

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	18.21	18.21	18.21	18.21	18.21	18.21	0.00	0.00%
Personal Services	1,165,887	1,315,245	1,380,827	1,380,997	2,481,132	2,761,824	280,692	11.31%
Operating Expenses	396,099	470,211	456,570	454,172	866,310	910,742	44,432	5.13%
Total Costs	\$1,561,986	\$1,785,456	\$1,837,397	\$1,835,169	\$3,347,442	\$3,672,566	\$325,124	9.71%
General Fund	1,561,986	1,785,456	1,837,397	1,835,169	3,347,442	3,672,566	325,124	9.71%
Total Funds	\$1,561,986	\$1,785,456	\$1,837,397	\$1,835,169	\$3,347,442	\$3,672,566	\$325,124	9.71%

Program Description

The State Human Resources Division (SHRD) provides statewide human resource services and programs under the authority of Title 2, Chapter 18, and 39-31-301, MCA. The division houses the following programs:

- o Human Resources Policy and Programs (HRPP) Bureau. The bureau establishes the human resource rules, policies and standards for Montana’s executive branch
- o Office of Labor Relations, representing the governor’s office in all matters relating to collective bargaining
- o Professional Development Center (PDC), offering training and other professional development services to Montana state government and other organizations
- o Human Resources Information Services Bureau, supplying payroll and other HR information systems for all branches of state government

Program Highlights

<p>State Human Resources Division</p> <p>Major Budget Highlights</p>
<ul style="list-style-type: none"> ◆ The majority of the funding for this program is from non-budgeted proprietary funds that are included in the proprietary rate section of HB 2 ◆ Personal services cost increases are included as part of statewide present law adjustments ◆ The legislature did not approve a proposal to change the funding mechanism for the Professional Development Center, retaining a tuition cost per student per class revenue methodology

Program Narrative

As shown in the funding table about a third of the SHRD budget is provided through general fund appropriated in HB 2, including the budgets for the:

- o Human Resources Policy Program
- o State Office of Labor Relations

The majority of the increases included in the 2015 biennium budget impact personal services. The personal services budget increases 11.31% as shown in the budget comparison table when compared to the 2013 biennium and includes the following changes:

- o Reclassification of one position
- o Salary increases, including longevity and broadband pay adjustments
- o Vacancy savings rate of 12.86% compared to a budgeted rate of 4%
- o Transfer of 0.51 FTE to the State Accounting Division

The legislature approved the changes through adoption of the statewide present law adjustments.

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 - State Human Resources Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$3,672,566	\$0	\$0	\$3,672,566	33.4%		
Proprietary Total	\$0	\$7,307,168	\$0	\$7,307,168	66.6%		
06525 Intergovernmental Training	\$0	\$777,202	\$0	\$777,202	7.1%		
06563 Payroll Fund	\$0	\$6,529,966	\$0	\$6,529,966	59.5%		
Total All Funds	\$3,672,566	\$7,307,168	\$0	\$10,979,734	100.0%		
Percent - Total All Sources	33.4%	66.6%	0.0%				

HB 2

General fund supports the operations of Human Resources Policy Program and the State Office of Labor Relations.

Proprietary Funding

The majority of the division budget is supported by proprietary funds that fund two programs:

- o Professional Development Center (PDC)
- o Human Resource Information Services (HRIS) bureau

The PDC is supported through fees in the form of tuition paid by state agencies that enroll employees in the various classes provided by PDC and fees for other services offered by the PDC. The HRIS bureau is funded through a fee charged state agencies for each employee payroll processed in a pay period. Both of these funds are considered and approved as rates charged to other state agencies and are discussed in the “Proprietary Rates” section of the narrative.

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	1,561,986	1,561,986	3,123,972	85.06%	1,561,986	1,561,986	3,123,972	85.06%
Statewide PL Adjustments	269,199	267,266	536,465	14.61%	269,199	267,266	536,465	14.61%
Other PL Adjustments	6,212	5,917	12,129	0.33%	6,212	5,917	12,129	0.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$1,837,397	\$1,835,169	\$3,672,566		\$1,837,397	\$1,835,169	\$3,672,566	

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					272,473					272,651
Vacancy Savings					(57,533)					(57,541)
Inflation/Deflation					77					239
Fixed Costs					54,182					51,917
Total Statewide Present Law Adjustments		\$269,199	\$0	\$0	\$269,199		\$267,266	\$0	\$0	\$267,266
DP 50 - Initial Motion to FY 2012 Base	0.00	(269,199)	0	0	(269,199)	0.00	(267,266)	0	0	(267,266)
DP 51 - Adjustment for Statewide Personal Services	0.00	214,940	0	0	214,940	0.00	215,110	0	0	215,110
DP 52 - Adjustment for Statewide Operations	0.00	54,478	0	0	54,478	0.00	52,370	0	0	52,370
DP 102 - Allocate department indirect/admin costs	0.00	5,993	0	0	5,993	0.00	5,703	0	0	5,703
Total Other Present Law Adjustments	0.00	\$6,212	\$0	\$0	\$6,212	0.00	\$5,917	\$0	\$0	\$5,917
Grand Total All Present Law Adjustments	0.00	\$275,411	\$0	\$0	\$275,411	0.00	\$273,183	\$0	\$0	\$273,183

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 102 - Allocate department indirect/admin costs - The legislature funded the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

Proprietary Rates

The State Human Resources Division provides the following programs funded through proprietary rates:

- Professional Developmental Center, which trains state employees
- Human Resource Information Services, including payroll and benefits eligibility processing

Professional Development Center/Training Program - 06525*Program Description*

The Professional Development Center (PDC) program provides training and related services throughout locations in Montana. The PDC offers training directed toward improving state practices, meeting state and federal regulations, and providing professional services such as facilitation, mediation, or curriculum design.

Program Narrative

The legislature rejected a proposal by the executive to change the methodology used to fund the PDC. The executive proposed to charge each agency budget an annual per employee charge rather than base the revenues on enrollment fees for the various classes offered to employees. Instead the legislature elected to continue tuition rates established for the 2013 biennium as the proprietary rate used to provide for the expenses of the program.

Expenses

Significant costs for the program are for:

- o Personal services of \$0.4 million over the biennium
- o Operating costs of almost \$0.3 million over the biennium

Revenues

In the 2015 biennium, two sources of revenue cover the personal services and operating expenses for the PDC:

- o Open-enrollment fees, which is a per-person tuition charged for attendance. Tuition rates are based on two factors: 1) projected attendance; and 2) competitive pricing. Tuition rates for the 2013 biennium were based on the proportion of fixed and personal services costs to the overall anticipated program cost. The amount per person varies by length of the course and number of people attending from a single agency.
- o Contract fees, which is a flat fee charged for providing a service. The amount per service varies by length of the service and number of services arranged in a single contract.

Proprietary Rates

For the 2015 biennium the rates approved by the legislature are shown below. The rates charged in the base year are shown for comparison purposes and reflect the legislature’s decision to use the FY 2013 tuition rates to fund the program in the 2015 biennium.

Department of Administration State Human Resource Division Professional Development Center				
	Actual FY 12	Projected FY 13	Projected FY 14	Projected FY 15
Fee Group A				
Training Services per hour				
Open Enrollment Courses				
Two-Day Course (per participant)	\$187.00	\$190.00	\$190.00	\$190.00
One-Day Course (per participant)	120.00	123.00	123.00	123.00
Half-Day Course (per participant)	93.00	95.00	95.00	95.00
Eight-Day Management Series (per participant)	565.00	570.00	570.00	570.00
Six-Day Management Series (per participant)	465.00	440.00	440.00	440.00
Four-Day Administrative Assistant Series (per participant)	330.00	333.00	333.00	333.00
Contract Courses				
Full Day Training (flat fee)	825.00	830.00	830.00	830.00
Half Day Training (flat fee)	\$565.00	\$570.00	\$570.00	\$570.00
The Training Program determines rates by analyzing its billable staff hours, overhead costs, and variable costs which are directly associated with providing a specific training service. Service fees include an allocation of total overhead costs based on an estimate of total billable hours during the year. Rates are established to build up to a 60-day working capital.				
Note: This analysis does not include OPEB expenses.				

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.

HRIS Bureau - 06563

Program Description

The Human Resources Information Services (HRIS) operates the payroll, benefits, and human resources system of the State Accounting Budgeting and Human Resources (SABHRS). SABHRS is used to process, distribute, report, and account for payroll, benefits and associated withholding and deductions for over 13,500 state employees in the executive, legislative, and judicial branches. The bureau establishes and maintains standards, processes, and procedures to be followed by state agencies in preparing and submitting payroll, benefits, and related HR data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs including employee benefits (group insurance, FSA, deferred compensation, and pension) classification, pay, labor relations, policy, and training.

Program Narrative

During FY 2012 the State Human Resource Division transferred 4.0 FTE to the Health Care and Benefits Division (HCBD) and 0.68 FTE to the Director’s Office. The 4.0 FTE that were transferred to the HCBD had previously worked for HCDB under a memorandum of understanding. The result of the transfer is that the expenses for personal services included in the HRIS Bureau have decreased by \$244,500 a year.

Expenses

Significant costs for the program are for:

- o Personal services of \$3.3 million over the biennium for 23.29 FTE
- o Operating costs of \$3.2 million over the biennium including a \$29,200 increase for projected license and maintenance fee increases for SABHRS-HR software

Revenues

The revenues are collected from two sources: 1) central payroll processing fees are assessed to each agency based on the average number of paychecks processed during the prior two fiscal years; and 2) costs associated with processing the benefit eligibility elections for the 35,000 plan members are collected from the Health Care and Benefits Division.

Proprietary Rates

For the 2015 biennium the rates approved by the legislature are shown below. The rates charged in the base year are shown for comparison purposes.

Department of Administration State Human Resources Division Human Resource Information Services				
	Actual FY 12	Projected FY 13	Projected FY 14	Projected FY 15
Fee Group A				
HRIS fees (per employee processed per	\$8.06	\$8.10	\$8.13	\$8.15
Health Resources Information Services (HRIS) rates have been established under the authority of 2-18-401, MCA, and 2-18-403, MCA. Projected HRIS expenditures anticipated for the 2013 biennium are distributed as a fixed cost fee to the Health Care Benefits Division for services rendered by HRIS to support benefit operations associated with managing the state's payroll system; and as a fixed cost rate to state agencies based on an estimated average number of payroll warrants/advice per pay period per agency. The agencies' payroll warrant/advice counts are based upon FY 2011 and FY 2012 data.				
Note: This analysis does not include OPEB expenses.				

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.