

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	76.50	0.00	0.00	76.50	0.00	0.00	76.50	76.50
Personal Services	3,176,444	389,003	139,694	3,705,141	399,009	314,155	3,889,608	7,594,749
Operating Expenses	5,234,268	259,384	0	5,493,652	(118,533)	0	5,115,735	10,609,387
Equipment	0	0	0	0	0	0	0	0
Debt Service	67,714	0	0	67,714	0	0	67,714	135,428
Total Costs	\$8,478,426	\$648,387	\$139,694	\$9,266,507	\$280,476	\$314,155	\$9,073,057	\$18,339,564
General Fund	3,639,824	119,983	69,710	3,829,517	(36,109)	151,255	3,754,970	7,584,487
State/Other Special	865,080	50,657	18,484	934,221	40,927	38,960	944,967	1,879,188
Federal Special	3,973,522	477,747	51,500	4,502,769	275,658	123,940	4,373,120	8,875,889
Total Funds	\$8,478,426	\$648,387	\$139,694	\$9,266,507	\$280,476	\$314,155	\$9,073,057	\$18,339,564

Program Description

Business and Financial Services Division (BFSD) provides support services for the department, including financial and accounting oversight, cash management, preparation and filing of federal reports, purchasing supplies and equipment, payroll processing, audit coordination, lease management, mail handling, management of vital records and statistics, property management, and records management. BFSD also provides leadership and guidance in the development and implementation of accounting policies and procedures and best business practices.

Statutory authority is in Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92, Subpart C92.2, Title 50, Chapter 15, and Title 53, Chapter 1, Part 4, MCA.

Program Highlights

Business and Financial Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ 2009 biennium budget is 5.7 percent greater than the 2007 biennium due primarily to present law adjustments, the HB13 pay plan, and the retirement plans in HB63 and HB131

Program Narrative

Formerly known as the Financial Services Division, this division was renamed the Business and Financial Services Division following a reorganization that moved the Internal Support, Budget, and Vital Records units to BFSD from the Technology Services Division (TSD). The reorganization was established at the onset of the 2007 biennium following a departmental decision to place only technology-related units under TSD and the other functions under BFSD where they better related to business or fiscal operations.

Biennial Comparison

As shown in Figure 27, the 2009 biennial budget for BFSB increases less than \$1.0 million over the 2007 biennium due to statewide and other present law adjustments, the pay plan approved in HB 13, and the legislatively approved retirement plan from HB 63 and HB 131.

State special revenue for the 2009 biennium is split 55 percent for cost allocation and indirect activity and 45 percent revenue for Vital Statistics revenue generated from fees charged for items such as birth or death certificates.

Legislative Discussion

The BFSB 2009 biennium budget contains only present law adjustments and an increase for the 2009 biennium pay and retirement plans approved by the 2007 Legislature. The legislature discussed the budget in the context of:

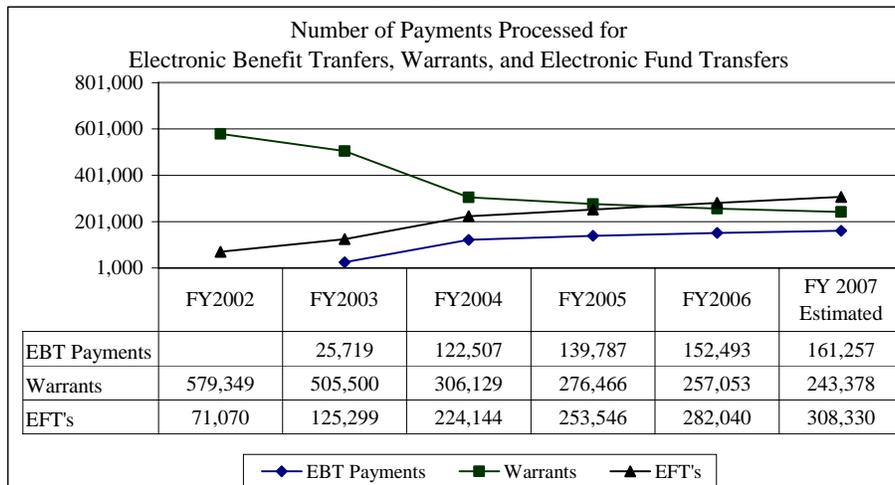
- 1) The division's presentation of its goals and measurable objectives;
- 2) Its successful completion of the 18 corrective action recommendations from the 2005 financial compliance audit; and
- 3) Components in the division goals and objectives that spoke to improved business processes, which could generate increased general fund through improvements in institutional reimbursements, billing efficiency, and cost recovery.

Legislators were especially interested in the division's objectives to reduce costs by: 1) maximizing the use of the Electronic Benefit Transfers (EBT) for TANF cash assistance payments, Child Support payments, and Food Stamps; and 2) increasing the use of Electronic Fund Transfers (EFT) to make payments to vendors and clients. The division hopes to achieve a growth rate of 5 percent for the biennium in the use of electronic payments, while recognizing that there could always be a need for warrants in certain cases. The following Figure 28 reflects the decrease in warrants versus the increase in the use of EBTs and EFTs. The FY 2007 estimates are based upon actual data through March, 30, 2007.

Figure 27
Business and Financial Services Division
Biennial Budget Comparison

	2007		2009	
	Biennium	Biennium	Change	Percent
FTE	76.5	76.5	0.0	
Personal Services	\$ 6,612,109	\$ 7,594,749	\$ 982,640	14.9%
Operating Costs	10,600,579	10,609,387	8,808	0.1%
Equipment	6,799	0	(6,799)	-100.0%
Debt Service	135,086	135,428	342	0.3%
Total	\$ 17,354,573	\$ 18,339,564	\$ 984,991	5.7%
General Fund	\$ 6,908,099	\$ 7,584,487	\$ 676,388	9.8%
State Special Revenue	1,806,034	1,879,188	73,154	4.1%
Federal Funds	8,640,440	8,875,889	235,449	2.7%
Total	\$ 17,354,573	\$ 18,339,564	\$ 984,991	5.7%

Figure 28



Legislators also addressed the division's goal to continue to maximize institutional reimbursement through a business process review to identify billing and recordkeeping efficiencies that could be implemented to enhance payments received from patients, insurance companies, Medicare, and Medicaid for services provided by DPHHS institutions.

Goals for collections in FY 2008 and FY 2009 are \$19.0 million per year that would go to the general fund.

Augmenting the goals to improve business processes, the legislature passed SB 90 to allow the division to adjust the daily per diem charged to insurance companies and private payers more than once a year. DPHHS presently bills for services provided to their clients at state institutional facilities based on rates that are set once a year. This legislation corrects the present situation in which there is a loss of general fund when costs increase during the year and the state can not bill for the actual cost of services until the next rate change occurs.

Legislators also passed SB 124 to remove a circular requirement for the Office of Court Administrator and the Office of State Public Defender to obtain a general fund appropriation to reimburse DPHHS for costs of forensic services at Montana State Hospital so DPHHS can then reimburse the general fund.

In accordance with legislative interest in the use of goals and objectives as part of the legislative decision making process and ongoing program evaluation, legislators included language in HB 2 requesting the division to report its progress toward the goals and objectives throughout the interim to the Legislative Finance Committee and the Children, Families, Health, and Human Services Interim Committee. The goals and objectives for the division may be found at: <http://www.dphhs.mt.gov/2007leg/bfsd.pdf>

The Governor vetoed the language.

Other Legislation

SB 518 provides that a certificate of birth may be issued when the birth results in a still birth. The division estimates that increased costs of about \$6,000 over the biennium to implement the certificate process, which it intends to absorb in its budget.

Funding

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

Program Funding Table							
Business & Financial Ser							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 3,639,824	42.9%	\$ 3,829,517	41.3%	\$ 3,754,970	41.4%	
01100 General Fund	3,639,824	42.9%	3,829,517	41.3%	3,754,970	41.4%	
02000 Total State Special Funds	865,080	10.2%	934,221	10.1%	944,967	10.4%	
02382 6901-02 Indrct Activty Prog 06	454,499	5.4%	509,494	5.5%	504,667	5.6%	
02419 Vital Statistics	410,581	4.8%	424,727	4.6%	440,300	4.9%	
03000 Total Federal Special Funds	3,973,522	46.9%	4,502,769	48.6%	4,373,120	48.2%	
03591 6901-03 Indrct Activty Prog 06	3,973,522	46.9%	4,502,769	48.6%	4,373,120	48.2%	
Grand Total	\$ 8,478,426	100.0%	\$ 9,266,507	100.0%	\$ 9,073,057	100.0%	

The BFSDD is funded with general fund, state special revenue, and federal funds based upon a complex federally approved cost allocation plan. The division is funded with 41.4 percent general fund, 10.4 percent state special revenue, and 48.2 percent federal funds. State special revenue over the biennium is split about 55 percent for cost allocation and indirect activity and 45 percent for Vital Statistics revenue generated from fees charged for items such as birth or death certificates.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved 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 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					537,563					547,985
Vacancy Savings					(148,560)					(148,976)
Inflation/Deflation					45,551					47,503
Fixed Costs					217,097					(162,668)
Total Statewide Present Law Adjustments					\$651,651					\$283,844
DP 6015 - State Motor Pool Rate Change	0.00	(1,110)	(294)	(1,860)	(3,264)	0.00	(1,145)	(303)	(1,920)	(3,368)
Total Other Present Law Adjustments	0.00	(\$1,110)	(\$294)	(\$1,860)	(\$3,264)	0.00	(\$1,145)	(\$303)	(\$1,920)	(\$3,368)
Grand Total All Present Law Adjustments					\$648,387					\$280,476

Statewide Present Law Adjustments

Because BFSD is the centralized business center for the agency, fixed costs annually comprise a large portion of operating expenditures. Total projected fixed cost operating expenditures for this biennium are about \$8.5 million, which is nearly half of the division budget.

The decrease shown in the statewide present law adjustments total of about \$361,000 from FY 2008 to FY 2009 is due to the legislative audit cost that BFSD bears for the entire agency, which is designated as a biennial appropriation and appears as a total figure in FY 2008.

The largest components of the 2009 biennium fixed costs budget are: 1) the State Accounting, Budget and Human Resource System (SABHRS) - \$3.2 million; 2) insurance and bonds - \$1.8 million; 3) statewide cost allocation plan - \$2.0 million; 4) the legislative audit - \$0.3 million; and 5) warrant writing - \$0.7 million. The division experienced a substantial increase in warrant writing due to the implementation of Big Sky Rx.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals	-----Fiscal 2008-----					-----Fiscal 2009-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13											
06	0.00	67,628	18,011	50,135	135,774	0.00	149,048	38,459	122,534	310,041	
DP 6014 - Retirement Employer Contributions - HB63 & HB131											
06	0.00	2,082	473	1,365	3,920	0.00	2,207	501	1,406	4,114	
Total	0.00	\$69,710	\$18,484	\$51,500	\$139,694	0.00	\$151,255	\$38,960	\$123,940	\$314,155	

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan in HB 13 of the regular session that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement Employer Contributions - HB63 & HB131 - The legislature adopted HB63 and HB131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Language

The legislature approved the following language for inclusion in HB 2. The Governor vetoed the language. All vetoed language in the fiscal report is shown in *italic*.

“Included in Business and Financial Services Division/Reporting is \$200 in general fund money each year for a semiannual report to the legislative finance committee and the children, families, health, and human services interim committee for the following:

- (1) progress toward the goals presented to the joint appropriations subcommittee on health and human services in the division’s final template; and*
- (2) attainment of measurable objectives as outlined in the division final template presented to the joint appropriations subcommittee on health and human services.*

If the reports are not received by the legislative finance committee by December 31, 2007, and June 30, 2008, the fiscal year 2009 general fund appropriation is reduced by \$200.”