

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 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Grants	261,062	600,000	550,000	550,000	861,062	1,100,000	238,938	27.75%
Total Costs	\$261,062	\$600,000	\$550,000	\$550,000	\$861,062	\$1,100,000	\$238,938	27.75%
Federal Special	261,062	600,000	550,000	550,000	861,062	1,100,000	238,938	27.75%
Total Funds	\$261,062	\$600,000	\$550,000	\$550,000	\$861,062	\$1,100,000	\$238,938	27.75%

Program Description

The Director’s Office provides overall leadership, communication, and management support to the Department of Commerce staff, programs, bureaus, divisions and administratively attached boards. The office provides executive, administrative, legal, and policy direction along with offering problem-solving guidance. The office keeps abreast of department related issues and acts in a public relations and informational capacity. The office works closely with economic and community development organizations, businesses, communities, governmental entities, elected officials and the public to diversify and expand the state’s economic base. The office acts as the liaison with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, other governmental agencies, and the Governor’s Office.

The Director’s Office also provides internal support to Department of Commerce staff, programs, bureaus, divisions and administratively attached boards. Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

The Montana Council on Developmental Disabilities is a citizen based advocacy group. Its members, appointed by the Governor, work to provide increased independence, integration and productivity for persons with developmental disabilities.

Program Highlights

Director’s Office Major Budget Highlights
<ul style="list-style-type: none"> ◆ 76.2% of the Director’s Office, including 19.00 FTE, is funded with proprietary funds that are not included in HB 2 ◆ The HB 2 budget increases 27.7% due to projected increases in federal funds supporting the Montana Council on Developmental Disabilities

Program Discussion

The main table reflects funding only for the Developmental Disabilities Planning and Advisory Council (DDPAC), which is the only portion of this program for which the appropriation is made in HB 2. The federal Developmental Disabilities Assistance and Bill of Right Act of 2000 requires each state to designate a state agency to administer the federal funds as long as the designated state agency does not provide or pay for services for individuals with developmental disabilities.

Since FY 2005 the department has had a contract with the Montana Council on Developmental Disabilities (MCDD), a nonprofit corporation that carries out the responsibilities of DDPAC. DDPAC still remains administratively attached to

the Department of Commerce, with the department acting as a go-between for disbursing (pass through) federal funds to the nonprofit under the terms and conditions of the contract.

Projected increases in the federal funds are the only change shown for the 2015 biennium.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Commerce Funding by Source of Authority 2015 Biennium Budget - Director'S Office							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Federal Special Total	\$1,100,000	\$0	\$0	\$1,100,000	23.8%		
03441 Ddpac - Dev Disabled Council	1,100,000	-	-	1,100,000	23.8%		
Proprietary Total	\$0	\$3,521,380	\$0	\$3,521,380	76.2%		
06542 Commerce Centralized Services	-	3,521,380	-	3,521,380	76.2%		
Total All Funds	\$1,100,000	\$3,521,380	\$0	\$4,621,380	100.0%		
Percent - Total All Sources	23.8%	76.2%	0.0%				

The Director’s Office is funded by an internal service proprietary fund from indirect costs charged to all agency programs. For further discussion of the proprietary funded portion of this program refer to the “Proprietary Rates” section.

The Montana Council on Developmental Disabilities is entirely funded with federal special revenues.

Budget Summary by Category

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

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	261,062	261,062	522,124	47.47%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	288,938	288,938	577,876	52.53%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$550,000	\$550,000	\$1,100,000	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “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 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - DO Federal Grants Adjustments - HB 2	0.00	0	0	288,938	288,938	0.00	0	0	288,938	288,938
Total Other Present Law Adjustments	0.00	\$0	\$0	\$288,938	\$288,938	0.00	\$0	\$0	\$288,938	\$288,938
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$288,938	\$288,938	0.00	\$0	\$0	\$288,938	\$288,938

DP 8101 - DO Federal Grants Adjustments - HB 2 – The executive proposes increases in federal appropriations for grants received by the Director's Office to match estimated available federal funds for the 2015 biennium for the Montana Council on Developmental Disabilities.

LFD COMMENT	Federal funds for developmental disabilities protection and advocacy that support the Montana Council on Developmental Disabilities are considered discretionary funds under the federal Budget Control Act. The Budget Control Act includes automatic spending reductions, called sequesters, that are currently scheduled to take effect January 2, 2013. For discretionary spending the estimated amount of the reduction is 8.2%. As a result, funding for the program may be reduced beyond below what is shown in the executive’s proposed budget. The legislature may wish to discuss the impacts of Congressional deliberations on the funding for the program.
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Proprietary Rates

Program Description

The Director’s Office provides overall leadership, communication, and management support to the Department of Commerce staff, programs, bureaus, divisions and administratively attached boards. Services are provided by the Office of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

Program Narrative

Overall, costs for the program increase by almost 14% when compared to the FY 2012 base. The majority of the increases are in personal service costs which are about 15.5% higher when compared to FY 2012. Figure 4 shows the changes in personal service and operating costs when compared to the FY 2012 base amounts.

Figure 4

Department of Commerce					
Director's Office					
	FY 2012	FY 2014	% Increase	FY 2015	% Increase
Personal Services	\$1,322,134	\$1,526,685	15.47%	\$1,527,824	15.56%
Operating Costs	<u>224,995</u>	<u>232,560</u>	<u>3.36%</u>	<u>234,311</u>	<u>4.14%</u>
	<u>\$1,547,129</u>	<u>\$1,759,245</u>	13.71%	<u>\$1,762,135</u>	13.90%

The increased costs are allocated to each of the other programs within the Department of Commerce. Figure 5 shows the increased costs for administration that are apportioned to each of the programs.

Figure 5

Department of Commerce Director's Office Increases in Administrative Costs		
Division	FY 2014	FY 2015
Business Resources Division	\$93,251	\$93,482
Montana Promotion Division	64,347	64,928
Energy Division	14,367	14,473
Community Development Division	56,870	56,700
Facility Finance Authority	8,895	8,883
Housing Division	11,080	11,114
Board of Investments	103,616	103,698
Montana Heritage Commission	<u>40,259</u>	<u>40,449</u>
Total Increases	<u>\$392,685</u>	<u>\$393,727</u>

The increases are included as part of the proposals related to administrative cost adjustments.

Expenses

Significant costs for the program include:

- Personal service increases that are almost entirely due to the annualization of broadband pay increases granted in the last half of FY 2012
- Operating costs, which include increased costs for SITSD charges and rent

Revenues

The Director's Office is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the divisions indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated and legislatively approved indirect cost rates applied to actual personal services expenditures.

Proprietary Rates

For the 2015 biennium the following rates are proposed by the executive. The rates charged in the base year were 12.95%.

	FY 2014	FY 2015
2015 Biennium Requested Rate	14.650%	14.650%
2015 Biennium Rate W/O Admin Costs	14.570%	14.570%
Variance:	(.00.080)%	(00.080)%

The Director's Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs. This rate is then applied against actual federally funded personal services expenditures within the department.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the Director's Office under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

The indirect cost rate is determined based on guidelines prescribed by the federal government. The rate approved by the legislature is considered a cap; therefore, the department cannot impose a rate higher than what has been approved by the legislature. However, the annually calculated federal rate may be slightly lower.

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.