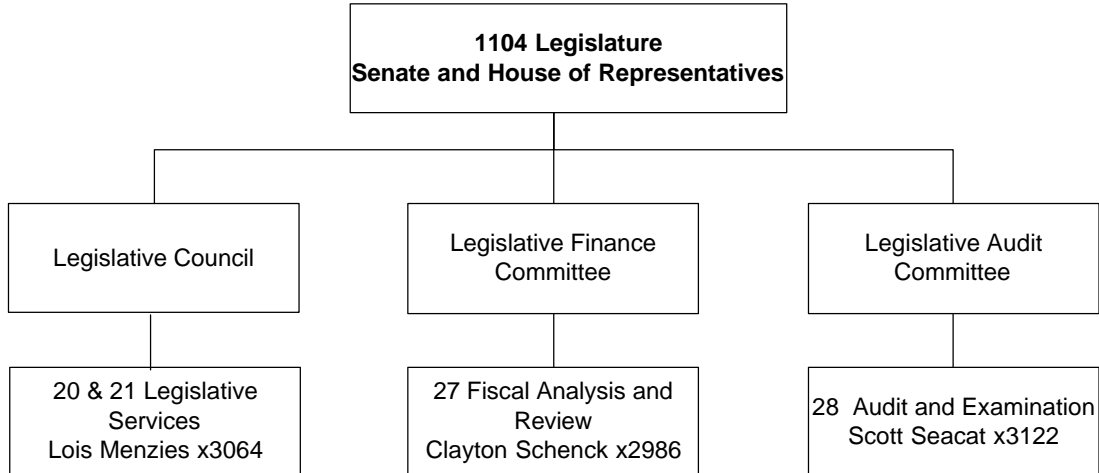


Legislative Branch-1104



Mission Statement - The mission of the Legislature is to exercise the legislative power of state government vested in the Legislature by The Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the Legislature.

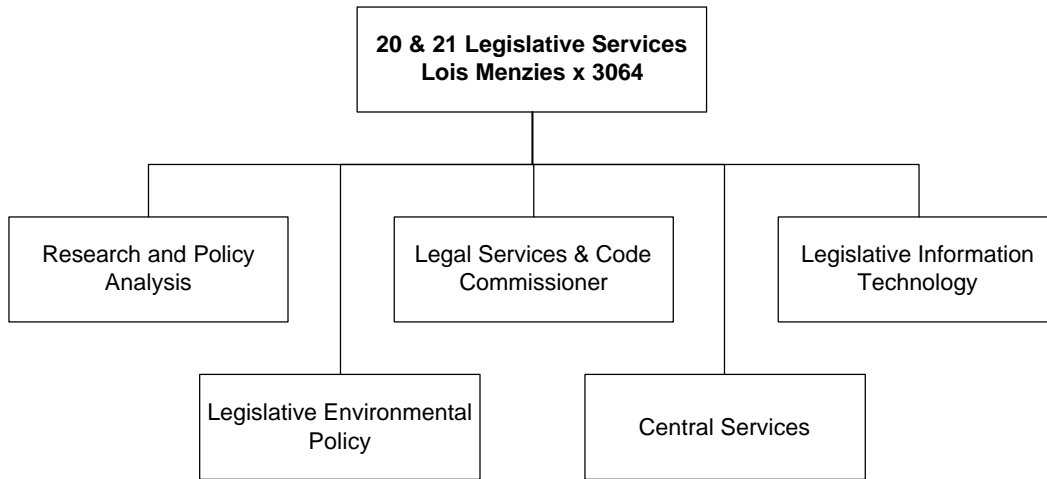
Statutory Authority - Principal statutory authority for the Legislative Services Division is found in Title 1, Chapter 11, and Title 5, Chapters 5 and 11, MCA. Principal statutory authority for the Legislative Fiscal Division is found in The Legislative Finance Act, Title 5, Chapter 12, MCA. The function of the Legislative Audit Division is constitutionally required, with principal statutory authority in The Legislative Audit Act, Title 5, Chapter 13, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	125.27	(1.50)	0.00	123.77	(1.50)	0.00	128.94
Personal Services	6,639,917	1,003,955	26,226	7,670,098	957,977	0	7,597,894
Operating Expenses	3,202,051	373,380	244,619	3,820,050	(607,135)	66,225	2,661,141
Equipment	6,890	13,110	0	20,000	13,110	0	20,000
Total Costs	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035
General Fund	7,670,815	1,228,488	270,845	9,170,148	858,516	66,225	8,595,556
State/Other Special	2,178,043	161,957	0	2,340,000	(494,564)	0	1,683,479
Total Funds	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035

----- Agency General Fund Target - \$14.18 million -----

The general fund target for the Legislative Branch was calculated in the same manner as all other agency targets. In accordance with 17-7-122, MCA, the Legislative Branch budget request is presented as submitted.

Legislative Branch-1104 Legislative Services-20



Program Description - The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	49.50	0.00	0.00	49.50	0.00	0.00	54.67
Personal Services	2,680,398	390,048	0	3,070,446	455,038	0	3,135,436
Operating Expenses	2,546,554	6,829	0	2,553,383	(369,157)	66,225	2,243,622
Equipment	6,890	13,110	0	20,000	13,110	0	20,000
Total Costs	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058
General Fund	4,328,746	377,942	0	4,706,688	625,068	66,225	5,020,039
State/Other Special	905,096	32,045	0	937,141	(526,077)	0	379,019
Total Funds	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$29,587)	FY04 (\$81,134)
FY05	(\$485,750)	FY05 (\$152,783)

PL- 1 - LSD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Services Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

Legislative Branch-1104
Legislative Services-20

Included in this package are increases from base in staff overtime and temporary services staffing of the bill status system related to the non-base year 2005 legislative session. Significant operational decreases occur in consulting services, travel, and minor equipment, as well as printing, shipping, and credit card and royalty fees related to non-base year reductions in the publication and distribution of the Montana Codes Annotated. Fixed cost expenses, included in statewide present law adjustments, increase \$193,541 over the biennium.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$66,225	FY05	\$66,225

NP- 2 - Connect Legislator Laptop Computers to Network -

The Legislative Branch Computer System Planning Council, established in 5-11-402, MCA, is responsible for developing and maintaining the Legislative Branch computer system plan. Included in the 2005 biennium plan is a proposal requesting funding to connect 75 laptop computers, personally owned by legislators, to the state data network during the 2005 regular legislative session. The proposal totals \$66,225, including funding for contracted support services and monthly network connection fees, and would be a biennial appropriation placed in the first year.

Legislative Branch-1104 Legis. Committees & Activities-21

Program Description - The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.97	0.00	0.00	0.97	0.00	0.00	0.97
Personal Services	68,842	49,759	26,226	144,827	(68,842)	0	0
Operating Expenses	306,254	328,914	219,619	854,787	(306,254)	0	0
Total Costs	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0
General Fund	348,012	405,757	245,845	999,614	(348,012)	0	0
State/Other Special	27,084	(27,084)	0	0	(27,084)	0	0
Total Funds	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$389,290	\$389,290
FY05	(\$364,382)	(\$364,382)

PL- 3 - Interim Committee Biennial Operations -

The Legislative Committees & Activities Program supports the activities of temporary and permanent statutory committees, interim committees and interstate organizational participation. The budget is presented as a biennial appropriation in the first year to reflect the biennial nature of legislative operations. The biennial increase above base is approximately \$3,500.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$51,337	\$51,337
FY05	\$0	\$0

NP- 4 - Participation, Pacific Northwest Economic Region -

The Pacific Northwest Economic Region (PNWER) is an international organization promoting greater regional collaboration among the states of Alaska, Idaho, Montana, Oregon, and Washington, the provinces of Alberta and British Columbia, and the Yukon Territory. In 2001, the Legislature authorized Montana's membership in the PNWER (Title 5, Chapter 11, part 7). However, no funds were appropriated for payment of Montana's annual membership dues or to allow legislative delegates to participate in PNWER activities. A budget of \$51,337 is proposed to provide funding for Montana's dues of \$32,699 and legislator participation.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$10,000	\$10,000
FY05	\$0	\$0

NP- 5 - Legislative Council on River Governance -

The Legislative Council on River Governance is comprised of legislators from Montana, Oregon, Idaho, and Washington. The council's mission is to assert state legislative authority over natural resources and river governance issues and to unite states for a proactive agenda of legislative action. In 2001, the Legislature approved a one-time appropriation of \$10,000 for the 2003 biennium for legislator participation in council meetings and activities. This proposal, implemented with a biennial appropriation placed in the first year, includes \$10,000 for legislative participation in council meetings and activities for the 2005 biennium.

Legislative Branch-1104 Legis. Committees & Activities-21

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$73,880	FY04	\$73,880
FY05	\$0	FY05	\$0

NP- 6 - Dues, Council of State Governments -

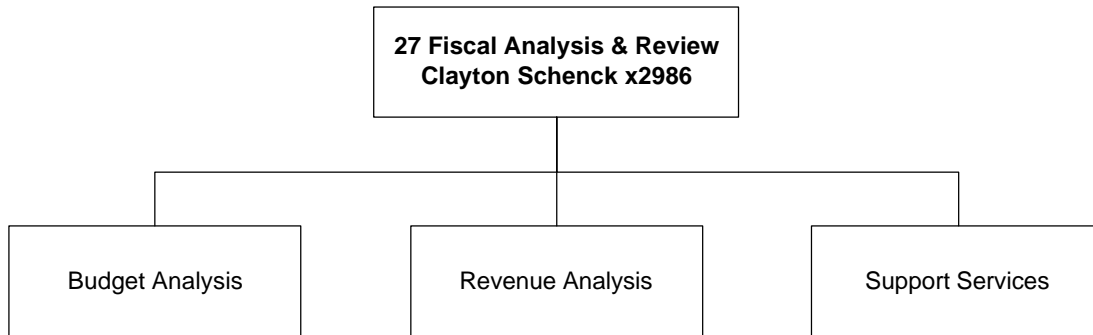
The base budget includes partial funding of Montana's biennial dues in the Council of State Governments (CSG) as approved by the last Legislature. This proposal, implemented with a biennial appropriation placed in the first year, includes \$73,880 for the balance of full biennial dues in the CSG.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$110,628	FY04	\$110,628
FY05	\$0	FY05	\$0

NP- 7 - Participation, NCSL and CSG -

The base budget includes full funding of Montana's biennial membership dues in the National Conference of State Legislatures (NCSL) and partial funding of membership dues in the Council of State Governments (CSG). The current level base budget does not include funds for delegate participation in either organization. This proposal, implemented with a biennial appropriation placed in the first year, includes funding for delegate participation in NCSL and CSG during the 2005 biennium.

Legislative Branch-1104 Fiscal Analysis & Review-27



Program Description - The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	18.80	0.00	0.00	18.80	0.00	0.00	18.80
Personal Services	1,086,713	119,171	0	1,205,884	127,530	0	1,214,243
Operating Expenses	54,418	2,489	0	56,907	40,996	0	95,414
Total Costs	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657
General Fund	1,141,131	121,660	0	1,262,791	168,526	0	1,309,657
Total Funds	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657

----- Present Law Adjustments -----

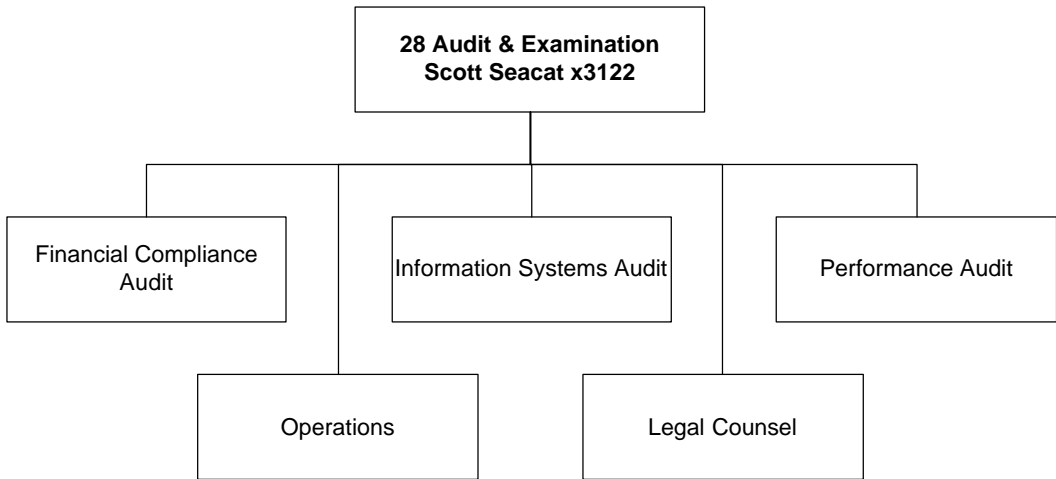
	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$0	FY04	\$0
FY05	\$45,000	FY05	\$45,000

PL- 8 - LFD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Fiscal Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

Increases in operational costs relate to the non-base year regular legislative session and statewide present law adjustments. The categories affected include staff overtime, temporary services, printing, photocopy pool costs, and office supplies. Substantial printing costs are related to the budget analysis, session publications, budget summary pamphlets, and post-session reports.

Legislative Branch-1104 Audit & Examination-28



Program Description - The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.00	(1.50)	0.00	54.50	(1.50)	0.00	54.50
Personal Services	2,803,964	444,977	0	3,248,941	444,251	0	3,248,215
Operating Expenses	294,825	35,148	25,000	354,973	27,280	0	322,105
Total Costs	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320
General Fund	1,852,926	323,129	25,000	2,201,055	412,934	0	2,265,860
State/Other Special	1,245,863	156,996	0	1,402,859	58,597	0	1,304,460
Total Funds	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320

----- Present Law Adjustments -----

Total Agency Impact		General Fund Total	
FY04	(\$9,595)	FY04	\$6,705
FY05	(\$22,414)	FY05	(\$8,271)

PL- 9 - LAD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Audit Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

**Legislative Branch-1104
Audit & Examination-28**

Included in the budget request is a 1.5 FTE reduction, resulting from a change in audit approach for the Montana University System. This reduction will not reduce audit services, rather it will save the state money by consolidating the university financial statements. Other changes from base include cyclical costs associated with a biennial independent audit of the legislative branch and audit division, the biennial Peer Review required by Government Auditing Standards, and costs associated with preparation of a branch disaster recovery plan and reactive system development needs.

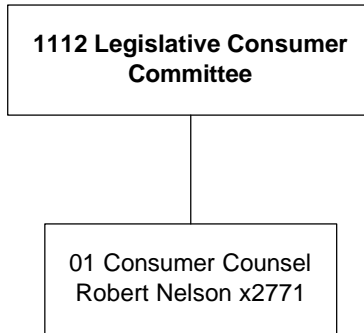
----- **New Proposals** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$25,000	FY04	\$25,000
FY05	\$0	FY05	\$0

NP- 10 - Branch EDP Security Review -

This proposal provides funding for costs associated with a one-time only independent electronic data processing (EDP) security review of the Legislative Branch computer environment. A similar proposal brought forward last biennium was eliminated from the program's budget.

Consumer Counsel-1112 Administration Program-01



Mission Statement - To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

Statutory Authority - Article XIII, Section 2, Montana Constitution; Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA.

Program Description - The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The consumer counsel is charged with the duty of representing consumer interests in hearings before the Public Service Commission or any other successor agency. The agency also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and proceedings before federal administrative agencies on behalf of the public of Montana.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.04	0.00	0.00	5.04	0.00	0.00	5.04
Personal Services	366,805	37,264	0	404,069	37,261	0	404,066
Operating Expenses	655,729	150,885	0	806,614	158,476	0	814,205
Total Costs	\$1,022,534	\$188,149	\$0	\$1,210,683	\$195,737	\$0	\$1,218,271
State/Other Special	1,022,534	188,149	0	1,210,683	195,737	0	1,218,271
Total Funds	\$1,022,534	\$188,149	\$0	\$1,210,683	\$195,737	\$0	\$1,218,271

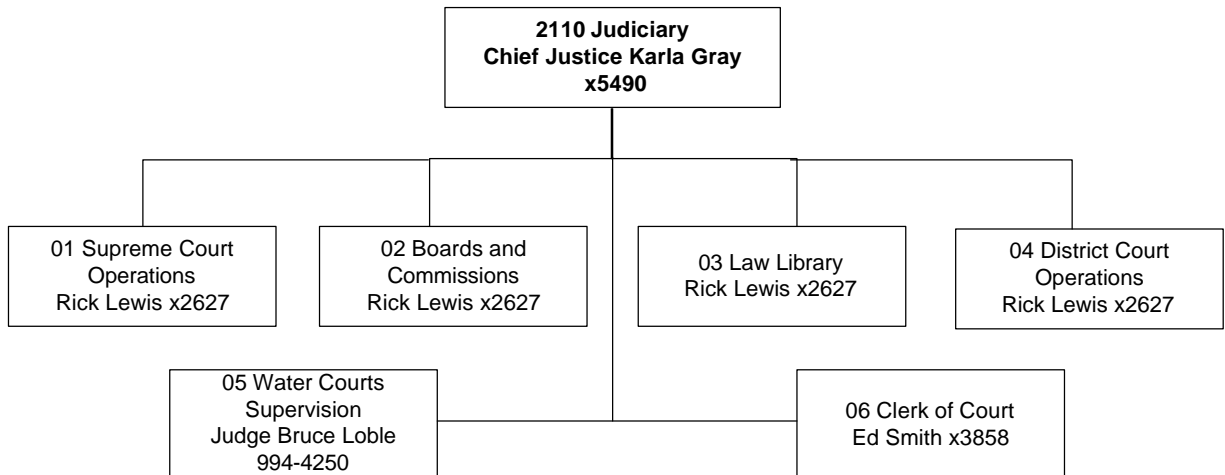
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$150,103	FY04 \$0
FY05	\$157,117	FY05 \$0

PL- 1 - Present Law Base Adjustments -

The budget includes \$125,000 contingency each year of the 2005 biennium for costs associated with unanticipated caseload, consistent with appropriations in prior biennia. The remaining adjustments are attributed to contract amounts and anticipated workload.

Judiciary-2110



Mission Statement - The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all Montana courts, and rule making for those courts.

Statutory Authority - Article III, Section 1, and Article VII, Montana Constitution; Title 3, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	357.43	0.00	16.00	373.43	0.00	16.00	373.43
Personal Services	8,364,385	11,877,687	656,641	20,898,713	11,851,000	659,694	20,875,079
Operating Expenses	1,744,876	7,750,231	668,460	8,638,262	638,852	8,650,964	11,021,990
Equipment	329,311	0	0	329,311	0	0	329,311
Grants	0	0	480,849	480,849	0	480,849	480,849
Total Costs	\$10,438,572	\$19,627,918	\$1,805,950	\$31,872,440	\$20,489,262	\$1,779,395	\$32,707,229
General Fund	9,354,970	19,508,432	(25,000)	28,838,402	20,367,446	(25,000)	29,697,416
State/Other Special	710,015	175,997	1,757,342	2,643,354	178,761	1,731,019	2,619,795
Federal Special	373,587	(56,511)	73,608	390,684	(56,945)	73,376	390,018
Total Funds	\$10,438,572	\$19,627,918	\$1,805,950	\$31,872,440	\$20,489,262	\$1,779,395	\$32,707,229

----- Agency General Fund Target - \$58.53 million -----

The Judicial branch budget request is presented in the Table A-1 below in accordance 17-7-122(3), MCA, which states: "Judicial branch request must be included in the budget submitted by the governor, but expenditures above the current level funding need not be part of the balanced financial plan pursuant to 17-7-123, MCA."

Judiciary-2110

Table A-1			
Judicial Branch Budget Request Compared to Executive Recommended Budget			
	BIENNIAL AMOUNTS FY 2004 & FY 2005		
	Branch	OBPP	OBPP Over/(Under)
Branch Wide	Submission	Recommended	Submission
FTE	378.68	373.43	(5.25)
Personal Services	\$ 42,276,356	\$ 41,773,792	\$ (502,564)
Operating Costs	38,954,414	21,183,611	(17,770,803)
Equipment	658,622	658,622	-
Grants	961,698	961,698	-
TOTAL	\$ 82,851,090	\$ 64,577,723	\$ (18,273,367)
Funding			
General Fund	76,880,411	58,533,872	\$ (18,346,539)
State/Other Special	5,189,977	5,263,149	73,172
Federal	780,702	780,702	-
TOTAL	\$ 82,851,090	\$ 64,577,723	\$ (18,273,367)
ITEMS NOT RECOMMENDED		AMOUNTS NOT RECOMMENDED TO BE FUNDED	
	FTE	FY 2004	FY 2005
Branch Reductions/Funding Switches		\$ 119,336	\$ 119,336
Adjustments to fixed costs		96,206	102,466
Roving Law Clerks	3.00	165,048	164,511
Court Admin. FTE	2.25	92,978	92,812
Clerk of Court Postage		111	111
DC Operations & Assumption	-	8,082,366	9,238,086
TOTAL	5.25	\$ 8,556,045	\$ 9,717,322
		\$ 18,273,367	\$ 18,273,367

The Judicial Branch requested a 2005 biennium budget of \$82,851,090 including \$76,880,411 general fund. The executive budget recommends funding a 2005 biennium budget of \$64,577,723 including \$58,533,872 general fund for a difference of \$18,346,539 general fund. However, \$17,211,828 of the general fund difference is composed of projections on the new variable costs for District Court Assumption that will be addressed in separate legislation. Each of the items not recommended to be funded is described below.

Branch Reductions/Funding Switches -

The branch withdrew or determined alternative funding sources for \$348,116 of budget requests in an attempt to achieve general fund budget targets established by the OBPP. Total reductions amount to \$238,672. Reductions include \$202,400 of general fund for phone upgrades (\$2400), Judicial Standards Commission (\$80,000), shelving for the Law Library (\$120,000), and \$36,272 in state special funds for the Water Courts personal services. Fund switches from general fund to state special funds amount to \$109,444 for computer replacements (\$59,444) and Courts of Limited Jurisdiction Training (\$50,000).

Judiciary-2110

Adjustments to Fixed Costs -

Most fixed costs, such as utilities and insurance, have projected increases in the 2005 biennium. The Judiciary over-budgeted for these in the original submission, so the amounts listed here reflect the necessary adjustments. (The fixed costs adjustments in program 4, District Courts, are included in the amount listed under DC Operations and Assumption.)

Roving Law Clerks -

This proposal would provide funding for the continuation of three law clerks for the Supreme Court Justices. The branch requested seven law clerks in the 2001 session and was granted three, with the caveat that they would be re-considered by the 2003 Legislature.

Court Administrative FTE -

This proposal would fund 2.25 FTE, including 1.00 FTE accounting technician to process district court expenses and 1.25 FTE to replace 1.25 FTE that are currently filled, but whose statutory authority was eliminated with the passage of SB 176.

Clerk of Court Postage -

Included in a Clerk of Court decision package for increases in operating authority was an amount for increased postage costs. This amount is not recommended to be funded because the OBPP already applied an inflationary factor to base year postage expenditures.

District Court Operations and Assumption -

District Court Operations refers to the 8.50 FTE authorized by 2003 Legislature for the Administration of DC Assumption, their associated personal services and operating costs, and the 42 District Court judges' salaries.

District Court Assumption refers to the personal services costs for all FTE and associated operating costs included in District Court Assumption as outlined in SB 176. This includes the operating costs of the District Court judges. A bill will be introduced at the request of the OBPP to deal with the variable costs, such as indigent defense, that are projected to be in excess of the funding mechanism provided for District Court Assumption. In the current fiscal year, those excess costs are the responsibility of the counties.

Table A-2			
Biennial Budget Comparison FY 2004 & FY 2005			
	Branch Submission	OBPP Funded	OBPP Over/(Under) Submission
District Court Operations	\$ 12,578,042	\$ 12,317,923	\$ (260,119)
District Court Assumption	54,371,953	37,311,620	(17,060,333)
Total State DC Costs	\$ 66,949,995	\$ 49,629,543	\$ (17,320,452)

Included in the OBPP funded amounts are adjustments to DC Operations and DC Assumption that moved FTE between these subprograms. These adjustments were not included in the branch submission. This change allowed for delineation between the two definitions of DC Operations and DC Assumption above. This adjustment changed the FTE and amount budgeted between DC Operations and DC Assumption, but did not change the number of FTE or total budget for Program 4, District Courts. These changes account for the disparities between the \$17,060,333 figure above, which represents the difference in the branch submission versus OBPP funded amount above in DC Assumption, as compared to the \$17,211,828 difference between the projected variable costs for DC Assumption versus the funded amount in NP-8002 in program 04.

Judiciary-2110

Table A-3			
Total Recommended District Court Budget by Year			
	<u>FY 2004</u>	<u>FY 2005</u>	<u>Biennial Total</u>
District Court Operations			
FTE	50.50	50.50	
Personal Services	5,693,730	5,676,902	11,370,632
Operating Costs	<u>472,386</u>	<u>474,905</u>	<u>947,291</u>
DC Operations Total	<u>\$ 6,166,116</u>	<u>\$ 6,151,807</u>	<u>\$ 12,317,923</u>
District Court Assumption			
FTE	245.18	245.18	
Personal Services	10,778,617	10,768,670	21,547,287
Operating Costs	<u>7,434,309</u>	<u>8,330,024</u>	<u>15,764,333</u>
DC Assumption Total	<u>\$ 18,212,926</u>	<u>\$ 19,098,694</u>	<u>\$ 37,311,620</u>
Total State DC Program			
FTE	295.68	295.68	
Personal Services	16,472,347	16,445,572	32,917,919
Operating Costs	<u>7,906,695</u>	<u>8,804,929</u>	<u>16,711,624</u>
Total Combined State DC Program	<u>\$ 24,379,042</u>	<u>\$ 25,250,501</u>	<u>\$ 49,629,543</u>

Judiciary-2110 Supreme Court Operations-01

01 Supreme Court Operations
Rick Lewis x2627

Program Description -

The Supreme Court has appellate jurisdiction for the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and other such writs as may be provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admission to the bar, and the conduct of its members. The Supreme Court consists of a Chief Justice and six justices. SB 176, approved by the 57th Legislature, mandated state funding of Montana District Courts with general fund revenue. The change to state funding made District Courts part of the Judicial Branch of state government and made the Supreme Court responsible for the management of District Court costs and operations. The Supreme Court also administers the local citizen review board program for foster care placements, the federal court assessment program, and the court-appointed special advocate program.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	34.75	0.00	16.00	50.75	0.00	16.00	50.75
Personal Services	2,419,693	(52,538)	671,641	3,038,796	(56,837)	674,694	3,037,550
Operating Expenses	950,362	204,279	668,460	1,823,101	193,964	638,852	1,783,178
Equipment	0	0	0	0	0	0	0
Grants	0	0	480,849	480,849	0	480,849	480,849
Total Costs	\$3,370,055	\$151,741	\$1,820,950	\$5,342,746	\$137,127	\$1,794,395	\$5,301,577
General Fund	2,941,468	113,252	0	3,054,720	99,072	0	3,040,540
State/Other Special	55,000	95,000	1,747,342	1,897,342	95,000	1,721,019	1,871,019
Federal Special	373,587	(56,511)	73,608	390,684	(56,945)	73,376	390,018
Total Funds	\$3,370,055	\$151,741	\$1,820,950	\$5,342,746	\$137,127	\$1,794,395	\$5,301,577

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,703	FY04	\$7,703
FY05	\$7,703	FY05	\$7,703

PL- 1001 - Pay Plan Implementation -

The District Court assumption bill directed the Judicial Branch to develop and implement a branch-wide classification and compensation plan by July 1, 2003. The National Center for State Courts, following extensive review, recommended a classification and pay plan, which was approved by the Montana Supreme Court in June 2002. The plan established a grade system with a minimum and maximum pay rate for each pay grade. The pay rates are based in large part on the Executive Branch pay plan. Employees were placed on the system at their county rate of pay. Starting in July 2003, employees above the maximum rate will be frozen until the pay matrix moves enough to "catch-up" with these employees. In Program 01, there are currently two employees below the minimum rate. In order to implement the plan, these employees must be moved to the minimum pay rate for the assigned grade.

Judiciary-2110 Supreme Court Operations-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$95,000	FY04	\$0
FY05	\$95,000	FY05	\$0

PL- 1003 - Legal Assistance for Domestic Violence Victims -

This request asks for a state special revenue appropriation for funds distributed from the marriage dissolution fee at the level of estimated revenues collected. The 1999 Legislature established this fee to provide legal assistance to indigent victims of domestic abuse.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$43,618	FY04	\$0
FY05	\$43,473	FY05	\$0

NP- 1101 - Grant Manager -

The Judicial Branch is requesting 1.00 FTE grant funds manager to be responsible for developing a system to track all grant applications and awards, including managing the funds and preparing required financial and narrative reports. This position will be key to acquiring additional grant funding and to ensuring that funds received are spent within grant guidelines.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,990	FY04	\$0
FY05	\$29,903	FY05	\$0

NP- 1103 - Court Assessment Program -

This proposal requests 1.00 FTE and federal funding of \$29,990 in FY 2004 and \$29,903 in FY 2005 to continue the evaluation and improvement of how the judicial system handles child abuse and neglect proceedings. The 1997 Legislature originally authorized this program and the federal government has continued to extend funding.

----- **Other Legislation Required to Implement HB 2** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,717,620	FY04	\$0
FY05	\$1,691,297	FY05	\$0

NP - 8001 - Judicial Branch Information Technology -

The Judiciary requests approximately \$3.4 million state special revenue funding for the 2005 biennium to provide for branch-wide information technology needs. The existing automation program is scheduled to sunset June 30, 2003. LC 167 would repeal the sunset and increase the surcharge from five to ten dollars. The current charge generates revenues of approximately \$1 million per year. Doubling the surcharge would generate enough revenue to offset the request of \$3.4 million over the biennium. This decision package is based on passage and approval of LC 167.

This proposal includes funding to provide 14.00 IT staff, related start-up and operating costs, and replacement equipment. The following table summarizes the branch IT request:

The existing (until 6/30/03) automation program provides system support, training, workstations, file servers, connectivity, and software to all Montana (MT) courts. The current IT environment includes two software applications used in MT courts. First, the Judicial Case Management System (JCMS) is an application developed by the Office of the Court Administrator (OCA) and is the primary product used by District Courts and District Court Clerks to capture and report information, manage cases, and collect and distribute money related to district court operations. The second program supported by the IT division is "Full Court." Full Court is a program licensed from Justice Systems Incorporated that provides case management functionality to the limited jurisdiction courts. Overall, the IT division uses available resources to provide the above described services and equipment to almost 1,000 state and county and city staff across the state.

Judiciary-2110
Supreme Court Operations-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,722	FY04	\$0
FY05	\$29,722	FY05	\$0

NP- 8003 - Computer Replacement -

This request is for computer replacement on a four-year replacement cycle. There are 88 devices with 25 percent or 22 machines being replaced each year of the biennium. These machines are for the Clerk of Court, Law Library, Supreme Court Justices and Court Administration personnel. This proposal is funded with a continuation of information technology surcharge funds, which are scheduled to sunset but recommended to be ongoing contingent on passage and approval of LC 167.

Judiciary-2110 Boards And Commissions-02

02 Boards and Commissions
Rick Lewis x 2627

Program Description - The Boards and Commissions Program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. The program manages judicial discipline, rules, and other substantive matters aimed at improving and maintaining the administration of justice. Commissions and boards included in the program are the Judicial Standards Commission; Sentence Review Division; Commission on Practice; Commission on Courts of Limited Jurisdiction; and the Judicial Nominations Commission.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
Budget Item							
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00
Personal Services	79,475	34,495	0	113,970	34,434	0	113,909
Operating Expenses	169,218	941	0	170,159	1,015	0	170,233
Total Costs	\$248,693	\$35,436	\$0	\$284,129	\$35,449	\$0	\$284,142
General Fund	248,693	35,436	(25,000)	259,129	35,449	(25,000)	259,142
State/Other Special	0	0	25,000	25,000	0	25,000	25,000
Total Funds	\$248,693	\$35,436	\$0	\$284,129	\$35,449	\$0	\$284,142

----- **New Proposals** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$25,000)
FY05	(\$25,000)

NP- 2101 - Courts of Limited Jurisdiction Funding Switch -

This proposal requests \$25,000 state special revenue each year to replace current general fund used to provide training for judges of courts of limited jurisdiction. Class registration fees will provide the source of state special revenue.

Judiciary-2110 Law Library-03

03 Law Library Judith Meadows x3660
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Program Description - The State Law Library houses reference materials used by the Supreme Court, lower courts, the Legislature, state officers and employees, members of the bar, and the general public. The collection includes legal materials from the federal government and all 50 states, as well as Canada. Some of the books and materials contained in the library include treatises, law reviews, reports, microfilm, and audio/video tapes for continuing legal education. Access to much of the information also is provided from the library's Internet site. The State Law Library is governed by a Board of Trustees which consists of the Supreme Court justices.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	7.50	0.00	0.00	7.50	0.00	0.00	7.50
Personal Services	325,725	(11,308)	0	314,417	(9,497)	0	316,228
Operating Expenses	128,123	698	0	128,821	709	0	128,832
Equipment	329,311	0	0	329,311	0	0	329,311
Total Costs	\$783,159	(\$10,610)	\$0	\$772,549	(\$8,788)	\$0	\$774,371
General Fund	783,159	(10,610)	0	772,549	(8,788)	0	774,371
Total Funds	\$783,159	(\$10,610)	\$0	\$772,549	(\$8,788)	\$0	\$774,371

Please note that a HB 576 section exists for this program.

Judiciary-2110 District Court Operations-04

04 District Court Operations
Rick Lewis x2627

Program Description - District Court costs are funded by state general fund according to SB 176 approved by the 57th Legislature. The bill made the Supreme Court responsible for the management of all District Court costs and operational activities. District courts are general jurisdiction trial courts having original jurisdiction in all criminal felony cases, civil matters, and cases of law.

Program Proposed Budget	Base Budget	PL Base Adjustment	New Proposals	Total Exec. Budget	PL Base Adjustment	New Proposals	Total Exec. Budget
Budget Item	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	295.68	0.00	0.00	295.68	0.00	0.00	295.68
Personal Services	4,720,728	11,751,619	0	16,472,347	11,724,844	0	16,445,572
Operating Expenses	365,438	7,541,257	0	7,906,695	8,439,491	0	8,804,929
Total Costs	\$5,086,166	\$19,292,876	\$0	\$24,379,042	\$20,164,335	\$0	\$25,250,501
General Fund	5,086,166	19,292,876	0	24,379,042	20,164,335	0	25,250,501
Total Funds	\$5,086,166	\$19,292,876	\$0	\$24,379,042	\$20,164,335	\$0	\$25,250,501

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$70,296	FY04 \$70,296
FY05 \$70,296	FY05 \$70,296

PL- 4001 - Pay Plan Implementation -

The District Court assumption bill directed the Judicial Branch to develop and implement a branch wide classification and compensation plan by July 1, 2003. The National Center for State Courts, following extensive review, recommended a classification and pay plan, which was approved by the Montana Supreme Court in June 2002. The plan established a grade system with a minimum and maximum pay rate for each pay grade. The pay rates are based in large part on the Executive Branch pay plan. Employees were placed on the system at their county rate of pay. Starting in July 2003, employees above the maximum rate will be frozen until the pay matrix moves enough to "catch-up" with these employees. In Program 04 there are 23 employees currently below the minimum rate. In order to implement the plan, these employees must be moved to the minimum pay rate for the assigned grade.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$106,123	FY04 \$106,123
FY05 \$108,245	FY05 \$108,245

PL- 4002 - Federal Building Rent -

The branch was authorized 8.50 FTE in the 2003 biennium for the administration of state assumption of district courts. The department of administration located office space in the federal building for these FTE. The associated rent is \$106,123 in FY 2004 and \$108,245 in FY 2005.

Judiciary-2110 District Court Operations-04

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,600	FY04	\$44,600
FY05	\$44,600	FY05	\$44,600

PL- 4003 - Annualize Operating Costs for New Judges -

This proposal annualizes the operating costs for the two judges taking office January 1, 2003, in Ravalli County and Cascade County. The request for \$44,600 per year includes funding for supplies, telephone, postage, and legal research for two judges and six staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,116,397	FY04	\$7,116,397
FY05	\$8,012,112	FY05	\$8,012,112

PL- 4004 - State District Court Costs -

The Fifty-seventh Legislature authorized SB 176 to provide for the state assumption of District Courts. As directed in SB 176, sizeable district court expenses are reported and paid in the following expenditure categories: court reporters; jury services; witness services; psychiatric examinations; indigent defense; CASA/GALs; youth court/juvenile probation; and youth in need of care. The executive projects the base costs for these items will be the amounts stated above.

----- **Other Legislation Required to Implement HB 2** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8002 - State District Court Costs -

The Fifty-seventh Legislature authorized SB 176 to provide for the state assumption of District Courts. As directed in SB 176, sizeable district court expenses are reported and paid in the following expenditure categories: court reporters; jury services; witness services; psychiatric examinations; indigent defense; CASA/GALs; youth court/juvenile probation; and youth in need of care.

In FY 2003, current statute allows for the counties to take responsibility for the costs outlined above that exceed the FY 2003 appropriation to the Judiciary for variable costs. This is scheduled to sunset June 30, 2003, which after this time will be the state's responsibility. A bill will be introduced at the request of the OBPP to sort out responsibilities for the variable cost that are projected to be in excess of the funding mechanism provided for in the District Court assumption. These costs are projected to be about \$17.2 million above the funding provided in SB176. It will be important to determine which entity is responsible for creating and managing the service, controlling the cost of each item, and paying for each item.

Judiciary-2110 Water Courts Supervision-05

**05 Water Courts Supervision
Judge Bruce Loble x586-4364**

Program Description - The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state, as defined in 3-7-102, MCA.

Program Proposed Budget Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00
Personal Services	560,972	81,897	(15,000)	627,869	84,634	(15,000)	630,606
Operating Expenses	94,043	(900)	0	93,143	(873)	0	93,170
Total Costs	\$655,015	\$80,997	(\$15,000)	\$721,012	\$83,761	(\$15,000)	\$723,776
State/Other Special	655,015	80,997	(15,000)	721,012	83,761	(15,000)	723,776
Total Funds	\$655,015	\$80,997	(\$15,000)	\$721,012	\$83,761	(\$15,000)	\$723,776

----- **New Proposals** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$15,000)	FY04	\$0
FY05	(\$15,000)	FY05	\$0

NP- 5101 - Reduce Water Courts Personal Services -

The Water Court is currently funded from the RIT renewable resource account (02272), which has declining revenues and is used to fund programs within several agencies. The requested expenditures drove the fund balance negative. To scale back expenditures, but not disrupt normal operations, the court will reduce personal services adjusted base by \$15,000 per year in the 2005 biennium.

Judiciary-2110 Clerk Of Court-06

06 Clerk of Court Ed Smith x3858

Program Description - The Clerk of Court Program performs support and operational duties for the Supreme Court, as outlined in Title 3, Chapter 2, part 4, MCA. The program keeps the court records and files, issues writs and certificates, approves bonds, files all papers and transcripts, and performs other duties as required.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.50	0.00	0.00	5.50	0.00	0.00	5.50
Personal Services	257,792	73,522	0	331,314	73,422	0	331,214
Operating Expenses	37,692	3,956	0	41,648	3,956	0	41,648
Total Costs	\$295,484	\$77,478	\$0	\$372,962	\$77,378	\$0	\$372,862
General Fund	295,484	77,478	0	372,962	77,378	0	372,862
Total Funds	\$295,484	\$77,748	\$0	\$372,962	\$77,378	\$0	\$372,862

----- **Present Law Adjustments** -----

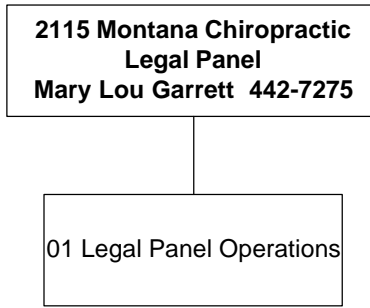
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,175	FY04	\$2,175
FY05	\$2,175	FY05	\$2,175

PL- 6001 - Records Storage and Telephone Equipment -

By law (3-2-402, mca), the Clerk of the Supreme Court is responsible for the retention of Supreme Court records. At the end of June, 2002, the clerk's vault reached its capacity, resulting in the necessity to transfer closed cases from the years 1999 and 2000 to records management under the Secretary of State. In terms of storage space, the clerk fills approximately 100 record retention boxes of closed case files each calendar year. In addition to caseload storage, the clerk also has reached storage capacity for original Supreme Court opinions, which will also need to be archived. The clerk estimates that with the current storage backlog and what will accrue over the next biennium, the office will incur the need to store approximately 550 boxes of information at the records management facility at a charge of \$3.54 per box per year or \$1,947 each year of the biennium.

The Clerk acquired an additional telephone for the FTE approved by the 2001 Legislature. The equipment was not added until FY 2003 so there are no base year expenditures. The telephone adds an additional operations cost of \$19 per month. Accordingly, the Clerk requests \$228 in each fiscal year of the biennium to cover the telephone charge.

Mt Chiropractic Legal Panel-2115 Legal Panel Operations-01



Mission Statement - To review potential malpractice claims against chiropractic physicians in order to prevent, if possible, filed court actions for professional liability in which the facts do not permit at least a reasonable inference of malpractice.

Statutory Authority - Title 27, Chapter 12, MCA.

Program Description - The Montana Chiropractic Legal Panel reviews all malpractice claims or potential claims against chiropractic physicians to: a) prevent, when possible, filed court actions against chiropractic physicians for professional liability in situations where the facts do not permit at least a reasonable inference of malpractice; and b) make possible the fair and equitable disposition of such claims against chiropractic physicians that are or reasonably may be well founded (Title 27, Chapter 12, MCA). A panel, consisting of three chiropractic physicians licensed in Montana and three attorneys who are members of the State Bar Association of Montana, is appointed to review each malpractice claim or potential claim. The panel is managed by a director appointed by the executive director of the Montana Chiropractic Association.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	3,776	11,224	0	15,000	11,224	0	15,000
Total Costs	\$3,776	\$11,224	\$0	\$15,000	\$11,224	\$0	\$15,000
State/Other Special	3,776	11,224	0	15,000	11,224	0	15,000
Total Funds	\$3,776	\$11,224	\$0	\$15,000	\$11,224	\$0	\$15,000

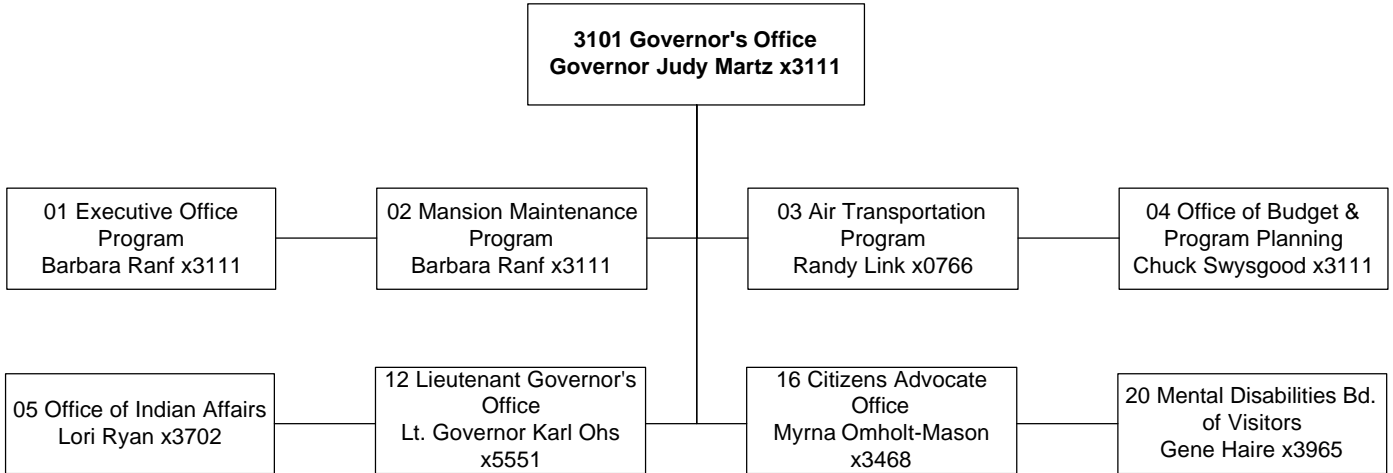
----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$10,975	FY04	\$0
FY05	\$10,972	FY05	\$0

PL- 1 - Operating Adjustment -

All panel functions are conducted through consulting and other professional services. The panel is requesting an increase for consulting and professional services, travel, and audit fees in anticipation of increased activity. Activity depends on the number of cases filed, which cannot always be predicted.

Governors Office-3101



Mission Statement - To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

Statutory Authority - Primary authority is Article VI, Montana Constitution

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	57.00	0.00	0.00	57.00	0.00	0.00	57.00
Personal Services	2,790,161	307,217	4,713	3,102,091	300,080	4,264	3,094,505
Operating Expenses	1,549,903	2,092,000	294,196	3,936,099	43,589	308,604	1,888,187
Total Costs	\$4,340,064	\$2,399,217	\$298,909	\$7,038,190	\$343,669	\$312,868	\$4,982,692
General Fund	4,046,816	361,663	(66,838)	4,341,641	298,216	(66,981)	4,278,051
State/Other Special	247,969	35,984	302,152	586,105	43,889	316,265	594,214
Federal Special	45,279	2,001,570	63,595	2,110,444	1,564	63,584	110,427
Total Funds	\$4,340,064	\$2,399,217	\$298,909	\$7,038,190	\$343,669	\$312,868	\$4,982,692

----- Agency General Fund Target - \$8.12 million -----

Steps outside of HB 2 required to meet the target:

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$175,000)	FY04 (\$175,000)
FY05	(\$175,000)	FY05 (\$175,000)

NP- 8109 – Economic Development Statutory Elimination –

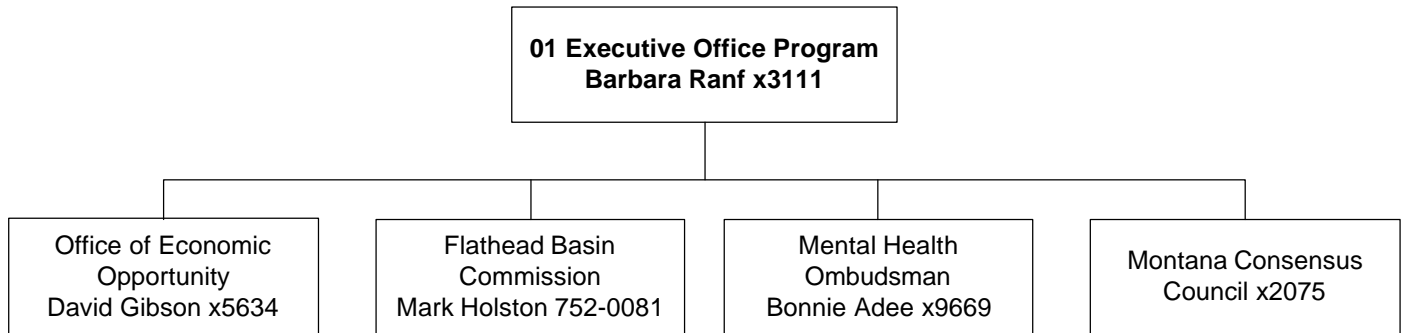
This request eliminates the remaining statutory appropriation to the Office of Economic Development. The August 2002 special session reduced the appropriation to \$175,000 per year general fund. This decision package is contingent upon passage and approval of a bill.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$153,000)	FY04 (\$153,000)
FY05	\$0	FY05 \$0

NP- 8503 – Economic Development Transfer to General Fund –

A transfer of approximately \$153,000 of unspent State-Tribal Economic Development Commission general fund back to the general fund is recommended. This decision package is contingent upon passage and approval of a bill.

Governors Office-3101 Executive Office Program-01



Program Description - The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support and provides centralized services for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include the Office of Economic Opportunity, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability, the Flathead Basin Commission, and the Montana Consensus Council.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	27.50	0.00	0.00	27.50	0.00	0.00	27.50
Personal Services	1,367,624	147,331	32,704	1,547,659	143,523	32,572	1,543,719
Operating Expenses	1,076,617	80,025	284,523	1,441,165	31,773	298,931	1,393,412
Total Costs	\$2,444,241	\$227,356	\$317,227	\$2,988,824	\$175,296	\$331,503	\$2,937,131
General Fund	2,198,563	173,232	(23,520)	2,348,275	113,273	(23,346)	2,288,490
State/Other Special	215,398	52,555	277,152	545,105	60,460	291,265	553,214
Federal Special	30,280	1,569	63,595	95,444	1,563	63,584	95,427
Total Funds	\$2,444,241	\$227,356	\$317,227	\$2,988,824	\$175,296	\$331,503	\$2,937,131

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$5,000	FY05	\$0

PL- 102 – Flathead Basin Commission Biennial Report –

The Flathead Basin Commission is required by law to submit a biennial report to the Legislature. This cost always appears in a non-base year of the biennium, so it must be added as a decision package in the second year of each biennium.

Governors Office-3101 Executive Office Program-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,455	FY04	\$28,104
FY05	\$1,767	FY05	(\$2,286)

PL- 111 – Replacement Computers –

Some computers need to be replaced according to the state standard approved four-year replacement cycle. In the Executive Office, the budget for FY 2004 includes a new server and tape backup, which will be used by the entire Governor's Office. Related decision packages in the OBPP (program 4) and Mental Disabilities Board of Visitors (program 20) reduce all general fund budgets for this account to zero. This PL-111 in the Executive Office will consolidate the general fund budget for the PC replacement cycle for all programs in the agency to create more efficient management. Though the requested budget for replacement computers in program 1 is increasing, as compared to base year 2002 expenditures the general fund budget for computers in the entire agency is being reduced by \$22,302 for the biennium.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$130,000	FY04	\$130,000
FY05	\$130,000	FY05	\$130,000

NP- 101 - Executive Protection Contract -

It is requested that the contract with the Department of Justice to provide executive protection for Governor be continued.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$125,000	FY04	\$0
FY05	\$125,000	FY05	\$0

NP- 103 - Flathead Basin State Special Revenue -

During the 2003 biennium, the Flathead Basin Commission received various small contracts and grants with other agencies, primarily DEQ and DNRC, to do work related to water quality in the Flathead Basin. Spending authority for these grants and contracts was obtained through administrative appropriations. In order to minimize paperwork and simplify management of the grants and contracts, the Governor's Office requests state special revenue spending authority in the budget at the same level as the current biennium. Should the grants or contracts not continue, the spending authority could not be used.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$115,660	FY04	\$0
FY05	\$115,926	FY05	\$0

NP- 104 - Economic Development State Special Revenue Authorization-

During the 2005 Biennium, the Office of Economic Development has received contracts from other state agencies. In order to spend these funds, the Governor's Office has obtained administrative appropriations and obtained a modified FTE through the AAs. This request would establish the same level of spending authority in the 2005 biennium. If the funding does not materialize, the appropriation could not be used.

**Governors Office-3101
Executive Office Program-01**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$13,908)	FY04	\$0
FY05	(\$13,909)	FY05	\$0

NP- 110 - Reduce FBC Funding from Renewable Resources-

The Flathead Basin Commission (FBC) is funded with \$117,837 from Renewable Resources state special revenue fund (02272). \$111,486 is in the adjusted base for FBC from Renewable Resources, with additional amounts of \$6,351 requested in two decision packages. Revenues to Renewable Resources from the Resource Indemnity Trust fund are insufficient to fund all of the currently funded programs in various agencies. This reduction to meet a biennial amount of \$90,020 for FBC from Renewable Resources is required to give the Renewable Resource fund a positive ending fund balance.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$39,525)	FY04	(\$39,525)
FY05	(\$39,423)	FY05	(\$39,423)

NP- 7106 - Eliminate 1.00 FTE -

Eliminate 1.00 FTE in the Office of Economic Opportunity.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$50,400)
FY05	\$0	FY05	(\$50,339)

NP- 7107 - Consensus Council Fund Switch -

This decision package removes the general fund support from the Consensus Council and replaces it with a like amount of state special revenue authority. The request will require the program to become self-supporting. The reduction in general fund is \$50,400 in FY 2004 and \$50,399 in FY 2005.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$63,595)
FY05	\$0	FY05	(\$63,584)

NP- 8108 - Managed Care Ombudsman Fund Switch -

Revise the Managed Care Ombudsman to be a discretionary appointment by the Governor. It is recommended that general fund be eliminated, but the federal authority be retained, for a general fund savings of \$127,179 for the biennium. This decision package is contingent upon passage and approval of a bill.

Language Recommendations – “The legislature recognizes that the cost for extradition and transportation of prisoners is dependent upon factors beyond the control of the agency and may exceed the appropriation provided. In that event, the agency will need to request a supplemental appropriation from the 2005 legislature to provide required extradition and transportation of prisoners.”

Governors Office-3101 Mansion Maintenance Program-02

**02 Mansion Maintenance
Program
Barbara Ranf x3111**

Program Description - The Mansion Maintenance Program maintains the Governor's official residence.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50
Personal Services	48,631	88	0	48,719	(15)	0	48,616
Operating Expenses	31,014	(212)	0	30,802	(126)	0	30,888
Total Costs	\$79,645	(\$124)	\$0	\$79,521	(\$141)	\$0	\$79,504
General Fund	79,645	(124)	0	79,521	(141)	0	79,504
Total Funds	\$79,645	(\$124)	\$0	\$79,521	(\$141)	\$0	\$79,504

Governors Office-3101 Air Transportation Program-03

**03 Air Transportation Program
Randy Link x0766**

Program Description - The Air Transportation Program provides the Governor with air transportation.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.00	0.00	0.00	1.00	0.00	0.00	1.00
Personal Services	54,023	(1,926)	0	52,097	(1,928)	0	52,095
Operating Expenses	133,847	7,936	25,000	166,783	10,058	25,000	168,905
Total Costs	\$187,870	\$6,010	\$25,000	\$218,880	\$8,130	\$25,000	\$221,000
General Fund	171,870	6,010	0	177,880	8,130	0	180,000
State/Other Special	16,000	0	25,000	41,000	0	25,000	41,000
Total Funds	\$187,870	\$6,010	\$25,000	\$218,880	\$8,130	\$25,000	\$221,000

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$0
FY05	\$25,000	FY05	\$0

NP- 301 - Airplane State Special Revenue Authority -

The Air Transportation program provides air travel for the Governor. The aircraft is available to other state agencies and the Governor's Office bills these other agencies on an hourly basis for their use of the airplane. The purpose of this request is to establish adequate appropriation authority to spend the funds recovered from other state agencies in order to allow for maximum, efficient use of the aircraft.

**Governors Office-3101
Office Of Bdget & Pgm Planning-04**

**04 Office of Budget & Program
Planning
Chuck Swysgood x3616**

Program Description - The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's Executive Budget and administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. The OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	0.00	(1.00)	16.00	0.00	(1.00)	16.00
Personal Services	848,543	135,211	(54,782)	928,972	132,636	(55,017)	926,162
Operating Expenses	145,441	(236)	0	145,205	(4,578)	0	140,863
Total Costs	\$993,984	\$134,975	(\$54,782)	\$1,074,177	\$128,058	(\$55,017)	\$1,067,025
General Fund	993,984	134,975	(54,782)	1,074,177	128,058	(55,017)	1,067,025
Total Funds	\$993,984	\$134,975	(\$54,782)	\$1,074,177	\$128,058	(\$55,017)	\$1,067,025

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0	FY04 \$0
FY05	\$10,000	FY05 \$10,000

PL- 401 - OBPP Session Costs -

Costs for printing the Executive Budget always appear in the second year of the biennium and thus are not included in the base budget. The number of copies to be printed has been reduced and the budget volumes are available on the Web site. Printing costs are added each budget cycle to the non-base year.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$18,267)	FY04 (\$18,267)
FY05	(\$18,267)	FY05 (\$18,267)

PL- 111 - Replacement Computers -

Some computers need to be replaced according to the state standard approved four-year replacement cycle. Related decision packages in the OBPP (program 4) and Mental Disabilities Board of Visitors (program 20) reduce all general fund budgets for this account to zero. Decision package PL-111 in the Executive Office (program 1) consolidates the general fund budget for the PC replacement cycle for all programs in the agency. This is requested to create more efficient management of this system.

**Governors Office-3101
Office Of Bdget & Pgm Planning-04**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$54,782)	FY04	(\$54,782)
FY05	(\$55,017)	FY05	(\$55,017)

NP- 402 - OBPP FTE Reduction -

The Executive recommends a reduction of 1.00 FTE executive budget analyst to fund the OBPP alternative pay plan adjustment. In addition, the program will be required to absorb additional vacancy savings. The total reduction in the program is approximately \$110,000 general fund for the biennium.

Governors Office-3101 Coordinator Of Indian Affairs-05

**05 Office of Indian Affairs
Lori Ryan x3702**

Program Description - The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the Legislative and Executive Branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
Budget Item							
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	74,743	22,124	0	96,867	22,570	0	97,313
Operating Expenses	38,915	2,001,096	0	2,040,011	1,473	0	40,388
Total Costs	\$113,658	\$2,023,220	\$0	\$2,136,878	\$24,043	\$0	\$137,701
General Fund	97,087	39,791	0	136,878	40,614	0	137,701
State/Other Special	16,571	(16,571)	0	0	(16,571)	0	0
Federal Special	0	2,000,000	0	2,000,000	0	0	0
Total Funds	\$113,658	\$2,023,220	\$0	\$2,136,878	\$24,043	\$0	\$137,701

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,000,000	FY04 \$0
FY05 \$0	FY05 \$0

PL- 501 - State-Tribal Economic Development Commission -

HB 21 adopted and approved through the 2001 legislative session extended the duration of the State-Tribal Economic Development Commission and amended 90-1-135, MCA, to state, "Money in the accounts that is not expended by June 30, 2005, must remain in the accounts for the commission's use." This request estimates the amounts that will be remaining in the accounts and will be available for use until June 30, 2005.

Governors Office-3101 Lieutenant Governor's Office-12

**12 Lieutenant Governor's
Office
Lt. Governor Karl Ohs x5551**

Program Description - The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.00	0.00	1.00	4.00	0.00	1.00	4.00
Personal Services	186,067	(10,215)	26,791	202,643	(10,716)	26,709	202,060
Operating Expenses	39,395	4,454	0	43,849	5,695	0	45,090
Total Costs	\$225,462	(\$5,761)	\$26,791	\$246,492	(\$5,021)	\$26,709	\$247,150
General Fund	225,462	(5,761)	26,791	246,492	(5,021)	26,709	247,150
Total Funds	\$225,462	(\$5,761)	\$26,791	\$246,492	(\$5,021)	\$26,709	\$247,150

----- **New Proposals** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$26,791	FY04	\$26,791
FY05	\$26,709	FY05	\$26,709

NP- 1201 - Lt. Governor's Office Staff Support -

The office currently has 2.00 FTE support staff. An additional 1.00 FTE is requested to provide assistance to the Lt. Governor and to the policy advisors in the Governor's Office. There is currently a 1.00 FTE modified position, funded within the program's personal services appropriation.

Governors Office-3101 Citizens Advocate Office-16

16 Citizens Advocate Office Myrno Omholt-Mason x3468

Program Description - The Citizens' Advocate Office exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	
Personal Services	73,111	1,747	0	74,858	1,562	0	74,673	
Operating Expenses	12,942	(321)	0	12,621	(235)	0	12,707	
Total Costs	\$86,053	\$1,426	\$0	\$87,479	\$1,327	\$0	\$87,380	
General Fund	71,054	1,425	0	72,479	1,326	0	72,380	
Federal Special	14,999	1	0	15,000	1	0	15,000	
Total Funds	\$86,053	\$1,426	\$0	\$87,479	\$1,327	\$0	\$87,380	

Governors Office-3101 Mental Disabilities Bd Visitors-20

**20 Mental Disabilities Board of
Visitors
Gene Haire x3965**

Program Description - The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who may be (but are not required to be) consumers, doctors of medicine, or behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.50	0.00	0.00	3.50	0.00	0.00	3.50
Personal Services	137,419	12,857	0	150,276	12,448	0	149,867
Operating Expenses	71,732	(742)	(15,327)	55,663	(471)	(15,327)	55,934
Total Costs	\$209,151	\$12,115	(\$15,327)	\$205,939	\$11,977	(\$15,327)	\$205,801
General Fund	209,151	12,115	(15,327)	205,939	11,977	(15,327)	205,801
Total Funds	\$209,151	\$12,115	(\$15,327)	\$205,939	\$11,977	(\$15,327)	\$205,801

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$1,273)	FY04 (\$1,273)
FY05	(\$1,273)	FY05 (\$1,273)

PL- 111 - Computer Replacement -

Some computers need to be replaced according to the state standard four-year replacement cycle. Related decision packages reduce all general fund budgets for this account to zero. Decision package PL 111 in the Executive Office (program 1) consolidates the general fund budget for the PC replacement cycle for all programs in the agency to create more efficient management. Though the requested budget for replacement computers in program 1 is increasing, as compared to base year 2002 expenditures the general fund budget for the entire agency is decreasing by \$22,302 for the biennium.

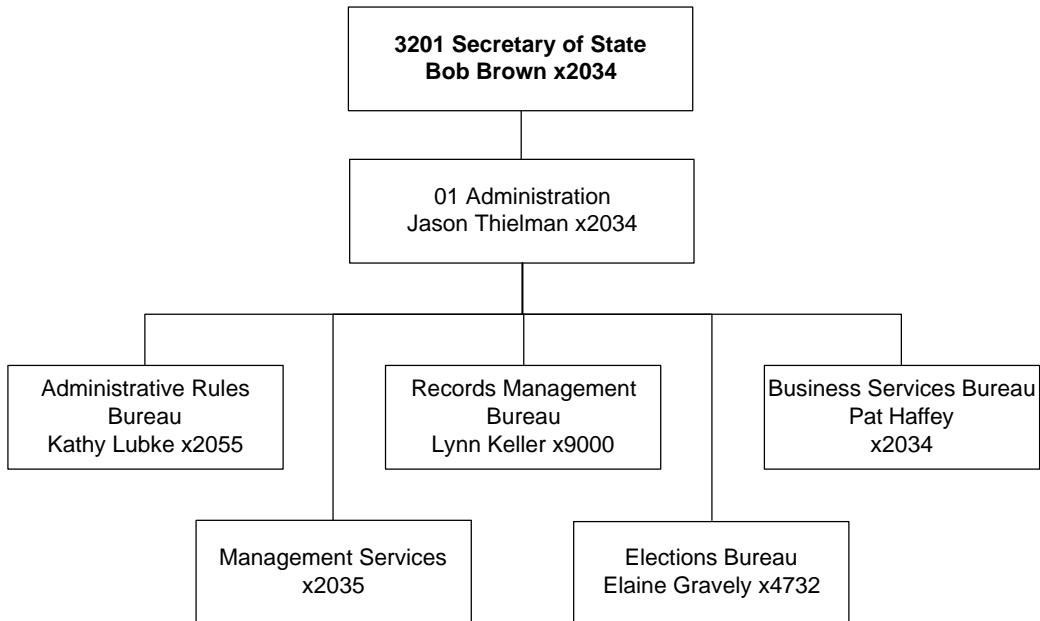
----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$15,327)	FY04 (\$15,327)
FY05	(\$15,327)	FY05 (\$15,327)

NP- 2001 - General Operating Reduction -

The request reduces operating expenditures for the agency to meet target reductions from OBPP.

Secretary of State-3201 Administration-01



Mission Statement - To serve the voters, business community, and governmental agencies of Montana by overseeing the elections process, facilitating business activities, commissioning notaries, publishing the Administrative Rules of Montana, and preserving documents and records. The Secretary of State's Office works for and with its customers, continuously striving to improve service.

Statutory Authority - Article VI, Section 1, Montana Constitution; 2-4-311-312, 2-6-203, and 2-15-401, MCA.

The Secretary of State's Office is entirely funded with proprietary funds. See Section P for budget information.

Commissioner Of Political Prac-3202 Administration-01

01 Administration
Linda L. Vaughey x2942

Mission Statement - To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials and state department directors; ethical standards of conduct for legislators, public officers and state employees; and to investigate legitimate complaints that arise concerning any of the above.

Statutory Authority - Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Description - The Commissioner of Political Practices is provided for in 13-37-102, MCA, which was enacted in 1975 as part of a campaign finance and practice law reform package, with duties and responsibilities set forth in Title 13, Chapter 37, part 1, MCA. Additional responsibilities for the office were created through passage of an initiative in 1980 which provided for both lobbying disclosure and disclosure of business interests of elected officials. In 1995 the Legislature enacted the code of ethics (Title 2, Chapter 2, MCA) and assigned to the Commissioner the responsibility for administering ethical standards of conduct for legislators, public officers and state employees. Statutory authority resided in Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Indicators-

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Lobbyists registered	850	906	906	906	750	750
Committees registered (all types)	534	705	422	550	600	600
Candidates registered (State, State District, and Local)	1394	1660	1993	2000	1650	1950
Official complaints filed	7	13	16	20	10	20

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	170,288	43,237	(36,528)	176,997	42,566	(36,427)	176,427
Operating Expenses	161,377	4,659	(20,120)	145,916	(159)	(20,120)	141,098
Total Costs	\$331,665	\$47,896	(\$56,648)	\$322,913	\$42,407	(\$56,547)	\$317,525
General Fund	331,665	47,896	(56,648)	322,913	42,407	(56,547)	317,525
Total Funds	\$331,665	\$47,896	(\$56,648)	\$322,913	\$42,407	(\$56,547)	\$317,525

----- Agency General Fund Target - \$640,000 -----

**Commissioner Of Political Prac-3202
Administration-01**

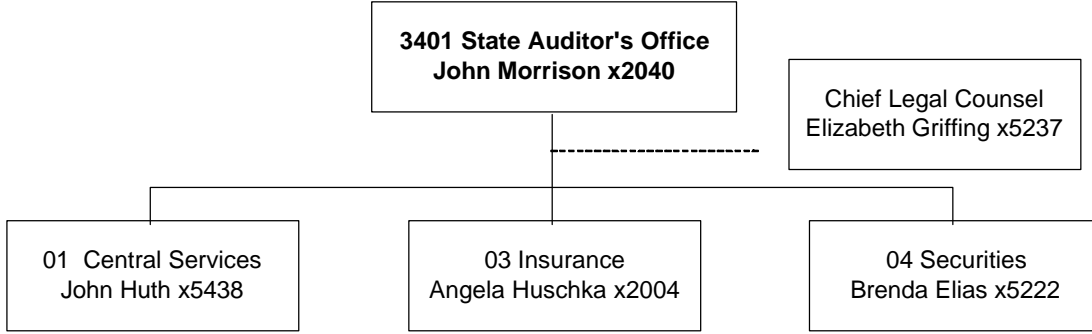
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$56,648)	FY04	(\$56,648)
FY05	(\$56,547)	FY05	(\$56,547)

NP- 1 - Eliminate Position & On-going Reductions -

This decision package eliminates position number 32200005, which is a vacant data manager position responsible for maintaining the agency database and other administrative support. The duties are being incorporated into the other two agency administrative support positions. In addition, this decision package continues the reductions of \$16,850 general fund made under 17-7-140, MCA, along with the Legislature's special session reductions of \$9,225.

State Auditors Office-3401



Mission Statement - The State Auditor is the Commissioner of Insurance and the Commissioner of Securities. The auditor also serves as a member of the Board of Land Commissioners and the Crop Hail Insurance Board. The auditor is charged with licensing, registering, and regulating insurance companies and producers, securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representative within the state.

Statutory Authority - Title 30, Chapter 10, MCA, Securities Regulation, and Title 33, MCA, Insurance.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	69.50	4.00	0.00	73.50	4.00	0.00	73.50
Personal Services	2,715,801	521,007	0	3,236,808	517,029	0	3,232,830
Operating Expenses	790,438	243,268	(43,397)	990,309	305,139	(43,397)	1,052,180
Total Costs	\$3,506,239	\$764,275	(\$43,397)	\$4,227,117	\$822,168	(\$43,397)	\$4,285,010
General Fund	334,795	45,719	(380,514)	0	43,490	(378,285)	0
State/Other Special	3,171,444	718,556	337,117	4,227,117	778,678	334,888	4,285,010
Total Funds	\$3,506,239	\$764,275	(\$43,397)	\$4,227,117	\$822,168	(\$43,397)	\$4,285,010

----- Agency General Fund Target - \$640,000 -----

The agency target is different than what is reflected in the table due to the recommended fund switch in Securities from general fund to state special revenue.

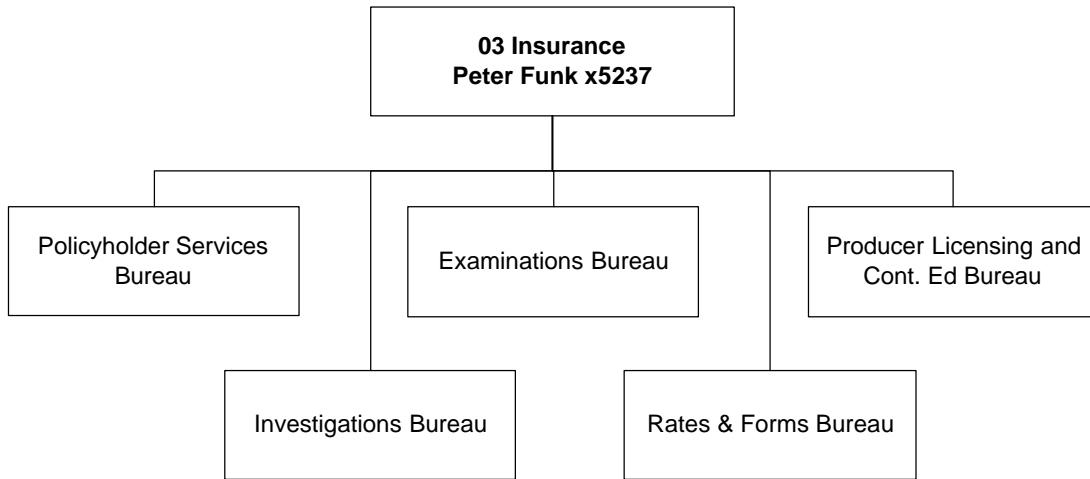
State Auditors Office-3401 Central Management-01

01 Central Services Angela Huschka x2004

Program Description - The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the State Auditor's Office. The division also provides support to the auditor in fulfilling the duties as a member of the state land and hail insurance boards.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00
Personal Services	342,208	92,567	0	434,775	91,911	0	434,119
Operating Expenses	109,346	(6,582)	0	102,764	(11,030)	0	98,316
Total Costs	\$451,554	\$85,985	\$0	\$537,539	\$80,881	\$0	\$532,435
State/Other Special	451,554	85,985	0	537,539	80,881	0	532,435
Total Funds	\$451,554	\$85,985	\$0	\$537,539	\$80,881	\$0	\$532,435

State Auditors Office-3401 Insurance-03



Program Description - The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Investigations Bureau investigates insurance code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	47.50	3.00	0.00	50.50	3.00	0.00	50.50
Personal Services	1,967,501	321,944	0	2,289,445	319,646	0	2,287,147
Operating Expenses	566,962	172,921	0	739,883	245,922	0	812,884
Total Costs	\$2,534,463	\$494,865	\$0	\$3,029,328	\$565,568	\$0	\$3,100,031
State/Other Special	2,534,463	494,865	0	3,029,328	565,568	0	3,100,031
Total Funds	\$2,534,463	\$494,865	\$0	\$3,029,328	\$565,568	\$0	\$3,100,031

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$119,372	\$0
FY05	\$110,493	\$0

PL- 3 - Market Conduct Examiners -

Currently, insurance companies are aware that the SAO does not have a Market Conduct Division and, therefore, are more likely to engage in unfair consumer practices that can only be corrected by a market conduct examination. This request is for 2.00 FTE market conduct examiners to review insurer's market place practices to determine what they are and what they should be. Most of the costs associated with these positions will be recovered from the companies. Examination costs can be charged to the company and the company will reimburse the SAO for these costs.

**State Auditors Office-3401
Insurance-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$58,479	FY04	\$0
FY05	\$54,061	FY05	\$0

PL- 4 - Captive Insurance FTE -

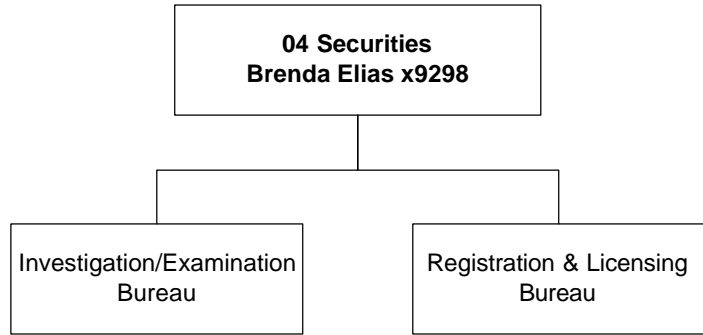
The 2001 Legislature passed a bill that allows captive insurance companies to operate in Montana. The State Auditor's Office was appropriated \$20,000 each year of the current biennium for operating only. Currently, the SAO has licensed three companies, and anticipates an additional two by the end of the year. This proposal requests 1.00 FTE insurance examiner to approve the applications of prospective captives and conduct the examinations of captive insurance companies licensed in Montana.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$107,287	FY04	\$0
FY05	\$211,287	FY05	\$0

PL- 6 - Contract Insurance Examinations -

This will adjust the line item for Insurance Contract Exams for the new biennium. The expenses will be offset by insurance companies reimbursing the examination costs. This is based upon the examination schedule for the 2005 biennium.

State Auditors Office-3401 Securities-04



Program Description - The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and, in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives. The division also is responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$25 million. The Investigations Bureau investigates securities code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	12.00	1.00	0.00	13.00	1.00	0.00	13.00
Personal Services	406,092	106,496	0	512,588	105,472	0	511,564
Operating Expenses	114,130	76,929	(43,397)	147,662	70,247	(43,397)	140,980
Total Costs	\$520,222	\$183,425	(\$43,397)	\$660,250	\$175,719	(\$43,397)	\$652,544
General Fund	334,795	45,719	(380,514)	0	43,490	(378,285)	0
State/Other Special	185,427	137,706	337,117	660,250	132,229	334,888	652,544
Total Funds	\$520,222	\$183,425	(\$43,397)	\$660,250	\$175,719	(\$43,397)	\$652,544

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$50,229	FY04	\$0
FY05	\$45,826	FY05	\$0

PL- 2 - Securities Examiner/Analyst -

Growth in securities activity in Montana corresponds with the increase in filings with the State Auditor's Office. Currently, the Securities Division has 2.50 FTE securities analysts. This requests an additional 1.00 FTE securities analyst to address the increase in both the number of issuers filing with the department and the number of individuals registered to sell as broker-dealer agents. With concerns of the stock market volatility, the new position would provide support and consultation for those efforts. In addition, the federal government recently passed legislation (Gramm-Leach-Bliley) that permits banks and insurance companies to expand their activities in the securities markets that will further increase demands.

**State Auditors Office-3401
Securities-04**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$78,626	FY04	\$0
FY05	\$78,626	FY05	\$0

PL- 7 - Securities Contract Examinations -

This will adjust the line item for Securities Contract Exams for the new biennium based upon the examination schedule. Expenses will be offset by insurance companies reimbursing the examination costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$16,314)	FY04	\$0
FY05	(\$16,314)	FY05	\$0

PL- 8 - Special Session Reductions -

The total amount of on-going reductions as a result of the special session for the biennium is \$32,628 of general fund. Of this amount, \$30,322 is taken from personal services and \$2,306 is taken from operating.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$380,514)
FY05	\$0	FY05	(\$378,285)

NP- 1 - Securities Program Funding Switch -

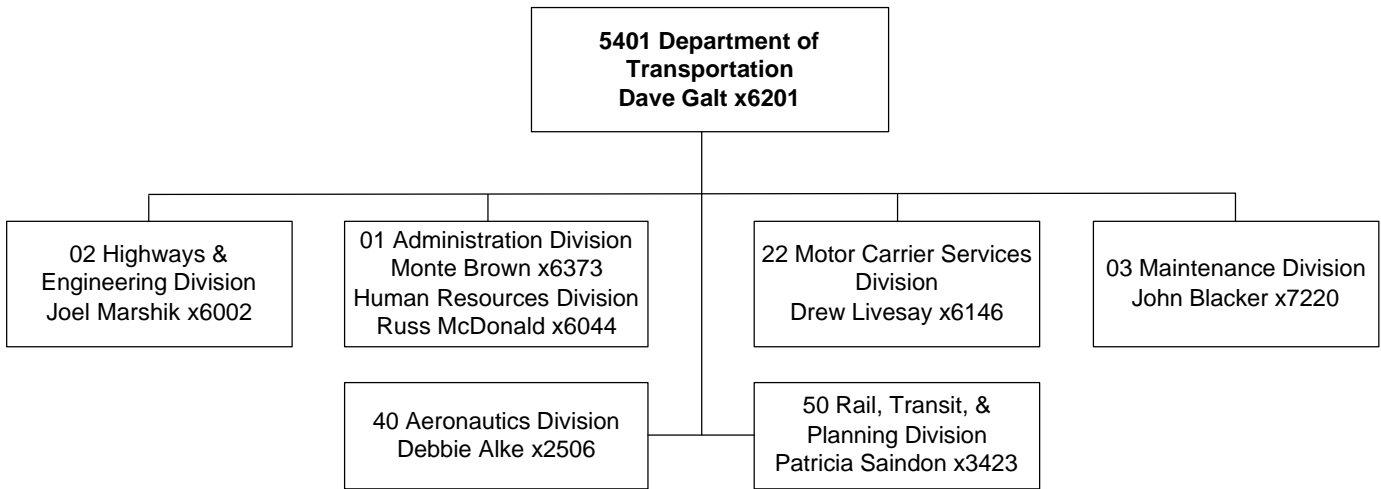
This decision package proposes to eliminate the general fund appropriation for the securities program and fund the entire program with state special revenue collected from portfolio revenue. Currently, the program is funded with approximately \$335,000 of general fund and \$205,000 of state special revenue per year. The fund switch will have a net impact of zero on the general fund because the amount that would have been deposited into the general fund will not be appropriated from the general fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$43,397)	FY04	\$0
FY05	(\$43,397)	FY05	\$0

NP- 2 - Additional Reductions -

In order to meet the biennial target consistent with other agencies, additional reductions of \$86,794 were taken from operating for the biennium. When the state special revenue is not spent, it is deposited to the general fund as revenue.

Department Of Transportation-5401



Mission Statement - To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality and sensitivity to the environment.

Statutory Authority - Title 2, Chapter 15, part 25, and Titles 23 and 60, MCA; USC 134 and 135; Title 23, Chapter 1, CFR.

Language - "The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified by budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report."

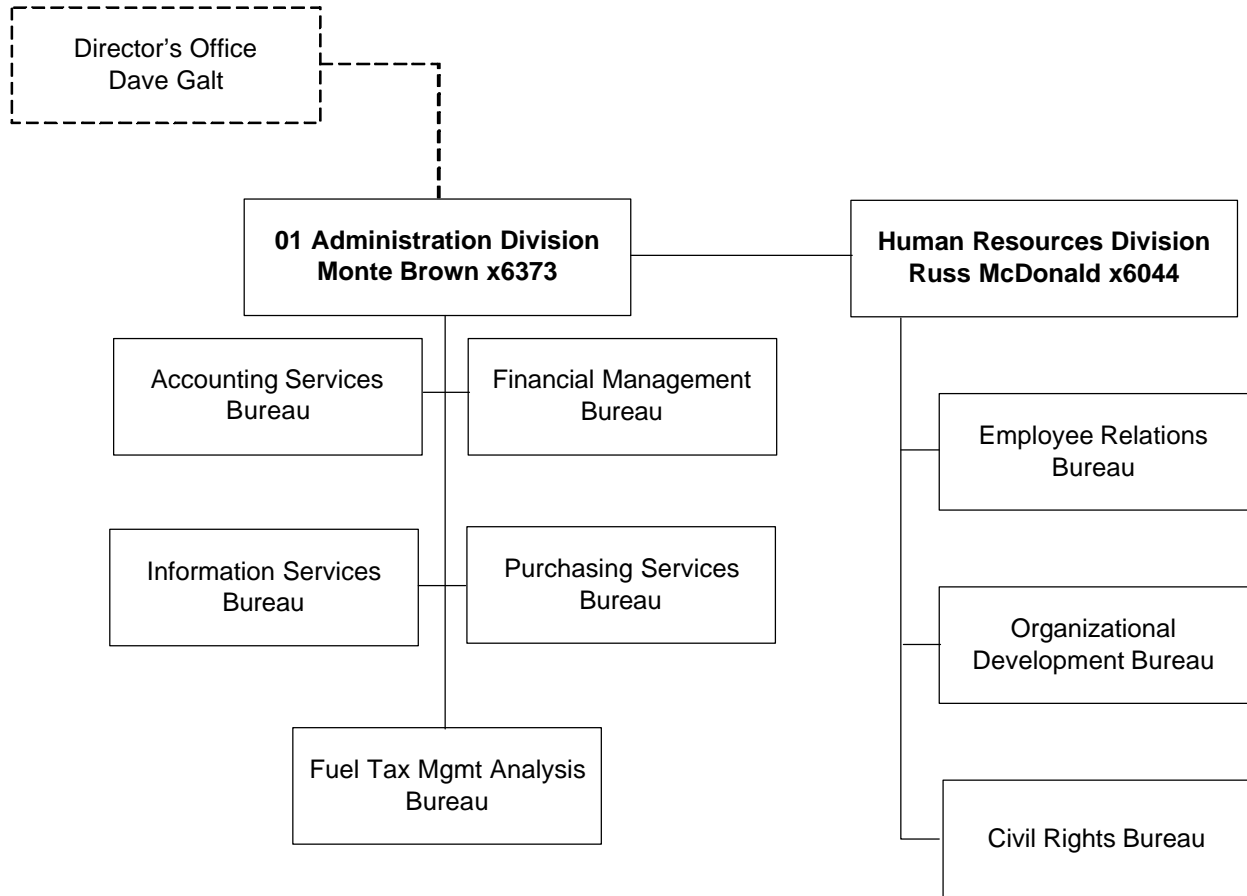
"All federal special revenue appropriations in the department are biennial."

"All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2,170.16	5.55	(12.03)	2,163.68	(45.63)	(12.03)	2,112.50
Personal Services	92,274,059	13,861,949	(529,145)	105,606,863	12,496,506	(533,568)	104,236,997
Operating Expenses	322,091,651	105,638,598	8,673,021	436,403,270	109,771,809	3,820,000	435,683,460
Equipment	1,133,344	102,656	0	1,236,000	102,656	0	1,236,000
Capital Outlay	10,125,530	2,196,375	0	12,321,905	2,196,375	0	12,321,905
Grants	6,989,629	3,400,696	0	10,390,325	2,367,696	0	9,357,325
Transfers	25,452	0	0	25,452	0	0	25,452
Debt Service	375	0	0	375	0	0	375
Total Costs	\$432,640,040	\$125,200,274	\$8,143,876	\$565,984,190	\$126,935,042	\$3,286,432	\$562,861,514
State/Other Special	149,258,584	72,365,330	478,874	222,102,788	93,921,879	(756,400)	242,424,063
Federal Special	283,381,456	52,834,944	7,665,002	343,881,402	33,013,163	4,042,832	320,437,451
Total Funds	\$432,640,040	\$125,200,274	\$8,143,876	\$565,984,190	\$126,935,042	\$3,286,432	\$562,861,514

Department Of Transportation-5401

Department Of Transportation-5401 General Operations Program-01



Program Description - The General Operations Program administers motor fuel taxes and provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; information technology services; human resources activities; compliance review; and goods and services procurement. The General Operations Program is authorized by 2-15-2501(3), MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	161.77	1.00	(2.00)	160.77	1.00	(2.00)	160.77
Personal Services	6,951,701	1,093,427	(77,334)	7,967,794	1,100,393	(77,863)	7,974,231
Operating Expenses	10,198,521	1,632,295	3,820,000	15,650,816	1,992,322	3,820,000	16,010,843
Equipment	226,118	109,250	0	335,368	109,250	0	335,368
Grants	75,000	0	0	75,000	0	0	75,000
Debt Service	375	0	0	375	0	0	375
Total Costs	\$17,451,715	\$2,834,972	\$3,742,666	\$24,029,353	\$3,201,965	\$3,742,137	\$24,395,817
State/Other Special	11,156,774	3,707,715	(257,334)	14,607,155	4,074,629	(257,863)	14,973,540
Federal Special	6,294,941	(872,743)	4,000,000	9,422,198	(872,664)	4,000,000	9,422,277
Total Funds	\$17,451,715	\$2,834,972	\$3,742,666	\$24,029,353	\$3,201,965	\$3,742,137	\$24,395,817

Department Of Transportation-5401 General Operations Program-01

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$34,064	FY04	\$0
FY05	\$33,978	FY05	\$0

PL- 101 - Subgrant Monitoring / Local Gov't Certification -

In two previous audits, the Legislative Audit Division (LAD) recommended the agency establish procedures to ensure all federal funds subgranted are monitored in accordance with federal regulations. The agency's subgranting of funds is expected to increase, based in part on the initiation of new programs. This request is to provide 1.00 FTE at a cost of \$34,064 state special revenue in FY 2004 and \$33,978 state special revenue in FY 2005 to comply with the audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$109,250	FY04	\$0
FY05	\$109,250	FY05	\$0

PL- 103 - IT Equipment Lifecycle Replacements -

Currently, the department maintains a four-year lifecycle replacement schedule for PCs. This request is to establish a lifecycle replacement schedule for servers, storage and network equipment. The executive recommends \$109,250 highway state special revenue each year of the biennium to establish and maintain the replacement schedule. Over the last two biennia, the Legislature appropriated the department's IT equipment authority into a one-time-only for servers and network gear, and a base level for other equipment. In addition, there was no OTO authority budgeted for FY 2003. This request plans for a stable and fixed level of authority for each fiscal year rather than more in one year and less the next.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$75,439	FY04	\$0
FY05	\$80,439	FY05	\$0

PL- 104 - Overtime and Differential Pay -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$155,878, which consists of \$154,623 in highway state special revenue and \$1,255 in federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$0
FY05	\$25,000	FY05	\$0

PL- 105 - IFTA Dues and Legal Fees -

IFTA (International Fuel Tax Association) annual dues have increased from \$8,000 to \$10,000 per year. In the last biennium, dues for both years were paid in the non-base year, leaving this item unfunded in the base. Additionally, there is no base for expenditures when dispute resolution goes beyond internal review. This request would add \$25,000 highway state special revenue each year of the biennium.

**Department Of Transportation-5401
General Operations Program-01**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,076	FY04	\$0
FY05	\$2,363	FY05	\$0

PL- 109 - Equipment Rental -

The request includes \$4,439 state special revenue for the biennium to cover the general operations portion of the department's Equipment Program rate increase.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$216,869)	FY04	\$0
FY05	(\$216,869)	FY05	\$0

PL- 110 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the General Operations program is \$215,522 state special revenue and \$1,347 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,000,000	FY04	\$0
FY05	\$4,000,000	FY05	\$0

NP- 102 - Integrated Financial Systems -

During 2002, the department conducted an Integrated Financial Systems needs study which shows that integration of the department's financial systems would eliminate redundancy and duplication of data entry and storage. This integration will result in cost savings through more efficient use of personnel and more timely and easily accessed information. The technology has the potential not only to improve the efficiency within the department, but to be used by other state agencies to create similar efficiencies. An investment of \$8 million federal special revenue in the 2005 biennium is being requested to provide for the use of a common data warehouse, a consistent coding structure, and links among various systems. Integrated financial systems will enable the department to identify and monitor the cost of certain activities or projects and to more readily share this information with the Legislature and the public. Federal funding for this project will be recovered through an increase to the indirect cost agreement between the department and the Federal Highway Administration.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$77,334)	FY04	\$0
FY05	(\$77,863)	FY05	\$0

NP- 107 - FTE Reduction -

There are 2.00 FTE, a public information officer and an administrative support position, eliminated in this request. The duties of these positions will be absorbed by other positions in the department. The biennial savings of the reduction is \$155,197 highway state special revenue.

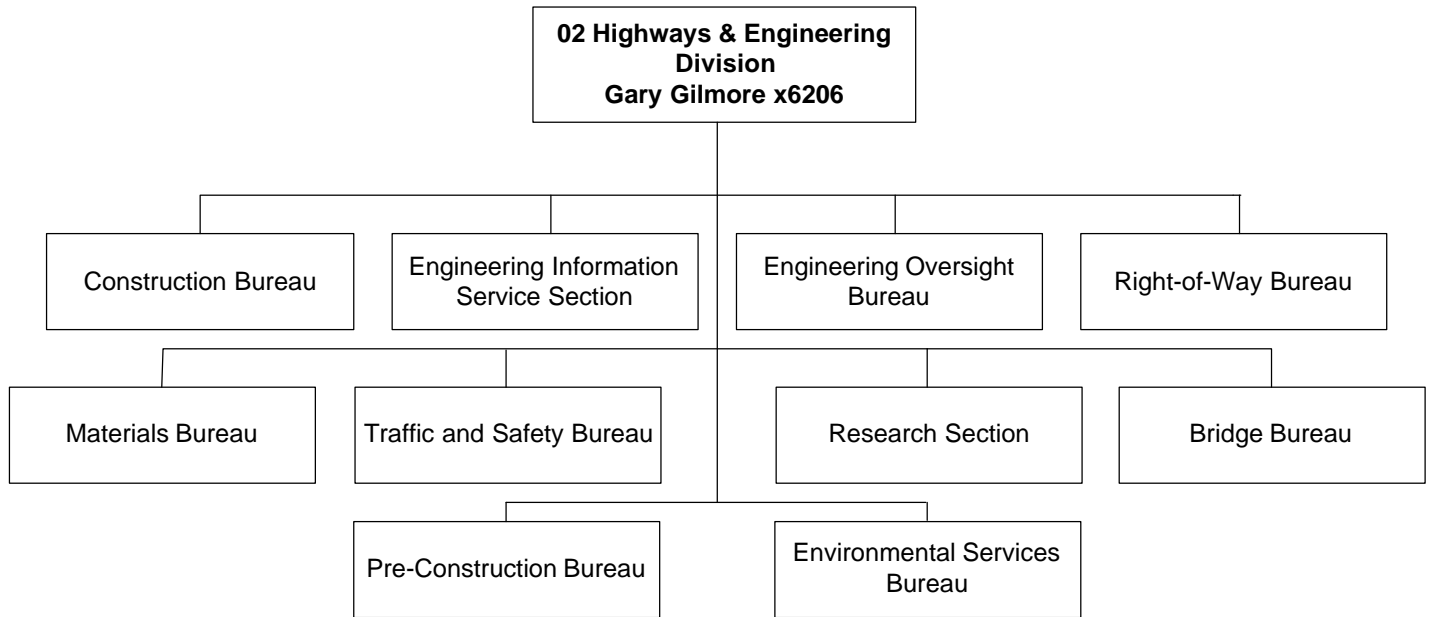
**Department Of Transportation-5401
General Operations Program-01**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$180,000)	FY04	\$0
FY05	(\$180,000)	FY05	\$0

NP- 108 - Reduction in Contracted Audits -

The number of audits that are provided by contracted services would be reduced to provide more efficient auditing in the areas of the IFTA and IRP programs and Consultant Contracts. Some of these audits will be performed by existing staff and some audit areas, such as special projects, special fuel users, construction contracts and internal audits, will be reduced. A reduction of \$360,000 in highways state special revenue for the biennium is being requested.

Department Of Transportation-5401 Construction Program-02



Program Description - The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project design, environmental documents and permits, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare. The Construction Program is mandated by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Percentage of all projects finalized within 120 days of certificate of completion	11.0%	88.5%	95.1%	85.0%	85.0%	85.0%
Develop plans for and let 85% of planned fiscal year projects	88.2%	85.0%	66.0%	85.0%	85.0%	85.0%
Maintain statewide average construction engineering costs under 8.5% of total contract costs	7.95%	8.2%	10.0%	8.5%	8.5%	8.5%
Maintain statewide final costs under 10% above award amount	1.4%	2.5%	3.3%	2.5%	2.5%	2.5%

Department Of Transportation-5401 Construction Program-02

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1,045.09	0.55	1.00	1,046.64	(50.63)	1.00	995.46
Personal Services	46,102,640	6,681,696	65,095	52,849,431	5,220,784	64,897	51,388,321
Operating Expenses	263,671,706	94,184,216	1,003,021	358,858,943	98,216,647	0	361,888,353
Equipment	800,192	0	0	800,192	0	0	800,192
Capital Outlay	10,112,163	2,141,375	0	12,253,538	2,141,375	0	12,253,538
Grants	2,819,983	0	0	2,819,983	0	0	2,819,983
Total Costs	\$323,506,684	\$103,007,287	\$1,068,116	\$427,582,087	\$105,578,806	\$64,897	\$429,150,387
State/Other Special	57,229,272	57,667,559	1,023,114	115,919,945	79,906,843	22,065	137,158,180
Federal Special	266,277,412	45,339,728	45,002	311,662,142	25,671,963	42,832	291,992,207
Total Funds	\$323,506,684	\$103,007,287	\$1,068,116	\$427,582,087	\$105,578,806	\$64,897	\$429,150,387

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$652,926	FY04	\$0
FY05	(\$1,098,742)	FY05	\$0

PL- 202 - CMS Adjustment -

The Construction Management System (CMS), which uses standards to develop projected budgets for the preliminary engineering and construction engineering functions, indicates a need for additional budget authority for 0.55 FTE in FY 2004 and a reduction in budget authority for 50.63 FTE in FY 2005. The total recommendation for the biennium is a net reduction of \$445,816 comprised of \$84,413 in highway state special revenue and \$361,403 in federal special revenue authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,141,375	FY04	\$0
FY05	\$2,141,375	FY05	\$0

PL- 203 - Landowner Payments -

Since enactment of the Transportation Enhancement Act of the Twenty-first Century (TEA 21) the land payments have been averaging approximately \$12 million a year. The base expenditures for FY 2002 were \$10.1 million. The executive recommends \$321,206 state special revenue and \$1,820,169 federal special revenue in each year of the biennium to restore the landowner payments to the historical level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$57,589,998	FY04	\$0
FY05	\$30,386,112	FY05	\$0

PL- 204 - Contractor Payments / Federal Aid Construction -

The executive recommends \$8,004,019 state special revenue and \$49,585,979 federal special revenue in FY 2004 and \$4,223,147 state special revenue and \$26,162,965 federal special revenue in FY 2005 for contractor payments on the federal aid construction program. The request is computed by using the Tentative Construction Program (TCP), which indicates when the various projects will be let and the type of work to be completed. The amount of contractor payments for the 2005 biennium will be greater than the FY 2002 base.

Department Of Transportation-5401 Construction Program-02

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,232,000	FY04	\$0
FY05	\$57,380,000	FY05	\$0

PL- 206 - US Highway 93 -

Accelerating the construction on U.S. Highway 93 from Evaro Hill to Polson is recommended in order to provide the traveling public with a highway of double the current traffic capacity as well as to address severe safety problems. Funding will come from the sale of bonds. Since the highway is on the Flathead Indian Reservation, the project is eligible for 100 percent federal funding. As the bonds mature and are redeemed, the amount of state special revenue funds disbursed will be reimbursed by federal aid from the Federal Highway Administration (FHWA) and the bonds and interest will be paid off. The project will require \$87,612,000 in state special revenue spending authority for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$562,220	FY04	\$0
FY05	\$562,220	FY05	\$0

PL- 207 - CMS Aggregate Positions -

The Construction Program has certain positions that contain multiple employees with varying pay levels. Position budgets come from the most recent person in the position, and in most cases that employee is the lowest paid person in the position. This causes the department to be underfunded for the remaining employees in the position. This request includes \$365,308 in highway state special revenue and \$759,132 in federal special revenue for the biennium to fund the difference between actual pay rates and the pay rates established in the budget system and the associated benefits for these aggregate positions.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$11,707,531	FY04	\$0
FY05	\$16,034,002	FY05	\$0

PL- 209 - Contractor Payments / State Construction Program -

The department is required to spend a minimum amount of state funds on state-funded construction projects in order to receive a favorable ratio of federal participation on federal aid projects. Because the amount of state-funded construction in the FY 2002 base year is very low, this request increases the amount in the 2005 biennium by \$27,741,533 highway state special revenue comprised of \$11,707,531 in FY 2004 and \$16,034,002 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,497,822	FY04	\$0
FY05	\$4,497,822	FY05	\$0

PL- 210 - Overtime / Differential -

Base year overtime and differential pay with associated benefits is restored at a 2005 biennial cost of \$8,995,644 including \$2,359,448 in state special revenue and \$6,636,196 in federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$153,630	FY04	\$0
FY05	\$174,700	FY05	\$0

PL- 212 - Equipment Rental -

The request includes \$92,916 state special revenue and \$235,414 federal special revenue for the biennium to cover the Construction Program portion of the department's Equipment Program rate increase.

Department Of Transportation-5401 Construction Program-02

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$5,000,000)	FY04 \$0
FY05 (\$5,000,000)	FY05 \$0

PL- 213 - Roadway Striping -

The executive recommends \$5 million per year in federal special revenue be transferred to the Maintenance Program. A corresponding request (PL 302) can be found in that program to consolidate the function of roadway striping for the department.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$1,144,197)	FY04 \$0
FY05 (\$1,144,197)	FY05 \$0

PL- 214 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Construction program is \$469,464 state special revenue and \$674,733 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$68,116	FY04 \$0
FY05 \$64,897	FY05 \$0

NP- 208 - Local Government Certification -

The department will be operating a pilot project that will allow local governments to receive federal highway funds from the Federal Highway Administration (FHWA) to be used by and administered for local highway purposes. The pilot program will include the communities of Billings, Great Falls and Missoula. It will be necessary for DOT to monitor the use of these funds and to assure that all rules and regulations associated with the use of these funds are followed so as not to jeopardize these and other federal funds that the department receives. This request is for an additional 1.00 FTE requiring one additional basic office package and personal computer. The 2005 biennium request totals \$133,013 with \$45,179 in highway state special revenue and \$87,834 in federal special revenue.

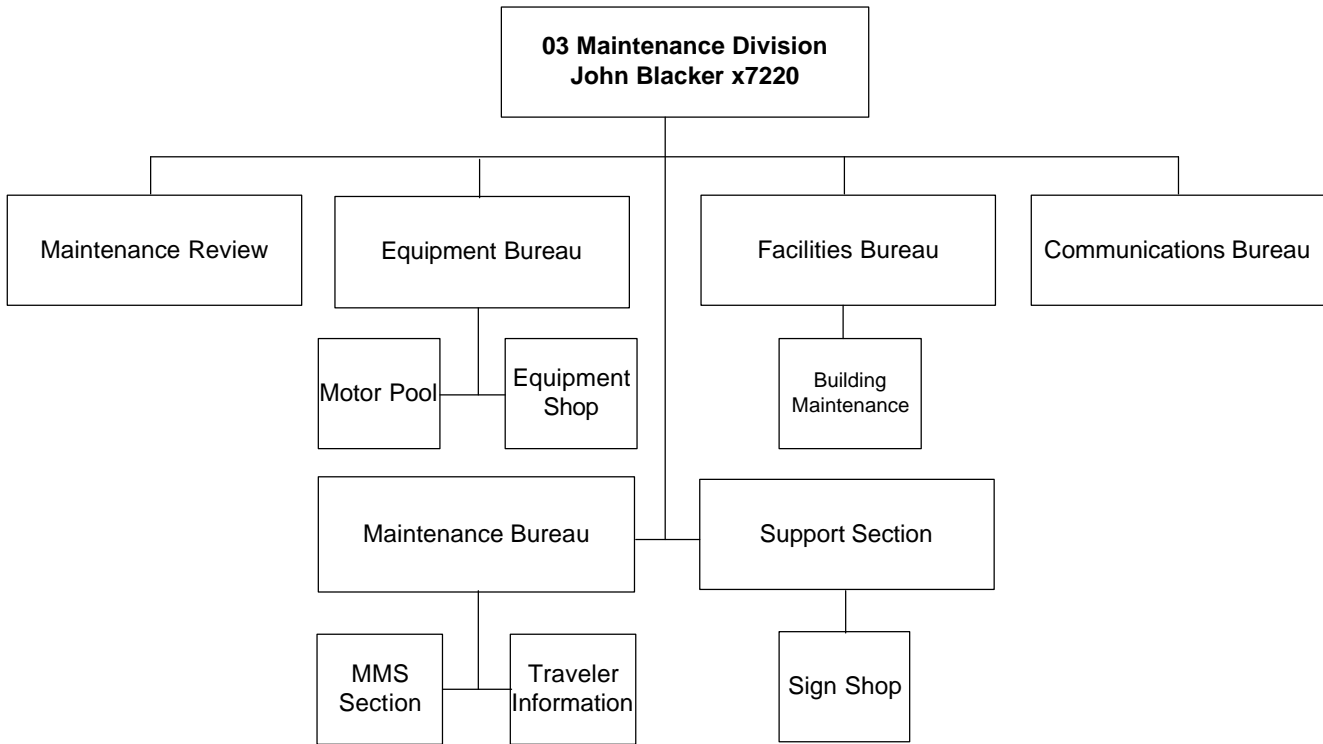
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,000,000	FY04 \$0
FY05 \$0	FY05 \$0

NP- 211 - Convert Metric measure to English measure -

The department is converting from a metric system of measure to an English system of measure as mandated by the Federal Highway Administration. Costs are primarily for outside consultants to revise agency manuals, drawings, standards, and software, but also include \$50,000 for new construction hardware of steel tapes, chains, and survey rods. Mandated conversion will require \$1,000,000 in highway state special revenue for the 2005 biennium.

Language - "Item 2 includes a total of \$63,690 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Department Of Transportation-5401 Maintenance Program-03



Program Description - The Maintenance Program provides for repairs and preventive maintenance of state highways and the various signs and structures within the highway right-of-way. Winter plowing and sanding and year-round repairs to the state highway system are the responsibility of the staff in the Maintenance Program. The Maintenance Program is authorized by 2-15-2501(1), Title 60, MCA; and 23 USC 116.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	779.20	0.00	(11.03)	768.17	0.00	(11.03)	768.17
Personal Services	32,033,711	5,287,409	(516,906)	36,804,214	5,378,430	(520,602)	36,891,539
Operating Expenses	45,454,460	8,975,579	0	54,430,039	9,181,142	0	54,635,602
Equipment	71,275	0	0	71,275	0	0	71,275
Capital Outlay	13,367	55,000	0	68,367	55,000	0	68,367
Total Costs	\$77,572,813	\$14,317,988	(\$516,906)	\$91,373,895	\$14,614,572	(\$520,602)	\$91,666,783
State/Other Special	73,481,092	8,371,057	(516,906)	81,335,243	8,667,641	(520,602)	81,628,131
Federal Special	4,091,721	5,946,931	0	10,038,652	5,946,931	0	10,038,652
Total Funds	\$77,572,813	\$14,317,988	(\$516,906)	\$91,373,895	\$14,614,572	(\$520,602)	\$91,666,783

Department Of Transportation-5401 Maintenance Program-03

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$96,540	FY04 \$0
FY05 \$144,660	FY05 \$0

PL- 301 - Secondary Road Mile Increase -

SB 333, passed by the 1999 Legislature, made the department responsible for the maintenance of eligible paved secondary roads. An estimated 32.18 lane miles will become eligible in FY 2004 and 48.22 lane miles in FY 2005 at an estimated cost of \$3,000 per lane mile. The recommendation includes the cost of performing routine maintenance on these additional lane miles and purchasing supplies such as traffic paint, winter materials and replacement signs at a cost of \$96,540 state special revenue in FY 2004 and \$144,660 state special revenue in FY 2005.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$5,804,430	FY04 \$0
FY05 \$5,804,430	FY05 \$0

PL- 302 - Roadway Striping -

The executive recommends \$804,430 state special revenue and \$5,000,000 federal special revenue in each year of the biennium for the roadway striping program. The request will consolidate all striping projects into the Maintenance Program and restore the state funding base to the historical level for maintenance striping. The \$5 million per year in federal special revenue is a transfer of the striping function from the Construction Program for those projects that are federal aid eligible.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$132,044	FY04 \$0
FY05 \$134,861	FY05 \$0

PL- 303 - Noxious Weed Control -

The executive recommends \$132,044 state special revenue in FY 2004 and \$134,861 state special revenue in FY 2005 to fund the increased cost of controlling weeds on state owned right-of-way. Cost increases are due to additional lane miles of roadway that are now the department's responsibility as well as increased costs of weed control chemicals and application.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$179,636	FY04 \$0
FY05 \$199,097	FY05 \$0

PL- 304 - Rest Area Maintenance -

The executive recommends \$179,636 state special revenue in FY 2004 and \$199,097 state special revenue in FY 2005 for increases in rest area maintenance. Rest area maintenance contracts have been rewritten over the past biennium to include more stringent performance requirements. This increases the price of the contracts. In addition, new rest areas have been opened at Sweetgrass, Wibaux and Lost Trail. Rest areas have been renovated and enlarged at Jefferson City, Lima and near Saltese. The cost of the contracts for these rest areas is included in this request.

Department Of Transportation-5401 Maintenance Program-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,602,590	FY04	\$0
FY05	\$2,602,590	FY05	\$0

PL- 306 - Overtime and Differential -

Base year overtime and differential pay with associated benefits, which is primarily for winter maintenance, is recommended to be reestablished at a biennial cost of \$5,205,180 highway state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$81,588	FY04	\$0
FY05	\$81,588	FY05	\$0

PL- 307 - Increased Contract Costs -

Costs for existing contracts have risen with the renewal of the contracts. They include land rental for radio sites, janitorial contracts, cleaning contracts for the DOT Headquarters facility and increased costs at some of the district facilities. The executive recommends \$81,588 state special revenue each year of the biennium to address the increased contract costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$30,000	FY05	\$0

PL- 308 - Land Purchases -

The executive recommends \$30,000 state special revenue each year of the biennium to be used to purchase land as part of the department's Long-Range Building Program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$165,350	FY04	\$0
FY05	\$165,350	FY05	\$0

PL- 309 - Sign Template Stock -

The request includes \$165,350 state special revenue each year of the biennium to replace sign template stock that has been depleted. This stock is needed to replace old or damaged signs on state highways as the circumstances arise.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,589	FY04	\$0
FY05	\$24,734	FY05	\$0

PL- 310 - New Core Drill Building -

The 2001 Legislature authorized the department to build a new building to house the Core Drill Unit. Additional authority is requested for janitorial supplies and supplies for routine maintenance for the new core drill building. Cost for the biennium is \$49,324 of highway state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$850,309	FY04	\$0
FY05	\$966,947	FY05	\$0

PL- 311 - Equipment Rental -

The request includes \$1,187,256 state special revenue for the biennium to cover the Maintenance Program portion of the department's Equipment Program rate increase.

Department Of Transportation-5401 Maintenance Program-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,587,602	FY04	\$0
FY05	\$1,587,602	FY05	\$0

PL- 312 - Pavement Preservation -

Due to the wet spring and the non-completion of a number of pavement preservation contracts, the base budget for pavement preservation is approximately \$1.5 million below historical levels. This request would reestablish the pavement preservation program at approximately \$14.5 million per year. The biennial cost is \$3,175,204 highway state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$180,000	FY04	\$0
FY05	\$180,000	FY05	\$0

PL- 313 - Travelers Information Service -

The new 511 travelers information service will start operating in 2003 to allow travelers to get the most recently-reported data and forecast information. Previous service, which was less automated and more labor-intensive, sometimes resulted in callers receiving outdated information. The executive recommends \$180,000 state special revenue each year of the biennium to provide matching funds for the 511 service.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$31,714	FY04	\$0
FY05	\$31,714	FY05	\$0

PL- 314 - Training -

Training for employees in the career ladder progression was scheduled but couldn't be completed by fiscal year end. This training is required to meet the career ladder union agreement. To restore the base to the required level to meet the agreement, the request includes \$31,714 state special revenue each year of the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$69,985)	FY04	\$0
FY05	(\$69,985)	FY05	\$0

PL- 316 - Travel Reduction -

The request reduces the program travel budget by \$69,985 state special revenue each year of the biennium. The reduction will bring the travel budget back in line with the 2003 travel level, while still allowing the program to continue getting personnel to training academies as required by union contract.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$184,434)	FY04	\$0
FY05	(\$184,434)	FY05	\$0

PL- 317 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Maintenance program is \$184,434 state special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

**Department Of Transportation-5401
Maintenance Program-03**

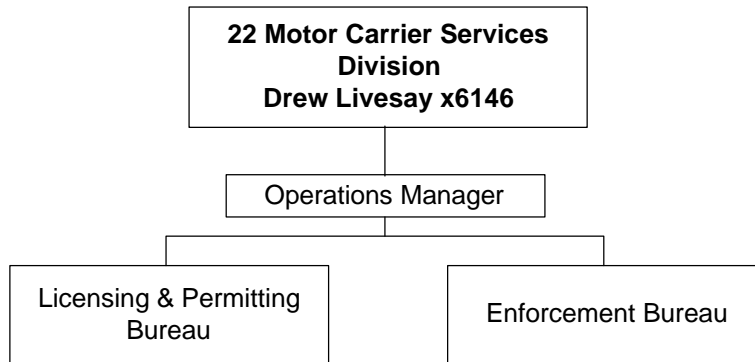
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$516,906)	FY04	\$0
FY05	(\$520,602)	FY05	\$0

NP- 315 - FTE Reduction -

There are 11.03 FTE, including maintenance technicians and a maintenance supervisor, eliminated in this request. The reduction is based on a needs survey conducted by the Maintenance Program in FY 2002. The biennial savings of the reduction is \$1,037,508 highway state special revenue.

Department Of Transportation-5401 Motor Carrier Services Div.-22



Program Description - The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversized/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws. The Motor Carrier Services Program is mandated by Title 61, Chapter 9, MCA.

Program Indicators -

Indicator	Actual SFY2000	Actual SFY2001	Actual SFY2002	Estimated SFY2003	Requested SFY2004 **	Requested SFY2005 **
Service and enforcement contacts*	130,614	138,216	133,831	138,032	145,319	142,175
Trucks weighed	599,697	566,538	605,225	590,487	587,417	594,376

* A contact includes issuing oversized/overweight permits, performing commercial vehicle and driver safety inspections, issuing citations, taking commercial vehicle samples, and licensing transactions. Truck weights are a separate but related performance category.

** During FY 2004 and FY 2005, the Motor Carrier Services Division will transition from numerical performance indicators into an hour-based system.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	111.50	0.00	0.00	111.50	0.00	0.00	111.50
Personal Services	3,980,544	478,753	0	4,459,297	472,510	0	4,453,054
Operating Expenses	795,104	(6,765)	0	788,339	44,953	0	840,057
Total Costs	\$4,775,648	\$471,988	\$0	\$5,247,636	\$517,463	\$0	\$5,293,111
State/Other Special	4,775,648	471,988	0	5,247,636	517,463	0	5,293,111
Total Funds	\$4,775,648	\$471,988	\$0	\$5,247,636	\$517,463	\$0	\$5,293,111

Department Of Transportation-5401 Motor Carrier Services Div.-22

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0	FY04 \$0
FY05	\$50,000	FY05 \$0

PL- 2201 - Wyoming/Montana Joint Port Project -

The Montana Department of Transportation (DOT) and the Wyoming Department of Transportation are constructing a "joint" port-of-entry weigh station on Interstate 90 between Sheridan, Wyoming, and the Montana border servicing north and south-bound traffic. The facility will be staffed with up to twenty (20) Wyoming Officers who will enforce Montana commercial vehicle laws on Montana's behalf. After completion of the new facility in late 2005, Montana's existing Crow Agency Weigh Station will be closed and dismantled, and the two (2) MCS Officers currently assigned to the Crow Agency Weigh Station will be reassigned to another Montana facility. DOT is requesting \$50,000 state special revenue in FY 2005 to train Wyoming Officers to enforce State of Montana commercial vehicle laws, issue Montana oversize/overweight permits and collect Montana GVW fees.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$145,274	FY04 \$0
FY05	\$145,274	FY05 \$0

PL- 2202 - Overtime and Differential Pay -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$290,548 state special revenue.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$20,000	FY04 \$0
FY05	\$20,000	FY05 \$0

PL- 2203 - Increased Credit Card Usage -

In response to customer requests, MCS developed and implemented a credit card payment option for automated commercial motor carrier service transactions in late FY 1997. Increased customer use of these automated services has resulted in a corresponding increase in credit card fees from approximately \$21,500 in FY 1998 to nearly \$52,800 in FY 2002. MCS expects credit use to continue to grow and is therefore requesting an additional \$40,000 in highway state special revenue for the 2005 biennium.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$7,558	FY04 \$0
FY05	\$8,595	FY05 \$0

PL- 2204 - Equipment Rental -

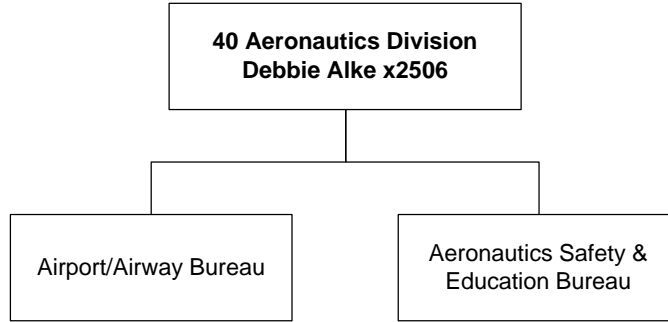
The request includes \$16,153 state special revenue for the biennium to cover the Motor Carrier Services portion of the department's Equipment Program rate increase.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$41,016)	FY04 \$0
FY05	(\$41,016)	FY05 \$0

PL- 2205 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Motor Carrier Services Division is \$41,016 state special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

Department Of Transportation-5401 Aeronautics Program-40



Program Description - The Montana Aeronautics Division: 1) facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; 2) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division also is responsible for operation of the air carrier airport at West Yellowstone and for 12 other state-owned airports. Montana Aeronautics Division is authorized by 2-15-2501(2), and Title 67, MCA; and various federal laws.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00
Personal Services	408,651	49,033	0	457,684	49,757	0	458,408
Operating Expenses	296,799	203,878	3,600,000	4,100,677	32,835	0	329,634
Equipment	16,485	(6,594)	0	9,891	(6,594)	0	9,891
Grants	301,054	731,946	0	1,033,000	(301,054)	0	0
Transfers	25,452	0	0	25,452	0	0	25,452
Total Costs	\$1,048,441	\$978,263	\$3,600,000	\$5,626,704	(\$225,056)	\$0	\$823,385
State/Other Special	1,048,441	798,263	180,000	2,026,704	(225,056)	0	823,385
Federal Special	0	180,000	3,420,000	3,600,000	0	0	0
Total Funds	\$1,048,441	\$978,263	\$3,600,000	\$5,626,704	(\$225,056)	\$0	\$823,385

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,122	FY04	\$0
FY05	\$5,122	FY05	\$0

PL- 4003 - Overtime and Differential -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$10,244 state special revenue.

**Department Of Transportation-5401
Aeronautics Program-40**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$7,436)	FY04	\$0
FY05	\$20,576	FY05	\$0

PL- 4004 - Program/Service Cost Adjustments -

This request includes operating adjustments made in order to maintain an adequate fund balance in the aeronautics state special revenue fund. A net decrease of \$7,436 is shown in FY 2004 and a net increase of \$20,576 is shown in FY 2005. The FY 2005 request includes \$30,000 for the Aeronautical Chart Revision required every four years by the FAA.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$731,946	FY04	\$0
FY05	(\$301,054)	FY05	\$0

PL- 4005 - Grant Increases - Biennial Appropriations -

The executive recommends an increase of \$731,496 state special revenue in FY 2004 and a decrease of \$301,054 state special revenue in FY 2005. Combined with the base, this will establish a biennial appropriation of \$1,032,550 for grants. The amount includes \$800,000 for grants to local airports for safety and development projects, \$225,000 for grants to assist air-carrier airports with pavement preservation, and \$7,550 for grants to municipalities for courtesy cars at qualified airports where rental cars are not available. These grants are provided for in 67-1-301, MCA, and 67-10-903, MCA. A biennial appropriation is requested for the grant authority

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 4006 - Statewide Plan Update - Biennial Appropriations -

The Federal Aviation Administration requires airport standard reviews and Capital Improvement Plan updates every five years. The executive recommends a biennial appropriation of \$20,000 state special revenue and \$180,000 federal special revenue to provide grants for these reviews and updates.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,800,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 4001 - Runway Rehab West Yellowstone Airport - Biennial -

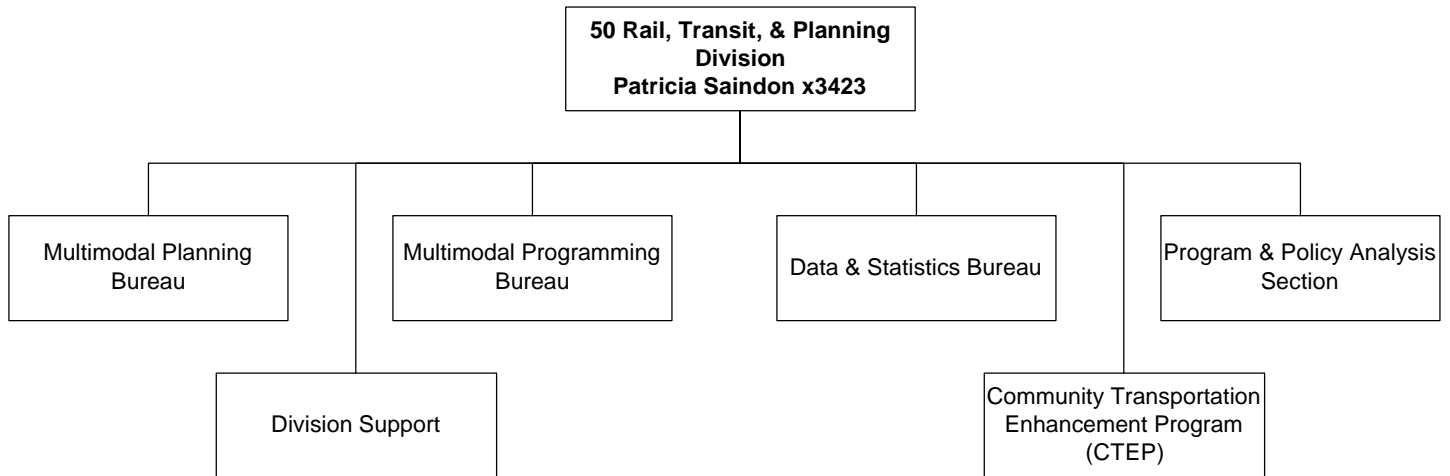
The West Yellowstone Airport runway is in need of a total rehabilitation of the runway pavement to maintain Federal Aviation Administration standards. This request is for a \$1,800,000 federal special revenue biennial appropriation. The Federal Aviation Administration will provide 90 percent of the funding and the \$200,000 match will come from the West Yellowstone Airport proprietary fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,800,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 4002 - Runway Rehab Lincoln Airport - Biennial Approp -

The Lincoln Airport runway is in need of a total rehabilitation of the runway pavement to maintain Federal Aviation Administration standards. This request for \$1,800,000 in a 2005 biennial appropriation includes \$1,620,000 federal special revenue and \$180,000 state special revenue. The Federal Aviation Administration will participate with 90 percent of the funding.

Department Of Transportation-5401 Transportation Planning Divisi-50



Program Description - The Rail, Transit and Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and highway improvements, railroad track rehabilitation, transportation enhancements for non-motorized use and beautification improvements. The division is authorized by 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Federal aid resources for Montana which lapsed and were made available to other states	0%	0%	0%	0%	0%	0%
High priority goals and objectives in the DOT long-range plan which progressed significantly or were completed	95%	96%	Plan Updated*	93% of new goals*	94%*	95%*

*Actual goals will not be established until January 2003

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	62.60	4.00	0.00	66.60	4.00	0.00	66.60
Personal Services	2,796,812	271,631	0	3,068,443	274,632	0	3,071,444
Operating Expenses	1,675,061	649,395	250,000	2,574,456	303,910	0	1,978,971
Equipment	19,274	0	0	19,274	0	0	19,274
Grants	3,793,592	2,668,750	0	6,462,342	2,668,750	0	6,462,342
Total Costs	\$8,284,739	\$3,589,776	\$250,000	\$12,124,515	\$3,247,292	\$0	\$11,532,031
State/Other Special	1,567,357	1,348,748	50,000	2,966,105	980,359	0	2,547,716
Federal Special	6,717,382	2,241,028	200,000	9,158,410	2,266,933	0	8,984,315
Total Funds	\$8,284,739	\$3,589,776	\$250,000	\$12,124,515	\$3,247,292	\$0	\$11,532,031

Department Of Transportation-5401 Transportation Planning Divisi-50

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$629,442	FY04	\$0
FY05	\$629,442	FY05	\$0

PL- 5002 - Transade (Trans. Assist. for the Disabled/Elderly) -

SB 448, passed by the 2001 Legislature, places a 25-cent fee on all vehicle registrations except trailers and semi-trailers to provide operating funds to counties, incorporated cities and towns, transportation districts or nonprofit organizations for transportation services for persons 60 years of age or older and for persons with disabilities. Revenue collected from FY 2002 and FY 2003 will be spent during FY 2004 and FY 2005. The request includes \$629,442 state special revenue each year of the biennium for this service.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$1,528,000	FY04	\$0
FY05	\$1,528,000	FY05	\$0

PL- 5003 - Federal Transit Administration Section 5309 -

The Federal Transit Administration (FTA) Section 5309 Program is for earmarked funds for transit capital assistance projects that are submitted through and supported by the Montana congressional delegation. The 2005 biennium allocation is estimated to be \$3,056,000 in federal special revenue. The funds are to be used for the procurement and/or construction of transit facilities and the purchase of vehicles.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$200,000	FY04	\$0
FY05	\$200,000	FY05	\$0

PL- 5004 - Traffic Data Processing Software -

The executive recommends \$49,188 state special revenue and \$150,812 federal special revenue each year of the biennium to develop traffic data processing software. The current software is not supported and does not meet necessary specifications. The request is included in the department's approved Information Technology Strategic Plan.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$298,244	FY04	\$0
FY05	\$297,822	FY05	\$0

PL- 5005 - FTE/Operating for Weigh-in-Motion (WIM) and STARS -

The department received a congressional earmark several years ago to develop, operate and evaluate a pilot program entitled the State Truck Activity Reporting System (STARS). The Legislature approved 4.00 FTE one-time-only the last two biennia for the pilot program. This request includes making the 4.00 FTE permanent and provides operating costs required to support the program. The executive recommends \$124,578 highway state special revenue and \$471,488 federal special revenue for the biennium to maintain the new Weigh-in-Motion (WIM) infrastructure and STARS permanently.

**Department Of Transportation-5401
Transportation Planning Divisi-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$14,281	FY04	\$0
FY05	\$14,281	FY05	\$0

PL- 5006 - Overtime and Differential -

This request is to reestablish base year overtime and differential pay with associated benefits. The 2005 biennial cost is \$28,562 comprised of \$6,384 state special revenue and \$22,178 federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$484,977	FY04	\$0
FY05	\$484,977	FY05	\$0

PL- 5008 – TEA 21 Federal Funding Increases -

The Transportation Enhancement Act of the Twenty-first Century (TEA 21) has increased the funding and requirements for implementing certain urban programs. Training of local city participants and utilization of these funds in the Billings, Great Falls and Missoula localities will require \$459,332 state special revenue and \$510,622 federal special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,804	FY04	\$0
FY05	\$42,894	FY05	\$0

PL- 5009 - Seasonal Contracted Services -

The Road Inventory and Mapping Section hires employees to accomplish the required field road inventory each year. In the past this was done using temporary FTE. In the future, employees will be hired through a temporary placement agency using contracted services funds. In order to complete the field road inventory, an additional amount of contracted services authority is requested to fund two temporary employees and travel expenses at a cost of \$21,776 highway state special revenue and \$67,922 federal special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$26,594	FY04	\$0
FY05	\$26,736	FY05	\$0

PL- 5010 - Travel Adjustment -

The program experienced reduced travel levels during FY 2002, primarily in the Urban and Planning Systems units. The executive recommends \$6,303 state special revenue and \$20,291 federal special revenue in FY 2004 and \$6,336 state special revenue and \$20,400 federal special revenue in FY 2005 to restore the travel budget to the necessary level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$84,578	FY04	\$0
FY05	\$84,578	FY05	\$0

PL- 5011 - Senior/Disabled Vehicle Adjustment -

Each fiscal year, the department receives funding from the Department of Public Health and Human Services to purchase vehicles for agencies that serve the elderly and persons with disabilities. Due to a problem with certain vehicles that were purchased and delivered during FY 2002 but did not meet specifications, the full amount of this budget was not expended. It is expected that the full \$75,000 per year will be spent in the 2005 biennium. In addition, similar federal grants were not expended totally in FY 2002. The base will be restored to the level required to expend the maximum amount of funds allocated by DPHHS and the federal government by an adjustment of \$61,962 state special revenue and \$107,194 federal special revenue for the biennium.

**Department Of Transportation-5401
Transportation Planning Divisi-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$343,321	FY04	\$0
FY05	\$0	FY05	\$0

PL- 5012 - Federal Earmark and Other Contracted Services -

Federal earmarked funds have been received for erecting geological signs and for implementing the Roadside Animal Detection System. In addition, a corridor study project called CANAMEX is in progress. These projects that began in FY 2002 cannot be completed until FY 2004. This adjustment provides the necessary authority to carry these projects to completion. This includes \$68,664 in highway state special revenue and \$274,657 in federal state special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,230	FY04	\$0
FY05	\$9,362	FY05	\$0

PL- 5013 - Equipment Rental -

The request includes \$3,940 state special revenue and \$13,652 federal special revenue for the biennium to cover the Transportation Planning Program portion of the department's Equipment Program rate increase.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$165,212)	FY04	\$0
FY05	(\$165,212)	FY05	\$0

PL- 5014 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Transportation Planning program is \$52,559 state special revenue and \$112,653 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

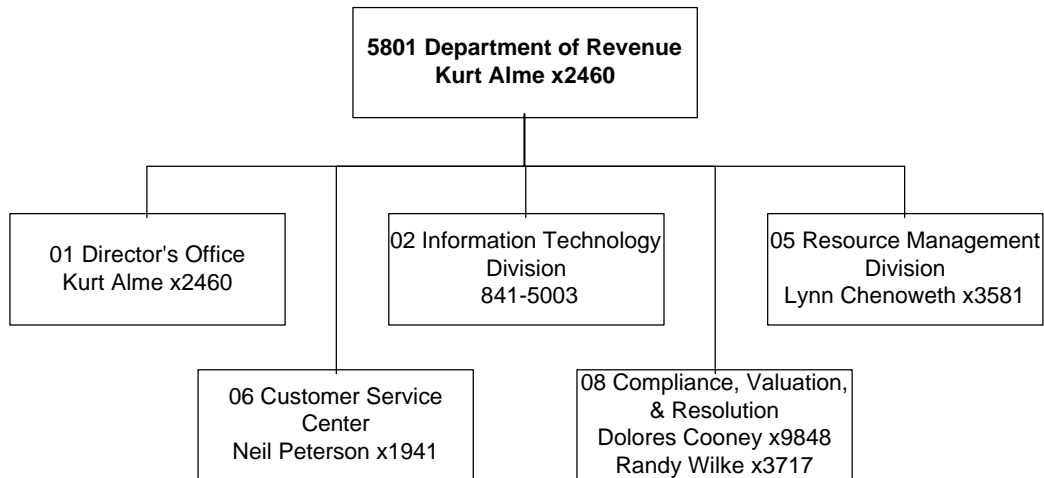
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$250,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 5001 - Multimodal Transportation Corridor Tech Assist -

The department continuously monitors the Montana transportation systems to determine whether there are any significant trends or changes that could impact the system, Montana businesses and communities. This request for \$250,000 for the 2005 biennium will allow the department to obtain contracted services assistance to work with the Departments of Commerce and Agriculture, railroads, and local communities to evaluate the impacts on the system, including highways and economic impacts, and explore ways to preserve branch line service. Funding is \$50,000 non-restricted state special revenue and \$200,000 federal special revenue.

Department Of Revenue-5801



Mission Statement - To be a service oriented and accountable organization, where customers and employees are treated with courtesy, respect, and fairness; and where effective revenue, compliance, and collection services are provided to the public and to other governmental units in a fast, accurate, and cost effective manner.

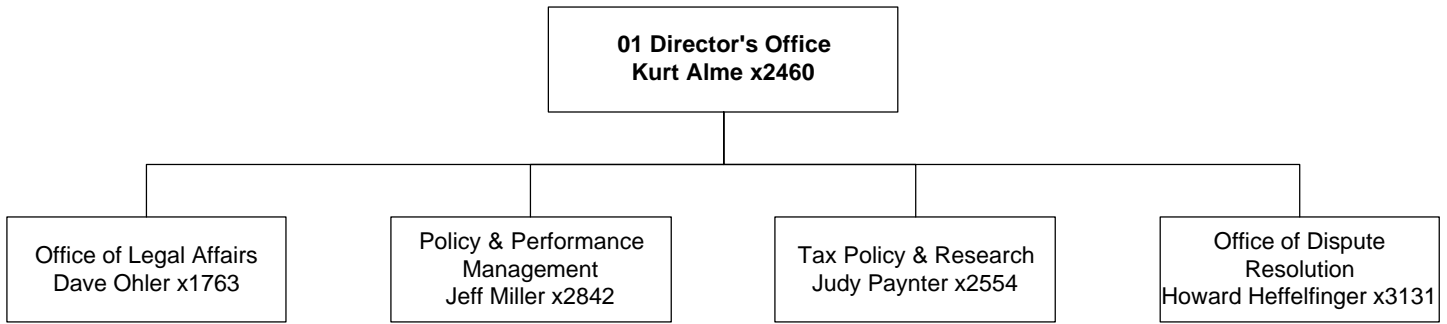
Statutory Authority - Titles 2, 15, 16, 39, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	663.53	1.00	(18.50)	646.03	1.00	(22.00)	642.53
Personal Services	24,006,775	2,253,898	(721,385)	25,539,288	2,258,936	(836,149)	25,429,562
Operating Expenses	8,700,168	944,847	61,678	9,706,693	646,364	39,069	9,385,601
Equipment	93,435	0	0	93,435	0	0	93,435
Debt Service	6,375	0	0	6,375	0	0	6,375
Total Costs	\$32,806,753	\$3,198,745	(\$659,707)	\$35,345,791	\$2,905,300	(\$797,080)	\$34,914,973
General Fund	28,078,749	3,012,093	(659,707)	30,431,135	2,718,216	(797,080)	29,999,885
State/Other Special	424,485	124,671	0	549,156	128,678	0	553,163
Federal Special	2,328,482	43,635	0	2,372,117	33,835	0	2,362,317
Proprietary	1,975,037	18,346	0	1,993,383	24,571	0	1,999,608
Total Funds	\$32,806,753	\$3,198,745	(\$659,707)	\$35,345,791	\$2,905,300	(\$797,080)	\$34,914,973

----- **Agency General Fund Target - \$59.88 million** -----

Actions included in the recommended new proposal plans for the Treasury Offset Program in program 06, NP-606, will generate net general fund revenue of about \$505,000 in the biennium and the unclaimed property adjustment in program 06, PL-602, will generate net general fund of about \$170,000. The reductions and the revenue together exceed the target.

Department Of Revenue-5801 Directors Office-01



Program Description - The Director's Office provides management control, policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. The legal services staff advise other program staff and handle tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes the Policy and Performance Management unit, the Tax Policy and Research unit, and the Office of Dispute Resolution.

The Policy and Performance Management unit supports the department's core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, performance management, change management, and strategic planning for the department. The Tax Policy and Research unit is responsible for estimating state revenue, coordinating Department of Revenue legislation and fiscal notes, reviewing all legislation related to revenue, and conducting revenue-related research. The Office of Dispute Resolution has consolidated the department's dispute resolution efforts, including tax and liquor appeals, into a single location and process.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	37.00	0.00	(5.00)	32.00	0.00	(5.00)	32.00
Personal Services	2,024,982	21,398	(252,345)	1,794,035	22,185	(251,735)	1,795,432
Operating Expenses	517,538	62,399	(13,260)	566,677	(74,381)	(13,260)	429,897
Equipment	15,392	0	0	15,392	0	0	15,392
Total Costs	\$2,557,912	\$83,797	(\$265,605)	\$2,376,104	(\$52,196)	(\$264,995)	\$2,240,721
General Fund	2,526,235	(17,951)	(265,605)	2,242,679	(144,144)	(264,995)	2,117,096
State/Other Special	300	(300)	0	0	(300)	0	0
Federal Special	800	102,553	0	103,353	92,753	0	93,553
Proprietary	30,577	(505)	0	30,072	(505)	0	30,072
Total Funds	\$2,557,912	\$83,797	(\$265,605)	\$2,376,104	(\$52,196)	(\$264,995)	\$2,240,721

----- New Proposals -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$265,605)	FY04	(\$265,605)
FY05	(\$264,995)	FY05	(\$264,995)

NP- 102 - Reduce Agency Support Functions-Policy Performance -

In order to achieve the required reductions, the department has had to carefully review all roles within the department and put them in priority order as directly related to the core mission of the department. Although the functions of Change Management, Performance Management, Management Specialist and Strategic Planning are important support components to a well-run and accountable organization the size of the department, they are, nonetheless, not as directly

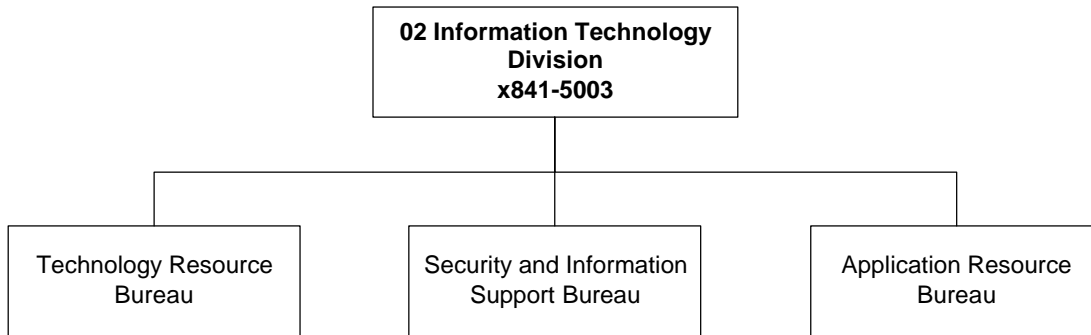
Department Of Revenue-5801

Directors Office-01

connected to the activities of tax compliance and statewide uniform appraisal processes as other positions within the department. The department is proposing in this decision package eliminating the following positions: Change Management (2.00 FTE), Performance Management (1.00 FTE), Management Analyst (1.00 FTE) and Strategic Planning (1.00 FTE).

Essential statutory duties of this process, such as maintaining goals and objectives, key performance indicators, developing strategic plans, addressing change management issues, and other duties of the above roles will be consolidated into the one remaining position. This will reduce capacity and effectiveness in these areas, but with the one remaining staff person the department will meet the minimum statutory requirements.

Department Of Revenue-5801 Information Technology-02



Program Description - The Information Technology Program is responsible for planning, coordinating, delivering, and controlling information resources for the department. The program is responsible for managing all computing services provided to the department, including integrating and managing desktop, mid-tier, and mainframe applications as well as network support services.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	36.25	0.00	0.00	36.25	0.00	0.00	36.25
Personal Services	1,711,360	154,170	0	1,865,530	154,437	0	1,865,797
Operating Expenses	793,176	355,707	300,000	1,448,883	113,118	300,000	1,206,294
Equipment	20,047	0	0	20,047	0	0	20,047
Total Costs	\$2,524,583	\$509,877	\$300,000	\$3,334,460	\$267,555	\$300,000	\$3,092,138
General Fund	2,078,658	708,192	300,000	3,086,850	465,870	300,000	2,844,528
Federal Special	374,214	(190,849)	0	183,365	(190,849)	0	183,365
Proprietary	71,711	(7,466)	0	64,245	(7,466)	0	64,245
Total Funds	\$2,524,583	\$509,877	\$300,000	\$3,334,460	\$267,555	\$300,000	\$3,092,138

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$250,000	FY04 \$250,000
FY05	\$0	FY05 \$0

PL- 203 - Oracle Upgrade for POINTS (Restricted/Bien/OTO) -

The last upgrade to the POINTS Oracle software, from version 6.0 to 6i, was performed early in FY 2001. That project required a team of 10 developers for five months and cost approximately \$225,000.

The DOR anticipates that future upgrades to Oracle software will occur on a two-three year cycle, with a similar level of effort, and require costs in the range of \$250,000 - \$300,000. Base year FY 2002 does not include funding for Oracle software upgrades. To maintain currency DOR must plan for one Oracle upgrade for the 2005 biennium.

Department Of Revenue-5801 Information Technology-02

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$300,000
FY05	\$300,000	FY05	\$300,000

NP- 210 - Discontinuing POINTS Phase II -

See NP-809 for the related costs in program 08 (Compliance, Valuation, and Resolution) associated to discontinuing POINTS phase II.

Additional Funding for POINTS Maintenance

Currently the department has 18.00 FTE in the Information Technology Applications Process. This number includes 16 programmer analysts and two managers. Of those, 11 programmer analysts and one manager are assigned to POINTS maintenance, augmented for the past three years by a 12 member full-time IT consultant and professional staff. This staffing level was consistent with the large-scale development effort the department had undertaken during this period. With the decision not to pursue funding to implement Phase II of the POINTS project, contractor-staffing levels will be reduced to five contract programmers. This combination of FTE and supplemental IT consultant and professional staff will be needed to perform POINTS maintenance over the next biennium.

The FY 2002 base funding for IT consultant and professional staff in the department IT program was \$329,000. These funds are used to contract for specific skill sets through the MIS services contract. Services include development, analysis and programming in the following areas: maintaining the Oracle based One Stop Licensing System; visual basic programming and development; POINTS production recovery functions and peak processing support; interface analysis and programming between mainframe and Oracle environments; Database Administration for POINTS and legacy systems.

The skill areas shown above are either under represented or not resident within the department IT staff. Additional funding of \$250,000 each year of the biennium will retain "resident" expert contract developers and programmer/analysts for highly complex modules in POINTS such as accounting, returns processing, case management, and forms & correspondence. This amount, when added to base funding, will cover the costs of five full-time IT consultant and professional staff at current MIS services contract rates.

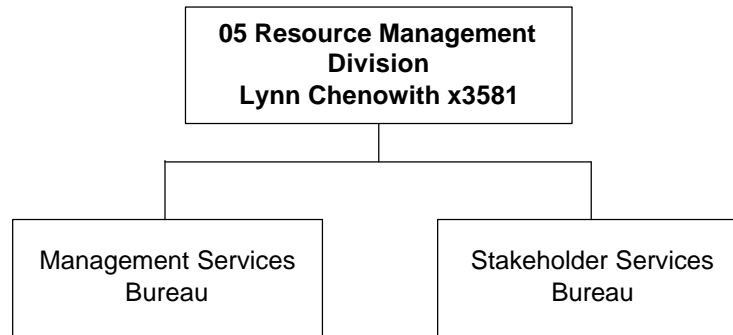
Increased Mid-Tier Service Level Agreement Costs

Within state government the department is responsible for the largest share of payments for ITSD hosted mid-tier support through Service Level Agreements (SLA). The department's costs in base year FY 2002 for mid-tier services were approximately \$720,000 divided between development efforts paid for from bonded funds and production expenditures from HB 2 funds. With the decision not to pursue funding to implement Phase II of the POINTS project the sizing of the department's mid-tier needs will be adjusted downward. Nonetheless, the base level funding will be insufficient to cover anticipated FY 2004 and FY 2005 requirements. The precise amount is a function of mid-tier space required to support the application and the rate structure established by ITSD.

With these anticipated reductions in the department's needs for the 2005 biennium, at current rates, estimated mid-tier costs would be more than \$600,000 annually. Since the mid-tier environment is shared among many agencies, and rates are computed based on a percentage of the cost recovery method ITSD has in place, there could also be an increase in these rates for other agencies.

Given our estimates of department database needs, along with potential changes in rate calculations, the department estimates that an increase over the base year FY 2002 for mid-tier support will be \$50,000 each year of the biennium.

Department Of Revenue-5801 Resource Management-05



Program Description - The Resource Management Program provides service and support to the department by integrating the human resources, accounting, facilities management, communications, and training and education functions of the department. The Liquor Distribution unit is managed in this program.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	39.50	0.00	(1.00)	38.50	0.00	(1.00)	38.50
Personal Services	1,679,893	67,535	(31,651)	1,715,777	69,573	(31,620)	1,717,846
Operating Expenses	560,745	(21,317)	(2,652)	536,776	(15,641)	(2,652)	542,452
Equipment	41,816	0	0	41,816	0	0	41,816
Total Costs	\$2,282,454	\$46,218	(\$34,303)	\$2,294,369	\$53,932	(\$34,272)	\$2,302,114
General Fund	1,172,470	(77,395)	(34,303)	1,060,772	(75,906)	(34,272)	1,062,292
Federal Special	0	97,296	0	97,296	97,296	0	97,296
Proprietary	1,109,984	26,317	0	1,136,301	32,542	0	1,142,526
Total Funds	\$2,282,454	\$46,218	(\$34,303)	\$2,294,369	\$53,932	(\$34,272)	\$2,302,114

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$34,303)	FY04	(\$34,303)
FY05	(\$34,272)	FY05	(\$34,272)

NP- 504 - Reduce Agency Support Function-Resource Management -

In order to achieve the required reductions, the department has had to carefully review all roles within the department and put them in priority order as directly related to the core mission of the department. Although the following function in Resource Management is an important support component, it is not as directly connected to the activities of tax compliance and statewide uniform appraisal processes as other positions within the department. The department is proposing in this decision package eliminating a 1.00 FTE Training Officer position.

Due to other budget reductions, the department training program has been reduced and, therefore, a training position can be eliminated. There will be two training positions remaining in the department. One will be devoted primarily to POINTS training and the other will conduct agency-wide training and coordinate role specific training. Only core classes and training deemed immediately critical for our employees to do their jobs will be provided. Some classroom training will be replaced by a more structured on-the-job-training program. Educational programs designed for the public will also be reduced, resulting in a less informed and possibly more frustrated public.

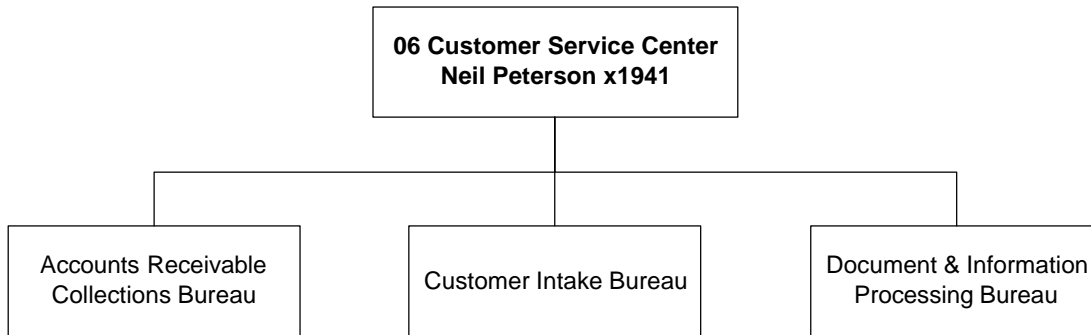
Department Of Revenue-5801 Resource Management-05

Language Recommendations – “Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in amounts not to exceed \$67,588,169 in fiscal year 2004 and \$70,782,541 in fiscal year 2005.”

“In the liquor division, upon a termination that requires a payout of accrued leave balances, liquor division proprietary funds are appropriated from the liquor enterprise fund (06005) to the department in the amount equal to the payout of the accrued leave balances, not to exceed \$30,000 for each of fiscal years 2004 and 2005.”

“In the event the department is unable to meet statutory service levels due to the increase in demand for liquor products, the department is allowed to hire additional temporary employees or pay overtime, whichever is determined to be the more cost effective, to maintain required service levels to stores. The department is appropriated from the liquor enterprise fund (06005) for additional costs not to exceed \$40,000 for each of fiscal years 2004 and 2005.”

Department Of Revenue-5801 Customer Service Center-06



Program Description - The Customer Service Center Program combines the document and information processing, accounts receivable and collections, and customer intake processes into a single business unit designed to collect revenue, process documents, provide taxpayer information and process liquor licenses for the department and agency partners.

Program Indicators -

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	2003 Projected	2004 Projected	2005 Projected	2006 Projected
Customer Service Call Center	70%	74%	79%	79%	75%	75%	75%	75%
Timeliness of Refunds	45 Days	46 Days	45 Days	31 Days	45 Days	45 Days	45 Days	45 Days
Electronically Filed Tax Returns	59,300 (29%)	77,255 (30%)	109,045 (41%)	**139,500 (28%)	174,000 (25%)	208,800 (20%)	240,120 (15%)	270,120 (12%)
Employee Retention			91%	92%	92%	92%	92%	92%

** This is based on estimated electronically filed tax returns for the periods of January through September 2002.

NOTE: This table represents "calendar year" statistics. The figures and percentages identified above are (averages) based on quarterly or yearly statistics.

- Customer Service Call Center – These performance indicators are quality and efficiency measures. They represent the percentage of incoming phone calls answered by call center representatives without transferring them to a specialist. The percentages are based on the overall average and do not include abandoned calls.
- Timeliness of Refunds – These performance indicators are efficiency measures. They represent the average number of days for a tax refund to be issued for paper returns filed. It is based on the timeframe between the applicants' "date of signature" to the date the refund was issued by the department. Refund claims received early in the filing season are normally processed within a matter of 2 weeks from date of signature. Claims received later in the processing season require a longer turn around time. Taking into account a more representative weighted averaging, internal processing improvements, and the increase utilization of electronic filing, the department expects to make significant improvement in the timeliness of refund processing.
- Electronically Filed Tax Returns – These performance indicators are efficiency measures. They represent the annual increase in the number of electronically filed returns received by the department (E-File, TFile, On-line filing). (**Calendar year 2002 data for this indicator is based on estimates through September.)
- Employee Retention – This performance indicator is a measure of quality for the department. This measures the percent turnover where percent equals the number of positions who vacate and leave the department (not internal movement, nor includes short term, temporary or vacancy savings) over total staff.

Department Of Revenue-5801 Customer Service Center-06

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	119.00	1.00	0.00	120.00	1.00	0.00	120.00
Personal Services	3,647,992	336,106	0	3,984,098	338,914	0	3,986,906
Operating Expenses	2,030,746	142,433	(88,000)	2,085,179	159,223	(97,000)	2,092,969
Total Costs	\$5,678,738	\$478,539	(\$88,000)	\$6,069,277	\$498,137	(\$97,000)	\$6,079,875
General Fund	3,798,469	361,447	(88,000)	4,071,916	380,332	(97,000)	4,081,801
State/Other Special	239,943	116,454	0	356,397	117,167	0	357,110
Federal Special	877,561	638	0	878,199	638	0	878,199
Proprietary	762,765	0	0	762,765	0	0	762,765
Total Funds	\$5,678,738	\$478,539	(\$88,000)	\$6,069,277	\$498,137	(\$97,000)	\$6,079,875

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$52,446	FY04 \$0
FY05	\$52,336	FY05 \$0

PL- 602 - Restore OTO from 03B - Unclaimed Property Auditor -

The Uniform Unclaimed Property Act adopted by the State of Montana July 1, 1997, requires a continuance of its audit program to ensure and increase compliance with the state's unclaimed property laws.

During the 2001 legislative session, the DOR was authorized state special revenue fund appropriation authority and 1.00 FTE for an unclaimed property auditor. This position was established to perform abandoned property audits and increase compliance with Montana's Unclaimed Property Statues. The Legislature identified the position and funding as an OTO, until the outcome of the position could be demonstrated.

In FY 2002, this auditor performed 39 audits with total collections of \$218,014. Approximately 40 percent of the collections will be returned to the rightful owner, resulting in an increase of \$130,808 in revenue to the State of Montana, of which approximately \$44,000 is used to pay for the unclaimed property auditor position and the remainder going to the general fund. Therefore, the total net benefit to the state's general fund is anticipated to be approximately \$170,000 for the biennium.

Unclaimed property is a commonly misunderstood and unknown obligation by many businesses. Unclaimed property's anonymous nature requires an active compliance program to ensure property is collected and distributed to its rightful owners. DOR's success in audit assessments is evidence of the need for an audit program; therefore, we are requesting to retain the 1.00 FTE for the unclaimed property auditor.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$11,362	FY04 \$11,362
FY05	\$11,481	FY05 \$11,481

PL- 604 - Compliance Staff Operating Costs -

During the August 2002 Special Session, the legislature approved the addition of 13.30 FTE to the DOR. The 13.30 FTE were comprised of 3.30 collectors in the Customer Service Center and 10.00 auditors in the Compliance Valuation & Resolution Program. The purpose of the additional FTE was to increase the DOR compliance staff to enhance individual income tax revenue. The personal services costs related to these FTE have been included in the DOR adjusted base. However, the FY 2002 base does not include for the additional operating costs for to the FTE. The related operating costs are for travel related to audits completed by the auditors, as well as rent, computer, and telephone connections, and supplies for the additional staff.

**Department Of Revenue-5801
Customer Service Center-06**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$90,000)	FY04	(\$90,000)
FY05	(\$90,000)	FY05	(\$90,000)

NP- 603 - Reduction of Computer Processing -

The department will reduce its ITSD charges over the next biennium by \$180,000. The primary reason for this reduction is the running of batch processing jobs during off business hours. The main impact of this change will be a one-day delay in updating our databases. This change will primarily affect the BEV/MOD systems. The department has also looked at storage costs for data and determined there are additional reductions that can be realized in that area.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$27,000	FY04	\$27,000
FY05	\$18,000	FY05	\$18,000

NP- 606 - Treasury Offset Program -

The IRS Restructuring and Reform Act of 1998 authorized states to participate in the Federal Refund Offset Program. Under this act, states may now send a list of eligible taxpayers with delinquent state tax debts to the Treasury's Financial Management Service (FMS). FMS will withhold any federal tax refund to be applied against the state tax delinquency. This program is referred to as the Treasury Offset Program (TOP). In late 2000 there were 10 states participating in TOP, in early 2002 there were 23 states participating. According to the federal government there are over 800,000 state tax debts in the TOP database representing \$2.9 billion. In FY 2000 the TOP program collections were \$24.1 million, and in FY 2001 collections grew to \$84.7 million.

We believe that the State of Montana can benefit greatly from TOP as well. Based on the success stories of other states involved in the program, we estimate that federal offset revenues for the State of Montana could be over \$450,000 for the biennium. This projection differs from our original estimations because our comparisons are based on statistics from similar states, not statistical averages from all states participating.

We have also scaled back startup costs associated with this program by using TOP's smallest offset system version. Instead of using "Connect Direct" (on-line system) we plan to use their "Connect Mail Box" (standalone PC/modem) version. Using "Connect Mail Box" will reduce the volume of activity we can send back and forth to FMS. Because of this reduction in activity volume, our revenue projections are less than originally anticipated.

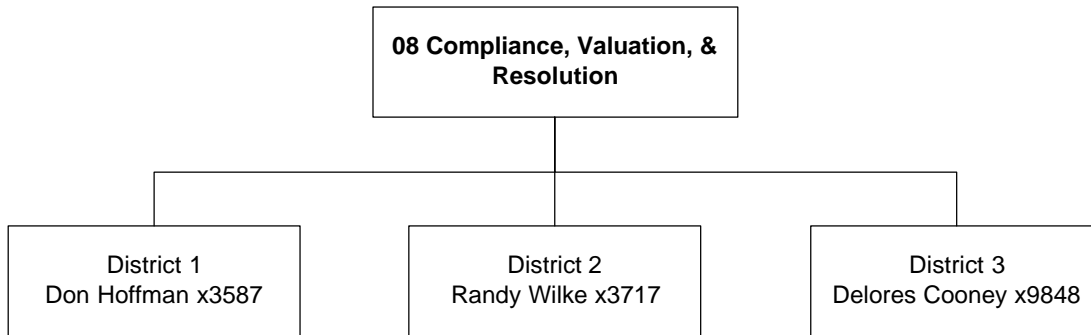
Anticipated revenue is \$250,000 in FY 2004 and \$300,000 in FY 2005 for \$550,000 less costs \$45,000 = \$505,000 net revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$25,000)	FY04	(\$25,000)
FY05	(\$25,000)	FY05	(\$25,000)

NP- 607 - Eliminate GenTran Maintenance Contract -

In base year 2002 the department had a maintenance contract to support the GenTran software. The GenTran software is used to transfer federal withholding tax information from the MTQ 941 quarterly report to the IRS. This software is used once a quarter. It is mature software and the department believes the risks associated with not keeping this maintenance contract are not substantial. In-house technology staff have been trained to support this software, if problems were to arise.

Department Of Revenue-5801 Compliance Valuation And Resolution-08



Program Description - The Compliance, Valuation, and Resolution Program administers audits and appraisals to ensure the tax paying entities are in compliance with laws. The program is responsible for consistent valuation of properties statewide for purposes of property taxation. The program is located throughout the state in eight regions to provide efficient operations and customer service.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	431.78	0.00	(12.50)	419.28	0.00	(16.00)	415.78
Personal Services	14,942,548	1,674,689	(437,389)	16,179,848	1,673,827	(552,794)	16,063,581
Operating Expenses	4,797,963	405,625	(134,410)	5,069,178	464,045	(148,019)	5,113,989
Equipment	16,180	0	0	16,180	0	0	16,180
Debt Service	6,375	0	0	6,375	0	0	6,375
Total Costs	\$19,763,066	\$2,080,314	(\$571,799)	\$21,271,581	\$2,137,872	(\$700,813)	\$21,200,125
General Fund	18,502,917	2,037,800	(571,799)	19,968,918	2,092,064	(700,813)	19,894,168
State/Other Special	184,242	8,517	0	192,759	11,811	0	196,053
Federal Special	1,075,907	33,997	0	1,109,904	33,997	0	1,109,904
Total Funds	\$19,763,066	\$2,080,314	(\$571,799)	\$21,271,581	\$2,137,872	(\$700,813)	\$21,200,125

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$84,756	FY04	\$84,756
FY05	\$92,659	FY05	\$92,659

PL- 801 - Request for Leased Vehicles -

The department currently operates a fleet of 83 owned vehicles and 74 vehicles leased from the State Motor Pool. During the 2001 legislative session, the DOR was required to mitigate a supplemental appropriation request for the Customer Service Center. Part of the mitigation resulted in the elimination of the department's decision package for additional leased vehicles for the 2003 biennium. The department was provided funding of \$14,740 in the first year of the biennium for leased vehicles. This enabled the department to temporarily lease seven vehicles in FY 2002 from the state motor pool. Of the 83 department owned vehicles, currently 43 vehicles have in excess of 100,000 miles.

The department proposes to lease 21 more vehicles from the motor pool over the 2005 biennium. In turn, we propose to dispose of 21 department older less reliable vehicles, maintaining an overall fleet of 157 vehicles. The department owned and leased vehicles are used primarily by staff to perform field inspections, property appraisals, audits of in-state taxpayers, and travel for training and meetings.

Department Of Revenue-5801 Compliance Valuation And Resolution-08

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$69,230	FY04	\$69,230
FY05	\$69,590	FY05	\$69,590

PL- 803 - Compliance Staff Operating Costs -

During the August 2002 Special Session, the Legislature approved the addition of 13.30 FTE to the DOR. The 13.30 FTE were comprised of 3.30 collectors in the Customer Service Center and 10.00 auditors in the Compliance Valuation & Resolution Program. The purpose of the additional FTE was to increase the compliance staff to enhance individual income tax revenue. The personal services costs related to these FTE have been included in the adjusted base. However, the FY 2002 base does not add operating costs for the FTE. The related operating costs are for travel related to audits completed by the auditors as well as, rent, computer and telephone connections, and supplies for the additional staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$65,500	FY04	\$65,500
FY05	\$65,500	FY05	\$65,500

PL- 804 - Increase in Contract Costs for CAMA System -

This adjustment to accommodate the increased cost of maintaining the legacy Computer Assisted Mass Appraisal System (CAMAS). Based on the recent enhancements to that legacy system made with the funding provided by HB 3, the vendor Cole Layer Trumble (CLT) has now estimated the annual maintenance costs will increase from base year 2002 of \$105,200 to \$170,700 per year. Given this is a proprietary software application, we do not have the option of performing this maintenance with our own staff. Contracting for this maintenance has been an annual expense for many years; this requests funding on what CLT has now estimated to be the future required level of maintenance.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$12,600)	FY04	(\$12,600)
FY05	(\$12,600)	FY05	(\$12,600)

NP- 805 - Eliminate Participation in External Organization -

The department currently participates the Federal Tax Administrators (FTA) organization. Participation in this organization allows the state to remain current with best practices, innovative ideas, national trends and provides a critical resource for analyzing and implementing new proposals. Because of budget constraints the department has had limited attendance with this organization over the 2003 biennium.

The department plans to eliminate participation in the FTA organization for the 2005 biennium. Maintaining contacts via publications and e-mail list serves will partially mitigate our inability to maintain active participation in this organization.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$140,000)	FY04	(\$140,000)
FY05	(\$140,000)	FY05	(\$140,000)

NP- 806 - Reduction of Computer Replacements -

This decision package will reduce technology funding for the department. The department will reduce PC and related hardware purchases over the next biennium by \$280,000. This reduction may hinder the department in maintaining a four year replacement cycle. However, given the fact that there may be a reduction in FTE in the department, a reduction of PC purchases over the next biennium appears feasible.

Department Of Revenue-5801 Compliance Valuation And Resolution-08

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$14,000)	FY04	(\$14,000)
FY05	(\$14,000)	FY05	(\$14,000)

NP- 807 - Eliminate MOU with Yellowstone County -

In base year 2002 the department had a memo of understanding with Yellowstone County for start-up costs related to the Geographic Information System. In the future the department will provide in-kind services, rather than payment to Yellowstone County; therefore, the department will save \$28,000 of operating costs in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$406,791)	FY04	(\$406,791)
FY05	(\$531,695)	FY05	(\$531,695)

NP- 808 - Reduction of Property Tax Services -

In an effort to meet target budgets from the OBPP, this decision package proposes to reduce staffing in property tax and to eliminate amounts paid to Information Technology Services Division (ITSD) in the Department of Administration for support of the Geographic Information System (GIS) cadastral application.

The reduction in staff and operational expenses contained in this package will reduce property tax staffing levels to the lowest levels in the last ten years. It will have an impact on the department's ability to complete annual appraisal work and on the department's ability to mount future reappraisals.

Reappraisal

With respect to personal services, there are 13.00 FTE associated with this part of the negative decision package. There are six positions that will be eliminated July 1, 2003, and an additional seven positions January 1, 2004. The make-up of those FTE are:

<u>Number of FTE</u>	<u>Job Title</u>
1.00	Regional Lead
1.00	Industrial Appraiser
3.00	Specialist
1.00	Property Valuation Specialist
7.00	Appraisers

The staff reductions associated with this decision package will curtail many of the key reappraisal activities associated with market model and income model development. These activities would help the department cost-effectively carry out the next reappraisal.

GIS Service Level Agreement with ITSD

There are no personal services associated with this budget reduction. However, the budget does impact operational expenses in the amount of \$91,000.

The department currently has a service level agreement with the Department of Administration, Information Technology Services Division (ITSD), for Geographic Information System cadastral application and database support services. In support of the system, the department agreed to pay \$45,500 in both FY 2002 and FY 2003. As part of a prior budget reduction, the department, with the approval of ITSD, will only pay \$30,500 in FY 2003. The department's inability to fund maintenance of the GIS section of ITSD may impact the valuable resources and databases developed and maintained by this program. The cadastral maps serve as source documents for locating and valuing property. The GIS applications associated with this effort provide a major portion of the department's quality assurance abilities necessary to confirm appraisal quality.

Department Of Revenue-5801 Compliance Valuation And Resolution-08

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$176,391)	FY04	(\$176,391)
FY05	(\$210,068)	FY05	(\$210,068)

NP- 809 - Discontinuing POINTS Phase II -

See NP-210 for the related costs in program 02 (Information Technology) associated to discontinuing POINTS II.

Operating savings associated to discontinuing POINTS Phase II implementation

The decision to discontinue POINTS Phase II presents the opportunity to realize savings in two other areas. The first is a reduction in fixed costs rent for the Armory Building. Currently the department is leasing space in the old National Guard Armory sufficient to house the entire Applications Team, their management, the additional contractors associated to the development project (POINTS II), the business analysts assigned to the project and a team of testers. Once this technical and project team is scaled down, and team members are returned to previous roles within the department, the department will relocate the remaining IT applications team and the testers to existing space in the Liquor Warehouse. Considering an estimated one-time moving cost of \$30,000 and rent savings of \$198,180 for the biennium, the net negative decision package is \$168,180 for the biennium.

The second area of identified savings is a reduction in the size of testing staff. Presently the department has 6.00 FTE assigned to a full time testing team. With the decision to discontinue POINTS II implementation, the need for testers will drop to 1.00 FTE testing lead and 2.00 FTE testers. This smaller team will continue testing responsibilities for any defect or enhancement that is made to the application in production. Therefore, the negative decision package associated to the elimination of 3.00 FTE testers will result in savings of \$109,248 in FY 2004 and \$109,031 in FY 2005.

----- **Other Legislation Required to Implement HB 2** -----

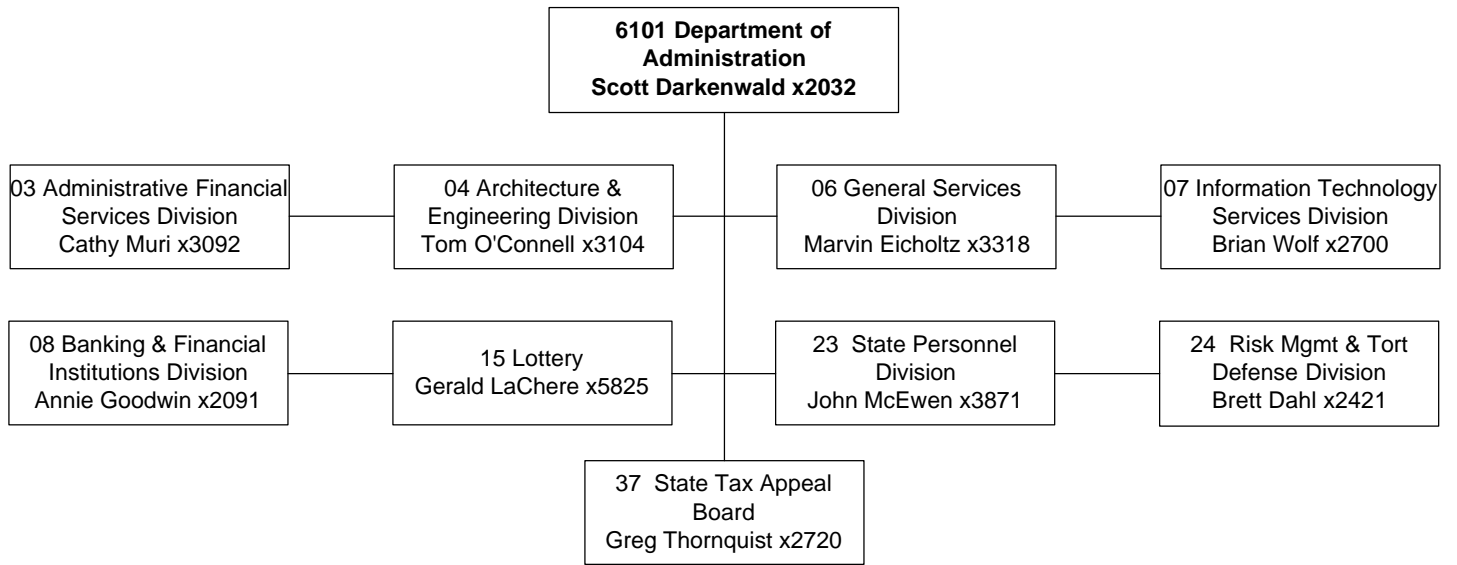
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$177,983	FY04	\$177,983
FY05	\$207,550	FY05	\$207,550

NP- 8002 - Field Office Rent -

The department pays rent for office space for department staff in county buildings outside of Helena. The department has base year 2002 funding to pay rental costs, but does not have funding to pay increased costs in FY 2004 and FY 2005. Therefore, the department requested additional funding to cover increased field office rent costs in the 2005 biennium.

Section 15-8-102, MCA, provides counties the ability to charge the department rent for space that the department occupies in the county offices. The rate cannot exceed the amount charged by the Department of Administration to other state agencies. This law change was approved in the 1999 session. Prior to that change, counties were required to allow the department to occupy space in the counties without paying rent. This decision package is contingent on passage of legislation freezing the rate the department would pay to the counties for rent at the FY 2003 rate of \$4.88/sq ft. This is an increase over base year 2002 funding at a rate of \$4.77/sq ft. If this legislation is not passed and this decision package not approved, the department will have to request additional funding of \$240,708 in FY 2004 and \$281,545 in FY 2005, instead of the amounts currently requested of \$177,983 in FY 2004 and \$207,550 in FY 2005, a difference of \$136,720 over the biennium.

Department Of Administration-6101



Mission Statement - The Department of Administration seeks to deliver superior and responsive services to agencies, employees and the public while minimizing costs and maximizing effectiveness. These services are delivered through:

1. continuing to refine procedures;
2. fostering government coordination and cooperation;
3. promoting access to services; and
4. developing innovative uses for emerging technologies.

Statutory Authority - Title 2, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	145.38	1.75	0.54	147.67	1.75	0.54	147.67
Personal Services	6,146,865	967,134	105,739	7,219,738	960,885	(247,230)	6,860,520
Operating Expenses	7,423,915	1,111,715	1,848,289	10,383,919	1,248,498	(224,800)	8,447,613
Equipment	462,735	(414,000)	0	48,735	(414,000)	0	48,735
Local Assistance	23,313	0	0	23,313	0	0	23,313
Transfers	933,055	0	(382,018)	551,037	0	(382,169)	550,886
Debt Service	1,177,627	0	0	1,177,627	(1,145,577)	0	32,050
Total Costs	\$16,167,510	\$1,664,849	\$1,572,010	\$19,404,369	\$649,806	(\$854,199)	\$15,963,117
General Fund	4,195,717	439,722	(860,969)	3,774,470	486,272	(878,041)	3,803,948
State/Other Special	2,673,474	638,473	300,649	3,612,596	665,357	300,651	3,639,482
Federal Special	503,119	29,932	2,379,657	2,912,708	28,944	130,531	662,594
Capital Projects	933,055	11,542	(433,055)	511,542	18,369	(433,055)	518,369
Proprietary	7,862,145	545,180	185,728	8,593,053	(549,136)	25,715	7,338,724
Total Funds	\$16,167,510	\$1,664,849	\$1,572,010	\$19,404,369	\$649,806	(\$854,199)	\$15,963,117

----- Agency General Fund Target - \$7.61 million -----

Department Of Administration-6101 Governor Elect Program-02

02 Governor Elect Program

Program Description - The Governor Elect Program pays start-up costs for the incoming Governor, as required by 2-15-221, MCA.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	50,000	0	50,000	
Total Costs	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000	
General Fund	0	0	0	0	50,000	0	50,000	
Total Funds	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000	

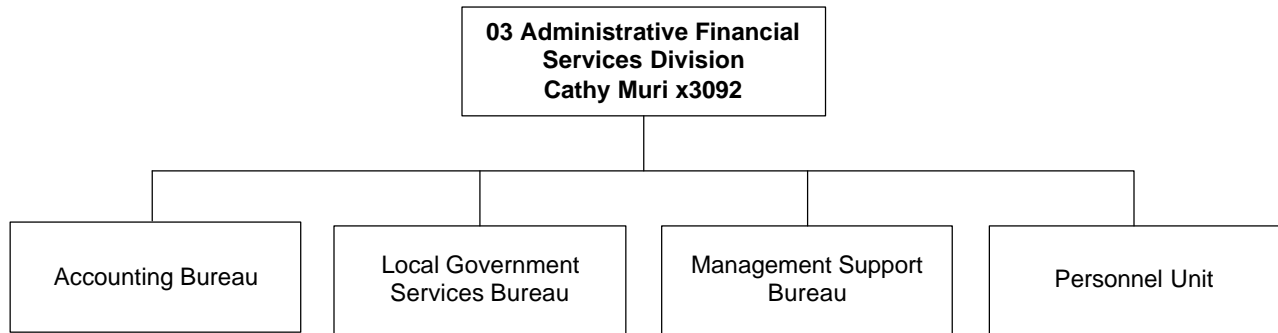
----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$0	\$0
FY05	\$50,000	\$50,000

PL- 201 - Governor-elect appropriation -

Montana statute (2-15-221, MCA) requires the department to provide funding to a governor-elect and his/her staff for the period between the general election and the inauguration in the event of a change in office as a result of the 2004 general election. The department requests \$50,000 in FY 2005.

Department Of Administration-6101 Admin Financial Serv Division-03



Program Description - The Administrative Financial Services Division consists of several units. The Director's Office is responsible for overall supervision and coordination of agency programs and administratively-attached boards and agencies. The Legal Unit provides legal services to agency and administratively-attached programs. The Accounting Bureau is the process owner of the financial portion of the Statewide Budgeting, Accounting and Human Resource Systems (SABHRS), establishes state accounting policies and procedures, administers the federal Cash Management Improvement Act, processes warrants for all state agencies, and prepares the state Comprehensive Annual Financial Report (CAFR). The Management Support Bureau and Personnel function provides financial, budgeting, accounting, personnel, payroll, and data processing functions for the department. Local Government Services Bureau provides technical assistance and training to local government accounting and financial personnel and defines, reviews and enforces auditing requirements for Montana's local governments. The Consumer Affairs Office advocates on behalf of Montana's consumers in matters of unfair or deceptive acts in the conduct of any business.

The Accounting Bureau participated in the conversion of accounting occupations to the competency project and adjusted pay by \$28,517 in FY 2002. These increased expenditures were funded by operating cost savings in excess of \$158,000 thereby eliminating the budget impact of the pay adjustments in the 2005 base budget.

Program Indicators -

Indicator	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Requested 2004	Requested 2005
LGS Systems Program On Site Assistance (Hours)	4340	5361	5140	5700	5700	5700
LGS Audit Review Program Local Government Audits	455	449	471	470	470	470

LGS Audit Review Program

The number of audits reported above as actual for FY 2000, FY 2001, and FY 2002 represents the number of audit reports actually received by the program during those three fiscal years. The audits received during FY 2000 actually covered FY 1999, or were biennial audits and covered FY 1998 and FY 1999. The audits received during FY 2001 actually covered FY 2000, or were biennial audits and covered FY 1999 and FY 2000. The audits received during FY 2002 actually covered FY01, or were biennial audits and covered FY 2000 and FY 2001. Since audits are always conducted after the close of the last fiscal year of the audit period, there is always a lag in the time taken to perform the audits and when the audits are submitted to the program.

Department Of Administration-6101 Admin Financial Serv Division-03

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	31.92	1.75	(6.33)	27.34	1.75	(6.33)	27.34
Personal Services	1,435,246	216,453	(393,143)	1,258,556	213,824	(392,130)	1,256,940
Operating Expenses	452,632	54,071	45,111	551,814	30,333	44,259	527,224
Local Assistance	22,133	0	0	22,133	0	0	22,133
Total Costs	\$1,910,011	\$270,524	(\$348,032)	\$1,832,503	\$244,157	(\$347,871)	\$1,806,297
General Fund	1,774,799	140,340	(450,028)	1,465,111	120,432	(449,869)	1,445,362
State/Other Special	54,405	104,581	1,922	160,908	98,324	1,924	154,653
Federal Special	39,775	22,859	100,074	162,708	22,745	100,074	162,594
Proprietary	41,032	2,744	0	43,776	2,656	0	43,688
Total Funds	\$1,910,011	\$270,524	(\$348,032)	\$1,832,503	\$244,157	(\$347,871)	\$1,806,297

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,333	FY04 \$6,333
FY05 \$6,460	FY05 \$6,460

PL- 301 - Rent Increase LGS -

The Management Services Program of the Local Government Services Bureau is requesting additional authority for the upcoming rent increase for the space they occupy in the old federal building. This increase will be paid from the general fund and the estimated biennial cost for this increase will be \$12,793.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$38,090	FY04 \$38,090
FY05 \$28,070	FY05 \$28,070

PL- 306 - Fund Burial Preservation Board -

The Burial Preservation Board was transferred from the Department of Commerce to the Department of Administration by Chapter 483, Laws of 2001. However, the Department of Administration received no funding for the board for the 2003 biennium. In addition, the Montana Repatriation Act was enacted in Chapter 558, Laws of 2001, to provide a mechanism to repatriate culturally-affiliated human skeletal remains or funerary objects taken from burial sites. The act requires the extensive drafting and adoption of administrative rules to carry out the mission. The act envisions that museums and other persons who are in possession of remains and objects shall have inventoried them and turned those inventories over to the board. The board has substantial duties determining claims made by Native Americans for the return of those remains and objects. The board must employ attorney hearing officers (22-3-913, MCA) to conduct hearings. The request is for 0.25 FTE administrative support and professional services for an attorney to staff the board to carry out these duties at a biennial cost of \$66,160.

**Department Of Administration-6101
Admin Financial Serv Division-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$77,290	FY04	\$0
FY05	\$71,111	FY05	\$0

PL- 307 - Increase FTE for Consumer Protection -

In order to handle the increasing workload caused by fully enforcing the Consumer Protection Act, additional staffing is needed. The request is for 1.00 FTE paralegal and 1.00 FTE investigator at a biennial cost of \$148,401.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,111	FY04	(\$10,120)
FY05	\$20,074	FY05	(\$10,163)

PL- 309 - Indirect Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	(\$2,450)	FY05	(\$2,450)

PL- 310 - Police Retirement Fund Reduction -

The actuarial report on the Police Retirement Fund is only done once a biennium. The actuarial report indicates funding for FY 2005 is not needed.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$100,000	FY05	\$0

NP- 303 - Return Federal Portion of State Fund Dividend -

The State Fund periodically issues dividends to state agencies for good experience on workers' compensation claims. The federal government has requested the State Fund dividends returned to state agencies on behalf of federal programs be returned to the Health and Human Services Federal Program through a warrant. The current practice is that state agencies reduce draw downs of federal funds on individual programs by the amount of the State Fund dividend, which is difficult for their federal agencies to track. Estimated costs for the 2005 biennium will be \$200,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$16,745)	FY04	(\$16,745)
FY05	(\$16,696)	FY05	(\$16,696)

NP- 311 - Fund Switch 0.33 FTE -

It is recommended to fund 0.33 FTE of an existing 1.00 FTE in accounting (general fund) with warrant writer proprietary fund. This position currently has oversight responsibility for warrant writer, and this fund switch aligns the funding to be consistent with those duties. Since the general fund portion of this position is HB 2 authority and the proprietary portion is HB 576, there are two separate decision packages to accomplish this funding switch. See NP-312 in the proprietary section for the remainder of this fund switch.

**Department Of Administration-6101
Admin Financial Serv Division-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$456,981)	FY04	(\$456,981)
FY05	(\$456,897)	FY05	(\$456,897)

NP- 315 - Indirect Cost Allocation -

There is a funding change for the Director's Office and the Management Support Bureau in accordance with HB 21 adopted in the special session. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department will share the cost of the Director's Office and will pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute the budget to programs in the department and give them authority to pay for the indirect cost recovery. This indirect cost recovery is also an audit recommendation.

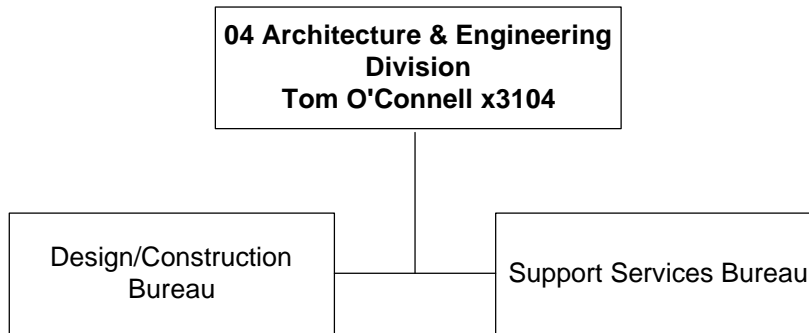
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,694	FY04	\$23,698
FY05	\$25,722	FY05	\$23,724

NP- 317 - Indirect Cost Allocation -

There is a funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department will share the cost of the Director's Office and will pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is also an audit recommendation.

Language Recommendations - "Item 1 includes \$267,661 general fund in fiscal year 2004 and \$257,641 general fund in fiscal year 2005. In accordance with section 17-2-108 MCA, the general fund is to be reduced by the amount of money received from nonfederal sources and the state special revenue increased by a like amount, as approved by the approving authority. Decision package 309 in the consumer affairs function within administrative financial services requests a fund switch from state special revenue to general fund. In fiscal year 2002, the consumer protection counsel brought in \$526,000 to the general fund."

Department Of Administration-6101 Architecture & Engineering Pgm-04



Program Description - The Architecture and Engineering Division (A&E) manages remodeling and construction of state buildings. Its functions include planning new projects and remodeling projects; advertising, bidding, and awarding construction contracts; administering contracts with architects, engineers, and contractors; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session. This division operates under the authority found in Titles 17 and 18, MCA, as well as other state mandates.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00
Personal Services	794,977	132,413	0	927,390	131,293	0	926,270
Operating Expenses	296,554	(470)	8,298	304,382	8,369	8,294	313,217
Total Costs	\$1,091,531	\$131,943	\$8,298	\$1,231,772	\$139,662	\$8,294	\$1,239,487
State/Other Special	1,091,531	120,401	8,298	1,220,230	121,293	8,294	1,221,118
Capital Projects	0	11,542	0	11,542	18,369	0	18,369
Total Funds	\$1,091,531	\$131,943	\$8,298	\$1,231,772	\$139,662	\$8,294	\$1,239,487

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$7,231)	FY04	\$0
FY05	(\$7,234)	FY05	\$0

PL- 401 - Other Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

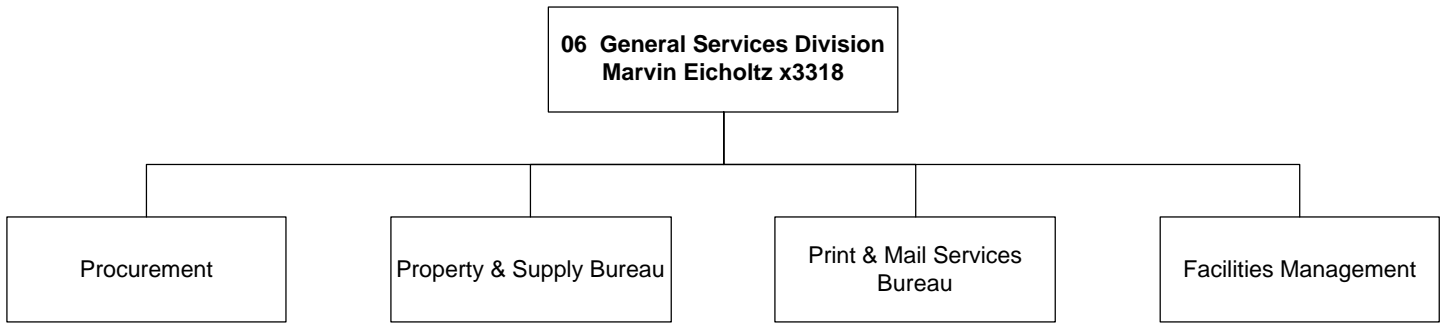
----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,298	FY04	\$0
FY05	\$8,294	FY05	\$0

NP- 318 - Indirect Cost Allocation -

To implement the funding change for the Director's Office and the Management Support Bureau, there is NP-315 to reduce HB 2 FTE that are proprietary funded in NP-316. A&E will share the cost of the Director's Office and pay for budget work and fiscal note coordination. NP-318 gives the authority to pay for the indirect recovery. This indirect cost recovery is also an audit recommendation.

Department Of Administration-6101 General Services Program-06



Program Description - The General Services Division is composed of four bureaus responsible for providing certain internal services to government agencies and the public. The Facilities Management Bureau manages the following services for state agencies in the capitol complex and several state-owned buildings in the Helena area either directly or through the administration of service contracts: repair, maintenance, construction, energy consumption, disaster response and recovery, space allocation, lease negotiation, security, janitorial, recycling, pest control, and garbage collection. The State Procurement Bureau procures or supervises the procurement of all supplies and services needed by the state and provides technical assistance to government agencies and the public to ensure compliance with the Montana Procurement Act. In addition, the bureau manages the state's vehicle fueling, energy procurement, and procurement card functions. The state general fund is reimbursed for a portion of the Bureau's administrative expenditures through the statewide cost allocation plan. The Print and Mail Services Bureau provides printing services to state agencies by operating a central facility for duplicating and binding, desktop publishing, layout and design, graphic illustration, and forms design. It operates three quick copy centers, administers the state photocopy pool, and approves the procurement of all printing and printing-related purchases for state agencies. Mail services for state agencies in the Helena area are provided through a centralized facility that manages incoming, outgoing, and interagency mail. In addition, the bureau operates a full service contract United States post office in the state capitol building. The Property and Supply Bureau manages the Central Stores program and the State and Federal Surplus Property programs. In addition, the division manages the state's vehicle fueling, energy procurement, and procurement card functions.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Work Orders Issued	6,159	6,205	5,397	6,750	5,397	6,750
Active Leases	220	196	220	250	250	250
Number of Buildings serviced by GSD staff	44	44	44	45	45	45

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.05	0.00	(0.50)	9.55	0.00	(0.50)	9.55
Personal Services	419,643	21,422	(25,607)	415,458	20,708	(25,515)	414,836
Operating Expenses	465,124	57,910	(404,480)	118,554	73,245	(421,785)	116,584
Transfers	933,055	0	(382,018)	551,037	0	(382,169)	550,886
Debt Service	32,050	0	0	32,050	0	0	32,050
Total Costs	\$1,849,872	\$79,332	(\$812,105)	\$1,117,099	\$93,953	(\$829,469)	\$1,114,356
General Fund	916,817	79,332	(379,050)	617,099	93,953	(396,414)	614,356
Capital Projects	933,055	0	(433,055)	500,000	0	(433,055)	500,000
Total Funds	\$1,849,872	\$79,332	(\$812,105)	\$1,117,099	\$93,953	(\$829,469)	\$1,114,356

Please note that a HB 576 section exists for this program.

Department Of Administration-6101 General Services Program-06

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$761)	FY04	(\$761)
FY05	(\$777)	FY05	(\$777)

PL- 601 - Adjust Management Services Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized services functions of the agency.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,677	FY04	\$7,677
FY05	\$7,685	FY05	\$7,685

NP- 317 - Indirect Cost Allocation -

This action is related to the funding change for the Director's Office and the Management Support Bureau that will provide for indirect cost recovery in compliance with statutory direction from the special session and an audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$852,912)	FY04	(\$419,857)
FY05	(\$866,925)	FY05	(\$433,870)

NP- 611 - Use Capitol Land Grant for Major Maintenance -

In the 2005 biennium, transfer \$1 million of Capitol Land Grant fund 05008 (CLG) to the Facilities Management Bureau to fund major maintenance. The Enabling Act only allows for specific uses of these CLG funds, one of which is major maintenance (i.e., permanent improvement of state buildings). In the 2003 biennium, the bureau was supported with \$1,866,110 of CLG for major maintenance, but less funds are available this biennium because less fire salvage timber has been harvested.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 612 - Transfer & Fund FTE in Fueling Program -

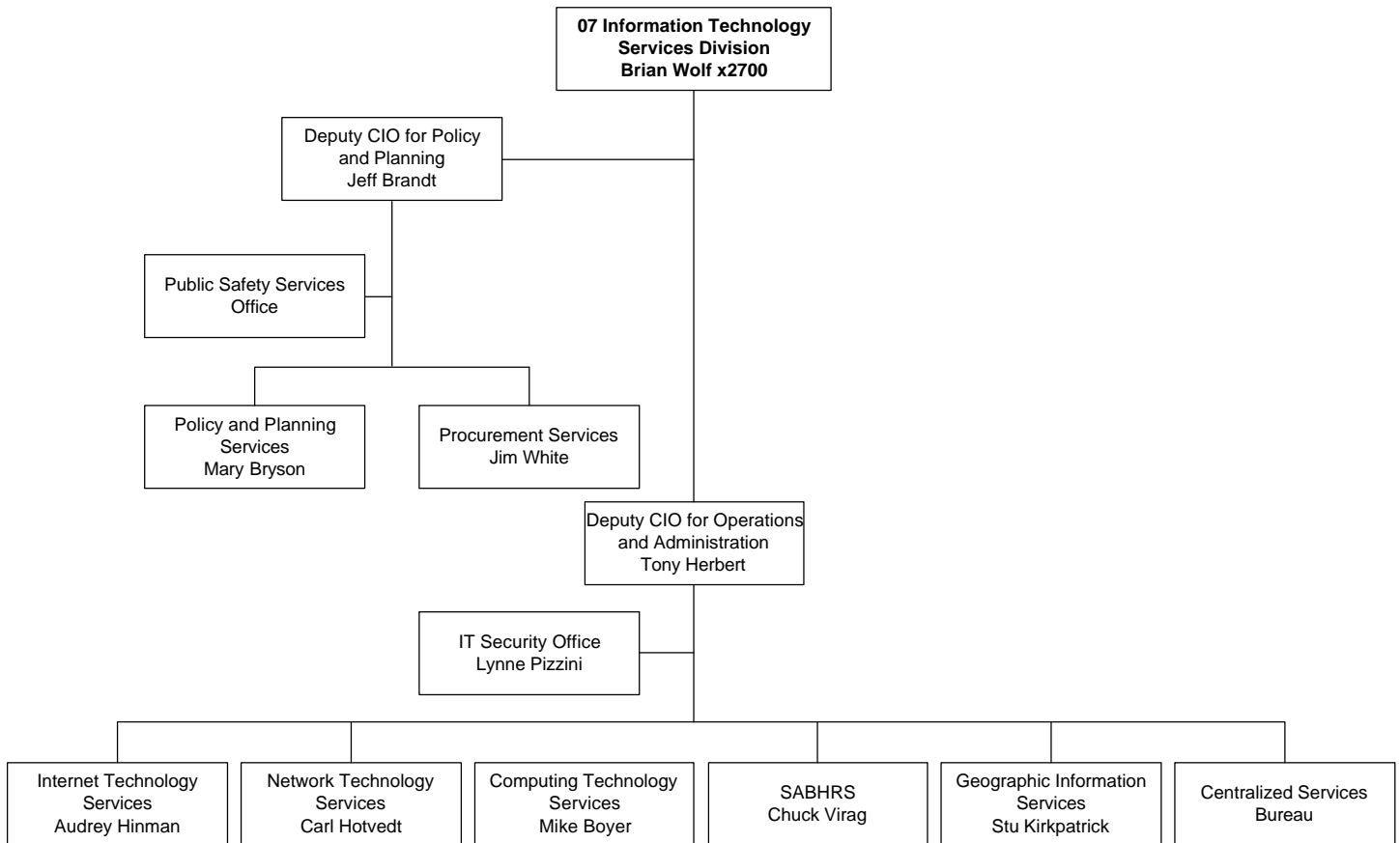
Transfer funding from Procurement Bureau to Statewide Fueling Network Program for Position 61104004 in response to Legislative Audit recommendations.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$33,130	FY04	\$33,130
FY05	\$29,771	FY05	\$29,771

NP- 614 - FTE for PeopleSoft Procurement Module -

The State Procurement Bureau is the "process owner" for the PeopleSoft Purchasing Module. After three years of working with the software, it has been determined that additional technical expertise is needed for the bureau and the state agencies to take advantage of the full functionality of the software. Managing data, trouble-shooting hardware and software problems, testing upgrades and software fixes, training bureau and agency staff, and adapting internal processes to the software requirements are all responsibilities that are not being met with existing staff. Request is for 0.50 FTE and the related operating costs.

Department Of Administration-6101 Information Technology Services Division-07



Program Description - Information Technology Services Division (ITSD) is a proprietary program that manages central computing and telecommunications services for state government. ITSD provides central mainframe and mid-tier computer services, and manages the statewide data network SummitNet used by all agencies throughout the state. ITSD provides local and long-distance telephone network services used by all agencies, including the university system, and manages the state's video network METNET. ITSD coordinates electronic government services for the state, and manages the state's Internet presence discoveringmontana.com. ITSD also manages the Statewide Accounting, Budgeting, and Human Resources Systems (SABHRS) system for the state.

Through the office of the Chief Information Officer, the division develops the Statewide Strategic IT Plan, coordinates information technology for the state, and reviews and approves equipment and software acquisitions. The division also provides statewide information technology training, and supports consulting services contracts used by agencies in support of IT systems. .

The division also coordinates Geographic Information Systems (GIS) development, manages the state's 911 programs, and coordinates Public Safety Communications issues.

**Department Of Administration-6101
Information Technology Services Division-07**

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
	Fiscal 2002	Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	2.00	0.00	3.00	5.00	0.00	3.00	5.00
Personal Services	93,940	14,425	353,583	461,948	14,100	0	108,040
Operating Expenses	497,212	21,709	1,926,929	2,445,850	18,722	31,386	547,320
Total Costs	\$591,152	\$36,134	\$2,280,512	\$2,907,798	\$32,822	\$31,386	\$655,360
General Fund	127,808	29,061	929	157,798	26,623	929	155,360
Federal Special	463,344	7,073	2,279,583	2,750,000	6,199	30,457	500,000
Total Funds	\$591,152	\$36,134	\$2,280,512	\$2,907,798	\$32,822	\$31,386	\$655,360

Please note that a HB 576 section exists for this program.

----- **Present Law Adjustments** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$1,436	FY04	\$1,436
FY05	\$1,439	FY05	\$1,439

PL- 707 - Allocation of Indirect/Administrative Costs -

Allocation of indirect/administrative costs from Management Support.

----- **New Proposals** -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$929	FY04	\$929
FY05	\$929	FY05	\$929

NP- 317 - Indirect Cost Allocation - HB 2 -

This action is related to the funding change for the Director's Office and the Management Support Bureau that will provide for indirect cost recovery in compliance with statutory direction from the special session and an audit recommendation.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$2,250,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 701 - Public Safety Communications (Biennial) -

The state is required to take a leadership role with regard to planning for public safety communications systems used by state, local and federal entities in Montana. Implementing standards and interoperable systems are objectives that need to be met, as well as integrating radio, 911, and GIS technologies for improved emergency response for the public. This decision package requests \$2,250,000 biennial federal authority.

**Department Of Administration-6101
Information Technology Services Division-07**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,583	FY04	\$0
FY05	\$30,457	FY05	\$0

NP- 709 - Statewide Roadway Centerline GIS - HB 2 -

The Montana Geographic Information Council has determined that a statewide standardized, addressed, digital transportation database is a top priority in the overall development of the Montana Spatial Data Infrastructure (MSDI). This item requests a portion of the funding required to continue to coordinate an enterprise effort to build, maintain and distribute digital transportation data. This request includes \$500,000 in HB 2 federal funding each year of which there is a base expenditure of \$463,344 carried forward each year. In related decision package NP-702, ITSD is requesting proprietary funding of \$260,395 in FY 2004 and \$259,204 in FY 2005.

Department Of Administration-6101 Banking And Financial Division-14

**14 Banking & Financial
Institutions Division**
Annie Goodwin x2091

Program Description - The Division of Banking and Financial Institutions licenses, supervises, regulates and examines a variety of financial institutions operating in Montana. At present those institutions include 68 banks and trust companies, including 192 branch banks; 14 credit unions; 289 consumer finance companies; 155 sales finance companies; 82 deferred deposit lenders; 36 title loan companies; and 10 escrow companies. The division also would be responsible for the supervision, regulation and examination of any institutions operating under the state's savings and loan laws or the Foreign Capital Depository Act. All program functions are statutorily mandated in Titles 2, 31 and 32, MCA.

Supervision of regulated financial institutions is accomplished primarily through examinations. The safety and soundness of Montana state chartered banks, which hold in excess of \$8.2 billion in deposits as of December 31, 2001, is under the supervision of the division. Banks are statutorily required to be examined at least once every 24 months. Credit unions, consumer loan, deferred deposit and title loan companies are to be examined annually. Escrow companies may be examined as necessary. Examinations investigate the methods of operation, review compliance with state and federal financial and banking laws and regulations, and, for the protection of bank and credit union depositors, determine whether the institutions are operating in a safe and sound manner. The division also provides a consumer complaint process to resolve matters with the regulated financial institutions.

The State Banking Board is administratively attached to the division. The board is responsible for making final determinations of applications for new bank charters and foreign capital depository charters; hearing appeals of division decisions on branch bank, merger, or relocation applications; and also acts in an advisory capacity with respect to the duties and powers given by statute or otherwise to the department as the duties and powers relate to banking and to the regulation of foreign capital depositories.

The Division of Banking and Financial Institutions has experienced significant recruitment and retention problems in prior years in its efforts to development and maintain a qualified, effective examination staff. Continued turnover and recruiting of senior staff by the private sector were addressed in FY02 by competency pay adjustments. These pay adjustments - supported by the regulated industry -- have provided staff retention and stable staffing, and allowed the Division's duties to be completed within statutory timeframes. The 2005 budget request continues to provide pay adjustment funding to recognize and reward professional growth among staff as they complete additional levels of examination training and assume greater job duties.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Examinations performed	55	81	80	165	170	170
Licenses issued	548	602	696	690	700	700

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.25	0.00	5.50	29.75	0.00	5.50	29.75
Personal Services	1,042,064	332,264	215,911	1,590,239	330,802	215,287	1,588,153
Operating Expenses	458,121	81,227	71,476	610,824	114,938	71,199	644,258
Total Costs	\$1,500,185	\$413,491	\$287,387	\$2,201,063	\$445,740	\$286,486	\$2,232,411
State/Other Special	1,500,185	413,491	287,387	2,201,063	445,740	286,486	2,232,411
Total Funds	\$1,500,185	\$413,491	\$287,387	\$2,201,063	\$445,740	\$286,486	\$2,232,411

Department Of Administration-6101 Banking And Financial Division-14

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$40,513)	FY04	\$0
FY05	(\$40,514)	FY05	\$0

PL- 1401 - Indirect Administrative Costs -

Decrease in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$139,000	FY04	\$0
FY05	\$139,000	FY05	\$0

PL- 1402 - Financial Institution Examiner Career Ladder -

Request is to fund the salary proposal approved for use when the Division of Banking and Financial Institutions moved its financial institution examination personnel to a Professional Financial Institution Examiner Career Ladder Plan. The plan recognizes that the division's significant investment of time and training for its examiners, and the "attractiveness" of fully-trained examiners to competing private sector employers. Estimated biennial costs for the career ladder plan will be \$278,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$79,392	FY04	\$0
FY05	\$81,252	FY05	\$0

PL- 1403 - Rent Increase for the Helena Office -

The division is requesting funding to pay increased rent resulting from relocation in FY 2002. The lease for the current building expires June 30, 2002, with no option of renewal or extension. Although the move was anticipated, no appropriation for the relocation was approved by the 2001 Legislature. This division will be relocating to the old federal building in Helena and the monthly rent is significantly higher than at the current location. Estimated additional rental costs for the 2005 biennium will be \$160,644.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$28,000	FY05	\$0

PL- 1405 - Fund Accreditation Review of the Division -

The division requests funding to pay for an accreditation assessment performed by the Conference of State Bank Supervisors to help put the division and its employees in good standing with banking institutions and the taxpayers of Montana. The estimated biennial cost of \$28,000 will pay the expenses of the accreditation team during their on-site assessment of the division, pay for the preparation of the report of findings and recommendation, and pay the costs of the meeting of the Accreditation Committee. This will not require any increase in the fees or charges against regulated businesses.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,676	FY04	\$0
FY05	\$22,138	FY05	\$0

PL- 1406 - Lease Motor Pool Vehicles -

The division is requesting funding to lease four additional passenger vehicles from the State Motor Pool beginning in FY 2004. Travel is a significant part of the bank examiners' jobs, and in recent years examiners' personal vehicles have become increasingly unsuitable for efficiently moving the necessary people and equipment to a job site. Estimated biennial costs for the additional vehicles will be \$42,814.

Department Of Administration-6101 Banking And Financial Division-14

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$22,078	FY04 \$0
FY05 \$22,101	FY05 \$0

NP- 317 - Indirect Cost Allocation - HB 2 -

There is a funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB-2 FTE that are proprietary funded in NP-316. Divisions within the Department would share the cost of the Director's Office and would pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 distributes budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$66,925	FY04 \$0
FY05 \$66,782	FY05 \$0

NP- 1404 - Restore OTO from '03 Biennium - 1.50 FTE -

The division is requesting that the 1.50 FTE which the OBPP restored as modified positions on July 11, 2001, be made permanent FTE during the 2005 biennium. Loss of the positions and the individuals filling them would significantly impair the division's efforts to meet statutory obligations. Costs to the division and its constituents would not increase as the positions currently are filled. Estimated biennial costs for these positions will be \$133,707.

The Division of Banking and Financial lost 4.50 FTE during the 2001 Legislative Session: 3.00 FTE were moved to the Governor's office to help staff the Economic Development office; 1.50 FTE were lost as a result of an amendment by Senator Cobb.

The loss of these positions created a significant hardship to the division in the face of rapidly growing responsibilities. In recent years both the number and size of financial businesses regulated by the division have grown rapidly and unexpectedly. At the end of calendar year 1995 there were 86 state-chartered banks with total assets of \$4.7 billion operating from 120 locations. At the end of calendar year 2001 there were 67 state-chartered banks with total assets of \$10.3 billion operating from 235 locations. Over the same time period credit unions grew from 14 in number with total assets of \$310.0 million to 15 in number with total assets of \$953.2 million. The number of licensed consumer loan companies increased from 39 at the end of 1995 to 480 at the end of 2001. The Montana Deferred Deposit Loan Act was passed by the 1999 Legislature. At the end of calendar 2001 there were 86 licensed deferred deposit lenders. The Montana Title Loan Act was passed in 2001. In early calendar 2002, 33 title lenders had been licensed.

Consumer loan companies, deferred deposit loan companies and title loan companies are required, by statute, to be examined by the division every year. This requirement has not been met for several years; initially because of staff turnover, but presently because of the explosive growth in the number of these businesses coupled with too few examiners.

Credit unions statutorily are required to be examined annually, either by the division or by an acceptable outside auditor. Since October 2000, when the division's long-time credit union examiner retired, the requirement has been met only through the assistance of the National Credit Union Administration.

Banks statutorily must be examined at least once every 24 months by the division or by a federal counterpart. In practice the largest banks are examined annually because of federal mandates while examinations of smaller banks are alternated with federal examination agencies. The significant growth in state bank assets in recent years is largely the result of federally chartered institutions converting to state charter. The corresponding increase in workload for a staff that has not grown in number has made it more difficult to meet examination commitments made to federal agencies. At times those agencies have been requested to perform examinations that had been expected to be the division's responsibility.

Department Of Administration-6101 Banking And Financial Division-14

On July 11, 2001 the division requested that the 1.50 FTE be restored as modified positions to help accommodate the increased workload. OBPP approved the request and the positions were filled as follows: 1.00 FTE was filled by a Billings-based bank examiner, and 0.50 FTE was combined with a vacant 0.50 FTE and filled by an examiner devoted to small loan company work. Both positions were filled early in FY 2002 and have been fully utilized as intended. Loss of the positions and the individuals filling them would significantly impair the division's efforts to meet statutory obligations. Costs to the division and its constituents would not increase as the positions currently are filled.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$198,384	FY04	\$0
FY05	\$197,603	FY05	\$0

NP- 1407 - 4.00 FTE Bank Examiners -

Request is for 4.00 FTE new examiners, supporting office equipment, and additional travel authority to allow the division to perform periodic examinations of state-licensed banks, credit unions, consumer loan companies, deferred deposit lenders, title lenders and escrow companies, as required by law and to be paid for with cash reserves.

Department Of Administration-6101 Montana State Lottery-15

15 Lottery
Gerald LaChere x5825

Program Description - The Montana Lottery designs and markets lottery games that allow players to purchase chances to win prizes. The Lottery presently offers a variety of instant/scratch and lotto-style games, some in cooperation with other lotteries through the Multi-State Lottery Association. A five-member Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. The net revenue, after prizes, sales commissions and operating expenses, is deposited in the state general fund on a quarterly basis.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Transfer to General Fund (in millions)	\$5.80	\$6.10	\$7.40	\$6.80	\$7.00	\$7.20

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	31.50	0.00	0.00	31.50	0.00	0.00	31.50
Personal Services	1,265,659	57,085	0	1,322,744	56,466	0	1,322,125
Operating Expenses	4,947,142	899,351	185,728	6,032,221	951,319	25,715	5,924,176
Equipment	462,735	(414,000)	0	48,735	(414,000)	0	48,735
Debt Service	1,145,577	0	0	1,145,577	(1,145,577)	0	0
Total Costs	\$7,821,113	\$542,436	\$185,728	\$8,549,277	(\$551,792)	\$25,715	\$7,295,036
Proprietary	7,821,113	542,436	185,728	8,549,277	(551,792)	25,715	7,295,036
Total Funds	\$7,821,113	\$542,436	\$185,728	\$8,549,277	(\$551,792)	\$25,715	\$7,295,036

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$42,327)	FY04 \$0
FY05 (\$42,285)	FY05 \$0

PL- 1501 - Indirect Fixed Costs -

Department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,250	FY04 \$0
FY05 \$1,250	FY05 \$0

PL- 1502 - Per Diem for Lottery Commissioners -

The Lottery division of the Department of Administration is requesting per diem for the Lottery Commissioners. MCA 23-7-201 & 202 establishes the five-member commission to be paid \$50 per diem for each day engaged in duties related to the Lottery and requires that the Commission meet quarterly at a minimum. In addition, one Commissioner attends the annual North American Association of State and Provincial Lotteries conference. The conference is three days and requires 2 days of travel to and from the conference site. Therefore, the total biennial request is for \$2,500 appropriation authority. The Lottery expended these amounts in base year 2002, but they are zero based.

**Department Of Administration-6101
Montana State Lottery-15**

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$0
FY05 (\$1,145,577)	FY05 \$0

PL- 1504 - Eliminate Debt Service Expense for FY 2005 -

The Lottery's last payment on its note is scheduled for April 29, 2004. Therefore, there will be no debt service requirement in FY 2005 only.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$391,326	FY04 \$0
FY05 \$529,557	FY05 \$0

PL- 1505 - Product Costs Increase -

An increase in product costs of \$920,883 for the biennium is needed to keep the Lottery "fresh" and exciting and increase participation and interest. If the Lottery does not continue to change its games and offer desired products, sales revenues will decline and the transfers to the general fund will be negatively affected.

The total sales for FY 2002 are estimated to be \$33.2 million and the contract with the vendor, who operates the Lottery's computerized terminal system, specifies payment at 8.35 percent of sales. Using a modest gain in sales of three percent per annum, would result in additional contracted services expenses of \$168,826 in FY 2004 and \$257,057 in FY 2005.

Merchandise for Resale is the Lottery's inventory of scratch/instant tickets. The Lottery must keep an inventory of such tickets for several reasons. The Lottery has multiple games available at any one time; there is a three month time period between the design and the printing of tickets; we introduce a new instant game approximately every six weeks; print runs are for eight to 12 games to take advantage of price breaks, and some games are depleted from stock faster than others. In addition, the Lottery wants to continue to offer new styles of games and play opportunities. Currently, the Lottery offers \$1, \$2, \$3 and \$5 instant tickets; we would like to offer higher price point and unique games over the biennium. This request is to print and package such merchandise at a cost of \$175,000 in FY 2004 and \$225,000 in FY 2005.

One of the unique games the Lottery would like to introduce in FY 2004 is a televised game show, where participation is determined as a prize on an instant ticket. This game is a multi-state game operated by the Multi-State Lottery Association, the same entity that operates Powerball, Hot Lotto and Wild Card. The association charges an annual dues amount to cover its operational costs. To participate in the game show, the Lottery would be required to pay dues of \$47,500 each year.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,920	FY04 \$0
FY05 \$8,232	FY05 \$0

PL- 1506 - Increase Base for Rent -

The Lottery rents the office and warehouse space that it currently occupies. The lease contract in existence since 1987 expired 2/28/2002; increased rent was included in the FY 2002 and FY 2003 budget. A new contract is being finalized and it will require higher rent for FY 2004 and FY 2005. A monthly increase is reasonable considering the length of time since the rent was last adjusted and based upon current rates within Helena. The location is easy for our players and winners to locate. In addition, the space meets the Lottery's needs to have both office and warehouse space co-located at a single facility. Total cost for the biennium would be \$15,152.

**Department Of Administration-6101
Montana State Lottery-15**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$22,800	FY04	\$0
FY05	\$10,800	FY05	\$0

PL- 1507 - Equipment replacement -

Computer equipment, printers, the on-line gaming system and software need to be replaced or updated. Total cost of replacement over the biennium is \$33,600. If the printers and equipment are not purchased, the ability of Lottery staff to complete its duties would be curtailed. Failure to maintain the on-line gaming system could result in the cessation of lotto sales for extended periods of time. This would greatly reduce revenue and the general fund revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 1509 - Retailer Support -

Marketing research has shown that most instant ticket sales are impulse buys. This means that to continue with the current level of sales and any attempt to increase sales must be supported by advertising at the retail outlet. The Lottery designs and prints point of sale (POS) materials, such as posters, brochures, terminal toppers and other informational pieces for display by the retailers. For POS to be effective they must be timely, attractive, and highly visible. They also must be replaced frequently to attract players' attention.

The Lottery is placing additional on-line terminals at retailers who currently only have instant ticket sales capability. These retailers will need to be supported at the same level as the current on-line retailers. The Lottery would like to replace POS on a quarterly basis at all retail locations at an approximate cost of \$35,000 per fiscal year.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,728	FY04	\$0
FY05	\$25,715	FY05	\$0

NP- 317 - Indirect Cost Allocation-HB2 -

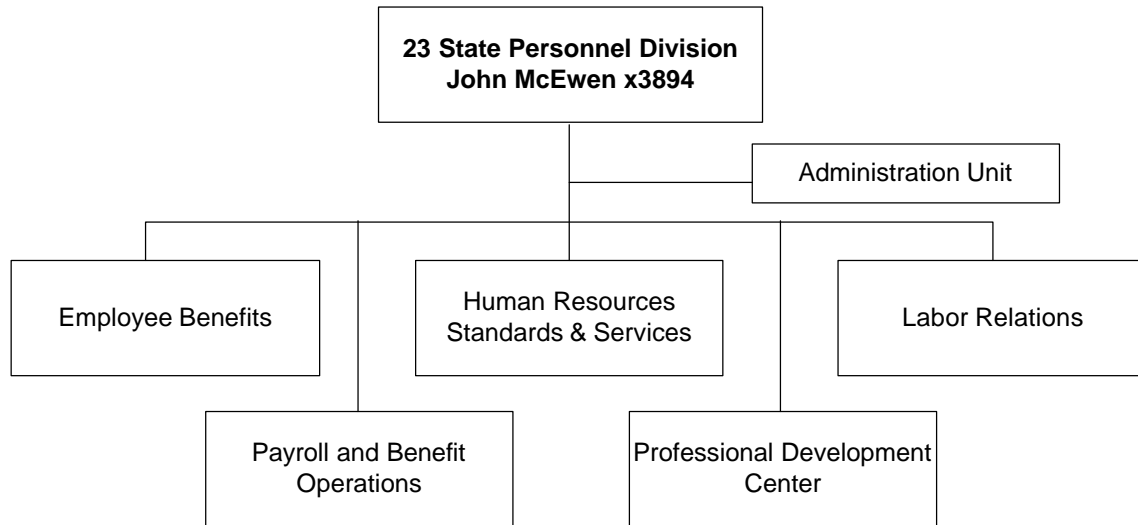
Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department would share the cost of the Director's Office and would pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$160,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 1508 - Professional Service Contracts (Rstrcted/Bien/OTO) -

The Lottery purchased and implemented the on-line gaming system in 1999, and it is operated by an outside vendor under a seven year contract. There have been changes and advances in the industry since the inception of this system. The Lottery would like to hire a consultant to analyze the current system's performance, life expectancy, and maintenance costs, in addition to available replacements and the advantages or disadvantages of replacing the system. The cost for the biennium is anticipated to be \$160,000.

**Department Of Administration-6101
State Personnel Division-23**



Program Description - The State Personnel Division provides state agencies with a variety of human resource management programs including training, position classification and pay, collective bargaining, employee relations, and assistance with compliance with state and federal employment law. The state general fund is reimbursed for administrative costs of the State Personnel Division through the statewide cost allocation and state fund cost allocation plans. The division publishes state rules, standards, and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, and other personnel matters. The division administers benefits plans including health, life, long-term care, dental, and vision insurance, flexible spending accounts, a sick leave fund, employee incentive awards, health promotion, and a voluntary employee benefit health care expense trust. In addition, the division administers a lease and contract to provide day care services for Helena area state employees. The division also prepares, maintains, and distributes payroll for all state employees.

The division provided competency pay adjustments to certain of its HB 2 positions totaling \$21,015 in FY 2002. The increased pay was financed by operating cost savings within the department.

The Human Resources Standards and Services Bureau and Labor Relations Bureau functions are governed by 2-18-2; 2-18-102; 2-18-301 through 303; 2-18-604; 2-18-1011 through 1013; 39-29-112; 39-30-106; and 39-31-101 through 409, MCA. The Payroll Unit is governed by 2-18-401, et seq, MCA. Employee benefits are governed by 2-18-701 et seq., 2-18-801 et seq., 2-18-1101 et seq., 2-18-1301 et seq., and 33-2-712, MCA. The Professional Development Center is governed by 2-18-102 (1)(b), MCA.

Program Indicators -

Indicator	Actual FY2000	Estimated FY2001	Estimated FY2002	Estimated FY2003
Personnel Administration Program:				
Grievances/Arbitrations	30	30	30	30
Competency Demonstration Projects	13	15	20	25
Number of employees covered under demonstration projects	2,500	3,200	4,900	6,200
Classification actions processed	200	200	200	200
Classification appeals	4	15	10	10
Policy revisions	4	4	8	4
Pay exception reviews	13	13	13	13
Collective bargaining agreements conducted during the biennium	N/A	65	N/A	65

**Department Of Administration-6101
State Personnel Division-23**

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2004	Fiscal 2004	Fiscal 2004	Fiscal 2005	Fiscal 2005	Fiscal 2005
FTE	21.66	0.00	(1.13)	20.53	0.00	(1.13)	20.53
Personal Services	909,750	115,194	(45,005)	979,939	114,374	(44,872)	979,252
Operating Expenses	244,733	1,786	11,098	257,617	4,400	11,999	261,132
Total Costs	\$1,154,483	\$116,980	(\$33,907)	\$1,237,556	\$118,774	(\$32,873)	\$1,240,384
General Fund	1,127,130	116,980	(36,949)	1,207,161	118,774	(36,820)	1,209,084
State/Other Special	27,353	0	3,042	30,395	0	3,947	31,300
Total Funds	\$1,154,483	\$116,980	(\$33,907)	\$1,237,556	\$118,774	(\$32,873)	\$1,240,384

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$2,954)	FY04 (\$2,954)
FY05	(\$2,985)	FY05 (\$2,985)

PL- 2307 - Indirect Cost Allocation -

The State Personnel Division programs, including Personnel Administration, Employee Benefits, Central Payroll and Training, will require a change to indirect/administrative costs to fund to department's data processing, management services, human resources, and legal units. The division's total indirect fixed cost allocation is \$59,912 in FY 2004 and \$59,876 in FY 2005.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$8,246	FY04 \$8,056
FY05	\$8,242	FY05 \$8,052

NP- 317 - Indirect Cost Allocation -

Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the Department would share the cost of the Director's Office NP-317 distributes budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$2,852	FY04 \$0
FY05	\$3,757	FY05 \$0

NP- 2304 - Lease Rate for State Sponsored Daycare -

The 1999 and 2001 State Legislatures authorized the Department of Administration to collect money from state agencies to pay rent costs at the daycare facility located in Helena's Ray Bjork School. The state was authorized to help establish this daycare as a benefit to state employees. The amount collected from each agency is based on the number of Helena area employees. The state leases the space at Ray Bjork School from the Helena School District and the lease agreement provides that the lease rate can change annually, based on changes in the consumer price index (CPI) and other costs related to maintaining the building. In FY 2002 the lease rate was \$27,272 and the rate increased to \$29,325 in FY 2003. The department requests authority to collect \$30,205 in FY 2004 and \$31,110 in FY05 from state agencies for continued support of the Ray Bjork daycare facility.

**Department Of Administration-6101
State Personnel Division-23**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$45,005)	FY04	(\$45,005)
FY05	(\$44,872)	FY05	(\$44,872)

NP- 2306 - Eliminate 1.13 FTE Vacant -

Two positions that total 1.13 FTE and are currently held vacant to meet vacancy savings are offered for reductions.

Department Of Administration-6101 State Tax Appeal Board-37

37 State Tax Appeal Board
Greg Thornquist x2720

Program Description - The State Tax Appeal Board, established by Article VIII, Section 7, of the Montana Constitution and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally-assessed property and new industry property, motor fuels taxes, vehicle taxes, and cabin site leases. The board travels throughout the state to hear appeals from decisions of the county tax appeal boards and to conduct informational meetings for the various county tax appeal boards. The State Tax Appeal Board directs the county tax appeal board secretaries, who are state employees, and pays their salaries and employee benefits from its personal services appropriation. The board also reviews and pays the expenses, including employee benefits, of those county tax appeal board secretaries who are county employees. In addition, the board pays the clerical-related expenses for all 56 county tax appeal boards, including supplies, postage and copies, but excluding office equipment.

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2002	Adjustment Fiscal 2004	Proposals Fiscal 2004	Exec. Budget Fiscal 2004	Adjustment Fiscal 2005	Proposals Fiscal 2005	Exec. Budget Fiscal 2005
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00
Personal Services	185,586	77,878	0	263,464	79,318	0	264,904
Operating Expenses	62,397	(3,869)	4,129	62,657	(2,828)	4,133	63,702
Local Assistance	1,180	0	0	1,180	0	0	1,180
Total Costs	\$249,163	\$74,009	\$4,129	\$327,301	\$76,490	\$4,133	\$329,786
General Fund	249,163	74,009	4,129	327,301	76,490	4,133	329,786
Total Funds	\$249,163	\$74,009	\$4,129	\$327,301	\$76,490	\$4,133	\$329,786

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$26)	FY04 (\$26)
FY05 (\$31)	FY05 (\$31)

PL- 3701 - Per Diem and Indirect Costs -

This request combines per diem of \$2,095 for STAB and a decrease in department indirect/administrative costs for services received from proprietary funds.

----- **New Proposals** -----

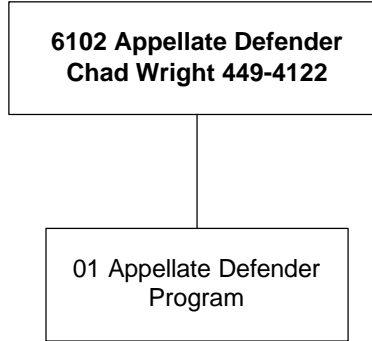
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$4,129	FY04 \$4,129
FY05 \$4,133	FY05 \$4,133

NP- 317 - Indirect Cost Allocation-HB2 -

Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department would share the cost of the Director's Office. NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

Appellate Defender Commission-6102

Appellate Defender-01



Mission Statement - To permit state courts to fulfill, in a cost-effective manner, federal and state constitutional and statutory obligations to appoint counsel to effectively represent indigent persons who wish to pursue their rights to challenge criminal convictions, by means of appeals to the supreme court or by other post-conviction challenges; to assist defense counsel in appeals on request; to aid the Appellate Defender Commission in promulgating standards for the appointment of trial and appellate counsel in Montana; and to develop and maintain a roster of defense attorneys eligible for appointment in Montana

Statutory Authority - State mandates are established at 46-8-210 through -213, MCA.

Program Description - The Office of the Appellate Defender is an agency administratively attached to the Department of Administration. Prior to creation of the agency by the 1995 legislature, the Appellate Defender Program was administratively attached to the Department of Administration and funded by a statutory appropriation. The appellate defender is hired by, and serves at the pleasure of, the Appellate Defender Commission. The appellate defender provides legal counsel for indigent persons who have been convicted and then appeal their district court conviction or petition for post-conviction relief from proceedings in district court. The appellate defender also aids the commission in compiling and keeping current a roster of Montana attorneys eligible for appointment by an appropriate court as trial and appellate defense counsel for the indigent.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00
Personal Services	133,911	13,653	0	147,564	13,879	0	147,790
Operating Expenses	44,999	(6,753)	2,659	40,905	(6,428)	2,662	41,233
Total Costs	\$178,910	\$6,900	\$2,659	\$188,469	\$7,451	\$2,662	\$189,023
General Fund	0	185,810	2,659	188,469	186,361	2,662	189,023
State/Other Special	178,910	(178,910)	0	0	(178,910)	0	0
Total Funds	\$178,910	\$6,900	\$2,659	\$188,469	\$7,451	\$2,662	\$189,023

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$4,084)	FY04	(\$4,084)
FY05	(\$3,757)	FY05	(\$3,757)

PL- 1 - Fixed Cost Adjustments & On-going Reductions -

The request includes an increase in agency fixed costs including a rent increase of \$314 in FY 2004 and \$637 in FY 2005. In addition, after the snapshot the office recently converted to performance-based pay in an effort to move closer to parity with other state employee attorneys and to retain qualified staff, which increases personal services by \$6,300 each year of the biennium. The adjustments also continue both the governor's reductions and the special session reductions totaling \$21,396 for the biennium.

Appellate Defender Commission-6102
Appellate Defender-01

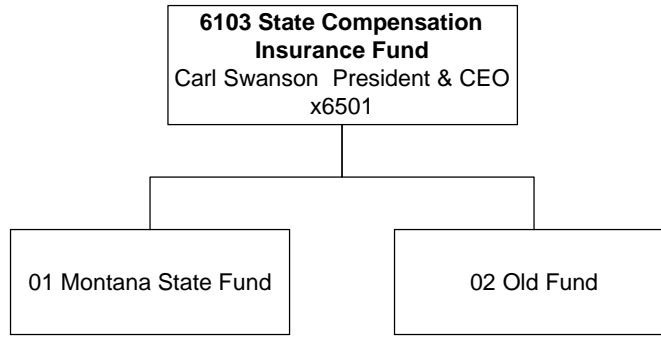
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,659	FY04	\$2,659
FY05	\$2,662	FY05	\$2,662

NP- 317 - Indirect Cost Recovery -

Department of Administration's Director's Office and Management Support Bureau are requesting to go to an indirect cost recovery plan, due to an audit recommendation. Part of the recovery allocates more budget authority to the Appellate Defender in the amount of \$2,659 for FY 2004 and \$2,662 in FY 2005.

State Compensation Ins. Fund-6103



Mission Statement - Mission Statement:

'Montana's insurance carrier of choice and industry leader in service.'

Vision Statement:

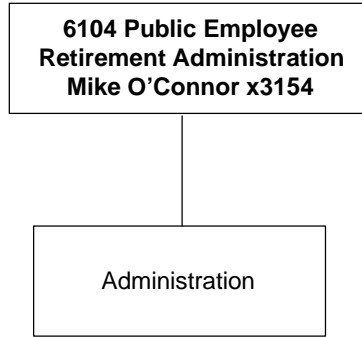
'Montana State Fund is committed to the health and economic prosperity of Montana through superior service, leadership and caring individuals working in an environment of teamwork, creativity and trust.'

Statutory Authority - The State Compensation Insurance Fund (Montana State Fund) provides liability insurance for workers' compensation and occupational disease and may not refuse coverage to any employer requesting coverage (39-71-2313, MCA).

Section 39-71-2321, MCA, provides that all funds deposited in the State Fund may be expended as provide in 17-8-101(2)(b), under general laws, or contracts entered into in pursuance of law, permitting the disbursement. Based on this statutory provision the State Fund is not budgeted in the general appropriations act.

The State Fund is funded entirely with proprietary funds. See Section P for budget information.

Public Employees Retirement Administration-6104



Mission Statement – The Montana Public Employee Retirement Administration will efficiently provide quality benefits; education and service to help our plan members and beneficiaries achieve a quality retirement.

Statutory Authority – Title 2, Chapter 15; Title 19, Chapters 2,3,5,6,7,8,9,13,17 and 50, MCA; and Internal Revenue Service Codes.

Program Description -- The Public Employees’ Retirement Board (PERB) is charged under the State’s Constitution as fiduciaries to administer ten retirement plans and the related member education. The retirement plans are eight defined benefit plans, a defined contribution plan and a deferred compensation plan. The *defined benefit* retirement plans are the Public Employees’ Retirement System, Municipal Police Officers’ Retirement System, Game Wardens’ and Peace Officers’ Retirement System, Sheriffs’ Retirement System, Judges’ Retirement System, Highway Patrol Officers’ Retirement System, Firefighters’ Unified Retirement System, and the Volunteer Firefighters’ Compensation Act. The *defined contribution* retirement plan was implemented as of July 1, 2002, and available only to eligible members of the Public Employees’ Retirement System (PERS). The *deferred compensation* plan (IRC § 457) is available to employees of the state, university and local subdivisions that contract with the plan.

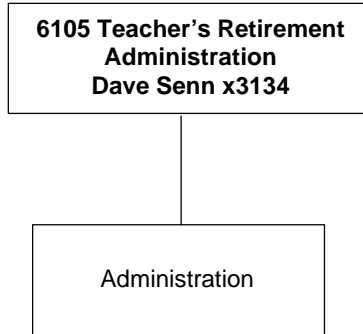
The PERB also administers two education funds. The PERS defined benefit retirement plan education fund was established to provide the tools necessary for the member to choose between the defined benefit retirement plan and the defined contribution retirement plan. The PERS defined contribution retirement plan also has an education fund to provide members with ongoing education. The PERB is allocated to the Department of Administration, which means that the PERB hires the staff for the Montana Public Employee Retirement Administration (MPERA), which carries out the daily administration of the plans. The MPERA has 33 employees. This agency accounts for over \$3.2 billion held in trust. Monthly retirement disability and death benefits are paid to over 16,800 recipients. Annual benefit payments exceed \$145 million. Over 500 state and local government employers report contributions for over 34,000 active members.

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
Defined Benefit Retirement Plans:							
Benefits	128,654,433	135,925,468	143,127,966	157,749,114	165,535,557	173,563,100	181,984,543
Defined Benefit Assets	3,245,111,997	3,497,845,464	3,317,431,288	3,068,956,608	3,102,715,131	3,158,564,003	3,215,418,155
Defined Contribution Retirement Plans:							
Deferred Comp Assets	179,924,000	202,162,660	200,280,113	196,420,108	206,239,988	216,550,805	227,377,104
PERS – Defined Contribution			(585,007)	(1,026,748)	7,076,042	7,854,406	8,663,479

Public Employees Retirement Administration-6104

Summary of FY 2002 Expenditures includes new additional programs and one time charges		
FTE		33.00
Personal Services	\$	1,325,212
Operating Expenses		2,850,949
Equipment		-
Total	\$	4,176,161

Teacher's Retirement Administration-6105



Mission Statement - To maintain a financially sound system that is actuarially funded that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

Statutory Authority – Montana Constitution, Article VIII, Sections 13 and 15; Title 19, Chapter 20, MCA; and Internal Revenue Service codes.

Program Description - The Teachers' Retirement Board, which consists of six members appointed by the Governor, is responsible for the administration of the Teachers' Retirement System (TRS). To assist in fulfilling its duties, the board employs a full-time staff. The TRS administers retirement, disability, and survivor benefits for all Montana teachers and their beneficiaries.

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
Contributions	87,731,106	94121675	99878990	100,153,392	103,157,994	106,252,734	109,440,316
Benefits	100,028,083	109231029	118841895	130,014,779	140,415,961	151,649,238	163,781,177

Summary of FY 2002 Expenditures	
FTE	16.00
Personal Services	600,276
Operating Expenses	1,006,461
Equipment	0
Total	1,606,737

*includes depreciation and amortization