

**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
FTE	70.00	70.00	70.00	70.00	70.00	70.00	0.00	0.00%
Personal Services	3,337,291	3,838,919	3,807,293	3,815,513	7,176,210	7,622,806	446,596	6.22%
Operating Expenses	4,890,933	5,611,675	5,697,518	5,240,752	10,502,608	10,938,270	435,662	4.15%
Equipment & Intangible Assets	0	9,653	0	0	9,653	0	(9,653)	(100.00%)
Debt Service	5,676	5,674	5,676	5,676	11,350	11,352	2	0.02%
<b>Total Costs</b>	<b>\$8,233,900</b>	<b>\$9,465,921</b>	<b>\$9,510,487</b>	<b>\$9,061,941</b>	<b>\$17,699,821</b>	<b>\$18,572,428</b>	<b>\$872,607</b>	<b>4.93%</b>
General Fund	3,130,930	3,710,823	3,603,607	3,422,942	6,841,753	7,026,549	184,796	2.70%
State Special	644,152	691,070	718,111	699,188	1,335,222	1,417,299	82,077	6.15%
Federal Special	4,458,818	5,064,028	5,188,769	4,939,811	9,522,846	10,128,580	605,734	6.36%
<b>Total Funds</b>	<b>\$8,233,900</b>	<b>\$9,465,921</b>	<b>\$9,510,487</b>	<b>\$9,061,941</b>	<b>\$17,699,821</b>	<b>\$18,572,428</b>	<b>\$872,607</b>	<b>4.93%</b>

The Business and Financial Services Division (BFSD) provides leadership and guidance in the development and implementation of accounting policies and procedures and best business practices that support the mission of the Operations Branch.

**Program Highlights**

<b>Business and Financial Services Division Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The proposed total fund increase when the 2015 and 2013 biennia are compared is primarily due to statewide present law adjustments of:                             <ul style="list-style-type: none"> <li>● About \$1.3 million total funds for personal services that are partially offset by about \$0.3 million in vacancy savings</li> <li>● \$1.0 million for fixed costs primarily associated with fees assessed by the Department of Administration</li> </ul> </li> <li>◆ A request to accommodate a change in funding for the Professional Development Center of just over \$118,000 total funds for the biennium is included</li> </ul>	

**Program Discussion**

The increase in personal services over the biennium is due to statewide present law adjustments mentioned above while the increases in operations cover a wide spectrum of fixed cost adjustments because the BFSD budget is funded for services it performs for the entire department.

*Fixed Costs*

BFSD is the centralized business center for the agency, and fixed costs annually comprise a large portion of operating expenditures. The majority of the expenditure increases for the 2015 biennium are associated with fixed costs assessed by the DOA and the legislative audit. The largest increase is related to the statewide budget and accounting systems (SABHRS) fees, which increase by over \$0.4 million in FY 2014 and \$0.2 million in FY 2015.

Two other increases include the legislative audit and the Professional Development Center training services. BFSDD is also responsible for the annual, agency-wide audit expense, which as with all agencies is a restricted, biennial appropriation assessed in the base year and expended over the biennium. The amount in this budget request is \$363,298. The executive is proposing a new fixed cost in the 2015 biennium for fees for the Professional Development Center training services purchased from the Department of Administration. Rather than have each agency pay for the courses it uses, the fixed cost would be charged to each agency based upon FTE, rather than usage. This request, which also reduces the budget for expenditures for courses in the base year, is included in a new proposal of just over \$110,000 total funds over the biennium. There is more detail in the new proposal section of this write-up, and a further discussion is included in the narrative for the Department of Administration.

*Personal Services*

The budget request for the 2015 biennium would support 70.00 FTE and eight programs. If approved, it would contain about \$3.8 million each year of the biennium for total personal services including costs for salaries, longevity, employee benefits, and health insurance.

The state accounting system listed 8.00 FTE (about 11% of the total FTE) as vacant in early December. It shows three positions have been vacant for over half a year and another one nearly so. Vacant positions include accounting services, a data control technician, payroll technician, and an administrative clerk. As of December 8, 2012 there was one full time position, an accountant, advertised for BFSDD.

The table shows the positions relative to hours worked and hours that were budgeted. The difference reflects a vacancy rate of just over 9% compared to the legislatively imposed rate of 4%.

Personal Services Hours Budgeted and Used				
Program	FTE	Hours		Percent of Usage
		Budgeted	Used	
Cost Allocation	4.00	8,352	7,585	90.8%
Fiscal Bureau	25.00	52,200	48,083	92.1%
Fiscal Policy	7.00	14,616	13,711	93.8%
Internal Support	6.00	12,528	11,297	90.2%
Office of Budget and Finance	4.50	9,396	7,073	75.3%
Payroll	3.00	6,264	6,264	100.0%
Reimbursement	11.50	24,012	23,153	96.4%
Support Services	9.00	18,792	15,613	83.1%
	70.00	146,160	132,779	90.8%

**Funding**

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

Total Operations Services Branch Funding by Source of Authority 2015 Biennium Budget - Business & Financial Services Division							
Funds	HB 2	Non-		Total All Sources	% Total All Funds	MCA Reference	Statutory Category
		Budgeted	Statutory appropriatio				
<b>General Fund</b>	\$7,026,549	\$0	\$0	\$7,026,549	37.8%		
<b>State Special Total</b>	\$1,417,299	\$0	\$0	\$1,417,299	7.6%		
02382 6901-02 Indrct Actvty Prog 06	\$1,417,299	\$0	\$0	\$1,417,299	7.6%		
<b>Federal Special Total</b>	\$10,128,580	\$0	\$0	\$10,128,580	54.5%		
03591 6901-03 Indrct Actvty Prog 06	\$10,128,580	\$0	\$0	\$10,128,580	54.5%		
<b>Total All Funds</b>	\$18,572,428	\$0	\$0	\$18,572,428	100.0%		
Percentage - Total of All Sources	100.0%	0.0%	0.0%				

The program receives general fund, state special revenue, and federal funds through a complicated, federally approved cost allocation formula that is generally referred to as indirect activity. The funding formula is derived from those funds expended on functions benefitting or serving other programs in the department. As shown in the funding table, federal funding comprises 54.5% of the budget, general fund about 37.8%, and state special revenue about 7.6%.

The general fund contains cost allocated increases that are primarily due to the changes in the fixed costs and the agency-wide audit.

While general fund supports programs throughout BFSD via cost allocation, it is the primary support for the Facility Reimbursements Unit at \$1.2 million over the biennium. Facility reimbursement staff collects private funds, insurance, Medicaid, and Medicare funds that reimburse the general fund. Collections in FY 2012 were over \$14.6 million.

**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
Personal Services					628,642					637,202
Vacancy Savings					(158,640)					(158,980)
Inflation/Deflation					21,455					37,754
Fixed Costs					726,028					252,963
<b>Total Statewide Present Law Adjustments</b>		<b>\$453,771</b>	<b>\$71,524</b>	<b>\$692,190</b>	<b>\$1,217,485</b>		<b>\$273,106</b>	<b>\$52,601</b>	<b>\$443,232</b>	<b>\$768,939</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$453,771</b>	<b>\$71,524</b>	<b>\$692,190</b>	<b>\$1,217,485</b>	<b>0.00</b>	<b>\$273,106</b>	<b>\$52,601</b>	<b>\$443,232</b>	<b>\$768,939</b>

**New Proposals**

The “New Proposals” table summarizes all new proposals requested by the Governor. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals	Program	FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				
			General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
	DP 6101 - Professional Development Center Fee Allocation										
	06	0.00	18,906	2,435	37,761	59,102	0.00	18,906	2,435	37,761	59,102
	<b>Total</b>	<b>0.00</b>	<b>\$18,906</b>	<b>\$2,435</b>	<b>\$37,761</b>	<b>\$59,102</b>	<b>0.00</b>	<b>\$18,906</b>	<b>\$2,435</b>	<b>\$37,761</b>	<b>\$59,102</b>

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.