

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	157.36	157.36	165.86	165.86	157.36	165.86	8.50	5.40%
Personal Services	9,072,595	10,455,159	10,129,873	10,159,170	19,527,754	20,289,043	761,289	3.90%
Operating Expenses	13,490,967	11,748,162	15,444,239	19,870,911	25,239,129	35,315,150	10,076,021	39.92%
Equipment & Intangible Assets	50,426	59,212	50,426	50,426	109,638	100,852	(8,786)	(8.01%)
Local Assistance	634,042,814	656,324,066	647,400,701	648,765,700	1,290,366,880	1,296,166,401	5,799,521	0.45%
Grants	126,371,496	159,608,650	138,801,424	143,126,424	285,980,146	281,927,848	(4,052,298)	(1.42%)
<b>Total Costs</b>	<b>\$783,028,298</b>	<b>\$838,195,249</b>	<b>\$811,826,663</b>	<b>\$821,972,631</b>	<b>\$1,621,223,547</b>	<b>\$1,633,799,294</b>	<b>\$12,575,747</b>	<b>0.78%</b>
General Fund	642,761,421	666,049,445	656,027,656	657,447,754	1,308,810,866	1,313,475,410	4,664,544	0.36%
State Special	957,495	991,734	982,276	982,357	1,949,229	1,964,633	15,404	0.79%
Federal Special	139,309,382	171,154,070	154,816,731	163,542,520	310,463,452	318,359,251	7,895,799	2.54%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$783,028,298</b>	<b>\$838,195,249</b>	<b>\$811,826,663</b>	<b>\$821,972,631</b>	<b>\$1,621,223,547</b>	<b>\$1,633,799,294</b>	<b>\$12,575,747</b>	<b>0.78%</b>

### Page Reference

Legislative Budget Analysis, E-6

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	157.36	165.86	165.86	0.00	165.86	165.86	0.00	
Personal Services	9,072,595	10,119,002	10,129,873	10,871	10,148,257	10,159,170	10,913	21,784
Operating Expenses	13,490,967	14,164,353	15,444,239	1,279,886	14,487,590	19,870,911	5,383,321	6,663,207
Equipment & Intangible Assets	50,426	50,426	50,426	0	50,426	50,426	0	0
Local Assistance	634,042,814	668,076,123	647,400,701	(20,675,422)	685,371,433	648,765,700	(36,605,733)	(57,281,155)
Grants	126,371,496	135,304,444	138,801,424	3,496,980	138,129,444	143,126,424	4,996,980	8,493,960
<b>Total Costs</b>	<b>\$783,028,298</b>	<b>\$827,714,348</b>	<b>\$811,826,663</b>	<b>(\$15,887,685)</b>	<b>\$848,187,150</b>	<b>\$821,972,631</b>	<b>(\$26,214,519)</b>	<b>(\$42,102,204)</b>
General Fund	642,761,421	676,995,196	656,027,656	(20,967,540)	694,351,893	657,447,754	(36,904,139)	(57,871,679)
State/Other Special	957,495	965,495	982,276	16,781	965,541	982,357	16,816	33,597
Federal Special	139,309,382	149,753,657	154,816,731	5,063,074	152,869,716	163,542,520	10,672,804	15,735,878
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$783,028,298</b>	<b>\$827,714,348</b>	<b>\$811,826,663</b>	<b>(\$15,887,685)</b>	<b>\$848,187,150</b>	<b>\$821,972,631</b>	<b>(\$26,214,519)</b>	<b>(\$42,102,204)</b>

The bill includes \$1.313 billion in general fund or \$57.9 million less than recommended in the Governor's proposed budget, while total funds are \$42.1 million less.

The bill does not include the following executive proposals:

	<u>General Fund</u>	<u>Total Funds</u>
o Indirect costs base adjustments	\$ 163,052	\$ 303,925
o Special education – maintain fiscal effort	2,467,528	2,467,528
o Pupil transportation – present law	500,000	500,000
o School facilities reimbursement	1,050,000	1,050,000
o Biennial appropriations	638,048	638,048
o Special education – inflation	4,545,555	4,545,555

The special education appropriation to maintain fiscal effort of \$2.4 million was placed in HB 645 and paid for with general fund.

The bill also reduces the executive's recommended increase in the basic and per-ANB entitlements of 3 percent per year to one percent per year. This reduced the general fund costs by \$32.4 million for the biennium. It is contemplated that this money will be replaced by federal stimulus dollars in HB 645. The legislature also adopted the RTIC revenue estimates for common school revenue which reduced general fund by \$3.3 million for the biennium. Fewer educators were included in the legislative budget, resulting in a further \$1.1 million difference.

In addition, the bill reduces support for the at-risk component of the school funding formula by almost \$5.0 million general fund each year of the biennium. The at-risk component is distributed to 73 percent of the school districts by allocating the funds using the same percentages as the percentage of federal Title I funds received by the districts. Local school districts receive an additional \$34.65 million in federal funds for at-risk students in HB 645 as part of the stimulus package. These funds are in addition to \$89.1 million in federal Title I funds included in the 2011 biennial budget for at-risk students.

The bill includes a \$0.6 million general fund reduction over the biennium to eliminate support for one-time only costs related to the K-12 data system included in the base funding by the executive. The bill includes a general fund reduction of \$130,000 over the biennium to eliminate funding for NORM reference tests which are no longer required under the federal No Child Left Behind Act. The bill does not contain the executive proposal to remove an additional \$520,000 for NORM reference tests as the \$520,000 was not included in OPI's FY 2008 base budget. Statutorily required teacher stipends are fully funded in the bill with \$30,000 of additional general fund and \$12,000 of state special revenue funds over the biennium. Finally, the bill includes vacancy savings for the Traffic Driver Safety Program and the School Lunch Program at 4 percent rather than the 7 percent recommended by the executive. The programs are funded from state special revenues.

The bill recognizes the House Taxation revenue estimates adopted March 20, 2008 for the guarantee account which results in a decrease of general fund of \$3.2 million over the biennium compared with the executive budget.

### Agency Highlights

<b>Office of Public Instruction Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ OPI's total budget increases by \$11.3 million during the 2011 biennium compared with 2009 biennium</li> <li>◆ State level activities increase by \$1.7 million and distribution to schools increases by \$9.6 million</li> <li>◆ The bill includes increases for the state level activities program of               <ul style="list-style-type: none"> <li>• \$2.1 million for statewide present law adjustments</li> <li>• \$10.7 million for federal grant adjustments</li> </ul> </li> <li>◆ The bill includes decreases for the state level activities program of</li> </ul>

- \$0.6 million for one-time costs of the K-12 data system included in the FY 2008 base
- \$0.6 million for an additional vacancy savings of 3 percent above the 4 percent included in the statewide present law adjustments
- \$0.4 million to reduce general fund support by two percent over the biennium
- ◆ The bill includes the following for the distribution program:
  - General fund present law adjustments of \$38.1 million, including
  - An adjustment for higher funding rates and fewer ANB than in the base year 2008, \$21.1 million
  - An increase in the basic and per-ANB entitlements of 1 percent per year, \$16.0 million
  - Adjustments for fewer students than in the base year for the Indian Education for all payment and the achievement gap payment, and because of fewer educators, an adjustment to the quality educator payment, -\$1.7 million
  - An increase in school block grants, \$1.9 million
  - An adjustment for lower common school revenues, \$0.7 million.
  - In federal dollars, an adjustment of \$29.2 million reflecting higher revenues for school lunches, IDEA and Title 1. This does not include any amount for the federal stimulus dollars which are in HB 645.
  - \$10 million general fund reduction to the at-risk payment

### Agency Discussion

The Office of Public Instruction increases \$11.3 million when compared to the 2009 biennium. The 2009 biennium figures include both FY 2008 and FY 2009 while the present law adjustments for K-12 Base Aid are based on the FY 2008 base budget only. The difference between the biennial amounts and the base budget result in a significant present law adjustment for K-12 Base Aid.

The legislature approved four present law adjustments for the K-12 distribution program for OPI. The legislature added \$35.4 million for the 2011 biennium to reflect a 1) higher funding rates net of fewer students than in the base year of 2008 (\$21.1 million) and a 1 percent increase in the basic and per-ANB entitlements in each year of the 2011 biennium (\$16.0 million). The present law adjustment also includes downward adjustments for fewer students in the Indian Education for All payment (-\$79,438), the Achievement Gap payment (-\$157,000), and because of fewer educators, a reduction in the Quality Educator payment (-\$1.1 million).

The second present law adjustment was for reduced revenue available for Base Aid from interest and income on state lands. Interest and income revenue available for Base Aid relative to the amount spent in FY 2008 is a reduction of \$729,366 biennial, resulting in a like increase in general fund.

The third present law adjustment adds \$1.9 million to increase HB 124 block grants by 0.76 percent each year of the 2011 biennium as prescribed by current law.

The fourth present law adjustment is recognition of additional federal funds of \$29.2 million relative to the amount of federal funds spent in FY 2008. The majority of the increase is in school foods, Title 1 and IDEA funds. The federal Omnibus Appropriations Act of 2009 added \$8.5 million to Montana's share of federal dollars for these three programs.

The bill includes a \$10 million general fund reduction to the at-risk component of the funding formula. The funds are allocated to 73 percent of the school districts, the same percentage as the school districts that receive federal Title I funds.

Any additional funds available due to the federal stimulus bill are included in HB 645. HB 645 includes federal funds of

\$34.7 million for Title I, Part A, \$36.7 million for IDEA-B, \$3.0 million for educational technology, \$1.2 million for IDEA-B (Preschool), \$0.5 million for school lunch technology and homeless assistance. It also includes an additional \$8.9 million to assist school districts that have unable to make adequate yearly progress for the last 5 years and are considered to be in restructuring under federal No Child Left Behind requirements.

Also included in HB 645 is \$2.4 million of general fund support to maintain FY 2009 maintenance of effort for IDEA, Part B, and \$10 million appropriated to the state flexibility account and distributed to the local school districts. HB 645 contains language to allow the \$5 million to be included as part of the base budget calculation for the 2013 biennial component.

*Goals and Objectives*

The House Appropriations Committee recommends that the Legislative Finance Committee monitor a 2011 biennium goal related to curriculum specialists in the Office of Public Instruction that was followed during the 2009 biennium. The House Appropriations Committee recommends that the Legislative Finance Committee and the Office of Public Instruction determine the performance measurements for the 2011 biennium goal and the Office of Public Instruction report on progress on the performance measurements to the Legislative Finance Committee.

**Funding**

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

2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Administration Program	\$ 932,501	\$ 7,690	\$ -	\$ 940,191	7.52%
02 General Services	1,079,270	-	-	1,079,270	8.63%
03 Student Services	2,618,702	-	38,320	2,657,022	21.26%
04 Education	7,019,935	675,529	127,626	7,823,090	62.59%
<b>Grand Total</b>	<b>\$ 11,650,408</b>	<b>\$ 683,219</b>	<b>\$ 165,946</b>	<b>\$ 12,499,573</b>	<b>100.00%</b>

The Office of Public Instruction is funded by general fund; state special revenues from the fees and reimbursements in the school lunch program, the traffic and safety education, and professional educator preparation courses; federal special revenues; and proprietary funds generated from the D.R.I.V.E program and indirect cost reimbursements.

The funding in the guarantee account is statutorily appropriated to local school districts and as a result is not included in the bill. All distributable income and interest on the common school trust is deposited into the account. The guarantee account is used to pay for direct state aid to local school districts. If revenues from the common school trust increase, the amount of aid paid for by the general fund decreases.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	642,761,421	642,761,421	1,285,522,842	97.87%	783,028,298	783,028,298	1,566,056,596	95.85%
Statewide PL Adjustments	552,796	597,807	1,150,603	0.09%	1,041,649	1,110,468	2,152,117	0.13%
Other PL Adjustments	18,379,824	19,756,301	38,136,125	2.90%	31,945,122	37,911,006	69,856,128	4.28%
New Proposals	(5,666,385)	(5,667,775)	(11,334,160)	(0.86%)	(4,188,406)	(77,141)	(4,265,547)	(0.26%)
<b>Total Budget</b>	<b>\$656,027,656</b>	<b>\$657,447,754</b>	<b>\$1,313,475,410</b>		<b>\$811,826,663</b>	<b>\$821,972,631</b>	<b>\$1,633,799,294</b>	

**Language and Statutory Authority**

"The office of public instruction may distribute funds from the appropriation for In-state Treatment to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs."

"All revenue up to \$1.1 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5."

"All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local educational activities are biennial."

"BASE Aid reflects an increase in the basic entitlement and the per-ANB entitlements of 1% in fiscal year 2010 and 1% in fiscal year 2011."

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	157.36	157.36	165.86	165.86	157.36	165.86	8.50	5.40%
Personal Services	9,072,595	10,455,159	10,129,873	10,159,170	19,527,754	20,289,043	761,289	3.90%
Operating Expenses	13,490,967	11,744,164	15,444,239	19,870,911	25,235,131	35,315,150	10,080,019	39.94%
Equipment & Intangible Assets	50,426	59,212	50,426	50,426	109,638	100,852	(8,786)	(8.01%)
Local Assistance	503,530	488,801	503,530	503,530	992,331	1,007,060	14,729	1.48%
<b>Total Costs</b>	<b>\$23,117,518</b>	<b>\$22,747,336</b>	<b>\$26,128,068</b>	<b>\$30,584,037</b>	<b>\$45,864,854</b>	<b>\$56,712,105</b>	<b>\$10,847,251</b>	<b>23.65%</b>
General Fund	9,200,157	10,186,159	9,108,505	9,163,604	19,386,316	18,272,109	(1,114,207)	(5.75%)
State Special	207,495	241,734	232,276	232,357	449,229	464,633	15,404	3.43%
Federal Special	13,709,866	12,319,443	16,787,287	21,188,076	26,029,309	37,975,363	11,946,054	45.89%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$23,117,518</b>	<b>\$22,747,336</b>	<b>\$26,128,068</b>	<b>\$30,584,037</b>	<b>\$45,864,854</b>	<b>\$56,712,105</b>	<b>\$10,847,251</b>	<b>23.65%</b>

### Page Reference

Legislative Budget Analysis, E-12

### Funding

General fund supports the majority of the costs of the Superintendent's Office, Indian education, information technology services, and state distributions to schools; approximately half of the costs of legal services, measurement and accountability, and accreditation programs; and a small portion of curriculum services, special education services, career technical and adult education, and health enhancement and safety programs. General fund decreases \$1.4 million between the two biennia. The decreases are due in part to the overall 2 percent reduction of \$0.4 million included in the bill for executive agency budgets. The bill also contains a \$0.6 million decrease for one-time costs for the K-12 data system included in the 2008 base budget and a \$0.13 million decrease for NORM reference tests which are no longer required as federal requirements under No Child Left Behind require other testing.

State special revenues fund a portion of the costs of the School Lunch Program and the Traffic and Safety Education. Revenues for the School Lunch Program are generated through reimbursements for the costs of shipping, handling, and other related costs of school food commodities used in the School Lunch Program. Traffic and Safety Education revenues are generated through a percentage of the driver's license fee, commercial driver's license fees, and replacement driver's license fees.

The administrative component of numerous federal grants is used to support state level activities. Increased federal grants include Elementary and Secondary Education Act Title I, federal data collection grant, state assessment funds, IDEA, Part B, and Carl Perkins funds. In addition, the bill includes increased federal appropriations of \$0.4 million in FY 2010 and \$4.5 million in FY 2011 to implement a statewide longitudinal data system.

### Program Narrative

The budget for the state level activities increases \$9.6 million between the 2011 and 2009 biennia. Over \$8.8 million of the increase is due to higher operating expenses. Increased operating expenses include:

- o \$7.7 million for costs related to federal grants
- o \$0.3 million for statewide present law inflationary and fixed costs change

The bill provides for increased funding to support audiological service and traffic education. Statutorily required teacher stipends are fully funded in the bill with \$30,000 of additional general fund and \$12,000 of state special revenue funds over the biennium. The bill includes a \$0.6 million general fund reduction over the biennium to eliminate support for one-

time only costs related to the K-12 data system included in the base funding by the executive. The bill includes a general fund reduction of \$130,000 over the biennium to eliminate funding for NORM reference tests which are no longer required under the federal No Child Left Behind Act.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	9,200,157	9,200,157	18,400,314	100.70%	23,117,518	23,117,518	46,235,036	81.53%
Statewide PL Adjustments	552,796	597,807	1,150,603	6.30%	1,041,649	1,110,468	2,152,117	3.79%
Other PL Adjustments	21,938	33,416	55,354	0.30%	1,157,308	1,433,193	2,590,501	4.57%
New Proposals	(666,386)	(667,776)	(1,334,162)	(7.30%)	811,593	4,922,858	5,734,451	10.11%
<b>Total Budget</b>	<b>\$9,108,505</b>	<b>\$9,163,604</b>	<b>\$18,272,109</b>		<b>\$26,128,068</b>	<b>\$30,584,037</b>	<b>\$56,712,105</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,333,413	0.00				1,364,618
Vacancy Savings					(410,937)	0.00				(412,184)
Inflation/Deflation					76,728	0.00				112,098
Fixed Costs					42,445	0.00				45,936
<b>Total Statewide Present Law Adjustments</b>		<b>\$552,796</b>	<b>\$617</b>	<b>\$488,236</b>	<b>\$1,041,649</b>	<b>0.00</b>	<b>\$597,807</b>	<b>\$673</b>	<b>\$511,988</b>	<b>\$1,110,468</b>
					0	0.00				0
DP 7 - Audiological Services										
	0.00	21,998	0	0	21,998	0.00	33,485	0	0	33,485
DP 14 - Traffic Education Budget Adjustment										
	0.00	0	12,000	0	12,000	0.00	0	12,000	0	12,000
DP 19 - Federal Grant Award Adjustments - Program 06										
	8.50	0	0	1,123,377	1,123,377	8.50	0	0	1,387,784	1,387,784
DP 7101 - Fuel Inflation Reduction										
	0.00	(60)	0	(7)	(67)	0.00	(69)	0	(7)	(76)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>8.50</b>	<b>\$21,938</b>	<b>\$12,000</b>	<b>\$1,123,370</b>	<b>\$1,157,308</b>	<b>8.50</b>	<b>\$33,416</b>	<b>\$12,000</b>	<b>\$1,387,777</b>	<b>\$1,433,193</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>8.50</b>	<b>\$574,734</b>	<b>\$12,617</b>	<b>\$1,611,606</b>	<b>\$2,198,957</b>	<b>8.50</b>	<b>\$631,223</b>	<b>\$12,673</b>	<b>\$1,899,765</b>	<b>\$2,543,661</b>

DP 7 - Audiological Services - The legislature approved support for an anticipated 3 percent increase each year of the biennium for the audiological services contract for the Hearing Conservation Program. The Individuals with Disabilities Education Act requires public schools to have an effective child find system in place for children through age 21 who are suspected of having disabilities. The Hearing Conservation Program is the primary method for schools to ensure proper identification of students with hearing impairments.

DP 14 - Traffic Education Budget Adjustment - The bill includes an increase in administrative operating funds of \$12,000 per year for the 2011 biennium to maintain present level traffic education (TE) services to public schools and to eliminate nonrecurring appropriations through personal services contingencies. The TE program provides administrative services to public schools for district-provided driver education programs. In addition to teacher and program approval processes and

state reimbursement distributions, these services include supervision and assessment of approved traffic education courses; preparation for teachers of traffic education; development, printing, and distribution of essential instructional materials for traffic education; and any other activities considered necessary by the superintendent of public instruction.

DP 19 - Federal Grant Award Adjustments - Program 06 - The bill provides for an adjustment to federal spending authority for grant awards due to anticipated increases and decreases in federal funding. Funds are used to support the administration of current federal grants and provide technical assistance to schools. The adjustment is \$1,123,377 in FY 2010 and \$1,387,784 in FY 2011. The appropriation is biennial.

DP 7101 - Fuel Inflation Reduction - The legislation reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### New Proposals

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 26 - Student Assessment										
06	0.00	(64,878)	0	0	(64,878)	0.00	(64,878)	0	0	(64,878)
DP 29 - Reduction for One-Time Costs of K-12 Data System										
06	0.00	(300,000)	0	0	(300,000)	0.00	(300,000)	0	0	(300,000)
DP 30 - Teacher Stipends										
06	0.00	15,000	6,000	0	21,000	0.00	15,000	6,000	0	21,000
DP 31 - Federal Statewide Longitudinal Data Systems										
06	0.00	0	0	395,931	395,931	0.00	0	0	4,509,003	4,509,003
DP 32 - IDEA - Part B Admin - Increased Funds HB 645										
06	0.00	0	0	1,235,815	1,235,815	0.00	0	0	1,235,815	1,235,815
DP 6101 - Fixed Cost Workers Comp Management Program Allocat										
06	0.00	6,901	0	0	6,901	0.00	5,984	0	0	5,984
DP 6105 - 2 percent unspecified reduction of general fund										
06	0.00	(185,838)	0	0	(185,838)	0.00	(185,838)	0	0	(185,838)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
06	0.00	(137,571)	6,164	(165,931)	(297,338)	0.00	(138,044)	6,189	(166,373)	(298,228)
<b>Total</b>	<b>0.00</b>	<b>(\$666,386)</b>	<b>\$12,164</b>	<b>\$1,465,815</b>	<b>\$811,593</b>	<b>0.00</b>	<b>(\$667,776)</b>	<b>\$12,189</b>	<b>\$5,578,445</b>	<b>\$4,922,858</b>

DP 26 - Student Assessment - The legislature approved a general fund reduction of \$64,878 in each year of the biennium which previously supported norm-reference test (NRT) student assessment, commonly known as the Iowa Basics. The NRT, formerly in administrative rules of the Board of Public Education for the accreditation of schools, is no longer required due to changes implemented in federal No Child Left Behind legislation.

DP 29 - Reduction for One-Time Costs of K-12 Data System - The legislature approved a reduction of \$600,000 in operating costs for costs of the K-12 data system which were considered one-time costs.

DP 30 - Teacher Stipends - The bill includes funding to support teacher stipends for Montana teachers who achieve certification from the National Board for Professional Teaching Standards. Statute requires payment of a \$3,000 to assist in the costs of achieving the certification.

DP 31 - Federal Statewide Longitudinal Data Systems - The legislature approved increasing federal appropriation authority to provide for a multi-year federal grant for a statewide longitudinal data system that was awarded to OPI in March 2009. The grant will provide \$395,931 in federal funds in FY 2010 and \$4,509,003 in FY 2011.

DP 32 - IDEA - Part B Admin - Increased Funds HB 645 - The legislature approved increased federal appropriation authority for administrative costs for Individuals with Disabilities Education Act (IDEA), Part B. Under the American Recovery and Reinvestment Act of 2009 (ARRA), the administrative costs for the additional \$36.5 million in IDEA, Part B funds received in the ARRA and appropriated in HB 645 are to be appropriated from the regular IDEA grant

appropriated in HB 2.

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the legislature funded the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature approved an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Proprietary Rates**

#### **Proprietary Program Description**

The OPI Indirect Cost Pool is an internal service fund used to allocate various centralized costs such as payroll, accounting, or budgeting to all OPI's state and federally funded programs using a pre-approved indirect cost rate.

#### **Funding**

OPI Indirect Cost Pool is funded entirely with internal service type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in appropriation tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium.

The following decision packages were concurred in when rates for the program were approved.

#### **Present Law Adjustments**

DP 0000 - Statewide Present Law Adjustments - A biennium increase of \$355,394 for personal services cost increases and other operating expenses.

#### **Proprietary Rate Explanation**

For the 2011 biennium a rate of 16.3 percent was approved.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Operating Expenses	0	3,998	0	0	3,998	0	(3,998)	(100.00%)
Local Assistance	633,539,284	655,835,265	646,897,171	648,262,170	1,289,374,549	1,295,159,341	5,784,792	0.45%
Grants	126,371,496	159,608,650	138,801,424	143,126,424	285,980,146	281,927,848	(4,052,298)	(1.42%)
<b>Total Costs</b>	<b>\$759,910,780</b>	<b>\$815,447,913</b>	<b>\$785,698,595</b>	<b>\$791,388,594</b>	<b>\$1,575,358,693</b>	<b>\$1,577,087,189</b>	<b>\$1,728,496</b>	<b>0.11%</b>
General Fund	633,561,264	655,863,286	646,919,151	648,284,150	1,289,424,550	1,295,203,301	5,778,751	0.45%
State Special	750,000	750,000	750,000	750,000	1,500,000	1,500,000	0	0.00%
Federal Special	125,599,516	158,834,627	138,029,444	142,354,444	284,434,143	280,383,888	(4,050,255)	(1.42%)
<b>Total Funds</b>	<b>\$759,910,780</b>	<b>\$815,447,913</b>	<b>\$785,698,595</b>	<b>\$791,388,594</b>	<b>\$1,575,358,693</b>	<b>\$1,577,087,189</b>	<b>\$1,728,496</b>	<b>0.11%</b>

**Page Reference**

Legislative Budget Analysis, E-32

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the legislature.

Distribution to Schools, General Fund, State Special, and Federal Funds - Legislature							
Description	Base	PL Base	New	Total	PL Base	New	Total
	Budget 2008	Adjustments Fiscal 2010	Proposals Fiscal 2010		Adjustments Fiscal 2011	Proposals Fiscal 2011	
Base Aid (General Fund & Guarantee Acct)	\$570,202,837	\$16,881,231	-\$4,999,999	\$582,084,070	\$18,521,158	-\$4,999,999	\$583,723,997
<b>General Fund</b>							
<b>Base Aid</b>							
Direct State Aid	\$313,092,203	\$10,797,504	\$0	323,889,707	\$10,432,032	\$0	323,524,235
GTB - School General Fund	127,482,001	\$5,642,151	0	133,124,152	\$6,137,014	0	133,619,015
GTB - School Retirement	25,761,036	\$1,985,049	0	27,746,085	\$2,861,187	0	28,622,223
Indian Ed for All	3,063,152	-\$28,276	0	3,034,876	-\$51,162	0	3,011,990
Close Achievement Gap	3,293,800	-\$73,000	0	3,220,800	-\$84,000	0	3,209,800
Quality Educator	38,521,876	-\$557,600	0	37,964,276	-\$557,600	0	37,964,276
At Risk Payment (Appropriated Separately)	4,999,891	109	-4,999,999	1	109	-4,999,999	1
School District Audits	185,880	-185,880	0	0	-185,880	0	0
Special Education	40,413,567	0	0	40,413,567	0	0	40,413,567
Transportation	12,338,475	0	0	12,338,475	0	0	12,338,475
School Facility Reimbursement	9,744,392	0	0	9,744,392	0	0	9,744,392
Instate Treatment	787,800	0	0	787,800	0	0	787,800
Secondary Vo Ed	1,000,000	0	0	1,000,000	0	0	1,000,000
Adult Basic Ed	524,998	0	0	524,998	0	0	524,998
Gifted & Talented	246,982	0	0	246,982	0	0	246,982
School Food	648,655	0	0	648,655	0	0	648,655
HB 124 Block Grants	50,979,326	777,830	0	51,757,156	1,171,185	0	52,150,511
State Tuition Payments	477,230	0	0	477,230	0	0	477,230
<b>Total General Fund</b>	<b>\$633,561,264</b>	<b>\$18,357,885</b>	<b>-\$4,999,999</b>	<b>\$646,919,151</b>	<b>\$19,722,885</b>	<b>-\$4,999,999</b>	<b>\$648,284,151</b>
<b>State Special Revenue</b>							
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
<b>Total State Special</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$750,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$750,000</b>
<b>Federal Special Revenue</b>							
Federal School Foods Programs	\$24,565,933	\$3,075,000	\$0	\$27,640,933	\$4,350,000	\$0	\$28,915,933
ESEA - Title I - Assistance to Disadvantaged	34,882,098	6,500,000	0	41,382,098	8,500,000	0	43,382,098
ESEA - Title I - Improvement	1,226,188	2,250,000	0	3,476,188	3,000,000	0	4,226,188
ESEA - Title I - Migrant Education	731,756	0	0	731,756	0	0	731,756
ESEA - Title I - Neglected & Delinquent	91,361	0	0	91,361	0	0	91,361
ESEA - Title I - Part B - Even Start	490,425	0	0	490,425	0	0	490,425
ESEA Title II - Teacher & Principal Training	12,559,983	0	0	12,559,983	0	0	12,559,983
ESEA Title II - Math & Science	693,245	0	0	693,245	0	0	693,245
ESEA Title II - Technology	1,393,979	0	0	1,393,979	0	0	1,393,979
ESEA Title III-Language Acquisition	318,973	0	0	318,973	0	0	318,973
ESEA Title IV - 21 st Cent Schools	4,328,339	0	0	4,328,339	0	0	4,328,339
ESEA Title IV - Drug Free Schools	1,105,486	0	0	1,105,486	0	0	1,105,486
ESEA Title V -Innovative Education	403,828	-403,828	0	0	-403,828	0	0
IDEA - Children w/ Disabilities	33,872,492	750,000	0	34,622,492	1,000,000	0	34,872,492
IDEA - Preschool	1,220,207	0	0	1,220,207	0	0	1,220,207
IDEA - SIG	171,174	0	0	171,174	0	0	171,174
Adult Basic Education	1,156,305	0	0	1,156,305	0	0	1,156,305
Carl Perkins	2,559,872	0	0	2,559,872	0	0	2,559,872
Carl Perkins State Leadership	89,000	0	0	89,000	0	0	89,000
Learn and Serve Montana	102,013	0	0	102,013	0	0	102,013
Reading First	1,794,564	700,000	0	2,494,564	750,000	0	2,544,564
Advanced Placement Fee Reimbursement	96,222	0	0	96,222	0	0	96,222
Character Education	680,908	0	0	680,908	0	0	680,908
Christa McAuliffe	9,431	0	0	9,431	0	0	9,431
Comprehensive School Reform	441,244	-441,244	0	0	-441,244	0	0
Education of Homeless Children	164,530	0	0	164,530	0	0	164,530
Foreign Language Assistance	118,444	0	0	118,444	0	0	118,444
Local Wellness Program	4,000	0	0	4,000	0	0	4,000
Migrant Incentive	173,655	0	0	173,655	0	0	173,655
Rural and Low Income Schools	136,859	0	0	136,859	0	0	136,859
Homeland Security	17,002	0	0	17,002	0	0	17,002
<b>Total Federal Special</b>	<b>\$125,599,516</b>	<b>\$12,429,928</b>	<b>\$0</b>	<b>\$138,029,444</b>	<b>\$16,754,928</b>	<b>\$0</b>	<b>\$142,354,444</b>
<b>Funding</b>							
Total General Fund	\$633,561,264	\$18,357,885	-\$4,999,999	\$646,919,151	\$19,722,885	-\$4,999,999	\$648,284,151
Total State Special	750,000	0	0	750,000	0	0	750,000
Total Federal Special	125,599,516	12,429,928	0	138,029,444	16,754,928	0	142,354,444
<b>Total Distribution to Public Schools</b>	<b>\$759,910,780</b>	<b>\$30,787,813</b>	<b>-\$4,999,999</b>	<b>\$785,698,595</b>	<b>\$36,477,813</b>	<b>-\$4,999,999</b>	<b>\$791,388,595</b>
<b>Statutory Appropriations</b>							
Guarantee Account - Interest & Income	\$53,802,998	-\$698,824	\$0	\$53,104,174	-\$30,542	\$0	\$53,772,456
Guarantee Account -Timber	895,804	1,826,110	0	2,721,914	-96,250	0	799,554
<b>Total Statutory</b>	<b>\$54,698,802</b>	<b>\$1,127,286</b>	<b>\$0</b>	<b>\$55,826,088</b>	<b>-\$126,792</b>	<b>\$0</b>	<b>\$54,572,010</b>

The legislature approved four present law adjustments for the K-12 distribution program for OPI. The legislature added \$35.4 million for the 2011 biennium to reflect a 1) higher funding rates net of fewer students than in the base year of 2008 (\$21.1 million) and a 1 percent increase in the basic and per-ANB entitlements in each year of the 2011 biennium (\$16.0 million). The present law adjustment also includes downward adjustments for fewer students in the Indian Education for All payment (-\$79,438), the Achievement Gap payment (-\$157,000), and because of fewer educators, a reduction in the Quality Educator payment (-\$1.1 million).

The second present law adjustment was for reduced revenue available for Base Aid from interest and income on state lands. Interest and income revenue available for Base Aid relative to the amount spent in FY 2008 is a reduction of \$729,366 biennial, resulting in a like increase in general fund.

The third present law adjustment adds \$1.9 million to increase HB 124 block grants by 0.76 percent each year of the 2011 biennium as prescribed by current law.

The fourth present law adjustment is recognition of additional federal funds of \$29.2 million relative to the amount of federal funds spent in FY 2008. The majority of the increase is in school funds, Title 1 and IDEA funds. The federal Omnibus Appropriations Act of 2009 added \$8.5 million to Montana's share of federal dollars for these three programs.

The bill includes a \$10 million general fund reduction to the at-risk component of the funding formula.

Any additional funds available due to the federal stimulus bill are included in HB 645. HB 645 includes \$34.7 million for Title I, Part A, \$35.5 million for IDEA-B, \$3.0 million for educational technology, \$1.2 million for IDEA-B (Preschool), \$0.5 million for school lunch technology and homeless assistance. It also includes an additional \$8.9 million to assist school districts that have unable to make adequate yearly progress for the last 5 years and are considered to be in restructuring under federal No Child Left Behind requirements.



**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - K-12 BASE Aid - Present Law	0.00	16,881,232	0	0	16,881,232	0.00	18,521,158	0	0	18,521,158
DP 10 - School Block Grants - HB 124	0.00	777,830	0	0	777,830	0.00	1,171,185	0	0	1,171,185
DP 20 - Federal Grant Award Adj - Program 09	0.00	0	0	12,429,928	12,429,928	0.00	0	0	16,754,928	16,754,928
DP 100 - Guarantee Account Adjustment	0.00	698,824	0	0	698,824	0.00	30,542	0	0	30,542
DP 900 - Base Aid	0.00	0	0	0	0	0.00	0	0	0	0
DP 901 - At Risk Payment	0.00	0	0	0	0	0.00	0	0	0	0
DP 905 - Special Education (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 906 - Transportation (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 907 - School Facility Reimbursement (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 908 - Instate Treatment (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 909 - Secondary Vo-Ed (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 910 - Adult Basic Educatio (Restrict/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 911 - Gifted And Talented (Restrict/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 912 - School Food (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 913 - HB 124 Block Grants (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 914 - State Tuition Payment (Restrict/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 915 - Traffic Safety Distribution (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,357,886</b>	<b>\$0</b>	<b>\$12,429,928</b>	<b>\$30,787,814</b>	<b>0.00</b>	<b>\$19,722,885</b>	<b>\$0</b>	<b>\$16,754,928</b>	<b>\$36,477,813</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,357,886</b>	<b>\$0</b>	<b>\$12,429,928</b>	<b>\$30,787,814</b>	<b>0.00</b>	<b>\$19,722,885</b>	<b>\$0</b>	<b>\$16,754,928</b>	<b>\$36,477,813</b>

DP 1 - K-12 BASE Aid - Present Law - The legislature approved \$35.4 million for the present law adjustment of K-12 Base Aid in the 2011 biennium. Of this total, \$21.1 million is to bring the FY 2008 expenditure base up to the FY 2009 funding rates, which is also adjusted for a reduction in ANB of 0.66 percent in FY 2010 and an additional 0.76 percent in FY 2011. The cost of a 1 percent and 1 percent increase in the basic and per-ANB entitlements is \$16.0 million for the biennium. In addition, fewer students than in the base year reduces the Indian Education for All payment by \$79,438. Fewer Indian students reduces the Achievement Gap payment by \$157,000. Fewer educators than in the base year reduces the Quality Educator payment by \$1.1 million.

DP 10 - School Block Grants - HB 124 - State law (20-9-630 and 632, MCA) provides for an annual 0.76 percent increase in the county transportation and school district block grants. The FY 2008 base is \$50,979,326. The legislature approved a biennial appropriation increase of \$777,830 in FY 2010 and \$1,171,185 in FY 2011.

DP 20 - Federal Grant Award Adj - Program 09 - This biennial appropriation is to adjust federal spending authority in Local Education Activities for anticipated increases and decreases in federal funding. These funds are distributed by OPI to school districts and other local education agencies. The adjustment is \$12.4 million in FY 2010 and \$16.8 million in FY 2011. The legislature added \$2.5 million for the biennium for school foods, \$3.5 million for Title 1, and \$2.5 million for IDEA-B. These additions were included in the federal Omnibus Appropriations Act of 2009.

Federal Grant Awards Present Law Adjustments			
Programs	Base 2008	Increase / Decrease	
		Fiscal 2010	Fiscal 2011
Food Programs	\$24,565,933	\$3,075,000	\$4,350,000
Title I, Part A Low Income	1,226,188	6,500,000	\$8,500,000
ESEA - Title I - Improvement	34,882,098	2,250,000	\$3,000,000
Reading First	1,794,564	700,000	750,000
IDEA - Children w/ Disabilities	33,872,492	750,000	1,000,000
ESEA Title V -Innovative Education	403,828	-403,828	-403,828
Comprehensive School Reform	441,244	-441,244	-441,244
Total	<u>\$97,186,347</u>	<u>\$12,429,928</u>	<u>\$16,754,928</u>

DP 100 - Guarantee Account Adjustment - This reflects an adjustment to the FY 2008 base of \$53,802,998 for Base Aid in the guarantee account and increases general fund expenditure for base aid in the amount of \$698,824 in FY 2010 and by \$30,542 in FY 2011. These amounts reflect adjustments to the revenue estimates made in March to HJR2 by the House Taxation Committee. The guarantee account is a state special revenue account statutorily appropriated primarily for distribution to school districts through school equalization aid.

DP 900 - Base Aid - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 901 - At Risk Payment - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 905 - Special Education (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 906 - Transportation (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 907 - School Facility Reimbursement (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 908 - Instate Treatment (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 909 - Secondary Vo-Ed (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 910 - Adult Basic Education (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 911 - Gifted And Talented (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 912 - School Food (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 913 - HB 124 Block Grants (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a

line item to HB 2.

DP 914 - State Tuition Payment (Restrict/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 915 - Traffic Safety Distribution (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 917 - At Risk Payment Reduction											
09	0.00	(4,999,999)	0	0	(4,999,999)	0.00	(4,999,999)	0	0	(4,999,999)	
<b>Total</b>	<b>0.00</b>	<b>(\$4,999,999)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,999,999)</b>	<b>0.00</b>	<b>(\$4,999,999)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,999,999)</b>	

DP 917 - At Risk Payment Reduction - This decision package reduces the at risk payment in the base by \$4,999,999 in each year of the 2011 biennium. This will reduce district general fund maximum and Base budgets by a like amount.

It is the intent of this amendment that the executive would include the at risk payment at \$5,000,000 per year in its budget submission to the legislature in the Fall of 2010.

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	266,842	282,621	295,006	295,057	549,463	590,063	40,600	7.39%
Operating Expenses	109,214	127,254	112,214	114,292	236,468	226,506	(9,962)	(4.21%)
<b>Total Costs</b>	<b>\$376,056</b>	<b>\$409,875</b>	<b>\$407,220</b>	<b>\$409,349</b>	<b>\$785,931</b>	<b>\$816,569</b>	<b>\$30,638</b>	<b>3.90%</b>
General Fund	209,990	224,324	221,171	223,717	434,314	444,888	10,574	2.43%
State Special	166,066	185,551	186,049	185,632	351,617	371,681	20,064	5.71%
<b>Total Funds</b>	<b>\$376,056</b>	<b>\$409,875</b>	<b>\$407,220</b>	<b>\$409,349</b>	<b>\$785,931</b>	<b>\$816,569</b>	<b>\$30,638</b>	<b>3.90%</b>

**Page Reference**

Legislative Budget Analysis, E-45

**Executive Budget Comparison**

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	4.00	4.00	4.00	0.00	4.00	4.00	0.00	
Personal Services	266,842	295,006	295,006	0	295,057	295,057	0	0
Operating Expenses	109,214	116,753	112,214	(4,539)	118,832	114,292	(4,540)	(9,079)
<b>Total Costs</b>	<b>\$376,056</b>	<b>\$411,759</b>	<b>\$407,220</b>	<b>(\$4,539)</b>	<b>\$413,889</b>	<b>\$409,349</b>	<b>(\$4,540)</b>	<b>(\$9,079)</b>
General Fund	209,990	225,710	221,171	(4,539)	228,257	223,717	(4,540)	(9,079)
State/Other Special	166,066	186,049	186,049	0	185,632	185,632	0	0
<b>Total Funds</b>	<b>\$376,056</b>	<b>\$411,759</b>	<b>\$407,220</b>	<b>(\$4,539)</b>	<b>\$413,889</b>	<b>\$409,349</b>	<b>(\$4,540)</b>	<b>(\$9,079)</b>

The bill includes a two percent reduction in general fund support when compared to the funding as recommended by the executive.

**Agency Highlights**

<b>Board of Public Education Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The bill includes a reduction of 2 percent in general fund support compared to the executive proposed budget</li> <li>◆ Increases for operating costs result from higher information technology costs due to a switch from an OCHE partnership to ITSD services</li> </ul>

**Agency Discussion**

BPE consolidated from two programs, the Administration Program and the Advisory Council, to a single program in FY 2008. BPE oversees two advisory councils: the Montana Council on Indian Education and the Certification Standards and Practices Advisory Council.

Non-employee travel costs for BPE board members attending meetings comprise almost 29 percent of the total operating costs for the 2009 biennium. Similar costs are included in the 2011 biennial budget as proposed in the bill. Increases in operating costs shown in the biennial comparison table reflect the changes in the method of calculating the charges for Information Technology Services Division (ITSD) services. Previously, BPE was able to partner with the Office of the Commissioner of Higher Education (OCHE) for data network services. OCHE will be moving out of a shared office location before the end of the 2009 biennium. Information technology services for BPE will then be provided by ITSD. A portion of these costs are considered a new cost to BPE.

*Goals and Measurable Objectives*

None.

**Funding**

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

Total Agency Funding 2011 Biennium Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Administration	\$ 444,888	\$ 371,681	\$ 816,569	100.00%
Grand Total	\$ 444,888	\$ 371,681	\$ 816,569	100.00%

The Board of Public Education (BPE) is funded with general fund and state special revenue collected from teacher certification fees. By statute, the Office of Public Instruction Certification/Teacher Licensure Unit is responsible for collecting fees and depositing them in two state special revenue accounts for use by BPE. The fee for teacher and specialist certificates is set by statute at \$6 per year. Of this total, \$4 of the fee is to be used for expenses of the Certification Standards and Practices Advisory Council. The remaining \$2 is used to support the Board of Public Education’s constitutional and statutory duties, special projects, and research studies of the advisory council.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	209,990	209,990	419,980	94.40%	376,056	376,056	752,112	92.11%
Statewide PL Adjustments	8,987	9,713	18,700	4.20%	25,473	25,782	51,255	6.28%
Other PL Adjustments	1,300	1,300	2,600	0.58%	1,300	1,300	2,600	0.32%
New Proposals	894	2,714	3,608	0.81%	4,391	6,211	10,602	1.30%
<b>Total Budget</b>	<b>\$221,171</b>	<b>\$223,717</b>	<b>\$444,888</b>		<b>\$407,220</b>	<b>\$409,349</b>	<b>\$816,569</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					26,864	0.00				26,915
Inflation/Deflation					247	0.00				291
Fixed Costs					(1,638)	0.00				(1,424)
<b>Total Statewide Present Law Adjustments</b>		<b>\$8,987</b>	<b>\$16,486</b>	<b>\$0</b>	<b>\$25,473</b>	<b>0.00</b>	<b>\$9,713</b>	<b>\$16,069</b>	<b>\$0</b>	<b>\$25,782</b>
					0	0.00				0
DP 2 - Per Diem	0.00	1,300	0	0	1,300	0.00	1,300	0	0	1,300
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$1,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,300</b>	<b>0.00</b>	<b>\$1,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,300</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$10,287</b>	<b>\$16,486</b>	<b>\$0</b>	<b>\$26,773</b>	<b>0.00</b>	<b>\$11,013</b>	<b>\$16,069</b>	<b>\$0</b>	<b>\$27,082</b>

DP 2 - Per Diem - The bill includes reinstatement of per diem travel for the Board of Education members which are zero based in the budget.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - In-State Travel										
01	0.00	1,799	0	0	1,799	0.00	3,638	0	0	3,638
DP 3 - ITSD New Services										
01	0.00	3,497	3,497	0	6,994	0.00	3,497	3,497	0	6,994
DP 6101 - Fixed Cost Workers Comp Mgmt Pgm										
01	0.00	137	0	0	137	0.00	119	0	0	119
DP 6105 - 2 percent unspecified reduction of general fund										
01	0.00	(4,539)	0	0	(4,539)	0.00	(4,540)	0	0	(4,540)
<b>Total</b>	<b>0.00</b>	<b>\$894</b>	<b>\$3,497</b>	<b>\$0</b>	<b>\$4,391</b>	<b>0.00</b>	<b>\$2,714</b>	<b>\$3,497</b>	<b>\$0</b>	<b>\$6,211</b>

DP 1 - In-State Travel - The bill includes increases for non-employee instate travel to offset the additional costs due to two Board of Public Education members being from eastern Montana.

DP 3 - ITSD New Services - In the past, the Board of Public Education (BPE) has received network and computer services from the Office of the Commissioner of Higher Education (OCHE) as part of their rental agreement. OCHE will no longer provide those network services. The bill includes support for additional ITSD costs of \$6,994 in each year in the 2011 biennium.

DP 6101 - Fixed Cost Workers Comp Mgmt Pgm - The bill includes funding for Workers' Compensation Management Program in the Department of Administration via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	88.61	88.61	88.61	88.61	88.61	88.61	0.00	0.00%
Personal Services	4,812,010	5,416,726	5,386,529	5,393,386	10,228,736	10,779,915	551,179	5.39%
Operating Expenses	998,606	924,330	878,799	840,859	1,922,936	1,719,658	(203,278)	(10.57%)
Capital Outlay	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$5,810,616</b>	<b>\$6,341,056</b>	<b>\$6,265,328</b>	<b>\$6,234,245</b>	<b>\$12,151,672</b>	<b>\$12,499,573</b>	<b>\$347,901</b>	<b>2.86%</b>
General Fund	5,300,570	5,946,429	5,848,065	5,802,343	11,246,999	11,650,408	403,409	3.59%
State Special	417,370	293,924	334,290	348,929	711,294	683,219	(28,075)	(3.95%)
Federal Special	92,676	100,703	82,973	82,973	193,379	165,946	(27,433)	(14.19%)
<b>Total Funds</b>	<b>\$5,810,616</b>	<b>\$6,341,056</b>	<b>\$6,265,328</b>	<b>\$6,234,245</b>	<b>\$12,151,672</b>	<b>\$12,499,573</b>	<b>\$347,901</b>	<b>2.86%</b>

### Page Reference

Legislative Budget Analysis, E-51

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	88.61	88.61	88.61	0.00	88.61	88.61	0.00	
Personal Services	4,812,010	5,231,641	5,386,529	154,888	5,238,318	5,393,386	155,068	309,956
Operating Expenses	998,606	1,065,477	878,799	(186,678)	1,027,538	840,859	(186,679)	(373,357)
Capital Outlay	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$5,810,616</b>	<b>\$6,297,118</b>	<b>\$6,265,328</b>	<b>(\$31,790)</b>	<b>\$6,265,856</b>	<b>\$6,234,245</b>	<b>(\$31,611)</b>	<b>(\$63,401)</b>
General Fund	5,300,570	5,812,060	5,848,065	36,005	5,766,160	5,802,343	36,183	72,188
State/Other Special	417,370	402,085	334,290	(67,795)	416,723	348,929	(67,794)	(135,589)
Federal Special	92,676	82,973	82,973	0	82,973	82,973	0	0
<b>Total Funds</b>	<b>\$5,810,616</b>	<b>\$6,297,118</b>	<b>\$6,265,328</b>	<b>(\$31,790)</b>	<b>\$6,265,856</b>	<b>\$6,234,245</b>	<b>(\$31,611)</b>	<b>(\$63,401)</b>

The bill contains vacancy savings at 4 percent for the General Services, Student Services, and Education Programs resulting in higher support for MSDB than recommended by the Governor. In addition, the bill does not include \$135,589 in operating costs proposed by the Governor as the state special revenues supporting the costs are derived from out of state tuition payments that are statutorily appropriated and do not require a legislative appropriation. Finally, the bill contains a two percent reduction in general fund support of \$237,762 for the agency as a whole. The reduction is contained in the Education Program. Language included in the bill allows the agency to allocate the reduction among programs.

**Agency Highlights**

<b>Montana School for the Deaf and Blind Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The bill increases the budget by \$0.3 million when compared to the 2009 biennium</li> <li>◆ Present law adjustments are \$1.1 million, primarily for statewide present law adjustments</li> <li>◆ The bill includes vacancy savings at 4 percent for the General Services, Student Services, and Education Programs</li> <li>◆ The bill includes a two percent reduction of general fund support for the MSDB of \$237,763</li> </ul>	

**Agency Discussion**

The bill includes overall increases of \$0.3 million when compared with the 2009 biennium. General fund support for MSDB is 3.6 percent higher in the 2011 biennium. The majority of the increases are the result of statewide present law adjustments for personal services costs. Both state special revenues derived from the state trust income account and federal funds are decreased in the 2011 biennium.

The bill includes vacancy savings for the General Services, Student Services, and Education program at 4 percent, with 7 percent included for the Administration Program. The Student Services program provides 24 day residential services for visually or hearing impaired children attending the school. The General Services Program supports both the Student Services Program and the Education Program. The Education Program provides educational services to children on the MSDB campus and provides outreach workers to school districts with visually or hearing impaired children educated in their local schools.

*Federal Stimulus*

MSDB does not receive additional funding through the federal stimulus package either through the increased federal appropriations for federal education programs or as part of the additional general fund available.

*Goals and Measurable Objectives*

None.

**Funding**

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

Agency Program	Total Agency Funding 2011 Biennium Budget				
	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Administration Program	\$ 932,501	\$ 7,690	\$ -	\$ 940,191	7.52%
02 General Services	1,079,270	-	-	1,079,270	8.63%
03 Student Services	2,618,702	-	38,320	2,657,022	21.26%
04 Education	7,019,935	675,529	127,626	7,823,090	62.59%
Grand Total	<u>\$ 11,650,408</u>	<u>\$ 683,219</u>	<u>\$ 165,946</u>	<u>\$ 12,499,573</u>	<u>100.00%</u>

The Montana School for the Deaf and Blind’s (MSDB) programs are funded primarily with general fund, augmented by federal funding from the Individuals with Disabilities Education Act and the school lunch program. The bill includes appropriations for transfers from the School Trust Income and Interest account of about \$683,000 over the 2011 biennium. The revenue estimates adopted by the House Taxation Committee on February 18, 2009 reflect a biennial

reduction of \$5,219 below the appropriations included in HB 2. Over half of the reduction in the state special revenue from the trust can be offset by miscellaneous reimbursements received by MSDB.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	5,300,570	5,300,570	10,601,140	90.99%	5,810,616	5,810,616	11,621,232	92.97%
Statewide PL Adjustments	694,595	649,442	1,344,037	11.54%	601,814	571,300	1,173,114	9.39%
Other PL Adjustments	(21,852)	(21,874)	(43,726)	(0.38%)	(21,854)	(21,876)	(43,730)	(0.35%)
New Proposals	(125,248)	(125,795)	(251,043)	(2.15%)	(125,248)	(125,795)	(251,043)	(2.01%)
<b>Total Budget</b>	<b>\$5,848,065</b>	<b>\$5,802,343</b>	<b>\$11,650,408</b>		<b>\$6,265,328</b>	<b>\$6,234,245</b>	<b>\$12,499,573</b>	

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	321,057	323,545	317,913	318,843	644,602	636,756	(7,846)	(1.22%)
Operating Expenses	149,004	129,948	171,354	132,081	278,952	303,435	24,483	8.78%
<b>Total Costs</b>	<b>\$470,061</b>	<b>\$453,493</b>	<b>\$489,267</b>	<b>\$450,924</b>	<b>\$923,554</b>	<b>\$940,191</b>	<b>\$16,637</b>	<b>1.80%</b>
General Fund	467,901	451,333	485,516	446,985	919,234	932,501	13,267	1.44%
State Special	2,160	2,160	3,751	3,939	4,320	7,690	3,370	78.01%
<b>Total Funds</b>	<b>\$470,061</b>	<b>\$453,493</b>	<b>\$489,267</b>	<b>\$450,924</b>	<b>\$923,554</b>	<b>\$940,191</b>	<b>\$16,637</b>	<b>1.80%</b>

### Page Reference

Legislative Budget Analysis, E-55

### Funding

General fund supporting the Administration Program increases 1.4 percent between the 2009 and 2011 biennia. School trust interest/income is generated from trust lands granted by the federal government to the state for the benefit of MSDB. While less than 1 percent of the total funding, the increase of school trust interest/income is 78 percent higher in the 2011 biennium when compared to the 2009 biennium.

### Program Narrative

The budget supported by this bill appropriates increased support for administrative services due to statewide present law adjustments for personal services which are offset by decreases in fixed costs in the FY 2011 due to reductions in fixed costs. The reduction of \$20,294 in FY 2011 mainly reflects adjustments for legislative audit costs which are included in the bill as a restricted and biennial appropriation of \$34,889 in the FY 2010.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	467,901	467,901	935,802	100.35%	470,061	470,061	940,122	99.99%
Statewide PL Adjustments	23,982	(14,003)	9,979	1.07%	25,573	(12,224)	13,349	1.42%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(6,367)	(6,913)	(13,280)	(1.42%)	(6,367)	(6,913)	(13,280)	(1.41%)
<b>Total Budget</b>	<b>\$485,516</b>	<b>\$446,985</b>	<b>\$932,501</b>		<b>\$489,267</b>	<b>\$450,924</b>	<b>\$940,191</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					20,784					21,782
Vacancy Savings					(13,673)					(13,712)
Inflation/Deflation					9					9
Fixed Costs					18,453					(20,303)
<b>Total Statewide Present Law Adjustments</b>		<b>\$23,982</b>	<b>\$1,591</b>	<b>\$0</b>	<b>\$25,573</b>		<b>(\$14,003)</b>	<b>\$1,779</b>	<b>\$0</b>	<b>(\$12,224)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$23,982</b>	<b>\$1,591</b>	<b>\$0</b>	<b>\$25,573</b>	<b>0.00</b>	<b>(\$14,003)</b>	<b>\$1,779</b>	<b>\$0</b>	<b>(\$12,224)</b>

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation										
01	0.00	3,888	0	0	3,888	0.00	3,371	0	0	3,371
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(10,255)	0	0	(10,255)	0.00	(10,284)	0	0	(10,284)
<b>Total</b>	<b>0.00</b>	<b>(\$6,367)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,367)</b>	<b>0.00</b>	<b>(\$6,913)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,913)</b>

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - The Workers' Compensation Management program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 Biennium and beyond, the bill includes that the program be funded via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill includes an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	150,655	171,583	162,294	163,315	322,238	325,609	3,371	1.05%
Operating Expenses	416,837	375,733	377,432	376,229	792,570	753,661	(38,909)	(4.91%)
Capital Outlay	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$567,492</b>	<b>\$547,316</b>	<b>\$539,726</b>	<b>\$539,544</b>	<b>\$1,114,808</b>	<b>\$1,079,270</b>	<b>(\$35,538)</b>	<b>(3.19%)</b>
General Fund	567,492	547,316	539,726	539,544	1,114,808	1,079,270	(35,538)	(3.19%)
<b>Total Funds</b>	<b>\$567,492</b>	<b>\$547,316</b>	<b>\$539,726</b>	<b>\$539,544</b>	<b>\$1,114,808</b>	<b>\$1,079,270</b>	<b>(\$35,538)</b>	<b>(3.19%)</b>

**Page Reference**

Legislative Budget Analysis, E-57

**Funding**

The General Service Program is funded entirely with general fund. General fund support for the program is reduced 3.3 percent when compared to the 2009 biennial budget

**Program Narrative**

The bill includes a 2011 biennial budget for the General Services Program which is 3 percent less than the 2009 biennial budget. Statewide present law adjustments of \$35,523 included for the 2011 biennium are offset in the bill by a total of \$91,237 in general fund reductions for the program or 8.4 percent of the 2009 biennial budget. Vacancy savings for the program are included at 4 percent rather than the 7 percent recommended by the executive.

In FY 2008, the General Services Program replaced a number of deteriorating concrete sidewalks which can pose hazards to its visually impaired students. In addition, the program installed a video surveillance system to increase security and reduce vandalism on the campus, replaced doors throughout, and installed hardware for an expanded computer network. Maintenance costs are approximately 28.9 percent of operating expenses in the 2011 biennium included in the bill.

In the bill utilities comprise 47.2 percent of the operations budget in the 2011 biennium. As energy prices fluctuate, the amount available for maintenance projects on campus is adjusted.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	567,492	567,492	1,134,984	105.16%	567,492	567,492	1,134,984	105.16%
Statewide PL Adjustments	17,784	17,739	35,523	3.29%	17,784	17,739	35,523	3.29%
Other PL Adjustments	(45,550)	(45,687)	(91,237)	(8.45%)	(45,550)	(45,687)	(91,237)	(8.45%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$539,726</b>	<b>\$539,544</b>	<b>\$1,079,270</b>		<b>\$539,726</b>	<b>\$539,544</b>	<b>\$1,079,270</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					18,402					19,464
Vacancy Savings					(6,763)					(6,804)
Inflation/Deflation					9,608					10,424
Fixed Costs					(3,463)					(5,345)
<b>Total Statewide Present Law Adjustments</b>		<b>\$17,784</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,784</b>		<b>\$17,739</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,739</b>
DP 1 - Energy Conservation Bonds	0.00	(7,000)	0	0	(7,000)	0.00	(7,000)	0	0	(7,000)
DP 2 - Operating Cost Reduction - Lease Vehicle	0.00	(1,757)	0	0	(1,757)	0.00	(1,757)	0	0	(1,757)
DP 8 - Pgm 02 Correct Duplicate Budget Entry	0.00	(35,872)	0	0	(35,872)	0.00	(35,872)	0	0	(35,872)
DP 7101 - Fuel Inflation Reduction	0.00	(921)	0	0	(921)	0.00	(1,058)	0	0	(1,058)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$45,550)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$45,550)</b>	<b>0.00</b>	<b>(\$45,687)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$45,687)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$27,766)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$27,766)</b>	<b>0.00</b>	<b>(\$27,948)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$27,948)</b>

DP 1 - Energy Conservation Bonds - The bill includes reductions of \$7,000 in general fund each year of the biennium for energy conservation bonds which have been paid in full.

DP 2 - Operating Cost Reduction - Lease Vehicle - The bill includes a motor pool lease van to replace a school van that has high mileage. A reduction in operating costs for a school owned van that will be replaced is included in the General Services Program where the costs of the van were recorded in the 2009 biennium. The lease vehicle is budgeted under the Education Program in the bill.

DP 8 - Pgm 02 Correct Duplicate Budget Entry - MSDB moved personal services authority from the Student Services Program into operating authority in the General Services Program in the FY 2008 base year. The personal services authority was restored in the base personal services calculations in the Student Services Program and it appears in the operating base authority of the General Services Program. The bill contains a reduction of \$35,872 in general fund in the General Services Program from the operating expenses for each year of the 2011 biennium.

DP 7101 - Fuel Inflation Reduction - The bill contains a reduction in funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	29.74	29.74	29.74	29.74	29.74	29.74	0.00	0.00%
Personal Services	1,054,888	1,253,478	1,216,234	1,219,721	2,308,366	2,435,955	127,589	5.53%
Operating Expenses	106,900	112,731	110,067	111,000	219,631	221,067	1,436	0.65%
<b>Total Costs</b>	<b>\$1,161,788</b>	<b>\$1,366,209</b>	<b>\$1,326,301</b>	<b>\$1,330,721</b>	<b>\$2,527,997</b>	<b>\$2,657,022</b>	<b>\$129,025</b>	<b>5.10%</b>
General Fund	1,142,628	1,339,022	1,307,141	1,311,561	2,481,650	2,618,702	137,052	5.52%
Federal Special	19,160	27,187	19,160	19,160	46,347	38,320	(8,027)	(17.32%)
<b>Total Funds</b>	<b>\$1,161,788</b>	<b>\$1,366,209</b>	<b>\$1,326,301</b>	<b>\$1,330,721</b>	<b>\$2,527,997</b>	<b>\$2,657,022</b>	<b>\$129,025</b>	<b>5.10%</b>

### Page Reference

Legislative Budget Analysis, E-61

### Funding

The Student Services Program general fund support increases 5.6 percent in the 2011 biennium when compared with support provided in the 2009 biennium. The program receives a small amount of federal funds from the national school lunch program which supports about 1.5 percent of the 2011 biennial budget. The federal program funding is based on the number of students served and does not include increases for higher food costs.

### Program Narrative

The bill provides for increases due to the costs of statewide present law adjustments. The costs of providing residency for students and student travel to their homes each month are wholly supported by the general fund in the bill. Non-employee travel costs comprise 38.5 percent of the operating expenses and are decreased by 2.3 percent when compared to the 2009 biennium. Costs of providing meals to the students comprise more than 41.7 percent of operating expenses in the 2011 biennium. Federal funds for the national school lunch program provide support for about 41.6 percent of the operating costs of providing meals to the students.

The bill includes a 4 percent vacancy savings for the Student Services program.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,142,628	1,142,628	2,285,256	87.27%	1,161,788	1,161,788	2,323,576	87.45%
Statewide PL Adjustments	164,513	168,933	333,446	12.73%	164,513	168,933	333,446	12.55%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$1,307,141</b>	<b>\$1,311,561</b>	<b>\$2,618,702</b>		<b>\$1,326,301</b>	<b>\$1,330,721</b>	<b>\$2,657,022</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					212,022					215,654
Vacancy Savings					(50,676)					(50,821)
Inflation/Deflation					3,167					4,100
<b>Total Statewide Present Law Adjustments</b>		<b>\$164,513</b>	<b>\$0</b>	<b>\$0</b>	<b>\$164,513</b>		<b>\$168,933</b>	<b>\$0</b>	<b>\$0</b>	<b>\$168,933</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$164,513</b>	<b>\$0</b>	<b>\$0</b>	<b>\$164,513</b>	<b>0.00</b>	<b>\$168,933</b>	<b>\$0</b>	<b>\$0</b>	<b>\$168,933</b>

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	49.87	49.87	49.87	49.87	49.87	49.87	0.00	0.00%
Personal Services	3,285,410	3,668,120	3,690,088	3,691,507	6,953,530	7,381,595	428,065	6.16%
Operating Expenses	325,865	305,918	219,946	221,549	631,783	441,495	(190,288)	(30.12%)
<b>Total Costs</b>	<b>\$3,611,275</b>	<b>\$3,974,038</b>	<b>\$3,910,034</b>	<b>\$3,913,056</b>	<b>\$7,585,313</b>	<b>\$7,823,090</b>	<b>\$237,777</b>	<b>3.13%</b>
General Fund	3,122,549	3,608,758	3,515,682	3,504,253	6,731,307	7,019,935	288,628	4.29%
State Special	415,210	291,764	330,539	344,990	706,974	675,529	(31,445)	(4.45%)
Federal Special	73,516	73,516	63,813	63,813	147,032	127,626	(19,406)	(13.20%)
<b>Total Funds</b>	<b>\$3,611,275</b>	<b>\$3,974,038</b>	<b>\$3,910,034</b>	<b>\$3,913,056</b>	<b>\$7,585,313</b>	<b>\$7,823,090</b>	<b>\$237,777</b>	<b>3.13%</b>

### Page Reference

Legislative Budget Analysis, E-65

### Funding

The Education Program is funded by general fund, state special revenue generated from income on school trust lands, reimbursements from school districts for large print and Braille materials, and federal grants used to meet special educational program needs.

General fund increases by 4.3 percent when compared to the 2009 biennium. The majority of the increases support statewide present law adjustments.

The bill includes state special revenue support from transfers of interest and income generated on the Deaf and Blind Trust. The revenue estimates adopted by the House Taxation Committee include a reduction of the trust income to be transferred to MSDB of approximately \$5,000. The state special revenue account used for the transfers is also used to record miscellaneous reimbursements from school districts for large print and Braille materials which generated an additional \$1,500 in revenues in the last three years. These funds would offset over half of the reduction for the program.

### Program Narrative

The bill provides support for costs which are 3.1 percent higher in the 2011 biennium when compared to the 2009 biennium. The Education Program provides for both educational needs of students on their campus and outreach services to students throughout Montana. In FY 2008 the on-campus education program expended about \$2.4 million in general fund. The outreach program expended \$0.7 million in general fund. The bill provides about \$2.5 million in general fund annually for the on-campus education program and about \$1.1 million to support the outreach program. The outreach program works with 92 school districts with visually or hearing impaired students.

Increases for the program include statewide present law adjustments of approximately \$0.8 million. General fund support for personal service costs and operating costs included in the adjustments were increased with an offsetting reduction in state special revenue support of \$0.15 million and a small reduction in federal support of about \$20,000 over the biennium. The bill includes vacancy savings at 4 percent of the personal service costs in the 2011 biennium.

Other general fund increases for the program include reinstatement of extracurricular compensation for staff involved in supporting students in extracurricular activities such as teams or field trips. The compensation costs are eliminated through the budgeting process. Support for the activities is included in the bill for the 2011 biennium. Support is also included to replace a van through a lease with the state motor pool.

General fund reductions of \$23,000 for fuel costs and operating costs funded through personal service appropriation transfers are included. A two percent reduction of \$237,762 in general fund for the agency over the biennium is included in the Education Program. The bill contains language that allows MSDB to allocate the reduction among its programs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	3,122,549	3,122,549	6,245,098	88.96%	3,611,275	3,611,275	7,222,550	92.32%
Statewide PL Adjustments	488,316	476,773	965,089	13.75%	393,944	396,852	790,796	10.11%
Other PL Adjustments	23,698	23,813	47,511	0.68%	23,696	23,811	47,507	0.61%
New Proposals	(118,881)	(118,882)	(237,763)	(3.39%)	(118,881)	(118,882)	(237,763)	(3.04%)
<b>Total Budget</b>	<b>\$3,515,682</b>	<b>\$3,504,253</b>	<b>\$7,019,935</b>		<b>\$3,910,034</b>	<b>\$3,913,056</b>	<b>\$7,823,090</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					526,818	0.00				528,291
Vacancy Savings					(149,078)	0.00				(149,132)
Inflation/Deflation					16,314	0.00				17,803
Fixed Costs					(110)	0.00				(110)
<b>Total Statewide Present Law Adjustments</b>		<b>\$488,316</b>	<b>(\$84,669)</b>	<b>(\$9,703)</b>	<b>\$393,944</b>	<b>0.00</b>	<b>\$476,773</b>	<b>(\$70,218)</b>	<b>(\$9,703)</b>	<b>\$396,852</b>
					0	0.00				0
DP 2 - Extracurricular Compensation	0.00	26,938	0	0	26,938	0.00	26,938	0	0	26,938
DP 3 - Motor Pool Lease Vehicle	0.00	8,299	0	0	8,299	0.00	8,425	0	0	8,425
DP 8 - Pgm 04 Correct Duplicate Budget Entry	0.00	(11,464)	0	0	(11,464)	0.00	(11,464)	0	0	(11,464)
DP 7101 - Fuel Inflation Reduction	0.00	(75)	(2)	0	(77)	0.00	(86)	(2)	0	(88)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$23,698</b>	<b>(\$2)</b>	<b>\$0</b>	<b>\$23,696</b>	<b>0.00</b>	<b>\$23,813</b>	<b>(\$2)</b>	<b>\$0</b>	<b>\$23,811</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$512,014</b>	<b>(\$84,671)</b>	<b>(\$9,703)</b>	<b>\$417,640</b>	<b>0.00</b>	<b>\$500,586</b>	<b>(\$70,220)</b>	<b>(\$9,703)</b>	<b>\$420,663</b>

DP 2 - Extracurricular Compensation - The Montana School for the Deaf and the Blind pays extracurricular compensation to employees who sponsor after school activities which are not included in the base budget. The bill includes amounts paid to employees which are contained in a collective bargaining agreement with the Montana Education Association/Montana Federation of Teachers. Salaries and benefits total \$26,938 per year.

DP 3 - Motor Pool Lease Vehicle - The bill includes support for a motor pool lease vehicle to replace a school van that has high mileage. The lease vehicle will be used to transport students. Reductions for maintenance costs of the van are included in the General Services Program.

DP 8 - Pgm 04 Correct Duplicate Budget Entry - MSDB transferred personal services appropriation authority into operating expenses appropriation authority in FY 2008. The personal services authority was restored in the statewide present law adjustment for FY 2010 and FY 2011. It is also included in the general fund appropriations request for operating expenses. The bill includes a reduction of \$11,464 of general fund support for operating expenses for each year of the 2011 biennium.

DP 7101 - Fuel Inflation Reduction - The bill includes a reduction for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6105 - 2 percent unspecified reduction of general fund										
04	0.00	(118,881)	0	0	(118,881)	0.00	(118,882)	0	0	(118,882)
<b>Total</b>	<b>0.00</b>	<b>(\$118,881)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$118,881)</b>	<b>0.00</b>	<b>(\$118,882)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$118,882)</b>

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	506,369	557,017	534,422	538,163	1,063,386	1,072,585	9,199	0.87%
Operating Expenses	322,558	240,170	325,708	305,826	562,728	631,534	68,806	12.23%
Grants	420,903	499,973	420,903	420,903	920,876	841,806	(79,070)	(8.59%)
<b>Total Costs</b>	<b>\$1,249,830</b>	<b>\$1,297,160</b>	<b>\$1,281,033</b>	<b>\$1,264,892</b>	<b>\$2,546,990</b>	<b>\$2,545,925</b>	<b>(\$1,065)</b>	<b>(0.04%)</b>
General Fund	467,889	459,035	467,115	456,702	926,924	923,817	(3,107)	(0.34%)
State Special	204,517	214,756	213,080	211,705	419,273	424,785	5,512	1.31%
Federal Special	577,424	623,369	600,838	596,485	1,200,793	1,197,323	(3,470)	(0.29%)
<b>Total Funds</b>	<b>\$1,249,830</b>	<b>\$1,297,160</b>	<b>\$1,281,033</b>	<b>\$1,264,892</b>	<b>\$2,546,990</b>	<b>\$2,545,925</b>	<b>(\$1,065)</b>	<b>(0.04%)</b>

### Page Reference

Legislative Budget Analysis, E-73

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	506,369	534,422	534,422	0	538,163	538,163	0	0
Operating Expenses	322,558	335,134	325,708	(9,426)	315,253	305,826	(9,427)	(18,853)
Grants	420,903	420,903	420,903	0	420,903	420,903	0	0
<b>Total Costs</b>	<b>\$1,249,830</b>	<b>\$1,290,459</b>	<b>\$1,281,033</b>	<b>(\$9,426)</b>	<b>\$1,274,319</b>	<b>\$1,264,892</b>	<b>(\$9,427)</b>	<b>(\$18,853)</b>
General Fund	467,889	476,541	467,115	(9,426)	466,129	456,702	(9,427)	(18,853)
State/Other Special	204,517	213,080	213,080	0	211,705	211,705	0	0
Federal Special	577,424	600,838	600,838	0	596,485	596,485	0	0
<b>Total Funds</b>	<b>\$1,249,830</b>	<b>\$1,290,459</b>	<b>\$1,281,033</b>	<b>(\$9,426)</b>	<b>\$1,274,319</b>	<b>\$1,264,892</b>	<b>(\$9,427)</b>	<b>(\$18,853)</b>

The bill provides for costs and funding as recommended by the Governor offset by a two percent reduction of general fund support of \$18,853 over the biennium.

### Agency Highlights

<b>Montana Arts Council Major Budget Highlights</b>
◆ Present law adjustments of \$76,700 are offset by a two percent reduction of general fund support of \$18,900 and elimination of one-time moving costs of \$12,300

**Agency Discussion**

The bill includes a decrease of less than 1 percent for MAC when compared to the 2009 biennium. Increases due to present law adjustments for personal services, fixed costs, and per diem travel for the Montana Arts Council are offset by a reduction of two percent or \$18,854 of general fund support over the biennium and a reduction for one-time costs related to moving into new office space. The bill includes language allowing the agency to allocate the two percent reduction among programs.

The bill includes increased support for personal services of \$9,199 when compared to the 2009 biennium. Operating costs included in the bill increase by \$68,806 when compared to the 2009 biennium due to present law adjustments offset by the two percent reduction. Over 16 percent of the increases included in the fixed costs of the statewide present law adjustments result from the move to a new office space. Grants to schools and communities included in the bill are reduced by \$79,070 or 8.6 percent when compared to the 2009 biennium. The reduction in the grants to communities around Montana offsets increased personal service costs and operating costs included in the bill.

*Goals and Measurable Objectives*

None.

**Funding**

The agency is funded with a combination of general fund, state special revenue funds from cultural and aesthetic trust fund interest earnings, and federal funds from the National Endowment for the Arts.

The coal severance tax fund shared account supports the Montana Arts Council’s administration of the cultural and aesthetic trust activities and its Folklife Program, which promotes Montana’s traditional and native arts and cultures. Interest earnings from the corpus of the cultural trust support the Cultural and Aesthetic Program projects and are appropriated to both MAC and other art organizations and projects around the state. MAC administers the grants and makes recommendations to the Long Range Building Program on grant appropriations. During the 2011 biennium, funding for the administration and the Folklife Program included in the general appropriations act is 32.5 percent of the total biennial revenue available for appropriation for Cultural and Aesthetic Trust grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	467,889	467,889	935,778	101.29%	1,249,830	1,249,830	2,499,660	98.18%
Statewide PL Adjustments	10,784	(41)	10,743	1.16%	35,926	15,466	51,392	2.02%
Other PL Adjustments	(2,277)	(1,844)	(4,121)	(0.45%)	4,318	8,689	13,007	0.51%
New Proposals	(9,281)	(9,302)	(18,583)	(2.01%)	(9,041)	(9,093)	(18,134)	(0.71%)
<b>Total Budget</b>	<b>\$467,115</b>	<b>\$456,702</b>	<b>\$923,817</b>		<b>\$1,281,033</b>	<b>\$1,264,892</b>	<b>\$2,545,925</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					23,853	0.00				24,394
Inflation/Deflation					1,660	0.00				1,915
Fixed Costs					10,413	0.00				(10,843)
<b>Total Statewide Present Law Adjustments</b>		<b>\$10,784</b>	<b>\$6,825</b>	<b>\$18,317</b>	<b>\$35,926</b>	<b>0.00</b>	<b>(\$41)</b>	<b>\$2,071</b>	<b>\$13,436</b>	<b>\$15,466</b>
					0	0.00				0
DP 5 - Present Law Adjustments	0.00	3,873	1,675	4,920	10,468	0.00	4,306	5,062	5,471	14,839
DP 7 - Remove Telephone Move Charges	0.00	(6,150)	0	0	(6,150)	0.00	(6,150)	0	0	(6,150)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$2,277)</b>	<b>\$1,675</b>	<b>\$4,920</b>	<b>\$4,318</b>	<b>0.00</b>	<b>(\$1,844)</b>	<b>\$5,062</b>	<b>\$5,471</b>	<b>\$8,689</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,507</b>	<b>\$8,500</b>	<b>\$23,237</b>	<b>\$40,244</b>	<b>0.00</b>	<b>(\$1,885)</b>	<b>\$7,133</b>	<b>\$18,907</b>	<b>\$24,155</b>

DP 5 - Present Law Adjustments - The bill increases funding of \$8,179 in general fund, \$6,737 in state special revenue, and \$10,391 in federal funds over the biennium for anticipated costs of per diem for the council, legal fees, and rent increases.

DP 7 - Remove Telephone Move Charges - The bill notes that the Montana Arts Council moved from the City County Building into a private building rented by the Department of Administration in FY 2008. The move created a one-time-only charge of \$6,150 for telephone moving charges which was removed from the FY 2010 and FY 2011 budgets.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Establish Biennial Appropriation for Federal Funds										
01	0.00	0	0	0	0	0.00	0	0	0	0
DP 6101 - Fixed Cost Workers Comp Mgmt Pgm										
01	0.00	145	63	177	385	0.00	125	55	154	334
DP 6105 - 2 percent unspecified reduction of general fund										
01	0.00	(9,426)	0	0	(9,426)	0.00	(9,427)	0	0	(9,427)
<b>Total</b>	<b>0.00</b>	<b>(\$9,281)</b>	<b>\$63</b>	<b>\$177</b>	<b>(\$9,041)</b>	<b>0.00</b>	<b>(\$9,302)</b>	<b>\$55</b>	<b>\$154</b>	<b>(\$9,093)</b>

DP 8 - Establish Biennial Appropriation for Federal Funds - The bill provides provision to designate federal funds to MAC as biennial appropriations over the 2011 biennium.

DP 6101 - Fixed Cost Workers Comp Mgmt Pgm - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the bill funds the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	30.50	30.50	30.50	30.50	30.50	30.50	0.00	0.00%
Personal Services	1,980,114	1,799,680	1,713,582	1,717,403	3,779,794	3,430,985	(348,809)	(9.23%)
Operating Expenses	1,838,352	1,855,106	1,739,230	1,722,482	3,693,458	3,461,712	(231,746)	(6.27%)
Equipment & Intangible Assets	17,896	56,684	18,724	19,216	74,580	37,940	(36,640)	(49.13%)
Grants	522,135	1,426,372	1,526,723	926,723	1,948,507	2,453,446	504,939	25.91%
<b>Total Costs</b>	<b>\$4,358,497</b>	<b>\$5,137,842</b>	<b>\$4,998,259</b>	<b>\$4,385,824</b>	<b>\$9,496,339</b>	<b>\$9,384,083</b>	<b>(\$112,256)</b>	<b>(1.18%)</b>
General Fund	2,348,128	2,513,420	2,723,521	2,711,111	4,861,548	5,434,632	573,084	11.79%
State Special	1,054,978	1,055,012	863,530	863,523	2,109,990	1,727,053	(382,937)	(18.15%)
Federal Special	955,391	1,417,366	1,411,208	811,190	2,372,757	2,222,398	(150,359)	(6.34%)
Other	0	152,044	0	0	152,044	0	(152,044)	(100.00%)
<b>Total Funds</b>	<b>\$4,358,497</b>	<b>\$5,137,842</b>	<b>\$4,998,259</b>	<b>\$4,385,824</b>	<b>\$9,496,339</b>	<b>\$9,384,083</b>	<b>(\$112,256)</b>	<b>(1.18%)</b>

### Page Reference

Legislative Budget Analysis, E-80

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	30.50	30.50	30.50	0.00	30.50	30.50	0.00	
Personal Services	1,980,114	1,713,582	1,713,582	0	1,717,403	1,717,403	0	0
Operating Expenses	1,838,352	1,934,685	1,739,230	(195,455)	1,917,938	1,722,482	(195,456)	(390,911)
Equipment & Intangible Assets	17,896	18,724	18,724	0	19,216	19,216	0	0
Grants	522,135	1,526,723	1,526,723	0	926,723	926,723	0	0
<b>Total Costs</b>	<b>\$4,358,497</b>	<b>\$5,193,714</b>	<b>\$4,998,259</b>	<b>(\$195,455)</b>	<b>\$4,581,280</b>	<b>\$4,385,824</b>	<b>(\$195,456)</b>	<b>(\$390,911)</b>
General Fund	2,348,128	2,778,936	2,723,521	(55,415)	2,766,522	2,711,111	(55,411)	(110,826)
State/Other Special	1,054,978	1,003,557	863,530	(140,027)	1,003,555	863,523	(140,032)	(280,059)
Federal Special	955,391	1,411,221	1,411,208	(13)	811,203	811,190	(13)	(26)
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$4,358,497</b>	<b>\$5,193,714</b>	<b>\$4,998,259</b>	<b>(\$195,455)</b>	<b>\$4,581,280</b>	<b>\$4,385,824</b>	<b>(\$195,456)</b>	<b>(\$390,911)</b>

The bill provides \$120,000 in state special revenue to support a pilot project for library courier/delivery services which is \$280,000 less than the recommendation by the Governor. The state special revenue is derived from the Coal Tax Shared Revenue account which was overappropriated. The bill also contains a two percent reduction of general fund support for the agency of \$110,911 over the biennium.

## Agency Highlights

<b>Montana Library Commission Major Budget Highlights</b>
<p>MSL budget decreases slightly more than 1 percent when compared to the 2009 biennium due to a two percent reduction in general fund support offset by increases for:</p> <ul style="list-style-type: none"> <li>◆ Statewide present law adjustments</li> <li>◆ Standard base adjustments that include biennial appropriation of grant awards</li> </ul>

## Agency Discussion

The bill decreases the 2011 biennial budget for Montana Library Commission (MLC) by slightly more than 1.0 percent when compared to the 2009 biennium. Personal service costs are 37 percent of the overall costs in the 2011 biennium while operating expenses comprise 37 percent and grants are 26 percent of the total support included in the bill.

Approximately \$5.4 million in general fund and \$1.7 million in state special revenues are included for the library operations. Support for both the Natural Resource Information System (NRIS) and the Geographic Information System (GIS) are part of state library operations. \$1.4 million in federal grants to local libraries are included in the bill.

### *Goals and Measurable Objectives*

None

## Funding

The MLC is funded through a combination of general fund, state special revenue, and federal special revenue. General fund supports the interlibrary loan reimbursement program, state aid to libraries throughout Montana, NRIS, and general operations.

State special revenue includes funding for the following:

- o Coal severance tax shared account partially funds general operations, the periodic database, and library federation grants to assist local libraries in providing basic services
- o Resource Indemnity Trust (RIT) revenues from the natural resource operations account partially funds the Natural Heritage Program, NRIS, and the water information system
- o \$253,570 is from assessments from various state departments to support NRIS. Fish, Wildlife, and Parks provides 27.36 percent of the assessment, Department of Environmental Quality 23.24 percent, Department of Natural Resources 19.39 percent, Montana University System 17.45 percent, and Montana Department of Transportation 12.56 percent

The bill increases the percentage of the budget supported by general fund by 6.8 percent, from 51.1 percent of the budget in the 2009 biennium to 57.9 percent in the 2011 biennium. A significant portion of the change is due to elimination of support from natural resource operations state special revenues and replacement of the funding with \$251,401 in general fund. State special revenues are proposed to decrease by 3.82 percent between the biennia. Federal special revenue support decreases slightly.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,348,128	2,348,128	4,696,256	86.41%	4,358,497	4,358,497	8,716,994	92.89%
Statewide PL Adjustments	220,826	208,679	429,505	7.90%	(105,691)	(117,735)	(223,426)	(2.38%)
Other PL Adjustments	4,347	4,345	8,692	0.16%	854,910	254,798	1,109,708	11.83%
New Proposals	150,220	149,959	300,179	5.52%	(109,457)	(109,736)	(219,193)	(2.34%)
<b>Total Budget</b>	<b>\$2,723,521</b>	<b>\$2,711,111</b>	<b>\$5,434,632</b>		<b>\$4,998,259</b>	<b>\$4,385,824</b>	<b>\$9,384,083</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(141,155)	0.00				(137,047)
Vacancy Savings					(73,558)	0.00				(73,722)
Inflation/Deflation					4,832	0.00				5,354
Inflation/Deflation					828	0.00				1,320
Fixed Costs					103,362	0.00				86,360
<b>Total Statewide Present Law Adjustments</b>		<b>\$220,826</b>	<b>\$0</b>	<b>(\$326,517)</b>	<b>(\$105,691)</b>	<b>0.00</b>	<b>\$208,679</b>	<b>\$0</b>	<b>(\$326,414)</b>	<b>(\$117,735)</b>
				0	0	0.00				0
DP 2 - LSTA Grants	0.00	0	0	790,630	790,630	0.00	0	0	190,529	190,529
DP 3 - Standard Cost Adjustment	0.00	4,354	0	0	4,354	0.00	4,354	0	0	4,354
DP 4 - Library Courier/Delivery Service Pilot - OTO	0.00	0	60,000	0	60,000	0.00	0	60,000	0	60,000
DP 7101 - Fuel Inflation Reduction	0.00	(7)	(47)	(20)	(74)	0.00	(9)	(54)	(22)	(85)
				0	0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$4,347</b>	<b>\$59,953</b>	<b>\$790,610</b>	<b>\$854,910</b>	<b>0.00</b>	<b>\$4,345</b>	<b>\$59,946</b>	<b>\$190,507</b>	<b>\$254,798</b>
				0	0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$225,173</b>	<b>\$59,953</b>	<b>\$464,093</b>	<b>\$749,219</b>	<b>0.00</b>	<b>\$213,024</b>	<b>\$59,946</b>	<b>(\$135,907)</b>	<b>\$137,063</b>

DP 2 - LSTA Grants - The bill provides increased federal authority to spend estimated Library Service and Technology Act (LSTA) grant awards and realign the biennial appropriation of the awards into the first year of the biennium, resulting in a smaller adjustment in FY 2011.

DP 3 - Standard Cost Adjustment - The bill reestablishes zero-based per diem for library commissioners and volunteer insurance. It also includes additional funds for legal fees in the Department of Justice, which increase \$504 in each year of the biennium.

DP 4 - Library Courier/Delivery Service Pilot - OTO - The bill includes \$60,000 in state special revenue each year to fund a Library Courier/Delivery Service Pilot Project. The movement of interlibrary loan items between libraries has increased due to increased electronic library catalog searches. The funding provides for one-time-only funding of \$60,000 state special revenue for each year of the 2011 biennium to research and pilot cost effective alternatives such as utilizing other existing statewide courier networks or purchasing multiple copies of material to minimize reliance on escalating postal fees. The funding can also be used to increase resources for libraries that incur shipping costs when

sharing materials.

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - Natural Resources Operations Acct - Funding Switch										
01	0.00	251,401	(251,401)	0	0	0.00	251,401	(251,401)	0	0
DP 8 - Biennial Appropriation for LSTA State Support										
01	0.00	0	0	0	0	0.00	0	0	0	0
DP 6101 - Fixed Cost Workers Comp Mgmt Pgm										
01	0.00	1,167	0	0	1,167	0.00	1,012	0	0	1,012
DP 6105 - 2 percent unspecified reduction of general fund										
01	0.00	(55,455)	0	0	(55,455)	0.00	(55,456)	0	0	(55,456)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(46,893)	0	(8,276)	(55,169)	0.00	(46,998)	0	(8,294)	(55,292)
<b>Total</b>	<b>0.00</b>	<b>\$150,220</b>	<b>(\$251,401)</b>	<b>(\$8,276)</b>	<b>(\$109,457)</b>	<b>0.00</b>	<b>\$149,959</b>	<b>(\$251,401)</b>	<b>(\$8,294)</b>	<b>(\$109,736)</b>

DP 5 - Natural Resources Operations Acct - Funding Switch - The bill eliminates \$251,401 of support provided through the natural resources operations account. To offset the operational costs previously supported by the state special revenues the legislation provides \$251,401 general fund each year of the biennium. Funding supports staff and operating expenses of the Natural Resource Information System (NRIS).

DP 8 - Biennial Appropriation for LSTA State Support - The bill includes \$205,660 in general fund as a biennial appropriation to support grants to local libraries.

DP 6101 - Fixed Cost Workers Comp Mgmt Pgm - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the bill includes funding the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority** "If HB 645 does not include \$140,000 of general fund money in fiscal year 2010 and \$140,000 of general fund money in fiscal year 2011 to fund library courier/delivery services for the Montana library commission, then Montana library commission is increased by \$140,000 of state special revenue from the coal tax shared account in fiscal year 2010 and by \$140,000 of state special revenue from the coal tax shared revenue account in fiscal year 2011."

### Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	61.14	61.14	61.14	61.14	61.14	61.14	0.00	0.00%
Personal Services	2,766,436	3,162,114	3,049,534	3,047,486	5,928,550	6,097,020	168,470	2.84%
Operating Expenses	1,224,784	1,295,675	1,243,035	1,211,172	2,520,459	2,454,207	(66,252)	(2.63%)
Equipment & Intangible Assets	49,442	8,904	28,916	29,711	58,346	58,627	281	0.48%
Grants	77,000	78,861	77,000	77,000	155,861	154,000	(1,861)	(1.19%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	50,503	50,503	50,503	50,503	101,006	101,006	0	0.00%
<b>Total Costs</b>	<b>\$4,168,165</b>	<b>\$4,596,057</b>	<b>\$4,448,988</b>	<b>\$4,415,872</b>	<b>\$8,764,222</b>	<b>\$8,864,860</b>	<b>\$100,638</b>	<b>1.15%</b>
General Fund	2,668,353	2,721,748	2,665,611	2,647,648	5,390,101	5,313,259	(76,842)	(1.43%)
State Special	78,768	274,138	138,171	138,396	352,906	276,567	(76,339)	(21.63%)
Federal Special	620,578	643,738	663,669	663,669	1,264,316	1,327,338	63,022	4.98%
Other	800,466	956,433	981,537	966,159	1,756,899	1,947,696	190,797	10.86%
<b>Total Funds</b>	<b>\$4,168,165</b>	<b>\$4,596,057</b>	<b>\$4,448,988</b>	<b>\$4,415,872</b>	<b>\$8,764,222</b>	<b>\$8,864,860</b>	<b>\$100,638</b>	<b>1.15%</b>

### Page Reference

Legislative Budget Analysis, E-90

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	61.14	61.14	61.14	0.00	61.14	61.14	0.00	
Personal Services	2,766,436	3,049,534	3,049,534	0	3,047,486	3,047,486	0	0
Operating Expenses	1,224,784	1,297,252	1,243,035	(54,217)	1,265,389	1,211,172	(54,217)	(108,434)
Equipment & Intangible Assets	49,442	28,916	28,916	0	29,711	29,711	0	0
Grants	77,000	77,000	77,000	0	77,000	77,000	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	50,503	50,503	50,503	0	50,503	50,503	0	0
<b>Total Costs</b>	<b>\$4,168,165</b>	<b>\$4,503,205</b>	<b>\$4,448,988</b>	<b>(\$54,217)</b>	<b>\$4,470,089</b>	<b>\$4,415,872</b>	<b>(\$54,217)</b>	<b>(\$108,434)</b>
General Fund	2,668,353	2,749,085	2,665,611	(83,474)	2,744,958	2,647,648	(97,310)	(180,784)
State/Other Special	78,768	138,171	138,171	0	138,396	138,396	0	0
Federal Special	620,578	634,412	663,669	29,257	620,576	663,669	43,093	72,350
Proprietary	800,466	981,537	981,537	0	966,159	966,159	0	0
<b>Total Funds</b>	<b>\$4,168,165</b>	<b>\$4,503,205</b>	<b>\$4,448,988</b>	<b>(\$54,217)</b>	<b>\$4,470,089</b>	<b>\$4,415,872</b>	<b>(\$54,217)</b>	<b>(\$108,434)</b>

The bill includes a:

- Reduction of general fund associated with increased federal revenues for the Historic Preservation Program
- Corresponding increase in federal indirect cost recoveries in the Administration Programs
- Two percent reduction of general fund support

**Agency Highlights**

<b>Montana Historical Society Major Budget Highlights</b>	
◆	The bill includes increases for the MHS budget of 1.1 percent when compared to the 2009 biennium, primarily due to statewide present law adjustments
◆	The agency reorganized and created the Education Program

**Agency Discussion**

The Montana Historical Society executes its mandated duties with 61.14 FTE. In FY 2008 the agency reorganized its functions to add the Education Program. Funding for the program was created through appropriation and FTE transfers from the Administration, Museum, Publications, and Historic Preservation Programs. In addition, MHS shifted other FTE among programs. The figure illustrates the FTE program shifts.

Over the course of FY 2008, the agency modified or transferred among programs almost 30 percent of the positions within the agency. The transfers and modifications increased personal services costs to the general fund above what the legislature budgeted in the 2009 biennium. This is because the general fund supporting each program varies and the agency did not transfer the funding support for some of the FTE when the FTE were transferred.

Montana Historical Society FTE Transfers into Education Program			
Program	FTE	Funding	Sources
Administration Program	1.25	\$118,064	General Fund/State Special Revenue
Museum Program	3.35	292,225	General Fund
Publications Program	0.75	0	No funding transferred to support the FTE
Historical Preservation Office	<u>1.00</u>	<u>89,575</u>	General Fund
<b>Total</b>	<b><u>6.35</u></b>	<b><u>\$499,864</u></b>	

The bill contains increases for the 2011 biennium of 1.1 percent when compared to the 2009 biennium. The majority of the increases are due to statewide present law costs mainly associated with increased personal service costs partially offset by a two percent general fund reduction of \$108,434. The bill contains language allowing the MHS to allocate the reduction among its programs.

*Goals and Measurable Objectives*

None.

**Funding**

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

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 2,229,705	\$ 226,567	\$ 215,730	\$ 857,920	\$ 3,529,922	39.82%
02 Research Center	1,720,389	-	-	198,969	1,919,358	21.65%
03 Museum Program	616,908	50,000	-	137,201	804,109	9.07%
04 Publications Program	197,937	-	-	679,563	877,500	9.90%
05 Education Program	418,864	-	-	66,136	485,000	5.47%
06 Historic Preservation Program	<u>129,456</u>	<u>-</u>	<u>1,111,608</u>	<u>7,907</u>	<u>1,248,971</u>	<u>14.09%</u>
<b>Grand Total</b>	<b><u>\$ 5,313,259</u></b>	<b><u>\$ 276,567</u></b>	<b><u>\$ 1,327,338</u></b>	<b><u>\$ 1,947,696</u></b>	<b><u>\$ 8,864,860</u></b>	<b><u>100.00%</u></b>

As shown in the agency budget comparison table, the Montana Historical Society (MHS) is supported through a combination of general fund, state and federal special revenues, and proprietary funds. MHS proprietary funds are generated through sales of Montana, The Magazine of Western History, books, and merchandise in the museum store

and Research Center Program. Unlike other proprietary funds which have a rate approved by the legislature, MHS proprietary funds are appropriated by the legislature.

General fund support decreases 1.6 percent from supporting 61.5 percent of the budget in the 2009 biennium to 59.9 percent in the 2011 biennium. Decreases are offset by increased, federal and proprietary fund support.

State special revenue funds support decreases from supporting 4.0 percent of the 2009 biennium budget to supporting 3.1 percent of the budget in the 2011 biennium. Federal fund support is increased by 0.6 percent between the 2009 and 2011 biennia due to increased federal funds for historic sites preservation.

Proprietary fund support increases 1.9 percent between the 2009 biennium and the 2011 biennium. The funding supports present law increases in the Administration Program, Research Center, and the Education Program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,668,353	2,668,353	5,336,706	100.44%	4,168,165	4,168,165	8,336,330	94.04%
Statewide PL Adjustments	262,945	250,107	513,052	9.66%	590,233	569,570	1,159,803	13.08%
Other PL Adjustments	(73,564)	(73,568)	(147,132)	(2.77%)	(76,559)	(76,564)	(153,123)	(1.73%)
New Proposals	(192,123)	(197,244)	(389,367)	(7.33%)	(232,851)	(245,299)	(478,150)	(5.39%)
<b>Total Budget</b>	<b>\$2,665,611</b>	<b>\$2,647,648</b>	<b>\$5,313,259</b>		<b>\$4,448,988</b>	<b>\$4,415,872</b>	<b>\$8,864,860</b>	

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	17.79	17.79	17.79	17.79	17.79	17.79	0.00	0.00%
Personal Services	905,975	994,700	949,082	951,011	1,900,675	1,900,093	(582)	(0.03%)
Operating Expenses	768,273	860,323	818,769	785,560	1,628,596	1,604,329	(24,267)	(1.49%)
Equipment & Intangible Assets	20,544	0	12,750	12,750	20,544	25,500	4,956	24.12%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$1,694,792</b>	<b>\$1,855,023</b>	<b>\$1,780,601</b>	<b>\$1,749,321</b>	<b>\$3,549,815</b>	<b>\$3,529,922</b>	<b>(\$19,893)</b>	<b>(0.56%)</b>
General Fund	1,134,351	1,220,788	1,126,247	1,103,458	2,355,139	2,229,705	(125,434)	(5.33%)
State Special	76,292	97,110	113,171	113,396	173,402	226,567	53,165	30.66%
Federal Special	156,879	132,880	107,865	107,865	289,759	215,730	(74,029)	(25.55%)
Other	327,270	404,245	433,318	424,602	731,515	857,920	126,405	17.28%
<b>Total Funds</b>	<b>\$1,694,792</b>	<b>\$1,855,023</b>	<b>\$1,780,601</b>	<b>\$1,749,321</b>	<b>\$3,549,815</b>	<b>\$3,529,922</b>	<b>(\$19,893)</b>	<b>(0.56%)</b>

### Page Reference

Legislative Budget Analysis, E-94

### Funding

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

The bill includes a reduction of \$46,706 in general fund and an equal increase in federal indirect cost recoveries when compared to the December 15, 2008 executive proposed budget. The amount of the indirect cost recoveries is based on two components – the federal grant amount and the indirect cost rate. In FY 2010 and FY 2011 both components of the rate change resulting in about \$74,000 less federal indirect cost revenues than in the 2009 biennium.

The bill also includes a reduction of general fund support of \$54,217 each year of the biennium in the Administration Program. Language included in the bill allows the MHS to allocate the reduction among its programs.

The bill provides proprietary funding to support the Administration Program from two sources, the merchandise fund and the historical society management fund. The merchandise proprietary fund revenues are generated through sales in the museum store.

### Program Narrative

The Administration Program 2011 biennium budget is less than half a percent lower when compared to the 2009 biennium budget due to the agency-wide two percent general fund reduction of \$108,434 being included in the program budget. Also included in the bill are increases of \$260,000 in general fund to support statewide present law adjustments for personal services, and operating expenses. These increases are offset by general fund reductions totaling \$205,000. The reductions include funding shifts from general fund to state special revenues, federal special revenues, or proprietary funds, fuel inflation reductions, increased vacancy savings, and elimination of support provided in both personal services and operating costs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,134,351	1,134,351	2,268,702	101.75%	1,694,792	1,694,792	3,389,584	96.02%
Statewide PL Adjustments	139,931	119,232	259,163	11.62%	209,065	178,141	387,206	10.97%
Other PL Adjustments	(40,601)	(40,605)	(81,206)	(3.64%)	(40,612)	(40,617)	(81,229)	(2.30%)
New Proposals	(107,434)	(109,520)	(216,954)	(9.73%)	(82,644)	(82,995)	(165,639)	(4.69%)
<b>Total Budget</b>	<b>\$1,126,247</b>	<b>\$1,103,458</b>	<b>\$2,229,705</b>		<b>\$1,780,601</b>	<b>\$1,749,321</b>	<b>\$3,529,922</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					114,543	0.00				116,615
Vacancy Savings					(40,819)	0.00				(40,902)
Inflation/Deflation					486	0.00				500
Fixed Costs					134,855	0.00				101,928
<b>Total Statewide Present Law Adjustments</b>										
		<b>\$139,931</b>	<b>\$36,930</b>	<b>(\$8,167)</b>	<b>\$209,065*</b>	<b>0.00</b>	<b>\$119,232</b>	<b>\$37,150</b>	<b>(\$12,641)</b>	<b>\$178,141*</b>
					0	0.00				0
DP 5 - Pgm 01 Correct Duplicate Budget Entry	0.00	(40,580)	0	0	(40,580)	0.00	(40,580)	0	0	(40,580)
DP 7101 - Fuel Inflation Reduction	0.00	(21)	(2)	(3)	(32)*	0.00	(25)	(2)	(3)	(37)*
					0	0.00				0
<b>Total Other Present Law Adjustments</b>										
	<b>0.00</b>	<b>(\$40,601)</b>	<b>(\$2)</b>	<b>(\$3)</b>	<b>(\$40,612)*</b>	<b>0.00</b>	<b>(\$40,605)</b>	<b>(\$2)</b>	<b>(\$3)</b>	<b>(\$40,617)*</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>										
	<b>0.00</b>	<b>\$99,330</b>	<b>\$36,928</b>	<b>(\$8,170)</b>	<b>\$168,453*</b>	<b>0.00</b>	<b>\$78,627</b>	<b>\$37,148</b>	<b>(\$12,644)</b>	<b>\$137,524*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5 - Pgm 01 Correct Duplicate Budget Entry - The Historical Society moved personal services authority into the operating expense category in the FY 2008 base year. The personal services authority was restored in the base personal services calculations and also in the operating base authority. The bill removes \$40,580 general fund from the operating expense category for each year of the 2011 biennium so the authority does not appear in both categories.

DP 7101 - Fuel Inflation Reduction - The bill reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 20 - Pgm 01 Align Funding										
01	0.00	(6,950)	2,249	(64,197)	0*	0.00	(8,695)	2,258	(59,723)	0*
DP 30 - Increase federal indirect costs										
01	0.00	(23,353)	0	23,353	0	0.00	(23,353)	0	23,353	0
DP 6101 - Fixed Cost Workers Comp Mgmt Pgm										
01	0.00	2,190	0	0	2,190	0.00	1,899	0	0	1,899
DP 6105 - 2 percent unspecified reduction of general fund										
01	0.00	(54,217)	0	0	(54,217)	0.00	(54,217)	0	0	(54,217)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(25,104)	(2,298)	0	(30,617)*	0.00	(25,154)	(2,302)	0	(30,677)*
<b>Total</b>	<b>0.00</b>	<b>(\$107,434)</b>	<b>(\$49)</b>	<b>(\$40,844)</b>	<b>(\$82,644)*</b>	<b>0.00</b>	<b>(\$109,520)</b>	<b>(\$44)</b>	<b>(\$36,370)</b>	<b>(\$82,995)*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 20 - Pgm 01 Align Funding - The bill includes a change in funding of \$71,147 in FY 2010 and \$68,418 in FY 2011 from general fund and federal funds to state special and proprietary funds in order to align projected revenues with projected expenditures for the 2011 biennium.

DP 30 - Increase federal indirect costs - The bill includes increased federal appropriation authority to align federal indirect cost revenues and general funds in the Administrative Program based on the budgeted grant award amount.

DP 6101 - Fixed Cost Workers Comp Mgmt Pgm - The Workers' Compensation Management Program at the Department of Administration was funded by the 2007 Legislature with a one-time-only (OTO) general fund appropriation. For the 2011 biennium and beyond, the bill contains funding the program via a fixed cost allocation. The allocation is based upon the average number of payroll warrants issued per pay period. Because the program was approved as an OTO for the current biennium, it must be presented as a new proposal for the next biennium. Therefore, the allocation cannot be included as part of the standard present law fixed cost process.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislation adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	15.75	15.75	15.75	15.75	15.75	15.75	0.00	0.00%
Personal Services	733,129	795,085	794,239	797,028	1,528,214	1,591,267	63,053	4.13%
Operating Expenses	149,090	122,485	147,461	147,503	271,575	294,964	23,389	8.61%
Equipment & Intangible Assets	18,150	8,904	16,166	16,961	27,054	33,127	6,073	22.45%
Benefits & Claims	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$900,369</b>	<b>\$926,474</b>	<b>\$957,866</b>	<b>\$961,492</b>	<b>\$1,826,843</b>	<b>\$1,919,358</b>	<b>\$92,515</b>	<b>5.06%</b>
General Fund	842,871	847,728	857,883	862,506	1,690,599	1,720,389	29,790	1.76%
State Special	0	2,624	0	0	2,624	0	(2,624)	(100.00%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	57,498	76,122	99,983	98,986	133,620	198,969	65,349	48.91%
<b>Total Funds</b>	<b>\$900,369</b>	<b>\$926,474</b>	<b>\$957,866</b>	<b>\$961,492</b>	<b>\$1,826,843</b>	<b>\$1,919,358</b>	<b>\$92,515</b>	<b>5.06%</b>

### Page Reference

Legislative Budget Analysis, E-99

### Funding

The Research Center Program is funded through a combination of general fund and proprietary funds in the bill. General fund support for the program increases 5.0 percent when compared to the 2009 biennium. The increases include statewide present law adjustment support of \$92,623 in general fund which is offset by reductions of \$57,976 in general fund for an additional 3 percent in vacancy savings and to eliminate appropriation authority contained in both personal service costs and operating expenses.

Proprietary funds are generated through the sale of photographs, photocopies, and fees charged for research time spent by staff on public requests. Overall proprietary funding support for the Research Center Program increases 48.9 percent when compared to the 2009 biennium. The majority of the increase supports statewide present law adjustments for personal services.

### Program Narrative

The Research Center budget increases 5 percent between the 2011 biennium and the 2009 biennium in this bill. As shown in the program budget comparison table, the majority of the expenditures related to this program are generated from FTE. As part of the overall reorganization of the MHS, an FTE was reclassified and moved to this program. The position was a cashier (0.75 FTE) in the Administration Program and is now an archivist (1.00 FTE) in this program.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	842,871	842,871	1,685,742	97.99%	900,369	900,369	1,800,738	93.82%
Statewide PL Adjustments	43,954	48,669	92,623	5.38%	88,454	92,172	180,626	9.41%
Other PL Adjustments	(3,323)	(3,323)	(6,646)	(0.39%)	(5,338)	(5,338)	(10,676)	(0.56%)
New Proposals	(25,619)	(25,711)	(51,330)	(2.98%)	(25,619)	(25,711)	(51,330)	(2.67%)
<b>Total Budget</b>	<b>\$857,883</b>	<b>\$862,506</b>	<b>\$1,720,389</b>		<b>\$957,866</b>	<b>\$961,492</b>	<b>\$1,919,358</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					120,888					123,891
Vacancy Savings					(34,159)					(34,281)
Inflation/Deflation					1,339					2,134
Inflation/Deflation					386					428
<b>Total Statewide Present Law Adjustments</b>		<b>\$43,954</b>	<b>\$0</b>	<b>\$0</b>	<b>\$88,454*</b>		<b>\$48,669</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,172*</b>
DP 6 - Pgm 02 Correct Duplicate Budget Entry	0.00	(3,323)	0	0	(5,338)*	0.00	(3,323)	0	0	(5,338)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$3,323)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,338)*</b>	<b>0.00</b>	<b>(\$3,323)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,338)*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$40,631</b>	<b>\$0</b>	<b>\$0</b>	<b>\$83,116*</b>	<b>0.00</b>	<b>\$45,346</b>	<b>\$0</b>	<b>\$0</b>	<b>\$86,834*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 6 - Pgm 02 Correct Duplicate Budget Entry - The Historical Society moved personal services authority into the operating expense category in the FY 2008 base year. The personal services authority was restored in the base personal services calculations and also in the operating base authority. The bill includes a reduction of \$5,338 general fund from the operating expense category for each year of the 2011 biennium so the authority does not appear in both categories.

**New Proposals**

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 25 - Pgm 02 Align Funding										
02	0.00	0	0	0	0	0.00	0	0	0	0
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	(25,619)	0	0	(25,619)	0.00	(25,711)	0	0	(25,711)
<b>Total</b>	<b>0.00</b>	<b>(\$25,619)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,619)</b>	<b>0.00</b>	<b>(\$25,711)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,711)</b>

DP 25 - Pgm 02 Align Funding - The bill includes the executive’s request for changes between proprietary funds of \$20,035 in FY 2010 and \$19,941 in FY 2011 to align projected revenues with projected expenditures for the 2011 biennium.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	312,439	260,384	393,302	390,807	572,823	784,109	211,286	36.89%
Operating Expenses	19,494	(1,046)	10,000	10,000	18,448	20,000	1,552	8.41%
Equipment & Intangible Assets	10,748	0	0	0	10,748	0	(10,748)	(100.00%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$342,681</b>	<b>\$259,338</b>	<b>\$403,302</b>	<b>\$400,807</b>	<b>\$602,019</b>	<b>\$804,109</b>	<b>\$202,090</b>	<b>33.57%</b>
General Fund	279,893	209,490	306,351	310,557	489,383	616,908	127,525	26.06%
State Special	0	41,548	25,000	25,000	41,548	50,000	8,452	20.34%
Federal Special	0	0	0	0	0	0	0	n/a
Other	62,788	8,300	71,951	65,250	71,088	137,201	66,113	93.00%
<b>Total Funds</b>	<b>\$342,681</b>	<b>\$259,338</b>	<b>\$403,302</b>	<b>\$400,807</b>	<b>\$602,019</b>	<b>\$804,109</b>	<b>\$202,090</b>	<b>33.57%</b>

### Page Reference

Legislative Budget Analysis, E-105

### Funding

The Museum Program is funded through a combination of general fund, state special revenue from undesignated donations at the Original Governor's Mansion, and proprietary funds generated through the sales of books, copies, photographs, and the rental of traveling exhibits in the bill.

General fund increases 26 percent when compared to the 2009 biennial budget in spite of reductions related to FTE transfers. The increases support personal services costs included in the statewide present law adjustments. State special revenues increase 20 percent when compared to the 2009 biennium. Proprietary funds increase 93 percent when compared to the 2009 biennium. The bill includes the Governor's recommendation to increase proprietary fund support for revenues generated from the sales of books, copies, and photographs.

### Program Narrative

The bill contains increases of more than 33 percent when compared to the FY 2009 biennium. Personal service costs previously supported by Lodging Use Facility Taxes transferred from the Department of Commerce result in the increased general fund support for the program. LUFT transfers will be used to support approximately \$0.4 million in operating costs which are not included in the budget.

As part of the overall reorganization of the MHS, the Museum Program transferred 3.85 FTE to the Education Program. Transfers include:

- 1.00 FTE Instructional Coordinator
- 0.50 FTE Administrative Assistant
- 0.50 FTE Administrative Assistant
- 0.85 FTE Tour Guide
- 0.50 FTE Tour Guide
- 0.50 FTE Not Yet Classified

In addition, the program transferred \$310,392 in general fund appropriation authority to support personal service expenditures associated with the transfers.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	279,893	279,893	559,786	90.74%	342,681	342,681	685,362	85.23%
Statewide PL Adjustments	57,354	58,399	115,753	18.76%	109,399	110,678	220,077	27.37%
Other PL Adjustments	(20,204)	(20,204)	(40,408)	(6.55%)	4,796	4,796	9,592	1.19%
New Proposals	(10,692)	(7,531)	(18,223)	(2.95%)	(53,574)	(57,348)	(110,922)	(13.79%)
<b>Total Budget</b>	<b>\$306,351</b>	<b>\$310,557</b>	<b>\$616,908</b>		<b>\$403,302</b>	<b>\$400,807</b>	<b>\$804,109</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					126,677					127,978
Vacancy Savings					(17,565)					(17,617)
Inflation/Deflation					67					97
Fixed Costs					220					220
<b>Total Statewide Present Law Adjustments</b>		<b>\$57,354</b>	<b>\$0</b>	<b>\$0</b>	<b>\$109,399*</b>		<b>\$58,399</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,678*</b>
DP 3 - Original Gov Mansion Restoration	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 7 - Pgm 03 Correct Duplicate Budget Entry	0.00	(20,204)	0	0	(20,204)	0.00	(20,204)	0	0	(20,204)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$20,204)</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$4,796</b>	<b>0.00</b>	<b>(\$20,204)</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$4,796</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$37,150</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$114,195</b>	<b>0.00</b>	<b>\$38,195</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$115,474</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 3 - Original Gov Mansion Restoration - The bill provides for \$25,000 state special revenue in the 2011 biennium for restoration work at the Original Governor's Mansion (OGM). This includes expending resources in the fund and donations from the OGM Board for refurbishing the OGM carriage house.

DP 7 - Pgm 03 Correct Duplicate Budget Entry - The Historical Society moved personal services authority into the operating expense category in the FY 2008 base year. The personal services authority was restored in the base personal services calculations and also in the operating base authority. The bill removes \$20,204 in general fund from the operating expense category for each year of the 2011 biennium so the authority does not appear in both categories.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 21 - Pgm 03 Align Funding										
03	0.00	2,482	0	0	(40,400)*	0.00	5,682	0	0	(44,135)*
DP 8101 - Increasing 4% Vacancy Savings to 7%										
03	0.00	(13,174)	0	0	(13,174)	0.00	(13,213)	0	0	(13,213)
<b>Total</b>	<b>0.00</b>	<b>(\$10,692)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$53,574)*</b>	<b>0.00</b>	<b>(\$7,531)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$57,348)*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 21 - Pgm 03 Align Funding - The bill provides for changes in funding of \$40,400 in FY 2010 and \$44,135 in FY 2011 from proprietary funds to general fund and state special funds in order to align projected revenues with projected expenditures for the 2011 biennium.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	188,373	328,011	212,776	213,177	516,384	425,953	(90,431)	(17.51%)
Operating Expenses	201,420	175,684	174,819	175,722	377,104	350,541	(26,563)	(7.04%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	50,503	50,503	50,503	50,503	101,006	101,006	0	0.00%
<b>Total Costs</b>	<b>\$440,296</b>	<b>\$554,198</b>	<b>\$438,098</b>	<b>\$439,402</b>	<b>\$994,494</b>	<b>\$877,500</b>	<b>(\$116,994)</b>	<b>(11.76%)</b>
General Fund	92,401	93,932	98,830	99,107	186,333	197,937	11,604	6.23%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	0	0	0	0	0	0	0	n/a
Other	347,895	460,266	339,268	340,295	808,161	679,563	(128,598)	(15.91%)
<b>Total Funds</b>	<b>\$440,296</b>	<b>\$554,198</b>	<b>\$438,098</b>	<b>\$439,402</b>	<b>\$994,494</b>	<b>\$877,500</b>	<b>(\$116,994)</b>	<b>(11.76%)</b>

### Page Reference

Legislative Budget Analysis, E-110

### Funding

The Publications Program is funded with a combination of general fund and proprietary funds. The general fund pays a portion of 2.00 FTE, the program manager and an editor, 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.

General fund increases 6.2 percent compared to the 2009 biennium due to personal service cost increases contained in statewide present law adjustments. Proprietary funds comprise support of 77 percent of the program budget, supporting the remaining FTE and operating costs.

### Program Narrative

The bill includes decreases for the Publications Program of 11.8 percent when the 2011 biennium is compared to the 2009 biennium. The Publications Program reduced personal service costs for 1.75 FTE in the agency reorganization. The FTE were transferred to the Education and Museum Programs, and the Research Center. The personal service costs for the transferred FTE are not included in the 2011 biennium budgets and account for a significant portion of the reduction in the overall costs between the 2009 and 2011 biennia.

The percentage of personal services costs supported by general fund in the bill increases from 36 percent in the 2009 biennium to 46.5 percent in the 2011 biennium. The increase is due to a reduction in the personal service costs supported by proprietary funds in the 2011 biennium.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	92,401	92,401	184,802	93.36%	440,296	440,296	880,592	100.35%
Statewide PL Adjustments	6,429	6,706	13,135	6.64%	30,634	31,953	62,587	7.13%
Other PL Adjustments	0	0	0	0.00%	(25,969)	(25,969)	(51,938)	(5.92%)
New Proposals	0	0	0	0.00%	(6,863)	(6,878)	(13,741)	(1.57%)
<b>Total Budget</b>	<b>\$98,830</b>	<b>\$99,107</b>	<b>\$197,937</b>		<b>\$438,098</b>	<b>\$439,402</b>	<b>\$877,500</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					40,417					40,852
Vacancy Savings					(9,151)					(9,170)
Inflation/Deflation					250					271
Fixed Costs					(882)					0
<b>Total Statewide Present Law Adjustments</b>		<b>\$6,429</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,634*</b>		<b>\$6,706</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,953*</b>
DP 8 - Pgm 04 Correct Duplicate Budget Entry	0.00	0	0	0	(25,969)*	0.00	0	0	0	(25,969)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,969)*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$25,969)*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$6,429</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,665*</b>	<b>0.00</b>	<b>\$6,706</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,984*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 8 - Pgm 04 Correct Duplicate Budget Entry - The Publications Program moved \$25,969 in personal services authority into operating authority in the FY 2008 base year. The personal services authority was restored in the 2011 biennium personal services calculations and it is also included in the operating expenses authority. The bill removes the funding from the operating expenses for each year of the 2011 biennium.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%	04	0.00	0	0	0	(6,863)*	0.00	0	0	0	(6,878)*
<b>Total</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,863)*</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6,878)*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.85	5.85	5.85	5.85	5.85	5.85	0.00	0.00%
Personal Services	161,307	306,829	237,749	231,989	468,136	469,738	1,602	0.34%
Operating Expenses	16,992	62,317	7,626	7,636	79,309	15,262	(64,047)	(80.76%)
<b>Total Costs</b>	<b>\$178,299</b>	<b>\$369,146</b>	<b>\$245,375</b>	<b>\$239,625</b>	<b>\$547,445</b>	<b>\$485,000</b>	<b>(\$62,445)</b>	<b>(11.41%)</b>
General Fund	174,590	233,790	212,307	206,557	408,380	418,864	10,484	2.57%
State Special	2,476	132,856	0	0	135,332	0	(135,332)	(100.00%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	1,233	2,500	33,068	33,068	3,733	66,136	62,403	1,671.66%
<b>Total Funds</b>	<b>\$178,299</b>	<b>\$369,146</b>	<b>\$245,375</b>	<b>\$239,625</b>	<b>\$547,445</b>	<b>\$485,000</b>	<b>(\$62,445)</b>	<b>(11.41%)</b>

**Page Reference**

Legislative Budget Analysis, E-114

**Funding**

The Education Program is funded through a combination of general fund, state special revenue funds from donations, and proprietary funds generated from education enterprises.

**Program Narrative**

As part of the reorganization of the MHS, the Education Program was created in FY 2008. The agency transferred the following into the Education Program:

The bill contains support for personal services costs of the related 6.35 FTE included in the program and related operating expenses.

Montana Historical Society FTE Transfers into Education Program			
Program	FTE	Funding	Sources
Administration Program	1.25	\$118,064	General Fund/State Special Revenue
Museum Program	3.35	292,225	General Fund
Publications Program	0.75	0	No funding transferred to support the FTE
Historical Preservation Office	1.00	89,575	General Fund
<b>Total</b>	<b>6.35</b>	<b>\$499,864</b>	

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	174,590	174,590	349,180	83.36%	178,299	178,299	356,598	73.53%
Statewide PL Adjustments	8,926	10,393	19,319	4.61%	125,747	128,178	253,925	52.36%
Other PL Adjustments	(9,436)	(9,436)	(18,872)	(4.51%)	(9,436)	(9,436)	(18,872)	(3.89%)
New Proposals	38,227	31,010	69,237	16.53%	(49,235)	(57,416)	(106,651)	(21.99%)
<b>Total Budget</b>	<b>\$212,307</b>	<b>\$206,557</b>	<b>\$418,864</b>		<b>\$245,375</b>	<b>\$239,625</b>	<b>\$485,000</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					137,635					140,157
Vacancy Savings					(11,958)					(12,059)
Inflation/Deflation					70					80
<b>Total Statewide Present Law Adjustments</b>		<b>\$8,926</b>	<b>\$5,977</b>	<b>\$85,298</b>	<b>\$125,747*</b>		<b>\$10,393</b>	<b>\$6,045</b>	<b>\$85,980</b>	<b>\$128,178*</b>
DP 9 - Pgm 05 Correct Duplicate Budget Entry	0.00	(9,436)	0	0	(9,436)	0.00	(9,436)	0	0	(9,436)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$9,436)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,436)</b>	<b>0.00</b>	<b>(\$9,436)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$9,436)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$510)</b>	<b>\$5,977</b>	<b>\$85,298</b>	<b>\$116,311</b>	<b>0.00</b>	<b>\$957</b>	<b>\$6,045</b>	<b>\$85,980</b>	<b>\$118,742</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 9 - Pgm 05 Correct Duplicate Budget Entry - The Education Program moved \$9,436 in personal services costs into operating costs in FY 2008. The personal services authority was restored in the 2011 biennium personal services calculations and it is also included in the operating expense. The bill removes the funding from the operating expenses for each year of the biennium.

## New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 22 - Pgm 05 Align Funding	05	0.00	47,196	(8,453)	(85,298)	(40,266)*	0.00	40,054	(8,521)	(85,980)	(48,372)*
DP 8101 - Increasing 4% Vacancy Savings to 7%	05	0.00	(8,969)	0	0	(8,969)	0.00	(9,044)	0	0	(9,044)
<b>Total</b>	<b>0.00</b>	<b>\$38,227</b>	<b>(\$8,453)</b>	<b>(\$85,298)</b>	<b>(\$49,235)*</b>	<b>0.00</b>	<b>\$31,010</b>	<b>(\$8,521)</b>	<b>(\$85,980)</b>	<b>(\$57,416)*</b>	

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 22 - Pgm 05 Align Funding - The bill approves a funding shift for the Education Program. This decision package reduces present law personal service costs by \$40,266 in FY 2010 and \$48,372 in FY 2011. The decision package also increases general fund by \$87,250, proprietary funds by \$12,364 over the biennium and decreases state and federal special revenues by \$16,974 and \$171,278, respectively.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	8.75	8.75	8.75	8.75	8.75	8.75	0.00	0.00%
Personal Services	465,213	477,105	462,386	463,474	942,318	925,860	(16,458)	(1.75%)
Operating Expenses	69,515	75,912	84,360	84,751	145,427	169,111	23,684	16.29%
Grants	77,000	78,861	77,000	77,000	155,861	154,000	(1,861)	(1.19%)
<b>Total Costs</b>	<b>\$611,728</b>	<b>\$631,878</b>	<b>\$623,746</b>	<b>\$625,225</b>	<b>\$1,243,606</b>	<b>\$1,248,971</b>	<b>\$5,365</b>	<b>0.43%</b>
General Fund	144,247	116,020	63,993	65,463	260,267	129,456	(130,811)	(50.26%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	463,699	510,858	555,804	555,804	974,557	1,111,608	137,051	14.06%
Other	3,782	5,000	3,949	3,958	8,782	7,907	(875)	(9.96%)
<b>Total Funds</b>	<b>\$611,728</b>	<b>\$631,878</b>	<b>\$623,746</b>	<b>\$625,225</b>	<b>\$1,243,606</b>	<b>\$1,248,971</b>	<b>\$5,365</b>	<b>0.43%</b>

### Page Reference

Legislative Budget Analysis, E-119

### Funding

The Historic Preservation Program is funded through a combination of general fund, federal special revenue from the National Park Service (NPS), and proprietary funds.

### Program Narrative

The Historic Preservation Program budget increases less than 1 percent when compared to the 2009 biennium. The program transferred 1.00 FTE and \$89,575 in general fund to the Education Program in FY 2008. Without the transfers, the increases to the Historic Preservation Program would have been higher.

The bill decreases general fund support by 50 percent when compared to the 2009 biennium. Reductions in the bill include a funding change which decreases general fund by the amount of increased federal funds supporting the program. Federal funds increase by 14 percent compared to the 2011 biennium and support approximately 89 percent of the program.

In addition, the bill includes another reduction that increases the percentage of vacancy savings from 4 percent to 7 percent.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	144,247	144,247	288,494	222.85%	611,728	611,728	1,223,456	97.96%
Statewide PL Adjustments	6,351	6,708	13,059	10.09%	26,934	28,448	55,382	4.43%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(86,605)	(85,492)	(172,097)	(132.94%)	(14,916)	(14,951)	(29,867)	(2.39%)
<b>Total Budget</b>	<b>\$63,993</b>	<b>\$65,463</b>	<b>\$129,456</b>		<b>\$623,746</b>	<b>\$625,225</b>	<b>\$1,248,971</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					31,977					33,147
Vacancy Savings					(19,888)					(19,935)
Inflation/Deflation					206					222
Fixed Costs					14,639					15,014
<b>Total Statewide Present Law Adjustments</b>		<b>\$6,351</b>	<b>\$0</b>	<b>\$20,416</b>	<b>\$26,934*</b>		<b>\$6,708</b>	<b>\$0</b>	<b>\$21,564</b>	<b>\$28,448*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$6,351</b>	<b>\$0</b>	<b>\$20,416</b>	<b>\$26,934</b>	<b>0.00</b>	<b>\$6,708</b>	<b>\$0</b>	<b>\$21,564</b>	<b>\$28,448</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 23 - Pgm 06 Align Funding											
06	0.00	(85,485)	0	85,485	0	0.00	(84,370)	0	84,370	0	
DP 8101 - Increasing 4% Vacancy Savings to 7%											
06	0.00	(1,120)	0	(13,796)	(14,916)	0.00	(1,122)	0	(13,829)	(14,951)	
<b>Total</b>	<b>0.00</b>	<b>(\$86,605)</b>	<b>\$0</b>	<b>\$71,689</b>	<b>(\$14,916)</b>	<b>0.00</b>	<b>(\$85,492)</b>	<b>\$0</b>	<b>\$70,541</b>	<b>(\$14,951)</b>	

DP 23 - Pgm 06 Align Funding - The bill changes the funding in FY 2010 of \$85,485 and FY 2011 of \$84,370 from general fund to federal funds in order to align projected revenues with projected expenditures for the 2011 biennium.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This request would add an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Agency Budget Comparison**

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	104.05	104.05	104.05	104.05	104.05	104.05	0.00	0.00%
Personal Services	5,763,795	6,889,978	4,270,561	4,278,387	12,653,773	8,548,948	(4,104,825)	(32.44%)
Operating Expenses	5,631,549	9,361,880	6,342,014	6,358,169	14,993,429	12,700,183	(2,293,246)	(15.30%)
Equipment & Intangible Assets	43,732	18,899	43,732	43,732	62,631	87,464	24,833	39.65%
Local Assistance	8,826,093	9,540,368	8,875,844	8,840,093	18,366,461	17,715,937	(650,524)	(3.54%)
Grants	14,526,744	20,019,130	20,453,133	19,857,554	34,545,874	40,310,687	5,764,813	16.69%
Benefits & Claims	25,034,673	59,399,808	32,073,189	35,908,489	84,434,481	67,981,678	(16,452,803)	(19.49%)
Transfers	169,519,888	181,652,716	178,501,230	178,737,231	351,172,604	357,238,461	6,065,857	1.73%
<b>Total Costs</b>	<b>\$229,346,474</b>	<b>\$286,882,779</b>	<b>\$250,559,703</b>	<b>\$254,023,655</b>	<b>\$516,229,253</b>	<b>\$504,583,358</b>	<b>(\$11,645,895)</b>	<b>(2.26%)</b>
General Fund	170,167,847	186,280,601	176,240,960	178,611,170	356,448,448	354,852,130	(1,596,318)	(0.45%)
State Special	18,154,607	17,031,878	20,983,129	19,281,178	35,186,485	40,264,307	5,077,822	14.43%
Federal Special	40,929,549	83,459,942	53,244,819	56,042,166	124,389,491	109,286,985	(15,102,506)	(12.14%)
Other	94,471	110,358	90,795	89,141	204,829	179,936	(24,893)	(12.15%)
<b>Total Funds</b>	<b>\$229,346,474</b>	<b>\$286,882,779</b>	<b>\$250,559,703</b>	<b>\$254,023,655</b>	<b>\$516,229,253</b>	<b>\$504,583,358</b>	<b>(\$11,645,895)</b>	<b>(2.26%)</b>

**Page Reference**

Legislative Budget Analysis, E-123

**Agency Issues**

Total funding would decrease 2.26 percent from the 2009 biennium to the 2011 biennium under current proposed funding levels. Included in the proposed funding is a shift of \$3.7 million from general fund to the six-mill levy.

The impact of general fund and six-mill levy spending is illustrated in Figure 1 below, which summarizes the funding levels for each of the major functional areas in the Montana University System and shows the percentage funding change from the 2009 to the 2011 biennium. The two percent across-the-board reduction included in the bill is prorated in the figure, for illustration purposes only, to the Montana University System educational units and the community colleges, and the remainder is shown at the bottom of the figure.

**Figure 1**  
**Montana University System - Impact of 2011 Biennium Legislative Budget Across Functional Areas**  
**General Fund and State Special Revenue Only**

Budget Item	Actual FY 2008	Budgeted FY 2009	Leg. Budget FY 2010	Leg. Budget FY 2011	% Change 09-11 Bien.
<b>Education Services<sup>(2)</sup></b>					
University Educational Units - Net of 2% ATB	\$142,509,931	\$153,344,611	\$149,261,009	\$149,258,411	0.90%
Resident Student Enrollment	26,278	26,756	26,756	26,756	0.90%
State Funds/Student	\$5,423	\$5,731	\$5,579	\$5,579	0.02%
Community College Assistance - Net of 2% ATB	\$8,710,093	\$9,420,368	\$8,576,235	\$8,535,483	-5.62%
Resident Student Enrollment	2,059	2,224	2,219	2,219	3.6%
State Funds/Student	\$4,230	\$4,236	\$3,865	\$3,847	-8.9%
Tribal College Assistance	\$450,002	\$450,000	\$450,002	\$450,002	0.00%
Non-Beneficiary Students	301	302	302	302	0.18%
State Funds/Student	\$1,493	\$1,488	\$1,488	\$1,488	-0.18%
Other System Transfers <sup>(1)</sup>	\$664,366	\$664,366	\$719,366	\$719,366	8.28%
Research/Public Service Agencies	\$22,371,944	\$23,220,095	\$23,177,044	\$23,392,185	2.1%
<b>Student Grants/Assistance</b>					
WICHE/WWAMI/MN Dental	\$5,057,719	5,521,998	\$5,634,971	\$5,863,845	8.69%
Number of Students	165	169	169	170	1.50%
State Funds/Student	\$30,653	\$32,675	\$33,343	\$34,493	7.12%
Gov's Postsecondary Scholarships	\$1,507,000	\$2,533,000	\$2,500,000	\$2,500,000	23.76%
Number of Students	1,336	1,801	1,790	1,790	14.12%
State Funds/Student	\$1,128	\$1,406	\$1,397	\$1,397	10.21%
Baker Grants	\$2,018,775	\$2,018,775	\$2,018,775	\$2,018,775	0.00%
Number of Students	2,431	2,444	2,440	2,440	0.10%
State Funds/Student	\$830	\$826	\$827	\$827	-0.10%
Montana Higher Education Grants	\$508,414	\$498,747	\$508,414	\$508,414	0.96%
Number of Students	975	974	970	970	-0.46%
State Funds/Student	\$521	\$512	\$524	\$524	1.43%
State Work Study Program	\$862,989	\$862,989	\$862,989	\$862,989	0.00%
Number of Students	773	780	780	780	0.45%
State Funds/Student	\$1,116	\$1,106	\$1,106	\$1,106	-0.45%
State Match to Federal Grants	\$656,211	\$665,878	\$656,211	\$656,211	-0.73%
Number of Students	2,726	2,860	2,860	2,860	2.40%
State Funds/Student	\$241	\$233	\$229	\$229	-3.10%
Quality Educator Loan Forgiveness Pgm	\$307,280	\$676,175	\$900,000	\$1,200,000	113.53%
Number of Recipients	104	200	300	400	130.26%
State Funds/Recipient	\$2,955	\$3,381	\$3,000	\$3,000	-5.30%
MSH/MSP RN Loan Reimbursement Pgm			\$37,500	\$37,500	--
Administration/Special Programs	\$2,697,730	\$3,435,476	\$2,690,001	\$2,657,593	-12.81%
Remaining Unallocated 2% ATB Reduction			(\$768,428)	(\$768,426)	
<b>Total General Fund &amp; State Special Rev.</b>	<b><u>\$188,322,454</u></b>	<b><u>\$203,312,478</u></b>	<b><u>\$197,224,089</u></b>	<b><u>\$197,892,348</u></b>	<b><u>0.89%</u></b>

Sources: SABHRS FY 2009 ongoing appropriations; student service data from OCHE, November 2008  
FY 2008 Actual and 2011 Biennium Executive Budget from MBARS

(1) Motorcycle Safety at MSU-Northern, MSU Rural Residency in Bozeman, and Yellow Bay at UM-Missoula

(2) FY10 and FY 11 amounts for Ed Units and Community Colleges are NET of 2% ATB Reduction

State funding for Montana’s public postsecondary educational institutions in the 2011 biennium is at or below the amount appropriated for fiscal 2009, summarized below:

- o Funding in HB 2 for Tribal College Assistance is equal to the on-going fiscal 2009 budget passed by the 2007 Legislature
- o Funding in HB 2 for the Community Colleges is about \$0.8 million less each year of the 2011 biennium compared to FY 2009; overall HB 2 would reduce state funding for the community colleges 5.6 percent in the 2011 biennium
- o Funding in HB 2 for the Montana University System educational units is about \$4.1 million less each year of the 2011 biennium compared to FY 2009. FY 2009 is the second year of the College Affordability Plan (CAP) that was approved by the 2007 Legislature. The CAP plan will likely not be continued into the 2011 biennium under current proposed state funding levels in this bill

The bill includes present law funding for existing student assistance programs and added \$75,000 general fund to the Student Assistance Program, contingent upon passage and approval of HB 224, a bill that would create a loan reimbursement program for registered nurses employed at Montana State Hospital and Montana State Prison. The Quality Educator Loan Assistance Program receives the largest biennial dollar and percentage increase, \$1.1 million and 113.5 percent, as this program is fully ramped-up in FY 2011.

State funding for the research and public services agencies in the Montana University System is authorized to increase 2.1 percent in the 2011.

**Executive Budget Comparison**

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	104.05	106.05	104.05	(2.00)	106.05	104.05	(2.00)	
Personal Services	5,763,795	4,410,561	4,270,561	(140,000)	4,418,387	4,278,387	(140,000)	(280,000)
Operating Expenses	5,631,549	6,343,010	6,342,014	(996)	6,359,312	6,358,169	(1,143)	(2,139)
Equipment & Intangible Assets	43,732	43,732	43,732	0	43,732	43,732	0	0
Local Assistance	8,826,093	9,490,940	8,875,844	(615,096)	9,520,572	8,840,093	(680,479)	(1,295,575)
Grants	14,526,744	20,415,633	20,453,133	37,500	19,820,054	19,857,554	37,500	75,000
Benefits & Claims	25,034,673	32,073,189	32,073,189	0	35,908,489	35,908,489	0	0
Transfers	169,519,888	183,576,918	178,501,230	(5,075,688)	184,106,402	178,737,231	(5,369,171)	(10,444,859)
<b>Total Costs</b>	<b>\$229,346,474</b>	<b>\$256,353,983</b>	<b>\$250,559,703</b>	<b>(\$5,794,280)</b>	<b>\$260,176,948</b>	<b>\$254,023,655</b>	<b>(\$6,153,293)</b>	<b>(\$11,947,573)</b>
General Fund	170,167,847	182,035,240	176,240,960	(5,794,280)	184,764,463	178,611,170	(6,153,293)	(11,947,573)
State/Other Special	18,154,607	20,983,129	20,983,129	0	19,281,178	19,281,178	0	0
Federal Special	40,929,549	53,244,819	53,244,819	0	56,042,166	56,042,166	0	0
Proprietary	94,471	90,795	90,795	0	89,141	89,141	0	0
<b>Total Funds</b>	<b>\$229,346,474</b>	<b>\$256,353,983</b>	<b>\$250,559,703</b>	<b>(\$5,794,280)</b>	<b>\$260,176,948</b>	<b>\$254,023,655</b>	<b>(\$6,153,293)</b>	<b>(\$11,947,573)</b>

The legislature approved a budget that is \$12.0 million below the executive budget recommendation. The entire difference is in the general fund.

Figure 2 summarizes the components of the original executive budget (Nov. 15), the changes made by the executive for the revised executive budget (Dec. 15), the legislative action to date, and the differences from the revised executive budget.

Figure 2 Montana University System 2011 Biennium Budget Higher Education Budget Reconciliation -- HB 2 Total Funding				
<b>As of April 3, 2009</b>	Fiscal 2010	Fiscal 2011	2011 Biennium	Difference From Executive Budget (Dec 15 Revised)
<i>Calculation of Executive Budget (Nov. 15, 2008):</i>				
FY 2008 Base Budget	\$229,346,474	\$229,346,474	\$458,692,948	
Statewide Present Law Adjustments	745,330	695,799	1,441,129	
Other Present Law Adjustments	<u>36,043,286</u>	<u>42,081,508</u>	<u>78,124,794</u>	
Total Executive Present Law Budget	\$266,135,090	\$272,123,781	\$538,258,871	
New Proposals	866,339	866,372	1,732,711	
Total Executive Budget	\$267,001,429	\$272,990,153	\$539,991,582	\$23,460,651
<i>Executive Budget Revisions (Dec. 15, 2008):</i>				
PL 930 General Fund Replacement with 6-Mill Levy Funds		Fund Switch		
PL 1201 Loan Servicing Costs Increase (federal funds)	(\$4,716,171)	(\$5,568,273)	(\$10,284,444)	
PL 7101 Fuel Inflation Reduction	(16,579)	(38,058)	(54,637)	
NP 102 Information Resources, Planning, and Communication	(79,939)	(79,972)	(159,911)	
NP 405 Reduce State Funding -- Community Colleges	(68,609)	(134,005)	(202,614)	
NP 920 PBS Restore One-Time Funding to be Ongoing	(200,000)	(200,000)	(400,000)	
NP 950 Reduce State Funding - Educational Units	(2,278,514)	(3,056,093)	(5,334,607)	
NP 960 Eliminate Increase for Administrative Assessments	(237,342)	(309,823)	(547,165)	
NP 970 Remove Present Law Pay Increases	(441,755)	(816,039)	(1,257,794)	
NP 1101 Restore One-Time Funding to be Ongoing	(461,400)	(461,400)	(922,800)	
NP 8101 Increasing 4% Vacancy Savings to 7%	<u>(2,147,137)</u>	<u>(2,149,542)</u>	<u>(4,296,679)</u>	
Total Revisions	<u>(\$10,647,446)</u>	<u>(\$12,813,205)</u>	<u>(\$23,460,651)</u>	
Total Revised Executive Budget	\$256,353,983	\$260,176,948	\$516,530,931	\$0
<i>Joint Appropriations Subcommittee on Education Action:</i>				
<i>The following decision packages were in the revised executive budget but were not acted upon by the subcommittee.</i>				
<i>The amounts shown here are the <u>change</u> from the revised executive budget.</i>				
NP 102 Information Resources, Planning, and Communication	(\$125,000)	(\$125,000)	(\$250,000)	
PL 403 Increase CC Funding to Cover PL Costs	(674,798)	(805,591)	(1,480,389)	
NP 405 Reduce State Funding - Community Colleges	68,609	134,005	202,614	
PL 903 Fund Ed Units/Agencies PL to 2011 Biennium Level	(4,864,647)	(6,618,729)	(11,483,376)	
NP950 Reduce State Funding - Ed Units	2,278,514	3,056,093	5,334,607	
NP 960 Eliminate Increase for Admin. Assessments	237,342	309,823	547,165	
NP 970 Remove Present Law Pay Increases	441,755	816,039	1,257,794	
<b>NEW DP 3 Increase MUS Agencies' Funding</b>	<u>1,245,000</u>	<u>310,000</u>	<u>1,555,000</u>	
Total Revisions	<u>(\$1,393,225)</u>	<u>(\$2,923,360)</u>	<u>(\$4,316,585)</u>	
Total Proposed HB 2 Budget-Subcommittee	<u>\$254,960,758</u>	<u>\$257,253,588</u>	<u>\$512,214,346</u>	(\$4,316,585)
<i>House Appropriations Committee:</i>				
Removed PL 104 -- Distance Learning Assistance	(\$58,014)	(\$57,893)	(\$115,907)	
New NP 105 - Fund MRPIP Admin Cost from Statutory Approp	(\$15,000)	(\$15,000)	(\$30,000)	
New NP 207 - MSH/MSP RN Loan Reimbursement Program	\$37,500	\$37,500	\$75,000	
Removed DP 3 Increase MUS Agencies' Funding	(1,245,000)	(310,000)	(1,555,000)	
New DP 4 AES - Correct Error in Executive Budget	<u>206,497</u>	<u>155,741</u>	<u>362,238</u>	
Total Revisions	<u>(\$1,074,017)</u>	<u>(\$189,652)</u>	<u>(\$1,263,669)</u>	
Total Proposed HB 2 Budget-House Appropriations	<u>\$253,886,741</u>	<u>\$257,063,936</u>	<u>\$510,950,677</u>	(\$5,580,254)
<i>House Floor</i>				
<i>no change</i>				
<i>Senate Finance &amp; Claims Committee:</i>				
New NP 950 -- Gen Fund ATB 2% Reduction	(\$3,612,195)	(\$3,612,194)	(\$7,224,389)	
New NP 960 -- Extension Service-Brucellosis Action Plan	\$285,157	\$571,913	\$857,070	
Total Revisions	<u>(\$3,327,038)</u>	<u>(\$3,040,281)</u>	<u>(\$6,367,319)</u>	
Total Proposed HB 2 - Senate Finance & Claims	<u>\$250,559,703</u>	<u>\$254,023,655</u>	<u>\$504,583,358</u>	(\$11,947,573)

*Original Executive Budget vs. Revised Executive Budget*

As shown in the figure, the executive reduced its original budget \$23.5 million in total funds. Most of this reduction, \$13.2 million, was to reduce state expenditures due to the projected decline in state revenues. The remaining \$10.3 million reduction was to correct a budget error in the original executive budget that impacted federal funds.

*Legislative Action vs. Revised Executive Budget*

The primary differences between the legislative budget and the executive budget are the state funds approved for the community colleges and educational units.

Community Colleges

The legislative budget for the community colleges is \$1.3 million less than the executive budget, not including the 2 percent across-the-board reduction. The legislature approved the state funding level for the FY 2008 base funding, but did not approve additional state funds for present law cost increases recommended in the executive budget, except legislative audit costs (\$40,751).

Montana University System Educational Units

The legislative budget for the educational units is \$4.3 million less than the executive budget, not including the \$7.22 million two percent across-the-board reduction which was allocated to this program in the bill. The legislature approved the state funding level for the FY 2008 base funding and present law increases through FY 2009 only. Adjustments proposed in the executive budget for present law increases for the 2011 biennium were not approved.

## Agency Highlights

<b>Montana University System/Office of the Commissioner of Higher Education Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Overall, the legislative budget decreases the Montana University System budget in the 2011 biennium by \$11.6 million in total funds, a 2.3 percent decrease from the 2009 biennium</li> <li>◆ The legislature applied an agency-wide two percent across-the-board general fund reduction for the 2011 biennium, totaling \$7.22 million</li> <li>◆ For the Montana University System educational units, general fund and six mill levy funds increase \$8.0 million from the 2009 biennium primarily for FY 2009 cost increases related to the College Affordability Plan (CAP) that was approved by the 2007 Legislature <ul style="list-style-type: none"> <li>• The 2009 Legislature did not fund present law cost increases for the 2011 biennium</li> <li>• The CAP program will likely not continue at the educational units into the 2011 biennium under the present funding levels in this bill</li> </ul> </li> <li>◆ The legislature authorized state funds for the community colleges at the FY 2008 base amount only, plus the state share of audit costs for the 2011 biennium <ul style="list-style-type: none"> <li>• The 2009 Legislature did not fund present law cost increases for the 2011 biennium or use the statutory funding formula to establish the state appropriation for the community colleges</li> </ul> </li> <li>◆ The legislature increased student assistance funding \$3.1 million general fund in the 2011 biennium in order to fully ramp-up the Quality Educator Loan Assistance Program and the Governor's Postsecondary Scholarship Program, as well as provide present law cost increases for the WICHE/WWAMI/MN Dental program and contingency funding for a new loan reimbursement program for registered nurses employed at the Montana State Hospital and Montana State Prison</li> <li>◆ Federal authority is adjusted for the following <ul style="list-style-type: none"> <li>• A reduction of \$18.3 million for the Guaranteed Student Loan Program</li> <li>• An increase of \$3.5 million for the GEAR UP program that targets at-risk youth with programs to access higher education</li> </ul> </li> </ul>

## Agency Discussion

### *Federal Stimulus Bill*

The House Appropriations Committee recommends the present law adjustment for the Distance Learning Program in the Office of the Commissioner of Higher Education be funded in HB 645 and included language in HB 2 that states if the present law adjustment is not funded by HB 645 then general fund is increased in HB 2 by the amount of the present law adjustment (\$115,907 for the biennium).

*Goals and Objectives*

The legislature recommends that the Legislative Finance Committee monitor the 2011 biennium goals of the Montana University System research and public service agencies (Agricultural Experiment Station, Extension Service, Forest and Conservation Experiment Station, Montana Bureau of Mines and Geology, and the Fire Services Training School) that were submitted to the Joint Appropriations Subcommittee on Education. The legislature recommends that the Legislative Finance Committee and the Montana University System determine the performance measurements for the 2011 biennium goals and the Montana University System report on progress on the performance measurements to the Legislative Finance Committee.

**Funding**

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

Total Agency Funding 2011 Biennium Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
01 Administration Program	\$ 4,601,647	\$ -	\$ 539,807	\$ 179,936	\$ 5,321,390	1.05%
02 Student Assistance Program	26,889,669	199,889	386,612	-	27,476,170	5.45%
03 Improving Teacher Quality	-	-	447,584	-	447,584	0.09%
04 Community College Assistance	17,460,937	-	-	-	17,460,937	3.46%
06 Educational Outreach & Diversity	142,595	-	12,668,319	-	12,810,914	2.54%
08 Work Force Development Pgm	180,127	-	12,664,890	-	12,845,017	2.55%
09 Appropriation Distribution	304,576,890	40,064,418	-	-	344,641,308	68.30%
11 Tribal College Assistance Pgm	900,004	-	-	-	900,004	0.18%
12 Guaranteed Student Loan Pgm	-	-	82,579,773	-	82,579,773	16.37%
13 Board Of Regents-Admin	100,261	-	-	-	100,261	0.02%
<b>Grand Total</b>	<u>\$354,852,130</u>	<u>\$ 40,264,307</u>	<u>\$ 109,286,985</u>	<u>\$ 179,936</u>	<u>\$504,583,358</u>	<u>100.00%</u>

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	170,167,847	170,167,847	340,335,694	95.91%	229,346,474	229,346,474	458,692,948	90.91%
Statewide PL Adjustments	(22,643)	(57,051)	(79,694)	(0.02%)	745,330	695,799	1,441,129	0.29%
Other PL Adjustments	11,206,993	13,377,737	24,584,730	6.93%	25,713,077	28,992,964	54,706,041	10.84%
New Proposals	(5,111,237)	(4,877,363)	(9,988,600)	(2.81%)	(5,245,178)	(5,011,582)	(10,256,760)	(2.03%)
<b>Total Budget</b>	<b>\$176,240,960</b>	<b>\$178,611,170</b>	<b>\$354,852,130</b>		<b>\$250,559,703</b>	<b>\$254,023,655</b>	<b>\$504,583,358</b>	

**Language and Statutory Authority**

*Establish Biennial Lump Sum Appropriation*

“Items designed as OCHE--administration (01), Student Assistance Program (02), Improving Teacher Quality (03), Talent Search (06), Workforce Development (08), Appropriation Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, Bureau Ground Water Program, and Fire Services Training School], Guaranteed Student Loan (12), and Board of Regents (13) are a single biennial lump-sum appropriation.”

*Appropriation of All Funds; Budget Transfers*

HB 2 includes language that addresses appropriation of all public funds in the university system and the requirements for budget transfers.

“General fund money, state and federal special revenue, and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs (5100). All other public funds received by units of the Montana university system (other than plant funds appropriated in HB 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy.”

*Access to Banner Information System and Human Resource Data*

HB 2 includes language requiring the university system to provide the Office of Budget and Program Planning and the Legislative Fiscal Division access to the university system information system, Banner.

“The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system’s banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets.”

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	22.40	22.40	22.40	22.40	22.40	22.40	0.00	0.00%
Personal Services	2,156,082	2,444,034	1,934,808	1,936,256	4,600,116	3,871,064	(729,052)	(15.85%)
Operating Expenses	541,685	1,016,337	724,290	683,258	1,558,022	1,407,548	(150,474)	(9.66%)
Equipment & Intangible Assets	21,389	11,244	21,389	21,389	32,633	42,778	10,145	31.09%
Local Assistance	0	0	0	0	0	0	0	n/a
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$2,719,156</b>	<b>\$3,471,615</b>	<b>\$2,680,487</b>	<b>\$2,640,903</b>	<b>\$6,190,771</b>	<b>\$5,321,390</b>	<b>(\$869,381)</b>	<b>(14.04%)</b>
General Fund	2,360,914	3,068,865	2,317,309	2,284,338	5,429,779	4,601,647	(828,132)	(15.25%)
Federal Special	263,771	292,392	272,383	267,424	556,163	539,807	(16,356)	(2.94%)
Other	94,471	110,358	90,795	89,141	204,829	179,936	(24,893)	(12.15%)
<b>Total Funds</b>	<b>\$2,719,156</b>	<b>\$3,471,615</b>	<b>\$2,680,487</b>	<b>\$2,640,903</b>	<b>\$6,190,771</b>	<b>\$5,321,390</b>	<b>(\$869,381)</b>	<b>(14.04%)</b>

**Page Reference**

Legislative Budget Analysis, E-135

**Funding**

Funding for this program is primarily general fund. However, about 14 percent of the funding in the 2011 biennium is from federal and proprietary revenue to support administrative overhead activities, such as accounting and payroll, for federal grant programs and proprietary programs administered by other OCHE programs (e.g. Talent Search, GEAR-UP, Perkins, Group Insurance, and MUS Workers Compensation).

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,360,914	2,360,914	4,721,828	102.61%	2,719,156	2,719,156	5,438,312	102.20%
Statewide PL Adjustments	(19,701)	(54,197)	(73,898)	(1.61%)	(14,688)	(55,785)	(70,473)	(1.32%)
Other PL Adjustments	53,994	55,565	109,559	2.38%	53,917	55,476	109,393	2.06%
New Proposals	(77,898)	(77,944)	(155,842)	(3.39%)	(77,898)	(77,944)	(155,842)	(2.93%)
<b>Total Budget</b>	<b>\$2,317,309</b>	<b>\$2,284,338</b>	<b>\$4,601,647</b>		<b>\$2,680,487</b>	<b>\$2,640,903</b>	<b>\$5,321,390</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(59,512)					(57,957)
Vacancy Savings					(83,864)					(83,925)
Inflation/Deflation					3,030					3,563
Fixed Costs					125,658					82,534
<b>Total Statewide Present Law Adjustments</b>		<b>(\$19,701)</b>	<b>\$0</b>	<b>\$8,670</b>	<b>(\$14,688)*</b>		<b>(\$54,197)</b>	<b>\$0</b>	<b>\$3,720</b>	<b>(\$55,785)*</b>
DP 99 - Legislative Audit (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 103 - Rent Increase	0.00	54,420	0	0	54,420	0.00	56,053	0	0	56,053
DP 7101 - Fuel Inflation Reduction	0.00	(426)	0	(58)	(503)*	0.00	(488)	0	(67)	(577)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$53,994</b>	<b>\$0</b>	<b>(\$58)</b>	<b>\$53,917*</b>	<b>0.00</b>	<b>\$55,565</b>	<b>\$0</b>	<b>(\$67)</b>	<b>\$55,476*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$34,293</b>	<b>\$0</b>	<b>\$8,612</b>	<b>\$39,229*</b>	<b>0.00</b>	<b>\$1,368</b>	<b>\$0</b>	<b>\$3,653</b>	<b>(\$309)*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 99 - Legislative Audit (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 103 - Rent Increase - The Office of the Commissioner of Higher Education plans to move to a permanent location in FY 09. The legislature approved an additional \$110,473 of general fund in the 2011 biennium for increased rent. Since the move occurred during FY 2009, the increased rent was not paid in the base year and therefore was requested as a present law adjustment. Programs 2, 6, and 8 are allocated rent increases to be paid from non-general fund sources.

DP 7101 - Fuel Inflation Reduction - The legislature adopted the executive's recommendation to eliminate fuel inflation that was included in the statewide present law inflation adjustment. The effect is to apply no inflation adjustment for diesel and gasoline for the 2011 biennium.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 105 - Fund MRPIP Administrative Costs from Statutory App										
01	0.00	(15,000)	0	0	(15,000)	0.00	(15,000)	0	0	(15,000)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	(62,898)	0	0	(62,898)	0.00	(62,944)	0	0	(62,944)
<b>Total</b>	<b>0.00</b>	<b>(\$77,898)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$77,898)</b>	<b>0.00</b>	<b>(\$77,944)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$77,944)</b>

DP 105 - Fund MRPIP Administrative Costs from Statutory App - The legislature removed \$15,000 general fund in each year of the 2011 biennium from the Administration Program in order to fund administrative costs relating to the Montana Rural Physician Incentive Program (MRPIP) from the statutory appropriation that appropriates MRPIP program fees and investment earnings. State statute (20-26-1503, MCA) provides that statutory appropriation is to be used to pay the expenses of administering the incentive program in an amount not exceeding 10 percent of the annual fees assessed. Since statutory appropriations are not budgeted in HB 2, the decision package records only the general fund reduction in this program. The freed-up general fund was reallocated to other education agencies.

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature applied an additional 3 percent per year vacancy savings to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

*This language increases general fund in this program for distance learning if HB645 is not passed and approved with an appropriation to the Office of the Commissioner of Higher Education for that purpose.*

“If HB6435 does not include \$58,014 of general fund money in fiscal year 2010 and \$57,893 of general fund money in fiscal 2011 to fund the present law increase for the distance learning program in the office of the commissioner of higher education, then OCHE-Administration (01) is increased by \$58,014 of general fund money in fiscal year 2010 and by \$57,893 of general fund money in fiscal year 2011.”

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	98,580	116,628	113,798	113,810	215,208	227,608	12,400	5.76%
Operating Expenses	38,660	39,753	48,658	46,698	78,413	95,356	16,943	21.61%
Local Assistance	116,000	120,000	125,000	130,000	236,000	255,000	19,000	8.05%
Grants	10,995,694	12,930,086	13,187,166	13,711,040	23,925,780	26,898,206	2,972,426	12.42%
<b>Total Costs</b>	<b>\$11,248,934</b>	<b>\$13,206,467</b>	<b>\$13,474,622</b>	<b>\$14,001,548</b>	<b>\$24,455,401</b>	<b>\$27,476,170</b>	<b>\$3,020,769</b>	<b>12.35%</b>
General Fund	10,956,182	12,833,387	13,180,396	13,709,273	23,789,569	26,889,669	3,100,100	13.03%
State Special	99,446	100,556	100,920	98,969	200,002	199,889	(113)	(0.06%)
Federal Special	193,306	272,524	193,306	193,306	465,830	386,612	(79,218)	(17.01%)
<b>Total Funds</b>	<b>\$11,248,934</b>	<b>\$13,206,467</b>	<b>\$13,474,622</b>	<b>\$14,001,548</b>	<b>\$24,455,401</b>	<b>\$27,476,170</b>	<b>\$3,020,769</b>	<b>12.35%</b>

**Page Reference**

Legislative Budget Analysis, E-138

**Funding**

The Student Assistance Program is primarily general fund, with additional federal matching funds, as well as some state special revenue to administer the college savings program. Funding for student assistance programs is included in the lump sum appropriation for the Montana University System (MUS).

Federal funds are granted to the states as an incentive and are required to be matched by general fund dollars. In both LEAP and SLEAP, state general fund appropriations (the MHEG and Baker programs) have exceeded the one-to-one match requirement, as federal appropriations have not kept pace with state appropriations for these two programs. Both the Governor’s Postsecondary Scholarship Program and the Quality Educator Loan Assistance Program are funded entirely from state general fund.

The figure below illustrates the funding levels for each of these student assistance grant programs for the 2009 biennium and the proposed funding level for the 2011 biennium.

Figure 3  
Student Assistance - State/Federal Grant and Work Study Programs  
Fiscal 2008 through 2011

Grant Program	Actual FY 2008	Op Plan FY 2009	Leg. Budget FY 2010	Leg. Budget FY 2011	Biennial \$ Change	Biennial % Change
<b>Funded with State Funds:</b>						
Baker Grants	\$2,018,775	\$2,018,775	\$2,018,775	\$2,018,775	\$0	0.0%
MT Higher Education Grant (MHEG)	508,414	498,747	508,414	508,414	9,667	1.0%
SEOG *	506,338	516,005	506,338	506,338	(9,667)	-0.9%
Perkins Loan *	149,873	149,873	149,873	149,873	0	0.0%
State Work Study	862,989	862,989	862,989	862,989	0	0.0%
Governor's Postsecondary Scholarships	1,507,000	2,533,000	2,500,000	2,500,000	960,000	23.8%
Quality Educator Loan Assistance	307,280	676,175	900,000	1,200,000	1,116,545	113.5%
MSP/MSHRN Loan Assistance	-	-	37,500	37,500	75,000	100.0%
<b>Subtotal State Funds</b>	<b>\$5,860,669</b>	<b>\$7,255,564</b>	<b>\$7,483,889</b>	<b>\$7,783,889</b>	<b>\$2,151,545</b>	<b>16.4%</b>
<b>Federal Matching Funds:</b>						
SLEAP Grant Program (Baker Match)	109,309	173,303	\$109,309	\$109,309	(\$63,994)	
LEAP Grant Program (MHEG Match)	83,997	99,221	\$83,997	\$83,997	(15,224)	
<b>Subtotal Federal Funds</b>	<b>\$193,306</b>	<b>\$272,524</b>	<b>\$193,306</b>	<b>\$193,306</b>	<b>(\$79,218)</b>	<b>-17.0%</b>
<b>Total Funds</b>	<b>\$6,053,975</b>	<b>\$7,528,088</b>	<b>\$7,677,195</b>	<b>\$7,977,195</b>	<b>\$2,072,327</b>	<b>15.3%</b>

\* Represents the state match. The federal matching funds are distributed directly to university campuses.

The WICHE/WWAMI/MN Dental programs are completely state general fund. Work-study is 70 percent general fund with a 30 percent employer match as employers also pay employee benefits. The employers' portion of the work-study program is not included in HB 2.

State general fund increases to fully ramp-up the Teacher Loan Assistance and Governor's Postsecondary Scholarship Programs, as well as fund present law cost increases in the WICHE/WWAMI/MN Dental program and contingency funding for a new loan reimbursement program for registered nurses employed at the Montana State Hospital and Montana State Hospital.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	10,956,182	10,956,182	21,912,364	81.49%	11,248,934	11,248,934	22,497,868	81.88%
Statewide PL Adjustments	(7,305)	(7,302)	(14,607)	(0.05%)	(15,029)	(15,003)	(30,032)	(0.11%)
Other PL Adjustments	2,194,972	2,723,846	4,918,818	18.29%	2,205,856	2,732,756	4,938,612	17.97%
New Proposals	36,547	36,547	73,094	0.27%	34,861	34,861	69,722	0.25%
<b>Total Budget</b>	<b>\$13,180,396</b>	<b>\$13,709,273</b>	<b>\$26,889,669</b>		<b>\$13,474,622</b>	<b>\$14,001,548</b>	<b>\$27,476,170</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					(10,625)					(10,612)
Vacancy Savings					(3,518)					(3,519)
Inflation/Deflation					92					106
Fixed Costs					(978)					(978)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$7,305)</b>	<b>(\$7,724)</b>	<b>\$0</b>	<b>(\$15,029)</b>		<b>(\$7,302)</b>	<b>(\$7,701)</b>	<b>\$0</b>	<b>(\$15,003)</b>
DP 200 - Rent Increase	0.00	0	884	0	884	0.00	0	910	0	910
DP 201 - WICHE/WWAMI/MN Dental	0.00	577,252	0	0	577,252	0.00	806,126	0	0	806,126
DP 202 - GSL Reimbursement	0.00	32,000	0	0	32,000	0.00	32,000	0	0	32,000
DP 203 - Governor's Postsecondary Scholarship Program	0.00	993,000	0	0	993,000	0.00	993,000	0	0	993,000
DP 204 - Quality Educator Loan Assistance Program	0.00	592,720	0	0	592,720	0.00	892,720	0	0	892,720
DP 206 - Montana Family Education Savings Plan	0.00	0	10,000	0	10,000	0.00	0	8,000	0	8,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,194,972</b>	<b>\$10,884</b>	<b>\$0</b>	<b>\$2,205,856</b>	<b>0.00</b>	<b>\$2,723,846</b>	<b>\$8,910</b>	<b>\$0</b>	<b>\$2,732,756</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,187,667</b>	<b>\$3,160</b>	<b>\$0</b>	<b>\$2,190,827</b>	<b>0.00</b>	<b>\$2,716,544</b>	<b>\$1,209</b>	<b>\$0</b>	<b>\$2,717,753</b>

DP 200 - Rent Increase - The legislature added \$1,794 state special revenue for an anticipated rent increase in the 2011 biennium. The state special revenue is from the Montana Family Education Savings Program.

DP 201 - WICHE/WWAMI/MN Dental - The legislature added \$1.4 million general fund in the 2011 biennium to fund continuing student slots at anticipated increased tuition levels for the WICHE, WWAMI and MN Dental professional student exchange programs. The figure below illustrates the legislative budget for the WICHE, WWAMI, MN Dental professional student exchange program for the 2011 biennium.

Figure 4  
 2011 Biennium Legislative Budget  
 WICHE/WWAMI/MINNESOTA Dental Programs  
 Office of the Commissioner of Higher Education

PROGRAM	FY 2010						FY 2011					
	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total	Support Fee	New (1st Year) Students	Cost	Continuing Students	Cost	Total
WICHE												
Administrative Dues			\$125,000			\$125,000			\$130,000			\$130,000
Student Assistance:												
Medicine	\$28,300	6	\$169,800	19	\$537,700	\$707,500	\$29,300	6	\$175,800	19	\$556,700	\$732,500
Osteopathic Medicine	18,800	2	37,600	5	94,000	131,600	19,400	1	19,400	6	116,400	135,800
Dentistry	22,000	1	22,000	8	176,000	198,000	22,700	1	22,700	8	181,600	204,300
Veterinary Medicine	28,100	9	252,900	27	758,700	1,011,600	29,100	9	261,900	27	785,700	1,047,600
Podiatry	13,100	1	13,100	0	0	13,100	13,500	0	0	1	13,500	13,500
Optometry	15,100	1	15,100	2	30,200	45,300	15,600	1	15,600	3	46,800	62,400
Occupational Therapy	11,500	1	11,500	1	19,167	30,667	11,900	1	11,900	1	19,833	31,733
(Includes 1 @ clinical rate \$19,167 for FY 10 and \$19,833 for FY 11)												
Subtotal (WICHE Student Support)		21	\$522,000	62	\$1,615,767	\$2,137,767		19	\$507,300	65	\$1,720,533	\$2,227,833
TOTAL WICHE (Including Dues)						\$2,262,767						\$2,357,833
MINNESOTA DENTAL	22,000	2	44,000	4	88,000	132,000	22,700	2	45,400	4	90,800	136,200
WWAMI	54,003	20	0	60	3,240,204	3,240,204	56,164	20	0	60	3,369,812	3,369,812
TOTAL WICHE/WWAMI/MN		43	\$691,000	126	\$4,943,971	\$5,634,971		41	\$682,700	129	\$5,181,145	\$5,863,845

Notes:

- 1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two clinical rotations. (\$19,167 for FY 2010; \$19,833 for FY 2011)
- 2) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.

DP 202 - GSL Reimbursement - The legislature included \$64,000 general fund in the 2011 biennium to reimburse the Guaranteed Student Loan Program (GSL) at the same amount appropriated for this purpose in FY 2009. The reimbursement to GSL is for administrative support provided by that program for a number of student assistance programs, including the High School Honors Fee Waiver, the Governor's Postsecondary Scholarship Program, the Montana Higher Education Grant, the Baker Grant, and other programs.

DP 203 - Governor's Postsecondary Scholarship Program - The legislature added \$2.0 million general fund to the Governor's Postsecondary Scholarship Program to fund existing students currently receiving scholarships in this program and to maintain the same level of funding from FY 2009.

The Governor's Postsecondary Scholarship Program was created in the 2005 session and students began receiving scholarships in the 2005-2006 academic year. Scholarships are renewable and may be used at both two-year and four-year institutions. Consequently, it has taken four years (through FY 2009) to "fill the pipeline" of scholarship recipients. Since the present law adjustment is calculated from the actual amount spent in FY 2008, the additional amount for the fourth year of the pipeline is included in the cost of this decision package.

DP 204 - Quality Educator Loan Assistance Program - The legislature added \$1.5 million general fund for this loan assistance program that was established in SB 2 by the May 2007 Special Session. This program provides loan assistance to qualified public school teachers in underserved Montana school districts for a maximum of \$3,000 a year for up to four years. The budget includes sufficient funds to assist 100 new teachers each year for four years, so that the "plateau" number of teachers served would be 400 teachers, at an annual cost of \$1.2 million. The budget also includes funding for a 0.50 FTE to assist in the administration of the program.

DP 206 - Montana Family Education Savings Plan - The legislature added \$18,000 state special revenue funding through this decision package for anticipated cost increases relating to hiring a new third-party program manager for the Montana Family Education Savings Plan. The Montana 529 Education Savings Plan administrative costs are 100 percent funded by an annual administrative fee charged to non-resident investors.

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 207 - MSH & MSP RN Loan Reimbursement Program										
02	0.00	37,500	0	0	37,500	0.00	37,500	0	0	37,500
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	(953)	(1,686)	0	(2,639)	0.00	(953)	(1,686)	0	(2,639)
<b>Total</b>	<b>0.00</b>	<b>\$36,547</b>	<b>(\$1,686)</b>	<b>\$0</b>	<b>\$34,861</b>	<b>0.00</b>	<b>\$36,547</b>	<b>(\$1,686)</b>	<b>\$0</b>	<b>\$34,861</b>

DP 207 - MSH & MSP RN Loan Reimbursement Program - The legislature added \$37,500 general fund each year of the 2011 biennium to the Student Assistance Program to implement a loan reimbursement program for registered professional nurses working at the Montana State Prison and the Montana State Hospital, contingent upon passage and approval of HB 224. The appropriation is a biennial, restricted appropriation.

HB 224 would provide student loan reimbursement to registered professional nurses working at Montana State Hospital and Montana State Prison a maximum of \$3,750 a year for four years.

The general fund for this decision package, of a like amount, was reallocated from budgets for contract nursing services at the Montana State Hospital and the Montana State Prison.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This request would add an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

*Contingency language was added to make \$75,000 general fund appropriation contingent upon passage and approval of new program enabling legislation:*

"The appropriation in [OCHE-Student Assistance Program (02), Loan Reimbursement Program for Montana State Hospital and Montana State Prison Registered Professional Nurses (Biennial/Restricted) is contingent upon passage and approval of House Bill No. 224."

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Personal Services	14,666	16,336	0	0	31,002	0	(31,002)	(100.00%)
Operating Expenses	1,936	2,364	2,003	2,009	4,300	4,012	(288)	(6.70%)
Grants	221,786	522,913	221,786	221,786	744,699	443,572	(301,127)	(40.44%)
<b>Total Costs</b>	<b>\$238,388</b>	<b>\$541,613</b>	<b>\$223,789</b>	<b>\$223,795</b>	<b>\$780,001</b>	<b>\$447,584</b>	<b>(\$332,417)</b>	<b>(42.62%)</b>
Federal Special	238,388	541,613	223,789	223,795	780,001	447,584	(332,417)	(42.62%)
<b>Total Funds</b>	<b>\$238,388</b>	<b>\$541,613</b>	<b>\$223,789</b>	<b>\$223,795</b>	<b>\$780,001</b>	<b>\$447,584</b>	<b>(\$332,417)</b>	<b>(42.62%)</b>

**Page Reference**

Legislative Budget Analysis, E-145

**Funding**

Funding is entirely from federal revenue, Title II grant funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	238,388	238,388	476,776	106.52%
Statewide PL Adjustments	0	0	0	0.00%	(14,599)	(14,593)	(29,192)	(6.52%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$223,789</b>	<b>\$223,795</b>	<b>\$447,584</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(14,666)					(14,666)
Inflation/Deflation					67					73
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$14,599)</b>	<b>(\$14,599)</b>		<b>\$0</b>	<b>\$0</b>	<b>(\$14,593)</b>	<b>(\$14,593)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$14,599)</b>	<b>(\$14,599)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$14,593)</b>	<b>(\$14,593)</b>

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Local Assistance	8,710,093	9,420,368	8,750,844	8,710,093	18,130,461	17,460,937	(669,524)	(3.69%)
<b>Total Costs</b>	<b>\$8,710,093</b>	<b>\$9,420,368</b>	<b>\$8,750,844</b>	<b>\$8,710,093</b>	<b>\$18,130,461</b>	<b>\$17,460,937</b>	<b>(\$669,524)</b>	<b>(3.69%)</b>
General Fund	8,710,093	9,420,368	8,750,844	8,710,093	18,130,461	17,460,937	(669,524)	(3.69%)
<b>Total Funds</b>	<b>\$8,710,093</b>	<b>\$9,420,368</b>	<b>\$8,750,844</b>	<b>\$8,710,093</b>	<b>\$18,130,461</b>	<b>\$17,460,937</b>	<b>(\$669,524)</b>	<b>(3.69%)</b>

**Page Reference**

Legislative Budget Analysis, E-148

**Funding**

The Community College Assistance program is funded entirely with general fund.

The community colleges use the higher education fund structure to account for revenues and expenditures, the same fund structure used by the educational units and higher education agencies. The state appropriation for the community colleges is a separate line item and is not part of the lump sum appropriation to the Montana University System educational units.

The legislature approved state funding for the community colleges at the FY 2008 base budget level, plus \$40,751 for approximately one-half of the legislative audit costs for the 2011 biennium.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	8,710,093	8,710,093	17,420,186	99.77%	8,710,093	8,710,093	17,420,186	99.77%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	40,751	0	40,751	0.23%	40,751	0	40,751	0.23%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$8,750,844</b>	<b>\$8,710,093</b>	<b>\$17,460,937</b>		<b>\$8,750,844</b>	<b>\$8,710,093</b>	<b>\$17,460,937</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Audit Costs	0.00	40,751	0	0	40,751	0.00	0	0	0	0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$40,751</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,751</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$40,751</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,751</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 401 - Audit Costs - The legislature funded about one-half of the \$81,000 legislative audit costs for contract audits of FVCC, MCC, and DCC in the 2011 biennium. The audit costs would be allocated to the community colleges in the same ratio as they were funded last biennium with 32 percent or \$13,040 to DCC; 39 percent or \$15,893 to FVCC and 29 percent or \$11,818 to MCC.

**Language and Statutory Authority**

*Audit Costs Allocation*

This bill includes the following language to provide for legislative audit costs in the 2011 biennium:

“Total audit costs are estimated to be \$81,700 for the community colleges for the biennium. The general fund appropriation for each community college provides 49.9% of the total audit costs in the 2009 biennium. The remaining 50.1% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance. Audit costs for the biennium may not exceed \$28,900 for Dawson, \$28,900 for Miles, and \$23,900 for Flathead Valley community college.”

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	19.95	19.95	19.95	19.95	19.95	19.95	0.00	0.00%
Personal Services	758,599	997,062	982,457	982,789	1,755,661	1,965,246	209,585	11.94%
Operating Expenses	943,427	982,529	961,519	964,696	1,925,956	1,926,215	259	0.01%
Grants	915,547	2,783,424	4,119,453	3,000,000	3,698,971	7,119,453	3,420,482	92.47%
Transfers	900,000	900,000	900,000	900,000	1,800,000	1,800,000	0	0.00%
<b>Total Costs</b>	<b>\$3,517,573</b>	<b>\$5,663,015</b>	<b>\$6,963,429</b>	<b>\$5,847,485</b>	<b>\$9,180,588</b>	<b>\$12,810,914</b>	<b>\$3,630,326</b>	<b>39.54%</b>
General Fund	63,005	84,831	71,277	71,318	147,836	142,595	(5,241)	(3.55%)
State Special	0	0	0	0	0	0	0	n/a
Federal Special	3,454,568	5,578,184	6,892,152	5,776,167	9,032,752	12,668,319	3,635,567	40.25%
<b>Total Funds</b>	<b>\$3,517,573</b>	<b>\$5,663,015</b>	<b>\$6,963,429</b>	<b>\$5,847,485</b>	<b>\$9,180,588</b>	<b>\$12,810,914</b>	<b>\$3,630,326</b>	<b>39.54%</b>

**Page Reference**

Legislative Budget Analysis, E-158

**Funding**

The Montana Educational Talent Search (METS) program is funded 100 percent from federal funds and there is no match requirement. The American Indian/Minority Achievement program is funded 100 percent from state general fund. GEAR-UP is funded by a federal grant that requires a 50 percent non-federal fund match, which is provided through allowable in-kind services.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	63,005	63,005	126,010	88.37%	3,517,573	3,517,573	7,035,146	54.92%
Statewide PL Adjustments	10,316	10,361	20,677	14.50%	260,584	263,730	524,314	4.09%
Other PL Adjustments	(14)	(17)	(31)	(0.02%)	3,216,963	2,097,885	5,314,848	41.49%
New Proposals	(2,030)	(2,031)	(4,061)	(2.85%)	(31,691)	(31,703)	(63,394)	(0.49%)
<b>Total Budget</b>	<b>\$71,277</b>	<b>\$71,318</b>	<b>\$142,595</b>		<b>\$6,963,429</b>	<b>\$5,847,485</b>	<b>\$12,810,914</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					297,804					298,163
Vacancy Savings					(42,255)					(42,270)
Inflation/Deflation					6,091					8,851
Fixed Costs					(1,056)					(1,014)
<b>Total Statewide Present Law Adjustments</b>		<b>\$10,316</b>	<b>\$0</b>	<b>\$250,268</b>	<b>\$260,584</b>		<b>\$10,361</b>	<b>\$0</b>	<b>\$253,369</b>	<b>\$263,730</b>
DP 600 - Rent Increase	0.00	0	0	13,195	13,195	0.00	0	0	13,591	13,591
DP 601 - Additional Federal Authority for GEAR UP	0.00	0	0	3,203,906	3,203,906	0.00	0	0	2,084,453	2,084,453
DP 7101 - Fuel Inflation Reduction	0.00	(14)	0	(124)	(138)	0.00	(17)	0	(142)	(159)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$14)</b>	<b>\$0</b>	<b>\$3,216,977</b>	<b>\$3,216,963</b>	<b>0.00</b>	<b>(\$17)</b>	<b>\$0</b>	<b>\$2,097,902</b>	<b>\$2,097,885</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$10,302</b>	<b>\$0</b>	<b>\$3,467,245</b>	<b>\$3,477,547</b>	<b>0.00</b>	<b>\$10,344</b>	<b>\$0</b>	<b>\$2,351,271</b>	<b>\$2,361,615</b>

DP 600 - Rent Increase - The legislature increased federal spending authority for increased rent expenses allocated to the federal programs as a result of the agency moving to new office space in FY 2009.

DP 601 - Additional Federal Authority for GEAR UP - Montana GEAR UP operates under a six year discretionary federal grant. The legislature added federal authority that would allow all the GEAR UP grant to be expended and to provide federally funded college scholarships to GEAR UP students.

DP 7101 - Fuel Inflation Reduction - The legislature reduced funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%	06	0.00	(2,030)	0	(29,661)	(31,691)	0.00	(2,031)	0	(29,672)	(31,703)
<b>Total</b>		<b>0.00</b>	<b>(\$2,030)</b>	<b>\$0</b>	<b>(\$29,661)</b>	<b>(\$31,691)</b>	<b>0.00</b>	<b>(\$2,031)</b>	<b>\$0</b>	<b>(\$29,672)</b>	<b>(\$31,703)</b>

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature added an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	310,557	336,825	390,091	390,813	647,382	780,904	133,522	20.62%
Operating Expenses	127,598	251,001	133,533	133,834	378,599	267,367	(111,232)	(29.38%)
Grants	1,943,715	3,332,707	2,474,726	2,474,726	5,276,422	4,949,452	(326,970)	(6.20%)
Transfers	3,073,647	3,450,443	3,423,647	3,423,647	6,524,090	6,847,294	323,204	4.95%
<b>Total Costs</b>	<b>\$5,455,517</b>	<b>\$7,370,976</b>	<b>\$6,421,997</b>	<b>\$6,423,020</b>	<b>\$12,826,493</b>	<b>\$12,845,017</b>	<b>\$18,524</b>	<b>0.14%</b>
General Fund	90,093	93,274	90,065	90,062	183,367	180,127	(3,240)	(1.77%)
Federal Special	5,365,424	7,277,702	6,331,932	6,332,958	12,643,126	12,664,890	21,764	0.17%
<b>Total Funds</b>	<b>\$5,455,517</b>	<b>\$7,370,976</b>	<b>\$6,421,997</b>	<b>\$6,423,020</b>	<b>\$12,826,493</b>	<b>\$12,845,017</b>	<b>\$18,524</b>	<b>0.14%</b>

**Page Reference**

Legislative Budget Analysis, E-164

**Funding**

This program is funded from general fund and federal funds. General fund comprises a small portion of the budget and is used to match administrative costs funded from the federal grant. Montana receives an allocation of federal funds from the Carl D. Perkins Career and Technical Education Act. Approximately 68 percent of these federal funds are transferred to the Office of Public Instruction for distribution to secondary schools. Of the remaining 32 percent, approximately 85 percent is re-granted to postsecondary institutions and 15 percent is used for administrative costs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	90,093	90,093	180,186	100.03%	5,455,517	5,455,517	10,911,034	84.94%
Statewide PL Adjustments	(28)	(31)	(59)	(0.03%)	90,294	91,108	181,402	1.41%
Other PL Adjustments	0	0	0	0.00%	888,769	889,002	1,777,771	13.84%
New Proposals	0	0	0	0.00%	(12,583)	(12,607)	(25,190)	(0.20%)
<b>Total Budget</b>	<b>\$90,065</b>	<b>\$90,062</b>	<b>\$180,127</b>		<b>\$6,421,997</b>	<b>\$6,423,020</b>	<b>\$12,845,017</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					108,894					109,672
Vacancy Savings					(16,777)					(16,809)
Inflation/Deflation					382					440
Fixed Costs					(2,205)					(2,195)
<b>Total Statewide Present Law Adjustments</b>		<b>(\$28)</b>	<b>\$0</b>	<b>\$90,322</b>	<b>\$90,294</b>		<b>(\$31)</b>	<b>\$0</b>	<b>\$91,139</b>	<b>\$91,108</b>
DP 800 - Rent Increase	0.00	0	0	7,758	7,758	0.00	0	0	7,991	7,991
DP 801 - Increased Federal Authority for Perkins	0.00	0	0	881,011	881,011	0.00	0	0	881,011	881,011
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$888,769</b>	<b>\$888,769</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$889,002</b>	<b>\$889,002</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$28)</b>	<b>\$0</b>	<b>\$979,091</b>	<b>\$979,063</b>	<b>0.00</b>	<b>(\$31)</b>	<b>\$0</b>	<b>\$980,141</b>	<b>\$980,110</b>

DP 800 - Rent Increase - The legislature increased federal spending authority for increased rent expenses allocated to the federal programs as a result of the agency moving to new office space in FY 2009.

DP 801 - Increased Federal Authority for Perkins - The legislature increased federal funds to allow the commissioner's office to award the federally funded grants and to transfer the required federal funding to OPI.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%	08	0.00	0	0	(12,583)	(12,583)	0.00	0	0	(12,607)	(12,607)
<b>Total</b>		<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,583)</b>	<b>(\$12,583)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12,607)</b>	<b>(\$12,607)</b>

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature added an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Personal Services	0	0	(1,947,315)	(1,949,395)	0	(3,896,710)	(3,896,710)	n/a
Operating Expenses	0	0	(15,886)	(37,263)	0	(53,149)	(53,149)	n/a
Transfers	165,546,241	177,229,073	174,177,583	174,413,584	342,775,314	348,591,167	5,815,853	1.70%
<b>Total Costs</b>	<b>\$165,546,241</b>	<b>\$177,229,073</b>	<b>\$172,214,382</b>	<b>\$172,426,926</b>	<b>\$342,775,314</b>	<b>\$344,641,308</b>	<b>\$1,865,994</b>	<b>0.54%</b>
General Fund	147,491,080	160,297,751	151,332,173	153,244,717	307,788,831	304,576,890	(3,211,941)	(1.04%)
State Special	18,055,161	16,931,322	20,882,209	19,182,209	34,986,483	40,064,418	5,077,935	14.51%
<b>Total Funds</b>	<b>\$165,546,241</b>	<b>\$177,229,073</b>	<b>\$172,214,382</b>	<b>\$172,426,926</b>	<b>\$342,775,314</b>	<b>\$344,641,308</b>	<b>\$1,865,994</b>	<b>0.54%</b>

**Page Reference**

Legislative Budget Analysis, E-169

**Funding**

While funding for this program is primarily general fund, state special revenue from the six-mill property tax levy funds the university educational units, Resource Indemnity Trust funds (RIT) and oil and gas and metal mines taxes support research programs at the Montana Bureau of Mines, and program fees and an allocation from drivers license fees support the motorcycle safety program at MSU-Northern in Havre.

The figure below illustrates the total funding allocations proposed in HB 2 for the university educational units as well as the research/public service agencies. The allocations to each of the university unit campuses are recommendations only, as the Board of Regents retains authority to make the final general fund allocation to each of the campuses.

Figure 5  
Appropriation Distribution Program (09) -- 2011 Biennium Legislative Budget (Senate Finance & Claims Committee Action 4/3/09)

	Base FY 2008	Approp FY 2009	State Share Present Law FY 2010	New Proposals FY 2010	Legislative Budget FY 2010	State Share Present Law FY 2011	New Proposals FY 2011	Legislative Budget FY 2011	2011 Total	2011 Biennium % Change
<b>Educational Units</b>										
UM - Missoula	\$45,186,426	\$48,451,144	\$3,263,721	(\$468,565)	\$47,981,582	\$3,263,574	(\$468,649)	\$47,981,351	\$95,962,933	2.48%
MSU - Bozeman	44,863,936	48,501,592	3,635,201	(454,919)	48,044,218	3,634,837	(455,523)	48,043,250	96,087,468	2.92%
UM - MT Tech	11,529,160	12,504,082	974,330	(86,450)	12,417,040	974,243	(86,614)	12,416,789	24,833,829	3.33%
MSU - Billings	18,016,449	19,313,937	1,296,929	(169,074)	19,144,304	1,296,846	(169,337)	19,143,958	38,288,262	2.57%
MSU - Northern	7,872,772	8,467,961	608,504	(78,347)	8,402,929	608,395	(78,491)	8,402,676	16,805,605	2.84%
UM - Western	6,170,885	6,518,909	347,806	(66,816)	6,451,875	347,774	(67,026)	6,451,633	12,903,508	1.68%
Great Falls COT	4,846,776	5,335,265	487,968	(61,447)	5,273,297	487,891	(61,532)	5,273,135	10,546,432	3.58%
Helena COT	3,548,527	3,776,721	227,776	(36,381)	3,739,922	227,715	(36,465)	3,739,777	7,479,699	2.11%
Dental Hygiene Program (GFCOT)	235,000	235,000			235,000			235,000	470,000	0.00%
Science and Water (MSU-N)	240,000	240,000			240,000			240,000	480,000	0.00%
PBS Satellite Delivery (MSU)	-	-	-	0	-	-	0	-	-	
Family Practice Residency (MSU)	319,366	319,366			319,366			319,366	638,732	0.00%
Yellow Bay Biological Institute (UM)	125,000	125,000			125,000			125,000	250,000	0.00%
Motorcycle Safety Program (MSU-N)	220,000	220,000	55,000	-	275,000	55,000	-	275,000	550,000	25.00%
<b>Subtotal</b>	<b>\$143,174,297</b>	<b>\$154,008,977</b>	<b>\$10,897,235</b>	<b>(\$1,421,999)</b>	<b>\$152,649,533</b>	<b>\$10,896,275</b>	<b>(\$1,423,637)</b>	<b>\$152,646,935</b>	<b>\$305,296,468</b>	<b>2.73%</b>
<b>Research/Public Service Agencies</b>										
Ag Experiment Station	\$12,102,217	\$12,521,657	\$419,440	(\$116,674)	\$12,404,983	\$400,412	(\$167,648)	\$12,334,981	\$24,739,964	0.47%
Extension Services	5,725,432	5,932,434	205,635	149,716	\$6,080,783	205,433	436,367	6,367,232	12,448,015	6.78%
Forest and Conservation ES	1,124,312	1,165,732	41,420	-	\$1,165,732	41,420	-	1,165,732	2,331,464	1.81%
Bureau of Mines	2,644,107	2,840,638	196,532	(66,704)	\$2,773,935	196,532	(66,823)	2,773,816	5,547,751	1.15%
Fire Service Training School	775,876	759,634	(24,265)	-	\$751,611	(25,452)	-	750,424	1,502,035	-2.18%
<b>Subtotal</b>	<b>\$22,371,944</b>	<b>\$23,220,095</b>	<b>\$838,762</b>	<b>(\$33,662)</b>	<b>\$23,177,044</b>	<b>\$818,345</b>	<b>\$201,896</b>	<b>\$23,392,185</b>	<b>\$46,569,229</b>	<b>2.14%</b>
2% Across-The-Board GF Reduction				(\$3,612,195)	(\$3,612,195)		(\$3,612,194)	(\$3,612,194)	(\$7,224,389)	
<b>Grand Total Program 09</b>	<b>\$165,546,241</b>	<b>\$177,229,072</b>	<b>\$11,735,997</b>	<b>(\$5,067,856)</b>	<b>\$172,214,382</b>	<b>\$11,714,620</b>	<b>(\$4,833,935)</b>	<b>\$172,426,926</b>	<b>\$344,641,308</b>	<b>0.54%</b>

Source: SAHBRS data for Base Year Expenditures and the Legislative 2011 Biennium Budget

*Six-Mill Property Tax Levy*

The legislature adopted the revised executive budget recommendation to replace \$3.7 million of general fund revenue with a like amount of six-mill levy revenue in the 2011 biennium. The revised executive budget recommendation reflected the Revenue and Transportation Interim Committee November 2008 revenue estimate.

In March 2009, the revenue estimate for oil and gas production taxes that are deposited to the state general fund and several other state special revenue funds, including the six-mill university levy, was revised downward in HJ 2. The impact to the six mill university levy is approximately \$2.5 million for the 2011 biennium. The legislature did not reverse its earlier decision to replace general fund with six mill levy revenue. The impact to the university system if the reduced revenue estimate is not backfilled with general fund is an expenditure reduction, because the appropriation authority would exceed the projected available revenue.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	147,491,080	147,491,080	294,982,160	96.85%	165,546,241	165,546,241	331,092,482	96.07%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	8,908,949	10,587,572	19,496,521	6.40%	11,735,997	11,714,620	23,450,617	6.80%
New Proposals	(5,067,856)	(4,833,935)	(9,901,791)	(3.25%)	(5,067,856)	(4,833,935)	(9,901,791)	(2.87%)
<b>Total Budget</b>	<b>\$151,332,173</b>	<b>\$153,244,717</b>	<b>\$304,576,890</b>		<b>\$172,214,382</b>	<b>\$172,426,926</b>	<b>\$344,641,308</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments					0	0.00				0
					0	0.00				0
DP 98 - Estab. Base Budget Line Items for Agencies	0.00	0	0	0	0	0.00	0	0	0	0
DP 99 - Legislative Audit (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 902 - Adjust Funding to the 2009 Level of State Support	0.00	11,624,835	72,048	0	11,696,883	0.00	11,624,835	72,048	0	11,696,883
DP 930 - General Fund Replacement with Six Mill Levy Funds	0.00	(2,700,000)	2,700,000	0	0	0.00	(1,000,000)	1,000,000	0	0
DP 7101 - Fuel Inflation Reduction	0.00	(15,886)	0	0	(15,886)	0.00	(37,263)	0	0	(37,263)
DP 9015 - Motorcycle Safety (Northern)	0.00	0	55,000	0	55,000	0.00	0	55,000	0	55,000
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,908,949</b>	<b>\$2,827,048</b>	<b>\$0</b>	<b>\$11,735,997</b>	<b>0.00</b>	<b>\$10,587,572</b>	<b>\$1,127,048</b>	<b>\$0</b>	<b>\$11,714,620</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,908,949</b>	<b>\$2,827,048</b>	<b>\$0</b>	<b>\$11,735,997</b>	<b>0.00</b>	<b>\$10,587,572</b>	<b>\$1,127,048</b>	<b>\$0</b>	<b>\$11,714,620</b>

DP 98 - Estab. Base Budget Line Items for Agencies - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 99 - Legislative Audit (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 902 - Adjust Funding to the 2009 Level of State Support - The legislature adjusted the base level of funding to the 2009 level of state support as the first step in funding educational units and the agencies. This increase includes such items as annualization of the 2009 pay-plan, faculty and staff merit and promotion increases, new space, IT fixed costs and operating costs.

DP 930 - General Fund Replacement with Six Mill Levy Funds - The legislature approved the executive's proposed funding switch of replacing general fund with six-mill levy state special revenue at the level anticipated to be available net of anticipated reappraisal mitigation.

DP 7101 - Fuel Inflation Reduction - This request would reduce funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 9015 - Motorcycle Safety (Northern) - The legislature approved a \$55,000 per year increase for the Montana motorcycle safety program for replacement of older motorcycles, maintenance on existing motorcycles, increased marketing expenses, and increased operating expenses. The program is funded from fees collected by the Department of Justice at the time motorcycles are registered and fees charged to program participants.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - AES - Correct Budget Error 09	0.00	206,497	0	0	206,497	0.00	155,741	0	0	155,741
DP 950 - Two Percent ATB Reduction 09	0.00	(3,612,195)	0	0	(3,612,195)	0.00	(3,612,194)	0	0	(3,612,194)
DP 960 - Extension Service-Brucellosis Action Plan 09	0.00	285,157	0	0	285,157	0.00	571,913	0	0	571,913
DP 8101 - Increasing 4% Vacancy Savings to 7% 09	0.00	(1,947,315)	0	0	(1,947,315)	0.00	(1,949,395)	0	0	(1,949,395)
<b>Total</b>	<b>0.00</b>	<b>(\$5,067,856)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,067,856)</b>	<b>0.00</b>	<b>(\$4,833,935)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,833,935)</b>

DP 4 - AES - Correct Budget Error - The legislature added \$362,238 general fund to the Agricultural Experiment Station base budget for the 2011 biennium to correct a budget error in the executive budget.

DP 950 - Two Percent ATB Reduction - This item provides an unspecified reduction in general fund of two percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 960 - Extension Service-Brucellosis Action Plan - This item adds \$0.86 million general fund in the 2011 biennium to the Montana Extension Service to fund the state's testing portion of the Brucellosis Action Plan in the Montana Extension Service. The operational component of this plan is included in the Department of Livestock.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This request would add an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the other present law adjustments.

**Language and Statutory Authority**

*Appropriation of Other Revenue to the University Educational Units*

This bill includes the following language to establish investment earnings revenue projections for the university educational units:

“Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$1,042,488 each year of the 2011 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE.”

*Revenue Projections for Research/Public Service Agencies*

This bill includes the following language that includes revenue projections for various revenue sources for the research/public service agencies:

“Revenue anticipated to be received by the agriculture experiment station includes:

- (1) interest earnings and other revenue of \$60,308 each year of the 2011 biennium; and
- (2) federal revenue of \$2,195,157 each year of the 2011 biennium.

Revenue anticipated to be received by the extension services includes:

- (1) interest earnings of \$14,000 each year of the 2011 biennium; and
- (2) federal revenue of \$2,201,529 each year of the 2011 biennium.

Anticipated interest revenue of \$425 in each year of the 2011 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE-- Appropriation Distribution Transfers.

Anticipated sales revenue of \$45,000 in fiscal year 2010 and \$48,000 in fiscal year 2011 is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Anticipated interest revenue of \$1,500 each year of the 2011 biennium is appropriated to Fire Services Training School for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.”

*Miscellaneous Language Recommendations*

This bill includes the following language to require a transfer to the energy conservation program:

“OCHE--Appropriation Distribution Transfers includes \$1,195,300 for the 2011 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$112,500 in fiscal year 2010 and \$101,500 in fiscal year 2011; Montana tech of the university of Montana, \$37,000 in fiscal year 2010 and \$37,000 in fiscal year 2011; western Montana college of the university of Montana, \$103,650 in fiscal year 2010 and \$102,650 in fiscal year 2011; Helena college of technology of the university of Montana, \$6,000 in fiscal year 2010 and \$6,000 in fiscal year 2011; Montana state university-Bozeman, \$58,000 in fiscal year 2010 and \$58,000 in fiscal year 2011; Montana state university-Billings, \$144,500 in fiscal year 2010 and \$133,700 in fiscal year 2011; Montana state university-northern, \$63,400 in fiscal year 2010 and \$58,400 in fiscal year 2011; and Montana state university-Great Falls college of technology, \$86,500 in fiscal year 2010 and \$86,500 in fiscal year 2011.”

This bill includes the following language to allocate funds for the Montana natural resource information system:

“The Montana university system shall pay \$88,506 for the 2011 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.”

**Program Budget Comparison**

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

Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Grants	450,002	450,000	450,002	450,002	900,002	900,004	2	0.00%
<b>Total Costs</b>	<b>\$450,002</b>	<b>\$450,000</b>	<b>\$450,002</b>	<b>\$450,002</b>	<b>\$900,002</b>	<b>\$900,004</b>	<b>\$2</b>	<b>0.00%</b>
General Fund	450,002	450,000	450,002	450,002	900,002	900,004	2	0.00%
<b>Total Funds</b>	<b>\$450,002</b>	<b>\$450,000</b>	<b>\$450,002</b>	<b>\$450,002</b>	<b>\$900,002</b>	<b>\$900,004</b>	<b>\$2</b>	<b>0.00%</b>

**Page Reference**

Legislative Budget Analysis, E-196

**Funding**

This program is funded from state general fund.

A recent history of the state funding for nonbeneficiary Montana students attending tribal community colleges is shown in the figure below. The projected reimbursement that would result from the proposed legislative budget is also shown in the table. Legislative appropriations for nonbeneficiary assistance have increased substantially in recent years. In the 2009 biennium, the legislature made \$1.014 million of the \$1.9 million appropriation a one-time-only appropriation. The one-time-only appropriation is not continued into the 2011 biennium in current funding levels in HB 2.

The figure also compares the distribution per nonbeneficiary Montana student in this program to the average state funds distribution per Montana resident student for community colleges and the educational units of the Montana University System.

Item	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Budget	FY 2010 Legislative Budget	FY 2011 Legislative Budget
Number of nonbeneficiary Montana students*	298.11	307.87	301.39	302.46	302.46	302.46
One-time state funds distributed for nonbeneficiary students	\$80,183	\$419,817	\$461,401	\$552,599	\$0	\$0
On-going state funds distributed for nonbeneficiary students	<u>400,000</u>		<u>450,002</u>	<u>450,000</u>	<u>450,002</u>	<u>450,002</u>
Total State funds distributed for nonbeneficiary students	<u>\$480,183</u>	<u>\$419,817</u>	<u>\$911,403</u>	<u>\$1,002,599</u>	<u>\$450,002</u>	<u>\$450,002</u>
Average state funds distribution per nonbeneficiary Montana student**	\$1,611	\$1,364	\$3,024	\$3,315	\$1,488	\$1,488
<u>State funds appropriation per Montana resident student for:</u>						
Community Colleges	\$3,015	\$3,088	\$3,793	\$4,100	\$3,944	\$3,925
Montana University System	\$4,631	\$4,645	\$5,332	\$5,806	\$5,678	\$5,678

\*FY 2009 - FY 2011 estimate based upon FY 2006 - FY 2009 average of 302.46  
 \*\*Per Section 20-25-428, MCA, there is a maximum distribution of \$3,024 per nonbeneficiary student per year

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	450,002	450,002	900,004	100.00%	450,002	450,002	900,004	100.00%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$450,002</b>	<b>\$450,002</b>	<b>\$900,004</b>		<b>\$450,002</b>	<b>\$450,002</b>	<b>\$900,004</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	55.20	55.20	55.20	55.20	55.20	55.20	0.00	0.00%
Personal Services	2,419,311	2,972,493	2,790,422	2,797,814	5,391,804	5,588,236	196,432	3.64%
Operating Expenses	3,937,765	7,044,371	4,445,303	4,519,870	10,982,136	8,965,173	(2,016,963)	(18.37%)
Equipment & Intangible Assets	22,343	7,655	22,343	22,343	29,998	44,686	14,688	48.96%
Benefits & Claims	25,034,673	59,399,808	32,073,189	35,908,489	84,434,481	67,981,678	(16,452,803)	(19.49%)
Transfers	0	73,200	0	0	73,200	0	(73,200)	(100.00%)
<b>Total Costs</b>	<b>\$31,414,092</b>	<b>\$69,497,527</b>	<b>\$39,331,257</b>	<b>\$43,248,516</b>	<b>\$100,911,619</b>	<b>\$82,579,773</b>	<b>(\$18,331,846)</b>	<b>(18.17%)</b>
General Fund	0	0	0	0	0	0	0	n/a
Federal Special	31,414,092	69,497,527	39,331,257	43,248,516	100,911,619	82,579,773	(18,331,846)	(18.17%)
<b>Total Funds</b>	<b>\$31,414,092</b>	<b>\$69,497,527</b>	<b>\$39,331,257</b>	<b>\$43,248,516</b>	<b>\$100,911,619</b>	<b>\$82,579,773</b>	<b>(\$18,331,846)</b>	<b>(18.17%)</b>

**Page Reference**

Legislative Budget Analysis, E-199

**Funding**

The Montana Guaranteed Student Loan Program is funded entirely with federal special revenue.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	31,414,092	31,414,092	62,828,184	76.08%
Statewide PL Adjustments	0	0	0	0.00%	444,693	432,224	876,917	1.06%
Other PL Adjustments	0	0	0	0.00%	7,562,483	11,492,454	19,054,937	23.07%
New Proposals	0	0	0	0.00%	(90,011)	(90,254)	(180,265)	(0.22%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$39,331,257</b>	<b>\$43,248,516</b>	<b>\$82,579,773</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----				-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					581,137					589,096
Vacancy Savings					(120,015)					(120,339)
Inflation/Deflation					6,224					6,725
Fixed Costs					(22,653)					(43,258)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$0</b>	<b>\$444,693</b>	<b>\$444,693</b>		<b>\$0</b>	<b>\$0</b>	<b>\$432,224</b>	<b>\$432,224</b>
DP 99 - Legislative Audit (Restricted/Biennial)	0.00	0	0	0	0	0.00	0	0	0	0
DP 1201 - Loan Servicing Costs Increase	0.00	0	0	524,019	524,019	0.00	0	0	618,697	618,697
DP 1202 - Increased Collection Costs	0.00	0	0	2,655,516	2,655,516	0.00	0	0	3,637,816	3,637,816
DP 1203 - Increased Claims Payments	0.00	0	0	4,383,000	4,383,000	0.00	0	0	7,236,000	7,236,000
DP 7101 - Fuel Inflation Reduction	0.00	0	0	(52)	(52)	0.00	0	0	(59)	(59)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,562,483</b>	<b>\$7,562,483</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,492,454</b>	<b>\$11,492,454</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,007,176</b>	<b>\$8,007,176</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,924,678</b>	<b>\$11,924,678</b>

DP 99 - Legislative Audit (Restricted/Biennial) - This decision package is a technical adjustment necessary to add a line item to HB 2.

DP 1201 - Loan Servicing Costs Increase - The legislature approved \$1.1 million increased federal authority over the 2011 biennium for increased loan servicing costs. In FY 2009 Montana Guaranteed Student Loan Program (MGSLP) entered into a contract with Great Lakes Higher Education Corporation for student loan guarantee/processing system and data processing services. The contract pricing is based upon MGSLP’s outstanding principal balance of loan under guarantee. The costs are funded 100 percent from federal funds.

DP 1202 - Increased Collection Costs - The legislature authorized increased federal spending authority of \$6.3 million over the 2011 biennium in order to meet projected increases in collection costs that are expected to be driven by changes in the guarantor funding model set forth in the College Cost Reduction and Access Act of 2007 that requires higher repayment levels to the federal government by MGSLP, and by a projected increase in default claims paid and the amount of defaulted loan dollars collected.

DP 1203 - Increased Claims Payments - The legislature authorized increased federal spending authority of \$11.6 million over the 2011 biennium in order to meet projected increases in claim payments that would be made to private lenders in order to purchase defaulted student loans, as required by the program’s role as “guarantor”. The MGSLP outstanding guarantee portfolio growth is attributed to increased loan limits and increased borrowing.

DP 7101 - Fuel Inflation Reduction – The legislature reduced funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increasing 4% Vacancy Savings to 7%	12	0.00	0	0	(90,011)	(90,011)	0.00	0	0	(90,254)	(90,254)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$90,011)</b>	<b>(\$90,011)</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$90,254)</b>	<b>(\$90,254)</b>	

DP 8101 - Increasing 4% Vacancy Savings to 7% - The legislature added an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

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

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
Personal Services	6,000	6,600	6,300	6,300	12,600	12,600	0	0.00%
Operating Expenses	40,478	25,525	42,594	45,067	66,003	87,661	21,658	32.81%
Local Assistance	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$46,478</b>	<b>\$32,125</b>	<b>\$48,894</b>	<b>\$51,367</b>	<b>\$78,603</b>	<b>\$100,261</b>	<b>\$21,658</b>	<b>27.55%</b>
General Fund	46,478	32,125	48,894	51,367	78,603	100,261	21,658	27.55%
<b>Total Funds</b>	<b>\$46,478</b>	<b>\$32,125</b>	<b>\$48,894</b>	<b>\$51,367</b>	<b>\$78,603</b>	<b>\$100,261</b>	<b>\$21,658</b>	<b>27.55%</b>

**Page Reference**

Legislative Budget Analysis, E-202

**Funding**

The Board of Regents program is funded entirely by state general fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	46,478	46,478	92,956	92.71%	46,478	46,478	92,956	92.71%
Statewide PL Adjustments	(5,925)	(5,882)	(11,807)	(11.78%)	(5,925)	(5,882)	(11,807)	(11.78%)
Other PL Adjustments	8,341	10,771	19,112	19.06%	8,341	10,771	19,112	19.06%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$48,894</b>	<b>\$51,367</b>	<b>\$100,261</b>		<b>\$48,894</b>	<b>\$51,367</b>	<b>\$100,261</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(6,000)					(6,000)
Inflation/Deflation					75					118
<b>Total Statewide Present Law Adjustments</b>		<b>(\$5,925)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,925)</b>		<b>(\$5,882)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,882)</b>
DP 1301 - Board of Regents Per Diem	0.00	6,300	0	0	6,300	0.00	6,300	0	0	6,300
DP 1302 - Board of Regents Mileage	0.00	2,041	0	0	2,041	0.00	4,471	0	0	4,471
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$8,341</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,341</b>	<b>0.00</b>	<b>\$10,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,771</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,416</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,416</b>	<b>0.00</b>	<b>\$4,889</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,889</b>

DP 1301 - Board of Regents Per Diem - The legislature restored the per diem expenditure that is zero-based in the budget process. The per diem is calculated based on 7 regents attending 6 meetings per year that run for 3 days at a rate of \$50 per day (7x6x3x\$50=\$6,300/year).

DP 1302 - Board of Regents Mileage - The legislature added an inflationary adjustment for car mileage reimbursement for board members. The state car mileage reimbursement rate increased 19 percent from FY 2007 to 2008. The legislature included an inflationary adjustment of 19 percent each year of the 2011 biennium for projected mileage reimbursement rate increases.