

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	60.00	(1.43)	1.00	59.57	(1.43)	1.00	59.57	59.57
Personal Services	2,925,593	534,328	94,807	3,554,728	526,474	94,513	3,546,580	7,101,308
Operating Expenses	1,456,701	156,969	5,193	1,618,863	37,687	5,487	1,499,875	3,118,738
Grants	0	9,789,803	0	9,789,803	0	0	0	9,789,803
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$4,382,294	\$10,481,100	\$100,000	\$14,963,394	\$564,161	\$100,000	\$5,046,455	\$20,009,849
General Fund	4,226,670	505,919	100,000	4,832,589	444,236	100,000	4,770,906	9,603,495
State/Other Special	45,247	9,971,549	0	10,016,796	116,336	0	161,583	10,178,379
Federal Special	110,377	3,632	0	114,009	3,589	0	113,966	227,975
Total Funds	\$4,382,294	\$10,481,100	\$100,000	\$14,963,394	\$564,161	\$100,000	\$5,046,455	\$20,009,849

Agency Description

The Office of the Governor exists under authority granted in Article VI of the Montana Constitution. The Governor has constitutional and statutory authority to administer the affairs of the State of Montana. The Governor appoints all military and civil officers of the state whose appointments are provided for by statute or the constitution, grants reprieves and pardons, and serves on various boards and commissions. The Governor approves or vetoes legislation, reports to the legislature on the condition of the state, and submits a biennial executive budget. The Governor also represents the state in relations with other governments and the public.

Agency Highlights

Governor's Office Major Budget Highlights
<ul style="list-style-type: none"> • \$9.8 million spending authority is requested for workforce training and economic development grants • Three factors cause decreases of about \$1.4 million from the 2005 biennium: <ul style="list-style-type: none"> • The elimination of FTE as part of the statewide FTE reduction and to fund the Office of Budget and Program Planning broadband pay plan • Present law adjustments • A discontinued appropriation in federal funding for the Office of Indian Affairs
Major LFD Issues
<ul style="list-style-type: none"> • Future funding for the Commissioner of the Board of Public Education position • One-time-only funding for computer replacement / upgrades • \$188,000 federal special revenue in the Mental Disabilities Board of Visitors' budget may not be available

Funding

The following table summarized funding for the agency, by program source as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2007 Biennium Executive Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Executive Office Program	\$ 4,988,314	\$ 10,138,379	\$ -	\$ 15,126,693	75.6%
02 Mansion Maintenance Program	172,922	-	-	172,922	0.9%
03 Air Transportation Program	388,783	40,000	-	428,783	2.1%
04 Ofc Budget & Program Planning	2,676,691	-	-	2,676,691	13.4%
05 Coordinator Of Indian Affairs	263,069	-	-	263,069	1.3%
12 Lieutenant Governor'S Office	543,318	-	-	543,318	2.7%
16 Citizens' Advocate Office	139,147	-	40,000	179,147	0.9%
20 Mental Disabilities Bd Visitrs	431,251	-	187,975	619,226	3.1%
Grand Total	\$ 9,603,495	\$ 10,178,379	\$ 227,975	\$ 20,009,849	100.0%

Biennium Budget Comparison

The following table compares the executive budget request in the 2007 biennium with the 2005 biennium by type of expenditure and source of funding. The 2005 biennium consists of actual FY 2004 expenditures and FY 2005 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	Present Law Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Biennium Fiscal 04-05	Total Exec. Budget Fiscal 06-07
FTE	58.57	1.00	59.57	58.57	1.00	59.57	60.00	59.57
Personal Services	3,459,921	94,807	3,554,728	3,452,067	94,513	3,546,580	6,282,067	7,101,308
Operating Expenses	1,613,670	5,193	1,618,863	1,494,388	5,487	1,499,875	5,312,026	3,118,738
Grants	9,789,803	0	9,789,803	0	0	0	9,789,803	9,789,803
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$14,863,394	\$100,000	\$14,963,394	\$4,946,455	\$100,000	\$5,046,455	\$21,383,896	\$20,009,849
General Fund	4,732,589	100,000	4,832,589	4,670,906	100,000	4,770,906	8,818,012	9,603,495
State/Other Special	10,016,796	0	10,016,796	161,583	0	161,583	10,344,585	10,178,379
Federal Special	114,009	0	114,009	113,966	0	113,966	2,221,299	227,975
Total Funds	\$14,863,394	\$100,000	\$14,963,394	\$4,946,455	\$100,000	\$5,046,455	\$21,383,896	\$20,009,849

Supplemental Appropriations

The Governor’s Office requests up to \$253,000 in supplemental funding to pay out-going staff. The exact number of out-going staff members is not known at the time of this writing.

New Proposals

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

Program	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Board of Education Staff Person										
01	1.00	100,000	0	0	100,000	1.00	100,000	0	0	100,000
Total	1.00	\$100,000	\$0	\$0	\$100,000	1.00	\$100,000	\$0	\$0	\$100,000

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	25.00	(0.37)	1.00	25.63	(0.37)	1.00	25.63	25.63
Personal Services	1,231,191	290,235	94,807	1,616,233	286,336	94,513	1,612,040	3,228,273
Operating Expenses	993,697	113,284	5,193	1,112,174	(2,741)	5,487	996,443	2,108,617
Grants	0	9,789,803	0	9,789,803	0	0	0	9,789,803
Total Costs	\$2,224,888	\$10,193,322	\$100,000	\$12,518,210	\$283,595	\$100,000	\$2,608,483	\$15,126,693
General Fund	2,224,888	196,526	100,000	2,521,414	142,012	100,000	2,466,900	4,988,314
State/Other Special	0	9,996,796	0	9,996,796	141,583	0	141,583	10,138,379
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$2,224,888	\$10,193,322	\$100,000	\$12,518,210	\$283,595	\$100,000	\$2,608,483	\$15,126,693

Program Description

The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support and provides centralized services for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include the Office of Economic Opportunity, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability; and workforce development activities funded by the Workforce Training Act that assists community economic development by providing training for existing workers and incentives for businesses to locate and expand within the state. The act expires on June 30, 2007.

Program Highlights

<p>Executive Office Program Major Budget Highlights</p>
<ul style="list-style-type: none"> • Funding increase of \$10 million due to: <ul style="list-style-type: none"> • The Workforce Training Act • Statewide present law adjustments • Proposed funding of \$100,000 for a Commissioner of Education
<p>Major LFD Issues</p>
<ul style="list-style-type: none"> • Future funding for the Commissioner of the Board of Education Position

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Executive Office Program						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 2,224,888	100.0%	\$ 2,521,414	20.1%	\$ 2,466,900	94.6%
02166 Economic Dev Workforce Develop	-	-	9,924,616	79.3%	69,603	2.7%
02787 Workforce Training	-	-	72,180	0.6%	71,980	2.8%
Grand Total	\$ 2,224,888	100.0%	\$ 12,518,210	100.0%	\$ 2,608,483	100.0%

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					373,882					369,742
Vacancy Savings					(59,777)					(59,613)
Inflation/Deflation					(1,088)					(1,057)
Fixed Costs					30,371					(1,590)
Total Statewide Present Law Adjustments					\$343,388					\$307,482
DP 1 - Computer Replacement Schedule	0.00	40,736	0	0	40,736	0.00	21,641	0	0	21,641
DP 2 - HB564 Spending Authority	0.00	0	9,854,803	0	9,854,803	0.00	0	0	0	0
DP 3 - Statewide FTE Reduction	(0.37)	(23,870)	0	0	(23,870)	(0.37)	(23,793)	0	0	(23,793)
DP 4 - Decrease Operating Expenses	0.00	(77,535)	0	0	(77,535)	0.00	(77,535)	0	0	(77,535)
DP 5 - Extradition of Prisoners	0.00	40,800	0	0	40,800	0.00	40,800	0	0	40,800
DP 6 - Executive Staff Operating Adjustments	0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000
Total Other Present Law Adjustments	(0.37)	(\$4,869)	\$9,854,803	\$0	\$9,849,934	(0.37)	(\$23,887)	\$0	\$0	(\$23,887)
Grand Total All Present Law Adjustments					\$10,193,322					\$283,595

LFD COMMENT

The increase in personal services primarily reflects four positions in the Office of Economic Development that were vacant and not in the base, but are included in the budget for the 2007 biennium. Other increases are due to the employee pay plan and increases for elected officials based on the statutorily requested survey of other states, combining and reclassification of positions, and present law adjustments.

DP 1 - Computer Replacement Schedule - The executive recommends general fund increases of \$40,736 in FY 2006 and \$21,641 in FY 2007 for computer replacement in all programs of the Governor's Office. This follows the state-standard of replacement / upgrade for computers every four years.

**LFD
ISSUE**

The request is for 32 replacements in FY 2006, and 17 in FY 2007. There are 61 computers in the Governor's Office and 49 of them will be replaced or upgraded in the 2007 biennium at an average of \$1,300 each. Using the four-year cycle, next biennium the Governor's Office should only have to address 13 computers for about \$17,000. If approved, the legislature may want to designate the FY 2006 funding as one-time-only.

DP 2 – HB 564 Spending Authority - The executive recommends a biennial state special revenue proposal of approximately \$9.85 million to support workforce development activities and to oversee the Workforce Training Act established by the 2003 Legislature in HB 564.

**LFD
COMMENT**

HB 564 created the private sector Business Workforce Training Act to assist community economic development by providing training for existing workers and incentives for businesses to locate and expand within the state. The act expires on June 30, 2007.

The program allows private sector businesses that create at least 10 new jobs in Montana to apply for workforce training grants. The grants can be up to a maximum of \$5,000 per job and can only be used for training of Montana workers. The grants are funded through the Montana Board of Investments INTERCAP Loan Program (formerly called the Intermediate Capital Financing Revolving Loan Program). Funds are loaned to the Governor's Office of Economic Development and in turn given as grants to qualifying companies. Subsequently, the incremental individual income tax revenues from the newly-created Montana jobs are transferred by the Department of Revenue to the Governor's Office of Economic Development in order to repay the INTERCAP loans. Transfers cease once the INTERCAP loans are repaid.

**LFD
ISSUE**

There are five applications at the Office of Economic Opportunity, as of December 2, 2004, that are attached to the 2005 biennial authority for workforce development funds. No action has been taken on these applications. Additionally, because of issues raised by the Legislative Auditor's Office, the executive director of the State Board of Investments voices the following concern:

“Based on the Legislative Auditor's concern that INTERCAP loans to state agencies may actually be state debt¹, we (the Board of Investments) will not be funding any of these loans until such time as the legislature addresses the issue and solves any problems that may exist with INTERCAP loans to state agencies. The Board of Investments currently does not have any outstanding INTERCAP loans for this program.”

Given the activity surrounding the mechanism upon which the request is based, the legislature may want to defer any action on DP 2 until resolution of the INTERCAP loan issue.

DP 3 - Statewide FTE Reduction - This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.37 FTE and approximately \$24,000 general fund per year are removed from the budget permanently.

**LFD
COMMENT**

During the last session the legislature reduced the agency's funding by the equivalent of 0.37 FTE, but did not reduce the FTE. DP-3 permanently eliminates funding and a personal staff position within the Office of Economic Opportunity.

¹ Article VIII, Section 8 of the Montana Constitution states, No state debt shall be created unless authorized by a two-thirds vote of the members of each house of the legislature or a majority of the electors voting thereon.” According to the state's bond counsel, state debt is the incurring of an obligation for which repayment extends beyond the existing budgeting and reporting period, and for which the source of repayment is revenue derived from the state's taxing power.

DP 4 - Decrease Operating Expenses - The executive recommends a reduction in operating expenses related to the Office of Economic Opportunity, which had vacancies in FY 2004 that caused the office to use contracted services in order to complete work projects. This request would reduce operating expenditures related to those contracts by \$77,535 general fund each year of the biennium. Existing staff will work on these projects in the 2007 biennium.

LFD COMMENT

When budgets are developed, all FTE, even those that were vacant for a period of time in the base year, are fully funded in the 2007 biennium, minus a standard vacancy savings rate. Therefore, the positions that would perform this work are funded in the budget.

DP 5 - Extradition of Prisoners - In FY 2004, the Extradition of Prisoners Program exceeded its budget authority by \$40,800. Funds received from the federal government Jobs and Tax Relief Act of 2003 funded this shortfall. The executive recommends a funding increase in the amount of the shortfall, which reflects actual costs of this program based upon requests for payment from local governments to extradite prisoners.

LFD COMMENT

Under 46-30-411, MCA the state is presented the bill from local governments for the transport of individuals charged with serious crimes both directions between a pick up spot and the trial location. The state is charged by law to audit and pay the bill. However, the state has no control over the variable costs driven by caseload and cost of transport.

As a means to help stabilize the costs, the state entered into a contract with TransCor America to transport prisoners in the northwest via their shuttle service. The monthly charge is \$18,500, split between the Governor's Office and the Department of Corrections. The contract expires June 30, 2005. The cost of a new contract has not been negotiated at this time. The biennial budget contains the Governor's Office share of \$9,250 per month for the contract, and the actual costs for extradition of youth or seriously ill offenders who cannot travel in the shuttle.

DP 6 - Executive Staff Operating Adjustments - This request adds \$15,000 general fund authority in both years of the 2007 biennium for travel and operating adjustments to the Executive Office Program. This will allow the new administration to have the same operating budget as the FY 2000 level, which represents a more historically typical level.

New Proposals

Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
DP 7 - Board of Education Staff Person										
01	1.00	100,000	0	0	100,000	1.00	100,000	0	0	100,000
Total	1.00	\$100,000	\$0	\$0	\$100,000	1.00	\$100,000	\$0	\$0	\$100,000

DP 7 - Board of Education Staff Person - The Governor is the chairman of the Board of Education, which is comprised of the members of the Board of Regents and the Board of Public Education. The constitution gives the "joint" Board of Education the responsibility for long-range planning, coordinating and evaluating policies and programs for the state's educational systems, and submitting a unified budget. The Board of Education has relied on the staff of the Governor's Office, the Board of Regents, the Office of Public Instruction and the Board of Public Education for any work it needs. The Governor proposes to add a 1.00 FTE Commissioner of Education for the Board of Education to provide coordination, direction, and follow-through on Board of Education policies.

**LFD
ISSUE**

Currently, all expenses of the joint Board of Education are funded within the budget of the Board of Public Education and the Board of Regents.

There are two issues for consideration: 1) funding; and 2) position description.

Funding

There is a state special revenue account for use by the Board of Public Education, the research fund, which is funded with \$2.00 out of every \$6.00 teacher certification fee. This account was originally destined for special or research projects. As a means to adequately fund the activities of the Board of Public Education, and not further impact the general fund, the 2003 Legislature expanded the use of the research fund through 20-4-109, MCA, by adding ‘other constitutional and statutory duties undertaken by the Board of Public Education’ to the statute.

The following chart shows the projected status of the account through the 2007 biennium.

Figure 1
Research Fund - Board of Public Education
FY 2002 through FY 2007

Component	Actual FY 2002	Actual FY 2003	Actual FY 2004	Projected FY 2005	Projected FY 2006	Projected FY 2007
Beginning Fund Balance	\$69,314	\$87,706	\$120,039	\$132,024	\$113,769	\$93,409
Revenues	53,005	56,606	55,572	57,128	58,628	60,128
Expenditures						
Administration	12,041	0	0	15,015	17,988	17,988
Advisory Council	27,673	24,273	43,588	60,368	61,000	60,000
Total Expenditures	39,714	24,273	43,588	75,383	78,988	77,988
Adjustments	5,101		1			
Ending Fund Balance	<u>\$87,706</u>	<u>\$120,039</u>	<u>\$132,024</u>	<u>\$113,769</u>	<u>\$93,409</u>	<u>\$75,549</u>

December 14, 2004

As shown, the account is expected to have a large balance at the end of the 2007 biennium. If the legislature funds this position, it might want to consider the following options:

- Option A – Fund a portion of this position, for the 2007 biennium, with the research fund balance commensurate with the Board of Public Education (50 percent)
- Option B – Fund the position with general fund

Job Description

The position is being requested as an elected official personal staff position and exempt from the classification system. The job duties are expected to fluctuate from administration to administration.

To ensure that the services to the state meet the cost of the position, the legislature may want to request a job description and plan for funding the position beyond FY 2007.

An issue associated with the use of the research fund for potential costs associated with the school funding lawsuit ruling is also included in the Board of Public Education. For further information, see that agency in Section E, Volume 4, of the Legislative Budget Analysis 2007 Biennium.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	1.50
Personal Services	53,188	(1,570)	0	51,618	(1,696)	0	51,492	103,110
Operating Expenses	16,295	18,614	0	34,909	18,608	0	34,903	69,812
Total Costs	\$69,483	\$17,044	\$0	\$86,527	\$16,912	\$0	\$86,395	\$172,922
General Fund	69,483	17,044	0	86,527	16,912	0	86,395	172,922
Total Funds	\$69,483	\$17,044	\$0	\$86,527	\$16,912	\$0	\$86,395	\$172,922

Program Description

The Mansion Maintenance Program maintains the Governor's official residence.

Program Highlights

Mansion Maintenance Major Budget Highlights
<ul style="list-style-type: none"> General fund increase over the biennium are due to a decision package bringing the Governor's mansion maintenance fee to the FY 2000 level

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
Mansion Maintenance Prog						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 69,483	100.0%	\$ 86,527	100.0%	\$ 86,395	100.0%
Grand Total	\$ 69,483	100.0%	\$ 86,527	100.0%	\$ 86,395	100.0%

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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.

	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					581					449
Vacancy Savings					(2,151)					(2,145)
Fixed Costs					114					108
Total Statewide Present Law Adjustments					(\$1,456)					(\$1,588)
DP 1 - Mansion Operating Expenses										
	0.00	18,500	0	0	18,500	0.00	18,500	0	0	18,500
Total Other Present Law Adjustments	0.00	\$18,500	\$0	\$0	\$18,500	0.00	\$18,500	\$0	\$0	\$18,500
Grand Total All Present Law Adjustments					\$17,044					\$16,912

DP 1 - Mansion Operating Expenses - - The executive recommends adding \$18,500 general fund each year of the biennium back into the operating budget for the Governor's mansion. The request would restore the operating budget for the mansion to the FY 2000 level.

**LFD
ISSUE**

The Governor's office has not provided any documentation that would indicate either why the funds were needed or what necessary services or maintenance could not be addressed in the 2005 biennium budget.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	1.00	0.00	0.00	1.00	0.00	0.00	1.00	1.00
Personal Services	30,278	10,170	0	40,448	10,123	0	40,401	80,849
Operating Expenses	173,422	547	0	173,969	543	0	173,965	347,934
Total Costs	\$203,700	\$10,717	\$0	\$214,417	\$10,666	\$0	\$214,366	\$428,783
General Fund	170,040	24,377	0	194,417	24,326	0	194,366	388,783
State/Other Special	33,660	(13,660)	0	20,000	(13,660)	0	20,000	40,000
Total Funds	\$203,700	\$10,717	\$0	\$214,417	\$10,666	\$0	\$214,366	\$428,783

Program Description

The Air Transportation Program provides the Governor with air transportation.

Program Highlights

Air Transportation Program Major Budget Highlights	
•	General fund increase due to statewide present law adjustments and a reduction in aircraft rental estimates, which decreases special revenue

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
Air Transportation Progr						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 170,040	83.5%	\$ 194,417	90.7%	\$ 194,366	90.7%
02693 Air Transportation Special Rev	<u>33,660</u>	<u>16.5%</u>	<u>20,000</u>	<u>9.3%</u>	<u>20,000</u>	<u>9.3%</u>
Grand Total	<u>\$ 203,700</u>	<u>100.0%</u>	<u>\$ 214,417</u>	<u>100.0%</u>	<u>\$ 214,366</u>	<u>100.0%</u>

The program is funded with general fund and state special revenue from rental charges to other state agencies for use of the Governor’s airplane.

LFD COMMENT	Fuel for the aircraft may be under-funded. The line item for gasoline is unchanged from the base year budget of \$38,087. According to the program manager, the average aircraft use per year is about 225 hours, or \$169 per hour flight time expense if the base budget amount is used. The state aircraft burns between 60 and 65 gallons per hour. Aircraft fuel has increased from \$2.35 to \$2.90 per gallon. 65 gallons at \$2.90 per gallon equals \$188.50 per hour, which comes to \$42,412 for the year if the aircraft is used for 225 hours.
--------------------	---

**LFD
COMMENT
Cont.**

State special revenue is based upon the amount of time the aircraft is available for other agencies to rent during the base year. Agencies are presently charged \$375 per hour when renting the state aircraft. The fee includes the direct physical cost for flying the aircraft, gasoline expense, and an industry standard amount for engine overhaul and major maintenance.

Presently, there is no mechanism in place to fund additional fuel for the aircraft, or to make up for any lost aircraft rental should the plane be in use and unavailable for use by other agencies. As of mid December 2005, there is \$36,000 in the special revenue account. The Governor recommends authority of \$40,000 over the biennium. Should no rental income materialize, the Governor's Office would cut back to operate within the budget.

The legislature might want to recommend a rental increase of \$19 per hour to cover the increase in gasoline from \$169 per hour to \$188 per hour.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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.

	-----Fiscal 2006-----				-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					11,855					11,806
Vacancy Savings					(1,685)					(1,683)
Fixed Costs					547					543
Total Statewide Present Law Adjustments					\$10,717					\$10,666
Grand Total All Present Law Adjustments					\$10,717					\$10,666

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	20.00	(1.00)	0.00	19.00	(1.00)	0.00	19.00	19.00
Personal Services	1,034,136	153,630	0	1,187,766	151,410	0	1,185,546	2,373,312
Operating Expenses	135,419	17,978	0	153,397	14,563	0	149,982	303,379
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$1,169,555	\$171,608	\$0	\$1,341,163	\$165,973	\$0	\$1,335,528	\$2,676,691
General Fund	1,169,555	171,608	0	1,341,163	165,973	0	1,335,528	2,676,691
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$1,169,555	\$171,608	\$0	\$1,341,163	\$165,973	\$0	\$1,335,528	\$2,676,691

Program Description

The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's executive budget and administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

Program Highlights

Office of Budget and Program Planning Major Budget Highlights
<ul style="list-style-type: none"> • General fund increases due to statewide present law adjustments and legislative session costs that are partially offset by a reduction of 1.0 FTE due to: <ul style="list-style-type: none"> • 0.64 FTE reduction to fund the office's broadband pay plan • 0.36 FTE as a permanent statewide FTE reduction • The Governor recommends language appropriations for: <ul style="list-style-type: none"> • An energy cost contingency • Authority to expend worker's compensation dividends

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table						
Office of Budget & Program Planning						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 1,169,555	100.0%	\$ 1,341,163	100.0%	\$ 1,335,528	100.0%
Grand Total	\$ 1,169,555	100.0%	\$ 1,341,163	100.0%	\$ 1,335,528	100.0%

OBPP is funded entirely with general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					252,884					250,429
Vacancy Savings					(51,480)					(51,384)
Inflation/Deflation					(49)					(47)
Fixed Costs					18,027					2,110
Total Statewide Present Law Adjustments					\$219,382					\$201,108
DP 4 - Statewide FTE Reduction	(0.36)	(15,692)	0	0	(15,692)	(0.36)	(15,641)	0	0	(15,641)
DP 102 - Eliminate OBPP FTE / Broadband	(0.64)	(32,082)	0	0	(32,082)	(0.64)	(31,994)	0	0	(31,994)
DP 104 - OBPP Session Costs	0.00	0	0	0	0	0.00	12,500	0	0	12,500
Total Other Present Law Adjustments	(1.00)	(\$47,774)	\$0	\$0	(\$47,774)	(1.00)	(\$35,135)	\$0	\$0	(\$35,135)
Grand Total All Present Law Adjustments					\$171,608					\$165,973

DP 4 - Statewide FTE Reduction - The executive recommends a permanent reduction of 0.36 FTE and approximately \$15,000 general fund per year, which is equivalent to the reductions taken in the 2003 legislative session.

LFD COMMENT	During the last session, the legislature reduced the agency's funding by the equivalent 0.35 FTE, but did not reduce the FTE. DP 4 permanently eliminates funding.
--------------------	--

DP 102 - Eliminate OBPP FTE / Broadband - The Executive recommends a reduction of 0.64 FTE to fund the OBPP alternative pay plan adjustments of approximately \$64,076 general fund for the biennium.

LFD COMMENT

Pay plan increases for OBPP staff were implemented during FY 2002 through the broadband pay plan, developed by the Personnel Division of the Department of Administration, under the authority of 2-18-303, MCA. The broadband pay plan places FTE into fewer position classifications with wider ranges between minimum and maximum pay levels, with a goal of providing a tool to retain and recruit quality staff. Under the broadband pay plan, funding was not provided by the legislature for associated pay increases, so 1.00 FTE was eliminated to fund the pay plan for the 2005 biennium.

DP 102 eliminates FTE to fund the pay plan for the 2007 biennium, taking the staff count from 20 FTE to 19 FTE. For the 2007 biennium, OBPP intends to allocate workload among present staff. As of mid December 2005, a plan addressing funding of the broadband pay plan beyond FY 2007 had not been developed. In preparation for the next biennium, the legislature might want to request a report about how the agency intends to continue to fund the broadband pay plan without impacting the balance of staff to workload.

DP 104 - OBPP Session Costs - The budget includes a request of \$12,500 in the second year of the biennium for costs association with cyclical printing of the executive budget.

LFD COMMENT

Costs for printing the executive budget always appear in the second year of the biennium and are not included in the base budget. Printing costs are added each budget cycle to the non-base year.

Language

The following is a request for a language appropriation

“If the natural gas rates in the state's contract are greater than 18 percent higher than the FY 2004 rates in FY 2006 and 12 percent higher than the FY 2004 rates in FY 2007, or if the electricity default supplier rates are greater than 1 percent higher than the FY 2004 rates in FY 2006 and 2 percent higher than the FY 2004 rates in FY 2007, then OBPP is appropriated \$1.7 million general fund, \$920,000 state special revenue and \$1,080,000 federal special revenue for the 2007 biennium. OBPP shall equitably distribute the funds to state agencies based upon each funds proportional share of the increased costs.”

LFD COMMENT

Natural gas rates

The executive budget includes an inflationary increase on base natural gas expenditures of 18 percent in FY 2006 and 12 percent in FY 2007, and an inflationary increase on base electricity rates of 1 percent and 2 percent respectively. The executive is requesting the authority to allocate up to \$1.7 million in general fund and \$2.0 million other funds as a contingency, should natural gas prices rise by more than these amounts. The following figure shows total natural gas and electricity expenditures of state government (HB 2) in FY 2004, and the amount requested in FY 2006 and FY 2007 for all agencies in the executive budget.

The state has negotiated natural gas rates for a multi-year period in the past. However, given the volatility of energy prices, the state has also entered into shorter-term contracts. The state currently has a contract through the end of the 2005 biennium. There is currently no contract for the 2007 biennium, and it is not clear what time period the next contract will cover.

Legislators may wish to address the following points in the language:

- 1) The entire amount of the appropriation would be provided, no matter how much natural gas or electricity rates increase over the trigger amounts. For example, OBPP would be appropriated \$1.7 million of general fund whether the rates were either 1 or 30 percent higher than the inflation factor amounts.

	Actual FY 2004	----- Requested ----- FY 2006	----- FY 2007
Electricity	\$4,696,154	\$4,949,855	\$5,028,193
Natural Gas	<u>2,209,668</u>	<u>2,684,494</u>	<u>2,553,412</u>
Grand Total	<u>\$6,905,822</u>	<u>\$7,634,349</u>	<u>\$7,581,605</u>

**LFD
COMMENT
CONT.**

- 2) Because the language provides a distribution based entirely on how much of either general fund or other funds the agency spends in total, it does not take into consideration whether any agencies could absorb any of the costs
- 3) The language does not provide a reporting mechanism to an appropriate interim committee
- 4) It specifies that the appropriation would only be made if natural gas rates are greater than 18 percent higher than the FY 2004 rates in FY 2006 and 12 percent higher than the FY 2004 rates in FY 2007, which might impact whether the funds could be used in FY 2006 if contracts are signed on a year-by-year basis

If the legislature wishes to make this appropriation, it may wish to adjust the language to:

- Provide a stepped appropriation, depending upon the degree to which natural gas price increases are not addressed in the current budget
- Provide a mechanism directing that agencies must apply for the funds and be awarded any share of the appropriation based upon need
- Require that the Governor's Office report all distributions to the Legislative Finance Committee
- Provide a yearly trigger mechanism

Additionally, the legislature may wish to consider that, because it is a language appropriation, these amounts would not appear in the totals for HB2. Therefore, if the legislature wishes to make this appropriation, it may wish to:

- Provide a restricted appropriation in HB 2 for the purpose of distribution to agencies if the natural gas price increase trigger is met

The following is a request for language for an appropriation to spend state fund dividends.

“OBPP is appropriated the amount of revenue deposited in the state general fund from (worker’s compensation) state fund dividends by all agencies in the state up to a maximum of \$250,000. OBPP is appropriated the amount of state special revenue deposited in the state special fund by all agencies in the state up to a maximum of \$250,000 from state fund dividends. These appropriations are restricted to the purpose of reducing long-term expenditures on worker's comp insurance, providing a safer work environment, or offsetting increases in rates beyond approved budget levels. Appropriation transfers to agencies may only take place after the OBPP and Department of Administration Risk Management and Tort Defense, and the Montana State Fund approve a plan for expenditure.”

**LFD
COMMENT**

The state fund has provided dividends to state agencies totaling \$143,237 in FY 2002, \$22,483 in FY 2003, and \$33,067 in FY 2004, which were recorded in agency’s non-budgeted general fund or state special revenue account. At the conclusion of FY 2004, the \$33,067 in the dividend account included \$16,228 in general fund and \$16,839 in state special revenue. Agencies do not have authority to spend these funds. The executive is proposing that the legislature allow them to transfer any of the dividend funds to agencies for the purpose of activities that would reduce their workers compensation rates in the future.

According to OBPP staff, the dividend amount is projected to vary greatly between agencies. The \$250,000 maximum represents a midpoint, based upon a historical snapshot across state agencies.

If the legislature wishes to provide this authorization, it may wish to clarify two points in the language:

- 1) The executive has not indicated how they would allocate the funds. For example, would an agency receive no more than they would have received in a dividend, or would funds be allocated based upon severity of safety issues?
- 2) The language as proposed does not specify a time period during which any dividends are counted, implying that dividends received in any biennium would be transferred to agencies.

In addition, since the expenditure should result in savings greater than the cost to the general fund and other funds, the legislature may wish to have the Governor report on the savings directly attributable to the increased expenditures to the General Government and Transportation Subcommittee of the 2007 Legislature.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	49,902	56,870	0	106,772	56,557	0	106,459	213,231
Operating Expenses	30,998	(6,095)	0	24,903	(6,063)	0	24,935	49,838
Total Costs	\$80,900	\$50,775	\$0	\$131,675	\$50,494	\$0	\$131,394	\$263,069
General Fund	69,313	62,362	0	131,675	62,081	0	131,394	263,069
State/Other Special	11,587	(11,587)	0	0	(11,587)	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$80,900	\$50,775	\$0	\$131,675	\$50,494	\$0	\$131,394	\$263,069

Program Description

The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the legislative and executive branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

Program Highlights

Coordinator of Indian Affairs Major Budget Highlights
<ul style="list-style-type: none"> • General fund increases due to present law adjustments and restoration of the Coordinator of Indian Affairs position and related travel

Program Narrative

The 1999 Legislature created the State-Tribal Economic Development Commission for the general purpose of enabling economic development on the state Indian reservations. The legislature provided an appropriation of \$200,000 general fund to create a state special revenue account to provide funding for various statutorily established activities of the commission. The commission was also appropriated \$7 million in federal funds for activities of the commission. The act creating the commission and outlining a number of requirements was to expire at the end of the 2001 biennium. The 2001 Legislature extended the commission until the end of the 2005 biennium. The 2001 and 2003 Legislatures re-appropriated the balance in the state special revenue account for expenditure during the 2005 biennium. However, since its inception, few funds have been expended. The account had a beginning balance for FY 2004 of \$154,706. The balance at the end of FY 2004 was \$144,809.

The executive proposes to eliminate all expenditures from the base because the legislation authorizing the commission is due to expire at the end of the 2005 biennium. This action will return the balance to \$154,706. Without legislation to extend the commission, the balance in the state special revenue account will revert to the general fund account at the end of FY 2005. The Interim Committee on State-Tribal Relations presently intends to carry legislation to continue the authority to expend funds beyond the 2005 biennium.

The Governor’s budget for the commission includes funding for a previously vacant Coordinator of Indian Affairs position, and for travel.

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 69,313	85.7%	\$ 131,675	100.0%	\$ 131,394	100.0%
02939 State-Tribal Economic Devel	11,587	14.3%	-	-	-	-
Grand Total	<u>\$ 80,900</u>	<u>100.0%</u>	<u>\$ 131,675</u>	<u>100.0%</u>	<u>\$ 131,394</u>	<u>100.0%</u>

The program is funded with a combination of general fund and state special revenue authority from the state-tribal economic development account. The authority to expend the funds terminates June 30, 2005.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006				Fiscal 2007					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					61,319					60,993
Vacancy Savings					(4,449)					(4,436)
Inflation/Deflation					(32)					(31)
Fixed Costs					524					555
Total Statewide Present Law Adjustments					\$57,362					\$57,081
DP 1 - Eliminate Indian Econ Devel Expenditures from Base	0.00	0	(11,587)	0	(11,587)	0.00	0	(11,587)	0	(11,587)
DP 2 - Coordinator Travel Expenses	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
Total Other Present Law Adjustments	0.00	\$5,000	(\$11,587)	\$0	(\$6,587)	0.00	\$5,000	(\$11,587)	\$0	(\$6,587)
Grand Total All Present Law Adjustments					\$50,775					\$50,494

DP 1 - Eliminate Indian Econ Devel Expenditures from Base - The budget includes a reduction of approximately \$12,000 for the State-Tribal Economic Development Commission for each fiscal year, which was established under 90-1-131, MCA, and expires June 30, 2005.

DP 2 - Coordinator Travel Expenses - The Coordinator of Indian Affairs position has been vacant since 2002. This request of \$5,000 general fund each year of the biennium would restore the travel budget allowing the new coordinator to complete anticipated travel.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	4.00	(0.06)	0.00	3.94	(0.06)	0.00	3.94	3.94
Personal Services	210,095	27,175	0	237,270	26,471	0	236,566	473,836
Operating Expenses	33,768	912	0	34,680	1,034	0	34,802	69,482
Total Costs	\$243,863	\$28,087	\$0	\$271,950	\$27,505	\$0	\$271,368	\$543,318
General Fund	243,863	28,087	0	271,950	27,505	0	271,368	543,318
Total Funds	\$243,863	\$28,087	\$0	\$271,950	\$27,505	\$0	\$271,368	\$543,318

Program Description

The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

Program Highlights

Lieutenant Governor's Office Major Budget Highlights	
<ul style="list-style-type: none"> • General fund is increased by statewide present law adjustments that are slightly offset by a decision package to reduce 0.06 FTE 	

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Lieutenant Governor'S Office						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 243,863	100.0%	\$ 271,950	100.0%	\$ 271,368	100.0%
Grand Total	<u>\$ 243,863</u>	<u>100.0%</u>	<u>\$ 271,950</u>	<u>100.0%</u>	<u>\$ 271,368</u>	<u>100.0%</u>

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					37,188					36,455
Vacancy Savings					(6,568)					(6,550)
Inflation/Deflation					(444)					(427)
Fixed Costs					1,356					1,461
Total Statewide Present Law Adjustments					\$31,532					\$30,939
DP 1 - Statewide FTE Reduction	(0.06)	(3,445)	0	0	(3,445)	(0.06)	(3,434)	0	0	(3,434)
Total Other Present Law Adjustments	(0.06)	(\$3,445)	\$0	\$0	(\$3,445)	(0.06)	(\$3,434)	\$0	\$0	(\$3,434)
Grand Total All Present Law Adjustments					\$28,087					\$27,505

DP 1 - Statewide FTE Reduction - The executive recommends a decision package containing an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This decision package would permanently remove 0.06 FTE and approximately \$3,400 general fund per year from the budget.

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	1.50
Personal Services	78,051	(100)	0	77,951	(298)	0	77,753	155,704
Operating Expenses	11,610	114	0	11,724	109	0	11,719	23,443
Total Costs	\$89,661	\$14	\$0	\$89,675	(\$189)	\$0	\$89,472	\$179,147
General Fund	74,539	(4,864)	0	69,675	(5,067)	0	69,472	139,147
Federal Special	15,122	4,878	0	20,000	4,878	0	20,000	40,000
Total Funds	\$89,661	\$14	\$0	\$89,675	(\$189)	\$0	\$89,472	\$179,147

Program Description

The Citizens' Advocate Office exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

Program Highlights

Citizens Advocate Office Major Budget Highlights	
<ul style="list-style-type: none"> • The Governor proposes only statewide present law adjustments • Additional funds anticipated from DPHHS for services, reduce general fund use 	

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Citizens' Advocate Office						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 74,539	83.1%	\$ 69,675	77.7%	\$ 69,472	77.6%
03001 Governors Office Federal Grnts	15,122	16.9%	20,000	22.3%	20,000	22.4%
Grand Total	<u>\$ 89,661</u>	<u>100.0%</u>	<u>\$ 89,675</u>	<u>100.0%</u>	<u>\$ 89,472</u>	<u>100.0%</u>

The office is funded with general fund and federal special revenue from reimbursements for services provided by the Advocate's Office to the Department of Public Health and Human Services (DPHHS). Services include answering toll free phone calls for DPHHS regarding food stamps and Medicaid issues.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,148					2,942
Vacancy Savings					(3,248)					(3,240)
Fixed Costs					114					109
Total Statewide Present Law Adjustments					\$14					(\$189)
 Grand Total All Present Law Adjustments					\$14					(\$189)

Program Proposed Budget

The following table summarizes the executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Exec. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Exec. Budget Fiscal 2007	Total Exec. Budget Fiscal 06-07
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	238,752	(2,082)	0	236,670	(2,429)	0	236,323	472,993
Operating Expenses	61,492	11,615	0	73,107	11,634	0	73,126	146,233
Total Costs	\$300,244	\$9,533	\$0	\$309,777	\$9,205	\$0	\$309,449	\$619,226
General Fund	204,989	10,779	0	215,768	10,494	0	215,483	431,251
Federal Special	95,255	(1,246)	0	94,009	(1,289)	0	93,966	187,975
Total Funds	\$300,244	\$9,533	\$0	\$309,777	\$9,205	\$0	\$309,449	\$619,226

Program Description

The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who may be (but are not required to be) consumers, doctors of medicine, or behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

Program Highlights

Mental Disabilities Board of Visitors Major Budget Highlights	
<ul style="list-style-type: none"> Increases in general fund are due to present law adjustments and a decision package to increase the travel budget 	
Major LFD Issues	
<ul style="list-style-type: none"> Federal special revenue is likely to disappear 	

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the Governor.

Program Funding Table Mental Disabilities Bd Visitrs						
Program Funding	Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01100 General Fund	\$ 204,989	68.3%	\$ 215,768	69.7%	\$ 215,483	69.6%
03580 6901-93.778 - Med Adm 50%	<u>95,255</u>	<u>31.7%</u>	<u>94,009</u>	<u>30.3%</u>	<u>93,966</u>	<u>30.4%</u>
Grand Total	<u>\$ 300,244</u>	<u>100.0%</u>	<u>\$ 309,777</u>	<u>100.0%</u>	<u>\$ 309,449</u>	<u>100.0%</u>

The office is funded with general fund and federal special revenues from DPHHS Medicaid funding, which is used to pay a portion of the personal services costs of the mental health ombudsman.

LFD ISSUE	<p>The federal funding of \$188,000 over the biennium is from the Department of Public Health and Human Services (DPHHS). This funding is governed by the Center for Medicare and Medicaid Service, which is examining the funding associated with the Board of Visitors and the mental health ombudsman. Pending the results of the examination, there is a possibility that this funding will be discontinued, and may be retroactively disallowed. At the time of this writing, a determination has not been reached.</p> <p>If the federal funding included in the 2007 biennium request is disallowed, OBPP would:</p> <ul style="list-style-type: none"> • Replace the federal special funds with general fund • Reduce appropriations • Eliminate the ombudsman position <p>If the federal funding of \$190,871 used in the 2005 biennium is disallowed retroactive to the beginning of FY 2004, the Governor’s Office intends: 1) to replace the FY 2004 funds with funds carried forward from FY 2003, approximately \$90,000; and 2) request supplemental funding for the FY 2005 funds.</p>
------------------	---

Present Law Adjustments

The "Present Law Adjustments" table shows the primary 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 2006-----				-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					7,780					7,418
Vacancy Savings					(9,862)					(9,847)
Inflation/Deflation					(43)					(42)
Fixed Costs					1,658					1,676
Total Statewide Present Law Adjustments					(\$467)					(\$795)
DP 1 - Board of Visitors Operating Expenses	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
Total Other Present Law Adjustments	0.00	\$10,000	\$0	\$0	\$10,000	0.00	\$10,000	\$0	\$0	\$10,000
Grand Total All Present Law Adjustments					\$9,533					\$9,205

DP 1 - Board of Visitors Operating Expenses - This request of \$10,000 general fund each year of the biennium would restore the program’s travel and operating budget. The Board of Visitors has a statutory obligation to visit Montana's public mental health facilities.

LFD COMMENT	<p>The \$10,000 was removed in the budget balancing efforts last session. The request, if funded, would cover board member honorariums as well as board and staff mileage, lodging, meals, and travel.</p>
--------------------	--