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 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	59.59	0.25	1.30	61.14	0.25	1.30	61.14	61.14
Personal Services	2,241,960	464,033	87,892	2,793,885	472,150	87,892	2,802,002	5,595,887
Operating Expenses	1,114,498	63,123	9,541	1,187,162	51,698	5,541	1,171,737	2,358,899
Equipment	7,304	1,023	0	8,327	1,600	0	8,904	17,231
Grants	78,861	0	0	78,861	0	0	78,861	157,722
Transfers	50,503	0	0	50,503	0	0	50,503	101,006
Total Costs	**$3,493,126**	**$528,179**	**$97,433**	**$4,118,738**	**$525,448**	**$93,433**	**$4,112,007**	**$8,230,745**
General Fund	2,010,433	322,443	160,803	2,493,679	301,155	156,803	2,468,391	4,962,070
State/Other Special	90,381	(2,265)	0	88,116	(2,238)	0	88,143	176,259
Federal Special	535,304	97,917	0	633,221	100,928	0	636,232	1,269,453
Proprietary	857,008	110,084	(63,370)	903,722	125,603	(63,370)	919,241	1,822,963
Total Funds	**$3,493,126**	**$528,179**	**$97,433**	**$4,118,738**	**$525,448**	**$93,433**	**$4,112,007**	**$8,230,745**

Agency Description

The Montana Historical Society (MHS), authorized by Title 22-3-101, MCA, exists for the use, learning, culture, and enjoyment of the citizens of, and visitors to, the State of Montana. The society acquires, preserves, and protects historical records, art, documents, photographs, museum objects, historical places, sites, and monuments. The society maintains a library and archives and a historical museum, provides educational programs and services for teachers and the general public, and publishes the state historical magazine and newsletter. The society also administers preservation and antiquities acts, supports commissions with state historical orientation, and provides technical assistance to all Montana museums, historical societies, preservation programs, and owners of historic resources.

Agency Highlights

Montana Historical Society
Major Budget Highlights

- MHS FY 2008 and FY 2009 budget requests are approximately $0.6 million higher than double the FY 2006 base budget. All but $0.2 million of the biennial increases are due to present law base adjustments.

Major LFD Issues

- The Senate Chamber art project has not generated sufficient revenues to fund itself
- Administration Program base budget for federal special revenues could be increased, reducing general fund
- State Preservation Office Program federal grant appropriation authority may need to be reduced
- Museum Program state special revenues from donations could be offset by non-budgeted state special revenues

Agency Discussion

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy.
As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

MHS executes its mandated duties with 59.59 FTE and 5 programs: Administration, Research Center, Museum, Publications, and Historic Preservation. While total numbers of FTE has not changed since the FY 2006 budget request, MHS has shifted FTE between programs. Figure 1 below illustrates the FTE program shifts.

Figure 1
Montana Historical Society
FTE Shifts Between Programs

	2006 Budgeted FTE	2008 Budgeted FTE	Difference
Program			
Administration	18.33	19.74	1.41
Research Center	16.09	14.75	(1.34)
Museum	9.67	9.85	0.18
Publications	6.00	5.75	(0.25)
Historic Preservation	9.50	9.50	0.00
Total	59.59	59.59	0.00

The addition of 1.41 FTE in the Administration Program increases the cost of personal services by $51,500 in FY 2006 compared to the budget request. Correspondingly, the reduction of 1.34 FTE in the research center reduces the cost of personal services by $91,500 in FY 2006 as compared to the budget request. The difference in the increases and reductions relates to the types of positions added and deleted. For a further discussion, see the Agency Issues section of this report.

2007 Biennium New Initiative Update - MHS Building
The 2005 Legislature appropriated $7.5 million in bond proceeds and $30 million in private authority for a new building for the Montana Historical Society. The Department of Administration continues to examine alternatives for the new building.

Funding

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

Total Agency Funding
2009 Biennium Executive Budget

Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	$ 2,397,622	$ 170,011	$ 113,000	$ 767,250	$ 3,447,883	41.89%
02 Research Center	1,593,826	5,248	-	142,980	1,742,054	21.17%
03 Museum Program	619,957	1,000	-	20,000	640,957	7.79%
04 Publications Program	183,400	-	-	882,733	1,066,133	12.95%
06 Historic Preservation Program	167,265	-	1,156,453	10,000	1,333,718	16.20%
Grand Total	$ 4,962,070	$ 176,259	$ 1,269,453	$ 1,822,963	$ 8,230,745	100.00%

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	59.84	1.30	61.14	59.84	1.30	61.14	59.59	61.14
Personal Services	2,705,993	87,892	2,793,885	2,714,110	87,892	2,802,002	4,822,002	5,595,887
Operating Expenses	1,177,621	9,541	1,187,162	1,166,196	5,541	1,171,737	2,345,847	2,358,899
Equipment	8,327	0	8,327	8,904	0	8,904	18,106	17,231
Grants	78,861	0	78,861	78,861	0	78,861	273,656	157,722
Transfers	50,503	0	50,503	50,503	0	50,503	97,255	101,006
Total Costs	**$4,021,305**	**$97,433**	**$4,118,738**	**$4,018,574**	**$93,433**	**$4,112,007**	**$7,556,866**	**$8,230,745**
General Fund	2,332,876	160,803	2,493,679	2,311,588	156,803	2,468,391	4,120,487	4,962,070
State/Other Special	88,116	0	88,116	88,143	0	88,143	260,543	176,259
Federal Special	633,221	0	633,221	636,232	0	636,232	1,335,530	1,269,453
Proprietary	967,092	(63,370)	903,722	982,611	(63,370)	919,241	1,840,306	1,822,963
Total Funds	**$4,021,305**	**$97,433**	**$4,118,738**	**$4,018,574**	**$93,433**	**$4,112,007**	**$7,556,866**	**$8,230,745**

New Proposals

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

New Proposals	Fiscal 2008					Fiscal 2009				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6 - Increase State Support - Western History Magazine										
04	0.00	42,433	0	0	42,433	0.00	42,433	0	0	42,433
DP 8 - Museum Assistant Registrar Positions										
03	1.30	55,000	0	0	55,000	1.30	51,000	0	0	51,000
DP 21 - Restoring base expenditures										
01	0.00	63,370	0	0	0*	0.00	63,370	0	0	0*
Total	**1.30**	**$160,803**	**$0**	**$0**	**$97,433***	**1.30**	**$156,803**	**$0**	**$0**	**$93,433***

Language

"It is the intent of the legislature that the Department of Commerce use lodging facility use taxes to fund $454,963 in fiscal year 2008 and $458,310 in fiscal year 2009 for the Montana historical society. This would be expended as follows:

Historical Interpretation	$316,527	$316,527
Scriver Collection	$138,436	$141,783"

LFD ISSUE

The 2005 Legislature allowed for a total transfer from the Department of Commerce of $1,147,265 in lodging facility taxes in the 2007 biennium. The executive has decreased the overall amount of the transfer by $233,992. $300,000 of the 2007 biennium transfer was to be used by the Lewis and Clark Bicentennial Commission, which will sunset as of December 31, 2006. The executive eliminated this funding from its request for the transfer in the 2009 biennium budget request.

LFD ISSUE (CONT.)

The executive is proposing increasing the transfer amount used for historical interpretation by $45,031 and the amount allocated to the Scriver collection by $20,977 over the FY 2007 biennium. The reasons for the increases are not specifically identified in the MHS 2009 biennium budget request. However, OPBB staff indicated the increases were for statewide present law personal services adjustments.

Past legislatures have funded all costs for the Scriver collection from the lodging facility tax revenues. The rental agreement for the storage facility housing the collection requires a 3 percent annual adjustment. The biennial cost of the increase rent is $16,154. In addition, MHS identified $4,000 in additional operating costs related to the collection which were funded through general fund. Because these are ongoing costs of the collection, if the funding is not included in the lodging facility use tax funding, the museum program will need to offset these costs through general fund.

The legislature may wish to consider if it wishes to continue to fund all costs of the Scriver collection using state special revenue transferred from the Department of Commerce, which would add about $20,000 to the total recommended by the executive.

Agency Issues

LFD ISSUE

Research Center Transferred Personal Services to Administration Program

The 2005 Legislature increased the Research Center Program personal services for 2.00 FTE in library archivist positions. While the Research Center hired the new archivist positions, it eliminated 0.34 FTE for a librarian position and 1.0 FTE for a records management assistant and shifted the FTE and personal services to other programs within MHS. This allowed MHS to expand FTE in the Administration Program instead of increasing the FTE working in the Research Center Program as approved by the 2005 Legislature. While statute allows this kind of transfer MHS had specifically requested the added positions in the Research Center Program and had not requested any additional staff in the Administrative Program.

MHS moved the membership function from the Publications Program to the Administrative Program and used a portion of the FTE and funding to expand the duties of the personnel assigned to this function. The remaining FTE and funding was used for another administrative assistant. This position was assigned some of the duties previously assigned to the deputy director. According to MHS staff this was needed because they reclassified the deputy director position to a computer support position.

In the 2009 biennium MHS is again requesting additional funding for FTE as part of its budget request, 0.25 FTE in the Preservation Program to expand the grants manager position and 1.30 FTE in the Museum Program for registrar positions associated with maintaining records on the museum collections.

LFD ISSUE

State Senate Chamber Bronze Relief Currently Unfunded

The 2003 Legislature passed SB 195, requiring MHS to commission a bronze relief to be placed in the Montana State Senate chambers. The legislation required MHS to secure outside funding to pay for the artwork. MHS has been selling bronze and silver medallions and marquettes to offset the cost of the art work. MHS estimated the project would generate sufficient revenues to fund the $350,000 bronze relief if 1,000 bronze medallions at $80 a piece, 25 silver medallions at $300 a piece, and 75 marquettes at $3,500 a piece were sold. As of November 2006, 296 bronze medallions remain and 34 of the marquettes are still available, leaving $142,680 in funding still to be raised.

MHS obtained a $50,000 loan from the Board of Investments through the Lewis and Clark Bicentennial Commission (commission) to assist with start-up costs of the project. According to the Legislative Audit Division, in FY 2006, the commission used $51,912 of Lewis and Clark license plate sales proceeds from the Lewis and Clark Bicentennial Commission to pay off the loan from the Board of Investments. However, they still must repay the state special revenue fund for this additional loan.

LFD ISSUE (CONT.)

In FY 2007 MHS requested an additional $30,000 loan from the Lewis and Clark Bicentennial Commission for the artwork and requested the Montana Historical Society Foundation transfer another $30,000 to MHS to assist in paying for additional expenses associated with the artwork.

At this time it is unclear how MHS will pay for the remaining $112,680 balance of the artwork project, including the almost $82,000 of state special revenue funds used to finance some of the costs.

The legislature may wish to request a specific plan from MHS as to how they will offset the balance of the costs of the bronze relief in the Montana State Senate chambers.

Program Proposed Budget

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

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	19.74	0.00	0.00	19.74	0.00	0.00	19.74	19.74
Personal Services	860,323	107,255	0	967,578	108,944	0	969,267	1,936,845
Operating Expenses	702,374	60,808	0	763,182	45,482	0	747,856	1,511,038
Equipment	0	0	0	0	0	0	0	0
Total Costs	**$1,562,697**	**$168,063**	**$0**	**$1,730,760**	**$154,426**	**$0**	**$1,717,123**	**$3,447,883**
General Fund	1,014,730	134,856	63,370	1,212,956	106,566	63,370	1,184,666	2,397,622
State/Other Special	83,878	1,114	0	84,992	1,141	0	85,019	170,011
Federal Special	55,300	1,200	0	56,500	1,200	0	56,500	113,000
Proprietary	408,789	30,893	(63,370)	376,312	45,519	(63,370)	390,938	767,250
Total Funds	**$1,562,697**	**$168,063**	**$0**	**$1,730,760**	**$154,426**	**$0**	**$1,717,123**	**$3,447,883**

Program Description

The Administration Program provides supervision, administration, and coordination of the five programs in the Montana Historical Society. Program staff is responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

Program Highlights

Administration Program Major Budget Highlights
♦ The Administration Program FY 2009 biennium budget increases about $323,000 over the FY 2006 base of $1.5 million. ♦ 100 percent of the increase is due to present law adjustments ♦ The funding for the program increases general fund and reduces proprietary funding due to elimination of administrative fees charged to other programs within the Montana Historical Society.
Major LFD Issue
♦ General Fund could be reduced

Program Narrative

During the 2007 biennium the membership program for the Montana Historical Society (MHS) was moved from the Publications Program to the Administrative Program. The mailing lists for the membership program were revised and increased, increasing the mailing costs. The Administrative Program absorbed the almost $11,000 increase in postage and mailing costs by reducing other costs within the program.

This program includes the Sites and Signs Program, which is funded through a statutory appropriation from the lodging facility use tax and provides installation and roadside historical signs and historic sites including National Register signs. Expenditures for this program were $155,248 in FY 2006.

LFD COMMENT

According to the Legislative Audit Division (LAD), in FY 2006 the Montana Historical Society Board of Trustees entered into a severance agreement with one of the Administration Program employees. The severance agreement placed the employee on administrative leave until the employee obtained another full-time position or until June 30, 2006. As the employee did not obtain another full-time position, the employee received payments for eight months at a cost of approximately $75,000. These costs are included in the base budget amount for FY 2006. Without the severance agreement the personal services in FY 2006 would have been $75,000 less.

The program required a personal services contingency transfer for $77,000 from the Governor's Office because it did not have sufficient vacancy savings at the end of the year to cover the personal services. $75,000 of the contingency costs are the result of the severance agreement.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table
Administration Program

Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	$ 1,014,730	64.9%	$ 1,212,956	70.1%	$ 1,184,666	69.0%
01100 General Fund	1,014,730	64.9%	1,212,956	70.1%	1,184,666	69.0%
02000 Total State Special Funds	83,878	5.4%	84,992	4.9%	85,019	5.0%
02041 Mt Hist. Society Donations	83,878	5.4%	84,992	4.9%	85,019	5.0%
03000 Total Federal Special Funds	55,300	3.5%	56,500	3.3%	56,500	3.3%
03021 Historic Sites Preservation	55,300	3.5%	56,500	3.3%	56,500	3.3%
06000 Total Proprietary Funds	408,789	26.2%	376,312	21.7%	390,938	22.8%
06071 Merchandise - Historical Soc	250,419	16.0%	281,312	16.3%	295,938	17.2%
06073 Historical Society Management	158,370	10.1%	95,000	5.5%	95,000	5.5%
Grand Total	$ 1,562,697	100.0%	$ 1,730,760	100.0%	$ 1,717,123	100.0%

The program is funded with a combination of general fund, state special revenue funds from donations, federal funds generated through indirect cost recovery, and proprietary funds from museum entrance fees and merchandise sales.

The Administration Program had been charging administrative fees to various other programs within the Montana Historical Society including the Lewis & Clark Commission, the Old Governor's Mansion, and the Montana heritage project. The fees were deposited in the proprietary fund and used to support the program. LAD determined the program was unable to provide support for the amount of fees charged and that the proprietary fund was not the appropriate fund for the program to record the fees. The Montana Historical Society concurred with the audit recommendation and will no longer charge the fees to the Old Governor's Mansion program. The other programs are no longer operating. The amount of the fees recorded in the proprietary fund in FY 2006 was $50,900. The elimination of these funds increases the general fund cost of the Administrative Program.

LFD ISSUE

Federal Revenues Could Be Increased Reducing General Fund

LAD determined that the Administrative Program did not fully recover indirect costs to the fullest extent possible under the federal grant agreement funding the State Historic Preservation Office. By not recovering $114,403 of federal indirect costs, the Administrative Program increased the costs to the general fund by the same amount. In the 2009 biennium the federal revenue for the State Historic Preservation Office is budgeted at $1,267,000. The indirect cost recovery for the federal grant would be about $317,000 or $204,000 more than currently appropriated in the Administrative Program. It should be noted that increasing the indirect costs recovered by the Administration Program reduces the federal grant revenue for the State Historic Preservation Office.

LFD ISSUE (CONT.)

The legislature may wish to consider increasing the federal special revenue appropriation in this program by $204,000 over the 2009 biennium and reducing the general fund by a similar amount.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					147,572					149,329
Vacancy Savings					(40,317)					(40,385)
Inflation/Deflation					2,089					2,143
Fixed Costs					39,519					24,139
Total Statewide Present Law Adjustments					**$148,863**					**$135,226**
DP 2 - Computer Replacement	0.00	19,200	0	0	19,200	0.00	19,200	0	0	19,200
Total Other Present Law Adjustments	**0.00**	**$19,200**	**$0**	**$0**	**$19,200**	**0.00**	**$19,200**	**$0**	**$0**	**$19,200**
Grand Total All Present Law Adjustments					**$168,063**					**$154,426**

LFD COMMENT

The annual statewide present law adjustment for personal services increases 17.2 percent above the FY 2006 personal services base. About $51,400 of the increase is the result of annualizing the pay plan approved in HB 447 by the 2005 Legislature. About $37,000 of the increase is for salary or pay grade adjustments not funded in the pay plan, the remaining $59,000 is the result of restored funding for base year vacancies and increases for employee benefit costs.

DP 2 - Computer Replacement -. The executive proposes increasing the Administrative Program by $19,200 of general fund annually to replace computers. The Society has approximately 65 computers.

LFD ISSUE

Computer Purchase

The executive is requesting an increase to the Administrative Program of $19,200 to purchase computers. MHS anticipates purchasing 16 new computers with these funds or approximately 25 percent of the computers at the agency, and anticipates continuing to replace a fourth of the computers each biennium. The agency did not previously have a computer replacement plan in place and has not regularly replaced computers.

To ensure the appropriation is limited to computer purchases the legislature may wish to consider restricting the appropriation to computer purchases.

New Proposals

New Proposals	Fiscal 2008					Fiscal 2009				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 21 - Restoring base expenditures										
01	0.00	63,370	0	0	0 *	0.00	63,370	0	0	0 *
Total	**0.00**	**$63,370**	**$0**	**$0**	**$0 ***	**0.00**	**$63,370**	**$0**	**$0**	**$0 ***

DP 21 - Restoring base expenditures - Revenues in the proprietary fund 06073 - Historical Society Management have been reduced because entrance fees have declined and the Lewis & Clark Bicentennial Committee and the Montana Heritage Project administrative fees are gone with the dissolution of those entities. Expenditures previously covered by these revenues will still exist in base to be covered by general fund.

Program Proposed Budget

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

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	14.75	0.00	0.00	14.75	0.00	0.00	14.75	14.75
Personal Services	590,797	123,645	0	714,442	125,545	0	716,342	1,430,784
Operating Expenses	127,676	18,844	0	146,520	19,843	0	147,519	294,039
Equipment	7,304	1,023	0	8,327	1,600	0	8,904	17,231
Total Costs	**$725,777**	**$143,512**	**$0**	**$869,289**	**$146,988**	**$0**	**$872,765**	**$1,742,054**
General Fund	658,645	136,571	0	795,216	139,965	0	798,610	1,593,826
State/Other Special	42	2,582	0	2,624	2,582	0	2,624	5,248
Proprietary	67,090	4,359	0	71,449	4,441	0	71,531	142,980
Total Funds	**$725,777**	**$143,512**	**$0**	**$869,289**	**$146,988**	**$0**	**$872,765**	**$1,742,054**

Program Description

The Research Center Program consists of the library, archives, and photograph archives functions. This program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs and related media, and oral histories illustrative of the history of Montana and the surrounding region. By statute, this program houses the official Archives of the State. It assists researchers seeking historical information.

Program Highlights

Research Center Program
Major Budget Highlights

- The Research Center Program FY 2009 biennium budget increases about $290,000 over the FY 2006 base
- Statewide present law adjustments make up the entire increase.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table
Research Center

Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000	Total General Fund	$ 658,645	90.8%	$ 795,216	91.5%	$ 798,610	91.5%
	01100 General Fund	658,645	90.8%	795,216	91.5%	798,610	91.5%
02000	Total State Special Funds	42	0.0%	2,624	0.3%	2,624	0.3%
	02041 Mt Hist. Society Donations	42	0.0%	2,624	0.3%	2,624	0.3%
06000	Total Proprietary Funds	67,090	9.2%	71,449	8.2%	71,531	8.2%
	06072 Misc Enterprise-Historical Soc	35,166	4.8%	36,644	4.2%	36,726	4.2%
	06076 Mhs Library Enterprise Funds	31,924	4.4%	34,805	4.0%	34,805	4.0%
Grand	Total	$ 725,777	100.0%	$ 869,289	100.0%	$ 872,765	100.0%

This program is funded through a combination of general fund, state special revenue from donations, and proprietary funds generated through the sale of photographs, photocopies, and fees charged for research time spent by staff on public requests.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					153,413					155,393
Vacancy Savings					(29,768)					(29,848)
Inflation/Deflation					783					813
Inflation/Deflation					1,023					1,600
Fixed Costs					18,061					19,030
Total Statewide Present Law Adjustments					**$143,512**					**$146,988**
Grand Total All Present Law Adjustments					**$143,512**					**$146,988**

LFD COMMENT

The annual statewide present law adjustment for personal services is a 25.9 percent increase over the personal services 2006 base. About $39,000 of the increase is attributable to annualizing the pay plan approved by the 2005 Legislature. Approximately $16,000 of the increase is due to salary or grade adjustments above the amount approved in the pay plan. The remaining increase of about $98,000 is attributable to a combination of restoring funding for base year vacancies and increases in benefit costs. It should be noted that a number of the benefits such as retirement increase when employee salary increases. The majority of the vacancy savings were related to librarian positions.

Program Proposed Budget

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

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	9.85	0.00	1.30	11.15	0.00	1.30	11.15	11.15
Personal Services	214,671	61,842	45,459	321,972	62,823	45,459	322,953	644,925
Operating Expenses	37,633	(47,634)	9,541	(460)	(46,682)	5,541	(3,508)	(3,968)
Total Costs	**$252,304**	**$14,208**	**$55,000**	**$321,512**	**$16,141**	**$51,000**	**$319,445**	**$640,957**
General Fund	240,391	15,621	55,000	311,012	17,554	51,000	308,945	619,957
State/Other Special	6,461	(5,961)	0	500	(5,961)	0	500	1,000
Federal Special	0	0	0	0	0	0	0	0
Proprietary	5,452	4,548	0	10,000	4,548	0	10,000	20,000
Total Funds	**$252,304**	**$14,208**	**$55,000**	**$321,512**	**$16,141**	**$51,000**	**$319,445**	**$640,957**

Program Description

The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours and traveling exhibits. The program also houses the society's education office that orchestrates events, programs, and materials on Montana history for learners of all ages.

Program Highlights

Museum Program **Major Budget Highlights**
♦ Statewide present law adjustments are not calculated correctly, reducing the Museum Program base budget and skewing the increase. ♦ The executive proposes adding 1.3 FTE to assist in archiving the museum collection.
Museum Program **Major LFD Issues**
♦ General fund costs increase due to reduction of state special revenue fund generated through unspecified donations. ♦ Additional increases in lodging facility use taxes do not include the operating costs of the Scriver collection.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table
Museum Program

Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000	Total General Fund	$ 240,391	95.3%	$ 311,012	96.7%	$ 308,945	96.7%
	01100 General Fund	240,391	95.3%	311,012	96.7%	308,945	96.7%
02000	Total State Special Funds	6,461	2.6%	500	0.2%	500	0.2%
	02041 Mt Hist. Society Donations	6,343	2.5%	500	0.2%	500	0.2%
	02045 Orig Gov'S Mansion Restoration	118	0.0%	-	-	-	-
06000	Total Proprietary Funds	5,452	2.2%	10,000	3.1%	10,000	3.1%
	06077 Mhs Museum Enterprise Funds	5,452	2.2%	10,000	3.1%	10,000	3.1%
Grand	Total	$ 252,304	100.0%	$ 321,512	100.0%	$ 319,445	100.0%

The Museum Program is funded through a combination of general fund, state special revenue from undesignated donations, and proprietary funds generated through sales of book, copies, photographs, and the rental of traveling exhibits.

LFD ISSUE

General Fund Costs are Increased Due to Elimination of State Special Revenue Funds From Donations

The 2005 Legislature required MHS to deposit in the state treasury all gifts, donations, properties, securities, bequests, and legacies made to the MHS unless otherwise provided by the donor (HB 17). In FY 2006 the state special revenue fund for these donations was budgeted at $54,763. The Museum Program expended $6,461 of state special revenue in FY 2006 and requests only $500 each year for program support for the 2009 biennium budget. The state special revenue account is mainly funded through registration fees and donations. The activity recorded in this account is presented below.

Montana Historical Society
Donation and Registriation Fees

	State Special Individual Donations	State Special Lobby Box Donations	State Special Registration Fees	Individual Donations (off budget)
FY 2003	$18,632	$3,157		$200
FY 2004	12,712	1,042	$13,313	58,530
FY 2005	10,150	276	13,031	27,011
FY 2006	$1,783	$254	8,977	$110,270
FY 2007*			$17,153	

* through November 17, 2006

Examination of the donation and fees recorded in the account shows two major changes:

- declining registration fees recorded in FY 2006 of approximately $4,000
- donations from individuals and the lobby box has steadily declined to about $2,000 in FY 2006

In FY 2006, the base year for the budget, the registration fees decline from the FY 2005 level by $4,000. However in FY 2007 the amount of the registration fees, as of November 2006, increases by about $4,000 from the FY 2005 level to $17,000, or almost exactly the amount of the FY 2005 to FY 2006 reduction. It appears the registration fees were partially deferred to FY 2007, reducing the base amount for these revenues in FY 2006. This increases the amount of general fund required for this program.

The state special revenue donation account is used to fund both the Administration Program and the Museum Program. The state special revenue for the Administration Program did not decrease. When asked about the decline in donations MHS staff indicated unspecified donations have decreased as donors are specifying donations for specific purposes. MHS staff is unsure why donors are now specifying the majority of the donations.

LFD ISSUE (CONT.)

Because of the reduced state special revenue, the program increased base general fund costs in FY 2006 by about $48,400.

Unspecified donations are subject to appropriation as state special revenue funds, specified donations are included as non-budgeted state special revenue funds and are not subject to the legislative appropriation process. As shown in the figure above, the amount of donations from individuals has decreased in the budgeted state special revenue fund while the amount of non-budgeted state special revenue donations has increased since 2003, with a FY 2006 allocation of $110,270, almost twice the second highest year (FY 2004). While the non-budgeted state special revenue is not subject to appropriation by the legislature, it is available to MHS to offset program costs.

The legislature may wish to consider:

- increasing the state special revenue appropriation by $4,000 to the historic annual level of the registration fees to take into account the fluctuation between FY 2006 and FY 2007 revenues
- reducing program costs and general fund support by $48,400 to offset the reduction of non-specified donations.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					268,550					269,571
Vacancy Savings					(19,329)					(19,369)
Inflation/Deflation					762					802
Fixed Costs					18,856					19,768
Total Statewide Present Law Adjustments					**$268,839**					**$270,772**
DP 20 - Move expended LA base of Lodging Facility Tax	0.00	(254,631)	0	0	(254,631)	0.00	(254,631)	0	0	(254,631)
Total Other Present Law Adjustments	**0.00**	**($254,631)**	**$0**	**$0**	**($254,631)**	**0.00**	**($254,631)**	**$0**	**$0**	**($254,631)**
Grand Total All Present Law Adjustments					**$14,208**					**$16,141**

LFD COMMENT

The annual statewide present law personal services adjustment, as calculated by LFD, is 17.5 percent higher than the FY 2006 personal services base. About $16,100 of the increase is attributable to annualizing the pay plan approved by the 2005 Legislature. Another $8,600 of the increase is for salary or grade increases above the pay plan and the remaining $12,800 relates to restored funding for base year vacancies and increases in employee benefits.

LFD ISSUE

In past biennia, the legislature has suggested the Department of Commerce transfer lodging facility use tax revenues to the Montana Historical Society to support various activities including historical interpretation and costs associated with the Scriver collection. During the 2005 legislative session, the legislature approved a decision package to eliminate $335,230 in FY 2006 and $331,089 in FY 2007 of these funds from the Montana Historical Society budget so that the revenue and expenditures were not appropriated twice, once in the MHS's budget and once in Department of Commerce's budget.

LFD ISSUE (CONT.)

In FY 2006 through the statutory appropriaiton, 4.50 FTE, $209,015 in personal services, and $168,142 in operating expenses were supported by the transferred appropriation authority. The Office of Budget and Program Planning (OBPP) calculated the statewide present law adjustments and the costs which should be transferred to the lodging facility use tax revenues should the legislature determine use of this funding source is appropriate for the Museum Program. LFD determined the executive request relating to the present law adjustments and the transfer reduction reduces the Museum Program base budget by $16,045 in FY 2008 and $3,228 in FY 2009 beyond what was supported by the transfer. The legislature may wish to consider increasing the base budget for the Museum Program by $16,045 in FY 2008 and $3,228 in FY 2009 to ensure the program has sufficient appropriation authority for base program costs.

DP 20 - Move expended LA base of Lodging Facility Tax - Eliminates this decision package $254,631 supported by lodging facility use taxes transferred from the Department of Commerce from the statewide present law adjustments in FY 2008 and FY 2009 so that the revenue and expenditures are not appropriated twice, once in the MHS's budget and one in the Department of Commerce's budget.

LFD ISSUE

Amount of Funding Switch for Statewide Present Law Adjustments Overstated

Refer to the LFD issue above. If the legislature wishes to consider the entire statewide present law adjustment for both the Museum Program and the suggested Department of Commerce transfer of lodging facilities use tax revenues in total, the amount removed from the statewide present law adjustments would be $22,577 in FY 2008 and $35,394 in FY 2009.

New Proposals

New Proposals	Fiscal 2008					Fiscal 2009				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Museum Assistant Registrar Positions										
03	1.30	55,000	0	0	55,000	1.30	51,000	0	0	51,000
Total	**1.30**	**$55,000**	**$0**	**$0**	**$55,000 ***	**1.30**	**$51,000**	**$0**	**$0**	**$51,000 ***

DP 8 - Museum Assistant Registrar Positions - The executive is requesting 1.3 FTE and $106,000 over the biennium to assist in compliance with policies governing the management of its collections and following its monitoring procedures to ensure all artifacts are properly controlled. MHS is working towards the goal of having the museum collection cataloged into the museum software program.

LFD COMMENT

Concerns with Cataloguing of Artifacts

The last full inventory of the collection was completed in 1985. The last two legislative audit reports have expressed concern with controls over the collection in part because spot checks completed by program staff found items which were not catalogued or were not in the locations indicated by the museum's catalogue system. This increases the possibility the items could be lost or stolen without detection by the program. The museum has several manual systems dating back as far as 1888 where they have recorded the catalogue and location cards for the artifacts. These have not all been entered into the current database. As a result, there is not currently one place where all items are recorded.

Museum staff estimate, with current resources, fully cataloguing the over 50,000 museum artifacts into the current data base would take 25 years. This includes measurements, full description, condition assessment, material culture research, and digital photographs.

Program Proposed Budget

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

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	5.75	0.00	0.00	5.75	0.00	0.00	5.75	5.75
Personal Services	196,740	67,405	42,433	306,578	68,221	42,433	307,394	613,972
Operating Expenses	173,937	1,523	0	175,460	1,758	0	175,695	351,155
Transfers	50,503	0	0	50,503	0	0	50,503	101,006
Total Costs	**$421,180**	**$68,928**	**$42,433**	**$532,541**	**$69,979**	**$42,433**	**$533,592**	**$1,066,133**
General Fund	50,503	(1,356)	42,433	91,580	(1,116)	42,433	91,820	183,400
Federal Special	0	0	0	0	0	0	0	0
Proprietary	370,677	70,284	0	440,961	71,095	0	441,772	882,733
Total Funds	**$421,180**	**$68,928**	**$42,433**	**$532,541**	**$69,979**	**$42,433**	**$533,592**	**$1,066,133**

Program Description

The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award-winning Montana The Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint.

Program Highlights

Publications Program
Major Budget Highlights

- The Publications Program FY 2009 biennium budget increases about $226,000 over the FY 2006 base of $421,000
- General fund is requested to offset personal services costs for an editor and business manager
- Proprietary funding increases $70,284 in fiscal 2008 and $71,095 in fiscal 2009 to support statewide present law adjustments

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table
Publications Program

Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	$ 50,503	12.0%	$ 91,580	17.2%	$ 91,820	17.2%
01100 General Fund	50,503	12.0%	91,580	17.2%	91,820	17.2%
06000 Total Proprietary Funds	370,677	88.0%	440,961	82.8%	441,772	82.8%
06002 Mhs Publications Enterprise	370,677	88.0%	440,961	82.8%	441,772	82.8%
Grand Total	$ 421,180	100.0%	$ 532,541	100.0%	$ 533,592	100.0%

The program is funded with a combination of general fund and proprietary funds. The general fund pays a portion of 2.00 FTE involved in publishing Montana The Magazine of Western History. Proprietary funds are generated through subscription sales for the magazine and sales of books published by the program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					78,411					79,262
Vacancy Savings					(11,006)					(11,041)
Inflation/Deflation					1,155					1,162
Fixed Costs					368					596
Total Statewide Present Law Adjustments					**$68,928**					**$69,979**
Grand Total All Present Law Adjustments					**$68,928**					**$69,979**

LFD COMMENT The annual statewide present law adjustment for personal services increases 39.8 percent over the FY 2006 personal services base. About $14,000 of the increase is due to the annualization of the pay plan approved by the 2005 Legislature. About $5,700 results from salary or pay grade adjustments not funded in the pay plan. The remaining $58,700 is due to a combination of restoring funding for base year vacancies, increases for employee benefits and salary and pay grade adjustments above the pay plan approved by the legislature.

New Proposals

New Proposals	Fiscal 2008					Fiscal 2009				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6 - Increase State Support - Western History Magazine										
04	0.00	42,433	0	0	42,433	0.00	42,433	0	0	42,433
Total	**0.00**	**$42,433**	**$0**	**$0**	**$42,433 ***	**0.00**	**$42,433**	**$0**	**$0**	**$42,433 ***

DP 6 - Montana The Magazine of Western History - Montana The Magazine of Western History used $50,503 of general fund in FY 2006 to offset personal service costs for an editor and a business manager. The executive is requesting an increase of $42,433 each fiscal year in general fund support to assist in paying the increased costs in salaries for these positions.

LFD ISSUE Over the last 8 years the general fund support of personal services for these positions has ranged from a high of 63.97 percent in FY 2001 to a low of 50.41 percent in FY 2005. The executive proposed increasing support for the personal service costs of these positions to 87.36 percent.

The 1997 Legislature approved increasing the FTE for the editor position by 0.50 FTE and the graphic designer to 0.25 FTE provided MHS supported the additional costs with proprietary funds. Prior to this the positions were funded with general fund. Funding the editor position and the business manager position in the manner originally contemplated by the legislature would require $63,379 of general fund annually. The legislature may wish to consider funding the personal services costs for these positions at the original allocations amounts and reduce the amount of general fund requested for this proposal by $29,557.

Program Proposed Budget

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

Program Proposed Budget Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	9.50	0.25	0.00	9.75	0.25	0.00	9.75	9.75
Personal Services	379,429	103,886	0	483,315	106,617	0	486,046	969,361
Operating Expenses	72,878	29,582	0	102,460	31,297	0	104,175	206,635
Grants	78,861	0	0	78,861	0	0	78,861	157,722
Total Costs	**$531,168**	**$133,468**	**$0**	**$664,636**	**$137,914**	**$0**	**$669,082**	**$1,333,718**
General Fund	46,164	36,751	0	82,915	38,186	0	84,350	167,265
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	480,004	96,717	0	576,721	99,728	0	579,732	1,156,453
Proprietary	5,000	0	0	5,000	0	0	5,000	10,000
Total Funds	**$531,168**	**$133,468**	**$0**	**$664,636**	**$137,914**	**$0**	**$669,082**	**$1,333,718**

Program Description

The Historic Sites Preservation Program (State Historic Preservation Office) administers the Montana Antiquities Act (MCA 22-3-421; ARM 10.121.901) and Montana's participation in the National Historic Preservation Act of 1966, as amended, with its federal programs, guidelines, and grants-in-aid for historic preservation. Staff provide technical assistance to Montana property owners, including agencies, organizations, and the public. Staff maintains a statewide inventory of recorded historic and archaeological sites. They also review and comment on all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing in the National Register of Historic Places. Staff administers the National Register of Historic Places program in Montana through the state preservation review board. The office recommends certification of historic structures and rehabilitation projects for federal tax credits to citizens and businesses, as authorized by the Tax Reform Act of 1976. The program awards and administers pass-through federal grants to local governments participating in the federal Certified Local Government Program. The program may also award funds for historic survey and planning for historic areas and for bricks and mortar rehabilitation when funds are available.

Program Highlights

Historic Preservation Program
Major Budget Highlights

- The Historic Preservation Program FY 2009 biennium budget increases about $271,000 over the FY 2006 base of $531,000.
- Present law adjustments make up 10 percent of the increase.
- Federal funds support $196,500 of the increase.
- The executive requests $74,600 of general fund to support state antiquities database costs and travel costs for the State Preservation Review Board.

Historic Preservation Program
Major LFD Issues

- The Historic Preservation Program did not:
  - Reduce their federal grant appropriation request by $204,000 of federal indirect cost recoveries it will be required to transfer to the Administrative Program
  - Consider declining federal grant revenues when estimating the amount of federal grants it could receive over the 2009 biennium

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table
Historic Preservation Pr

Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000	Total General Fund	$ 46,164	8.7%	$ 82,915	12.5%	$ 84,350	12.6%
	01100 General Fund	46,164	8.7%	82,915	12.5%	84,350	12.6%
03000	Total Federal Special Funds	480,004	90.4%	576,721	86.8%	579,732	86.6%
	03021 Historic Sites Preservation	480,004	90.4%	-	-	-	-
	03102 Federal Grants	-	-	576,721	86.8%	579,732	86.6%
06000	Total Proprietary Funds	5,000	0.9%	5,000	0.8%	5,000	0.7%
	06073 Historical Society Management	5,000	0.9%	5,000	0.8%	5,000	0.7%
Grand	Total	$ 531,168	100.0%	$ 664,636	100.0%	$ 669,082	100.0%

The program is funded through a combination of general fund, federal special revenue from the National Park Service (NPS), and proprietary funds. The executive proposes increasing federal special revenue appropriation by $196,445 over the biennium due to increased grant awards.

LFD ISSUE

Federal Fund Appropriation Includes Federal Indirect Cost Recovery for the Administrative Program

The 2006 appropriation for these grant funds was appropriated at $791,541. This amount includes $658,109 to the Historic Preservation Program and $133,432 to the Administrative Program for indirect cost recoveries associated with the costs of administering the grant. The FY 2006 grant received from NPS was $540,000, or about $251,000 less than anticipated. In order to absorb the impact of the reduction in federal revenues, the Historic Sites Preservation Program reduced the amount of the federal indirect costs transferred to the Administration Program by $79,700. As a result, instead of being used to offset general fund or to maintain expenditures in the Administration Program, this program expended the additional funds, which are included in the program's base budget.

In addition, in the 2009 biennium only $113,000 of federal indirect cost revenues out of a total of $317,364 are included in the Administrative Program base budget. This overstates the amount of federal special revenue available to support the Historic Preservation Program by $204,364 over the biennium and increases the amount of general fund in the Administration Program.

Finally, federal grants for historic preservation have been declining over the last several years. According to staff, the increased amount of the federal special revenue appropriation in the 2009 biennium budget is based on the "hope" of receiving additional federal funding. As this revenue source is forecasted to decline almost $488,000 compared to the 2007 biennium budgeted appropriation, increasing the appropriation levels above the base amounts appears to be overly optimistic. The legislature may wish to consider:

- Requesting MHS provide their contingency plans for dealing with the reduced federal funds to the Historic Preservation Program

LFD ISSUE (CONT.)

- The amount of the increase funded by federal special revenue appropriations in light of the possibility of fewer federal funds in this program

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "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 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					114,789					117,636
Vacancy Savings					(19,767)					(19,883)
Inflation/Deflation					610					635
Fixed Costs					7,560					9,250
Total Statewide Present Law Adjustments					**$103,192**					**$107,638**
DP 7 - State Historic Preservation Office Funding	0.25	30,276	0	0	30,276	0.25	30,276	0	0	30,276
Total Other Present Law Adjustments	**0.25**	**$30,276**	**$0**	**$0**	**$30,276**	**0.25**	**$30,276**	**$0**	**$0**	**$30,276**
Grand Total All Present Law Adjustments					**$133,468**					**$137,914**

LFD COMMENT

The annual statewide present law adjustment for personal services increases 30 percent over the personal services base. About $25,000 of the increase is the result of annualizing the pay plan approved by the 2005 Legislature. About $73,000 is to restore funding for base year vacancies and the remaining $16,700 is for increased employee benefit costs.

DP 7 - State Historic Preservation Office Funding - The executive is proposing to increase the general funded 0.5 FTE grant manager position by 0.25 FTE. In addition, in FY 2006 the state antiquities database was moved to the Department of Administration, Information Technology Services Division (ITSD) mid-tier environment. The estimated additional annual ITSD cost is $16,912 for each fiscal year. The State Preservation Review Board is statutorily required to meet three times each year. The society is requesting general fund to pay for the required meetings of $4,500 for each fiscal year.

LFD COMMENT

Travel costs for non-state employees such as the State Preservation Review Board are included in the FY 2006 base budget. In FY 2006 these costs were paid for with the federal special revenue funds.