



GOVERNOR
BRIAN SCHWEITZER
STATE OF MONTANA

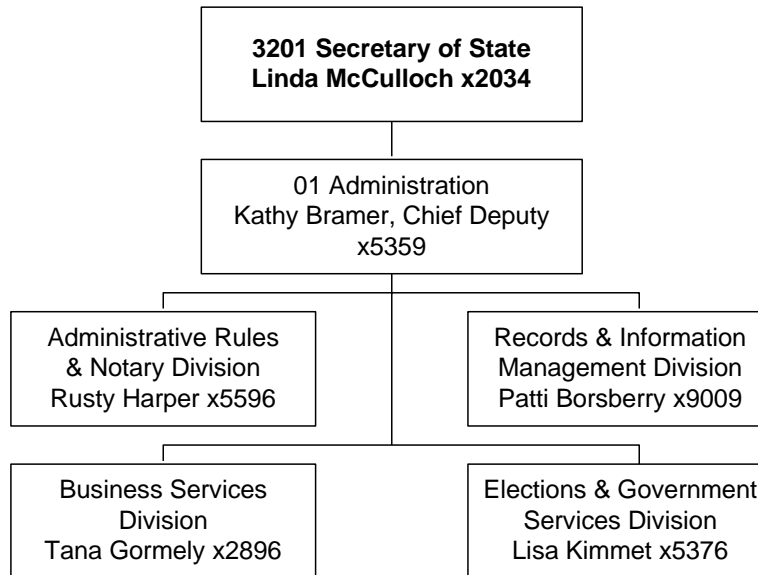
SECTION P: PROPRIETARY FUNDS



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

SECRETARY OF STATES OFFICE-3201 BUSINESS & GOVERNMENT SERVICES-01

Please note that this agency also contains HB 2 funding.



Mission Statement –

The Office of the Secretary of State:

- Interprets state election laws and oversees state and federal elections
- Maintains the official records of the executive branch and the acts of the legislature
- Reviews, maintains, and distributes public-interest records of businesses and nonprofit organizations
- Publishes administrative rules adopted by state departments, boards, and agencies
- Attests to the governor's signature on executive orders, proclamations, resolutions, extradition papers, and appointments
- Preserves the state seal
- Files and maintains records of secured financial transactions, such as liens
- Serves on the state Board of Land Commissioners and the Board of Examiners
- Commissions notaries public
- Serves on the Capital Finance Advisory Council
- Provides public records management guidance and technical assistance

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

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	55.25	0.00	1.00	56.25	0.00	1.00	56.25
Personal Services	3,034,136	69,909	50,396	3,154,441	68,212	50,206	3,152,554
Operating Expenses	1,442,205	53,130	772	1,496,107	18,262	772	1,461,239
Equipment & Intangible Assets	11,490	0	0	11,490	0	0	11,490
Debt Service	12,084	0	0	12,084	0	0	12,084
Total Costs	\$4,499,915	\$123,039	\$51,168	\$4,674,122	\$86,474	\$50,978	\$4,637,367
Proprietary	4,499,915	123,039	51,168	4,674,122	86,474	50,978	4,637,367
Total Funds	\$4,499,915	\$123,039	\$51,168	\$4,674,122	\$86,474	\$50,978	\$4,637,367

SECRETARY OF STATES OFFICE-3201

BUSINESS & GOVERNMENT SERVICES-01

Program Description - The office is comprised of one program, the Business and Government Services Program, which consists of five divisions that provide the following major functions:

Administration Division

- Office budgeting, accounting, payroll, and administration
- Information technology development, administration, and support
- Establishes and provides general oversight and policy direction for the office

Records and Information Management Division

- Establishes guidelines for inventorying, cataloging, retaining, and transferring all public records of state agencies and operates state records center to store and service public records
- Microfilms documents for state agencies and approves microfilming projects and microfilm equipment purchases of state agencies
- Assists the legislative and judicial branches in establishing records management procedures

Business Services Division

- Files and maintains charter documents for Montana and foreign corporations and limited liability companies
- Registers and maintains records for trademarks, limited liability partnerships, and assumed business names
- Files and maintains lien notices within central lien notification system
- Files and maintains records of Montana and foreign limited partnerships
- Assembles, prepares, and publishes the federal farm products Master List for registered buyers under the authority of the United States Department of Agriculture

Elections and Government Division

- Files legislative bills from introduction through approval by the Governor and assigns chapter numbers for the session laws of Montana
- Files the journals of the legislature
- Files and maintains the record of declarations of nomination of candidates for state and district offices
- Prepares, publishes, and distributes instruction manuals for election officials and election judges, including forms for use in elections
- Prescribes and certifies official primary and general election ballots
- Assists, trains and advises local election administrators in election matters, and publishes and distributes election laws
- Files petitions for and prepares, publishes, and distributes the voters' information pamphlet on special measures and constitutional amendments
- Maintains the record of executive reorganization, official acts of the Governor, applications for pardons and commutation of sentence, requisitions for extradition

Administrative Rules of Montana and Notary Certification Division

- Prescribes the format for the administrative rules of state agencies
- Publishes and distributes the Montana administrative register of proposed and adopted administrative rules of state agencies
- Publishes and distributes the complete administrative rules on Montana
- Distributes commissions of notaries public issued by the Secretary of State
- Provides training for Montana notaries
- Investigates complaints regarding Montana notaries

Proprietary Rates

Revenue

The Office of the Secretary of State administers one proprietary fund. Revenue is received from fees charged to businesses and corporations for corporate filings, registration of assumed business names and trademarks; to state agencies and users of ARM for publishing and distributing the ARM and the MAR, and for storage and management of public documents; to candidates who file for elections; and to Montana citizens who apply to be notaries.

SECRETARY OF STATES OFFICE-3201 BUSINESS & GOVERNMENT SERVICES-01

Expenses

In FY 2012, the Secretary of State's Office expended 67 percent of the budget in personal services, and 33 percent in operating. The total proprietary budget in FY 2012 was \$4.5 million.

Proprietary Rate Explanation -Funding for the program is with enterprise type proprietary funds. As such, the legislature does not approve rates or appropriate funds for the proprietary portion of the Secretary of State. Rates for the office are established in administrative rule.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	55.25	0.00	1.00	56.25	0.00	1.00	56.25
Personal Services	3,034,136	69,909	50,396	3,154,441	68,212	50,206	3,152,554
Operating Expenses	1,442,205	53,130	772	1,496,107	18,262	772	1,461,239
Equipment & Intangible Assets	11,490	0	0	11,490	0	0	11,490
Debt Service	12,084	0	0	12,084	0	0	12,084
Total Costs	\$4,499,915	\$123,039	\$51,168	\$4,674,122	\$86,474	\$50,978	\$4,637,367
Proprietary	4,499,915	123,039	51,168	4,674,122	86,474	50,978	4,637,367
Total Funds	\$4,499,915	\$123,039	\$51,168	\$4,674,122	\$86,474	\$50,978	\$4,637,367

**SECRETARY OF STATES OFFICE-3201
BUSINESS & GOVERNMENT SERVICES-01**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 6053	Fund Name	Agency # 32010	Agency Name Secretary of State	Program Name Business & Government Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Fee B	4,642,299	4,787,174	5,019,010	5,235,500	5,020,935	4,870,935
Revenue from Fee C	-	-	-	-	-	-
Revenue from Fee D	-	-	-	-	-	-
Revenue from Fee E	-	-	-	-	-	-
Revenue from Fee F	-	-	-	-	-	-
Net Fee Revenue	4,642,299	4,787,174	5,019,010	5,235,500	5,020,935	4,870,935
Investment Earnings	8,659	6,174	7,406	7,000	9,000	9,000
Securities Lending Income	-	914	650	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	71,415	-	-	15,000	-	-
Total Operating Revenue	4,722,373	4,794,262	5,027,066	5,257,500	5,029,935	4,879,935
Operating Expenses:						
Personal Services	3,019,176	3,146,284	3,120,531	3,248,070	3,155,213	3,153,326
Other Operating Expenses	1,832,913	1,244,574	1,399,988	1,561,584	1,373,657	1,362,591
SIMS Operating Expenses	212,226	167,785	55,200	153,500	145,252	121,450
Total Operating Expenses	5,064,315	4,558,643	4,575,719	4,963,154	4,674,122	4,637,367
Operating Income (Loss)	(341,942)	235,619	451,347	294,346	355,813	242,568
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(341,942)	235,619	451,347	294,346	355,813	242,568
Contributed Capital	-	1,053,748	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	446,252	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(341,942)	1,289,367	451,347	740,598	355,813	242,568
Total Net Assets- July 1 - As Restated	2,479,684	2,137,781	3,533,328	3,989,075	4,729,673	5,085,486
Prior Period Adjustments	39	106,180	4,400	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	2,479,723	2,243,961	3,537,728	3,989,075	4,729,673	5,085,486
Net Assets- June 30	2,137,781	3,533,328	3,989,075	4,729,673	5,085,486	5,328,054
60 days of expenses (Total Operating Expenses divided by 6)	844,053	759,774	762,620	827,192	779,020	772,895

**SECRETARY OF STATES OFFICE-3201
BUSINESS & GOVERNMENT SERVICES-01**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$50,396	\$0
FY 2015	\$50,206	\$0

NP - 1504 - Move HAVA Funded Position to Proprietary Funds -

The SOS requests a program specialist position will now be paid for by the proprietary fund since the funds have now been used up.

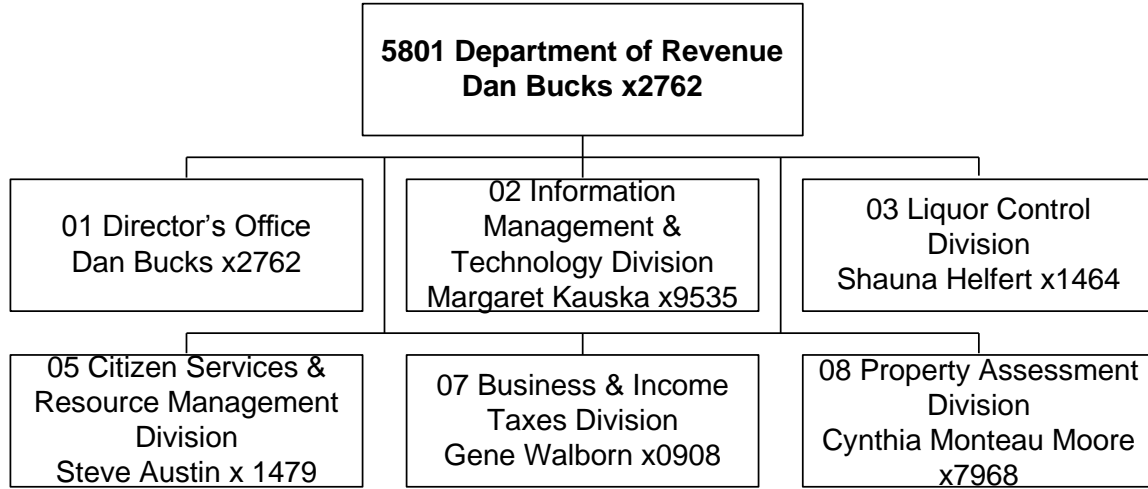
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$772	\$0
FY 2015	\$772	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes \$772 in FY 2014 and \$772 in FY 2015 of proprietary funds for the department's allocation of the fixed cost.

DEPARTMENT OF REVENUE-5801

Please note that this agency also contains HB 2 funding.



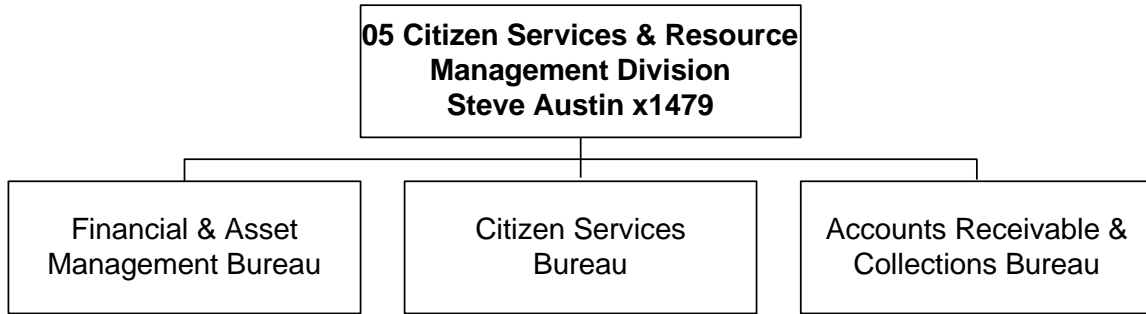
Mission Statement - The quality of life for all Montanans is better because we excel at public service and effective administration of the tax and liquor laws. We do this by ensuring that revenues intended by the legislature to be raised are collected to serve Montanans; advancing equity and integrity in taxation; providing innovative and respectful service; protecting the public health and safety; and achieving efficiency in liquor administration; and improving public understanding of Montana's revenue system.

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

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	3.50	0.00	0.00	3.50	0.00	0.00	3.50
Personal Services	148,094	10,122	0	158,216	10,021	0	158,115
Operating Expenses	26,983	(679)	120	26,424	(918)	120	26,185
Total Costs	\$175,077	\$9,443	\$120	\$184,640	\$9,103	\$120	\$184,300
Proprietary	175,077	9,443	120	184,640	9,103	120	184,300
Total Funds	\$175,077	\$9,443	\$120	\$184,640	\$9,103	\$120	\$184,300

**DEPARTMENT OF REVENUE-5801
CITIZEN SERVICES & RESOURCE MGMT-05**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
Budget Item							
FTE	3.50	0.00	0.00	3.50	0.00	0.00	3.50
Personal Services	148,094	10,122	0	158,216	10,021	0	158,115
Operating Expenses	26,983	(679)	120	26,424	(918)	120	26,185
Total Costs	\$175,077	\$9,443	\$120	\$184,640	\$9,103	\$120	\$184,300
Proprietary	175,077	9,443	120	184,640	9,103	120	184,300
Total Funds	\$175,077	\$9,443	\$120	\$184,640	\$9,103	\$120	\$184,300

Proprietary Program Description -Montana law authorizes the Department of Revenue to assist other agencies in the collection of delinquent accounts. The department retains a percentage of these collections for the costs of assistance in conjunction with 17-4-103 (3)(a), MCA. The department established the Collections Services Program to administer its statutory responsibilities under Title 17, chapter 4, MCA. There are 3.50 FTE allocated to this program. This program supports the centralized debt collection function for the State of Montana.

Proprietary Revenues and Expenses -

The department is currently authorized to charge a commission rate up to 5% for its collection services excluding the collection of overpaid child support payments made to custodial parents and collection of delinquent child support payments from noncustodial parents. The commissions collected are used to pay the expenses of the Collection Services Program. Approximately 85% of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

Administration of this program requires a minimum of a 9-month working capital balance due to the timing of program collections, as the program collects the largest amount of revenues on delinquent accounts during the income tax season and the hunting permitting season.

Proprietary Rate Explanation -The department requests that a maximum commission rate of 5% continue into the 2015 biennium. Exempted from this rate is collection of overpaid child support payments made to custodial parents or collection of delinquent child support payments from noncustodial parents. Commissions associated with child support payments are charged against a separate general fund appropriation designated by the legislature in a prior legislative session.

**DEPARTMENT OF REVENUE-5801
CITIZEN SERVICES & RESOURCE MGMT-05**

2015 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Program Name					
06554	CSRM Collection Services	58010	Citizen Services and Resource Management Division					
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
			FYE10	FYE11	FYE12	FY 13	FY 14	FY 15
Operating Revenues:								
Fee revenue								
	Charges for Services (non-DOR)		63,131	123,855	141,526	75,000	75,000	75,000
	Charges for Services (DOR)		46,237	57,953	61,230	75,000	75,000	75,000
	Net Fee Revenue		109,368	181,808	202,756	150,000	150,000	150,000
	Total Operating Revenue		109,368	181,808	202,756	150,000	150,000	150,000
Operating Expenses:								
	Personal Services		145,548	141,837	151,077	149,187	158,216	158,115
	Other Post Employment Expense		9,548	10,533	10,265			
	Other Operating Expenses		29,276	25,844	26,984	29,605	26,424	26,185
	Total Operating Expenses		184,372	178,214	188,326	178,792	184,640	184,300
	Operating Income (Loss)		(75,004)	3,594	14,430	(28,792)	(34,640)	(34,300)
Nonoperating Revenues (Expenses):								
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-
	Federal Indirect Cost Recoveries		-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
	Income (Loss) Before Operating Transfers		(75,004)	3,594	14,430	(28,792)	(34,640)	(34,300)
	Contributed Capital		-	-	-	-	-	-
	Operating Transfers In (Note 13)		-	-	-	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-	-
	Change in net assets		(75,004)	3,594	14,430	(28,792)	(34,640)	(34,300)
	Total Net Assets- July 1 - As Restated		184,817	109,812	113,406	127,836	99,044	64,404
	Prior Period Adjustments		-	-	-	-	-	-
	Cumulative effect of account change		-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated		-	-	-	-	-	-
	Net Assets- June 30		109,812	113,406	127,836	99,044	64,404	30,104
	60 days of expenses							
	(Total Operating Expenses divided by 6)		30,729	29,702	31,388	29,799	30,773	30,716.67
Requested Rates for Internal Service Funds								
Fee/Rate Information								
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
			FY10	FY11	FY12	FY13	FY14	FY15
	Fee Group A		5%	5%	5%	5%	5%	5%

**DEPARTMENT OF REVENUE-5801
CITIZEN SERVICES & RESOURCE MGMT-05**

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

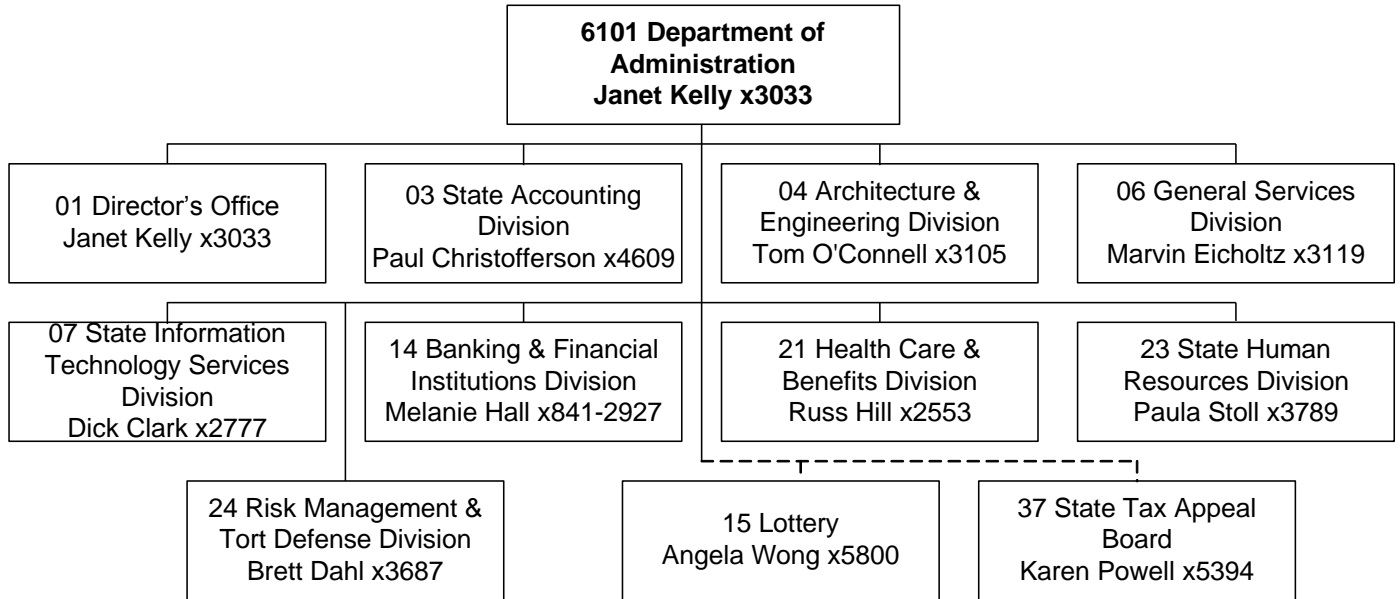
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$120	\$0
FY 2015	\$120	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes \$120 in FY2014 and \$120 in FY 2015 from proprietary funds for the department's allocation of the fixed cost.

DEPARTMENT OF ADMINISTRATION-6101

Please note that this agency also contains HB 2 funding.



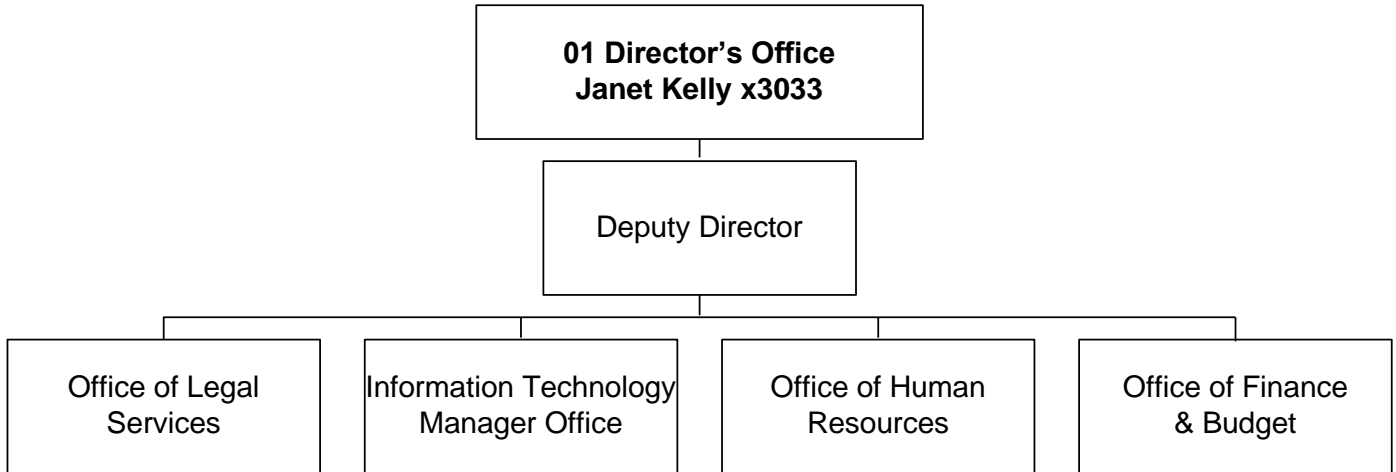
Mission Statement - The Department of Administration's mission is to serve, satisfy, and support our customers.

Statutory Authority - Title 2, Chapters 7, 15, 17 and 18; Title 15, Chapter 2; Title 17; Title 18; Title 23, Chapter 7, Title 47, Chapter 1 MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	377.35	13.00	(6.00)	384.35	13.00	(6.00)	384.35
Personal Services	25,862,796	919,249	(214,112)	26,567,933	939,988	(213,831)	26,588,953
Operating Expenses	59,957,465	229,482	(4,259,536)	55,927,411	548,770	(4,259,843)	56,246,392
Equipment & Intangible Assets	2,288,523	154,861	0	2,443,384	(239,139)	0	2,049,384
Benefits & Claims	184,868,395	(8,417,507)	0	176,450,888	5,607,244	0	190,475,639
Transfers	413,999	(45,200)	0	368,799	(49,000)	0	364,999
Debt Service	437,249	(238,871)	0	198,378	(238,871)	0	198,378
Total Costs	\$273,828,427	(\$7,397,986)	(\$4,473,648)	\$261,956,793	\$6,568,992	(\$4,473,674)	\$275,984,045
Proprietary	273,828,427	(7,397,986)	(4,473,648)	261,956,793	6,568,992	(4,473,674)	275,923,745
Total Funds	\$273,828,427	(\$7,397,986)	(\$4,473,648)	\$261,956,793	\$6,568,992	(\$4,473,674)	\$275,923,745

**DEPARTMENT OF ADMINISTRATION-6101
DIRECTOR'S OFFICE-01**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
Budget Item							
FTE	19.51	0.00	0.00	19.51	0.00	0.00	19.51
Personal Services	1,158,934	290,410	0	1,449,344	292,281	0	1,451,215
Operating Expenses	188,263	42,974	(3,606)	227,631	40,823	(3,609)	225,477
Total Costs	\$1,347,197	\$333,384	(\$3,606)	\$1,676,975	\$333,104	(\$3,609)	\$1,676,692
Proprietary	1,347,197	333,384	(3,606)	1,676,975	333,104	(3,609)	1,676,692
Total Funds	\$1,347,197	\$333,384	(\$3,606)	\$1,676,975	\$333,104	(\$3,609)	\$1,676,692

Proprietary Program Description –

The Director's Office has 17.51 FTEs funded by the revenues generated from the internal fees charged to the Department of Administration's divisions and its attached-to agencies. These FTE provide services in the areas of legal, human resources, and financial management. The Office of Legal Services advises the divisions on legal matters. The Office of Human Resources processes payroll, assists with recruitment, selection and orientation of new employees, classifies positions and develops policies for the department. The Office of Finance and Budget prepares and presents the biennial budget, processes budget change documents, monitors approved budgets for compliance with state law and legislative intent, and provides accounting assistance. Additionally, the Director's Office provides IT management and project management services.

The customers served are internal to the Department of Administration and its attached-to agencies.

An alternative to the office's proprietary-funded services would be to hire staff within each division for budgeting and accounting functions, contract with outside legal resources, or hire attorneys within each division, and to fund the human resources and executive functions through the general fund.

Proprietary Revenues and Expenses -

Changes in Services or Fees: The major cost driver for the Director's Office proprietary fund is personal services. Management has determined that a rate increase is necessary in order to provide the necessary services to the divisions and attached-to agencies. Rates requested for the 2015 biennium include funding for an internal auditor/contracts manager and an assistant to the department's IT manager. These costs will be allocated to the divisions within the department.

DEPARTMENT OF ADMINISTRATION-6101 DIRECTOR'S OFFICE-01

Working Capital: Billing for the Director's Office proprietary fund is quarterly, which requires the program to operate with around 45 days of working capital. Working capital is factored into the rate after estimated expenditures are calculated.

Fund Equity and Reserved Fund Balance: No fund balance is required to be reserved for this program. The objective is to maintain a stable fund balance sufficient to provide a 45-day working capital.

Cash Flow Discussion: Fees are received quarterly, which requires the program to maintain around 45 days working capital to cover operations until payment is made.

Services provided in exchange for customer payments include the general management and oversight of all divisions by the Director's Office, including IT management, project management, contract management, the internal audit function, the coordination and preparation of the department's biennial budget for submission to the Office of Budget and Program Planning (OBPP) and presentation to the Legislature, processing budget change documents on approved budgets through the OBPP, monitoring approved budgets for compliance with state law and legislative intent, providing accounting assistance to divisions within the department, processing payroll and providing new employee orientation for all divisions within the department, including attached-to agencies, assisting with recruitment and selection, classifying positions, developing personnel policies and procedures, and advising all divisions within the department on legal matters.

Customers will use SABHRS account 62827 to record the expenditures for payment of fees and charges. Base year fees were funded as follows: general fund 6%; state special revenue funds 9%; and other funds 85%.

Proprietary Rate Explanation –

The Director's Office proprietary fund requests that the legislature approve a rate of \$606 per FTE in FY 2014 and \$603 per FTE in FY 2015 for the Office of Human Resources. The remainder of the Director's Office proprietary fund requests a rate of \$1,171,259 in FY 2014 and \$1,160,005 in FY 2015. The requested rates include an increase of \$297,730 in FY 2014 and \$286,953 in FY 2015 over the base year rate. These rates will enable the program to function and achieve its objectives effectively. The rate covers the internal indirect costs of the Department of Administration and will be recovered from programs internal to the department and its attached-to agencies.

The requested rates will allow the fund to maintain adequate working capital and will provide funding for an internal auditor/contracts manager position and an assistant to the department's IT manager. Another cost included in this rate increase is one that will be allocated to and paid by the State Human Resources Division's Human Resource Information Services (HRIS) Bureau pursuant to an agreement between the State Human Resources Division and the Director's Office of Finance and Budget (OFB). The agreement provides for a budget analyst position that had been in HRIS to be located in OFB.

The rate is set with the goal of ensuring that fees remain commensurate with costs while maintaining an adequate fund balance. The rate is determined by estimating the amount of revenue necessary to cover all personal services and operation costs and to maintain a sufficient working capital balance.

The Director's Office and the Office of Finance and Budget costs are allocated based on percentage of appropriation by division. The Office of Human Resources costs are allocated based on the number of FTE within a program. The Office of Legal Services costs are allocated to other non-general funded divisions in the department based on a time-use study. The allocations may be realigned if there are changes to the customer base.

Expenses

The expenses incurred by the Director's Office proprietary fund are personal services and operations with a total of 15.51 FTE funded by the proprietary fund in the base year.

**DEPARTMENT OF ADMINISTRATION-6101
DIRECTOR'S OFFICE-01**

2013 Biennium Report on Internal Service and Enterprise Funds

Fund 06534	Fund Name Management Services	Agency # 61010	Agency Name Administration	Program Name Administrative Financial Services				
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue								
	Management Services		1,243,325	1,289,115	1,228,668	1,229,544	1,526,397	1,515,620
	Net Fee Revenue		1,243,325	1,289,115	1,228,668	1,229,544	1,526,397	1,515,620
	Other Operating Revenues		1,139	3	12	-	-	-
	Total Operating Revenue		1,244,464	1,289,118	1,228,680	1,229,544	1,526,397	1,515,620
Operating Expenses:								
	Personal Services		993,060	1,063,478	1,178,224	1,075,495	1,356,751	1,358,752
	Other Operating Expenses *		156,530	133,807	144,993	154,195	227,631	225,477
	Total Operating Expenses		1,149,590	1,197,285	1,323,217	1,229,690	1,584,382	1,584,229
	Operating Income (Loss)		94,874	91,833	(94,537)	(146)	(57,985)	(68,609)
Nonoperating Revenues (Expenses):								
	Other Nonoperating Revenues (Expenses)				-	-	-	-
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
	Income (Loss) Before Operating Transfers		94,874	91,833	(94,537)	(146)	(57,985)	(68,609)
	Contributed Capital		-	-	-	-	-	-
	Operating Transfers In (Note 13)		-	-	49,667	49,578	-	-
	Operating Transfers Out		-	-	-	-	-	-
	Change in net assets		94,874	91,833	(44,870)	49,432	(57,985)	(68,609)
	Total Net Assets- July 1 - As Restated		(14,022)	80,846	172,476	127,606	177,038	119,053
	Prior Period Adjustments		(6)	(203)	-	-	-	-
	Cumulative effect of account change		-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated		(14,028)	80,643	172,476	127,606	177,038	119,053
	Net Assets- June 30 *		80,846	172,476	127,606	177,038	119,053	50,444
	60 days of expenses (Total Operating Expenses divided by 6)		191,598	199,548	220,536	204,948	264,064	264,038

*Does not include OPEB expense.

Requested Rates for Internal Service Funds

Fee/Rate Information

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Management Services	1,243,325	1,289,115	1,228,668	1,229,544	1,526,397	1,515,620

Management Services requests that the Legislature approve a rate of \$1,171,259 in FY 2014 and \$1,160,005 in FY 2015 to provide revenue for all functions except the Office of Human Resources. The Office of Human Resources requests a rate of \$606 per FTE in FY 2014 and \$603 per FTE in FY 2014.

**DEPARTMENT OF ADMINISTRATION-6101
DIRECTOR'S OFFICE-01**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$10,795	\$0
FY 2015	\$10,693	\$0

PL - 102 - Allocate Department Indirect/Admin Costs -

This request funds and allocates each division's share of the department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

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

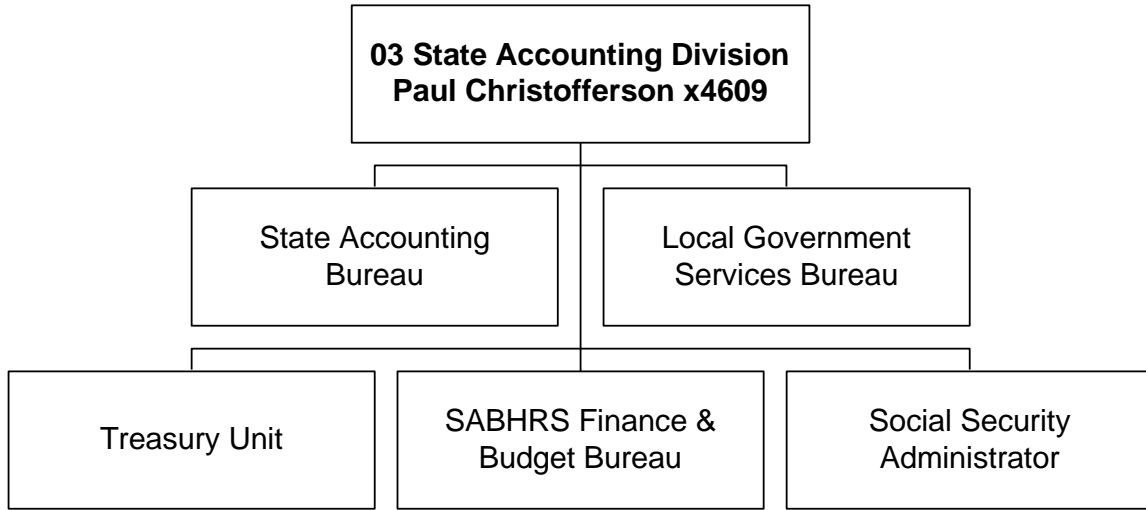
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$3,606)	\$0
FY 2015	(\$3,609)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes a reduction of \$3,606 in FY 2014 and \$3,609 in FY 2015 from proprietary fund 06534 for the department's allocation of the fixed cost.

**DEPARTMENT OF ADMINISTRATION-6101
STATE ACCOUNTING DIVISION-03**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	28.33	0.00	0.00	28.33	0.00	0.00	28.33
Personal Services	1,699,420	197,688	0	1,897,108	197,883	0	1,897,303
Operating Expenses	3,045,656	149,767	(844)	3,194,579	851,048	(852)	3,095,852
Equipment & Intangible Assets	0	0	0	0	0	0	0
Debt Service	22,893	(22,893)	0	0	(\$22,893)	0	0
Total Costs	\$4,767,969	\$324,562	(\$844)	\$5,091,687	\$226,038	(\$852)	\$4,993,155
Proprietary	4,767,969	324,562	(844)	5,091,687	226,038	(852)	4,993,155
Total Funds	\$4,767,969	\$324,562	(\$844)	\$5,091,687	\$226,038	(\$852)	\$4,993,155

**Proprietary Program Description –
Statewide Accounting, Budgeting and Human Resources (SABHRS)**

The SABHRS Finance and Budget Bureau (SFAB) is responsible for operational support and maintenance of the enterprise financial and budget development information systems with the primary goals of effectively meeting management and legislative needs and to serve the citizens of Montana. The bureau works in partnership with the State Accounting Bureau (SAB), OBPP, LFD, and the State Human Resources Division.

The financial and accounting business processes are supported by seven PeopleSoft Applications/Modules and is the repository for all state accounting transactions and operating budgets. The use of the general ledger and asset management modules is mandated for all agencies except the University System. There are approximately 900 core users and 1,100 management users who access the SABHRS financial system.

During fiscal years 2011 and 2012, SFAB and SAB worked with the agencies in consolidating the vendor files on SABHRS. The implementation of a consolidated vendor file allowed the state to more efficiently and accurately process payments, streamlined the issuance of 1099s, and reduced the number of taxpayer identification number mismatches.

DEPARTMENT OF ADMINISTRATION-6101 STATE ACCOUNTING DIVISION-03

Budget development business processes are supported by the Montana Budget, Analysis, and Reporting System (MBARS) modules. MBARS supports the executive planning process (EPP), long range building program, general budget building process, narrative publications, and budget implementation. The use of MBARS is required for budgetary development for all agencies. There are approximately 400 MBARS users.

The enterprise portal product, which is supported by SFAB, provides the gateway into the enterprise financial, budgeting, and human resource applications, including self-service.

SFAB has a total of 18 FTE supporting these applications, including upgrades, enhancements, testing, and user training.

Alternate Services: The division is not aware of alternative sources for the management of the state financial and budgetary systems.

Customers Served: The SABHRS finance and MBARS systems serve all state agencies. All state agencies are required to use these systems.

Warrant Writer Program

The department provides the check writing and automatic-deposit services for most state agencies through the Warrant Writer Program. The program produces and processes these payments and tracks them on SABHRS. The program generates, tracks, and reconciles each warrant. Warrant printing is provided by Print and Mail Services within the General Services Division. The services the program offers include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, vendor file maintenance, and federal 1099-MISC processing. The program funds 5.33 FTE and is authorized through 17-8-305, MCA.

Decentralized alternatives exist for some of the services provided by warrant writer. For example the university system prints payroll and some vendor checks on their campuses. These payments still use all of the services provided through warrant writer except warrant printing. The unemployment insurance system uses the printing function provided by warrant writer but performs most of the other services normally provided by the program. While alternatives exist for agencies to process checks and electronically transfer funds to vendors, when using the state accounting system, these must be economical and cost effective and meet internal control requirements prior to receiving approval from the department.

Local Government Audit and Reporting Program

The Audit Review program is responsible for administering the provisions of the Montana Single Audit Act, which specifies the audit requirements for all Montana local government entities. The work of the Audit Review program is mandated primarily in 2-7-5, MCA. The Audit Review Program funds 5.00 FTE. The program performs the following services:

- Mails out to and receives annual financial reports from approximately 900 local governments;
- Enters selected financial data from the reports into a database;
- Obtains and enters into the database information regarding school district revenues;
- Determines which local government entities are subject to audit under the Act and notifies them of the audit requirements;
- Accepts applications from and maintains a roster of independent auditors authorized to conduct local government audits;
- Prepares and keeps current a legal compliance supplement for use by independent auditors in conducting local government audits;
- Receives and approves audit contracts for local government audits;
- Verifies that all local governments required to have audits do so;
- Receives and reviews local government audit reports to determine whether the audits have been conducted in accordance with required standards;
- Notifies state agencies of audit findings related to financial assistance programs that they administer;
- Receives and reviews each local government's response to the audit report findings and determines whether the entity has developed a satisfactory plan to correct deficiencies noted in the audit report;
- Maintains copies of all local government entity audit reports and the local government's responses to audit

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findings, and makes those reports and responses available upon request to state and federal agencies and the public;

- Provides technical advice on accounting, auditing, and legal compliance matters to local governments and certified public accountants conducting local government audits;
- Investigates or refers to auditors for follow-up action complaints or allegations received from the public, either directly or through the Legislative Auditor's hotline;
- Provides information regarding local government audits, audit findings, entity responses to findings, and legal compliance and accounting requirements to the public; and
- Requests for special audits and arranges for such audits if determined to be necessary.

Prior to the 54th Legislature, a local government could elect to have either the state or private auditor conduct its audit. Based upon an executive recommendation, that legislature privatized the State Audit Program that conducted local government audits. With the privatization the legislature recognized that the state would no longer have any practicing local government audit staff. Now private sector auditors perform all local government audits.

Revenues and Expenses –

SABHRS

Changes in Services or Fees: The major cost drivers for the SFAB include the SITSD database and mid-tier services (data processing and storage) services, personal services, and software licensing and maintenance. Financials and portal software maintenance will increase by 3% each fiscal year. A license metric for the financials system was met during FY 2012 when the state's budget exceeded \$3.575 billion and it is anticipated another will be met in FY 2014 if the state's budget exceed \$3.9 billion. In each case, the state pays a one-time licensing fee of \$238,000 for licensing and about \$53,000 in on-going maintenance. Additionally in FY 2012, a license metric of \$100,000 for the portal system was incurred when the state budget exceeded \$3.3 billion. A license metric of \$25,000 + 22% maintenance fees will be met in FY 2013 when the state budget exceeds \$3.7 billion, and it is anticipated additional licensing of \$100,000 + 22% maintenance fees will be required in FY 2014 if the state budget exceeds \$3.8 billion. Costs for the portal application are split with HRIS of the State Human Resource Division.

Working Capital Discussion: The estimated ending working capital for FY 2012 was \$498,000 or approximately 50 days. It is anticipated that working capital from 20 to 60 days will be sufficient for the bureau. If additional working capital were needed, an additional factor would be included in the rates to provide the needed increase. A working capital factor is not included in the 2015 biennium rates. SFAB refunded \$600,000 to state agencies during FY 2012 with another \$700,000 reduction taking place in the FY 2013 rates in order to reduce the working capital in the fund as a result of vacancy savings and reduced SITSD services.

Fund Equity and Reserved Fund Balance: No fund balance is required to be reserved for this program.

Cash Flow Discussion: We bill for the SFAB either monthly or annually per agency preferences. Turnaround time for payment is around 45 days. This should provide sufficient cash to fund operations in 2014 and 2015. SFAB is funded as a fixed cost component of agency budgets using account 62148, SABHRS Administration Costs. All of the services provided by the bureau are funded under a single fixed cost rate. The approximate FY12 funding (including the refund) for SFAB was as follows:

General fund	\$1.0 million or 33%
State special revenue	\$0.5 million or 17%
Federal special revenue	\$0.7 million or 25%
Proprietary	\$0.3 million or 11%
All other funds	\$0.4 million or 14%

Warrant Writer

Changes in Services or Fees: All fees, except the duplicate payment processing, decreased for fiscal years 2014 and 2015. This results from saving generated by the move of the printing processes to Print and Mail and the continued increase in the use of electronic payments by the agencies.

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Working Capital Discussion: Billing for warrants is performed monthly and is based on actual warrants issued. Turnaround time for payment takes around 45 days. Working capital is factored into the rate after expenditures are calculated. If working capital is too high, revenues (through the rates that generate the revenue) are reduced or a refund is provided to the agencies. At fiscal year-end 2012 working capital was \$33,000 for the program. This represents 16 days of working capital reserves.

Fund Equity and Reserved Fund Balance: No fund balance is required to be reserved for this program. Rates proposed for the 2013 biennium are intended to stabilize fund balance.

Cash Flow Discussion:

Historical Trends:	FY 2010	FY 2011	FY 2012	FY 2013 EST	FY 2014 EST	FY 2015 EST
Mailers	768,390	682,786	625,611	640,235	643,063	615,843
Non-mailers	84,128	80,711	73,334	75,310	78,547	76,960
Emergency Warrants	77	61	46	60	55	53
Externals	155,101	144,697	125,928	135,527	135,895	136,445
Payroll	41,445	38,931	36,372	37,358	38,537	38,290
Duplicates	941	782	798	750	751	733
Direct Deposit Mailer	226,123	156,301	88,371	90,230	92,481	89,074
Direct Deposit Non-Mailer	965,737	1,186,529	1,325,601	1,300,055	1,312,875	1,381,064
UI Print Only	401,305	325,936	252,341	260,249	259,173	206,085
UI EFT	454,837	419,861	381,163	380,077	383,425	350,151
Total	3,098,084	3,036,595	2,909,565	2,919,851	2,944,802	2,894,698

Comparing two biennia of warrant activity by agencies developed these trends.

A 15 to 60 day working capital balance should provide sufficient cash to fund operations in 2012 and 2013. Warrant writer is funded using the rates included in the rate schedule under account 62113, Warrant Writer Services. All of the services provided by the bureau are funded under the rates included in the table. The 2012 funding for warrant writer follows:

General fund	\$215,000 or 33%
State special revenue	\$137,000 or 21%
Federal special revenue	\$125,000 or 19%
Proprietary	\$95,000 or 14%
All other funds	\$85,000 or 13%

Local Government Audit and Reporting Program

The Audit Review Program receives revenues from the following:

- A report filing fee, required by 2-7-514, MCA, based upon costs incurred by the department for administering the Audit Review Program. All local government entities that are required to submit audits pay the filing fee. The Fee schedule has been adopted as ARM 2.4.402 and shown in the fund report.
- As provided by 2-7-503, MCA, a fee is collected from local governments that are required to submit financial reviews. The fee has been adopted in ARM 2.4.410. The current fee in the rule is \$75.
- A roster fee is collected from certified public accountants for inclusion on a roster of independent auditors who are authorized to audit local government entities in Montana. The annual auditor roster fee has been adopted as ARM 2.4.406. The current fee in the rule is \$100 per year.
- As provided by 2-7-517, MCA, when a local government entity fails to file a report as required by 2-7-503, MCA or to make the payment required by 2-7-514, MCA within 60 days the department may charge a late payment

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penalty. The penalty has been adopted in ARM 2.4.404. The current penalty in the rule is 10% per month.

- A fine for failure to file audits or reports require by 2-7-503, MCA is also provided by 2-7-517, MCA. When a local government entity fails to file an audit or report within 180 days of the required date the department must notify the entity of the fine due and provide public notice of the delinquent report. The fine has been adopted in ARM 2.4.403. The current fine in the rule is \$50 per publication.

The program also may receive reimbursement for audited entities for costs to contract for special audits as requested. It is the intent of the program to maintain fees sufficient to pay program costs at current level staffing. Because the Single Audit Review Program is funded with an enterprise type proprietary fund, the legislature does not approve the fees for the program. Instead, fees are established in administrative rule. The Single Audit Review program does not receive any direct appropriations. Funding is derived entirely from the fees described below, except for occasional fee reimbursements for special audits or reviews.

Fund Equity and Reserved Fund Balance: The Audit Review program has no specific requirement to reserve fund balance.

Rate Explanation -

SABHRS

The rate for SFAB costs is based on predicted expenditures. The annual agency total is subdivided into the following areas: 87% for journal lines, and 13% for budget journal lines originating from MBARS. Using these factors, agencies are allocated a fixed cost for each fiscal year. As noted above, the average turnaround time for the billed costs is 45 days. As a result of these factors, and because excess working capital does not exist, the generation or reduction of working capital is not included in the rate setting process.

The balance sheet for the SABHRS fund at fiscal year-end 2012 includes approximately \$840,000 in cash. Material liabilities include approximately \$254,000 in short term payables, \$132,000 in non-current compensated absences, \$86,000 in current compensated absences, and \$246,000 in long-term other post employment benefits.

Warrant Writer

The rates requested are by category - mailer, non-mailer, payroll, emergency, external (university system), payroll (print only warrants), duplicate, direct deposit (mailed advice), direct deposit (no mailed advice), UI warrant (print only), and UI direct deposit (no advice). Payroll direct deposits do not process through warrant writer and are not included in these counts. Agencies are billed based on actual payments processed. The unit funds 5.33 FTE.

Demand for each warrant category is made by comparing two biennia of actual activity to projected usage for the upcoming biennium. Each payment type pays for associated direct, variable costs. For example, mailer warrants factor in warrant stock cost, postage and printing while non-mailer warrants factor in warrant stock cost and printing. Both types of warrants pay for the required reconciliation between SABHRS Accounts Payable Module and the state bank account. Duplicate and emergency warrants pay for additional personnel time to process each individual request. Similar allocations are made to the other payment types for direct costs. All categories share in general operating expenses of the program.

Major cost drivers include postage (41%), Personal Services (27%), and printing of warrants and advices (14%).

**DEPARTMENT OF ADMINISTRATION-6101
STATE ACCOUNTING DIVISION-03**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06511	Fund Name SABHRS	Agency # 6101	Agency Name Administration	Program Name State Accounting Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
SABHRS Services	4,157,446	4,158,942	2,961,333	3,554,526	3,388,062	3,731,090
Net Fee Revenue	4,157,446	4,158,942	2,961,333	3,554,526	3,388,062	3,731,090
Premiums	-	-	-	-	-	-
Other Operating Revenues	24	1,837	-	-	-	-
Total Operating Revenue	4,157,470	4,160,779	2,961,333	3,554,526	3,388,062	3,731,090
Operating Expenses:						
Personal Services	1,408,878	753,628	990,910	1,366,474	1,368,796	1,369,483
Other Operating Expenses	3,013,017	2,687,397	2,111,626	2,473,100	2,546,291	2,471,451
Total Operating Expenses	4,421,895	3,441,025	3,102,536	3,839,574	3,915,087	3,840,934
Operating Income (Loss)	(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(264,425)	719,754	(141,203)	(285,048)	(527,025)	(109,844)
Total Net Assets- July 1 - As Restated	1,161,748	897,324	1,617,078	1,475,875	1,190,827	663,802
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,161,748	897,324	1,617,078	1,475,875	1,190,827	663,802
Net Assets- June 30	897,324	1,617,078	1,475,875	1,190,827	663,802	553,958
60 days of expenses (Total Operating Expenses divided by 6)	736,982	573,504	517,089	639,929	652,515	640,156

Requested Rates for Internal Service Funds

Fee/Rate Information

	Actual FYE 10	Actual FYE 10	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
SABHRS Services Fee	4,157,446	4,158,942	2,961,333	3,554,526	3,388,062	3,731,090
Working Capital	688,090	1,125,460	505,849	505,849	505,849	505,849

*Note: This analysis does not include OBEP expenses.

**DEPARTMENT OF ADMINISTRATION-6101
STATE ACCOUNTING DIVISION-03**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06564	Fund Name Warrant Writing	Agency # 61010	Agency Name Administration	Program Name Adminstrative Financial Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Warrant Writing Fees	994,227	828,939	680,596	950,000	700,000	700,000
Net Fee Revenue	994,227	828,939	680,596	950,000	700,000	700,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	994,227	828,939	680,596	950,000	700,000	700,000
Operating Expenses:						
Personal Services	206,612	208,892	203,233	194,627	212,331	212,040
Other Operating Expenses	699,856	621,535	539,231	726,594	553,008	529,470
Total Operating Expenses	906,468	830,427	742,464	921,221	765,339	741,510
Operating Income (Loss)	87,759	(1,488)	(61,868)	28,779	(65,339)	(41,510)
Nonoperating Revenues (Expenses):						
Income (Loss) Before Operating Transfers	87,759	(1,488)	(61,868)	28,779	(65,339)	(41,510)
Contributed Capital	-	-	-	-	-	-
Change in net assets	87,759	(1,488)	(61,868)	28,779	(65,339)	(41,510)
Total Net Assets- July 1 - As Restated	135,758	223,517	56,835	(5,033)	23,746	(41,593)
Prior Period Adjustments	-	(165,194)	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	135,758	58,323	56,835	(5,033)	23,746	(41,593)
Net Assets- June 30	223,517	56,835	(5,033)	23,746	(41,593)	(83,103)
60 days of expenses (Total Operating Expenses divided by 6)	151,078	138,405	123,744	153,537	127,557	123,585

Requested Rates for Internal Service Funds

Fee/Rate Information

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Mailer	0.72121	0.72446	0.74392	0.74464	0.67693	0.67112
Non-Mailer	0.30121	0.29446	0.28392	0.28464	0.24493	0.24912
Emergency	13.64547	13.64872	14.11292	14.11364	9.88544	9.88963
Duplicates	3.26014	3.26339	3.35417	3.35489	7.08394	7.08812
Externals						
Externals - Payroll	0.20503	0.19882	0.20512	0.21239	0.18730	0.19149
Externals - Universities	0.12229	0.11531	0.13859	0.13907	0.12394	0.12260
Direct Deposit						
Direct Deposit - Mailer	0.76229	0.77531	0.81859	0.82907	0.70654	0.69520
Direct Deposit - No Advice Printed	0.17892	0.11531	0.13859	0.13907	0.12394	0.12260
Unemployment Insurance						
Mailer - Print Only	0.17892	0.17915	0.14533	0.14557	0.12099	0.12652
Direct Deposit - No Advice Printed	0.04538	0.04297	0.04769	0.04785	0.03618	0.03614
	Actual FY10	Actual FY11	Actual FY12	Estimated FY13	Estimated FY14	Estimated FY15
Fiscal Year End Working Capital	211,001	79,189	41,320	52,291	58,208	56,466

Note: This analysis does not include OPEB expenses.

**DEPARTMENT OF ADMINISTRATION-6101
STATE ACCOUNTING DIVISION-03**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06042	Fund Name Single Audit Review	Agency # 61010	Agency Name Administration	Program Name State Accounting Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Audit Review Roster Fees	5,500	5,300	5,200	1,000	22,500	22,500
Revenue from Annual Report Filing Fees	350,815	357,760	364,340	355,800	370,600	370,600
Net Fee Revenue	356,315	363,060	369,540	356,800	393,100	393,100
Other Operating Revenues	6	-	15,374	-	-	-
Total Operating Revenue	356,321	363,060	384,914	356,800	393,100	393,100
Operating Expenses:						
Personal Services	219,274	307,584	295,709	291,286	315,981	315,780
Other Operating Expenses	83,836	78,094	86,762	89,310	95,280	94,931
Total Operating Expenses	303,110	385,678	382,471	380,596	411,261	410,711
Operating Income (Loss)	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	53,211	(22,618)	2,443	(23,796)	(18,161)	(17,611)
Total Net Assets- July 1 - As Restated	306,246	359,457	336,839	339,282	315,486	297,325
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	306,246	359,457	336,839	339,282	315,486	297,325
Net Assets- June 30	359,457	336,839	339,282	315,486	297,325	279,714
60 days of expenses (Total Operating Expenses divided by 6)	50,518	64,280	63,745	63,433	68,544	68,452

Requested Rates for Enterprise Funds

Fee/Rate Information

	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Variable fee, as follows:						Variable fee,
Major Fee: Local Government Report Filing Fee:						
Annual revenues less than \$200,000	\$0	\$0	\$0	\$0	\$0	\$0
Annual revenues equal to or greater than \$200,000, but less than \$500,000	\$0	\$0	\$0	\$0	\$0	\$0
Annual revenues equal to or greater than \$500,000, but less than \$1,000,000	\$435	\$435	\$435	\$435	\$435	\$435
Annual revenues equal to or greater than \$1,000,000, but less than \$1,500,000	\$635	\$635	\$635	\$635	\$635	\$635
Annual revenues equal to or greater than \$1,500,000, but less than \$2,500,000	\$760	\$760	\$760	\$760	\$760	\$760
Annual revenues equal to or greater than \$2,500,000, but less than \$5,000,000	\$845	\$845	\$845	\$845	\$845	\$845
Annual revenues equal to or greater than \$5,000,000, but less than \$10,000,000	\$890	\$890	\$890	\$890	\$890	\$890
Annual revenues are equal to or greater than \$10,000,000, but less than \$50,000,000	\$965	\$965	\$965	\$965	\$965	\$965
Annual revenues are equal to or greater than \$50,000,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Minor Fee: Auditor Roster Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:	Annual Fee:
Annual Fee	\$100	\$100	\$100	\$100	\$100	\$100

	Actual FY10	Actual FY11	Actual FY12	Estimated FY13	Estimated FY14	Estimated FY15
Working Capital (November)	227,356	351,516	366,738	342,942	324,781	307,170

Note: Because of the timing of revenue collections, the low point on working capital for this fund is in November of each year.

*Note: This analysis does not include OPEB expenses.

**DEPARTMENT OF ADMINISTRATION-6101
STATE ACCOUNTING DIVISION-03**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$2,801	\$0
FY 2015	\$2,140	\$0

PL - 102 - Allocate department indirect/admin costs -

This request funds the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$56,000)	\$0
FY 2015	(56,000)	\$0

PL - 102 – Base Budget Reductions-

The Executive is reducing lease payments and postage for anticipated reductions.

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

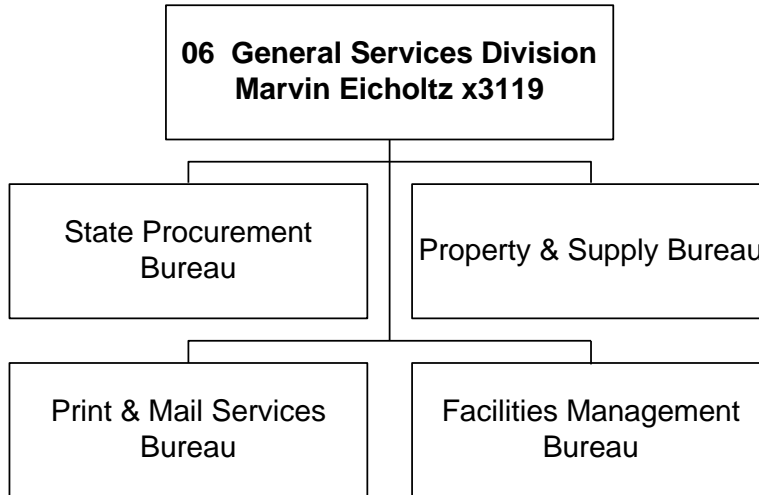
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$844)	\$0
FY 2015	(\$852)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budgets are reduced by \$2,613 in FY 2014 and by \$2,625 in FY 2015 from the general fund, enterprise fund and internal service funds for the department's allocation of the fixed cost.

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Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	87.85	0.00	(7.00)	80.85	0.00	(7.00)	80.85
Personal Services	3,830,926	448,449	(277,909)	4,001,466	451,737	(277,582)	4,005,081
Operating Expenses	20,217,653	(601,195)	(4,303,249)	15,313,209	(23,736)	(4,303,476)	15,890,441
Equipment & Intangible Assets	631,150	110,861	0	742,011	(239,139)	0	392,011
Transfers	289,000	(45,200)	0	243,800	(49,000)	0	240,000
Debt Service	414,356	(215,978)	0	198,378	(215,978)	0	198,378
Total Costs	\$25,383,085	(\$303,063)	(\$4,581,158)	\$20,498,864	(\$76,116)	(\$4,581,058)	\$20,725,911
Proprietary	25,383,085	(303,063)	(4,581,158)	20,498,864	(76,116)	(4,581,058)	20,725,911
Total Funds	\$25,383,085	(\$303,063)	(\$4,581,158)	\$20,498,864	(\$76,116)	(\$4,581,058)	\$20,725,911

Proprietary 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, grounds maintenance, and garbage collection.

The Facilities Management Bureau, is the custodian of all state property and grounds in the state capitol area, which is the geographic area within a 10-mile radius of the state capitol. Services include providing all utilities on the complex such as water, sewer, electricity, natural gas and garbage collection, locksmith services, repair and maintenance, construction, construction management, grounds maintenance, leasing services, recycling, emergency response and management, and security. The bureau manages several service contracts for the capitol complex including security, pest control, mechanical maintenance, janitorial services, elevator repair and maintenance, and fire sprinkler systems maintenance and access control. Operational authority for the bureau is provided by Title 2, Chapter 17, Part 8, Section 811, MCA.

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The State Procurement Bureau procures or supervises the procurement of all supplies and services, and provides technical assistance to government agencies and the public to ensure compliance with the Montana Procurement Act. The bureau also manages the state's energy procurement, vehicle fueling and procurement card programs. The bureau is funded in HB 2.

The Print and Mail Services Bureau provides print and mail services to state agencies. Services include internal and external (contracted) printing, photocopy pool services, mail preparation, central mail operations, and inter-agency (deadhead) mail. The bureau also operates the United States post office in the Capitol and provides two quick copy locations on the Capitol Complex.

The Print & Mail Services Bureau provides printing and mail services to all agencies within state government. The bureau has seven components: 1) internal printing; 2) external (contracted) printing; 3) photocopy pool; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead mail); 7) postal station in the Capitol. All printing or purchasing of printing is requested through Print & Mail Services, which determines the most cost effective method of project completion. Approximately 67 percent of printing expenditures are procured through commercial vendors. Section 18-7-101, MCA, requires the Department of Administration to supervise and attend to all public printing within the state and also to contract for any printing used by the state. Section 2-17-301, MCA, charges the Department of Administration with the responsibility of administering the state photocopy pool. Section 2-17-301, MCA, requires the Department of Administration to maintain and supervise any central mailing messenger service.

The Property and Supply Bureau manages the central stores program and the state and federal surplus property programs.

The Central Stores program contracts with a large warehouse distribution center to provide on-line ordering for office supplies. The program also develops standard specifications, procures, warehouses and delivers commonly used office supplies, paper products, and janitorial supplies to all state agencies and participating local governments. The program has authority for 10.75 FTE. Section 18-4-221, MCA, requires the Department of Administration to procure or supervise the procurement of all supplies and services needed by the state.

Customers include all agencies and units within state government, and participating local governments. Section 18-4-302(3),MCA, requires state agencies to use Central Stores unless an alternate supplier's publicly advertised price, established catalog price, or discount price offered to the agency is less than the price offered by the Central Stores program if the office supply conforms in all material respects to the terms, conditions, and quality offered by the Central Stores program. Local governments and University System employees are provided optional use of Central Stores.

The Property & Supply Bureau also operates the surplus property program to administer the sale of surplus property no longer needed by agencies. This property is distributed to state agencies or other eligible organizations. The program sells property through on-line auction, fixed price warehouse sales, public auction and garage sales. The surplus property program services include extending the life of state property by providing a mechanism to transfer surplus property between agencies, providing accountability in the disposal of surplus state property, providing agencies with a surplus equipment pick up service, and providing a screening service to locate federal surplus property for state and local agencies. The program has authority for 4.40 FTE. Section 18-4-221, MCA, requires the Department to sell, trade, or otherwise dispose of surplus supplies belonging to the state.

Proprietary Revenues and Expenses

Facilities Management Bureau

Revenues percentages for facilities management are as follows: 92% - Square footage rental rate for office and warehouse space billed to agencies occupying space in state owned buildings controlled by the Department of Administration; 5% - Grounds Maintenance; 2% - Construction, and handyman services. These services are outside the scope of rent and include remodeling, relocating offices, repair and maintenance and construction services; and 1% - Recycling.

The following SABHRS revenue and expense accounts are used for the bureau services:

- The SABHRS account used by agencies when paying office rent is 62527 – Rent – DofA Buildings.

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- The SABHRS account used to record revenues received from rent payments is 525044 – Office Rent – General Services.
- The SABHRS account used by agencies when paying warehouse rent is 62527 – Rent – DofA Buildings.
- The SABHRS account used to record revenues received from rent payments is 525050 – Warehouse Rent – General Services.
- The SABHRS account used by agencies when paying grounds maintenance is 62770 – Capitol Complex Grounds.
- The SABHRS account used to record revenues received from ground maintenance is 526025 – Grounds Maintenance Revenue.
- The SABHRS account used by agencies when paying for repair and maintenance charges is 62891 – Handyman Charges
- The SABHRS account used to record revenues received for repair and maintenance charges is 525045 – Miscellaneous Maintenance Charges.
- The SABHRS account used by agencies when paying for construction project work is 62701 – Repair and Maintenance – Buildings and Grounds.
- The SABHRS account used to record revenues received for construction project work is 525046 – Project Work – General Services.
- The SABHRS account used to record revenues received from recycling is 525122 – Recycling.
- The SABHRS account used by agencies when paying for training is 62809 – Education and Training Expense.
- The SABHRS account used to record revenue from training is 526060 – Training Workshop Fee.

Major cost drivers for the facilities management bureau include personal services, contracted services, utilities, and repair and maintenance.

- The bureau currently has 34.90 FTE. This consists of 26.80 FTE in Facilities Management and 8.10 FTE in Grounds Maintenance.
- Contracted Services includes all major contracts for janitorial, mechanical, elevator, pest control, access control, security and insurance. Service contracts reflect an increase of 4.81% in FY 2014 and 6.71% in FY 2015. These increases are due to additional service requirements, equipment, and higher prevailing wages.
- Electricity is projected to increase over the FY 2012 base year by 2.79% in the 2015 biennium. The new contract for natural gas will decrease the rate by (38.8%) over the biennium. The City of Helena Department of Public Works is estimating that water and sewer rates will increase by 4% based on the CPIU index.
- Repair & Maintenance expenses are related to the maintenance and upkeep of all state buildings and grounds both within the state capitol complex and a 10 mile radius thereof. For the 2015 biennium, the funds allocated for facilities management long-range building program projects remains the same as what was appropriated for the 2013 biennium.

Working Capital: Facilities Management rates are set to recover sufficient revenue to meet all personal services, operating costs, and equipment replacement expenditures and maintain an adequate working capital balance. The billing and payment cycle supports the accumulation of approximately 60 day working capital balance. User agencies are billed monthly and agencies are requested to pay for services by the end of the next month. 60 day working capital allows the bureau to pay monthly expenses of personal services and maintain current operations.

Print & Mail Services Bureau

Revenue is received in the following percentages: internal printing - 16.45 % (Internal printing provides printing, duplicating, desktop publishing, binding and quick copy services, variable data printing warrant writer and mainframe printing.); external (contracted) printing - 26.72 % (External printing procures printing through commercial vendors.); photocopy pool - 4.94 % (The photocopy pool provides agencies with photocopiers contracted through the private sector.); mail preparation - 6.60 % (Mail preparation prepares documents for mailing and includes tabbing, labeling, inkjet addressing, inserting and bar coding.); central mail operations - 42.00 % (Central mail operations includes pick-up and metering of out-going U.S. Mail and express small package services.); inter-agency (deadhead mail) - 2.91 % (Inter-agency mail provides sorting and delivery of incoming mail and pickup and delivery of deadhead mail.); and postal contract station - 0.38 % (The Postal Contract Station located at the Capitol provides postal services to the public.) Print & Mail Services receives \$3,248.00 monthly from the U.S. Postal Service for operation of the Capitol Post Office.

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Historical and Projected Demands

1) Internal Printing

Number of impressions (millions)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
29.52	29.61	33.04	38.04	33.04	38.04

2) External (contracted) printing

Dollar amount of contracted printing (millions)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
3.80	3.00	2.74	2.74	2.74	2.74

3) Photocopy Pool

Number of copiers

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
274	280	270	280	270	280

4) Mail Preparation

Number of pieces (millions)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
12.90	11.79	12.75	12.75	12.75	12.75

5) Central Mail Operations

Number of pieces of outgoing mail processed (millions)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1.96	2.75	2.34	2.74	2.34	2.74

6) Inter-agency (Deadhead Mail)

Number of daily stops

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
227	227	220	220	217	217

7) Postal Contract Station

Contract Payment (dollars)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
\$38,976	\$38,976	\$38,976	\$38,976	\$38,976	\$38,976

The following SABHRS revenue and expense accounts are used for the bureau services:

1) Internal Printing

The SABHRS account used by agencies to pay for internal printing is:

62190 – Printing-Print Services

The SABHRS accounts used to record revenues received from payments are:

525083 - Desktop

525085 - Duplicating

525086 - Bindery

525087 - Quick Copy

2) External (contracted) printing

The SABHRS account used by agencies to pay for external printing is:

62191 – Printing – Other Provider

The SABHRS account used to record revenue received from payments is:

525088 – Printing Coordination

3) Photocopy Pool

The SABHRS account used by agencies to pay for photocopier usage is:

62193 – Photocopy Services

The SABHRS account used to record revenues received from payment is:

525089 – Photocopy Services

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4) Mail Preparation

The SABHRS accounts used by agencies to pay for Mail Preparation are:

- 62190 – Printing-Print Services
- 62304 – Postage and Mailing

The SABHRS account used to record revenues received from payment is:

- 525009 – Mail Preparation

5) Central Mail Operations

The SABHRS account used by agencies to pay for Central Mail operations is:

- 62304 – Postage and Mailing

The SABHRS account used to record revenues received from payments is:

- 525049 – Outgoing U.S. Mail

6) Inter-agency (Deadhead Mail)

The SABHRS account used by agencies to pay for inter-agency mail is:

- 62307 – Messenger Services

The SABHRS account used to record revenues received from payments is:

- 525059 – Deadhead Mail

7) Postal Contract Station

The public pays for stamps and other postal services by cash or check. All proceeds are deposited daily to the U.S. Post Office.

The SABHRS account used to record the monthly contract payment from the U.S. Postal Service is:

- 525048 - Post Office Contract

Major cost drivers for the facilities management bureau include personal services, supplies, repair and maintenance, equipment replacement, and pass-through expenses.

- The major internal printing costs include personal services, direct materials used in production, such as paper and ink, equipment repair and maintenance, and equipment replacement. Internal printing impressions volume is projected to increase in odd fiscal years by 5 million for the Legislative Session. Unscheduled equipment repair or replacement provides the greatest amount of uncertainty in forecasting costs for internal printing.
- For external printing, the major expenses are pass-through costs of commercial print vendors. These costs have historically remained fairly consistent, but vary depending upon complexity and quality of agency print projects.
- Major expenses for the Photocopy Pool are pass-through photocopy costs, such as payments made to contracted vendors and personnel services.
- In mail preparation, the major costs include personal services, equipment repair and maintenance, and equipment replacement. Multiple page variable data printing and inserting affords the agencies with a process that reduces postage costs and personalizes documents. Unscheduled equipment repair or replacement and increased agency demand for inserting provide the greatest amount of uncertainty in forecasting cost for mail preparation.
- Major expenses of mail operations are personal services, postage, fuel, equipment repair and maintenance. Postage expenses for mail service operations have increased over the years due to U.S. Postal Service rate increases. Historically, agency mailings have remained fairly consistent and no major changes in volume are anticipated. A major area where expenses cannot be predicted is the unscheduled repair or replacement of equipment that fails unexpectedly and USPS mandated upgrades.
- Major expenses of inter-agency mail are personal services, vehicle leases, maintenance and fuel. Unscheduled repairs on vehicles cannot be accurately forecasted.
- Personal services are the major cost for the Capitol Post Office. Costs have historically remained consistent for the Capitol Post Office. The yearly contract payment of \$38,976 has remained constant.
- Costs for administration and accounting are allocated to all seven of Print & Mail Services Bureau service categories based on FTE.
- Print & Mail Services Bureau has authority for 36.80 FTE for FY 2014 and FY 2015.

Working Capital: Print & Mail Services rates are set to recover sufficient revenue to meet personal services and operations costs and allow maintaining no more than a 60-day working capital balance. User agencies are billed monthly and agencies are requested to pay for services by the end of the next month. This allows Print & Mail Services to pay monthly expenses of personal services and maintain current operations. The largest balance sheet accounts that contribute most significantly to Print & Mail Services fund equity balance is the 1704-equipment and 1709- accumulated depreciation accounts which are due to the costs of equipment needed to provide printing and mailing services. Other

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significant accounts would be 1802- merchandise inventory and 1905 -prepaid expense, which is used to purchase postage. At FYE 2012 the amount of fund equity attributed to working capital was \$1,257,302, which equates to a 36 day working capital balance.

Central Stores Program

Change in Services or Fees: The major cost for Central stores is goods purchased for resale. There are no planned changes in services or fees.

Working Capital Discussion: Maintaining a 60-day working capital is adequate to recover sufficient revenue to maintain operations, inventory levels, and equipment maintenance and replacement.

Fund Equity and Reserved Fund Balance: This program has no need to reserve fund balance. The objective is to maintain a stable fund balance compared to the FY 2012 base year.

Cash Flow Discussion: Agencies are billed daily and accounts are collected within 60 days.

State agencies and local government customers are charged based on the supplies they order. State agency customers pay for program services with expenditure accounts that appropriately fit the products they order, including these for commonly used items: 66211 coarse paper, 66219 forms, 62226 fine paper, 62236 office supplies, 62256 janitorial supplies, and 62296 computer paper.

Historical and projected trends associated with the volume of services provided are:

FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
\$5,022,044	\$4,612,173	\$4,740,007	\$4,751,609	\$4,775,367	\$4,792,081	\$4,808,853

Changes in volume of service depend on demand from user agencies. Increases in levels of service also increase our major cost, which are goods purchased for resale.

The major expenses for Central Stores are goods purchased for resale and personal services. Future expenses depend on demand for services. The largest expense, goods purchased for resale, depends on demand from user agencies. Factors that contribute to uncertainty in forecasting these expenses are agency needs for our service and vendor price increases. The program has authority for 10.75 FTE.

Surplus Property Program

Changes in Services or Fees: The major costs are personal services and costs to pick up and warehouse property. The expected volume depends upon how much surplus property is available to sell.

Working Capital Discussion: If the program could maintain a 60-day working capital, that would be adequate to recover sufficient revenue to maintain operations.

Fund Equity and Reserved Fund Balance: This program has no need to reserve fund balance.

Cash Flow Discussion: Customers are billed weekly and accounts are collected within 60 days. There is a large fluctuation of cash into the program after the automobile/equipment auctions. Net proceeds are returned to agencies and the general fund.

Rate Explanation

Facilities Management Bureau

Rent is based on square feet occupied and is assessed each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services, operating expenses including maintenance and equipment. Grounds maintenance charges are also based on square feet of office space occupied in buildings controlled by the Department of Administration. Again, the rates are established to cover the cost of personal services, operating expenses including maintenance and equipment replacement.

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The following rates have been requested for the next biennium:

	-----Budgeted-----				-----Requested-----	
	FYE 10	FYE 11	FYE 12	FY 13	FY 14	FY 15
Office Rent (per sq. ft.)	8.869	9.002	8.412	8.460	8.434	8.217
Storage Rent (per sq. ft.)	4.804	5.010	4.844	4.876	4.625	4.637
Project Management (In-house)	15%	15%	15%	15%	15%	15%
Project Management (contracted)	5%	5%	5%	5%	5%	5%
Grounds Maintenance (per sq. ft.)	0.541	0.543	0.494	0.494	0.491	0.493

Print & Mail Services Bureau

All Print & Mail Services projects are unique. Print & Mail Services has over 100 rates to provide services to agencies. Overall volume of services is projected to remain constant. Direct and administrative overhead is allocated to each program. Costs are recovered by charging for each unit of service provided. External printing and the photocopy pool recover costs by charging a percentage markup on the invoice for the printing job and or photocopier. Rates for each service are determined as follows: Each rate includes personal services costs, operating costs and administrative overhead.

Listed below are Print & Mail Services proposed rates for the 2015 biennium.

	<u>FY 2014</u>	<u>FY 2015</u>
<u>Internal Printing</u>		
Impression Cost		
1-20	\$0.080	\$0.080
21-100	\$0.036	\$0.036
101-1000	\$0.020	\$0.020
1001-500	\$0.008	\$0.008
5000 +	\$0.004	\$0.004
Color Copy		
8 ½ x 11	\$0.25	\$0.25
11 x 17	\$0.50	\$0.50
Ink		
Black per Sheet	\$0.0002	\$0.0002
Color	\$15.00	\$15.00
Special Mix	\$25.00	\$25.00
Large Format Color per ft.	\$12.70	\$12.70
Collating Machine	\$0.008	\$0.008
Collating Hand	\$0.60	\$0.60
Stapling Hand	\$0.018	\$0.018
Stapling In-line	\$0.012	\$0.012
Saddle Stitch	\$0.036	\$0.036
Folding (base + per sheet)	\$12.00 + \$0.006	\$12.00 + \$0.006
Folding Right Angle (base + per sheet)	\$12.00 + \$0.006	\$12.00 + \$0.006
Holding In-line	\$0.036	\$0.036
Punching Standard 3-hole	\$0.0012	\$0.0012
Punching Nonstandard (base + per sheet)	\$3.60 + \$0.0012	\$3.60 + \$0.0012
Cutting	\$0.66	\$0.66
Padding	\$0.0024	\$0.0024
Scoring, perf, num (setup + duplicating rate)	\$6.00 + Dup Rate	\$6.00 + Dup Rate
Perfect Binding (setup + per sheet)	\$18.00 + \$0.66	\$18.00 + \$0.66
Spiral Binding	\$0.69	\$0.69
Laminating		
8 ½ x 11	\$0.57	\$0.57
11 x 17	\$0.85	\$0.85
Tape Binding	\$0.60	\$0.60

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	<u>FY 2014</u>	<u>FY 2015</u>
Tabs	\$0.60	\$0.60
Transparencies	\$0.60	\$0.60
Shrink Wrapping	\$0.30	\$0.30
Hand Work Production	\$0.60	\$0.60
Overtime	\$24.00	\$24.00
Desktop	\$50.00	\$50.00
Scan	\$9.52	\$9.52
Proof	\$0.25	\$0.25
Programming	\$50.00	\$50.00
File Transfer	\$25.00	\$25.00
Variable Data	\$0.02	\$0.02
Mainframe Printing	\$0.069	\$0.069
CD Duplicating	\$1.75	\$1.75
DVD Duplicating	\$3.50	\$3.50
CTP Plates		
8 ½ x 11	\$9.20	\$9.20
11 x 17	\$10.35	\$10.35
External Printing		
Percent of Invoice markup	6.73%	6.73%
Photocopy Pool		
Percent of Invoice markup	15.9%	15.9%
Inventory		
Percent of Invoice markup	15.0%	15.0%
Mail Preparation		
Tabbing	\$0.021	\$0.021
Labeling	\$0.021	\$0.021
Ink Jet	\$0.034	\$0.034
Inserting	\$0.030	\$0.030
Winsort	\$0.069	\$0.069
Permit Mailings	\$0.069	\$0.069
Mail Operations		
Machinable	\$0.043	\$0.043
Nonmachinable	\$0.100	\$0.100
Seal Only	\$0.020	\$0.020
Postcards	\$0.060	\$0.060
Certified Mail	\$0.614	\$0.614
Registered Mail	\$0.614	\$0.614
International Mail	\$0.500	\$0.500
Flats	\$0.140	\$0.140
Priority	\$0.614	\$0.614
Express Mail	\$0.614	\$0.614
USPS Parcels	\$0.500	\$0.500
Insured Mail	\$0.614	\$0.614
Media Mail	\$0.307	\$0.307
Standard Mail	\$0.200	\$0.200
Postage Due	\$0.061	\$0.061
Fee Due	\$0.061	\$0.061
Tapes	\$0.245	\$0.245
Express Services	\$0.500	\$0.500
Interagency Mail	\$314,750 yearly	\$314,750 yearly
Postal Contract (Capitol)	\$38,976 yearly	\$38,976 yearly

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Central Stores Program

Central Stores requests a maximum markup of 25%. This is the same rate that was approved last biennium. Central Stores recovers costs by charging a percentage markup on the cost of supplies distributed to agencies. The actual markup charged is based on monitoring working capital to ensure the program is maintaining fees commensurate with costs. Charging a percentage markup allows for adequate cost recovery for direct, indirect and administrative expenses. The balance sheet accounts that contribute most significantly to fund equity balance are cash (1104), receivables (1203 and 1823) and inventory (1802). Customers place orders and are billed for the items that they order.

Surplus Property Program

The Surplus Property program is an enterprise fund because it sells property to the general public. Therefore, rate approval by the legislature is not necessary. The program operates by charging up to \$500 plus three percent per item sold. The current funding structure is adequate to generate sufficient revenue to cover personal services and operating expenses assuming the same amount of property is turned in for sale compared to FY 2012.

**DEPARTMENT OF ADMINISTRATION-6101
GENERAL SERVICES PROGRAM-06**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06528	Fund Name Rent & Maintenance	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actuals FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Office Rental Rate	9,528,412	8,083,543	6,757,577	8,127,453	8,070,316	7,862,673
Revenue from Warehouse Rental Rate	406,937	417,062	335,820	403,747	384,777	385,775
Revenue from Recycling Revenue	19,699	24,435	16,793	19,060	21,200	21,200
Revenue from Handyman Charges	96,231	50,867	67,659	15,426	80,000	80,000
Revenue from Project Work	128,090	227,475	114,298	25,041	210,000	210,000
Revenue from Grounds Maintenance	500,422	482,508	397,546	478,573	473,795	475,725
Net Fee Revenue	10,679,791	9,285,889	7,689,694	9,069,300	9,240,088	9,035,373
Other Operating Revenues	49	-	20,159	-	-	-
Total Operating Revenue	10,679,840	9,285,889	7,709,853	9,069,300	9,240,088	9,035,373
Operating Expenses:						
Personal Services	1,652,198	1,780,900	1,894,403	1,878,856	1,963,224	1,965,705
Other Operating Expenses	7,902,801	7,486,549	8,605,686	7,555,010	6,999,608	6,782,825
Total Operating Expenses	9,554,999	9,267,449	10,500,089	9,433,866	8,962,832	8,748,530
Operating Income (Loss)	1,124,841	18,440	(2,790,236)	(364,566)	277,256	286,843
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(24,975)	4,296	269	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(24,975)	4,296	269	-	-	-
Income (Loss) Before Operating Transfers	1,099,866	22,736	(2,789,967)	(364,566)	277,256	286,843
Contributed Capital	-	-	-	-	-	-
LRBP Transfers Out	470,104	(1,555,032)	(787,845)	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	(243,800)	(240,000)
Change in net assets	1,569,970	(1,532,296)	(3,577,813)	(364,566)	33,456	46,843
Total Net Assets- July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	396,813
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	4,268,061	5,838,031	4,305,735	727,923	363,357	396,813
Net Assets- June 30	5,838,031	4,305,735	727,923	363,357	396,813	443,656
60 days of expenses (Total Operating Expenses divided by 6)	1,592,500	1,544,575	1,750,015	1,572,311	1,493,805	1,458,088

Requested Rates for Internal Service Funds

Fee/Rate Information for Legislative Action

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Agency Number : 61010						
Fund Number: 06528						
Office Rent (per sq. ft.)	8.869	8.793	8.412	8.460	8.434	8.217
Warehouse Rent (per sq. ft.)	4.804	5.010	4.844	4.876	4.625	4.637
Grounds Maintenance (per sq. ft.)	0.541	0.509	0.494	0.494	0.491	0.493
Project Mgmt (In-house)	15%	15%	15%	15%	15%	15%
Project Mgmt (Contracted)	5%	5%	5%	5%	5%	5%

**DEPARTMENT OF ADMINISTRATION-6101
GENERAL SERVICES PROGRAM-06**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06530	Fund Name Print & Mail Services	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Internal Printing	1,752,421	1,807,679	1,687,721	1,902,115	1,774,649	1,989,043
External Printing	3,801,568	3,008,249	2,739,014	2,739,014	2,739,014	2,739,014
Photocopy Pool	899,923	522,725	506,503	541,003	506,503	541,003
Mail Preparation	666,577	538,831	676,433	676,433	732,958	732,958
Mail Operations	4,735,725	4,465,030	4,305,899	4,683,749	4,469,580	4,727,801
Inter-agency (Deadhead Mail)	281,917	281,917	297,657	297,657	314,750	314,750
Postal Contract Station	38,976	38,976	38,976	38,976	38,976	38,976
Net Fee Revenue	12,177,107	10,663,407	10,252,203	10,878,947	10,576,430	11,083,545
Other Operating Revenues	7		65	-	-	-
Total Operating Revenue	12,177,114	10,663,407	10,252,268	10,878,947	10,576,430	11,083,545
Operating Expenses:						
Personal Services	1,350,421	1,364,387	1,307,139	1,514,887	1,578,440	1,579,157
Other Operating Expenses	10,765,885	9,453,818	8,794,732	9,528,356	9,090,693	9,538,458
Total Operating Expenses	12,116,306	10,818,205	10,101,871	11,043,243	10,669,133	11,117,615
Operating Income (Loss)	60,808	(154,798)	150,397	(164,296)	(92,703)	(34,070)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(78,147)	(28,395)	(28,650)	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(78,147)	(28,395)	(28,650)	-	-	-
Income (Loss) Before Operating Transfers	(17,339)	(183,193)	121,747	(164,296)	(92,703)	(34,070)
Contributed Capital	-	-	32,695	-	-	-
Change in net assets	(17,339)	(183,193)	154,442	(164,296)	(92,703)	(34,070)
Total Net Assets- July 1 - As Restated	1,916,575	1,899,236	1,716,043	1,953,007	1,788,711	1,696,008
Prior Period Adjustments	-	-	82,522	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,916,575	1,899,236	1,798,565	1,953,007	1,788,711	1,696,008
Net Assets- June 30	1,899,236	1,716,043	1,953,007	1,788,711	1,696,008	1,661,938
60 days of expenses (Total Operating Expenses divided by 6)	2,019,384	1,803,034	1,683,645	1,840,541	1,778,189	1,852,936

Requested Rates for Internal Service Funds

Print and Mail Services requests that the Legislature approve the requested rates for FY 2014 and FY 2015 as shown.

**DEPARTMENT OF ADMINISTRATION-6101
GENERAL SERVICES PROGRAM-06**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06531	Fund Name Central Stores	Agency # 6101	Agency Name Department of Administration	Program Name General Services Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Central Stores Supplies	4,854,919	4,740,007	4,751,609	5,000,000	95,645	95,645
Net Fee Revenue	4,854,919	4,740,007	4,751,609	5,000,000	95,645	95,645
Other Operating Revenues	7	-	25	-	-	-
Total Operating Revenue	4,854,926	4,740,007	4,751,634	5,000,000	95,645	95,645
Operating Expenses:						
Personal Services	388,508	392,889	354,633	523,025	52,458	52,715
Other Operating Expenses	4,428,893	4,304,410	4,287,375	4,557,514	20,873	17,198
Total Operating Expenses	4,817,401	4,697,299	4,642,008	5,080,539	73,331	69,913
Operating Income (Loss)	37,525	42,708	109,626	(80,539)	22,314	25,732
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	37,525	42,708	109,626	(80,539)	22,314	25,732
Contributed Capital	-	-	-	-	-	-
Change in net assets	37,525	42,708	109,626	(80,539)	22,314	25,732
Total Net Assets- July 1 - As Restated	812,922	850,447	893,155	1,002,781	922,242	944,556
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	812,922	850,447	893,155	1,002,781	922,242	944,556
Net Assets- June 30	850,447	893,155	1,002,781	922,242	944,556	970,288
60 days of expenses (Total Operating Expenses divided by 6)	802,900	782,883	773,668	846,757	12,222	11,652
Requested Rates for Internal Service Funds						
Fee/Rate Information						
	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A	-	-	-	-	-	-
Central Stores Supplies	20%	20%	20%	20%	2%	2%
Central Stores requests a maximum markup of 25%. This is the same rate that was approved last biennium.						

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GENERAL SERVICES PROGRAM-06**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06066	Fund Name Surplus Property	Agency # 6101	Agency Name Department of Administration	Program Name General Services
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
State Surplus Property Handling Fee	647,935	463,504	365,079	451,050	402,225	414,043
Federal Surplus Property Handling Fee	14,452	12,522	11,004	13,950	12,350	12,970
Misc. Revenue	-	-	-	-	-	-
Net Fee Revenue	662,387	476,026	376,083	465,000	414,575	427,013
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	662,387	476,026	376,083	465,000	414,575	427,013
Operating Expenses:						
Personal Services	246,548	245,856	245,875	245,143	407,344	407,504
Other Operating Expenses	344,728	690,349	360,541	125,343	142,424	142,349
Total Operating Expenses	591,276	936,205	606,416	370,486	549,768	549,853
Operating Income (Loss)	71,111	(460,179)	(230,333)	94,514	(135,193)	(122,840)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(3,757)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(3,757)	-	-	-	-	-
Income (Loss) Before Operating Transfers	67,354	(460,179)	(230,333)	94,514	(135,193)	(122,840)
Contributed Capital*	408,464	281,468	390,777	465,000	465,000	465,000
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	475,818	(178,711)	160,443	559,514	329,807	342,160
Total Net Assets- July 1 - As Restated	6,735	482,553	303,842	464,285	1,023,799	1,353,606
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	6,735	482,553	303,842	464,285	1,023,799	1,353,606
Net Assets- June 30	482,553	303,842	464,285	1,023,799	1,353,606	1,695,766
60 days of expenses (Total Operating Expenses divided by 6)	98,546	156,034	101,069	61,748	91,628	91,642

The State Surplus handling fees are: If property is sold for less than \$500, the program retains the proceeds. The program retains \$500 plus 3% and unusual expenses for property sold for more than \$500. The Federal Surplus Property program fees are an

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$19,056	\$0
FY 2015	\$19,583	\$0

PL - 102 - Allocate Department Indirect/Admin Costs -

This request funds the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$216,416	\$0
FY 2015	\$222,590	\$0

PL - 601 - FMB Contracted Services -

This request is for an increase for Contracted Services in the Facilities Management Bureau for the 2015 biennium of \$439,006. Several janitorial contracts along with the mechanical maintenance contract are up for rebid.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$5,450	\$0
FY 2015	\$6,229	\$0

PL - 602 - FMB Utilities -

The General Services Division (GSD) Facilities Management Bureau is projecting an increase in water and sewer of \$11,679 due to inflationary factors for the 2015 biennium.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$350,000	\$0
FY 2015	\$75,000	\$0

PL - 603 - FMB Work Order System - OTO -

This request is for General Services Division (GSD) to purchase a computerized maintenance management system (CMMS). CMMS is a software package that can track, schedule, and help plan facility maintenance. GSD gathered the purchase, implementation, and maintenance costs for the CMMS through a request for information process. The CMMS will help GSD achieve its goals to improve customer communication and manage state buildings through identification and prioritization of deferred maintenance projects to be considered by the legislature.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$1,248,157)	\$0
FY 2015	(\$1,250,476)	\$0

PL - 610 - General Operating Reductions to FMB -

The reduction of general operating expenses is necessary so that expenditures match revenue. The main item to be reduced is deferred maintenance. Also, the Department of Public Health pays for their janitorial costs directly to Helena Industries instead of reimbursing facilities management.

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	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$362,753)	\$0
FY 2015	\$0	\$0

PL - 611 - General Operating Reductions to P&G -

This decision package reduces base budget so that the fund will be balanced by the end of the 2015 biennium. There is a \$362,753 reduction to equipment and debt service in each year. Printing is increased by this amount in FY 2015 because of a legislative session year.

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$4,583,145)	\$0
FY 2015	(\$4,583,164)	\$0

NP - 605 - Privatize Office Supply Acquisition Process -

The Legislative Audit Division recommended that the department seek a statewide contract for office supplies that features direct delivery of products from a vendor to the ordering agency. This proposal assumes a rate charge of 2% to fund 1.00 FTE to administer and audit the office supply contract and provide customer service and problem solving between state agencies and the vendor. This 2% rate will fund personal services of \$105,173 and operating expenditures of \$38,071 for the contract officer position for the 2015B. The biennium budget would be \$143,244.

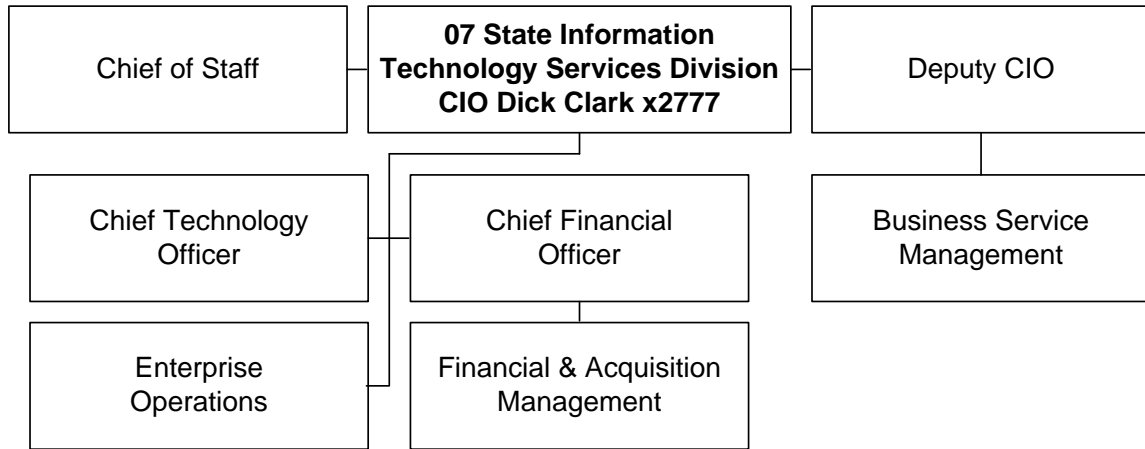
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$1,987	\$0
FY 2015	\$2,106	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes \$1,987 in FY 2014 and \$2,106 in FY 2015 from enterprise fund and internal service funds for the department's allocation of the fixed cost.

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Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	175.50	13.00	0.00	188.50	13.00	0.00	188.50
Personal Services	14,702,186	(186,949)	0	14,515,237	(179,058)	0	14,523,128
Operating Expenses	21,696,146	108,142	652	21,804,940	50,865	602	21,747,613
Equipment & Intangible Assets	1,657,373	0	0	1,657,373	0	0	1,657,373
Total Costs	\$38,055,705	(\$78,807)	\$652	\$37,977,550	(\$128,193)	\$602	\$37,928,114
Proprietary	38,055,705	(78,807)	652	37,977,550	(128,193)	602	37,928,114
Total Funds	\$38,055,705	(\$78,807)	\$652	\$37,977,550	(\$128,193)	\$602	\$37,928,114

Proprietary Program Description –

The State Information Technology Services Division (SITSD) provides leadership for enterprise information technology by:

- Managing IT services for the optimum return on investment
- Cultivating constructive business relationships with partners
- Ensuring compliance with MITA
- Providing procurement and asset management services
- Providing a number (over 250) service offerings including
 - State of Montana Data centers at Helena and Miles City
 - Communications and connectivity services
 - IT operations support
 - Enterprise Services

SITSD operates generally under state mandates as specified in Title 2, Chapter 17, parts 3 and 5, MCA.

Funding for SITSD is primarily from charges to state agencies for server and application hosting, and data/voice network services. A significant portion of SITSD's budget is Enterprise Services. Funding for Enterprise Services comes from agency charges based on a per-user allocation.

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SITSD's rates are based on the full cost process known as the Financial Transparency Model (FTM), an activity based budgeting model. Over the past year SITSD has defined over 200 services, allocated costs and staff time to each service, and estimated units of service provided to each agency. Rates are based on a detailed allocation of expenditures and staff time to each service. SITSD also implemented a staff time tracking system to refine the accuracy of staff time allocation. SITSD management closely monitors rates and the underlying costs to ensure a service remains cost effective.

SITSD will fund 188.50 FTE with proprietary funds in FY 2014 and FY 2015 from the revenues generated in all areas.

The Enterprise Services listed above are enterprise and statewide in nature, and therefore agencies are required to use these services. All services are offered and provided to all state and local agencies.

Proprietary Revenues and Expenses -

Change in Services or Fees: The basic set of SITSD services will remain the same with very few exceptions, although SITSD has now built a Services Catalog which describes each of the roughly 200 services that are offered. One change has occurred is in SITSD's hosting rates. In previous years, all of SITSD's hosting charges to state applications were based on their storage size only. This was causing subsidization by large storage applications and smaller applications that did not require substantial storage were not paying an equitable share. SITSD now has the capability to track other metrics and is able to allocate true costs not only to storage but also to backup, support, software licensing, servers, etc. This has caused some true ups with lower rates and less subsidization for larger users and now smaller applications are paying their true costs. The remaining few exceptions are new services that will generate very modest revenues. SITSD is not dropping any major services.

SITSD's rate/fees structure will be fundamentally consistent for the next biennium. SITSD rates will be based on customer deliverables (agency services). Enterprise-wide services that benefit the entire state-wide organization will be charged to agencies on a per-user basis via Active Directory email accounts. The costs for Enterprise Services will not be distributed to agency specific services or included in agency rates.

The IT industry has economies of scale and SITSD's rates reflect the trend as more agencies use larger volumes of services. Counteracting this trend is agency demand for more advanced technologies and a greater level of service. Faster network speeds are a prime example. Virtual meetings, streaming video, and a greater number of agency web-based applications all require more bandwidth. Higher network costs are a major cost driver.

Other cost drivers include agency demand for SITSD application, storage, and server hosting. This expands SITSD's budget size, but not individual rates.

Working Capital discussion: SITSD is requesting a 30-day working capital to maintain ongoing operational costs. This amount of working capital is required for monthly payments to vendors in a timely manner. This also allows SITSD to meet the growing service needs of agencies throughout the biennium.

Fund Equity and Reserved Fund Balance: A portion of the fund balance to this proprietary fund does relate to the investment in equipment. Management does not predict any major changes in the fund balance from the 2013 biennium level.

Cash Flow Discussion: SITSD invoices state agencies and other entities for information technology services monthly. Receipt of revenues is typically collected within 30-60 days. SITSD's major expenses are from annual payments for software and maintenance, the majority of which occur during the beginning of the fiscal year, bi-monthly payroll, and monthly communications and hardware maintenance.

The specific services provided in exchange for customer payments and the SABHRS accounts used by the customers to record the expenditures for payment of the fees and charges are listed below:

- 621B1 - SITSD Storage Hosting Services – Migration, testing and operation of application data on SITSD storage equipment.
- 621B2 - SITSD Server Hosting Services – Migration, testing and operation of an agency supported application on SITSD servers at an SITSD facility.
- 621B3 - SITSD Web Hosting Services – Hosting of qualifying websites and web content on SITSD equipment at

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an SITSD facility.

- 621B4 – SITSD Application Services - Migration, testing, operation and support of an application on SITSD equipment at an SITSD facility.
- 621B5 – SITSD Email Services - All services related to the delivery, storage, management and archiving of Enterprise email.
- 621B6 – SITSD Imaging Services - Scanning, imaging, storage and management of all types of documents and electronic artifacts.
- 621B7 – SITSD Sharp Content Services - Usage of SITSD's full featured web content management service, Sharp Content.
- 621B8 – SITSD Operations Support Services - Production operations support such as backups, tape archiving and systems monitoring.
- 621B9 – SITSD Database Hosting Services – Migration, support and hosting of state standard databases.
- 621C1 – Installation Services - The installation of commercially available hardware and software.
- 621C2 – SITSD Application Development Services - Planning, developing, implementing and maintaining application solutions.
- 621C3 – SITSD Web Development Services - Planning, developing, implementing and maintaining web solutions and eGovernment services.
- 621C4 - GIS Application Development - Requirements definition, design, development testing, installation and training for GIS applications and systems.
- 621C5 – SITSD Enterprise Services - Enterprise deliverables funded through an Active Directory chargeback (subsidy).
- 621C6 – SITSD Professional Services – Professional IT expertise, advice and counsel where the deliverables are not hardware, software or systems.
- 621C7 – SITSD PMO Services – Enterprise project management services.
- 621C8 – SITSD Equipment Hosting Services – Hosting of equipment in an SITSD facility.
- 621C9 – SITSD GIS Services – Base Map Service Center (BMSC)/GIS Services.
- 622B1 – SITSD Asset Broker - SITSD hardware or software assets and agency assets where costs are passed on to the agency.
- 623B0 – SITSD Voice Services - Equipment, connectivity, applications and directories related to voice technology.
- 623B1 – SITSD Video Services - Scheduling, coordination, set up, bridging, problem resolution and monitoring of video conferences.
- 623B2 – SITSD Network Services – Connectivity and transport services.
- 623B4 – SITSD Long Distance Services – Long distance telephone services.
- 62876I – SITSD Training Services – SITSD sponsored training.

The historical and projected trends associated with volume of services provided have descriptions that follow with justifications provided for projected changes.

- In the past, state agencies were required to count network-attached devices and report that to SITSD. This was a fairly manual process so it was difficult to do, not always accurate, and raised questions about how equitable it was. Beginning in FY 2008, billing was done by user rather than device, except for certain non-state users. Each user accessing resources on Summitnet is required to have an enterprise directory logon id account, and accounts cannot be shared by multiple people. Billing is an automated process generated from user accounts in Active Directory. Certain user accounts are exempted from billing such as administrative accounts, resource accounts, and service accounts.
- All other services are based on base utilization numbers as a starting point and planned and projected utilization numbers made by each agency or customer.

The customer payments received by SITSD come from several funding sources.

Proprietary Rate Explanation –

SITSD rates are based on a wide variety of measures, each measure proportional to the usage which is determined by each agency and are reviewed and approved by the statewide cost allocation. Rates that generate major portions of SITSD revenue are listed below:

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1. Hosting services:
 - a. Storage hosting rates are based on space usage.
 - b. Server hosting
 - i. Mainframe rate based on actual usage.
 - ii. Mid-tier server's rates based on actual usage for servers, space used, and SITSD staff time required.
 - c. Application hosting rates are based on space, backup, servers used, support required and licensing usage.
2. Connectivity services:
 - a. - Data network rates are based on the number of connections with Active Directory accounts on the network
 - b. Video services are based on conference hours.
 - c. Voice services:
 - i. Telephone desktop equipment rates are based on type of equipment.
 - ii. Local calls are based on a flat rate.
 - iii. Long distance and toll free services are based on minutes.
3. Enterprise Service rate is based on the number of users with Active Directory accounts on the network.

Customers are billed at the actual fee or rate based upon the FTM activity based budgeting model that allocates costs to individual services.

SITSD's rates are based on predicted expenditures, utilization and projects planned from agencies in all service categories. SITSD strives to ensure that the rates being charged to state agencies remain commensurate with the expenditures. SITSD projects utilization numbers for service categories based on current level, trends and feedback from agencies. History has shown that these numbers do not always materialize and have shown to have negative impact on SITSD's rate recovery.

SITSD determines its rates using the Financial Transparency Model (FTM) for activity based budgeting. All SITSD costs including personal services are assigned to individual services if possible or distributed as indirect costs to the appropriate group of services, group of customers, or SITSD budget unit. The FTM calculates rates on this cost allocation and agency planned or forecasted units of deliverable services. SITSD management has a primary objective of maintaining fees commensurate with costs since agencies have the option of not using SITSD services. SITSD's rates are now more comparable to the private sector.

SITSD has in the past had the authority to maintain a 60-day working capital. In the 2003 Legislative Session that authority was decreased to 45 days and in the 2005 Legislative Session that authority was further decreased down to 30 days. The objective of having a working capital is to adequately recover costs to maintain current operations and plan for any unanticipated program changes or equipment purchases.

SITSD is requesting a 30-day working capital to maintain ongoing operational costs. This amount of working capital is required for monthly payments to vendors in a timely manner.

The largest balance sheet accounts that contribute most significantly to SITSD's fund equity balance is the 1704 Equipment and 1709 Accumulated Depreciation accounts which are due to the large volume of equipment needed by SITSD to provide its services

SITSD's FTM model employs a separate unit for each service. The unit is the increment in which the customer/agency buys the service or product such as hours, quantity of storage (gigabytes), number of user email mailboxes, and long distance minutes. SITSD offers over 200 services so there are a wide variety of units. The allocation of units of service is by customer/agency planned utilization.

There are a few services such as Enterprise Services and some Asset Brokerage where the unit allocation is not agency selectable. Enterprise Services costs are associated with state-wide services and benefits, not agency specific services, and therefore are distributed to agencies on an agency FTE basis. Asset Brokerage or fixed enterprise software costs, such as Microsoft, are also allocated to FTEs. In both cases the Active Directory count of email users is the actual surrogate for FTEs.

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The major cost drivers for SITSD rates include personal services, communication and software costs, supplies, depreciation, and maintenance costs.

2015 Biennium Report on Internal Service and Enterprise Funds								
Fund 06522	Fund Name SITSD Proprietary	Agency # 6101	Agency Name Department of Administration	Program Name State Information Technology Services				
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue			41,430,278	40,289,866	36,988,678	41,313,916	39,600,000	39,600,000
Other Charges For Services			-	-	-	-	-	-
Net Fee Revenue			41,430,278	40,289,866	36,988,678	41,313,916	39,600,000	39,600,000
Investment Earnings			-	-	-	-	-	-
Securities Lending Income			-	-	-	-	-	-
Premiums			240	320	100	500	-	-
Other Operating Revenues			21,885	45,259	34,368	-	35,000	35,000
Total Operating Revenue			41,452,403	40,335,445	37,023,146	41,314,416	39,635,000	39,635,000
Operating Expenses:								
Personal Services			14,929,431	14,899,348	14,708,049	13,739,300	14,515,237	14,523,128
Other Operating Expenses			20,522,677	24,635,112	27,433,836	25,853,456	24,962,313	24,904,986
Total Operating Expenses			35,452,108	39,534,460	42,141,885	39,592,756	39,477,550	39,428,114
Operating Income (Loss)			6,000,295	800,985	(5,118,739)	1,721,660	157,450	206,886
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets			-	-	696,638	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)			-	-	696,638	-	-	-
Income (Loss) Before Operating Transfers			6,000,295	800,985	(4,422,101)	1,721,660	157,450	206,886
Contributed Capital			-	-	872,349	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-	-	-
Change in net assets			6,000,295	800,985	(3,549,752)	1,721,660	157,450	206,886
Total Net Assets- July 1 - As Restated			2,144,201	8,144,496	8,697,527	5,147,745	6,869,405	7,026,855
Prior Period Adjustments			-	(247,954)	(30)	-	-	-
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			2,144,201	7,896,542	8,697,497	5,147,745	6,869,405	7,026,855
Net Assets- June 30			8,144,496	8,697,527	5,147,745	6,869,405	7,026,855	7,233,741
60 days of expenses (Total Operating Expenses divided by 6)			5,908,685	6,589,077	7,023,648	6,598,793	6,579,592	6,571,352
45 days of expenses (Total Operating Expenses divided by 8)			4,431,514	4,941,808	5,267,736	4,949,095	4,934,694	4,928,514
Requested Rates for Internal Service Funds								
Fee/Rate Information								
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
State Information Technology Services Division			-	-	-	-	-	-
Charge For Services			30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve	30-Day Working Capital Reserve
The State Information Technology Services Division seeks the ability to continue to charge various rates in order to maintain a 30-day working capital.								
Note: This analysis does not include OPEB expenses.								

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

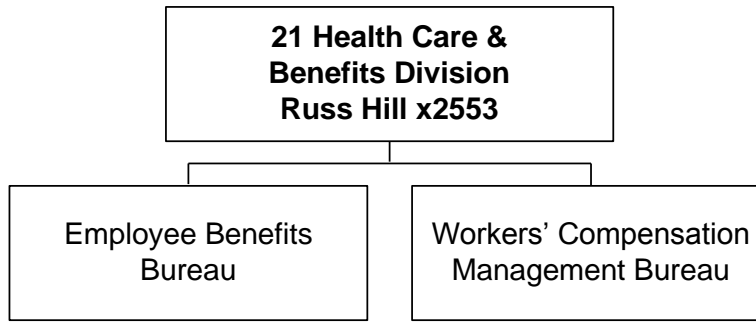
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$85,855	\$0
FY 2015	\$80,141	\$0
 PL - 102 - Allocate Department Indirect/Admin Costs -		
This request funds the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.		

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$886,465	\$0
FY 2015	\$885,122	\$0
 PL - 709 - SITSD Managed Services -		
The State Information Technology Services Division (SITSD) of the Department of Administration is requesting that 13.00 Modified FTE be switched to permanent positions. These positions have been in a modified status for many years.		

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$652	\$0
FY 2015	\$602	\$0
 NP - 6101 - Professional Development Center Fee Allocation -		
The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes \$652 in FY 2014 and \$602 in FY 2015 from proprietary funds for the department's allocation of the fixed cost.		

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HEALTH CARE & BENEFITS DIVISION-21**



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	22.87	0.00	0.00	22.87	0.00	0.00	22.87
Personal Services	1,585,203	(33,786)	0	1,551,417	(30,451)	0	1,554,752
Operating Expenses	7,083,662	370,899	(2,127)	7,452,434	362,605	(2,134)	7,444,133
Benefits & Claims	148,636,626	22,382,493	0	171,019,119	36,407,244	0	185,043,870
Transfers	0	0	0	0	0	0	0
Total Costs	\$157,305,491	\$22,719,606	(\$2,127)	\$180,022,970	\$36,739,398	(\$2,134)	\$194,042,755
Proprietary	157,305,491	22,719,606	(2,127)	180,022,970	36,739,398	(2,134)	194,042,755
Total Funds	\$157,305,491	\$22,719,606	(\$2,127)	\$180,022,970	\$36,739,398	(\$2,134)	\$194,042,755

Proprietary Program Description –

State Employee Benefit Plan

The Employee Benefit Bureau manages two proprietary programs; employee benefits, which includes the state's health and other benefit plans, and the flexible spending accounts. The employee benefits program is charged with providing state employees, retirees, members of the legislature, judges and judicial branch employees, and their families with adequate medical, dental, prescription drug, life, and other related group benefits in an efficient manner and at an affordable cost. The program operates a self-insured health, prescription drug, and dental plan. Life, long-term disability, vision, and long-term care insurance are purchased from private sector vendors on a fully-insured basis. The program contracts with private companies to provide claims processing services, health screenings, flexible spending account administration, and wellness plan administration.

The core service provided by the program is a medical, including prescription drug coverage, dental and basic life insurance. Plan members are able to choose between the indemnity and managed care plans. The indemnity plan has been administered by Blue Cross and Blue Shield of Montana, and the managed care plans have been administered by Blue Cross and Blue Shield of Montana and New West Health Services, through their provider networks. Beginning on January 1, 2013, both plans will be administered by Cigna through their provider networks.

In an effort to improve health care options for state employees and their dependents and to reduce health care costs, the division has developed an on-site employee health center in Helena, and is evaluating the expansion of this program to other communities. On-site employee health centers are used by many private businesses as a way to reduce health care costs and improve the health and wellness of its employees and have proven to be very successful. The division has contracted with CareHere to develop and staff the health centers.

The program is funded by the state contribution for group benefits and by contributions and fees paid by plan members. The program currently supports 19.87 FTE.

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Alternate Sources: As an alternative to providing a self-insured health plan, the state could purchase an insured plan from the private sector. Historical studies of comparable insurance plans have shown that this alternative would be more expensive. The state has operated a statewide plan since 1979 and a self-insured plan since 1984.

Customers Served: In excess of 32,000 lives are covered by the benefit plans provided by the division in the following categories; 12,800 regular full-time and part-time executive, legislative, and judicial branch employees; 3,300 retirees; 40 COBRA participants; and 16,200 dependents.

Workers' Compensation Management Program

The Health Care & Benefits Division manages the workers' compensation management program. The program assists employees and agencies in ensuring a safe working environment, reducing on-the-job injuries and accidents in the workplace, and assists employees who are injured in returning to meaningful and productive work. The program is the central resource in working with the state's workers' compensation insurer, Montana State Fund, to coordinate workers' compensation coverage and policy management issues.

The program is funded through a fixed cost rate charged to state agencies. The program currently supports 3.00 FTE.

Alternate Sources: As an alternative to providing these services internally, the state could contract with a consultant or outside vendor, which could be more costly.

Customers Served: The State of Montana employs almost 13,000 employees at 33 state agencies and attached to agencies, all of which have access to these program services.

Proprietary Revenues and Expenses –

State Employee Benefit Plan

Fees must be increased as discussed below. The primary cost driver in the fund is the cost of health and prescription drug claims. Medical claim costs are projected to increase at a rate of approximately 8-11 % annually. Pharmacy claims are projected to increase 10 % annually.

Working Capital: – The State Employee Benefit Plan maintains an actuarially recommended reserve to allow it to cover health claims against the self-insured plan. By statute (2-18-812, MCA), the plan must maintain reserves sufficient to 'liquidate the unrevealed claim liability and other liabilities' of the state employee group benefits plans. This is called the reserve for incurred but not reported claims or IBNR, and permits the program to cover its pending liability for claims that have been incurred but not paid or submitted for payment. Other portions of the reserves are to cover items such as the risk of large claims (the state does not reinsure its claim liability), overall underwriting risk (based on a national formula), risk for certain types of coverage categories, and unique aspects of the state plan.

The division, based on actuarial determination, uses a risk-based capital approach to set reserve levels. The risk-based capital (RBC) model is a methodology promulgated by the National Association of Insurance Commissioners (NAIC) and is used by virtually all of the states. The RBC formula establishes a minimum capital level for the state plan based on its specific features and compares it to the plan's actual capital level. This ratio provides a measure to compare to recommended levels of capitalization for insurance risk. In Montana, the legislature adopted this model for determining the level of assets that are needed in domestic health insurance corporations in 1995. It is codified in Title 33, MCA as the regulatory standard applied to health care insurers in Montana.

Under the RBC approach, a target ratio of a measure known as the "authorized control level" of reserves indicates the financial stability of the insurance plan. Under the NAIC guidelines adopted by Montana, the bare minimum recommended level of reserves required for an insurer is 200% of the authorized control level. Levels below that amount are subject to varying degrees of regulatory oversight and control.

The State Employee Benefit Plan actuary recommended the plan set a reserve level target equivalent to 300% of the authorized control level with the 200% target as an absolute minimum. This level is reasonable given that other

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insurance companies in the same marketplace have much higher reserves levels--anywhere from 700% to 1,000% of the authorized control level. These insurers may also generate more capital through debt, while the State Employee Benefit Plan cannot. As of December 31, 2011, the State Employee Benefit Plan had reserves equivalent to 391% of the authorized control level. Reserve levels are monitored closely by the state plan's actuary and managers of the program to ensure the plan is maintaining actuarially recommended reserve levels. The State Employee Group Benefits Advisory Council (SEGBAC), which is authorized under 2-15-1016, MCA, adopted the recommended target reserve level range as described above.

Fund Equity and Reserved Fund Balance: A portion of the actuarially recommended reserves includes a component titled the "Grandfathered benefit" reserve. This component is a portion of the reserve identified for certain types of coverage and is set aside to pay the claim liability incurred when the state changed the timing on collecting premiums in August 1998. The switch was from collecting premiums prior to commencement of the month of coverage, to collecting premiums during the month of coverage. Employees in service on or before August 1998 are credited for the month of employer contribution collected prior to the change at the time they separate from service.

Cash Flow: – It is projected that about \$12.3 million per month in claims expenses will be paid in FY 2013 and \$13.4 million per month in FY 2014. Contributions are collected either bi-monthly with paycheck processing or at the beginning of the month depending on whether the contribution is for active employees, retirees, legislators, or COBRA employees. Retirees are required to pay the full amount of the contribution but the contribution is subsidized indirectly by the state share and other revenues. Employees who cover their dependents pay a portion of the cost to insure their family members while a portion is subsidized indirectly by state share and other revenue sources such as investment earnings.

The cost of providing medical care continues to rise at a rate significantly higher than general inflation. Based on FY 2012 expenditures of approximately \$135.9 million for medical, dental, and prescription drug claims, these expenditures are projected to be \$148.1 million in FY 2013 and \$161.4 million in FY 2014. This does not take into account future benefit plan changes which may impact expenditure projections.

Claims costs make up approximately 93 % of program expenditures. Administrative costs comprise about 7 % of total program expenditures including contracting with vendors to process claims and administrative costs directly within the department. In comparison, insurance companies generally have administrative costs that range from 14 % to as high as 28 % and pay 72 to 86 % of their premiums out in claims.

The program records contribution revenues received from the state contribution and out-of-pocket contributions for dependents, retirees, legislators, and COBRA participants in revenue accounts 525039, 525040, 525041, 525042, 525077, and 525079 in fund 06559. Contracted claims administrator fees are recorded in accounts 62102, 62194, and 62170. Medical and dental claims are paid out of account 67205 and 67207. Prescription drug claims are paid from account 67206. Managed care services for the managed care plans are still done via contracted services with third party administrators and are paid from accounts 62116. Vision services are paid from 67209. Long-term care premiums are paid from account 67210, long-term disability premiums are paid from account 67211, and Life Insurance premiums are paid from account 67215.

Workers' Compensation Management Program

Change in Services or Fees: No significant changes in services are contemplated. Fees are reduced over the next biennium.

Working Capital: The program's expenses primarily consist of personal services and operating costs. The program strives to maintain a 60 day working capital, which equates to approximately \$49,000. The maintenance of a 60 day working capital is factored into the fixed cost rate determination.

Fund Equity and Reserved Fund Balance: The workers' compensation management program does not have any reserve fund balance requirements. Program management intends to maintain fund balance at current levels as compared to the FY 2012 base year fund balance.

Cash Flow: The workers' compensation management program bills the state agencies on a quarterly basis. The program costs primarily consist of personal services processed bi-weekly and monthly operating costs such as rent, phone, and other overhead charges.

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The program personnel work with the state employees and agency personnel to offer a safe working environment for its employees and reduce on-the-job injuries and accidents in the workplace. In addition, the program personnel work with injured State of Montana workers in an effort to return the employee to work as soon as possible, even if it is in a different position than was originally held. The workers' compensation program fees are paid from account 62114A. The program is not anticipating a change in the volume of services provided in the coming biennium.

The base year funding, by fund type, for customer payments were as follows:

General Fund	\$25,027
State Special Revenue Fund	\$53,267
Federal Special Revenue Fund	(\$1,952)
Enterprise Fund	\$ 8,762
Internal Service Fund	\$29,765
Pension Trust Fund	\$727

Rate Explanation –

State Employee Benefit Plan

The rate provided in HB 2 is the state contribution, i.e. the employer share of contribution toward health care and benefits coverage. As a component of employee compensation, the state contribution amount is a subject of collective bargaining and is negotiated as a part of the overall pay package for state employees.

The objective for the state contribution is to provide sufficient dollars to underwrite affordable coverage for all participants in the plan, including sufficient dollars to cover the “employee only” cost of providing a core medical, dental, and life insurance benefit. In the past, there have been a few dollars of the state contribution left over that employees can apply toward dependent coverage, additional life insurance, purchase of optional benefits, or to place into a medical or dependent care flexible spending account (FSA). Currently, there is no state contribution left over for employees to apply to dependent coverage.

Income for the program in FY 2012 was approximately \$156.2 million. The state share portion of this income was approximately \$113.0 million or 72 %. The remaining income was from participant paid contributions, retiree drug subsidies, and investment earnings. Total expenses during FY 2012 were \$147.4 million.

Projected income for the next biennium needs to match projected expenditures and other actuarially required liabilities as described below.

Standard insurance industry analytical techniques are used to project plan costs, establish sufficient actuarial reserves and set contribution amounts for the various plan options. In managing the plan the department has the opportunity to increase income by increasing participant contributions or to reduce expenses by reducing the amount of plan coverage. Plan coverage changes include increasing participant deductibles and co-payments, eliminating the payment for some services, negotiating lower costs for medical services, or looking for opportunities to reduce the cost of services provided using knowledge of the given health care environment.

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The following schedule shows historical rates for the state contribution, for employee benefit coverage, as well as historical medical and pharmacy cost trends. Rates for FY 2014 and FY 2015 have not been determined at this time.

Plan Year	Mo. Employer Contribution	% Incr. Over Prev. Yr	Medical Cost Trend	Pharmacy Cost Trend
1996	\$220	-4.3%	N/A	N/A
1997	\$225	2.3%	N/A	N/A
1998	\$245	8.9%	9.0%	20.8%
1999	\$270	10.2%	8.9%	33.2%
2000	\$285	5.5%	8.7%	9.2%
2001	\$295	3.5%	2.1%	17.9%
2002	\$325	10.2%	13.4%	15.9%
2003	\$366	12.6%	4.4%	11.6%
2004	\$410	12.0%	-3.3%	-2.8%
2005	\$460	12.2%	9.9%	13.3%
2006	\$506	6.3%	6.1%	9.5%
2007	\$557	10.1%	4.1%	15.0%
2008	\$590	10.1%	17.4%	3.6***
2009	\$626	10.0%	8.5%	4.3***
2010	\$679	8.5%	7.9%	-20.0****
2011	\$733	8.0%	9.5%	15.7%
2012	\$733	0.0%	5.0%**	14.0%**
2013	\$733	0.0%	8%**	10%**

*The FY 2013 rate becomes effective January 1, 2013.

** Projected trend rates.

*** The Pharmacy trend shown includes adjustments for prior year contractual recovery of performance guarantees and rebates as well as Retiree Drug Subsidy reimbursements from the federal government. After removing the financial adjustments, actual cost and utilization trend is anticipated to be approximately 12% and 8.1%, respectively.

**** The Pharmacy trend shown is for the year of implementation of the URx pharmacy program. The pharmacy trend is expected to return to a level of 10% per year from this base amount over the next biennium.

Workers' Compensation Management Program

The workers' compensation management program fees are composed of a fixed cost rate allocated to each state agency based on the average number of payroll warrants issued each pay period. This allocation method was used because it is an equitable way to allocate the costs of the program based on use. The program rates were determined through the calculation of the revenues necessary to pay program expenses, including the consideration of the 60 day working capital.

Flexible Spending Account Program

The Health Care & Benefits Division contracts with Allegiance Benefit Plan Management, Inc., for the administration of the flexible spending account program. State employees can elect to set aside a certain amount of their pay into accounts to pay dependent care and out-of-pocket medical costs. The "set aside" funds are withdrawn from employee pay prior to assessment of taxes, effectively lowering employee taxable pay. Employees must submit claims to use the funds deposited in the accounts for allowable expenses.

Federal rules govern the use of and the amount that can be contributed to flexible spending accounts. The current contribution maximums are \$2,500 per year for medical and \$5,000 per year for dependent care. Employees forfeit any unspent funds remaining at the end of the year.

Alternate Sources: As an alternative to contracting with an outside vendor to receive, review, and process the flexible spending account claims for reimbursement, the state could provide these services internally. This would require specialized knowledge and training and would require an increase in staffing.

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Customers Served: Approximately 5,100 state employees participate in the flexible spending account program.

Change in Services or Fees: No significant changes in services are contemplated. Fees should remain the same over the next biennium.

Working Capital: The flexible spending account program must maintain sufficient reserve levels to pay participant claims. Participants that have elected to contribute to a medical flexible spending account are able to claim the election amount of the entire plan year at any time during the plan year, regardless of whether all contributions have been made by the participant.

Fund Equity and Reserved Fund Balance: The flexible spending account program does not have any reserve fund balance requirements. Program management intends to maintain fund balance at current levels as compared to FY 2012 base year fund balance.

Cash Flow: The fund must maintain higher cash levels due to the Uniform Coverage Rule. This rule states on the first day of each year all participants who have elected a medical flexible spending account are entitled to be reimbursed the full amount of their annual election, regardless of whether or not the employee's full contribution has been met. However, the employee contributions into their flexible spending account are spread out into equal installment payments each pay period. In addition, participant funds that are not used by the end of the plan year are forfeited and maintained within the flexible spending account. The participants do have 90 days after the end of the plan year to request reimbursement for services rendered prior to year end. As a result, the flexible spending account program can and does face cash flow timing issues that are managed by the Health Care & Benefits Division.

Rate explanation section:

The flexible spending account program fees paid to Allegiance Benefit Plan Management, Inc., are \$2.25 per participant per month. This fee charged per participant whether the participant has a medical account, a dependent care account, or both. This fee is in turn charged to each participant who enrolls in the flexible spending account program. Due to the fees being charged each two week payroll cycle, the fee charged to participants is \$2.26 allowing a \$1.13 charge each pay period.

At times the flexible spending account program has accumulated additional funds due to forfeited funds. When able, the program uses the additional funds to waive the monthly \$2.26 fee charged to participants.

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Fund	Fund Name	Agency #	Agency Name	Program Name
06559	Group Benefits Claims A/C	61010	Department of Administration	Health Care and Benefits Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Fee F	295,515	542,163	499,565	-	-	-
Net Fee Revenue	295,515	542,163	499,565	-	-	-
Investment Earnings	2,396,146	748,208	1,098,874	1,800,000	1,200,000	1,300,000
Securities Lending Income	40,629	46,784	61,265	960,000	-	-
Premiums	130,513,833	152,804,584	152,006,589	188,000,000	165,000,000	175,000,000
Other Operating Revenues	3,647,677	4,067,351	2,497,367	1,600,000	2,020,000	2,270,000
Total Operating Revenue	136,893,800	158,209,090	156,163,660	192,360,000	168,220,000	178,570,000
Operating Expenses:						
Personal Services	914,125	1,023,297	1,365,905	1,416,688	1,315,575	1,318,363
Other Operating Expenses	134,010,968	140,488,999	145,983,925	171,666,338	171,173,042	185,189,587
Total Operating Expenses	134,925,093	141,512,296	147,349,830	173,083,026	172,488,617	186,507,950
Operating Income (Loss)	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	1,968,707	16,696,794	8,813,830	19,276,974	(4,268,617)	(7,937,950)
Total Net Assets- July 1 - As Restated	40,901,745	42,870,452	60,039,221	67,921,274	87,198,248	82,929,631
Prior Period Adjustments	-	471,975	(931,777)	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	40,901,745	43,342,427	59,107,444	67,921,274	87,198,248	82,929,631
Net Assets- June 30	42,870,452	60,039,221	67,921,274	87,198,248	82,929,631	74,991,681
60 working days of expenses (Total Operating Expenses divided by 6)	22,487,516	23,585,383	24,558,305	28,847,171	28,748,103	31,084,658
Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
State share per employee per month	\$653	\$706	733	733	n/a	n/a
Rates are established to maintain adequate actuarial reserves. Actual state share rates are set for each calendar year as opposed to a fiscal year. This table shows the average monthly state share rate for each fiscal year. Rates for FY 2014 and 2015 h						

**DEPARTMENT OF ADMINISTRATION-6101
HEALTH CARE & BENEFITS DIVISION-21**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06575	Fund Name Worker's Comp Mgmt	Agency # 61010	Agency Name Department of Administration	Program Name Health Care and Benefits Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Administrative Fees	450,946	186,234	195,159	388,298	296,302	297,317
Net Fee Revenue	450,946	186,234	195,159	388,298	296,302	297,317
Premiums	-	-	-	-	-	-
Other Operating Revenues	42	18	48	-	50	50
Total Operating Revenue	450,988	186,252	195,207	388,298	296,352	297,367
Operating Expenses:						
Personal Services	194,314	228,051	262,118	213,899	235,842	236,389
Other Operating Expenses	86,096	42,343	361,517	200,697	36,811	36,716
Total Operating Expenses	280,410	270,394	623,635	414,596	272,653	273,105
Operating Income (Loss)	170,578	(84,142)	(428,428)	(26,298)	23,699	24,262
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	170,578	(84,142)	(428,428)	(26,298)	23,699	24,262
Contributed Capital	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	170,578	(84,142)	(428,428)	(26,298)	23,699	24,262
Total Net Assets- July 1 - As Restated	(4,766)	165,812	81,670	(346,758)	(373,056)	(349,357)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(4,766)	165,812	81,670	(346,758)	(373,056)	(349,357)
Net Assets- June 30	165,812	81,670	(346,758)	(373,056)	(349,357)	(325,095)
60 days of expenses (Total Operating Expenses divided by 6)	35,051	33,799	77,954	51,825	34,082	34,138

**Requested Rates for Enterprise Funds
Fee/Rate Information**

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Administrative Fee (per payroll warrant per pay period)	\$1.29	\$1.06	\$1.09	\$1.08	\$0.82	\$0.82

Program rates have been established to maintain a 60-day working capital. The rates are to be paid by state agencies and are based on a projected number of payroll warrants to be issued.

Note: Prior to fiscal year 2010, the program expenditures were included in the General Fund.

Note also: This analysis does not include OPEB expenses.

**DEPARTMENT OF ADMINISTRATION-6101
HEALTH CARE & BENEFITS DIVISION-21**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06027	Fund Name Flexible Spending Funds	Agency # 61010	Agency Name Department of Administration	Program Name Health Care and Benefits Division
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Administrative Fees	66,701	147,386	67,133	146,448	69,000	138,000
Net Fee Revenue	66,701	147,386	67,133	146,448	69,000	138,000
Investment Earnings	1,756	1,575	1,638	6,000	3,000	3,000
Securities Lending Income	269	233	144	-	-	-
Premiums	7,228,059	7,598,000	7,243,951	9,150,594	7,410,000	7,250,000
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	7,296,785	7,747,194	7,312,866	9,303,042	7,482,000	7,391,000
Operating Expenses:						
Personal Services	-	-	-	-	-	-
Other Operating Expenses	7,518,828	7,361,300	7,279,606	9,249,627	7,261,700	7,261,700
Total Operating Expenses	7,518,828	7,361,300	7,279,606	9,249,627	7,261,700	7,261,700
Operating Income (Loss)	(222,043)	385,895	33,259	53,415	220,300	129,300
Nonoperating Revenues (Expenses):						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(222,043)	385,895	33,259	53,415	220,300	129,300
Operating Transfers Out	-	-	(552)	-	-	-
Change in net assets	(222,043)	385,895	32,708	53,415	220,300	129,300
Total Net Assets- July 1 - As Restated	1,086,018	863,975	1,324,010	1,356,717	1,410,132	1,630,432
Prior Period Adjustments	-	74,140	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,086,018	938,115	1,324,010	1,356,717	1,410,132	1,630,432
Net Assets- June 30	863,975	1,324,010	1,356,717	1,410,132	1,630,432	1,759,732
45 days of expenses (Total Operating Expenses divided by 8)	939,854	920,162	909,951	1,156,203	907,713	907,713

**Requested Rates for Enterprise Funds
Fee/Rate Information**

	Actual FYE 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Administrative Fee (per member per month)	\$2.26	\$2.26	\$0.00	\$0.00	\$2.26	\$2.26

Administrative fees charged and collected from plan participants are determined through the competitive bid process as part of the selection of a plan administrator.

**DEPARTMENT OF ADMINISTRATION-6101
HEALTH CARE & BENEFITS DIVISION-21**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$56,867	\$0
FY 2015	\$56,339	\$0

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$22,637,493	\$0
FY 2015	\$36,662,244	\$0

PL - 2101 - HCBD Benefits & Claims -
The Health Care and Benefits Division (HCBD) is requesting \$59,299,737 for the projected increase in medical, pharmacy and dental claims and administrative expenses in the 2015 biennium. HCBD projects that the State of Montana Employee Benefits Plan (Plan) will an average annual trend of 8 to 11% in medical claims, and 10 to 12% in prescription drug costs. HCBD is actively involved in managing health care costs to help contain its claims expenses, and has been successful in keeping the claims trend rate below the increase being experienced by a majority of other plans in the United States. Knowing that the plan will continue to see increased costs in health coverage, additional budget authority of \$22,382,493 and \$36,407,244 is requested for FY 2014 and FY 2015, respectively.

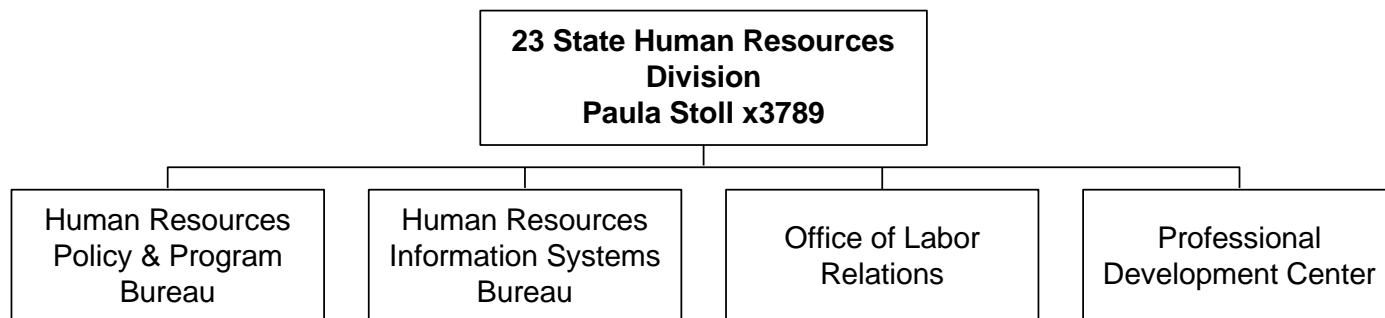
-----New Proposals-----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$2,127)	\$0
FY 2015	(\$2,134)	\$0

NP - 6101 - Professional Development Center Fee Allocation -
The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budgets are reduced by \$2,127 in FY 2014 and \$2,134 in FY 2015 from internal service funds for the department's allocation of the fixed cost.

**DEPARTMENT OF ADMINISTRATION-6101
STATE HUMAN RESOURCES DIVISION-23**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	26.29	0.00	1.00	27.29	0.00	1.00	27.29
Personal Services	1,767,006	98,995	63,797	1,929,798	102,791	63,751	1,933,548
Operating Expenses	1,613,135	179,249	49,681	1,842,065	121,851	49,674	1,784,660
Equipment & Intangible Assets	0	44,000	0	44,000	0	0	0
Total Costs	\$3,380,141	\$322,244	\$113,478	\$3,815,863	\$224,642	\$113,425	\$3,718,208
Proprietary	3,380,141	322,244	113,478	3,815,863	224,642	113,425	3,718,208
Total Funds	\$3,380,141	\$322,244	\$113,478	\$3,815,863	\$224,642	\$113,425	\$3,718,208

Proprietary Program Description –

The State Human Resources Division manages two proprietary programs: the Professional Development Center (PDC) for training; and the Human Resources Information Services (HRIS) bureau for payroll and benefits eligibility processing.

Professional Development Center/Training Program

The Professional Development Center (PDC) program provides training and related services throughout locations in the state of Montana. The PDC offers training directed towards improving state practices, meeting state and federal regulations, and providing professional services such as facilitation, mediation, or curriculum design. The program is accounted for in an internal service fund and has 3.04 FTE. The statutory authority for this program comes from 2-18-102, MCA.

Alternative Sources: Agencies do not have a mandate to use PDC services; they can purchase training from any source including professional seminars, conferences, symposia, or contracted providers.

Customers Served: The PDC primarily serves executive-branch agencies in Montana state government. In the past, the PDC’s services also have drawn participants from local and federal government agencies, private industry, and non-profit organizations. With the proposed change in funding, PDC services would be limited to the executive branches of Montana state government. The legislative and judicial branches have elected not to participate.

The service level is measured by the number of participants in the program. Total participants served over the past five years are as follows:

FY 2008	3,806
FY 2009	3,225
FY 2010	2,401
FY 2011	3,645
FY 2012	2,699

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Major Changes: There were no major changes to the services provided or the customer base in the current or previous biennia. However, the program expects significant growth in service demand during the 2015 biennium.

HRIS Bureau

The HRIS Bureau operates the SABHRS-HR payroll, benefits and human resources system to process, distribute, report and account for payroll, benefits and associated withholding and deductions for over 13,500 state employees in the executive, legislative and judicial branches. The bureau establishes and maintains standards, processes and procedures to be followed by state agencies in preparing and submitting payroll, benefits and related HR data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs including employee benefits (group insurance, FSA, deferred compensation, and pension) classification, pay, labor relations, policy and training. The program staff consists of 23.29 FTE. Statutory authority is 2-18-401, MCA and 2-18-403 MCA.

Alternative Sources: As an alternative to providing a centralized payroll and benefit operations system, each agency could provide their own payroll and benefit eligibility processing, or contract with private firms that provide equivalent services.

Customers Served: Over 13,500 active employees are paid biweekly in addition to the processing of benefit eligibility elections for 35,000 active, retired, and terminated employees and covered dependents in all state agencies of the Executive, Legislative, and Judicial branches.

Revenues and Expenses

Professional Development Center/Training Program

Change in Services or Fees – For the past 25 years, the PDC has operated as a proprietary program, supported by fees for services. A partial exception to this occurred in the 2011 biennium: to assist with the department’s initiatives in workforce development, general fund supported 0.5 FTE in FY2010 and 1.0 FTE in FY2011.

In the current 2013 biennium, two sources of revenue cover the personal services and operating expenses for the PDC:

1. Open-enrollment fees: a per-person tuition charged for attendance. The amount per person varies by length of the course and number of people attending from a single agency.
2. Contract fees: a flat fee charged for providing a service. The amount per service varies by length of the service and number of services arranged in a single contract.

The table below depicts historic and projected levels of open-enrollment and contract services and shows how participation levels vary from year to year. These fluctuations stem from varying demand for training, in which participation by agencies is voluntary. When their budgets change, so does their discretionary spending for training.

Fiscal Year	Open Class Participants	Open Class Hours	Contract Participants	Contract Hours
FY 2009	1761	1467	1464	663
FY 2010	1368	1429	1033	333
FY 2011	1073	1109	2572	775
FY 2012	1352	1141	1347	700
FY 2013 – proj.	1261	1226	1655	740
FY 2014 – proj.	3784	2452	4366	1440
FY 2015 – proj.	4410	2697	3910	1584

The PDC staff has maintained the scope of services provided. The program expects significant increases in the next biennium due to an anticipated change in the rate methodology.

Working Capital Discussion: – Billing for the PDC training courses is monthly, which requires the program to operate with approximately 45 days of working capital. Working capital is factored into the rate after estimated expenditures are calculated.

Fund Equity and Reserved Fund Balance: – The PDC has no requirement to reserve any of its fund balance.

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Cash Flow Discussion: – During fiscal year 2012, the average turnaround period for revenue receipts was about 45 days from the time service took place. Historically, during the first two quarters of a fiscal year, demand for PDC services is lower and cash receipts tend to be at their lowest levels. Cash outflows remain stable during this time period, as 87% of expenses are constant and independent of its revenue stream.

Specific Services and SABHRS Accounts: – The primary services provided by PDC are open enrollment training courses and contract training. For open enrollment trainings, PDC schedules, promotes, and conducts courses that are open to participants from legislative and executive agencies.

PDC also contracts with individual agencies to provide training for their staff. The agency schedules, promotes, and provides the facility for training. PDC provides the instruction and class materials.

Deposits for all PDC services have been recorded on SABHRS under the Department of Administration (61010). PDC records revenue in account 522091 and all base-year funding was proprietary.

Historically, agencies have recorded payments to PDC in SABHRS accounts 62809-Education/Training Costs, and 62102-Consulting and Professional Services.

HRIS Bureau

Change in Services or Fees: The HRIS bureau is requesting an additional \$29,240 biannual increase to cover the projected license and maintenance fee increases for the SABHRS-HR software.

Working Capital Discussion: The HRIS rates established for the 2015 biennium provide for the maintenance of a 60-day working capital amount of \$565,761 by the end of FY 2015. The working capital is needed to fund payroll, benefit eligibility processing, and SABHRS HR costs prior to the quarterly receipt of fees from each agency.

Fund Equity and Reserved Fund Balance: The HRIS fund had a fund balance of \$341,297 as of FYE 2012. By the end of 2015 it is expected that the program will have a fund balance of \$125,208. The program does not have a requirement to reserve any of its fund equity.

Cash Flow Discussion: Payroll fees from agencies are collected quarterly. Personal services and operating costs are paid with HRIS fee receipts on a regular and stable basis throughout the year. There are no unusual cash outlays that occur in the HRIS fund.

The HRIS program is accounted for as a proprietary fund and uses the following SABHRS account. Revenue account 521049 (HRIS processing fees), represents 100 percent of revenue collected. The revenues are collected from two sources: 1) central payroll processing fees are assessed to each agency based on the average number of paychecks processed during the prior two fiscal years and 2) costs associated with processing the benefit eligibility elections for the 35,000 plan members are collected from the Health Care and Benefits Division.

Agencies record payments of HRIS processing fees in expenditure account 62114 (HRIS service fees).

Rate Explanation –

Professional Development Center/Training Program

Currently the PDC charges tuition to each participant for attending an open-enrollment training course. Tuition rates were based on two factors: (1) projected attendance and (2) competitive pricing. Tuition rates for the 2013 biennium were based on the proportion of fixed and personal services costs to the overall anticipated program cost, in an effort to ensure that demand-driven revenues were sufficient to cover total program expenses.

However, during budget uncertainty or challenges, agencies are trim discretionary costs such as training. The department views the Training Program's coursework as a critical, strategic investment to develop and improve the quality and knowledge base of employees, promoting best practices throughout state government.

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Through the executive planning process for the 2015 biennium and beyond, the PDC has requested changing the program's funding method. Rather than the current process of charging tuition to each participant for attending a training course, the PDC will charge a fixed cost rate to agencies based on their FTE.

The department calculated this rate by projecting the annual expenses of the program at \$445,086 and allocating it to each agency based on its number of employees. The expense figure represents an increase from an average \$297,419 over the 2011 and 2013 biennia. This stems from projected increases in participation in training programs, rising from an average of 3,163 a year to over 8,200. The increased numbers in training will require increased training sessions and topics. The request adds an FTE Trainer to meet the increased demand. The program also projects increased expenses for supplies and materials, given increased printing and instructional supplies.

The program projects the fixed-cost rate to be \$34.59 per FTE each fiscal year of the biennium.

HRIS Bureau

HRIS fees charged to state agencies are determined by projecting the cost of operating the HRIS program through the next biennium. HRIS rates are set as a fixed cost and allocated out to each agency based on the number of paychecks processed during the two prior fiscal years.

The following schedule shows the average number of employee payroll checks and advices processed for the past three years and the 2015 biennial projections.

Fiscal Year	Avg. # of Paychecks Processed
FY 2011	362,570
FY 2012	360,230
FY 2013	361,790
FY 2014 (est.)	360,230
FY 2015 (est.)	361,790

The fee charged to the Health Care and Benefits Division is determined by projecting the SABHRS-HR system related costs of processing eligibility elections for the 35,000 plan members through the next biennium in conjunction with license and maintenance costs related to the software.

**DEPARTMENT OF ADMINISTRATION-6101
STATE HUMAN RESOURCES DIVISION-23**

2015 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Agency Name		Program Name			
06525	Intergovernmental Training	61010	Department of		State Human Resources Division			
			Actual	Actual	Actual	Projected	Projected	Projected
			FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Operating Revenues:								
Fee revenue								
	Revenue from Training Fees		281,820	274,524	294,623	397,102	487,307	487,307
	Net Fee Revenue		281,820	274,524	294,623	397,102	487,307	487,307
	Investment Earnings		-	-	-	-	-	-
	Securities Lending Income		-	-	-	-	-	-
	Premiums		-	-	-	-	-	-
	Other Operating Revenues		191	232	-	-	-	-
	Total Operating Revenue		282,011	274,756	294,623	397,102	487,307	487,307
Operating Expenses:								
	Personal Services		104,428	128,122	246,036	204,428	285,859	285,995
	Other Operating Expenses		135,982	113,374	123,302	134,395	241,904	197,770
	Total Operating Expenses		240,410	241,496	369,338	338,823	527,763	483,765
	Operating Income (Loss)		41,601	33,260	(74,715)	58,279	(40,456)	3,542
Nonoperating Revenues (Expenses):								
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
	Income (Loss) Before Operating Transfers		41,601	33,260	(74,715)	58,279	(40,456)	3,542
	Contributed Capital		-	-	-	-	-	-
	Operating Transfers In (Note 13)		-	-	24,002	-	-	-
	Operating Transfers Out (Note 13)		-	-	-	-	-	-
	Change in net assets		41,601	33,260	(50,713)	58,279	(40,456)	3,542
	Total Net Assets- July 1 - As Restated		(72,492)	(30,891)	2,369	(48,344)	54,223	13,767
	Prior Period Adjustments		-	-	-	44,288	-	-
	Cumulative effect of account change		-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated		(72,492)	(30,891)	2,369	(4,056)	54,223	13,767
	Net Assets- June 30		(30,891)	2,369	(48,344)	54,223	13,767	17,309
	60 days of expenses							
	(Total Operating Expenses divided by 6)		40,068	40,249	61,556	56,471	87,961	80,628
Requested Rates for Internal Service Funds								
Fee/Rate Information for Legislative Action								
			Actual	Actual	Actual	Projected	Projected	Projected
			FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
	PDC Fee per FTE		N/A	N/A	N/A	N/A	34.59	34.59
Fee Group A								
	Training Services per hour							
Open Enrollment Courses								
	Tw o-Day Course (per participant)		\$182.00	\$187.00	\$187.00	\$190.00	N/A	N/A
	One-Day Course (per participant)		\$115.00	\$120.00	\$120.00	\$123.00	N/A	N/A
	Half-Day Course (per participant)		\$90.00	\$93.00	\$93.00	\$95.00	N/A	N/A
	Eight-Day Management Series (per participant)		\$560.00	\$565.00	\$565.00	\$570.00	N/A	N/A
	Six-Day Management Series (per participant)		\$430.00	\$465.00	\$465.00	\$440.00	N/A	N/A
	Four-Day Administrative Assistant Series (per participant)		\$325.00	\$330.00	\$330.00	\$333.00	N/A	N/A
Contract Courses								
	Full Day Training (flat fee)		\$820.00	\$825.00	\$825.00	\$830.00	N/A	N/A
	Half Day Training (flat fee)		\$560.00	\$565.00	\$565.00	\$570.00	N/A	N/A
The Training Program determines rates by analyzing its billable staff hours, overhead costs, and variable costs which are directly associated with providing a specific training service. Service fees include an allocation of total overhead costs based on an estimate of total billable hours during the year. Rates are established to build up to a 60-day working capital.								

**DEPARTMENT OF ADMINISTRATION-6101
STATE HUMAN RESOURCES DIVISION-23**

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Fund	Fund Name	Agency #	Agency Name	Program Name
06563	Human Resources Information Services	61010	Administration	State Human Resource Division

	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14	Projected FY15
Operating Revenues:						
Fee revenue						
Revenue from HRIS Fees	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Revenue from HRIS SABHRS	-	-	-	-	-	-
Revenue from Transfers from Benefits	-	-	-	-	-	-
Revenue from Miscellaneous Service Fees	-	-	-	-	-	-
Net Fee Revenue	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	4,265,937	3,658,895	2,835,394	3,309,455	3,299,768	3,320,064
Operating Expenses:						
Personal Services	1,764,283	1,370,340	1,520,347	1,598,895	1,643,939	1,647,553
Other Operating Expenses	1,991,037	1,826,150	1,623,486	1,750,442	1,648,461	1,591,190
Total Operating Expenses	3,755,320	3,196,490	3,143,833	3,349,337	3,292,400	3,238,743
Operating Income (Loss)	510,617	462,405	(308,439)	(39,882)	7,368	81,321
Nonoperating Revenues (Expenses):						
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	510,617	462,405	(308,439)	(39,882)	7,368	81,321
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	(49,667)	-	-	-
Change in net assets	510,617	462,405	(358,106)	(39,882)	7,368	81,321
Total Net Assets- July 1 - As Restated	4,105	514,722	977,127	619,021	579,139	586,507
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	4,105	514,722	977,127	619,021	579,139	586,507
Net Assets- June 30	514,722	977,127	619,021	579,139	586,507	667,828
60 working days of expenses						
(Total Operating Expenses divided by 6)	625,887	532,748	523,972	558,223	548,733	539,791

**Requested Rates for Internal Service Funds
Fee/Rate Information for Legislative Action**

	Actual FY 10	Actual FY 11	Actual FY 12	Projected FY 13	Projected FY 14	Projected FY 15
Fee Group A						
HRIS fees (per employee processed per pay period)	\$9.37	\$8.04	\$8.06	\$8.10	\$8.13	\$8.15

Health Resources Information Services (HRIS) rates have been established under the authority of 2-18-401, MCA, and 2-18-403, MCA. Projected HRIS expenditures anticipated for the 2013 biennium are distributed as a fixed cost fee to the Health Care Benefit

**DEPARTMENT OF ADMINISTRATION-6101
STATE HUMAN RESOURCES DIVISION-23**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$55,767	\$0
FY 2015	\$55,192	\$0

PL - 102 - Allocate department indirect/admin costs -

This request funds the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$20,200	\$0
FY 2015	\$20,200	\$0

PL - 2303 - Managing MT Conference -

The Professional Development Center (PDC) is requesting an additional \$40,400 of operating authority in the PDC proprietary fund for the 2015 biennium for costs associated with facilitating the Managing Montana Conference.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$44,000	\$0
FY 2015	\$0	\$0

PL - 2304 - Relocate and Equip PDC Training Rooms - OTO -

The Professional Development Center (PDC) is requesting a One-Time-Only operating and equipment appropriation of \$44,000 for the 2015 biennium to equip their training rooms which are being relocated to the Mitchell Building basement from the Metcalf Building. The General Services Division estimates the cost of replacement of furniture and supplies to be approximately \$19,000 and the cost of the new AV equipment to be approximately \$25,000. The PDC base budget cannot absorb these additional costs.

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$112,886	\$0
FY 2015	\$112,840	\$0

NP - 2301 - PDC - New Fixed Cost Allocation Method -

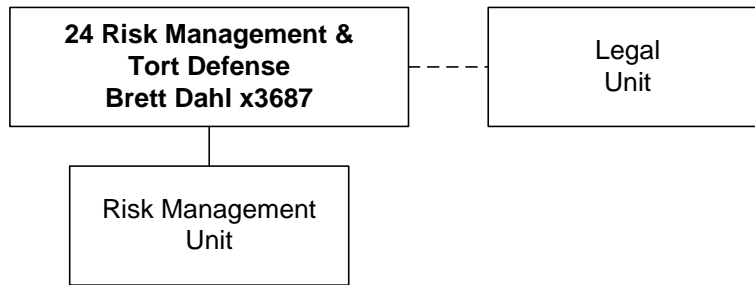
This request is to change the funding method for the Training Program (Professional Development Center) from fee-based to fixed cost rate. Rather than charging fees for each training course, it would fund the program by charging an annual rate to agencies, based on FTE, at a cost of \$34.59 per FTE per year. The proposal would add 1.00 FTE to the Training Program to meet significant increases in training attendance. The Professional Development Center (PDC) requests a \$225,726 increase in spending authority for the 2015 biennium, consisting of \$127,548 in personal services and \$98,178 in operating. The increase is needed to cover significant increases in training participants. For the 2015 biennium, PDC's proposed fixed cost rate would be \$908,614.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$592	\$0
FY 2015	\$585	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes \$592 in FY 2014 and \$585 in FY 2015 from state internal service funds for the department's allocation of the fixed cost.

DEPARTMENT OF ADMINISTRATION-6101 RISK MANAGEMENT & TORT DEFENSE-24



Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00
Personal Services	1,119,121	104,442	0	1,223,563	104,805	0	1,223,926
Operating Expenses	6,112,950	(20,354)	(43)	6,092,553	(54,686)	(48)	6,058,216
Benefits & Claims	36,231,769	(30,800,000)	0	5,431,769	(30,800,000)	0	5,431,769
Transfers	124,999	0	0	124,999	0	0	124,999
Total Costs	\$43,588,839	(\$30,715,912)	(\$43)	\$12,872,884	(\$30,749,881)	(\$48)	\$12,838,910
Proprietary	43,588,839	(30,715,912)	(43)	12,872,884	(30,749,881)	(48)	12,838,910
Total Funds	\$43,588,839	(\$30,715,912)	(\$43)	\$12,872,884	(\$30,749,881)	(\$48)	\$12,838,910

Proprietary Program Description –

In accordance with 2-9-201, MCA, the Department of Administration is authorized to accumulate a self-insurance fund to pay for losses, purchase insurance, and to fund operations. Insurance premium payments are made by state agencies (account 525100) into a self-insurance fund from legislative appropriations. Funding for insurance is authorized in agency's budgets by the Office of Budget and Program Planning and approved by the legislature each biennium in accordance with 17-7-501, MCA. All charges are recorded in SABHRS account 62104. Proceeds from the self-insurance fund are statutorily appropriated for the payment of property/casualty claims in accordance with 2-9-305, MCA.

The Risk Management & Tort Defense Division (RMTD) purchases catastrophic commercial property and casualty insurance to cover aviation and property losses that fall above self-funded deductibles for state agencies, boards, councils, commissions, and the university system. Through in-house staff and contracted services, the division self-administers (i.e., self-insures) general liability, vehicle liability, professional liability, errors & omissions, inland marine, leased/loaned vehicles, and foster care exposures.

The division provides risk management/safety training and consultative services to state agencies to prevent and/or minimize the adverse effects of physical or financial loss. The division also investigates, evaluates, and defends agencies, officers, and employees of the State of Montana in tort liability claims (i.e. personal injury or property damage to third parties) and coordinates the adjudication and settlement of claims involving damage to state property.

Since the early 1980s, the State of Montana has self-insured most property and liability exposures and purchased catastrophic excess insurance from commercial insurance companies where feasible and cost-effective. Insurance industry underwriting losses coupled with a reduced investment income from stocks and bonds have had a significant impact on the availability and affordability of commercial excess insurance.

There are no service delivery alternatives. State agencies operate prisons, supervise parolees, maintain highways, regulate industries, treat patients at state institutions, supervise foster children, and engage in many other activities that create significant potential for property and liability exposure. Many insurance carriers in today's market are unwilling to accept the kinds of risks that state government presents when other, more profitable alternatives are available.

DEPARTMENT OF ADMINISTRATION-6101 RISK MANAGEMENT & TORT DEFENSE-24

In January of 2012, the Risk Management & Tort Defense Division contracted with Towers Watson, an actuarial consulting firm, to project the State of Montana's estimated unpaid loss and loss adjustment expenses (i.e. payments for settlements, judgments, verdicts, attorney's fees, adjuster's fees, and associated costs). Actuarial evaluations provide an estimate of the funding that would be necessary if all of the state's claims and lawsuits for prior fiscal years came due at the same time. For example, actuarial projections of unpaid losses as of 6/30/2012 are estimated at \$19,296,543. If the state had to pay all of these losses at once then it would need \$19,296,543 on 6/30/2012. Actuarially projected future loss costs for FY 2014 and FY 2015 developed to ultimate projected loss for those fiscal years are respectively \$6,802,588 and \$7,365,783.

Proprietary Revenues and Expenses -

AUTO - State agencies own or lease approximately 9,800 vehicles. Vehicles are used for diverse and high risk activities such as highway maintenance, law enforcement, construction, and off-road travel. These activities present significant liability risk for the state. Proposed premiums are \$1,248,500 for each year of the 2015 biennium.

AVIATION - State agencies own and operate 26 aircraft (including helicopters) that are used for various functions such as law enforcement, game management, fire fighting, transportation of state employees, and aerial topography. The state also owns and operates 15 state airports that connect Montana citizens and visitors. The number of flights into West Yellowstone, for example, totals over 3,000 per year. Historically, the state has had very few aviation losses. The number of claims, total incurred losses, and average cost per claim have been stable since FY 2004. Proposed premiums are \$169,961 for each year of the 2015 biennium.

GENERAL LIABILITY - State agencies operate prisons, hospitals, and institutions. In addition, state agencies are responsible for highway maintenance and design, law enforcement, wildlife resource management, supervision of foster children, and many other vital, high-risk functions. The number and variety of potential risks have increased. Inmates incarcerated in prisons operated or supervised by the Department of Corrections and the number of offenders on probation or parole has also increased. On July 1, 2000, the Department of Transportation assumed responsibility for an additional 7,500 miles of secondary highways formerly maintained by cities and counties and this number grows each biennium. Proposed premiums are \$7,575,000 for FY 2014 and FY 2015.

PROPERTY - State agencies and universities own or lease over 4,500 properties with an estimated current replacement cost value of over \$4.8 billion. In addition, the state maintains and operates over 600 boilers and is responsible for fine art that has an estimated market value in excess of \$389,000,000. The Risk Management & Tort Defense Division self-funds losses that fall below commercial catastrophic insurance deductibles of \$1,000,000 per occurrence. State agencies have experienced numerous, catastrophic losses stemming from arson, earthquake, fire, flood, hail, and wind. State property risk is significant. Total incurred losses have been volatile since FY 2004. Proposed premiums are \$5,040,000 each year of the biennium.

Proprietary Rate Explanation –

In accordance with 17-7-501, MCA, the Risk Management & Tort Defense Division operates an internal service fund known as the state property/casualty insurance fund.

Funding for insurance is authorized in agency's budgets by the Office of Budget and Program Planning and approved by the legislature each biennium in accordance with 17-7-123, MCA. Proceeds from the property/casualty insurance fund are used to pay claims, purchase insurance, and fund operations.

For purposes of premium development, all insurance premiums are combined into the following decision packages; auto, aviation, general liability, and property. The development of property/casualty insurance premium for each decision package involves a five-step process: Step 1 - Evaluate historical exposure, losses, and premiums; Step 2 - Project unallocated expenses through FY 2015; Step 3 - Project allocated expenses through FY 2015; Step 4 - Determine an appropriate level of premium to achieve funding objectives; Step 5 - Apportion premiums to state agencies and universities based upon historical loss experience and exposure.

Proposed premiums for the 2015 biennium are as follows: Auto – FY 2014 and FY 2015, \$1,248,500 each year of the biennium; Aviation – FY 2014 and FY 2015, \$169,961 each year of the biennium; General Liability- FY 2014 and FY 2015, \$7,575,000 each year of the biennium; and Property – FY 2014 and FY 2015, \$5,040,000 each year of the

DEPARTMENT OF ADMINISTRATION-6101 RISK MANAGEMENT & TORT DEFENSE-24

biennium.

Premiums for FY 2014 and FY 2015 are apportioned based upon exposure and uniform reductions in loss experience as follows:

Auto: Total auto premium collections of \$1,248,500 each year of the biennium is comprised of two separate insurance coverages: auto comp/collision FY 2014-\$540,117 and FY 2015-\$586,405 and auto liability premium FY 2014-\$708,383 and FY 2015-\$662,095. Auto comp/collision premiums for FY 2014 and FY 2015 are based upon total values of reported vehicles. Auto liability premiums are based upon agency losses and the number of vehicles reported.

Aviation: Aviation premium of \$169,961 in FY 2014 and FY 2015 is allocated to those agencies that have aircraft based upon charges from commercial insurance carriers for each aircraft, depending on the year, make, model, and value of the aircraft. Airport premium is apportioned to those agencies that have airports based upon the number of airports.

General Liability: Total general liability premium of \$7,575,000 each year of the biennium is comprised of commercial coverage and self-insured coverage as follows: commercial coverage FY 2014-\$293,675 and FY 2015-\$303,299 and self-insured coverage FY 2014-\$7,281,325 and FY 2015-\$7,271,701. Commercial coverage charges are negotiated with commercial insurance carriers.

Property: Property insurance premium of \$5,040,000 is allocated to each agency based on its percentage of reported exposures (e.g. building replacement cost values, boilers & machinery, etc.).

DEPARTMENT OF ADMINISTRATION-6101 RISK MANAGEMENT & TORT DEFENSE-24

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name		
06532	Agency Insurance Int Srv	61010	Department of Administration	Risk Management & Tort Defense		
			Actual	Actual	Actual	Budgeted
			FY10	FY11	FY12	Budgeted FY13
						Budgeted FY14
						Budgeted FY15
Operating Revenues:						
Revenue from Fee F			-	-	-	-
Net Fee Revenue			-	-	-	-
Investment Earnings			76,737	82,601	27,923	7,000
Securities Lending Income			11,741	15,517	3,051	-
Premiums			11,757,470	11,750,214	11,736,438	11,783,206
Other Operating Revenues			138	2,228	60	-
Total Operating Revenue			11,846,086	11,850,560	11,767,472	11,790,206
						14,040,461
						14,040,461
Operating Expenses:						
Personal Services			1,000,322	1,103,019	904,539	1,127,459
Other Operating Expenses			10,692,129	10,330,643	43,951,709	9,263,038
Total Operating Expenses			11,692,451	11,433,662	44,856,248	10,390,497
						12,872,884
						12,838,910
Operating Income (Loss)			153,635	416,898	(33,088,776)	1,399,709
						1,167,577
						1,201,551
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets			-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-
Other Nonoperating Revenues (Expenses)			235,093	227,171	120,542	169,000
Net Nonoperating Revenues (Expenses)			235,093	227,171	120,542	169,000
						169,000
						169,000
Income (Loss) Before Operating Transfers			388,728	644,069	(32,968,234)	1,568,709
						1,336,577
						1,370,551
Contributed Capital			-	-	-	-
Operating Transfers In (Note 13)			616,046	4,236,093	3,493,765	450,000
Operating Transfers Out (Note 13)			(640,042)	(388,033)	(135,547)	-
Change in net assets			364,732	4,492,129	(29,610,016)	2,018,709
						1,786,577
						1,820,551
Total Net Assets- July 1 - As Restated			7,627,890	7,992,622	12,484,751	(17,125,265)
						(15,106,556)
						(13,319,979)
Prior Period Adjustments			-	-	-	-
Cumulative effect of account change			-	-	-	-
Total Net Assets - July 1 - As Restated			7,627,890	7,992,622	12,484,751	(17,125,265)
						(15,106,556)
						(13,319,979)
Net Assets- June 30			7,992,622	12,484,751	(17,125,265)	(15,106,556)
						(13,319,979)
						(11,499,428)
60 days of expenses						
(Total Operating Expenses divided by 6)			1,948,742	1,905,610	7,476,041	1,731,750
						2,145,481
						2,139,818
Requested Rates for Internal Service Funds						
Fee/Rate Information						
			Actual	Actual	Actual	Budgeted
			FYE 10	FYE 11	FYE 12	FY 13
						Budgeted FY 14
						Budgeted FY 15
Premium						
Auto/Comp/Collision			1,043,146	1,044,540	1,031,347	1,037,665
Aviation			212,450	212,451	212,451	212,451
General Liability			6,749,999	6,750,000	6,750,000	6,750,000
Property/Miscellaneous			3,747,424	3,731,312	3,733,020	3,783,090
Total			11,753,019	11,738,303	11,726,818	11,783,206
						14,033,461
						14,033,461

**DEPARTMENT OF ADMINISTRATION-6101
RISK MANAGEMENT & TORT DEFENSE-24**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$20,174	\$0
FY 2015	\$19,144	\$0

PL - 102 - Allocate Department Indirect/Admin Costs -

This request funds the division's share of department indirect/administrative costs for services provided by proprietary funded centralized service functions of the agency.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$30,800,000)	\$0
FY 2015	(\$30,800,000)	\$0

PL - 2401 - Reduce RMTD Claims Base Budget (Libby) -

Risk Management and Tort Defense (RMTD) requests to reduce the benefits and claims category base budget for the 2015 biennium by \$53.6 million. The request for reduction is \$30.8 million for FY 2014 and \$26.8 million for FY 2015. The base budget should be reduced for costs associated with the Libby settlement and other catastrophic losses. The division does not foresee another settlement of this severity during the 2015 biennium.

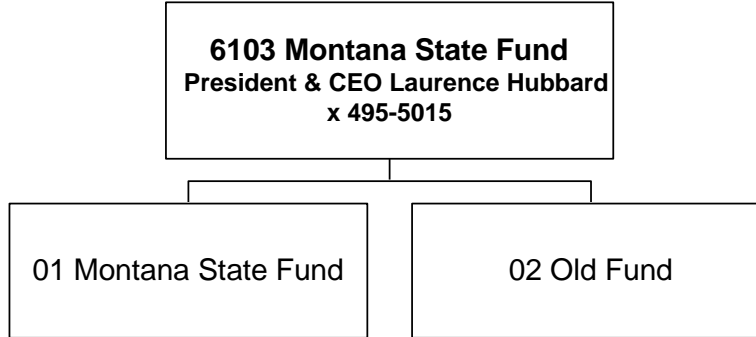
-----New Proposals-----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$43)	\$0
FY 2015	(\$48)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes a reduction of \$43 in FY 2014 and a reduction of \$49 in FY 2015 from 06532 funds for the department's allocation of the fixed cost.

MONTANA STATE FUND-6103



Mission Statement - Montana State Fund is Montana's insurance carrier of choice and industry leader in service.

Statutory Authority - Montana State Fund provides an option to Montana employers for coverage of workers' compensation and occupational disease liability and is required, as the guaranteed market, to provide coverage to any employer in this state requesting coverage (39-71-2313, MCA).

Section 39-71-2321, MCA, provides that all funds deposited in Montana State Fund may be expended as provide in 17-8-101(2)(b), under general laws, or contracts entered into pursuant to law, permitting the disbursement. Based on this statutory provision, and 39-71-2363, MCA, Montana State Fund is not budgeted in the general appropriations act.

Management and control of Montana State Fund is vested solely in a seven-member board of directors (board) appointed by the Governor. Two members of the Economic Affairs Interim Committee are legislative liaisons to the Montana State Fund Board of Directors as provided in 2-15-1019(8), MCA. The liaisons are encouraged to attend Montana State Fund board meetings and receive all board meeting agendas and materials relating to board matters.

Montana State Fund's President / CEO annually submits to the board for its approval an estimated budget of the entire expense of administering the state fund for the succeeding fiscal year. A copy of the approved budget must be delivered to the Governor and the Legislature. Upon approval of the estimated budget for the succeeding fiscal year by the Board of Directors, the state fund shall, no later than October 1 of each year, submit the approved annual budget for review to the Legislative Finance Committee, 39-71-2363, MCA.

The board has the authority to establish the rates to be charged by Montana State Fund for insurance. The board must engage the services of an independent actuary who is a member in good standing with the American Academy of Actuaries to develop and recommend actuarially sound rates. Rates must be set at amounts sufficient, when invested, to carry the estimated cost of all claims to maturity, to meet the reasonable expenses of conducting the business of Montana State Fund, and to amass and maintain an excess of surplus over the amount produced by the National Association of Insurance Commissioners' risk-based capital requirements for a casualty insurer, 39-71-2330, MCA.

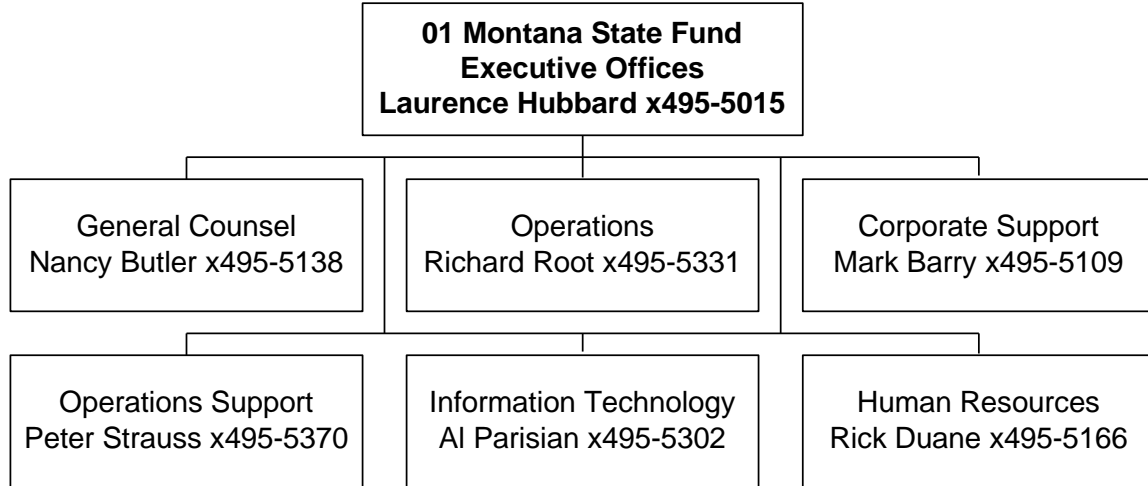
The board shall annually determine the level of equity that must be maintained by Montana State Fund pursuant to this section, but shall maintain a minimum surplus of 25% of annual earned premium. Montana State Fund shall use the amount of the surplus above the risk-based capital requirements to secure the state fund against various risks inherent in or affecting the business of insurance and not accounted for or only partially measured by the risk-based capital requirements, 39-71-2330, MCA.

The board has the authority to declare dividends if there is an excess of assets over liabilities. However, dividends may not be paid until adequate actuarially determined reserves are set aside, 39-71-2316 (8), MCA.

MONTANA STATE FUND-6103

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	289.00	0.00	0.00	289.00	0.00	0.00	289.00
Personal Services	24,457,605	(301,013)	0	24,156,592	408,470	0	24,866,075
Operating Expenses	17,693,944	3,088,152	0	20,782,096	3,551,967	0	21,245,911
Equipment & Intangible Assets	642,469	279,263	0	921,732	279,263	0	921,732
Benefits & Claims	122,335,548	8,199,973	0	130,535,521	8,648,141	0	130,983,689
Transfers	0	0	0	0	0	0	0
Total Costs	\$165,129,566	\$11,266,375	\$0	\$176,395,941	\$12,887,841	\$0	\$178,017,407
Proprietary	165,129,566	11,266,375	0	176,395,941	12,887,841	0	178,017,407
Total Funds	\$165,129,566	\$11,266,375	\$0	\$176,395,941	\$12,887,841	\$0	\$178,017,407

MONTANA STATE FUND-6103 NEW FUND-01



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	289.00	0.00	0.00	289.00	0.00	0.00	289.00
Personal Services	24,457,605	(301,013)	0	24,156,592	408,470	0	24,866,075
Operating Expenses	17,485,324	3,119,156	0	20,604,480	3,581,230	0	21,066,554
Equipment & Intangible Assets	642,469	279,263	0	921,732	279,263	0	921,732
Benefits & Claims	113,611,172	8,555,487	0	122,166,659	9,153,916	0	122,765,088
Transfers	0	0	0	0	0	0	0
Total Costs	\$156,196,570	\$11,652,893	\$0	\$167,849,463	\$13,422,879	\$0	\$169,619,449
Proprietary	156,196,570	11,652,893	0	167,849,463	13,422,879	0	169,619,449
Total Funds	\$156,196,570	\$11,652,893	\$0	\$167,849,463	\$13,422,879	\$0	\$169,619,449

Proprietary Program Description -Montana State Fund is responsible for providing workers' compensation insurance for Montana employers insured by Montana State Fund and managing claims and benefits payments for injuries occurring on or after July 1, 1990, incurred as a result of the insurance coverage.

Montana State Fund provides insurance for workers' compensation and occupational disease and is required, as the guaranteed market, to provide coverage to any employer requesting coverage (Title 39, chapter 71, MCA). The Montana Workers' Compensation Act requires all employers in Montana who have employees in service to carry workers' compensation insurance. The Department of Labor and Industry regulates the workers' compensation industry in Montana. Three plans exist for coverage: Plan I-self-insured; Plan II-Private Insurance Companies; or Plan III-State Compensation Insurance Fund (Montana State Fund). According to state law, Montana State Fund is a nonprofit independent public corporation.

Montana State Fund operates in a competitive market with private insurers. Montana State Fund guarantees the availability of workers' compensation coverage for all employers in Montana. Montana law requires Montana State Fund to insure any employer in the state who requests coverage, except those in default of a prior payment to the State Fund. As provided in law, Montana State Fund insures all state agencies.

Under the workers' compensation and occupational disease laws of Montana, Montana State Fund is liable for payment of benefits to employees for injuries arising out of and in the course of employment, or in the case of death or injury, to the beneficiaries. Montana State Fund pays benefits to injured employees based on a schedule of benefits established in law (Title 39, Chapter 71, MCA).

MONTANA STATE FUND-6103 NEW FUND-01

Statute requires Montana State Fund to set premium rates at levels sufficient, when including future investment income, to fund the insurance program (39-71-2330, MCA). This includes the cost of administration, benefits, and adequate reserves. Montana State Fund is subject to the laws governing state agencies, unless specifically exempted by statute (39-71-2314, MCA).

The Board is statutorily required to establish a business plan (39-71-2315(3), MCA) and an annual budget within parameters defined in law (39-71-2363, MCA). State law requires Montana State Fund to submit its annual budget to the Legislative Finance Committee for review. The Board shall submit an annual financial report to the Governor and to the Legislature indicating the business done during the previous year and containing a statement of estimated liabilities of Montana State Fund as determined by an independent actuary.

Montana State Fund's Board of Directors is the approving authority for Montana State Fund's annual budget (39-71-2363, MCA). The Board has not approved the expenditure levels in the following budget table for the 2015 Biennium. Changes in business conditions and the competitive market in which Montana State Fund operates, as well as changing trends in medical and indemnity benefits, will result in changes to the budgets the Board of Directors will ultimately approve each year for FY 2014 and FY 2015.

Montana State Fund operates in a team environment focused on responsiveness to customers. The State Fund follows accepted insurance industry practices to ensure financial strength and stability in the marketplace. Montana State Fund has a fiduciary responsibility to all stakeholders to make certain that the Montana State Fund retains adequate equity to deal with any future contingencies.

The budget table shown below reflects projected operating budgets, claim expenditures, and funding. The data cited in the table is for informational purposes only and is based on a two-year Montana State Fund staff projection of operations. Estimates for claim expenditures and funding are periodically updated by staff and are subject to change.

Proprietary Revenues and Expenses -

Workers' compensation premiums and investment earnings fund Montana State Fund operations.

Proprietary Rate Explanation -The board has the authority to establish the rates to be charged by Montana State Fund for insurance, 39-71-2330(1), MCA. The board shall engage the services of an independent actuary who is a member in good standing with the American Academy of Actuaries to develop and recommend actuarially sound rates. Rates must be set at amounts sufficient, when invested, to carry the estimated cost of all claims to maturity, to meet the reasonable expenses of conducting the business of the state fund, and to amass and maintain an excess of surplus over the amount produced by the National Association of Insurance Commissioners' risk-based capital requirements for a casualty insurer.

Because surplus is necessary in the insurance business to guard against uncertainty, the board annually determines the level of surplus that must be maintained by Montana State Fund pursuant to 39-71-2330(2),MCA, but must maintain a minimum surplus of 25% of annual earned premium. Montana State Fund uses the amount of the surplus above the risk-based capital requirements to secure the state fund against various risks inherent in or affecting the business of insurance and not accounted for or only partially measured by the risk based capital requirements.

The board may implement multiple rating tiers for classifications that take into consideration losses, premium size, and other factors relevant in placing an employer within a rating tier, 39-71-2330(3), MCA.

MONTANA STATE FUND-6103 NEW FUND-01

Fund	Fund Name	Agency #	Agency Name	Program Name			
06035	New Fund	61030	Montana State Fund	Montana State Fund			
Category	Account	GASB Actual FYE 10	GASB Actual FYE 11	GASB Actual FYE 12	Statutory FY13 Projection FY13	Statutory Staff Estimate FY14	Statutory Staff Estimate FY15
A-Operating Revenues					(unaudited)		
	10100-Net Fee Revenue	\$17,204	\$15,446	\$12,517	\$0	\$0	\$0
	10200-Investment Earnings	120,518,771	81,074,233	72,830,911	42,932,534	44,351,355	45,959,672
	10250-Securities Lending Income	950,244	1,163,869	1,139,151	1,756,472	1,756,472	1,756,472
	10300-Premiums	166,265,384	173,605,442	150,482,457	154,196,916	159,220,159	166,482,543
	10400-Other Operating Revenues	45,387	984,975	891,151	0	0	0
A-Operating Revenues Total		\$287,796,990	\$256,843,965	\$225,356,188	\$198,885,922	\$205,327,986	\$214,198,687
B-Operating Expenses							
	20100-Personal Services	\$21,945,859	23,610,721.11	24,424,833.83	\$23,793,743	\$24,306,592	\$25,016,075
	20200-Other Operating Expenses	169,849,874	181,566,489	152,558,770	130,933,539	138,261,185	146,727,288
B-Operating Expenses Total		\$191,795,733	205,177,210.36	\$176,983,604	\$154,727,281	\$162,567,777	\$171,743,363
C-Nonoperating Revenues (Expenses)							
	50100-Gain (Loss) Sale of Fixed Assets	(\$114,667)	\$14,465	\$952	\$0	\$0	\$0
	50150-Federal Indirect Cost Recoveries	0	0	0	0	0	0
	50200-Other Nonoperating Revenues (Expenses)	0	0	0	(4,989,278)	(5,558,742)	(6,181,415)
C-Nonoperating Revenues (Expenses) Total		(\$114,667)	\$14,465	\$952	(\$4,989,278)	(\$5,558,742)	(\$6,181,415)
D-Operating Transfers							
	60000-Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
	60500-Transfers In	0	0	0	0	0	0
	70000-Transfers Out	0	0	0	0	0	0
D-Operating Transfers Total		\$0	\$0	\$0	\$0	\$0	\$0
E-Net Assets - CAFR							
	82000-Prior Period Adjustments	\$0	\$0	\$0	\$0	\$0	\$0
E-Net Assets - CAFR Total		\$0	\$0	\$0	\$0	\$0	\$0
F-Net Assets							
	80002-Total Net Assets - Beginning	\$220,990,368	\$316,876,959	\$363,559,454	\$411,932,990	\$451,102,352	\$488,303,819
F-Net Assets - Total		\$220,990,368	\$316,876,959	\$363,559,454	\$411,932,990	\$451,102,352	\$488,303,819
Ending Net Assets		\$316,876,959	\$368,558,179	\$411,932,990	\$451,102,352	\$488,303,819	\$524,577,728
Note: Actual GASB data reconciles with Montana State Fund GASB Financial Statements. FY13, FY14, and FY15 data is provided on a Statutory accounting basis. This information was approved by the Montana State Fund Board of Directors and published in the FY 2013 Annual Business Plan.							

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$13,713,069	\$0
FY 2015	\$15,502,824	\$0

PL - 1 - Adjust MBARS to MSF Staff Estimate State Fund -

Montana State Fund budget is annually approved by Montana State Fund's Board of Directors as provided in law. The budget data provided for the biennium reflects staff estimates of the FY 2014 and FY 2015 annual budgets using the Montana State Fund's FY 2013 Annual Business Plan and board approved FY 2013 budget as the basis of these estimates. The FY 2014 and FY 2015 budgets reflect expenditures of continued operations under current law, payment of benefits to injured employees, estimated impacts of FY 2013 Annual Business Plan initiatives, and initiatives expected in FY 2014 and FY 2015.

MONTANA STATE FUND-6103 OLD FUND-02

02 Old Fund
Laurence Hubbard x495-5015
Mark Barry x495-5109

Proprietary Rates

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	0	0	0	0	0	0	0	0
Operating Expenses	208,620	(31,004)	0	177,616	(29,263)	0	179,357	
Benefits & Claims	8,724,376	(355,514)	0	8,368,862	(505,775)	0	8,218,601	
Total Costs	\$8,932,996	(\$386,518)	\$0	\$8,546,478	(\$535,038)	\$0	\$8,397,958	
Proprietary	8,932,996	(386,518)	0	8,546,478	(535,038)	0	8,397,958	
Total Funds	\$8,932,996	(\$386,518)	\$0	\$8,546,478	(\$535,038)	\$0	\$8,397,958	

Proprietary Program Description -The Old Fund consists of claims for injuries that occurred prior to July 1, 1990. Montana State Fund is responsible for administering and managing claims of the Old Fund, claims occurring before July 1, 1990.

Old Fund operating expenses are for assessments charged by the Department of Labor and Industry. A fund transfer from the Old Fund to Montana State Fund, limited in law to no more than \$1.25 million per year, compensates Montana State Fund for the expense of Old Fund for claims administration.

As required in law, 39-71-2352, MCA, the Old Fund has a separate payment and funding structure. If in any fiscal year claims for injuries resulting from accidents that occurred before July 1, 1990 are not adequately funded, any amount necessary to pay claims for injuries resulting from accidents that occurred before July 1, 1990, must be transferred from the state general fund to the Old Fund account provided for in 39-71-2321.

In June 2011, the assets of the Old Fund were exhausted. Since that time transfers from the general fund, as provided for in law, have been funding the Old Fund expenses.

Proprietary Revenues and Expenses -

The Old Fund has no premium or other income. All Old Fund funding is from general fund transfers.

Proprietary Rate Explanation -There is no rate setting associated with the Old Fund.

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

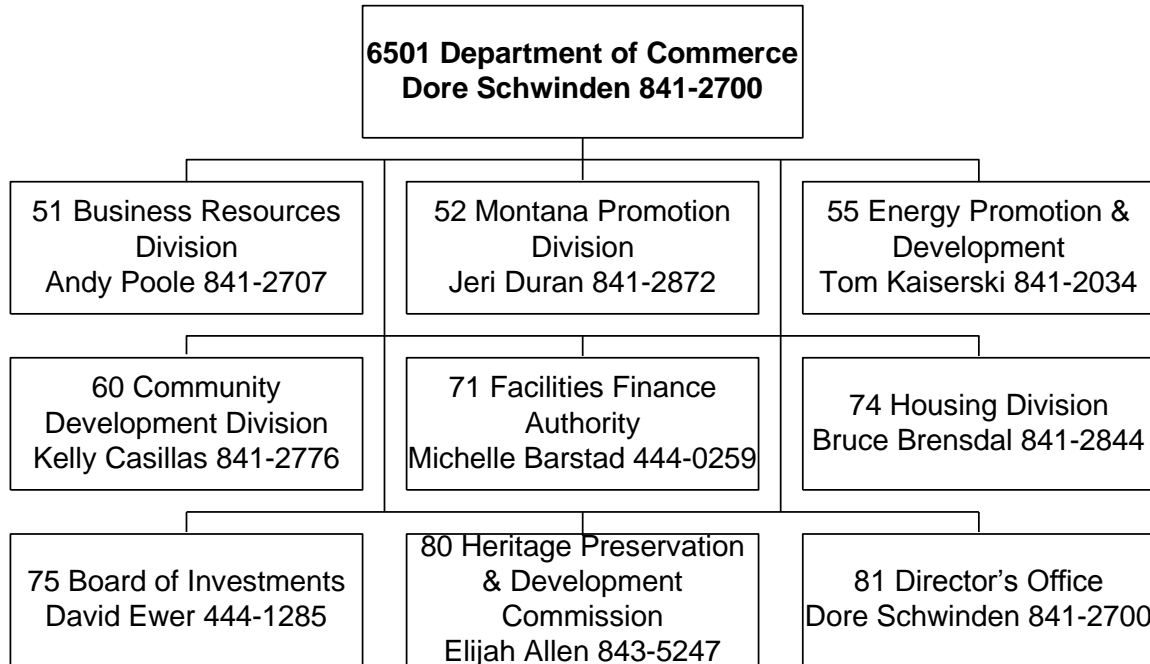
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$386,518)	\$0
FY 2015	(\$535,038)	\$0

PL - 2 - Adjust MBARS to MSF Staff Estimate for Old Fund -

The Old Fund funding estimate is annually reviewed by the Montana State Fund Board of Directors. The data provided in MBARS for the biennium reflects MSF staff estimates of the budgeted funding requirements of the Old Fund. The Old Fund has no assets and is funded through transfers from the General Fund. The decision package is being used to adjust MBARS to reflect MSF staff estimates of FY 2014 and FY 2015 funding requirements.

DEPARTMENT OF COMMERCE-6501

Please note that this agency also contains HB 2 funding.



Mission Statement - The Department of Commerce through its employees, community partners, public outreach, and media contacts enhances economic prosperity in Montana; fosters community lead diversification and sustainability of a growing economy; maintains and improves our infrastructure, housing and facilities; and promotes and enhances Montana's positive national and international image.

"The Department of Commerce will enhance and sustain a healthy economy so Montana businesses, communities, and people can prosper."

Statutory Authority - The Department is mandated in 2-15-18, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	95.50	5.00	0.00	100.50	5.00	0.00	100.50
Personal Services	6,396,201	1,102,279	0	7,498,480	1,106,037	0	7,502,238
Operating Expenses	7,039,830	1,246,193	(4,037)	8,281,986	1,158,419	(4,037)	8,194,212
Capital Outlay	31,536	0	0	31,536	0	0	31,536
Grants	45,686	14,314	0	60,000	14,314	0	60,000
Benefits & Claims	37,653,896	2,100,000	0	39,753,896	3,200,000	0	40,853,896
Transfers	17,368	632	0	18,000	632	0	18,000
Total Costs	\$51,184,517	\$4,463,418	(\$4,037)	\$55,643,898	\$5,479,402	(\$4,037)	\$56,659,882
Proprietary	51,184,517	4,463,418	(4,037)	55,643,898	5,479,402	(4,037)	56,659,882
Total Funds	\$51,184,517	\$4,463,418	(\$4,037)	\$55,643,898	\$5,479,402	(\$4,037)	\$56,659,882

DEPARTMENT OF COMMERCE-6501 FACILITY FINANCE AUTHORITY-71

**71 Facilities Finance Authority
Michelle Barstad 444-0259**

Proprietary Rates

Program Proposed Budget Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00
Personal Services	181,659	40,799	0	222,458	40,716	0	222,375
Operating Expenses	145,851	92,957	(13)	238,795	82,125	(13)	227,963
Capital Outlay	31,536	0	0	31,536	0	0	31,536
Grants	45,686	14,314	0	60,000	14,314	0	60,000
Transfers	17,368	632	0	18,000	632	0	18,000
Total Costs	\$422,100	\$148,702	(\$13)	\$570,789	\$137,787	(\$13)	\$559,874
Proprietary	422,100	148,702	(13)	570,789	137,787	(13)	559,874
Total Funds	\$422,100	\$148,702	(\$13)	\$570,789	\$137,787	(\$13)	\$559,874

Proprietary Program Description –

The Facility Finance Authority was created by the 1983 Legislature to assist health care, and related facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. The legislature extended eligible facilities to include community pre-release centers and for-profit manufacturing facilities. Cost savings are shared with consumers in the form of lower fees. The ability to issue Industrial Development Revenue Bonds for small manufacturing facilities was added in the 61st Legislative Session, effective July 1, 2009.

The Facility Finance Authority is funded entirely by proprietary funds (enterprise accounting entities 06012 and 06015) with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided in HB 2.

The authority is primarily mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

Proprietary Revenues and Expenses -

The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided in HB 2.

The authority application and annual administrative fee assessments are contingent upon its business volume. Customer volume is assumed to be at the current level throughout the 2015 biennium.

Authority revenues are primarily recorded in the following SABHRS revenue codes:

	FY 2012	%
521135	\$209,184.67	27.277%
521136	\$329,292.30	42.938%
521137	\$139,521.11	18.193%
521190	\$35,078.29	4.574%
522110	\$21.00	0.003%
530025	\$8,932.43	1.165%

**DEPARTMENT OF COMMERCE-6501
FACILITY FINANCE AUTHORITY-71**

531626	(\$192.47)	-0.025%
531644	\$975.98	0.127%
538006	\$43,308.60	5.647%
585005	\$781.83	0.102%
Totals:	\$766,903.74	100.000%

The major cost drivers within the Facilities Finance Authority are personal services, operating expenses, grants, and expenditures related to the periodic replacement of computer equipment.

There is little uncertainty in forecasting future costs of major cost drivers, unless the authority were to become involved in litigation related to the issuance and maintenance of bonds.

For the purposes of this analysis, it is assumed the authority's ongoing work and customer levels remain constant. Non-typical and one-time-only expenses, if any, are subtracted from any proposed budgets. Personal services expenditures fund 3.00 FTE and board member per diem.

Working Capital Discussion: The 60 day working capital calculation is not reasonably applicable to the authority because national bond rating agencies, national bond insurers, and institutional investors expect the Authority to reserve two years operating capital (approximately \$811,833) to assure that the Authority can financially operate between legislative sessions.

Fund Equity and Reserved Fund Balance: The total fund equity requirement for the 2015 biennium (\$14,894,589) is derived from the following authority program reserve mandates:

- A. Biennium Working Capital Reserve; \$811,833
- B. Capital Reserve Account (Loan Loss Reserve); \$12,228,064
- C. Facility Direct Loan Program Reserve; \$1,854,692

Proprietary Rate Explanation –

The Facilities Finance Authority is funded by an enterprise fund; and authority customers are outside of state government. The fee structure that is proposed does not materially vary from that proposed in the last session.

**DEPARTMENT OF COMMERCE-6501
FACILITY FINANCE AUTHORITY-71**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06012	HFA Loan Program	65010	Dept. of Commerce	Facility Finance Authority					
06015	Facilities Finance Authority								
				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:									
Fee revenue									
	Administrative Fees			613,161	679,618	713,097	475,000	490,000	490,000
	Investment Earnings			74,960	64,046	53,025	6,000	49,000	49,000
	Securities Lending Income			620	1,018	-	80	-	-
	Premiums			-	-	-	-	-	-
	Other Operating Revenues			-	-	782	-	-	-
	Total Operating Revenue			688,742	744,682	766,904	481,080	539,000	539,000
Operating Expenses:									
	Personal Services			194,679	189,575	186,424	197,984	222,458	222,375
	Other Operating Expenses			199,590	140,763	202,074	197,640	330,331	319,499
	Total Operating Expenses			394,270	330,338	388,498	395,624	552,789	541,874
	Operating Income (Loss)			294,472	414,344	378,406	85,456	(13,789)	(2,874)
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets			-	-	-	-	-	-
	Federal Indirect Cost Recoveries			-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)			-	-	-	-	-	-
	Income (Loss) Before Operating Transfers			294,472	414,344	378,406	85,456	(13,789)	(2,874)
	Contributed Capital			-	-	-	-	-	-
	Operating Transfers In (Note 13)			-	-	-	-	-	-
	Operating Transfers Out (Note 13)			(22,299)	(17,955)	(17,419)	(22,299)	(18,000)	(18,000)
	Change in net assets			272,173	396,389	360,987	63,157	(31,789)	(20,874)
	Total Net Assets- July 1			3,478,010	3,750,183	4,151,874	4,512,861	4,576,018	4,544,229
	Prior Period Adjustments			-	5,303	-	-	-	-
	Cumulative effect of account change			-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated			3,478,010	3,755,486	4,151,874	4,512,861	4,576,018	4,544,229
	Net Assets- June 30 (Fund Balance)			3,750,183	4,151,874	4,512,861	4,576,018	4,544,229	4,523,355
60 days of expenses									
	(Total Operating Expenses divided by 6)			65,712	55,056	64,750	65,937	92,132	90,312
Requested Rates for Enterprise Funds									
Fee/Rate Information									
Application Fee:									
	Loan Amount			Fee					
	Up to \$5,000,000			30 basis points (bp) (.0030)					
	Up to \$10,000,000			the > of 25 bp or \$ 15,000					
	Up to \$25,000,000			the > of 15 bp or \$ 25,000					
	Up to \$50,000,000			the > of 12.5 bp or \$ 37,500					
	Up to \$100,000,000			the > of 7.5 bp or \$ 62,500					
	Over \$100,000,000			the > of 6.5 bp or \$ 75,000					
Annual Fee:									
	Stand Alone Bond Issues			5 bp X the outstanding principal amount					
	Private Placement bond issues			5 bp X the outstanding principal amount					
	Trust Fund Loan Program			5 bp X the outstanding principal amount					
	Master Loan Program			10 bp X the outstanding principal amount					
Authority: Fee revenues: 90-7-202 and 90-7-211, MCA; Investment Earnings: 90-7-202, MCA									

**DEPARTMENT OF COMMERCE-6501
FACILITY FINANCE AUTHORITY-71**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$105,630	\$0
FY 2015	\$105,988	\$0

PL - 7101 - FFA Administrative Costs Adjustments -

This decision package adjusts normal ongoing facility finance authority received by the Business Resources Division to match estimated expenditures, which include meeting costs, support services, grants to small hospitals, for the 2015 biennium. These adjustments reflect \$105,630 in FY 2014 and \$105,988 in FY 2015.

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

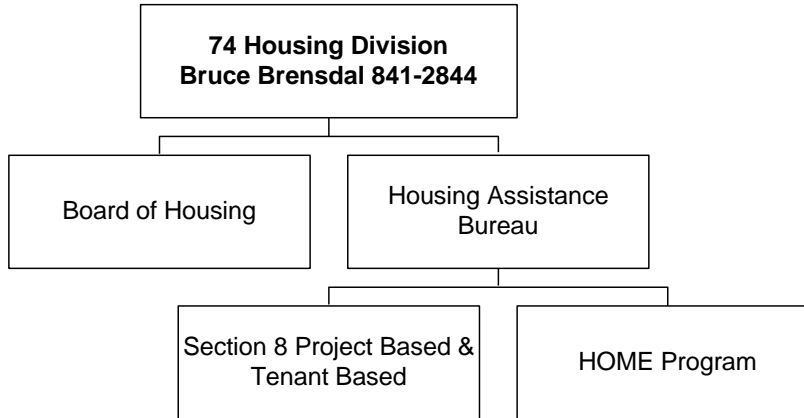
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$13)	\$0
FY 2015	(\$13)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, the funding balance reflects a reduction of \$13 in FY 2014 and \$13 in FY 2015.

DEPARTMENT OF COMMERCE-6501 HOUSING DIVISION-74

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	41.50	5.00	0.00	46.50	5.00	0.00	46.50
Personal Services	2,231,065	458,791	0	2,689,856	460,930	0	2,691,995
Operating Expenses	4,603,787	867,138	(2,190)	5,468,735	825,646	(2,190)	5,427,243
Benefits & Claims	37,653,896	2,100,000	0	39,753,896	3,200,000	0	40,853,896
Total Costs	\$44,488,748	\$3,425,929	(\$2,190)	\$47,912,487	\$4,486,576	(\$2,190)	\$48,973,134
Proprietary	44,488,748	3,425,929	(2,190)	47,912,487	4,486,576	(2,190)	48,973,134
Total Funds	\$44,488,748	\$3,425,929	(\$2,190)	\$47,912,487	\$4,486,576	(\$2,190)	\$48,973,134

Proprietary Program Description –

The Montana Housing Act of 1975 created the Montana Board of Housing (board). The board is an agency of the State and operates within the Department of Commerce for administrative purposes. The Board of Housing is primarily mandated in Title 2, Chapter 15; and Title 90, Chapter 1, and Chapter 6, MCA. The powers of the board are vested in a seven member board, appointed by the Governor, subject to the confirmation of the State Senate. The board provides direction to the agency staff for its programs that include the Homeownership Program, Multifamily Loan Programs, Low Income Housing Tax Credit Program, Housing Montana Fund, and the Reverse Annuity Mortgage (RAM) Program. The Board of Housing is funded by four enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed.

The Project Based Station 8 (PBS8) Program is the HUD contract administrator for low-income rental properties HUD subsidizes throughout the state. The program provides rental assistance to projects at fixed locations instead of the tenants. Landlords perform administrative tasks at the local level. The agency performs annual property reviews, oversees property management, and makes rent subsidy payments to owners. The agency earns fees from HUD under a performance-based contract for the tasks performed. The Project Based Program renews rent contracts to project owners as they expire. Contract Managers prepare special damage claims, annual rent increases, respond to emergencies, check compliance for fair housing and waiting lists, on-site management reviews, follow-up to physical inspections, review of management decisions, and budget assistance to local property owners.

The Project Based Section 8 program is funded with revenues derived from a performance based Annual Contribution Contract with HUD. There are no direct appropriations provided in HB 2; the Project Based Section 8 program is completely self-supporting.

DEPARTMENT OF COMMERCE-6501 HOUSING DIVISION-74

Proprietary Revenues and Expenses -

The board's income is primarily from mortgage and investment income. Mortgage income is the interest people pay on board loans used to purchase their homes and is limited by the Internal Revenue Service as a condition of using tax-free bonds as a financing source. Mortgage income is also controlled by the national financial markets which set both mortgage rates and bond financing rates. Investment income comes from interest earned on investing reserves the board is required to hold and bond and program moneys not yet used to buy mortgages or pay bondholders. Both future mortgage income and investment income for the board depend on the interest rate environment which is determined by the national financial markets.

The board charges the Board of Investments for managing its mortgage loans and for loan cancellations, extensions, or for reviewing certain loan applications.

Board of Housing revenues (funds 06030, 06031, 06078, and 06079) are primarily recorded using the following SABHRS revenue codes:

	FY 2012	%
521022	\$11,135.35	0.028%
522017	\$26.67	0.000%
525130	\$39,614.00	0.101%
526062	\$583,652.52	1.486%
530014	\$3,799,497.92	9.672%
530025	\$934.71	0.002%
531626	(\$20.14)	(0.814%)
531644	\$102.13	0.000%
538040	(\$319,953.03)	(0.814%)
538041*	\$31,833,672.55	81.035%
538042	\$2,535,295.34	6.454%
538046	\$4,190.09	0.011%
546001	\$503,310.39	1.281%
554040	\$72,000.00	0.183%
584001	\$16,761.89	0.043%
584010	\$1,758.09	0.004%
599001	\$201,756.21	0.514%
Totals:	\$39,283,734.69	100.00 %

Investment income includes Government Accounting Standards Board (GASB) market value adjustment. GASB 31 requires that long-term investments be valued at market and any changes since the previous year be added or subtracted from investment income. Since no actual gain or loss occurs, this adjustment artificially affects the investment income amount presented.

Bond Debt, Loan Servicing and Operations

The board issues (sells) bonds each year to purchase new mortgages. Once the bonds are sold, the board must repay the bondholders by making interest and principal payments. The board is required to use mortgage and investment income to pay bondholders, buy mortgages, or pay operating costs. Bond debt payments are the board's greatest expense.

The remaining expenses are for loan servicing and operations. Greater than half of servicing and operations expenses pay for professional services to banks, mortgage companies, and other professionals for issuing bonds, selling mortgages, collecting the monthly mortgage payments, legal services, and paying bondholders. The remaining expenses pay for the board's staff and staff operations including purchasing and recording mortgage loans, recording

DEPARTMENT OF COMMERCE-6501 HOUSING DIVISION-74

repayments and prepayments, investing funds, issuing and redeeming bonds, operating all loan programs, and bookkeeping for over 7,500 mortgages, 300 investment accounts, and 28 bond series. The board currently operates with a staff of 21.50 people in 21.50 Full Time Equivalent (FTE) positions.

Working Capital Discussion:

The board recovers its costs from charging application and compliance fees for the Low Income Tax Credit Program and from charging a spread on its loan programs. Any income the board earns is used to fund special programs that meet the needs of Montana families that are not being met by regular programs. These funds are pledged to the bondholders.

The board earns the bulk of its income from the spread between the interest yield on the Single Family Mortgage loans and the yield on the bonds. The IRS allows the board to earn 1 1/2% on Pre 1980 Single Family Programs, 1 1/8% on the Post 1980 Single Family Programs, and 1 1/2 % on Multifamily Programs. According to tax law, certain costs must be included in the amount that the board can earn including origination points, operating expenses, and servicing fees. It is also necessary that the board not earn the full spread in order to offer lower mortgage rates.

The board also charges cancellation, extension and late fees.

The board receives a tax credit allocation, annually. The board charges 5% of the amount of tax credit reserved. The Board is also required to monitor the projects that receive tax credits to determine if the projects are in compliance with tax credit regulations. The board charges \$35 per unit for compliance fees.

For the Housing Montana Fund, the interest that will be charged on HRLA loan will range from 2% - 6%.
For Reverse Annuity Mortgage Loans (RAM) Charges: The loans accrue interest at 5%.

Principal and interest on the Multifamily and Single Family Bond issues, is due on each February 1, June 1, August 1, and December 1.

All debt service reserve funds and mortgage reserve funds that must be held as security for the bondholders are invested in long-term securities, repurchase agreements, or guaranteed investment contracts. Under the Multifamily Program, the funds are invested to the next debt service date or to a loan purchase date.

The board purchases Reverse Annuity Mortgages (RAM). The RAM loans are not repaid until the borrower dies or sells their home. These amounts are assets of the board and the interest is accrued monthly, but the board may not receive the principal and interest repayments for many years.

The board also purchases out of the Housing Montana Fund. These loans can be due on sale or amortizing. These amounts are assets of the board and the interest is accrued monthly.

Fund Equity and Reserved Fund Balance:

As stated in the board's financial statements, Note 1, Fund Accounting: Net Assets – Restricted for Bondholders represent bond program funds that are required to be used for program purposes as prescribed by individual bond indentures. The following are restrictions on the Restricted Net Assets: special trust funds and accounts within the indenture are pledged as collateral for the bonds under the individual program indentures; reserve requirements on cash and investments; mortgage loans receivable are also pledged as security for holders of the bonds; and certain indentures require asset-liability coverage ratios be met as well as cash flow certificates be furnished for any significant change anticipated in the financial structure of an indenture.

The trust indentures entered into by the board requires all mortgages, and all moneys and investments within the indentures, are legally restricted to uses provided for in the indentures and fund balance associated with the indentures is legally required to be reserved for those uses.

The board's budgeted monies (those projected to be needed for the fiscal year's operations) are drawn down from the indentures during the fiscal year. These funds are legally pledged to the trust indentures from which they were drawn and any associated fund balance is reserved for the program from which the budgeted funds were withdrawn.

DEPARTMENT OF COMMERCE-6501 HOUSING DIVISION-74

Section 8 Housing

Both Section 8 Housing programs are funded entirely by enterprise funds. There are no direct appropriations provided in HB 2. Revenues are derived from performance based Annual Contribution Contracts with HUD and both programs are completely self-supporting.

Project Based Section 8 Housing revenues (fund 06074) are primarily recorded in the following SABHRS revenue codes:

	FY 2012	%
512033	\$12.00	0.000%
530025	\$9,414.09	0.048%
531626	(\$202.85)	(0.001%)
531644	\$1,028.61	0.005%
538006	\$12,943.86	0.065%
594109	\$870,332.00	4.394%
594111	\$18,912,997.22	95.489
Total:	\$19,806,524.93	100.000%

Tenant Based Section 8 Housing revenues (accounting entities 06075 and 06085) are primarily recorded in the following SABHRS revenue codes:

	FY 2012	%
530025	\$15,005.45	0.074%
531626	(\$323.33)	(0.002%)
531644	\$1,639.53	0.008%
594108	\$159,805.80	0.784%
594110	\$12,366.40	0.061%
594112	\$18,199,432.07	89.281%
594116	\$161,904.38	0.794%
594117	\$167,188.32	0.820%
594118	\$192,822.76	0.946%
594119	\$246,994.97	1.212%
594121	\$92,798.41	0.455%
594122	\$26,194.49	0.129%
594124	\$93,136.08	0.457%
594125	\$279,572.59	1.371%
594126	\$360,590.43	1.769%
594127	\$45,753.10	0.224%
594128	\$329,629.11	1.617%
Total:	\$20,384,510.56	100.000 %

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Major cost drivers for all programs include personal services, operating expenses and benefit payments.

Working Capital Discussion:

Revenues are generated in the Project Based Section 8 Contract Administration under a HUD performance based contract using 17 Incentive Based Performance Standards which are calculated by HUD monthly, quarterly, and annually. Revenues generated are required to be used for contract administration. Rental assistance payments are made based on contracts negotiated by the PBS8 staff and tenant income data, and are paid and reimbursed monthly by HUD, based on actual program benefits paid to owners.

DEPARTMENT OF COMMERCE-6501 HOUSING DIVISION-74

Revenues for the TBS8 are generated per unit for each rental unit under lease each month. Revenues are used to pay for contract administration of the program. HUD regulations do not allow the PHA to earn new reserve balances after 2003, and old reserve balances are committed to paying program administration costs only and HUD may require their use to pay rental subsidies in the future. Retained earnings are used to supplement interest earnings and older operating reserves in paying for contract administration costs that exceed current revenues. Rental subsidies are paid and reimbursed by HUD. The PHA is not allowed to retain any funds for other than the payment of rents under the program.

Proprietary Rate Explanation –

The board recovers its costs from charging application and compliance fees for the Low Income Tax Credit Program and from charging a spread on our loan programs. The board draws funds for its budget from the amounts available within the indentures. The amount of the approved budget, less any cash on hand, is withdrawn from the indenture and is allocated among the various Indentures. Any income the board earns is used to fund special programs that meet the needs of Montana families that are not being met by its regular programs. These funds are pledged to the bondholders.

Both PBS8 and TBS8 revenues are derived from competitively awarded performance based Annual Contribution Contracts with HUD, and both programs are completely self-supporting. There is little uncertainty in forecasting major cost drivers and for the purposes of this analysis it is assumed the Section 8 programs workload and customer level will remain constant.

The Project Based Section 8 Contract Administration is funded through a performance based contract with HUD, based on a 5 year renewable RFP. Retained earnings are to be used for operations of this program. Funding for rents is paid by HUD, based on actual contracts negotiated between the department and the individual owners of the projects, set up on a procedure dictated by HUD.

Non-typical and one time only expenses, if any, are subtracted from proposed budgets.

**DEPARTMENT OF COMMERCE-6501
HOUSING DIVISION-74**

2015 Biennium Report on Internal Service and Enterprise Funds 2015								
Fund	Fund Name	Agency #	Agency Name	Program Name				
06074	SEC 8 Project Based	65010	Dept. of Commerce	Housing Division - PB Section 8				
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
			FYE 10	FYE 11	FYE 12	FY 13	FY 14	FY 15
Operating Revenues:								
Fee revenue								
Administrative Fees			-	-	-	-	-	-
Investment Earnings			32,654	22,588	22,167	37,650	37,650	37,650
Securities Lending Income			1,032	1,520	1,029	1,100	1,100	1,100
Premiums			-	-	-	-	-	-
Other Operating Revenues			19,149,479	19,851,612	19,783,329	21,343,140	20,874,772	21,579,677
Total Operating Revenue			19,183,166	19,875,719	19,806,525	21,381,890	20,913,522	21,618,427
Operating Expenses:								
Personal Services			421,378	475,984	524,127	413,911	442,956	443,668
Other Operating Expenses			18,426,207	19,073,973	19,153,923	20,558,398	20,280,076	20,871,964
Total Operating Expenses			18,847,584	19,549,958	19,678,051	20,972,309	20,723,032	21,315,632
Operating Income (Loss)			335,581	325,762	128,474	409,581	190,490	302,795
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets			-	-	-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Income (Loss) Before Operating Transfers			335,581	325,762	128,474	409,581	190,490	302,795
Contributed Capital			-	-	-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-	-	-
Change in net assets			335,581	325,762	128,474	409,581	190,490	302,795
Total Net Assets- July 1			2,934,621	3,270,202	3,595,964	3,724,438	4,134,019	4,324,509
Prior Period Adjustments			-	-	-	-	-	-
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			2,934,621	3,270,202	3,595,964	3,724,438	4,134,019	4,324,509
Net Assets- June 30 (Fund Balance)			3,270,202	3,595,964	3,724,438	4,134,019	4,324,509	4,627,304
60 days of expenses								
(Total Operating Expenses divided by 6)			3,141,264	3,258,326	3,279,675	3,495,385	3,453,839	3,552,605
Requested Rates for Enterprise Funds								
Fee/Rate Information								
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
			FYE 10	FYE 11	FYE 12	FY 13	FY 14	FY 15
Administration Contract								
Rate			2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Base fee rate paid by HUD = 2% time Fair Market Rent for all projects under ACC contract for standard performance, as judged by HUD monthly, quarterly and annually.								
Administration Contract								
Rate			1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Performance fee incentive rate based on 17 Incentive Based Performance Standards (IBPS), graded monthly, quarterly, and annually by HUD. Can be either positive or negative, based on whether time standards and performance requirements are met on each of the 17 IBPS standards.								
Rate 3 (per unit)								
Rents Contract								
Rate			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.								

**DEPARTMENT OF COMMERCE-6501
HOUSING DIVISION-74**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06075	HUD Section 8 Housing Program	65010	Dept. of Commerce	Housing Division - TB Section 8					
06085	HUD Section 8 Mod Rehab			Housing Division - TB Section 8					
				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:									
Fee revenue									
	Administrative Fees			-	-	-	-	-	-
	Investment Earnings			11,016	13,389	15,005	11,680	11,680	11,680
	Securities Lending Income			1,116	1,983	1,316	2,050	2,050	2,050
	Premiums			-	-	-	-	-	-
	Other Operating Revenues			20,501,276	21,522,755	20,368,189	22,527,000	22,159,270	22,824,270
	Total Operating Revenue			20,513,408	21,538,127	20,384,511	22,540,730	22,173,000	22,838,000
Operating Expenses:									
	Personal Services			589,949	570,858	593,635	631,262	728,770	730,156
	Other Operating Expenses			19,901,263	19,454,580	20,686,941	21,945,323	21,952,777	22,446,957
	Total Operating Expenses			20,491,212	20,025,438	21,280,576	22,576,585	22,681,547	23,177,113
	Operating Income (Loss)			22,196	1,512,689	(896,065)	(35,855)	(508,547)	(339,113)
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets			-	-	-	-	-	-
	Federal Indirect Cost Recoveries			-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)			-	-	-	-	-	-
	Income (Loss) Before Operating Transfers			22,196	1,512,689	(896,065)	(35,855)	(508,547)	(339,113)
	Contributed Capital			-	-	-	-	-	-
	Operating Transfers In (Note 13)			-	-	-	-	-	-
	Operating Transfers Out (Note 13)			-	-	-	-	-	-
	Change in net assets			22,196	1,512,689	(896,065)	(35,855)	(508,547)	(339,113)
	Total Net Assets- July 1			4,643,446	4,664,867	6,177,556	5,281,491	5,245,636	4,737,089
	Prior Period Adjustments			(775)	-	-	-	-	-
	Cumulative effect of account change			-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated			4,642,671	4,664,867	6,177,556	5,281,491	5,245,636	4,737,089
	Net Assets- June 30 (Fund Balance)			4,664,867	6,177,556	5,281,491	5,245,636	4,737,089	4,397,976
	60 days of expenses								
	(Total Operating Expenses divided by 6)			3,415,202	3,337,573	3,546,763	3,762,764	3,780,258	3,862,852
Requested Rates for Enterprise Funds									
Fee/Rate Information									
				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Administration Contract									
	Rate			\$ 54.85	\$ 63.44	\$ 64.07	\$ 55.21	\$ 60.18	\$ 66.19
Base fee rate paid by HUD = \$45.79 per unit per month under lease for Housing Choice Vouchers, and \$45.79 per month for each unit under HAP contract on Mod Rehab. Estimate increases of 3.5% per year for FY 2006 and FY 2007.									
Under HUD contract, for every family with 3 or more minors which either leases the first time or moves; HUD will pay a fee of \$75.00.									
Homeownership Start-up Fee									
	Rate			\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$ 1,000.00	\$ 1,000.00
Under HUD contract, for every family the program starts in Homeownership Vouchers Homeownership Assistance, HUD allows a fee of \$1,000.									
Project Based Section 8 Opt-Out Start-up Fee									
	Rate			\$250.00	\$250.00	\$250.00	\$250.00	\$ 250.00	\$ 250.00
Under HUD contract, for every unit HUD approves transferring from Project Based Section 8 to the Housing Choice Vouchers Program, HUD provides reimbursement of start-up expenses of \$250.									
Rents Contract									
	Rate			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Amounts for rentals are based on 100% of contracted amounts per unit each month, less tenant share of rents.									

**DEPARTMENT OF COMMERCE-6501
HOUSING DIVISION-74**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06030	BOH Financial Programs								
06031	Housing Trust Fund	65010	Dept. of Commerce	Housing Division - Board of Housing					
06078	Affordable Housing Revolving								
06079	Revolving Loan - TANF								
				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:									
Fee revenue									
Administrative Fees									
				223,565	183,134	183,530	801,963	224,539	241,676
Investment Earnings									
				8,570,449	7,020,518	7,035,692	5,742,364	8,607,791	9,264,751
Securities Lending Income									
				1,205	987	989	1,487	1,210	1,303
Premiums									
				-	-	-	-	-	-
Other Operating Revenues									
				39,057,822	31,994,371	32,063,524	35,159,448	39,228,000	42,221,940
Total Operating Revenue									
				47,853,041	39,199,010	39,283,735	41,705,262	48,061,540	51,729,670
Operating Expenses:									
Personal Services									
				1,125,272	1,111,775	1,124,704	1,435,938	1,518,130	1,518,171
Other Operating Expenses									
				2,301,115	2,350,725	2,474,160	3,518,052	2,991,850	2,962,218
Debt Service									
				42,710,828	36,415,846	32,057,885	34,657,188	40,413,893	44,059,725
Total Operating Expenses									
				46,137,215	39,878,346	35,656,749	39,611,178	44,923,873	48,540,114
Operating Income (Loss)									
				1,715,826	(679,336)	3,626,986	2,094,084	3,137,667	3,189,556
Nonoperating Revenues (Expenses):									
Gain (Loss) Sale of Fixed Assets									
				-	-	-	-	-	-
Federal Indirect Cost Recoveries									
				-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)									
				-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)									
				-	-	-	-	-	-
Income (Loss) Before Operating Transfers									
				1,715,826	(679,336)	3,626,986	2,094,084	3,137,667	3,189,556
Contributed Capital									
				-	-	-	-	-	-
Operating Transfers In (Note 13)									
				-	-	-	-	-	-
Operating Transfers Out (Note 13)									
				-	-	-	-	-	-
Change in net assets									
				1,715,826	(679,336)	3,626,986	2,094,084	3,137,667	3,189,556
Total Net Assets- July 1									
				155,486,686	157,202,512	156,523,176	160,150,162	162,244,246	165,381,913
Prior Period Adjustments									
				-	-	-	-	-	-
Cumulative effect of account change									
				-	-	-	-	-	-
Total Net Assets - July 1 - As Restated									
				155,486,686	157,202,512	156,523,176	160,150,162	162,244,246	165,381,913
Net Assets- June 30 (Fund Balance)									
				157,202,512	156,523,176	160,150,162	162,244,246	165,381,913	168,571,469
60 days of expenses									
(Total Operating Expenses divided by 6)									
				7,689,536	6,646,391	5,942,792	6,601,863	7,487,312	8,090,019
Requested Rates for Enterprise Funds									
Fee/Rate Information									
Fee				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Cancellation fees-	1/2 of 1 % of the loan amount reserved			No Change	No Change	No Change	No Change	No Change	No Change
Extension Fee	1/4 of 1% of the loan amt for 30 days			No Change	No Change	No Change	No Change	No Change	No Change
Late Fee	1/2 of 1% of the loan amt for 30 days			No Change	No Change	No Change	No Change	No Change	No Change
Pre 1980 Single Family Programs	1 1/2% spread betw een mortgage interest rate and bond yield. No limit on investment earnings.			No Change	No Change	No Change	No Change	No Change	No Change
Post Single Family Programs	1 1/8% spread betw een mortgage interest rate and bond yield. Investment earnings limited to the bond yield			No Change	No Change	No Change	No Change	No Change	No Change
Pre 1986 Multifamily Program	1 1/2% spread betw een the mortgage interest rate and the bond yield. No limit on investment earnings			No Change	No Change	No Change	No Change	No Change	No Change
Post 1986 Multifamily Program	1 1/2% spread betw een the mortgage interest rate and the bond yield. Investment earnings limited to the bond yield			No Change	No Change	No Change	No Change	No Change	No Change
Multifamily Reservation Fee	up to 1% of the loan amount reserved			No Change	No Change	No Change	No Change	No Change	No Change
Reservation fees- Low Income Tax Credit Program	4 1/2% of the tax credit amount reserved			No Change	No Change	No Change	No Change	No Change	No Change
Compliance monitoring fee-LITC Program	\$25 per unit			No Change	No Change	No Change	No Change	No Change	No Change
Interest income on reverse annuity	5% (new) 7% (old) loans			No Change	No Change	No Change	No Change	No Change	No Change
Housing Revolving Loan Fund (HRLA)	variable rates ranging from 2% to 6%			No Change	No Change	No Change	No Change	No Change	No Change
Interest on Investments	STIP investment rate			No Change	No Change	No Change	No Change	No Change	No Change

**DEPARTMENT OF COMMERCE-6501
HOUSING DIVISION-74**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$539,158	\$0
FY 2015	\$551,671	\$0

PL - 7403 - HD In-House Loan Servicing - HB 576 -

This decision package implements an In-House Loan Servicing Program in the Board of Housing at a cost of approximately \$550,000 proprietary funds each year.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$2,100,000	\$0
FY 2015	\$3,200,000	\$0

PL - 7404 - HD Section 8 Housing Assistance Adjustments HB 576 -

Projected increases are based on HUD's Fair Market Rents which traditionally will increase every year. In addition, the participants will more than likely not be contributing more to their rents due to the aging population in Montana.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$585,572	\$0
FY 2015	\$607,081	\$0

PL - 7405 - HD Administrative Cost Adjustments- HB 576 -

This request reflects adjustments made to the Board of Housing for indirect costs to the Director's Office for support services, software administered programs, increased rates for HUD leased units, and meetings expensive for the Board of Housing.

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$2,190)	\$0
FY 2015	(\$2,190)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, the funding balance reflects a reduction of \$2,190 each year.

**DEPARTMENT OF COMMERCE-6501
BOARD OF INVESTMENTS-75**

**75 Board of Investments
David Ewer 444-1285**

Proprietary Rates

Program Proposed Budget	Base Budget	PL Base	New	Total	PL Base	New	Total
Budget Item	Fiscal 2012	Adjustment	Proposals	Exec. Budget	Adjustment	Proposals	Exec. Budget
		Fiscal 2014	Fiscal 2014	Fiscal 2014	Fiscal 2015	Fiscal 2015	Fiscal 2015
FTE	32.00	0.00	0.00	32.00	0.00	0.00	32.00
Personal Services	2,661,343	398,138	0	3,059,481	398,701	0	3,060,044
Operating Expenses	2,065,197	275,950	749	2,341,896	238,749	749	2,304,695
Total Costs	\$4,726,540	\$674,088	\$749	\$5,401,377	\$637,450	\$749	\$5,364,739
Proprietary	4,726,540	674,088	749	5,401,377	637,450	749	5,364,739
Total Funds	\$4,726,540	\$674,088	\$749	\$5,401,377	\$637,450	\$749	\$5,364,739

Proprietary Program Description –

Unified Investment Program:

The Board of Investments manages the Unified Investment Program mandated by Article VIII, Section 13 of the Montana Constitution. Section 2-15-1808, MCA, created the Board of Investments and Section 17-6-201, MCA, gave the board sole authority to invest state funds. The board also invests local government funds at their discretion. The Board currently manages an investment portfolio with a market value of approximately \$12.0 billion. The board manages the portfolio under the "prudent expert principle."

To provide for diversification and reduced risk, the board manages several investment pools in which funds of similar types are invested. The Legislative Auditor audits the board annually. The board consists of nine members appointed by the Governor. The board also has two non-voting legislative liaisons, from different political parties; one appointed by the President of the Senate and one appointed by the Speaker of the House.

Section 17-6-305, MCA, authorizes the board to invest 25 percent of the Permanent Coal Tax Trust Fund to assist Montana's economic development. This "In-State Investment Program" makes business loans from the trust fund in participation with financial institutions. The board lends trust fund monies to local governments to fund infrastructure that will serve job-creating businesses locating in the government's jurisdiction. The board also lends low-interest monies funded from the trust fund to value-added type businesses creating jobs. Throughout FY 2010, the board purchased Montana residential mortgages with pension funds as part of the In-State Investment Program.

The board sells tax-exempt bonds and lends the proceeds to eligible governments for a variety of projects. Loan terms range from one to 15 years and short-term loans to finance cash flow deficits or bridge financing are also available.

The INTERCAP and In-State Investment Programs were created in FY 1984 as part of the "Build Montana" program.

The Board of Investments is funded by two proprietary fund types. An enterprise fund funds the Intercap or Bond Programs. An internal service fund funds the Investment Programs.

The Board of Investments' responsibilities are mandated primarily in Article VIII, Section 13 of the Montana Constitution, Title 2, Chapter 15, and Title 17, Chapters 5 and 6, MCA.

Board of Investments' customers include: state agencies, the university system, local governments, financial institutions, and local economic development organizations.

DEPARTMENT OF COMMERCE-6501 BOARD OF INVESTMENTS-75

There has been no significant change in the services provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow in size and complexity.

Proprietary Revenues and Expenses -

Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270 day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board's contract with the Montana Facility Finance Authority.

Nearly all investment program revenues are generated from charges to each account that the board invests. The revenue objective of the investment program is to fairly assess the costs of operations while maintaining a reasonable and prudent 60 day working capital reserve.

The Board of Investments does not receive any direct HB 2 appropriations.

FY 2012 base year funding, by fund type for the Investment Program, fund 06527 is as follows:

	FY 2012	%
General Fund	\$193,256.46	4.183%
State Special	\$75,820.87	1.641%
Federal Special	\$6,088.33	0.132%
Proprietary	\$291,439.61	6.308%
Expendable Trust	\$141,050.62	3.053%
Non Expendable Trust	\$3,742,260.59	81.005%
Local Government	\$92,977.18	2.013%
University	\$70,489.52	1.526%
Debt Service	\$6,400.32	0.139%
Total:	\$4,619,783.50	100.000%

Customer expenditure codes are not available because many customers are outside of state government and therefore do not record their financial activity on SABHRS.

Bond Program revenues (fund 06014) are primarily recorded in the following SABHRS revenue codes:

	FY 2012	%
527054	\$1,010.00	0.071%
530008	\$66,462.78	4.644%
530010	\$559.12	0.039%
530014	(\$813.12)	(0.057%)
530025	\$1,681.75	0.118%
530029	(\$93.38)	(0.007%)
531626	(\$36.24)	(0.003%)
531644	\$183.75	0.013%
538043	\$1,344,882.25	93.965%
582920	\$17,418.77	1.217%
Total:	\$1,431,255.68	100.00%

**DEPARTMENT OF COMMERCE-6501
BOARD OF INVESTMENTS-75**

Investment Program revenues (fund 06527) are primarily recorded in the following SABHRS revenue code:

	FY 2012	%
521055	\$4,619,783.50	100.000%

The major cost drivers within the Board of Investments are personal services, operating expenses, and expenditures related to the periodic replacement of computer equipment. Additionally, over \$740,000 was disbursed in FY 2012 via a statutory appropriation for debt service requirements related to the state's bonding activity.

There is little uncertainty in forecasting major cost drivers and for the purposes of this analysis it is assumed the division's workload and customer levels will remain constant, although investment portfolios will continue to grow in size.

Non-typical and one-time-only expenses, if any, are subtracted from proposed budgets. The Board of Investments is authorized 32.00 FTE and personal services expenditures include board member per diem.

Working Capital Discussion: Bond program revenues are typically received on an annual basis, so a 270 day fund balance is required to provide adequate funding for the Bond Program between draws. Investment program revenues are assessed on a monthly basis; since collections lag by at least one month the board must maintain a nominal 60 day working capital reserve to meet ongoing operational expenses.

Fund Equity and Reserved Fund Balance: At the proposed rates, the department projects a FY 2015 ending working capital reserve of approximately 60 days. All interest earnings on the working capital reserve are distributed to the state general fund.

Proprietary Rate Explanation –

The Board of Investments recovers its costs from the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures similar to what occurs in HB 2 and setting the fee at that level. This process has worked very well since the passage of HB 576 in 1995 and this methodology is continued in the 2015 biennium because it provides an easy comparison with historical financial activity.

**DEPARTMENT OF COMMERCE-6501
BOARD OF INVESTMENTS-75**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06527	Investment Division	65010	Dept. of Commerce	Board of Investments					
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15	
Operating Revenues:									
Fee revenue									
	Administrative Fees		4,869,468	4,416,709	4,619,784	4,430,000	5,109,144	5,234,796	
	Investment Earnings		-	-	-	-	-	-	
	Securities Lending Income		-	-	-	-	-	-	
	Premiums		-	-	-	-	-	-	
	Other Operating Revenues		-	167	-	-	-	-	
	Total Operating Revenue		4,869,468	4,416,876	4,619,784	4,430,000	5,109,144	5,234,796	
Operating Expenses:									
	Personal Services		2,369,344	2,372,134	2,498,975	2,729,157	2,956,401	3,101,061	
	Other Operating Expenses		1,967,820	1,917,749	2,001,642	2,075,915	2,152,743	2,133,735	
	Total Operating Expenses		4,337,163	4,289,883	4,500,617	4,805,072	5,109,144	5,234,796	
	Operating Income (Loss)		532,305	126,993	119,167	(375,072)	-	-	
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-	
	Federal Indirect Cost Recoveries		-	-	-	-	-	-	
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-	
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-	
	Income (Loss) Before Operating Transfers		532,305	126,993	119,167	(375,072)	-	-	
	Contributed Capital		-	-	-	-	-	-	
	Operating Transfers In (Note 13)		-	-	-	-	-	-	
	Operating Transfers Out (Note 13)		(472,340)	-	-	-	-	-	
	Change in net assets		59,965	126,993	119,167	(375,072)	-	-	
	Total Net Assets- July 1		213,850	273,815	400,808	519,975	144,903	144,903	
	Prior Period Adjustments		-	-	-	-	-	-	
	Cumulative effect of account change		-	-	-	-	-	-	
	Total Net Assets - July 1 - As Restated		213,850	273,815	400,808	519,975	144,903	144,903	
	Net Assets- June 30 (Fund Balance)		273,815	400,808	519,975	144,903	144,903	144,903	
	Net Current Assets- June 30 (Working Capital)		651,587	934,921	1,105,769	730,697	730,697	730,697	
	60 days of expenses								
	(Total Operating Expenses divided by 6)		722,861	714,981	750,103	800,845	851,524	872,466	
Requested Rates for Internal Service Funds									
Fee/Rate Information									
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15	
	BOI Administrative Fee								
	Rate		4,819,844	4,768,607	4,831,041	4,831,041	5,109,144	5,234,796	
Allocation Methodology: The revenue objective of the Board of Investments is to assess the costs of operations to each portfolio the Board invests while attempting to maintain a reasonable and prudent 60 day working capital reserve.									

**DEPARTMENT OF COMMERCE-6501
BOARD OF INVESTMENTS-75**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06014	Industrial Revenue Bond I-95	65010	Dept. of Commerce	Board of Investments					
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15	
Operating Revenues:									
Fee revenue									
	Fee Revenues		-	-	-	500	1,000	1,500	
	Investment Earnings		261,771	90,953	67,797	140,994	172,137	203,280	
	Securities Lending Income		165	233	184	350	400	450	
	Premiums		-	-	-	-	-	-	
	Other Operating Revenues		2,270,083	1,549,944	1,345,856	1,251,784	1,484,732	1,716,019	
	Total Operating Revenue		2,532,018	1,641,130	1,413,837	1,393,628	1,658,269	1,921,249	
Operating Expenses:									
	Personal Services		205,745	167,630	275,326	305,632	308,035	323,312	
	Other Operating Expenses		134,030	121,932	133,865	150,066	189,153	170,960	
	Debt Service Expenses (Statutory)		1,828,551	835,910	740,441	1,102,290	1,344,662	1,594,800	
	Total Operating Expenses		2,168,325	1,125,472	1,149,632	1,557,988	1,841,850	2,089,072	
	Operating Income (Loss)		363,693	515,658	264,205	(164,360)	(183,581)	(167,823)	
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-	
	Federal Indirect Cost Recoveries		-	-	-	-	-	-	
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-	
	Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-	
	Income (Loss) Before Operating Transfers		363,693	515,658	264,205	(164,360)	(183,581)	(167,823)	
	Contributed Capital		-	-	-	-	-	-	
	Operating Transfers In (Note 13)		494,639	17,955	17,419	18,000	18,000	18,000	
	Operating Transfers Out (Note 13)		-	-	-	-	-	-	
	Change in net assets		858,331	533,613	281,624	(146,360)	(165,581)	(149,823)	
	Total Net Assets- July 1		5,406,924	6,265,256	6,798,869	7,080,493	6,934,133	6,768,552	
	Prior Period Adjustments		-	-	-	-	-	-	
	Cumulative effect of account change		-	-	-	-	-	-	
	Total Net Assets - July 1 - As Restated		5,406,924	6,265,256	6,798,869	7,080,493	6,934,133	6,768,552	
	Net Assets- June 30 (Fund Balance)		6,265,256	6,798,869	7,080,493	6,934,133	6,768,552	6,618,729	
60 days of expenses									
	(Total Operating Expenses divided by 6)		361,388	187,579	191,605	259,665	306,975	348,179	
Requested Rates for Enterprise Funds									
Fee/Rate Information									
			Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15	
Budgeted Revenues									
	Fees & Investment Revenues		\$3,026,657	\$ 1,659,085	\$1,431,256	\$ 1,393,628	\$1,658,269	\$1,921,249	

**DEPARTMENT OF COMMERCE-6501
BOARD OF INVESTMENTS-75**

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

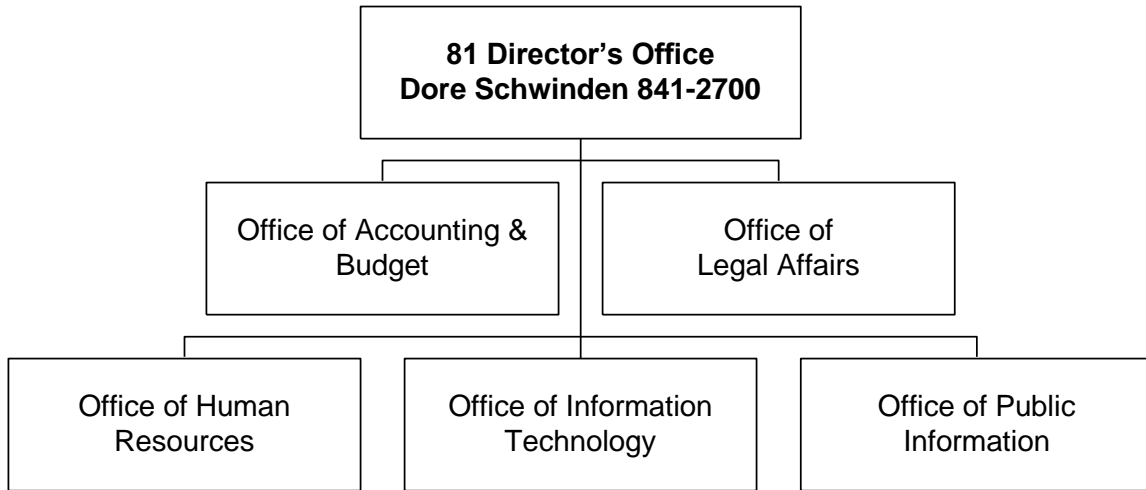
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$233,560	\$0
FY 2015	\$275,307	\$0
 PL - 7501 - BOI Administrative Costs Adjustments -		
This request reflects adjustments made to the Board of Investments for advertising both in and out of state, software administered programs, legal and court fees, and meetings expensive for the Board of Investments.		

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$749	\$0
FY 2015	\$749	\$0
 NP - 6101 - Professional Development Center Fee Allocation -		
The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, the funding balance reflects \$749 in FY 2014 and \$749 in FY 2015.		

**DEPARTMENT OF COMMERCE-6501
DIRECTOR'S OFFICE-81**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	19.00	0.00	0.00	19.00	0.00	0.00	19.00
Personal Services	1,322,134	204,551	0	1,526,685	205,690	0	1,527,824
Operating Expenses	224,995	10,148	(2,583)	232,560	11,899	(2,583)	234,311
Equipment & Intangible Assets	0	0	0	0	0	0	0
Total Costs	\$1,547,129	\$214,699	(\$2,583)	\$1,759,245	\$217,589	(\$2,583)	\$1,762,135
Proprietary	1,547,129	214,699	(2,583)	1,759,245	217,589	(2,583)	1,762,135
Total Funds	\$1,547,129	\$214,699	(\$2,583)	\$1,759,245	\$217,589	(\$2,583)	\$1,762,135

Proprietary Program Description –

The Director's Office provides overall leadership, communication, and management support to the Department of Commerce staff, programs, bureaus, divisions and administratively attached boards. The office provides executive, administrative, legal, and policy direction along with offering problem-solving guidance. The office keeps abreast of department related issues and acts in a public relations and informational capacity to ensure a positive image of the Department. The office works closely with economic and community development organizations, businesses, communities, governmental entities, elected official and the public to diversify and expand the state's economic base. The office acts as the liaison with private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, other governmental agencies, and the Governor's Office.

The Director's Office also provides effective and efficient internal support to Department of Commerce staff, programs, bureaus, divisions and administratively attached boards. Services are provided by the Offices of Accounting and Budget, Legal Affairs, Human Resources, Information Technology, and Public Information.

The Director's Office is funded through an internal service fund. The Director's Office responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

Customers are all divisions, bureaus, programs, and employees of the Department of Commerce. Use of these services is mandated by agency policies and procedures; there are no alternative sources for these services; although the department may contract for legal services from time to time whenever it is most appropriate and cost effective to do so.

DEPARTMENT OF COMMERCE-6501 DIRECTOR'S OFFICE-81

There has not been any significant program, service, or customer base change since the last session.

Proprietary Revenues and Expenses -

The Director's Office is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the divisions indirect cost plan. Indirect costs are allocated to supported programs based upon federally calculated and legislatively approved indirect cost rates applied to actual personal services expenditures.

The Director's Office provides all of the services listed in the program description to all department divisions, bureaus, programs, and employees.

The revenue objective of the Director's Office is to maintain the lowest possible indirect charge to supported divisions, bureaus, and programs, while maintaining a nominal 60 day working capital reserve. The department has historically used this methodology in calculating indirect rates because the federal government requires the same methodology to be used when charging indirect costs to federally funded programs.

FY 2012 base year funding, by fund type is as follows:

Fund	FY 2012 Amount	FY 2012 %
General Fund	\$288,715.55	18.832%
State Special	\$401,995.31	26.221%
Federal Special	\$166,804.70	10.880%
Capital Projects	\$11,734.64	0.765%
Proprietary	\$663,877.89	43.302%
Total:	\$1,533,128.09	100.00%

Customer expenditures are primarily recorded in SABHRS expenditure code 62827; while Director's Office revenues are primarily recorded in the following SABHRS revenue codes:

Revenue Code	FY 2012 Amount	FY 2012 %
520702	\$1,205,763.51	75.692%
525045	\$25,000.00	1.569%
584002	\$302,364.58	18.981%
Total:	\$1,533,128.09	100.000%

The major cost drivers within the Director's Office are personal services, operating expenses and expenditures related to the periodic replacement of the agencies computer equipment.

Factors that contribute to uncertainty in forecasting expenses involve potential legislative actions since the cost of providing centralized support services is directly related to the number and complexity of the agencies divisions, bureaus, and programs; and the number of agency staff served. As agency services and programs increase, or decrease; management needs to remain cognizant of staffing requirements and indirect cost rates and make the necessary adjustments when needed.

For the purposes of this analysis, it is assumed the agencies divisions, bureaus, programs, and staff remain constant. Non-typical and one-time-only expenses are subtracted out of the future cost projections before calculating the indirect rate. The proposed indirect cost rate will fund 19.00 FTE in the 2015 biennium.

Working Capital Discussion: The Director's Office indirect cost rate is calculated by dividing projected annual expenses, plus a nominal 60 day working capital reserve, by the projected actual personal services expenses of supported divisions, bureaus, and programs. Federally funded programs are allocated indirect costs by an annually calculated indirect cost rate, while state funded programs are allocated indirect costs via a legislatively approved indirect cost rate.

DEPARTMENT OF COMMERCE-6501 DIRECTOR'S OFFICE-81

The working capital objective is to recover the costs necessary to fund ongoing operations. A nominal 60 day working capital reserve is needed to meet ongoing operational costs.

Fund Equity and Reserved Fund Balance: At the proposed rates, the department projects a FY 2015 ending working capital reserve of approximately 60 days. All interest earnings on the working capital reserve are distributed to the state general fund.

Proprietary Rate Explanation –

The Director's Office calculates a federal indirect cost rate on an annual basis. This rate is a fixed rate for federally funded programs. This rate is then applied against actual federally funded personal services expenditures within the department.

The federally calculated rate requires that a carry-forward amount be built into the rate. This carry-forward amount represents the amount the Director's Office under-recovered or over-recovered in a given fiscal year. This computation compares what was originally calculated to what actually occurred. The difference is then carried forward into the following year's rate.

The indirect cost rate is determined based on guidelines prescribed by the federal government. Additionally, the Director's Office complies with 17-3-111, MCA, which requires agencies to calculate a rate that would recover indirect costs to the greatest extent possible. In order to comply with this statute, the Director's Office has requested a rate that may vary slightly from the annually calculated federal rate. The rate approved by the legislature is considered a cap; therefore, the department cannot impose a rate higher than what has been approved by the legislature. However, the annually calculated federal rate may be slightly lower.

**DEPARTMENT OF COMMERCE-6501
DIRECTOR'S OFFICE-81**

2015 Biennium Report on Internal Service and Enterprise Funds 2015									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06542	Commerce Centralized Services	65010	Dept. of Commerce	Director's Office					
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted	
			FYE 10	FYE 11	FYE 12	FY 13	FY 14	FY 15	
Operating Revenues:									
Fee revenue									
	Administrative Fees		1,330,551	1,138,504	1,205,764	1,280,764	1,500,371	1,501,677	
	Investment Earnings		-	-	-	-	-	-	
	Securities Lending Income		-	-	-	-	-	-	
	Premiums		-	-	-	-	-	-	
	Other Operating Revenues		25,052	25,000	25,000	25,000	25,000	25,000	
	Total Operating Revenue		1,355,603	1,163,504	1,230,764	1,305,764	1,525,371	1,526,677	
Operating Expenses:									
	Personal Services		1,285,645	1,290,793	1,332,811	1,324,103	1,603,019	1,608,032	
	Other Operating Expenses		311,984	316,172	282,389	316,560	232,560	234,311	
	Total Operating Expenses		1,597,629	1,606,965	1,615,200	1,640,663	1,835,579	1,842,343	
	Operating Income (Loss)		(242,026)	(443,462)	(384,436)	(334,899)	(310,208)	(315,666)	
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-	
	Federal Indirect Cost Recoveries		237,389	339,601	302,365	302,365	302,365	302,365	
	Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-	
	Net Nonoperating Revenues (Expenses)		237,389	339,601	302,365	302,365	302,365	302,365	
	Income (Loss) Before Operating Transfers		(4,638)	(103,861)	(82,071)	(32,534)	(7,843)	(13,301)	
	Contributed Capital		-	-	-	-	-	-	
	Operating Transfers In (Note 13)		-	-	-	-	-	-	
	Operating Transfers Out (Note 13)		-	-	-	-	-	-	
	Change in net assets		(4,638)	(103,861)	(82,071)	(32,534)	(7,843)	(13,301)	
	Total Net Assets- July 1		215,728	211,090	107,229	25,158	(7,376)	(15,219)	
	Prior Period Adjustments		-	-	-	-	-	-	
	Cumulative effect of account change		-	-	-	-	-	-	
	Total Net Assets - July 1 - As Restated		215,728	211,090	107,229	25,158	(7,376)	(15,219)	
	Net Assets- June 30 (Fund Balance)		211,090	107,229	25,158	(7,376)	(15,219)	(28,520)	
	Net Current Assets- June 30 (Working Capital)		414,220	420,948	367,207	334,673	326,830	313,529	
	60 days of expenses								
	(Total Operating Expenses divided by 6)		266,271	267,828	269,200	273,444	305,930	307,057	
Requested Rates for Internal Service Funds									
Fee/Rate Information									
			Actual	Actual	Actual	Budgeted	Budgeted	Budgeted	
			FYE 10	FYE 11	FYE 12	FY 13	FY 14	FY 15	
	State Programs								
	Indirect Cost Rate		12.95%	12.95%	12.95%	12.95%	14.65%	14.65%	
	Federal Programs								
	Indirect Cost Rate		12.95%	12.95%	12.95%	12.95%	14.65%	14.65%	
Allocation Methodology: Indirect costs for the Director's Office are allocated to supported programs via a federally calculated indirect cost plan for federally funded programs, and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs based upon actual personal services expenditures. Authority: Federally calculated indirect cost plan for federally funded programs, and legislatively approved rate for state funded programs. FY 2014 and FY 2015 federally approved rate is an estimated rate.									

**DEPARTMENT OF COMMERCE-6501
DIRECTOR'S OFFICE-81**

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

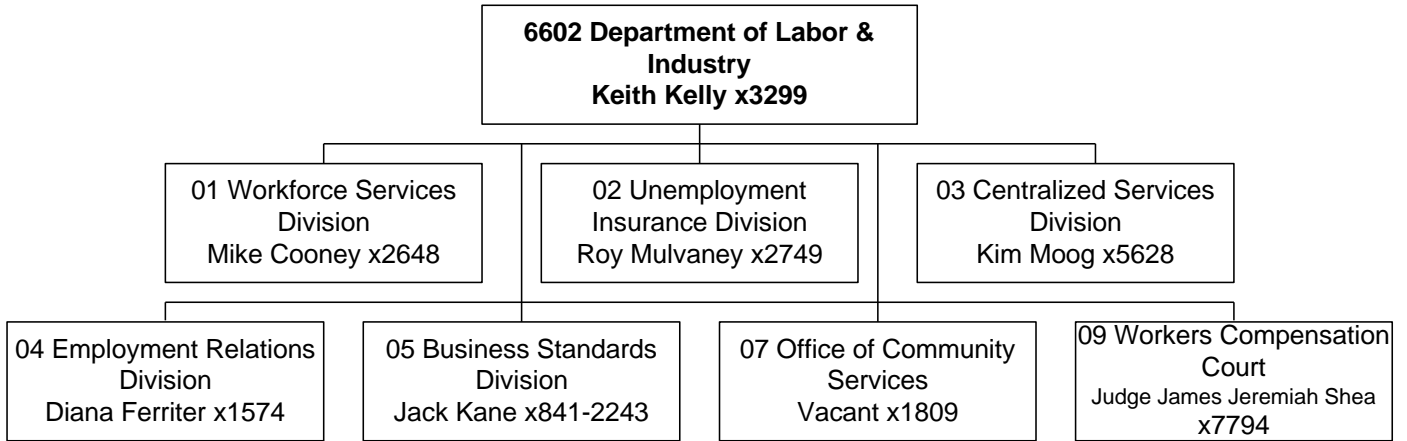
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$5,490	\$0
FY 2015	\$7,173	\$0
PL - 8102 - DO Administrative Costs Adjustments -		
Adjustments to the 2015 Biennium rent for the space reallocation are included in this decision package. Impacts on the rates would be 0.08%.		

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$2,583)	\$0
FY 2015	(\$2,583)	\$0
NP - 6101 - Professional Development Center Fee Allocation -		
The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, the funding balance reflects a reduction of \$2,583 in FY 2014 and \$2,583 in FY 2015. Impact on the rates would be 0.025%.		

DEPARTMENT OF LABOR & INDUSTRY-6602

Please note that this agency also contains HB 2 funding.



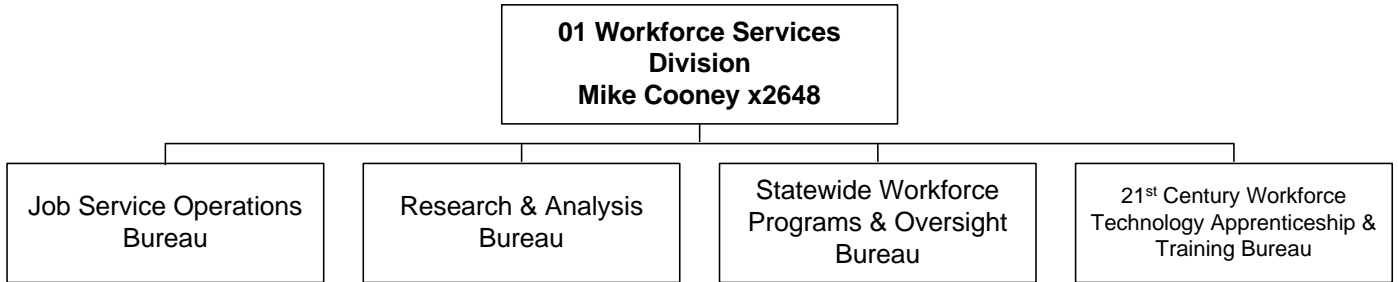
Mission Statement - The purpose of the Department of Labor and Industry is to promote and protect the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities.

Statutory Authority - Primarily Titles 18, 30, 37, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	66.75	0.00	9.00	75.75	0.00	9.00	75.75
Personal Services	4,286,432	218,005	782,057	5,286,494	222,924	784,388	5,293,744
Operating Expenses	1,775,871	293,443	252,254	2,321,568	153,432	248,590	2,177,893
Benefits & Claims	218,946,626	(70,000,000)	0	148,946,626	(70,000,000)	0	148,946,626
Transfers	25,048	0	0	25,048	0	0	25,048
Total Costs	\$225,033,977	(\$69,488,552)	\$1,034,311	\$156,579,736	(\$69,623,644)	\$1,032,978	\$156,443,311
Proprietary	225,033,977	(69,488,552)	1,034,311	156,579,736	(69,623,644)	1,032,978	156,443,311
Total Funds	\$225,033,977	(\$69,488,552)	\$1,034,311	\$156,579,736	(\$69,623,644)	\$1,032,978	\$156,443,311

**DEPARTMENT OF LABOR & INDUSTRY-6602
WORK FORCE SERVICES DIVISION-01**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	15,800	0	0	15,800	0	0	15,800
Total Costs	\$15,800	\$0	\$0	\$15,800	\$0	\$0	\$15,800
Proprietary	15,800	0	0	15,800	0	0	15,800
Total Funds	\$15,800	\$0	\$0	\$15,800	\$0	\$0	\$15,800

Proprietary Program Description -The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use and easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being funded by a College Access Challenge Grant for a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. When the grant ends, MCIS will need to seek other funding or resort back to license fees for the basic system. There are currently optional components of MCIS not funded by the grant such as IDEAS (an interest inventory), Peterson Practice Tests, and Dependable Strengths that requires the program to collect fees associated with each optional component.

Proprietary Revenues and Expenses -

The expenses of the proprietary program are limited to the operational expenses of the optional features. These are typically site specific licensing fees. Revenue is generated through fees for purchase of a one year optional component license.

Proprietary Rate Explanation –

- o IDEAS Assessment: \$100 per site license per year
- o Dependable Strengths: \$200 per site license per year
- o Peterson's Academic Practice Tests: (per site, per practice test package)
- o Enrollment up to 200 - \$225
- o Enrollment 201-500 - \$275
- o Enrollment over 500 - \$325
- o Peterson's Civil Service Practice Test Package: (per site)
- o Schools - \$200
- o Agencies - \$225

**DEPARTMENT OF LABOR & INDUSTRY-6602
WORK FORCE SERVICES DIVISION-01**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency	Agency Name	Program Name
06051	MT Career Info System	66020	Dept. of Labor & Industry	Workforce Services Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue	-	-				
Charges for Services	73,530	1,188	675	18,500	18,500	18,500
Net Fee Revenue	73,530	1,188	675	18,500	18,500	18,500
Investment Earnings	-					
Securities Lending Income	-					
Premiums	-					
Other Operating Revenues	-					
Total Operating Revenue	73,530	1,188	675	18,500	18,500	18,500
Operating Expenses:						
Personal Services	-					
Other Operating Expenses	37,165	35,378	15,800	18,000	15,800	15,800
Total Operating Expenses	37,165	35,378	15,800	18,000	15,800	15,800
Operating Income (Loss)	36,365	(34,190)	(15,125)	500	2,700	2,700
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-					
Federal Indirect Cost Recoveries	-					
Other Nonoperating Revenues (Expenses)	-					
Net Nonoperating Revenues (Expenses)	-					
Income (Loss) Before Operating Transfers	36,365	(34,190)	(15,125)	500	2,700	2,700
Contributed Capital	-					
Operating Transfers In (Note 13)	-					
Operating Transfers Out (Note 13)	-					
Change in net assets	36,365	(34,190)	(15,125)	500	2,700	2,700
Total Net Assets- July 1 - As Restated	21,957	58,322	24,132	9,007	9,507	12,207
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	21,957	58,322	24,132	9,007	9,507	12,207
Net Assets- June 30	58,322	24,132	9,007	9,507	12,207	14,907
60 days of expenses						
(Total Operating Expenses divided by 6)	6,194	5,896	2,633	3,000	2,633	2,633

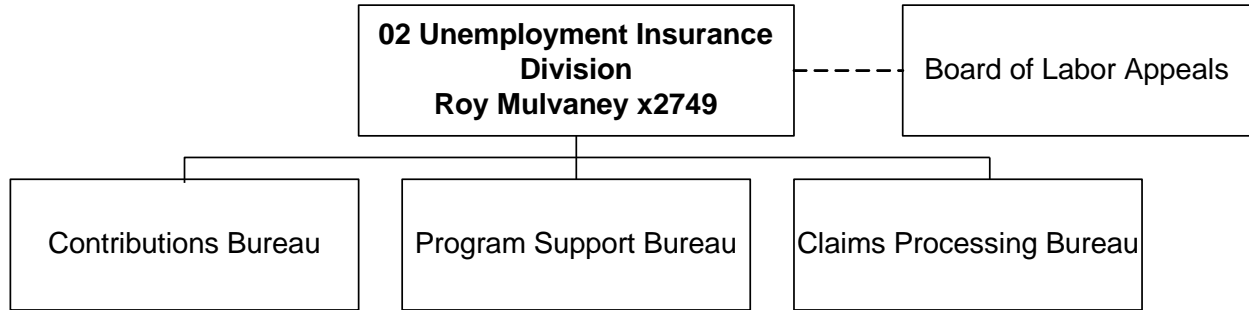
Fee/Rate Information

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FYE 13	Budgeted FYE 14	Budgeted FYE 15
Charges for Services	1,500	1,500	1,500	1,500	1,500	1,500
Group II (High schools w/under 200 students)	725	725	725	725	725	725
Group II (High schools w/over 200 students, agencies and business)	950	950	950	950	950	950

Rates will be charged for optional components and services associated with the Montana Career Information System (MCIS). The fees charged by MCIS are not to exceed \$1,500 per site. Fee will be charged by optional components as follows: IDEAS Assessment

**DEPARTMENT OF LABOR & INDUSTRY-6602
UNEMPLOYMENT INSURANCE DIVISIO-02**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0
Benefits & Claims	218,236,328	(70,000,000)	0	148,236,328	(70,000,000)	0	148,236,328
Transfers	0	0	0	0	0	0	0
Total Costs	\$218,236,328	(\$70,000,000)	\$0	\$148,236,328	(\$70,000,000)	\$0	\$148,236,328
Proprietary	218,236,328	(70,000,000)	0	148,236,328	(70,000,000)	0	148,236,328
Total Funds	\$218,236,328	(\$70,000,000)	\$0	\$148,236,328	(\$70,000,000)	\$0	\$148,236,328

Proprietary Program Description –

The Department of Labor and Industry (DLI) collects the contributions paid by employers, based on their industry or individual experience rate, to pay for their Unemployment Insurance. DLI expends the funds by paying Unemployment Insurance benefit claims.

Proprietary Revenues and Expenses -

The revenues received in the proprietary fund are from unemployment insurance tax collections, federal reimbursement for claims on federal employees, military personnel, claimants in other states, and interest earnings to the Unemployment Insurance Trust Fund. The expenditures are unemployment insurance benefits paid to claimants while unemployed, including federal withholding tax and child support payments the claimants have elected to be taken out of the benefit check.

Proprietary Rate Explanation –

The Unemployment Insurance Division administers the state unemployment insurance law. There is no proprietary rate but a collection of contributions from employers that are used to pay the unemployment insurance benefits to claimants who have involuntarily become unemployed.

**DEPARTMENT OF LABOR & INDUSTRY-6602
UNEMPLOYMENT INSURANCE DIVISIO-02**

2015 Biennium Report on Internal Service and Enterprise Funds							
Fund	Fund Name	Agency #	Agency Name	Program Name			
06069	UI Tax Benefit Fund	66020	Department of Labor & Industry	Unemployment Insurance Division			
	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15	
Operating Revenues:							
Fee revenue	-	-	-	-	-	-	
Net Fee Revenue	-	-	-	-	-	-	
Investment Earnings	6,873,513	4,391,762	3,594,398	4,431,820	5,064,015	6,504,707	
Securities Lending Income							
Premiums	89,588,716	132,602,536	159,224,666	171,497,000	159,249,000	137,693,000	
Other Operating Revenues	179,150,669	134,300,213	92,485,617	59,864,920	11,313,225	8,763,884	
Total Operating Revenue	275,612,898	271,294,511	255,304,681	235,793,740	175,626,240	152,961,591	
Operating Expenses:							
Personal Services	-	-	-	-	-	-	
Other Operating Expenses	356,175,293	282,858,266	217,829,746	170,676,190	148,236,328	148,236,328	
Total Operating Expenses	356,175,293	282,858,266	217,829,746	170,676,190	148,236,328	148,236,328	
Operating Income (Loss)	(80,562,395)	(11,563,755)	37,474,935	65,117,550	27,389,912	4,725,263	
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-	
Federal Indirect Cost Recoveries	-	-	-	-	-	-	
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-	
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-	
Income (Loss) Before Operating Transfers	(80,562,395)	(11,563,755)	37,474,935	65,117,550	27,389,912	4,725,263	
Contributed Capital	-	-	-	-	-	-	
Operating Transfers In (Note 13)	-	-	-	-	-	-	
Operating Transfers Out (Note 13)	(188,410)	(1,583,582)	-	(188,410)	-	-	
Change in net assets	(80,750,805)	(13,147,337)	37,474,935	64,929,140	27,389,912	4,725,263	
Total Net Assets- July 1 - As Restated	197,280,896	116,530,084	100,700,222	138,175,157	203,104,297	230,494,209	
Prior Period Adjustments	-	(2,682,525)	-	-	-	-	
Cumulative effect of account change	-	-	-	-	-	-	
Total Net Assets - July 1 - As Restated	197,280,896	113,847,559	197,280,896	138,175,157	203,104,297	230,494,209	
Net Assets- June 30	116,530,091	100,700,222	138,175,157	203,104,297	230,494,209	235,219,472	
60 days of expenses (Total Operating Expenses divided by 6)	59,362,549	47,143,044	36,304,958	28,446,032	24,706,055	24,706,055	
Requested Rates for Enterprise Funds							
Fee/Rate Information							
	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FYE 13	Budgeted FYE 14	Budgeted FYE 15	
Unemployment Insurance Contributions/Benefits	90,333	234,246,830	356,159,935	375,117,000	185,676,190	170,676,190	
Note: MCA 39-51-1217 sets the rate which employers are charged contributions for the purpose of paying Unemployment Insurance Benefits.							

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

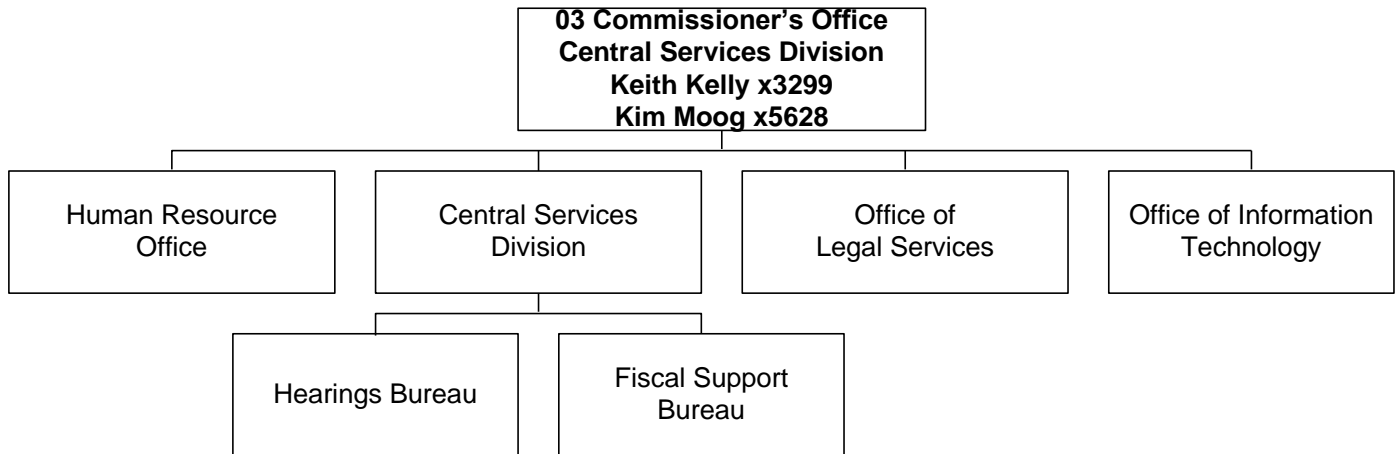
	Total Agency Impact	General Fund Total
FY 2014	(\$70,000,000)	\$0
FY 2015	(\$70,000,000)	\$0

PL - 202 - Unemployment Insurance Benefits -

This decision package reduces the unemployment benefits budget by \$70 million in each year to account for anticipated benefit expense levels.

**DEPARTMENT OF LABOR & INDUSTRY-6602
COMMISSIONER'S OFFICE/CSD-03**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	66.75	0.00	9.00	75.75	0.00	9.00	75.75
Personal Services	4,286,432	218,005	782,057	5,286,494	222,924	784,388	5,293,744
Operating Expenses	1,760,071	293,443	252,254	2,305,768	153,432	248,590	2,162,093
Total Costs	\$6,046,503	\$511,448	\$1,034,311	\$7,592,262	\$376,356	\$1,032,978	\$7,455,837
Proprietary	6,046,503	511,448	1,034,311	7,592,262	376,356	1,032,978	7,455,837
Total Funds	\$6,046,503	\$511,448	\$1,034,311	\$7,592,262	\$376,356	\$1,032,978	\$7,455,837

Proprietary Program Description –

Supportive services provided by the Commissioner's Office and Centralized Services Division are funded through a cost allocation plan whereby the department programs are assessed a percentage of their personal service costs. There are 33.50 FTE funded by the revenues generated. Services provided by the cost allocation plan include: budgeting, accounting and fiscal management, internal controls, contracting, purchasing, asset management, human resources, payroll, and benefits.

The Office of Information Technology provides network support to the department's five programs and two administratively attached entities. There are 21.50 FTE funded by revenues generated through the collection of a cost recovery rate, based on full time equivalent positions in each division.

The Office of Legal Services provides legal assistance to the department's five programs and two administratively attached entities, whereby an hourly rate for attorney fees is established. Previously, the hourly rate has only been charged to the Business Standards Division. In an effort to create consistency within the department, two previously used charging methodologies are being consolidated, and now one uniform rate will be charged for Legal Services to the entire department. The revenues generated fund 20.75 FTE.

DEPARTMENT OF LABOR & INDUSTRY-6602 COMMISSIONER'S OFFICE/CSD-03

Proprietary Revenues and Expenses -

Revenue Description: The Commissioner's Office/Centralized Services Division is funded by revenues from charges allocated to all divisions, bureaus, and programs supported by the division's indirect cost plan. Indirect costs are allocated to supported programs based on federally calculated, and legislatively approved indirect cost rates applied to actual personal service expenditures as well as rates charged based on time distribution and full time equivalent positions.

Changes in Services and Fees: There are no significant changes to the methodology for calculating the rate for Centralized Services. The Office of Information Technology has moved from two individual rates to one rate based upon division full time equivalent positions. The Hearings Bureau is no longer utilizing a proprietary fund, and thus is no longer charging a rate for services.

Working Capital: All rates consider a 60-day or less working capital to meet ongoing operational costs. The Centralized Services rate was lowered significantly in state FY 2013 to address a growing working capital balance.

Fund Equity and Reserved Fund Balance: At the proposed rates, the Centralized Services Division projects a fiscal year end 2015 ending working capital reserve of approximately 60 days or less for all proposed rates.

Cash Flow Discussion: Department programs are typically charged for these services on a monthly basis, which is sufficient to meet the cash needs of the funds. The SABHRS accounts used to pay for these services are: 62827R, , 62827T, 62827U, and 62889. The funds used to pay for the services are comprised of approximately 2% general fund, 64% state special revenue funds, 29% federal special revenue funds, and 5% proprietary funds.

Expenses incurred by the funds are for the personal services costs of the 75.75 FTE covered under these rates, operating expenditures to support those FTE, and some department wide fixed costs.

Proprietary Rate Explanation –

The cost allocation rate (CAP) must be approved by the U.S. Department of Labor which has requirements including a working capital of no more than 60 days. The rate, which is assessed to personal service expenditures, is determined by calculating the total costs of providing the services divided by the projected department personal services expenditures. The rate requested for the 2015 biennium is 8.00%.

The Office of Information Technology rate (OIT) must be approved by the U.S. Department of Labor which has requirements including a working capital of no more than 60 days. The monthly rate is calculated based on the projected cost of services for the 2015 biennium divided by the total number of active directory accounts in the department divided by 12 months. The rate request is \$192 per month per full time equivalent position for the 2015 biennium.

The Office of Legal Services rate must be approved by the U.S. Department of Labor which has requirements including a working capital of no more than 60 days. The rate per hour is calculated on projected costs of services for the 2015 biennium divided by the projected direct hours of service to be provided in the 2015 biennium. The rate for the 2015 biennium is \$95 per hour.

**DEPARTMENT OF LABOR & INDUSTRY-6602
COMMISSIONER'S OFFICE/CSD-03**

2015 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06546	Commissioner's Office/CSD	66020	Department of Labor & Industry	Commissioner's Office		
			Actual	Actual	Actual	Budgeted
			FY10	FY11	FY12	FY13
						Budgeted
						FY14
						Budgeted
						FY15
Operating Revenues:						
Fee revenue						
Cost Allocation Plan (CAP)-Nonfederal			1,973,664	2,142,225	2,243,530	1,820,340
			-	-	-	-
Net Fee Revenue			1,973,664	2,142,225	2,243,530	1,820,340
Investment Earnings			-	-	-	-
Securities Lending Income			-	-	-	-
Premiums			-	-	-	-
Other Operating Revenues			1,835	1,657	2,168	680
Total Operating Revenue			1,975,498	2,143,882	2,245,698	1,821,020
						1,821,020
						2,095,287
Operating Expenses:						
Personal Services			1,769,266	1,784,599	1,826,372	1,894,060
Other Operating Expenses			1,816,532	1,556,475	1,240,399	1,300,000
Total Operating Expenses			3,585,798	3,341,074	3,066,771	3,194,060
						3,579,776
						3,443,609
Operating Income (Loss)			(1,610,300)	(1,197,192)	(821,073)	(1,373,040)
						(1,758,756)
						(1,348,322)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets			-	-	-	-
Federal Indirect Cost Recoveries			1,431,528	1,581,355	1,372,370	1,113,504
Other Nonoperating Revenues (Expenses)			-	-	-	-
Net Nonoperating Revenues (Expenses)			1,431,528	1,581,355	1,372,370	1,113,504
						1,113,504
						1,516,785
Income (Loss) Before Operating Transfers			(178,771)	384,162	551,297	(259,536)
						(645,252)
						168,463
Contributed Capital			-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-
Change in net assets			(178,771)	384,162	551,297	(259,536)
						(645,252)
						168,463
Total Net Assets- July 1 - As Restated			345,686	166,915	551,077	927,629
Prior Period Adjustments			-	-	-	-
Cumulative effect of account change			-	-	(174,745)	-
Total Net Assets - July 1 - As Restated			345,686	166,915	376,332	927,629
Net Assets- June 30			166,915	551,077	927,629	668,093
						22,841
						191,304
60 days of expenses						
(Total Operating Expenses divided by 6)			597,633	556,846	511,128	532,343
						596,629
						573,935
Requested Rates for Internal Service Funds						
Fee/Rate Information						
			Actual	Budgeted	Budgeted	Budgeted
			FYE 10	FYE 11	FYE 12	FYE 13
						Budgeted
						FYE 14
						Budgeted
						FYE 15
Cost Allocation Plan (CAP)						
Requested Rate			11.000%	10.600%	8.240%	8.260%
						8.000%
						8.000%
This rate is charged to the various divisions within the Department of Labor to provide revenue to support centralized functions. The fluctuations in this rate are due to the increase/decrease in the amount of revenue required to perform centralized servi						

**DEPARTMENT OF LABOR & INDUSTRY-6602
COMMISSIONER'S OFFICE/CSD-03**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06568	Fund Name Commissioner's Office/OIT	Agency # 66020	Agency Name Department of Labor & Industry	Program Name Commissioner's Office
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Net Fee Revenue	1,851,150	1,818,883	2,120,247	2,000,000	1,930,000	1,930,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	155	1,625	-	-	-	-
Total Operating Revenue	1,851,305	1,820,508	2,120,247	2,000,000	1,930,000	1,930,000
Operating Expenses:						
Personal Services	1,475,741	1,392,625	1,506,989	1,519,544	1,526,638	1,527,659
Other Operating Expenses	432,420	537,023	439,153	469,744	399,579	399,171
Total Operating Expenses	1,908,161	1,929,648	1,946,143	1,989,288	1,926,217	1,926,830
Operating Income (Loss)	(56,856)	(109,140)	174,105	10,712	3,783	3,170
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets		-	-	-	-	-
Federal Indirect Cost Recoveries						
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(56,856)	(109,140)	174,105	10,712	3,783	3,170
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(56,856)	(109,140)	174,105	10,712	3,783	3,170
Total Net Assets- July 1 - As Restated	-	(56,856)	8,748	182,853	193,565	197,348
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	174,745	-	-	-	-
Total Net Assets - July 1 - As Restated	-	117,888	8,748	182,853	193,565	197,348
Net Assets- June 30	(56,856)	8,748	182,853	193,565	197,348	200,518
60 days of expenses (Total Operating Expenses divided by 6)	318,027	321,608	324,357	331,548	321,036	321,138

Requested Rates for Internal Service Funds

Fee/Rate Information

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FYE 13	Budgeted FYE 14	Budgeted FYE 15
Requested Direct Rate			\$ 42.00	\$ 42.00	\$ -	\$ -
Requested Indirect Rate	\$ 121.00	\$ 121.00	\$ 161.00	\$ 161.00	\$ 192.00	\$ 192.00

The monthly rate is calculated based on the projected cost of services for the 2015 biennium divided by the total number of FTE directory accounts in the department divided by 12 months. The rate request is \$192 per month per full time equivalent position.

**DEPARTMENT OF LABOR & INDUSTRY-6602
COMMISSIONER'S OFFICE/CSD-03**

2015 Biennium Report on Internal Service and Enterprise Funds						
Fund 06552	Fund Name CSD/Legal	Agency # 66020	Agency Name Department of Labor & Industry	Program Name Commissioner's Office		
	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Charges for services	1,250,780	1,166,878	1,265,397	1,265,397	2,144,221	2,143,326
Net Fee Revenue	1,250,780	1,166,878	1,265,397	1,265,397	2,144,221	2,143,326
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	1,250,780	1,166,878	1,265,397	1,265,397	2,144,221	2,143,326
Operating Expenses:						
Personal Services	875,173	987,841	1,034,073	958,446	1,725,569	1,728,418
Other Operating Expenses	197,821	219,350	250,460	179,247	360,700	356,980
Total Operating Expenses	1,072,994	1,207,191	1,284,532	1,137,693	2,086,269	2,085,398
Operating Income (Loss)	177,786	(40,313)	(19,135)	127,704	57,952	57,928
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	177,786	(40,313)	(19,135)	127,704	57,952	57,928
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	177,786	(40,313)	(19,135)	127,704	57,952	57,928
Total Net Assets- July 1 - As Restated	88,486	266,271	225,958	206,823	14,527	72,479
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	(320,000)	-	-
Total Net Assets - July 1 - As Restated	88,486	266,271	225,958	(113,177)	14,527	72,479
Net Assets- June 30	266,271	225,958	206,823	14,527	72,479	130,407
60 days of expenses (Total Operating Expenses divided by 6)	178,832	201,199	214,089	189,616	347,712	347,566
Requested Rates for Internal Service Funds						
Fee/Rate Information						
	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FYE 13	Budgeted FYE 15	Budgeted FYE 15
Attorney rate per hour	\$95	\$95	\$95	\$95	\$95	\$95
The rate per hour is calculated on projected costs of services for the 2015 biennium divided by the projected direct hours of service to be provided in the 2015 biennium. The rate for the 2015 biennium is \$95 per hour.						

**DEPARTMENT OF LABOR & INDUSTRY-6602
COMMISSIONER'S OFFICE/CSD-03**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$910,932	\$0
FY 2015	\$912,611	\$0

NP - 301 - Legal Funding Switch -

The Department of Labor and Industry requests a funding switch to formalize a reorganization of the department's legal structure. The legal fund switch includes an increase of \$836,087 proprietary funds in FY 2014 and \$837,766 proprietary funds in FY 2015. The Legal Unit was operating under two different methodologies and now operates under one, sharing resources and expertise to provide the most efficient and knowledgeable service to the department. This request affects five programs within the department, reducing HB 2 authority in the Centralized Services Division and increasing HB 2 authority in the other divisions in order to pay for legal services provided.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$99,919	\$0
FY 2015	\$96,907	\$0

NP - 302 - CSD Legal -

The Office of Legal Services currently has one temporary modified FTE that provides legal services for the Department of Labor because of increased workload. The Department is requesting 1.00 FTE permanent position to be fully funded by proprietary funds and has been built into the proposed 2015 CSD/Legal Bureau biennial rates.

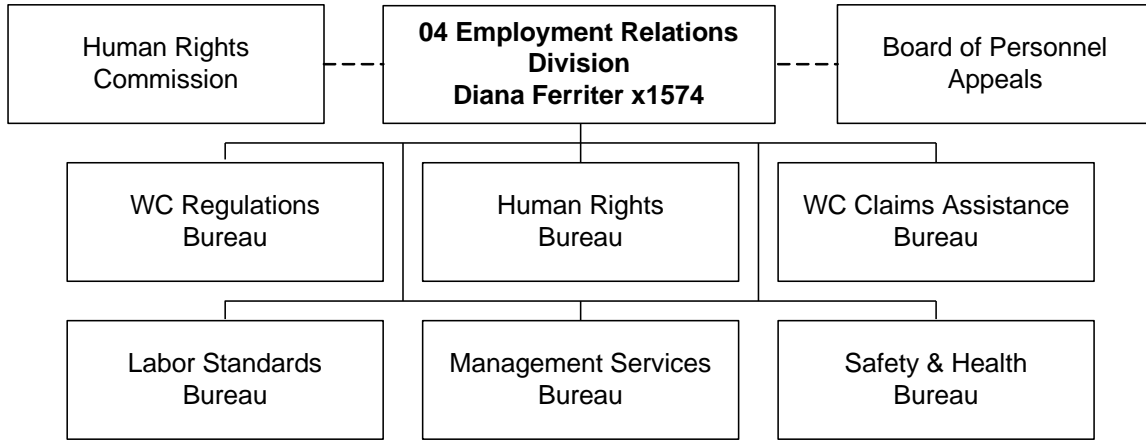
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$23,460	\$0
FY 2015	\$23,460	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes a \$23,460 in each year from internal service funds for the department's allocation of the fixed cost.

**DEPARTMENT OF LABOR & INDUSTRY-6602
EMPLOYMENT RELATIONS DIVISION-04**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Benefits & Claims	710,298	0	0	710,298	0	0	710,298
Transfers	25,048	0	0	25,048	0	0	25,048
Total Costs	\$735,346	\$0	\$0	\$735,346	\$0	\$0	\$735,346
Proprietary	735,346	0	0	735,346	0	0	735,346
Total Funds	\$735,346	\$0	\$0	\$735,346	\$0	\$0	\$735,346

Proprietary Program Description –

The Subsequent Injury Fund was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. The incentive has a limit of 104 weeks of benefits paid by their Workers' Compensation carrier in the event of an on-the-job injury to the certified employee, thus minimizing workers' compensation expenses. Beginning July 1, 1999, the fund is maintained by annual assessment of all Montana Workers' Compensation insurers, including self insured employers, private insurers, and the State Fund. The asset balance is maintained at approximately \$700,000 to provide an operating balance for payment of benefits and administrative costs.(39-71-901-920, MCA)

Proprietary Revenues and Expenses -

The expenses of the program consist of the administration costs and benefits for qualified workers. The program is funded through an annual assessment on Plan 1 (Self Funded) workers compensation employers and a surcharge on premium for Plan 2 (Private sector) and Plan 3 (State Fund) employers. The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each insurer the preceding calendar year (39-71-905, MCA).

Proprietary Rate Explanation -The Subsequent Injury Fund rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding calendar year. Because the rate is based upon the previous calendar year's experience, future rates beyond one year are unknown. This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

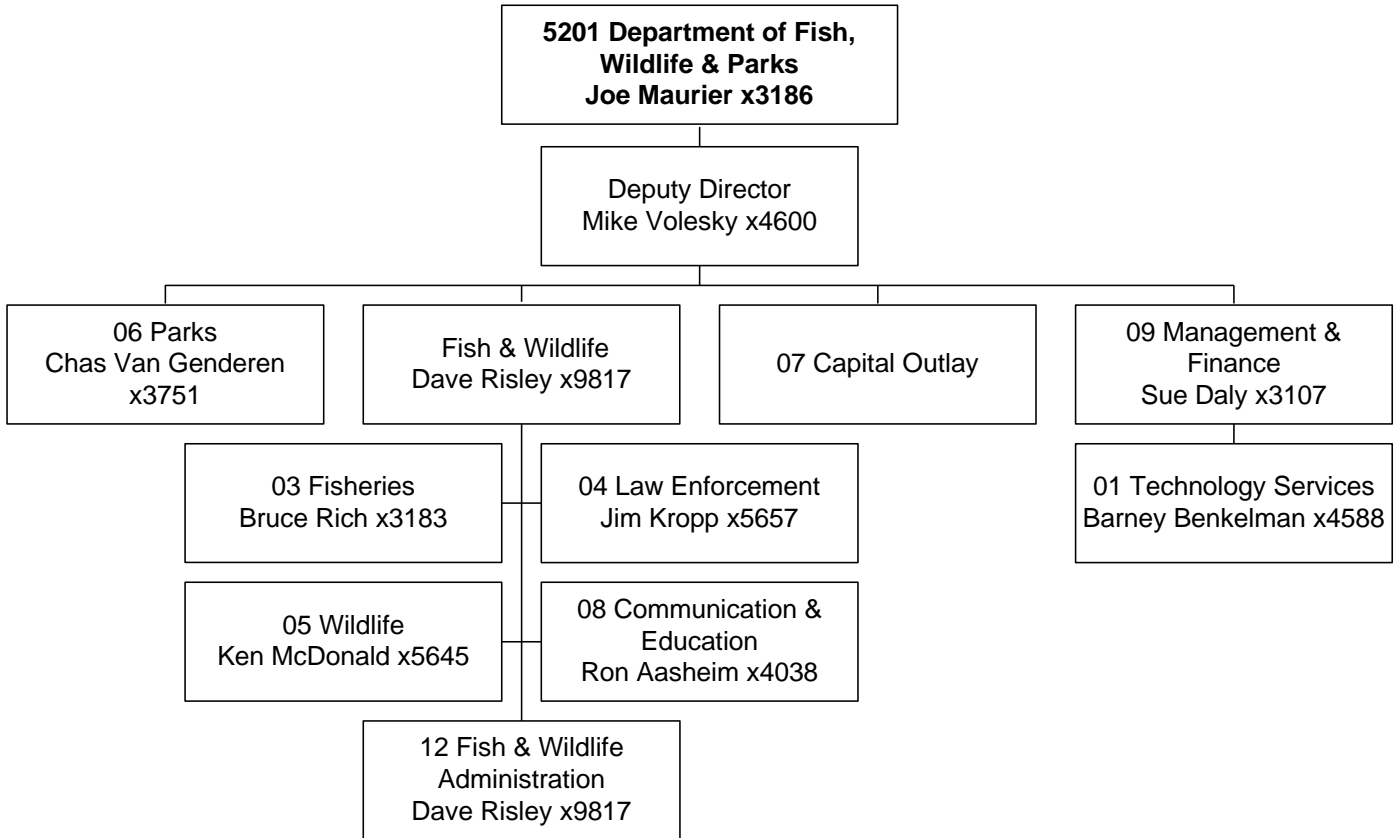
**DEPARTMENT OF LABOR & INDUSTRY-6602
EMPLOYMENT RELATIONS DIVISION-04**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name					
06040	Subsequent Injury-Trust	66020	Department of Labor & Industry	Employment Relations Division					
				Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:									
Fee revenue									
Subsequent Injury Fund Assessment (and Surcharge)				\$645,653	\$1,004,991	\$277,730	\$516,261	\$778,439	\$749,400
Net Fee Revenue				\$645,653	\$1,004,991	\$277,730	\$516,261	\$778,439	\$749,400
Investment Earnings				\$25,466	\$9,098	\$2,403	\$0	\$0	\$0
Securities Lending Income				\$195	\$415	\$283	\$0	\$0	\$0
Premiums (Charges for Services)				\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues				\$514	\$1,121	\$100	\$600	\$600	\$600
Total Operating Revenue				\$671,828	\$1,015,625	\$280,516	\$516,861	\$779,039	\$750,000
Operating Expenses:									
Personal Services									
Other Operating Expenses				\$444,235	\$560,526	\$815,897	\$650,000	\$735,346	\$735,346
Total Operating Expenses				\$444,235	\$560,526	\$815,897	\$650,000	\$735,346	\$735,346
Operating Income (Loss)				\$227,593	\$455,099	(\$535,381)	(\$133,139)	\$43,693	\$14,654
Nonoperating Revenues (Expenses):									
Gain (Loss) Sale of Fixed Assets				\$0	\$0	\$0	\$0	\$0	\$0
Federal Indirect Cost Recoveries				\$0	\$0	\$0	\$0	\$0	\$0
Other Nonoperating Revenues (Expenses)				\$0	\$0	\$0	\$0	\$0	\$0
Net Nonoperating Revenues (Expenses)				\$0	\$0	\$0	\$0	\$0	\$0
Income (Loss) Before Operating Transfers				\$227,593	\$455,099	(\$535,381)	(\$133,139)	\$43,693	\$14,654
Contributed Capital				\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers In (Note 13)				\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers Out (Note 13)				(\$58,004)	(\$34,580)	(\$25,048)	(\$36,000)	(\$36,000)	(\$36,000)
Change in net assets				\$169,589	\$420,519	(\$560,429)	(\$169,139)	\$7,693	(\$21,346)
Total Net Assets- July 1 - As Restated				(\$2,620,433)	(\$2,450,844)	(\$1,892,210)	(\$2,452,639)	(\$2,621,778)	(\$2,614,085)
Prior Period Adjustments				\$0	\$138,115	\$0	\$0	\$0	\$0
Cumulative effect of account change				\$0	\$0	\$0	\$0	\$0	\$0
Total Net Assets - July 1 - As Restated				(\$2,620,433)	(\$2,312,729)	(\$1,892,210)	(\$2,452,639)	(\$2,621,778)	(\$2,614,085)
Net Assets- June 30 *				(\$2,450,844)	(\$1,892,210)	(\$2,452,639)	(\$2,621,778)	(\$2,614,085)	(\$2,635,431)
60 days of expenses (Total Operating Expenses divided by 6)									
				\$74,039	\$93,421	\$135,983	\$108,333	\$122,558	\$122,558
Requested Rates for Enterprise Funds									
Fee/Rate Information									
				Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FYE 13	Budgeted FYE 14	Budgeted FYE 15
Admin Assessment and Surcharge									
Plan I- Insureds (Admin costs & benefits paid to certified claimants)				\$121,148	\$172,393	\$59,781	\$160,987	\$146,115	\$171,686
Plan II- Insureds (Admin costs & benefits paid to certified claimants)				\$200,713	\$357,840	\$147,559	\$142,581	\$181,111	\$177,151
Plan III- Old Insureds (Admin costs & benefits paid to certified claimants)				\$17,841	\$24,735	\$7,939	\$24,736	\$20,500	\$4,236
Plan III- New Insureds (Admin costs & benefits paid to certified claimants)				\$295,196	\$439,954	\$275,615	\$188,557	\$260,500	\$296,814
The rates are based on the four Workers Compensation (WC) insurance plans' share of the WC market as compared to the net outlay of the Subsequent Injury Fund (SIF) in a calendar year. Please see 39-71-915, MCA, for particular details.									

DEPT OF FISH, WILDLIFE & PARKS-5201

Please note that this agency also contains HB 2 funding.



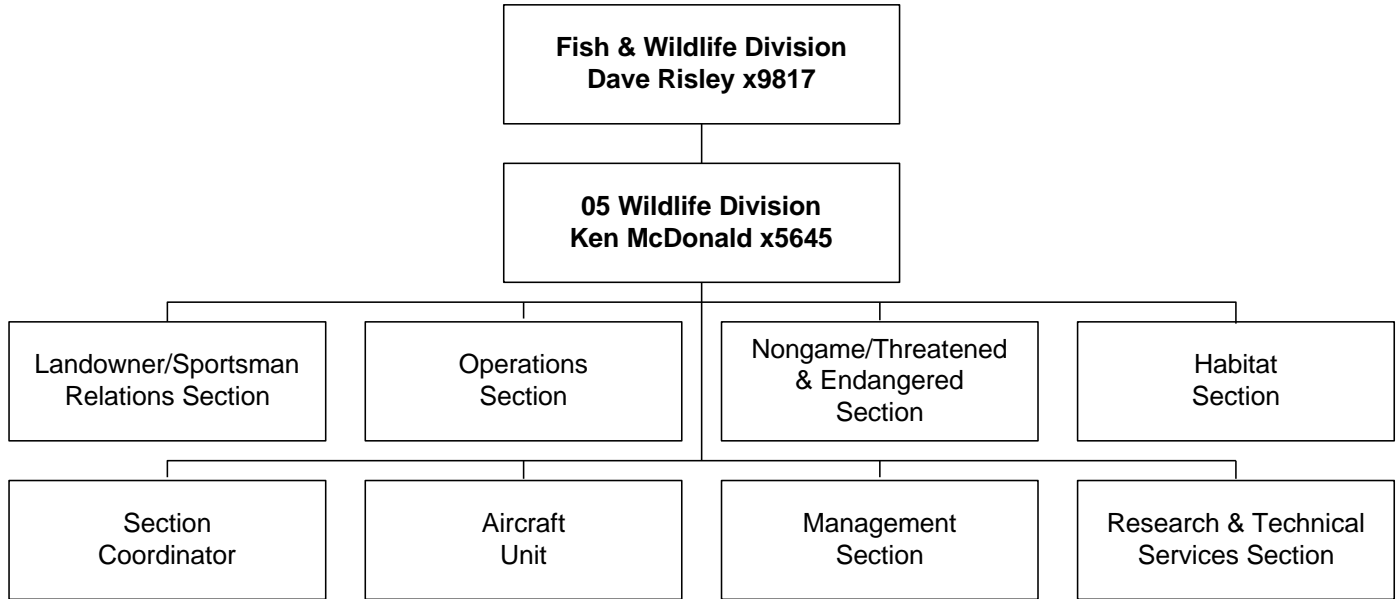
Mission Statement - Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	4.06	0.00	0.50	4.56	0.00	0.50	4.56
Personal Services	174,757	18,312	27,451	220,520	18,126	27,420	220,303
Operating Expenses	2,652,851	(122,011)	(105)	2,530,735	(75,089)	(105)	2,577,657
Equipment & Intangible Assets	955,149	0	0	955,149	0	0	955,149
Total Costs	\$3,782,757	(\$103,699)	\$27,346	\$3,706,404	(\$56,963)	\$27,315	\$3,753,109
Proprietary	3,782,757	(103,699)	27,346	3,706,404	(56,963)	27,315	3,753,109
Total Funds	\$3,782,757	(\$103,699)	\$27,346	\$3,706,404	(\$56,963)	\$27,315	\$3,753,109

**DEPT OF FISH, WILDLIFE & PARKS-5201
WILDLIFE DIVISION-05**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015	
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	411,069	(28,445)	0	382,624	(20,889)	0	390,180	
Total Costs	\$411,069	(\$28,445)	\$0	\$382,624	(\$20,889)	\$0	\$390,180	
Proprietary	411,069	(28,445)	0	382,624	(20,889)	0	390,180	
Total Funds	\$411,069	(\$28,445)	\$0	\$382,624	(\$20,889)	\$0	\$390,180	

Proprietary Program Description -

The department's aircraft fund provides aircrafts to department employees. The aircraft users are department employees, mostly fish and wildlife biologists. Every month, users are charged for the hours flown during the previous month.

Proprietary Revenues and Expenses -

The objective of the aircraft account is to recover (through rates) sufficient funds to cover insurance costs, fuel, repair costs, and general operational costs of the airplanes. Personal services are not covered by this fund. The two largest costs are fuel and repairs. The average annual repair costs for the past six years have been \$197,000. In FY 2012, the department flew approximately 1,200 hours in department aircrafts.

Working Capital Discussion:

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level.

DEPT OF FISH, WILDLIFE & PARKS-5201 WILDLIFE DIVISION-05

The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration any excess income or loss generated from previous periods. Second, prior to finalizing new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

Fund Equity and Reserved Fund Balance:

There is no requirement to reserve fund balance. At FYE 2012, the book value (original cost less accumulated depreciation) of the fleet was \$171,000. A portion of the program's fund balance has been reserved for the book value of department aircraft.

Cash Flow Discussion:

Cash balances fluctuate during the year for two reasons. Monthly flight hours vary due to optimum times to do species counts and major repairs and scheduled maintenance occur sporadically throughout the year.

Proprietary Rate Explanation -Aircraft

Rate Explanation

The rate methodology attempts to determine a cost per hour rate for each class of aircraft. The methodology is to determine the previous year's expenses, including operating, maintenance, and administration expenses minus the previous year's revenue generated from the rates to establish the net cash inflow. Future year expenses are estimated based on the most current year's information plus a 5% inflationary factor. Using anticipated future year's usage and the projected expenses, a cost per hour rate is determined for the future years. The goal is to have a cash balance at fiscal-year-end equal to 60 days of total operating expenses.

Proposed Rates

Description	FY 2014	FY 2015
Per Hour Rates:		
2 Place Single Engine	\$150.00	\$150.00
Partnavia	\$500.00	\$500.00
Turbine Helicopters	\$500.00	\$500.00

Adjustments to the Base Rate

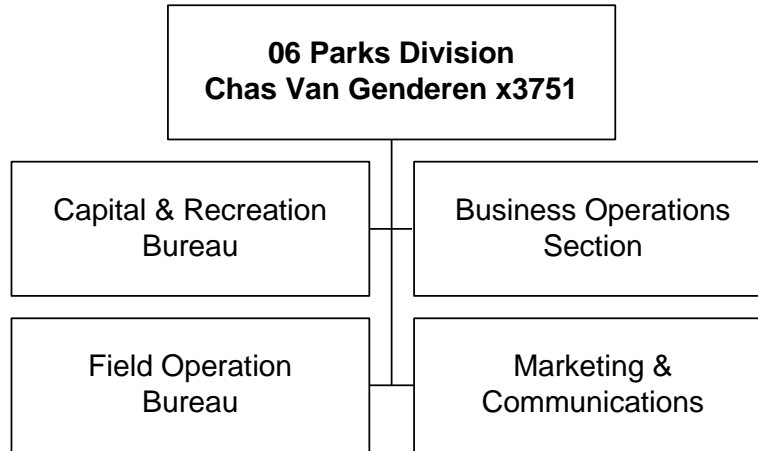
No adjustments to the base rate have been requested this biennium.

**DEPT OF FISH, WILDLIFE & PARKS-5201
WILDLIFE DIVISION-05**

2013 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Agency Name			Program Name		
06540	FWP Aircraft	52010	Fish, Wildlife & Parks			Wildlife		
			Actuals FY10	Actual FY11	Actuals FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue								
Revenue from vehicle fees								
Revenue from aircraft fees								
			354,179	334,234	523,966	523,900	523,900	523,900
	Net Fee Revenue		354,179	334,234	523,966	523,900	523,900	523,900
Investment Earnings								
Securities Lending Income								
Premiums								
Other Operating Revenues								
	Total Operating Revenue		354,179	334,239	523,966	523,900	523,900	523,900
Operating Expenses:								
Personal Services								
Other Operating Expenses								
	Total Operating Expenses		313,231	323,499	399,903	373,996	359,611	373,996
Operating Income (Loss)								
			40,948	10,740	124,063	149,904	164,289	149,904
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets								
Federal Indirect Cost Recoveries								
Other Nonoperating Revenues (Expenses)								
	Net Nonoperating Revenues (Expenses)		-	3,000	-	-	-	-
Income (Loss) Before Operating Transfers								
			40,948	13,740	124,063	149,904	164,289	149,904
Contributed Capital								
Operating Transfers In (Note 13)								
Operating Transfers Out (Note 13)								
	Change in net assets		40,948	13,740	124,063	149,904	164,289	149,904
Total Net Assets- July 1 - As Restated								
			(75,288)	(34,340)	(20,600)	103,463	253,367	417,656
Prior Period Adjustments								
Cumulative effect of account change								
Total Net Assets - July 1 - As Restated								
			(75,288)	(34,340)	(20,600)	103,463	253,367	417,656
Net Assets- June 30								
			(34,340)	(20,600)	103,463	253,367	417,656	567,560
60 days of expenses								
	(Total Operating Expenses divided by 6)		52,205	53,916	66,651	62,333	59,935	62,333
Requested Rates for Internal Service Funds								
Fee/Rate Information								
			Actuals FY10	Actual FY11	Actuals FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Revenue from aircraft fees								
	Two place - single engine (per hour)		108.07	129.69	108.07	108.07	150.00	150.00
	Partnavia (per hour)		514.56	617.47	514.56	514.56	500.00	500.00
	Turbine helicopters (per hour)		576.10	691.32	576.10	576.10	500.00	500.00

**DEPT OF FISH, WILDLIFE & PARKS-5201
PARKS DIVISION-06**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	4,701	(4,701)	0	0	(4,701)	0	0
Operating Expenses	162,422	(43)	0	162,379	(29)	0	162,393
Total Costs	\$167,123	(\$4,744)	\$0	\$162,379	(\$4,730)	\$0	\$162,393
Proprietary	167,123	(4,744)	0	162,379	(4,730)	0	162,393
Total Funds	\$167,123	(\$4,744)	\$0	\$162,379	(\$4,730)	\$0	\$162,393

Proprietary Program Description -Section 23-1-105 (5), MCA, authorizes the Parks Division of Montana Fish, Wildlife and Parks to establish an Enterprise Fund (fund 06068) for the purpose of managing state park visitor services revenue.

The fund is used by the department to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities.

The fund was established primarily to better manage Montana State Parks visitor centers that sell books, clothing, and commemorative items at parks like First Peoples Buffalo Jump, Makoshika, and Chief Plenty Coups as well as parks that sell items like firewood and ice. Monies generated go back into the purchase of inventory and also the improvement of visitor services in state parks and FWP overall.

In FY 2012, this fund accounted for \$185,769 of earned revenue, \$153,716 of expenditures, and a fund balance in the amount of \$346,915.

Proprietary Revenues and Expenses -

Revenues are generated by the sales of interpretive and educational merchandise at park visitor centers and regional offices. The expenses associated with the enterprise fund include office supplies, merchandising materials, and the purchase of inventory to replenish stock. As the program develops, the 60-day working capital requirement would provide sufficient cash to fund on-going operations of the program. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenished inventory.

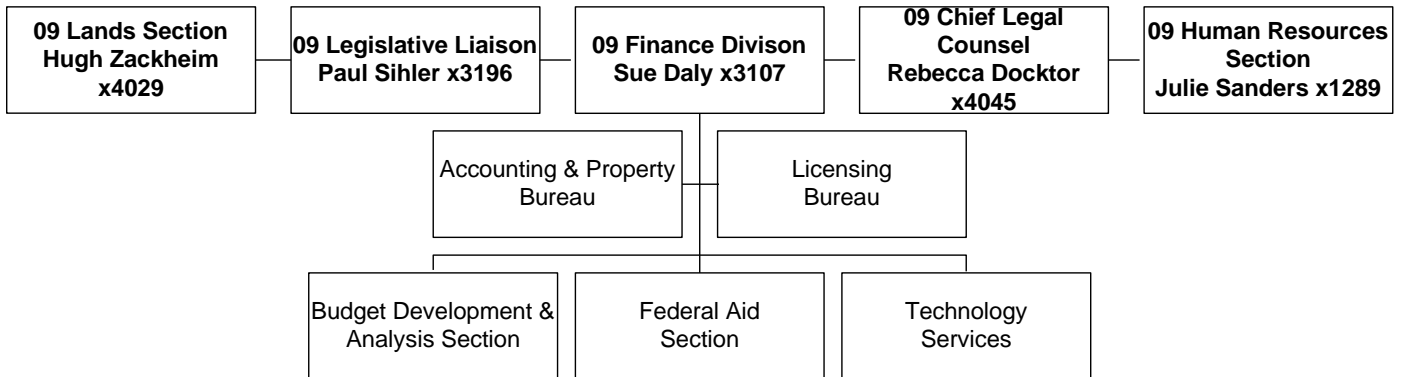
**DEPT OF FISH, WILDLIFE & PARKS-5201
PARKS DIVISION-06**

Proprietary Rate Explanation -To ensure sufficient revenues are collected to replenish inventory.

2015 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06068	MFWP Visitor Services	5201	Fish Wildlife & Parks	Parks Division		
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY10	FY11	FY12	FY13	FY14	FY15
Operating Revenues:						
Fee revenue						
Goods For Resale	137,908	150,264	185,769	220,000	230,000	230,000
Net Fee Revenue	137,908	150,264	185,769	220,000	230,000	230,000
Investment Earnings	491	487	576	-	-	-
Securities Lending Income	50	91	51	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues		25	-	-	-	-
Total Operating Revenue	138,449	150,867	186,396	220,000	230,000	230,000
Operating Expenses:						
Personal Services	7,256	8,699	4,744	25,000	25,000	25,000
Other Operating Expenses	103,539	118,919	148,921	180,000	180,000	180,000
Total Operating Expenses	110,795	127,618	153,665	205,000	205,000	205,000
Operating Income (Loss)	27,654	23,249	32,731	15,000	25,000	25,000
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	27,654	23,249	32,731	15,000	25,000	25,000
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	27,654	23,249	32,731	15,000	25,000	25,000
Total Net Assets- July 1 - As Restated	263,320	290,974	314,223	346,954	361,954	386,954
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	263,320	290,974	314,223	346,954	361,954	386,954
Net Assets- June 30	290,974	314,223	346,954	361,954	386,954	411,954
60 days of expenses (Total Operating Expenses divided by 6)	18,466	21,270	25,611	34,167	34,167	34,167
Requested Rates for Enterprise Funds						
Fee/Rate Information						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY10	FY11	FY12	FY13	FY14	FY15
Fee Group A	-	-	-	-	-	-
Goods for resale	-	-	-	-	-	-

DEPT OF FISH, WILDLIFE & PARKS-5201 MANAGEMENT AND FINANCE-09

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	4.06	0.00	0.50	4.56	0.00	0.50	4.56
Personal Services	170,056	23,013	27,451	220,520	22,827	27,420	220,303
Operating Expenses	2,079,360	(93,523)	(105)	1,985,732	(54,171)	(105)	2,025,084
Equipment & Intangible Assets	955,149	0	0	955,149	0	0	955,149
Total Costs	\$3,204,565	(\$70,510)	\$27,346	\$3,161,401	(\$31,344)	\$27,315	\$3,200,536
Proprietary	3,204,565	(70,510)	27,346	3,161,401	(31,344)	27,315	3,200,536
Total Funds	\$3,204,565	(\$70,510)	\$27,346	\$3,161,401	(\$31,344)	\$27,315	\$3,200,536

Proprietary Program Description –

Duplicating Center

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Department of Administration Publications & Graphics Division to be completed.

Equipment Enterprise Fund

The department's equipment fund provides a fleet of vehicles to department employees. The users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven during the previous month.

Warehouse Inventory

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

DEPT OF FISH, WILDLIFE & PARKS-5201 MANAGEMENT AND FINANCE-09

Proprietary Revenues and Expenses -

Duplicating Center

Revenues and Expenses and Fund Equity

Expenses recovered in the rates are the personal services of the 1.00 FTE, operating expenses, and the raw materials needed for duplicating.

Rates have been historically adjusted based on the need to increase or decrease the cash balance in the account. Prior to requesting new rates, a review of the cash balance is completed. At FYE 2012, the cash balance was \$16,615.

Working Capital Discussion

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program.

Fund Equity and Reserved Fund Balance

A portion of the program's fund balance has been reserved for the duplicating center's equipment and inventory. At FYE 2012 the fund value was \$18,398 and the fund had \$10,447 in inventory.

Cash Flow Discussion

Field projects are billed monthly for the services provided during the month. The workload is fairly consistent so there is little fluctuation in cash balances except when additional inventory is purchased.

Equipment Fund

Revenues, Expenses and Fund Equity

The objective of the vehicle account is to recover (through rates and annual auction sales) sufficient funds to cover administrative costs to operate the program (personal services and operations), fuel and repair costs of fleet, and replacement of fleet vehicles at approximately 120,000 miles. A total of 2.56 FTE are funded in this fund. The two largest costs are fuel and repairs. In FY 2010, the fund spent over \$1.10 million on fuel and \$380,000 on repairs. In FY 2012, the fund spent \$1.36 million on fuel and \$418,000 on repairs. The volatility of gasoline prices continues to be a major challenge in estimating future rates. In FY 2012, the department drove just over 6.1 million miles in department vehicles. Due to the proposed rates in FY 2014 and FY 2015, the program anticipates revenues of \$2.8 million in FY 2014 and \$2.9 million in FY 2015.

Working Capital Discussion

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. Since the cash balance is finally positive and fuel prices have stabilized, the department is not requesting any increases in the next biennium over FY 2013 rates.

The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration any excess income or loss generated from previous periods. Second, prior to finalizing new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

Fund Equity and Reserved Fund Balance

At FYE 2012, the vehicle fund had total assets of \$6,931,727 and the book value (original cost less accumulated depreciation) of the fleet was \$6,161,005. A portion of the program's fund balance has been reserved for the book value of department vehicles.

Cash Balance Discussion

The fund's cash balance fluctuates during the year for two reasons. The first is that more miles are driven during in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus, the cash balance is normally highest in December after the hunting season and lowest in the spring after purchasing the new vehicles. Fiscal year end balances tend to be significantly higher than spring balances.

DEPT OF FISH, WILDLIFE & PARKS-5201 MANAGEMENT AND FINANCE-09

Warehouse Inventory

Revenues and Expenses

The expenses associated with the warehouse include personal services, miscellaneous office supplies and expenses for the warehouse worker, and inventory purchased to replenish existing stock. Revenues come from the sales of inventory items to department employees. The department anticipates revenues to be constant at around \$105,000 per year for FY 2014 and FY 2015.

Working Capital Discussion

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. The department attempts to ensure that fees are commensurate with costs over time by adjusting the proposed rates for excess income or loss from previous periods.

Field projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year.

Fund Equity and Reserved Fund Balance

A portion of the program's fund balance has been reserved for the warehouse inventory. At FYE 2012, the warehouse inventory was \$157,710.

Cash Balance Discussion

Cash balances are lowest during the winter when stock is replenished and highest during the summer when temporary and seasonal employees are hired and issued uniform items.

Proprietary Rate Explanation –

Duplicating Center

Rate Explanation

The rate methodology attempts to determine a rate for various duplicating and bindery services that allow the fund to recover both the cost of the raw materials and all associated personal services and operating costs. Rates have been historically adjusted based on the need to increase or decrease the cash balance. The requested rates have been increased only to recover anticipated inflationary increases in the raw materials and administrative costs.

Proposed Rates

Item	FY 2014	FY 2015
Copies		
1-20	\$0.070	\$0.075
21-100	\$0.055	\$0.060
101-1,000	\$0.050	\$0.056
1,001-5,000	\$0.045	\$0.050
Color - per sheet	\$0.25	\$0.25
Binding		
Collating (per sheet)	\$0.010	\$0.010
Hand Stapling (per set)	\$0.020	\$0.020
Saddle stitch (per set)	\$0.035	\$0.035
Folding (per sheet)	\$0.010	\$0.010
Punching (per sheet)	\$0.005	\$0.005
Cutting (per minute)	\$0.600	\$0.600

DEPT OF FISH, WILDLIFE & PARKS-5201 MANAGEMENT AND FINANCE-09

Equipment Fund

Rate Explanation

The rate methodology attempts to determine a cost per mile rate for various classes of vehicles. The methodology is to determine the previous year's expenses, including operating, maintenance and administration expenses minus the previous year's revenue generated from the rates and the annual vehicle auction to establish the net cash inflow. Future year expenses are estimated based on the most current year's information plus a 5% inflationary factor. Using the most current year's mileage and the projected expenses, a cost per mile rate is determined for the future years. The goal is to have a cash balance at fiscal year-end equal to 60 days of total operating expenses. Since the cash balance is finally positive and fuel prices have stabilized, the department is not requesting any increases to the FY 2013 rates.

In addition, in order to more fairly charge users, a minimum mileage rate was instigated in FY 2000. This was an attempt to recover overhead costs whether a vehicle is driven or not. A minimum monthly overhead charge would be assessed to each vehicle that is not driven a minimum number of miles. By using this method, the overhead costs are recovered and low mileage vehicles are not being subsidized by higher mileage vehicles.

Proposed Rates

Description	FY 2014	FY 2015
Per Mile Rates:		
Sedans	\$0.46	\$0.46
Vans	\$0.53	\$0.53
Utilities	\$0.58	\$0.58
Pickup 1/2 Ton	\$0.53	\$0.53
Pickup 3/4 Ton	\$0.61	\$0.61

Vehicles will be assessed a minimum overhead charge in addition to the regular rates if not driven a minimum number of miles.

Warehouse Inventory

Rate Explanation

The rate requested for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate is expected to generate sufficient revenue to cover the administrative costs of the program.

The FY 2012 rate was 24% and the FY 2013 rate was 24%. Due to a substantial increase to inventory, the department currently has a \$27,000 loan from another fund. This loan is necessary to maintain a positive cash balance in this fund. In order to reduce this loan, the department is now requesting a warehouse overhead rate of 25% in FY 2014 and 25% in FY 2015. The rate is calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies, and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections. Due to the size of this operation, a simple warehouse overhead rate has been considered the most logical.

**DEPT OF FISH, WILDLIFE & PARKS-5201
MANAGEMENT AND FINANCE-09**

2013 Biennium Report on Internal Service and Enterprise Funds									
	Fund	Fund Name	Agency #	Agency Name			Program Name		
	06501	Duplicating Center	52010	Fish, Wildlife & Parks			Management & Finance		
				Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:									
Fee revenue									
		Revenue from Duplicating Center		81,826	92,086	80,880	81,000	81,000	81,000
		Net Fee Revenue		81,826	92,086	80,880	81,000	81,000	81,000
		Investment Earnings		-	-	-	-	-	-
		Securities Lending Income		-	-	-	-	-	-
		Premiums		-	-	-	-	-	-
		Other Operating Revenues		-	-	-	-	-	-
		Total Operating Revenue		81,826	92,086	80,880	81,000	81,000	81,000
Operating Expenses:									
		Personal Services		38,658	38,642	40,359	38,643	39,446	39,394
		Other Operating Expenses		43,829	40,030	37,988	40,705	37,139	37,165
		Total Operating Expenses		82,487	78,673	78,347	79,348	76,585	76,559
		Operating Income (Loss)		(661)	13,413	2,533	1,652	4,415	4,441
Nonoperating Revenues (Expenses):									
		Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-
		Federal Indirect Cost Recoveries		-	-	-	-	-	-
		Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-
		Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
		Income (Loss) Before Operating Transfers		(661)	13,413	2,533	1,652	4,415	4,441
		Contributed Capital		-	-	-	-	-	-
		Operating Transfers In (Note 13)		-	-	-	-	-	-
		Operating Transfers Out (Note 13)		-	-	-	-	-	-
		Change in net assets		(661)	13,413	2,533	1,652	4,415	4,441
		Total Net Assets- July 1 - As Restated		18,343	17,682	31,095	33,628	35,280	39,695
		Prior Period Adjustments		-	-	-	-	-	-
		Cumulative effect of account change		-	-	-	-	-	-
		Total Net Assets - July 1 - As Restated		18,343	17,682	31,095	33,628	35,280	39,695
		Net Assets- June 30		17,682	31,095	33,628	35,280	39,695	44,136
		60 days of expenses (Total Operating Expenses divided by 6)		13,748	13,112	13,058	13,225	12,764	12,760
Requested Rates for Internal Service Funds									
Fee/Rate Information									
				Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Duplicating (number of copies)									
		1-20		0.060	0.065	0.065	0.070	0.070	0.075
		21-100		0.045	0.050	0.050	0.055	0.055	0.060
		101-1000		0.040	0.045	0.045	0.050	0.050	0.056
		1001-5000		0.035	0.040	0.040	0.045	0.045	0.050
Color Copies									
Bindery									
		Colating (per sheet)		0.010	0.010	0.010	0.010	0.010	0.010
		Hand stapling (per set)		0.020	0.020	0.020	0.020	0.020	0.020
		Saddle stitch (per set)		0.035	0.035	0.035	0.035	0.035	0.035
		Folding (per sheet)		0.010	0.010	0.010	0.010	0.010	0.010
		Punching (per sheet)		0.005	0.005	0.005	0.005	0.005	0.005
		Cutting (per minute)		0.600	0.600	0.600	0.600	0.600	0.600

**DEPT OF FISH, WILDLIFE & PARKS-5201
MANAGEMENT AND FINANCE-09**

2013 Biennium Report on Internal Service and Enterprise Funds									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06502	Equipment Fund	52010	Fish, Wildlife & Parks	Management & Finance					
				Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
				FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Operating Revenues:									
Fee revenue									
	Revenue from vehicle fees			3,067,727	2,471,809	2,382,711	2,700,000	2,800,000	2,900,000
	Net Fee Revenue			3,067,727	2,471,809	2,382,711	2,700,000	2,800,000	2,900,000
	Investment Earnings			-	-	-	-	-	-
	Securities Lending Income			-	-	-	-	-	-
	Premiums			-	-	-	-	-	-
	Other Operating Revenues			-	-	-	-	-	-
	Total Operating Revenue			3,067,727	2,471,809	2,382,711	2,700,000	2,800,000	2,900,000
Operating Expenses:									
	Personal Services			127,437	116,571	111,465	124,526	156,829	156,691
	Other Operating Expenses			2,500,512	2,452,826	2,542,816	2,635,077	2,740,480	2,850,099
	Total Operating Expenses			2,627,949	2,569,397	2,654,281	2,759,603	2,897,309	3,006,790
	Operating Income (Loss)			439,778	(97,588)	(271,570)	(59,603)	(97,309)	(106,790)
Nonoperating Revenues (Expenses):									
	Gain (Loss) Sale of Fixed Assets			40,201	-	-	(25,000)	(25,000)	(25,000)
	Federal Indirect Cost Recoveries			-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)			40,201	-	-	(25,000)	(25,000)	(25,000)
	Income (Loss) Before Operating Transfers			479,979	(97,588)	(271,570)	(84,603)	(122,309)	(131,790)
	Contributed Capital			-	-	-	-	-	-
	Operating Transfers In (Note 13)			73,299	-	283,110	150,000	150,000	150,000
	Operating Transfers Out (Note 13)			-	-	-	-	-	-
	Change in net assets			553,278	(97,588)	11,540	65,397	27,691	18,210
	Total Net Assets- July 1 - As Restated			6,233,553	6,786,831	6,689,242	6,700,783	6,766,180	6,793,871
	Prior Period Adjustments			-	-	-	-	-	-
	Cumulative effect of account change			-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated			6,233,553	6,786,831	6,689,242	6,700,783	6,766,180	6,793,871
	Net Assets- June 30			6,786,831	6,689,242	6,700,783	6,766,180	6,793,871	6,812,080
	60 days of expenses								
	(Total Operating Expenses divided by 6)			437,991	428,233	442,380	459,934	482,885	501,132
Requested Rates for Internal Service Funds									
Fee/Rate Information									
				Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
				FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Revenue from vehicle fees									
	Sedans (per mile)			0.45	0.46	0.46	0.46	0.46	0.46
	Vans (per mile)			0.52	0.53	0.53	0.53	0.53	0.53
	Utilities (per mile)			0.57	0.58	0.58	0.58	0.58	0.58
	Pickups - 1/2 ton (per mile)			0.52	0.53	0.53	0.53	0.53	0.53
	Pickups - 3/4 ton (per mile)			0.60	0.61	0.61	0.61	0.61	0.61
Vehicles will be assessed an additional minimum mileage charge if not driven a minimum number of miles in a month.									

**DEPT OF FISH, WILDLIFE & PARKS-5201
MANAGEMENT AND FINANCE-09**

06503 Warehouse Inventory	52010	Fish, Wildlife & Parks			Management & Finance		
		Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:							
Fee revenue							
Revenue from warehouse sales		85,663	93,401	102,621	105,000	105,000	105,000
Net Fee Revenue		85,663	93,401	102,621	105,000	105,000	105,000
Investment Earnings		-	-	-	-	-	-
Securities Lending Income		-	-	-	-	-	-
Premiums		-	-	-	-	-	-
Other Operating Revenues		-	-	-	-	-	-
Total Operating Revenue		85,663	93,401	102,621	105,000	105,000	105,000
Operating Expenses:							
Personal Services		12,472	12,588	15,715	19,828	24,245	24,218
Other Operating Expenses		74,942	84,477	86,099	89,095	81,384	81,404
Total Operating Expenses		87,414	97,065	101,814	108,923	105,629	105,622
Operating Income (Loss)		(1,751)	(3,664)	807	(3,923)	(629)	(622)
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets		-	-	-	-	-	-
Federal Indirect Cost Recoveries		-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Operating Transfers		(1,751)	(3,664)	807	(3,923)	(629)	(622)
Contributed Capital		-	-	-	-	-	-
Operating Transfers In (Note 13)		-	-	-	-	-	-
Operating Transfers Out (Note 13)		-	-	-	-	-	-
Change in net assets		(1,751)	(3,664)	807	(3,923)	(629)	(622)
Total Net Assets- July 1 - As Restated		99,372	97,620	93,956	94,763	90,840	90,211
Prior Period Adjustments				-	-	-	-
Cumulative effect of account change		-	-	-	-	-	-
Total Net Assets - July 1 - As Restated		99,372	97,620	93,956	94,763	90,840	90,211
Net Assets- June 30		97,620	93,956	94,763	90,840	90,211	89,589
60 days of expenses							
(Total Operating Expenses divided by 6)		14,569	16,178	16,969	18,154	17,605	17,604
Requested Rates for Internal Service Funds							
Fee/Rate Information							
		Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Warehouse overhead rate		18%	20%	24%	26%	25%	25%
The rates above indicate percentage markup on cost of uniform pieces and other warehouse items that are purchased by the warehouse fund for department employees.							

**DEPT OF FISH, WILDLIFE & PARKS-5201
MANAGEMENT AND FINANCE-09**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$27,451	\$0
FY 2015	\$27,420	\$0

NP - 903 - Equipment Proprietary Fund -

This request is for \$27,451 in FY 2014 and \$27,420 in FY 2015 to establish an additional 0.50 FTE, equipment mechanic. Current proprietary rates are sufficient to support this level of expenditure.

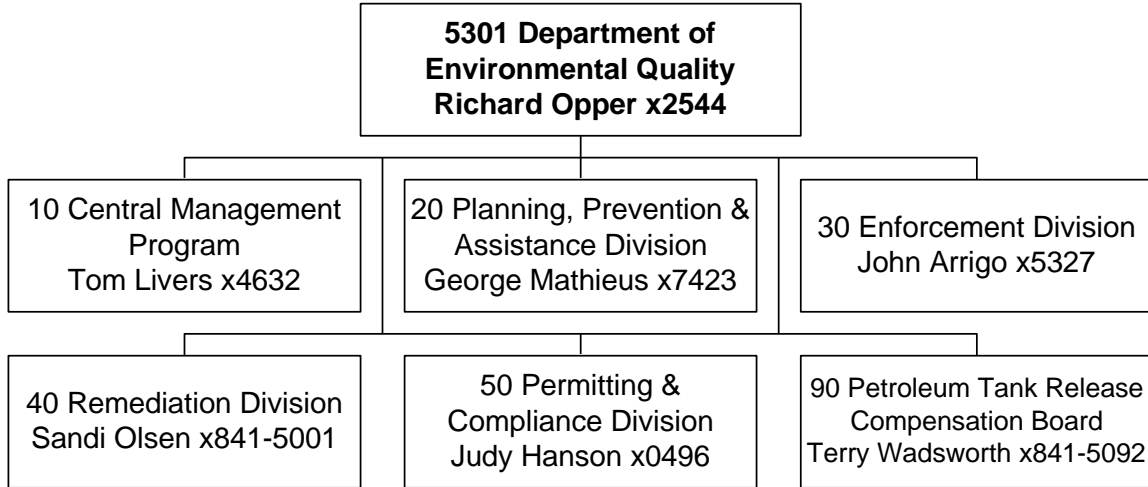
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$105)	\$0
FY 2015	(\$105)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes a reduction of \$105 per year from proprietary funds for the department's allocation of the fixed cost.

DEPT. OF ENVIRONMENTAL QUALITY-5301

Please note that this agency also contains HB 2 funding.



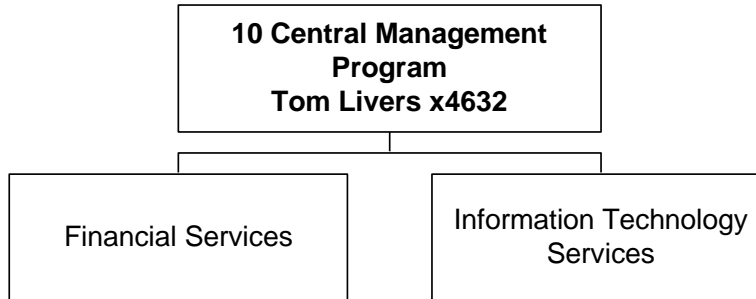
Mission Statement - To protect, promote, and improve a clean and healthful environment to benefit present and future generations.

Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	55.50	0.00	0.00	55.50	0.00	0.00	55.50
Personal Services	3,927,713	359,112	0	4,286,825	199,906	0	4,127,619
Operating Expenses	2,644,364	364,737	6,185	3,015,286	208,454	6,185	2,859,003
Equipment & Intangible Assets	119,739	0	0	119,739	0	0	119,739
Total Costs	\$6,691,816	\$723,849	\$6,185	\$7,421,850	\$408,360	\$6,185	\$7,106,361
Proprietary	6,691,816	723,849	6,185	7,421,850	408,360	6,185	7,106,361
Total Funds	\$6,691,816	\$723,849	\$6,185	\$7,421,850	\$408,360	\$6,185	\$7,106,361

DEPT. OF ENVIRONMENTAL QUALITY-5301 CENTRAL MANAGEMENT PROGRAM-10

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	55.50	0.00	0.00	55.50	0.00	0.00	55.50
Personal Services	3,927,713	359,112	0	4,286,825	199,906	0	4,127,619
Operating Expenses	2,644,364	364,737	6,185	3,015,286	208,454	6,185	2,859,003
Equipment & Intangible Assets	119,739	0	0	119,739	0	0	119,739
Total Costs	\$6,691,816	\$723,849	\$6,185	\$7,421,850	\$408,360	\$6,185	\$7,106,361
Proprietary	6,691,816	723,849	6,185	7,421,850	408,360	6,185	7,106,361
Total Funds	\$6,691,816	\$723,849	\$6,185	\$7,421,850	\$408,360	\$6,185	\$7,106,361

Proprietary Program Description -The Central Management Program of the Department of Environmental Quality (DEQ) consists of the Director's Office, a Financial Services Office, and an Information Technology Office. It is the organizational component of the agency responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out the department mission and statutory responsibilities. The Director's Office includes the director's staff; a deputy director, an administrative officer, a public information officer, a centralized legal services unit, and a centralized personnel office. The Financial Services Office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

The centralized legal services unit has 3.00 FTE (two attorneys and one paralegal) that are funded by the internal service fund. This staff provides the administration, management and planning for the legal services unit, and specific duties for department programs, including legislation, rule making, enforcement actions and contract review. The remainder of this unit is funded by direct charges to the programs and projects requiring the legal work.

The customers of this program are all divisions and employees of the department. Use of these services is mandated by agency policies and procedures. There are no alternative sources for the Central Management Program as a whole. The department contracts for legal services whenever it is cost effective to do so, to obtain specific expertise for a case, or when legal jurisdiction of the case requires an attorney licensed in that state. The department contracts for information technology database development and for hosting of the department's enterprise database.

Proprietary Revenues and Expenses -

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department anticipates negotiating an indirect cost rate with the U.S. Environmental Protection Agency (EPA) of approximately 24.0% percent on personal services and 4% on operating expenses in fiscal years 2014 & 2015. Revenues generated by the current indirect cost rate fund 55.50 FTE.

DEPT. OF ENVIRONMENTAL QUALITY-5301 CENTRAL MANAGEMENT PROGRAM-10

The Central Management Program provides the services presented in the program description. The cost of providing support services is directly related to the number of staff served and contracts and other operating expenses processed. The department negotiates an indirect rate with EPA based on that computation annually. Adjustments for over-recovery and under-recovery in the previous year are made to the calculations each year. EPA and DEQ agree to the services that are included in the indirect calculation. Funding is collected from all non-proprietary funds expended within the department. The fiscal year 2012 base collections were: \$756,858 general fund, \$3,240,277 state special revenue, and \$2,668,860 federal special revenue.

The major cost drivers within this program are personal services costs and fixed costs. Additional costs for overtime are incurred when workload changes, such as upgrades to the state accounting system (SABHRS), a special legislative session, and increased monitoring and oversight of budgets due to revenue shortfalls. Fixed costs are significant cost to the proprietary fund. The cost of providing support services is directly related to the number of staff served and the number of contracts and payments processed. Non-typical and one-time expenses are backed out of the cost of providing services before calculating the indirect rate. Salaries are constant throughout the fiscal year, except during fiscal year end, executive budget preparation, and legislative session. Supplies are purchased on an as needed basis, except during peak times noted above. The indirect rate proposed to the legislature will fund 55.50 FTE.

Working Capital: The objective of program management is to recover costs to fund necessary, ongoing operation of the Central Management Program. The program has no requirement to reserve an excess fund balance. The fund normally carries a 60-day working capital balance to meet its immediate cash needs for covering payroll and various operating costs.

Fund Equity: The department does not reserve a fund balance on the accounting records nor does it try to maintain a fund balance. The revenues generated should be enough to cover the current year's operations. However, due to timing factors, the fund balance does not always equal zero. Some of the fixed costs are due early in the fiscal year before current revenues are collected but the working capital is sufficient to cover these.

Proprietary Rate Explanation -The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department changed the method of indirect rate application from one rate applied only to personal services to two rates, one applied to personal services and a second applied to operating expenses. The application of these two rates provides a more equitable basis for funding proprietary services. The department negotiates the indirect cost rates with the U.S. Environmental Protection Agency (EPA).

**DEPT. OF ENVIRONMENTAL QUALITY-5301
CENTRAL MANAGEMENT PROGRAM-10**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 6509	Fund Name DEQ Indirects	Agency # 5301	Agency Name DEQ	Program Name Central Management Division				
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue								
Revenue from State Services			-	-	-	-	-	-
Revenue from Fee B			-	-	-	-	-	-
Revenue from Fee C			-	-	-	-	-	-
Revenue from Fee D			-	-	-	-	-	-
Revenue from Fee E			-	-	-	-	-	-
Revenue from State Services			4,361,952	3,998,446	3,997,135	4,264,547	4,399,928	4,396,717
Net Fee Revenue			4,361,952	3,998,446	3,997,135	4,264,547	4,399,928	4,396,717
Investment Earnings			-	-	-	-	-	-
Securities Lending Income			-	-	-	-	-	-
Premiums			-	-	-	-	-	-
Other Operating Revenues			8,997	6,139	7,932	12,250	12,250	12,250
Total Operating Revenue			4,370,949	4,004,585	4,005,067	4,276,797	4,412,178	4,408,967
Operating Expenses:								
Personal Services			3,899,671	3,865,096	3,909,050	3,959,635	4,286,825	4,127,619
Other Operating Expenses			2,954,163	2,676,478	2,685,657	2,819,830	3,077,882	2,921,597
Total Operating Expenses			6,853,834	6,541,574	6,594,707	6,779,465	7,364,707	7,049,216
Operating Income (Loss)			(2,482,885)	(2,536,989)	(2,589,640)	(2,502,668)	(2,952,529)	(2,640,249)
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets			-	-	(2,066)	-	-	-
Federal Indirect Cost Recoveries			2,743,972	2,670,961	2,668,860	2,645,654	2,307,280	2,315,828
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)			2,743,972	2,670,961	2,666,794	2,645,654	2,307,280	2,315,828
Income (Loss) Before Operating Transfers			261,087	133,972	77,154	142,986	(645,249)	(324,421)
Contributed Capital			-	-	-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-	-	-
Change in net assets			261,087	133,972	77,154	142,986	(645,249)	(324,421)
Total Net Assets- July 1 - As Restated			430,239	691,051	825,024	902,179	1,045,165	399,916
Prior Period Adjustments			(275)	-	-	-	-	-
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			429,964	691,051	825,024	902,179	1,045,165	399,916
Net Assets- June 30			691,051	825,024	902,179	1,045,165	399,916	75,495
60 days of expenses (Total Operating Expenses divided by 6)			1,142,306	1,090,262	1,099,118	1,129,911	1,227,451	1,174,869
Requested Rates for Internal Service Funds Fee/Rate Information for Legislative Action								
			Actual FY10	Actual FY11	Actual FY12	Actual FY13	Budgeted FY14	Budgeted FY15
Requested Rates for Internal Service Funds								
Personal Services			23.23%	21.88%	21.34%	21.12%	24.00%	24.00%
Operating			4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

**DEPT. OF ENVIRONMENTAL QUALITY-5301
CENTRAL MANAGEMENT PROGRAM-10**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$324,725	\$0
FY 2015	\$154,246	\$0

PL - 1003 - DEQ Retirement Cost -

This budget request is for \$324,725 in FY 2014 and \$154,246 in FY 2015 of internal service proprietary fund authority to prepare for an anticipated high level of retirement in the coming biennium. There are 40 staff members who have at least 25 years of service or are 65 years of age or more. Based on this data set, the estimated retirement leave payout has been calculated. Leveraging internal service proprietary funding is considered to be the most equitable option to pay these costs. This will have a forecasted impact on the personal services indirect rates of approximately 1 - 1.25%.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$78,859	\$0
FY 2015	\$78,859	\$0

PL - 1006 - Central Management Program Base Adjustments -

This budget request is \$78,859 per year in internal service proprietary funding. The Central Management Program proprietary fund incurs significant cost for information technology services provided through the State of Montana ITSD program. These costs are projected to increase by 5% over those incurred in the base year.

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

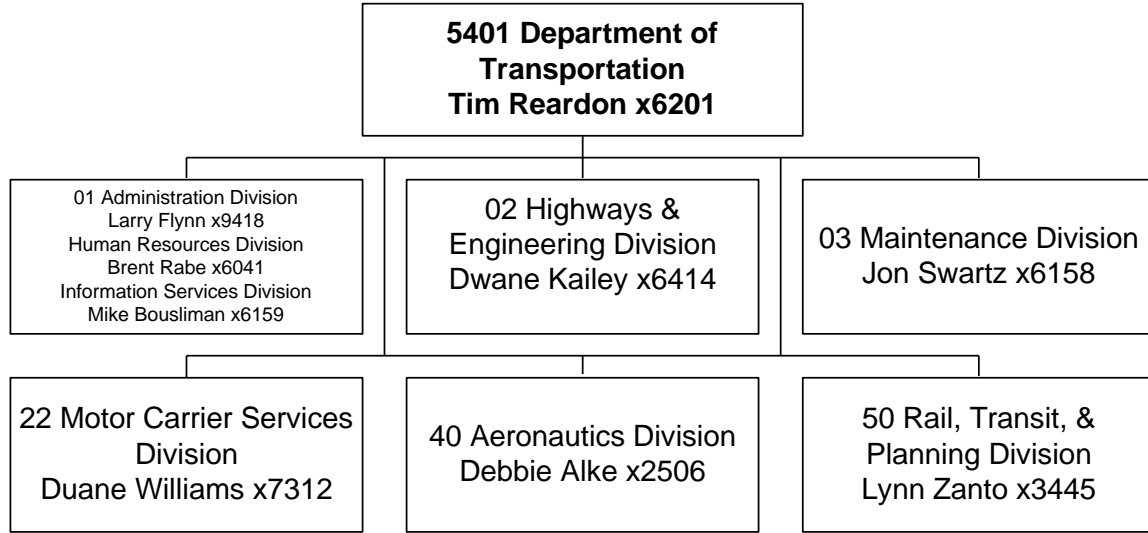
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$6,185	\$0
FY 2015	\$6,185	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium.

DEPARTMENT OF TRANSPORTATION-5401

Please note that this agency also contains HB 2 funding.



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.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	131.00	0.00	0.00	131.00	0.00	0.00	131.00
Personal Services	8,184,048	(21,019)	0	8,163,029	(9,935)	0	8,174,113
Operating Expenses	17,024,653	(864,418)	0	16,160,235	(601,679)	0	16,422,974
Equipment & Intangible Assets	8,294,361	2,046,518	0	10,340,879	427,775	0	8,722,136
Debt Service	66,062	21,000	0	87,062	40,459	0	106,521
Total Costs	\$33,569,124	\$1,182,081	\$0	\$34,751,205	(\$143,380)	\$0	\$33,425,744
Proprietary	33,569,124	1,182,081	0	34,751,205	(143,380)	0	33,425,744
Total Funds	\$33,569,124	\$1,182,081	\$0	\$34,751,205	(\$143,380)	\$0	\$33,425,744

DEPARTMENT OF TRANSPORTATION-5401 STATE MOTOR POOL-07

Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00
Personal Services	343,458	43	0	343,501	172	0	343,630
Operating Expenses	2,618,896	(148,197)	0	2,470,699	(107,558)	0	2,511,338
Equipment & Intangible Assets	1,984,539	1,175,518	0	3,160,057	330,775	0	2,315,314
Debt Service	66,062	21,000	0	87,062	40,459	0	106,521
Total Costs	\$5,012,955	\$1,048,364	\$0	\$6,061,319	\$263,848	\$0	\$5,276,803
Proprietary	5,012,955	1,048,364	0	6,061,319	263,848	0	5,276,803
Total Funds	\$5,012,955	\$1,048,364	\$0	\$6,061,319	\$263,848	\$0	\$5,276,803

Proprietary Program Description -The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide. The Motor Pool supports 6.00 FTE.

Section 2-17-411, MCA, establishes that the Department of Transportation's Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the governor, attorney general, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). Other options to use by state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. The rate for the use of personal vehicles, for state business travel, are set at \$0.555 by the Internal Revenue Service for the current year if the state employee qualifies according to the conditions as discussed in 1-0310-30 of the MOM manual.

The program does not expect any major changes to the customer base. The program has received requests from state agencies to purchase 55 additional vehicles for lease during the 2015 biennium.

Proprietary Revenues and Expenses -

Changes in Services and Fees

Revenue is primarily generated through vehicle rental fees, which provided 97% of the program revenue in FY 2012. The program also receives revenues resulting from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies. Vehicle rental fees come from two service classes: 1) short-term rentals and 2) long-term leases. Short-term rentals serve agency personnel generally located in the Helena area who need to travel to other state locations and return to Helena at the culmination of the travel event. Long-term leases serve agencies with personnel housed in offices in Helena and most typically in other parts of the state. Rental fees are billed once a month to each agency. Agency rental expenditures (exception Montana Department of Transportation (MDT)) are recorded to object of expenditure 62510. MDT rental expenditures are recorded to object of expenditures 62404 – Motor Pool Usage and 62470 - Motor Pool assigned rental. The Motor Pool program records revenues to account 525020 – Service Reimbursements.

A large portion of the program expenses are indirect costs, such as administrative overhead costs, insurance, interest payments and utility costs. Indirect costs are supported by the assigned rates allocated to the eight classes of vehicles.

DEPARTMENT OF TRANSPORTATION-5401 STATE MOTOR POOL-07

Direct costs include fuel, oil, repairs, and tires, and are supported by the usage rates for all eight classes of vehicles. The allocations of indirect costs and direct costs use the same methodology for all rates to which they apply. The program has included projected increases for the 2015 biennium according to current inflation factors as of June 2012.

The program uses loans from the Board of Investments (BOI) to fund vehicle purchases. Interest rates on BOI loans are adjusted annually and typically vary from one purchase cycle to the next. The outstanding loan balance and interest payments have a significant impact on Motor Pool rental rates.

There are no expected changes in services. The assigned and usage rates are re-calculated each biennium for legislative approval.

Working Capital Discussion

The Motor Pool rental rates are set to provide sufficient cash to cover the interest and principle payments on the BOI loan, normal operating expenses, and personal services. Revenue is generated through charging rental rates for the use and possession of vehicles, gain on sale of surplus assets, and damage settlements. The cash needed in FY 2012 for 60 days of personal services and operating expenses such as fuel, repair parts, and utilities is approximately \$789,480.

Fund Equity and Reserved Fund Balance

The Motor Pool does not have a requirement to reserve fund balance. There are no management objectives to increase, decrease, or maintain fund balances, except for 60 days working capital. The Motor Pool owns its vehicles, which is a significant factor to the current fund balance.

Cash Flow Discussion

The Motor Pool maintains a cash balance in order to meet operational needs and make recurring interest and principle payments on the inter-cap loan from Board of Investments.

Historical and Projected Trends

The program increased its inventory from 278 units in FY 1996 to a high of 1,056 in FY 2009. During that time, annual mileage increased from 4.4 million to a high of 14.9 million miles in FY 2008. This growth in the number of vehicles and miles traveled was largely due to the practice of the Office of Budget and Program Planning (OBPP) encouraging agencies to lease new vehicles from the State Motor Pool instead of agencies purchasing vehicles directly. During FY 2010 the program began to reduce fleet size based on miles traveled. Along with a reduction in travel by state employees, this fleet reduction decreased the fleet size to 912 vehicles in FY 2012 and the miles traveled to 12,964,321.

FYE 1996	278	Units	4,467,473	miles
FYE 1997	319	Units	5,357,648	miles
FYE 1998	389	Units	6,503,851	miles
FYE 1999	494	Units	8,007,999	miles
FYE 2000	589	Units	10,212,742	miles
FYE 2001	715	Units	11,106,543	miles
FYE 2002	813	Units	11,714,081	miles
FYE 2003	803	Units	11,810,745	miles
FYE 2004	832	Units	11,732,405	miles
FYE 2005	833	Units	13,014,200	miles
FYE 2006	884	Units	13,646,466	miles
FYE 2007	943	Units	14,104,595	miles
FYE 2008	1,032	Units	14,972,276	miles
FYE 2009	1,056	Units	14,380,872	miles
FYE 2010	1,020	Units	13,758,259	miles
FY 2011	912	Units	12,693,749	miles

**DEPARTMENT OF TRANSPORTATION-5401
STATE MOTOR POOL-07**

FY 2012	912	Units	12,964,321	miles
FY 2013	936	Units	13,134,904	miles projected
FY 2014	985	Units	13,527,751	miles projected
FY 2015	991	Units	13,594,441	miles projected

Base Year Funding by Fund Type

01 General	2,597,017
02 State/Other Spec Rev	897,873
03 Fed/Other Spec Rev	896,529
05 Capital Projects	200
06 Proprietary	67,414
07 Agency	380,552
08 State/Other Spec Rev	25,549
09 Pension Trust	2,753
31 University General Op	3,255
32 University Restricted	7,243
33 University Designated	20,892

Proprietary Rate Explanation -The State Motor Pool rental rates are based on a dual rate structure. Users pay a usage rate and an assigned rate. The usage rate is charged for actual miles driven and allows the program to recover costs directly related to the operation of the vehicle, such as repairs, parts, fuel, lubricants, and tires. The assigned rate is charged for hours the vehicle was used and allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and utilities. The dual rate structure provides: 1) more stable revenue to make loan payments and other cost obligations; and 2) equity among all vehicles classes so that one vehicle class does not subsidize another vehicle class.

The Motor Pool costs are calculated to be commensurate with costs by using the Equipment Vehicle Management System (EVMS) to provide cost information related to direct and indirect costs for each vehicle class. This cost information (reconciled to SABHRS financial information) was used to project final costs for FY 2012 and to provide the base cost to project for FY 2014 and FY 2015 rates. The cost information is adjusted for projected fleet size and any inflationary values for indirect and operational costs. The Motor Pool financial team reviews the rates on a monthly basis to ensure the rates have been calculated accurately.

The cash needed in FY 2012 for 60 days of personal services and operating expenses such as fuel, repair parts, and utilities is approximately \$789,480. Furthermore, a cash balance is required throughout the year to make the inter-cap loan interest and principle payments.

For the 2015 biennium, the State Motor Pool rates are shown in Table 1:

**DEPARTMENT OF TRANSPORTATION-5401
STATE MOTOR POOL-07**

Table 1 – State Motor Pool Base and 2015 Biennium Requested Rates							
		Actual	Actual	Tier 1 \$3.50/gal		Tier 1 \$3.50/gal	
	Tier 1 \$2.85/gal	FY 2012		FY 2014		FY 2015	
Class	Description	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)
02	Small Utilities	1.265	0.155	0.990	0.203	1.090	0.204
03	Hybrid SUV	1.685	0.101	1.872	0.186	1.890	0.186
04	Large Utilities	1.990	0.205	1.655	0.280	1.700	0.281
05	Hybrid Sedans	1.477	0.072	1.522	0.112	1.547	0.113
06	Passenger Cars	1.278	0.134	0.999	0.159	1.025	0.159
07	Small Pickup	1.343	0.200	0.686	0.231	0.703	0.232
11	Large Pickup	1.352	0.222	0.963	0.262	0.947	0.261
12	Vans	1.283	0.183	1.203	0.226	1.272	0.227
		Tier 2 \$3.35/gal		Tier 2 \$4.00/gal		Tier 2 \$4.00/gal	
02	Small Utilities	1.265	0.178	0.990	0.229	1.090	0.230
03	Hybrid SUV	1.685	0.116	1.872	0.208	1.890	0.209
04	Large Utilities	1.990	0.237	1.655	0.317	1.700	0.318
05	Hybrid Sedans	1.477	0.083	1.522	0.126	1.547	0.127
06	Passenger Cars	1.278	0.153	0.999	0.178	1.025	0.179
07	Small Pickup	1.343	0.229	0.686	0.259	0.703	0.260
11	Large Pickup	1.352	0.253	0.963	0.295	0.947	0.294
12	Vans	1.283	0.210	1.203	0.254	1.272	0.255
		Tier 2 \$3.85/gal		Tier 3 \$4.50/gal		Tier 3 \$4.50/gal	
02	Small Utilities	1.265	0.201	0.990	0.255	1.090	0.256
03	Hybrid SUV	1.685	0.132	1.872	0.231	1.890	0.232
04	Large Utilities	1.990	0.268	1.655	0.353	1.700	0.354
05	Hybrid Sedans	1.477	0.094	1.522	0.141	1.547	0.141
06	Passenger Cars	1.278	0.172	0.999	0.198	1.025	0.199
07	Small Pickup	1.343	0.257	0.686	0.287	0.703	0.288
11	Large Pickup	1.352	0.285	0.963	0.328	0.947	0.326
12	Vans	1.283	0.237	1.203	0.283	1.272	0.284

DEPARTMENT OF TRANSPORTATION-5401 STATE MOTOR POOL-07

Motor Pool Expenses

Major cost drivers are fuel, vehicle repairs, depreciation, utilities, interest payment on inter-cap loans and personal services. It was assumed that fuel prices would remain stable over the next few years and the average fuel price from FY 2012 was used. Gallons were determined using projected fleet size and average miles driven per year for each class of vehicle. Fuel prices are difficult to project and can impact other costs such as tires, repair parts, and lubricants. Repair costs and utilities were estimated at FY 2012 levels while personal services were calculated at the 2013 budget amount. The assigned and usage costs were adjusted using a 2.30% inflation factor. Depreciation was calculated using the FY 2012 level plus depreciation from new vehicles projected to be purchased. The Motor Pool funds 6.0 FTE.

2015 Biennium Report on Internal Service and Enterprise Funds									
	Fund 06506	Fund Name Motor Pool	Agency # 5401	Agency Name Transportation	Program Name State Motor Pool				
				Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Projected FY14	Projected FY15
Operating Revenues:									
Service Reimbursements				6,804,990	6,383,488	4,899,277	5,599,508	5,170,680	5,280,639
Net Fee Revenue				6,804,990	6,383,488	4,899,277	5,599,508	5,170,680	5,280,639
Investment Earnings				-					
Securities Lending Income				-					
Premiums				-					
Other Operating Revenues				6,663	23,728	7,195	-		
Total Operating Revenue				6,811,653	6,407,217	4,906,472	5,599,508	5,170,680	5,280,639
Operating Expenses:									
Personal Services				318,893	349,754	347,704	350,095	343,630	343,501
Other Operating Expenses				4,926,591	4,545,166	4,437,228	5,290,308	5,089,478	5,199,566
Total Operating Expenses				5,245,485	4,894,920	4,784,932	5,640,403	5,433,108	5,543,067
Operating Income (Loss)				1,566,168	1,512,296	121,540	(40,895)	(262,428)	(262,428)
Nonoperating Revenues (Expenses):									
Gain (Loss) Sale of Fixed Assets				269,732	187,382	133,546			
Federal Indirect Cost Recoveries				-					
Other Nonoperating Revenues (Expenses)									
Net Nonoperating Revenues (Expenses)				269,732	187,382	133,546	-	-	-
Income (Loss) Before Operating Transfers				1,835,900	1,699,678	255,086	(40,895)	(262,428)	(262,428)
Contributed Capital				-					
Operating Transfers In (Note 13)				-					
Operating Transfers Out (Note 13)				-					
Change in net assets				1,835,900	1,699,678	255,086	(40,895)	(262,428)	(262,428)
Total Net Assets- July 1 - As Restated				1,495,998	3,331,898	5,068,068	5,323,154	5,282,260	5,019,833
Prior Period Adjustments					36,490				
Cumulative effect of account change				-					
Total Net Assets - July 1 - As Restated				1,495,998	3,368,389	5,068,068	5,323,154	5,282,260	5,019,833
Net Assets- June 30				3,331,898	5,068,068	5,323,154	5,282,260	5,019,833	4,757,406
60 days of expenses									
(Total Operating Expenses divided by 6)				874,247	815,820	797,489	940,067	905,518	923,845

**DEPARTMENT OF TRANSPORTATION-5401
STATE MOTOR POOL-07**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$165	\$0
FY 2015	\$165	\$0

PL - 701 - Overtime/Differential -

This request restores zero-based overtime and differential pay with associated benefits of \$165 per year of proprietary funding. The impact from this decision package is an increase to the Motor Pool Assigned rate by .005% each year.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$1,175,518	\$0
FY 2015	\$330,775	\$0

PL - 706 - Additional and Replacement Vehicles -

This request is for \$1,175,518 in FY 2014 and \$330,775 in FY 2015 in proprietary funding for new motor pool vehicles and to maintain budget authority for replacement vehicles at \$2.2 million. The impact from this decision package is an increase to the Motor Pool Assigned rate by .005% each year. There is no impact to the rates from this decision package because replacement costs are not allowed to be calculated in the rates.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$21,000	\$0
FY 2015	\$40,459	\$0

PL - 707 - Intercap Loans -

This request is for \$21,000 in FY 2014 and \$40,459 in FY 2015 proprietary funding for interest payments on Intercap loans required to purchase motor pool vehicles. The biennial cost is \$61,459 of motor pool proprietary funds. The impact from this decision package is an increase to the Motor Pool Assigned rate by .70% In FY 2014 and 1.32% in FY 2015.

DEPARTMENT OF TRANSPORTATION-5401 EQUIPMENT PROGRAM-08

Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	123.00	0.00	0.00	123.00	0.00	0.00	123.00
Personal Services	7,705,173	(36,604)	0	7,668,569	(25,438)	0	7,679,735
Operating Expenses	14,350,935	(713,147)	0	13,637,788	(491,417)	0	13,859,518
Equipment & Intangible Assets	6,303,232	871,000	0	7,174,232	97,000	0	6,400,232
Total Costs	\$28,359,340	\$121,249	\$0	\$28,480,589	(\$419,855)	\$0	\$27,939,485
Proprietary	28,359,340	121,249	0	28,480,589	(419,855)	0	27,939,485
Total Funds	\$28,359,340	\$121,249	\$0	\$28,480,589	(\$419,855)	\$0	\$27,939,485

Proprietary Program Description -The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of approximately 4,600 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively, the various programs within the Montana Department of Transportation (MDT) such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet. All units are assigned to the various user programs and are charged rent on a bi-weekly basis. The Equipment Program supports 123.00 FTE. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

The Equipment Program is funded under the rules and guidelines of HB 576 (passed by the 1995 Legislature). No specific statutory authority is established for the program as the program is strictly internal to the Department of Transportation and is not used by any outside entity.

Proprietary Revenues and Expenses - Change in Services or Fees

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from equipment accidents caused by an outside party. Vehicle rental fees provide the majority of the revenue for the program. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The rental rates will be set to recover revenue to meet the programs obligations. There are no changes in services and fees. Rental rates are calculated each year.

The Equipment Program is responsible for expenses associated with the acquisition, repair, maintenance, and routine operating costs for the fleet.

Indirect costs are costs that cannot be traced directly to specific usage of the vehicles and equipment. Indirect costs include administrative overhead costs, insurance, interest payments, and utility costs and are supported by the assigned rates allocated to each equipment fleet class or subclass. Direct costs, such as fuel, oil, repairs and tires, are supported by the usage rates for each equipment fleet class or subclass. The allocations of indirect costs and direct costs use the same methodology for all rates to which they apply.

Rental fees are billed bi-weekly to each of the MDT user programs. Program rental expenditures are recorded to accounts 62537 (E/B Class 00-29 assign time), 62538 (E/B Class 00-29 Usage), 62539 (E/B Class 30 –99 Assign Time) and 62540 (E/B Class 30 – 99 Usage). All Equipment Program rental revenues are recorded in account 525020 – Service Reimbursements.

DEPARTMENT OF TRANSPORTATION-5401 EQUIPMENT PROGRAM-08

Working Capital Discussion

The equipment rental rates are set to recover sufficient cash to purchase assets, cover normal operating expenses, and personal services. Revenue is generated through the rental rates, the gain on sales of surplus assets, and damage settlements. The primary source of revenue for the program is from user rental rates charged for the use and possession of vehicles and equipment. The cash needed for 60 days of personal services and operating expenses such as fuel, repair parts, and utilities is approximately \$4,694,820. Furthermore a cash balance is required throughout the year to pay for equipment and light duty vehicle purchases.

Fund Equity and Reserved Fund Balance

The Equipment Program does not have a requirement to reserve fund balance. There are no management objectives to increase, decrease, or maintain fund balances except for 60 days working capital as required by state law. The fund balance continues to grow due to the fact that the Equipment Program owns its vehicles and equipment. Also, each fiscal year since 1999 federal money has been available to purchase equipment. The equipment is then donated to the Equipment Program and the donated equipment contributes to the increase in the fund balance.

Cash Flow Discussion

The Equipment Program is internal to the Department of Transportation. The cash flow is dependent on the rental revenue and auction proceeds from fleet units sold. Rental revenue varies with the season, weather conditions, and workloads. If the department experiences a light winter season, there is low usage, which generates less revenue. If the department experiences a heavy winter season, there is higher usage which generates increased revenue.

Historical and Projected Trends

The program has monitored the size of the equipment fleet to identify any excess or low usage units and ensure the fleet sizing requirements are at needed levels. The program continues to ensure staffing levels are adequate to continue to support, repair, and maintain the current fleet and to ensure operating and maintenance expenses are kept at the most cost effective levels.

The fleet size from FY 1997 through FY 2012 is depicted as follows:

FYE 1997	4041 Units	20,115,826 miles
FYE 1998	4039 Units	17,508,471 miles
FYE 1999	4169 Units	18,712,127 miles
FYE 2000	4282 Units	19,602,485 miles
FYE 2001	4632 Units	21,962,128 miles
FYE 2002	4609 Units	22,855,416 miles
FYE 2003	4638 Units	22,712,391 miles
FYE 2004	4571 Units	23,653,560 miles
FYE 2005	4563 Units	22,317,297 miles
FYE 2006	4555 Units	21,797,235 miles
FYE 2007	4546 Units	21,511,744 miles
FYE 2008	4608 Units	21,682,290 miles
FYE 2009	4786 Units	21,533,226 miles
FYE 2010	4646 Units	20,672,278 miles
FYE 2011	4641 Units	23,523,967 miles
FYE 2012	4645 Units	21,712,315 miles

Base Year Funding by Fund Type

Highway Special Revenue	\$28,490,924
MDT ARRA Projects	\$ 51,071
Traffic Safety	\$ 27,711

DEPARTMENT OF TRANSPORTATION-5401 EQUIPMENT PROGRAM-08

Proprietary Rate Explanation -The Equipment Program rental rates are based on a dual rate structure. The users pay a usage rate and an assigned rate. The usage rate is a per mile or hourly rate that is applied to a vehicle or piece of equipment for the actual miles/hours used. The usage rate is designed to recover "direct costs" that include labor, parts, fuel, lubricants, and tires. The assigned rate is a per hour rate designed to recover "fixed costs" such as insurance, depreciation, and administrative overhead costs. Rental rates are adjusted yearly. The rates are based on the actual operational costs for each sub-class for the base rental period. These costs are adjusted to reflect changes in operations or operating costs from the base. The effects are internal to the Department of Transportation and the program is held accountable to ensure the rates recover only needed operational monies. Attached are the current FY 2013 rental rates, which will be adjusted yearly to reflect changes in operations.

The Equipment Program rates are calculated to be commensurate with costs each year using data from the Equipment Vehicle Management System (EVMS) to identify indirect and direct costs for each class. The EVMS data is reconciled to SABHRS financial data and inflation factors are applied. The rates are also adjusted for any gains or losses from previous years. The Equipment Program financial team reviews the rates monthly to determine if they are commensurate with costs. There are no requirements to reserve a fund balance.

Major cost drivers are fuel, vehicle repairs, depreciation, utilities, and personal services. It was assumed that average fuel prices would remain stable over the next few years. Repair costs and utilities are estimated at previous year levels and are adjusted for inflation. Personal services are calculated using current year budgeted amounts. Depreciation is calculated using the previous year level plus depreciation from new vehicles projected to be purchased. The Equipment Program funds 123 FTE.

**DEPARTMENT OF TRANSPORTATION-5401
EQUIPMENT PROGRAM-08**

2015 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Agency Name		Program Name			
06508	Highway Equipment	5401	Transportation		Equipment Program			
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Projected FY14	Projected FY15
Operating Revenues:								
Service Reimbursements			-					
Net Fee Revenue			23,785,631	22,748,221	28,562,706	28,837,898	27,707,793	27,940,295
Investment Earnings								
Securities Lending Income								
Premiums								
Other Operating Revenues			246,924	250,744	401,220		-	-
Total Operating Revenue			24,032,555	22,998,965	28,963,926	28,837,898	27,707,793	27,940,295
Operating Expenses:								
Personal Services			7,142,235	7,534,773	7,531,765	7,716,280	7,668,569	7,679,735
Other Operating Expenses			16,473,409	19,589,552	20,676,454	21,610,274	20,039,224	20,260,560
Total Operating Expenses			23,615,644	27,124,326	28,208,219	29,326,554	27,707,793	27,940,295
Operating Income (Loss)			416,911	(4,125,360)	755,707	(488,656)	-	-
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets			37,724	(12,964)	162,271			
Federal Indirect Cost Recoveries			-					
Other Nonoperating Revenues (Expenses)			-	-	-			
Net Nonoperating Revenues (Expenses)			37,724	(12,964)	162,271	-	-	-
Income (Loss) Before Operating Transfers			454,635	(4,138,324)	917,978	(488,656)	-	-
Contributed Capital			1,007,817	1,575,896	1,847,963		774,000	
Operating Transfers In (Note 13)								
Operating Transfers Out (Note 13)			-					
Change in net assets			1,462,452	(2,562,428)	2,765,941	(488,656)	774,000	-
Total Net Assets- July 1 - As Restated			67,811,456	69,274,757	67,005,126	69,771,067	69,282,411	70,056,411
Prior Period Adjustments			850	292,796				
Cumulative effect of account change			-					
Total Net Assets - July 1 - As Restated			67,812,306	69,567,554	67,005,126	69,771,067	69,282,411	70,056,411
Net Assets- June 30			69,274,757	67,005,126	69,771,067	69,282,411	70,056,411	70,056,411
60 days of expenses								
(Total Operating Expenses divided by 6)			3,935,941	4,520,721	4,701,370	4,887,759	4,617,966	4,656,716
Requested Rates for Internal Service Funds								
Fee/Rate Information								
Requested Rates for Internal Service Fund								
The fee charges will not be done till the actual Fiscal Year the rate pertain to. These rates will be supported by the EVMS systems, which was used in the past. The Equipment program may charge rates necessary to establish and maintain a 60 day working capital balance to operate the program.								
The program uses a leapfrog process to account for prior year gains or losses.								

**DEPARTMENT OF TRANSPORTATION-5401
EQUIPMENT PROGRAM-08**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$774,000	\$0
FY 2015	\$0	\$0

PL - 801 - Additional Equipment -

This request includes \$774,000 of proprietary funds for purchase of additional equipment to support winter maintenance and city maintenance activities. This request is tied to the Maintenance Division taking on additional routes and right of way. There is no impact to the rates. Replacement costs cannot be calculated in the rates.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$52,178	\$0
FY 2015	\$52,178	\$0

PL - 802 - Overtime/Differential -

This request restores zero-based overtime and differential pay with associated benefits of \$52,178 per year of proprietary funds. The impact from this decision package is projected to increase the Equipment assigned rate by .010% each year.

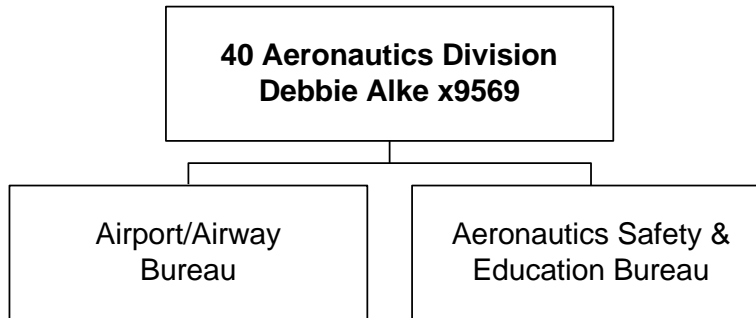
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$97,000	\$0
FY 2015	\$97,000	\$0

PL - 807 - Equipment Purchase -

This request is for \$97,000 per year in proprietary funds to restore the base budget to \$6.4, which is the amount the Equipment Bureau needs each year to replace vehicles that have met or exceeded their useful life. Approximately \$3.6 million is spent each year on snow plows and \$2.8 million per year on light duty vehicles and other heavy equipment. There is no impact to the rates. Replacement costs cannot be calculated in the rates.

DEPARTMENT OF TRANSPORTATION-5401 AERONAUTICS PROGRAM-40

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	135,417	15,542	0	150,959	15,331	0	150,748
Operating Expenses	54,822	(3,074)	0	51,748	(2,704)	0	52,118
Equipment & Intangible Assets	6,590	0	0	6,590	0	0	6,590
Total Costs	\$196,829	\$12,468	\$0	\$209,297	\$12,627	\$0	\$209,456
Proprietary	196,829	12,468	0	209,297	12,627	0	209,456
Total Funds	\$196,829	\$12,468	\$0	\$209,297	\$12,627	\$0	\$209,456

Proprietary Program Description -The Yellowstone Airport located in West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, located just 1 mile away, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. Commercial air service is available seasonally from June 1st to September 30th annually and the airport is open for private aircraft operations usually from mid-May through mid-November. The airport accomplishes these missions with extensive facilities to accommodate all sized aircraft and operations ranging from large, 4 engine, commercial service jets to small, single engine, piston aircraft.

Airside facilities at the airport include an 8,400 foot runway and taxiway as well as large ramp and hangar areas for all types of aircraft operations. The runway is also equipped with a precision instrument landing system (ILS) and GPS approaches, allowing flights in any kind of weather as well as full approach, runway, and taxiway lighting. The airport also supports and maintains an Automated Weather Observation Station (AWOS). Other airport facilities include a commercial terminal building which tenants a restaurant/gift shop, two car rental agencies, airport administration and Transportation Security Administration (TSA) offices, and Delta connection served by SkyWest Airlines. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operation (FBO) serving aviation needs, and full airport crash fire rescue services. The USFS also operates an inter-agency fire control center with both a smoke jumper and fire retardant bomber base. The airport also has a large on field pilot campground for fly in camping trips. The entire airport property is surrounded by a security/wildlife fence.

Fees for leases and other business services are both market and cost recovery based. Additional operating expenses planned in the 2015 biennium include only a minor runway maintenance project funded with 90% FAA AIP money and performed in accordance with FAA mandates and advisory circulars.

The West Yellowstone Airport is funded by an enterprise proprietary fund. There is one airport manager who works 8 months full time and 4 months ½ time. The airport also has two other employees, an airport operations chief and an airport fire fighter who are employed seasonally.

DEPARTMENT OF TRANSPORTATION-5401 AERONAUTICS PROGRAM-40

Proprietary Revenues and Expenses -

Most landing fees did not increase for the 2015 biennium. Car rental and airline rates will increase from \$2.25 a square foot to \$2.50 a square foot and the building lease agreement with Nevada Testing will go from \$5.50 a square foot to \$6.00 a square foot.

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. The cash needed for 60-days of personal services and operating expenses average out to approximately \$35,240.

Annual budgeted expenses at the Yellowstone Airport, for a three year period, average \$213,490/year. The Yellowstone Airport currently supports 2.00 FTE. The FTE are needed to maintain federal airport certification requirements.

The Yellowstone Airport proprietary fund balance is forecast to decrease slightly with a decrease in operating expenses. Management objectives are to use part of the available fund balance as needed to satisfy recent necessary federal airport certification requirements. There is no anticipated fluctuation of cash into the program and conservation of fund equity is to remain a high priority to offset additional Federal Airport Certification and Security requirements.

West Yellowstone Airport has maintained a cash balance to meet operational needs and match federal airport improvement grants as they become available.

Proprietary Rate Explanation -Fees for provided services are market based. There are only slight increases planned in the 2015 biennium for counter fees, building fees, gross percentages, sales receipts, and non-aero rentals. These fee increases are justified to help bring the current charged fees closer to common state industry standards based upon rates and charges schedules as reported by airport operators throughout the state. In addition, some of the changes are to standardize and even out current rates, which are charged at different levels for similar services.

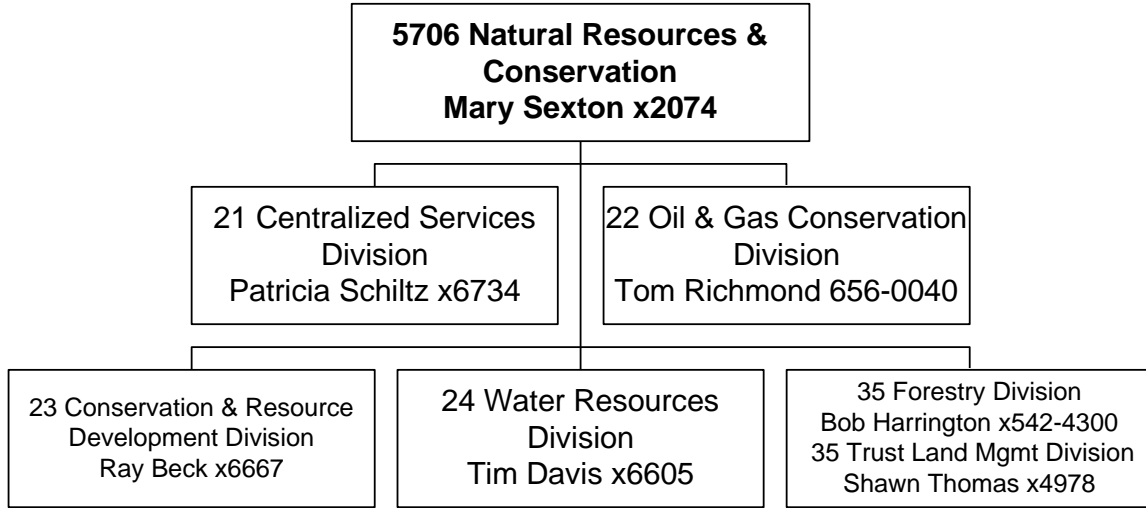
Fee Description	FY2014/2015 Fees
Landing Fees – Scheduled Air Carrier	\$1.10/1000 lbs.
Landing Fees – Other uses	9,001-16,500 lbs. = \$25
Landing Fees – Other uses	>16,500 lbs. = \$1.60/1000 lbs.
Fuel Flowage Fee	\$0.08/gallon
Building Leases – car rental, airline	\$2.50/sq. ft.
Building Leases – FBO, Hangar Ground	\$0.12/sq. ft.
Ad Boards	\$200 per board
Tax Transfer	\$11,000 est.
Sales receipts – car rental, café, and gift shop	10% of gross sales
Non-aero rentals	
City (2014 & 2015)	\$11,000 per year
Energy West (2014 & 2015)	\$13,500 per year
Nevada Testing (2014 & 2015)	6.00 psfpa + utilities + usage fee (\$925 per customer annual and \$75 per day)

DEPARTMENT OF TRANSPORTATION-5401 AERONAUTICS PROGRAM-40

2013 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Agency Name	Program Name				
6007	West Yellowstone Airport	54010	Transportation	Aeronautics Program				
			Actual FY2010	Actual FY2011	Actual FY2012	Budgeted FY2013	Budgeted FY2014	Budgeted FY2015
Operating Revenues:								
Fee revenue								
	Miscellaneous Service Fee		-	-	-	-	-	-
	Net Fee Revenue		49,446	63,870	75,083	92,584	92,584	92,584
Investment Earnings								
	Securities Lending Income		-	-	-	-	-	-
Premiums								
	Other Operating Revenues		108,255	139,031	134,757	130,000	130,000	130,000
	Total Operating Revenue		157,701	202,901	209,840	222,584	222,584	222,584
Operating Expenses:								
	Personal Services		132,030	138,122	135,417	157,683	150,959	150,748
	Other Operating Expenses		100,736	66,294	56,267	71,060	51,746	52,118
	Total Operating Expenses		232,766	204,416	191,684	228,743	202,705	202,866
	Operating Income (Loss)		(75,065)	(1,515)	18,156	(6,159)	19,879	19,718
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets								
	Federal Indirect Cost Recoveries		-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)		(135,238)	(169,614)	(140,249)	-	-	-
	Net Nonoperating Revenues (Expenses)		(135,238)	(169,614)	(140,249)	-	-	-
	Income (Loss) Before Operating Transfers		(210,303)	(171,129)	(122,093)	(6,159)	19,879	19,718
	Contributed Capital		119,040			-	-	-
	Operating Transfers In (Note 13)			2,709	7,478	7,478	7,478	7,478
	Operating Transfers Out (Note 13)		-	-	-	-	-	-
	Change in net assets		(91,263)	(168,420)	(114,615)	1,319	27,357	27,196
	Total Net Assets- July 1 - As Restated		3,137,555	3,046,292	2,877,872	2,763,257	2,764,576	2,791,933
Prior Period Adjustments								
Cumulative effect of account change								
	Total Net Assets - July 1 - As Restated		3,137,555	3,046,292	2,877,872	2,763,257	2,764,576	2,791,933
	Net Assets- June 30		3,046,292	2,877,872	2,763,257	2,764,576	2,791,933	2,819,129
60 days of expenses								
	(Total Operating Expenses divided by 6)		38,794	34,069	31,947	38,124	33,784	33,811
Fee/Rate Information								
		Actuals FY 2012	Budgeted FY 2013	Budgeted FY 2014	Budgeted FY 2015			
Fee Group A								
	Landing Fees - Scheduled Air	\$1.10/1000 lbs	\$1.10/1000 lbs	\$1.10/1000 lbs	\$1.10/1000 lbs			
	Landing Fees - Other uses	9,001-16,500lbs =\$25.00	9,001-16,500lbs =\$25.00	9,001-16,500lbs =\$25.00	9,001-16,500lbs =\$25.00			
	Landing Fees - Other uses	>16,500 lbs - \$1.60/1000lbs	>16,500 lbs - \$1.60/1000lbs	>16,500 lbs - \$1.60/1000lbs	>16,500 lbs - \$1.60/1000lbs			
	Fuel Flowage Fee	\$0.06/Gallon	\$0.06/Gallon	\$0.08/Gallon	\$0.08/Gallon			
	Building Leases - Car rental,	\$2.25-2.50/sq.ft..	\$2.25-2.50/sq.ft.	\$2.50/sq.ft..	\$2.50/sq.ft.			
	Building Leases -FBO,	\$0.12/sq.ft	\$0.12/sq.ft	\$0.12/sq.ft	\$0.12/sq.ft			
	Adboards	\$200 / board	\$200 / board	\$200 / board	\$200 / board			
	Tax Transfers	\$11,000	\$11,000	\$11,000	\$11,000			
	Sales Receipts	10% of Gross Sales	10% of Gross Sales	10% of Gross Sales	10% of Gross Sales			
	Non-Aero Rentals							
	Nevada Testing	5.50 psfpa + utiities + usage fee(\$925 per customer annual and \$75 per day)	6.00 psfpa + utiities + usage fee(\$925 per customer annual and \$75 per day)	6.00 psfpa + utiities + usage fee(\$925 per customer annual and \$75 per day)	6.00 psfpa + utiities + usage fee(\$925 per customer annual and \$75 per day)			
	City	\$11,000/Year	\$11,000/Year	\$11,000/Year	\$11,000/Year			
	Energy West	\$13,500/Year	\$13,500/Year	\$13,500/Year	\$13,500/Year			

DEPT NAT RESOURCE/CONSERVATION-5706

Please note that this agency also contains HB 2 funding.



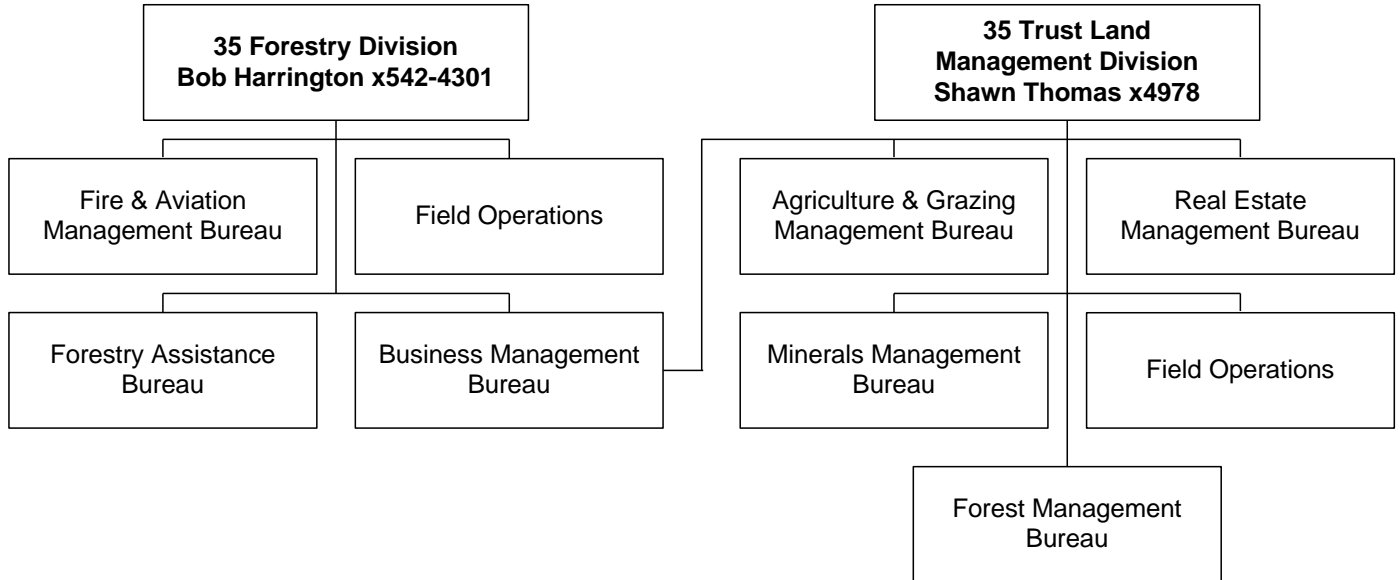
Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	25.15	0.00	0.00	25.15	0.00	0.00	25.15
Personal Services	1,598,471	412	0	1,598,883	1,077	0	1,599,548
Operating Expenses	1,220,454	175,068	(324)	1,395,198	179,550	(324)	1,399,680
Equipment & Intangible Assets	7,500	50,000	0	57,500	50,000	0	57,500
Total Costs	\$2,826,425	\$225,480	(\$324)	\$3,051,581	\$230,627	(\$324)	\$3,056,728
Proprietary	2,826,425	225,480	(324)	3,051,581	230,627	(324)	3,056,728
Total Funds	\$2,826,425	\$225,480	(\$324)	\$3,051,581	\$230,627	(\$324)	\$3,056,728

**DEPT NAT RESOURCE/CONSERVATION-5706
FORESTRY/TRUST LANDS-35**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	25.15	0.00	0.00	25.15	0.00	0.00	25.15
Personal Services	1,598,471	412	0	1,598,883	1,077	0	1,599,548
Operating Expenses	1,220,454	175,068	(324)	1,395,198	179,550	(324)	1,399,680
Equipment & Intangible Assets	7,500	50,000	0	57,500	50,000	0	57,500
Total Costs	\$2,826,425	\$225,480	(\$324)	\$3,051,581	\$230,627	(\$324)	\$3,056,728
General Fund	0	0	0	0	0	0	0
State/Other Special	0	0	0	0	0	0	0
Proprietary	2,826,425	225,480	(324)	3,051,581	230,627	(324)	3,056,728
Total Funds	\$2,826,425	\$225,480	(\$324)	\$3,051,581	\$230,627	(\$324)	\$3,056,728

**Proprietary Program Description –
Air Operations:**

The air operations program in the Forestry Division is funded from the air operations proprietary account (for those costs that can be supported by the aircraft rates) and general fund and fire protection tax revenue for fixed costs. The program operates five medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. The aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since they must be paid regardless of the number of hours flown. These costs include hangar rent, insurance, and personnel costs (14.23 FTE). The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DNRC, other state agencies, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is in 77-5-103, MCA.

DEPT NAT RESOURCE/CONSERVATION-5706 FORESTRY/TRUST LANDS-35

Alternate sources of aviation services are available from private contractors, but historically the costs for these services have been two to three times more than the cost of the state run aircraft. Additionally, contracted services are often not available for the extended timeframes currently covered by the state operated aircraft.

Nursery:

The Montana Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 13,500 square feet of greenhouse space. Sixty-seven plant species are currently in production. During FY 2011 and 2012, an average of 750 landowners/businesses ordered seedlings. Of the 1.7 million seedlings grown during that time period, approximately 1.6 million seedlings were used in reforestation and stream restoration. DNRC nursery seedlings were planted in 50 of the 56 Montana counties. The nursery program is funded solely from the nursery proprietary account. No general fund or federal dollars are used in the program. Total FTE funded from the revenue generated are 10.92. Statutory authority for the program is in 77-5-404, MCA.

Proprietary Revenues and Expenses -

Air Operations:

Change in Services or Fees: Flight rates are proposed to increase for DNRC operated aircraft to meet increased costs of fuel and replacement parts. All funds are managed through an internal proprietary account to fund the operational costs of the program. Current rates are: UH-1H \$1,075/hr, Jet Ranger \$475/hr, and Cessna \$150/ hr. Proposed rates are UH-1H \$1,225/hr, Jet Ranger \$515/hr, and Cessna \$175/hr.

The primary source of revenue is the collection of aircraft rental charges. Additional transfer-in revenue is received from HB 2 transfers of fixed costs (FTE, Insurance & Rent) from the general fund and the fire protection tax revenues. The department has limited cooperative agreements to assist federal agencies (U.S. Forest Service, BLM, USFWS, BIA, & NPS) and counties with fire protection. The department also has agreements with other state agencies for non-fire related aircraft rental services. The customers served are comprised primarily of state land managers for the DNRC. This involves initial attack of fires under state direct protection, assistance on county fires, and assistance to federal agencies. Historic and projected trends are dependent on length and severity of the fire seasons. Base year funding by fund type would be comprised primarily from state responsibility fires paid by the fire suppression fund (state special revenue) and FEMA and U.S. Forest Service (federal special revenue). The expense account used in SABHRS to record Aircraft Rental is 62525. The revenue accounts used in SABHRS to record Aircraft Revenue are 522067-522076 (there is a separate account for each aircraft).

The cost drivers for the aircraft rates are to recover the actual expenses needed to maintain the aircraft in an air worthy condition and remain mission ready for the purpose of initial attack on wildfires on state, private, and federal ownership. This includes all costs associated with the maintenance and operation of the aircraft. There are some factors that contribute to the uncertainty in forecasting future expenses. This includes unforeseen events such as FAA and manufacturer repair and maintenance directives, aircraft incidents resulting in unplanned maintenance, cost fluctuations in fuel and parts, and the length and severity of the fire season. Average fire season and routine maintenance of aircraft are used to determine the anticipated future costs.

Charges for services do not support any FTE for the aviation section. All FTE (14.23) are supported by the general fund and fire protection tax transfers.

Nursery:

The primary source of revenue is seedling sales. Other revenue sources are such services as seed collection, cleaning, and storage and selling products for seedling care and protection. The customer base for nursery products and services is comprised of private landowners in Montana, the DNRC Trust Land Management Division, the Department of Fish, Wildlife and Parks, Department of Environmental Quality, Montana Natural Resource Damage Program, the Conservation Reserve Program (CRP), tribal agencies, the Wildlife Habitat Incentives Program (WHIP), Pheasants Forever, and numerous other conservation programs and organizations. Historic and projected trends in nursery revenue are dependent on conservation activity in the state, landowner access to cost-share dollars for implementation

DEPT NAT RESOURCE/CONSERVATION-5706 FORESTRY/TRUST LANDS-35

of conservation projects, and long-term seedling production contracts from large scale conservation activities. Revenue potential is also dependent on the number of seedlings available for sale each fiscal year. Sales are predicted two to three years in advance due to the two- to three-year production time needed for each seedling type. This can lead to seedling shortages or surpluses when unforeseen events such as extended drought or extreme fire seasons alter demand for seedlings. The revenue accounts used in SABHRS to record nursery revenue are 552101, (Sale of Nursery Products) and 585103 (Misc. Nursery Income).

The determining factors that set seedling prices are the actual fixed and variable costs of producing the seedlings. Market pressures from other out-of-state seedling producers can also influence prices. Prices are set to recover all program costs and to increase the year-end carryover balance. Year-end carryover dollars are used for non-typical expenses such as large equipment replacement or for unforeseen expenses such as weather-related crop losses. Since the nursery is funded primarily by seedling sales, all personal services, operating and capital equipment costs are included when setting prices (10.92 FTE were funded).

Proprietary Rate Explanation – Air Operations:

The reimbursement rates for the operation of the department aircraft are based on 5000 hours of aircraft usage. The rate has been determined to maintain the aircraft in its original condition. At the end of 5000 hours, all parts should have been replaced and a new maintenance/operation cycle started.

The section provides aircraft services and charges for reimbursement by hours and tenths of hours at the following rates:

<u>Dept Aircraft</u>	<u>Current</u>	<u>2015 Bien Proposed</u>
Bell UH-1H Helicopters	\$1,075.00/hr	\$1,225.00/hr
Jet Ranger Helicopter	\$475.00/hr	\$515.00/hr
Cessna 180 Series Aircraft	\$150.00/hr	\$175.00/hr

Nursery:

The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

**DEPT NAT RESOURCE/CONSERVATION-5706
FORESTRY/TRUST LANDS-35**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06538	Air Operation Internal Service	57060	Department of Natural Resources and	Forestry/Trust Lands Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Bell UH-1Hs	467,625	360,125	970,080	1,134,000	1,412,000	1,412,000
Revenue from Bell Jet Rangers	87,912	47,766	163,137	184,275	229,450	229,450
Revenue from Cessna 180 Series	43,365	30,345	67,785	99,225	123,550	123,550
Net Fee Revenue	598,902	438,236	1,201,002	1,417,500	1,765,000	1,765,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	1,236	934	-	-	-	-
Total Operating Revenue	600,139	439,169	1,201,002	1,417,500	1,765,000	1,765,000
Operating Expenses:						
Personal Services	1,120,672	1,178,476	1,098,777	1,130,242	1,137,551	1,137,886
Other Operating Expenses	820,335	659,201	1,096,445	858,244	1,267,516	1,271,364
Total Operating Expenses	1,941,006	1,837,676	2,195,222	1,988,486	2,405,067	2,409,250
Operating Income (Loss)	(1,340,868)	(1,398,507)	(994,220)	(570,986)	(640,067)	(644,250)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(2,123)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(2,123)	-	-	-	-	-
Income (Loss) Before Operating Transfers	(1,342,990)	(1,398,507)	(994,220)	(570,986)	(640,067)	(644,250)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	1,218,390	1,228,444	1,336,352	1,331,665	1,323,797	1,317,694
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(124,600)	(170,063)	342,132	760,679	683,730	673,444
Total Net Assets- July 1 - As Restated	322,542	197,942	27,879	370,010	1,130,689	1,814,419
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	322,542	197,942	27,879	370,010	1,130,689	1,814,419
Net Assets- June 30	197,942	27,879	370,010	1,130,689	1,814,419	2,487,863
60 days of expenses (Total Operating Expenses divided by 6)	323,501	306,279	365,870	331,414	400,845	401,542
Working Capital (Per State Acctg Div.)	225,143	61,162	385,220			
Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual FY 10	Actual FY 11	Actual FY 12	Actual FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Bell UH-1H Helicopter	1,075.00	1,075.00	1,075.00	1,075.00	1,225.00	1,225.00
Bell Jet Ranger Helicopter	475.00	475.00	475.00	475.00	515.00	515.00
Cessna 180 Fixed Wing	150.00	150.00	150.00	150.00	175.00	175.00

**DEPT NAT RESOURCE/CONSERVATION-5706
FORESTRY/TRUST LANDS-35**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06003	State Nursery Enterprise Fund	57060	Department of Natural Resources and	Forestry/Trust Lands Division

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Nursery Sales	623,816	462,692	722,990	332,091	323,441	325,000
Revenue from Nursery Services	-	-	-	200,517	549,447	450,000
Revenue from Misc. Nursery Income	16,100	-	7,643	7,505	4,000	4,000
Net Fee Revenue	639,916	462,692	730,633	540,113	876,888	779,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	26	30	-	-	-	-
Total Operating Revenue	639,942	462,722	730,633	540,113	876,888	779,000
Operating Expenses:						
Personal Services	444,654	445,783	428,348	492,944	461,332	461,662
Other Operating Expenses	277,809	173,754	139,105	296,530	185,182	185,816
Total Operating Expenses	722,463	619,537	567,453	789,474	646,514	647,478
Operating Income (Loss)	(82,521)	(156,815)	163,180	(249,361)	230,374	131,522
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(82,521)	(156,815)	163,180	(249,361)	230,374	131,522
Contributed Capital	3,600	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(78,921)	(156,815)	163,180	(249,361)	230,374	131,522
Total Net Assets- July 1 - As Restated	16,166	(53,860)	(210,676)	(47,496)	(296,857)	(66,483)
Prior Period Adjustments	8,895	(1)	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	25,061	(53,861)	(210,676)	(47,496)	(296,857)	(66,483)
Net Assets- June 30	(53,860)	(210,676)	(47,496)	(296,857)	(66,483)	65,039
60 days of expenses (Total Operating Expenses divided by 6)	120,411	103,256	94,575	131,579	107,752	107,913

**Requested Rates for Internal Service Funds
Fee/Rate Information for Legislative Action**

	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Revenue from Nursery Sales	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*
Revenue from Nursery Services	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*	VARIES*

**DEPT NAT RESOURCE/CONSERVATION-5706
FORESTRY/TRUST LANDS-35**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$250,000	\$0
FY 2015	\$250,000	\$0

PL - 35015 - Proprietary Authority -

This budget request is for \$250,000 per year in enterprise and internal service proprietary funds. This will increase spending authority in the State Conservation Seedling Nursery to support projected revenues. This will also increase authority in the Aviation Program to support ongoing maintenance needs.

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

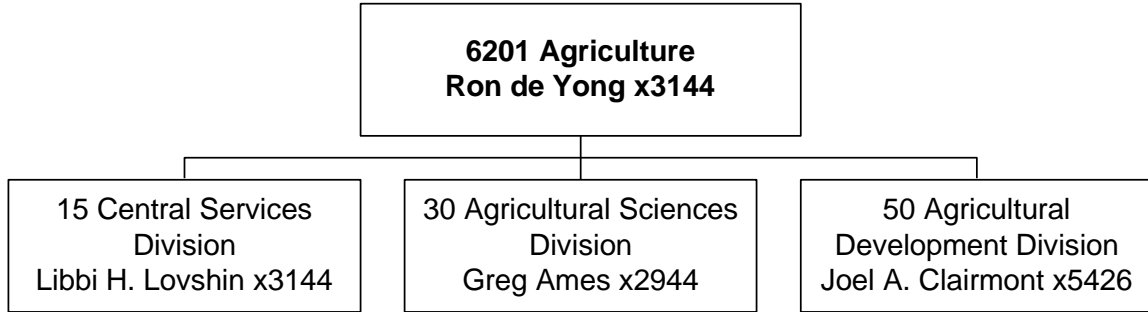
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$324)	\$0
FY 2015	(\$324)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the program will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium.

DEPARTMENT OF AGRICULTURE-6201

Please note that this agency also contains HB 2 funding.



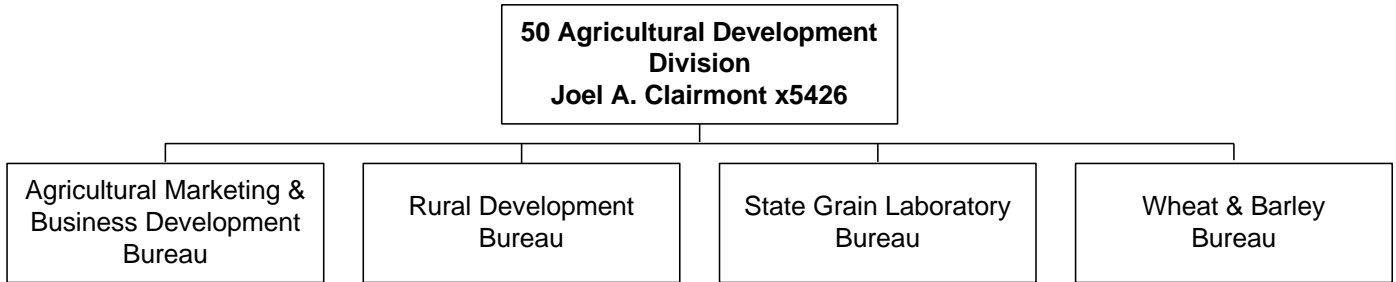
Mission Statement - To protect producers and consumers and to enhance and develop agriculture and allied industries.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-20, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	58,200	0	58,200	58,200	0	58,200
Total Costs	\$0	\$58,200	\$0	\$58,200	\$58,200	\$0	\$58,200
Proprietary	0	58,200	0	58,200	58,200	0	58,200
Total Funds	\$0	\$58,200	\$0	\$58,200	\$58,200	\$0	\$58,200

DEPARTMENT OF AGRICULTURE-6201 AGRICULTURAL DEVELOPMENT DIVISION-50

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	58,200	0	58,200	58,200	0	58,200
Total Costs	\$0	\$58,200	\$0	\$58,200	\$58,200	\$0	\$58,200
Proprietary	0	58,200	0	58,200	58,200	0	58,200
Total Funds	\$0	\$58,200	\$0	\$58,200	\$58,200	\$0	\$58,200

Proprietary Program Description -The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, will obtain from the Montana agriculture loan authority a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond.

Proprietary Revenues and Expenses -

Change in Services or Fees: There are no changes in services or fees. Funds are generated by the sale of bonds and investment earnings.

Working Capital Discussion: The program has not issued any loans in the last biennium.

Fund Equity and Reserved Fund Balance: The beginning farm/ranch program uses its funds to promote and administer the loan program and funds are only expended as needed.

Cash Flow Discussion: The program's cash flow is contingent upon the number of loans completed.

Proprietary Rate Explanation -The Montana Beginning Farmer/Rancher Loan Program Applicants pay a \$50 application fee and a loan participation fee of 1.5% of the value of the bond.

**DEPARTMENT OF AGRICULTURE-6201
AGRICULTURAL DEVELOPMENT DIVISION-50**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06016	Beginning Farm/Ranch Loan Prg	62010	Agriculture	Ag Development Division

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:						
Fee revenue						
Beginning Farm Ranch Loan Fees			-	60,000	60,000	60,000
Net Fee Revenue	-	-	-	60,000	60,000	60,000
Investment Earnings	2	2	2	2	2	2
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	2	2	2	60,002	60,002	60,002
Operating Expenses:						
Personal Services	-	-	-	-	-	-
Other Operating Expenses	-	-	-	58,200	58,200	58,200
Total Operating Expenses	-	-	-	58,200	58,200	58,200
Operating Income (Loss)	2	2	2	1,802	1,802	1,802
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	2	2	2	1,802	1,802	1,802
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	2	2	2	1,802	1,802	1,802
Total Net Assets- July 1 - As Restated	2,411	2,413	2,415	2,417	4,219	6,021
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	-	-	-	-	-	-
Net Assets- June 30	2,413	2,415	2,417	4,219	6,021	7,823
60 days of expenses (Total Operating Expenses divided by 6)	-	-	-	9,700	9,700	9,700

**Requested Rates for Enterprise Funds
Fee/Rate Information**

	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY13	Budgeted FY 14	Budgeted FY 15
Fee Group A	-	-	-	-	-	-
% of loan balance	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

**DEPARTMENT OF AGRICULTURE-6201
AGRICULTURAL DEVELOPMENT DIVISION-50**

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

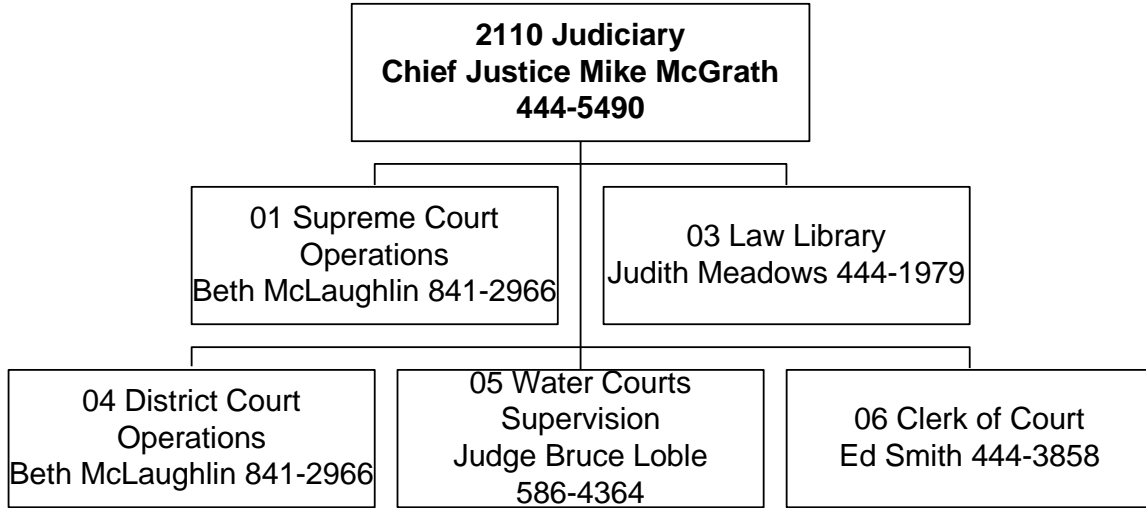
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$58,200	\$0
FY 2015	\$58,200	\$0

PL - 5005 - Beginning Farm/Ranch Loan - Proprietary -

This request is for \$116,400 in proprietary spending authority in the 2015 biennium. The Beginning Farm/Ranch Loan program is authorized for beginning farm/ranch loans under 80-12-311, MCA.

JUDICIAL BRANCH-2110

Please note that this agency also contains HB 2 funding.



Mission Statement - The Judicial Branch’s mission is to provide an independent, accessible, responsive, impartial, and timely forum to resolve disputes; to preserve the rule of law; and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.

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

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	184,395	(163)	0	184,232	(98)	0	184,297
Total Costs	\$184,395	(\$163)	\$0	\$184,232	(\$98)	\$0	\$184,297
Proprietary	184,395	(163)	0	184,232	(98)	0	184,297
Total Funds	\$184,395	(\$163)	\$0	\$184,232	(\$98)	\$0	\$184,297

JUDICIAL BRANCH-2110 LAW LIBRARY-03

Please note that this program also contains HB 2 funding.

**03 Law Library
Judith Meadows 444-1979**

Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	184,395	(163)	0	184,232	(98)	0	184,297
Total Costs	\$184,395	(\$163)	\$0	\$184,232	(\$98)	\$0	\$184,297
Proprietary	184,395	(163)	0	184,232	(98)	0	184,297
Total Funds	\$184,395	(\$163)	\$0	\$184,232	(\$98)	\$0	\$184,297

Proprietary Program Description -Law Library Searches/Research Enterprise Fund - The law library is billed by the on-line provider for the access to the databases, and the law library in turn bills the requesting entity for the cost of the search performed.

Revenues and Expenses - The Law Library staff performs on-line searches/research for public and private entities. The law library is billed by the on-line provider for the air time and the Law Library, in turn, bills the entity requesting the search/research, collects the money, and pays the provider.

JUDICIAL BRANCH-2110 LAW LIBRARY-03

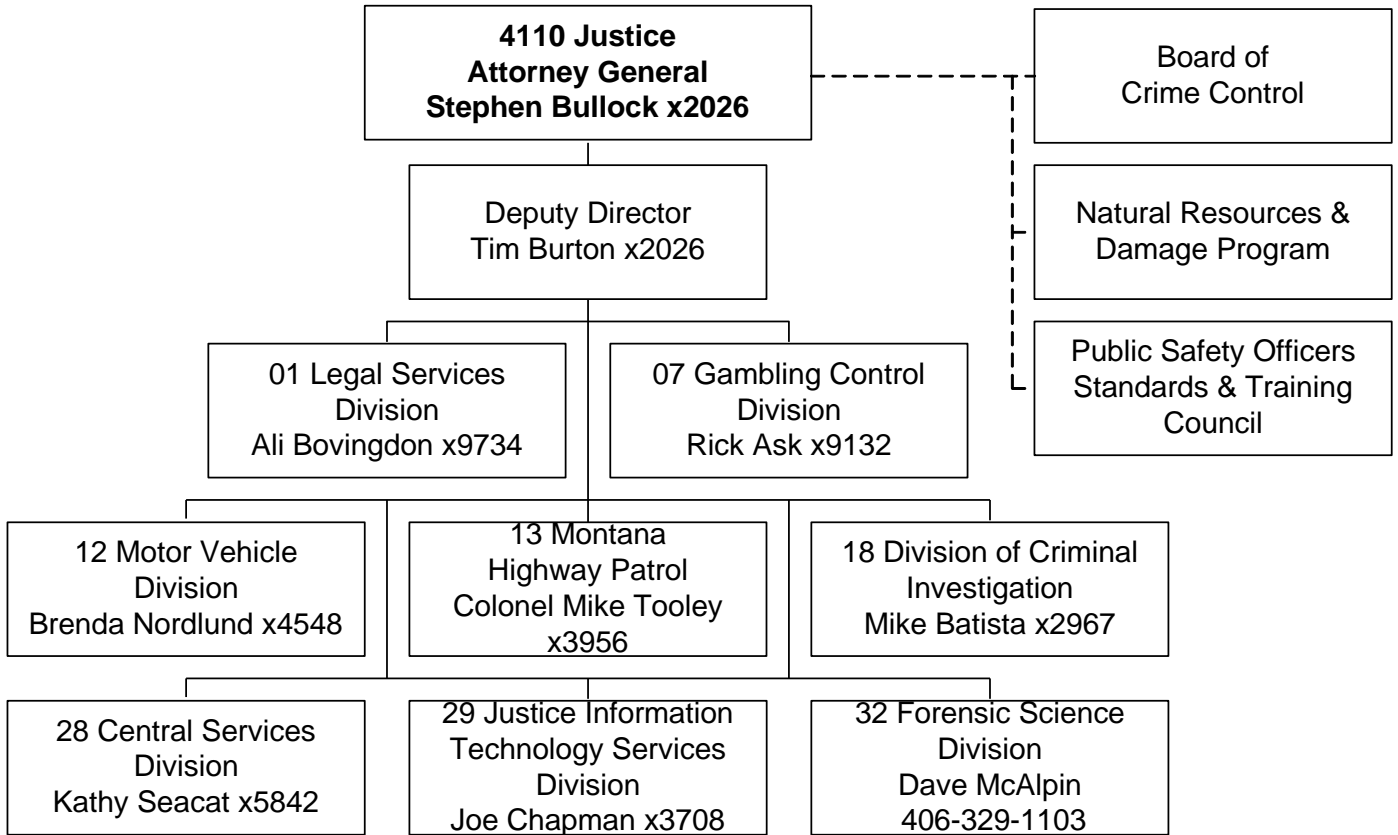
2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06019	Searches/Research	21100	Judicial Branch	Law Library

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Law Library Online Searches Revenue	192,582	207,265	186,877	183,000	189,000	189,000
Net Fee Revenue	192,582	207,265	186,877	183,000	189,000	189,000
Total Operating Revenue	192,582	207,265	186,877	183,000	189,000	189,000
Operating Expenses:						
Personal Services	-	-	-	-	-	-
Other Operating Expenses	189,722	203,200	184,395	189,823	184,232	184,297
Total Operating Expenses	189,722	203,200	184,395	189,823	184,232	184,297
Operating Income (Loss)	2,860	4,065	2,482	(6,823)	4,768	4,703
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	2,860	4,065	2,482	(6,823)	4,768	4,703
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	2,860	4,065	2,482	(6,823)	4,768	4,703
Total Net Assets- July 1 - As Restated	3,460	6,320	10,385	12,867	6,044	10,812
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	-	-	-	-	-	-
Net Assets- June 30	6,320	10,385	12,867	6,044	10,812	15,515
60 days of expenses (Total Operating Expenses divided by 6)	31,620	33,867	30,733	31,637	30,705	30,716
Requested Rates for Enterprise Funds						
Fee/Rate Information						
	Actual FYE 10	Actual FYE 11	Actual FYE 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Law Library Online Searches	189,722	203,200	184,395	189,823	184,232	184,297

DEPARTMENT OF JUSTICE-4110

Please note that this agency also contains HB 2 funding.



Mission Statement - The mission of the Department of Justice is to pursue activities and programs that seek to ensure and promote the public interest, safety, and well-being through leadership, advocacy, education, regulation, and enforcement.

Statutory Authority - Statutory authority is provided in 2-15-501, 2-15-2001 through 2021, and Titles 44 & 61, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00
Personal Services	1,004,810	384,931	0	1,389,741	387,906	0	1,392,716
Operating Expenses	176,838	1,525	0	178,363	1,950	0	178,788
Total Costs	\$1,181,648	\$386,456	\$0	\$1,568,104	\$389,856	\$0	\$1,571,504
Proprietary	1,181,648	386,456	0	1,568,104	389,856	0	1,571,504
Total Funds	\$1,181,648	\$386,456	\$0	\$1,568,104	\$389,856	\$0	\$1,571,504

DEPARTMENT OF JUSTICE-4110 AGENCY LEGAL SERVICES-06

Please note that this program also contains HB 2 funding.

Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00
Personal Services	1,004,810	384,931	0	1,389,741	387,906	0	1,392,716
Operating Expenses	176,838	1,525	0	178,363	1,950	0	178,788
Total Costs	\$1,181,648	\$386,456	\$0	\$1,568,104	\$389,856	\$0	\$1,571,504
Proprietary	1,181,648	386,456	0	1,568,104	389,856	0	1,571,504
Total Funds	\$1,181,648	\$386,456	\$0	\$1,568,104	\$389,856	\$0	\$1,571,504

Proprietary Program Description -The Agency Legal Services Bureau (ALS) provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALS attorneys and investigators bill clients for their services, case-related and incidental costs. The division consists of 17.00 FTE funded from the revenues generated.

Statutory authority: The Attorney General is the legal officer for the state per Article VI, Section 4(4), Montana Constitution. Montana Code Annotated § 2-4-611(2) provides that state agencies may request from the Attorney General's Office a hearing examiner in a contested case.

Alternate Sources: State agencies have the option to use in-house or private counsel and investigators instead of ALS. Private law firms, however, typically charge considerably more per hour, and ALS attorneys and investigators have specific knowledge and experience that agencies find beneficial. Per Executive Order 5-93 agencies must receive approval from the Legal Services Review Committee (made up of a representative of the Attorney General, Budget Director, and the Governor's Chief Legal Counsel) prior to contracting for outside legal services.

Customers Served: ALS serves State of Montana agencies, boards, and commissions that have entered into contracts with ALS.

Proprietary Revenues and Expenses -

Revenues are generated by fees charged to other state agencies for legal services. The source of funds used by agencies to pay ALS varies by agency and program.

The primary costs for the division are personal services and operating costs. Factors that influence costs include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment.

Proprietary Rate Explanation -

This program provides services to other state agencies that are funded by the general fund, state special revenue, and federal funds. Funding for the payment of services varies dependent upon agency.

**DEPARTMENT OF JUSTICE-4110
AGENCY LEGAL SERVICES-06**

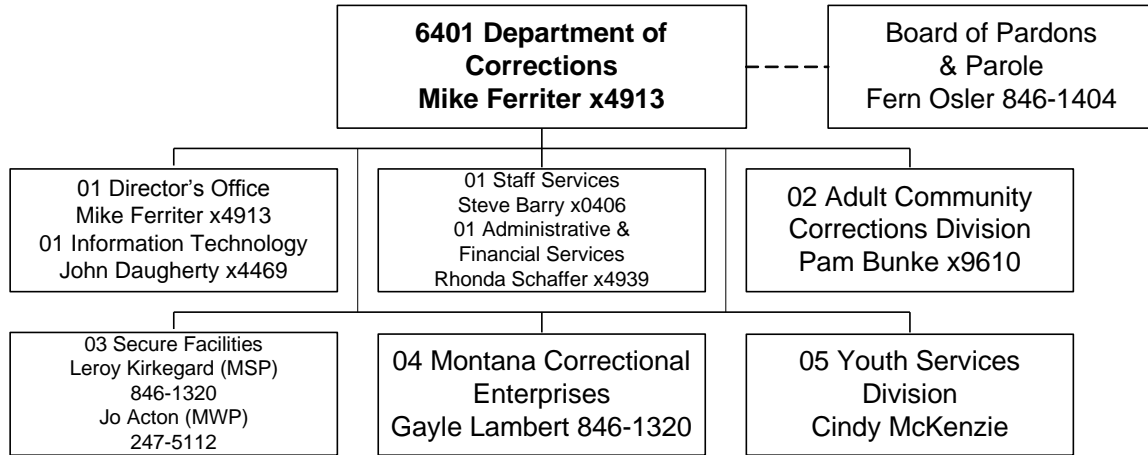
2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Program Name
6500	Agency Legal Services	4110	Agency Legal Services

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue	1,346,998	1,198,048	1,152,264	1,214,760	1,595,396	1,595,396
	-	-	-	-	-	-
	-	-	-	-	-	-
Net Fee Revenue	1,346,998	1,198,048	1,152,264	1,214,760	1,595,396	1,595,396
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	66	48	-	-	-	-
Total Operating Revenue	1,347,064	1,198,096	1,152,264	1,214,760	1,595,396	1,595,396
Operating Expenses:						
Personal Services	1,115,119	1,067,438	977,213	1,328,547	1,389,741	1,392,716
Other Operating Expenses	262,780	232,237	219,272	243,270	178,363	178,788
	-	-	-	-	-	-
Total Operating Expenses	1,377,899	1,299,675	1,196,485	1,571,817	1,568,104	1,571,504
Operating Income (Loss)	(30,835)	(101,579)	(44,221)	(357,057)	27,292	23,892
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(30,835)	(101,579)	(44,221)	(357,057)	27,292	23,892
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	(30,835)	(101,579)	(44,221)	(357,057)	27,292	23,892
Total Net Assets- July 1 - As Restated	(160,317)	(191,152)	(292,731)	(336,952)	(694,009)	(666,717)
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	(160,317)	(191,152)	(292,731)	(336,952)	(694,009)	(666,717)
Net Assets- June 30	(191,152)	(292,731)	(336,952)	(694,009)	(666,717)	(642,825)
60 days of expenses (Total Operating Expenses divided by 6)	229,650	216,613	199,414	261,970	261,351	261,917
Requested Rates for Internal Service Funds						
Fee/Rate Information for Legislative Action						
	Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Fee Group A						
Attorney rate per hour	\$ 93.00	\$ 93.00	\$ 93.00	\$ 93.00	\$ 95.50	\$ 95.50
Investigators rate per hour	\$ 53.00	\$ 53.00	\$ 53.00	\$ 53.00	\$ 55.50	\$ 55.50

DEPARTMENT OF CORRECTIONS-6401

Please note that this agency also contains HB 2 funding.



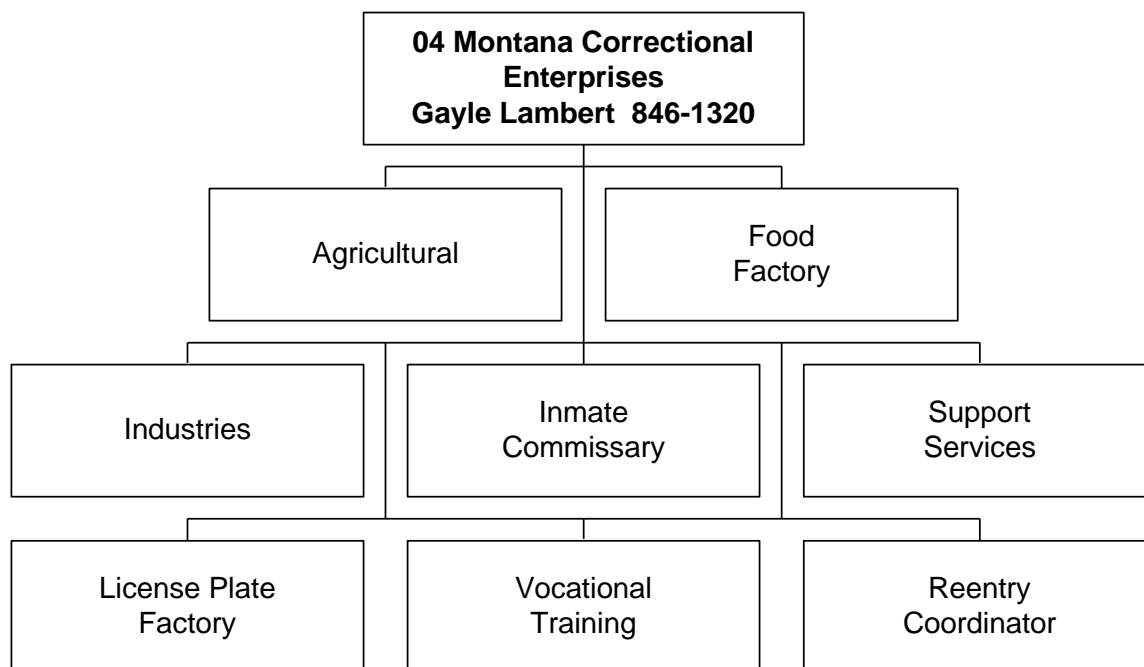
Mission Statement - The Montana Department of Corrections enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community, and supports victims of crime.

Statutory Authority - Provided for in 2-15-2301, 53-1-201 and 53-1-202, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	66.00	0.00	0.00	66.00	0.00	0.00	66.00
Personal Services	3,513,335	(184,590)	0	3,328,745	(180,839)	0	3,332,496
Operating Expenses	7,946,775	(38,194)	0	7,908,581	(23,012)	0	7,923,763
Equipment & Intangible Assets	388,389	0	0	388,389	0	0	388,389
Capital Outlay	35,464	0	0	35,464	0	0	35,464
Total Costs	\$11,883,963	(\$222,784)	\$0	\$11,661,179	(\$203,851)	\$0	\$11,680,112
Proprietary	11,883,963	(222,784)	0	11,661,179	(203,851)	0	11,680,112
Total Funds	\$11,883,963	(\$222,784)	\$0	\$11,661,179	(\$203,851)	\$0	\$11,680,112

DEPARTMENT OF CORRECTIONS-6401 MONT CORRECTIONAL ENTERPRISES-04

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	66.00	0.00	0.00	66.00	0.00	0.00	66.00
Personal Services	3,513,335	(184,590)	0	3,328,745	(180,839)	0	3,328,745
Operating Expenses	7,946,775	(38,194)	0	7,908,581	(23,012)	0	7,908,581
Equipment & Intangible Assets	388,389	0	0	388,389	0	0	388,389
Capital Outlay	35,464	0	0	35,464	0	0	35,464
Total Costs	\$11,883,963	(\$222,784)	\$0	\$11,661,179	(\$203,851)	\$0	\$11,661,179
Proprietary	11,883,963	(222,784)	0	11,661,179	(203,851)	0	11,661,179
Total Funds	\$11,883,963	(\$222,784)	\$0	\$11,661,179	(\$203,851)	\$0	\$11,661,179

Proprietary Program Description -The Montana Correctional Enterprises (MCE) Industry program includes furniture, upholstery, print, sign, sewing, garment graphics, and laundry operations at the Montana State Prison and Montana Women's Prison facilities. At the current time there are not any programs operating at the regional and private facilities.

The MCE Ranch and Dairy operation includes range cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, and lumber processing, which are all located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop and Toyota cutaway operation at the Montana State Prison facility.

The MCE Food Factory program prepares bulk and trayed meals, including baked goods, at the Montana State Prison facility for eight institutions in Montana

The MCE License Plate program manufactures vehicle license plates at the Montana State Prison facility. Currently there are over 160 different types of plates manufactured.

DEPARTMENT OF CORRECTIONS-6401 MONT CORRECTIONAL ENTERPRISES-04

The MCE Inmate Canteen provides offender commissary goods for all Montana correctional facilities. The commissary is located at the Montana State Prison facility.

The generally funded Adult Education and MCE Vocational Education program operate at the Montana State Prison. At the end of fiscal year 12 adult education was administratively moved under the MCE Vocational Education program with the name changed to Adult and Vocational Education. This administrative move was to become more cost effective and to improve continuity of operations with all correctional education.

Proprietary Revenues and Expenses -

Montana Correctional Enterprise revenues are derived from the sale of product and services to state, city, county, nonprofit and private customers. Operational needs, cash flow, economic return, customer orders, and product inventory levels determine the level of expenditures. Revenue levels are dependent on marketing efforts, cattle and dairy market conditions, legislative restrictions, governmental and nonprofit customer needs and purchases, expansion and adjustment of the product line, private sector complaints and private customer contracts. In addition revenues for the Laundry and Cook Chill operation are dependent on daily populations of the facilities they service, and Inmate Canteen revenues are dependent on orders received from inmates located at all the Montana correctional facilities.

Proprietary Rate Explanation -The MCE Industries rates for furniture, upholstery, print and sign shops are based on competitive product pricing.

MCE ranch and dairy rates are based on the current market prices of cattle, crops and dairy products. Lumber processing rates are based on current market value of the service performed.

The Food Factory rates are based on material cost and operating expenses. Meal prices are commensurate with costs incurred.

MCE License Plate Factory rate is based on material cost and operating expenses.

MCE Inmate Canteen rates are based on material cost and operating expenses.

**DEPARTMENT OF CORRECTIONS-6401
MONT CORRECTIONAL ENTERPRISES-04**

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund	Fund Name	Agency #	Agency Name	Program Name
6034	MSP Institutional Industries	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sale of Industries Products	2,387,949	2,274,090	2,528,434	2,670,000	2,515,000	2,515,000
Net Fee Revenue	2,387,949	2,274,090	2,528,434	2,670,000	2,515,000	2,515,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	2,387,949	2,274,090	2,528,434	2,670,000	2,515,000	2,515,000
Operating Expenses:						
Personal Services	1,192,206	1,030,032	936,909	1,287,068	1,101,435	1,102,510
Other Operating Expenses	1,209,710	1,219,752	1,366,317	1,265,145	1,157,170	1,158,639
Total Operating Expenses	2,401,916	2,249,784	2,303,226	2,552,213	2,258,605	2,261,149
Operating Income (Loss)	(13,967)	24,306	225,208	117,787	256,395	253,851
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(13,967)	24,306	225,208	117,787	256,395	253,851
Contributed Capital		-	-	-	-	-
Operating Transfers In (Note 13)		-	-	-	-	-
Operating Transfers Out (Note 13)		-	(265)	-	-	-
Change in net assets	(13,967)	24,306	224,943	117,787	256,395	253,851
Total Net Assets- July 1 - As Restated	1,852,044	1,838,077	1,862,383	2,087,326	2,205,113	2,461,508
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	1,852,044	1,838,077	1,862,383	2,087,326	2,205,113	2,461,508
Net Assets- June 30	1,838,077	1,862,383	2,087,326	2,205,113	2,461,508	2,715,359
60 days of expenses (Total Operating Expenses divided by 6)	400,319	374,964	383,871	425,369	376,434	376,858

Requested Rates for Enterprise Funds

Fee/Rate Information

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Cost Per Pound for Laundry Services, including delivery						
Base Laundry Price for Customer	0.43	0.43	0.48	0.48	0.51	0.52
Delivery Charge per Pound						
Montana Developmental Center	0.05	0.05	0.05	0.05	0.05	0.05
Riverside Youth Correctional Facility	0.05	0.05	0.05	0.05	0.05	0.05
Montana Law Enforcement Academy	0.15	0.15	0.15	0.15	0.15	0.15
Montana Chemical Dependency Corp.	0.04	0.04	0.04	0.04	0.04	0.04
START Program	0.01	0.01	0.01	0.01	0.01	0.01
Montana State Hospital	0.01	0.01	0.01	0.01	0.01	0.01
University of Montana		0.20	0.20	0.20	0.20	0.20

**DEPARTMENT OF CORRECTIONS-6401
MONT CORRECTIONAL ENTERPRISES-04**

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund 06033	Fund Name Prison Ranch	Agency # 64010	Agency Name Dept. of Corrections	Program Name Mont Correctional Enterprises
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sales of Products	3,915,822	4,005,816	4,751,321	4,552,567	4,750,000	4,750,000
MFBN Cannery Service Revenues		-	-	-	-	-
Net Fee Revenue	3,915,822	4,005,816	4,751,321	4,552,567	4,750,000	4,750,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	3,915,822	4,005,816	4,751,321	4,552,567	4,750,000	4,750,000
Operating Expenses:						
Personal Services	1,437,799	1,387,871	1,393,101	1,507,164	1,205,003	1,207,963
Other Operating Expenses	2,544,843	2,540,013	2,587,111	3,075,205	3,015,787	3,027,543
Total Operating Expenses	3,982,642	3,927,884	3,980,212	4,582,369	4,220,790	4,235,506
Operating Income (Loss)	(66,820)	77,932	771,109	(29,802)	529,210	514,494
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	(77,989)	25,941	139,268	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	(62,099)	-	-	-
Net Nonoperating Revenues (Expenses)	(77,989)	25,941	77,169	-	-	-
Income (Loss) Before Operating Transfers	(144,809)	103,873	848,278	(29,802)	529,210	514,494
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	61,000	-	-	-
Operating Transfers Out (Note 13)	-	-	(61,000)	-	-	-
Change in net assets	(144,809)	103,873	848,278	(29,802)	529,210	514,494
Total Net Assets- July 1 - As Restated	9,668,481	9,523,672	9,627,545	10,475,823	10,046,375	10,046,375
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	9,668,481	9,523,672	9,627,545	10,475,823	10,046,375	10,046,375
Net Assets- June 30	9,523,672	9,627,545	10,475,823	10,446,021	10,575,585	10,560,869
60 days of expenses						
(Total Operating Expenses divided by 6)	663,774	654,647	663,369	763,728	703,465	705,918

DEPARTMENT OF CORRECTIONS-6401 MONT CORRECTIONAL ENTERPRISES-04

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
6573	MCE Food Factory	64010	Dept. of Corrections	Secure Custody Facilities

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Food Product Sales	3,544,935	3,840,626	3,918,933	3,900,000	3,950,000	3,950,000
Net Fee Revenue	3,544,935	3,840,626	3,918,933	3,900,000	3,950,000	3,950,000
Investment Earnings	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	3,544,935	3,840,626	3,918,933	3,900,000	3,950,000	3,950,000
Operating Expenses:						
Personal Services	987,849	937,547	973,675	972,507	896,445	896,334
Other Operating Expenses	2,831,739	3,093,112	3,138,905	3,167,967	3,013,780	3,015,721
Total Operating Expenses	3,819,588	4,030,659	4,112,580	4,140,474	3,910,225	3,912,055
Operating Income (Loss)	(274,653)	(190,033)	(193,647)	(240,474)	39,775	37,945
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	(274,653)	(190,033)	(193,647)	(240,474)	39,775	37,945
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	(170,000)	-	-	-
Change in net assets	(274,653)	(190,033)	(363,647)	(240,474)	39,775	37,945
Total Net Assets- July 1 - As Restated	3,133,060	2,858,407	2,668,374	2,304,727	2,064,253	2,104,028
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	3,133,060	2,858,407	2,668,374	2,304,727	2,064,253	2,104,028
Net Assets- June 30	2,858,407	2,668,374	2,304,727	2,064,253	2,104,028	2,141,973
60 days of expenses						
(Total Operating Expenses divided by 6)	636,598	671,777	685,430	690,079	651,704	652,009

Requested Rates for Internal Service Funds Fee/Rate Information for Legislative Action

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Tray Meal Prices to all customers						
Base Tray-Hot/Cold	\$ 1.69	\$ 1.69	\$ 1.73	\$ 1.73	\$ 2.14	\$ 2.32
Base Tray-Hot			\$ 0.87	\$ 0.87	\$ 1.08	\$ 1.18
Detention Center Trays			\$ 2.45	\$ 2.45	\$ 2.72	\$ 2.92
Accessory Package			\$ 0.10	\$ 0.10	\$ 0.16	\$ 0.16
Delivery Charge Per Trayed Meal						
Delivery charge - per mile	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Deliver charge - per hour	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00
Bulk Food is sold at cost, with a spoilage percentage added on and an overhead charge to cover operating expenses. Overhead charge is based on historical costs and volume of sales to the customer, as a percentage of overall food costs. Delivery is based						
Spoilage percentage to						
all customers	4%	4%	5%	5%	5%	5%
(Overhead Chrg)						
Montana State Hospital			11%	11%	11%	11%
MSH - supplies only	12%	12%				
MSH - all overhead except supplies	6%	6%				
Montana State Prison			77%	77%	76%	76%
MSP - supplies only	77%	77%				
MSP - all overhead except supplies	41%	41%				
Treasure State Correctional Training			12%	12%	13%	13%
TSCTC - supplies only	11%	11%				
TSCTS - all overhead except supplies	6%	6%				

**DEPARTMENT OF CORRECTIONS-6401
MONT CORRECTIONAL ENTERPRISES-04**

2015 Biennium Report on Internal Service and Enterprise Funds 2015

Fund	Fund Name	Agency #	Agency Name	Program Name
06572	MCE License Plate	64010	Dept. of Corrections	Mont Correctional Enterprises

	Actual FY10	Actuals FY11	Actuals FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Sale of License Plate Products	1,106,138	1,956,924	847,418	1,341,500	1,430,000	1,430,000
Net Fee Revenue	1,106,138	1,956,924	847,418	1,341,500	1,430,000	1,430,000
Investment Earnings	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	1,106,138	1,956,924	847,418	1,341,500	1,430,000	1,430,000
Operating Expenses:						
Personal Services	-	142,065	153,904	162,499	125,862	125,689
Other Operating Expenses	-	1,049,261	980,418	1,184,790	721,844	721,860
Total Operating Expenses	-	1,191,326	1,134,322	1,347,289	847,706	847,549
Operating Income (Loss)	1,106,138	765,598	(286,904)	(5,789)	582,294	582,451
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	1,106,138	765,598	(286,904)	(5,789)	582,294	582,451
Contributed Capital		24,109	-	-		
Operating Transfers In (Note 13)		1,425,265	-	-		
Operating Transfers Out (Note 13)		-	(1,222,061)	-		
Change in net assets	1,106,138	2,214,972	(1,508,965)	(5,789)	582,294	582,451
Total Net Assets- July 1 - As Restated	-	1,106,138	3,321,110	1,812,145	1,806,356	2,388,650
Prior Period Adjustments	-	-	-	-		
Cumulative effect of account change	-	-	-	-		
Total Net Assets - July 1 - As Restated	-	1,106,138	3,321,110	1,812,145	1,806,356	2,388,650
Net Assets- June 30	1,106,138	3,321,110	1,812,145	1,806,356	2,388,650	2,971,101
60 days of expenses (Total Operating Expenses divided by 6)	-	198,554	189,054	224,548	141,284	141,258

Requested Rates for Enterprise Funds

Fee/Rate Information

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Cost Per Set of Plates for MCE License Plates cost per set	6.20	6.20	6.20	6.20	6.20	6.20
Components:						
Basic:						
Manufacturing cost per set					4.45	4.45
Additional:						
Registration fulfillment inventory system					1.25	1.25
Distribution					0.50	0.50

DEPARTMENT OF CORRECTIONS-6401 MONT CORRECTIONAL ENTERPRISES-04

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name
06545	Vocational Education	64010	Dept. of Corrections	Mont Correctional Enterprises

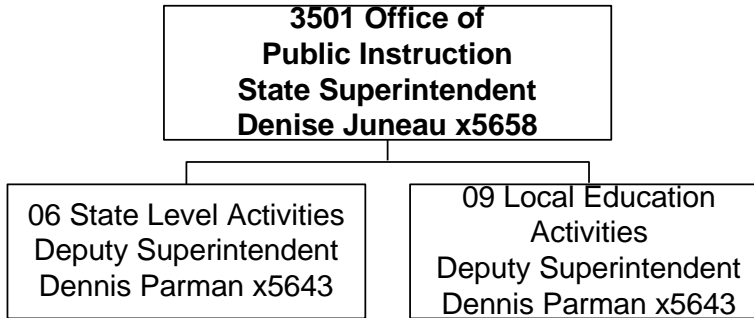
	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Revenue from Motor Vehicle Maintenance Service	560,212	556,858	585,665	597,000	597,000	597,000
Net Fee Revenue	560,212	556,858	585,665	597,000	597,000	597,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	560,212	556,858	585,665	597,000	597,000	597,000
Operating Expenses:						
Personal Services	227,615	145,775	145,423	248,464	237,731	237,446
Other Operating Expenses	312,331	392,176	388,334	454,618	490,474	490,474
Total Operating Expenses	539,946	537,951	533,757	703,082	728,205	727,920
Operating Income (Loss)	20,266	18,907	51,908	(106,082)	(131,205)	(130,920)
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	20,266	18,907	51,908	(106,082)	(131,205)	(130,920)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	20,266	18,907	51,908	(106,082)	(131,205)	(130,920)
Total Net Assets- July 1 - As Restated	17,667	37,931	56,838	108,746	2,664	(128,541)
Prior Period Adjustments	(2)	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	17,665	37,931	56,838	108,746	2,664	(128,541)
Net Assets- June 30	37,931	56,838	108,746	2,664	(128,541)	(259,461)
60 days of expenses (Total Operating Expenses divided by 6)	89,991	89,659	88,960	117,180	121,368	121,320

Requested Rates for Internal Service Funds Fee/Rate Information for Legislative Action

	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Fee Group A -						
Rate 1 per hour Labor Charge for Motor Vehicle Maint	\$ 26.50	\$ 26.50	\$ 26.50	\$ 26.50	\$ 27.45	\$ 28.45
Rate 2 (per unit) Supply fee as a percentage of actual cost of parts	3%	3%	5%	5%	5%	5%
Rate 3 Parts are sold at actual cost						

OFFICE OF PUBLIC INSTRUCTION-3501

Please note that this agency also contains HB 2 funding.



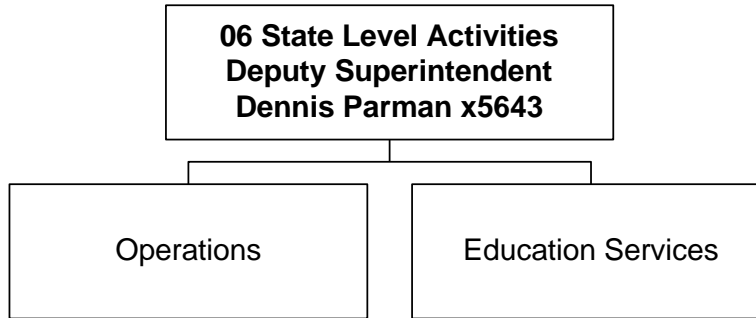
Mission Statement - The Montana Office of Public Instruction provides vision, advocacy, support, and leadership for schools and communities to ensure that all students meet today's challenges and tomorrow's opportunities.

Statutory Authority - Title 20, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	23.95	0.00	0.00	23.95	0.00	0.00	23.95
Personal Services	1,725,579	(358,151)	0	1,367,428	(355,955)	0	1,369,624
Operating Expenses	804,509	67,191	(839)	870,861	(14,581)	(839)	789,089
Equipment & Intangible Assets	11,988	0	0	11,988	0	0	11,988
Total Costs	\$2,542,076	(\$290,960)	(\$839)	\$2,250,277	(\$370,536)	(\$839)	\$2,170,701
Proprietary	2,542,076	(290,960)	(839)	2,250,277	(370,536)	(839)	2,170,701
Total Funds	\$2,542,076	(\$290,960)	(\$839)	\$2,250,277	(\$370,536)	(\$839)	\$2,170,701

**OFFICE OF PUBLIC INSTRUCTION-3501
STATE LEVEL ACTIVITIES-06**

Please note that this program also contains HB 2 funding.



Proprietary Rates

Program Proposed Budget	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	23.95	0.00	0.00	23.95	0.00	0.00	23.95
Personal Services	1,725,579	(358,151)	0	1,367,428	(355,955)	0	1,369,624
Operating Expenses	804,509	67,191	(839)	870,861	(14,581)	(839)	789,089
Equipment & Intangible Assets	11,988	0	0	11,988	0	0	11,988
Total Costs	\$2,542,076	(\$290,960)	(\$839)	\$2,250,277	(\$370,536)	(\$839)	\$2,170,701
Proprietary	2,542,076	(290,960)	(839)	2,250,277	(370,536)	(839)	2,170,701
Total Funds	\$2,542,076	(\$290,960)	(\$839)	\$2,250,277	(\$370,536)	(\$839)	\$2,170,701

Proprietary Program Description -

Indirect Cost Pool

OPI's internal service fund (A/E 06512) is used to pool internal and statewide central service type costs that are charged back to all of OPI's state and federally funded programs using a pre-approved indirect cost rate.

Montana Advanced Driver Education Program (Montana D.R.I.V.E.)

This is a seasonal, hands-on, behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of the OPI at a training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews, and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers, and to the general public.

Proprietary Revenues and Expenses -

Indirect Cost Pool

Indirect cost pool revenues are a function of the amount of expenditures recorded in the State Level Activities Program. Revenues are generated monthly by applying an approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. In FY 2012 OPI federal programs contributed \$1,829,509 (SABHRS revenue account 584002) toward the cost of "indirects"; general and other state-funded programs contributed \$1,134,019 (SABHRS revenue account 522029). State and federal program payments to the indirect cost pool are recorded using SABHRS account 62827. OPI negotiates a three-year "predetermined rate" with the US Department of Education. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA. The federally approved rate for FY 2011 through FY 2013 is 17 percent.

OFFICE OF PUBLIC INSTRUCTION-3501 STATE LEVEL ACTIVITIES-06

Federal indirect cost recoveries were greater than in previous years as a result of the American Recovery and Reinvestment Act of 2009 (ARRA) for both FY 2011 and FY 2012. Revenues to the Indirect Cost Pool from ARRA funds were \$307,129 in FY 2011 and \$263,372 in FY 2012.

Costs of OPI operations that are paid from the indirect cost pool include: Termination payouts (vacation/comp time/sick leave) for all staff (except the State Superintendent and her personal staff).

Services provided to OPI by other state agencies for a fee:

- o Department of Administration (DOA) General Liability Insurance and Employee Bonds
- o DOA Warrant Writing Fees
- o DOA Human Resources Information Fees
- o DOA Workers' Comp Management Fee
- o Legislative Audit Fees
- o DOA SABHRS Costs
- o DOA telephone equipment charges, network services charges, and enterprise fees
- o DOA rent charge for common areas (bathrooms, halls, conference rooms)
- o DOA Capitol Complex Grounds Maintenance
- o OPI's share of statewide indirect costs, allocated through a Statewide Cost Allocation Plan (SWCAP) prepared by the DOA.

Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, word processing, mail delivery and resource center services to all OPI programs. Operating costs associated with 22.15 FTE are paid from the pool, including the cost of rent for space they occupy, office supplies, postage, long distance phone charges, equipment, training, travel, photocopy charges, etc. General-use items such as paper, FAX lines, and shared equipment, including maintenance contracts on that equipment. Legislative audit costs are biennial and requested in the first year of the biennium only.

Working Capital Discussion:- Working Capital is not considered in the rate determination. Sufficient working capital is needed for cash flow during the first 30 - 60 days of the fiscal year. As a result of ARRA funding, fees exceeded costs by more than 60 days at the end of fiscal year 2012. The OPI is charging a lower rate in FY 2013 to ensure fees are commensurate with costs.

Fund Equity and Reserved Fund Balance:- There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for ongoing operations. If a significant balance accumulates because direct expenses increase at a faster rate than indirect expenses, the approved rate will adjust downward to reduce the excess over time.

Montana Advanced Driver Education Program (Montana D.R.I.V.E.)

Revenues are generated from workshop fees collected from program users (authority Title 20, MCA). Typically the program serves 500-600 participants a season. The current fee is \$290 for a full-day workshop per person. Program fees will remain within the same range as reported in the 2011 biennium of \$260 - \$320. This should cover any unusual maintenance costs that are incurred during a season. It is anticipated that services will remain approximately the same as present in the 2015 Biennium.

Cost drivers for fees include instructor expenses (includes salaries, travel, and per diem); vehicle maintenance and operating expenses (fuel and repairs), classroom and track supplies, track lease, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, support services, etc.). Need for improvements to the facility are pending.

Working Capital Discussion:- This program is a summer seasonal program that operates 45 - 55 days during June, July, and August utilizing 10 - 12 vehicles. The program typically employs four professional instructors for each workshop (10 - 11 hours per day each) totaling 1.30 FTE. A director (0.15 FTE) and a program specialist (0.23 FTE) provide administrative support during the year. Most revenue is received in April - June through pre-paid workshop registrations. Most expenses are realized June through August, with continuing administrative expenses during the remainder of the year. The program requires 30 - 45 percent of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July - March.

OFFICE OF PUBLIC INSTRUCTION-3501 STATE LEVEL ACTIVITIES-06

Fund Equity and Reserved Fund Balance:- In addition to operating expenses during non-revenue months, the program also incurs periodic (every 2 - 5 years) expenditures for replacement of vehicles and facility maintenance/improvement. Payment of these services requires accumulation and an amount of revenue to carryover from year to year of approximately 10 - 20 percent of its annual budget.

Proprietary Rate Explanation -

Indirect Cost Pool

OPI negotiates a three year "predetermined rate" with the US Department of Education. The rate is calculated in accordance with federal regulations and section 17-3-111, MCA. The approved rate for FY 2013 is 17%. The proposed rate for fiscal year 2014 is 17.5%. The actual rate will be negotiated in December 2012 and may be higher or lower than the budgeted rate of 16.2% for FY 2014 and 15.65% for FY 2015 and will be applicable FY 2014 through FY 2016.

Montana Advanced Driver Education Program (Montana D.R.I.V.E.)

Workshop rates are fixed rates evaluated against workshop personnel expenses, operating expenses, and depreciated vehicle costs on a seasonal basis to ensure workshop operating expenses are covered. Inflationary influences are anticipated as best as possible to ensure that inflation does not leave the program in a deficit situation. All attempts are made to keep workshop fees low since the potential customers such as bus drivers, volunteer firemen, and ambulance drivers have small training budgets.

2015 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06512	Indirect Cost Pool	3501	Office of Public Instruction	State Level Activities		
			Actual	Actual	Actual	Budgeted
			FY10	FY11	FY12	FY13
						Budgeted
						FY14
						Budgeted
						FY15
Operating Revenues:						
	Nonfederal Indirect Cost Recoveries		1,208,401	1,138,707	1,134,019	817,400
	Federal Indirect Cost Recoveries		1,368,475	1,772,628	1,829,509	1,348,100
	Other Operating Revenues		8,150	9,001	8,179	9,000
	Total Operating Revenue		2,585,026	2,920,337	2,971,707	2,174,500
Operating Expenses:						
	Personal Services term costs fy12-\$284,623		1,431,144	1,384,152	1,344,821	1,330,037
	Termination costs for HB2 FTE		278,580	101,507	284,624	400,000
	Other Operating Expenses		834,985	883,302	752,020	802,344
	Other Post Employment Expense		71,339	77,628	77,568	78,000
	Total Operating Expenses		2,616,048	2,446,589	2,459,033	2,610,381
	Operating Income (Loss)		(31,022)	473,748	512,675	(435,881)
	Total Net Assets- July 1 - As Restated		(80,342)	(111,364)	362,384	875,059
	Total Net Assets - July 1 - As Restated		(80,342)	(111,364)	362,384	875,059
	Net Assets- June 30		(111,364)	362,384	875,059	439,178
	60 days of expenses					
	(Total Operating Expenses divided by 6)		436,008	407,765	409,839	435,064
Requested Rates for Internal Service Funds						
Fee/Rate Information						
			Actual	Budgeted	Actual	Budgeted
			FY10	FY11	FY12	FY13
						Budgeted
						FY14
						Budgeted
						FY15
	Unrestricted Rate		24.0%	17.5%	17.5%	12.20%
	Restricted Rate		16.3%	17.0%	17.0%	12.20%
						16.20%
						15.65%
OPI's indirect cost rate is negotiated with the U.S. Department of Education every three-years in accordance with federal regulations published in OMB Circular A-87, U.S. Department of Education General Administrative Requirements, and section 17-3-111, MCA. The restricted rate approved by the U.S. Department of Education for FY2011-FY2013 is 17%. The approved unrestricted rate is 17.5%. The restricted rate is applied to all general fund programs and to federal programs with "supplement not supplant" requirements.						

OFFICE OF PUBLIC INSTRUCTION-3501 STATE LEVEL ACTIVITIES-06

2015 Biennium Report on Internal Service and Enterprise Funds									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06067	Advanced Drivers Education	3501	Office of Public Instruction	State Level Activities					
				Actual FY 10	Actual FY 11	Actual FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15
Operating Revenues:									
Fee revenue									
From Fee A - Full Day Workshop									
Half Day Refresher Workshop									
From Fee B - Daily Track Rentals, Exclusive									
From Fee C - Periodic or Extended Track Rental, Non-Exclu.									
From Fee D - Custom Training/Workshop									
Misc. Income									
Total Operating Revenue									
Operating Expenses:									
Personal Services									
Other Operating Expenses									
Total Operating Expenses									
Operating Income (Loss)									
Total Net Assets- July 1 - As Restated									
Net Assets- June 30									
60 days of expenses (Total Operating Expenses divided by 6)									
Fee/Rate Information									
		Actual FY 10	Budgeted FY 11	Budgeted FY 12	Budgeted FY 13	Budgeted FY 14	Budgeted FY 15		
Fee Group A	Rate 1 (per unit) Full-Day Workshop	260-320	260-320	260-320	260-320	260-320	260-320		
	Rate 2 (per unit) Half-Day Workshop	155-190	155-190	155-190	155-190	155-190	155-190		
	Rate 3 (per unit)								
Fee Group B	Rate 4 (per unit) Daily Track Rental - Gov.	150-200	150-200	150-200	150-200	150-200	150-200		
	Rate 5 (per unit) Daily/Yearly High Schools	40/600	40/600	40/600	40/600	40/600	40/600		
	Rate 6 (per unit) Daily Track Rental Non-Profit	330-400	330-400	330-400	330-400	330-400	330-400		
	Rate 7 (per unit) Daily Private for Profit	2000-2750	2000-2750	2000-2750	2000-2750	2000-2750	2000-2750		
Fee Group C	Rate 8 (per unit) Periodic/Extended Non-Exclusive - Gov	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated		
	Rate 9 (per unit) Periodic/Extended Non-Exclusive - Non-Profit	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated		
Fee Group D	Rate 10 (per unit) Custom Full-Day Workshop	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated		
	Rate 11 (per unit) Custom, Other training configurations	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated	Negotiated		
Misc. Income This includes fees collected for use of cones, equipment of other misc. assets					Negotiated	Negotiated	Negotiated		
<p>Group A represents the workshops the Office of Public Instruction offers for driver improvement and advanced driver education. It is typically a one-day workshop or a half-day refresher course. It involves a driving track, four to five instructors, and 10-12 vehicles.</p> <p>Group B are the fees other users of the tract pay for exclusive use of the track. Rate 5 for High Schools involves use of the track after hours or on dates not scheduled for other uses.</p> <p>Group C are fees charged to groups that use the track on a non-exclusive basis that involves periodic or extended use, such as research projects that can accommodate other users, or are confined to dates that are not typically used. A fee that fairly represents the loss of track time from other uses, accounts for value added benefits to the program/facility, and takes into account wear and tear on facility will be negotiated.</p> <p>Change of Lead Agency Status. As of February 28, 2008, Western Transportation Institute became the lead agency at the Lewistown Montana driving facility and will now arrange for and collect use fees from other users. OPI now subleases the tract from WTI and will rarely see track revenue from other users based upon this change. OPI will occasionally realize misc. income from other uses of cones, signs, and other misc. assets.</p> <p>Fiscal cycle note: Revenues and budgeting need to provide resources that can be carried over to cover costs incurred by the program in low/non-revenue months (September – March), and to accrue funds across fiscal years for replacement of vehicles and periodic repairs to the facility.</p> <p>Increased rates in all areas represent increasing costs and improvements to the facility spring of 2011.</p>									

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

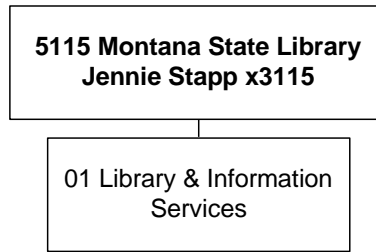
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	(\$839)	\$0
FY 2015	(\$839)	\$0

NP - 6101 - Professional Development Center Fee Allocation -

The Professional Development Center at the Department of Administration has been funded for many years by fees assessed for individual training courses. For the 2015 biennium and beyond, the programs will be funded via a fixed cost allocation. Because the allocation represents a funding switch, it must be presented as a new proposal for the next biennium. The budget includes a reduction of \$839 proprietary funds each year of the 2015 biennium for the allocation of the fixed cost.

MONTANA LIBRARY COMMISSION-5115 STATEWIDE LIBRARY RESOURCES-01

Please note that this agency also contains HB 2 funding.



Mission Statement - The Montana State Library is committed to strengthening libraries and information services for all Montanans through leadership, advocacy, and service.

Statutory Authority - Title 22, Chapter 1, and Title 90, Chapter 15, MCA.

Program Description - The State Library operations program provides 1) information services to state government employees and officials; 2) assistance to all public libraries; 3) reading material for all blind and physically handicapped Montana residents; 4) direction to the six library federations and 5) a centralized depository for natural resources information. This program also administers the state documents depository system, and coordinates the development of information resources and library information systems throughout the state. The program also manages the budgetary, personnel, and administrative functions of the State Library.

Proprietary Rates

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	0.00	0.00	1.62	1.62	0.00	1.62	1.62
Personal Services	81,201	(81,201)	81,763	81,763	(81,201)	81,651	81,651
Operating Expenses	155,212	(3)	48,750	203,959	14	48,750	203,976
Equipment & Intangible Assets	0	0	0	0	0	0	0
Total Costs	\$236,413	(\$81,204)	\$130,513	\$285,722	(\$81,187)	\$130,401	\$285,627
Proprietary	236,413	(81,204)	130,513	285,722	(81,187)	130,401	285,627
Total Funds	\$236,413	(\$81,204)	\$130,513	\$285,722	(\$81,187)	\$130,401	\$285,627

Proprietary Program Description -The Montana Shared Catalog (MSC) is a cooperative project involving 160+ libraries. Public libraries, school libraries, academic libraries, medical libraries, and other special libraries have pooled resources to purchase a robust library automation system. Members enjoy the benefits of shared expertise and the ability to provide great service to library customers. The Montana State Library (MSL) became the fiscal agent for the MSC in FY 2008.

Proprietary Revenues and Expenses -

The MSC members pay membership dues that are used to pay operating expenses. There are approximately 160 member libraries that pay membership fees each year. Expenditures include payment of required fees for software licensing, user interface, and indexing to make the system run; payment for required yearly catalog and director station maintenance; a travel budget that includes meetings twice a year to make decisions on direction of the MSC and conference attendance; training to new library members as well as ongoing training to current members; and equipment replacement.

MONTANA LIBRARY COMMISSION-5115 STATEWIDE LIBRARY RESOURCES-01

Proprietary Rate Explanation – In accord with the written agreement each participating MSC library signs upon joining this library consortium, annual fees assessed each library are established on the basis of a membership-approved cost formula. The goal of the cost formula is to distribute MSC annual operational costs as fairly and evenly as possible based on the following: the individual library's titles count (formula weighting=30%), patron count (formula weighting=30%), circulation count (formula weighting=10%), and an equal share contribution (formula weighting=30%). Libraries which fall below a set threshold in their title counts and patron counts receive a fixed discount in accord with criteria set forth in the cost formula.

2015 Biennium Report on Internal Service and Enterprise Funds									
Fund	Fund Name	Agency #	Agency Name	Program Name					
06021	MT Shared Catalog	51150	State Library Commission	MT State Library					
				Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
				FY10	FY11	FY12	FY13	FY14	FY15
Operating Revenues:									
Fee revenue									
Net Fee Revenue				-	-	-	-	-	-
Investment Earnings				-	-	-	-	-	-
Securities Lending Income				-	-	-	-	-	-
Premiums				-	-	-	-	-	-
Other Operating Revenues				47,956	196,390	321,342	298,000	317,639	317,521
Total Operating Revenue				47,956	196,390	321,342	298,000	317,639	317,521
Operating Expenses:									
Personal Services				-	12,637	22,365	60,326	63,028	62,896
Other Operating Expenses				47,956	183,753	254,607	237,674	254,611	254,625
Equipment Expenses				-	-	44,369	-	-	-
Total Operating Expenses				47,956	196,390	321,342	298,000	317,639	317,521
Operating Income (Loss)				-	-	-	-	-	-
Nonoperating Revenues (Expenses):									
Net Nonoperating Revenues (Expenses)				-	-	-	-	-	-
Income (Loss) Before Operating Transfers				-	-	-	-	-	-
Change in net assets				-	-	-	-	-	-
Total Net Assets- July 1 - As Restated				-	-	-	-	-	-
Prior Period Adjustments				-	-	-	-	-	-
Cumulative effect of account change				-	-	-	-	-	-
Total Net Assets - July 1 - As Restated				-	-	-	-	-	-
Net Assets- June 30				-	-	-	-	-	-
60 days of expenses (Total Operating Expenses divided by 6)				7,993	32,732	53,557	49,667	52,940	52,920

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

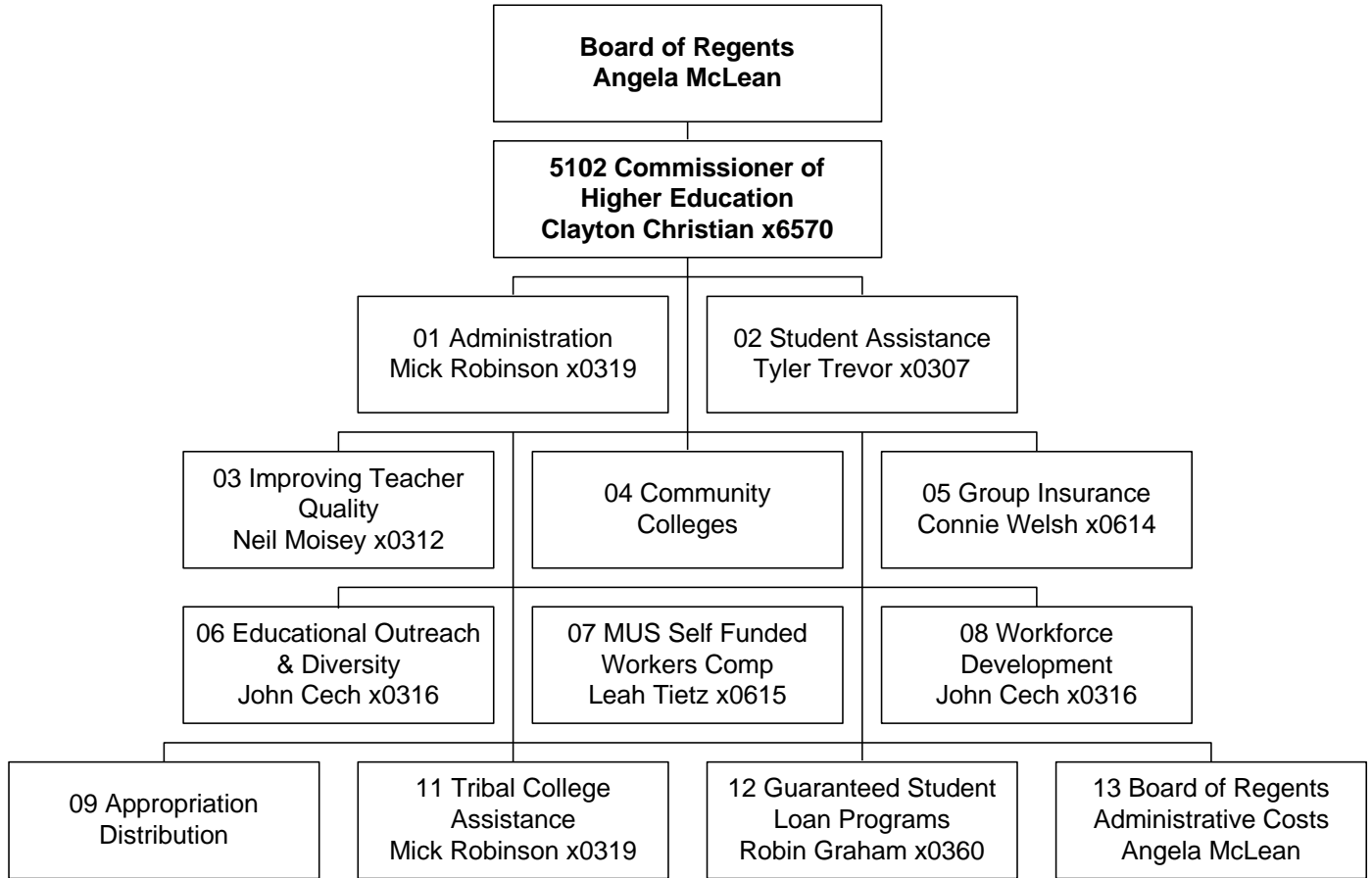
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$130,513	\$0
FY 2015	\$130,401	\$0

NP - 330 - MT Shared Catalog -

MSL is the fiscal agent for the Montana Shared Catalog requesting 1.62 permanent FTE at a cost of about \$82,000 per year and additional operating expense appropriation of about \$49,000 per year. The catalog is funded with proprietary funds and is a cooperative project involving over 160 libraries. Public, school, academic, medical, and special libraries have pooled resources to purchase a robust library automation system. Members enjoy the benefits of shared expertise and the ability to provide great service to library customers. The requested FTE have been funded in the past as modified positions.

COMMISSIONER OF HIGHER ED-5102

Please note that this agency also contains HB 2 funding.



Mission Statement - To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana’s economy and society.

Statutory Authority - Article X, Section 9, Montana Constitution and 2-15-1506, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	5.65	1.35	0.00	7.00	1.35	0.00	7.00
Personal Services	444,484	139,509	0	583,993	140,458	0	584,942
Operating Expenses	8,504,917	(24,505)	0	8,480,412	(24,193)	0	8,480,724
Benefits & Claims	69,001,655	13,698,262	0	82,699,917	13,812,257	0	82,813,912
Total Costs	\$77,951,056	\$13,813,266	\$0	\$91,764,322	\$13,928,522	\$0	\$91,879,578
Proprietary	77,951,056	13,813,266	0	91,764,322	13,928,522	0	91,879,578
Total Funds	\$77,951,056	\$13,813,266	\$0	\$91,764,322	\$13,928,522	\$0	\$91,879,578

COMMISSIONER OF HIGHER ED-5102 MUS GROUP INSURANCE PROGRAM-05

Please note that this program also contains HB 2 funding.

05 Group Insurance
Connie Welsh x0614

Proprietary Rates

Program Proposed Budget Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	4.65	1.35	0.00	6.00	1.35	0.00	6.00
Personal Services	360,226	141,580	0	501,806	141,374	0	501,600
Operating Expenses	7,525,571	(14,224)	0	7,511,347	(13,915)	0	7,511,656
Benefits & Claims	65,604,133	13,596,501	0	79,200,634	13,710,303	0	79,314,436
Total Costs	\$73,489,930	\$13,723,857	\$0	\$87,213,787	\$13,837,762	\$0	\$87,327,692
Proprietary	73,489,930	13,723,857	0	87,213,787	13,837,762	0	87,327,692
Total Funds	\$73,489,930	\$13,723,857	\$0	\$87,213,787	\$13,837,762	\$0	\$87,327,692

Proprietary Program Description -The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. All university system employees, retirees, and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits.

Revenues and Expenses:

This program is an enterprise fund in which the funding is derived from premiums and investment earnings. Expenditures include claims, reinsurance premiums, and administrative costs. The primary cost drivers impacting claims expense increases are medical provider cost increases and increased utilization due to the increasing average age of insured covered in the plan.

Rate Explanation –

The employee-paid portion of these premiums must be adjusted from time to time to maintain employee group benefit plans on an actuarially sound basis. Certain employee benefit plans require a large number of individual premiums for a variety of benefit options. The portion of these premiums paid by the state is statutorily established in 2-18-703, and, the legislature defines rates and fees for Montana university system employee benefit programs as the state contribution toward employee group benefits provided for in 2-18-703, and the employee contribution toward employee group benefits necessary to maintain the employee group benefit plans on an actuarially sound basis.

**COMMISSIONER OF HIGHER ED-5102
MUS GROUP INSURANCE PROGRAM-05**

2015 Biennium Report on Internal Service and Enterprise Funds								
Fund	Fund Name	Agency #	Agency Name		Program Name			
6008	MUS Group Insurance	51020	Commissioner of Higher		MUS Group Insurance			
			Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:								
Fee revenue								
Net Fee Revenue			-	-	-	-	-	-
Investment Earnings			122,469	98,475	369,900	400,000	400,000	400,000
Securities Lending Income			-	-	-	-	-	-
Premiums			64,696,506	75,413,563	78,652,519	100,000,000	79,331,647	80,013,725
Other Operating Revenues			1,721,333	799,212	1,703,093	2,333,690	2,333,690	2,333,690
Total Operating Revenue			66,540,308	76,311,250	80,725,512	102,733,690	82,065,337	82,747,415
Operating Expenses:								
Personal Services			388,607	372,818	365,464	376,635	501,806	501,600
Other Operating Expenses			72,901,967	73,017,646	68,838,629	109,200,000	81,563,531	82,245,815
Total Operating Expenses			73,290,574	73,390,464	69,204,093	109,576,635	82,065,337	82,747,415
Operating Income (Loss)			(6,750,266)	2,920,786	11,521,419	(6,842,945)	0	-
Nonoperating Revenues (Expenses):								
Gain (Loss) Sale of Fixed Assets			-	-	-	-	-	-
Federal Indirect Cost Recoveries			-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)			-	-	-	-	-	-
Income (Loss) Before Operating Transfers			(6,750,266)	2,920,786	11,521,419	(6,842,945)	0	-
Contributed Capital			-	-	-	-	-	-
Operating Transfers In (Note 13)			-	-	-	-	-	-
Operating Transfers Out (Note 13)			-	-	-	-	-	-
Change in net assets			(6,750,266)	2,920,786	11,521,419	(6,842,945)	0	-
Total Net Assets- July 1 - As Restated			29,576,164	22,825,898	25,746,684	37,268,103	30,425,158	30,425,158
Prior Period Adjustments			-	-	-	-	-	-
Cumulative effect of account change			-	-	-	-	-	-
Total Net Assets - July 1 - As Restated			29,576,164	22,825,898	25,746,684	37,268,103	30,425,158	30,425,158
Net Assets- June 30			22,825,898	25,746,684	37,268,103	30,425,158	30,425,158	30,425,158
60 days of expenses (Total Operating Expenses divided by 6)			12,215,096	12,231,744	11,534,016	18,262,773	13,677,556	13,791,236

**COMMISSIONER OF HIGHER ED-5102
MUS GROUP INSURANCE PROGRAM-05**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund	Fund Name	Agency #	Agency Name	Program Name						
06009	MUS Flexible Spending	51020	Commissioner of Higher	MUS Group Insurance						
					Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
					FY10	FY11	FY12	FY13	FY14	FY15
Operating Revenues:										
Fee revenue										
	Net Fee Revenue				-	-	-	-	-	-
	Investment Earnings				-	-	-	-	-	-
	Securities Lending Income				-	-	-	-	-	-
	Premiums				6,581,278	6,230,934	5,915,295	15,134,109	4,743,874	4,743,874
	Other Operating Revenues				-	-	-	-	-	-
	Total Operating Revenue				6,581,278	6,230,934	5,915,295	15,134,109	4,743,874	4,743,874
Operating Expenses:										
	Personal Services				-	-	-	-	-	-
	Other Operating Expenses				6,483,226	6,560,628	4,743,873	14,831,427	4,743,874	4,743,874
	Total Operating Expenses				6,483,226	6,560,628	4,743,873	14,831,427	4,743,874	4,743,874
	Operating Income (Loss)				98,052	(329,694)	1,171,422	302,682	-	-
Nonoperating Revenues (Expenses):										
	Gain (Loss) Sale of Fixed Assets				-	-	-	-	-	-
	Federal Indirect Cost Recoveries				-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)				-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)				-	-	-	-	-	-
	Income (Loss) Before Operating Transfers				98,052	(329,694)	1,171,422	302,682	-	-
	Contributed Capital				-	-	-	-	-	-
	Operating Transfers In (Note 13)				-	-	-	-	-	-
	Operating Transfers Out (Note 13)				-	-	-	-	-	-
	Change in net assets				98,052	(329,694)	1,171,422	302,682	-	-
	Total Net Assets- July 1 - As Restated				673,846	771,897	442,203	1,613,625	1,916,307	1,916,307
	Prior Period Adjustments				-	-	-	-	-	-
	Cumulative effect of account change				-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated				673,846	771,897	442,203	1,613,625	1,916,307	1,916,307
	Net Assets- June 30				771,897	442,203	1,613,625	1,916,307	1,916,307	1,916,307
	60 days of expenses (Total Operating Expenses divided by 6)				1,080,538	1,093,438	790,646	2,471,905	790,646	790,646

**COMMISSIONER OF HIGHER ED-5102
MUS GROUP INSURANCE PROGRAM-05**

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 06010	Fund Name CHE Wellness Account	Agency # 51020	Agency Name Commissioner of Higher	Program Name MUS Group Insurance						
					Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:										
Fee revenue										
	Net Fee Revenue				-	-	-	-	-	-
	Investment Earnings				-	-	-	-	-	-
	Securities Lending Income				-	-	-	-	-	-
	Premiums				59,939	16,976	6,131	15,000	5,211	5,211
	Other Operating Revenues				-	-	-	-	-	-
	Total Operating Revenue				59,939	16,976	6,131	15,000	5,211	5,211
Operating Expenses:										
Personal Services										
	Other Operating Expenses				10,353	10,401	5,211	10,353	5,211	5,211
	Total Operating Expenses				10,353	10,401	5,211	10,353	5,211	5,211
	Operating Income (Loss)				49,586	6,576	920	4,647	-	-
Nonoperating Revenues (Expenses):										
Gain (Loss) Sale of Fixed Assets										
	Federal Indirect Cost Recoveries				-	-	-	-	-	-
	Other Nonoperating Revenues (Expenses)				-	-	-	-	-	-
	Net Nonoperating Revenues (Expenses)				-	-	-	-	-	-
	Income (Loss) Before Operating Transfers				49,586	6,576	920	4,647	-	-
	Contributed Capital				-	-	-	-	-	-
	Operating Transfers In (Note 13)				-	-	-	-	-	-
	Operating Transfers Out (Note 13)				-	-	-	-	-	-
	Change in net assets				49,586	6,576	920	4,647	-	-
	Total Net Assets- July 1 - As Restated				6,917	56,503	63,079	63,999	68,646	68,646
	Prior Period Adjustments				-	-	-	-	-	-
	Cumulative effect of account change				-	-	-	-	-	-
	Total Net Assets - July 1 - As Restated				6,917	56,503	63,079	63,999	68,646	68,646
	Net Assets- June 30				56,503	63,079	63,999	68,646	68,646	68,646
	60 days of expenses (Total Operating Expenses divided by 6)				1,726	1,733	868	1,726	869	869

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$13,677,556	\$0
FY 2015	\$13,791,236	\$0

PL - 501 - Present law increases for OCHE benefits -

This decision package increases authority \$13,677,556 in FY 2014 and \$13,791,236 in FY 2015 based upon actuary reports, amount for benefits and claims are increasing. Also, 1.35 FTE are requested to assist with MUS work load to implement and ensure compliance with the affordable care act.

COMMISSIONER OF HIGHER ED-5102 MUS WORKERS COMPENSATION PROGRAM-07

Please note that this program also contains HB 2 funding.

**07 MUS Self Funded
Workers Comp**
Leah Tietz x0615

Proprietary Rates

Program Proposed Budget Budget Item	Base Budget Fiscal 2012	PL Base Adjustment Fiscal 2014	New Proposals Fiscal 2014	Total Exec. Budget Fiscal 2014	PL Base Adjustment Fiscal 2015	New Proposals Fiscal 2015	Total Exec. Budget Fiscal 2015
FTE	1.00	0.00	0.00	1.00	0.00	0.00	1.00
Personal Services	84,258	(2,071)	0	82,187	(916)	0	83,342
Operating Expenses	979,346	(10,281)	0	969,065	(10,278)	0	969,068
Benefits & Claims	3,397,522	101,761	0	3,499,283	101,954	0	3,499,476
Total Costs	\$4,461,126	\$89,409	\$0	\$4,550,535	\$90,760	\$0	\$4,551,886
Proprietary	4,461,126	89,409	0	4,550,535	90,760	0	4,551,886
Total Funds	\$4,461,126	\$89,409	\$0	\$4,550,535	\$90,760	\$0	\$4,551,886

Proprietary Program Description -

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Codes Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education.

Revenues and Expenses:

This program is an enterprise fund in which the funding is derived from premiums and investment earnings. Expenditures include claims, reinsurance premiums, debt service, and administrative costs. Debt service is for the bonds that were issued to establish the claim reserve for the program.

Rate Explanation:

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by an oversight committee comprised of university system representatives and the administrator of the State of Montana Risk Management and Tort Defense Division. The division requests rates that for the Montana university system self funded workers compensation program to mean the amount necessary to maintain the plan on an actuarially sound basis.

COMMISSIONER OF HIGHER ED-5102 MUS WORKERS COMPENSATION PROGRAM-07

2015 Biennium Report on Internal Service and Enterprise Funds

Fund 6082	Fund Name MUS Self-Funded Workers Comp	Agency # 51020	Agency Name Commissioner of Higher Education	Program Name MUS Self-Funded Workers Comp
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	Actual FY10	Actual FY11	Actual FY12	Budgeted FY13	Budgeted FY14	Budgeted FY15
Operating Revenues:						
Fee revenue						
Subsequent Injury Fund Assessment	-	-	-	-	-	-
Net Fee Revenue	-	-	-	-	-	-
Investment Earnings	44,705	47,316	45,160	50,000	47,000	50,000
Securities Lending Income	-	-	-	-	-	-
Premiums	4,979,335	4,554,879	4,332,892	4,979,335	4,514,527	4,512,685
Other Operating Revenues	29	-	-	-	-	-
Total Operating Revenue	5,024,069	4,602,195	4,378,052	5,029,335	4,561,527	4,562,685
Operating Expenses:						
Personal Services	83,699	84,666	83,498	83,436	82,187	83,342
Other Operating Expenses	3,814,400	4,657,212	3,867,465	4,920,420	4,468,348	4,468,544
Total Operating Expenses	3,898,099	4,741,878	3,950,963	5,003,856	4,550,535	4,551,886
Operating Income (Loss)	1,125,970	(139,683)	427,089	25,479	10,992	10,799
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	1,125,970	(139,683)	427,089	25,479	10,992	10,799
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	1,125,970	(139,683)	427,089	25,479	10,992	10,799
Total Net Assets- July 1 - As Restated	5,966,545	7,092,515	6,952,832	7,379,921	7,405,400	7,416,392
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	5,966,545	7,092,515	6,952,832	7,379,921	7,405,400	7,416,392
Net Assets- June 30	7,092,515	6,952,832	7,379,921	7,405,400	7,416,392	7,427,191
60 days of expenses (Total Operating Expenses divided by 6)	649,683	790,313	658,494	833,976	758,423	758,648

Requested Rates for Internal Service Funds

Fee/Rate Information

HB2 Language (proposed): The legislature defines rates for the Montana university system self-funded workers compensation program to mean the amount necessary to maintain the plan on an actuarially sound basis.

**COMMISSIONER OF HIGHER ED-5102
MUS WORKERS COMPENSATION PROGRAM-07**

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

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY 2014	\$101,761	\$0
FY 2015	\$101,954	\$0

PL - 701 - Present law adjustments for WC -

This decision package increases authority for the workers comp claims for the university system by \$101,761 in FY 2014 and \$101,954 in FY 2015 to cover anticipated claims costs.