

Agency Budget Comparison

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

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	58.07	58.07	60.07	60.07	58.07	60.07	2.00	3.44%
Estimated Impact of HB 2*			(1.19)	(1.19)		(1.19)	(1.19)	
Net Estimated FTE*			58.88	58.88		58.88	(0.81)	
Personal Services	4,223,496	4,325,707	4,586,759	4,598,256	8,549,203	9,185,015	635,812	7.44%
Operating Expenses	1,278,172	1,592,220	1,523,469	1,398,513	2,870,392	2,921,982	51,590	1.80%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$5,501,668	\$5,917,927	\$6,110,228	\$5,996,769	\$11,419,595	\$12,106,997	\$687,402	6.02%
General Fund	5,490,551	5,906,804	6,101,819	5,988,423	11,397,355	12,090,242	692,887	6.08%
State Special	11,117	11,123	8,409	8,346	22,240	16,755	(5,485)	(24.66%)
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$5,501,668	\$5,917,927	\$6,110,228	\$5,996,769	\$11,419,595	\$12,106,997	\$687,402	6.02%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The Governor's Office oversees the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates.

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

The Governor's office is comprised of the following programs:

- The Executive Office
- The Executive Residence Operations
- The Air Transportation Program
- The Office of Budget and Program Planning
- The Coordinator of Indian Affairs
- The Centralized Services Division
- The Lieutenant Governor's Office
- The Citizens' Advocate Office
- The Mental Disabilities Board of Visitors

The Mental Health Ombudsman is housed within the Mental Disabilities Board of Visitors program.

Agency Highlights

Governor’s Office Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor’s Office budget is appropriated at \$12.1 million for the 2015 biennium, a total increase of 6.0% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> • A transfer of the Energy Promotion and Development Division to the Office of Economic Development • Statewide present law personal service adjustments of \$627,874 ◆ Personal service increases are offset by reductions of \$178,918 with the additional 2% of vacancy savings

Summary of Legislative Action

The legislature appropriated a biennium to biennium increase of 6.0% in the Governor’s Office. The primary reason for the increase is the transfer of the duties of the Energy Promotion and Development Division, currently a function of the Department of Commerce, to the Office of Economic Development in the Executive Office Program. For more information on the program transfer, refer to the Executive Office Program section of this report. In another change from past practices, the legislature appropriated the five-year computer equipment replacement request in the centralized services program as a base expenditure. As in most agencies, the legislature imposed an additional 2% of vacancy savings on the Governor’s Office budget, providing a general fund savings of \$178,918. The reduction, budgeted in the Executive Office program, includes language that allows the agency to allocate the reduction among programs as needed. The included language may be seen in the “Language and Statutory Authority” section of this report. Finally, the legislature made appropriations in two bills, HB 13 and HB 410, that will impact the operations of the Governor’s Office.

The legislature provided lump sum appropriations in the pay plan bill, HB 13. The pay plan requires the executive branch to allocate the appropriation for employee pay rate increases and increases in healthcare benefits across the agencies in the branch. With oversight of the functions of the executive branch, the Governor’s office will be tasked with allocating the appropriations to the agencies. The appropriations included in HB 13 are as follows:

Executive Branch Pay Plan Appropriations (HB 13) 2015 Biennium		
Funding Source	FY 2014	FY 2015
General Fund	\$9,060,825	\$20,939,617
State Special Revenue	7,918,525	19,036,495
Federal Special Revenue	5,737,675	14,600,371
Proprietary	<u>2,049,016</u>	<u>5,265,622</u>
Total	<u>\$24,766,041</u>	<u>\$59,842,105</u>

The legislation also requires agencies to report in electronic format to the Legislative Finance Committee and the Legislative Fiscal Analyst on the implementation of pay increases and the impacts on lower pay bands on December 31, 2013 and December 31, 2014. This function will be administered in the Office of Budget and Program Planning. For a further discussion of the pay plan, see Volume 1 of the 2015 Biennium Fiscal Report.

The legislature provided an appropriation of \$7.5 million in general fund to the Governor’s Office in SB 410. The legislation tasks the Governor’s Office with allocating the appropriation among nine agencies for agency operations. This function will be administered in the Office of Budget and Program Planning.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of

FTE is the level that will be used to calculate personal services funding in the next biennium.”

The Legislative Fiscal Division has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 1.19 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Governor's Office Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$12,090,242	\$0	\$0	\$12,090,242	99.9%
State Special Total	16,755	-	-	16,755	0.1%
Federal Special Total	-	-	-	-	0.0%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	\$12,106,997	\$0	\$0	\$12,106,997	
Percent - Total All Sources	100.0%	0.0%	0.0%		

The Governor’s Office budget is funded primarily with general fund. Of the total agency funding, 0.1% is state special revenue that supports services in the Citizen’s Advocate 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 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,490,551	5,490,551	10,981,102	90.83%	5,501,668	5,501,668	11,003,336	90.88%
Statewide PL Adjustments	372,682	324,887	697,569	5.77%	369,974	322,116	692,090	5.72%
Other PL Adjustments	94,233	16,742	110,975	0.92%	94,233	16,742	110,975	0.92%
New Proposals	144,353	156,243	300,596	2.49%	144,353	156,243	300,596	2.48%
Total Budget	\$6,101,819	\$5,988,423	\$12,090,242		\$6,110,228	\$5,996,769	\$12,106,997	

Other Legislation

HB 3 - The legislature provided an appropriation of \$276,061 from the general fund in the supplemental bill, HB 3, for exempt staff payouts in the Governor’s Office. This appropriation, good only in FY 2013, will provide the authority needed to make the payouts of annual leave, sick leave, and compensatory time for qualifying exempt staff of the previous Governor.

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium. For more information on the

impacts to the Governor’s Office operations from this legislation refer to the “Summary of Legislative Action” section of this report.

HB 580 – This legislation provides funding of \$75,000 per biennium for the 2013 and 2015 biennia for the greater sage-grouse habitat conservation advisory council, established in Executive Order No. 2-2013. The council would propose policies, actions, and strategies to lessen the potential for listing the sage-grouse under the Endangered Species Act of 1973. Recommendations are expected to be delivered to the Governor by January 31, 2014.

SB 410 –This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor’s Office. The funding can be transferred at the Governor’s discretion in the 2015 biennium to the following departments for operations costs:

- Governor’s Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base. For more information on the impacts to the Governor’s Office operations from this legislation refer to the “Summary of Legislative Action” section of this report.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	58.07	58.07	60.07	2.00	58.07	60.07	2.00	
Estimated Impact of HB 2*			(1.19)	(1.19)		(1.19)	(1.19)	
Net Estimated FTE*			58.88	(0.81)		58.88	(0.81)	
Personal Services	4,223,496	4,544,347	4,586,759	42,412	4,555,633	4,598,256	42,623	85,035
Operating Expenses	1,278,172	1,464,675	1,523,469	58,794	1,340,669	1,398,513	57,844	116,638
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$5,501,668	\$6,009,022	\$6,110,228	\$101,206	\$5,896,302	\$5,996,769	\$100,467	\$201,673
General Fund	5,490,551	6,000,613	6,101,819	101,206	5,887,956	5,988,423	100,467	201,673
State/Other Special	11,117	8,409	8,409	0	8,346	8,346	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$5,501,668	\$6,009,022	\$6,110,228	\$101,206	\$5,896,302	\$5,996,769	\$100,467	\$201,673

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

General fund support of this agency is a net biennium increase of \$201,673 from the executive proposal. The changes to the biennial budget include:

- Transfer of 2.00 FTE and associated expenses of the Energy Promotion and Development Division in the Department of Commerce to the Office of Economic Development - \$390,350 in personal services and operating expenses
- Reduction of a biennial total \$178,918 of general fund with the adoption of an additional 2% of vacancy savings
- Rejection of two proposals for upgrades to new motor vehicle leases – (\$10,006)

- Fixed cost adjustments - \$935
- Rejection of the Professional Development Center request - (\$688)

Language and Statutory Authority

The legislature included the following language in HB 2.

"Executive Office Program includes a reduction in general fund of \$89,342 in fiscal year 2014 and \$89,575 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."