

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	66.50	66.50	66.50	66.50	66.50	66.50	0.00	0.00%
Personal Services	3,097,980	3,436,408	3,466,216	3,463,919	6,534,388	6,930,135	395,747	6.06%
Operating Expenses	5,316,086	5,310,510	5,635,816	5,355,549	10,626,596	10,991,365	364,769	3.43%
Equipment & Intangible Assets	9,653	0	9,653	9,653	9,653	19,306	9,653	100.00%
Debt Service	5,674	25,235	5,674	5,674	30,909	11,348	(19,561)	(63.29%)
Total Costs	\$8,429,393	\$8,772,153	\$9,117,359	\$8,834,795	\$17,201,546	\$17,952,154	\$750,608	4.36%
General Fund	3,330,441	3,359,068	3,634,738	3,499,858	6,689,509	7,134,596	445,087	6.65%
State Special	634,216	702,239	666,128	662,890	1,336,455	1,329,018	(7,437)	(0.56%)
Federal Special	4,464,736	4,710,846	4,816,493	4,672,047	9,175,582	9,488,540	312,958	3.41%
Total Funds	\$8,429,393	\$8,772,153	\$9,117,359	\$8,834,795	\$17,201,546	\$17,952,154	\$750,608	4.36%

Program Description

The Business and Financial Services Division (BFSD) provides support services for the department, including financial and accounting oversight, cash management, preparation and filing of federal financial reports, purchasing supplies and equipment, payroll processing, accounts payable, facility reimbursement, audit coordination, lease management, mail handling, property management, and records management.

The division also provides leadership and guidance in the development and implementation of accounting policies and procedures and best business practices.

Statutory authority is in Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92, Subpart C92.2.

Program Highlights

Business and Financial Services Division	
Major Budget Highlights	
◆	The legislature increased total funding for the division by 4.4% from the 2011 biennium, primarily due to increases in statewide present law adjustments for personal services and fixed costs

Summary of Legislative Action

As shown in the introductory program budget comparison, the legislature approved a budget for the 2013 biennium that is 4.36% higher than the 2011 biennium primarily due to increases statewide and present law adjustments for personal services, fixed costs, and contracted services. The increases are offset by reductions over the biennium for vacancy savings and operating expenses.

Because BFSD is the centralized business center for the agency, the legislature funded fixed costs that include the annual, agency-wide audit expense, which is assessed in the base year. The audit cost is nearly \$400,000 for the 2013 biennium and accounts for a large part of the general fund increase. The other large fixed cost increase is the sum of the state-wide cost allocation and other costs that are set and assessed by the Department of Administration. These assessments represent the balance of the legislative increases over the biennium in fixed costs.

Funding

The following table shows program funding, by source for the base year and for the 2013 biennium as adopted by the legislature.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2010	FY 2010	FY 2012	FY 2012	FY 2013	FY 2013
01000 Total General Fund	\$ 3,330,441	39.5%	\$ 3,634,738	39.9%	\$ 3,499,858	39.6%
01100 General Fund	3,330,441	39.5%	3,634,738	39.9%	3,499,858	39.6%
02000 Total State Special Funds	634,216	7.5%	666,128	7.3%	662,890	7.5%
02382 6901-02 Indrct Activity Prog 06	634,216	7.5%	666,128	7.3%	662,890	7.5%
03000 Total Federal Special Funds	4,464,736	53.0%	4,816,493	52.8%	4,672,047	52.9%
03591 6901-03 Indrct Activity Prog 06	4,464,736	53.0%	4,816,493	52.8%	4,672,047	52.9%
Grand Total	<u>\$ 8,429,393</u>	<u>100.0%</u>	<u>\$ 9,117,359</u>	<u>100.0%</u>	<u>\$ 8,834,795</u>	<u>100.0%</u>

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. Federal funding is over half of the budget, with general fund the bulk of the remainder.

General fund supports programs throughout BFSD via cost allocation, and is the primary support for the Facility Reimbursements Unit at about \$1.4 million over the biennium. Facility reimbursement staff collects private funds, insurance, Medicaid, and Medicare funds that reimburse the general fund. Collections in FY 2010 were over \$29.4 million – an increase from \$20.0 million in FY 2006 and \$26.7 million in FY 2008.

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 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	3,330,441	3,330,441	6,660,882	93.36%	8,429,393	8,429,393	16,858,786	93.91%
Statewide PL Adjustments	335,104	200,224	535,328	7.50%	764,406	482,251	1,246,657	6.94%
Other PL Adjustments	2,300	2,300	4,600	0.06%	6,951	6,542	13,493	0.08%
New Proposals	(33,107)	(33,107)	(66,214)	(0.93%)	(83,391)	(83,391)	(166,782)	(0.93%)
Total Budget	\$3,634,738	\$3,499,858	\$7,134,596		\$9,117,359	\$8,834,795	\$17,952,154	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the adjusted base budget adopted 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					512,665					510,269
Vacancy Savings					(144,429)					(144,330)
Inflation/Deflation					499					1,143
Fixed Costs					395,671					115,169
Total Statewide Present Law Adjustments		\$335,104	\$32,034	\$397,268	\$764,406		\$200,224	\$28,951	\$253,076	\$482,251
DP 6003 - Internal Controls Contract Annualization	0.00	27,331	10,606	32,063	70,000	0.00	27,331	10,606	32,063	70,000
DP 55140 - 17-7-140 Reduction - Operations Reduction	0.00	(25,031)	(4,619)	(33,399)	(63,049)	0.00	(25,031)	(4,774)	(33,653)	(63,458)
Total Other Present Law Adjustments	0.00	\$2,300	\$5,987	(\$1,336)	\$6,951	0.00	\$2,300	\$5,832	(\$1,590)	\$6,542
Grand Total All Present Law Adjustments	0.00	\$337,404	\$38,021	\$395,932	\$771,357	0.00	\$202,524	\$34,783	\$251,486	\$488,793

DP 6003 - Internal Controls Contract Annualization - The legislature provided \$140,000 total funds for contracted services in the Business and Financial Services Division to support additional assistance in enhancing the department's internal control structure.

DP 55140 - 17-7-140 - Operations Reduction - The legislature approved the Governor's request to continue the reduction of funding for operations costs that was implemented in FY 2011 per MCA 17-7-140. The reduction occurs in areas of travel, conferences, supplies, newspaper ads, cell phone use, postage, and contracting.

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 95162 - 5% Plan - Operations Reduction	06	0.00	(33,107)	(6,109)	(44,175)	(83,391)	0.00	(33,107)	(6,109)	(44,175)	(83,391)
Total		0.00	(\$33,107)	(\$6,109)	(\$44,175)	(\$83,391)	0.00	(\$33,107)	(\$6,109)	(\$44,175)	(\$83,391)

DP 95162 - Operations Reduction - The legislature approved a reduction for general supplies, printing and copy costs, travel, training and education, and temporary services. The reduction was included in the division's 5% budget reduction plan required to be developed pursuant to 17-7-111(3)(f), MCA.