

**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 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	58.07	58.07	58.07	58.07	58.07	58.07	0.00	0.00%
Personal Services	4,223,496	4,325,707	4,544,347	4,555,633	8,549,203	9,099,980	550,777	6.44%
Operating Expenses	1,278,172	1,592,220	1,464,675	1,340,669	2,870,392	2,805,344	(65,048)	(2.27%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$5,501,668</b>	<b>\$5,917,927</b>	<b>\$6,009,022</b>	<b>\$5,896,302</b>	<b>\$11,419,595</b>	<b>\$11,905,324</b>	<b>\$485,729</b>	<b>4.25%</b>
General Fund	5,490,551	5,906,804	6,000,613	5,887,956	11,397,355	11,888,569	491,214	4.31%
State Special	11,117	11,123	8,409	8,346	22,240	16,755	(5,485)	(24.66%)
Federal Special	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$5,501,668</b>	<b>\$5,917,927</b>	<b>\$6,009,022</b>	<b>\$5,896,302</b>	<b>\$11,419,595</b>	<b>\$11,905,324</b>	<b>\$485,729</b>	<b>4.25%</b>

**Mission Statement**

The Governor’s Office mission is to oversee and direct the activities of the Executive Branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana. There is additional, more detailed information about the department in the agency profile.

For additional information, please refer to the agency profile.

**Agency Highlights**

<b>Governor’s Office Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The 2015 biennium Governor’s Office budget would increase 4.3% from the 2013 biennium budget</li> <li>◆ Personal Service costs would increase by 6.4% primarily as a result of pay rate increases provided in the base year, FY 2012</li> </ul>

**Agency Discussion**

The 2015 biennium budget request for the Governor’s Office would be a 4.3% increase from the 2013 biennium, due to increased costs in personal services. The Governor’s Office is principally a service oriented agency and its main functions are to promote and manage the business of state government. As a result, the Governor’s Office budget is heavily weighted in personal services.

- o The agency had an FTE use rate of 94.2%, providing a vacancy rate of 5.8 %of total budgeted FTE in FY 2012.
- o Pay increases averaging 7.0% were given to numerous staff in FY 2012, as discussed below. Annualized, these increases add about \$191,391 to personal service costs, not including the associated increase in taxes and insurance.

*Agency Personal Services*

Personal services are 77.0% of the requested Governor’s Office budget. In FY 2012, the agency provided exempt employee and strategic pay increases to 47 staff. The raises were given as a flat amount and ranged from 3.0% to 23.6% of pay rates, but as stated averaged 7.0%. The pay rate increases were funded with vacancy savings.

- o 20 broadband employees received average pay increases of 5.5%

- o 27 exempt employees received pay increases averaging 8.0%
- o There were 7 vacancies in the Governor’s Office just after FY 2012 year end

According to information from the Public Employees Retirement System 23 staff, or 39% of total FTE, were eligible for either early or regular retirement as of July 31, 2012. No retirements are anticipated in the 2015 biennium and the executive is not requesting additional funding for retirement payouts, other than \$384,693 to fund the severance costs for the departing elected officials and exempt staff that will be included in the requested supplemental appropriations bill.

With 39% of the staff directly appointed by the Governor, the agency does not experience a high frequency of recruitment issues compared to other agencies.

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Pay Rate Increases

The Governor’s Office provided pay rate increases across all FTE at a fixed amount beginning in December of 2011. The increases were accomplished through vacancy savings in FY 2012. According to the agency, the pay rate increases were provided to address retention issues. However, the pay increases result in an increase to the base funding of personal services for the incoming administration.

Pay Plan Philosophy

The Governor’s Office is under new administration and as a consequence of the change the agency’s pay philosophy for the 2015 biennium is not known. The last administration made use of higher entry pay rates for new employees, training assignments, reclassifications, and pay adjustments for favorable performance evaluations for recruitment and retention. However, there is no certainty that these practices will continue in the future.

*Agency Wide Decision Packages*

As seen in the figure below, the Governor’s Office budget includes several decision packages related to the development of a Professional Development Center (PDC) fixed cost fee based on the number of FTE in the agency. In the past, the agency funded training through the PDC in the respective program budgets. Now the PDC trainings would be entirely funded in the Centralized Services Division. As part of this change, the executive requests base reductions to any programs that incurred training costs in FY 2012. For a further discussion, see the narrative for the Department of Administration.

Agency-Wide Request - Professional Development Center Training Fee				
Program	Decision Package	General Fund		
		FY 2014 Adjustment	FY 2015 Adjustment	Biennium Total
Executive Office Program	DP 6010	(\$275)	(\$275)	(\$550)
Ofc Budget & Program Planning	DP 6010	(1,064)	(1,064)	(\$2,128)
Coordinator of Indian Affairs	DP 6010	(105)	(105)	(\$210)
Centralized Services	DP 6010	1,863	1,863	\$3,726
Mental Disabilities Bd Visitors	DP 6010	(75)	(75)	(\$150)
<b>Total</b>		<u>\$344</u>	<u>\$344</u>	<u>\$688</u>

*5% Reduction Plan*

Statute requires that agencies submit plans to reduce general fund and certain state special revenue funds by 5%. The Governor’s Office submitted a plan reducing \$257,852 of general fund expenditures. A summary of the entire 2015 biennium 5% plan submitted for this agency is in the appendix.

*IT Systems*

State agencies have identified information technology (IT) systems that are critical to the state as a whole or to the agency. Further, state agencies have assessed the age of the systems to establish whether the system is:

- o New
- o Emerging
- o Mature
- o Declining
- o Obsolete

The Legislative Finance Committee recommended that House Appropriations and Senate Finance and Claims Committee leadership direct the Long Range Planning Subcommittee to meet jointly with each of the appropriate joint appropriations subcommittees to discuss priorities related to critical IT systems, and that state agencies be prepared to discuss:

- o Current plans to address obsolescence
- o Costs to replace the system
- o Costs of maintaining the current system
- o Risks associated with both retaining the current system and replacing the system

LFD staff will be prepared to discuss issues related to those systems that have been determined to be either critical to the state as a whole or to the agency and either declining or obsolete. Issues include security, continuity of operations, and funding.

*Agency Goals and Objectives*

Goals and Objectives for the agency can be found in the appendix.

**Funding**

The following table shows agency funding by source of authority, as proposed by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Governor's Office Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$11,888,569	\$0	\$0	\$11,888,569	99.9%
State Special Total	16,755	-	-	16,755	0.1%
Federal Special Total	-	-	-	-	0.0%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<b>Total All Funds</b>	<b><u>\$11,905,324</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$11,905,324</u></b>	
Percent - Total All Sources	100.0%	0.0%	0.0%		

The Governor's Office budget is funded primarily with general fund. Of the total agency funding, 0.1% is state special revenue that supports services in the Citizen's Advocate Program.

**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	5,490,551	5,490,551	10,981,102	92.37%	5,501,668	5,501,668	11,003,336	92.42%
Statewide PL Adjustments	372,682	324,887	697,569	5.87%	369,974	322,116	692,090	5.81%
Other PL Adjustments	98,479	21,567	120,046	1.01%	98,479	21,567	120,046	1.01%
New Proposals	38,901	50,951	89,852	0.76%	38,901	50,951	89,852	0.75%
<b>Total Budget</b>	<b>\$6,000,613</b>	<b>\$5,887,956</b>	<b>\$11,888,569</b>		<b>\$6,009,022</b>	<b>\$5,896,302</b>	<b>\$11,905,324</b>	

**Supplemental Appropriations**

The Governor’s Office requests a supplemental appropriation of \$384,639 in HB 3, the supplemental appropriations bill. The purpose of the requested supplemental appropriation is the payouts of exempt staff resulting from the change in administration.