

### Program Budget Comparison

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

Program 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	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00%
Personal Services	60,356	61,572	58,779	58,713	121,928	117,492	(4,436)	(3.64%)
Operating Expenses	53,551	41,038	69,493	12,053	94,589	81,546	(13,043)	(13.79%)
Local Assistance	16,464	37,133	16,464	16,464	53,597	32,928	(20,669)	(38.56%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$130,371</b>	<b>\$139,743</b>	<b>\$144,736</b>	<b>\$87,230</b>	<b>\$270,114</b>	<b>\$231,966</b>	<b>(\$38,148)</b>	<b>(14.12%)</b>
General Fund	113,907	102,033	128,272	70,796	215,940	199,068	(16,872)	(7.81%)
State Special	0	577	0	0	577	0	(577)	(100.00%)
Federal Special	16,464	37,133	16,464	16,434	53,597	32,898	(20,699)	(38.62%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$130,371</b>	<b>\$139,743</b>	<b>\$144,736</b>	<b>\$87,230</b>	<b>\$270,114</b>	<b>\$231,966</b>	<b>(\$38,148)</b>	<b>(14.12%)</b>

### Program Description

The Director's Office (office) provides overall leadership and management support to the Department of Administration's divisions and offers administrative support to attached boards and commissions. The office acts as a liaison among the agency's divisions, administratively attached boards and commissions, the Cabinet, the legislature, and the Governor's office.

### Program Highlights

<b>Director's Office Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Overall costs for the division in HB 2 are reduced due to changes included in statewide present law adjustments</li> <li>◆ Proprietary rates approved for the 2015 biennium generate higher revenues to support an additional 5.18 FTE</li> </ul>

### Program Narrative

The Director's Office costs decrease between the 2013 and 2015 biennia due to reductions included in:

- Statewide present law adjustments for legislative audit costs
- Personal service costs for employee benefits that are lower in the 2015 biennium

### Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Administration Funding by Source of Authority 2015 Biennium Budget - Director'S Office							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$199,068	\$0	\$70,674,796	\$70,873,864	51.3%	17-7-502	Direct
						19-3-319	Pass Thru
						19-20-604	Pass Thru
						19-20-607	Pass Thru
State Special Total	\$0	\$0	\$21,978,022	\$21,978,022	15.9%		
02858 Mineral Impact	\$0	\$0	\$21,978,022	\$21,978,022	15.9%	17-3-241	Pass Thru
Federal Special Total	\$32,898	\$0	\$41,214,186	\$41,247,084	29.8%		
03095 Taylor Grazing Act Dist.	\$0	\$0	\$240,712	\$240,712	0.2%	17-3-222	Pass Thru
03369 Flood Control Payments	\$32,898	\$0	\$0	\$32,898	0.0%		
03425 Forest Reserve Shared Revenue	\$0	\$0	\$40,973,474	\$40,973,474	29.6%	17-3-212	Pass Thru
Proprietary Total	\$0	\$3,360,882	\$0	\$3,360,882	2.4%		
06534 Management Services	\$0	\$3,360,882	\$0	\$3,360,882	2.4%		
Other Total	\$0	\$0	\$779,052	\$779,052	0.6%		
05008 Capitol Building Sr	\$0	\$0	\$779,052	\$779,052	0.6%	17-7-502	Direct
Total All Funds	\$231,966	\$3,360,882	\$134,646,056	\$138,238,904	100.0%		
<b>Percent - Total All Sources</b>	<b>0.2%</b>	<b>2.4%</b>	<b>97.4%</b>				

The majority of the office functions are funded with proprietary funds. These funds are considered and approved as rates charged to other divisions in the agency and are discussed in the "Proprietary Rates" section of the narrative.

Within HB 2 general fund provides funding for the office's support of:

- o Board of County Printing
- o Burial Preservation Board
- o General management and legal support for statewide functions

Federal special revenue funds administration functions that support the allocation of federal flood control payments.

**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	113,907	113,907	227,814	114.44%	130,371	130,371	260,742	112.41%
Statewide PL Adjustments	7,354	(50,123)	(42,769)	(21.48%)	7,354	(50,153)	(42,799)	(18.45%)
Other PL Adjustments	7,011	7,012	14,023	7.04%	7,011	7,012	14,023	6.05%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
<b>Total Budget</b>	<b>\$128,272</b>	<b>\$70,796</b>	<b>\$199,068</b>		<b>\$144,736</b>	<b>\$87,230</b>	<b>\$231,966</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					872					804
Vacancy Savings					(2,449)					(2,447)
Inflation/Deflation					7					14
Fixed Costs					8,924					(48,524)
<b>Total Statewide Present Law Adjustments</b>		<b>\$7,354</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,354</b>		<b>(\$50,123)</b>	<b>\$0</b>	<b>(\$30)</b>	<b>(\$50,153)</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	(7,354)	0	0	(7,354)	0.00	50,123	0	30	50,153
DP 51 - Adjustment for Statewide Personal Services	0.00	(1,577)	0	0	(1,577)	0.00	(1,642)	0	(1)	(1,643)
DP 52 - Adjustment for Statewide Operations	0.00	8,942	0	0	8,942	0.00	(48,469)	0	(29)	(48,498)
DP 101 - Burial Board	0.00	7,000	0	0	7,000	0.00	7,000	0	0	7,000
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$7,011</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,011</b>	<b>0.00</b>	<b>\$7,012</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,012</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$14,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,365</b>	<b>0.00</b>	<b>(\$43,111)</b>	<b>\$0</b>	<b>(\$30)</b>	<b>(\$43,141)</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 101 - Burial Board - The legislature provided a one-time-only appropriation of \$7,000 general fund for each year of the 2015 biennium to cover costs associated with repatriation hearings. There was no need for repatriation hearings in FY 2012, and as such the base budget did not include funding for them. Funding approved anticipates one repatriation hearing each fiscal year with costs for a hearing examiner and travel for members.

### Proprietary Rates

The Director's Office provides management services to other divisions within the agency. Costs of providing the services are charged to the divisions and used to support the activities within the office.

#### *Proprietary Program Description*

The Director's Office provides services in the areas of legal, human resources, and financial management to other divisions of the agency and agencies and boards attached to the agency for administrative purposes. The Office of Legal Services advises the divisions on legal matters. The Office of Human Resources processes payroll; assists with recruitment, selection and orientation of new employees; classifies positions; and develops human resource policies for the department. The Office of Finance and Budget prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance. Additionally, the Director's Office provides IT management and project management services.

**Proprietary Revenues and Expenses**

*Proprietary Program Narrative*

Expenses

Significant costs included in the 2015 biennium budget include:

- o Personal services of \$1.45 million supporting 19.51 FTE over the 2015 biennium. This is an increase of 5.18 FTE and \$320,500 in personal service costs from those included in the rates in FY 2012. New positions include:
  - o 1.50 FTE - Human Resource Specialists
  - o 1.00 FTE - Paralegal Assistant
  - o 0.68 FTE – Budget Analyst
  - o 1.00 FTE – Auditor
  - o 1.00 FTE – Project Facilitation Specialist
  
- o Operating costs of \$227,000 supporting:
  - o Consulting and professional services - \$26,500
  - o ITSD services - \$38,500
  - o Office space rent - \$33,200
  - o Computers - \$15,800
  - o Indirect costs - \$15,800

Revenues

All divisions of the agency and other agencies and boards designed in statute as being administratively attached to the agency use the services provided by the programs included in the Director’s Office. Administratively attached agencies or boards with staff to perform the provided functions do not use some of the services and are not charged a fee.

The revenues for this program are allocated in three ways: 1) the human resource function based on an annual amount per FTE served; 2) the legal unit costs based on a time-use study; and 3) the remaining portion on the proportional size of the division, board, or agency’s budget to the total of all served. The program charges and budgeted within each division budget are shown in Figure 1.

**Figure 1**

Department of Administration Director's Office Administrative Charges to Programs								
Division	FY 2014				FY 2015			
	HB 2	Non-budgeted Proprietary	Total	% of Total	HB 2	Non-budgeted Proprietary	Total	% of Total
State Accounting Division	\$30,236	\$93,391	\$123,627	8.49%	\$30,012	\$92,730	\$122,742	8.49%
Architecture and Engineering Division	47,703	0	47,703	3.28%	47,405	0	47,405	3.28%
General Services Division	20,064	195,430	215,494	14.80%	19,924	195,957	215,881	14.93%
State Information Technology Services Division	8,582	582,267	590,849	40.59%	8,481	576,553	585,034	40.47%
Banking and Financial Division	79,723	0	79,723	5.48%	79,166	0	79,166	5.48%
Montana State Lottery	60,796	0	60,796	4.18%	60,218	0	60,218	4.17%
Healthcare and Benefits Division	25,674	61,757	87,431	6.01%	25,674	61,229	86,903	6.01%
State Human Resources Division	30,617	105,903	136,520	9.38%	30,327	105,328	135,655	9.38%
Risk Management and Tort Defense Division	0	100,166	100,166	6.88%	0	99,136	99,136	6.86%
State Tax Appeal Board	13,443	0	13,443	0.92%	13,349	0	13,349	0.92%
Total Administrative Charges to DOA Divisions	<u>\$316,838</u>	<u>\$1,138,914</u>	<u>\$1,455,752</u>	<u>100.00%</u>	<u>\$314,556</u>	<u>\$1,130,933</u>	<u>\$1,445,489</u>	<u>100.00%</u>

As shown, the State Information Technology Division pays almost half of the costs of the Director’s Office, followed by the General Services Division and the State Human Resources Division.

**Proprietary Rate Explanation**

For the 2015 biennium the legislature approved the rates as shown below. The rate is determined by estimating the amount of revenue necessary to cover all personal services and operation costs and to maintain a sufficient working capital balance.

**Figure 2**

Department of Administration Director's Office Approved Rate for Director's Office				
Fee/Rate	Actual FY 2012	Budgeted FY 2013	Budgeted FY 2014	Budgeted FY 2015
Human resources portion of program (annually per FTE)	\$633	\$570	\$606	\$603
Remaining portion of the program (fixed amount for allocation)	\$1,009,516	\$902,951	\$1,269,878	\$1,269,231

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.