

### 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                           | 12.00            | 12.00               | 12.00              | 12.00              | 12.00                 | 12.00                 | 0.00             | 0.00%             |
| Personal Services             | 818,841          | 834,192             | 906,823            | 906,604            | 1,653,033             | 1,813,427             | 160,394          | 9.70%             |
| Operating Expenses            | 105,623          | 75,834              | 109,000            | 108,777            | 181,457               | 217,777               | 36,320           | 20.02%            |
| Equipment & Intangible Assets | 5,240            | 0                   | 5,240              | 5,240              | 5,240                 | 10,480                | 5,240            | 100.00%           |
| <b>Total Costs</b>            | <b>\$929,704</b> | <b>\$910,026</b>    | <b>\$1,021,063</b> | <b>\$1,020,621</b> | <b>\$1,839,730</b>    | <b>\$2,041,684</b>    | <b>\$201,954</b> | <b>10.98%</b>     |
| General Fund                  | 364,209          | 363,549             | 401,954            | 401,744            | 727,758               | 803,698               | 75,940           | 10.43%            |
| State Special                 | 22,319           | 17,991              | 25,286             | 25,261             | 40,310                | 50,547                | 10,237           | 25.40%            |
| Federal Special               | 543,176          | 528,486             | 593,823            | 593,616            | 1,071,662             | 1,187,439             | 115,777          | 10.80%            |
| <b>Total Funds</b>            | <b>\$929,704</b> | <b>\$910,026</b>    | <b>\$1,021,063</b> | <b>\$1,020,621</b> | <b>\$1,839,730</b>    | <b>\$2,041,684</b>    | <b>\$201,954</b> | <b>10.98%</b>     |

The Management and Fair Hearings Office (MFH) is made up of the Branch Management Office and the Office of Fair Hearings. It is responsible for all the oversight and management of the Operations Branch and for providing for fair hearings for many of the department's programs.

The MFH is part of the online publication of the full profile of the Department of Health and Human Services. For additional information, please refer to the agency profile.

### Program Highlights

| Management and Fair Hearings<br>Major Budget Highlights |   |
|---|---|
| ◆   | The Governor proposes an increase over the 2013 biennium budget that is primarily due to increases in statewide present law adjustments for personal services   |
| ◆   | A reorganization during the interim lowered the Legislative appropriation for the FY 2012 base year by moving: <ul style="list-style-type: none"> <li>• The DPHHS Forecast Unit into MFH</li> <li>• The Office of Budget and Finance to the Business and Financial Services Division</li> </ul> |

### Program Discussion

As shown in the introductory Program Budget Comparison above, and concurrent with the duties of MFH, the majority of the requested expenditure increases for the 2015 biennium are for personnel costs. Projected expenses for staff account for 89% of the projected total biennial budget request while operations expenses account for about 11%.

The figure to the right shows the budget request by program for Operations Management and the Office of Fair Hearings for the 2015 Biennium. Personal services costs for MFH support the staff of 12.00 FTE. There are 6.00 FTE working in the Branch Management Office and 6.00 FTE in the Office of Fair Hearings.

| Management and Fair Hearings<br>Budget Request by Program |                   |                     |                     |
|---|-------------------|---------------------|---------------------|
|   | FY 2012           | FY 2014             | FY 2015             |
| Operations Management                                     |                   |                     |                     |
| Personal Services   | \$398,738         | \$478,181           | \$477,476           |
| Operations  | <u>56,968</u>     | <u>60,362</u>       | <u>60,134</u>       |
| Subtotal  | \$455,706         | \$538,543           | \$537,610           |
| Fair Hearings   |                   |                     |                     |
| Personal Services   | \$420,103         | \$428,642           | \$429,128           |
| Operations  | 48,655            | 48,638              | 48,643              |
| Equipment   | <u>5,240</u>      | <u>5,240</u>        | <u>5,240</u>        |
|   | \$473,998         | \$482,520           | \$483,011           |
| <b>Total Budget Request</b>                               | <b>\$ 929,704</b> | <b>\$ 1,021,063</b> | <b>\$ 1,020,621</b> |

The total present law increase over the 2013 biennium budget is from adjustments of about \$182,000 total funds for the biennium including:

- o Increases in personal services of just over \$251,000 that are partially offset by reductions in vacancy savings of about \$76,000
- o An increase of about \$6,600 in fixed costs

The 2011 Legislature provided the division over \$1.0 million total funds for personal services and 14.00 FTE. The reduction in FTE reflects the interim changes that moved the Office of Budget and Finance and related costs from MFH to the Business and Financial Services Division and the Forecasting Unit and related costs into MFH from the Director’s Office.

As shown in the introductory table, actual expenditures for personal services were just over \$0.8 million for 12.00 FTE. When the actual expenditures for the 12.00 FTE is translated into working hours the difference between budgeted and utilized hours is a vacancy rate of 12.4% compared to the 4% included by the legislature.

The increase over the 4% vacancy rate is driven by two positions with a combined vacancy rate of 30%. At the time of this writing, there are no vacant positions listed for the division.

Staff of the division received the general salary increase provided to other employees of the agency. For a further discussion, see the Summary section of this agency’s narrative.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as proposed by the Governor.

| Total Operations Services Branch Funding by Source of Authority<br>2015 Biennium Budget - Management And Fair Hearings |               |                          |                         |                   |                   |               |                    |
|--|---------------|--------------------------|-------------------------|-------------------|-------------------|---------------|--------------------|
| Funds  | HB 2          | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources | % Total All Funds | MCA Reference | Statutory Category |
| General Fund   | \$803,698     | \$0                      | \$0                     | \$803,698         | 39.4%             |               |                    |
| State Special Total  | \$50,547      | \$0                      | \$0                     | \$50,547          | 2.5%              |               |                    |
| 02221 02 Indirect Activity Prog 16   | \$50,547      | \$0                      | \$0                     | \$50,547          | 2.5%              |               |                    |
| Federal Special Total  | \$1,187,439   | \$0                      | \$0                     | \$1,187,439       | 58.2%             |               |                    |
| 03304 03 Indirect Activity Prog 16   | \$1,187,439   | \$0                      | \$0                     | \$1,187,439       | 58.2%             |               |                    |
| Total All Funds  | \$2,041,684   | \$0                      | \$0                     | \$2,041,684       | 100.0%            |               |                    |
| <b>Percent - Total All Sources</b>   | <b>100.0%</b> | <b>0.0%</b>              | <b>0.0%</b>             |                   |                   |               |                    |

The program receives general fund, state special revenue, and federal funds through a complicated, federally approved cost allocation formula applied to funds in the department that benefit common purposes met by MFH, generally referred to as indirect activity. As shown in the funding table, federal funding comprises 58.2% of the budget, general fund 39.4%, and state special revenue 2.5%.

**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                              |                       |                 |                |                 | 125,767               |             |                 |                |                 | 125,538         |
| Vacancy Savings                                |                       |                 |                |                 | (37,785)              |             |                 |                |                 | (37,775)        |
| Inflation/Deflation                            |                       |                 |                |                 | (17)                  |             |                 |                |                 | (12)            |
| Fixed Costs                                    |                       |                 |                |                 | 3,394                 |             |                 |                |                 | 3,166           |
| <b>Total Statewide Present Law Adjustments</b> |                       | <b>\$37,745</b> | <b>\$2,967</b> | <b>\$50,647</b> | <b>\$91,359</b>       |             | <b>\$37,535</b> | <b>\$2,942</b> | <b>\$50,440</b> | <b>\$90,917</b> |
| <b>Grand Total All Present Law Adjustments</b> | <b>0.00</b>           | <b>\$37,745</b> | <b>\$2,967</b> | <b>\$50,647</b> | <b>\$91,359</b>       | <b>0.00</b> | <b>\$37,535</b> | <b>\$2,942</b> | <b>\$50,440</b> | <b>\$90,917</b> |