before the start of the legislative session. The total amount collected by the agency in FY 2010 was $38,436 with $23,475 of that amount being transferred to the TVMT state special revenue account.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	433,817	433,817	867,634	76.48%	433,817	433,817	867,634	76.48%
Statewide PL Adjustments	88,038	82,799	170,837	15.06%	88,038	82,799	170,837	15.06%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	48,000	48,000	96,000	8.46%	48,000	48,000	96,000	8.46%
Total Budget	**$569,855**	**$564,616**	**$1,134,471**		**$569,855**	**$564,616**	**$1,134,471**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					47,082					47,336
Inflation/Deflation					(31)					(28)
Fixed Costs					40,987					35,491
Total Statewide Present Law Adjustments		**$88,038**	**$0**	**$0**	**$88,038**		**$82,799**	**$0**	**$0**	**$82,799**
Grand Total All Present Law Adjustments	**0.00**	**$88,038**	**$0**	**$0**	**$88,038**	**0.00**	**$82,799**	**$0**	**$0**	**$82,799**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013			
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 32001 - Legal Budget Request										
01	0.00	48,000	0	0	48,000	0.00	48,000	0	0	48,000
Total	**0.00**	**$48,000**	**$0**	**$0**	**$48,000**	**0.00**	**$48,000**	**$0**	**$0**	**$48,000**

DP 32001 - Legal Budget Request - The legislature approved a request from the COPP for general fund to increase the appropriation for legal, primarily to reduce the current backlog and delays in case resolution.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	82.50	82.50	84.80	84.80	82.50	84.80	2.30	2.79%
Personal Services	4,744,653	4,838,404	5,230,776	5,229,383	9,583,057	10,460,159	877,102	9.15%
Operating Expenses	1,743,953	2,658,289	2,637,879	2,294,351	4,402,242	4,932,230	529,988	12.04%
Equipment & Intangible Assets	13,751	0	13,751	13,751	13,751	27,502	13,751	100.00%
Benefits & Claims	10,253,392	11,498,655	11,242,133	11,242,133	21,752,047	22,484,266	732,219	3.37%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$16,755,749**	**$18,995,348**	**$19,124,539**	**$18,779,618**	**$35,751,097**	**$37,904,157**	**$2,153,060**	**6.02%**
State Special	16,755,749	18,995,348	19,124,539	18,779,618	35,751,097	37,904,157	2,153,060	6.02%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$16,755,749**	**$18,995,348**	**$19,124,539**	**$18,779,618**	**$35,751,097**	**$37,904,157**	**$2,153,060**	**6.02%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	82.50	84.50	84.80	0.30	84.50	84.80	0.30	
Personal Services	4,744,653	5,216,716	5,230,776	14,060	5,215,431	5,229,383	13,952	28,012
Operating Expenses	1,743,953	2,797,663	2,637,879	(159,784)	2,454,027	2,294,351	(159,676)	(319,460)
Equipment & Intangible Assets	13,751	13,751	13,751	0	13,751	13,751	0	0
Benefits & Claims	10,253,392	11,194,769	11,242,133	47,364	11,194,769	11,242,133	47,364	94,728
Transfers	0	0	0	0	0	0	0	0
Total Costs	**$16,755,749**	**$19,222,899**	**$19,124,539**	**($98,360)**	**$18,877,978**	**$18,779,618**	**($98,360)**	**($196,720)**
State/Other Special	16,755,749	19,222,899	19,124,539	(98,360)	18,877,978	18,779,618	(98,360)	(196,720)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	**$16,755,749**	**$19,222,899**	**$19,124,539**	**($98,360)**	**$18,877,978**	**$18,779,618**	**($98,360)**	**($196,720)**

The legislative appropriation for the State Auditor's Office (SAO) is about $200,000 lower than the executive budget request due to net changes from the following actions:

- Adoption of the 5% reduction plans required to be included as part of the agency budget submission (17-7-111(3)(f), MCA) - $105,448 and 0.70 FTE lower than the executive budget
- Removal of one-time information technology contract costs supporting the Insure Montana Program - $320,000
- Approval of the elected official request to continue one-time funding for Insure Montana - $228,728 and 1.00 FTE higher than the executive request

Agency Highlights

Office of the State Auditor
Major Budget Highlights

- The State Auditor's Office (SAO) budget request increases $2.2 million compared to the 2011 biennium due primarily to:
  - $0.9 million in personal services to:
    - Continue 2.00 FTE funded from one-time funding in the 2011 biennium and to make 1.00 FTE permanent
    - Annualize pay plan health insurance increases funded by the legislature in the 2011 biennium
  - $0.5 million in operating cost increases for:
    - Contracted services for examinations of insurance companies
    - Office rent
  - $0.6 million net increase to reinstate the Insure Montana base level program funding in FY 2010
  - $0.2 million in tobacco tax health and Medicaid initiatives state special revenue and 1.00 FTE to continue one-time funding to expand Insure Montana (HB 258 - 2009 session)
- The legislature also proposed implementation legislation to allow small employers to claim the Insure Montana state income tax credit only if they are not eligible for the federal income tax credit to offset the cost of providing employee group health coverage and to limit premium assistance to employees with household incomes below 300% of the federal poverty level ($67,050 for a family of four in 2011)

Agency Discussion

The SAO 2013 biennium appropriation is $2.5 million higher than the 2011 biennium due primarily to continuation of one-time funding approved by the 2009 Legislature, increases for leased office space, increases in examinations and review of insurance and securities companies, and statewide present law adjustments for personal services costs and minor inflation adjustments. The increase was partially offset by adoption of the 5% budget reduction plans required to be submitted with agency budget requests.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	State Spec.	Grand Total	Total %
01 Central Management	$ 2,441,539	$ 2,441,539	6.44%
03 Insurance	33,433,918	33,433,918	88.21%
04 Securities	2,028,700	2,028,700	5.35%
Grand Total	$ 37,904,157	$ 37,904,157	100.00%

The SAO is funded entirely from state special revenue in the general appropriations act. The source of funding, percentage of total 2013 biennium budget request, and functions supported are:

- Health and Medicaid indicatives tobacco tax revenue (over 60% of the total) pays for the Insure Montana program - premium assistance and tax credits to help small employers provide group health insurance to their employees
- Insurance fees such as registration/licensure (about one quarter of the total) pay for insurance regulation functions
- Security fees such as portfolio filing and reimbursements for examinations (slightly more than 5% of the total) pay for security regulation functions
- Tobacco settlement funds (under 5% of the total) pay for premium assistance for low-income persons participating the state high risk health insurance pool (Montana Comprehensive Health Association)
- Captive account fees (5% of the premium tax collected from captive insurers) pay for regulation of groups formed to insure a specific business or businesses (less than 1% of total funding)

Two of these accounts – security fees and captive account fees – must transfer balances to the general fund at fiscal year end. The SAO also collects other fees and taxes levied on the insurance industry such as premium taxes, which are transferred to the general fund and to the account that funds the Healthy Montana Kids program administered by DPHHS, and which are passed through to retirement funds for local police and firefighters.

Tobacco tax health and Medicaid initiatives state special revenue is also appropriated to DPHHS to support Healthy Montana Kids, Medicaid provider rate increases and service expansions, and Big Sky Rx, a program to help low-income Medicare beneficiaries pay a portion of Medicare Part D drug insurance. The total funded from this account is shown in the following figure.

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Budget
Tobacco Tax Revenue Dedicated to Health Initiatives
Status Based on Appropriation Action and Agency FY 2011 Expenditure Estimates as of 3-14-2011

Fund Balance Revenue/Expenditures	Actual** FY 2010	st. Expenditure FY 2011	egislative Budget as of 3/14/1 FY 2012	FY 2013	% of Total
Beginning Fund Balance	$48,563,315	$40,494,985	$30,681,368	$23,642,579	39.9%
Revenue - Cigarette and Tobacco Tax*	37,625,801	36,780,000	36,147,000	35,564,000	60.1%
Total Revenue	86,189,116	77,274,985	66,828,368	59,206,579	100%
Interest Earnings	190,276	193,187	611,480	1,505,623	
Total Funds Available	86,379,392	77,468,173	67,439,848	60,712,203	
Expenditures					
Medicaid Services					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	8,521,089	7,031,298	6,801,327	6,804,702	15.3%
Nursing Home Services	5,480,318	5,480,319	5,480,318	5,480,318	12.3%
Developmental Disability Benefits	3,135,587	3,135,587	2,942,130	2,942,130	6.6%
Mental Health and Chemical Dependency	2,230,689	1,883,033	2,045,956	2,055,711	4.6%
Children's Mental Health Services	1,961,725	2,176,518	1,741,003	1,741,003	3.9%
Home-based Services	2,007,209	2,002,207	1,857,206	1,857,206	4.2%
Senior/Physically Disabled Waiver	1,837,192	1,987,212	3,358,642	3,378,892	7.6%
MHSP Medicaid Expansion - HIFA Waiver	0	591,242	1,226,487	1,843,997	4.1%
Adult Mental Health Community Srvs Waiver	483,367	692,648	1,028,489	1,035,744	2.3%
Other Programs					
Insure Montana Premium Assistance	5,746,420	7,429,945	6,553,170	6,552,126	14.7%
Insure Montana Health Ins. Tax Credits	4,245,779	4,250,600	4,368,780	4,368,084	9.8%
Big Sky Rx/PharmAssist	4,030,104	4,703,630	1,419,972	1,419,972	3.2%
Mental Health Services Plan	2,060,256	1,440,000	2,060,256	2,060,256	4.6%
Healthy Montana Kids/CHIP**	3,413,840	3,844,285	3,403,921	3,403,921	7.7%
Insure Montana 95% Restriction/Other Adj.***	646,249	0	(546,098)	(546,011)	-1.2%
Other Services/Administration	84,583	138,281	55,709	55,134	0.1%
Subtotal Expenditures	45,884,407	46,786,805	43,797,269	44,453,186	100.0%
Annual Change		2.0%	-6.4%	1.5%	
Ending Fund Balance	$40,494,985	$30,681,368	$23,642,579	$16,259,017	

*Revenue based on estimates adopted by Revenue and Transportation Oversight Committee on November 19, 2010.
**FY 2011 estimated costs taken from DPHHS February 15, 2011 budget status report. Other FY 2011 expenditure
***Insure Montana 95% Restriction/Other Adjustments account for the 95% statutory spending restriction from Insure Montana appropriations. In the base year, more is transferred to the Insure Montana appropriations than can be expended. In other years, the negative amounts account for the amount that would be reverted from the full appropriation.

In addition to HB 2 appropriations, the SAO received about $2.0 million in federal funding in the 2011 biennium to implement portions of the Patient Protection and Affordable Care Act (PPACA), including grants to:

- Fund a high risk insurance pool, which has been implemented as a component of the existing high risk pool
- Review health insurance rate changes
- Design a state health insurance exchange

The federal grant authority was added through the interim budget amendment process and will not be reflected in the budget tables that track spending and appropriations from the general appropriations act.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	16,755,749	16,755,749	33,511,498	88.41%
Statewide PL Adjustments	0	0	0	0.00%	334,090	297,319	631,409	1.67%
Other PL Adjustments	0	0	0	0.00%	1,835,229	1,527,429	3,362,658	8.87%
New Proposals	0	0	0	0.00%	199,471	199,121	398,592	1.05%
Total Budget	**$0**	**$0**	**$0**		**$19,124,539**	**$18,779,618**	**$37,904,157**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	17.00	17.00	16.80	16.80	17.00	16.80	(0.20)	(1.18%)
Personal Services	946,396	1,014,726	1,013,925	1,013,391	1,961,122	2,027,316	66,194	3.38%
Operating Expenses	186,251	314,056	207,954	200,669	500,307	408,623	(91,684)	(18.33%)
Equipment & Intangible Assets	2,800	0	2,800	2,800	2,800	5,600	2,800	100.00%
Total Costs	**$1,135,447**	**$1,328,782**	**$1,224,679**	**$1,216,860**	**$2,464,229**	**$2,441,539**	**($22,690)**	**(0.92%)**
State Special	1,135,447	1,328,782	1,224,679	1,216,860	2,464,229	2,441,539	(22,690)	(0.92%)
Total Funds	**$1,135,447**	**$1,328,782**	**$1,224,679**	**$1,216,860**	**$2,464,229**	**$2,441,539**	**($22,690)**	**(0.92%)**

Page Reference

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Funding

The Central Management Division is supported solely by state special revenue from insurance and security industry fees. Insurance fees support about 80% of the appropriation and the balance is from security fees.

- Insurance fees, listed in 33-2-708, MCA, are collected from insurance companies and producers to operate in Montana
- Security fees consist of portfolio notice filing fees collected under 30-10-209(1)(d),MCA and examination costs collected under 30-10-210, MCA

Funds remaining in the securities fees state special revenue account at fiscal year end are transferred to the general fund.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,135,447	1,135,447	2,270,894	93.01%
Statewide PL Adjustments	0	0	0	0.00%	78,081	70,262	148,343	6.08%
Other PL Adjustments	0	0	0	0.00%	21,929	21,929	43,858	1.80%
New Proposals	0	0	0	0.00%	(10,778)	(10,778)	(21,556)	(0.88%)
Total Budget	**$0**	**$0**	**$0**		**$1,224,679**	**$1,216,860**	**$2,441,539**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					116,475					115,932
Vacancy Savings					(38,168)					(38,159)
Inflation/Deflation					114					138
Fixed Costs					(340)					(7,649)
Total Statewide Present Law Adjustments		**$0**	**$78,081**	**$0**	**$78,081**		**$0**	**$70,262**	**$0**	**$70,262**
DP 101 - Rent Increase	0.00	0	21,929	0	21,929	0.00	0	21,929	0	21,929
Total Other Present Law Adjustments	**0.00**	**$0**	**$21,929**	**$0**	**$21,929**	**0.00**	**$0**	**$21,929**	**$0**	**$21,929**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$100,010**	**$0**	**$100,010**	**0.00**	**$0**	**$92,191**	**$0**	**$92,191**

DP 101 - Rent Increase - The legislature appropriated $21,929 of state special revenue authority each fiscal year to cover the increased cost of leased office space. Base expenditures were $65,579. Although the 2013 biennium lease cost increases over the base budget, it is lower than the amount anticipated by the 2009 Legislature.

New Proposals

The "New Proposals" table summarizes all new proposals adopted by the Legislature. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95001 - 5% Plan - Central Management FTE and Operating										
01	(0.20)	0	(10,778)	0	(10,778)	(0.20)	0	(10,778)	0	(10,778)
Total	**(0.20)**	**$0**	**($10,778)**	**$0**	**($10,778)**	**(0.20)**	**$0**	**($10,778)**	**$0**	**($10,778)**

DP 95001 - 5% Plan - Central Management FTE and Operating - The legislature adopted the 5% budget reduction plan developed by the State Auditor as part of its budget submission in compliance with 17-7-111(3)(f), MCA. This reduction removes 0.20 FTE and $22,000 of securities fee state special revenue authority over the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	54.00	54.00	56.00	56.00	54.00	56.00	2.00	3.70%
Personal Services	3,158,219	3,148,162	3,439,887	3,437,785	6,306,381	6,877,672	571,291	9.06%
Operating Expenses	1,376,367	2,037,678	2,192,379	1,861,487	3,414,045	4,053,866	639,821	18.74%
Equipment & Intangible Assets	9,057	0	9,057	9,057	9,057	18,114	9,057	100.00%
Benefits & Claims	10,253,392	11,498,655	11,242,133	11,242,133	21,752,047	22,484,266	732,219	3.37%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$14,797,035**	**$16,684,495**	**$16,883,456**	**$16,550,462**	**$31,481,530**	**$33,433,918**	**$1,952,388**	**6.20%**
State Special	14,797,035	16,684,495	16,883,456	16,550,462	31,481,530	33,433,918	1,952,388	6.20%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$14,797,035**	**$16,684,495**	**$16,883,456**	**$16,550,462**	**$31,481,530**	**$33,433,918**	**$1,952,388**	**6.20%**

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Funding

The Insurance Division is funded from three state special revenue sources:

- Insurance license and examination fees, and penalties, which fund program functions related to insurance regulation
- Health and Medicaid initiatives (tobacco taxes), which funds the Insure Montana program
- Tobacco settlement revenues, which supports premium subsidies for coverage through the Montana Comprehensive Health Association (MCHA)

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	14,797,035	14,797,035	29,594,070	88.52%
Statewide PL Adjustments	0	0	0	0.00%	186,737	161,650	348,387	1.04%
Other PL Adjustments	0	0	0	0.00%	1,740,560	1,432,760	3,173,320	9.49%
New Proposals	0	0	0	0.00%	159,124	159,017	318,141	0.95%
Total Budget	**$0**	**$0**	**$0**		**$16,883,456**	**$16,550,462**	**$33,433,918**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					329,987					328,022
Vacancy Savings					(139,526)					(139,448)
Inflation/Deflation					1,610					1,713
Fixed Costs					(5,334)					(28,637)
Total Statewide Present Law Adjustments		**$0**	**$186,737**	**$0**	**$186,737**		**$0**	**$161,650**	**$0**	**$161,650**
DP 301 - Rent Increase	0.00	0	86,593	0	86,593	0.00	0	86,593	0	86,593
DP 302 - Insure Montana Present Law Request	0.00	0	956,596	0	956,596	0.00	0	956,596	0	956,596
DP 305 - Contract Examinations - Biennial	0.00	0	747,605	0	747,605	0.00	0	435,605	0	435,605
DP 306 - Financial Regulation - Captive Insurance Companies	0.00	0	32,630	0	32,630	0.00	0	28,830	0	28,830
DP 307 - Financial Regulation of Insurance Companies	0.00	0	10,713	0	10,713	0.00	0	10,713	0	10,713
DP 308 - Captives Insurance Regulatory and Supervision	0.00	0	32,423	0	32,423	0.00	0	40,423	0	40,423
DP 309 - Establish Surplus Lines Regulation In-House	0.00	0	34,000	0	34,000	0.00	0	34,000	0	34,000
DP 310 - .IT Contract Reduction - Insure Montana	0.00	0	(160,000)	0	(160,000)	0.00	0	(160,000)	0	(160,000)
Total Other Present Law Adjustments	**0.00**	**$0**	**$1,740,560**	**$0**	**$1,740,560**	**0.00**	**$0**	**$1,432,760**	**$0**	**$1,432,760**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$1,927,297**	**$0**	**$1,927,297**	**0.00**	**$0**	**$1,594,410**	**$0**	**$1,594,410**

DP 301 - Rent Increase - The legislature added $86,593 of state special revenue each fiscal year to cover the increased cost of the leased office space. Base expenditures were $183,962. Although the 2013 biennium lease costs increases over the base budget, it is lower than the amount anticipated by the 2009 Legislature.

DP 302 - Insure Montana Present Law Request - The legislature appropriated $1.9 million of health and Medicaid initiatives tobacco tax state special revenue over the biennium for the Insure Montana program to restore funding to the level appropriated in FY 2010. Base expenditures were $9.3 million, not including about $540,000 from a one-time appropriation in HB 258. The program spent about 91% of the appropriated base budget in FY 2010 and anticipates expending 95% of the FY 2011 appropriation (33-22-2008(3)(a)MCA limits expenditures to no more than 95% of the appropriated budget).

DP 305 - Contract Examinations - Biennial - The legislature appropriated $1.2 million of insurance fees state special revenue over the biennium for insurance company reviews and examinations required by 33-1-401, MCA, which states: "The commissioner shall examine the affairs, transactions, accounts, records, and assets of each authorized insurer as often as the commissioner considers advisable. The commissioner shall examine each authorized insurer not less frequently than every 5 years."

During the 2013 biennium, SAO plans to examine Allegiance, New West, Attorney's Liability Protection Society, two multiple employer welfare arrangements companies, Victory, Great West, and other companies deemed necessary by the Commissioner.

In addition, the appropriation will support market conduct exams of domiciled insurers. In the 2013 biennium SAO plans to examine the largest health insurer, Blue Cross Blue Shield, as well as Allegiance Life and Health Insurance Company, and Farmers Union Mutual.

The cost of examinations is paid by the companies being examined.

DP 306 - Financial Regulation - Captive Insurance Companies - The legislature appropriated about $61,000 in state special revenue to examine captive insurers, which are also subject to the requirements of 33-1-401, MCA (noted in DP 305). Captive insurers are self-insured industries.

In FY 2012, four risk retention group companies and eight pure captive companies would be examined and in FY 2013, three risk retention group companies and eight pure captive companies would be examined.

The cost of travel will be reimbursed by the companies being examined

DP 307 - Financial Regulation of Insurance Companies - The legislature appropriated about $20,000 of state special revenue authority to examine insurance companies conducting business in Montana. The primary focus is on solvency and claims payment ability of the companies.

In FY 2012 and FY 2013, three farm mutual companies and one multiple employer welfare arrangement company would be examined annually. The examinations are performed by employees and the cost of travel is charged to the companies being examined.

DP 308 - Captives Insurance Regulatory and Supervision - The legislature appropriated $73,000 of state special revenue authority to administer the captive insurance program and for reimbursement of reasonable expenses incurred in promoting the program. The account is funded through retention of 5% of the premium tax collected from captive insurance companies and all fees. The increase requested is reflective of the estimated growth in the captive insurance program and the related increase in premium tax collection.

DP 309 - Establish Surplus Lines Regulation In-House - The legislature appropriated $68,000 of state special revenue to administer surplus lines insurance, which is specialty insurance provided for risks that are too big, unusual, or substandard to be covered by insurers licensed in the state of Montana. In July 2009, the SAO discontinued the contract to regulate surplus lines activity. According to 33-2-321 (5)(b), MCA , "If a surplus lines advisory organization is not operating as set forth in this section, the stamping fee may be collected by the commissioner and placed in a state special revenue account for the expenses of regulating surplus lines."

DP 310 - IT Contract Reduction - Insure Montana - The legislature reduced the information technology contract for Insure Montana. The SAO indicated that one-time costs in the base year would not be ongoing.

New Proposals

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 303 - Insure Montana Authority Increase										
03	1.00	0	114,364	0	114,364	1.00	0	114,364	0	114,364
DP 304 - Continuation of Forms Analyst										
03	1.00	0	45,789	0	45,789	1.00	0	45,682	0	45,682
DP 95002 - 5% Plan - Insurance Division - Travel Captives										
03	0.00	0	(1,029)	0	(1,029)	0.00	0	(1,029)	0	(1,029)
Total	**2.00**	**$0**	**$159,124**	**$0**	**$159,124**	**2.00**	**$0**	**$159,017**	**$0**	**$159,017**

DP 303 - Insure Montana Authority Increase - The legislature approved the State Auditor request for about $228,000 of health and Medicaid initiative tobacco tax state special revenue authority and 1.00 FTE. This funding supports continuation of premium assistance and tax credit subsidies for small employers participating in Insure Montana that were added from a one-time appropriation of $6 million in the 2011 biennium. The legislature also accepted the State Auditor's recommendation that small employers eligible for federal tax subsidies for provision of employee health insurance should not receive the state tax credit as well.

DP 304 - Continuation of Forms Analyst - The legislature added about $92,000 of insurance fee state special revenue to make permanent a forms analyst FTE that was funded from a one-time appropriation in the 2011 biennium. This position reviews insurance forms for compliance with 33-1-501, MCA. The Insurance Commissioner has 60 days from the date an insurance company files a draft form to approve or disapprove the proposed form. If the commissioner takes no action within the 60 day timeframe, the form will be deemed approved and used by the company.

DP 95002 - 5% Plan - Insurance Division - Travel Captives - The legislature accepted the 5% reduction plan submitted by the State Auditor with its budget request as required by 17-1-111-3(f), MCA. This action lowers state special revenue that funds travel costs by $2,000 over the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	11.50	11.50	12.00	12.00	11.50	12.00	0.50	4.35%
Personal Services	640,038	675,516	776,964	778,207	1,315,554	1,555,171	239,617	18.21%
Operating Expenses	181,335	306,555	237,546	232,195	487,890	469,741	(18,149)	(3.72%)
Equipment & Intangible Assets	1,894	0	1,894	1,894	1,894	3,788	1,894	100.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$823,267**	**$982,071**	**$1,016,404**	**$1,012,296**	**$1,805,338**	**$2,028,700**	**$223,362**	**12.37%**
State Special	823,267	982,071	1,016,404	1,012,296	1,805,338	2,028,700	223,362	12.37%
Total Funds	**$823,267**	**$982,071**	**$1,016,404**	**$1,012,296**	**$1,805,338**	**$2,028,700**	**$223,362**	**12.37%**

Page Reference

Legislative Budget Analysis, A-91

Funding

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

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

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

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	823,267	823,267	1,646,534	81.16%
Statewide PL Adjustments	0	0	0	0.00%	69,272	65,407	134,679	6.64%
Other PL Adjustments	0	0	0	0.00%	72,740	72,740	145,480	7.17%
New Proposals	0	0	0	0.00%	51,125	50,882	102,007	5.03%
Total Budget	**$0**	**$0**	**$0**		**$1,016,404**	**$1,012,296**	**$2,028,700**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					94,859					96,407
Vacancy Savings					(29,395)					(29,457)
Inflation/Deflation					47					72
Fixed Costs					3,761					(1,615)
Total Statewide Present Law Adjustments		**$0**	**$69,272**	**$0**	**$69,272**		**$0**	**$65,407**	**$0**	**$65,407**
DP 401 - Rent Increase	0.00	0	31,348	0	31,348	0.00	0	31,348	0	31,348
DP 403 - Securities Contract Examination-Biennial	0.00	0	41,392	0	41,392	0.00	0	41,392	0	41,392
Total Other Present Law Adjustments	**0.00**	**$0**	**$72,740**	**$0**	**$72,740**	**0.00**	**$0**	**$72,740**	**$0**	**$72,740**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$142,012**	**$0**	**$142,012**	**0.00**	**$0**	**$138,147**	**$0**	**$138,147**

DP 401 - Rent Increase - The legislature added $31,348 state special revenue authority each fiscal year to cover the increased cost of leased office space. Base expenditures were $33,007. Although the 2013 biennium lease cost increases over the base budget, it is lower than the amount anticipated by the 2009 Legislature.

DP 403 - Securities Contract Examination-Biennial - The legislature approved a biennial appropriation of about $83,000 in state special revenue to contract for 20 more examinations of broker-dealer firms, broker-dealer firm branch offices, and investment advisor firms over the biennium. Base expenditures were $23,608. An examination involves, on average, about 30 hours of field work and 90 hours of analysis. The SOA will also experience an increase in workload as a result of the Dodd-Frank Wall Street.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 402 - Continuation of Legal FTE										
04	1.00	0	92,042	0	92,042	1.00	0	91,799	0	91,799
DP 95003 - 5% Plan - Reduce Securities Operations										
04	(0.50)	0	(40,917)	0	(40,917)	(0.50)	0	(40,917)	0	(40,917)
Total	**0.50**	**$0**	**$51,125**	**$0**	**$51,125**	**0.50**	**$0**	**$50,882**	**$0**	**$50,882**

DP 402 - Continuation of Legal FTE - The legislature continued one-time funding for 1.00 attorney FTE, which was also approved as a one-time appropriation in the last legislative session. The FTE is funded from security fees state special revenue. The FTE is currently filled and performs the following functions:

- Prosecutes securities and insurance fraud, criminally and administratively
- Provides legal analysis, as assigned, on issues relating to the Securities Act of Montana
- Assists in drafting administrative rules

The legislature requested that the SAO provide performance criteria so that the 2013 Legislature could evaluate the effectiveness of funding the FTE.

DP 95003 - 5% Plan - Reduce Securities Operations - The legislature accepted the 5% reduction plan submitted by the State Auditor with its budget request as required by 17-1-111-3(f), MCA. This action lowers state special revenue by $82,000 over the biennium. In addition to reducing 0.50 FTE, travel, contracted services, and communications costs will be lowered. Fewer contracted examinations will be conducted.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	657.53	657.53	660.53	660.53	657.53	660.53	3.00	0.46%
Personal Services	34,802,579	36,298,202	36,681,362	36,760,402	71,100,781	73,441,764	2,340,983	3.29%
Operating Expenses	17,778,349	17,385,845	13,623,483	13,509,445	35,164,194	27,132,928	(8,031,266)	(22.84%)
Equipment & Intangible Assets	383,777	70,095	330,978	330,978	453,872	661,956	208,084	45.85%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$52,964,705**	**$53,754,142**	**$50,635,823**	**$50,600,825**	**$106,718,847**	**$101,236,648**	**($5,482,199)**	**(5.14%)**
General Fund	49,569,692	50,171,670	46,620,258	46,581,456	99,741,362	93,201,714	(6,539,648)	(6.56%)
State Special	761,721	815,907	1,144,738	1,141,671	1,577,628	2,286,409	708,781	44.93%
Federal Special	204,942	206,447	270,210	271,218	411,389	541,428	130,039	31.61%
Other	2,428,350	2,560,118	2,600,617	2,606,480	4,988,468	5,207,097	218,629	4.38%
Total Funds	**$52,964,705**	**$53,754,142**	**$50,635,823**	**$50,600,825**	**$106,718,847**	**$101,236,648**	**($5,482,199)**	**(5.14%)**

Page Reference

Legislative Budget Analysis, A-96

Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	657.53	672.53	660.53	(12.00)	672.53	660.53	(12.00)	
Personal Services	34,802,579	37,170,919	36,681,362	(489,557)	37,248,919	36,760,402	(488,517)	(978,074)
Operating Expenses	17,778,349	16,190,987	13,623,483	(2,567,504)	16,077,989	13,509,445	(2,568,544)	(5,136,048)
Equipment & Intangible Assets	383,777	330,978	330,978	0	330,978	330,978	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	**$52,964,705**	**$53,692,884**	**$50,635,823**	**($3,057,061)**	**$53,657,886**	**$50,600,825**	**($3,057,061)**	**($6,114,122)**
General Fund	49,569,692	49,609,233	46,620,258	(2,988,975)	49,570,431	46,581,456	(2,988,975)	(5,977,950)
State/Other Special	761,721	1,182,824	1,144,738	(38,086)	1,179,757	1,141,671	(38,086)	(76,172)
Federal Special	204,942	270,210	270,210	0	271,218	271,218	0	0
Proprietary	2,428,350	2,630,617	2,600,617	(30,000)	2,636,480	2,606,480	(30,000)	(60,000)
Total Funds	**$52,964,705**	**$53,692,884**	**$50,635,823**	**($3,057,061)**	**$53,657,886**	**$50,600,825**	**($3,057,061)**	**($6,114,122)**

The legislative budget is $6.1 million in total funds lower than the executive budget with the decrease primarily in general fund. Staffing in the legislative budget is 12.00 FTE lower than in the executive budget at the end of the 2013 biennium. The most significant revisions from the executive budget are summarized below:

- Agency proposed 5% plan reductions that were not included in the executive budget were approved, which resulted in $4.8 million general fund reductions for purposes the agency was not able to specify
- Funding to add 8.00 FTE to increase tax compliance activities mostly directed at out-of-state entities was not approved, which resulted in a reduction of $1.0 million
- Requests to add 4.00 FTE for tobacco compliance and hail and per capita fee administration were not approved, although the funding was provided

Agency Highlights

Department of Revenue
Major Budget Highlights

- General fund for the 2013 biennium is $6.5 million, or 6.6%, lower than in the 2011 biennium. Major factors in this change are:
  - Statewide present law adjustments reduce general fund largely because of a reduction in the ITSD fixed cost allocation to the agency
  - Agency 5% plan reductions were approved
  - Multiple programs reduced the number of vehicles the department would lease from the State Motor Pool to reduce general fund
  - Ongoing reductions were made to account for reductions implemented in FY 2011 as a result of the 17-7-140, MCA, reductions ordered by the Governor
  - Funding associated with base expenditures to install video conferencing equipment was removed since the expenditures were not ongoing in nature
- State special fund expenditures are nearly $0.7 million, or 44.9%, higher in the 2013 biennium than the 2011 biennium due to:
  - Use of tobacco settlement funding to fund tobacco tax compliance work
  - Use of abandoned property state special revenue to fund 2.00 FTE to address workload issues
- Federal special fund expenditures increase by a little over $0.1 million to fund federal mineral royalty audits at the level authorized in the current agreement with the federal government
- Staffing increases by 3.00 FTE to fund: 1) 2.00 FTE to administer the abandoned property program with one-time funds; and 2) a 1.00 FTE position for the Granite County appraiser

Agency Discussion

The Department of Revenue administers the tax collection and compliance functions for most state taxes. Additionally, the department values all property in the state, regulates the sale and distribution of alcoholic beverages in the state, and administers the abandoned property program. The funding approved to carry out these functions is 5% below the adjusted base. At this funding level, the potential exists that less revenue would be collected than anticipated. The general fund status reflects a range of from $10.0 million to $17.2 million in potential revenue reductions due to $2.9 million of reductions partially contained in the 5% plan reduction. Other reductions that do not translate into potential revenue reductions are for continuation of reductions made in response to the Governor's 17-7-140, MCA, reductions that were not implemented until FY 2011 and a reduction in the number of vehicles the agency will lease from the State Motor Pool.

Funding

The following table summarizes funding for the agency, by program and source, as approved by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Directors Office	$ 10,652,954	$ 214,052	$ 2,000	$ 228,516	$ 11,097,522	10.96%
02 Information Technology & Processing	21,331,234	249,608	-	273,988	21,854,830	21.59%
03 Liquor Control Division	-	-	-	4,618,193	4,618,193	4.56%
05 Citizen Services & Resource Mgmt	3,650,226	374,939	-	86,400	4,111,565	4.06%
07 Business And Income Taxes Division	19,715,143	1,314,761	539,428	-	21,569,332	21.31%
08 Property Assessment Division	37,852,157	133,049	-	-	37,985,206	37.52%
Grand Total	$ 93,201,714	$ 2,286,409	$ 541,428	$ 5,207,097	$ 101,236,648	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	49,569,692	49,569,692	99,139,384	106.37%	52,964,705	52,964,705	105,929,410	104.64%
Statewide PL Adjustments	(605,036)	(744,817)	(1,349,853)	(1.45%)	(363,845)	(495,112)	(858,957)	(0.85%)
Other PL Adjustments	79,290	180,380	259,670	0.28%	213,562	309,659	523,221	0.52%
New Proposals	(2,423,688)	(2,423,799)	(4,847,487)	(5.20%)	(2,178,599)	(2,178,427)	(4,357,026)	(4.30%)
Total Budget	**$46,620,258**	**$46,581,456**	**$93,201,714**		**$50,635,823**	**$50,600,825**	**$101,236,648**	

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	51.48	51.48	51.48	51.48	51.48	51.48	0.00	0.00%
Personal Services	3,774,894	3,826,115	3,891,429	3,962,503	7,601,009	7,853,932	252,923	3.33%
Operating Expenses	1,956,810	1,858,138	1,713,210	1,530,380	3,814,948	3,243,590	(571,358)	(14.98%)
Total Costs	**$5,731,704**	**$5,684,253**	**$5,604,639**	**$5,492,883**	**$11,415,957**	**$11,097,522**	**($318,435)**	**(2.79%)**
General Fund	5,534,250	5,486,470	5,383,393	5,269,561	11,020,720	10,652,954	(367,766)	(3.34%)
State Special	107,326	107,995	106,445	107,607	215,321	214,052	(1,269)	(0.59%)
Federal Special	1,000	0	1,000	1,000	1,000	2,000	1,000	100.00%
Other	89,128	89,788	113,801	114,715	178,916	228,516	49,600	27.72%
Total Funds	**$5,731,704**	**$5,684,253**	**$5,604,639**	**$5,492,883**	**$11,415,957**	**$11,097,522**	**($318,435)**	**(2.79%)**

Page Reference

Legislative Budget Analysis, A-104

Funding

Funding for the program comes primarily from the general fund. State special revenue from tobacco settlement funds supports the dedicated attorney that supports tobacco tax compliance activities. Federal mineral royalty audit special revenue funds a portion of the Legislative Audit fixed cost allocation for the agency. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary fund and is for the Liquor Control Division share of Director's Office support costs. The allocation is a percentage of the program's budget. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,534,250	5,534,250	11,068,500	103.90%	5,731,704	5,731,704	11,463,408	103.30%
Statewide PL Adjustments	115,990	(67,842)	48,148	0.45%	145,114	(36,642)	108,472	0.98%
Other PL Adjustments	0	70,000	70,000	0.66%	0	70,000	70,000	0.63%
New Proposals	(266,847)	(266,847)	(533,694)	(5.01%)	(272,179)	(272,179)	(544,358)	(4.91%)
Total Budget	**$5,383,393**	**$5,269,561**	**$10,652,954**		**$5,604,639**	**$5,492,883**	**$11,097,522**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					278,680					279,797
Vacancy Savings					(162,145)					(162,188)
Inflation/Deflation					(146)					(142)
Fixed Costs					28,725					(154,109)
Total Statewide Present Law Adjustments		**$115,990**	**$4,451**	**$0**	**$145,114***		**($67,842)**	**$5,613**	**$0**	**($36,642)***
DP 101 - Overtime Pay for Timely Legislative Fiscal Notes	0.00	0	0	0	0	0.00	70,000	0	0	70,000
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$70,000**	**$0**	**$0**	**$70,000**
Grand Total All Present Law Adjustments	**0.00**	**$115,990**	**$4,451**	**$0**	**$145,114***	**0.00**	**$2,158**	**$5,613**	**$0**	**$33,358***

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

DP 101 - Overtime Pay for Timely Legislative Fiscal Notes - The legislature approved a general fund increase for overtime in the Tax Policy and Research Office to prepare fiscal notes for the 2013 Legislature. Funding was designated restricted only for this purpose.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Sustainable Reductions from 17-7-140, MCA										
01	0.00	(1,310)	0	0	(1,310)	0.00	(1,310)	0	0	(1,310)
DP 95101 - 5% Plan - Prorated Reduction										
01	0.00	(265,537)	(5,332)	0	(270,869)	0.00	(265,537)	(5,332)	0	(270,869)
Total	**0.00**	**($266,847)**	**($5,332)**	**$0**	**($272,179)**	**0.00**	**($266,847)**	**($5,332)**	**$0**	**($272,179)**

DP 55140 - Sustainable Reductions from 17-7-140, MCA - The legislature reduced funding for items included in the Governor's 17-7-140, MCA, reductions that were of an on-going nature, but which were not implemented until FY 2011.

DP 95101 - 5% Plan - Prorated Reduction - The legislature approved an unspecified reduction for the program. The agency included this unspecified reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	85.75	85.75	85.75	85.75	85.75	85.75	0.00	0.00%
Personal Services	4,043,708	4,267,806	4,314,035	4,316,410	8,311,514	8,630,445	318,931	3.84%
Operating Expenses	8,401,719	7,981,098	6,365,203	6,382,942	16,382,817	12,748,145	(3,634,672)	(22.19%)
Equipment & Intangible Assets	238,120	31,250	238,120	238,120	269,370	476,240	206,870	76.80%
Total Costs	**$12,683,547**	**$12,280,154**	**$10,917,358**	**$10,937,472**	**$24,963,701**	**$21,854,830**	**($3,108,871)**	**(12.45%)**
General Fund	12,476,399	12,071,923	10,655,619	10,675,615	24,548,322	21,331,234	(3,217,088)	(13.11%)
State Special	131,279	131,882	124,804	124,804	263,161	249,608	(13,553)	(5.15%)
Other	75,869	76,349	136,935	137,053	152,218	273,988	121,770	80.00%
Total Funds	**$12,683,547**	**$12,280,154**	**$10,917,358**	**$10,937,472**	**$24,963,701**	**$21,854,830**	**($3,108,871)**	**(12.45%)**

Page Reference

Legislative Budget Analysis, A-108

Funding

The Information Technology and Processing Division is primarily funded with general fund. State special revenue funds the division's administration of hail insurance premiums, the livestock per capita fee, and the lodging facilities tax. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary fund and is for the Liquor Control Division share of division support costs. The allocation is a percentage of the program's budget. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	12,476,399	12,476,399	24,952,798	116.98%	12,683,547	12,683,547	25,367,094	116.07%
Statewide PL Adjustments	(1,307,580)	(1,301,324)	(2,608,904)	(12.23%)	(1,246,514)	(1,240,140)	(2,486,654)	(11.38%)
Other PL Adjustments	96,615	110,355	206,970	0.97%	96,615	110,355	206,970	0.95%
New Proposals	(609,815)	(609,815)	(1,219,630)	(5.72%)	(616,290)	(616,290)	(1,232,580)	(5.64%)
Total Budget	**$10,655,619**	**$10,675,615**	**$21,331,234**		**$10,917,358**	**$10,937,472**	**$21,854,830**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					450,080					452,551
Vacancy Savings					(179,753)					(179,849)
Inflation/Deflation					29,792					29,828
Fixed Costs					(1,546,633)					(1,542,670)
Total Statewide Present Law Adjustments		**($1,307,580)**	**$0**	**$0**	**($1,246,514)***		**($1,301,324)**	**$0**	**$0**	**($1,240,140)***
DP 201 - Present Law Base Adjustment - Rent	0.00	26,675	0	0	26,675	0.00	40,415	0	0	40,415
DP 203 - Vehicle Reduction	0.00	(5,060)	0	0	(5,060)	0.00	(5,060)	0	0	(5,060)
DP 205 - Ongoing Maintenance of Imaging and Scanning	0.00	75,000	0	0	75,000	0.00	75,000	0	0	75,000
Total Other Present Law Adjustments	**0.00**	**$96,615**	**$0**	**$0**	**$96,615**	**0.00**	**$110,355**	**$0**	**$0**	**$110,355**
Grand Total All Present Law Adjustments	**0.00**	**($1,210,965)**	**$0**	**$0**	**($1,149,899)***	**0.00**	**($1,190,969)**	**$0**	**$0**	**($1,129,785)***

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

DP 201 - Present Law Base Adjustment - Rent - The legislature approved a general fund increase to pay for rent increases for an existing lease at the Donovan Building in Helena. Funding was designated as one time only and restricted only for this purpose.

DP 203 - Vehicle Reduction - The legislature reduced funding associated with the agency leasing one fewer vehicle from the State Motor Pool.

DP 205 - Ongoing Maintenance of Imaging and Scanning - The legislature approved a general fund increase to fund ongoing vendor maintenance and support for the hardware and software used for imaging and scanning of tax returns, payments, and other documents. Funding was designated restricted only for this purpose.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Sustainable Reductions from 17-7-140, MCA										
02	0.00	(6,321)	0	0	(6,321)	0.00	(6,321)	0	0	(6,321)
DP 95102 - 5% Plan - Prorated Reduction										
02	0.00	(603,494)	(6,475)	0	(609,969)	0.00	(603,494)	(6,475)	0	(609,969)
Total	**0.00**	**($609,815)**	**($6,475)**	**$0**	**($616,290)**	**0.00**	**($609,815)**	**($6,475)**	**$0**	**($616,290)**

DP 55140 - Sustainable Reductions from 17-7-140, MCA - The legislature reduced funding for items included in the Governor's 17-7-140, MCA, reductions that were of an on-going nature, but which were not implemented until FY 2011.

DP 95102 - 5% Plan - Prorated Reduction - The legislature approved an unspecified reduction for the program. The agency included this unspecified reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	29.00	29.00	29.00	29.00	29.00	29.00	0.00	0.00%
Personal Services	1,573,175	1,744,659	1,758,016	1,759,111	3,317,834	3,517,127	199,293	6.01%
Operating Expenses	612,911	568,213	521,980	525,686	1,181,124	1,047,666	(133,458)	(11.30%)
Equipment & Intangible Assets	26,700	30,125	26,700	26,700	56,825	53,400	(3,425)	(6.03%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$2,212,786**	**$2,342,997**	**$2,306,696**	**$2,311,497**	**$4,555,783**	**$4,618,193**	**$62,410**	**1.37%**
Other	2,212,786	2,342,997	2,306,696	2,311,497	4,555,783	4,618,193	62,410	1.37%
Total Funds	**$2,212,786**	**$2,342,997**	**$2,306,696**	**$2,311,497**	**$4,555,783**	**$4,618,193**	**$62,410**	**1.37%**

Page Reference

Legislative Budget Analysis, A-113

Funding

The division is funded with a direct appropriation of Liquor Control Division proprietary funds. Net revenues from liquor sales are transferred to the general fund after operating costs are deducted from gross revenues.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	2,212,786	2,212,786	4,425,572	95.83%
Statewide PL Adjustments	0	0	0	0.00%	78,910	83,711	162,621	3.52%
Other PL Adjustments	0	0	0	0.00%	15,000	15,000	30,000	0.65%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$2,306,696**	**$2,311,497**	**$4,618,193**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					179,969					181,106
Vacancy Savings					(70,128)					(70,170)
Inflation/Deflation					(16,914)					(16,246)
Fixed Costs					(14,017)					(10,979)
Total Statewide Present Law Adjustments		**$0**	**$0**	**$0**	**$78,910***		**$0**	**$0**	**$0**	**$83,711***
DP 303 - Personal Services for Termination Payouts	0.00	0	0	0	25,000*	0.00	0	0	0	25,000*
DP 304 - Personal Services for Overtime and Temporary Staff	0.00	0	0	0	50,000*	0.00	0	0	0	50,000*
DP 305 - Reduce Base Budget	0.00	0	0	0	(60,000)*	0.00	0	0	0	(60,000)*
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$15,000***	**0.00**	**$0**	**$0**	**$0**	**$15,000***
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$93,910***	**0.00**	**$0**	**$0**	**$0**	**$98,711***

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

DP 303 - Personal Services for Termination Payouts - The legislature approved funding for payouts of accrued leave balances in the event of staff terminations. Funding was designated restricted to be used only for this purpose.

DP 304 - Personal Services for Overtime and Temporary Staff - The legislature approved funding for overtime pay and costs to hire additional temporary employees to maintain statutory service levels to agency liquor stores in the event that demand increases. Funding was designated restricted to be used only for this purpose.

DP 305 - Reduce Base Budget - The legislature reduced funding for costs associated with the 2011 biennium liquor warehouse renovation project, as these costs are not on-going in nature.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Liquor control division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profits and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in the amounts not to exceed $124,000,000 in FY 2012 and $130,000,000 in FY 2013."

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	28.00	28.00	28.00	28.00	28.00	28.00	0.00	0.00%
Personal Services	1,475,880	1,500,960	1,527,478	1,527,083	2,976,840	3,054,561	77,721	2.61%
Operating Expenses	642,166	627,860	527,546	529,458	1,270,026	1,057,004	(213,022)	(16.77%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$2,118,046**	**$2,128,820**	**$2,055,024**	**$2,056,541**	**$4,246,866**	**$4,111,565**	**($135,301)**	**(3.19%)**
General Fund	1,919,257	1,928,568	1,824,161	1,826,065	3,847,825	3,650,226	(197,599)	(5.14%)
State Special	148,222	149,268	187,678	187,261	297,490	374,939	77,449	26.03%
Other	50,567	50,984	43,185	43,215	101,551	86,400	(15,151)	(14.92%)
Total Funds	**$2,118,046**	**$2,128,820**	**$2,055,024**	**$2,056,541**	**$4,246,866**	**$4,111,565**	**($135,301)**	**(3.19%)**

Page Reference

Legislative Budget Analysis, A-116

Funding

The Citizens Services and Resource Management Division is funded primarily by the general fund, with small amounts of state special revenue and proprietary funds. The proprietary funding is from a direct appropriation of Liquor Control Division proprietary funds and is for the Liquor Division share of this program's support costs. The allocation is a percentage of the program's budget. Liquor Control Division proprietary funds are an indirect use of general fund since net liquor revenues are deposited in the general fund after operating costs are deducted. State special revenue funds the division's administration of the one-stop business licensing program, and for support of the unclaimed property program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,919,257	1,919,257	3,838,514	105.16%	2,118,046	2,118,046	4,236,092	103.03%
Statewide PL Adjustments	1,861	3,765	5,626	0.15%	41,171	42,688	83,859	2.04%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(96,957)	(96,957)	(193,914)	(5.31%)	(104,193)	(104,193)	(208,386)	(5.07%)
Total Budget	**$1,824,161**	**$1,826,065**	**$3,650,226**		**$2,055,024**	**$2,056,541**	**$4,111,565**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					115,241					114,830
Vacancy Savings					(63,643)					(63,627)
Fixed Costs					(10,427)					(8,515)
Total Statewide Present Law Adjustments		**$1,861**	**$46,692**	**$0**	**$41,171***		**$3,765**	**$46,275**	**$0**	**$42,688***
Grand Total All Present Law Adjustments	**0.00**	**$1,861**	**$46,692**	**$0**	**$41,171***	**0.00**	**$3,765**	**$46,275**	**$0**	**$42,688***

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

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55140 - Sustainable Reductions from 17-7-140, MCA										
05	0.00	(398)	0	0	(398)	0.00	(398)	0	0	(398)
DP 95105 - 5% Plan - Prorated Reduction										
05	0.00	(96,559)	(7,236)	0	(103,795)	0.00	(96,559)	(7,236)	0	(103,795)
Total	**0.00**	**($96,957)**	**($7,236)**	**$0**	**($104,193)**	**0.00**	**($96,957)**	**($7,236)**	**$0**	**($104,193)**

DP 55140 - Sustainable Reductions from 17-7-140, MCA - The legislature reduced funding for items included in the Governor's 17-7-140, MCA, reductions that were of an on-going nature, but which were not implemented until FY 2011.

DP 95105 - 5% Plan - Prorated Reduction - The legislature approved an unspecified reduction for the program. The agency included this unspecified reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	156.95	156.95	158.95	158.95	156.95	158.95	2.00	1.27%
Personal Services	8,593,301	9,311,179	9,297,199	9,298,009	17,904,480	18,595,208	690,728	3.86%
Operating Expenses	1,944,528	1,946,482	1,480,977	1,493,147	3,891,010	2,974,124	(916,886)	(23.56%)
Equipment & Intangible Assets	52,799	0	0	0	52,799	0	(52,799)	(100.00%)
Total Costs	**$10,590,628**	**$11,257,661**	**$10,778,176**	**$10,791,156**	**$21,848,289**	**$21,569,332**	**($278,957)**	**(1.28%)**
General Fund	10,028,704	10,688,922	9,852,176	9,862,967	20,717,626	19,715,143	(1,002,483)	(4.84%)
State Special	357,982	362,292	656,790	657,971	720,274	1,314,761	594,487	82.54%
Federal Special	203,942	206,447	269,210	270,218	410,389	539,428	129,039	31.44%
Total Funds	**$10,590,628**	**$11,257,661**	**$10,778,176**	**$10,791,156**	**$21,848,289**	**$21,569,332**	**($278,957)**	**(1.28%)**

Page Reference

Legislative Budget Analysis, A-120

Funding

The Business and Income Taxes Division is primarily funded with general fund and some state special revenue, federal special revenue, and proprietary funds. State special revenue comes from the accommodations tax and funds expenses for administering the tax. Federal special revenue comes from reimbursements for performing mineral royalty audits. The finances of the Collections Services Program are not shown in the HB 2 tables because it is funded with proprietary funds. The Collections Services Program is discussed in the Proprietary Rates Section that follows the HB 2 discussion.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	10,028,704	10,028,704	20,057,408	101.74%	10,590,628	10,590,628	21,181,256	98.20%
Statewide PL Adjustments	366,537	377,328	743,865	3.77%	399,318	412,015	811,333	3.76%
Other PL Adjustments	(57,859)	(57,859)	(115,718)	(0.59%)	8,161	8,161	16,322	0.08%
New Proposals	(485,206)	(485,206)	(970,412)	(4.92%)	(219,931)	(219,648)	(439,579)	(2.04%)
Total Budget	**$9,852,176**	**$9,862,967**	**$19,715,143**		**$10,778,176**	**$10,791,156**	**$21,569,332**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					807,687					809,231
Vacancy Savings					(376,035)					(376,103)
Inflation/Deflation					(13,524)					(13,330)
Fixed Costs					(18,810)					(7,783)
Total Statewide Present Law Adjustments		**$366,537**	**$33,533**	**($752)**	**$399,318**		**$377,328**	**$34,431**	**$256**	**$412,015**
DP 703 - Vehicle Reduction	0.00	(5,060)	0	0	(5,060)	0.00	(5,060)	0	0	(5,060)
DP 704 - Additional Federal Royalty Audit Authority	0.00	0	0	66,020	66,020	0.00	0	0	66,020	66,020
DP 709 - Reduce Base Budget	0.00	(52,799)	0	0	(52,799)	0.00	(52,799)	0	0	(52,799)
Total Other Present Law Adjustments	**0.00**	**($57,859)**	**$0**	**$66,020**	**$8,161**	**0.00**	**($57,859)**	**$0**	**$66,020**	**$8,161**
Grand Total All Present Law Adjustments	**0.00**	**$308,678**	**$33,533**	**$65,268**	**$407,479**	**0.00**	**$319,469**	**$34,431**	**$66,276**	**$420,176**

DP 703 - Vehicle Reduction - The legislature reduced funding associated with the agency leasing one fewer vehicle from the State Motor Pool.

DP 704 - Additional Federal Royalty Audit Authority - The legislature approved an increase in federal funding to adjust funding to the level authorized in an agreement with the federal government for state participation in the federal mineral royalty auditing program. The current agreement amount is $353,253 per year.

DP 709 - Reduce Base Budget - The legislature reduced funding for costs associated with the 2011 biennium installation of video conferencing equipment, as these costs are not on-going in nature.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 706 - Modified FTE into Permanent - Abandoned Property										
07	2.00	0	112,066	0	112,066	2.00	0	112,771	0	112,771
DP 707 - Modified FTE into Permanent-Tobacco Tax Revenues										
07	0.00	0	171,109	0	171,109	0.00	0	170,687	0	170,687
DP 55140 - Sustainable Reductions from 17-7-140, MCA										
07	0.00	(2,411)	0	0	(2,411)	0.00	(2,411)	0	0	(2,411)
DP 95107 - 5% Plan - Prorated Reduction										
07	0.00	(482,795)	(17,900)	0	(500,695)	0.00	(482,795)	(17,900)	0	(500,695)
Total	**2.00**	**($485,206)**	**$265,275**	**$0**	**($219,931)**	**2.00**	**($485,206)**	**$265,558**	**$0**	**($219,648)**

DP 706 - Modified FTE into Permanent - Abandoned Property - The legislature approved state special revenue funding for 2.00 FTE to address workload issues in the Abandoned Property Program. The funding was designated as one time only.

DP 707 - Modified FTE into Permanent-Tobacco Tax Revenues - The legislature approved state special revenue funds from the state tobacco settlement to fund tobacco tax compliance activities.

DP 55140 - Sustainable Reductions from 17-7-140, MCA - The legislature reduced funding for items included in the Governor's 17-7-140, MCA, reductions that were of an on-going nature, but which were not implemented until FY 2011.

DP 95107 - 5% Plan - Prorated Reduction - The legislature approved an unspecified reduction for the program. The agency included this unspecified reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Proprietary Rates

Proprietary Program Description

The Collection Services Program collects, on behalf of state agencies, debt associated with delinquent accounts. The program serves all state agencies and is funded through a service charge for collecting on delinquent accounts.

Expenses

Significant base year costs for the program were for:

- Personal services for 3.50 FTE, $144,380 or 83.1% of total costs
- Operating costs, $29,275 with 60.7% of these costs due to:
    - Fixed cost items (rent, insurance, SABHRS fees, etc.), $10,897
    - Postage and mailing costs, $6,868

Revenues

The program revenues are generated from a fixed percentage collection commission based on the amount of bad debt funds the program is able to recover. The exception is that general fund pays the collection charge for child support payment collections.

Funding Sources

The funding sources that pay for the services provided by this program cannot be determined as the expenditure account established for Department of Revenue bad debt collection fee is not used uniformly by agencies.

Proprietary Rates

For the 2013 biennium the legislature approved a maximum delinquent account collection fee of 5% of amount collected, with an exemption from the rate for collections of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents.

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 executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	306.35	306.35	307.35	307.35	306.35	307.35	1.00	0.33%
Personal Services	15,341,621	15,647,483	15,893,205	15,897,286	30,989,104	31,790,491	801,387	2.59%
Operating Expenses	4,220,215	4,404,054	3,014,567	3,047,832	8,624,269	6,062,399	(2,561,870)	(29.71%)
Equipment & Intangible Assets	66,158	8,720	66,158	66,158	74,878	132,316	57,438	76.71%
Total Costs	**$19,627,994**	**$20,060,257**	**$18,973,930**	**$19,011,276**	**$39,688,251**	**$37,985,206**	**($1,703,045)**	**(4.29%)**
General Fund	19,611,082	19,995,787	18,904,909	18,947,248	39,606,869	37,852,157	(1,754,712)	(4.43%)
State Special	16,912	64,470	69,021	64,028	81,382	133,049	51,667	63.49%
Total Funds	**$19,627,994**	**$20,060,257**	**$18,973,930**	**$19,011,276**	**$39,688,251**	**$37,985,206**	**($1,703,045)**	**(4.29%)**

Page Reference

Legislative Budget Analysis, A-128

Funding

Funding for the Property Assessment Division is from general fund and state special revenue. State special revenue is from the property valuation improvement fund and is used for increasing efficiency of the property appraisal, assessment, and taxation process through improvements in technology and administration. Revenue deposited to the fund is from a fee received as reimbursement for the cost of developing and maintaining the property valuation and assessment system database. The fee is charged to persons, federal agencies, state agencies, and other entities requesting the database or any part of the database from any department property valuation and assessment system. The fee may not be charged to the Office of Budget and Program Planning, the State Tax Appeal Board, or any legislative agency or committee.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	19,611,082	19,611,082	39,222,164	103.62%	19,627,994	19,627,994	39,255,988	103.35%
Statewide PL Adjustments	218,156	243,256	461,412	1.22%	218,156	243,256	461,412	1.21%
Other PL Adjustments	40,534	57,884	98,418	0.26%	93,786	106,143	199,929	0.53%
New Proposals	(964,863)	(964,974)	(1,929,837)	(5.10%)	(966,006)	(966,117)	(1,932,123)	(5.09%)
Total Budget	**$18,904,909**	**$18,947,248**	**$37,852,157**		**$18,973,930**	**$19,011,276**	**$37,985,206**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,120,956					1,125,418
Vacancy Savings					(658,505)					(658,682)
Inflation/Deflation					(166,035)					(163,624)
Fixed Costs					(78,260)					(59,856)
Total Statewide Present Law Adjustments		**$218,156**	**$0**	**$0**	**$218,156**		**$243,256**	**$0**	**$0**	**$243,256**
DP 801 - Present Law Base Adjustment - Rent	0.00	62,219	0	0	62,219	0.00	79,569	0	0	79,569
DP 803 - Vehicle Reduction	0.00	(21,685)	0	0	(21,685)	0.00	(21,685)	0	0	(21,685)
DP 804 - Increase in Spending Authority - Hail & Livestock	0.00	0	53,252	0	53,252	0.00	0	48,259	0	48,259
Total Other Present Law Adjustments	**0.00**	**$40,534**	**$53,252**	**$0**	**$93,786**	**0.00**	**$57,884**	**$48,259**	**$0**	**$106,143**
Grand Total All Present Law Adjustments	**0.00**	**$258,690**	**$53,252**	**$0**	**$311,942**	**0.00**	**$301,140**	**$48,259**	**$0**	**$349,399**

DP 801 - Present Law Base Adjustment - Rent - The legislature approved an increase of general fund to pay for increases for office space rent for division staff throughout the state. Funding was designated restricted for use on this purpose only.

DP 803 - Vehicle Reduction - The legislature reduced funding associated with the agency leasing four fewer vehicles from the State Motor Pool.

DP 804 - Increase in Spending Authority - Hail & Livestock - The legislature approved an increase of state special revenue to fund the agency's collection and distribution activities in support of hail insurance premiums and livestock per capita fees.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 805 - Modified FTE into Permanent - Co. Assessor										
08	1.00	48,477	0	0	48,477	1.00	48,366	0	0	48,366
DP 55140 - Sustainable Reductions from 17-7-140, MCA										
08	0.00	(47,750)	0	0	(47,750)	0.00	(47,750)	0	0	(47,750)
DP 95108 - 5% Plan - Prorated Reduction										
08	0.00	(965,590)	(1,143)	0	(966,733)	0.00	(965,590)	(1,143)	0	(966,733)
Total	**1.00**	**($964,863)**	**($1,143)**	**$0**	**($966,006)**	**1.00**	**($964,974)**	**($1,143)**	**$0**	**($966,117)**

DP 805 - Modified FTE into Permanent - Co. Assessor - The legislature approved a general fund increase to fund the addition of 1.00 FTE to serve as the county assessor in Granite County.

DP 55140 - Sustainable Reductions from 17-7-140, MCA - The legislature reduced funding for items included in the Governor's 17-7-140, MCA, reductions that were of an on-going nature, but which were not implemented until FY 2011.

DP 95108 - 5% Plan - Prorated Reduction - The legislature approved an unspecified reduction for the program. The agency included this unspecified reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Agency Budget Comparison

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

Agency Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	155.12	155.12	151.63	151.63	155.12	151.63	(3.49)	(2.25%)
Personal Services	9,395,163	10,127,479	10,179,145	10,220,818	19,522,642	20,399,963	877,321	4.49%
Operating Expenses	9,553,673	9,009,538	9,664,543	9,451,432	18,563,211	19,115,975	552,764	2.98%
Equipment & Intangible Assets	42,077	42,077	42,077	42,077	84,154	84,154	0	0.00%
Local Assistance	39,206	37,633	43,206	42,206	76,839	85,412	8,573	11.16%
Grants	838,563	1,483,576	838,563	838,563	2,322,139	1,677,126	(645,013)	(27.78%)
Transfers	0	75,000	0	0	75,000	0	(75,000)	(100.00%)
Debt Service	32,050	32,050	176,275	0	64,100	176,275	112,175	175.00%
Total Costs	**$19,900,732**	**$20,807,353**	**$20,943,809**	**$20,595,096**	**$40,708,085**	**$41,538,905**	**$830,820**	**2.04%**
General Fund	6,054,826	6,212,547	6,426,155	6,184,229	12,267,373	12,610,384	343,011	2.80%
State Special	6,508,794	7,884,856	6,887,774	6,881,774	14,393,650	13,769,548	(624,102)	(4.34%)
Federal Special	42,043	48,739	42,043	42,043	90,782	84,086	(6,696)	(7.38%)
Other	0	0	0	0	0	0	0	n/a
Other	7,295,069	6,661,211	7,587,837	7,487,050	13,956,280	15,074,887	1,118,607	8.02%
Total Funds	**$19,900,732**	**$20,807,353**	**$20,943,809**	**$20,595,096**	**$40,708,085**	**$41,538,905**	**$830,820**	**2.04%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	155.12	153.63	151.63	(2.00)	153.63	151.63	(2.00)	
Personal Services	9,395,163	10,287,859	10,179,145	(108,714)	10,329,268	10,220,818	(108,450)	(217,164)
Operating Expenses	9,553,673	9,786,024	9,664,543	(121,481)	9,587,457	9,451,432	(136,025)	(257,506)
Equipment & Intangible Assets	42,077	42,077	42,077	0	42,077	42,077	0	0
Local Assistance	39,206	43,206	43,206	0	42,206	42,206	0	0
Grants	838,563	838,563	838,563	0	838,563	838,563	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	32,050	176,275	176,275	0	0	0	0	0
Total Costs	**$19,900,732**	**$21,174,004**	**$20,943,809**	**($230,195)**	**$20,839,571**	**$20,595,096**	**($244,475)**	**($474,670)**
General Fund	6,054,826	6,426,155	6,426,155	0	6,198,509	6,184,229	(14,280)	(14,280)
State/Other Special	6,508,794	7,117,969	6,887,774	(230,195)	7,111,969	6,881,774	(230,195)	(460,390)
Federal Special	42,043	42,043	42,043	0	42,043	42,043	0	0
Capital Projects	0	0	0	0	0	0	0	0
Proprietary	7,295,069	7,587,837	7,587,837	0	7,487,050	7,487,050	0	0
Total Funds	**$19,900,732**	**$21,174,004**	**$20,943,809**	**($230,195)**	**$20,839,571**	**$20,595,096**	**($244,475)**	**($474,670)**

The legislative budget is $474,670 in total funds, $14,280 in general fund, and $460,390 in state special revenue lower than the executive budget. The most significant revisions from the executive budget are summarized below:

- General fund requested for both years of the biennium to prepare and sell the building that formerly housed the Department of Corrections was approved only for FY 2012
- The legislature approved 5% plan reductions that were not included in the executive budget that reduced state special revenue by $416,500

Agency Highlights

Department of Administration Major Budget Highlights
♦ General fund increases $343,000, or 2.8% when comparing the 2013 biennium to the 2011 biennium due to: • Statewide present law adjustments • Final lease payment and option to buy the building that houses the Office of Public Instruction • Costs to prepare and sell the state-owned building that previously housed the headquarters for the Department of Corrections • Governor-elect startup costs • Costs for workload impacts on county tax appeal boards due to the property reappraisal • Burial board travel and meeting costs ♦ 5% reduction plan items reduce general fund by nearly $593,000 and state special revenue by $416,500

Agency Discussion

The Department of Administration sets statewide policies for and provides services to state agencies for accounting, treasury, human resources, group health insurance benefits, procurement, state tort and property insurance pool, and information technology. For most agencies in Helena, the agency serves as the landlord for state-owned buildings in exchange for rental fees. Generally, the statewide policy functions are supported by general fund while the service functions are supported by proprietary funds derived by charging fees for services. The department also administers the following functions that are not associated with statewide policies or services:

- State Lottery
- Banking and Financial Institution oversight and regulation
- State Tax Appeals Board
- Architecture and Engineering and administration of the state Long-range Building Program

The functions of the department funded in HB 2 were generally funded at the adjusted base level less 5%, with little growth and no new programs added.

The majority of funding for the department is via non-budgeted proprietary funds. For the 2013 biennium, $525.6 million of the funding is non-budgeted proprietary funds compared to $41.5 million appropriated in HB 2.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Director'S Office	$ 235,628	$ 1,154	$ 74,266	$ -	$ 311,048	0.75%
02 Governor Elect Program	50,000	-	-	-	50,000	0.12%
03 State Accounting Division	2,532,201	-	9,820	97,520	2,639,541	6.35%
04 Architecture & Engineering Pgm	-	3,760,205	-	-	3,760,205	9.05%
06 General Services Program	4,124,830	106,226	-	-	4,231,056	10.19%
07 State Information Technology Division	842,044	3,047,493	-	-	3,889,537	9.36%
14 Banking And Financial Division	-	6,854,470	-	-	6,854,470	16.50%
15 Montana State Lottery	-	-	-	14,977,367	14,977,367	36.06%
21 Health Care & Benefits Division	-	-	-	-	-	0.00%
23 State Human Resources Division	3,693,454	-	-	-	3,693,454	8.89%
37 State Tax Appeal Board	1,132,227	-	-	-	1,132,227	2.73%
Grand Total	12,610,384	13,769,548	84,086	15,074,887	41,538,905	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	6,054,826	6,054,826	12,109,652	96.03%	19,900,732	19,900,732	39,801,464	95.82%
Statewide PL Adjustments	448,316	376,367	824,683	6.54%	1,103,212	924,635	2,027,847	4.88%
Other PL Adjustments	51,230	63,500	114,730	0.91%	234,916	247,186	482,102	1.16%
New Proposals	(128,217)	(310,464)	(438,681)	(3.48%)	(295,051)	(477,457)	(772,508)	(1.86%)
Total Budget	**$6,426,155**	**$6,184,229**	**$12,610,384**		**$20,943,809**	**$20,595,096**	**$41,538,905**	

Program Budget Comparison
The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	1.17	1.17	1.17	1.17	1.17	1.17	0.00	0.00%
Personal Services	56,835	59,937	62,158	62,852	116,772	125,010	8,238	7.05%
Operating Expenses	65,611	23,177	89,562	22,210	88,788	111,772	22,984	25.89%
Local Assistance	37,133	37,133	37,133	37,133	74,266	74,266	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$159,579**	**$120,247**	**$188,853**	**$122,195**	**$279,826**	**$311,048**	**$31,222**	**11.16%**
General Fund	121,869	81,527	151,143	84,485	203,396	235,628	32,232	15.85%
State Special	577	1,587	577	577	2,164	1,154	(1,010)	(46.67%)
Federal Special	37,133	37,133	37,133	37,133	74,266	74,266	0	0.00%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$159,579**	**$120,247**	**$188,853**	**$122,195**	**$279,826**	**$311,048**	**$31,222**	**11.16%**

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Funding
The Director's Office is funded with a combination of general fund, state and federal special revenues, and proprietary funds. General fund provides funding for the office's support of the Board of County Printing, Burial Preservation Board, allocations of police retirement funds, and general management and legal support for statewide functions of the department. State special revenue funds the office's functions in support of the Capital Financial Advisory Council. Federal special revenue funds administrative functions that support allocation of federal flood control payments.

Most operations of the office are funded with non-budgeted proprietary funds, which are discussed in the "Proprietary Rates" section.

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	121,869	121,869	243,738	103.44%	159,579	159,579	319,158	102.61%
Statewide PL Adjustments	17,274	(50,884)	(33,610)	(14.26%)	17,274	(50,884)	(33,610)	(10.81%)
Other PL Adjustments	12,000	13,500	25,500	10.82%	12,000	13,500	25,500	8.20%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$151,143**	**$84,485**	**$235,628**		**$188,853**	**$122,195**	**$311,048**	

Present Law Adjustments
The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					7,913					8,010
Vacancy Savings					(2,590)					(2,593)
Inflation/Deflation					1					1
Fixed Costs					11,950					(56,302)
Total Statewide Present Law Adjustments		**$17,274**	**$0**	**$0**	**$17,274**		**($50,884)**	**$0**	**$0**	**($50,884)**
DP 101 - Presidential Electors	0.00	0	0	0	0	0.00	1,500	0	0	1,500
DP 1003 - Burial Board	0.00	12,000	0	0	12,000	0.00	12,000	0	0	12,000
Total Other Present Law Adjustments	**0.00**	**$12,000**	**$0**	**$0**	**$12,000**	**0.00**	**$13,500**	**$0**	**$0**	**$13,500**
Grand Total All Present Law Adjustments	**0.00**	**$29,274**	**$0**	**$0**	**$29,274**	**0.00**	**($37,384)**	**$0**	**$0**	**($37,384)**

DP 101 - Presidential Electors - The legislature increased general fund in FY 2013 to fund compensation and travel costs for presidential electors in 2012. The funding was designated as one time only.

DP 1003 - Burial Board - This legislature increased general fund for the Burial Preservation Board to hold two face-to-face meetings per year and two conference call meetings, along with reimbursement for member travel associated with reburial/repatriation of human remains. The funding was designated as restricted only to this purpose.

Proprietary Rates

Proprietary Program Description

The Director's Office provides services in the areas of legal, human resources, and financial management to other divisions of the agency and agencies and boards attached to the agency for administrative purposes. The Office of Legal Services advises the divisions on legal matters. The Office of Human Resources processes payroll; assists with recruitment, selection, and orientation of new employees; classifies positions; and develops human resources policies for the department. The Office of Finance and Budget prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance. The Director's Office also provides information technology management and project management services.

Expenses

Significant base costs for the program were for:

- Personal services for 14.33 FTE, about $983,800 or 87.8% of total costs
- Operating costs, $136,700 with nearly half of these costs due to:
  - Office space rent, $34,044
  - Payments to the Information Technology Services Division, $23,080
  - Building and grounds maintenance, $9,412

Revenues

All divisions of the agency and other agencies and boards designated in statute as being administratively attached to the agency use all or a portion of the services provided by the programs. Administratively attached agencies or boards with staff to perform the provided functions do not use some of the services and are not charged a fee.

The revenues for this program are allocated in three ways: 1) for the human resources function an annual amount is charged per FTE served; 2) the legal unit costs are allocated based on a time-use study; and 3) the remaining portion is based on the proportional size of the division, board, or agency's budget to the total of all served.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (6.0%)
- State special revenue (10.0%)
- Other (84.0%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the rates approved for the Director's Office are:

- Human resources portion of program (annually per FTE)
    - $574 (FY 2012)
    - $570 (FY 2013)
- Remaining portion of the program (fixed amount for allocation)
    - $903,354 (FY 2012)
    - $902,951 (FY 2013)

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Personal Services	0	0	0	44,000	0	44,000	44,000	n/a
Operating Expenses	0	0	0	6,000	0	6,000	6,000	n/a
Total Costs	**$0**	**$0**	**$0**	**$50,000**	**$0**	**$50,000**	**$50,000**	**n/a**
General Fund	0	0	0	50,000	0	50,000	50,000	n/a
Total Funds	**$0**	**$0**	**$0**	**$50,000**	**$0**	**$50,000**	**$50,000**	**n/a**

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Funding

The Governor Elect Program is fully funded with general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	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	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 to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Governor Elect	0.00	0	0	0	0	0.00	50,000	0	0	50,000
Total Other Present Law Adjustments	**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**

DP 201 - Governor Elect - The legislature approved $50,000 general fund in FY 2013 for startup costs of a Governor-elect and staff from the general election to the inauguration. This funding was designated as one time only and restricted for this purpose only.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	18.67	18.67	17.67	17.67	18.67	17.67	(1.00)	(5.36%)
Personal Services	1,043,760	1,103,048	1,044,823	1,045,884	2,146,808	2,090,707	(56,101)	(2.61%)
Operating Expenses	267,682	276,019	275,262	273,572	543,701	548,834	5,133	0.94%
Total Costs	**$1,311,442**	**$1,379,067**	**$1,320,085**	**$1,319,456**	**$2,690,509**	**$2,639,541**	**($50,968)**	**(1.89%)**
General Fund	1,257,772	1,317,847	1,266,415	1,265,786	2,575,619	2,532,201	(43,418)	(1.69%)
Federal Special	4,910	11,606	4,910	4,910	16,516	9,820	(6,696)	(40.54%)
Other	48,760	49,614	48,760	48,760	98,374	97,520	(854)	(0.87%)
Total Funds	**$1,311,442**	**$1,379,067**	**$1,320,085**	**$1,319,456**	**$2,690,509**	**$2,639,541**	**($50,968)**	**(1.89%)**

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Funding

The State Accounting Division is funded with general fund, federal special revenues, and proprietary funds. General fund provides funding for the statewide accounting standards, treasury, and accounting assistance for local government. Federal special revenue provides funding for activities associated with the federal Cash Management Improvement Act funds. The division is also funded with a direct appropriation from the Board of Investments proprietary fund for services the Treasury Unit provides to the board. The reduction in federal funds from the 2011 biennium is due to Cash Management Improvement Act funding in FY 2011 that is not continued at that level in the 2013 biennium.

Most operations of the division are funded with non-budgeted proprietary funds, which are discussed in the "Proprietary Rates" section.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,257,772	1,257,772	2,515,544	99.34%	1,311,442	1,311,442	2,622,884	99.37%
Statewide PL Adjustments	85,304	84,476	169,780	6.70%	85,304	84,476	169,780	6.43%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(76,661)	(76,462)	(153,123)	(6.05%)	(76,661)	(76,462)	(153,123)	(5.80%)
Total Budget	**$1,266,415**	**$1,265,786**	**$2,532,201**		**$1,320,085**	**$1,319,456**	**$2,639,541**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					124,453					125,352
Vacancy Savings					(46,729)					(46,766)
Inflation/Deflation					(234)					(206)
Fixed Costs					7,814					6,096
Total Statewide Present Law Adjustments		**$85,304**	**$0**	**$0**	**$85,304**		**$84,476**	**$0**	**$0**	**$84,476**
Grand Total All Present Law Adjustments	**0.00**	**$85,304**	**$0**	**$0**	**$85,304**	**0.00**	**$84,476**	**$0**	**$0**	**$84,476**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013			
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction										
03	(1.00)	(76,661)	0	0	(76,661)	(1.00)	(76,462)	0	0	(76,462)
Total	**(1.00)**	**($76,661)**	**$0**	**$0**	**($76,661)**	**(1.00)**	**($76,462)**	**$0**	**$0**	**($76,462)**

DP 55400 - 4% Personal Services Reduction - The legislature approved a funding switch for 1.00 FTE that reduced general fund and funded the Local Government Services Bureau Chief position with the Local Government Services enterprise fund.

Proprietary Rates

The State Accounting Division provides the following functions funded with proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- Statewide Accounting, Budgeting and Human Resources Program
- Warrant Writer Program
- Local Government Audit and Reporting Program

Statewide Accounting, Budgeting and Human Resources Program (SABHRS - 06511)

Proprietary Program Description

The Statewide Accounting, Budgeting and Human Resource (SABHRS) Finance and Budget Bureau (SFAB) is responsible for operational support and maintenance for the financial portion of SABHRS and Montana Budget, Analysis, and Reporting System (MBARS).

Expenses

Significant base costs for the program were for:

- Personal services for 18.00 FTE, $1.6 million or 37.4% of total costs
- Operating costs, $2.8 million with 88.6% due to:
    - Payments to the Information Technology Services Division for services purchased that are not for telephones and email, $1.5 million
    - Computer system maintenance costs, $0.9 million

Revenues

All state agencies are required to use this program. Revenues are based on costs to operate the program and maintain a reasonable working capital balance, which then factor into a maximum allocation of costs rate that is approved by the legislature. The program costs are allocated based on the following:

- An agency's proportionate share of financial system journal lines to total journal lines (a journal line is line of data on the statewide accounting system that describes the details of one accounting transaction and includes such data as the transaction date, amount, purpose, and impacted expenditure, revenue, or balance sheet accounts) for all agencies (92%)
- An agency's proportionate share of MBARS journal lines to total MBARS journal lines for all agencies (8%)

Budget authority to pay the SABHRS allocation is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for SABHRS is $1.5 million lower for the 2013 biennium than the funding approved by the 2009 Legislature. The reasons for this change are detailed below in the "Proprietary Rates" section following the requested rates.

In FY 2010, the program refunded agencies $350,000 to reduce the working capital in the fund and to reflect budget cuts taken by the program. As a result, working capital in the fund was down to a 57-day level at the end of FY 2010.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (38.2%)
- State special revenue (15.2%)
- Federal special revenue (16.2%)
- Other (30.4%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the legislature approved $3,554,526 for FY 2012 and $3,795,313 for FY 2013 as the total amount of costs that may be allocated to users.

Warrant Writer Program (Warrant Writing - 06564)

Proprietary Program Description

The department provides the services of the Warrant Writer Program to state agencies for check writing and automatic-deposit capabilities for financial transactions. The program produces and processes warrants and tracks them on the warrant writer system. The program generates, mails, tracks, and cashes each warrant. The services the program offers include direct deposit, warrant consolidation, stop payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, payee file data, and federal 1099-MISC processing.

Expenses

Significant base costs for the program were for:

- Personal services for 5.83 FTE, $206,427 or 22.2% of total costs
- Operating costs, $699,570 with 78.8% due to:
    - Postage and mailing, $411,604
    - Printing, $139,978

Revenues

Because the service is mandated in statute, no alternative exists for agencies that need checks processed and funds transferred to vendors electronically if they use the state accounting system. Revenues are derived from monthly billings based on actual warrants issued.

Budget authority to pay the warrant writer costs is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for warrant writer is $275,729 lower for the 2013 biennium than the funding approved by the 2009 Legislature because the rates approved for the 2011 biennium were higher than needed to fund program costs. As such, the fund balance grew. Despite expenditure increases via factors in the statewide present law adjustments the rates requested for the 2013 biennium are lower than those approved by the 2009 Legislature to reduce excess liquid fund balance. The legislative audit of the agency for the two fiscal years ending in June 30, 2010, identified that fees were not commensurate with costs for this program and recommended that the program reduce rates. In response to the audit finding, rates for FY 2011 have been lowered below those approved by the 2009 Legislature.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (27.5%)
- State special revenue (20.7%)
- Federal special revenue (27.2%)
- Other (24.6%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the approved rates are:

- Mailer
  - $0.74392 (FY 2012)
  - $0.74464 (FY 2013)
- Non-Mailer
  - $0.2839 (FY 2012)
  - $0.2846 (FY 2013)
- Emergency
  - $14.1129 (FY 2012)
  - $14.1136 (FY 2013)
- Duplicates
  - $3.35417 (FY 2012)
  - $3.35489 (FY 2013)
- Externals – Payroll
  - $0.20512 (FY 2012)
  - $0.21239 (FY 2013)
- Externals - Universities
  - $0.13859 (FY 2012)
  - $0.13907 (FY 2013)
- Direct Deposit - Mailer
  - $0.81859 (FY 2012)
  - $0.82907 (FY 2013)
- Direct Deposit - No Advice Printed
  - $0.13859 (FY 2012)
  - $0.13907 (FY 2013)
- Unemployment Insurance- Mailer - Print Only
  - $0.14533 (FY 2012)
  - $0.14557 (FY 2013)
- Unemployment Insurance- Direct Deposit - No Advice Printed
  - $0.04769 (FY 2012)

- $0.04785 (FY 2013)

Local Government Audit and Reporting Program (Fund 06042)

Proprietary Program Description

The Local Government Audit and Reporting Program is responsible for administering the provisions of the Montana Single Audit Act (MSAA), which specifies the audit requirements for all Montana local government entities (2-7-5, MCA). The program performs the following services:

- Mails out to and receives annual financial reports from approximately 900 local governments
- Enters selected financial data from the reports into a database
- Obtains and enters into the database information regarding school district revenues
- Determines which local government entities are subject to audit under the act and notifies them of the audit requirements
- Accepts applications from and maintains a roster of independent auditors authorized to conduct local government audits
- Prepares and keeps current a legal compliance supplement for use by independent auditors in conducting local government audits
- Receives and approves audit contracts for local government audits
- Verifies that all local governments required to have audits do so
- Receives and reviews local government audit reports to determine whether the audits have been conducted in accordance with required standards
- Notifies state agencies of audit findings related to financial assistance programs that they administer
- Receives and reviews each local government's response to the audit report findings and determines whether the entity has developed a satisfactory plan to correct deficiencies noted in the audit report
- Maintains copies of all local government entity audit reports and the local government’s responses to audit findings, and makes those reports and responses available upon request to state and federal agencies and the public
- Provides technical advice on accounting, auditing, and legal compliance matters to local governments and certified public accountants conducting local government audits
- Investigates or refers to auditors for follow-up action complaints or allegations received from the public, either directly or through the Legislative Auditor's hotline
- Provides information regarding local government audits, audit findings, entity responses to findings, and legal compliance and accounting requirements to the public
- Requests for special audits and arranges for such audits if determined to be necessary

Expenses

Significant base costs for the program were for:

- Personal services for 4.00 FTE, $217,917 or 72.2% of total costs
- Operating costs, $83,873 with 54.2% due to:
    - Office rent, $28,916
    - Indirect/administrative cost paid to the Management Services Program in the Director’s Office, $16,564

Revenues

All local government entities that are required to submit audits pay a filing fee. The fee schedule has been adopted as ARM 2.4.402. A fee is also collected from local governments that are required to submit financial reviews. The fee has been adopted in ARM 2.4.410 and is currently set at $75. A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted as ARM 2.4.406 and is currently set at $100 per year. The program also may receive reimbursement from audited entities for costs to contract for special audits as requested.

Funding Sources

The funding to pay for the services provided by this program comes from local governments and private auditing firms. No state funds directly support this program.

Proprietary Rate Explanation

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. Fees are adopted in the Administrative Rules of Montana.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,283,732	1,247,129	1,302,775	1,305,035	2,530,861	2,607,810	76,949	3.04%
Operating Expenses	659,066	724,159	576,304	576,091	1,383,225	1,152,395	(230,830)	(16.69%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$1,942,798**	**$1,971,288**	**$1,879,079**	**$1,881,126**	**$3,914,086**	**$3,760,205**	**($153,881)**	**(3.93%)**
State Special	1,942,798	1,971,288	1,879,079	1,881,126	3,914,086	3,760,205	(153,881)	(3.93%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$1,942,798**	**$1,971,288**	**$1,879,079**	**$1,881,126**	**$3,914,086**	**$3,760,205**	**($153,881)**	**(3.93%)**

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Funding

The Architecture & 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 by base, present law adjustments, and new proposals.

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,942,798	1,942,798	3,885,596	103.33%
Statewide PL Adjustments	0	0	0	0.00%	24,994	27,041	52,035	1.38%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	(88,713)	(88,713)	(177,426)	(4.72%)
Total Budget	**$0**	**$0**	**$0**		**$1,879,079**	**$1,881,126**	**$3,760,205**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					73,327					75,679
Vacancy Savings					(54,284)					(54,376)
Inflation/Deflation					(5,942)					(5,804)
Fixed Costs					11,893					11,542
Total Statewide Present Law Adjustments		**$0**	**$24,994**	**$0**	**$24,994**		**$0**	**$27,041**	**$0**	**$27,041**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$24,994**	**$0**	**$24,994**	**0.00**	**$0**	**$27,041**	**$0**	**$27,041**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95104 - 5% Plan - Reduce Consultant Services										
04	0.00	0	(88,713)	0	(88,713)	0.00	0	(88,713)	0	(88,713)
Total	**0.00**	**$0**	**($88,713)**	**$0**	**($88,713)**	**0.00**	**$0**	**($88,713)**	**$0**	**($88,713)**

DP 95104 - 5% Plan - Reduce Consultant Services - The legislature reduced consultant and professional services by 26%. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain special revenue funds by 5%.

Program Budget Comparison
The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	11.25	11.25	11.25	11.25	11.25	11.25	0.00	0.00%
Personal Services	637,187	647,206	669,576	668,685	1,284,393	1,338,261	53,868	4.19%
Operating Expenses	1,461,448	1,517,323	1,378,614	1,337,906	2,978,771	2,716,520	(262,251)	(8.80%)
Grants	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	32,050	32,050	176,275	0	64,100	176,275	112,175	175.00%
Total Costs	**$2,130,685**	**$2,196,579**	**$2,224,465**	**$2,006,591**	**$4,327,264**	**$4,231,056**	**($96,208)**	**(2.22%)**
General Fund	2,084,174	2,142,509	2,171,272	1,953,558	4,226,683	4,124,830	(101,853)	(2.41%)
State Special	46,511	54,070	53,193	53,033	100,581	106,226	5,645	5.61%
Federal Special	0	0	0	0	0	0	0	n/a
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$2,130,685**	**$2,196,579**	**$2,224,465**	**$2,006,591**	**$4,327,264**	**$4,231,056**	**($96,208)**	**(2.22%)**

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Funding
Funding for the General Services Division includes general fund, state special revenue, and proprietary funds. General fund provides funding for the Procurement Bureau and a portion of the facilities maintenance functions. General fund supports facilities maintenance functions for common areas of the Capitol Building, office space for the Senate and House of Representatives, Governor's mansion, public display areas in the Historical Society Museum, and some office space in the museum building. State special revenue from procurement rebates fund portions of procurement functions that serve the fueling and procurement card operations.

The following programs are funded with proprietary funds and are not shown on the main budget tables but are discussed in the “Proprietary Rates” section for the division:

- Print and mail services
- Property and supply
- Central stores
- Facilities management
- Surplus property

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,084,174	2,084,174	4,168,348	101.06%	2,130,685	2,130,685	4,261,370	100.72%
Statewide PL Adjustments	40,999	38,790	79,789	1.93%	47,681	45,312	92,993	2.20%
Other PL Adjustments	39,230	0	39,230	0.95%	39,230	0	39,230	0.93%
New Proposals	6,869	(169,406)	(162,537)	(3.94%)	6,869	(169,406)	(162,537)	(3.84%)
Total Budget	**$2,171,272**	**$1,953,558**	**$4,124,830**		**$2,224,465**	**$2,006,591**	**$4,231,056**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					60,287					59,359
Vacancy Savings					(27,898)					(27,861)
Inflation/Deflation					56					70
Fixed Costs					15,236					13,744
Total Statewide Present Law Adjustments		**$40,999**	**$6,682**	**$0**	**$47,681**		**$38,790**	**$6,522**	**$0**	**$45,312**
DP 6010 - Close and Sell Old Corrections Building - OTO	0.00	39,230	0	0	39,230	0.00	0	0	0	0
Total Other Present Law Adjustments	**0.00**	**$39,230**	**$0**	**$0**	**$39,230**	**0.00**	**$0**	**$0**	**$0**	**$0**
Grand Total All Present Law Adjustments	**0.00**	**$80,229**	**$6,682**	**$0**	**$86,911**	**0.00**	**$38,790**	**$6,522**	**$0**	**$45,312**

DP 6010 - Close and Sell Old Corrections Building OTO - The legislature approved an increase of general fund in FY 2012 to fund costs to get the building that formerly housed the main offices of the Department of Corrections ready to be sold. The funding was designated as one time only and is to board up the building, maintain the building until it is sold, and prepare an appraisal and environmental assessment.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 601 - Purchase of 1227 11th Ave - OPI Building OTO										
06	0.00	144,225	0	0	144,225	0.00	(32,050)	0	0	(32,050)
DP 55140 - Make FY 2011 17-7-140, MCA, Reductions Permanent										
06	0.00	(137,356)	0	0	(137,356)	0.00	(137,356)	0	0	(137,356)
Total	**0.00**	**$6,869**	**$0**	**$0**	**$6,869**	**0.00**	**($169,406)**	**$0**	**$0**	**($169,406)**

DP 601 - Purchase of 1227 11th Ave - OPI Building OTO - The legislature approved funding for the final payment on a lease-purchase agreement for the building at 1227 11th Avenue in Helena that houses the Office of Public Instruction (OPI). The funding was designated as one time only.

DP 55140 - Make FY 2011 17-7-140, MCA, Reductions Permanent - The legislature reduced general fund for deferred and general maintenance projects and for upkeep for the capitol complex.

Proprietary Rates

The General Services Division provides the following functions funded with proprietary funds. These programs are described below along with a discussion of the program revenues, expenses, and rates approved to finance the programs:

- Facilities Management (Rent and Maintenance)
- Print Services
- Mail Services
- Surplus Property

- Central Stores

Facilities Management (Rent and Maintenance - 06528)

Proprietary Program Description

Rent and maintenance is managed by the Facilities Management Bureau, which is the custodian of 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. The bureau provides facilities management assistance, including repair, maintenance, and construction services to state agencies in the Helena area and provides statewide leasing assistance to agencies to negotiate co-location of agencies to procure 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.

Expenses

Significant base year costs for the program were for:

- Personal services for 34.90 FTE, $ 1.6 million or 17.7% of total costs
- Operating costs, $7.4 million with 74.3% of these costs due to:
    - Buildings and grounds repair, $1.4 million
    - Electricity, $1.2 million
    - Janitorial services, $1.1 million
    - Caretaker services, $1.1 million
    - Natural gas, $0.7 million

The program pays for all utilities on the complex including water, sewer, electricity, natural gas, and garbage collection. It also pays for locksmith services, repair and maintenance, construction, construction management, grounds maintenance, leasing services, recycling, emergency response and management, and security. The bureau manages several service contracts that are provided by private sector employees including security, pest control, mechanical maintenance, janitorial services, elevator repair and maintenance, and fire sprinkler systems maintenance and access control.

Revenues

All agencies occupying office space in state-owned buildings on the capitol complex pay rent to the program. Separate rental rates are established for office and storage space and for grounds. In addition to rent payments agencies pay a percentage of 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 generated in the following percentages:

- Office and warehouse rental rates - 92%
- Grounds Maintenance - 5%
- Construction, and handyman services – 2%
- Recycling - 1%.

Budget authority to pay rent is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for capitol complex rent is $1.1 million lower for the 2013 biennium than the funding approved by the 2009 Legislature, primarily due to a reduction in the 2011 biennium as part of the Governor's 17-7-140, MCA, reductions and their continuation in the 2013 biennium. The reductions were for general and deferred maintenance of state-owned buildings on the Capitol Complex.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (48.6%)
- State special revenue (12.8%)
- Federal special revenue (9.7%)
- Other (28.9%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For references the approved rates are:

o Office rent (per sq. ft.)	$8.412 (FY 2012)	$8.460 (FY 2013)
o Warehouse rent (per sq. ft.)	4.844 (FY 2012)	4.876 (FY 2013)
o Grounds maintenance (per sq. ft.)	0.494 (FY 2012)	0.494 (FY 2013)
o Project management - in-house	15% (FY 2012)	15% (FY 2013)
o Project management – contracted	5% (FY 2012)	5% (FY 2013)

Print and Mail Services Bureau (Print & Mail - 06530)

Proprietary Program Description

The Print and Mail Services Bureau provides printing, mail services, duplicating, desktop publishing, layout and design, graphic and illustrative art, forms design, reprographics, binding and quick copy, and photocopier pools services for state agencies. The bureau has seven basic 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 contract station with locked mail boxes in the Capitol. Customers include all agencies and units within state government. Use of the photocopy pool is optional. A state agency may buy its own copier through the State Procurement Bureau. All printing or purchasing of printing is requested through print services, which determines the most cost effective method of project completion. Not all requests for printing are completed internally. Nearly 70 percent of printing expenditures are procured through commercial vendors. The postal contract station provides mail services to the public.

Expenses

Significant base year costs for the program were for:

- o Personal services for 44.80 FTE, $1.4 million or 53.8% of total costs
- o Operating costs, $10.4 million with 91.1% of these costs due to:
    - Postage and mailing, $4.5 million
    - Printing, $3.7 million
    - Direct materials for printing (paper and ink) - $1.1 million
    - Building rent - $0.2 million

Revenues

All 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 is received in the following percentages:

- o Internal printing (printing, duplicating, desktop publishing, binding and quick copy services, variable data printing warrant writer and mainframe printing) - 14.4%
- o External printing (printing procured through commercial vendors) - 31.2%
- o Photocopy pool (photocopiers contracted through the private sector) - 7.4%
- o Mail preparation (preparing documents for mailing by tabbing, labeling, inkjet addressing, inserting, and bar coding) - 5.5%.
- o Central mail operations (pick-up and metering of out-going U.S. Mail and express small package services) - 38.9%
- o Inter-agency (sorting and delivery of incoming mail and pickup and delivery of deadhead mail) - 2.3%
- o Capitol building postal contract station ($3,248.00 monthly from the U.S. Postal Service for operation of the Capitol Post Office) - 0.3 %

Budget authority to pay inter-agency mail fees is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for inter-agency mail (fixed cost item messenger services) is $41,354, or 6.6%, higher for the 2013 biennium than the funding approved by the 2009 Legislature.

Funding Sources

Federal funds pay for the operation of the contract post office in the capitol building. Except for the contract post office and inter-agency mail, expenditure categories used to record customer agency expenditures include expenditures for the services of this program and other expenditures not related to the services provided by this program. As such, only the funding sources that finance payments for inter-agency mail are able to be estimated with any confidence. The following sources of funding were used to pay for the inter-agency mail services provided by this program:

- General fund (33.0%)
- State special revenue (23.2%)
- Federal special revenue (13.1%)
- Other (30.6%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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.

Central Stores Program (Central Stores - 06531)

Proprietary Program Description

The Central Stores Program contracts with a large warehouse distribution center to provide on-line ordering for office supplies. The program develops standard specifications and procures, warehouses, and delivers commonly used items to all state agencies and participating local governments. Customers include all agencies and units within state government and participating local governments.

Section 18-4-302(3), MCA, mandates state agencies to use central stores unless the publicly advertised price of an alternate supplier, established catalog price, or discount price offered to the agency is less than the price offered by the stores program, as long as the office supply conforms in all material respects to the terms, conditions, and quality offered by the stores program. Local governments and university system employees are not mandated to use central stores.

Expenses

Significant base year costs for the program were for:

- Personal services for 11.55 FTE, $0.4 million or 7.7% of total costs
- Operating costs, $4.6 million with 89.5% of these costs due to the purchase of supplies such as office supplies, computer paper, fine paper stock, printed forms, course paper, and janitorial supplies

Revenues

All agencies and units within state government and participating local governments purchase office supplies and paper products through this program. The customer pays for the products purchased plus a markup on the invoice of purchased products that funds the administration of this program.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (39.4%)
- State special revenue (28.1%)
- Federal special revenue (17.2%)
- Other (15.3%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the legislature approved a 25% markup as the rate for Central Stores.

Surplus Property Program (Surplus Property - 06066)

Proprietary Program Description

The Property and Supply Bureau operates the surplus property program to administer the sale of state and federal surplus property no longer needed by agencies. The federal surplus program acquires surplus property from federal agencies. This property is distributed to state agencies or other eligible organizations. The surplus property programs provide a mechanism to transfer surplus property between agencies and extend the life of state property. The program provides accountability in the disposal of surplus state property, provides agencies with a service to collect surplus equipment, and provides an in-state screening service to locate federal surplus property for state agencies and local governments.

Expenses

Significant base year costs for the program were for:

- Personal services for 4.60 FTE, $239,695 or 65.0% of total costs
- Operating costs, $128,983 with no single item driving operating expense
- The following two operating cost areas that make up 17.4% of operating costs are the most significant to the operation of the program:
    - Utilities such as electricity, natural gas, water and sewer, and garbage disposal, $12,583
    - Rent, $9,836

Revenues

Revenues are derived from the following handling fees:

- Property is sold for less than $500, the program retains the proceeds
- Property sold for $500 or more the program retains $500 plus unusual expenses
- Federal Surplus Property program fees are an allocation of freight expense and 14 percent of acquisition cost

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- State special revenue (0.4%)
- Other (99.6%)

In FY 2010, the Department of Transportation (DOT) paid $255,324 in fees to surplus equipment and vehicles in their equipment and motor pool programs that are funded with proprietary funds. These DOT fees financed the majority of the program for FY 2010.

Proprietary Rate Explanation

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.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	9.50	9.50	9.50	9.50	9.50	9.50	0.00	0.00%
Personal Services	775,175	716,257	751,550	751,889	1,491,432	1,503,439	12,007	0.81%
Operating Expenses	273,735	378,835	353,415	355,557	652,570	708,972	56,402	8.64%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Grants	838,563	1,483,576	838,563	838,563	2,322,139	1,677,126	(645,013)	(27.78%)
Transfers	0	75,000	0	0	75,000	0	(75,000)	(100.00%)
Total Costs	**$1,887,473**	**$2,653,668**	**$1,943,528**	**$1,946,009**	**$4,541,141**	**$3,889,537**	**($651,604)**	**(14.35%)**
General Fund	508,363	539,317	419,613	422,431	1,047,680	842,044	(205,636)	(19.63%)
State Special	1,379,110	2,114,351	1,523,915	1,523,578	3,493,461	3,047,493	(445,968)	(12.77%)
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	**$1,887,473**	**$2,653,668**	**$1,943,528**	**$1,946,009**	**$4,541,141**	**$3,889,537**	**($651,604)**	**(14.35%)**

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Legislative Budget Analysis, A-178

Funding

Funding for the division is provided primarily with a proprietary fund that is not shown on the main budget tables, but is discussed in the "Proprietary Rates" section for this program. The HB 2 budgeted portion of the division is funded with general fund and state special revenue. The division receives general fund to administer the Public Safety Services Office. State special revenue funds the administration of the statewide 9-1-1 emergency telephone program and GIS coordination work with funding derived from land transaction fees under the Montana Land Information Act.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	508,363	508,363	1,016,726	120.74%	1,887,473	1,887,473	3,774,946	97.05%
Statewide PL Adjustments	(25,389)	(22,730)	(48,119)	(5.71%)	56,055	58,536	114,591	2.95%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(63,361)	(63,202)	(126,563)	(15.03%)	0	0	0	0.00%
Total Budget	**$419,613**	**$422,431**	**$842,044**		**$1,943,528**	**$1,946,009**	**$3,889,537**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					7,690					8,042
Vacancy Savings					(31,315)					(31,328)
Inflation/Deflation					(1,358)					(1,338)
Fixed Costs					81,038					83,160
Total Statewide Present Law Adjustments		**($25,389)**	**$81,444**	**$0**	**$56,055**		**($22,730)**	**$81,266**	**$0**	**$58,536**
Grand Total All Present Law Adjustments	**0.00**	**($25,389)**	**$81,444**	**$0**	**$56,055**	**0.00**	**($22,730)**	**$81,266**	**$0**	**$58,536**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013			
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Person Services Reduction										
07	0.00	(63,361)	63,361	0	0	0.00	(63,202)	63,202	0	0
Total	**0.00**	**($63,361)**	**$63,361**	**$0**	**$0**	**0.00**	**($63,202)**	**$63,202**	**$0**	**$0**

DP 55400 - 4% Person Services Reduction - The legislature approved a funding shift to reduce general fund and replace it with 9-1-1 state special revenue fund for the personal services costs of the 0.50 FTE bureau chief position of the Public Safety Services Bureau.

Proprietary Rates

Proprietary Program Description

The Information Technology Services Division (ITSD) manages the following information technology (IT) services for state government:

- Operation of the state data center and backup data center
- Shared statewide desktop and data network services
- Central mainframe computer processing
- Mid-tier access and production services
- Local and long-distance telephone networking
- IT planning, research, and coordination
- Design, development, and maintenance support of IT applications
- Personal computer (PC) and office automation support and consultation
- Design and development of telephone equipment, networking applications, and other telecommunication needs
- Internet and intranet services
- Electronic government planning and coordination
- Central imaging
- Geographic information systems (GIS) coordination
- Disaster recovery facilities for critical data processing applications
- IT training

Expenses

Significant base year costs for the program were for:

- Personal services for 174.71 FTE, $15.0 million or 36.7% of total costs

- Operating costs, $19.8 million with 72.7% of these costs due to:
    - Contracting for IT vendor services ($1.2 million)
    - Local voice and data circuits ($1.6 million)
    - Long distance voice and data circuits and charges ($2.7 million)
    - Rent of software programs ($5.3 million)
    - Maintenance of multi-user computers and terminals ($1.9 million)
    - Procurement of computer equipment (non-capitalizable) ($1.7 million)
- Equipment costs, $5.7 million with 92.0% of these costs due to:
    - Procurement of computer equipment (capitalizable) ($1.0 million)
    - Purchase of computer software ($4.2 million)

Revenues

Funding for ITSD is primarily from charges to state agencies for server and application hosting, and data/voice network services. A significant portion of ITSD's budget is Enterprise Services. Funding for Enterprise Services comes from agency charges based on a per-user allocation.

ITSD's rates are based on a full cost activity based budgeting model, the Financial Transparency Model. The program has defined nearly 200 services, allocated costs and staff time to each service, and estimated units of service provided to each agency. Rates are based on a detailed allocation of expenses and staff time to each service. ITSD uses a staff time tracking system to refine the accuracy of staff time allocation. For a wide variety of services agencies will have the choice of using the service or altering the units consumed.

Rates and the billing bases that generate major portions of ITSD revenue are listed below:

- Hosting services
    - Storage hosting rates are based on space usage
- Server hosting
    - Mainframe rates are based on actual usage
    - Mid-tier server's rates are based on a formula that accounts for the size of server, space used, and ITSD staff time required
- Application hosting
    - Rates are based on space, backup, servers used, support required, and licensing usage
- Connectivity services
    - Data network rates are based on the number of connections with Active Directory accounts on the network
    - Video services are based on conference hours
- Voice services
    - Telephone desktop equipment rates are based on type of equipment
    - Local calls are based on a flat rate
    - Long distance and toll free services are based on minutes
- Enterprise Service
    - Rate is based on the number of users with Active Directory accounts on the network

The Enterprise Services listed below are statewide in nature and agencies are required to use these services unless granted an exception in statute or by the chief information officer (CIO) due to existence of an exceptional condition.

Enterprise Services:

- Statewide continuity planning
- Information system risk management
- Enterprise security and computing systems monitoring
- Montana Information Technology Act (MITA) oversight of IT activities

        - IT strategic planning and agency IT plan approval
        - IT policy, standards, and procedures
    - Staff support for statutory IT councils
    - State chief information officer (CIO) activities
    - Enterprise-wide IT procurement and contract management
    - Enterprise application hosting - Citrix and Oracle
    - IT training coordination
    - MINE portal and mt.gov development and website hosting
    - Maintenance of an active directory of computer users
    - State telephone operators

Funding Sources

The following sources of funding were used to pay for the services provided by this program in FY 2010:

- General fund (39.4%)
- State special revenue (26.5%)
- Federal special revenue (17.3%)
- Other (16.8%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the approved rates are:

- Enterprise services
    - $6,166,189 (FY 2012)
    - $6,195,048 (FY 2013)
- Web content management - sharp content – primary domain – initial setup one-time charge
    - $600 (FY 2012)
    - $600 (FY 2013)
- Web content management – sharp content – sub-site – initial setup one-time per setup per sub-site domain
    - $100 (FY 2012)
    - $100 (FY 2013)
- GIS services – GIS data services – BMSC SSITSD managed per service per application per year
    - $350 (FY 2012)
    - $350 (FY 2013)
- GIS services – GIS data services – customer managed per service per year
    - $800 (FY 2012)
    - $800 (FY 2013)
- GIS services – direct connectivity per connection
    - $3,600 (FY 2012)
    - $3,600 (FY 2013)
- Voice services – dial tone per phone
    - $13.37 per year or $1.11 per month (FY 2012)
    - $13.19 per year or $1.10 per month (FY 2013)
- Voice services – installation fee to add a new phone or move an existing phone per phone
    - $132.64 (FY 2012)
    - $44.16 (FY 2013)
- Email – email mailbox (per email box)
    - $46.28 per year or $3.86 per month (FY 2012)
    - $46.14 per year or $3.84 per month (FY 2013)

- Operations for the remaining portion of the division with rates maintained and based upon the financial transparency model
    - 30-Day Working Capital Reserve (FY 2012)
    - 30-Day Working Capital Reserve (FY 2013)

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	39.00	39.00	37.00	37.00	39.00	37.00	(2.00)	(5.13%)
Personal Services	2,310,011	2,910,454	2,706,558	2,704,811	5,220,465	5,411,369	190,904	3.66%
Operating Expenses	788,473	789,990	724,452	718,649	1,578,463	1,443,101	(135,362)	(8.58%)
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	**$3,098,484**	**$3,700,444**	**$3,431,010**	**$3,423,460**	**$6,798,928**	**$6,854,470**	**$55,542**	**0.82%**
State Special	3,098,484	3,700,444	3,431,010	3,423,460	6,798,928	6,854,470	55,542	0.82%
Total Funds	**$3,098,484**	**$3,700,444**	**$3,431,010**	**$3,423,460**	**$6,798,928**	**$6,854,470**	**$55,542**	**0.82%**

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Legislative Budget Analysis, A-188

Funding

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

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	3,098,484	3,098,484	6,196,968	90.41%
Statewide PL Adjustments	0	0	0	0.00%	474,008	466,458	940,466	13.72%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	(141,482)	(141,482)	(282,964)	(4.13%)
Total Budget	**$0**	**$0**	**$0**		**$3,431,010**	**$3,423,460**	**$6,854,470**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					622,563					620,466
Vacancy Savings					(117,302)					(117,216)
Inflation/Deflation					(10,387)					(10,143)
Fixed Costs					(20,866)					(26,649)
Total Statewide Present Law Adjustments		**$0**	**$474,008**	**$0**	**$474,008**		**$0**	**$466,458**	**$0**	**$466,458**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$474,008**	**$0**	**$474,008**	**0.00**	**$0**	**$466,458**	**$0**	**$466,458**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95102 - 5% Plan - Reduce SB 351 Operating Expenses										
14	0.00	0	(26,100)	0	(26,100)	0.00	0	(26,100)	0	(26,100)
DP 95103 - 5% Plan - Eliminate 2.00 FTE Bank Examiners										
14	(2.00)	0	(115,382)	0	(115,382)	(2.00)	0	(115,382)	0	(115,382)
Total	**(2.00)**	**$0**	**($141,482)**	**$0**	**($141,482)**	**(2.00)**	**$0**	**($141,482)**	**$0**	**($141,482)**

DP 95102 - 5% Plan - Reduce SB 351 Operating Expenses - The legislature reduced funding for operating costs associated with implementation of the Montana Mortgage Broker, Mortgage Lender, and Mortgage Loan Originator Licensing Act passed by the 2009 Legislature in SB 351. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 95103 - 5% Plan - Eliminate 2.00 FTE Bank Examiners - The legislature reduced funding to eliminate 2.00 FTE bank examiner positions. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	31.50	31.50	31.50	31.50	31.50	31.50	0.00	0.00%
Personal Services	1,753,693	1,752,431	1,800,101	1,800,905	3,506,124	3,601,006	94,882	2.71%
Operating Expenses	5,450,539	4,817,089	5,696,899	5,595,308	10,267,628	11,292,207	1,024,579	9.98%
Equipment & Intangible Assets	42,077	42,077	42,077	42,077	84,154	84,154	0	0.00%
Total Costs	**$7,246,309**	**$6,611,597**	**$7,539,077**	**$7,438,290**	**$13,857,906**	**$14,977,367**	**$1,119,461**	**8.08%**
State Special	0	0	0	0	0	0	0	n/a
Other	7,246,309	6,611,597	7,539,077	7,438,290	13,857,906	14,977,367	1,119,461	8.08%
Total Funds	**$7,246,309**	**$6,611,597**	**$7,539,077**	**$7,438,290**	**$13,857,906**	**$14,977,367**	**$1,119,461**	**8.08%**

Page Reference

Legislative Budget Analysis, A-191

Funding

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 must be appropriated by the legislature.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	7,246,309	7,246,309	14,492,618	96.76%
Statewide PL Adjustments	0	0	0	0.00%	67,768	(33,019)	34,749	0.23%
Other PL Adjustments	0	0	0	0.00%	225,000	225,000	450,000	3.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$7,539,077**	**$7,438,290**	**$14,977,367**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					121,361					122,202
Vacancy Savings					(74,953)					(74,990)
Inflation/Deflation					3,106					4,618
Fixed Costs					18,254					(84,849)
Total Statewide Present Law Adjustments		**$0**	**$0**	**$0**	**$67,768***		**$0**	**$0**	**$0**	**($33,019)***
DP 7701 - Vendor Fee Increase	0.00	0	0	0	225,000*	0.00	0	0	0	225,000*
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$225,000***	**0.00**	**$0**	**$0**	**$0**	**$225,000***
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$292,768***	**0.00**	**$0**	**$0**	**$0**	**$191,981***

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

DP 7701 - Vendor Fee Increase - The legislature approved funding for additional vendor fees the State Lottery pays as a result of increased sales.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Operating Expenses	41,314	43,116	0	0	84,430	0	(84,430)	(100.00%)
Total Costs	**$41,314**	**$43,116**	**$0**	**$0**	**$84,430**	**$0**	**($84,430)**	**(100.00%)**
State Special	41,314	43,116	0	0	84,430	0	(84,430)	(100.00%)
Total Funds	**$41,314**	**$43,116**	**$0**	**$0**	**$84,430**	**$0**	**($84,430)**	**(100.00%)**

Page Reference

Legislative Budget Analysis, A-194

Funding

This division is funded with proprietary funds. The single appropriation in HB 2 - state daycare program supported by state special revenue - was discontinued at the beginning of FY 2011.

The three programs administered by this division are shown in the following figure. The Health Care Benefits program is 95% of the FY 2013 budget and the majority of costs are medical and prescription services for plan members. The state group plan is self insured, meaning that the plan is at full risk for all medical costs. The health plan is funded by the state (employer share) and premium payments by members. The state share is $733 per month and is established in 2-18-703(2), MCA. The state share amount is usually adopted as part of the pay plan bill (HB 13).

Health Care and Benefits Division - Proprietary Program Costs					
Program/Costs	Actual FY10	Budgeted FY11	Budgeted FY12	Budgeted FY13	% of Total
Health Care Benefits					
Personal Services	$914,125	$988,127	$964,689	$964,753	0.5%
Operating/Other Expenses*	22,640,773	24,066,712	25,446,673	27,563,066	15.2%
Medical Services Benefits**	89,823,384	96,861,726	106,160,018	116,326,122	64.1%
Prescription Benefits**	21,585,470	22,289,042	24,881,049	27,768,567	15.3%
Subtotal Health Care Expenses	134,963,751	144,205,606	157,452,428	172,622,507	95.1%
Flexible Spending Accounts					
Personal Services	0	0	0	0	0.0%
Operating Expenses	7,761,047	7,518,828	7,583,935	8,571,805	4.7%
Subtotal Flex Account Expenses	7,761,047	7,518,828	7,583,935	8,571,805	4.7%
Workers' Compensation Management					
Personal Services	194,314	251,150	213,579	213,899	0.1%
Operating Expenses	192,990	144,021	200,697	200,697	0.1%
Subtotal Work Comp Managemen	387,304	395,171	414,276	414,596	0.2%
Total Operating Expenses	$143,112,102	$152,119,605	$165,450,639	$181,608,908	100.0%

*Operating/other costs includes dental, health screenings, life insurance, and wellness services as well as administrative costs.

**Medical services and prescription drug benefit costs interpolated from the low inflation actuarial projection 6-30-10.

The employer share of program funding is estimated to be $118.4 million in plan year 2013 (calendar year) or 77% of the $153.4 million total. General fund supports about 40% of the employer share. Premium payments are projected to be $33.0 million and interest income about $2.0 million.

The primary cost drivers for the state employee group benefits in the 2013 biennium are projected cost and service utilization. The proprietary budget anticipates cost increases of up to $57.8 million over the biennium for medical and prescription drug cost and utilization increases compared to a base budget of $101.4 million.

The remaining two programs – Flexible Spending Accounts and Workers' Compensation Management – are just under 5% of the FY 2013 budget. Flexible spending accounts are funded from amounts deferred from pay by state employees. The flexible spending account program then reimburses state workers for eligible medical and childcare costs from the accounts. Administration of the program is funded from a monthly charge set to be $2.26 per month in the 2013 biennium.

The Workers' Compensation program is the central resource in working with the state workers' compensation insurer, Montana State Fund, to coordinate workers' compensation coverage and policy management issues. The program, assists employees and 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 as possible, even if it is in a different position than was originally held. The program is supported by a charge for each payroll warrant issued by a state agency. The rate adopted in HB 2 is $1.09 for each payroll warrant in FY 2012 and $1.08 for each payroll warrant in FY 2013.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	41,314	41,314	82,628	0.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	(41,314)	(41,314)	(82,628)	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55213 - Elimination of the Daycare Program	0.00	0	(41,314)	0	(41,314)	0.00	0	(41,314)	0	(41,314)
Total Other Present Law Adjustments	**0.00**	**$0**	**($41,314)**	**$0**	**($41,314)**	**0.00**	**$0**	**($41,314)**	**$0**	**($41,314)**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**($41,314)**	**$0**	**($41,314)**	**0.00**	**$0**	**($41,314)**	**$0**	**($41,314)**

DP 55213 - Elimination of the Daycare Program - The legislature removed $82,628 in state special revenue because the daycare program was discontinued at the beginning of FY 2011. The program provided funding towards the rent payments to the school district for space within the Ray Bjork building. In return, the daycare provider guaranteed a

certain number of slots to state employee children and grandchildren. The state was not able to renew the contract with the school district as this space was needed by the district. The state was not able to find an alternative space to continue the program. Therefore the program was eliminated.

Proprietary Rates

Proprietary Program Description

The rate established for the state health plan – the employer share - is established in 2-18-703(2), MCA. The rate remains unchanged from FY 2011 - $733 per month.

The Workers' Compensation program is adopted in HB 2 and is $1.09 for each payroll warrant in FY 2012 and $1.08 for each payroll warrant in FY 2013.

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	19.53	19.53	19.04	19.04	19.53	19.04	(0.49)	(2.51%)
Personal Services	1,142,900	1,265,850	1,375,637	1,375,186	2,408,750	2,750,823	342,073	14.20%
Operating Expenses	445,307	364,585	472,420	470,211	809,892	942,631	132,739	16.39%
Total Costs	**$1,588,207**	**$1,630,435**	**$1,848,057**	**$1,845,397**	**$3,218,642**	**$3,693,454**	**$474,812**	**14.75%**
General Fund	1,588,207	1,630,435	1,848,057	1,845,397	3,218,642	3,693,454	474,812	14.75%
Total Funds	**$1,588,207**	**$1,630,435**	**$1,848,057**	**$1,845,397**	**$3,218,642**	**$3,693,454**	**$474,812**	**14.75%**

Page Reference

Legislative Budget Analysis, A-209

Funding

Funding for statewide human resources rules, policies, and standards and labor relations are from the general fund. The Professional Development Center is funded with proprietary fees charged to state agencies for training services. Payroll and other human resources information systems are funded with proprietary fees charged to state agencies for payroll processing services. The proprietary funded portions of the division are not shown on the main budget tables, but are discussed in the "Proprietary Rates" section for the division.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,588,207	1,588,207	3,176,414	86.00%	1,588,207	1,588,207	3,176,414	86.00%
Statewide PL Adjustments	278,914	276,584	555,498	15.04%	278,914	276,584	555,498	15.04%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(19,064)	(19,394)	(38,458)	(1.04%)	(19,064)	(19,394)	(38,458)	(1.04%)
Total Budget	**$1,848,057**	**$1,845,397**	**$3,693,454**		**$1,848,057**	**$1,845,397**	**$3,693,454**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					309,915					309,787
Vacancy Savings					(58,114)					(58,107)
Inflation/Deflation					(515)					(429)
Fixed Costs					27,628					25,333
Total Statewide Present Law Adjustments		**$278,914**	**$0**	**$0**	**$278,914**		**$276,584**	**$0**	**$0**	**$276,584**
Grand Total All Present Law Adjustments	**0.00**	**$278,914**	**$0**	**$0**	**$278,914**	**0.00**	**$276,584**	**$0**	**$0**	**$276,584**

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services reduction										
23	(0.49)	(19,064)	0	0	(19,064)	(0.49)	(19,394)	0	0	(19,394)
Total	**(0.49)**	**($19,064)**	**$0**	**$0**	**($19,064)**	**(0.49)**	**($19,394)**	**$0**	**$0**	**($19,394)**

DP 55400 - 4% Personal Services reduction - The legislature reduced personal services funding for 0.49 FTE of a 1.00 FTE position for a public relations specialist.

Proprietary Rates

The State Human Resources Division provides the following functions funded with proprietary funds. These programs are described below along with a discussion of the program revenues, expenses, and rates approved to finance the programs:

- Professional Development Center (PDC)
- Human Resources Information Services (HRIS) Bureau

Professional Development Center/Training Program (Intergovernmental Training - 06525)

Proprietary Program Description

The intergovernmental training fund supports the operation of the Professional Development Center (PDC). The PDC provides training and other services, such as facilitation, mediation, and curriculum design, to state agencies on a fee basis. The use of PDC training is not mandatory for agencies that could choose from several available alternatives, such as seminars sponsored by national training firms, conferences and symposia, contracted training consultants, in-house training programs, and courses through post-secondary education institutions.

Expenses

Significant FY 2010 costs for the program were for:

- Personal services for 2.50 FTE, $167,757 or 55.0% of total costs
- Operating costs, $136,008 with 66.7% of these costs due to:
    - Food, $23,543
    - Rent, $21,535
    - Consultant contracting, $19,876
    - Travel, $14,160

- Printing and publications, $11,631

Revenues

The PDC provides training services for a fee according to the following practices:

- Open enrollment trainings in which the PDC schedules, promotes, and conducts courses that are open to students from all state agencies, and other public entities. PDC charges a set fee per student for attendance depending upon the scheduled length of the training
- Contract courses in which the PDC contracts with individual agencies to provide training for its staff. The agency schedules, promotes, and provides the facility for training. PDC provides the instruction and class materials. PDC charges a flat fee, depending on the length of the training and the number of events the agency has contracted and offers a discount for multiple training events
- Facilitation, mediation, consulting, and curriculum development. PDC charges on an hourly rate basis
- Publications and meeting rooms. PCD charges on a fixed schedule

Funding Sources

The funding sources used to pay for the services provided by this program cannot be accurately estimated because the expenditure code used by agencies to record PDC training fees is used for other training costs not related to this program.

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the rates approved for the program are:

Open Enrollment Courses

- Two-day course (per participant)
  - $188 (FY 2012)
  - $190 (FY 2013)
- One-day course (per participant)
  - $120 (FY 2012)
  - $123 (FY 2013)
- Half-day course (per participant)
  - $93 (FY 2012)
  - $95 (FY 2013)
- Eight-day management series (per participant)
  - $565 (FY 2012)
  - $570 (FY 2013)
- Six-day management series (per participant)
  - $435 (FY 2012)
  - $440 (FY 2013)
- Four-day administrative assistant series (per participant)
  - $330 (FY 2012)
  - $333 (FY 2013)

Contract Courses

- Full-day training (flat fee)
  - $825 (FY 2012)
  - $830 (FY 2013)
- Half-day training (flat fee)
  - $565 (FY 2012)
  - $570 (FY 2013)

Human Resources Information Systems Bureau (Human Resources Information System – 06563)

Proprietary Program Description

The Human Resources Information System (HRIS) Bureau operates payroll, benefits and human resources (HR) systems of the State Accounting Budgeting and Human Resources (SABHRS) 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.

Expenses

Significant FY 2010 costs for the program were for:

- Personal services for 27.97 FTE, $1.8 million or 50.8% of total costs
- Operating costs, nearly $1.8 million with 77.8% of these costs due to:
    - ITSD server and application hosting, $985,490
    - Repair for multi-user computers and terminals, $381,936

Revenues

Revenues are derived from charges to all agencies for processing payroll and charged per employee processed per pay period.

Budget authority to pay the rent payment is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for the Human Resources Management System is $298,975 lower for the 2013 biennium than the funding approved by the 2009 Legislature.

Funding Sources

The following sources of funding were used to pay for the services provided by this program:

- General fund (35.5%)
- State special revenue (29.6%)
- Federal special revenue (7.7%)
- Other (27.1%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the approved rates are:

- HRIS fees (per employee processed per pay period)
    - $8.06 (FY 2012)
    - $8.10 (FY 2013)

Page Reference
Legislative Budget Analysis, A-217

Proprietary Rates

Proprietary Program Description

The Risk Management and Tort Defense Division administers a comprehensive plan of property and 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 and machinery, bonds (various), crime, fine art, property, professional liability, and miscellaneous. The state self-insures most commercial insurance risks under $250,000 per occurrence as well as auto, general liability, inland marine, 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, and coordinates the adjudication and settlement of other claims involving property damage.

Expenses

Significant base year costs for the program were for:

- Personal services for 16.00 FTE, $1.0 million or 8.5% of total costs
- Operating costs, $10.7 million with 78.7% of these costs due to:
    - Insurance claims paid, $3.3 million with the largest paid for: 1) comprehensive general liability ($1.4 million); and self insurance property deductibles ($1.0 million)
    - Insurance and bond payments for commercial insurance purchased, $2.8 million
    - Legal fees and court costs, $1.8 million

Revenues

Montana self insures its property via this program so all state agencies pay insurance premiums to the Risk Management and Tort Defense Division. Depending upon the type of property owned and the agency's claims history, insurance premiums paid by agencies can vary.

Budget authority to pay insurance premiums is a fixed cost item in agencies' budgets. The statewide fixed cost in the executive budget for insurance does not change for the 2013 biennium from the funding approved by the 2009 Legislature.

Premiums for the 2013 biennium are apportioned based upon exposure and uniform reductions in loss experience as follows:

- Automobile - comprised of two separate components: 1) comprehensive and collision, based upon total values of reported vehicles; and 2) liability, based upon agency losses and the number of vehicles reported
- Aviation - allocated to those agencies that have aircraft based upon charges from commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft, and airport premium based upon the number of airports
- General Liability - comprised of commercial coverage, which is based on commercial coverage negotiated with commercial insurance carriers and self-insured coverage
- Property - allocated to each agency based on its percentage of reported exposures (e.g. building replacement cost values, boilers & machinery, etc.)

Funding Sources

The following sources of funding were used in the base year to pay for the services provided by this program:

- General fund (17.7%)
- State special revenue (23.0%)

- Federal special revenue (4.7%)
- Other (54.6%)

Proprietary Rate Explanation

For the 2013 biennium the rates approved by the legislature are listed in Section R of HB 2. 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. For reference, the rates approved for the program are:

- Auto/Comp/Collision
    - $1,135,000 (FY 2012)
    - $1,135,000 (FY 2013)
- Aviation
    - $212,451 (FY 2012)
    - $212,451 (FY 2013)
- General Liability
    - $6,750,000 (FY 2012)
    - $6,750,000 (FY 2013)
- Property/Miscellaneous
    - $4,200,000 (FY 2012)
    - $4,200,000 (FY 2013)

Program Budget Comparison

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

Program Budget Comparison Budget Item	Base Fiscal 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	7.50	7.50	7.50	7.50	7.50	7.50	0.00	0.00%
Personal Services	391,870	425,167	465,967	461,571	817,037	927,538	110,501	13.52%
Operating Expenses	100,498	75,245	97,615	95,928	175,743	193,543	17,800	10.13%
Local Assistance	2,073	500	6,073	5,073	2,573	11,146	8,573	333.19%
Total Costs	**$494,441**	**$500,912**	**$569,655**	**$562,572**	**$995,353**	**$1,132,227**	**$136,874**	**13.75%**
General Fund	494,441	500,912	569,655	562,572	995,353	1,132,227	136,874	13.75%
Total Funds	**$494,441**	**$500,912**	**$569,655**	**$562,572**	**$995,353**	**$1,132,227**	**$136,874**	**13.75%**

Page Reference

Legislative Budget Analysis, A-220

Funding

The State Tax Appeal Board is fully funded with general fund. General fund also funds travel expenses, compensation of $45 per day, and all other incidental expenses for the county tax appeal boards, except that counties fund office and equipment expenses of their respective county boards.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	494,441	494,441	988,882	87.34%	494,441	494,441	988,882	87.34%
Statewide PL Adjustments	51,214	50,131	101,345	8.95%	51,214	50,131	101,345	8.95%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	24,000	18,000	42,000	3.71%	24,000	18,000	42,000	3.71%
Total Budget	**$569,655**	**$562,572**	**$1,132,227**		**$569,655**	**$562,572**	**$1,132,227**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					78,533					78,119
Vacancy Savings					(18,436)					(18,418)
Inflation/Deflation					138					152
Fixed Costs					(9,021)					(9,722)
Total Statewide Present Law Adjustments		**$51,214**	**$0**	**$0**	**$51,214**		**$50,131**	**$0**	**$0**	**$50,131**
Grand Total All Present Law Adjustments	**0.00**	**$51,214**	**$0**	**$0**	**$51,214**	**0.00**	**$50,131**	**$0**	**$0**	**$50,131**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3701 - STAB 2009 Statewide Reappraisal of Property OTO										
37	0.00	24,000	0	0	24,000	0.00	18,000	0	0	18,000
Total	**0.00**	**$24,000**	**$0**	**$0**	**$24,000**	**0.00**	**$18,000**	**$0**	**$0**	**$18,000**

DP 3701 - STAB 2009 Statewide Reappraisal of Property OTO - The legislature approved an increase in general fund for an anticipated increase in tax appeals due to the 2009 statewide reappraisal of property. The funding was designated as one time only.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	50.66	50.66	50.00	50.00	50.66	50.00	(0.66)	(1.30%)
Personal Services	3,014,479	3,199,829	3,172,265	3,172,639	6,214,308	6,344,904	130,596	2.10%
Operating Expenses	3,310,301	5,178,533	6,151,268	6,442,211	8,488,834	12,593,479	4,104,645	48.35%
Equipment & Intangible Assets	0	97,650	0	0	97,650	0	(97,650)	(100.00%)
Grants	14,505,844	22,354,042	18,218,622	18,644,080	36,859,886	36,862,702	2,816	0.01%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$20,830,624**	**$30,830,054**	**$27,542,155**	**$28,258,930**	**$51,660,678**	**$55,801,085**	**$4,140,407**	**8.01%**
General Fund	2,598,996	2,692,843	3,306,683	3,307,435	5,291,839	6,614,118	1,322,279	24.99%
State Special	4,216,567	6,178,304	8,168,797	8,188,391	10,394,871	16,357,188	5,962,317	57.36%
Federal Special	14,015,061	21,958,907	16,066,675	16,763,104	35,973,968	32,829,779	(3,144,189)	(8.74%)
Total Funds	**$20,830,624**	**$30,830,054**	**$27,542,155**	**$28,258,930**	**$51,660,678**	**$55,801,085**	**$4,140,407**	**8.01%**

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Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	50.66	56.00	50.00	(6.00)	56.00	50.00	(6.00)	
Personal Services	3,014,479	3,564,807	3,172,265	(392,542)	3,565,264	3,172,639	(392,625)	(785,167)
Operating Expenses	3,310,301	6,463,726	6,151,268	(312,458)	6,754,586	6,442,211	(312,375)	(624,833)
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Grants	14,505,844	18,382,856	18,218,622	(164,234)	18,756,426	18,644,080	(112,346)	(276,580)
Transfers	0	0	0	0	0	0	0	0
Total Costs	**$20,830,624**	**$28,411,389**	**$27,542,155**	**($869,234)**	**$29,076,276**	**$28,258,930**	**($817,346)**	**($1,686,580)**
General Fund	2,598,996	5,011,683	3,306,683	(1,705,000)	5,012,435	3,307,435	(1,705,000)	(3,410,000)
State/Other Special	4,216,567	7,333,031	8,168,797	835,766	7,300,737	8,188,391	887,654	1,723,420
Federal Special	14,015,061	16,066,675	16,066,675	0	16,763,104	16,763,104	0	0
Total Funds	**$20,830,624**	**$28,411,389**	**$27,542,155**	**($869,234)**	**$29,076,276**	**$28,258,930**	**($817,346)**	**($1,686,580)**

The legislative budget is reduced by $1.7 million from the executive proposal. The 5% plan reductions that were utilized were also in the executive proposal. The reductions result from:

- The Energy Promotion and Development Division was not funded, also reducing FTE by 5.00
- The High Performance Computing center in Butte was funded at 50% of the requested level

The other significant difference from the proposed budget is in the funding source. The Primary Business Sector Training program is fully funded at $2.0 million, but is funded through the employment security state special revenue account instead of general fund.

Agency Highlights

Department of Commerce Major Budget Highlights
♦ The overall budget increases, including a general fund increase of $1.3 million, primarily due to continued funding of programs that had been funded one-time-only in previous biennia: • Indian country economic development • High Performance Computing center in Butte ♦ These increases are partially offset by the elimination of the Regional Development Program, including 3.66 FTE ♦ The legislature did not fund the Energy Promotion and Development Division that had previously been funded one-time-only ♦ Primary business sector training grants are funded through the employment security account state special revenue fund managed by the Department of Labor ♦ A request for an increase in the indirect cost rates was not approved, leaving the rate at 12.95%

Agency Discussion

The department receives an overall increase of $4.1 million in the 2013 biennium compared to the 2011 biennium. Much of the increase is due to continued funding of programs that have been funded as one-time-only for several biennia. These are not included in the base budget, but are included in appropriation authority for the next biennium. 3.66 FTE regional development officer positions were eliminated by the executive in the 2011 biennium and included in the legislatively approved 5% reduction plan.

The Energy Promotion and Development Division (EPDD) is not funded, resulting in a general fund savings of $0.9 million. Because this program had been funded previously as one-time-only neither the funding nor the associated 5.00 FTE appear in the 2011 biennium figures in the main table above.

A funding switch reduces $2.0 million of general fund by funding the primary business sector training grants with state special revenue from the employment security account. This funding switch will require legislation to implement statutory changes to allow the department to utilize this account for this purpose.

Implementation Legislation

The legislature recommends that statutory changes be included in legislation to implement the general appropriations act to clarify and expand the uses of the employment security account. This would clarify that all apprenticeship and workforce development programs are valid uses of this account, not only in the Department of Labor and Industry, but also in the Department of Commerce.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in the individual program narratives that follow.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,598,996	2,598,996	5,197,992	78.59%	20,830,624	20,830,624	41,661,248	74.66%
Statewide PL Adjustments	98,506	100,044	198,550	3.00%	272,912	225,435	498,347	0.89%
Other PL Adjustments	(5,832)	(5,209)	(11,041)	(0.17%)	4,987,840	5,701,613	10,689,453	19.16%
New Proposals	615,013	613,604	1,228,617	18.58%	1,450,779	1,501,258	2,952,037	5.29%
Total Budget	**$3,306,683**	**$3,307,435**	**$6,614,118**		**$27,542,155**	**$28,258,930**	**$55,801,085**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	25.16	25.16	24.50	24.50	25.16	24.50	(0.66)	(2.62%)
Personal Services	1,515,117	1,667,729	1,612,544	1,612,123	3,182,846	3,224,667	41,821	1.31%
Operating Expenses	1,808,937	3,407,304	4,348,301	4,678,454	5,216,241	9,026,755	3,810,514	73.05%
Grants	2,448,507	3,520,966	4,751,167	4,751,451	5,969,473	9,502,618	3,533,145	59.19%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$5,772,561**	**$8,595,999**	**$10,712,012**	**$11,042,028**	**$14,368,560**	**$21,754,040**	**$7,385,480**	**51.40%**
General Fund	2,068,846	2,153,892	2,783,725	2,786,602	4,222,738	5,570,327	1,347,589	31.91%
State Special	112,474	2,342,470	3,204,848	3,203,875	2,454,944	6,408,723	3,953,779	161.05%
Federal Special	3,591,241	4,099,637	4,723,439	5,051,551	7,690,878	9,774,990	2,084,112	27.10%
Total Funds	**$5,772,561**	**$8,595,999**	**$10,712,012**	**$11,042,028**	**$14,368,560**	**$21,754,040**	**$7,385,480**	**51.40%**

Page Reference

Legislative Budget Analysis, A-229

Funding

State special revenue is the primary source of funds, and is expanded in this budget to include the employment security account. General fund supports a number of functions including technology and biomedical research programs, the Montana capital investment board, census and economic information center, tribal economic development, the Made in Montana program, regional development programs, and international relations programs. The general fund increase is primarily due to continued funding of economic development programs that had been one-time-only in the previous biennium.

General fund for the primary business sector workforce training grants was replaced with employment security account state special revenue funding in the 2013 biennium.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,068,846	2,068,846	4,137,692	74.28%	5,772,561	5,772,561	11,545,122	53.07%
Statewide PL Adjustments	98,752	101,615	200,367	3.60%	186,925	178,132	365,057	1.68%
Other PL Adjustments	1,114	2,537	3,651	0.07%	3,137,513	3,477,731	6,615,244	30.41%
New Proposals	615,013	613,604	1,228,617	22.06%	1,615,013	1,613,604	3,228,617	14.84%
Total Budget	**$2,783,725**	**$2,786,602**	**$5,570,327**		**$10,712,012**	**$11,042,028**	**$21,754,040**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					243,504					242,838
Vacancy Savings					(70,339)					(70,313)
Inflation/Deflation					(826)					(667)
Fixed Costs					14,586					6,274
Total Statewide Present Law Adjustments		**$98,752**	**$15,857**	**$72,316**	**$186,925**		**$101,615**	**$14,935**	**$61,582**	**$178,132**
DP 5108 - BRD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2	0.00	1,114	2,076,517	159,882	2,237,513	0.00	2,537	2,076,466	498,728	2,577,731
DP 5109 - BRD FEDERAL GRANTS ADJUSTMENTS HB 2	0.00	0	0	900,000	900,000	0.00	0	0	900,000	900,000
Total Other Present Law Adjustments	**0.00**	**$1,114**	**$2,076,517**	**$1,059,882**	**$3,137,513**	**0.00**	**$2,537**	**$2,076,466**	**$1,398,728**	**$3,477,731**
Grand Total All Present Law Adjustments	**0.00**	**$99,866**	**$2,092,374**	**$1,132,198**	**$3,324,438**	**0.00**	**$104,152**	**$2,091,401**	**$1,460,310**	**$3,655,863**

DP 5108 - BRD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2 - The legislature approved a request for additional operating costs in the Small Business Development Center (SBDC) bureau. The appropriation includes $2.0 million state special revenue each year to record loans to certified micro-business development corporations on the state accounting system.

DP 5109 - BRD FEDERAL GRANTS ADJUSTMENTS HB 2 - The legislature approved an adjustment to federal funds authority for the amount of federal funds available in the 2013 biennium.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5101 - BRD Primary Business Sector Training HB 2 OTO										
51	2.00	0	1,000,000	0	1,000,000	2.00	0	1,000,000	0	1,000,000
DP 5102 - BRD Indian Country Economic Development HB 2 OTO										
51	1.00	800,000	0	0	800,000	1.00	800,000	0	0	800,000
DP 5112 - High Performance Computing - OTO										
51	0.00	125,000	0	0	125,000	0.00	125,000	0	0	125,000
DP 55400 - 4% PERSONAL SERVICES REDUCTION										
51	(3.66)	(309,987)	0	0	(309,987)	(3.66)	(311,396)	0	0	(311,396)
Total	**(0.66)**	**$615,013**	**$1,000,000**	**$0**	**$1,615,013**	**(0.66)**	**$613,604**	**$1,000,000**	**$0**	**$1,613,604**

DP 5101 - BRD Primary Business Sector Training HB 2 OTO - The legislature approved $1,000,000 per year to fund grant funds for new and existing Montana businesses to train new employees, on a one-time-only basis. This had been funded with general fund on a one-time-only basis in prior biennia, but the legislature approved this as a state special revenue appropriation. Implementation legislation is required for the employment security account to be used by the Department of Commerce.

DP 5102 - BRD Indian Country Economic Development HB 2 OTO - The legislature approved funding for the Indian Country Economic Development consisting of $240,000 per year for the Indian Equity Fund, Indianpreneurship training, and administration on a one-time-only basis. Also included was $560,000 for direct tribal payments of $70,000 each for economic development, and 1.00 FTE associated with the program.

DP 5112 - High Performance Computing - OTO - The legislature authorized funding for the High Performance Computing center in Butte, with a one time only, restricted appropriation. The intent is to provide funding for this program to become self-sustaining.

DP 55400 - 4% PERSONAL SERVICES REDUCTION - The legislature approved a 4% reduction in general fund personal services budgets that was part of the executive budget recommendations. The reduced FTE are regional development officers.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Operating Expenses	621,696	750,000	779,308	750,000	1,371,696	1,529,308	157,612	11.49%
Total Costs	**$621,696**	**$750,000**	**$779,308**	**$750,000**	**$1,371,696**	**$1,529,308**	**$157,612**	**11.49%**
State Special	621,696	750,000	779,308	750,000	1,371,696	1,529,308	157,612	11.49%
Total Funds	**$621,696**	**$750,000**	**$779,308**	**$750,000**	**$1,371,696**	**$1,529,308**	**$157,612**	**11.49%**

Page Reference

Legislative Budget Analysis, A-237

Funding

The Montana Promotion Division is funded entirely by state special revenues. The funding table above denotes that portion of the total division funding that is appropriated in HB 2. Of these funds, $750,000 annually is from private contributions to joint private/state targeted advertising campaigns. The remaining funding is appropriated from a portion of the 4% Montana lodging facility use tax for legislative audit costs.

The portion of the division's budget that is considered by the legislature in HB 2 is less than 5% of the division's total budget for the 2013 biennium. The remaining $34.45 million biennium budget is funded by the statutorily appropriated lodging facility use tax.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	621,696	621,696	1,243,392	81.30%
Statewide PL Adjustments	0	0	0	0.00%	17,787	(11,521)	6,266	0.41%
Other PL Adjustments	0	0	0	0.00%	139,825	139,825	279,650	18.29%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$779,308**	**$750,000**	**$1,529,308**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Inflation/Deflation					253					253
Fixed Costs					17,534					(11,774)
Total Statewide Present Law Adjustments		**$0**	**$17,787**	**$0**	**$17,787**		**$0**	**($11,521)**	**$0**	**($11,521)**
DP 5208 - MPD PRIVATE FUNDS & AUDIT ADJUSTMENTS HB 2	0.00	0	139,825	0	139,825	0.00	0	139,825	0	139,825
Total Other Present Law Adjustments	**0.00**	**$0**	**$139,825**	**$0**	**$139,825**	**0.00**	**$0**	**$139,825**	**$0**	**$139,825**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$157,612**	**$0**	**$157,612**	**0.00**	**$0**	**$128,304**	**$0**	**$128,304**

DP 5208 - MPD PRIVATE FUNDS & AUDIT ADJUSTMENTS HB 2 - The legislature approved an adjustment to the Montana Promotion Division HB 2 private funds appropriation to $750,000 for each year of the biennium.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95101 - 5% Plan - Reduce Private Funds										
52	0.00	0	(162,748)	0	(162,748)	0.00	0	(162,748)	0	(162,748)
DP 96101 - Restore 5% - Private Funds Authority										
52	0.00	0	162,748	0	162,748	0.00	0	162,748	0	162,748
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 95101 - 5% Plan - Reduce Private Funds - The legislature reduced the authority in the private funds matched by the state for targeted advertising. The agency included this reduction in the statutorily required plan to reduce the base expenditures of general fund and certain state special revenue funds by 5%. This reduction was reversed in DP 96101.

DP 96101 - Restore 5% - Private Funds Authority - The legislature reversed a 5% reduction by restoring authority for expenditures of private funds provided for the purpose of promoting private Montana tourism related business in venues outside Montana.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	0	0	0	0	0	0	0	n/a
Total Costs	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**n/a**
General Fund	0	0	0	0	0	0	0	n/a
Total Funds	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**n/a**

Page Reference

Legislative Budget Analysis, A-241

Funding

The legislature did not provide an appropriation for this program. The program was proposed to be funded entirely with general fund. This program has been funded in prior sessions with one-time-only funding, and had been proposed by the executive to be permanently established in the base as an ongoing expense.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	0	0	0	0.00%
Statewide PL Adjustments	7,265	7,057	14,322	0.00%	7,265	7,057	14,322	0.00%
Other PL Adjustments	(7,265)	(7,057)	(14,322)	0.00%	(7,265)	(7,057)	(14,322)	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$0**	**$0**	**$0**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Fixed Costs					7,265					7,057
Total Statewide Present Law Adjustments		**$7,265**	**$0**	**$0**	**$7,265**		**$7,057**	**$0**	**$0**	**$7,057**
DP 15502 - Negate Present Law Adjustment	0.00	(7,265)	0	0	(7,265)	0.00	(7,057)	0	0	(7,057)
Total Other Present Law Adjustments	**0.00**	**($7,265)**	**$0**	**$0**	**($7,265)**	**0.00**	**($7,057)**	**$0**	**$0**	**($7,057)**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 15502 - Negate Present Law Adjustment - The legislature approved action to eliminate the Adjusted Base, an ITSD fixed Cost, which should not have been included. Previous funding of this program has been one time only, and as such, there is no base.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	16.00	16.00	16.00	16.00	16.00	16.00	0.00	0.00%
Personal Services	997,112	1,026,982	1,046,881	1,048,316	2,024,094	2,095,197	71,103	3.51%
Operating Expenses	399,737	569,346	515,804	507,683	969,083	1,023,487	54,404	5.61%
Grants	6,704,975	9,490,454	8,240,811	8,292,629	16,195,429	16,533,440	338,011	2.09%
Total Costs	**$8,101,824**	**$11,086,782**	**$9,803,496**	**$9,848,628**	**$19,188,606**	**$19,652,124**	**$463,518**	**2.42%**
General Fund	530,150	538,951	522,958	520,833	1,069,101	1,043,791	(25,310)	(2.37%)
State Special	3,085,910	2,642,098	3,794,248	3,844,006	5,728,008	7,638,254	1,910,246	33.35%
Federal Special	4,485,764	7,905,733	5,486,290	5,483,789	12,391,497	10,970,079	(1,421,418)	(11.47%)
Total Funds	**$8,101,824**	**$11,086,782**	**$9,803,496**	**$9,848,628**	**$19,188,606**	**$19,652,124**	**$463,518**	**2.42%**

Page Reference

Legislative Budget Analysis, A-245

Funding

The program is funded by a combination of general fund, state special revenue, and federal special revenue.

Federal special revenue is the program's largest funding component and includes the federal Community Development Block Grant (CDBG). The CDBG funds support local economic development, public facilities projects, housing and neighborhood renewal, and grant proposal planning assistance.

State special revenue funding is dominated by grant funding for Coal Board programs that fund a variety of local governmental economic and quality of life initiatives. The Coal Board account receives revenue from a 2.9% allocation from the coal severance tax and an allocation from oil and gas production taxes. The Treasure State Endowment Program is funded by interest earnings from the treasure state endowment fund, a sub-fund within the coal tax trust fund. General fund supports the remaining administrative and operational costs of the program. The required state matching funds for the federal CDBG are provided by the general fund as well.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	530,150	530,150	1,060,300	101.58%	8,101,824	8,101,824	16,203,648	82.45%
Statewide PL Adjustments	(7,511)	(8,628)	(16,139)	(1.55%)	43,608	39,185	82,793	0.42%
Other PL Adjustments	319	(689)	(370)	(0.04%)	1,822,228	1,819,965	3,642,193	18.53%
New Proposals	0	0	0	0.00%	(164,164)	(112,346)	(276,510)	(1.41%)
Total Budget	**$522,958**	**$520,833**	**$1,043,791**		**$9,803,496**	**$9,848,628**	**$19,652,124**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					87,022					88,516
Vacancy Savings					(43,324)					(43,383)
Inflation/Deflation					(1,437)					(1,397)
Fixed Costs					1,347					(4,551)
Total Statewide Present Law Adjustments		**($7,511)**	**$52,224**	**($1,105)**	**$43,608**		**($8,628)**	**$50,175**	**($2,362)**	**$39,185**
DP 6008 - CDD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2										
	0.00	319	820,278	1,631	822,228	0.00	(689)	820,267	387	819,965
DP 6009 - CDD FEDERAL GRANTS ADJUSTMENTS HB 2										
	0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
Total Other Present Law Adjustments	**0.00**	**$319**	**$820,278**	**$1,001,631**	**$1,822,228**	**0.00**	**($689)**	**$820,267**	**$1,000,387**	**$1,819,965**
Grand Total All Present Law Adjustments	**0.00**	**($7,192)**	**$872,502**	**$1,000,526**	**$1,865,836**	**0.00**	**($9,317)**	**$870,442**	**$998,025**	**$1,859,150**

DP 6008 - CDD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2 - The legislature approved funding for per diem for the Hard Rock Mining Impact Board and Coal Board, the maintenance of a reserve account for the Hard Rock Mining Impact Board, rent, minor equipment, local impact grants for the Coal Board, and authority to disperse funds to the counties from the hard-rock mining impact trust account. The majority of the funding in this decision package is a biennial appropriation and supports state special revenue grants through the Coal Board.

DP 6009 - CDD FEDERAL GRANTS ADJUSTMENTS HB 2 - The legislature approved increased federal funding to adjust appropriations to the level of funding the division anticipates will be available for the 2013 biennium.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6020 - Reduction of Grants authority for Coal Board										
60	0.00	0	(164,164)	0	(164,164)	0.00	0	(112,346)	0	(112,346)
Total	**0.00**	**$0**	**($164,164)**	**$0**	**($164,164)**	**0.00**	**$0**	**($112,346)**	**$0**	**($112,346)**

DP 6020 - Reduction of Grants authority for Coal Board - The legislature approved a reduction of $164,164 in FY 2012 and $112,346 in FY 2013, bringing the total state special revenue authority to $3,036,000 from in FY 2012 and $3,087,000 in FY 2013 to bring this state special revenue fund (02445 Coal Board) into balance for the biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

"If no funding is provided for new Treasure State Endowment Program (TSEP) grants for the coming biennium, the Community Development Division is decreased by $375,674 general fund in FY 2012 and $375,674 general fund in FY 2013."

Page Reference
Legislative Budget Analysis, A-248

Funding
The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees and charges from participating institutions. There are no direct appropriations provided, nor are the rates approved in HB 2.

Proprietary Rates

Proprietary Program Description

The Facility Finance Authority issues bonds and then uses the proceeds of those bonds to provide debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. Customers include health care and related facilities, entities serving persons with development and/or mental disabilities, and prerelease/methamphetamine treatment centers.

National bond rating agencies, national bond insurers, and institutional investors expect the authority to reserve two years operating capital (approximately $909,278) to assure that the authority can financially operate between legislative sessions. The total fund equity requirement for the 2013 biennium ($13,650,111) is derived from the following reserve mandates:

- Biennial working capital reserve - $909,278
- Capital reserve account (loan loss reserve) - $10,986,171
- Facility direct loan program reserve - $1,754,662

Funding Sources

The program if funded with a fee charged to the entities (non state agencies) that obtain financing through the program.

Proprietary Rate Explanation

The program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. The fee structure that is proposed does not materially vary from the current structure.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	5.50	5.50	5.50	5.50	5.50	5.50	0.00	0.00%
Personal Services	278,480	306,393	309,747	309,014	584,873	618,761	33,888	5.79%
Operating Expenses	333,014	356,872	346,285	344,550	689,886	690,835	949	0.14%
Equipment & Intangible Assets	0	97,650	0	0	97,650	0	(97,650)	(100.00%)
Grants	4,626,714	8,616,974	4,626,714	5,000,000	13,243,688	9,626,714	(3,616,974)	(27.31%)
Total Costs	**$5,238,208**	**$9,377,889**	**$5,282,746**	**$5,653,564**	**$14,616,097**	**$10,936,310**	**($3,679,787)**	**(25.18%)**
State Special	25,800	150,000	25,800	25,800	175,800	51,600	(124,200)	(70.65%)
Federal Special	5,212,408	9,227,889	5,256,946	5,627,764	14,440,297	10,884,710	(3,555,587)	(24.62%)
Total Funds	**$5,238,208**	**$9,377,889**	**$5,282,746**	**$5,653,564**	**$14,616,097**	**$10,936,310**	**($3,679,787)**	**(25.18%)**

Page Reference

Legislative Budget Analysis, A-251

Funding

The programs funded through HB 2 within the Housing Division are the Housing and Urban Development (HUD) HOME Investment Partnerships program and Montana's Manufactured Home Replacement (MHR) program. The HUD HOME program is 100% federally funded. Federal funds comprise 99.5% of the HB 2 funding for the Housing Division.

Montana's MHR program provided loans to remodel manufactured homes. The program is not being continued. The 2013 biennium includes funding in the event that any prior loans are paid back and can be re-loaned.

The Board of Housing is funded by four enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed. Under the Montana Housing Act of 1975, the board does not receive any general fund, and is completely self-supporting.

Non-budgeted proprietary funds are the primary source of funding for this program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	5,238,208	5,238,208	10,476,416	95.79%
Statewide PL Adjustments	0	0	0	0.00%	33,926	29,776	63,702	0.58%
Other PL Adjustments	0	0	0	0.00%	10,612	385,580	396,192	3.62%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$5,282,746**	**$5,653,564**	**$10,936,310**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					40,485					39,721
Vacancy Savings					(12,759)					(12,728)
Inflation/Deflation					(84)					(76)
Fixed Costs					6,284					2,859
Total Statewide Present Law Adjustments		**$0**	**$0**	**$33,926**	**$33,926**		**$0**	**$0**	**$29,776**	**$29,776**
DP 7406 - HD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2	0.00	0	0	10,612	10,612	0.00	0	0	12,294	12,294
DP 7407 - HD FEDERAL GRANTS ADJUSTMENTS HB 2	0.00	0	0	0	0	0.00	0	0	373,286	373,286
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$10,612**	**$10,612**	**0.00**	**$0**	**$0**	**$385,580**	**$385,580**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$0**	**$44,538**	**$44,538**	**0.00**	**$0**	**$0**	**$415,356**	**$415,356**

DP 7406 - HD ADMINISTRATIVE COSTS ADJUSTMENTS HB 2 - The legislature approved a request to annualize the charges for annual maintenance fees for HOME programs, lease agreements, and indirect costs to the Director's Office.

DP 7407 - HD FEDERAL GRANTS ADJUSTMENTS HB 2 - The legislature approved a request to adjust ongoing federal appropriations for grants received by the Housing Assistance Bureau's HOME Program to match available federal funds for the 2013 biennium.

Proprietary Rates

Proprietary Program Description

The Montana Board of Housing provides direction to the agency staff for its programs that include the Homeownership Program, Multifamily Loan Programs, Low Income Housing Tax Credit Program, Housing Montana Fund, and the Reverse Annuity Mortgage (RAM) Program.

Proprietary Rate Explanation

The 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 position of the fund.

Page Reference
Legislative Budget Analysis, A-251

Funding
Non-budgeted proprietary funds are the sole source of funding for this program.

Proprietary Rates

Proprietary Program Description

Unified Investment Program

The Board of Investments manages the Unified Investment Program and currently manages an investment portfolio with a market value of approximately $12.0 billion. The board manages the portfolio under the "prudent expert principle."

In-State Investments

Section 17-6-305, MCA, authorizes the Board to invest 25% of the Permanent Coal Tax Trust Fund to assist Montana's economic development. The In-State Investment Program makes business loans from the trust fund in participation with financial institutions. The board lends Trust Fund monies to local governments to fund infrastructure that will serve job-creating businesses locating in the government's jurisdiction. The board also lends low-interest monies funded from the trust fund to value-added type businesses creating jobs. Throughout FY 2010, the board purchased Montana residential mortgages with pension funds as part of the In-State Investment Program.

Proprietary Rates Explanation

Investment Programs

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. The maximum charge for both investment programs, as authorized in section R of HB 2, is $4,831,041 each year of the biennium.

Proprietary Program Description

INTERCAP Program

The board sells tax-exempt bonds and lends the proceeds to eligible governments for a variety of projects. Loan terms range from one to 15 years, and short-term loans to finance cash flow deficits or bridge financing are also available.

Proprietary Rates Explanation

INTERCAP Program

The Intercap or bond programs are 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 position of the fund.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	223,770	198,725	203,093	203,186	422,495	406,279	(16,216)	(3.84%)
Operating Expenses	146,917	95,011	161,570	161,524	241,928	323,094	81,166	33.55%
Grants	725,648	725,648	600,000	600,000	1,451,296	1,200,000	(251,296)	(17.32%)
Total Costs	**$1,096,335**	**$1,019,384**	**$964,663**	**$964,710**	**$2,115,719**	**$1,929,373**	**($186,346)**	**(8.81%)**
General Fund	0	0	0	0	0	0	0	n/a
State Special	370,687	293,736	364,663	364,710	664,423	729,373	64,950	9.78%
Federal Special	725,648	725,648	600,000	600,000	1,451,296	1,200,000	(251,296)	(17.32%)
Total Funds	**$1,096,335**	**$1,019,384**	**$964,663**	**$964,710**	**$2,115,719**	**$1,929,373**	**($186,346)**	**(8.81%)**

Page Reference

Legislative Budget Analysis, A-264

Funding

The Director's Office/Management Services Division is funded by an internal service proprietary fund from indirect costs charged to all agency programs. Non-budgeted proprietary funds provide 61.6% of the funding for this program. The Montana Council on Developmental Disabilities is entirely funded with federal special revenues. State special revenue funds the Quality Schools Program with revenues from timber harvest on common school trust lands, mineral royalties, and riverbed rental payments.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	1,096,335	1,096,335	2,192,670	113.65%
Statewide PL Adjustments	0	0	0	0.00%	(16,599)	(17,194)	(33,793)	(1.75%)
Other PL Adjustments	0	0	0	0.00%	(115,073)	(114,431)	(229,504)	(11.90%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$964,663**	**$964,710**	**$1,929,373**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(12,304)					(12,208)
Vacancy Savings					(8,459)					(8,462)
Inflation/Deflation					(610)					(587)
Fixed Costs					4,774					4,063
Total Statewide Present Law Adjustments		**$0**	**($16,599)**	**$0**	**($16,599)**		**$0**	**($17,194)**	**$0**	**($17,194)**
DP 8108 - DO QUALITY SCHOOLS ADMINISTRATIVE COSTS HB 2										
	0.00	0	10,575	0	10,575	0.00	0	11,217	0	11,217
DP 8109 - DO FEDERAL GRANTS ADJUSTMENTS HB 2										
	0.00	0	0	(125,648)	(125,648)	0.00	0	0	(125,648)	(125,648)
Total Other Present Law Adjustments	**0.00**	**$0**	**$10,575**	**($125,648)**	**($115,073)**	**0.00**	**$0**	**$11,217**	**($125,648)**	**($114,431)**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**($6,024)**	**($125,648)**	**($131,672)**	**0.00**	**$0**	**($5,977)**	**($125,648)**	**($131,625)**

DP 8108 - DO QUALITY SCHOOLS ADMINISTRATIVE COSTS HB 2 - The legislature approved a request to adjust the Quality School administrative funding to restore overtime; cover additional printing, travel, and rent expenses; and reduce other one-time cost areas incurred in the base year.

DP 8109 - DO FEDERAL GRANTS ADJUSTMENTS HB 2 - The legislature approved a request to reduce federal Montana Council on Developmental Disabilities grants to the level available for the 2013 biennium.

Proprietary Rates

Proprietary Rates Explanation

The Department of Commerce requested an increase in the indirect charge rate they charge against both state and federal appropriations. The legislature did not approve the requested increase, maintaining the indirect charge rate at 12.95%.

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.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	755.10	755.10	754.10	754.10	755.10	754.10	(1.00)	(0.13%)
Personal Services	37,392,570	41,436,981	42,331,894	42,323,834	78,829,551	84,655,728	5,826,177	7.39%
Operating Expenses	20,324,240	21,629,850	23,095,734	23,188,396	41,954,090	46,284,130	4,330,040	10.32%
Equipment & Intangible Assets	274,234	437,032	274,234	274,234	711,266	548,468	(162,798)	(22.89%)
Grants	10,452,612	8,729,072	11,779,098	11,779,098	19,181,684	23,558,196	4,376,512	22.82%
Benefits & Claims	103,300	126,085	74,840	74,840	229,385	149,680	(79,705)	(34.75%)
Transfers	438,265	636,083	251,907	251,907	1,074,348	503,814	(570,534)	(53.11%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	**$68,988,996**	**$72,998,878**	**$77,811,482**	**$77,896,084**	**$141,987,874**	**$155,707,566**	**$13,719,692**	**9.66%**
General Fund	2,308,627	2,612,713	1,479,063	1,486,651	4,921,340	2,965,714	(1,955,626)	(39.74%)
State Special	35,856,229	38,237,903	41,211,668	41,340,546	74,094,132	82,552,214	8,458,082	11.42%
Federal Special	30,767,415	32,047,983	35,032,341	34,980,370	62,815,398	70,012,711	7,197,313	11.46%
Other	56,725	100,279	88,410	88,517	157,004	176,927	19,923	12.69%
Total Funds	**$68,988,996**	**$72,998,878**	**$77,811,482**	**$77,896,084**	**$141,987,874**	**$155,707,566**	**$13,719,692**	**9.66%**

Page Reference

Legislative Budget Analysis, A-269

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	755.10	757.22	754.10	(3.12)	757.22	754.10	(3.12)	
Personal Services	37,392,570	42,341,455	42,331,894	(9,561)	42,333,367	42,323,834	(9,533)	(19,094)
Operating Expenses	20,324,240	23,118,609	23,095,734	(22,875)	23,210,975	23,188,396	(22,579)	(45,454)
Equipment & Intangible Assets	274,234	274,234	274,234	0	274,234	274,234	0	0
Grants	10,452,612	11,779,098	11,779,098	0	11,779,098	11,779,098	0	0
Benefits & Claims	103,300	103,300	74,840	(28,460)	103,300	74,840	(28,460)	(56,920)
Transfers	438,265	251,907	251,907	0	251,907	251,907	0	0
Debt Service	3,775	3,775	3,775	0	3,775	3,775	0	0
Total Costs	**$68,988,996**	**$77,872,378**	**$77,811,482**	**($60,896)**	**$77,956,656**	**$77,896,084**	**($60,572)**	**($121,468)**
General Fund	2,308,627	2,417,105	1,479,063	(938,042)	2,427,988	1,486,651	(941,337)	(1,879,379)
State/Other Special	35,856,229	40,334,522	41,211,668	877,146	40,459,781	41,340,546	880,765	1,757,911
Federal Special	30,767,415	35,032,341	35,032,341	0	34,980,370	34,980,370	0	0
Proprietary	56,725	88,410	88,410	0	88,517	88,517	0	0
Total Funds	**$68,988,996**	**$77,872,378**	**$77,811,482**	**($60,896)**	**$77,956,656**	**$77,896,084**	**($60,572)**	**($121,468)**

The total budget differs from the executive's proposal by about $120,000. However, there is a significant difference in the funding mechanism, resulting in a general fund difference of $1.9 million. The primary reason for this is a funding switch which utilizes $1.6 million from the Employment Security Account state special revenue to fund general fund operations of the Work Force Services Division. A smaller switch utilizes just over $200,000 of the Worker's Comp Regulation state special revenue account to fund general fund work comp related activities in the Employment Relations Division.

Agency Highlights

Department of Labor and Industry
Major Budget Highlights

- A reduction in general fund of over $1.9 million for the biennium is accomplished primarily through two funding switches:
  - $1.6 million from the Employment Security Account
  - $0.2 million from the Worker's Comp Regulation account
- $2.5 million in new federal funds authority are utilized to fund:
  - Increased Trade Adjustment Assistance grants of almost $1.5 million
  - Unemployment Insurance modernization on a one-time-only basis
  - Indirect rates to fund the Commissioner's Office
- The overall increase in the budget from the 2011 biennium level is due primarily to:
  - Statewide present law adjustments
  - Significant increases in 5 of the 7 divisions for indirect assessments
  - Funding the incumbent worker program at the 2011 biennium appropriated level
  - Increased federal grants for Trade Adjustment Assistance
  - Funding for utilization and treatment guidelines
- The 5% reduction plan reduced general fund by $0.2 million, in addition to over $47,000 in reductions achieved by turning in a motor pool vehicle

Agency Discussion

Overall, this budget increases by $13.7 million in the 2013 biennium as compared to the 2011 biennium. A variety of factors contribute to this increase, including significant indirect rate adjustments throughout much of the department. Trade Adjustment Assistance federal funds are increased by almost $1.5 million. Total reductions from the 5% reduction plan and motor pool reductions are approximately $0.3 million.

The Employment Security Account (ESA) is a state special revenue account that collects a surcharge on unemployment insurance premiums and is used for a variety of purposes in the department, primarily job service offices, research and analysis, and unemployment insurance administration. This account had an ending fund balance for FY 2010 of $6.3 million. In the 2013 biennium the legislature uses this account to replace general fund expenses of approximately $1.9 million for various other workforce programs within this agency. A statutory change is included as detailed below.

Implementation Legislation

The legislature recommends that statutory changes be included in legislation to implement the general appropriations act to clarify and expand the uses of the Employment Security Account. This would clarify that all apprenticeship and workforce development programs are valid uses of this account, not only in the Department of Labor and Industry, but also in the Department of Commerce.

As part of this recommendation, the UI Tax System upgrade, which would use ESA funds for debt service, would be removed from HB 10.

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Work Force Services Division	$ -	$ 21,334,836	$ 42,481,011	$ -	$ 63,815,847	40.98%
02 Unemployment Insurance Divisio	-	7,435,051	19,193,189	-	26,628,240	17.10%
03 Commissioner'S Office/Csd	557,480	1,368,934	1,160,686	176,927	3,264,027	2.10%
04 Employment Relations Division	2,160,649	21,131,256	1,430,315	-	24,722,220	15.88%
05 Business Standards Division	-	29,859,223	25,342	-	29,884,565	19.19%
07 Office Of Community Services	247,585	78,803	5,722,168	-	6,048,556	3.88%
09 Workers Compensation Court	-	1,344,111	-	-	1,344,111	0.86%
Grand Total	$ 2,965,714	$ 82,552,214	$ 70,012,711	$ 176,927	$ 155,707,566	100.00%

Budget Summary by Category

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

Budget Summary by Category

	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	2,308,627	2,308,627	4,617,254	155.69%	68,988,996	68,988,996	137,977,992	88.61%
Statewide PL Adjustments	150,200	161,420	311,620	10.51%	6,056,016	6,066,805	12,122,821	7.79%
Other PL Adjustments	36,836	36,299	73,135	2.47%	1,984,434	2,058,262	4,042,696	2.60%
New Proposals	(1,016,600)	(1,019,695)	(2,036,295)	(68.66%)	782,036	782,021	1,564,057	1.00%
Total Budget	**$1,479,063**	**$1,486,651**	**$2,965,714**		**$77,811,482**	**$77,896,084**	**$155,707,566**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	294.96	294.96	293.96	293.96	294.96	293.96	(1.00)	(0.34%)
Personal Services	12,208,560	15,746,286	15,820,397	15,812,593	27,954,846	31,632,990	3,678,144	13.16%
Operating Expenses	5,340,350	6,263,839	6,578,746	6,520,131	11,604,189	13,098,877	1,494,688	12.88%
Equipment & Intangible Assets	50,261	21,288	50,261	50,261	71,549	100,522	28,973	40.49%
Grants	7,993,376	6,561,404	9,319,862	9,319,862	14,554,780	18,639,724	4,084,944	28.07%
Transfers	171,867	171,924	171,867	171,867	343,791	343,734	(57)	(0.02%)
Total Costs	**$25,764,414**	**$28,764,741**	**$31,941,133**	**$31,874,714**	**$54,529,155**	**$63,815,847**	**$9,286,692**	**17.03%**
General Fund	763,335	1,050,461	0	0	1,813,796	0	(1,813,796)	(100.00%)
State Special	7,203,658	8,355,751	10,650,425	10,684,411	15,559,409	21,334,836	5,775,427	37.12%
Federal Special	17,797,421	19,358,529	21,290,708	21,190,303	37,155,950	42,481,011	5,325,061	14.33%
Total Funds	**$25,764,414**	**$28,764,741**	**$31,941,133**	**$31,874,714**	**$54,529,155**	**$63,815,847**	**$9,286,692**	**17.03%**

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Funding

Approximately 2/3 of the total funding for the Workforce Services Division is from federal special revenue. Nearly 90% of this funding is from three federal programs: the Wagner-Peyser Act, the Workforce Investment Act, and the Trade Adjustment Assistance program (Trade Act of 1974).

The majority of the state special revenue funding is from the Employment Security Account (ESA). The revenue for this account is received from an administrative assessment against payroll amounts of Montana employers. Statute enumerates the uses of the fund, including the operating expenses of the Job Service offices which accounts for nearly all of the use of the funding in this division.

General fund had supported the 21st Century Workforce program and the Research & Analysis Bureau. The legislature approved a funding switch to ESA funds in the 2013 biennium.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	763,335	763,335	1,526,670	0.00%	25,764,414	25,764,414	51,528,828	80.75%
Statewide PL Adjustments	129,005	132,396	261,401	0.00%	4,307,911	4,249,484	8,557,395	13.41%
Other PL Adjustments	20,960	20,664	41,624	0.00%	1,244,802	1,236,286	2,481,088	3.89%
New Proposals	(913,300)	(916,395)	(1,829,695)	0.00%	624,006	624,530	1,248,536	1.96%
Total Budget	**$0**	**$0**	**$0**		**$31,941,133**	**$31,874,714**	**$63,815,847**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					4,362,642					4,354,278
Vacancy Savings					(662,686)					(662,354)
Inflation/Deflation					(44,015)					(42,457)
Fixed Costs					651,970					600,017
Total Statewide Present Law Adjustments		**$129,005**	**$1,839,396**	**$2,339,510**	**$4,307,911**		**$132,396**	**$1,872,648**	**$2,244,440**	**$4,249,484**
DP 101 - WSD Indirect Rate Adjustment	0.00	20,960	209,313	423,978	654,251	0.00	20,664	206,428	418,643	645,735
DP 102 - Incumbent Worker Program	0.00	0	560,980	0	560,980	0.00	0	560,980	0	560,980
DP 105 - Displaced Homemaker Increase	0.00	0	37,000	0	37,000	0.00	0	37,000	0	37,000
DP 106 - Motor Pool Reduction	0.00	0	(2,228)	(5,201)	(7,429)	0.00	0	(2,228)	(5,201)	(7,429)
Total Other Present Law Adjustments	**0.00**	**$20,960**	**$805,065**	**$418,777**	**$1,244,802**	**0.00**	**$20,664**	**$802,180**	**$413,442**	**$1,236,286**
Grand Total All Present Law Adjustments	**0.00**	**$149,965**	**$2,644,461**	**$2,758,287**	**$5,552,713**	**0.00**	**$153,060**	**$2,674,828**	**$2,657,882**	**$5,485,770**

DP 101 - WSD Indirect Rate Adjustment - The legislature approved a request by the Workforce Services Division for funds to meet adjusted costs for the negotiated CAP and the Office of Information Technology (OIT) network support indirect cost rates.

DP 102 - Incumbent Worker Program - The legislature approved a request from the 21st Century Bureau, which administers this program, for an adjustment to reinstate its original authority.

DP 105 - Displaced Homemaker Increase - The legislature approved funding to expand the existing Displaced Homemaker Program.

DP 106 - Motor Pool Reduction - The legislature approved a reduction to offset costs for one leased vehicle that was returned to the state motor pool in FY 2010.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 107 - Increased Federal Grant TAA										
01	0.00	0	0	735,000	735,000	0.00	0	0	735,000	735,000
DP 110 - Unallocated General Fund reduction										
01	0.00	(20,960)	0	0	(20,960)	0.00	(20,664)	0	0	(20,664)
DP 55400 - 4% Personal Services Reduction										
01	(1.00)	(88,119)	0	0	(88,119)	(1.00)	(87,891)	0	0	(87,891)
DP 78199 - Fund programs with ESA (02258)										
01	0.00	(802,306)	802,306	0	0	0.00	(805,925)	805,925	0	0
DP 95101 - 5% Plan - Unspecified State Special Rev Reduction										
01	0.00	0	(1,094,968)	0	(1,094,968)	0.00	0	(1,094,968)	0	(1,094,968)
DP 95102 - 5% Plan - Comm. Coll. Student Growth reduction										
01	0.00	(78,910)	0	0	(78,910)	0.00	(78,910)	0	0	(78,910)
DP 95103 - 5% Plan - Travel and Supplies Reduction										
01	0.00	(1,915)	0	0	(1,915)	0.00	(1,915)	0	0	(1,915)
DP 96101 - Restore 5% - Restore SSR authorization										
01	0.00	0	1,094,968	0	1,094,968	0.00	0	1,094,968	0	1,094,968
DP 96102 - Restore 5% - Switched out for alternate DP										
01	0.00	78,910	0	0	78,910	0.00	78,910	0	0	78,910
Total	**(1.00)**	**($913,300)**	**$802,306**	**$735,000**	**$624,006**	**(1.00)**	**($916,395)**	**$805,925**	**$735,000**	**$624,530**

DP 107 - Increased Federal Grant TAA - The legislature approved an increase to the federal award for Trade Adjustment Assistance (TAA) over base expenditures of $3,512,367 in FY 2010.

DP 110 - Unallocated General Fund reduction - The legislature approved an unallocated reduction of general fund authority to offset additional indirect costs charged against the general fund.

DP 55400 - 4% Personal Services Reduction - The legislature approved a reduction in general fund personal services budgets as a part of the 5% budget reduction plans submitted by the agencies. This was approved as a replacement to DP 95102, which had been initially approved by the legislature as submitted by the agency.

DP 78199 - Fund programs with ESA (02258) - The legislature approved a funding switch for the 21st Century Workforce program and the Research and Analysis Bureau, converting their funding source from general fund to the Employment Security Account.

DP 95101 - 5% Plan - Unspecified State Special Rev Reduction - The legislature reduced state special revenue funding from the Employment Security Account by $2,189,936 over the biennium. The reduction includes the elimination of up to 10.0 FTE and associated operating costs. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was restored in DP 96101.

DP 95102 - 5% Plan - Comm. Coll. Student Growth reduction - The legislature reduced general fund for the Community College Student Growth Account program in the 21st Century Workforce bureau by $157,820 over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was reversed in DP 96102.

DP 95103 - 5% Plan - Travel and Supplies Reduction - The legislature reduced operating cost funding from the general fund by $3,830 over the biennium for the Research and Analysis Bureau. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

DP 96101 - Restore 5% - Restore SSR authorization - The legislature reversed a 5% reduction by restoring authority for the Work Force Services Division to spend a total of $2,189,936 in the 2013 biennium from the Employment Security Account.

DP 96102 - Restore 5% - Switched out for alternate DP - The legislature reversed a 5% reduction by restoring $157,820 to the 21st Century Workforce Services program. This restoration was offset by a new 5% reduction that eliminates 1.00 FTE.

Proprietary Rates

Proprietary Program Description

The purpose of Montana Career Information System (MCIS) is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. MCIS is currently being funded by a College Access Challenge Grant for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. This funding pays for the majority of the expenses of the system including personal services and operating expenses outside of the optional components. The grant funding is for federal fiscal years 2011 and 2012. When the grant ends, MCIS will re-apply for the current grant funding, seek other funding or resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the grant that require the program to collect fees associated with each optional component.

Expenses

The expenses of the proprietary program are limited to the operational expenses of the optional features. These are typically site specific licensing fees.

Revenues

Revenue is generated through fees for purchase of a one year optional component license.

Proprietary Rates

IDEAS Assessment: $100 per site license per year.
Dependable Strengths: $200 per site license per year.
Peterson's Academic Practice Tests: (per site, per practice test package)
Enrollment up to 200 - $225
Enrollment 201-500 - $275
Enrollment over 500 - $325
Peterson's Civil Service Practice Test Package: (per site)
Schools - $200
Agencies - $225

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	153.00	153.00	153.00	153.00	153.00	153.00	0.00	0.00%
Personal Services	7,734,008	7,877,361	8,168,234	8,172,129	15,611,369	16,340,363	728,994	4.67%
Operating Expenses	4,396,957	4,349,603	5,118,387	5,161,940	8,746,560	10,280,327	1,533,767	17.54%
Transfers	186,358	188,885	0	0	375,243	0	(375,243)	(100.00%)
Debt Service	3,775	3,775	3,775	3,775	7,550	7,550	0	0.00%
Total Costs	**$12,321,098**	**$12,419,624**	**$13,290,396**	**$13,337,844**	**$24,740,722**	**$26,628,240**	**$1,887,518**	**7.63%**
State Special	3,444,602	3,736,669	3,716,424	3,718,627	7,181,271	7,435,051	253,780	3.53%
Federal Special	8,876,496	8,682,955	9,573,972	9,619,217	17,559,451	19,193,189	1,633,738	9.30%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$12,321,098**	**$12,419,624**	**$13,290,396**	**$13,337,844**	**$24,740,722**	**$26,628,240**	**$1,887,518**	**7.63%**

Page Reference

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Funding

The HB 2 funded functions of the Unemployment Insurance Division are the administrative and operational portions of the program's budget. This accounts for just under 7% of the total funding for the program with the proprietary claims and benefit payment functions accounting for just over 93%. The administrative and operational functions in HB2 are funded through administrative grants of federal special revenue and state special revenue from the Employment Security Account, which is an assessment charged to employers as a percentage of their payroll. The proprietary program is discussed at the end of this section.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	12,321,098	12,321,098	24,642,196	92.54%
Statewide PL Adjustments	0	0	0	0.00%	738,008	789,877	1,527,885	5.74%
Other PL Adjustments	0	0	0	0.00%	44,800	40,918	85,718	0.32%
New Proposals	0	0	0	0.00%	186,490	185,951	372,441	1.40%
Total Budget	**$0**	**$0**	**$0**		**$13,290,396**	**$13,337,844**	**$26,628,240**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					544,560					549,050
Vacancy Savings					(330,851)					(331,029)
Inflation/Deflation					29,681					29,927
Fixed Costs					494,618					541,929
Total Statewide Present Law Adjustments		**$0**	**$208,535**	**$529,473**	**$738,008**		**$0**	**$213,807**	**$576,070**	**$789,877**
DP 201 - UI Indirect Rate Adjustment	0.00	0	20,677	85,481	106,158	0.00	0	19,037	83,239	102,276
DP 202 - UI Operating Increase	0.00	0	42,610	(103,968)	(61,358)	0.00	0	41,181	(102,539)	(61,358)
Total Other Present Law Adjustments	**0.00**	**$0**	**$63,287**	**($18,487)**	**$44,800**	**0.00**	**$0**	**$60,218**	**($19,300)**	**$40,918**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$271,822**	**$510,986**	**$782,808**	**0.00**	**$0**	**$274,025**	**$556,770**	**$830,795**

DP 201 - UI Indirect Rate Adjustment - The legislature approved funding to meet adjusted costs for the negotiated CAP and the Office of Information Technology (OIT) network support indirect cost rates.

DP 202 - UI Operating Increase - The legislature approved base adjustments in overtime and an increase related to workload which includes legal fees, interpreter services, Secretary of State web access charges and bank service charges. This also eliminates the amount for the UI bond payment. Final payment was made in FY 2011. The increase in operating is funded by federal and state authority, and the elimination of the bond payment is a reduction in federal authority.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 203 - UI Modernization - OTO 02	0.00	0	0	186,490	186,490	0.00	0	0	185,951	185,951
Total	**0.00**	**$0**	**$0**	**$186,490**	**$186,490**	**0.00**	**$0**	**$0**	**$185,951**	**$185,951**

DP 203 - UI Modernization - OTO - The legislature approved the funding, but not the request for 3.00 FTE, for personal services. The adjustment includes operating and indirect costs totaling $15,973 for FY 2012 and $15,851 for FY 2013 , on a one-time-only basis.

Proprietary Rates

Proprietary Program Description

The Department of Labor and Industry (DLI) collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their unemployment insurance. DLI expends the funds by paying unemployment insurance benefit claims.

Expenses

The expenditures are unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of the benefit check.

Revenues

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the Unemployment Insurance Trust Fund.

Proprietary Rate Explanation

The Unemployment Insurance Division administers the state unemployment insurance law. The proprietary rate is set in statute under 39-51-1217, MCA.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	17.00	17.00	17.00	17.00	17.00	17.00	0.00	0.00%
Personal Services	1,113,947	1,251,731	1,225,076	1,227,796	2,365,678	2,452,872	87,194	3.69%
Operating Expenses	352,356	453,577	405,501	405,654	805,933	811,155	5,222	0.65%
Total Costs	**$1,466,303**	**$1,705,308**	**$1,630,577**	**$1,633,450**	**$3,171,611**	**$3,264,027**	**$92,416**	**2.91%**
General Fund	259,598	262,284	278,173	279,307	521,882	557,480	35,598	6.82%
State Special	618,326	774,015	683,596	685,338	1,392,341	1,368,934	(23,407)	(1.68%)
Federal Special	531,654	577,895	580,398	580,288	1,109,549	1,160,686	51,137	4.61%
Other	56,725	91,114	88,410	88,517	147,839	176,927	29,088	19.68%
Total Funds	**$1,466,303**	**$1,705,308**	**$1,630,577**	**$1,633,450**	**$3,171,611**	**$3,264,027**	**$92,416**	**2.91%**

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Funding

State special revenue is the majority funding source and includes revenues derived from the administrative portion of the unemployment insurance tax deposited to the unemployment security account and the worker's compensation regulation fund. Federal special revenue is primarily from administrative grants for unemployment insurance.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	259,598	259,598	519,196	93.13%	1,466,303	1,466,303	2,932,606	89.85%
Statewide PL Adjustments	12,190	13,348	25,538	4.58%	120,451	123,481	243,932	7.47%
Other PL Adjustments	6,385	6,361	12,746	2.29%	43,823	43,666	87,489	2.68%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$278,173**	**$279,307**	**$557,480**		**$1,630,577**	**$1,633,450**	**$3,264,027**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					162,171					165,008
Vacancy Savings					(51,042)					(51,159)
Inflation/Deflation					(256)					(242)
Fixed Costs					9,578					9,874
Total Statewide Present Law Adjustments		**$12,190**	**$41,097**	**$35,732**	**$120,451***		**$13,348**	**$42,912**	**$35,678**	**$123,481***
DP 301 - CSD Indirect Rate Adjustment	0.00	6,385	24,173	13,012	43,823*	0.00	6,361	24,100	12,956	43,666*
Total Other Present Law Adjustments	**0.00**	**$6,385**	**$24,173**	**$13,012**	**$43,823***	**0.00**	**$6,361**	**$24,100**	**$12,956**	**$43,666***
Grand Total All Present Law Adjustments	**0.00**	**$18,575**	**$65,270**	**$48,744**	**$164,274***	**0.00**	**$19,709**	**$67,012**	**$48,634**	**$167,147***

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

DP 301 - CSD Indirect Rate Adjustment - The legislature approved costs for the negotiated CAP and the Office of Information Technology (OIT) network support indirect cost rates.

Proprietary Rates

Proprietary Program Description

The cost allocation rate (CAP) must be approved by the U.S. Department of Labor which has requirements including a working capital of no more than 60 days. The rate, which is assessed to personal service expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures. The rate approved for the 2013 biennium is 8.24% for FY 2012 and 8.26% for FY 2013.

The direct rate is calculated based on the projected direct cost of services for the 2013 biennium divided by the direct hours of service provided in the 2011 biennium. The monthly indirect rate is calculated based on the projected indirect cost of services for the 2013 biennium divided by the active directory counts for the Department divided by 12 months. The direct rate request is $42 per direct hour of service and the indirect rate request is $161 a month per active directory for the 2013 biennium.

The Hearings Bureau rate per hour is calculated based on the projected cost of services for the 2013 biennium divided by the direct hours of service provided in the 20011 biennium. Rates are established for both administrative law judges and paralegal services are $90 and $50 respectively.

The Office of Legal Services rate per hour is calculated on projected costs of services for the 2013 biennium divided by the direct hours of service provided in the 2011 biennium. The rate for the 2013 biennium is $95 per hour.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	129.10	129.10	129.10	129.10	129.10	129.10	0.00	0.00%
Personal Services	7,594,217	7,567,066	7,796,158	7,794,664	15,161,283	15,590,822	429,539	2.83%
Operating Expenses	4,226,224	4,188,926	4,480,426	4,501,292	8,415,150	8,981,718	566,568	6.73%
Equipment & Intangible Assets	0	64,878	0	0	64,878	0	(64,878)	(100.00%)
Benefits & Claims	103,300	126,085	74,840	74,840	229,385	149,680	(79,705)	(34.75%)
Total Costs	**$11,923,741**	**$11,946,955**	**$12,351,424**	**$12,370,796**	**$23,870,696**	**$24,722,220**	**$851,524**	**3.57%**
General Fund	1,162,774	1,176,035	1,077,227	1,083,422	2,338,809	2,160,649	(178,160)	(7.62%)
State Special	10,049,157	10,099,448	10,561,063	10,570,193	20,148,605	21,131,256	982,651	4.88%
Federal Special	711,810	662,307	713,134	717,181	1,374,117	1,430,315	56,198	4.09%
Other	0	9,165	0	0	9,165	0	(9,165)	(100.00%)
Total Funds	**$11,923,741**	**$11,946,955**	**$12,351,424**	**$12,370,796**	**$23,870,696**	**$24,722,220**	**$851,524**	**3.57%**

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Funding

The division is primarily funded with state special revenue funds derived mainly from workers compensation regulation funds. Workers compensation regulation and workplace safety issues represent the largest share of the division's activities. General fund supports personal services and general operating expenses. The legislature approved a switch in funding for the WC Regulations Bureau and the WC Claims Assistance Bureau to the Worker's Comp Regulation Account from the general fund, resulting in the reduction from the 2011 biennium to the 2013 biennium. Federal special revenue is derived from grants related to equal employment opportunity programs and workplace safety.

Budget Summary by Category

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

Budget Summary by Category	----General Fund----				----Total Funds----			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,162,774	1,162,774	2,325,548	107.63%	11,923,741	11,923,741	23,847,482	96.46%
Statewide PL Adjustments	8,262	14,674	22,936	1.06%	249,276	256,037	505,313	2.04%
Other PL Adjustments	9,491	9,274	18,765	0.87%	206,867	219,478	426,345	1.72%
New Proposals	(103,300)	(103,300)	(206,600)	(9.56%)	(28,460)	(28,460)	(56,920)	(0.23%)
Total Budget	**$1,077,227**	**$1,083,422**	**$2,160,649**		**$12,351,424**	**$12,370,796**	**$24,722,220**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					526,481					524,929
Vacancy Savings					(324,540)					(324,482)
Inflation/Deflation					(40,909)					(40,096)
Fixed Costs					88,244					95,686
Total Statewide Present Law Adjustments		**$8,262**	**$243,210**	**($2,196)**	**$249,276**		**$14,674**	**$240,705**	**$658**	**$256,037**
DP 401 - ERD indirect rate adjustment	0.00	9,491	65,928	3,235	78,654	0.00	9,274	63,102	2,920	75,296
DP 402 - Utilization and Treatment Guidelines	0.00	0	131,000	0	131,000	0.00	0	131,000	0	131,000
DP 404 - ERD General Operating Increase	0.00	0	2,731	285	3,016	0.00	0	17,192	1,793	18,985
DP 405 - Motor Pool Reduction	0.00	0	(5,803)	0	(5,803)	0.00	0	(5,803)	0	(5,803)
Total Other Present Law Adjustments	**0.00**	**$9,491**	**$193,856**	**$3,520**	**$206,867**	**0.00**	**$9,274**	**$205,491**	**$4,713**	**$219,478**
Grand Total All Present Law Adjustments	**0.00**	**$17,753**	**$437,066**	**$1,324**	**$456,143**	**0.00**	**$23,948**	**$446,196**	**$5,371**	**$475,515**

DP 401 - ERD indirect rate adjustment - The legislature approved funding for cost adjustments due to the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates. The CAP adjustment is $176,402 for the biennium and the OIT adjustment is $22,452 for the biennium.

DP 402 - Utilization and Treatment Guidelines - The legislature approved funding for a contract to maintain a web-based tool for accessing workers' compensation utilization and treatment guidelines.

DP 404 - ERD General Operating Increase - The legislature approved funding for a rent increase.

DP 405 - Motor Pool Reduction - The legislature approved a reduction in motor pool costs for one vehicle that was returned in FY 2010.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 78499 - Fund programs with SSR (02455)										
04	0.00	(74,840)	74,840	0	0	0.00	(74,840)	74,840	0	0
DP 95105 - 5% Plan - Reduction of Silicosis Benefits										
04	0.00	(28,460)	0	0	(28,460)	0.00	(28,460)	0	0	(28,460)
Total	**0.00**	**($103,300)**	**$74,840**	**$0**	**($28,460)**	**0.00**	**($103,300)**	**$74,840**	**$0**	**($28,460)**

DP 78499 - Fund programs with SSR (02455) - The legislature approved a funding switch for the WC Regulations Bureau and the WC Claims Assistance Bureau to the Worker's Comp Regulation Account (SSR 02455), resulting in a savings to the general fund of $149,680 for the biennium.

DP 95105 - 5% Plan - Reduction of Silicosis Benefits - The legislature has reduced funding for the Silicosis Benefits program by $56,920 in general fund over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

Proprietary Rates

Proprietary Program Description

The Employment Relations Division provides for the Subsequent Injury Fund with proprietary funds.

The Subsequent Injury Fund was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. The incentive has a limit of 104 weeks of benefits paid by their Workers' Compensation carrier in the event of an on-the-job injury to the certified employee, thus minimizing workers' compensation expenses. Beginning July 1, 1999, the fund is maintained by annual assessment of all Montana Workers' Compensation insurers, including self insured employers, private insurers, and the State Fund. The asset balance is maintained at approximately $700,000 to provide an operating balance for payment of benefits and administrative costs (39-71-901 through 920, MCA).

Expenses

The expenses of the program consist of the administration costs and benefits for qualified workers.

Revenues

The program is funded though an annual assessment on Plan 1 (Self Funded) workers compensation employers and a surcharge on premium for Plan 2 (Private sector), and Plan 3 (State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-905, MCA).

Proprietary Rate

The Subsequent Injury fund rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding calendar year. Because the rate is based upon the previous calendar year's experience, future rates beyond one year are unknown.

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 position of the fund.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	150.04	150.04	150.04	150.04	150.04	150.04	0.00	0.00%
Personal Services	8,009,302	8,281,605	8,552,592	8,548,936	16,290,907	17,101,528	810,621	4.98%
Operating Expenses	5,625,658	5,922,870	6,109,896	6,194,923	11,548,528	12,304,819	756,291	6.55%
Equipment & Intangible Assets	223,973	350,866	223,973	223,973	574,839	447,946	(126,893)	(22.07%)
Grants	15,136	11,881	15,136	15,136	27,017	30,272	3,255	12.05%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	**$13,874,069**	**$14,567,222**	**$14,901,597**	**$14,982,968**	**$28,441,291**	**$29,884,565**	**$1,443,274**	**5.07%**
State Special	13,861,604	14,567,222	14,888,924	14,970,299	28,428,826	29,859,223	1,430,397	5.03%
Federal Special	12,465	0	12,673	12,669	12,465	25,342	12,877	103.31%
Other	0	0	0	0	0	0	0	n/a
Total Funds	**$13,874,069**	**$14,567,222**	**$14,901,597**	**$14,982,968**	**$28,441,291**	**$29,884,565**	**$1,443,274**	**5.07%**

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Legislative Budget Analysis, A-297

Funding

The Business Standards Division is funded almost entirely through state special revenue. State special revenue accounts are maintained for each type of licensee and professional board. Charges and fees paid by licensees are deposited to the accounts and administrative and operational expenses of the division are charged directly to the funds. A small amount of federal funds from a Country of Origin Labeling grant also supports the program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	13,874,069	13,874,069	27,748,138	92.85%
Statewide PL Adjustments	0	0	0	0.00%	586,794	595,785	1,182,579	3.96%
Other PL Adjustments	0	0	0	0.00%	440,734	513,114	953,848	3.19%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$14,901,597**	**$14,982,968**	**$29,884,565**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					893,046					889,250
Vacancy Savings					(351,856)					(351,716)
Inflation/Deflation					17,974					26,042
Fixed Costs					27,630					32,209
Total Statewide Present Law Adjustments		**$0**	**$586,746**	**$48**	**$586,794**		**$0**	**$595,737**	**$48**	**$595,785**
DP 501 - BSD Indirect Rate Adjustment	0.00	0	204,997	160	205,157	0.00	0	201,203	156	201,359
DP 503 - BSD General Operating Increase	0.00	0	48,192	0	48,192	0.00	0	120,147	0	120,147
DP 504 - BSD Consulting Increase	0.00	0	97,824	0	97,824	0.00	0	102,047	0	102,047
DP 505 - BSD Data Base Maintenance	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 506 - BSD Motorpool Reduction	0.00	0	(10,439)	0	(10,439)	0.00	0	(10,439)	0	(10,439)
Total Other Present Law Adjustments	**0.00**	**$0**	**$440,574**	**$160**	**$440,734**	**0.00**	**$0**	**$512,958**	**$156**	**$513,114**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$1,027,320**	**$208**	**$1,027,528**	**0.00**	**$0**	**$1,108,695**	**$204**	**$1,108,899**

DP 501 - BSD Indirect Rate Adjustment - The legislature approved funding to support an anticipated increase due to the negotiated cost allocation plan (CAP) and the Office of Information Technology (OIT) network support indirect cost rates. This increase is allocated among the state special revenue funds supporting the various licensing boards.

DP 503 - BSD General Operating Increase - The legislature approved state special revenue funding for operating increases.

DP 504 - BSD Consulting Increase - The legislature approved state special revenue for increases in consultant and professional services for the licensing boards.

DP 505 - BSD Data Base Maintenance - The legislature approved funding for the maintenance contract for the new Accela database system purchased in FY 2010. Total obligation for this contract is $500,000 per year, of which $400,000 is included in the FY 2010 base budget.

DP 506 - BSD Motorpool Reduction - The legislature approved a reduction in motor pool costs to reflect the return of one vehicle in FY 2011.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	257,803	239,645	267,217	266,554	497,448	533,771	36,323	7.30%
Operating Expenses	217,616	258,894	233,176	233,329	476,510	466,505	(10,005)	(2.10%)
Grants	2,444,100	2,155,787	2,444,100	2,444,100	4,599,887	4,888,200	288,313	6.27%
Transfers	80,040	275,274	80,040	80,040	355,314	160,080	(195,234)	(54.95%)
Total Costs	**$2,999,559**	**$2,929,600**	**$3,024,533**	**$3,024,023**	**$5,929,159**	**$6,048,556**	**$119,397**	**2.01%**
General Fund	122,920	123,933	123,663	123,922	246,853	247,585	732	0.30%
State Special	39,070	39,370	39,414	39,389	78,440	78,803	363	0.46%
Federal Special	2,837,569	2,766,297	2,861,456	2,860,712	5,603,866	5,722,168	118,302	2.11%
Total Funds	**$2,999,559**	**$2,929,600**	**$3,024,533**	**$3,024,023**	**$5,929,159**	**$6,048,556**	**$119,397**	**2.01%**

Page Reference

Legislative Budget Analysis, A-303

Funding

The major funding source for this program is federal revenue. General fund and state special revenue fund most of the administrative expenses for the program, with federal revenue providing the remainder, including the funding for the grants and special projects administered by the program.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	122,920	122,920	245,840	99.30%	2,999,559	2,999,559	5,999,118	99.18%
Statewide PL Adjustments	743	1,002	1,745	0.70%	24,974	24,464	49,438	0.82%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$123,663**	**$123,922**	**$247,585**		**$3,024,533**	**$3,024,023**	**$6,048,556**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					20,514					19,823
Vacancy Savings					(11,100)					(11,072)
Inflation/Deflation					(406)					(397)
Fixed Costs					15,966					16,110
Total Statewide Present Law Adjustments		**$743**	**$344**	**$23,887**	**$24,974**		**$1,002**	**$319**	**$23,143**	**$24,464**
Grand Total All Present Law Adjustments	**0.00**	**$743**	**$344**	**$23,887**	**$24,974**	**0.00**	**$1,002**	**$319**	**$23,143**	**$24,464**

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95104 - 5% Plan - General Operating Expense Reduction										
07	0.00	(6,146)	0	(6,146)	(12,292)	0.00	(6,146)	0	(6,146)	(12,292)
DP 96104 - Restore 5% - matching funds for Federal Spec. Rev										
07	0.00	6,146	0	6,146	12,292	0.00	6,146	0	6,146	12,292
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 95104 - 5% Plan - General Operating Expense Reduction - The legislature reduced funding for general operations of the Office of Community Services by $24,584 over the biennium from general fund, which has a matching funds impact on federal special revenue funds. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. This reduction was reversed in DP 96104.

DP 96104 - Restore 5% - matching funds for Federal Spec. Rev - The legislature reversed DP 95104 by restoring general fund and federal fund authority.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	474,733	473,287	502,220	501,162	948,020	1,003,382	55,362	5.84%
Operating Expenses	165,079	192,141	169,602	171,127	357,220	340,729	(16,491)	(4.62%)
Total Costs	**$639,812**	**$665,428**	**$671,822**	**$672,289**	**$1,305,240**	**$1,344,111**	**$38,871**	**2.98%**
State Special	639,812	665,428	671,822	672,289	1,305,240	1,344,111	38,871	2.98%
Total Funds	**$639,812**	**$665,428**	**$671,822**	**$672,289**	**$1,305,240**	**$1,344,111**	**$38,871**	**2.98%**

Page Reference

Legislative Budget Analysis, A-305

Funding

The court is entirely funded with state special revenue derived from a fee charged to workers compensation carriers in Montana.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	639,812	639,812	1,279,624	95.20%
Statewide PL Adjustments	0	0	0	0.00%	28,602	27,677	56,279	4.19%
Other PL Adjustments	0	0	0	0.00%	3,408	4,800	8,208	0.61%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$671,822**	**$672,289**	**$1,344,111**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					48,413					47,311
Vacancy Savings					(20,926)					(20,882)
Inflation/Deflation					(175)					(100)
Fixed Costs					1,290					1,348
Total Statewide Present Law Adjustments		**$0**	**$28,602**	**$0**	**$28,602**		**$0**	**$27,677**	**$0**	**$27,677**
DP 902 - WCC General Operating Increase	0.00	0	3,408	0	3,408	0.00	0	4,800	0	4,800
Total Other Present Law Adjustments	**0.00**	**$0**	**$3,408**	**$0**	**$3,408**	**0.00**	**$0**	**$4,800**	**$0**	**$4,800**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$32,010**	**$0**	**$32,010**	**0.00**	**$0**	**$32,477**	**$0**	**$32,477**

DP 902 - WCC General Operating Increase - The legislature approved state special revenue for an off campus rent increase.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	192.66	192.66	199.22	199.22	192.66	199.22	6.56	3.40%
Personal Services	10,767,265	10,506,254	11,561,778	11,587,249	21,273,519	23,149,027	1,875,508	8.82%
Operating Expenses	14,815,955	16,327,320	15,602,070	15,479,190	31,143,275	31,081,260	(62,015)	(0.20%)
Equipment & Intangible Assets	357,423	323,976	357,423	357,423	681,399	714,846	33,447	4.91%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	5,265,505	13,614,431	5,367,505	5,367,505	18,879,936	10,735,010	(8,144,926)	(43.14%)
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Transfers	441,549	0	441,549	441,549	441,549	883,098	441,549	100.00%
Total Costs	**$31,649,977**	**$40,774,261**	**$33,332,605**	**$33,235,196**	**$72,424,238**	**$66,567,801**	**($5,856,437)**	**(8.09%)**
General Fund	5,612,637	5,825,156	5,726,028	5,717,678	11,437,793	11,443,706	5,913	0.05%
State Special	1,127,398	1,393,170	1,383,886	1,291,373	2,520,568	2,675,259	154,691	6.14%
Federal Special	24,909,942	33,555,935	26,222,691	26,226,145	58,465,877	52,448,836	(6,017,041)	(10.29%)
Total Funds	**$31,649,977**	**$40,774,261**	**$33,332,605**	**$33,235,196**	**$72,424,238**	**$66,567,801**	**($5,856,437)**	**(8.09%)**

Page Reference

Legislative Budget Analysis, A-308

Executive Budget Comparison

The following table compares the legislative budget in the 2013 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison Budget Item	Base Budget Fiscal 2010	Executive Budget Fiscal 2012	Legislative Budget Fiscal 2012	Leg – Exec. Difference Fiscal 2012	Executive Budget Fiscal 2013	Legislative Budget Fiscal 2013	Leg – Exec. Difference Fiscal 2013	Biennium Difference Fiscal 12-13
FTE	192.66	193.82	199.22	5.40	193.82	199.22	5.40	
Personal Services	10,767,265	11,184,368	11,561,778	377,410	11,209,981	11,587,249	377,268	754,678
Operating Expenses	14,815,955	15,610,541	15,602,070	(8,471)	15,562,628	15,479,190	(83,438)	(91,909)
Equipment & Intangible Assets	357,423	357,423	357,423	0	357,423	357,423	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	5,265,505	5,367,505	5,367,505	0	5,367,505	5,367,505	0	0
Benefits & Claims	2,280	2,280	2,280	0	2,280	2,280	0	0
Transfers	441,549	441,549	441,549	0	441,549	441,549	0	0
Total Costs	**$31,649,977**	**$32,963,666**	**$33,332,605**	**$368,939**	**$32,941,366**	**$33,235,196**	**$293,830**	**$662,769**
General Fund	5,612,637	5,622,291	5,726,028	103,737	5,613,922	5,717,678	103,756	207,493
State/Other Special	1,127,398	1,383,886	1,383,886	0	1,366,373	1,291,373	(75,000)	(75,000)
Federal Special	24,909,942	25,957,489	26,222,691	265,202	25,961,071	26,226,145	265,074	530,276
Total Funds	**$31,649,977**	**$32,963,666**	**$33,332,605**	**$368,939**	**$32,941,366**	**$33,235,196**	**$293,830**	**$662,769**

The legislature passed all of the decision packages as proposed by the executive, with the exception of one proposal in Veterans Affairs that was reduced by half, but made a biennial appropriation. A number of decisions were also made to increase the budget, including:

- Addition of 2.00 FTE in the Youth Challenge program, to provide for part-time employees to fill in during full time employee absences
- Restoration of the 4% personal services reduction requested by the Governor in the Youth Challenge program, Army National Guard, Air National Guard, and Disaster and Emergency Services, which added 3.40 FTE
- Additional personal services appropriation in the Challenge program not attached to FTE

Reductions to the executive proposal were the result of 5% plan reductions in Centralized Services and Veterans Affairs.

Agency Highlights

Department of Military Affairs
Major Budget Highlights

- The budget decreases from the previous biennium due primarily to a change in the requested level of federal special revenue spending authority related to federal grant funds
- 6.0 FTE fire fighter positions funded solely by federal funds are added
- The Youth Challenge program receives 2.00 FTE and additional personal services authority to address ongoing funding issues
- The state-federal funding match for the Youth Challenge program changed from 40/60 to 25/75, providing savings to the general fund
- Only a portion of the 5% reduction plan submitted by the agency was adopted

Agency Discussion

While the agency budget appears to be reduced in the 2013 biennium, there is over $8 million in federal grants authority not available in FY 2011 that have not been appropriated in HB 2 in the 2013 biennium. Instead, the agency will add any authority for these grants in the interim through the budget amendment process. Subtracting that from FY 2011 for a closer comparison shows an increase of approximately $2.5 million for the coming biennium as compared to the current biennium, primarily due to:

- Statewide present law adjustments
- The addition of 6.00 FTE in the Air National Guard Program
- Additional FTE in the Youth Challenge Program

Funding

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in the individual program narratives that follow.

Total Agency Funding
2013 Biennium Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Division	$ 1,271,932	$ -	$ 651,344	$ 1,923,276	2.89%
02 Challenge Program	1,816,781	-	5,550,350	7,367,131	11.07%
03 Scholarship Program	418,816	-	-	418,816	0.63%
04 Starbase	-	-	631,903	631,903	0.95%
12 Army National Guard Pgm	3,263,334	-	25,026,397	28,289,731	42.50%
13 Air National Guard Pgm	762,140	-	8,056,641	8,818,781	13.25%
21 Disaster & Emergency Services	2,138,011	720,400	12,532,201	15,390,612	23.12%
31 Veterans Affairs Program	1,772,692	1,954,859	-	3,727,551	5.60%
Grand Total	$ 11,443,706	$ 2,675,259	$ 52,448,836	$ 66,567,801	100.00%

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	5,612,637	5,612,637	11,225,274	98.09%	31,649,977	31,649,977	63,299,954	95.09%
Statewide PL Adjustments	(27,705)	(36,023)	(63,728)	(0.56%)	(74,838)	(92,528)	(167,366)	(0.25%)
Other PL Adjustments	149,646	149,646	299,292	2.62%	1,233,932	1,144,477	2,378,409	3.57%
New Proposals	(8,550)	(8,582)	(17,132)	(0.15%)	523,534	533,270	1,056,804	1.59%
Total Budget	**$5,726,028**	**$5,717,678**	**$11,443,706**		**$33,332,605**	**$33,235,196**	**$66,567,801**	

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	12.20	12.20	11.76	11.76	12.20	11.76	(0.44)	(3.61%)
Personal Services	792,410	842,364	877,496	878,718	1,634,774	1,756,214	121,440	7.43%
Operating Expenses	90,224	79,281	83,873	78,629	169,505	162,502	(7,003)	(4.13%)
Equipment & Intangible Assets	0	1,291	0	0	1,291	0	(1,291)	(100.00%)
Benefits & Claims	2,280	2,280	2,280	2,280	4,560	4,560	0	0.00%
Total Costs	**$884,914**	**$925,216**	**$963,649**	**$959,627**	**$1,810,130**	**$1,923,276**	**$113,146**	**6.25%**
General Fund	632,072	641,685	638,174	633,758	1,273,757	1,271,932	(1,825)	(0.14%)
Federal Special	252,842	283,531	325,475	325,869	536,373	651,344	114,971	21.43%
Total Funds	**$884,914**	**$925,216**	**$963,649**	**$959,627**	**$1,810,130**	**$1,923,276**	**$113,146**	**6.25%**

Page Reference

Legislative Budget Analysis, A-315

Funding

The Centralized Services Division is funded through both general fund and federal funds. Division activities and positions that support entirely federally funded programs are available for federal funding.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	632,072	632,072	1,264,144	99.39%	884,914	884,914	1,769,828	92.02%
Statewide PL Adjustments	37,627	33,211	70,838	5.57%	110,260	106,238	216,498	11.26%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(31,525)	(31,525)	(63,050)	(4.96%)	(31,525)	(31,525)	(63,050)	(3.28%)
Total Budget	**$638,174**	**$633,758**	**$1,271,932**		**$963,649**	**$959,627**	**$1,923,276**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					145,663					146,970
Vacancy Savings					(37,523)					(37,575)
Inflation/Deflation					116					116
Fixed Costs					2,004					(3,273)
Total Statewide Present Law Adjustments		**$37,627**	**$0**	**$72,633**	**$110,260**		**$33,211**	**$0**	**$73,027**	**$106,238**
Grand Total All Present Law Adjustments	**0.00**	**$37,627**	**$0**	**$72,633**	**$110,260**	**0.00**	**$33,211**	**$0**	**$73,027**	**$106,238**

New Proposals

The "New Proposals" table summarizes all new proposals adopted by the Legislature. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction Centralized Service										
01	(0.44)	(23,054)	0	0	(23,054)	(0.44)	(23,087)	0	0	(23,087)
DP 95101 - 5% Plan - General operating expense reduction										
01	0.00	(8,471)	0	0	(8,471)	0.00	(8,438)	0	0	(8,438)
Total	**(0.44)**	**($31,525)**	**$0**	**$0**	**($31,525)**	**(0.44)**	**($31,525)**	**$0**	**$0**	**($31,525)**

DP 55400 - 4% Personal Services Reduction Centralized Service - As part of the 5% global motions, the legislature approved reductions of $46,141 general fund in each year of the biennium and 0.44 FTE as proposed by the executive.

DP 95101 - 5% Plan - General operating expense reduction - The legislature reduced operating expense authority for the program by $16,909 in general fund over the biennium. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	49.15	49.15	51.15	51.15	49.15	51.15	2.00	4.07%
Personal Services	2,166,300	2,135,491	2,373,206	2,373,460	4,301,791	4,746,666	444,875	10.34%
Operating Expenses	1,092,570	1,157,787	1,312,283	1,308,182	2,250,357	2,620,465	370,108	16.45%
Total Costs	**$3,258,870**	**$3,293,278**	**$3,685,489**	**$3,681,642**	**$6,552,148**	**$7,367,131**	**$814,983**	**12.44%**
General Fund	1,264,643	1,278,056	908,870	907,911	2,542,699	1,816,781	(725,918)	(28.55%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	1,994,227	2,015,222	2,776,619	2,773,731	4,009,449	5,550,350	1,540,901	38.43%
Total Funds	**$3,258,870**	**$3,293,278**	**$3,685,489**	**$3,681,642**	**$6,552,148**	**$7,367,131**	**$814,983**	**12.44%**

Page Reference

Legislative Budget Analysis, A-318

Funding

A change in federal rules decreases the ratio of general fund required to match federal funding for the program. The previous biennium required a 40/60 general fund to federal fund ratio and the new rules call for a 25/75 or 1 to 3 ratio of general fund to federal funding. The result is that although the total proposed budget increases from the previous biennium, general fund as a percentage of total funding decreases.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,264,643	1,264,643	2,529,286	139.22%	3,258,870	3,258,870	6,517,740	88.47%
Statewide PL Adjustments	(466,300)	(467,229)	(933,529)	(51.38%)	(65,490)	(69,217)	(134,707)	(1.83%)
Other PL Adjustments	57,500	57,500	115,000	6.33%	280,000	280,000	560,000	7.60%
New Proposals	53,027	52,997	106,024	5.84%	212,109	211,989	424,098	5.76%
Total Budget	**$908,870**	**$907,911**	**$1,816,781**		**$3,685,489**	**$3,681,642**	**$7,367,131**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					43,174					43,566
Vacancy Savings					(88,377)					(88,395)
Inflation/Deflation					1,698					2,111
Fixed Costs					(21,985)					(26,499)
Total Statewide Present Law Adjustments		**($466,300)**	**$0**	**$400,810**	**($65,490)**		**($467,229)**	**$0**	**$398,012**	**($69,217)**
DP 201 - Funding for ChalleNGe 24/7 overtime	0.00	10,000	0	30,000	40,000	0.00	10,000	0	30,000	40,000
DP 202 - Funding for increase in food service contract.	0.00	17,500	0	52,500	70,000	0.00	17,500	0	52,500	70,000
DP 203 - Federal spending authority for Challenge training	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 204 - Funding for increased enrollment and education	0.00	30,000	0	90,000	120,000	0.00	30,000	0	90,000	120,000
Total Other Present Law Adjustments	**0.00**	**$57,500**	**$0**	**$222,500**	**$280,000**	**0.00**	**$57,500**	**$0**	**$222,500**	**$280,000**
Grand Total All Present Law Adjustments	**0.00**	**($408,800)**	**$0**	**$623,310**	**$214,510**	**0.00**	**($409,729)**	**$0**	**$620,512**	**$210,783**

DP 201 - Funding for ChalleNGe 24/7 overtime - The legislature approved an increase of $40,000 in each year of the biennium to support overtime and holiday salaries. These costs are zero based and not included in the program's base budget. These costs are caused because the program is required to have staff coverage 24 hours a day, 7 days a week.

DP 202 - Funding for increase in food service contract. - The legislature approved funding to cover increased food service costs for students due to a $70,000 increase in the annual maximum amount payable for food service to the University of Montana - Western. The food service maximum is being increased from $355,600 to $425,600. Based on expected average enrollment of 230 students, and a cost per student of $2,228, the maximum will be reached. Therefore, the food costs will be $425,600 versus the previous maximum of $355,600 included in the base.

DP 203 - Federal spending authority for Challenge training - The legislature approved federal spending authority for ChalleNGe employees to participate in essential training classes required by the federal National Guard Bureau.

DP 204 - Funding for increased enrollment and education - The legislature approved funds each year of the biennium to provide for costs incurred due to increased student enrollment, restoration of services to students, and increasing educational opportunities and classroom resources.

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 211 - Add FTE for part-time drill instructors										
02	2.00	16,777	0	50,332	67,109	2.00	16,747	0	50,242	66,989
DP 212 - Unallocated Pers Services offset to Vac Savings										
02	0.00	36,250	0	108,750	145,000	0.00	36,250	0	108,750	145,000
DP 55400 - 4% Personal Services Reduction Challenge										
02	(1.50)	(21,217)	0	(63,651)	(84,868)	(1.50)	(21,218)	0	(63,650)	(84,868)
DP 56402 - Restore 5% - Personal Services 1.50 FTE										
02	1.50	21,217	0	63,651	84,868	1.50	21,218	0	63,650	84,868
DP 95102 - 5% Plan - General Operating Expense Reduction										
02	0.00	(42,015)	0	(126,045)	(168,060)	0.00	(42,014)	0	(126,034)	(168,048)
DP 96102 - Restore 5% - General Operating Expenses										
02	0.00	42,015	0	126,045	168,060	0.00	42,014	0	126,034	168,048
Total	**2.00**	**$53,027**	**$0**	**$159,082**	**$212,109**	**2.00**	**$52,997**	**$0**	**$158,992**	**$211,989**

DP 211 - Add FTE for part-time drill instructors - The legislature approved the addition of 2.0 FTE for part-time drill instructors who fill in for full time instructors who are on approved leave. Due to the nature of the job and program, supervision is required on a 24/7 basis.

DP 212 - Unallocated Pers Services offset to Vac Savings - The legislature approved funding as unallocated personal services authority to offset the inability to meet the 4% vacancy savings requirements associated with authorized FTE. Due to the 24/7 staffing requirements of this program, the program has historically been unable to meet vacancy savings, and has redirected operating expenses to cover personal services.

DP 55400 - 4% Personal Services Reduction Challenge - The legislature approved a personal services reduction of 1.50 FTE. This amount reflects the 4% personal services reduction of $34,202 reduced by the portion of the general funded FTE that are 24/7 positions. The legislature then restored this reduction in DP 56402.

DP 56402 - Restore 5% - Personal Services 1.50 FTE - The legislature reversed a 5% reduction that had also been included in the executive budget by restoring general fund authority of $42,435 for the 2013 biennium, and reinstated 1.50 FTE. The matching fund ratio was changed from the base year, in which the match was 40/60. This ratio change is enough to meet the 5% general fund savings for the department.

DP 95102 - 5% Plan - General Operating Expense Reduction - The legislature applied a general operating expense funding reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The legislature then restored this funding in DP 96102.

DP 96102 - Restore 5% - General Operating Expenses - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring general operating expense authority of $84,029 general fund authority, and $252,079 federal fund authority.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
Operating Expenses	209,408	245,000	209,408	209,408	454,408	418,816	(35,592)	(7.83%)
Total Costs	**$209,408**	**$245,000**	**$209,408**	**$209,408**	**$454,408**	**$418,816**	**($35,592)**	**(7.83%)**
General Fund	209,408	245,000	209,408	209,408	454,408	418,816	(35,592)	(7.83%)
Total Funds	**$209,408**	**$245,000**	**$209,408**	**$209,408**	**$454,408**	**$418,816**	**($35,592)**	**(7.83%)**

Page Reference

Legislative Budget Analysis, A-322

Funding

This program is funded entirely from the general fund.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	209,408	209,408	418,816	100.00%	209,408	209,408	418,816	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$209,408**	**$209,408**	**$418,816**		**$209,408**	**$209,408**	**$418,816**	

New Proposals

New Proposals	Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 95103 - 5% Plan - General Fund Reduction										
03	0.00	(10,470)	0	0	(10,470)	0.00	(10,470)	0	0	(10,470)
DP 96103 - Restore 5% - Scholarship Program										
03	0.00	10,470	0	0	10,470	0.00	10,470	0	0	10,470
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 95103 - 5% Plan - General Fund Reduction - The legislature has applied a general fund reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The legislature restored this funding in DP 96103.

DP 96103 - Restore 5% - Scholarship Program - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring $20,940 in general fund for the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00%
Personal Services	118,498	210,284	135,957	136,429	328,782	272,386	(56,396)	(17.15%)
Operating Expenses	180,312	156,918	180,043	179,474	337,230	359,517	22,287	6.61%
Total Costs	**$298,810**	**$367,202**	**$316,000**	**$315,903**	**$666,012**	**$631,903**	**($34,109)**	**(5.12%)**
Federal Special	298,810	367,202	316,000	315,903	666,012	631,903	(34,109)	(5.12%)
Total Funds	**$298,810**	**$367,202**	**$316,000**	**$315,903**	**$666,012**	**$631,903**	**($34,109)**	**(5.12%)**

Page Reference

Legislative Budget Analysis, A-324

Funding

This program is funded entirely with federal special revenue.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	0	0	0	0.00%	298,810	298,810	597,620	94.57%
Statewide PL Adjustments	0	0	0	0.00%	17,190	17,093	34,283	5.43%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$0**	**$0**	**$0**		**$316,000**	**$315,903**	**$631,903**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					23,124					23,615
Vacancy Savings					(5,665)					(5,684)
Inflation/Deflation					12					18
Fixed Costs					(281)					(856)
Total Statewide Present Law Adjustments		**$0**	**$0**	**$17,190**	**$17,190**		**$0**	**$0**	**$17,093**	**$17,093**
Grand Total All Present Law Adjustments	**0.00**	**$0**	**$0**	**$17,190**	**$17,190**	**0.00**	**$0**	**$0**	**$17,093**	**$17,093**

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	42.31	42.31	42.31	42.31	42.31	42.31	0.00	0.00%
Personal Services	2,550,228	2,393,030	2,605,667	2,610,140	4,943,258	5,215,807	272,549	5.51%
Operating Expenses	10,719,283	11,774,991	11,187,526	11,171,552	22,494,274	22,359,078	(135,196)	(0.60%)
Equipment & Intangible Assets	357,423	304,955	357,423	357,423	662,378	714,846	52,468	7.92%
Capital Outlay	0	0	0	0	0	0	0	n/a
Total Costs	**$13,626,934**	**$14,472,976**	**$14,150,616**	**$14,139,115**	**$28,099,910**	**$28,289,731**	**$189,821**	**0.68%**
General Fund	1,224,762	1,353,553	1,632,347	1,630,987	2,578,315	3,263,334	685,019	26.57%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	12,402,172	13,119,423	12,518,269	12,508,128	25,521,595	25,026,397	(495,198)	(1.94%)
Total Funds	**$13,626,934**	**$14,472,976**	**$14,150,616**	**$14,139,115**	**$28,099,910**	**$28,289,731**	**$189,821**	**0.68%**

Page Reference

Legislative Budget Analysis, A-327

Funding

The Army National Guard program is funded with a combination of general fund and federal funds. During the base year, general fund accounted for 9% of total funding, but increases for the upcoming biennium. This change is due to statewide present law adjustments and additional general fund support of the Missoula Armory. The funding ratio between general and federal funds depends on the nature of the activity, the use or location of the facility, and the goals of the operation.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,224,762	1,224,762	2,449,524	75.06%	13,626,934	13,626,934	27,253,868	96.34%
Statewide PL Adjustments	334,927	333,567	668,494	20.49%	176,666	165,165	341,831	1.21%
Other PL Adjustments	72,658	72,658	145,316	4.45%	347,016	347,016	694,032	2.45%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$1,632,347**	**$1,630,987**	**$3,263,334**		**$14,150,616**	**$14,139,115**	**$28,289,731**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					164,010					168,665
Vacancy Savings					(108,571)					(108,753)
Inflation/Deflation					27,933					49,885
Fixed Costs					93,294					55,368
Total Statewide Present Law Adjustments		**$334,927**	**$0**	**($158,261)**	**$176,666**		**$333,567**	**$0**	**($168,402)**	**$165,165**
DP 1201 - Operational Support for New ARNG Facilities	0.00	68,658	0	274,358	343,016	0.00	68,658	0	274,358	343,016
DP 1202 - Operation & Maintenance of DES Generator	0.00	4,000	0	0	4,000	0.00	4,000	0	0	4,000
Total Other Present Law Adjustments	**0.00**	**$72,658**	**$0**	**$274,358**	**$347,016**	**0.00**	**$72,658**	**$0**	**$274,358**	**$347,016**
Grand Total All Present Law Adjustments	**0.00**	**$407,585**	**$0**	**$116,097**	**$523,682**	**0.00**	**$406,225**	**$0**	**$105,956**	**$512,181**

DP 1201 - Operational Support for New ARNG Facilities - The legislature approved additional funding to support the operational costs of Army National Guard facilities which will come on line after the base year and for those that were not fully funded in the base year.

DP 1202 - Operation & Maintenance of DES Generator - The legislature approved operations and maintenance funding for the original Disaster and Emergency Services (DES) emergency backup generator.

New Proposals

The "New Proposals" table summarizes all new proposals adopted by the Legislature. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals	Fiscal 2012						Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction Army Program										
12	(0.50)	(4,740)	0	0	(4,740)	(0.50)	(4,744)	0	0	(4,744)
DP 56412 - Restore 5% - Personal Services .50 FTE										
12	0.50	4,740	0	0	4,740	0.50	4,744	0	0	4,744
DP 95112 - 5% Plan - General Operating Expense Reduction										
12	0.00	(56,266)	0	0	(56,266)	0.00	(56,262)	0	0	(56,262)
DP 96112 - Restore 5% - ARNG Operating Expenses										
12	0.00	56,266	0	0	56,266	0.00	56,262	0	0	56,262
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 55400 - 4% Personal Services Reduction Army Program - The legislature approved a 4% reduction in general fund personal services budgets. This decision package reduces the Army National Guard general fund to implement the budget reduction. The reduction includes the elimination of 0.50 FTE. The legislature restored this reduction in DP 56412.

DP 56412 - Restore 5% - Personal Services .50 FTE - The legislature reversed a 5% reduction that had also been included in the executive budget by restoring 0.50 FTE and general fund authority for the biennium. The federal funds impact was not identified by the department.

DP 95112 - 5% Plan - General Operating Expense Reduction - The legislature applied a general operating expense funding reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The legislature restored this funding in DP 96112.

DP 96112 - Restore 5% - ARNG Operating Expenses - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring general fund operating expense authority.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	34.00	34.00	40.00	40.00	34.00	40.00	6.00	17.65%
Personal Services	2,125,758	2,175,239	2,649,815	2,668,452	4,300,997	5,318,267	1,017,270	23.65%
Operating Expenses	1,740,739	1,795,533	1,746,795	1,753,719	3,536,272	3,500,514	(35,758)	(1.01%)
Total Costs	**$3,866,497**	**$3,970,772**	**$4,396,610**	**$4,422,171**	**$7,837,269**	**$8,818,781**	**$981,512**	**12.52%**
General Fund	362,348	366,770	379,978	382,162	729,118	762,140	33,022	4.53%
Federal Special	3,504,149	3,604,002	4,016,632	4,040,009	7,108,151	8,056,641	948,490	13.34%
Total Funds	**$3,866,497**	**$3,970,772**	**$4,396,610**	**$4,422,171**	**$7,837,269**	**$8,818,781**	**$981,512**	**12.52%**

Page Reference

Legislative Budget Analysis, A-331

Funding

The Montana Air National Guard is funded predominately by federal funds. General fund supports some building and grounds maintenance activities, a portion of administrative expenses, and a small amount of personal services expenditures.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	362,348	362,348	724,696	95.09%	3,866,497	3,866,497	7,732,994	87.69%
Statewide PL Adjustments	17,630	19,814	37,444	4.91%	(176,829)	(166,671)	(343,500)	(3.90%)
Other PL Adjustments	0	0	0	0.00%	333,940	339,485	673,425	7.64%
New Proposals	0	0	0	0.00%	373,002	382,860	755,862	8.57%
Total Budget	**$379,978**	**$382,162**	**$762,140**		**$4,396,610**	**$4,422,171**	**$8,818,781**	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(98,807)					(95,436)
Vacancy Savings					(81,078)					(81,215)
Inflation/Deflation					10,089					22,358
Fixed Costs					(7,033)					(12,378)
Total Statewide Present Law Adjustments		**$17,630**	**$0**	**($194,459)**	**($176,829)**		**$19,814**	**$0**	**($186,485)**	**($166,671)**
DP 1301 - Federal Authority for 24/7 Firefighter Salaries	0.00	0	0	333,940	333,940	0.00	0	0	339,485	339,485
Total Other Present Law Adjustments	**0.00**	**$0**	**$0**	**$333,940**	**$333,940**	**0.00**	**$0**	**$0**	**$339,485**	**$339,485**
Grand Total All Present Law Adjustments	**0.00**	**$17,630**	**$0**	**$139,481**	**$157,111**	**0.00**	**$19,814**	**$0**	**$153,000**	**$172,814**

DP 1301 - Federal Authority for 24/7 Firefighter Salaries - The legislature appropriated 100% federal spending authority for the overtime, regular hours over 40 per week, and related benefit costs incurred by the Air National Guard firefighters in Great Falls.

New Proposals

The "New Proposals" table summarizes all new proposals adopted by the Legislature. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1302 - Federal Authority for New Fire FTEs										
13	6.00	0	0	373,002	373,002	6.00	0	0	382,860	382,860
DP 55400 - 4% Personal Services Reduction Air Program										
13	(0.40)	(5,575)	0	(14,820)	(20,395)	(0.40)	(5,579)	0	(14,776)	(20,355)
DP 56413 - Restore 5% - Personal Services .40 FTE										
13	0.40	5,575	0	14,820	20,395	0.40	5,579	0	14,776	20,355
DP 95113 - 5% Plan - General Operating Expense Reduction										
13	0.00	(12,542)	0	(33,340)	(45,882)	0.00	(12,538)	0	(33,207)	(45,745)
DP 96113 - Restore 5% - AirNG Operating Expenses										
13	0.00	12,542	0	33,340	45,882	0.00	12,538	0	33,207	45,745
Total	**6.00**	**$0**	**$0**	**$373,002**	**$373,002**	**6.00**	**$0**	**$0**	**$382,860**	**$382,860**

DP 1302 - Federal Authority for New Fire FTEs - The legislature approved 100% federal spending authority to permanently increase Air National Guard firefighter staffing by 6.00 FTE.

DP 55400 - 4% Personal Services Reduction Air Program - The legislature approved an ongoing personal services reduction of 0.40 FTE. This was part of the Governor's 4% Personal Services ongoing reduction as included in the executive budget proposal. The legislature restored this reduction in DP 56413.

DP 56413 - Restore 5% - Personal Services .40 FTE - The legislature reversed a 5% reduction that had also been included in the executive budget by restoring .40 FTE as well as the general fund and federal fund authority.

DP 95113 - 5% Plan - General Operating Expense Reduction - The legislature applied a general operating expense funding reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5%. The legislature restored this funding in DP 96113.

DP 96113 - Restore 5% - AirNG Operating Expenses - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring general fund and federal fund authority.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	23.00	23.00	23.00	23.00	23.00	23.00	0.00	0.00%
Personal Services	1,600,472	1,346,061	1,441,370	1,441,615	2,946,533	2,882,985	(63,548)	(2.16%)
Operating Expenses	412,625	568,417	457,753	431,766	981,042	889,519	(91,523)	(9.33%)
Grants	5,265,505	13,614,431	5,367,505	5,367,505	18,879,936	10,735,010	(8,144,926)	(43.14%)
Transfers	441,549	0	441,549	441,549	441,549	883,098	441,549	100.00%
Total Costs	**$7,720,151**	**$15,528,909**	**$7,708,177**	**$7,682,435**	**$23,249,060**	**$15,390,612**	**($7,858,448)**	**(33.80%)**
General Fund	1,051,209	1,059,877	1,068,281	1,069,730	2,111,086	2,138,011	26,925	1.28%
State Special	211,200	302,477	370,200	350,200	513,677	720,400	206,723	40.24%
Federal Special	6,457,742	14,166,555	6,269,696	6,262,505	20,624,297	12,532,201	(8,092,096)	(39.24%)
Total Funds	**$7,720,151**	**$15,528,909**	**$7,708,177**	**$7,682,435**	**$23,249,060**	**$15,390,612**	**($7,858,448)**	**(33.80%)**

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Funding

Funding for the Disaster and Emergency Services Division is broken down roughly into three functional areas: administration and coordination, search and rescue, and grant programs.

Administrative and coordination functions are funded primarily through a 50/50 partnership between state general fund and federal revenues. Disaster coordination functions are usually funded 100% with federal funds.

Search and rescue activities are funded through state special revenue funds derived from surcharges on conservation licenses and off-road vehicle licenses.

Grant activities are dominated by federal funding. The amount of this funding that is budgeted in HB 2 varies greatly depending on the federal source and available amounts known at the time of the budget submission. This is reflected in the reduction in federal funding for the upcoming biennium from the current biennium.

The Governor is also provided a number of statutory appropriations in the event of a declared emergency or disaster. The most notable of these is the authority to authorize up to $16 million for disaster relief. These expenditures are authorized through executive orders.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	1,051,209	1,051,209	2,102,418	98.34%	7,720,151	7,720,151	15,440,302	100.32%
Statewide PL Adjustments	(2,416)	(967)	(3,383)	(0.16%)	(209,950)	(215,692)	(425,642)	(2.77%)
Other PL Adjustments	19,488	19,488	38,976	1.82%	197,976	177,976	375,952	2.44%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	**$1,068,281**	**$1,069,730**	**$2,138,011**		**$7,708,177**	**$7,682,435**	**$15,390,612**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(160,476)					(160,223)
Vacancy Savings					(57,602)					(57,610)
Inflation/Deflation					(476)					(416)
Fixed Costs					8,604					2,557
Total Statewide Present Law Adjustments		**($2,416)**	**$0**	**($207,534)**	**($209,950)**		**($967)**	**$0**	**($214,725)**	**($215,692)**
DP 2101 - DES Duty Officer Overtime	0.00	19,488	0	19,488	38,976	0.00	19,488	0	19,488	38,976
DP 2102 - State Special Revenue Spending Authority	0.00	0	159,000	0	159,000	0.00	0	139,000	0	139,000
Total Other Present Law Adjustments	**0.00**	**$19,488**	**$159,000**	**$19,488**	**$197,976**	**0.00**	**$19,488**	**$139,000**	**$19,488**	**$177,976**
Grand Total All Present Law Adjustments	**0.00**	**$17,072**	**$159,000**	**($188,046)**	**($11,974)**	**0.00**	**$18,521**	**$139,000**	**($195,237)**	**($37,716)**

DP 2101 - DES Duty Officer Overtime - The legislature approved funding for the overtime salary and benefits costs incurred by the DES duty officers to provide 24 hour, 7 days a week disaster and emergency response. Overtime costs are zero based and are not captured in the personnel services snapshot used for the initial budget preparation.

DP 2102 - State Special Revenue Spending Authority - The legislature approved state special revenue spending authority for the Emergency Management Assistance Compact (EMAC), codified under 10-3-1001 MCA.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction DES										
21	(1.00)	(27,649)	0	(27,649)	(55,298)	(1.00)	(27,656)	0	(27,656)	(55,312)
DP 56421 - Restore 5% - Personal Services 1.00 FTE										
21	1.00	27,649	0	27,649	55,298	1.00	27,656	0	27,656	55,312
DP 95121 - 5% Plan - General Operating Expense Reduction										
21	0.00	(24,911)	(10,560)	(24,911)	(60,382)	0.00	(24,904)	(10,560)	(24,904)	(60,368)
DP 96121 - Restore 5% - DES Operating Expenses										
21	0.00	24,911	10,560	24,911	60,382	0.00	24,904	10,560	24,904	60,368
Total	**0.00**	**$0**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**$0**

DP 55400 - 4% Personal Services Reduction DES - The legislature approved a 4% reduction in personal services eliminating 1.00 FTE. The position is funded 50% with federal funds. The legislature restored this funding in DP 56421.

DP 56421 - Restore 5% - Personal Services 1.00 FTE - The legislature reversed a 5% reduction that had also been included in the executive budget by restoring 1.00 FTE and general fund and federal fund authority.

DP 95121 - 5% Plan - General Operating Expense Reduction - The legislature applied a general operating expense funding reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5 percent. The legislature restored this funding in DP 96121.

DP 96121 - Restore 5% - DES Operating Expenses - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring general fund, state special revenue, and federal fund authority for the biennium.

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 2010	Approp. Fiscal 2011	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 10-11	Biennium Fiscal 12-13	Biennium Change	Biennium % Change
FTE	30.00	30.00	29.00	29.00	30.00	29.00	(1.00)	(3.33%)
Personal Services	1,413,599	1,403,785	1,478,267	1,478,435	2,817,384	2,956,702	139,318	4.94%
Operating Expenses	370,794	549,393	424,389	346,460	920,187	770,849	(149,338)	(16.23%)
Equipment & Intangible Assets	0	17,730	0	0	17,730	0	(17,730)	(100.00%)
Total Costs	**$1,784,393**	**$1,970,908**	**$1,902,656**	**$1,824,895**	**$3,755,301**	**$3,727,551**	**($27,750)**	**(0.74%)**
General Fund	868,195	880,215	888,970	883,722	1,748,410	1,772,692	24,282	1.39%
State Special	916,198	1,090,693	1,013,686	941,173	2,006,891	1,954,859	(52,032)	(2.59%)
Total Funds	**$1,784,393**	**$1,970,908**	**$1,902,656**	**$1,824,895**	**$3,755,301**	**$3,727,551**	**($27,750)**	**(0.74%)**

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Funding

The Veterans' Affairs program is funded with both general fund and state special revenue. The primary state special revenue account receives proceeds from the sale of veterans specialty license plates. Two accounts receive a portion of all of the motor vehicle registration revenue that is deposited in the general fund each year. The Veteran's Cemeteries fund includes revenue derived from cemetery donations and plot allowances.

Budget Summary by Category

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

Budget Summary by Category	General Fund				Total Funds			
Budget Item	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget	Budget Fiscal 2012	Budget Fiscal 2013	Biennium Fiscal 12-13	Percent of Budget
Base Budget	868,195	868,195	1,736,390	97.95%	1,784,393	1,784,393	3,568,786	95.74%
Statewide PL Adjustments	50,827	45,581	96,408	5.44%	73,315	70,556	143,871	3.86%
Other PL Adjustments	0	0	0	0.00%	75,000	0	75,000	2.01%
New Proposals	(30,052)	(30,054)	(60,106)	(3.39%)	(30,052)	(30,054)	(60,106)	(1.61%)
Total Budget	**$888,970**	**$883,722**	**$1,772,692**		**$1,902,656**	**$1,824,895**	**$3,727,551**	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2012					Fiscal 2013				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Vacancy Savings					(62,847)					(62,855)
Inflation/Deflation					(12,580)					(11,783)
Fixed Costs					(8,825)					(12,551)
Total Statewide Present Law Adjustments		**$50,827**	**$22,488**	**$0**	**$73,315**		**$45,581**	**$24,975**	**$0**	**$70,556**
DP 3101 - Spending authority for Patriotic Plates (BIEN)	0.00	0	75,000	0	75,000	0.00	0	0	0	0
Total Other Present Law Adjustments	**0.00**	**$0**	**$75,000**	**$0**	**$75,000**	**0.00**	**$0**	**$0**	**$0**	**$0**
Grand Total All Present Law Adjustments	**0.00**	**$50,827**	**$97,488**	**$0**	**$148,315**	**0.00**	**$45,581**	**$24,975**	**$0**	**$70,556**

DP 3101 - Spending authority for Patriotic Plates (BIEN) - The legislature approved spending authority from the patriotic license plate special revenue account.

New Proposals

New Proposals		Fiscal 2012					Fiscal 2013				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 55400 - 4% Personal Services Reduction Veterans Affairs										
31	(1.00)	(30,052)	0	0	(30,052)	(1.00)	(30,054)	0	0	(30,054)
DP 95131 - 5% Plan - General Operating Expense Reduction										
31	0.00	(13,304)	(45,783)	0	(59,087)	0.00	(13,304)	(45,783)	0	(59,087)
DP 96131 - Restore 5% - General Operating Expenses										
31	0.00	13,304	45,783	0	59,087	0.00	13,304	45,783	0	59,087
Total	**(1.00)**	**($30,052)**	**$0**	**$0**	**($30,052)**	**(1.00)**	**($30,054)**	**$0**	**$0**	**($30,054)**

DP 55400 - 4% Personal Services Reduction Veterans Affairs - As part of the 5% reductions that were passed by a global motion, the legislature approved a general fund reduction and elimination of 1.00 FTE as proposed by the executive.

DP 95131 - 5% Plan - General Operating Expense Reduction - The legislature has applied a general operating expense funding reduction to the program. The agency included this reduction in the statutorily required plan to reduce base expenditures of general fund and certain state special revenue funds by 5 percent. The legislature restored this reduction in DP 96131.

DP 96131 - Restore 5% - General Operating Expenses - The legislature reversed a 5% reduction that had not been included in the executive budget by restoring state special and general fund authority for operations.