



GOVERNOR
STEVE BULLOCK

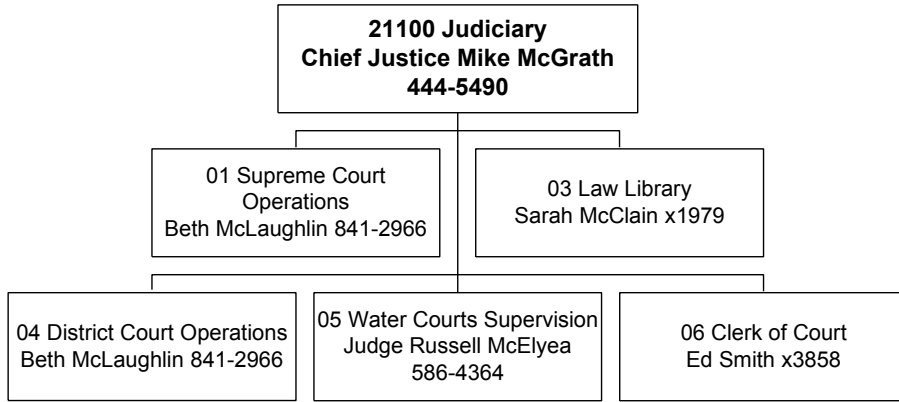
STATE OF MONTANA

SECTION P: PROPRIETARY FUNDS



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Judicial Branch - 21100



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.

In accordance with 17-7-122 (3), MCA, All Judicial branch budget proposals have been included in the budget submitted by the governor.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Operating Expenses	183,328	183,328	366,656
Total Costs	\$183,328	\$183,328	\$366,656
Proprietary Funds	183,328	183,328	366,656
Total Funds	\$183,328	\$183,328	\$366,656

Judicial Branch - 21100

Law Library - 03

03 Law Library Sarah McClain x1979

Program Proposed Budget	Starting Point	Budget Adjustments	Total	Budget Adjustments	Total	Executive
Budget Item	Fiscal 2019	Fiscal 2020	Exec. Budget Fiscal 2020	Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
Operating Expenses	183,770	(442)	183,328	(442)	183,328	366,656
Total Costs	\$183,770	(\$442)	\$183,328	(\$442)	\$183,328	\$366,656
Proprietary Funds	183,770	(442)	183,328	(442)	183,328	366,656
Total Funds	\$183,770	(\$442)	\$183,328	(\$442)	\$183,328	\$366,656

Proprietary Program Description - Fund 06019 – Law Library Lexis Enterprise Account

Program Description

The Law Library contracts with an on-line provider for access to a legal database and in turn bills public and private entities for their usage.

Revenues and Expenses

This enterprise program has only two expenses: 1) charges for searches and research of the on-line data base; and 2) an allocation for the statewide indirect cost pool.

Revenues for the services are payments made by the various public and private entities that use the services and are based on the cost of the search performed.

Rate(s) and Rate Explanation

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. No changes in the rates charged were made. This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for this program.

Projected Fund Balance, Including Cash Fluctuations

This enterprise program does not reserve any fund balance. Any slight balance remaining at the end of any fiscal year is used to pay bills at the beginning of the next fiscal year until revenue can be collected.

Working Capital Analysis

Working Capital Analysis does not apply to enterprise funds.

Judicial Branch - 21100

Law Library - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 21100	Agency Name: Judicial Branch		Program Name: Law Library			
	Fund	Fund Name				
	06019	Lexis Proprietary Account				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	210,792	220,122	218,926	218,770	245,000	245,652
Total Operating Revenues	210,792	220,122	218,926	218,770	245,000	245,652
Expenses:						
Other Operating Expenses						
Expense B	201,251	207,863	213,939	222,496	231,396	240,652
Total Operating Expenses	1,739	926	989	990	990	990
Operating Income (Loss)	202,990	208,789	214,928	223,486	232,386	241,642
	7,802	11,333	3,998	(4,716)	12,614	4,010
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	7,802	11,333	3,998	(4,716)	12,614	4,010
Change in Net Position	7,802	11,333	3,998	(4,716)	12,614	4,010
Beginning Net Position - July 1	9,199	17,001	28,334	32,332	27,616	40,230
Change in Net Position	7,802	11,333	3,998	(4,716)	12,614	4,010
Ending Net Position - June 30	17,001	28,334	32,332	27,616	40,230	44,240
Net Position (Fund Balance) Analysis						

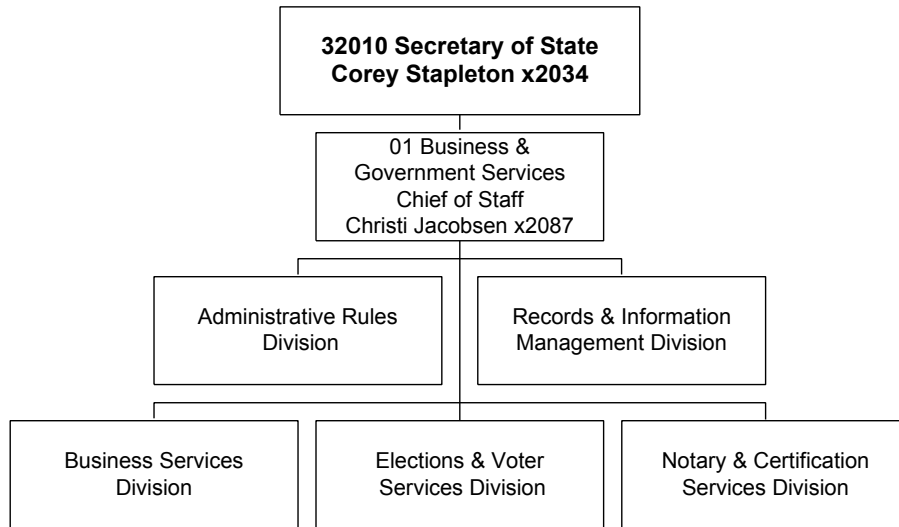
-----**Statewide Present Law Adjustments**-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$442)
FY 2021	\$0	(\$442)

SWPL - 2 - Fixed Costs -

The request includes reductions of \$442 in FY 2020 and \$442 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

Secretary of State - 32010



Mission Statement - The mission of the Office of the Secretary of State is to help commerce thrive, promote democracy, and to record history for future generations.

Statutory Authority - Article VI, Section 1, Montana Constitution; 2-4-311-313, 2-6-1001, and 2-15-401-406, MCA

Secretary of State - 32010

Business & Government Services - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	54.50	0.00	54.50	0.00	54.50	
Personal Services	4,132,458	359,450	4,491,908	358,719	4,491,177	8,983,085
Operating Expenses	1,913,959	44,367	1,958,326	(5,522)	1,908,437	3,866,763
Total Costs	\$6,046,417	\$403,817	\$6,450,234	\$353,197	\$6,399,614	\$12,849,848
Proprietary Funds	6,046,417	403,817	6,450,234	353,197	6,399,614	12,849,848
Total Funds	\$6,046,417	\$403,817	\$6,450,234	\$353,197	\$6,399,614	\$12,849,848

Proprietary Program Description - Fund 06053 Office of the Secretary of State

Program Description:

The Secretary of State's Business and Government Services program provides elections administration, registration and document filing of Montana businesses, publication of administrative rules, records management of public documents generated by state and local governments, and operational support for the office.

Revenues and Expenses:

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

The Office of the Secretary of State is funded entirely by proprietary funds and does not receive any direct appropriation provided in HB2.

MAJOR COST DRIVERS

Expenditures incurred by the office are driven by:

- o Rising fixed costs incurred by the office
- o Number of businesses within Montana that use business services
- o Elections and additional costs incurred if a recount is required
- o Volume and type of state agency records
- o Volume of legislative bills
- o Number of notaries and complaints against notaries

There are no changes in services or fees.

Rate(s) and Rate Explanation:

The program is funded with an enterprise proprietary fund. 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.

There are no changes in rates.

Secretary of State - 32010

Business & Government Services - 01

Projected Fund Balance, Including Cash Fluctuations:

Administration of this program requires a minimum of a six-month working capital balance, due to the timing of program collections. The program collects the largest amount of revenues on annual report filings during the annual report season.

The Office of the Secretary of State has entered in to an \$5.28 million 10-year obligation related to the implementation of a highly configurable, intuitive, modern system platform to replace the current business corporations, trademarks, bonds, Uniform Commercial Code financing statements, notaries, and apostilles systems. The 10-year contract includes the implementation of all phases and a software maintenance and support agreement. The contract will expire in 2028.

Management's objective is to maintain fund balances. This objective is being achieved through the execution of the office's strategic plan. The Office of the Secretary of State's strategic plan encompasses creating employee engagement, impacting through outreach, informing and educating, ensuring continuous improvement, and building meaningful influence.

Secretary of State - 32010

Business & Government Services - 01

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 32010	Agency Name: Secretary of State			Program Name: Business & Government Services		
	Fund	Fund Name				
	06053	Sec of St Business Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	6,280,852	6,169,596	6,651,318	6,698,892	6,932,949	7,113,127
Fee Revenue B	91,186	76,339	64,639	85,000	85,000	85,000
Other Operating Revenue	10,176	16,911	31,028	18,000	18,000	18,000
Total Operating Revenues	6,382,214	6,262,846	6,746,985	6,801,892	7,035,949	7,216,127
Expenses:						
Personal Services						
Other Operating Expenses	4,293,439	4,299,920	3,248,595	4,132,458	4,489,361	4,488,628
Total Operating Expenses	2,122,504	2,124,109	2,155,236	1,953,775	1,958,326	1,908,437
Operating Income (Loss)	(33,729)	(161,183)	1,343,154	715,659	588,262	819,062
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(33,729)	(161,183)	1,343,154	715,659	588,262	819,062
Transfers In						
Transfers Out	48,721	12,007	8,098	-	-	-
Change in Net Position	14,992	(149,176)	940,825	715,659	588,262	819,062
Beginning Net Position - July 1	3,853,632	3,868,653	3,719,477	4,660,302	5,375,961	5,964,223
Prior Period Adjustments	29	-	-	-	-	-
Ending Net Position - June 30	3,868,653	3,719,477	4,660,302	5,375,961	5,964,223	6,783,285
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	3,868,653	3,719,477	4,660,302	5,375,961	5,964,223	6,783,285

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$359,450
FY 2021	\$0	\$358,719

SWPL - 1 - Personal Services -

The budget includes an increase of \$359,450 in FY 2020 and an increase of \$358,719 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Secretary of State - 32010

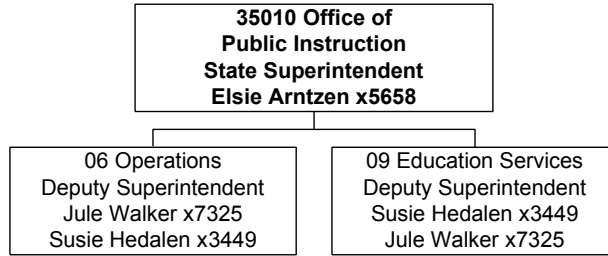
Business & Government Services - 01

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$44,367
FY 2021	\$0	(\$5,522)

SWPL - 2 - Fixed Costs -

The request includes an increase of \$44,367 in FY 2020 and a decrease of \$5,522 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

Office of Public Instruction - 35010



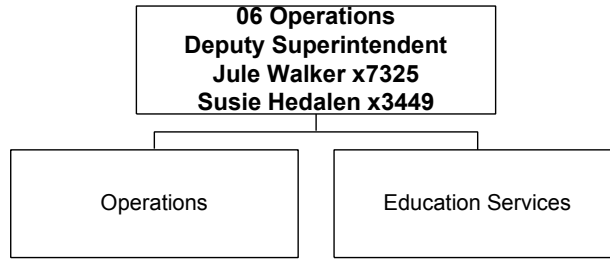
Mission Statement - The Office of Public Instruction serves Montana’s students, parents, schools, and communities as we prepare each generation for success in careers and college.

Statutory Authority - Title 20, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	27.53	27.53	
Personal Services	2,032,134	2,032,274	4,064,408
Operating Expenses	954,527	854,923	1,809,450
Equipment & Intangible Assets	11,988	11,988	23,976
Total Costs	\$2,998,649	\$2,899,185	\$5,897,834
Proprietary Funds	2,998,649	2,899,185	5,897,834
Total Funds	\$2,998,649	\$2,899,185	\$5,897,834

Office of Public Instruction - 35010

State Level Activities - 06



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
		Fiscal 2020	Fiscal 2020	Fiscal 2021	Fiscal 2021	2021 Biennium
FTE	27.53	0.00	27.53	0.00	27.53	
Personal Services	1,879,716	152,418	2,032,134	152,558	2,032,274	4,064,408
Operating Expenses	785,240	169,287	954,527	69,683	854,923	1,809,450
Equipment & Intangible Assets	23,976	(11,988)	11,988	(11,988)	11,988	23,976
Total Costs	\$2,688,932	\$309,717	\$2,998,649	\$210,253	\$2,899,185	\$5,897,834
Proprietary Funds	2,688,932	309,717	2,998,649	210,253	2,899,185	5,897,834
Total Funds	\$2,688,932	\$309,717	\$2,998,649	\$210,253	\$2,899,185	\$5,897,834

Proprietary Program Description -

The State Level Activities program provides two functions funded with proprietary funds. These programs are described separately along with a discussion of program expenses, revenues, and rates being requested to finance the program. There are two proprietary programs: Advanced Driver Education Program and Indirect Cost Pool.

Fund 06067 Advanced Drivers (Montana DRIVE) Program in Lewistown

Program Description

The Advanced Driver Education program (also known as Montana DRIVE) is a seasonal hands-on behind-the wheel crash avoidance program operated by the Health Enhancement and Safety Division of the Office of Public Instruction at their 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.

Revenues and Expenses

Revenues are generated from workshop fees collected from program users. Typically, the program serves 450-500 participants a season. The current fee is \$315 per person for a full-day workshop. Program fees should remain within a range of \$315 - \$350 for the biennium. 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 for the 2021 biennium.

Cost drivers for fees include instructor expenses (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.). The program continues to consider facility options to administer the program. Continued facility maintenance is anticipated to be an on-going cost.

Rates and Rate Explanation

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 as low as possible.

Fund Balance, Including Cash Fluctuations

Office of Public Instruction - 35010

State Level Activities - 06

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 carryover of revenue from year to year in an amount of approximately 10% - 20% of its annual budget.

Working Capital Analysis

This program is a summer seasonal program that operates 45 - 55 days during June, July, and August utilizing 13 - 16 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% of its annual budget to be carried over into the next fiscal year to cover working expenses paid out July - March.

Fund 06512 Indirect Cost Pool

Program Description

OPI's internal service fund is used to pool internal and statewide central service type costs that are charged back to all the agency's state and federally funded programs using a pre-approved indirect cost rate.

Revenues and Expenses

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 the approved indirect cost rate to the prior month's direct personal services and operating expenditures in both state and federally funded programs. In FY 2018, OPI federal programs contributed \$1,832,735 toward the cost of "indirects"; general and other state-funded programs contributed \$926,177. State and federal program payments to the indirect cost pool are recorded using SABHRS account 62827. OPI negotiates an annual "predetermined rate" with the U.S. Department of Education. In FY 2018, OPI negotiated a one-year rate of 17.3% for FY 2019. OPI will renegotiate an annual rate for fiscal years 2020 and 2021. It is anticipated this rate will be consistent with previous years and remain around 17% which is consistent with the current legislatively approved rate of 17%. The rate is calculated in accordance with federal regulations and section 17-3-111(1), MCA.

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 personal staff).
- Services provided to OPI by other state agencies known as fixed costs.
- Payroll, personnel, accounting, budgeting, data management, cash management, financial reporting, purchasing, mail delivery, and resource center services to all OPI programs.
- Operating costs associated with 25.85 FTE are paid from the pool, including the cost of rent for space occupied, office supplies, postage, equipment, training, travel, photocopy charges, etc.
- General-use items such as paper, FAX lines, and shared equipment, including maintenance contracts on equipment.

It should be noted that the legislative audit costs are appropriated on a biennial basis causing expenditures for the OPI indirect cost pool to be higher in the first year of the biennium.

Rate and Rate Explanation

OPI negotiates an annual "predetermined rate" with the U.S. Department of Education. The rate is calculated in accordance with federal regulations and section 17-3-111, MCA. The approved rate for FY 2019 is 17.3%. A new rate will be negotiated in December of 2019 and will be applicable for FY 2020.

Projected Fund Balance, Including Cash Fluctuations

Office of Public Instruction - 35010

State Level Activities - 06

There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for on-going 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.

Working Capital and Fees Commensurate Analysis

Working Capital is not considered in the rate determination. Sufficient working capital is needed for cashflow during the first 30 - 60 days of the fiscal year.

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 35010	Agency Name: Office of Public Instruction		Program Name: State Level Activities			
	Fund	Fund Name				
	06512	Indirect Cost Pool				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Revenue A	43,045	38,121	37,248	8,700	8,700	8,700
Total Operating Revenues	43,045	38,121	37,248	8,700	8,700	8,700
Expenses:						
Personal Services						
Other Operating Expenses	1,396,272	1,593,222	1,127,228	745,452	902,717	803,086
Total Operating Expenses	3,204,284	3,628,506	3,072,718	2,531,399	2,835,650	2,736,416
Operating Income (Loss)	(3,161,239)	(3,590,385)	(3,035,470)	(2,522,699)	(2,826,950)	(2,727,716)
Nonoperating Revenues:						
Other Revenue A						
Other Revenue B	1,153,946	1,157,504	926,177	1,300,000	1,300,000	1,300,000
Nonoperating Expenses:	1,771,100	1,787,162	1,832,735	1,900,000	1,900,000	1,900,000
Total Nonoperating Revenues (Expenses)	2,925,046	2,944,666	2,758,912	3,200,000	3,200,000	3,200,000
Income (Loss) Before Contributions and Transfers	(236,193)	(645,719)	(276,558)	677,301	373,050	472,284
Change in Net Position	(236,193)	(645,719)	(276,558)	677,301	373,050	472,284
Beginning Net Position - July 1	999,532	763,339	117,620	(158,938)	518,363	891,413
Change in Net Position	(236,193)	(645,719)	(276,558)	677,301	373,050	472,284
Ending Net Position - June 30	763,339	117,620	(158,938)	518,363	891,413	1,363,697
Net Position (Fund Balance) Analysis						

Office of Public Instruction - 35010

State Level Activities - 06

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$152,418
FY 2021	\$0	\$152,558

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$157,278
FY 2021	\$0	\$57,669

SWPL - 2 - Fixed Costs -

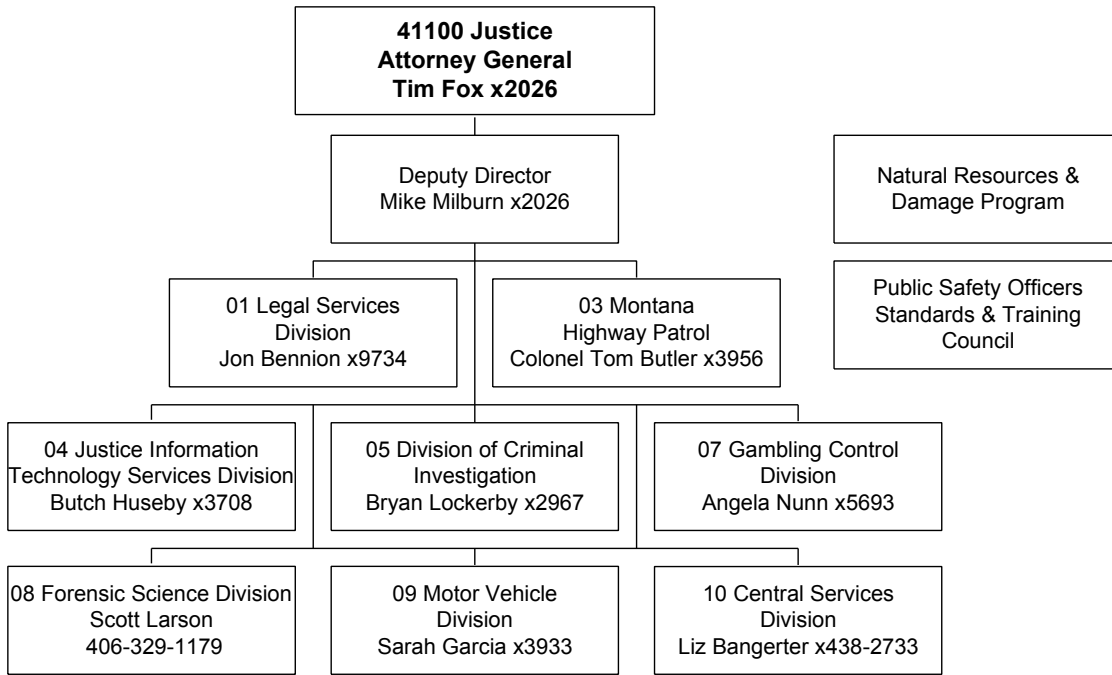
The request includes funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$21
FY 2021	\$0	\$26

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Justice - 41100



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 -

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	14.00	14.00	
Personal Services	1,483,180	1,485,201	2,968,381
Operating Expenses	179,098	179,207	358,305
Total Costs	\$1,662,278	\$1,664,408	\$3,326,686
Proprietary Funds	1,662,278	1,664,408	3,326,686
Total Funds	\$1,662,278	\$1,664,408	\$3,326,686

Department of Justice - 41100

Agency Legal Services - 06

Program Proposed Budget	Starting Point	Budget Adjustments	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	14.00	0.00	14.00	0.00	14.00	
Personal Services	1,651,412	(168,232)	1,483,180	(166,211)	1,485,201	2,968,381
Operating Expenses	178,970	128	179,098	237	179,207	358,305
Total Costs	\$1,830,382	(\$168,104)	\$1,662,278	(\$165,974)	\$1,664,408	\$3,326,686
Proprietary Funds	1,830,382	(168,104)	1,662,278	(165,974)	1,664,408	3,326,686
Total Funds	\$1,830,382	(\$168,104)	\$1,662,278	(\$165,974)	\$1,664,408	\$3,326,686

Proprietary Program Description - Fund 06500 Agency Legal Services

Program Description

The Agency Legal Services Bureau (ALS) within Department of Justice 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. ALS FTE are funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

Revenues and Expenses

Revenues are generated by fees charged by the Department of Justice to other state agencies for services provided. The primary expenses for the division are personal services and operating costs. Factors that influence expenses 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. There are no changes in services provided or fees collected upon.

Rate and Rate Explanation

The rates for the 2021 biennium are as follows:

- Attorney, \$106.00 per hour
- Investigator, \$62.00 per hour

The rates are determined using the fee revenue collected then applying the increase to the average amounts of billable hours compared to known levels of expenditures.

Projected Fund Balance, Including Cash Fluctuations

The proposed rates allow the agency to continue to work toward the 60 day working capital requirement. The proprietary rate table illustrates the change in net assets using the proposed rates remains positive thru FY 2021. The FY 2021 fund balance will allow the agency to work toward establishing a 60 day working capital in the future.

Working Capital Analysis

The rates maintain fees commensurate with costs and fulfilling the requirements to reserve a fund balance.

Department of Justice - 41100

Agency Legal Services - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 41100	Agency Name: Department of Justice		Program Name: Agency Legal Services			
	Fund	Fund Name				
	06500	Agency Legal Services				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	1,555,855	1,476,098	1,650,051	1,704,528	1,704,528	1,704,528
Total Operating Revenues	1,555,855	1,476,098	1,650,051	1,704,528	1,704,528	1,704,528
Expenses:						
Personal Services						
Other Operating Expenses	186,845	237,311	268,615	186,606	186,606	186,606
Total Operating Expenses	1,340,587	1,489,644	1,719,075	1,681,185	1,688,658	1,688,658
Operating Income (Loss)	215,268	(13,546)	(69,024)	23,343	15,870	15,870
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	215,268	(13,546)	(69,024)	23,343	15,870	15,870
Change in Net Position	215,268	(13,546)	(69,024)	23,343	15,870	15,870
Beginning Net Position - July 1	(107,616)	107,652	94,106	25,082	48,425	64,295
Change in Net Position	215,268	(13,546)	(69,024)	23,343	15,870	15,870
Ending Net Position - June 30	107,652	94,106	25,082	48,425	64,295	80,165
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$168,232)
FY 2021	\$0	(\$166,211)

SWPL - 1 - Personal Services -

The budget includes (\$168,231) in FY 2020 and (\$166,211) in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Justice - 41100

Agency Legal Services - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$26)
FY 2021	\$0	\$46

SWPL - 2 - Fixed Costs -

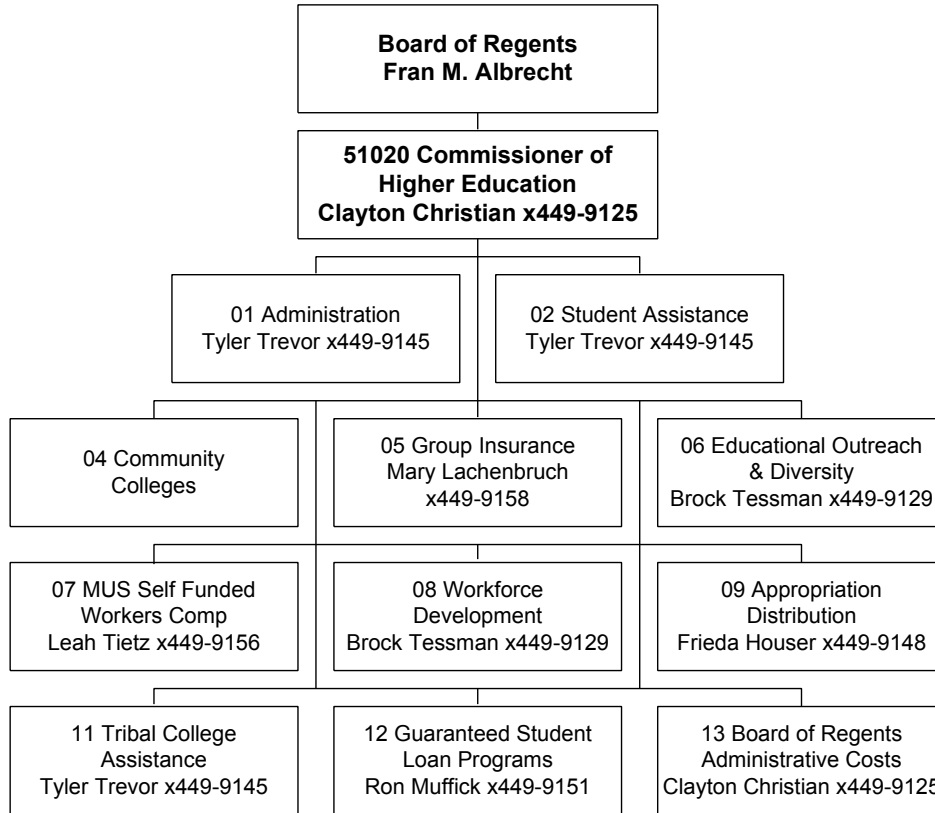
The request includes (\$26) in FY 2020 and \$46 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$154
FY 2021	\$0	\$191

SWPL - 3 - Inflation Deflation -

This change package includes an increase/reduction of \$154 in FY 2020 and \$191 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Commissioner of Higher Education - 51020



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	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	8.00	8.00	
Personal Services	805,365	805,602	1,610,967
Operating Expenses	21,701,230	23,701,299	45,402,529
Benefits & Claims	131,793,408	143,372,471	275,165,879
Total Costs	\$154,300,003	\$167,879,372	\$322,179,375
Proprietary Funds	154,300,003	167,879,372	322,179,375
Total Funds	\$154,300,003	\$167,879,372	\$322,179,375

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

05 Group Insurance
Mary Lachenbruch
x449-9158

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
		Fiscal 2020	Fiscal 2020	Fiscal 2021	Fiscal 2021	2021 Biennium
FTE	7.00	0.00	7.00	0.00	7.00	
Personal Services	547,363	157,402	704,765	157,901	705,264	1,410,029
Operating Expenses	15,135,928	5,000,261	20,136,189	7,000,324	22,136,252	42,272,441
Benefits & Claims	122,395,688	6,397,720	128,793,408	17,976,783	140,372,471	269,165,879
Total Costs	\$138,078,979	\$11,555,383	\$149,634,362	\$25,135,008	\$163,213,987	\$312,848,349
Proprietary Funds	138,078,979	11,555,383	149,634,362	25,135,008	163,213,987	312,848,349
Total Funds	\$138,078,979	\$11,555,383	\$149,634,362	\$25,135,008	\$163,213,987	\$312,848,349

Proprietary Program Description -

The Group Insurance Program is funded with two enterprise type proprietary funds: MUS Group Insurance and MUS Flexible Spending.

Fund 06008 MUS Group Insurance

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. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

Revenues and Expenses

Revenue in this program comes from:

- Employer-paid contributions toward insurance premiums
- Employee-paid contributions toward insurance premiums
- Investment earnings on the program fund

The agency is projecting relatively level revenues in the 2021 biennium. The revenue projections exclude any premium rate increases or state share increase. The projected increase is due primarily to anticipated growth in retirees age 65 and over.

Significant costs for the program are for:

- Insurance claims payments
- Claims management
- Program administration

The agency projects non-personnel expenses to increase on average 10% per year between FY 2020 and FY 2021. 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.

Rates and Rate Explanation

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

The employer-paid portion of the group insurance premium is statutorily established in Section 2-18-703, MCA and is presently \$1,054 per month per eligible, participating employee. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.

Fund Balance, Including Cash Fluctuations

The plan is managed on an actuarially sound basis.

Working Capital Analysis

As a self-insured plan, the group insurance program must maintain sufficient working capital necessary to pay outstanding claims. The amount of cash needed to maintain an ongoing operation is dependent on many variables including projected premiums, claims costs and timing. The program engages the services of an actuary to project these amounts and calculate the incurred but not reported amounts. The plan is managed on an actuarially sound basis as required by state law.

Fund 06009 MUS Flex Spending Account

Program Description

The Flexible Spending Account is an optional selection for each employee to participate in or not. The funds are managed by a 3rd party and are distributed to employees as claims are made.

Revenues and Expenses

Revenue in this program comes from:

- Employee payments to flexible spending accounts

The agency is projecting level revenues in the 2021 biennium.

Rates and Rate Explanation

The 3rd party vendor charges an administrative fee for managing the accounts.

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 51020	Agency Name: Commissioner of Higher Education		Program Name: Mus Group Insurance Program			
	Fund	Fund Name				
	06009	MUS Flexible Spending Account				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	5,456,978	3,938,714	3,950,587	4,345,646	4,562,928	4,791,074
Total Operating Revenues	5,456,978	3,938,714	3,950,587	4,345,646	4,562,928	4,791,074
Expenses:						
Other Operating Expenses						
Total Operating Expenses	7,873,254	5,457,496	4,707,098	7,766,712	8,155,048	8,562,800
Operating Income (Loss)	(2,416,276)	(1,518,782)	(756,511)	(3,421,066)	(3,592,120)	(3,771,726)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(2,416,276)	(1,518,782)	(756,511)	(3,421,066)	(3,592,120)	(3,771,726)
Change in Net Position	(2,416,276)	(1,518,782)	(756,511)	(3,421,066)	(3,592,120)	(3,771,726)
Beginning Net Position - July 1	5,848,726	3,432,450	1,913,668	1,157,157	(2,263,909)	(5,856,029)
Change in Net Position	(2,416,276)	(1,518,782)	(756,511)	(3,421,066)	(3,592,120)	(3,771,726)
Ending Net Position - June 30	3,432,450	1,913,668	1,157,157	(2,263,909)	(5,856,029)	(9,627,755)
Net Position (Fund Balance) Analysis						

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 51020	Agency Name: Commissioner of Higher Education			Program Name: Mus Group Insurance Program		
	Fund	Fund Name				
	06008	MUS Group Insurance Program				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	95,104,271	112,101,189	111,272,918	142,429,335	163,793,735	188,362,795
Total Operating Revenues	95,104,271	112,101,189	111,272,918	142,429,335	163,793,735	188,362,795
Expenses:						
Personal Services						
Other Operating Expenses	98,523,138	91,933,164	95,162,226	123,029,594	135,332,553	148,865,809
Total Operating Expenses	99,152,760	92,674,291	96,003,393	123,912,819	136,259,940	149,839,565
Operating Income (Loss)	(4,048,489)	19,426,898	15,269,525	18,516,516	27,533,795	38,523,230
Nonoperating Revenues:						
Other Revenue A						
Nonoperating Expenses:	603,233	395,336	926,426	1,019,069	1,120,976	1,233,073
Total Nonoperating Revenues (Expenses)	603,233	395,336	926,426	1,019,069	1,120,976	1,233,073
Income (Loss) Before Contributions and Transfers	(3,445,256)	19,822,234	16,195,951	19,535,585	28,654,771	39,756,303
Change in Net Position	(3,445,256)	19,822,234	16,195,951	19,535,585	28,654,771	39,756,303
Beginning Net Position - July 1	27,985,852	24,540,596	44,362,830	60,558,781	80,094,366	108,749,137
Change in Net Position	(3,445,256)	19,822,234	16,195,951	19,535,585	28,654,771	39,756,303
Ending Net Position - June 30	24,540,596	44,362,830	60,558,781	80,094,366	108,749,137	148,505,440
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$157,402
FY 2021	\$0	\$157,901

SWPL - 1 - Personal Services -

The budget includes \$157,402 in FY 2020 and \$157,901 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Commissioner of Higher Education - 51020

Mus Group Insurance Program - 05

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$261
FY 2021	\$0	\$324

SWPL - 3 - Inflation Deflation -

This change package includes increases of \$261 in FY 2020 and \$324 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operating by the Department of Transportation

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$11,397,720
FY 2021	\$0	\$24,976,783

PL - 501 - MUS Group Health Insurance Inflation -

The MUS Group Health Insurance Program is operated within a proprietary fund. An increase of \$36 million over the bienium is requested to cover inflationary costs reated to medical claims.

Commissioner of Higher Education - 51020

Mus Workers Comp Program - 07

**07 MUS Self Funded
Workers Comp
Leah Tietz x449-9156**

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	1.00	0.00	1.00	0.00	1.00	
Personal Services	97,565	3,035	100,600	2,773	100,338	200,938
Operating Expenses	1,465,015	100,026	1,565,041	100,032	1,565,047	3,130,088
Benefits & Claims	3,000,000	0	3,000,000	0	3,000,000	6,000,000
Total Costs	\$4,562,580	\$103,061	\$4,665,641	\$102,805	\$4,665,385	\$9,331,026
Proprietary Funds	4,562,580	103,061	4,665,641	102,805	4,665,385	9,331,026
Total Funds	\$4,562,580	\$103,061	\$4,665,641	\$102,805	\$4,665,385	\$9,331,026

Proprietary Program Description - *Program Description*

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program in 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, and administrative costs.

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.

Commissioner of Higher Education - 51020

Mus Workers Comp Program - 07

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 51020	Agency Name: Commissioner of Higher Education			Program Name: Mus Workers Comp Program		
	Fund	Fund Name				
	06082	MUS Self-Funded Workers Comp				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,264,187	3,837,897	-	-	4,029,791	4,231,281
Total Operating Revenues	4,264,187	3,837,897	-	-	4,029,791	4,231,281
Expenses:						
Personal Services						
Other Operating Expenses	97,446	98,956	99,870	104,864	110,107	115,612
Total Operating Expenses	2,331,421	2,935,036	2,387,827	4,468,277	5,361,932	5,898,126
Operating Income (Loss)	1,835,320	803,905	(2,487,697)	(4,573,141)	(1,442,248)	(1,782,457)
Nonoperating Revenues:						
Other Revenue A						
Nonoperating Expenses:	137,575	157,362	215,220	236,742	260,416	286,458
Total Nonoperating Revenues (Expenses)	137,575	157,362	215,220	236,742	260,416	286,458
Income (Loss) Before Contributions and Transfers	1,972,895	961,267	(2,272,477)	(4,336,399)	(1,181,832)	(1,495,999)
Change in Net Position	1,972,895	961,267	(2,272,477)	(4,336,399)	(1,181,832)	(1,495,999)
Beginning Net Position - July 1	10,889,663	12,862,558	13,823,825	11,552,605	7,216,206	6,034,374
Prior Period Adjustments	-	-	1,257	-	-	-
Change in Net Position	1,972,895	961,267	(2,272,477)	(4,336,399)	(1,181,832)	(1,495,999)
Ending Net Position - June 30	12,862,558	13,823,825	11,552,605	7,216,206	6,034,374	4,538,375
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$3,035
FY 2021	\$0	\$2,773

SWPL - 1 - Personal Services -

The budget includes \$3,035 in FY 2020 and \$2,773 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Commissioner of Higher Education - 51020

Mus Workers Comp Program - 07

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$26
FY 2021	\$0	\$32

SWPL - 3 - Inflation Deflation -

This change package includes increases of \$26 in FY 2020 and \$32 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operating by the Department of Transportation.

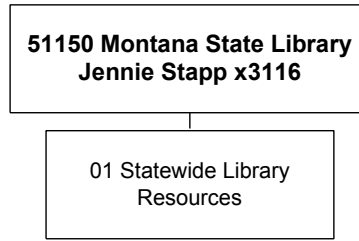
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$100,000
FY 2021	\$0	\$100,000

PL - 701 - MUS Workers Comp Increased Budget Authority -

The MUS Workers Compensation Plan operated within a proprietary fund requests additional spending authority for safety awards contingent upon approval by the MUS Workers Compensation Management Committee.

Montana State Library - 51150



Mission Statement - The Montana State Library helps all organizations, communities, and Montanans thrive through excellent library resources and services.

Statutory Authority - Title 22, Chapter 1, MCA; Title 90, Chapter 15, MCA; and Title 90, Chapter 1, Part 4, MCA.

Montana State Library - 51150

Statewide Library Resources - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	2.62	0.00	2.62	0.00	2.62	
Personal Services	149,315	5,487	154,802	5,410	154,725	309,527
Operating Expenses	213,770	13,966	227,736	20,740	234,510	462,246
Total Costs	\$363,085	\$19,453	\$382,538	\$26,150	\$389,235	\$771,773
Proprietary Funds	363,085	19,453	382,538	26,150	389,235	771,773
Total Funds	\$363,085	\$19,453	\$382,538	\$26,150	\$389,235	\$771,773

Proprietary Program Description - Fund 06021 Montana Shared Catalog

Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving 180 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 became the fiscal agent for the MSC in FY 2008.

Revenue and Expenses

Shared Catalog members pay membership dues that are used to pay operating expenses. There are approximately 180 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 maintenance; a travel budget and meeting budget that includes an annual in-person membership meeting to make decisions on the future of the shared catalog and conference attendance; training to new library members as well as ongoing training to current members; and equipment replacement.

Rates and Rate Explanation

In accord with the written agreement each participating Montana Shared Catalog (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 accordance with criteria set forth in the cost formula.

Projected Fund Balance, Including Cash Fluctuations

By 2018, the fund balance will be aligned with the goal of a 60-day working capital fund.

Working Capital Analysis

Sixty-day working capital fund was reached in FY 2016.

Montana State Library - 51150

Statewide Library Resources - 01

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 51150	Agency Name: Montana State Library			Program Name: Statewide Library Resources		
	Fund	Fund Name				
	06021	MT Shared Catalog				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A						
	323,574	358,595	373,253	383,000	385,000	389,500
Total Operating Revenues	323,574	358,595	373,253	383,000	385,000	389,500
Expenses:						
Personal Services						
Other Operating Expenses						
	138,325	149,694	130,098	149,315	154,802	154,725
Total Operating Expenses	354,904	362,227	344,367	363,085	382,538	389,235
Operating Income (Loss)	(31,330)	(3,632)	28,886	19,915	2,462	265
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(31,330)	(3,632)	28,886	19,915	2,462	265
Change in Net Position	(31,330)	(3,632)	28,886	19,915	2,462	265
Beginning Net Position - July 1	30,416	(914)	(4,546)	24,340	44,255	46,717
Change in Net Position	(31,330)	(3,632)	28,886	19,915	2,462	265
Ending Net Position - June 30	(914)	(4,546)	24,340	44,255	46,717	46,982
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$5,487
FY 2021	\$0	\$5,410

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$62
FY 2021	\$0	\$76

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Montana State Library - 51150

Statewide Library Resources - 01

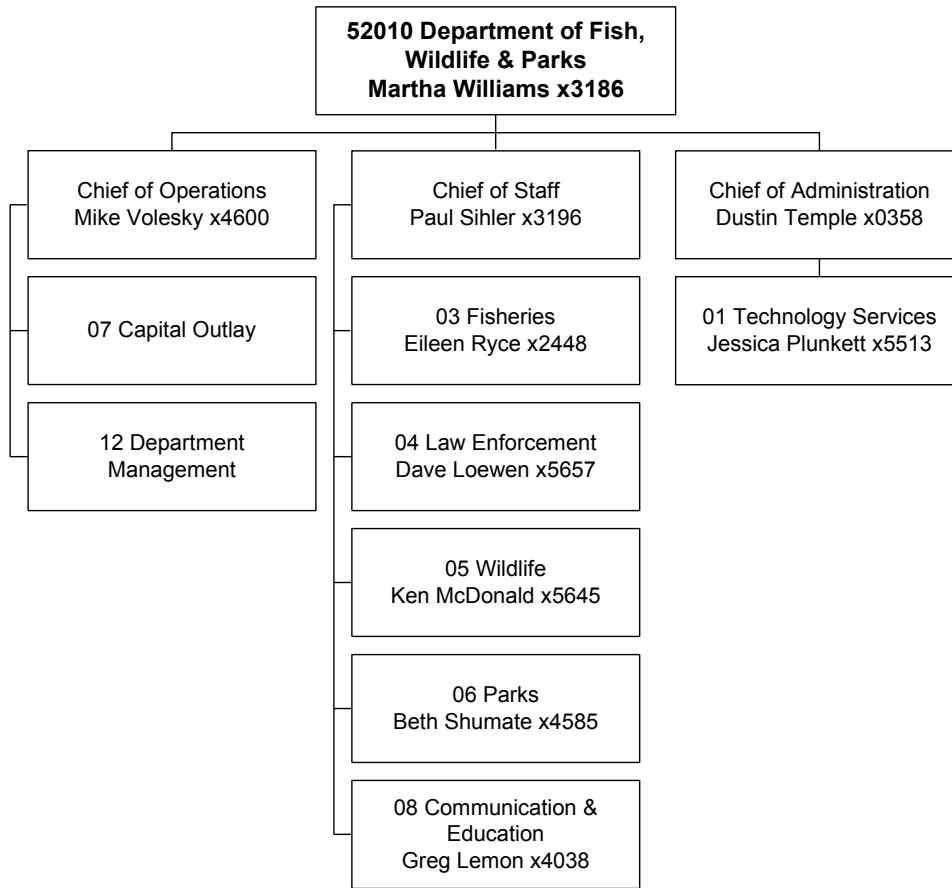
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$13,904
FY 2021	\$0	\$20,664

PL - 6 - Montana Shared Catalog contract increase -

The Library requests \$13,904 in FY 2020 and \$20,664 in FY 2021 for annual inflationary proprietary fund increase for the contract with software license and maintenance vendor for the Montana Shared Catalog.

Department of Fish, Wildlife, and Parks - 52010



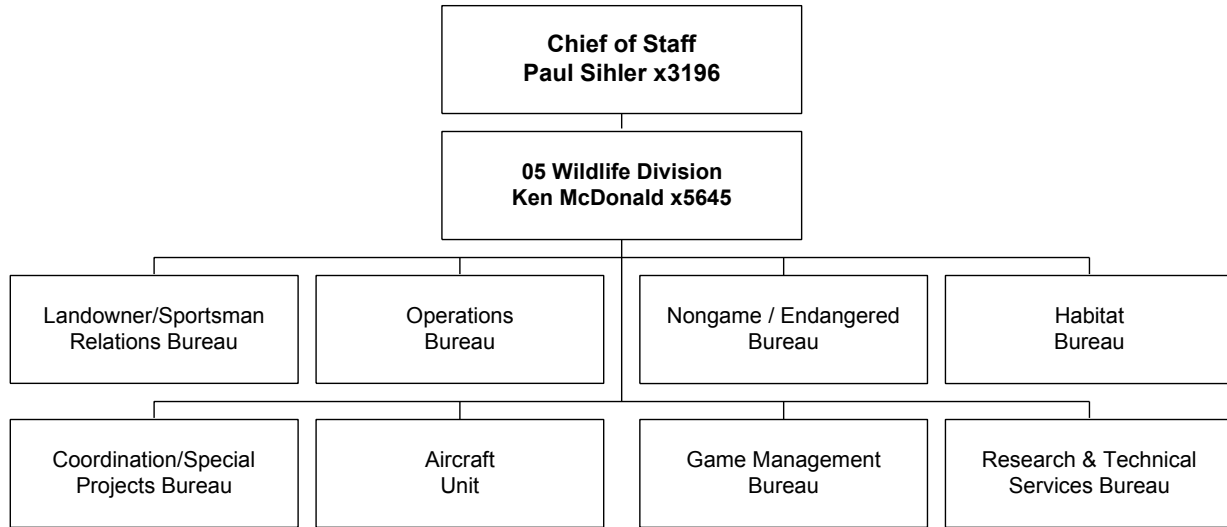
Mission Statement - Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	6.31	6.31	
Personal Services	381,923	381,673	763,596
Operating Expenses	2,683,677	2,683,885	5,367,562
Equipment & Intangible Assets	1,026,766	1,026,766	2,053,532
Debt Service	0	158,000	158,000
Total Costs	\$4,092,366	\$4,250,324	\$8,342,690
Proprietary Funds	4,092,366	4,250,324	8,342,690
Total Funds	\$4,092,366	\$4,250,324	\$8,342,690

Department of Fish, Wildlife, and Parks - 52010

Wildlife Division - 05



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
Operating Expenses	364,115	776	364,891	964	365,079	729,970
Total Costs	\$364,115	\$776	\$364,891	\$964	\$365,079	\$729,970
Proprietary Funds	364,115	776	364,891	964	365,079	729,970
Total Funds	\$364,115	\$776	\$364,891	\$964	\$365,079	\$729,970

Proprietary Program Description - Fund 06540 - Aircraft Fund

Program Description

The department's aircraft fund provides specialized flying services using fixed wing and helicopter aircraft to department employees including low level flying in various terrains to survey fish and wildlife, plant fish, and radio telemetry locations. These users are mostly fish and wildlife biologists. Every month, users are charged for the hours flown during the previous month.

Revenues and Expenses

The objective of the aircraft fund is to recover sufficient funds to cover insurance costs, fuel, repair costs, and general operational costs of the aircraft. Personal Services are not covered by this fund. The two largest costs are fuel and repairs. The average annual repair costs for the past four years have been \$161,000. In FY 2018, the department flew approximately 2,100 hours in department aircrafts.

The costs of the Aircraft Unit to FWP are a combination of hourly rates to operate, scheduled and non-scheduled maintenance, and associated costs such as hanger rental, insurance, and airport fees.

There are currently three helicopters in this fund and two are at the end of their useful life. Overhauls are no longer an option for these helicopters due to their age and the lack of available replacement parts. FWP intends to purchase the helicopters in the upcoming biennium and will recover the costs over time through the rates paid by users.

	FY2018	FY2019	FY2020	FY2021
Two place-single engine - per hour	\$150.00	\$150.00	\$201.00	\$206.00

Department of Fish, Wildlife, and Parks - 52010

Wildlife Division - 05

	FY2018	FY2019	FY2020	FY2021
Four Place-single engine - per hour	\$500.00	\$500.00	\$282.00	\$233.00
Turbine helicopter - per hour	\$500.00	\$500.00	\$516.00	\$531.00

Changes in Level of Fees and Charges

The rates for the upcoming biennium include the costs noted above as well as an estimate for depreciation on the new helicopter purchases. Utilizing the InterCap loan program will also require the department to pay interest expense, which has been included in the rates.

Projected Fund Balance, Including Cash Fluctuations

A portion of the program's net position has been reserved for the book value (original cost less accumulated depreciation) of department aircraft which was \$364,483 at FYE 2018. The net position as of FYE 2018 was \$893,227 and the cash balance was \$551,446.

The maintenance of aircraft involves the expenditures of large sums of money on a periodic basis for the overhaul or replacement of major components. The sums of money involved are often very large compared to the cost of other maintenance. For example, a set of rotor blades for a helicopter can cost \$200,000. Therefore, a larger cash balance needs to be maintained in order to pay for these large periodic expenditures when required. Due to the lack of replacement parts for the current helicopters within the fund, the excess cash balance will be used for a portion of the purchase of the new helicopters requested this biennium.

Working Capital and Fees Commensurate Analysis

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.

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.

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.

Department of Fish, Wildlife, and Parks - 52010

Wildlife Division - 05

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Wildlife Division		
	Fund	Fund Name				
	06540	DFWP Aircraft				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A						
	571,445	646,795	583,296	575,000	586,500	598,230
Total Operating Revenues	571,445	646,795	583,296	575,000	586,500	598,230
Expenses:						
Other Operating Expenses						
	441,061	484,094	446,448	364,115	444,115	444,115
Total Operating Expenses	441,061	484,094	446,448	364,115	444,115	444,115
Operating Income (Loss)	130,384	162,701	136,848	210,885	142,385	154,115
Nonoperating Revenues:						
Other Revenue A						
	44,806	-	-	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	44,806	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	175,190	162,701	136,848	210,885	142,385	154,115
Transfers In						
	-	101,634	-	-	-	-
Change in Net Position	175,190	264,335	136,848	210,885	142,385	154,115
Beginning Net Position - July 1	316,855	492,045	756,380	893,228	1,104,113	1,246,498
Change in Net Position	175,190	264,335	136,848	210,885	142,385	154,115
Ending Net Position - June 30	492,045	756,380	893,228	1,104,113	1,246,498	1,400,613
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	492,045	756,379	893,227	1,104,112	1,246,497	1,400,612

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

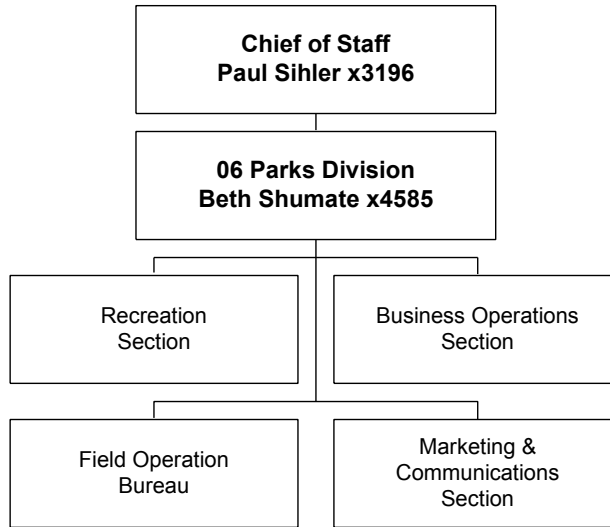
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$776
FY 2021	\$0	\$964

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Fish, Wildlife, and Parks - 52010

Parks Division - 06



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	1.25	0.50	1.75	0.50	1.75	
Personal Services	75,389	27,661	103,050	27,385	102,774	205,824
Operating Expenses	197,426	81	197,507	101	197,527	395,034
Total Costs	\$272,815	\$27,742	\$300,557	\$27,486	\$300,301	\$600,858
Proprietary Funds	272,815	27,742	300,557	27,486	300,301	600,858
Total Funds	\$272,815	\$27,742	\$300,557	\$27,486	\$300,301	\$600,858

Proprietary Program Description - Fund 06068 - Enterprise Account

Proprietary Program Description

Section 23-1-105 (5), MCA, authorizes the Parks Division of Montana Fish, Wildlife and Parks to establish an enterprise fund 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.

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 personal services, office supplies, merchandising materials, and the purchase of inventory to replenish stock. In FY 2018, this fund accounted for \$254,938 of earned revenue, \$169,261 of expenditures, and a fund balance in the amount of \$569,974.

Department of Fish, Wildlife, and Parks - 52010

Parks Division - 06

Rates and Rate Explanation

A markup of 40% - 50% on goods sold is applied to ensure sufficient revenues are collected to cover expenses.

Changes in Level of Fees and Charges

There are no changes in fees.

Projected Fund Balance, Including Cash Fluctuations

The objective is to maintain a fund balance as compared to the FY 2018 base year fund balance. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenish inventory.

Working Capital and Fees Commensurate Analysis

The program objective is to maintain fees commensurate with costs by using a markup rate on goods for resale that is sufficient to cover costs.

Department of Fish, Wildlife, and Parks - 52010

Parks Division - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Parks Division		
	Fund	Fund Name				
	06068	MFWP Visitor Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	249,397	305,175	271,428	250,000	275,000	275,000
Fee Revenue B	4,169	17,875	9,862	9,000	9,000	9,000
Fee Revenue C	1,372	2,923	5,954	2,000	2,000	2,000
Total Operating Revenues	254,938	325,973	287,244	261,000	286,000	286,000
Expenses:						
Personal Services						
Other Operating Expenses	44,124	53,254	20,701	75,389	103,049	102,774
Total Operating Expenses	125,137	248,463	202,950	197,426	197,507	197,527
Operating Income (Loss)	85,677	24,256	63,593	(11,815)	(14,556)	(14,301)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	85,677	24,256	63,593	(11,815)	(14,556)	(14,301)
Change in Net Position	85,677	24,256	63,593	(11,815)	(14,556)	(14,301)
Beginning Net Position - July 1	484,297	569,974	594,230	657,823	646,008	631,452
Change in Net Position	85,677	24,256	63,593	(11,815)	(14,556)	(14,301)
Ending Net Position - June 30	569,974	594,230	657,823	646,008	631,452	617,151
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	569,974	594,231	657,823	646,008	631,452	617,151

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$6,552)
FY 2021	\$0	(\$6,745)

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Fish, Wildlife, and Parks - 52010

Parks Division - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$81
FY 2021	\$0	\$101

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

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

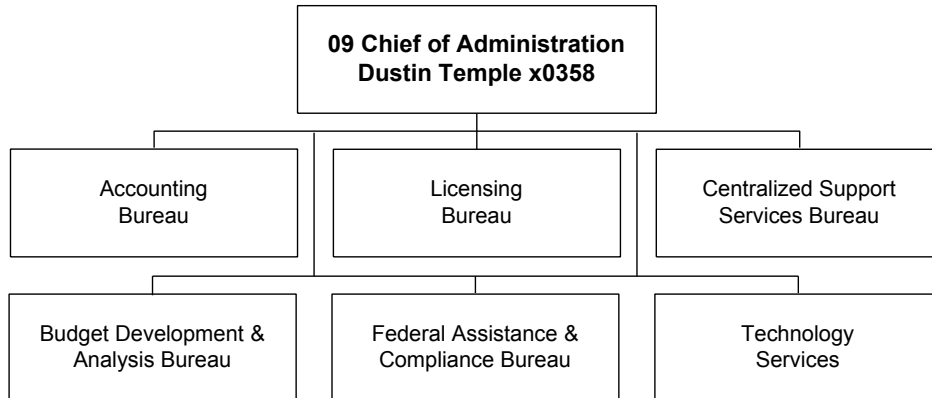
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$34,213
FY 2021	\$0	\$34,130

NP - 606 - Parks Enterprise FTE -

This request is for .50 FTE for a Park Ranger position to maintain the online store and complete fulfillment requirements as well as continued customer service at visitor centers in state parks.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	4.56	0.00	4.56	0.00	4.56	
Personal Services	268,367	10,506	278,873	10,532	278,899	557,772
Operating Expenses	2,121,279	0	2,121,279	0	2,121,279	4,242,558
Equipment & Intangible Assets	1,026,766	0	1,026,766	0	1,026,766	2,053,532
Debt Service	0	0	0	158,000	158,000	158,000
Total Costs	\$3,416,412	\$10,506	\$3,426,918	\$168,532	\$3,584,944	\$7,011,862
Proprietary Funds	3,416,412	10,506	3,426,918	168,532	3,584,944	7,011,862
Total Funds	\$3,416,412	\$10,506	\$3,426,918	\$168,532	\$3,584,944	\$7,011,862

Proprietary Program Description -

The Administration Branch provides the following functions funded with proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- Duplicating Center
- Vehicle Fund
- Supply Warehouse

Fund 06501 Duplicating Center

Program Description

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 Print and Mail Services in the Department of Administration to be completed.

Revenues and Expenses

Revenues are generated from charges on a per page basis for both copying and binding. Expenses recovered in the rates are the personal services of 1.00 FTE, operating expenses, and the raw materials needed for duplicating.

Rates and Rate Explanation

Rates have historically been adjusted based on the need to increase or decrease the cash balances in the account. At FYE 2018, the cash balance was \$2,541, but the program also had to take a loan for \$12,000 to cover current liabilities. As the rates were not sufficient to cover the costs of operating the duplicating fund, several rates have been adjusted.

Changes in Level and Fees and Charges

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

During the past year, this program was thoroughly reviewed to see if any changes were necessary to meet the needs of the agency. During this review, it was determined that several services were being provided, but were not within the descriptions noted here and were therefore not being charged. These functions were added to the table above (binding – coil, inserting, tabbing, laminating, and proofs) and will allow the program to recover the true costs of performing the work. In addition, several of the rates above were raised due to increases in the costs to operate the program.

Projected Fund Balance, Including Cash Fluctuations

At FYE 2018 the net position was -\$8,084 and the fund had \$9,834 in inventory and equipment had a net book value of \$2,685. 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. Over the last few years, the revenues have remained consistent, but the expenses have continued to rise, which has led to the rate increases noted above.

Working Capital and Fees Commensurate Analysis

The 60-day working capital requirement should provide sufficient cash to fund on-going operations of this program. However, the costs are much higher than the revenue being generated.

Fund 06502 Equipment Fund

Program Description

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.

Revenues and Expenses

The objective 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 the fleet, and replacement of fleet vehicles. A total of 3.06 FTE are funded in this fund. The two largest costs are fuel and repairs. In FY 2017, the fund spent over \$1.05 million on fuel and \$559,000 on repairs. In FY 2018, the fund spent \$1.18 million on fuel and \$583,000 on repairs.

Each year, department employees drive an average of 6.2 million miles in department owned vehicles. The number of miles driven has slightly increased the last few years, mostly due to new projects within the agency and is expected to remain consistent over the next biennium. The department currently has a fleet of 626 vehicles, with 41 vehicles slated for surplus sale in September 2018. The department's request for vehicle replacement is for 40 vehicles in both FY 2019 and FY 2020. This is based on replacing vehicles after a minimum of 180,000 miles. FWP has not historically used the loan program to purchase replacement vehicles but intends to utilize this benefit in the upcoming biennium, which will require a decision package in the debt service.

Rates and Rate Explanation

The department attempts to ensure that fees are commensurate with costs over time by developing rates that take into consideration any excess income or loss generated from previous periods as well as estimated costs of the program.

The rates below are based on a dual rate structure, which includes 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 recover fixed costs associated with ownership, such as insurance, licensing and title work, utilities, depreciation, interest payments on loans, and personal services associated with maintaining and administering the program.

Information is gathered using the Agile Assets Fleet Software to provide mileage and cost information related to each vehicle class. This cost information as well as SABHRS financial information was used to base costs and was adjusted

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

for projected fleet size to calculate the FY 2020 and FY 2021 rates. The volatility of fuel prices continues to be a major challenge in estimating future rates and a tier structure has been developed to adjust rates based on unexpected increases in fuel costs per gallon.

Description	FY2018	FY2019
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

FY 2020				
Usage Rate				
Class	Assigned Rate	Tier 1	Tier 2	Tier 3
	Per Hour	2.72/Gal	3.22/Gal	3.72/Gal
210 Sedan	0.452	0.141	0.157	0.173
310 Van	0.236	0.410	0.438	0.466
410 Utility	0.909	0.196	0.222	0.248
610 1/2 Ton Pickup	0.741	0.268	0.302	0.336
710 3/4 Ton Pickup	1.049	0.314	0.358	0.401

FY 2021

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Usage Rate				
Class	Assigned Rate	Tier 1	Tier 2	Tier 3
	Per Hour	2.72/Gal	3.22/Gal	3.72/Gal
210 Sedan	0.389	0.149	0.165	0.181
310 Van	0.243	0.418	0.446	0.474
410 Utility	0.888	0.204	0.230	0.256
610 1/2 Ton Pickup	0.828	0.276	0.310	0.344
710 3/4 Ton Pickup	1.035	0.322	0.366	0.409

Changes in Level of Fees and Charges

Historically, rates were assessed based on the miles driven and assessed a minimum overhead charge if not driven a minimum number of miles. The rates described above are based on a dual rate structure consistent with the State Motor Pool and will assist the program with ensuring fees are commensurate with costs.

Projected Fund Balance, Including Cash Fluctuations

At FYE 2018, the vehicle fund had total assets of \$8,027,224 and the book value (original cost less accumulated depreciation) of the fleet was \$7,243,720. A portion of the program's net position has been reserved for the book value of department vehicles. 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.

Working Capital and Fees Commensurate Analysis

The department attempts to manage this fund so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. Most replacement vehicles are purchased and received in the spring. As of June 30, 2018, there were a few vehicles that were delayed from the dealership and were not received by the department until July 2018, which resulted in an excess cash balance at FYE.

Fund 06503 Warehouse Inventory

Program Description

The department's warehouse contains mainly uniform items both for wardens and non-wardens. Overhead costs are recovered by charging a fixed percentage to all sales.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

Revenues and Expenses

Revenues come from the sales of inventory items to department employees. There was a change in the uniform policy which caused a spike in the revenues for FY 16. This has now stabilized in FY 17 and FY18 and the department anticipates revenues to be around \$100,000 per year for FY 2020 and FY 2021. 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.

Rate and 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 rate is calculated by estimating the warehouse sales in comparison with the support costs required to maintain the warehouse function such as personal services, office supplies, and other miscellaneous office 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 practical.

Changes in Level of Fees and Charges

In 2018 the overhead rate was 25% and was not sufficient revenue to cover the administrative costs of the program. The cash balance has decreased the last two years and therefore, a rate increase is proposed. A rate of 35% is proposed and this combined with strict inventory management should be sufficient to administer the program.

Projected Fund Balance, Including Cash Fluctuations

The net position in FY 2018 was \$121,497. A portion of the program's net position has been reserved for the warehouse inventory. At FYE 2018, the warehouse inventory was \$120,609.

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

Working Capital and Fees Commensurate Analysis

The 60-day working capital requirement provides sufficient cash to fund ongoing 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.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration		
	Fund	Fund Name				
	06502	Equipment Enterprise Fund				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
	3,067,770	2,965,042	3,051,391	3,051,391	3,173,447	3,236,916
	3,067,770	2,965,042	3,051,391	3,051,391	3,173,447	3,236,916
Expenses:						
Personal Services						
	166,656	207,386	203,624	184,842	184,842	184,842
Other Operating Expenses						
	2,162,533	2,507,488	2,759,285	3,013,686	3,013,686	3,013,686
	2,329,189	2,714,874	2,962,909	3,198,528	3,198,528	3,198,528
Operating Income (Loss)						
	738,581	250,168	88,482	(147,137)	(25,081)	38,388
Nonoperating Revenues:						
Other Revenue A						
	(280,856)	(134,036)	(89,123)	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)						
	(280,856)	(134,036)	(89,123)	-	-	-
Income (Loss) Before Contributions and Transfers						
	457,725	116,132	(641)	(147,137)	(25,081)	38,388
Transfers In						
	413,492	-	-	-	-	-
Change in Net Position						
	871,217	116,132	(641)	(147,137)	(25,081)	38,388
Beginning Net Position - July 1						
	6,924,576	7,795,793	7,911,925	7,911,284	7,764,147	7,739,066
Change in Net Position						
	871,217	116,132	(641)	(147,137)	(25,081)	38,388
Ending Net Position - June 30						
	7,795,793	7,911,925	7,911,284	7,764,147	7,739,066	7,777,454
Net Position (Fund Balance) Analysis						
Unrestricted Net Position						
	7,795,793	7,911,925	7,911,284	7,764,147	7,739,066	7,777,453

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration		
	Fund	Fund Name				
	06503	F & G Warehouse Inventory				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A						
	173,835	103,934	83,169	140,000	140,000	140,000
Total Operating Revenues	173,835	103,934	83,169	140,000	140,000	140,000
Expenses:						
Personal Services						
Other Operating Expenses						
	6,297	28,468	24,297	34,289	34,289	34,289
Total Operating Expenses	153,616	115,445	92,622	138,294	138,294	138,294
Operating Income (Loss)	20,219	(11,511)	(9,453)	1,706	1,706	1,706
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	20,219	(11,511)	(9,453)	1,706	1,706	1,706
Change in Net Position	20,219	(11,511)	(9,453)	1,706	1,706	1,706
Beginning Net Position - July 1	122,242	142,461	130,950	121,497	123,203	124,909
Change in Net Position	20,219	(11,511)	(9,453)	1,706	1,706	1,706
Ending Net Position - June 30	142,461	130,950	121,497	123,203	124,909	126,615
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	142,461	130,950	121,497	132,203	124,909	126,615

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration		
	Fund	Fund Name				
	06501	Duplicating Center				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A						
	75,710	87,348	84,378	97,000	97,000	97,000
Total Operating Revenues	75,710	87,348	84,378	97,000	97,000	97,000
Expenses:						
Personal Services						
Other Operating Expenses						
	47,379	51,222	50,030	49,236	49,236	49,236
Total Operating Expenses	77,101	89,261	95,656	79,581	79,581	79,581
Operating Income (Loss)	(1,391)	(1,913)	(11,278)	17,419	17,419	17,419
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(1,391)	(1,913)	(11,278)	17,419	17,419	17,419
Change in Net Position	(1,391)	(1,913)	(11,278)	17,419	17,419	17,419
Beginning Net Position - July 1	6,498	5,107	3,194	(8,084)	9,335	26,754
Change in Net Position	(1,391)	(1,913)	(11,278)	17,419	17,419	17,419
Ending Net Position - June 30	5,107	3,194	(8,084)	9,335	26,754	44,173
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	5,107	3,194	(8,084)	9,335	26,754	44,173

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$10,506
FY 2021	\$0	\$10,532

SWPL - 1 - Personal Services -

The budget includes authority to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Fish, Wildlife, and Parks - 52010

Administration - 09

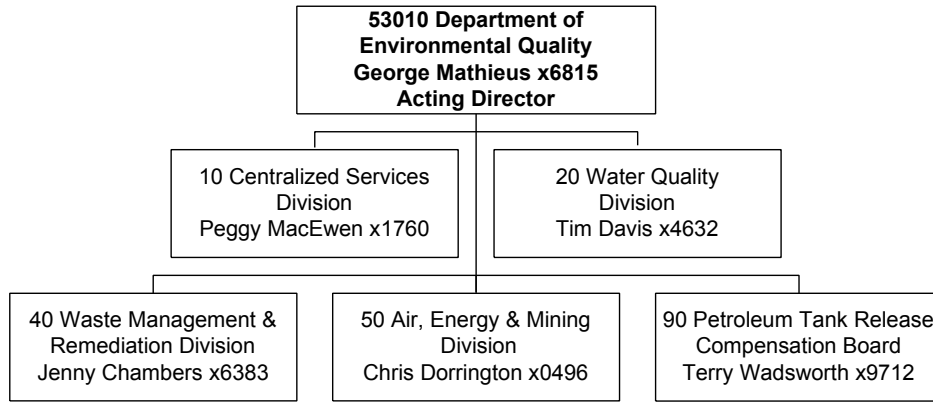
-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$0
FY 2021	\$0	\$158,000

NP - 901 - Fleet Vehic Replacement Debt Service -

This request of \$158,000 proprietary authority in the second year of the 2021 biennium is for debt service payments. The agency proposes to use the state loan program to purchase replacement vehicles for the fleet of 626. The proposed plan is to replace 40 in each fiscal year.

Department of Environmental Quality - 53010



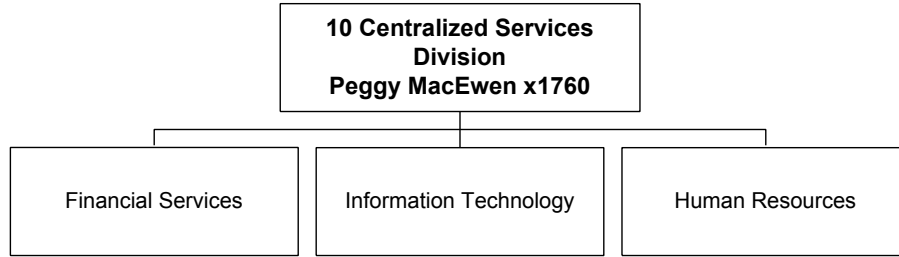
Mission Statement - To protect, sustain, and improve a clean and healthful environment to benefit present and future generations.

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	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	55.50	55.50	
Personal Services	4,823,432	4,819,634	9,643,066
Operating Expenses	3,949,550	3,823,979	7,773,529
Equipment & Intangible Assets	119,739	119,739	239,478
Transfers	5,000	5,000	10,000
Total Costs	\$8,897,721	\$8,768,352	\$17,666,073
Proprietary Funds	8,897,721	8,768,352	17,666,073
Total Funds	\$8,897,721	\$8,768,352	\$17,666,073

Department of Environmental Quality - 53010

Centralized Services Division - 10



Program Proposed Budget	Starting Point	Budget Adjustments	Total	Budget Adjustments	Total	Executive
Budget Item	Fiscal 2019	Fiscal 2020	Exec. Budget Fiscal 2020	Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	55.50	0.00	55.50	0.00	55.50	
Personal Services	4,868,414	(44,982)	4,823,432	(48,780)	4,819,634	9,643,066
Operating Expenses	3,731,067	218,483	3,949,550	92,912	3,823,979	7,773,529
Equipment & Intangible Assets	119,739	0	119,739	0	119,739	239,478
Transfers	5,000	0	5,000	0	5,000	10,000
Total Costs	\$8,724,220	\$173,501	\$8,897,721	\$44,132	\$8,768,352	\$17,666,073
Proprietary Funds	8,724,220	173,501	8,897,721	44,132	8,768,352	17,666,073
Total Funds	\$8,724,220	\$173,501	\$8,897,721	\$44,132	\$8,768,352	\$17,666,073

Proprietary Program Description - Fund 06509 DEQ Indirects

The Central Services Division is funded with a proprietary fund. As such, the legislature does not appropriate funds but rather approve a rate for the proprietary fund. The DEQ indirect fund supports common functions across DEQ including administration, human resources, and information technology. In this regard, the indirect fund can be thought of as the "overhead" of DEQ.

Revenues and Expenses

The fund is supported by a charge against other divisions of DEQ. The percentage of the charge is approved by the United States Environmental Protection Agency.

The functions supported by the indirect fund in Central Services include:

Management	Information Technology
Budgeting	EE Safety Program
Accounting	Continuous Process Improvement
Payroll	Records Management
Procurement	HR Services
Contract Management	Emergency Management Services

Rate(s) and Rate Explanation

The rate being requested is a fixed rate that will not exceed 24% of the personal services base or 4% of the operating services base. This rate structure has been effective in providing the needed revenue to the internal service fund to provide services to all of the programs.

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

Department of Environmental Quality - 53010

Centralized Services Division - 10

Changes in Level of Fees and Charges There are no changes in services or fees requested.

Requested Rates for Internal Service

Rate Information

Fee Description:	Actual	Actual	Estimated	Estimated	Proposed	Proposed
	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Personal Services Indirect	24%	23%	24%	24%	24%	24%
Operating Expense Indirect	4%	4%	4%	4%	4%	4%

2021 Biennium Internal Service Fund

Working Capital and Fees Commensurate Analysis

Fund 06509

Fund Name DEQ Indirects

Cash Available for Fund Operations (Working Capital)

	Actual	Actual	Actual	Estimated	Proposed	Proposed
	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Current Assets	1,132,599	1,193,133	577,172			
Less Current Liabilities	(603,705)	(622,784)	(505,482)			
Working Capital (WC)	528,894	570,349	71,690	347,621	450,051	681,850
Cash Required for Fund Operations						
60 Days Operations Expense	1,306,026	1,293,582	1,306,168	1,453,203	1,482,120	1,460,559
Difference	(777,132)	(723,230)	(1,234,478)	(1,105,582)	(1,032,069)	(778,709)

Budgeted WC = Actual WC FY 2018 + or - Budgeted FY 2019, FY 2020, and FY 2021 Change in Net Position

Department of Environmental Quality - 53010

Centralized Services Division - 10

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 53010	Agency Name: Department of Environmental Quality			Program Name: Centralized Services Division		
	Fund	Fund Name				
	06509	DEQ Indirects				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	6,797,481	6,826,379	6,664,744	8,000,000	8,000,000	8,000,000
Fee Revenue B	819,380	895,538	718,607	1,000,000	1,000,000	1,000,000
Revenue A	30,600	10,437	19,930	151	151	151
Total Operating Revenues	7,647,461	7,732,354	7,403,281	9,000,151	9,000,151	9,000,151
Expenses:						
Personal Services						
Other Operating Expenses	4,609,113	4,413,877	4,775,859	4,868,414	4,823,432	4,819,634
Total Operating Expenses	3,227,041	3,347,595	3,061,147	3,850,806	4,069,289	3,943,718
Operating Income (Loss)	(188,693)	(29,118)	(433,725)	280,931	107,430	236,799
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(188,693)	(29,118)	(433,725)	280,931	107,430	236,799
Transfers Out						
Change in Net Position	(1,234)	(1,207)	(873)	(5,000)	(5,000)	(5,000)
Beginning Net Position - July 1	(189,927)	(30,325)	(434,598)	275,931	102,430	231,799
Prior Period Adjustments	627,115	434,629	404,304	(31,271)	244,660	347,090
Change in Net Position	(2,559)	-	(977)	-	-	-
Ending Net Position - June 30	(189,927)	(30,325)	(434,598)	275,931	102,430	231,799
	434,629	404,304	(31,271)	244,660	347,090	578,889
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$44,982)
FY 2021	\$0	(\$48,780)

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Environmental Quality - 53010

Centralized Services Division - 10

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$217,611
FY 2021	\$0	\$91,830

SWPL - 2 - Fixed Costs -

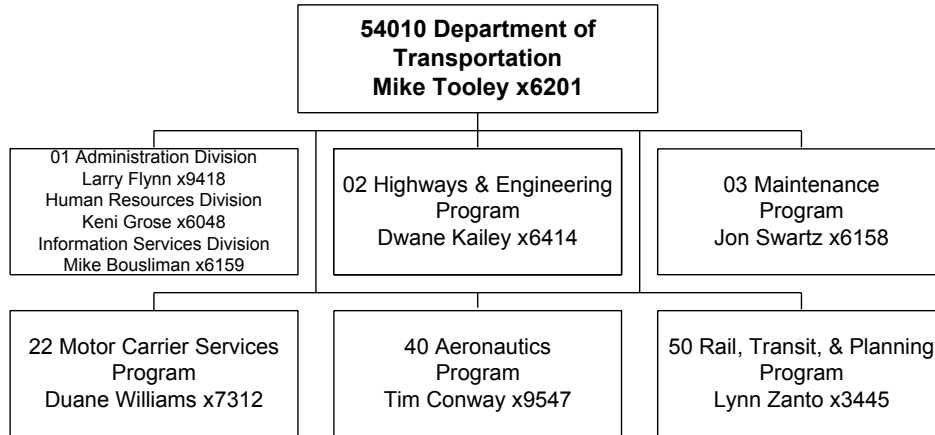
The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$872
FY 2021	\$0	\$1,082

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2020 and FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Transportation - 54010



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 15-70, 60, 61, and 67 MCA; Title s 23 and 49 USC, Titles 23 and 49 CFR .

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	131.00	131.00	
Personal Services	10,062,228	10,058,845	20,121,073
Operating Expenses	16,388,281	16,403,155	32,791,436
Equipment & Intangible Assets	10,916,881	10,916,881	21,833,762
Debt Service	19,449	19,449	38,898
Total Costs	\$37,386,839	\$37,398,330	\$74,785,169
Proprietary Funds	37,386,839	37,398,330	74,785,169
Total Funds	\$37,386,839	\$37,398,330	\$74,785,169

Department of Transportation - 54010

Motor Pool Program - 07

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	6.00	0.00	6.00	0.00	6.00	
Personal Services	422,122	6,898	429,020	7,690	429,812	858,832
Operating Expenses	2,221,907	5,004	2,226,911	4,842	2,226,749	4,453,660
Equipment & Intangible Assets	3,801,753	0	3,801,753	0	3,801,753	7,603,506
Debt Service	19,449	0	19,449	0	19,449	38,898
Total Costs	\$6,465,231	\$11,902	\$6,477,133	\$12,532	\$6,477,763	\$12,954,896
Proprietary Funds	6,465,231	11,902	6,477,133	12,532	6,477,763	12,954,896
Total Funds	\$6,465,231	\$11,902	\$6,477,133	\$12,532	\$6,477,763	\$12,954,896

Proprietary Program Description - Motor Pool Program-06506

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 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 Montana 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 \$0.545 per mile by the Internal Revenue Service for the current year if the state employee qualifies according to the conditions as discussed in the employee travel policy of the MOM manual.

The program does not expect any major changes to the customer base in the 2021 biennium.

Department of Transportation - 54010

Motor Pool Program - 07

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 54010	Agency Name: Department of Transportation		Program Name: Motor Pool Program			
	Fund	Fund Name				
	06506	Motor Pool - Int Svc				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	3,956,055	4,122,785	4,274,327	6,465,231	6,477,133	6,477,763
Total Operating Revenues	3,956,055	4,122,785	4,274,327	6,465,231	6,477,133	6,477,763
Expenses:						
Personal Services						
Other Operating Expenses	400,378	417,135	393,159	422,122	429,020	429,812
Total Operating Expenses	3,578,047	3,905,365	4,351,211	6,043,109	6,048,113	6,047,951
Operating Income (Loss)	(22,370)	(199,715)	(470,043)	-	-	-
Nonoperating Revenues:						
Other Revenue A	168,199	123,836	97,692	-	-	-
Other Revenue B	156,122	76,267	8,414	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	324,321	200,103	106,106	-	-	-
Income (Loss) Before Contributions and Transfers	301,951	388	(363,937)	-	-	-
Change in Net Position	301,951	388	(363,937)	-	-	-
Beginning Net Position - July 1	6,316,458	6,618,409	6,618,797	6,254,860	6,254,860	6,254,860
Change in Net Position	301,951	388	(363,937)	-	-	-
Ending Net Position - June 30	6,618,409	6,618,797	6,254,860	6,254,860	6,254,860	6,254,860
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$6,898
FY 2021	\$0	\$7,690

SWPL - 1 - Personal Services -

The budget includes authority to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime and differential.

Department of Transportation - 54010

Motor Pool Program - 07

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$5,004
FY 2021	\$0	\$4,842

SWPL - 2 - Fixed Costs -

The request includes \$5,004 in FY 2020 and \$4,842 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

Department of Transportation - 54010

Equipment Program - 08

Program Proposed Budget	Starting Point	Budget Adjustments	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	123.00	0.00	123.00	0.00	123.00	
Personal Services	9,234,974	196,921	9,431,895	193,236	9,428,210	18,860,105
Operating Expenses	14,023,958	1,163	14,025,121	(8,789)	14,015,169	28,040,290
Equipment & Intangible Assets	7,115,128	0	7,115,128	0	7,115,128	14,230,256
Total Costs	\$30,374,060	\$198,084	\$30,572,144	\$184,447	\$30,558,507	\$61,130,651
Proprietary Funds	30,374,060	198,084	30,572,144	184,447	30,558,507	61,130,651
Total Funds	\$30,374,060	\$198,084	\$30,572,144	\$184,447	\$30,558,507	\$61,130,651

Proprietary Program Description - Equipment Program-06508

The Equipment Program is responsible for the acquisition, disposal, repair and maintenance of a fleet of approximately 4,700 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 rental 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 section 17-8-101, MCA. 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.

Department of Transportation - 54010

Equipment Program - 08

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 54010	Agency Name: Department of Transportation			Program Name: Equipment Program		
	Fund	Fund Name				
	06508	Highway Equipment - Int Svc.				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	26,534,287	27,319,025	29,822,437	30,374,060	30,572,144	30,558,507
Revenue A	172,467	237,590	199,288	-	-	-
Total Operating Revenues	26,706,754	27,556,615	30,021,725	30,374,060	30,572,144	30,558,507
Expenses:						
Personal Services	8,433,368	8,654,104	8,596,729	9,234,974	9,431,895	9,428,210
Other Operating Expenses	16,428,875	19,997,561	22,291,231	21,139,086	21,140,249	21,130,297
Total Operating Expenses	24,862,243	28,651,665	30,887,960	30,374,060	30,572,144	30,558,507
Operating Income (Loss)	1,844,511	(1,095,050)	(866,235)	-	-	-
Nonoperating Revenues:						
Other Revenue A	5,430	1,667	1,234	-	-	-
Other Revenue B	16,187	15,815	10,815	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	21,617	17,482	12,049	-	-	-
Income (Loss) Before Contributions and Transfers	1,866,128	(1,077,568)	(854,186)	-	-	-
Capital Contributions						
Transfers Out	576,691	2,298,732	-	-	-	-
Change in Net Position	(2,582)	-	-	-	-	-
Beginning Net Position - July 1	75,601,407	78,041,644	79,262,808	78,408,622	78,408,622	78,408,622
Change in Net Position	2,440,237	1,221,164	(854,186)	-	-	-
Ending Net Position - June 30	78,041,644	79,262,808	78,408,622	78,408,622	78,408,622	78,408,622
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$196,921
FY 2021	\$0	\$193,236

SWPL - 1 - Personal Services -

The budget includes \$196,921 in FY 2020 and \$193,236 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime and differential.

Department of Transportation - 54010

Equipment Program - 08

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,043
FY 2021	\$0	(\$8,938)

SWPL - 2 - Fixed Costs -

The request includes an increase of \$1,043 in FY 2020 and a decrease of \$8,938 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

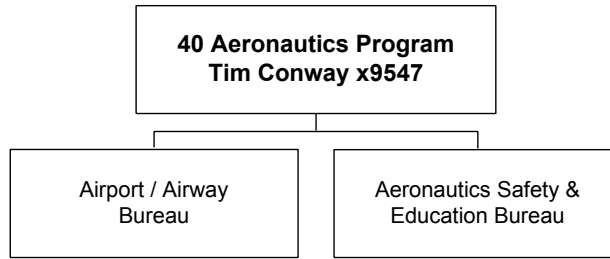
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$120
FY 2021	\$0	\$149

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$120 in FY 2020 and \$149 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Transportation - 54010

Aeronautics Program - 40



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	2.00	0.00	2.00	0.00	2.00	
Personal Services	194,144	7,169	201,313	6,679	200,823	402,136
Operating Expenses	72,531	63,718	136,249	88,706	161,237	297,486
Total Costs	\$266,675	\$70,887	\$337,562	\$95,385	\$362,060	\$699,622
Proprietary Funds	266,675	70,887	337,562	95,385	362,060	699,622
Total Funds	\$266,675	\$70,887	\$337,562	\$95,385	\$362,060	\$699,622

Proprietary Program Description - Yellowstone Airport - 06007

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 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 with tenants that include a restaurant/gift shop and 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. A security/wildlife fence surrounds the entire airport property.

Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2021 biennium to keep the airport within accordance with FAA mandates and advisory circulars.

The West Yellowstone Airport is an enterprise proprietary fund. There is one airport manager who works 8 months' full time and 4 months' part time. The airport also has two other employees, an airport operations chief and an airport fire fighter who are employed seasonally.

Department of Transportation - 54010

Aeronautics Program - 40

Rates and Rate Explanation

There are planned fee increases for the 2021 biennium. Rates will increase for the following: Landing Fees for aircraft 16,500 lbs. and over will go from \$1.70 to \$2.00 per pound, building leases will increase from \$0.13 to \$0.14 (improved) and \$0.065 to \$0.07 per sq. foot, Non-Aero rentals City will increase in 2020 to \$40,000 per year and in 2021 to \$40,600 per year up from \$13,500 per year and the Chamber Snow Shoot has a mixed increase and decrease. The contract will increase from \$1,375 to \$2,000 (2020) and \$2,250 however the per day fee decreases from \$275 per day to \$190 (2020) and \$205 (2021) per day (see chart in 'Rate Explanation' tab).

Projected Fund Balance, Including Cash Fluctuations

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, three-year period (FY2016 – FY2018), out to approximately \$4,,043.

Annual budgeted expenses at the Yellowstone Airport for a three-year period (FY2016 – FY2018) average \$492,518/year that also includes match needed for Federal projects occurring at the airport. 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 increase with an increase in expenses for FY2018 tapering down for FY2019 however FY2020 will increase dramatically due to projected projects coming to the airport, mainly the airport terminal. 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.

Working Capital Analysis

In past biennia, the West Yellowstone Airport has maintained an adequate cash balance to meet operational needs and provide the required match for federal airport improvement grants. The 2021 biennium brings a new challenge to sustaining both operating needs and providing the required match for anticipated federal funds. These projects are necessary to meet FAR 139 requirements and TSA security requirements to maintain the airport's commercial operating certificate to host scheduled air carrier service. Safety is of the highest priority at West Yellowstone Airport.

Department of Transportation - 54010

Aeronautics Program - 40

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 54010	Agency Name: Department of Transportation			Program Name: Aeronautics Program		
	Fund	Fund Name				
	06007	West Yellowstone Airport				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	83,215	73,010	87,324	85,379	85,479	85,629
Other Operating Revenue	347,441	331,374	415,698	386,028	394,698	395,424
Total Operating Revenues	430,656	404,384	503,022	471,407	480,177	481,053
Expenses:						
Personal Services						
Other Operating Expenses	178,646	181,595	189,105	194,144	201,313	200,823
Total Operating Expenses	220,946	321,635	363,033	72,531	136,249	161,237
Operating Income (Loss)	31,064	(98,846)	(49,116)	204,732	142,615	118,993
Nonoperating Revenues:						
Other Revenue A	3,338	-	-	322,725	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	3,338	-	-	322,725	-	-
Income (Loss) Before Contributions and Transfers	34,402	(98,846)	(49,116)	527,457	142,615	118,993
Capital Contributions						
Transfers In	1,003,769	2,637,127	2,815,991	523,423	6,500	6,500
Change in Net Position	91,942	285,956	317,969	40,012	5,878	5,878
Beginning Net Position - July 1	1,130,113	2,824,237	3,084,844	1,090,892	154,993	131,371
Prior Period Adjustments	2,740,427	3,870,540	6,709,307	9,794,151	10,885,043	11,040,036
Change in Net Position	-	14,530	-	-	-	-
Ending Net Position - June 30	1,130,113	2,824,237	3,084,844	1,090,892	154,993	131,371
Ending Net Position - June 30	3,870,540	6,709,307	9,794,151	10,885,043	11,040,036	11,171,407
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$7,169
FY 2021	\$0	\$6,679

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings. Additional factors contributing to the budget request include overtime, differential and per diem.

Department of Transportation - 54010

Aeronautics Program - 40

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$3,718
FY 2021	\$0	\$3,706

SWPL - 2 - Fixed Costs -

The request includes funding to provide required budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$60,000
FY 2021	\$0	\$60,000

PL - 4011 - Yellowstone Airport Operations Increase -

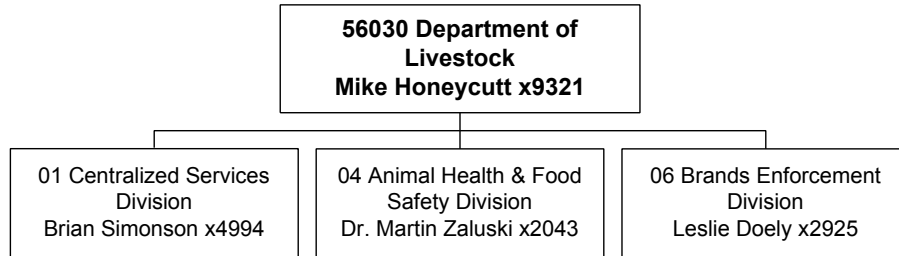
This request is for \$60,000 in each year of proprietary revenue for increase in maintenance costs associated with buildings, grounds maintenance, janitorial services, airport equipment and vehicles, and utilities. These increases are due to aging facilities, and the addition of the Airport Rescue & Fire Fighting (ARFF) building.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$0
FY 2021	\$0	\$25,000

PL - 4012 - PAPI - NAPROP -

This request is for \$25,000 of proprietary revenue in FY 2021 to match federal funds used for the construction of a Precision Approach Path Indicator (PAPI) at the Yellowstone Airport. The PAPI is a visual guidance aid and a FAA required component of the Instrument Landing System (ILS). This system is required by the FAA and Airline to continue commercial air carrier operations. The federal change package is PL4007 included in HB2 for this requested match.

Department of Livestock - 56030



Mission Statement - The Department of Livestock exercises general supervision over and, so far as possible, protects the livestock interests of the state from theft and disease and recommends legislation that in the judgment of the department fosters the livestock industry.

Statutory Authority - Title 81 & 2-15-3101, MCA

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	4.75	4.75	
Personal Services	313,963	314,357	628,320
Operating Expenses	855,786	855,835	1,711,621
Equipment & Intangible Assets	19,967	19,967	39,934
Debt Service	0	0	0
Total Costs	\$1,189,716	\$1,190,159	\$2,379,875
Proprietary Funds	1,189,716	1,190,159	2,379,875
Total Funds	\$1,189,716	\$1,190,159	\$2,379,875

Department of Livestock - 56030

Animal Health Division - 04

**04 Animal Health & Food
Safety Division
Dr. Martin Zaluski x2043**

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	0.00	4.75	4.75	4.75	4.75	
Personal Services	313,827	136	313,963	530	314,357	628,320
Operating Expenses	848,879	6,907	855,786	6,956	855,835	1,711,621
Equipment & Intangible Assets	19,967	0	19,967	0	19,967	39,934
Debt Service	0	0	0	0	0	0
Total Costs	\$1,182,673	\$7,043	\$1,189,716	\$7,486	\$1,190,159	\$2,379,875
Proprietary Funds	1,182,673	7,043	1,189,716	7,486	1,190,159	2,379,875
Total Funds	\$1,182,673	\$7,043	\$1,189,716	\$7,486	\$1,190,159	\$2,379,875

Proprietary Program Description -

06026 – MT Veterinary Diagnostic Lab

Program Description

The Montana Veterinary Diagnostic Laboratory (MVDL) is the only accredited, full-service veterinary laboratory in Montana. The division provides disease diagnostic support to veterinarians, livestock producers, companion animal owners, and the Department of Fish, Wildlife, & Parks as well as many other state and federal agencies. The division provides laboratory support to the department's Animal Health Division and Milk & Egg Bureau and helps protect public health by testing dairy products and testing for zoonotic diseases. The laboratory is a member and participant of the National Animal Health Laboratory Network established to provide laboratory diagnostic support in the event of a local, regional or national animal disease emergency.

Revenues and Expenses

Lab testing fees and charges for services collected from veterinarians and other users/customers of the lab make up the total enterprise fund revenue for the MVDL program. Enterprise funds from lab operations support nearly half of all lab operations including 4.75 employees (\$314,000) and \$850,000 in related testing expenses. The balance of revenue and expenses are budgeted in general and state special revenue funds in HB 2. The lab, in FY 2018, performed 172,137 total test that generated \$1,109,299 in proprietary revenue. Outside of inflationary adjustments, there are no major expected changes in services or fees from lab operations.

Rate(s) and Rate Explanation

Lab fee rates are predominately set by the industry across the nation. The current MVDL fee schedule can be found at:

http://liv.mt.gov/Portals/146/lab/4_4_1_1%20MVDL%20User%27s%20Guide%20%26%20Fee%20Schedule.pdf

Proposed revenue rates for fiscal years 2020 and 2021 are:

Department of Livestock - 56030

Animal Health Division - 04

Requested Rates for Internal Service or Enterprise Funds

Fee/Rate Information

	Actual FY 2016	Actual FY 2017	Estimated FY 2018	Estimated FY 2019	Proposed FY 2020	Proposed FY 2021
Fee Description:						
Diagnostic Lab Fees			1,043,630	1,182,673	1,184,000	1,184,000

Projected Fund Balance, Including Cash Fluctuations

The ending unrestricted fund balance projected for FY 2020 and FY 2021 are estimated at \$100,010 and \$90,861 respectively. It is management's objective to increase the MVDL's cash balance to deal with financial risks from issues such as the annual variability of tests performed and the repair and replacement of major lab equipment and applications.

Department of Livestock - 56030

Animal Health Division - 04

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 56030	Agency Name: Department of Livestock		Program Name: Animal Health Division			
	Fund	Fund Name				
	06026	MT Veterinary Diagnostic Lab				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	-	-	1,043,630	1,184,000	1,184,000	1,184,000
Fee Revenue B	-	-	1,324	-	-	-
Total Operating Revenues	-	-	1,044,954	1,184,000	1,184,000	1,184,000
Expenses:						
Personal Services						
Other Operating Expenses	-	-	786,548	867,696	875,753	875,802
Expense B	-	-	1,150	1,150	-	-
Total Operating Expenses	-	-	1,311,238	1,182,673	1,189,716	1,190,159
Operating Income (Loss)	-	-	(266,284)	1,327	(5,716)	(6,159)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	-	-	(266,284)	1,327	(5,716)	(6,159)
Transfers In						
Change in Net Position	-	-	375,000	-	-	-
	-	-	108,716	1,327	(5,716)	(6,159)
Beginning Net Position - July 1	-	-	-	108,716	110,043	104,327
Change in Net Position	-	-	108,716	1,327	(5,716)	(6,159)
Ending Net Position - June 30	-	-	108,716	110,043	104,327	98,168
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	-	-	108,716	108,716	100,010	90,861

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$313,827)
FY 2021	\$0	(\$313,827)

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Livestock - 56030

Animal Health Division - 04

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$6,907
FY 2021	\$0	\$6,956

SWPL - 2 - Fixed Costs -

The request includes increases in FY 2020 and FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

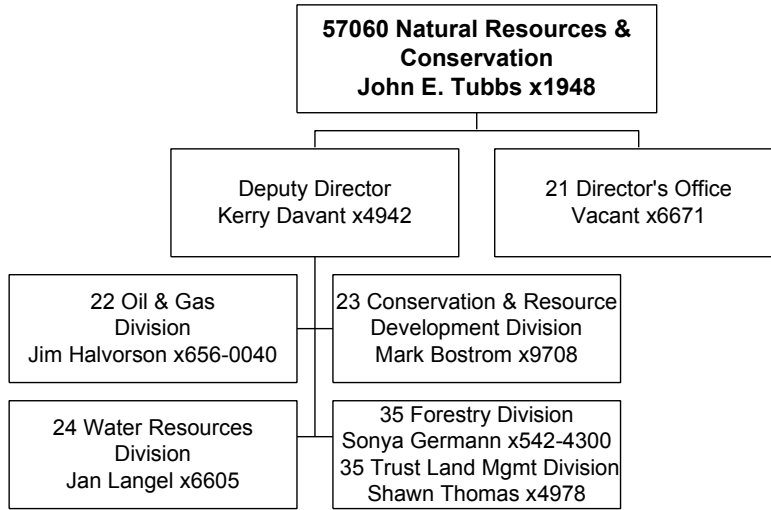
-----New Proposals-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$313,963
FY 2021	\$0	\$314,357

NP - 402 - Proprietary Positions Reallocation -

This new proposal moves 4.75 FTE and associated expenses to proprietary funding derived from the department's diagnostic laboratory and removes them from HB2 appropriations. This shift includes \$313,964 in FY 2020 and \$314,357 in FY 2021 of personnel expenses to their proper revenue source that has already been funding their operations.

Natural Resources and Conservation - 57060



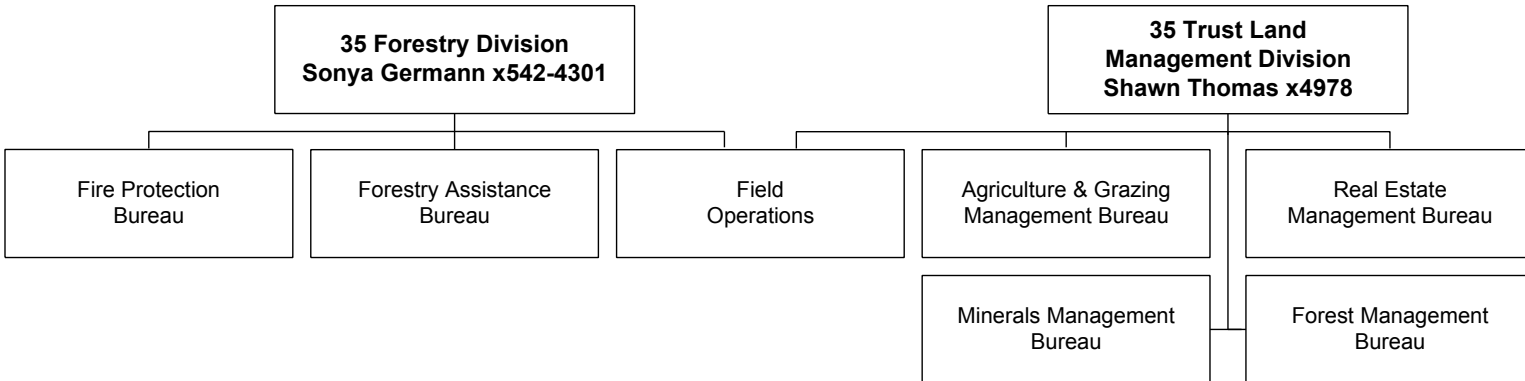
Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	25.15	25.15	
Personal Services	2,045,997	2,044,793	4,090,790
Operating Expenses	1,441,092	1,441,559	2,882,651
Equipment & Intangible Assets	57,500	57,500	115,000
Total Costs	\$3,544,589	\$3,543,852	\$7,088,441
Proprietary Funds	3,544,589	3,543,852	7,088,441
Total Funds	\$3,544,589	\$3,543,852	\$7,088,441

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
		Fiscal 2020	Fiscal 2020	Fiscal 2021	Fiscal 2021	2021 Biennium
FTE	25.15	0.00	25.15	0.00	25.15	
Personal Services	2,023,286	22,711	2,045,997	21,507	2,044,793	4,090,790
Operating Expenses	1,434,301	6,791	1,441,092	7,258	1,441,559	2,882,651
Equipment & Intangible Assets	57,500	0	57,500	0	57,500	115,000
Total Costs	\$3,515,087	\$29,502	\$3,544,589	\$28,765	\$3,543,852	\$7,088,441
Proprietary Funds	3,515,087	29,502	3,544,589	28,765	3,543,852	7,088,441
Total Funds	\$3,515,087	\$29,502	\$3,544,589	\$28,765	\$3,543,852	\$7,088,441

Proprietary Program Description - Fund 06003 - State Nursery Enterprise Fund

Program Description

The Montana State 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's 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 17,760 square feet of greenhouse space. Sixty-seven plant species are currently in production. The nursery program is funded solely from the nursery proprietary account. The revenue generated funds the 10.92 FTE. Statutory authority for the program is in 77-5-404, MCA.

Revenues and Expenses

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), Native American Tribal Governments, 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 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.

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35

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.

Rate(s) and Rate Explanation

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.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to increase gradually over the next three fiscal years.

Fund 06538 - Air Operations Internal Svc

Program Description

The air operations program in the Forestry Division is funded by revenue generated by the aircraft rates and the general fund and fire protection tax revenues 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, as well as reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since these costs 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, local government, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is found in 77-5-103, MCA.

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. An aviation program that is integrated with DNRC firefighters and managers, and is committed to safe and aggressive fire suppression, is the safest and most effective aviation model for the State of Montana.

Revenues and Expenses

Flight rates are proposed to increase for DNRC operated aircraft to meet increased costs of fuel and replacement parts. All revenues and expenditures are managed through an internal service fund to account for the operational costs of the program. Current rates are: UH-1H \$1,650/hr., Jet Ranger \$515/hr., and Cessna \$175/ hr.

The primary source of revenue is the collection of aircraft flight charges. Additional transfer-in revenue is received from HB 2 transfers of fixed costs 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 and private landowners within Montana through initial attack of fires under state direct protection, assistance with fires on county protection, 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 and

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35

county assistance fires paid by the fire suppression fund (state special revenue) and FEMA and U.S. Forest Service (federal special revenue).

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 are supported by the general fund and fire protection tax transfers.

Rate(s) and Rate Explanation

The reimbursement rates for the operation of the department aircraft are based on 5,000 hours of aircraft usage. The rate has been determined to maintain the aircraft in its original condition. At the end of 5,000 hours, all parts should have been replaced and a new maintenance/operation cycle started.

Changes in Level of Fees and Charges

No changes in fees or charge are requested

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to increase gradually over the next three fiscal years.

Working Capital and Fees Commensurate Analysis

Working Capital is estimated to in excess of the 60 days of cash required to fund operations by approximately \$428,000 in FY 2020 and by \$430,000 in FY 2021.

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 57060	Agency Name: Natural Resources and Conservation			Program Name: Forestry & Trust Lands Division		
	Fund	Fund Name				
	06538	Air Operations Internal Svc.				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	1,366,695	759,330	1,367,685	453,000	1,132,275	1,132,275
Fee Revenue B	65,876	35,814	11,279	21,300	53,400	53,400
Fee Revenue C	71,418	43,138	69,738	25,700	64,325	64,325
Total Operating Revenues	1,503,989	838,282	1,448,702	500,000	1,250,000	1,250,000
Expenses:						
Personal Services						
Other Operating Expenses	1,318,376	1,521,476	1,371,317	1,416,104	1,414,940	1,413,180
Expense B	1,098,574	1,296,211	1,208,058	1,306,177	1,312,224	1,312,842
	-	64,981	16,993	-	-	-
Total Operating Expenses	2,416,950	2,882,668	2,596,368	2,722,281	2,727,164	2,726,022
Operating Income (Loss)	(912,961)	(2,044,386)	(1,147,666)	(2,222,281)	(1,477,164)	(1,476,022)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(912,961)	(2,044,386)	(1,147,666)	(2,222,281)	(1,477,164)	(1,476,022)
Transfers In						
Change in Net Position	1,446,923	1,444,652	1,644,652	1,664,652	1,664,652	1,664,652
	533,962	(599,734)	496,986	(557,629)	187,488	188,630
Beginning Net Position - July 1	269,912	798,821	198,468	695,454	137,825	325,313
Prior Period Adjustments	(5,053)	(619)	-	-	-	-
Change in Net Position	533,962	(599,734)	496,986	(557,629)	187,488	188,630
Ending Net Position - June 30	798,821	198,468	695,454	137,825	325,313	513,943
Net Position (Fund Balance) Analysis						

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 57060	Agency Name: Natural Resources and Conservation			Program Name: Forestry & Trust Lands Division		
	Fund	Fund Name				
	06003	State Nursery Enterprise Fund				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	584,794	492,646	518,950	600,000	600,000	600,000
Fee Revenue B	-	15	-	-	-	-
Total Operating Revenues	584,794	492,661	518,950	600,000	600,000	600,000
Expenses:						
Personal Services						
Other Operating Expenses	424,787	439,506	428,053	607,182	631,057	631,613
Expense B	121,903	93,652	102,293	128,124	128,868	128,714
Total Operating Expenses	546,690	533,158	536,782	792,806	817,425	817,827
Operating Income (Loss)	38,104	(40,497)	(17,832)	(192,806)	(217,425)	(217,827)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	38,104	(40,497)	(17,832)	(192,806)	(217,425)	(217,827)
Change in Net Position	38,104	(40,497)	(17,832)	(192,806)	(217,425)	(217,827)
Beginning Net Position - July 1	251,577	289,681	249,184	231,352	38,546	(178,879)
Change in Net Position	38,104	(40,497)	(17,832)	(192,806)	(217,425)	(217,827)
Ending Net Position - June 30	289,681	249,184	231,352	38,546	(178,879)	(396,706)
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	289,681	249,183	231,350	38,544	(178,881)	(396,708)

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$22,711
FY 2021	\$0	\$21,507

SWPL - 1 - Personal Services -

The budget includes authority to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Natural Resources and Conservation - 57060

Forestry & Trust Lands Division - 35

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$6,754
FY 2021	\$0	\$7,213

SWPL - 2 - Fixed Costs -

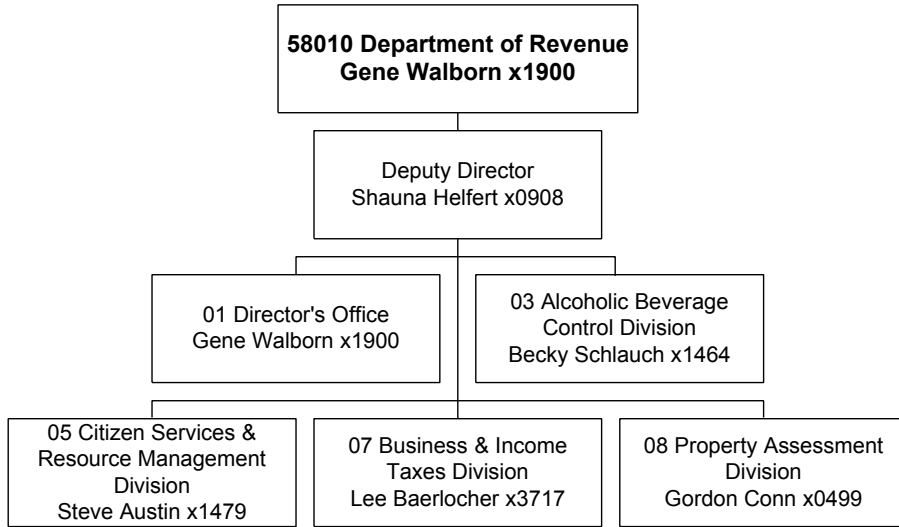
The request includes authority to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$37
FY 2021	\$0	\$45

SWPL - 3 - Inflation Deflation -

This change package includes authority to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Revenue - 58010



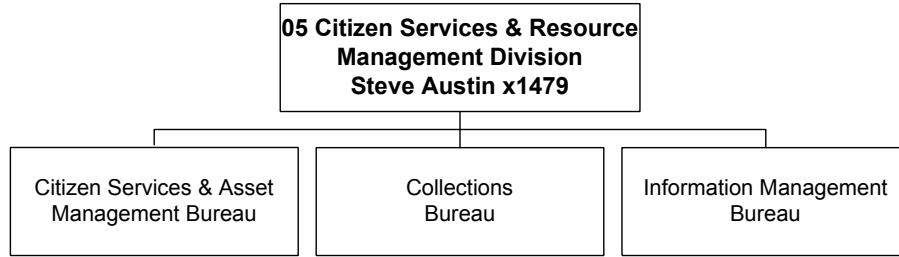
Mission Statement - The quality of life for all Montanans is better because we excel at public service and effective administration of the tax and liquor laws. We do this by ensuring that revenues intended by the legislature are collected to serve Montanans; advancing equity and integrity in taxation; 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	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	3.50	3.50	
Personal Services	213,542	213,054	426,596
Operating Expenses	27,836	27,830	55,666
Total Costs	\$241,378	\$240,884	\$482,262
Proprietary Funds	241,378	240,884	482,262
Total Funds	\$241,378	\$240,884	\$482,262

Department of Revenue - 58010

Citizen Services & Resource Mgmt - 05



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	3.50	0.00	3.50	0.00	3.50	
Personal Services	191,729	21,813	213,542	21,325	213,054	426,596
Operating Expenses	25,556	2,280	27,836	2,274	27,830	55,666
Total Costs	\$217,285	\$24,093	\$241,378	\$23,599	\$240,884	\$482,262
Proprietary Funds	217,285	24,093	241,378	23,599	240,884	482,262
Total Funds	\$217,285	\$24,093	\$241,378	\$23,599	\$240,884	\$482,262

**Proprietary Program Description -
06554 Collection Services Program
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, which includes 3.50 FTE, to administer its statutory responsibilities under Title 17, chapter 4, MCA. These responsibilities include providing collection services for the purpose of centralizing debt collection for the State of Montana.

Revenues and Expenses

The department is currently authorized to charge a commission rate up to 5 percent 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 80 percent of the expenditures are paid in salaries and benefits with the remaining expenditures representing operating expenses of the program.

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

Rates and Rate Explanation

The department requests a commission rate of 5 percent in fiscal year 2020 and a rate of 4.5 percent in 2021. 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 th

Changes in Level of Fees and Charge

The commission rate will be lowered to 4.5 percent in fiscal year 2021. The rate change will lower the fund fee revenue to approximately \$225,600 in fiscal year 2021.

Department of Revenue - 58010

Citizen Services & Resource Mgmt - 05

Projected Net Position, Including Cash Fluctuations (Italics)

This rate reduction will reduce the fund's net position to approximately \$174,981 by the end of fiscal year 2021 assuming all positions in the other agency debts unit remain filled. Cash fluctuations are due to the timing of when commissions are received because the majority of revenues are collected during the income tax season when income tax refunds are offset.

Working Capital and Fees Commensurate Analysis (Italics)

Based on the projection above, net position will be reduced to approximately \$173,202 in fiscal year 2019. This will provide the department with approximately nine months' worth of working capital. It is necessary to maintain a nine month working capital balance to pay expenses as they are incurred as the majority of commission revenue is not collected until the income tax filing season each year, some six to nine months after the start of the fiscal year. The department will continue to evaluate the commission rate as actual revenues and expenditures are received and incurred.

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 58010	Agency Name: Department of Revenue			Program Name: Citizen Services & Resource Mgmt		
	Fund	Fund Name				
	06554	CSC Collection Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	140,126	53,857	260,921	265,000	265,000	265,000
Total Operating Revenues	140,126	53,857	260,921	265,000	265,000	265,000
Expenses:						
Personal Services	103,572	165,669	173,601	191,729	213,542	213,054
Other Operating Expenses	19,541	22,693	43,216	25,556	27,836	27,830
Total Operating Expenses	123,113	188,362	216,817	217,285	241,378	240,884
Operating Income (Loss)	17,013	(134,505)	44,104	47,715	23,622	24,116
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	17,013	(134,505)	44,104	47,715	23,622	24,116
Change in Net Position	17,013	(134,505)	44,104	47,715	23,622	24,116
Beginning Net Position - July 1	262,315	279,328	144,823	188,927	236,642	260,264
Change in Net Position	17,013	(134,505)	44,104	47,715	23,622	24,116
Ending Net Position - June 30	279,328	144,823	188,927	236,642	260,264	284,380
Net Position (Fund Balance) Analysis						

Department of Revenue - 58010

Citizen Services & Resource Mgmt - 05

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$21,813
FY 2021	\$0	\$21,325

SWPL - 1 - Personal Services -

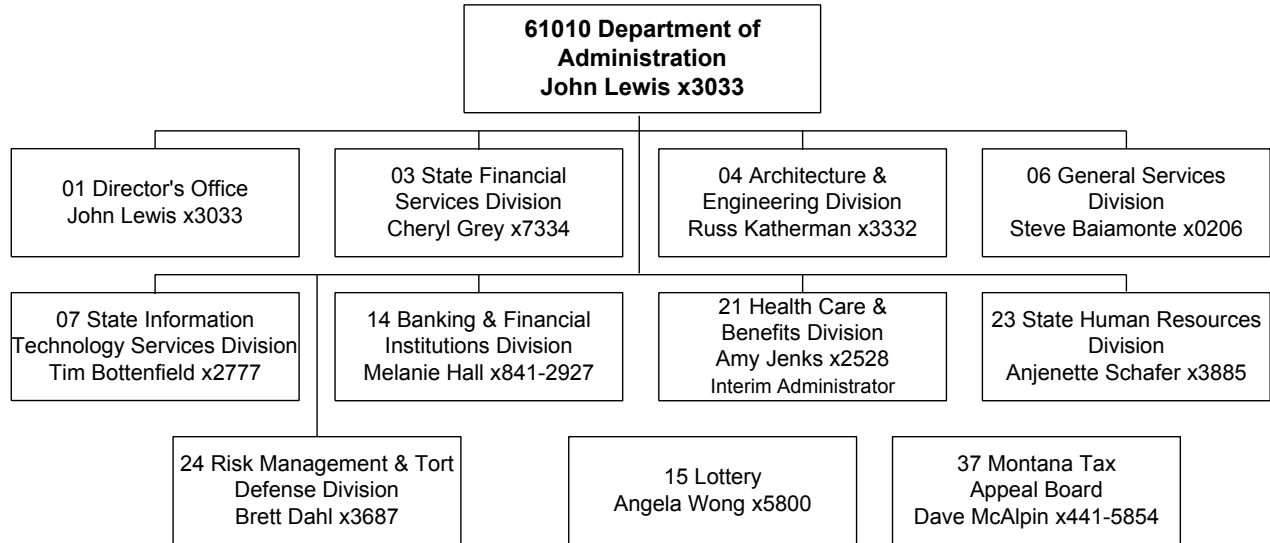
The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$2,280
FY 2021	\$0	\$2,274

SWPL - 2 - Fixed Costs -

The request includes funding changes required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

Department of Administration - 61010



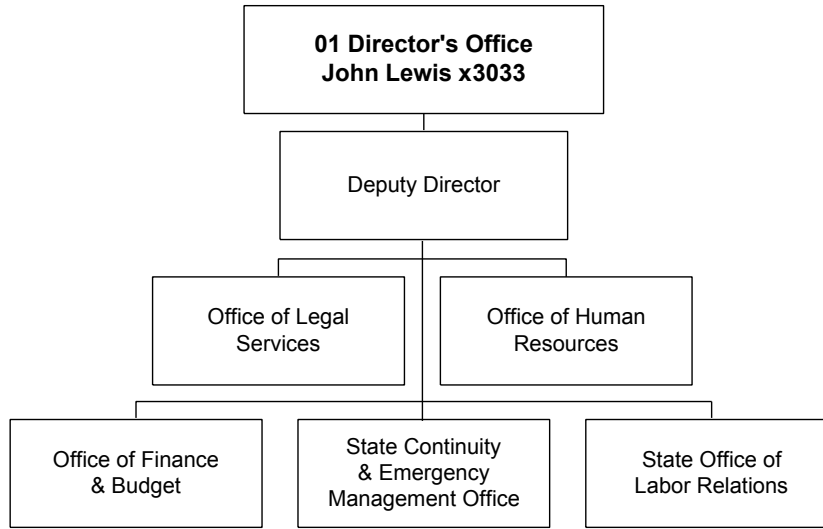
Mission Statement - The Department of Administration's mission is to serve as the backbone of state government by providing leading edge services to our customers and business partners.

Statutory Authority - Title 2, Chapters 7, 9, 15, 17 and 18; Title 10, Chapter 4; Title 15, Chapter 2; Title 17; Title 18; Title 19, Chapter 1; Title 23, Chapter 7; Title 31; Title 32; and Title 39, Chapter 71 MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	369.81	369.81	
Personal Services	32,871,048	32,876,360	65,747,408
Operating Expenses	75,930,547	75,828,230	151,758,777
Equipment & Intangible Assets	790,630	790,630	1,581,260
Capital Outlay	0	0	0
Grants	520,113	520,113	1,040,226
Benefits & Claims	218,164,797	234,164,797	452,329,594
Transfers	160,000	160,000	320,000
Debt Service	2,305,561	2,305,561	4,611,122
Total Costs	\$330,742,696	\$346,645,691	\$677,388,387
Proprietary Funds	330,742,696	346,645,691	677,388,387
Total Funds	\$330,742,696	\$346,645,691	\$677,388,387

Department of Administration - 61010

Director's Office - 01



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
Budget Item						
FTE	26.51	0.00	26.51	0.00	26.51	
Personal Services	2,364,901	128,923	2,493,824	123,438	2,488,339	4,982,163
Operating Expenses	457,068	10,218	467,286	6,886	463,954	931,240
Transfers	0	0	0	0	0	0
Total Costs	\$2,821,969	\$139,141	\$2,961,110	\$130,324	\$2,952,293	\$5,913,403
Proprietary Funds	2,821,969	139,141	2,961,110	130,324	2,952,293	5,913,403
Total Funds	\$2,821,969	\$139,141	\$2,961,110	\$130,324	\$2,952,293	\$5,913,403

Proprietary Program Description - 06534 Director's Office (Management Services)

Program Description

The Director's Office is funded by the revenues generated from the internal fees charged to the Department of Administration's divisions and its attached-to agencies.

The total number of FTE is 26.51 FTE.

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.

The customers served are internal to the Department of Administration and two of its attached-to agencies. The Montana Public Employees Retirement System and the Teachers Retirement System pay for human resource services only.

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

Revenue and Expenses

Department of Administration - 61010

Director's Office - 01

The allocation methodology is threefold. The Director's Office and the Office of Finance and Budget costs are allocated based on a percentage of base year expenses 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 divisions in the department based on a time-use study. The allocations may be realigned if there are changes to the customer base.

Fees are billed quarterly to all programs.

Rate(s) and Rate Explanation

The Director's Office proprietary fund requests that the legislature approve an all-inclusive rate (Total Allocation of Costs) of \$1,938,008 in FY 2020 and FY 2021. The FTE component to this calculation is \$947 per FTE.

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.

Changes in Level of Fees and Charges

There are no significant changes in the Director's Office.

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 operating costs while maintaining a sufficient working capital balance.

Projected Fund Balance, Including Cash Fluctuations

The fund balance (net position) was \$274,549 at the end of FY 2018, which was approximately \$62,000 or 11 days over the 60 day requirement.

Working Capital and Fees Commensurate with Costs

The office strives to maintain about 40 to 50 days of working capital . At the end of FY 2018, working capital was approximately 11 days more than the 60 allowed. The department will manage its working capital to ensure that fees charged are commensurate with costs.

06535 Continuity, Emergency Preparedness and Security Program

Program Description

The Department of Administration is responsible for providing centralized management and coordination of the continuity, emergency preparedness, and security program for state agencies to ensure the ability to protect and recover state essential functions of government at the time of an event. The emergency preparedness activities are no longer focused only on the Helena area but have been expanded to cover state government facilities and employees across the state.

This program has historically been accomplished, and funded, by two divisions within the Department of Administration - the General Services Division (GSD) and the State Information Technology Services Division (SITSD). In calendar year 2013, the department consolidated this activity within the State Continuity and Emergency Management Office (SCEMO) housed in the Director's Office. The program was established as an individual internal service fund in FY 2014 when the function was moved to the Director's Office

Currently there are 5.00 FTE in the program.

Revenues and Expenses

The program costs primarily consist of personal services processed bi-weekly and monthly operating costs, such as software licensing and maintenance costs, contracted services, rent, phone, and other overhead charges. The program has been conservative in its spending in order to build up working capital.

Department of Administration - 61010

Director's Office - 01

Rate(s) and Rate Explanation

The SCEMO program bills the State Information Technology Services Division and the General Services Division quarterly for their services. Fees are collected by both divisions through their respective enterprise rates charged to all agencies. SITSD has historically paid 72% of the cost of the program, while GSD had paid 28%. Rates have been increased by 4% for the 2021 beinnium to help pay for current level increases and build an increase in working capital.

The proposed rate is \$758,029 for FY 2020 and \$757,972 for FY 2021.

3.00 FTE are associated with SITSD and 2.00 FTE are associated with GSD when the program was reorganized into the Director's Office.

No retirements are expected in the next two years.

Projected Fund Balance, Including Cash Fluctuations

The fund equity is \$46,800 at the end of FY 2018. Revenue billings occur quarterly. Fund equity is estimated to be approximately \$23,500 at the end of the 2021 biennium.

Working Capital and Fees Commensurate Analysis:

Because the fund was established in FY 2014, it has taken a few years to build working capital and a fund balance. At the end of FY 2018, the program had approximately 40 days of working capital, which is less than the 60-day threshold.

Department of Administration - 61010

Director's Office - 01

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: Director's Office		
	Fund	Fund Name				
	06534	Management Services				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	2,104,767	2,021,022	1,918,300	1,881,472	1,938,008	1,938,008
Fee Revenue B	729	666	543	12	12	12
Total Operating Revenues	2,105,496	2,021,688	1,918,843	1,881,484	1,938,020	1,938,020
Expenses:						
Personal Services						
Other Operating Expenses	1,673,424	1,738,352	1,700,144	1,657,707	1,930,372	1,926,374
Total Operating Expenses	314,476	326,067	295,784	244,605	262,053	259,619
Operating Income (Loss)	117,596	(42,731)	(77,085)	(20,828)	(254,405)	(247,973)
Nonoperating Revenues:						
Other Revenue A	-	3,177	-	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	3,177	-	-	-	-
Income (Loss) Before Contributions and Transfers	117,596	(39,554)	(77,085)	(20,828)	(254,405)	(247,973)
Transfers In						
Transfers Out	6,520	130,051	-	-	-	-
Change in Net Position	(1,564)	(1,804)	(733)	-	-	-
Beginning Net Position - July 1	122,552	88,693	(77,818)	(20,828)	(254,405)	(247,973)
Change in Net Position	141,122	263,674	352,367	274,549	253,721	(684)
Ending Net Position - June 30	263,674	352,367	274,549	253,721	(684)	(248,657)
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

Director's Office - 01

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: Director's Office		
	Fund	Fund Name				
	06535	Continuity Emergency Mgmt				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	725,967	725,967	728,874	728,817	758,029	757,972
Other Operating Revenue	365	4,802	809	-	-	-
Total Operating Revenues	726,332	730,769	729,683	728,817	758,029	757,972
Expenses:						
Personal Services						
Other Operating Expenses	512,427	555,454	550,432	531,976	563,453	561,965
Total Operating Expenses	151,130	157,157	174,308	201,148	205,233	204,335
Operating Income (Loss)	62,775	18,158	4,943	(4,307)	(10,657)	(8,328)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	62,775	18,158	4,943	(4,307)	(10,657)	(8,328)
Change in Net Position	62,775	18,158	4,943	(4,307)	(10,657)	(8,328)
Beginning Net Position - July 1	(39,076)	23,699	41,857	46,800	42,493	31,836
Change in Net Position	62,775	18,158	4,943	(4,307)	(10,657)	(8,328)
Ending Net Position - June 30	23,699	41,857	46,800	42,493	31,836	23,508
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$128,923
FY 2021	\$0	\$123,438

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

Director's Office - 01

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$9,911
FY 2021	\$0	\$6,579

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

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

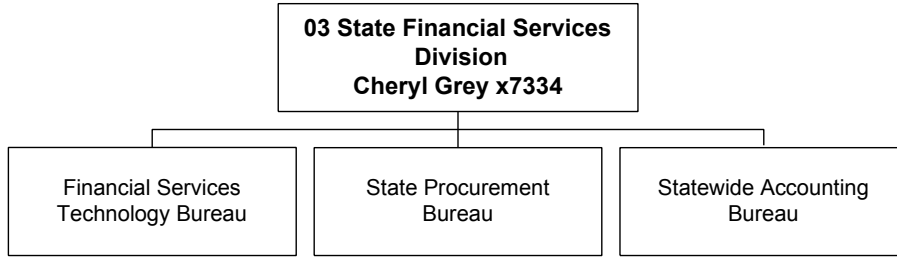
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$307
FY 2021	\$0	\$307

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2020 and FY 2021 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

State Financial Services Division - 03



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	31.33	0.00	31.33	0.00	31.33	
Personal Services	2,662,183	164,544	2,826,727	164,701	2,826,884	5,653,611
Operating Expenses	3,169,321	465,002	3,634,323	392,042	3,561,363	7,195,686
Equipment & Intangible Assets	6,604	0	6,604	0	6,604	13,208
Capital Outlay	0	0	0	0	0	0
Total Costs	\$5,838,108	\$629,546	\$6,467,654	\$556,743	\$6,394,851	\$12,862,505
Proprietary Funds	5,838,108	629,546	6,467,654	556,743	6,394,851	12,862,505
Total Funds	\$5,838,108	\$629,546	\$6,467,654	\$556,743	\$6,394,851	\$12,862,505

**Proprietary Program Description -
Fund 06042 Local Government Audit and Reporting Program**
Program Description

The Local Government Audit and Reporting Program is responsible for administering the provisions of the Montana Single Audit Act, which specifies the financial reporting and audit requirements for all Montana local government entities.

The work of the program is mandated primarily in 2-7-5, MCA, and funds 6.00 FTE.

The program performs the following services:

- Collects and makes available to the public annual financial reports from approximately 900 local governments;
- Collects and makes available to the public annual budgets from local governments;
- 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;
- Provides technical assistance on accounting, reporting, auditing, and legal compliance matters to local governments and certified public accountants conducting 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 that are required to have audits do so;
- Publishes notices in local newspapers of delinquent annual reports and audits;
- 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;
- Maintains copies of all local government entity audit reports, and the local governments' responses to audit findings, and makes those reports and responses available through a public website or upon request;
- 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; and
- Provides information regarding local government audits, audit findings, entity responses to findings, and legal compliance and accounting requirements to the public.

Department of Administration - 61010

State Financial Services Division - 03

Prior to the 54th Legislature, local governments could elect to have either the state or a private auditor conduct its audit. Based upon an executive recommendation, the 54th 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

Revenues are derived from fees charged to the local governments, as described below. Major cost drivers for the program include personal services and operating costs associated with administering the program. Recently, a new entity management system allows for electronic submission of reports by local governments and auditors, as well as public transparency of financial reports, budgets, and audits.

Rate(s) and Rate Explanation

The fund receives revenues from the following:

- A report filing fee as required by 2-7-514, MCA, and defined in ARM 2.4.402. All local government entities that are required to submit audits pay the filing fee.
- 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 within 60 days as required by 2-7-514, MCA, the department may charge a late payment penalty. The penalty has been adopted in ARM 2.4.404 and is currently 10% of the filing fee per month.

A fine for failure to file audits or reports required 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.

It is the intent of the program to maintain fees sufficient to pay program costs at the current staffing level. Because the Montana Single Audit program is an enterprise fund, the legislature does not approve the fees for the program. Instead, fees are established in administrative rule. The Montana Single Audit program does not receive any direct appropriations. Funding is derived entirely from the fees described above.

Projected Fund Balance, including Cash Fluctuations

The program has no specific requirement to reserve fund balance.

Fund 06511 SABHRS Financial Services Technology Bureau

Program Description

The SABHRS Financial Services Technology Bureau (FSTB) is responsible for the operational support and maintenance of the enterprise financial (SABHRS Financials) and budget development information (IBARS) systems and for supporting the enterprise acquisition and contracting system (eMACS) to effectively meet legislative and management needs and to serve the citizens of Montana. FSTB is also responsible for providing database administration services, system architecture, and maintenance for the SABHRS HR information system for the HR Information Systems Bureau. The FSTB works in partnership with the State Accounting Bureau, OBPP, LFD, SITSD, 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 is mandated for all agencies except the university system. There are approximately 900 core users, and 1,100 management users, accessing the SABHRS Financials system.

Department of Administration - 61010

State Financial Services Division - 03

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

FSTB has a total of 21.00 FTE supporting these applications, including upgrades, enhancements, testing, user training, database maintenance, and system architecture.

Revenues and Expenses

FSTB is funded as a fixed cost component of agency budgets. All of the services provided by the bureau are funded under a single fixed cost rate.

The major cost drivers for the FSTB include the SITSD hardware and system architecture services, personal services, and software licensing and maintenance.

Changes in Services or Fees

Financials software maintenance will increase by 3% each fiscal year. Proposed rates include a 4% increase from the 2017 biennium. There was no increase in the 2019 biennium rates.

Rate and Rate Explanation

The rate for FSTB is calculated based upon the projected expenditures. The major cost drivers for the FSTB include the SITSD application hosting and processing services, personal services, and software licensing and maintenance. The annual agency total is subdivided into the following areas: 90% for journal lines, and 10% for budget journal lines originating from IBARS. Using these factors, agencies are allocated a fixed cost for each fiscal year based upon their actual number of journal lines in the most recently completed fiscal year.

Changes in Level of Fees and Charges

Services provided remain the same. Rates will increase 4% from the 2019 biennium. There was no increase from the 2017 biennium to the 2019 biennium.

Projected Fund Balance, Including Cash Fluctuations

The fund balance is expected to decrease each fiscal year. Cash collection patterns are expected to be sufficient to meet the operational needs of FSTB.

Working Capital and Fees Commensurate Analysis

The ending working capital for FY 2018 was \$1.45 million. However, this includes amounts that are to be transferred in FY 2019 to the general fund (\$500,000) and returned to the federal government (approx \$133,000) per an agreement with OBPP to assist with the overall state budget. The ending working capital at the end of the 2021 biennium is projected to be approximately (\$994,000). SABHRS FSTB will adjust expenditures during the three-year period (FY 2019 to FY 2021) to stay within the revenue stream and be cash positive at the end of the 2021 biennium.

Fund 06564 Warrant Writer Program

Program Description

The Warrant Writer Unit (WWU) provides payment processing services for most state agencies, including the university system. The WWU generates, tracks, and reconciles each approved agency payment generated in SABHRS. Warrant printing is provided to the WWU by Print and Mail Services within the General Services Division.

The services the WWU offer include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant reissues, warrant research, supplier file maintenance, stale-dated payment processing, and IRS 1099-MISC and 1042 tax reporting.

The program funds 4.33 FTE and is authorized through 17-8-305, MCA.

Revenues and Expenses

The Warrant Writer Unit is funded using the rates included in the rate schedule for Warrant Writer Services.

Department of Administration - 61010

State Financial Services Division - 03

Rate(s) and Rate Explanation

The rates for WWU are calculated based upon the projected expenditures. Major rate cost drivers include postage, personal services, and printing charges for warrants and advices. All rates charged to agencies will increase by 4% relative to the 2019 biennium.

The rates developed are based on the payment type - mailer, non-mailer, payroll, emergency, external (university system), payroll (print only warrants), duplicate, direct deposit (mailed advice), direct deposit (no mailed advice), Unemployment Insurance (UI) warrant (print only), and UI direct deposit (no advice). Payroll direct deposits do not process through warrant writer unit and are not included in these counts. Agencies are billed based on actual payments processed.

Changes in Level of Fees and Charges

All rates charged to agencies will increase 4% relative to the 2019 biennium. Beginning in fiscal year 2017, additional services provided by the WWU include enterprise electronic content management of W-9s and the implementation of emergency backup measures as coordinated with Print and Mail Services (General Services Division) and US Bank. In the 2019 biennium, the Warrant Writer rates were reduced by around 13% per warrant type. The 4% increase in the 2021 biennium is to recoup a portion of that loss to re-establish the working capital.

Projected Fund Balance, Including Cash Fluctuations

No fund balance is required to be reserved for this program. Rates proposed for the 2021 biennium are intended to stabilize fund balance. Fund balance and projected working capital will continue to be monitored in the event rate adjustments are needed to avoid excess or insufficient working capital.

Working Capital and Fees Commensurate Analysis

Billing for payments is performed monthly and is based on actual payments issued by type. Turnaround time for receipt of payments 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 2018, working capital was approximately \$269,000, which represents about 140 days of working capital reserves. A 15 to 60 day working capital balance should provide sufficient cash to fund operations for the 2021 biennium. Due to the significant rate reduction in prior biennium, revenue and expenditure projections indicate no excess working capital at the end of the 2021 biennium.

Department of Administration - 61010

State Financial Services Division - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: State Financial Services Division		
	Fund	Fund Name				
	06564	Warrant Writing				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	787,945	780,537	677,537	675,927	692,240	687,153
Total Operating Revenues	787,945	780,537	677,537	675,927	692,240	687,153
Expenses:						
Personal Services						
Other Operating Expenses	424,028	503,387	453,346	484,387	490,702	489,629
Total Operating Expenses	627,991	698,563	689,812	706,354	747,077	745,390
Operating Income (Loss)	159,954	81,974	(12,275)	(30,427)	(54,837)	(58,237)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	159,954	81,974	(12,275)	(30,427)	(54,837)	(58,237)
Change in Net Position	159,954	81,974	(12,275)	(30,427)	(54,837)	(58,237)
Beginning Net Position - July 1	41,103	201,057	283,031	275,442	245,015	190,178
Prior Period Adjustments	-	-	4,686	-	-	-
Change in Net Position	159,954	81,974	(12,275)	(30,427)	(54,837)	(58,237)
Ending Net Position - June 30	201,057	283,031	275,442	245,015	190,178	131,941
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

State Financial Services Division - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: State Financial Services Division			
	Fund	Fund Name				
	06511	SABHRS				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,199,559	4,056,216	4,085,721	4,019,025	4,368,699	4,174,781
Other Operating Revenue	208	84,867	23	-	-	-
Total Operating Revenues	4,199,767	4,141,083	4,085,744	4,019,025	4,368,699	4,174,781
Expenses:						
Personal Services						
Other Operating Expenses	1,545,937	1,739,068	1,917,344	1,960,053	2,081,742	2,082,387
Total Operating Expenses	2,339,377	2,556,609	2,757,489	2,595,141	2,863,251	2,792,528
Operating Income (Loss)	314,453	(154,594)	(589,089)	(536,169)	(576,294)	(700,134)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	314,453	(154,594)	(589,089)	(536,169)	(576,294)	(700,134)
Capital Contributions						
Transfers In	331,030	-	-	-	-	-
Transfers Out	82,725	-	-	-	-	-
Change in Net Position	-	-	-	(633,000)	-	-
Beginning Net Position - July 1	728,208	(154,594)	(589,089)	(1,169,169)	(576,294)	(700,134)
Change in Net Position	2,099,065	2,827,273	2,672,679	2,083,590	914,421	338,127
Ending Net Position - June 30	2,827,273	2,672,679	2,083,590	914,421	338,127	(362,007)
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

State Financial Services Division - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: State Financial Services Division			
	Fund	Fund Name				
	06042	Local Govt Svcs AuditRportng				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	7,300	6,100	4,500	-	-	-
Fee Revenue B	629,857	633,719	621,232	635,000	635,000	635,000
Revenue A	23,012	104,204	94,138	100,000	100,000	100,000
Revenue B	242	525	312	-	-	-
Total Operating Revenues	660,411	744,548	720,182	735,000	735,000	735,000
Expenses:						
Personal Services						
	406,664	405,635	607,566	480,163	488,610	488,736
Other Operating Expenses						
	195,155	367,985	167,716	96,397	286,974	285,810
Total Operating Expenses	601,819	773,620	775,282	576,560	775,584	774,546
Operating Income (Loss)	58,592	(29,072)	(55,100)	158,440	(40,584)	(39,546)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	58,592	(29,072)	(55,100)	158,440	(40,584)	(39,546)
Change in Net Position	58,592	(29,072)	(55,100)	158,440	(40,584)	(39,546)
Beginning Net Position - July 1	252,632	309,040	279,968	224,868	383,308	342,724
Prior Period Adjustments	(2,184)	-	-	-	-	-
Change in Net Position	58,592	(29,072)	(55,100)	158,440	(40,584)	(39,546)
Ending Net Position - June 30	309,040	279,968	224,868	383,308	342,724	303,178
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$164,544
FY 2021	\$0	\$164,701

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

State Financial Services Division - 03

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$263,326
FY 2021	\$0	\$190,363

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay for fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$9
FY 2021	\$0	\$12

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2020 and FY 2021 to reflect budgetary changes generated from the application of inflation/deflation to specific expenditure accounts. Affected accounts include those associated with statewide Motor Pool operated by the Department of Transportation.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$200,000
FY 2021	\$0	\$200,000

PL - 302 - Software Enhancements -

This change package includes \$200,000 in FY 2020 and FY 2021 to provide the funding to pay for software enhancements/upgrade on the Local Government Services CRM/Sockeye system.

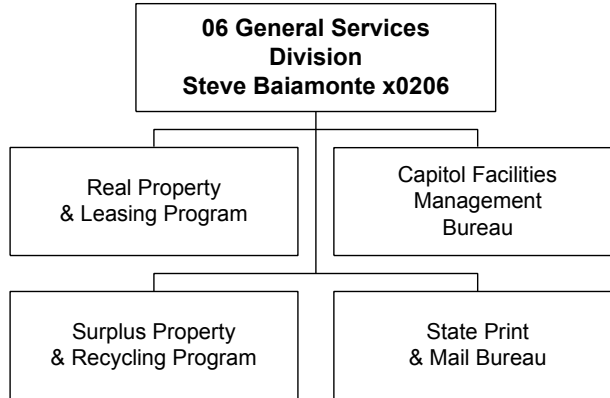
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,667
FY 2021	\$0	\$1,667

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2020 and FY 2021 to provided funding for the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

General Services Division - 06



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	72.35	0.00	72.35	0.00	72.35	
Personal Services	4,632,517	226,892	4,859,409	231,286	4,863,803	9,723,212
Operating Expenses	17,280,387	204,607	17,484,994	321,459	17,601,846	35,086,840
Equipment & Intangible Assets	413,165	0	413,165	0	413,165	826,330
Capital Outlay	0	0	0	0	0	0
Transfers	160,000	0	160,000	0	160,000	320,000
Debt Service	192,413	0	192,413	0	192,413	384,826
Total Costs	\$22,678,482	\$431,499	\$23,109,981	\$552,745	\$23,231,227	\$46,341,208
Proprietary Funds	22,678,482	431,499	23,109,981	552,745	23,231,227	46,341,208
Total Funds	\$22,678,482	\$431,499	\$23,109,981	\$552,745	\$23,231,227	\$46,341,208

Proprietary Program Description - Fund 06066 Surplus Property & Recycling Program

Program Description

The Surplus Property & Recycling Program administers the sale of surplus property no longer needed by agencies. This property is distributed either to state agencies or other eligible organizations.

Section 18-4-221, MCA, requires the department to sell, trade, or otherwise dispose of surplus supplies belonging to the state. The program sells property through on-line auction, fixed-price warehouse sales, public auction, and garage sales. 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 5.65 FTE.

Revenues and Expenses

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.

Rate and Rate Explanation

The Surplus Property & Recycling Program is an enterprise fund which sells property to the general public. Therefore, rate approval by the legislature is not necessary. The program operates by charging up to \$500 plus 5% per item sold. The

Department of Administration - 61010

General Services Division - 06

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 when compared to fiscal year 2018.

Changes in Services or Fees

There are no changes in services or fees for the 2021 biennium.

Projected Fund Balance, Including Cash Fluctuations

This program has no need to reserve fund balance. 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 to the general fund.

Working Capital and Fees Commensurate Analysis

Maintaining a 60-day working capital is adequate to recover sufficient revenue to maintain operations.

Fund 06528 Capitol Facilities Management Bureau

Program Description

Capitol Facilities Management 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, including water, sewer, electricity, natural gas, and garbage collection, locksmith services, repair and maintenance, construction, construction management, grounds maintenance, leasing services, 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, fire sprinkler systems maintenance, and access control. The program also manages the state capitol complex's recycling contract.

Operational authority for the bureau is provided by Title 2, Chapter 17, Part 8, Section 811, MCA. The bureau currently has 34.85 FTE.

Revenue and Expenses

Revenues are based on square footage rental rates charged for office and non-office space billed to agencies occupying space in state owned buildings overseen by the Department of Administration. Major expenses for the bureau include personal services, contracted services, utilities, and repair and maintenance costs.

Rates and Rate Explanation

Office and non-office maintenance charges are based on square feet occupied and are assessed to each agency in the buildings controlled by the Department of Administration. The rates are established to cover the cost of personal services and other operating expenses, including maintenance and equipment.

Changes in Level of Fees and Charges

Rates increased 4% in FY 2020 and FY 2021 for office space and non-office space to address needs of the program.

Projected Fund Balance, Including Cash Fluctuations

The fund balance at FYE 2018 was \$1,583,973. Based on the rental rate increase and approved budget, the fund balance is projected to be approximately (\$988,000) by FYE 2021. Facilities Management will adjust expenditures during the three-year period (FY 2019 to FY 2021) to stay within their revenue stream and be cash positive at the end of the 2021 biennium.

Working Capital and Fees Commensurate Analysis

Department of Administration - 61010

General Services Division - 06

The working capital at the end of FY 2018 was 37 days, and is projected to be -47 days at the end of fiscal year 2021. Facilities Management rates strive to recover sufficient revenue to meet all personal services, operating costs, and equipment replacement expenditures, while maintaining an adequate working capital balance. Facilities Management will strive to maintain costs at the level rates were approved.

User agencies are billed monthly, and agencies are requested to pay for services by the end of the following month. A 60-day working capital would allow the bureau to pay monthly personal services expenses and maintain current operations.

Fund 06530 State Print & Mail Bureau

Program Description

The State Print & Mail 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) managed print; 4) mail preparation; 5) central mail operations; 6) inter-agency (deadhead) mail; and 7) the 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 48.4% 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 to contract for any printing used by the state. Section 2-17-301, MCA, charges the department with the responsibility of administering the state Managed Print program. Section 2-17-301, MCA, also requires the department to maintain and supervise any central mailing messenger service.

State Print & Mail has authority for 31.85 FTE.

Revenue and Expenses

The State Print & Mail Bureau receives 99.996% of its revenue from state agencies and .004% from non-state agencies. Costs for administration and accounting are allocated to all seven of the bureau's service categories based on FTE.

Rates and Rate Explanations

All Print & Mail Services projects are unique, and Print & Mail Services has many rates to provide services to agencies. Direct and administrative overhead is allocated to each program, and costs are recovered by charging for each unit of service provided. External printing and the Managed Print program recover costs by charging a percentage markup on the invoice for the printing job and/or multi-function device.

Changes in Level of Fees and Charges

Each rate includes personal services costs, operating costs, and administrative overhead. There are no changes in requested rates for FY 2020 and FY 2021.

Projected Fund Balance, Including Cash Fluctuations

FY 2018 ended with 55 days of working capital and FY 2021 is projected to end with 45 days.

Working Capital and Fees Commensurate Analysis

State Print & Mail 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 following month. This allows Print & Mail Services to pay monthly expenses of personal services and maintain current operations.

Department of Administration - 61010

General Services Division - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: General Services Division			
	Fund	Fund Name				
	06530	Print & Mail Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	10,079,975	10,131,082	9,874,843	10,786,000	10,786,000	10,786,000
Other Operating Revenue	204	1,394	3,794	12	12	12
Total Operating Revenues	10,080,179	10,132,476	9,878,637	10,786,012	10,786,012	10,786,012
Expenses:						
Personal Services						
Other Operating Expenses	1,661,651	1,720,806	1,622,957	1,894,319	1,910,840	1,912,096
Total Operating Expenses	8,750,937	8,931,986	7,824,594	8,906,076	8,917,070	8,906,615
Operating Income (Loss)	(332,409)	(520,316)	431,086	(14,383)	(41,898)	(32,699)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(332,409)	(520,316)	431,086	(14,383)	(41,898)	(32,699)
Capital Contributions						
Transfers In	-	-	1,695	-	-	-
Change in Net Position	(332,409)	(520,316)	438,267	(14,383)	(41,898)	(32,699)
Beginning Net Position - July 1	2,292,751	1,960,342	1,440,026	1,878,293	1,863,910	1,822,012
Change in Net Position	(332,409)	(520,316)	438,267	(14,383)	(41,898)	(32,699)
Ending Net Position - June 30	1,960,342	1,440,026	1,878,293	1,863,910	1,822,012	1,789,313
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

General Services Division - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: General Services Division			
	Fund	Fund Name				
	06528	Rent And Maintenance				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	10,622,832	10,381,209	10,469,301	10,450,762	10,698,141	10,874,030
Fee Revenue B	565,354	569,212	-	-	-	-
Other Operating Revenue	8,885	8,228	3,750	1,500	1,500	1,500
Total Operating Revenues	11,197,071	10,958,649	10,473,051	10,452,262	10,699,641	10,875,530
Expenses:						
Personal Services						
Other Operating Expenses	2,024,843	2,410,927	2,687,140	2,365,275	2,556,436	2,559,557
Total Operating Expenses	7,846,979	7,871,786	7,736,376	8,709,293	8,900,624	9,028,615
Operating Income (Loss)	1,325,249	675,936	49,535	(622,306)	(757,419)	(712,642)
Nonoperating Revenues:						
Other Revenue A	-	16,373	-	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	16,373	-	-	-	-
Income (Loss) Before Contributions and Transfers	1,325,249	692,309	49,535	(622,306)	(757,419)	(712,642)
Transfers Out						
Change in Net Position	(307,500)	(224,567)	(228,629)	(160,000)	(160,000)	(160,000)
Beginning Net Position - July 1	1,017,749	467,742	(179,094)	(782,306)	(917,419)	(872,642)
Change in Net Position	277,576	1,295,325	1,763,067	1,583,973	801,667	(115,752)
Ending Net Position - June 30	1,017,749	467,742	(179,094)	(782,306)	(917,419)	(872,642)
Ending Net Position - June 30	1,295,325	1,763,067	1,583,973	801,667	(115,752)	(988,394)
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

General Services Division - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: General Services Division		
	Fund	Fund Name				
	06066	Surplus Property				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	439,331	510,199	471,735	525,000	525,000	525,000
Fee Revenue B	20,785	75,835	39,220	25,000	25,000	25,000
Other Operating Revenue	18,078	18,555	18,775	18,000	-	-
Total Operating Revenues	478,194	604,589	529,730	568,000	550,000	550,000
Expenses:						
Personal Services						
Other Operating Expenses	403,036	382,301	346,417	372,923	392,133	392,150
Total Operating Expenses	730,512	772,158	827,261	870,596	872,878	872,194
Operating Income (Loss)	(655,354)	(549,870)	(643,948)	(675,519)	(715,011)	(714,344)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(655,354)	(549,870)	(643,948)	(675,519)	(715,011)	(714,344)
Capital Contributions						
Transfers In	857,552	584,928	651,181	600,000	600,000	600,000
Change in Net Position	67,500	64,573	68,724	67,500	-	-
Beginning Net Position - July 1	269,698	99,631	75,957	(8,019)	(115,011)	(114,344)
Change in Net Position	834,040	933,671	1,009,628	1,001,609	886,598	772,254
Ending Net Position - June 30	269,698	99,631	75,957	(8,019)	(115,011)	(114,344)
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$226,892
FY 2021	\$0	\$231,286

SWPL - 1 - Personal Services -

The budget includes an increase of \$226,892 in FY 2020 and an increase of \$231,286 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

General Services Division - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$72,965
FY 2021	\$0	\$90,324

SWPL - 2 - Fixed Costs -

The request includes an increase of \$72,965 in FY 2020 and an increase of \$90,324 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$10
FY 2021	\$0	\$12

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$10 in FY 2020 and an increase of \$12 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$11,478
FY 2021	\$0	\$11,478

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes an increase of \$11,478 in both years of the biennium to provide funding for the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs to pay for services provided by DOA employees, including accounting, human resources, and legal issues.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$8,163
FY 2021	\$0	\$8,163

PL - 5 - Increase in SCEMO Fees -

This change package adjusts the General Services Division's budget for their share of costs paid to fund the State Continuity and Emergency Office.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$93,991
FY 2021	\$0	\$191,110

PL - 601 - Increase in Contracted Services cost -

The General Services Division manages several contracts related to the maintenance and management of the Capitol Complex buildings. These contracts include janitorial, mechanical, elevator, pest control, fire suppression, and security services. Contract increases are requested in the amount of \$93,991 for FY 2020 and \$191,110 for FY 2021.

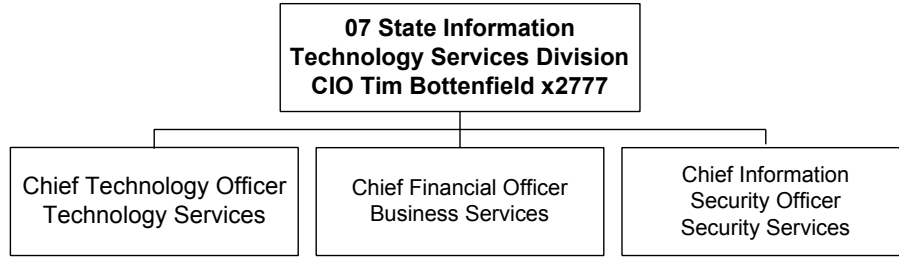
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$18,000
FY 2021	\$0	\$20,372

PL - 602 - Increase in Taxes and Assessments -

This change package is a request for an additional \$18,000 in FY 2020, and an additional \$20,372 in FY 2021, to pay for City of Helena assessments.

Department of Administration - 61010

State Information Technology Division - 07



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	175.00	0.00	175.00	0.00	175.00	
Personal Services	15,888,812	680,040	16,568,852	682,113	16,570,925	33,139,777
Operating Expenses	29,756,014	(1,291,364)	28,464,650	(1,348,037)	28,407,977	56,872,627
Equipment & Intangible Assets	370,861	0	370,861	0	370,861	741,722
Debt Service	626,360	1,486,788	2,113,148	1,486,788	2,113,148	4,226,296
Total Costs	\$46,642,047	\$875,464	\$47,517,511	\$820,864	\$47,462,911	\$94,980,422
Proprietary Funds	46,642,047	875,464	47,517,511	820,864	47,462,911	94,980,422
Total Funds	\$46,642,047	\$875,464	\$47,517,511	\$820,864	\$47,462,911	\$94,980,422

Proprietary Program Description - 06522 – State Information Technology Services Division

Program Description

The State Information Technology Services Division (SITSD) is a proprietary program that provides central computing, data network, and telecommunications services to more than 100 government customers throughout the state. SITSD manages two data centers, a statewide data network, and provides information technology (IT) and security services to all branches of state government, the Office of Public Instruction, and various city and county governments.

Specifically, under the direction of the state chief information officer, the division supports and manages the following key IT programs and services:

- Information Systems Security - manages solutions and services to ensure continuity of enterprise operations and security of data through risk assessment and mitigation, planning and monitoring, detailed recovery planning, incident response, and periodic testing. Coordinates security policies and procedures.
- Network Technology Services - manages the statewide network, SummitNet, which connects 22,000 devices at over 600 locations and provides prioritized voice, video, data, and wireless services. Develops and implements network solutions that support customer needs for bandwidth and connectivity.
- Enterprise Technology Services – designs, implements and manages shared IT hardware and software infrastructure in a highly-efficient virtualized environment. Provides platforms for application and database hosting services using enterprise-class computing and storage capacity.
- Enterprise Support Services - manages the service desk to assist customers regarding hardware and software applications, including email and telecommunications. Manages desktop lifecycle for customers, including software and hardware ordering, deployment, updates, remote control, and disposal.
- Montana Data Centers - manages state data center facilities in Helena (primary) and Miles City (disaster recovery). Maintains the reliability, efficiency, security, and availability of computer processing and storage for all customers.
- Application Technology Services - supports the state’s mt.gov websites and assists customers with designing and deploying customized applications and online services, including eGovernment applications.
- Public Safety Communications Services - supports the Statewide Interoperability Governing Board and 9-1-1 Advisory Council in the areas of governance, policy, and planning. Manages federal and state funding sources to support maintenance of public safety communications systems and equipment. Manages statewide licenses for mutual aid frequencies.

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- Strategic Planning Services - ensures IT operations are conducted in an organized, deliberative, and cost-effective manner through planning, periodic performance reports, and oversight of agency IT procurements and plans. Publishes the State IT Strategic Plan and Biennial Report.
- Financial Management Services – manages budget, billing, acquisition, and contract management services for SITSD. Sets rates and manages the revenues and expenses for more than 200 enterprise services provided to state and local government IT customers.
- State IT Project Management Services - provides expertise, assistance, tools, methodologies, and training to customers to ensure IT projects are conducted in an organized, deliberative, and cost-effective manner.

Revenues and Expenses

SITSD charges state agencies and other customers for hosting, application development, operations, and telecommunications services monthly. Receipt of revenues is typically collected within 30 to 60 days; however, SITSD does occasionally have delayed payments from agencies. Delays are coordinated with agency and SITSD accounting staff.

SITSD's major expenses are for software purchase and maintenance, bi-monthly payroll, communications and hardware maintenance. There are no non-typical or one-time expenses included in the data range. One variation in expense patterns – software expenses – is higher in the initial purchase year and then only includes fixed maintenance costs for subsequent years. There is also some variation with equipment depreciation, which results when the cycle of depreciation expires and the purchase of new equipment does not coincide.

Rate(s) and Rate Explanation

SITSD rates are based on a variety of measures. Each measure is proportional to its usage, which is determined by each agency. The basic set of SITSD services will remain the same with very few exceptions, which relate to new services that will generate very modest revenues. SITSD is not eliminating any major services.

Rates that generate major portions of SITSD revenues are listed below:

1. Hosting services;
2. Connectivity services; and
3. Enterprise Services (based on the number of users with active directory accounts on the network).

Customers are billed at the actual fee or rate based on SITSD's TechBudget model, an activity-based budgeting model that allocates costs to individual services. SITSD's TechBudget model employs a separate unit for each service. The unit is the increment in which the customer/agency buys the service or product. SITSD provides more than 200 services, resulting in a wide variety of units. The allocation of units of service is by customer/agency planned utilization.

The information technology 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. SITSD's rate/fees structure will be fundamentally consistent for the next biennium, and 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 buried in agency rates.

Projected Fund Balance, Including Cash Fluctuations

A portion of the fund balance for this proprietary fund does relate to the investment in equipment. Cash is collected from billing agencies consistently throughout the year. Cash reserve is maintained to meet large end-of-year obligations.

Working Capital and Fees Commensurate Analysis

SITSD requests the authority to maintain a 30-day working capital. This has allowed SITSD to meet the growing service needs of agencies throughout the biennium without significant changes to the rates.

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State Information Technology Division - 07

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: State Information Technology Division		
	Fund	Fund Name				
	06522	ISD Proprietary				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	45,123,524	44,721,550	45,145,445	46,042,047	45,203,149	45,342,319
Other Operating Revenue	-	-	592,302	1,185,187	1,185,187	1,185,187
Total Operating Revenues	45,123,524	44,721,550	45,737,747	47,227,234	46,388,336	46,527,506
Expenses:						
Personal Services						
Other Operating Expenses	29,384,714	25,513,027	31,841,130	29,756,014	28,464,650	28,407,977
Expense B	-	-	-	370,861	370,861	370,861
Expense C	55,589	146,168	235,408	626,360	2,113,148	2,113,148
Total Operating Expenses	45,354,019	41,586,934	48,289,542	46,642,047	47,517,511	47,462,911
Operating Income (Loss)	(230,495)	3,134,616	(2,551,795)	585,187	(1,129,175)	(935,405)
Nonoperating Revenues:						
Other Revenue A	625	-	-	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	625	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(229,870)	3,134,616	(2,551,795)	585,187	(1,129,175)	(935,405)
Capital Contributions						
Transfers In	-	15,285	79,022	-	-	-
Transfers Out	(24,729)	44,023	31,813	-	-	-
Change in Net Position	(257,859)	2,995,856	(2,440,960)	585,187	(1,129,175)	(935,405)
Beginning Net Position - July 1	896,747	577,266	3,615,865	1,119,148	1,704,335	575,160
Prior Period Adjustments	(61,622)	42,743	(55,757)	-	-	-
Change in Net Position	(257,859)	2,995,856	(2,440,960)	585,187	(1,129,175)	(935,405)
Ending Net Position - June 30	577,266	3,615,865	1,119,148	1,704,335	575,160	(360,245)
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$680,040
FY 2021	\$0	\$682,113

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

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	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$175,664
FY 2021	\$0	\$118,586

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,679
FY 2021	\$0	\$2,084

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2020 and FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$2,911)
FY 2021	\$0	(\$2,911)

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2020 and FY 2021 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$20,992
FY 2021	\$0	\$20,992

PL - 5 - Increase in SCEMO Fees -

This change package adjusts the State Information and Technology Services Division's share of costs paid to fund the State Continuity and Emergency Office.

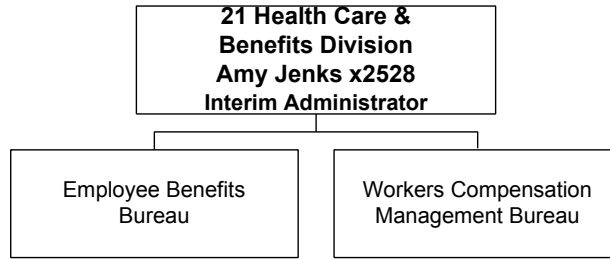
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$0
FY 2021	\$0	\$0

PL - 702 - SITSD Proprietary Budget Allocation Adjustment -

This change package reallocates the FY 2020 and FY 2021 budgets, transferring \$1,466,014 from Operating Expenses to Debt Service to align actuals and anticipated expenditures.

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Health Care & Benefits Division - 21



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	20.87	0.00	20.87	0.00	20.87	
Personal Services	1,771,444	61,360	1,832,804	59,708	1,831,152	3,663,956
Operating Expenses	15,726,158	(208,471)	15,517,687	(214,876)	15,511,282	31,028,969
Benefits & Claims	214,554,542	(2,847,312)	211,707,230	13,152,688	227,707,230	439,414,460
Total Costs	\$232,052,144	(\$2,994,423)	\$229,057,721	\$12,997,520	\$245,049,664	\$474,107,385
Proprietary Funds	232,052,144	(2,994,423)	229,057,721	12,997,520	245,049,664	474,107,385
Total Funds	\$232,052,144	(\$2,994,423)	\$229,057,721	\$12,997,520	\$245,049,664	\$474,107,385

Proprietary Program Description - 06559 Group Benefits Claims A/C

Program Description:

The employee benefits program, fund 06559, is charged with providing state employees, retirees, members of the legislature, judges, 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-funded health, prescription drug, dental, and vision plan. Life and long-term disability are purchased from private sector vendors on a fully-insured basis. The program contracts with private companies to provide claims processing services, health screenings, and wellness plan administration.

The core service provided by the program is a medical plan, which includes prescription drug, vision exam coverage, dental, and basic life insurance benefits. The medical plan is administered by Allegiance, the pharmacy plan is administered by Navitus, and the dental plan is administered by Delta Dental, through their provider networks. The life and long-term disability are fully insured products offered through Standard Insurance.

In an effort to improve health care options for state employees and their dependents, and to reduce health care costs, the division has developed on-site employee health centers in Helena, Billings, Missoula, Butte, and Anaconda. On-site employee health centers are used by many private sector businesses as a way to reduce health care costs and improve the health and wellness of its employees. The division has contracted with CareHere to staff and operate 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 17.87 FTE.

Alternate Sources:

As an alternative to providing a self-funded 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 significantly more expensive. The state has operated a statewide plan since 1979, and a self-funded plan since 1984.

Customers Served:

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Health Care & Benefits Division - 21

Approximately 29,000 lives are covered by the benefit plans provided by the division in the following categories; 12,660 regular full-time and part-time executive, legislative, and judicial branch employees; 1,900 retirees; 50 COBRA participants; and 14,400 dependents.

Revenues and Expenses:

The primary cost driver in the fund is the cost of health and prescription drug claims. The plan has worked to implement Transparent Pricing and improved contracts with a new Pharmacy Benefit Manager (PBM). These two initiatives provided savings to the medical and pharmacy costs in plan year 2017 and 2018. The medical and pharmacy trends are now anticipated to continue increasing at previous levels of approximately 8% - 10% annually. The program continues to explore and implement innovative measures to both improve health outcomes and contain costs.

Rate and Rate Explanation:

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.

Income for the program in FY 2018 was approximately \$195.1 million. The state share portion of this income was approximately \$135.4 million or 69%. Of note is during the 2017 Special Session, the legislature passed a bill providing for a two-month state share holiday. This occurred in January and February of 2018. Therefore, the state share collections for fiscal year 2018 were approximately \$25 million lower than initially had been projected. The remaining income was from participant paid contributions, retiree drug subsidies, and investment earnings. Total expenses during FY 2018 were \$193.1 million.

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 either increase income by increasing participant contributions or reduce expenses by reducing the amount of plan coverage. Plan coverage changes include increasing participant deductibles and co-payments, eliminating payments 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.

Changes in Level of Fees and Charges:

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

Projected Fund Balance, including Cash Fluctuations:

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 contributions in August 1998. The switch was from collecting contributions prior to commencement of the month of coverage to collecting contributions 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 separated from service.

It is projected that about \$16.4 million per month in claims expenses will be paid in FY 2019 and \$17.6 million per month in FY 2020. Contributions are collected either bimonthly, with paycheck processing, or at the beginning of the month depending on whether the contribution is for active employees, retirees, legislators, or COBRA members. Retirees are required to pay the full amount of the contribution, but the contribution is subsidized indirectly by the state employer contribution to the plan 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 employer contribution to the plan and other revenue sources such as investment earnings.

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FY 2018 expenditures were approximately \$160 million for medical, dental, and prescription drug claims. These expenditures are projected to be \$174 million in FY 2019 and \$189 million in FY 2020. 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 contracts with vendors to process claims and administrative costs directly within the department.

Working Capital and Fees Commensurate Analysis:

The State Employee Benefit Plan maintains an actuarially recommended reserve to allow it to cover health claims against the self-funded 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 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) for insurers offering fully insured health insurance products. The RBC formula provides a ratio to measure 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 companies underwriting fully insured health care products in Montana.

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.

06575 Workers' Compensation Management Program

Program Description:

The Health Care & Benefits Division manages the Workers' Compensation Management Program. The program, fund 06575, assists employees and agencies in ensuring a safe working environment, reduces 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 would 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.

Revenues and Expenses

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Health Care & Benefits Division - 21

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.

Personal services expenses account for almost 87% of the program's expenses over the next biennium. The remaining costs are attributable to operating expenses of the program.

Rate and Rate Explanation:

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.

Change in Level of Fees and Charges:

No significant changes in services are contemplated.

Projected Fund Balance, including Cash Fluctuations:

The workers' compensation management program does not have any reserve fund balance requirements.

Working Capital and Fees Commensurate Analysis:

The program's expenses primarily consist of personal services and operating costs. The program strives to maintain a 60-day working capital balance, which equates to approximately \$54,000. The maintenance of a 60-day working capital is factored into the fixed cost rate determination.

06027 Flexible Spending

Program Description:

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 \$2,650 per year for medical and \$5,000 per year for dependent care. In the fall of 2013, the Internal Revenue Service announced the ability for participants to roll over up to \$500 from the medical flexible spending account in to the next benefit year. Employees forfeit any unspent funds beyond the \$500 rollover for medical and any remaining dependent care balance 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, training, and software and would require an increase in staffing.

Customers Served:

Approximately 6,000 state employees participate in the flexible spending account program.

Rate and Rate Explanation:

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Health Care & Benefits Division - 21

The flexible spending account program fee paid to Allegiance Benefit Plan Management, Inc., is \$2.25 per participant per month. This fee is 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. Participants also have the option to obtain a debit card for use in paying for qualifying expenses. There is a \$1.00 per member per month charge if this option is elected. This fee is also charged to the participant.

Changes in Level of Fees and Charges:

The division is in the process of completing a request for proposal for flexible spending account administration services beginning January 1, 2019. No significant changes in services are contemplated. Fees could change depending on new contract award, but significant changes are not expected.

Projected Fund Balance, including Cash Fluctuations:

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 2018 base year fund balance.

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 and have the ability to roll over up to \$500 of medical flexible spending account funds to the following plan year. 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.

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 fees charged to participants.

Working Capital and Fees Commensurate Analysis:

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. However, participants that have elected to contribute to a dependent care flexible spending account can only claim the amount that has been contributed in to the account year to date.

Department of Administration - 61010

Health Care & Benefits Division - 21

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: Health Care & Benefits Division		
	Fund	Fund Name				
	06559	Group Benefits Claims A/C				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	191,121,204	210,058,878	183,538,838	230,000,000	230,000,000	230,000,000
Fee Revenue B	787,340	220,034	512,728	515,000	515,000	515,000
Fee Revenue C	1,400,732	3,221,477	7,397,592	7,000,000	7,000,000	7,000,000
Fee Revenue D	2,839,992	2,146,036	3,656,747	3,850,000	3,850,000	3,850,000
Total Operating Revenues	196,149,268	215,646,425	195,105,905	241,365,000	241,365,000	241,365,000
Expenses:						
Personal Services	1,576,655	1,370,974	1,535,722	1,482,131	1,542,842	1,541,634
Other Operating Expenses	15,678,349	13,493,577	14,363,482	15,433,363	15,224,722	15,218,927
Expense B	172,881,921	171,542,771	177,295,931	189,300,000	204,000,000	220,000,000
Total Operating Expenses	190,136,925	186,407,322	193,195,135	206,215,494	220,767,564	236,760,561
Operating Income (Loss)	6,012,343	29,239,103	1,910,770	35,149,506	20,597,436	4,604,439
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	6,012,343	29,239,103	1,910,770	35,149,506	20,597,436	4,604,439
Transfers Out	(3,260)	(147,451)	(124)	-	-	-
Change in Net Position	6,009,083	29,091,652	1,910,646	35,149,506	20,597,436	4,604,439
Beginning Net Position - July 1	41,532,509	47,541,592	76,645,124	78,553,800	113,703,306	134,300,742
Prior Period Adjustments	-	11,880	(1,970)	-	-	-
Change in Net Position	6,009,083	29,091,652	1,910,646	35,149,506	20,597,436	4,604,439
Ending Net Position - June 30	47,541,592	76,645,124	78,553,800	113,703,306	134,300,742	138,905,181
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

Health Care & Benefits Division - 21

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: Health Care & Benefits Division		
	Fund	Fund Name				
	06027	Flexible Spending Funds				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	7,310,673	7,272,398	7,165,675	7,709,000	7,741,250	7,741,250
Fee Revenue B	161,182	149,687	141,181	180,000	257,750	257,750
Fee Revenue C	2,624	7,802	14,177	1,000	1,000	1,000
Total Operating Revenues	7,474,479	7,429,887	7,321,033	7,890,000	8,000,000	8,000,000
Expenses:						
Other Operating Expenses						
Expense B	178,168	172,748	165,253	257,750	257,750	257,750
Total Operating Expenses	7,399,198	7,358,532	7,214,453	7,964,980	7,964,980	7,964,980
Operating Income (Loss)	75,281	71,355	106,580	(74,980)	35,020	35,020
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	75,281	71,355	106,580	(74,980)	35,020	35,020
Transfers Out	(1,424)	-	-	-	-	-
Change in Net Position	73,857	71,355	106,580	(74,980)	35,020	35,020
Beginning Net Position - July 1	2,071,347	2,145,380	2,216,735	2,323,315	2,248,335	2,283,355
Prior Period Adjustments	176	-	-	-	-	-
Change in Net Position	73,857	71,355	106,580	(74,980)	35,020	35,020
Ending Net Position - June 30	2,145,380	2,216,735	2,323,315	2,248,335	2,283,355	2,318,375
Net Position (Fund Balance) Analysis						

Department of Administration - 61010

Health Care & Benefits Division - 21

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: Health Care & Benefits Division			
	Fund	Fund Name				
	06575	Workers Comp Mgmt Program				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A						
	355,668	351,504	283,008	345,000	345,000	345,000
Total Operating Revenues	355,668	351,504	283,008	345,000	345,000	345,000
Expenses:						
Personal Services						
Other Operating Expenses						
	278,206	294,994	298,561	289,313	289,961	289,518
	31,272	35,408	39,631	35,045	35,215	34,605
Total Operating Expenses	309,478	330,402	338,192	324,358	325,176	324,123
Operating Income (Loss)	46,190	21,102	(55,184)	20,642	19,824	20,877
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	46,190	21,102	(55,184)	20,642	19,824	20,877
Change in Net Position	46,190	21,102	(55,184)	20,642	19,824	20,877
Beginning Net Position - July 1	4,187	50,377	71,479	16,295	36,937	56,761
Change in Net Position	46,190	21,102	(55,184)	20,642	19,824	20,877
Ending Net Position - June 30	50,377	71,479	16,295	36,937	56,761	77,638
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$61,360
FY 2021	\$0	\$59,708

SWPL - 1 - Personal Services -

The budget includes an increase of \$61,360 in FY 2020 and an increase of \$59,708 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

Health Care & Benefits Division - 21

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$209,775)
FY 2021	\$0	(\$216,266)

SWPL - 2 - Fixed Costs -

The request includes a decrease of \$209,775 in FY 2020 and a decrease of \$216,266 in FY 2021 in the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$356
FY 2021	\$0	\$442

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$356 in FY 2020 and an increase of \$442 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$2,847,312)
FY 2021	\$0	\$13,152,688

PL - 2101 - Health Plan Administration and Claims Adjustment -

This change package includes a decrease of \$2,847,312 in FY 2020 and an increase of \$13,152,688 in FY 2021 to align the budget with the division's administration and claims expense projections.

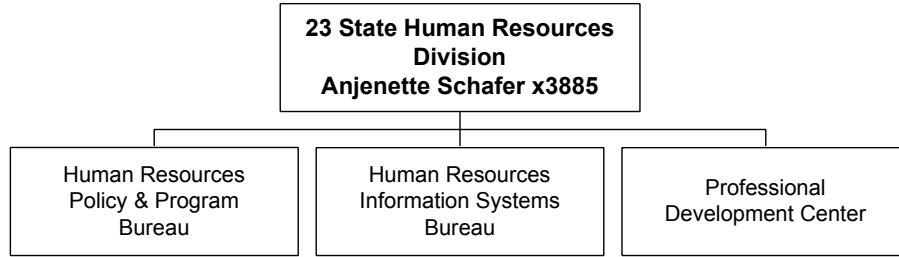
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$948
FY 2021	\$0	\$948

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes an increase of \$948 for each year of the biennium to adjust the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

State Human Resources Division - 23



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	26.75	0.00	26.75	0.00	26.75	
Personal Services	2,466,342	147,202	2,613,544	150,907	2,617,249	5,230,793
Operating Expenses	1,680,128	(282,703)	1,397,425	(354,172)	1,325,956	2,723,381
Benefits & Claims	222,480	0	222,480	0	222,480	444,960
Total Costs	\$4,368,950	(\$135,501)	\$4,233,449	(\$203,265)	\$4,165,685	\$8,399,134
Proprietary Funds	4,368,950	(135,501)	4,233,449	(203,265)	4,165,685	8,399,134
Total Funds	\$4,368,950	(\$135,501)	\$4,233,449	(\$203,265)	\$4,165,685	\$8,399,134

Proprietary Program Description - Fund 06525 Professional Development Center/Training Program

Program Description

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 statutory authority for this program comes from 2-18-102, MCA.

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

The program is an internal service fund and has 3.00 FTE.

Revenues and Expenses

In the 2021 biennium, two sources of revenue will cover the personal services and operating expenses for the PDC:

1. Open-enrollment fees, which are a per-person tuition charged for attendance. Tuition rates are based on two factors: projected attendance and competitive pricing. Tuition rates for the 2021 biennium are based on the proportion of fixed and personal services costs to the overall anticipated program cost. The amount per person varies by length of the course and number of people attending from a single agency.
2. Contract fees, which are 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.

Changes in Level of Fees and Charges

The center is proposing to keep the same level of fees and charges as the 2019 biennium.

Projected Fund Balance, Including Cash Fluctuations

The PDC has no requirement to reserve any of its fund balance. The average turnaround period for revenue receipts is

Department of Administration - 61010

State Human Resources Division - 23

about 45 days from the time the 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. The fund balance at FYE 2018 was (\$2,978). Based on estimated revenue and expenditure increases, the fund balance is projected to be \$72,093 by FYE 2021.

Working Capital and Fees Commensurate Analysis

The working capital at the end of FY 2018 was 26 days. PDC rates strive to recover sufficient revenue to meet all personal services and operating costs, while maintaining an adequate working capital balance. PDC will strive to maintain costs at the level rates were approved.

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 06563 Human Resources Information System Bureau (HRIS)

Program Description

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 almost 14,000 state employees in the executive, legislative, and judicial branches. The bureau is also responsible for the administration and maintenance of the State of Montana Recruitment System (SOMRS) which is used by all state agencies in the recruitment and selection of applicants.

The bureau establishes and maintains standards, processes, and procedures to be followed by state agencies in preparing and submitting payroll, benefits, and related human resources (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, ACA compliance, deferred compensation, and pension), classification, pay, labor relations, policy, and training.

The program staff consists of 23.75 FTE, which includes 1.00 FTE dedicated to the Employee Assistance Program. Statutory authority is found in 2-18-401, MCA, and 2-18-403, MCA.

Revenues and Expenses

The HRIS program is accounted for as a proprietary fund and 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 29,000 plan members are collected from the Health Care and Benefits Division.

Rate and Rate Explanation

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.

Change in Services or Fees

The HRIS bureau is requesting a biennial increase to cover the projected license, subscription, and maintenance fee increases for the SABHRS-HR and SOMRS software. Increases during the biennium to cover expenses associated with SABHRS data base administration and call center software are also included in the proposed fee changes.

Projected Fund Balance, Including Cash Fluctuations

Department of Administration - 61010

State Human Resources Division - 23

The HRIS fund had a fund balance of \$18,805 at FYE 2018. Based on the rate increase, fund balance is projected to be \$492,291 by FYE 2021. HRIS will adjust expenditures during the three year period (FY 2019 to FY 2021) to stay within the revenue stream and be cash positive at the end of the 2021 biennium.

Working Capital and Fees Commensurate Analysis

The working capital at the end of FY 2018 was 8 days. Based on the rate increase, working capital is projected to be 58 days at the end of FY 2021. HRIS rates strive to recover sufficient revenue to meet all personal services and operating costs, while maintaining an adequate working capital balance. HRIS will maintain costs at the level rates were approved.

Agencies are billed quarterly. A 60-day working capital would allow the bureau to pay monthly personal services expenses and maintain current operations.

2021 Biennium Report on Internal Service and Enterprise Funds							
Agency # 61010	Agency Name: Department of Administration		Program Name: State Human Resources Division				
	Fund	Fund Name					
	06563	HR Info Services					
		Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	3,196,779	3,169,565	3,595,286	3,568,980	3,683,407	3,697,047
	Other Operating Revenue	104	-	62	500	500	500
	Total Operating Revenues	3,196,883	3,169,565	3,595,348	3,569,480	3,683,907	3,697,547
Expenses:							
	Personal Services	1,806,195	2,437,529	2,154,551	2,085,168	2,219,068	2,222,449
	Other Operating Expenses	1,911,840	1,486,581	1,345,073	1,545,097	1,238,295	1,167,371
	Total Operating Expenses	3,718,035	3,924,110	3,499,624	3,630,265	3,457,363	3,389,820
	Operating Income (Loss)	(521,152)	(754,545)	95,724	(60,785)	226,544	307,727
Nonoperating Revenues:							
Nonoperating Expenses:							
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	(521,152)	(754,545)	95,724	(60,785)	226,544	307,727
	Transfers Out	-	82,425	-	-	-	-
	Change in Net Position	(521,152)	(672,120)	95,724	(60,785)	226,544	307,727
	Beginning Net Position - July 1	1,116,353	595,201	(76,919)	18,805	(41,980)	184,564
	Change in Net Position	(521,152)	(672,120)	95,724	(60,785)	226,544	307,727
	Ending Net Position - June 30	595,201	(76,919)	18,805	(41,980)	184,564	492,291
Net Position (Fund Balance) Analysis							

Department of Administration - 61010

State Human Resources Division - 23

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration		Program Name: State Human Resources Division			
	Fund	Fund Name				
	06525	Intergovernmental Training				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	345,359	350,049	355,422	405,000	405,000	405,000
Fee Revenue B	675	495	-	2,500	2,500	2,500
Total Operating Revenues	346,034	350,544	355,422	407,500	407,500	407,500
Expenses:						
Personal Services						
Other Operating Expenses	214,004	255,085	236,555	261,795	281,232	281,855
Total Operating Expenses	192,564	191,984	168,086	144,016	144,327	144,004
Operating Income (Loss)	(60,534)	(96,525)	(49,219)	1,689	(18,059)	(18,359)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(60,534)	(96,525)	(49,219)	1,689	(18,059)	(18,359)
Transfers In						
Change in Net Position	19,024	51,797	54,291	15,000	47,400	47,400
Beginning Net Position - July 1	(41,510)	(44,728)	5,072	16,689	29,341	29,041
Ending Net Position - June 30	78,188	36,678	(8,050)	(2,978)	13,711	43,052
Change in Net Position	(41,510)	(44,728)	5,072	16,689	29,341	29,041
Ending Net Position - June 30	36,678	(8,050)	(2,978)	13,711	43,052	72,093
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$147,202
FY 2021	\$0	\$150,907

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

State Human Resources Division - 23

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$317,375)
FY 2021	\$0	(\$388,861)

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay changes in fixed costs assessed by other agencies within state government for services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$70
FY 2021	\$0	\$87

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2020 and FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$32,923
FY 2021	\$0	\$32,923

PL - 2301 - Upgrade to Governmental Server for HRIS Program -

This request is an increase of approximately 10% to the Oracle contracts for two systems - Fusion Performance and Talent Acquisition. The increase is to move the systems to more secure governmental servers.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,679
FY 2021	\$0	\$1,679

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes adjustments in FY 2020 and in FY 2021 to provide the funding to pay the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs for services provided by DOA employees, including accounting, human resources, and legal issues.

Department of Administration - 61010

Risk Management and Tort Defense - 24



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	17.00	0.00	17.00	0.00	17.00	
Personal Services	1,559,597	116,291	1,675,888	118,411	1,678,008	3,353,896
Operating Expenses	8,648,506	315,676	8,964,182	307,346	8,955,852	17,920,034
Grants	520,113	0	520,113	0	520,113	1,040,226
Benefits & Claims	6,235,087	0	6,235,087	0	6,235,087	12,470,174
Total Costs	\$16,963,303	\$431,967	\$17,395,270	\$425,757	\$17,389,060	\$34,784,330
Proprietary Funds	16,963,303	431,967	17,395,270	425,757	17,389,060	34,784,330
Total Funds	\$16,963,303	\$431,967	\$17,395,270	\$425,757	\$17,389,060	\$34,784,330

Proprietary Program Description - Fund 06532 Agency Insurance

Program Description

The Risk Management & Tort Defense Division administers a comprehensive plan of property/casualty insurance protection on behalf of state government. The division purchases commercial insurance, where cost-effective, to cover catastrophic losses above high deductibles.

State risks that are currently insured through commercial insurance carriers include aircraft, airports, boilers and machinery, bonds (various), crime, cyber/information security, fine art, foreign specialties, foster care, HIPAA, medical malpractice, property, professional liability, and other miscellaneous risks. The state self-insures most commercial insurance risks under \$1,500,000 per occurrence as well as auto, general liability, inland marine (i.e. property in-transit), and mobile/specialized equipment. The division also provides consultative services that include training, inspections, program reviews, contract administration, claims administration, and legal defense to prevent or minimize the adverse effects of physical or financial loss.

The division investigates, evaluates, and resolves tort liability claims (i.e. personal injury or property damage to third parties) and coordinates the adjudication and settlement of other claims involving property damage. This division operates under the authority of 2-9-101, MCA, through 2-9-305, MCA.

Revenues and Expenses

Montana self-insures its insurance risks for automobile, aviation, general liability, and property via this program, so all state agencies pay insurance premiums to the Risk Management and Tort Defense Division. Depending on the number and types of assets owned and/or the agency's loss history, insurance premiums paid by agencies may vary.

Premium amounts for state agencies are determined based on the predicted costs of losses the state may incur as a result of claims and the costs for operating the division. The division utilizes reasonable industry standards and practices employed by other municipalities and municipal risk pools in setting rates. Budgeted authority to pay insurance premiums is a fixed cost item in agency budgets.

Department of Administration - 61010

Risk Management and Tort Defense - 24

Payments for claims and the operational expenses incurred by the division are expended from the state property/casualty insurance fund. In addition, reserves for each insurance risk are maintained within the fund. Reserves are used for higher than anticipated claim costs, unexpected large losses, and increases in the costs of commercial excess insurance from catastrophic events, and incurred, but not yet reported, claims as determined by actuarial opinion and input from industry peer groups.

Rate(s) and Rate Explanation

In accordance with 2-9-201, MCA, the Department of Administration is authorized to accumulate a self-insurance fund (fund 06532) to pay for losses, purchase insurance, and to fund operations. Proceeds from the self-insurance fund are statutorily appropriated for the payment of property/casualty claims in accordance with 2-9-305, MCA.

Proposed premiums for the 2021 biennium are as follows: Auto - \$2,022,570 each year; Aviation - \$169,961 each year; General Liability- \$14,573,235 each year; and Property - \$6,930,000 each year.

Premiums for FY 2020 and FY 2021 are apportioned based upon exposure and uniform reductions in loss experience.

Projected Fund Balance, Including Cash Fluctuations

During the 2017 and 2019 bienniums, Judge Sherlock approved an \$24.2 million settlement with victims in Libby who had been impacted by asbestos exposure. This settlement followed a \$26.8 million settlement during the 2013 biennium which was paid from the State Property/Casualty Insurance Fund.

The effect of these settlements was to reduce reserves for all insurance risks over the last three biennia from \$8.5 million in FY 2016 to (\$1.8 million) in FY 2019. However, a rate increase approved by the legislature for the 2019 biennium, and proposed at the same level for the 2021 biennium, will reduced unfunded liabilities and re-establish reserves for various risks.

Working Capital and Fees Commensurate Analysis

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.

The high-risk nature of services provided by state agencies, unpredictable litigation outcomes, catastrophic losses, and increases in the cost of commercial insurance mean the division's funding estimates are highly variable. The division utilizes actuarial recommendations and reasonable industry standards employed by other municipalities and municipal risk pools in setting rates to develop funding objectives for the 2021 biennium in order to move toward target funding ratios.

Changes in Level of Fees and Charges

For the 2021 biennium, the Risk Management and Tort Defense Division proposes to maintain the same level of rates approved by the legislature during the 2019 biennium. These rates are necessary to cover possible increases in the cost of commercial property insurance for worldwide catastrophes, catastrophic liability losses, losses that fall beneath higher commercial insurance deductibles, and "catch up" from a rate freeze put in place in four of the previous seven biennia.

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

Department of Administration - 61010

Risk Management and Tort Defense - 24

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 61010	Agency Name: Department of Administration			Program Name: Risk Management and Tort Defense		
	Fund	Fund Name				
	06532	Agency Insurance Int. Svc.				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	17,804,070	17,873,840	22,678,417	22,573,956	23,695,766	23,695,767
Fee Revenue B	115,252	204,181	254,221	195,318	195,318	195,318
Total Operating Revenues	17,919,322	18,078,021	22,932,638	22,769,274	23,891,084	23,891,085
Expenses:						
Personal Services						
Other Operating Expenses	1,555,116	1,249,924	1,514,864	1,559,597	1,675,888	1,678,008
Total Operating Expenses	8,340,541	28,560,158	20,887,553	15,403,706	15,719,382	15,711,052
Operating Income (Loss)	8,023,665	(11,732,061)	530,221	5,805,971	6,495,814	6,502,025
Nonoperating Revenues:						
Other Revenue A	159,271	153,474	221,692	207,157	207,157	207,157
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	159,271	153,474	221,692	207,157	207,157	207,157
Income (Loss) Before Contributions and Transfers	8,182,936	(11,578,587)	751,913	6,013,128	6,702,971	6,709,182
Transfers In	200,116	7,367	45,258	45,258	45,258	45,258
Change in Net Position	8,383,052	(11,571,220)	797,171	6,058,386	6,748,229	6,754,440
Beginning Net Position - July 1	3,671,593	11,579,186	(306,578)	163,693	6,222,079	12,970,308
Prior Period Adjustments	(475,459)	(314,544)	(326,900)	-	-	-
Change in Net Position	8,383,052	(11,571,220)	797,171	6,058,386	6,748,229	6,754,440
Ending Net Position - June 30	11,579,186	(306,578)	163,693	6,222,079	12,970,308	19,724,748
Net Position (Fund Balance) Analysis						

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$116,291
FY 2021	\$0	\$118,411

SWPL - 1 - Personal Services -

The budget includes an increase of \$116,291 in FY 2020 and an increase of \$118,411 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Administration - 61010

Risk Management and Tort Defense - 24

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$314,505
FY 2021	\$0	\$305,872

SWPL - 2 - Fixed Costs -

The request includes an increase of \$314,505 in FY 2020 and an increase of \$305,872 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,259
FY 2021	\$0	\$1,562

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$1,259 in FY 2020 and an increase of \$1,562 in FY 2021 to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

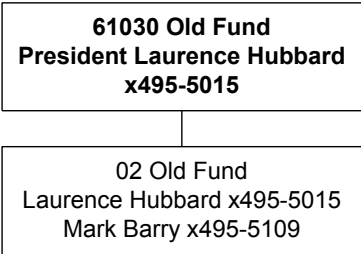
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$88)
FY 2021	\$0	(\$88)

PL - 4 - Allocate Department Indirect/Administrative Costs -

This change package includes a decrease of \$88 in each year of the biennium to adjust funding for the Department of Administration's (DOA) indirect costs. These costs are charged to the department's programs to pay for services provided by DOA employees, including accounting, human resources, and legal issues.

Montana State Fund Old Fund - 61030



Mission Statement - Montana State Fund is administering the claims of the Old Fund in compliance with 39-71-2352, MCA. The Old Fund does not have a mission statement.

Statutory Authority - As required in 39-71-2352, MCA, Montana State Fund is responsible for administering and managing claims of the Old Fund. 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 general fund to the Old Fund account provided for in 39-71-2321, MCA.

Montana State Fund Old Fund - 61030

Old Fund - 02

Program Proposed Budget	Starting Point	Budget Adjustments	Total Exec. Budget	Budget Adjustments	Total Exec. Budget	Executive Budget Request
Budget Item	Fiscal 2019	Fiscal 2020	Fiscal 2020	Fiscal 2021	Fiscal 2021	2021 Biennium
Operating Expenses	173,434	(71,169)	102,265	(76,181)	97,253	199,518
Benefits & Claims	7,137,257	(565,626)	6,571,631	(894,208)	6,243,049	12,814,680
Total Costs	\$7,310,691	(\$636,795)	\$6,673,896	(\$970,389)	\$6,340,302	\$13,014,198
Proprietary Funds	7,310,691	(636,795)	6,673,896	(970,389)	6,340,302	13,014,198
Total Funds	\$7,310,691	(\$636,795)	\$6,673,896	(\$970,389)	\$6,340,302	\$13,014,198

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.

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 compensates Montana State Fund for the expense of Old Fund for claims administration.

As required in 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, MCA.

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 claim benefit payments and expenses.

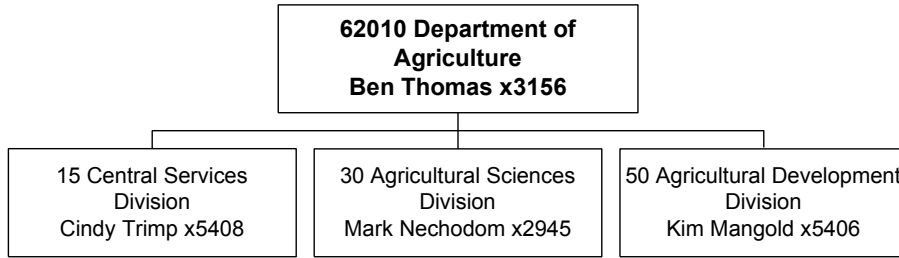
-----**Present Law Adjustments**-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$636,795)
FY 2021	\$0	(\$970,389)

PL - 4 - MSF staff estimate of Old Fund biennial funding -

This change package adjusts for anticipated expenditure reductions in the 2021 biennium, primarily in the areas of operating expenses and benefits and claims.

Department of Agriculture - 62010



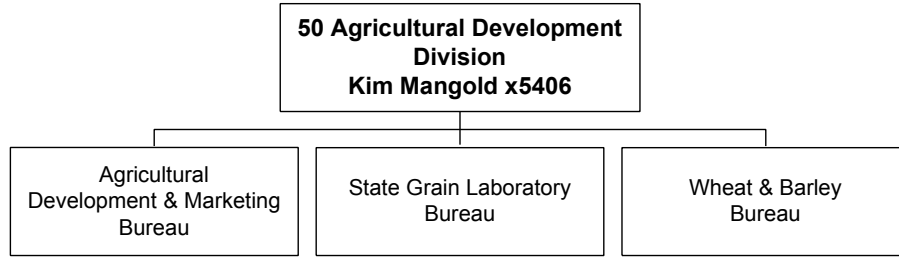
Mission Statement - The mission of the Department of Agriculture is to protect producers and consumers and to enhance and develop agriculture and allied industries.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-20, MCA; Title 90, Chapter 9, MCA; Title 2, Chapter 15, Part 30, MCA

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
Operating Expenses	58,200	58,200	116,400
Total Costs	\$58,200	\$58,200	\$116,400
Proprietary Funds	58,200	58,200	116,400
Total Funds	\$58,200	\$58,200	\$116,400

Department of Agriculture - 62010

Agricultural Development Division - 50



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
Budget Item						
Operating Expenses	58,200	0	58,200	0	58,200	116,400
Total Costs	\$58,200	\$0	\$58,200	\$0	\$58,200	\$116,400
Proprietary Funds	58,200	0	58,200	0	58,200	116,400
Total Funds	\$58,200	\$0	\$58,200	\$0	\$58,200	\$116,400

Proprietary Program Description - Fund 06016 – Beginning Farm Loans

Program Description

The Montana Beginning Farmer/Rancher Loan Program 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, may obtain a federally tax-exempt bond in the amount of the loan or unpaid balance from the Montana Agriculture Loan Authority. The loan and its collateral will be assigned to the financial institution as security for the bond.

Revenues and Expenses

Revenues for the program are derived from an application fee and a percentage fee levied against the outstanding loan amount. Funds are only used to promote and administer the loan program. Once there is sufficient revenue to support it, 0.50 FTE and related operating expenses will be funded.

Rates and Rate Explanation

Applicants pay a \$50 application fee and a loan participation fee of 1.5% of the value of the bond.

Fund 06052 – Hail Insurance

Program Description

The Hail Insurance Program has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for crops grown in Montana, and assist producers with recovery of their input costs should they experience hail damage. The program insures approximately 1.05 million acres of crops with coverage nearing \$70 million each year. The program recently acquired quota share reinsurance to ensure the program remains actuarially sound. The program is statutorily appropriated under Title 80, Chapter 2, Part 2, MCA.

Department of Agriculture - 62010

Agricultural Development Division - 50

Revenues and Expenses

Revenues for the program are derived from premium assessments paid by producers for crop acreage insured. The program pays for 2.17 permanent FTE and 3.30 seasonal FTE to support program operations.

Rates and Rate Explanation

Hail premiums charged are set according to county and by the Board of Hail Insurance according to 80-2-208, MCA, and cannot exceed \$75 per acre for non-irrigated land and \$114 per acre for irrigated land.

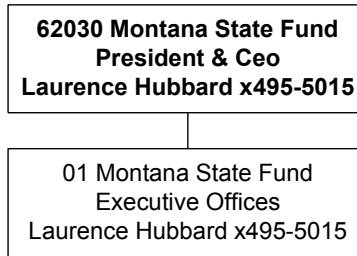
2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 62010	Agency Name: Department of Agriculture		Program Name: Agricultural Development Division			
	Fund	Fund Name				
	06016	Beginning Farm Loans				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	10	20	34	20	20	20
Total Operating Revenues	10	20	34	20	20	20
Expenses:						
Total Operating Expenses	-	-	-	-	-	-
Operating Income (Loss)	10	20	34	20	20	20
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	10	20	34	20	20	20
Change in Net Position	10	20	34	20	20	20
Change in Net Position	10	20	34	20	20	20
Ending Net Position - June 30	10	30	64	84	104	124
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	2,438	2,458	2,492	2,512	2,532	2,552

Department of Agriculture - 62010

Agricultural Development Division - 50

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 62010	Agency Name: Department of Agriculture			Program Name: Agricultural Development Division		
	Fund	Fund Name				
	06052	Hail Insurance				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	1,100,520	1,027,386	1,184,511	1,105,000	1,105,000	1,105,000
Other Operating Revenue	9,667	16,516	22,576	16,500	16,500	16,500
Total Operating Revenues	1,110,187	1,043,902	1,207,087	1,121,500	1,121,500	1,121,500
Expenses:						
Personal Services						
Other Operating Expenses	333,028	333,059	359,929	342,000	342,000	342,000
Expense B	393,521	1,240,439	128,822	4,820,000	4,820,000	4,820,000
Total Operating Expenses	87,623	107,799	68,166	88,000	88,000	88,000
Operating Income (Loss)	296,015	(637,395)	650,170	(4,128,500)	(4,128,500)	(4,128,500)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	296,015	(637,395)	650,170	(4,128,500)	(4,128,500)	(4,128,500)
Change in Net Position	296,015	(637,395)	650,170	(4,128,500)	(4,128,500)	(4,128,500)
Change in Net Position	296,015	(637,395)	650,170	(4,128,500)	(4,128,500)	(4,128,500)
Ending Net Position - June 30	296,015	(341,380)	308,790	(3,819,710)	(7,948,210)	(12,076,710)
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	1,653,488	1,016,072	1,666,209	1,757,773	1,849,273	1,940,773

Montana State Fund New Fund - 62030



Mission Statement - We partner with employers and their employees to care for those injured on the job and we champion a culture of workplace safety for our fellow Montanans.

Statutory Authority - Montana State Fund (MSF) 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 MSF may be expended as provide in 17-8-101(2)(b), MCA, under general laws or contracts entered into pursuant to law permitting the disbursement. Based on this statutory provision, and 39-71-2363, MCA, MSF 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 (39-71-2315, MCA). 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.

As of January 1, 2016, MSF is subject to the laws and regulation specified under Title 33, Insurance and Insurance Companies. As a result, MSF is now regulated by the Commissioner of Securities and Insurance which includes premium rate level approval.

As provided for in 39-71,2363, MCA, MSF's president annually submits to the board for its approval an estimated budget of the entire expense of administering the state fund for the succeeding fiscal period. A copy of the approved budget must be delivered to the Governor and the legislature.

Montana State Fund New Fund - 62030

Montana State Fund New Fund - 01

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	307.00	0.00	307.00	0.00	307.00	
Personal Services	30,320,066	654,798	30,974,864	1,413,158	31,733,224	62,708,088
Operating Expenses	52,307,234	(25,332,935)	26,974,299	(28,687,484)	23,619,750	50,594,049
Equipment & Intangible Assets	815,959	4,217,215	5,033,174	710,780	1,526,739	6,559,913
Benefits & Claims	124,358,669	(4,600,225)	119,758,444	(1,066,532)	123,292,137	243,050,581
Transfers	225,005	1,506	226,511	201,506	426,511	653,022
Total Costs	\$208,026,933	(\$25,059,641)	\$182,967,292	(\$27,428,572)	\$180,598,361	\$363,565,653
Proprietary Funds	208,026,933	(25,059,641)	182,967,292	(27,428,572)	180,598,361	363,565,653
Total Funds	\$208,026,933	(\$25,059,641)	\$182,967,292	(\$27,428,572)	\$180,598,361	\$363,565,653

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. Benefits to injured employees are based on a schedule of benefits established in law (Title 39, Chapter 71, MCA).

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.

The board is statutorily required to establish a business plan (39-71-2315(4), MCA) and an annual budget within parameters defined in law (39-71-2363, MCA). The board submits 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 the annual budget (39-71-2363, MCA). The board has not approved the expenditure levels in the following budget table for the 2021 biennium. Changes in business conditions 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 will ultimately approve each year for FY 2019, FY 2020, and FY 2021.

Montana State Fund follows accepted insurance industry practices to ensure financial strength and stability in the marketplace, and has a fiduciary responsibility to all stakeholders to make certain that the Montana State Fund retains adequate equity to address future contingencies.

Montana State Fund New Fund - 62030

Montana State Fund New Fund - 01

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 Montana State Fund's staff projection of operations. Estimates for claim expenditures and funding are periodically updated by staff and are subject to change. Amounts shown as prior period adjustments in the table also include net unrealized gain on investments, changes in nonadmitted assets, and other changes in policyholder equity.

2021 Biennium Report on Internal Service and Enterprise Funds							
Agency # 62030	Agency Name: Montana State Fund New Fund			Program Name: Montana State Fund New Fund			
	Fund	Fund Name					
	06035	New Fund					
		Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:							
Fee and Charges							
Fee Revenue A		88,494,811	169,677,071	166,767,686	167,014,246	154,930,185	158,715,354
Fee Revenue B		19,880,000	50,068,135	72,824,367	40,728,315	41,320,239	37,020,397
Fee Revenue C		-	17,281	15,963	15,500	15,500	15,500
Other Operating Revenue		-	-	6,367	7,500	-	-
Total Operating Revenues		108,374,811	219,762,487	239,614,383	207,765,561	196,265,924	195,751,251
Expenses:							
Personal Services							
Other Operating Expenses		13,178,764	26,918,954	28,803,613	29,713,883	30,974,864	31,733,224
Expense B		10,353,405	21,986,642	38,875,643	41,439,685	26,974,299	23,619,750
Expense C		294,046	146,015	1,417,864	5,478,023	5,033,174	1,526,739
Total Operating Expenses		63,266,575	123,914,268	125,088,687	117,547,702	119,758,444	123,292,137
Operating Income (Loss)		21,282,021	46,796,608	45,428,576	13,586,268	13,525,143	15,579,401
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(35,003,064)	(35,000,685)	(40,002,289)	(39,997,957)	-	-
Total Nonoperating Revenues (Expenses)		(35,003,064)	(35,000,685)	(40,002,289)	(39,997,957)	-	-
Income (Loss) Before Contributions and Transfers		(13,721,043)	11,795,923	5,426,287	(26,411,689)	13,525,143	15,579,401
Transfers In							
Transfers Out		440,959	1,449,542	1,236,016	625,000	625,000	625,000
Change in Net Position		(13,280,084)	13,015,499	6,440,439	(26,013,200)	13,923,632	15,777,890
Beginning Net Position - July 1		516,904,860	505,157,611	526,466,569	554,700,895	513,847,719	526,481,830
Prior Period Adjustments		1,532,835	8,293,459	21,793,887	(14,839,976)	(1,289,521)	16,890,535
Change in Net Position		(13,280,084)	13,015,499	6,440,439	(26,013,200)	13,923,632	15,777,890
Ending Net Position - June 30		505,157,611	526,466,569	554,700,895	513,847,719	526,481,830	559,150,255
Net Position (Fund Balance) Analysis							

Montana State Fund New Fund - 62030

Montana State Fund New Fund - 01

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,160,653
FY 2021	\$0	\$64,397

SWPL - 1 - Personal Services -

The budget includes funding for 307.00 FTE in each calendar year 2019 and 2020 (state fiscal years 2019, 2020, and 2021). The funding includes Montana State Fund pay plan adjustments, employee tax and benefit rate adjustments, and vacancy savings.

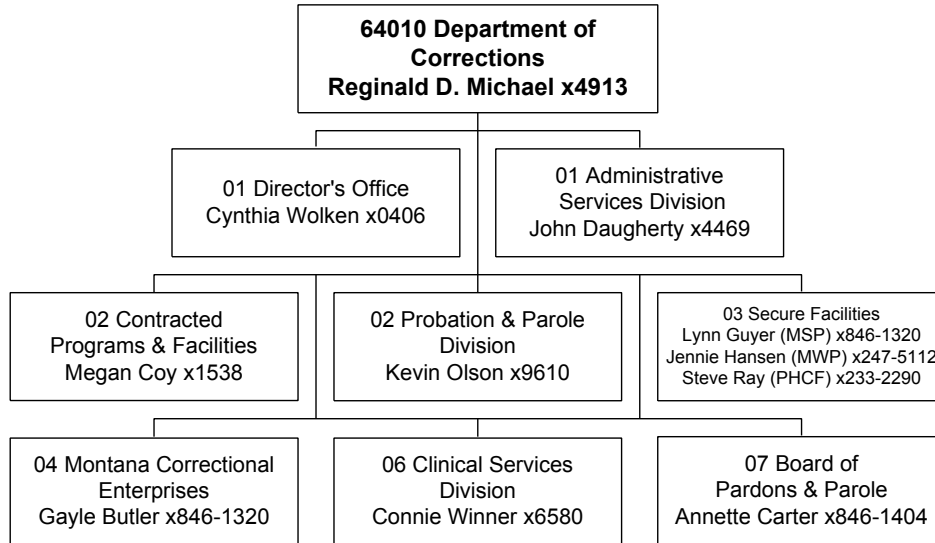
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$26,220,294)
FY 2021	\$0	(\$27,492,969)

PL - 4 - Adjust to MSF Staff Biennial Estimates -

This change package adjusts for anticipated expenditures in the 2021 biennium, primarily in the areas of operating expenses and intangible assets. The operating expenses for calendar years 2018 and 2019 include a transfer of assets to the Fire Suppression account within the Department of Natural Resources and Conservation, as required by SB 4 of the 2017 Special Legislative Session. The 2018 amount is \$14,690,912, and the 2019 budgeted amount is \$15,000,000. There are no transfers moving forward in calendar years 2020 or 2021. Expenditures for operating expenses and intangible assets will decline from 2018 to 2021 as Montana State Fund completes its Policy Billing system.

Department of Corrections - 64010



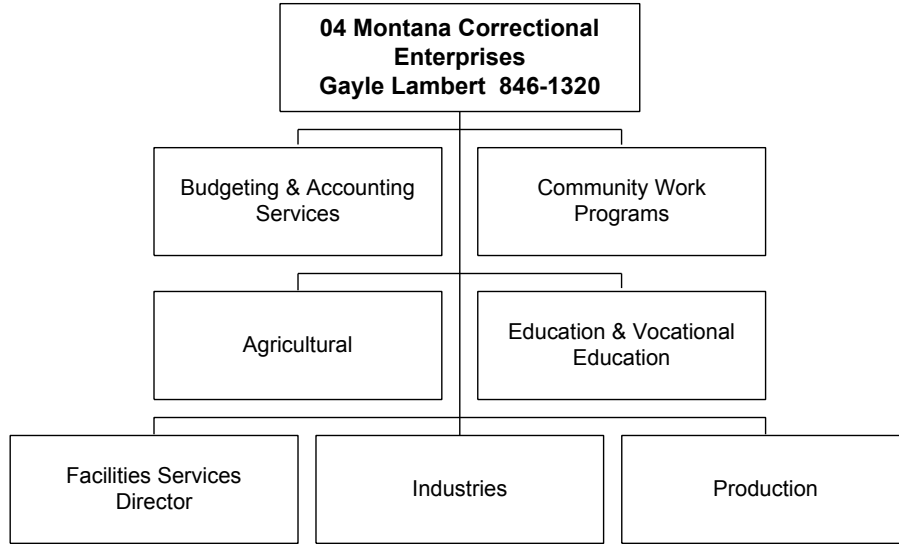
Mission Statement - The Montana Department of Corrections' staff enhances public safety, supports victims of crime, promotes positive change in offender behavior, and reintegrates offenders into the community.

Statutory Authority - Provided for in 2-15-2301, 53-1-201 and 53-1-202, MCA.

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	70.02	70.02	
Personal Services	4,811,002	4,805,730	9,616,732
Operating Expenses	11,091,901	11,091,901	22,183,802
Equipment & Intangible Assets	548,389	548,389	1,096,778
Capital Outlay	35,464	35,464	70,928
Debt Service	207,678	207,678	415,356
Total Costs	\$16,694,434	\$16,689,162	\$33,383,596
Proprietary Funds	16,697,221	16,691,949	33,389,170
Federal Spec. Rev. Funds	(2,787)	(2,787)	(5,574)
Total Funds	\$16,694,434	\$16,689,162	\$33,383,596

Department of Corrections - 64010

Montana Correctional Enterprises - 04



Program Proposed Budget	Starting Point	Budget Adjustments	Total	Budget Adjustments	Total	Executive
Budget Item	Fiscal 2019	Fiscal 2020	Exec. Budget Fiscal 2020	Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	70.02	0.00	70.02	0.00	70.02	
Personal Services	4,566,492	244,510	4,811,002	239,238	4,805,730	9,616,732
Operating Expenses	11,091,901	0	11,091,901	0	11,091,901	22,183,802
Equipment & Intangible Assets	548,389	0	548,389	0	548,389	1,096,778
Capital Outlay	35,464	0	35,464	0	35,464	70,928
Debt Service	207,678	0	207,678	0	207,678	415,356
Total Costs	\$16,449,924	\$244,510	\$16,694,434	\$239,238	\$16,689,162	\$33,383,596
Proprietary Funds	16,449,924	247,297	16,697,221	242,025	16,691,949	33,389,170
Federal Spec. Rev. Funds	0	(2,787)	(2,787)	(2,787)	(2,787)	(5,574)
Total Funds	\$16,449,924	\$244,510	\$16,694,434	\$239,238	\$16,689,162	\$33,383,596

Proprietary Program Description -
Montana Correctional Enterprises (MCE) operates the following proprietary programs.

Fund 06033 - Agricultural Program

Program Description

The Agriculture Program trains inmates in specific work skills and life skills in operations which include range and dairy cattle, dairy milking parlor and processing plant, crops, land management, lumber processing, wild land firefighting and various community work programs.

Revenues and Expenses

The Agriculture Program derives revenues from the sale of products and services including cattle, milk and other dairy products, reclaimed and blue pine wood products, as well as wild land firefighting, fencing, tree-thinning, and janitorial and grounds keeping services for various governmental agencies and non-profit organizations. Expenses include all feed that is not grown on the ranch, feed supplements, supplies and materials, personal services, and other operating costs associated with the various sub-programs. Cattle prices are down, therefore revenues will be decreased from the previous two fiscal years. The program does not anticipate changes in operating expenditures over the biennium.

Rate(s) and Rate Explanations

Department of Corrections - 64010

Montana Correctional Enterprises - 04

Revenues are based on market values and fluctuate with the markets.

Projected Fund Balance, Including Cash Fluctuations

The Agriculture Program requires a high cash balance to maintain operations. Historically, it has been the practice to maintain a minimum of \$1 million. There is a yearly cattle sale that produces the majority of revenue for the entire operation along with monthly raw milk, processed milk, and milk product sales. The yearly cattle sale also assists in maintaining the entire MCE training program throughout the remainder of the year. The cash balance has large fluctuations depending on the time of the year.

Working Capital Analysis

Due to the possibility of extenuating circumstances, it is important that the Agriculture Program maintain a cash balance that can sustain the program for one year. Revenues are dependent on current market values, which change daily and can significantly affect the annual revenue of the program. The same is attributed to the costs. Feed and supplement costs can increase drastically due to shortages caused by drought, world markets, and other unforeseeable reasons and there is always a possibility that the cattle herd could be devastated by disease. The Agriculture Program maintains a five-year cash analysis that is updated annually and projects revenues, expenditures, and capital outlay. All expenditures are dependent on projected revenues and the cash on hand.

Fund 06034 - Industries Program

Program Description

The Industries Program trains inmates in specific work skills and life skills in operations which include manufacturing of furniture, upholstery, print work and signs, sewing and embroidery, institutional laundry, screen printing, inventory management, shipping, AutoCAD design, Web design, marketing, hygiene kit assembly, and public-private partnerships. In addition, Industries includes a dog training program located at the Montana Women's Prison.

One industry is currently certified by the U.S. Justice Department's Prison Industry Enhancement Certification Program. Inmates in this program are paid prevailing wage for their work, and 80 percent of their gross wage is deducted for state and federal income tax, crime victim compensation, family support, and room and board. In addition, each inmate working in a certified program has 20 percent of his or her net wages deposited into a mandatory savings account available upon release.

Revenues and Expenses

The Industries Program derives revenues from the sale of products and services. Prices for manufactured products are set utilizing current market values and take into account cost of materials, overhead, and capital outlay. Expenses include the supplies and materials needed for production, personal services, and other operating costs for the program.

Rate(s) and Rate Explanations

Revenues for all Industries programs, with the exception of the Laundry, are based on market values and fluctuate with the markets. Although the Industries program is an enterprise fund, it requests rate approval for the laundry rate per pound, as the rates directly affect the general fund customers we service. The Laundry is not an internal service fund as it is a small operation in the overall industries program. The program is not requesting a rate increase for the 2021 biennium.

The Industries Program requires adequate cash flow to cover operational costs and cost of goods sold. Revenues are dependent on customer orders and expenses for raw materials are dependent on revenues.

Working Capital Analysis

All profits from operations are maintained in the Industries enterprise fund and are utilized for normal operating costs, equipment, and capital outlay. All expenditures are dependent on the availability of cash on hand and projected revenues.

Department of Corrections - 64010

Montana Correctional Enterprises - 04

Fund 06545 – Vocational Education Program (Industries Training)

Program Description

The Vocational Education program trains inmates in specific work skills and life skills in operations which include motor vehicle maintenance, vehicle restoration welding, and machining and metals programs in conjunction with the general funded vocational education program.

Revenues and Expenses

The Vocational Education Program derives revenues from the repair, maintenance, and restoration work performed on customer vehicles and equipment and the sale of products and services in the welding, machining, and metals programs. Expenses include the cost of parts for repairs, personal services, and other operating costs associated with the various programs. No significant changes in revenues or operating expenditures are anticipated over the biennium. The Vocational Education program is not required to be self-supporting (per 53-30-133, MCA), and all MCE proprietary programs provide support if there are inadequate revenues to cover expenditures.

Rate(s) and Rate Explanations

Motor vehicle maintenance rates are based on the cost of parts, a supply charge to cover consumable supplies required for auto repairs, and labor to perform the duties. The labor charge is based on the cost of civilian and inmate labor and program overhead. MCE is not requesting a labor rate increase for the 2021 biennium.

The sale price of metal products is based on market and all prices are dependent on the size and complexity of the project. Metal products are sold to dealers and the private sector through contracts. State agencies are not metal product customers.

The motor vehicle maintenance internal service fund balance does not have large fluctuations due to the low net income of the program.

Projected Fund Balance, Including Cash Fluctuations

Working Capital Analysis

The motor vehicle maintenance internal service fund seldom has an excess of sixty (60) days of working capital. This is not anticipated to change in the 2021 biennium.

Fund 06011 – License Plate Factory

Program Description

The License Plate Program trains inmates in specific work skills and life skills in license plate production, graphics design, inventory control and shipping, while providing all license plates to County Treasurers throughout Montana.

Revenues and Expenses

The License Plate Factory derives revenues from the sale of license plates to vehicle owners, who pay a \$10.00 fee for each set. \$2.00 of this fee remains in the general fund and \$8.00 and tabs and decals is deposited into a state special revenue account with Department of Justice (DOJ). DOJ then pays MCE a rate established through legislative request. Revenues are dependent on customer orders and inventory needs by each county treasurer. Expenses include the cost of raw materials such as aluminum and reflective sheeting as well as personal services, other operating costs, and capital expenditures. Expenditures correlate directly with the number of orders received from the counties.

Rate(s) and Rate Explanations

Department of Corrections - 64010

Montana Correctional Enterprises - 04

The License Plate Factory rates are based on the cost of raw materials as well as operational and capital expenditures. The License Plate Factory is not an internal service fund. This is informational only. The License Plate program requires adequate cash flow to cover operational costs and cost of goods sold. Revenues are dependent on customer orders and expenses for raw materials are dependent on revenues.

Working Capital Analysis

All profits from operations are maintained in the license plate fund and are utilized for normal operating costs, equipment, and capital outlay. All expenditures are dependent on the availability of cash on hand and projected revenues.

Fund 06573 – Food Factory Internal Service Fund

Program Description

The Food Factory program trains inmates in specific work skills and life skills in meal preparation, bakery, and cook chill operations while providing meals to numerous state and county facilities in western Montana.

Revenues and Expenses

The Food Factory derives revenues from the sale of bulk food and tray meals to customers. Expenses include the supplies and materials needed for production of bulk and trayed meals, personal services and other operating costs, and capital expenditures for the program. The Food Factory equipment is aging, requiring replacements as cash flow allows.

Rate(s) and Rate Explanations

The Food Factory rates are based on the cost of raw product, supplies, and other operating expenditures. MCE is not requesting a rate increase for this biennium. Customers who purchase bulk food are charged the actual cost of the food product with 5% markup to allow for raw product loss. In addition, customers who purchase bulk food are charged overhead. Customers who purchase tray meals are charged for the food and overhead as a tray meal cost. Detention facilities are charged for tray meals plus disposable trays, dairy products, and accessory package. Delivery to all customers is based on the number of miles to the customer and actual time involved in the delivery.

Projected Fund Balance, Including Cash Fluctuations

The Food Factory internal service fund cash balance has been low in the past years due to low net income and losses in the program. During the 2019 biennium, the cash balance was adequate to purchase needed replacement equipment and complete required repairs.

Working Capital Analysis

The Food Factory will continually monitor cash and working capital to ensure that it maintains no more than sixty (60) days of working capital during the 2021 biennium.

Department of Corrections - 64010

Montana Correctional Enterprises - 04

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 64010	Agency Name: Department of Corrections			Program Name: Montana Correctional Enterprises		
	Fund	Fund Name				
	06545	Prison Indust. Training Prog				
	06573	MSP - Cook Chill				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,799,405	4,674,571	4,954,534	4,960,000	5,000,000	5,050,000
Fee Revenue A	676,216	826,900	815,672	800,000	800,000	800,000
Total Operating Revenues	5,475,621	5,501,471	5,770,206	5,760,000	5,800,000	5,850,000
Expenses:						
Personal Services	1,113,674	1,079,717	1,003,386	1,186,299	1,050,000	1,065,000
Personal Services	244,535	252,680	239,697	302,357	300,000	300,000
Other Operating Expenses	3,498,560	3,762,693	3,836,507	3,605,249	3,900,000	3,950,000
Other Operating Expenses	478,052	531,705	599,973	490,474	500,000	500,000
Total Operating Expenses	5,334,821	5,626,795	5,679,563	5,584,379	5,750,000	5,815,000
Operating Income (Loss)	140,800	(125,324)	90,643	175,621	50,000	35,000
Nonoperating Revenues:						
Other Revenue A	18,878	-	-	-	-	-
Nonoperating Expenses:						
Other Expense A	161,761	-	62,718	-	-	-
Total Nonoperating Revenues (Expenses)	180,639	-	62,718	-	-	-
Income (Loss) Before Contributions and Transfers	321,439	(125,324)	153,361	175,621	50,000	35,000
Change in Net Position	321,439	(125,324)	153,361	175,621	50,000	35,000
Beginning Net Position - July 1	2,729,776	3,051,215	2,925,891	3,066,773	3,242,394	3,292,394
Prior Period Adjustments	-	-	(12,479)	-	-	-
Change in Net Position	321,439	(125,324)	153,361	175,621	50,000	35,000
Ending Net Position - June 30	3,051,215	2,925,891	3,066,773	3,242,394	3,292,394	3,327,394
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	3,097,587	2,929,747	3,094,627	3,263,079	3,313,079	3,348,079
Unrestricted Net Position	78,979	121,494	97,496	104,665	104,665	104,665

Department of Corrections - 64010

Montana Correctional Enterprises - 04

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 64010	Agency Name: Department of Corrections		Program Name: Montana Correctional Enterprises			
	Fund	Fund Name				
	06011	MCE License Plate Production				
	06033	Prison Ranch				
	06034	MSP Institutional Industries				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,990,131	4,086,747	4,327,761	4,500,000	4,500,000	4,600,000
Fee Revenue A	493	525	1,282	500	1,000	1,200
Fee Revenue A	-	-	2,565,694	2,600,000	2,600,000	2,600,000
Fee Revenue B	3,508,244	3,569,516	3,404,072	3,400,000	3,450,000	3,500,000
Other Operating Revenue	2,342	7,558	10,485	9,000	9,000	9,000
Total Operating Revenues	8,501,210	7,664,346	10,309,294	10,509,500	10,560,000	10,710,200
Expenses:						
Personal Services	1,720,159	1,452,975	1,494,660	1,413,210	1,500,000	1,520,000
Personal Services	1,292,618	1,334,547	1,380,912	1,338,087	1,350,000	1,363,500
Personal Services	-	-	308,110	323,752	315,000	320,000
Other Operating Expenses	2,997,272	2,831,285	3,714,231	2,976,031	3,000,000	3,050,000
Other Operating Expenses	2,130,894	2,445,997	2,359,187	2,056,700	2,090,000	2,125,000
Other Operating Expenses	-	-	1,963,542	1,963,447	2,000,000	2,100,000
Expense B	-	(10,000)	(98,664)	-	-	-
Expense B	30,014	22,193	14,027	5,502	62	-
Expense C	-	(10,651)	-	-	-	-
Total Operating Expenses	8,170,957	8,066,346	11,136,005	10,076,729	10,255,062	10,478,500
Operating Income (Loss)	330,253	(402,000)	(826,711)	432,771	304,938	231,700
Nonoperating Revenues:						
Other Revenue A	3,350	33,800	9,500	-	-	-
Nonoperating Expenses:						
Other Expense A	(910,733)	(165,928)	(4,291)	-	-	-
Other Expense A	2,136	90,000	91,009	-	-	-
Other Expense A	-	-	(208)	-	-	-
Total Nonoperating Revenues (Expenses)	(905,247)	(42,128)	96,010	-	-	-
Income (Loss) Before Contributions and Transfers	(574,994)	(444,128)	(730,701)	432,771	304,938	231,700
Capital Contributions	-	44,332	-	-	-	-
Capital Contributions	-	-	3,493,781	-	-	-
Transfers In	239	-	-	-	-	-
Transfers In	-	-	727,448	-	-	-
Transfers Out	(8,854)	(1,326)	(6,375)	-	-	-
Change in Net Position	(583,609)	(401,122)	3,484,153	432,771	304,938	231,700
Beginning Net Position - July 1	13,348,926	12,761,719	12,360,597	15,840,214	16,272,985	16,577,923
Prior Period Adjustments	(3,598)	-	(4,536)	-	-	-
Change in Net Position	(583,609)	(401,122)	3,484,153	432,771	304,938	231,700
Ending Net Position - June 30	12,761,719	12,360,597	15,840,214	16,272,985	16,577,923	16,809,623

Department of Corrections - 64010

Montana Correctional Enterprises - 04

Net Position (Fund Balance) Analysis						
Unrestricted Net Position	12,707,731	12,449,305	11,676,157	11,795,916	11,804,916	11,843,916
Unrestricted Net Position	2,692,961	2,550,264	2,287,966	2,288,177	2,299,115	2,311,815
Unrestricted Net Position	-	-	4,515,063	4,827,864	5,112,864	5,292,864

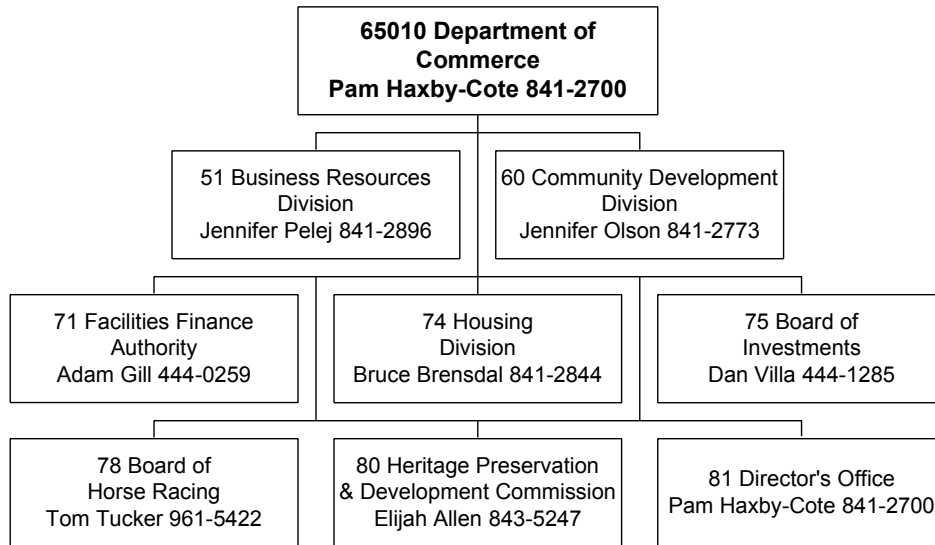
-----Statewide Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$244,510
FY 2021	\$0	\$239,238

SWPL - 1 - Personal Services -

The budget includes adjustments to annualize personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, and longevity adjustments related to incumbents in each position at the time of the snapshot and vacancy savings.

Department of Commerce - 65010



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.

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

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	109.33	109.33	
Personal Services	10,585,097	10,588,145	21,173,242
Operating Expenses	9,102,984	8,907,119	18,010,103
Equipment & Intangible Assets	312,000	312,000	624,000
Grants	330,000	330,000	660,000
Benefits & Claims	47,765,100	49,436,879	97,201,979
Transfers	40,000	42,000	82,000
Total Costs	\$68,135,181	\$69,616,143	\$137,751,324
Proprietary Funds	68,135,181	69,616,143	137,751,324
Total Funds	\$68,135,181	\$69,616,143	\$137,751,324

Department of Commerce - 65010

Facility Finance Authority - 71

71 Facilities Finance Authority
Adam Gill 444-0259

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	3.00	0.00	3.00	0.00	3.00	
Personal Services	289,103	(20,615)	268,488	(19,966)	248,522	537,625
Operating Expenses	158,774	10,365	169,139	(5,794)	163,345	322,119
Grants	60,000	270,000	330,000	270,000	600,000	660,000
Transfers	38,000	2,000	40,000	4,000	44,000	82,000
Total Costs	\$545,877	\$261,750	\$807,627	\$248,240	\$794,117	\$1,601,744
Proprietary Funds	545,877	261,750	807,627	248,240	794,117	1,601,744
Total Funds	\$545,877	\$261,750	\$807,627	\$248,240	\$794,117	\$1,601,744

Proprietary Program Description - 06012 HFA Loan Program – Facility Finance Authority

06015 Facilities Finance Authority – Facility Finance Authority

Program Description:

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

Revenues & Expenses:

The Facility Finance Authority is funded entirely by proprietary funds (06012 and 06015) with revenues collected from interest, fees, and charges to 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 continue at the current level throughout the 2021 biennium.

The major cost drivers within the Facilities Finance Authority are personal services, operating expenses, transfers to pay for shared staff, 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 or was required to write-off defaulted loans.

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.

Department of Commerce - 65010

Facility Finance Authority - 71

Rate(s) and Rate Explanation:

The Facilities Finance Authority is funded by an enterprise fund. The fee structure that is proposed does not materially vary from that proposed in the last session.

Projected Fund Balance, Including Cash Fluctuations:

The Total Fund Equity requirement for the 2021 biennium (\$13,416,483) is derived from the following Authority Program Reserve mandates:

- A. Biennium Working Capital Reserve; \$1,616,042
- B. Capital Reserve Account (Loan Loss Reserve); \$7,907,000
- C. Facility Direct Loan Program Reserve; \$3,461,671
- D. 10% of the Trust Fund Loan Pool Balance as of 7/1/2018; \$431,770

Working Capital and Fees Commensurate Analysis:

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 \$1,616,042) to assure that the authority can financially operate between legislative sessions.

Department of Commerce - 65010

Facility Finance Authority - 71

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Facility Finance Authority		
	Fund	Fund Name				
	06015	Facilities Finance Authority				
	06012	HFA Loan Program				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	806,621	585,710	612,735	485,000	622,000	613,500
Fee Revenue B	50,634	70,055	2,204,735	60,000	100,000	100,000
Fee Revenue C	5,257	-	-	-	-	-
Total Operating Revenues	862,512	655,765	2,817,470	545,000	722,000	713,500
Expenses:						
Personal Services						
Other Operating Expenses	218,115	233,640	216,936	289,103	268,488	269,137
Total Operating Expenses	136,921	178,808	217,521	503,774	499,139	482,980
Operating Income (Loss)	507,476	243,317	2,383,013	(247,877)	(45,627)	(38,617)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	507,476	243,317	2,383,013	(247,877)	(45,627)	(38,617)
Transfers Out						
Change in Net Position	(33,981)	(36,801)	(36,778)	(38,000)	(40,000)	(42,000)
Beginning Net Position - July 1	4,875,607	5,349,066	5,555,582	7,901,817	7,615,940	7,530,313
Prior Period Adjustments	(36)	-	-	-	-	-
Change in Net Position	473,495	206,516	2,346,235	(285,877)	(85,627)	(80,617)
Ending Net Position - June 30	5,349,066	5,555,582	7,901,817	7,615,940	7,530,313	7,449,696
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	5,349,066	5,555,582	7,901,817	7,615,940	7,530,313	7,449,696

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$20,615)
FY 2021	\$0	(\$19,966)

SWPL - 1 - Personal Services -

The budget includes a decrease of \$20,615 in FY 2020 and a decrease of \$19,966 in FY 2021 to annualize various personal services costs which include statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2017 Legislature, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Commerce - 65010

Facility Finance Authority - 71

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$18,499
FY 2021	\$0	\$1,691

SWPL - 2 - Fixed Costs -

The request includes an increase of \$18,499 in FY 2020 and an increase of \$1,691 in FY 2021 to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$52
FY 2021	\$0	\$65

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$52 in FY 2020 and an increase of \$65 in FY 2021 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include the state motor pool.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	(\$6,186)
FY 2021	\$0	(\$3,550)

PL - 7102 - FFA Administrative Costs Adjustments -

The budget includes a reduction of \$6,186 in FY 2020 and a reduction of \$3,550 in FY 2021 to adjust for decreases in support services and increases in minor software and rent expense.

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

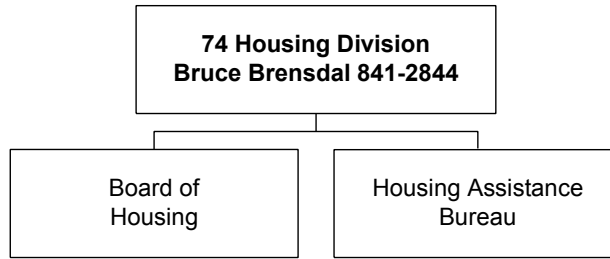
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$270,000
FY 2021	\$0	\$270,000

NP - 7101 - FFA Energy Audit Grants -

The Montana Facility Finance Authority created a new grant program, effective July 1, 2018, to provide funds for an energy efficiency audit of eligible facilities. The new grant program identifies energy efficiency savings for authority partners, providing them with an opportunity to significantly reduce operating costs while upgrading capital systems. In addition, the expansive scope of eligible facilities allows the authority to increase its footprint in several markets, including group homes and senior living facilities, while generating more financing opportunities for the authority.

Department of Commerce - 65010

Housing Division - 74



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	51.33	4.00	55.33	4.00	55.33	
Personal Services	3,871,756	284,552	4,156,308	287,136	4,158,892	8,315,200
Operating Expenses	5,034,139	248,226	5,282,365	165,421	5,199,560	10,481,925
Equipment & Intangible Assets	312,000	0	312,000	0	312,000	624,000
Benefits & Claims	46,149,855	1,615,245	47,765,100	3,287,024	49,436,879	97,201,979
Total Costs	\$55,367,750	\$2,148,023	\$57,515,773	\$3,739,581	\$59,107,331	\$116,623,104
Proprietary Funds	55,367,750	2,148,023	57,515,773	3,739,581	59,107,331	116,623,104
Total Funds	\$55,367,750	\$2,148,023	\$57,515,773	\$3,739,581	\$59,107,331	\$116,623,104

Proprietary Program Description - 06030 BOH Financial Programs

06031 Housing Trust Fund

06032 BOH Loan Servicing

06078 Affordable Housing Revolving

06079 Revolving Loan – TANF

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, MCA, 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 enterprise funds with revenues derived from an administrative charge applied to projects and mortgages financed.

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

Revenues & Expenses:

Mortgage & Investment Income:

The board's income is primarily from mortgage and investment income. Mortgage income is the interest people pay on board loans 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

Department of Commerce - 65010

Housing Division - 74

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.

Other Income:

The board charges the Board of Investments for managing its mortgage loans and for loan cancellations, extensions, or for reviewing certain loan applications. 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. More 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 repayments and prepayments, investing funds, issuing and redeeming bonds, operating all loan programs, and bookkeeping for over 5,000 mortgages, 225 investment accounts, and 20 bond series.

Rate(s) and 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 the 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 regular programs. These funds are pledged to the bondholders.

Changes in Level of Fees and Charges:

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

Projected Fund Balance, Including Cash Fluctuations:

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 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
- 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 require all mortgages, and all moneys and investments within the indentures, be legally restricted to uses provided for in the indentures, and the fund balance associated with the indentures, be legally reserved for those uses.

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Housing Division - 74

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.

Working Capital and Fees Commensurate Analysis:

The board recovers its costs by charging application and compliance fees for the Low-Income Tax Credit Program and from charging a spread on the 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 current programs. These funds are pledged to the bondholders.

Loan Program Charges:

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.

Low Income Housing Tax Credit Charges:

The board receives a tax credit allocation, annually. The board charges 11% 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 \$45 per unit for compliance fees.

Other Loan Programs:

Housing Montana Fund: The interest that will be charged on HRLA loan will range from 2% - 6%.

Reverse Annuity Mortgage Loans (RAM) Charges: The loans accrue interest from 4% - 5%.

Payment of Bond Debt:

Principal and interest on the multifamily bond issues is due February 1 and August 1. Principal and interest on the single-family bond issues is due June 1 and December 1.

Investments:

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.

Other Mortgage Purchases:

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. However, 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 amortized. These amounts are assets of the board, and the interest is accrued monthly.

06074 Section 8 Project Based

Program Description:

Department of Commerce - 65010

Housing Division - 74

The Project Based Section 8 (PBS8) program is the U.S. Department of Housing and Urban Development (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, perform on-site management reviews, follow-up to physical inspections, review management decisions, and provides budget assistance to local property owners.

The Section 8 Housing programs are primarily mandated in 24 CFR Parts 5, 8, 35, 792, 813, 880, 882, 883, 887, 888, 891, 903, 982, 984 and 985 of the Code of Federal Regulations Section 8 Housing authorization and the Governor's Executive Order 27-81 Authorization of Section 8 Housing.

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

Revenues & Expenses:

The Project Based Section 8 program is funded by enterprise fund 06074. Revenues are 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.

Major cost drivers for the Project Based Section 8 program, are personal services, operating expenses, and benefits and claims. Non-typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

The Project Based Section 8 contract administration is funded through a performance based contract with the U.S. Department of Housing and Urban Development (HUD), based on a 5-year renewable request for proposal. 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.

Changes in Level of Fees and Charges:

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

Projected Fund Balance, Including Cash Fluctuations:

Fund equity remaining in the accounts is reserved for use on the Section 8 Housing programs. This was enacted in HUD PIH Notices 2003-23 and 2004-07, and is also found in 24 CFR 982.152(b). Also, see the working capital discussion.

Working Capital and Fees Commensurate Analysis:

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. Payments are paid and reimbursed monthly by HUD, based on actual program benefits paid to owners.

06075 HUD Section 8 Tenant Based

06085 HUD Section 8 Mod Rehab

Program Description:

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Housing Division - 74

Tenant Based Section 8 (TBS8) provides rent assisted units for very low-income families (including elderly and disabled) to ensure they have decent, safe, and sanitary housing, using the HUD Section 8 Housing Choice Vouchers and Moderate Rehabilitation programs. The program operates on a first come, first served, basis statewide, through a network of field agencies the department contracts with for administration of local operations in the program. Leases are entered on the open rental market between tenants and private landlords. The program makes a subsidy payment to the property owner on behalf of the tenant. Payments are based on applicable unit rent limits, and tenants generally pay 30% of their income towards rent and utilities.

The Section 8 Housing programs are primarily mandated in 24 CFR Parts 5, 8, 35, 792, 813, 880, 882, 883, 887, 888, 891, 903, 982, 984 and 985 of the Code of Federal Regulations Section 8 Housing authorization and the Governor's Executive Order 27-81 Authorization of Section 8 Housing.

Revenues & Expenses:

The Tenant Based Section 8 program is funded by enterprise funds 06075 and 06085. Revenues are derived from a performance-based Annual Contribution Contract with HUD. There are no direct appropriations provided in HB 2; the Tenant Based Section 8 program is completely self-supporting.

Major cost drivers for the Tenant Based Section 8 are personal services, operating expenses, and benefits and claims. Non-typical and one-time only expenses, if any, are subtracted from proposed budgets.

Rate(s) and Rate Explanation:

Fund revenues are derived from competitively-awarded, performance-based annual contribution contracts with HUD, and the program is completely self-supporting. The department is the only statewide housing authority in Montana and specifically budgeted for in HUD's ongoing appropriation for Tenant Based Section 8.

Changes in Level of Fees and Charges:

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

Projected Fund Balance, Including Cash Fluctuations:

Fund equity remaining in the accounts is reserved for use on the Section 8 Housing programs. This was enacted in HUD PIH Notices 2003-23 and 2004-07, and is also found in 24 CFR 982.152(b). Also, see the working capital discussion.

Working Capital and Fees Commensurate Analysis:

Revenues for the Tenant Based Section 8 program 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. 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.

Department of Commerce - 65010

Housing Division - 74

2021 Biennium Report on Internal Service and Enterprise Funds							
Agency # 65010	Agency Name: Department of Commerce			Program Name: Housing Division			
	Fund	Fund Name					
	06030	BOH Financial Program Fund					
	06078	Housing Montana Fund					
	06079	Revolving Loan Fund - TANF					
	06032	Mortgage Loan Servicing					
	06031	Housing Trust Fund					
		Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:							
Fee and Charges							
Fee Revenue A		2,306,193	2,896,855	2,887,954	4,066,095	4,162,998	4,200,469
Fee Revenue B		23,877,704	18,968,218	19,302,514	22,341,912	23,012,169	23,932,656
Fee Revenue C		309	-	-	-	-	-
Fee Revenue D		49,238	116	-	-	-	-
Other Operating Revenue		-	-	-	-	520,000	520,000
Total Operating Revenues		26,233,444	21,865,189	22,190,468	26,408,007	27,695,167	28,653,125
Expenses:							
Personal Services		2,204,809	2,282,307	2,327,273	2,345,235	2,489,513	2,491,476
Other Operating Expenses		2,802,751	1,446,932	2,104,567	2,455,327	2,656,932	2,600,653
Expense B		18,390,870	18,967,206	17,811,605	21,744,207	21,429,926	23,057,501
Total Operating Expenses		23,398,430	22,696,445	22,243,445	26,544,769	26,576,371	28,149,630
Operating Income (Loss)		2,835,014	(831,256)	(52,977)	(136,762)	1,118,796	503,495
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		2,835,014	(831,256)	(52,977)	(136,762)	1,118,796	503,495
Transfers In							
Transfers Out		-	538,106	500,000	-	-	-
Change in Net Position		2,835,014	(831,256)	(52,977)	(136,762)	1,118,796	503,495
Beginning Net Position - July 1		153,492,064	156,327,078	155,490,180	155,426,898	155,290,136	156,408,932
Prior Period Adjustments		-	(5,642)	(10,305)	-	-	-
Change in Net Position		2,835,014	(831,256)	(52,977)	(136,762)	1,118,796	503,495
Ending Net Position - June 30		156,327,078	155,490,180	155,426,898	155,290,136	156,408,932	156,912,427
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)		156,327,078	155,490,180	155,426,898	155,290,136	156,408,932	156,912,427

Department of Commerce - 65010

Housing Division - 74

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Housing Division		
	Fund	Fund Name				
	06074	SEC 8 Project Based				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	18,969	33,176	57,053	13,821	57,052	57,052
Fee Revenue B	20,869,005	21,162,497	22,307,899	22,679,882	23,473,678	24,295,257
Total Operating Revenues	20,887,974	21,195,673	22,364,952	22,693,703	23,530,730	24,352,309
Expenses:						
Personal Services						
Other Operating Expenses	689,140	674,950	759,092	717,852	828,194	827,605
Total Operating Expenses	20,226,260	20,397,218	21,525,758	22,547,588	23,344,230	24,133,085
Operating Income (Loss)	(27,426)	123,505	80,102	(571,737)	(641,694)	(608,381)
Nonoperating Revenues:						
Other Revenue A	-	-	-	106	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	106	-	-
Income (Loss) Before Contributions and Transfers	(27,426)	123,505	80,102	(571,631)	(641,694)	(608,381)
Change in Net Position	(27,426)	123,505	80,102	(571,631)	(641,694)	(608,381)
Beginning Net Position - July 1	3,811,605	3,784,179	3,907,684	3,987,786	3,416,155	2,774,461
Change in Net Position	(27,426)	123,505	80,102	(571,631)	(641,694)	(608,381)
Ending Net Position - June 30	3,784,179	3,907,684	3,987,786	3,416,155	2,774,461	2,166,080
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	3,784,179	3,907,684	3,987,786	3,416,155	2,774,461	2,166,080

Department of Commerce - 65010

Housing Division - 74

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Housing Division		
	Fund	Fund Name				
	06085	Section 8 Mod Rehab				
	06075	Section 8 Vouchers				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	17,218	32,079	64,857	8,578	64,858	64,858
Fee Revenue B	21,760,142	25,540,696	25,719,723	26,748,511	27,818,452	28,931,190
Total Operating Revenues	21,777,360	25,572,775	25,784,580	26,757,089	27,883,310	28,996,048
Expenses:						
Personal Services	719,133	754,860	788,131	808,669	838,601	839,811
Other Operating Expenses	21,112,232	24,616,635	23,870,909	26,493,079	27,358,303	28,214,701
Total Operating Expenses	21,831,365	25,371,495	24,659,040	27,301,748	28,196,904	29,054,512
Operating Income (Loss)	(54,005)	201,280	1,125,540	(544,659)	(313,594)	(58,464)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(54,005)	201,280	1,125,540	(544,659)	(313,594)	(58,464)
Change in Net Position	(54,005)	201,280	1,125,540	(544,659)	(313,594)	(58,464)
Beginning Net Position - July 1	3,791,544	3,737,539	3,938,819	5,064,359	4,519,700	4,206,106
Change in Net Position	(54,005)	201,280	1,125,540	(544,659)	(313,594)	(58,464)
Ending Net Position - June 30	3,737,539	3,938,819	5,064,359	4,519,700	4,206,106	4,147,642
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	3,737,539	3,938,819	5,064,359	4,519,700	4,206,106	4,147,642

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$21,110
FY 2021	\$0	\$23,434

SWPL - 1 - Personal Services -

The budget includes adjustments in FY 2020 and FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Commerce - 65010

Housing Division - 74

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$129,119
FY 2021	\$0	\$33,248

SWPL - 2 - Fixed Costs -

The request includes adjustments in FY 2020 and FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,576
FY 2021	\$0	\$1,956

SWPL - 3 - Inflation Deflation -

This change package includes adjustments in FY 2020 and in FY 2021 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include the state motor pool.

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$80,696
FY 2021	\$0	\$88,593

PL - 7403 - HD Administrative Costs Adjustments -

This change package adjusts 2021 biennium professional services for the hiring of a financial advisor/consultant to provide advice on variable rate bond issues and other financial matters. The Board of Housing will be issuing variable rate bonds in the near future. This will mean purchasing variable rate investments and guaranteed investment contracts. In order to ensure that the board will meet federal, state, and indenture requirements, the board will be engaging an advisor to work with the trustee, the underwriter, and any other parties involved in the bond issuance. The advisor will also be engaged to work with the board on setting up the best variable rate investments and contracts to protect the board against possible loss associated with variable rate bonds. This proposal also adjusts for planned equipment replacement, rent, and indirect costs paid to the Director's Office for support services provided to the Board of Housing's divisions, bureaus, and programs.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,609,633
FY 2021	\$0	\$3,286,136

PL - 7404 - Section 8 Housing Assistance Adjustments -

This change package corrects a prior biennium posting error and adjusts for planned equipment replacement, rent, and indirect costs paid to the Director's Office for support services provided to the Board of Housing's divisions, bureaus, and programs. The projected increase in claims expenditures is based on the U.S. Department of Housing and Urban Development's fair market rents, which traditionally increase each year.

Department of Commerce - 65010

Housing Division - 74

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$305,889
FY 2021	\$0	\$306,214

NP - 7401 - Housing Division Staffing -

The department is requesting that the following FTE become permanent for the 2021 biennium:

- Loan Servicing (2.00 FTE) - In August 2011, the Board of Housing implemented an in-house loan servicing program that had been widely discussed in detail with the OBPP. The board just completed the in-house transfer of several portfolios and is now servicing 4,550 loans. The board continues to identify opportunities for efficiencies in their operation; however, with the increased Consumer Finance Protection Bureau regulations and the high degree of compliance, it is essential to have sufficient staff to service the portfolio effectively.
- Marketing & Public Relations Program Specialist (1.00 FTE) - The Housing Division is requesting an additional 1.00 FTE program specialist to help address increased workload requirements. The workload increase is primarily related to multiple program growth strategies and an increase in community engagement. This position will support the Housing Division with meetings, functions, communication, and technical assistance.
- Multifamily Compliance Program Specialist (1.00 FTE) - The Multifamily Program in the Board of Housing requests an additional 1.00 FTE program specialist to help address increased workload requirements. The workload increase is primarily related to program growth and additional regulatory reporting requirements of federal agencies.

Department of Commerce - 65010

Board of Investments - 75

75 Board of Investments
Dan Villa 444-1285

Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments Fiscal 2020	Exec. Budget Fiscal 2020	Adjustments Fiscal 2021	Exec. Budget Fiscal 2021	Budget Request 2021 Biennium
FTE	32.00	0.00	32.00	0.00	32.00	
Personal Services	3,852,979	360,074	4,213,053	357,699	4,210,678	8,423,731
Operating Expenses	3,216,137	122,400	3,338,537	16,002	3,232,139	6,570,676
Total Costs	\$7,069,116	\$482,474	\$7,551,590	\$373,701	\$7,442,817	\$14,994,407
Proprietary Funds	7,069,116	482,474	7,551,590	373,701	7,442,817	14,994,407
Total Funds	\$7,069,116	\$482,474	\$7,551,590	\$373,701	\$7,442,817	\$14,994,407

**Proprietary Program Description -
Fund 06014 Industrial Revenue Bond I-95
Fund 06527 Investment Division**

Board of Investments 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 manages an investment portfolio with a market value, as of June 30, 2018, of approximately \$18.5 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.

In-State Investments:

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 located in the government's jurisdiction and lends low-interest monies to value-added type businesses creating jobs. The board also provides low interest loans for Montana veterans who are first-time home buyers.

The board purchases Montana residential mortgages with pension funds as part of the In-State Investment Program.

INTERCAP Program:

The board sells tax-exempt bonds and lends the proceeds to eligible governments for various 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 1984 as part of the "Build Montana" program.

Department of Commerce - 65010

Board of Investments - 75

The Board of Investments is funded by two proprietary funds - fund 06014, an enterprise fund, funds the INTERCAP or Bond Programs, and fund 06527, 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.

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.

The Board of Investments is authorized 32.00 FTE (approximately 28.00 in fund 06527 and approximately 4.00 in fund 06014) in the 2021 biennium. Personal services expenditures include board member per diem.

06014 Industrial Revenue Bond I-95 – Board of Investments

Revenues & 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.

The Board of Investments does not receive any direct appropriations.

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, approximately \$1,905,753 was disbursed from fund 06014 in FY 2018, 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.

Rate(s) and 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 2021 biennium because it provides an easy comparison with historical financial activity.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rates, the board projects a 2021 biennium ending fund balance of approximately \$6,700,000.

Working Capital and Fees Commensurate Analysis:

Revenues for accounting entity 06014 are typically received on an annual basis, so a substantial working capital balance is required to provide adequate funding for the bond program between draws.

06527 Investment Division - Board of Investments

Revenues & Expenses:

Department of Commerce - 65010

Board of Investments - 75

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 major cost drivers within the Board of Investments are personal services, operating expenses, and expenditures related to the periodic replacement of computer equipment. Fund 06527 also pays for 1.00 FTE in the Treasurers' Office in the Department of Administration through a direct appropriation in HB 2.

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

Rate(s) and 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 2021 biennium because it provides an easy comparison with historical financial activity.

Changes in Level of Fees and Charges:

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.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rate, the board projects a 2021 biennium ending fund balance of approximately \$730,000. All interest earnings on the working capital reserve are distributed to the state general fund.

Working Capital and Fees Commensurate Analysis:

Revenues for fund 06527 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. At the proposed rates, the board projects a fiscal year end 2021 ending working capital reserve of approximately 60 days for fund 06527.

Department of Commerce - 65010

Board of Investments - 75

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Board of Investments		
	Fund	Fund Name				
	06527	Investment Division				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	6,087,380	6,088,755	5,180,792	6,544,013	7,198,414	7,198,414
Total Operating Revenues	6,087,380	6,088,755	5,180,792	6,544,013	7,198,414	7,198,414
Expenses:						
Personal Services						
Other Operating Expenses	2,340,180	2,454,079	2,687,112	2,756,715	3,136,242	3,050,238
Total Operating Expenses	5,473,403	5,816,354	6,293,913	6,440,128	6,922,665	6,833,609
Operating Income (Loss)	613,977	272,401	(1,113,121)	103,885	275,749	364,805
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	613,977	272,401	(1,113,121)	103,885	275,749	364,805
Change in Net Position	613,977	272,401	(1,113,121)	103,885	275,749	364,805
Beginning Net Position - July 1	212,575	826,552	1,098,966	(14,155)	89,730	365,479
Prior Period Adjustments	-	13	-	-	-	-
Change in Net Position	613,977	272,401	(1,113,121)	103,885	275,749	364,805
Ending Net Position - June 30	826,552	1,098,966	(14,155)	89,730	365,479	730,284
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	826,552	1,098,966	(14,155)	89,730	365,479	730,284

Department of Commerce - 65010

Board of Investments - 75

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Board of Investments		
	Fund	Fund Name				
	06014	Economic Development Bond				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	1,193,688	1,748,011	2,553,969	3,516,873	3,846,585	4,077,987
Other Operating Revenue	5	-	-	-	-	-
Total Operating Revenues	1,193,693	1,748,011	2,553,969	3,516,873	3,846,585	4,077,987
Expenses:						
Personal Services						
Other Operating Expenses	390,635	412,289	403,270	375,283	426,630	427,307
Expense B	175,067	173,111	309,041	178,213	202,295	181,901
Total Operating Expenses	620,394	1,241,213	1,905,753	2,309,513	3,033,115	3,235,394
Operating Income (Loss)	7,597	(78,602)	(64,095)	653,864	184,545	233,385
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	7,597	(78,602)	(64,095)	653,864	184,545	233,385
Transfers In						
Change in Net Position	41,578	(41,801)	(27,317)	691,864	224,545	275,385
Beginning Net Position - July 1	5,495,084	5,536,662	5,494,861	5,473,797	6,165,661	6,390,206
Prior Period Adjustments	-	-	6,253	-	-	-
Change in Net Position	41,578	(41,801)	(27,317)	691,864	224,545	275,385
Ending Net Position - June 30	5,536,662	5,494,861	5,473,797	6,165,661	6,390,206	6,665,591
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	5,536,662	5,494,862	5,473,797	6,165,661	6,390,206	6,665,591

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$360,004
FY 2021	\$0	\$357,629

SWPL - 1 - Personal Services -

The budget includes an increase of \$360,004 in FY 2020 and an increase of \$357,629 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Commerce - 65010

Board of Investments - 75

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$121,590
FY 2021	\$0	\$14,033

SWPL - 2 - Fixed Costs -

The request includes an increase of \$121,590 in FY 2020 and an increase of \$14,033 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$163
FY 2021	\$0	\$203

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$163 in FY 2020 and an increase of \$203 in FY 2021 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include the state motor pool.

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

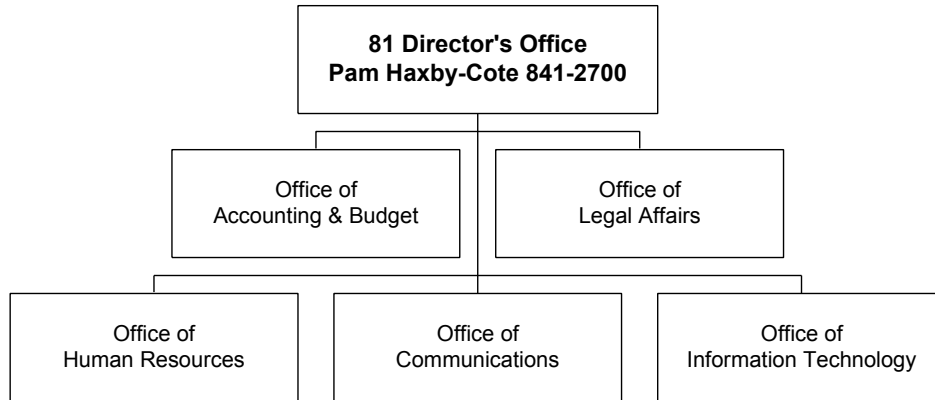
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$717
FY 2021	\$0	\$1,836

PL - 7502 - BOI Administrative Costs Adjustments -

This change package adjusts for anticipated increases in board member per diem, rent, and indirect costs paid to the Director's Office for support services provided to the division.

Department of Commerce - 65010

Directors Office - 81



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	19.00	0.00	19.00	0.00	19.00	
Personal Services	1,913,517	33,731	1,947,248	35,921	1,949,438	3,896,686
Operating Expenses	302,239	10,704	312,943	20,201	322,440	635,383
Total Costs	\$2,215,756	\$44,435	\$2,260,191	\$56,122	\$2,271,878	\$4,532,069
Proprietary Funds	2,215,756	44,435	2,260,191	56,122	2,271,878	4,532,069
Total Funds	\$2,215,756	\$44,435	\$2,260,191	\$56,122	\$2,271,878	\$4,532,069

Proprietary Program Description - 06542 Commerce Centralized Services - Director's Office

Program Description:

The Director's Office provides overall leadership, communication, and management support to the Department of Commerce's 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 officials, and the public to diversify and expand the state's economic base. The office also 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 (06542). 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.

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

Revenues & Expenses:

Department of Commerce - 65010

Directors Office - 81

The Director's Office 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 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 customer base for the Director's Office includes:

- Office of Tourism and Business Development Division
- Community Development Division
- Montana Facility Finance Authority
- Housing Division
- Board of Investments
- Board of Horse Racing
- Montana Heritage Preservation and Development Commission
- Montana Council on Developmental Disabilities

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 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.

The major cost drivers within the Director's Office are personal services, operating expenses, and expenditures related to the periodic replacement of the agency's 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 agency's 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 agency's 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 2021 biennium.

Rate(s) and 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 - 65010

Directors Office - 81

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.

Changes in Level of Fees and Charges:

The requested rates are 2.13% lower than those approved for the 2019 biennium.

Projected Fund Balance, Including Cash Fluctuations:

At the proposed rates, the department projects a 2021 biennium ending fund balance of approximately \$356,000, as shown on the Internal Service and Enterprise Funds report.

Working Capital and Fees Commensurate Analysis:

The Director's Office indirect cost rate is calculated by dividing projected annual expenses, plus a 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.

The working capital objective is to recover the costs necessary to fund ongoing operations. A 60-day working capital reserve is needed to meet ongoing operational costs. At the proposed rates, the department projects a fiscal year end 2021 ending working capital reserve of approximately 60 days. All interest earnings on the working capital reserve are distributed to the state general fund.

Department of Commerce - 65010

Directors Office - 81

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 65010	Agency Name: Department of Commerce			Program Name: Directors Office		
	Fund	Fund Name				
	06542	Commerce Centralized Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	1,718,418	1,700,816	1,787,656	1,935,502	1,968,477	1,968,791
Fee Revenue B	125	572	12	-	-	-
Other Operating Revenue	269,227	297,136	317,079	302,365	302,365	302,365
Total Operating Revenues	1,987,770	1,998,524	2,104,747	2,237,867	2,270,842	2,271,156
Expenses:						
Personal Services						
Other Operating Expenses	1,772,514	1,805,810	1,730,853	1,913,517	1,947,248	1,949,438
Total Operating Expenses	2,084,783	2,079,548	2,027,385	2,215,756	2,260,191	2,271,878
Operating Income (Loss)	(97,013)	(81,024)	77,362	22,111	10,651	(722)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(97,013)	(81,024)	77,362	22,111	10,651	(722)
Transfers Out	(503)	(612)	-	-	-	-
Change in Net Position	(97,516)	(81,636)	77,362	22,111	10,651	(722)
Beginning Net Position - July 1	330,769	233,047	152,572	229,934	252,045	262,696
Prior Period Adjustments	(206)	1,161	-	-	-	-
Change in Net Position	(97,516)	(81,636)	77,362	22,111	10,651	(722)
Ending Net Position - June 30	233,047	152,572	229,934	252,045	262,696	261,974
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	233,047	152,572	229,934	252,045	262,696	261,974

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$31,597
FY 2021	\$0	\$33,787

SWPL - 1 - Personal Services -

The budget includes an increase of \$31,597 in FY 2020 and an increase of \$33,787 in FY 2021 to annualize various personal services costs which include statewide pay plan adjustments and increases to state share costs for health insurance passed by the 2017 Legislature, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Commerce - 65010

Directors Office - 81

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$10,613
FY 2021	\$0	\$10,613

SWPL - 2 - Fixed Costs -

The request includes an increase of \$10,613 in each year of the biennium to provide the funding required in the budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$91
FY 2021	\$0	\$113

SWPL - 3 - Inflation Deflation -

This change package includes an increase of \$91 in FY 2020 and an increase of \$113 in FY 2021 to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include the state motor pool.

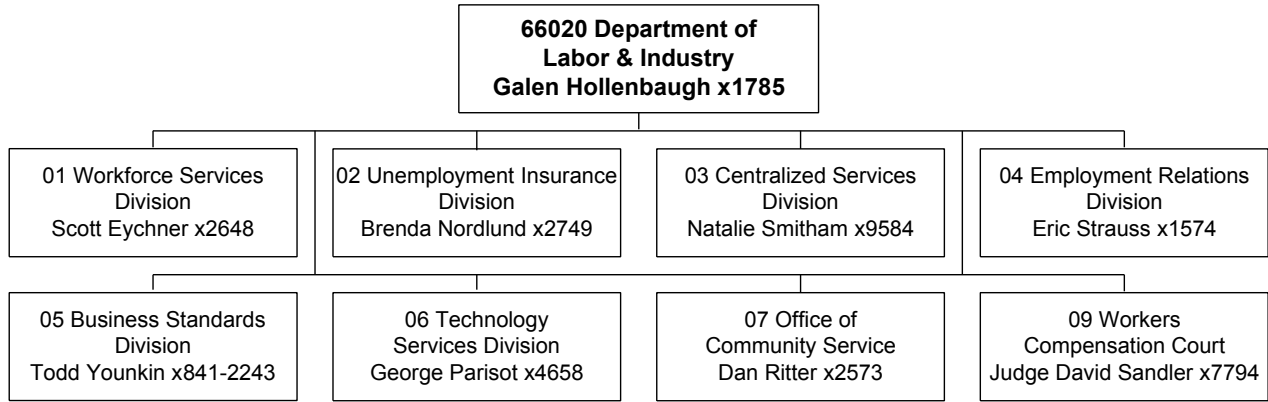
-----Present Law Adjustments-----

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$2,134
FY 2021	\$0	\$11,609

PL - 8102 - DO Administrative Costs Adjustments -

This change package carries forward the FY 2018 overtime base into the 2021 biennium and adjusts for 2021 biennium lease increases.

Department of Labor and Industry - 66020



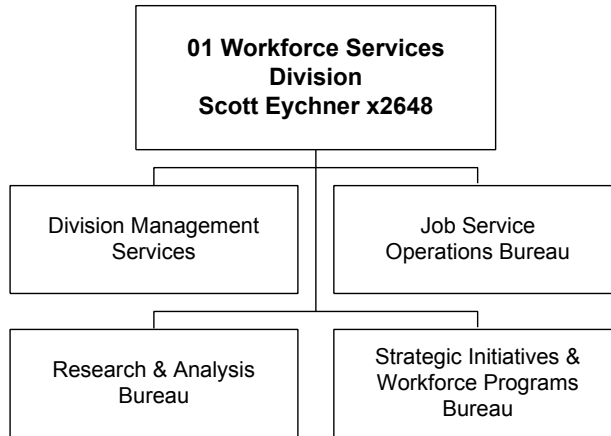
Mission Statement - The purpose of the Department of Labor and Industry is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities.

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

Agency Proposed Budget	Total Exec. Budget Fiscal 2020	Total Exec. Budget Fiscal 2021	Total Exec. Budget 2021 Biennium
Budget Item			
FTE	108.75	108.75	
Personal Services	9,744,710	9,742,619	19,487,329
Operating Expenses	8,471,032	8,311,257	16,782,289
Benefits & Claims	135,712,124	135,712,124	271,424,248
Transfers	25,048	25,048	50,096
Debt Service	12,623	12,623	25,246
Total Costs	\$153,965,537	\$153,803,671	\$307,769,208
Proprietary Funds	153,965,537	153,803,671	307,769,208
Total Funds	\$153,965,537	\$153,803,671	\$307,769,208

Department of Labor and Industry - 66020

Work Force Services Division - 01



Program Proposed Budget	Starting Point	Budget	Total	Budget	Total	Executive
Budget Item	Fiscal 2019	Adjustments	Exec. Budget	Adjustments	Exec. Budget	Budget Request
	Fiscal 2019	Fiscal 2020	Fiscal 2020	Fiscal 2021	Fiscal 2021	2021 Biennium
Operating Expenses	8,161	0	8,161	0	8,161	16,322
Total Costs	\$8,161	\$0	\$8,161	\$0	\$8,161	\$16,322
Proprietary Funds	8,161	0	8,161	0	8,161	16,322
Total Funds	\$8,161	\$0	\$8,161	\$0	\$8,161	\$16,322

Proprietary Program Description - Fund 06051 - Montana Career Info System

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 Employment Security Account (ESA) and federal funds through the Workforce Information Grants (WIG) from the Employment and Training administration for a wide variety of users: job service offices, vocational rehabilitation offices, middle schools, high schools, community colleges, universities, tribal colleges, educational and training agencies, home use, and adult education programs. There are currently optional components of MCIS not funded by ESA or WIG funds such as IDEAS (an interest inventory), Peterson Practice Tests, and Dependable Strengths that requires the program to collect fees associated with each optional component.

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. The department collects the fees from the sites purchasing the license/assessment, and then pays those fees to the service provider on a 1:1 ratio.

Department of Labor and Industry - 66020

Work Force Services Division - 01

Rates and Rate Explanation

- IDEAS Assessment: \$125 per site license, per year
- Dependable Strengths: \$200 per site license, per year
- Peterson's Academic Practice Tests: \$250 (package #1), \$200 (package #2) per site, per practice test package
- Peterson's Civil Service Practice Test Package \$200 per site

Changes in Level of Fees and Charges

Through the 2013-1014 school year, the Department of Labor and Industry paid for IDEAS assessment licensing for sites who wished to use it but starting with the 2014 school year, the department no longer pays for that fee. The change in activity in this account reflects that change.

Projected Fund Balance, Including Cash Fluctuations

Other than a small balance existing due to the timing of collection/paying of fees into and out of the account, this account is not projected to run a fund balance.

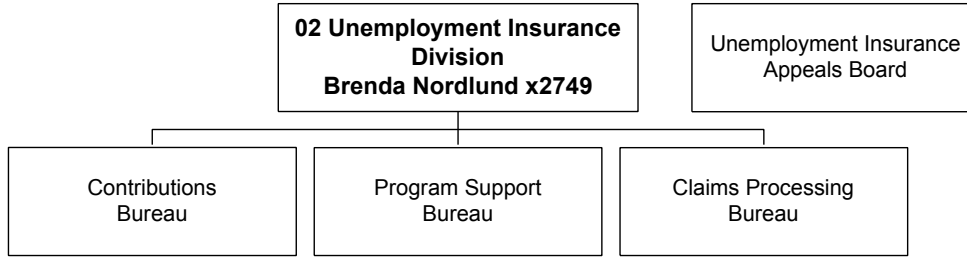
Department of Labor and Industry - 66020

Work Force Services Division - 01

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry		Program Name: Work Force Services Division			
	Fund	Fund Name				
	06051	Montana Career Info System				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	3,888	3,825	1,850	8,161	8,161	8,161
Fee Revenue A	3,888	3,825	1,850	8,161	8,161	8,161
Total Operating Revenues	7,776	7,650	3,700	16,322	16,322	16,322
Expenses:						
Other Operating Expenses						
Other Operating Expenses	3,150	4,525	1,650	8,161	8,161	8,161
Other Operating Expenses	3,150	4,525	1,650	8,161	8,161	8,161
Total Operating Expenses	6,300	9,050	3,300	16,322	16,322	16,322
Operating Income (Loss)	1,476	(1,400)	400	-	-	-
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	1,476	(1,400)	400	-	-	-
Change in Net Position	1,476	(1,400)	400	-	-	-
Beginning Net Position - July 1	3,996	5,472	4,072	4,472	4,472	4,472
Change in Net Position	1,476	(1,400)	400	-	-	-
Ending Net Position - June 30	5,472	4,072	4,472	4,472	4,472	4,472
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	4,734	4,034	4,234	4,234	4,234	4,234
Restricted Net Pos(Enterprise Fund Only)	4,734	4,034	4,234	4,234	4,234	4,234

Department of Labor and Industry - 66020

Unemployment Insurance Division - 02



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
Benefits & Claims	134,208,796	0	134,208,796	0	134,208,796	268,417,592
Total Costs	\$134,208,796	\$0	\$134,208,796	\$0	\$134,208,796	\$268,417,592
Proprietary Funds	134,208,796	0	134,208,796	0	134,208,796	268,417,592
Total Funds	\$134,208,796	\$0	\$134,208,796	\$0	\$134,208,796	\$268,417,592

Proprietary Program Description - Fund 06069 - UI Tax Benefit Fund

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.

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 have taken out of the benefit check.

Rates and 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.

Changes in Level of Fees and Charges

Section 39-51-1217, MCA, sets the rate at which the employers contributions are charged for the purpose of paying Unemployment Insurance Benefits.

Projected Fund Balance, Including Cash Fluctuations

The net position is restricted for use only by the Unemployment Insurance Division for allowable operating expenses.

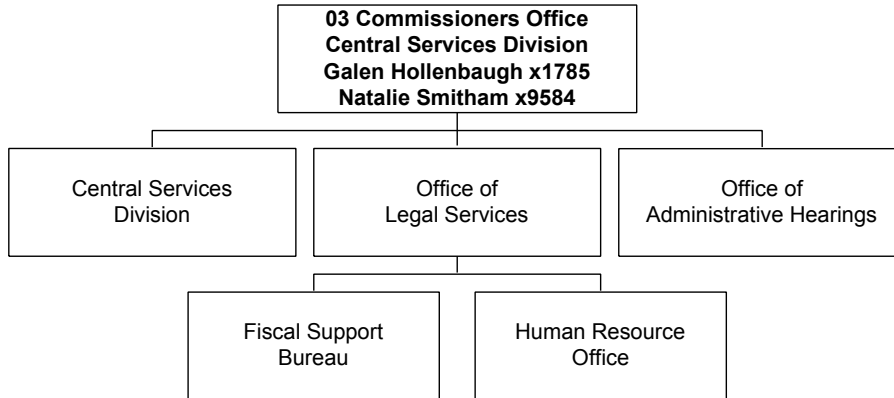
Department of Labor and Industry - 66020

Unemployment Insurance Division - 02

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Unemployment Insurance Division		
	Fund	Fund Name				
	06069	UI Tax Benefit Fund				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Other Operating Revenue						
	135,269,318	117,631,552	125,882,050	129,599,946	132,191,945	134,835,784
Total Operating Revenues	135,269,318	117,631,552	125,882,050	129,599,946	132,191,945	134,835,784
Expenses:						
Other Operating Expenses						
	119,087,623	116,864,901	113,842,014	134,208,796	134,208,796	134,208,796
Total Operating Expenses	119,087,623	116,864,901	113,842,014	134,208,796	134,208,796	134,208,796
Operating Income (Loss)	16,181,695	766,651	12,040,036	(4,608,850)	(2,016,851)	626,988
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	16,181,695	766,651	12,040,036	(4,608,850)	(2,016,851)	626,988
Change in Net Position	16,181,695	766,651	12,040,036	(4,608,850)	(2,016,851)	626,988
Beginning Net Position - July 1	282,273,983	298,176,911	298,631,096	311,447,971	306,839,121	304,822,270
Prior Period Adjustments	(278,767)	(312,466)	776,839	-	-	-
Change in Net Position	16,181,695	766,651	12,040,036	(4,608,850)	(2,016,851)	626,988
Ending Net Position - June 30	298,176,911	298,631,096	311,447,971	306,839,121	304,822,270	305,449,258
Net Position (Fund Balance) Analysis						
Restricted Net Pos(Enterprise Fund Only)	298,176,911	298,631,096	311,447,970	306,839,121	304,822,270	305,449,258

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
Budget Item						
FTE	54.75	0.00	54.75	0.00	54.75	
Personal Services	4,608,543	284,830	4,893,373	283,840	4,892,383	9,785,756
Operating Expenses	2,165,351	179,661	2,345,012	19,992	2,185,343	4,530,355
Transfers	0	0	0	0	0	0
Debt Service	6,075	0	6,075	0	6,075	12,150
Total Costs	\$6,779,969	\$464,491	\$7,244,460	\$303,832	\$7,083,801	\$14,328,261
Proprietary Funds	6,779,969	464,491	7,244,460	303,832	7,083,801	14,328,261
Total Funds	\$6,779,969	\$464,491	\$7,244,460	\$303,832	\$7,083,801	\$14,328,261

Proprietary Program Description - Fund 06546 - Commissioner's Office/CSD

Program Description

Supportive services provided by the Commissioner's Office and Centralized Services Division (CSD) are funded through an indirect cost rate whereby the department programs are assessed a fee equal to a percentage of their personal services costs.

Revenues and Expenses

Major expenses for this program consist of the personal services costs for the Commissioner's Office and CSD. In total, this rate funds 34.00 FTE. Other expenses of this program include department-wide fixed costs such as the SWCAP, Legislative Audit fees, and HRIS service fees; charges for legal services that benefit the entire department; and charges for IT applications that benefit the entire department.

Revenue for this fund is collected via an indirect cost rate that is charged against department personal services expenses. The services provided in exchange for this fee include: human resources, accounting, budgeting, payroll processing, mail processing, and other department-wide management and administration.

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

Rates and Rate Explanation

The department is requesting that a rate of 8.10% be approved for FY 2020 and FY 2021. This rate is slightly lower than the approved rate for FY 2018, and slightly higher than the approved rate for FY 2019. This request is for the maximum rate that could be charged. The rate charged can differ from the requested rate due to the fact that estimates can be more accurate with more current data. Historically, the rate actually charged has been less than the approved rate. The rate charged must be approved each year by a federal Cost Negotiator.

The requested rate is an indirect cost rate, assessed on personal services expenses. It is calculated by dividing the total anticipated expenses of the program by the total anticipated personal services expenses of the remainder of the department, resulting in a percentage rate. When calculating the rate, the numerator (total anticipated expenses of the program) can be increased or decreased to account for over or under collections in previous years.

After each pay period, the rate is multiplied by the personal services expenses of each funding source, and the resulting fee is collected.

Changes in Level of Fees and Charges

The department is requesting that the rate be approved at 8.10% for FY 2020 and FY 2021. This rate is slightly lower than the FY 2018 approved rate, and slightly higher than the FY 2019 approved rate.

Projected Fund Balance, Including Cash Fluctuations

The department does not have any obligations to reserve fund balance. Management's objective is to maintain an appropriate fund balance.

Working Capital and Fees Commensurate Analysis

The fund is allowed to maintain up to a 60 day working capital. The program strives to maintain a cash balance that is adequate to allow the fund to maintain a positive cash balance (to support expenses that are incurred before revenue collection occurs) as well as to maintain a reserve in case of unexpected or emergency expenses. The department is striving to keep rates consistent for divisions while maintaining a sufficient working capital.

Fund 06552 - Admin Services

Program Description

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

The Office of Legal Services provides legal assistance to the department's six programs and two administratively attached entities, whereby an hourly rate for attorney fees is established. Revenues generated fund 20.75 FTE.

Revenues and Expenses

Expenses of the fund are comprised of salaries and overhead costs of agency Legal staff. The fee is designed to collect enough cash to cover these expenses, as well as to maintain an appropriate working capital balance.

Rates and Rate Explanation

The rate to be charged is a direct hourly rate, charged to each division based on number of hours of legal service they receive. It is calculated by dividing the total anticipated costs of the Office of Legal Services by the anticipated number of direct hours to be charged by the program. The rate proposed may vary from the actual rate charged if more accurate information regarding cost estimates or anticipated number of direct hours becomes available.

Changes in Level of Fees and Charges

There are no significant changes to the methodology for calculating the rate for the Office of Legal Services from the last biennium.

Projected Fund Balance, Including Cash Fluctuations

The program does not have any requirement to reserve fund balance.

Revenue collection for the fund typically happens on a monthly basis. It is necessary for the fund to maintain enough cash to support any payroll expenses that post during that month, as well as any operating or overhead costs that are paid.

Working Capital and Fees Commensurate Analysis

As mentioned above, the department needs to maintain working capital balances sufficient to process any payroll that posts within a month's time (the amount of time between revenue collections), as well as any operating or overhead costs that are paid during that month. Typically this requires at least 30 days of working capital. The department monitors revenue, expenses, and cash in the fund on a regular basis to ensure that fees are commensurate with costs. If fees appear to be too high, a refund is issued or the rate decreased. Likewise, if the fee appears to be too low, expenses are cut, or a fee increase is requested. The department strives to keep rates consistent for divisions while maintaining a sufficient working capital.

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioner's Office/csd		
	Fund	Fund Name				
	06051	Montana Career Info System				
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY16	FY17	FY18	FY19	FY20	FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	2,452,325	2,642,799	2,405,472	2,575,000	2,785,619	2,789,566
Fee Revenue A	3,941,967	4,149,044	4,018,505	4,024,257	4,456,669	4,294,233
Other Operating Revenue	2,423	945	1,534	-	-	-
Total Operating Revenues	6,396,715	6,792,788	6,425,511	6,599,257	7,242,288	7,083,799
Expenses:						
Personal Services	1,820,152	2,012,830	1,915,509	2,039,690	2,161,262	2,164,882
Personal Services	2,373,239	2,431,190	2,336,890	2,568,853	2,729,939	2,727,501
Other Operating Expenses	391,740	440,148	387,767	621,305	624,357	624,684
Other Operating Expenses	1,508,122	1,371,076	1,420,432	1,657,475	1,726,730	1,566,732
Total Operating Expenses	6,093,253	6,255,244	6,060,598	6,887,323	7,242,288	7,083,799
Operating Income (Loss)	303,462	537,544	364,913	(288,066)	-	-
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	303,462	537,544	364,913	(288,066)	-	-
Transfers Out						
Change in Net Position	(1,944)	(18,184)	(1,278)	-	-	-
Beginning Net Position - July 1	(65,760)	235,324	754,684	1,118,765	830,699	830,699
Prior Period Adjustments	-	-	446	-	-	-
Prior Period Adjustments	(434)	-	-	-	-	-
Change in Net Position	301,518	519,360	363,635	(288,066)	-	-
Ending Net Position - June 30	235,324	754,684	1,118,765	830,699	830,699	830,699
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	174,673	364,494	467,136	381,141	381,141	381,141
Unrestricted Net Position	195,589	525,127	786,565	584,494	584,494	584,494

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioner's Office/csd		
	Fund	Fund Name				
	06040	Subsequent Injury-Trust Fund				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Fee Revenue A	2,452,325	2,642,799	2,405,472	2,575,000	2,785,619	2,789,566
Total Operating Revenues	2,452,325	2,642,799	2,405,472	2,575,000	2,785,619	2,789,566
Expenses:						
Personal Services						
Other Operating Expenses	391,740	440,148	287,767	621,305	624,357	624,684
Total Operating Expenses	2,241,892	2,452,978	2,203,276	2,660,995	2,785,619	2,789,566
Operating Income (Loss)	210,433	189,821	202,196	(85,995)	-	-
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	210,433	189,821	202,196	(85,995)	-	-
Change in Net Position	210,433	189,821	202,196	(85,995)	-	-
Beginning Net Position - July 1	(65,760)	144,673	334,494	537,136	451,141	451,141
Prior Period Adjustments	-	-	446	-	-	-
Change in Net Position	210,433	189,821	202,196	(85,995)	-	-
Ending Net Position - June 30	144,673	334,494	537,136	451,141	451,141	451,141
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	174,673	364,494	467,136	381,141	381,141	381,141

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioner's Office/csd		
	Fund	Fund Name				
	06546	Commissioner's Office/CSD				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Total Operating Revenues	-	-	-	-	-	-
Expenses:						
Personal Services						
	2,373,239	2,431,190	2,336,890	2,568,853	2,729,939	2,727,501
Other Operating Expenses						
	1,508,122	1,371,076	1,420,432	1,657,475	1,726,730	1,566,732
Total Operating Expenses	3,881,361	3,802,266	3,757,322	4,226,328	4,456,669	4,294,233
Operating Income (Loss)	(3,881,361)	(3,802,266)	(3,757,322)	(4,226,328)	(4,456,669)	(4,294,233)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	(3,881,361)	(3,802,266)	(3,757,322)	(4,226,328)	(4,456,669)	(4,294,233)
Transfers Out						
	(1,944)	(18,184)	(1,278)	-	-	-
Change in Net Position	(3,883,305)	(3,820,450)	(3,758,600)	(4,226,328)	(4,456,669)	(4,294,233)
Beginning Net Position - July 1	134,939	(3,748,800)	(7,569,250)	(11,327,850)	(15,554,178)	(20,010,847)
Prior Period Adjustments						
	(434)	-	-	-	-	-
Change in Net Position	(3,883,305)	(3,820,450)	(3,758,600)	(4,226,328)	(4,456,669)	(4,294,233)
Ending Net Position - June 30	(3,748,800)	(7,569,250)	(11,327,850)	(15,554,178)	(20,010,847)	(24,305,080)
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	195,589	525,127	786,565	584,494	584,494	584,494

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Commissioner's Office/csd		
	Fund	Fund Name				
	06552	Admin Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Total Operating Revenues						
	-	-	-	-	-	-
Expenses:						
Personal Services						
	1,820,152	2,012,830	1,915,509	2,039,690	2,161,262	2,164,882
Other Operating Expenses						
	391,740	440,148	387,767	621,305	624,357	624,684
Total Operating Expenses						
	2,211,892	2,452,978	2,303,276	2,660,995	2,785,619	2,789,566
Operating Income (Loss)						
	(2,211,892)	(2,452,978)	(2,303,276)	(2,660,995)	(2,785,619)	(2,789,566)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)						
	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers						
	(2,211,892)	(2,452,978)	(2,303,276)	(2,660,995)	(2,785,619)	(2,789,566)
Change in Net Position						
	(2,211,892)	(2,452,978)	(2,303,276)	(2,660,995)	(2,785,619)	(2,789,566)
Beginning Net Position - July 1						
	(65,760)	(2,277,652)	(4,730,630)	(7,033,460)	(9,694,455)	(12,480,074)
Prior Period Adjustments						
	-	-	446	-	-	-
Change in Net Position						
	(2,211,892)	(2,452,978)	(2,303,276)	(2,660,995)	(2,785,619)	(2,789,566)
Ending Net Position - June 30						
	(2,277,652)	(4,730,630)	(7,033,460)	(9,694,455)	(12,480,074)	(15,269,640)
Net Position (Fund Balance) Analysis						
Unrestricted Net Position						
	174,673	364,494	467,136	381,141	381,141	381,141

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$284,830
FY 2021	\$0	\$283,840

SWPL - 1 - Personal Services -

The budget includes funding to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Labor and Industry - 66020

Commissioner's Office/csd - 03

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$178,292
FY 2021	\$0	\$18,294

SWPL - 2 - Fixed Costs -

The request includes funding to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.

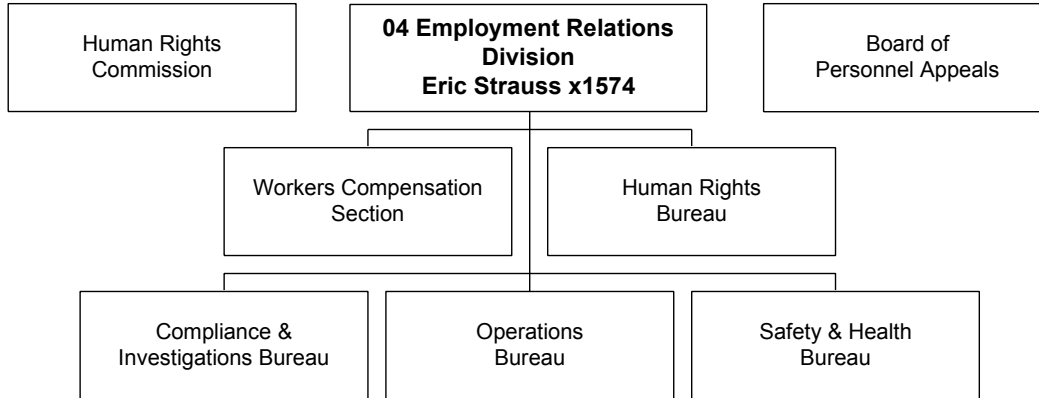
	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$1,369
FY 2021	\$0	\$1,698

SWPL - 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts. Affected accounts include those associated with the statewide Motor Pool operated by the Department of Transportation.

Department of Labor and Industry - 66020

Employment Relations Division - 04



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
Budget Item						
Benefits & Claims	1,503,328	0	1,503,328	0	1,503,328	3,006,656
Transfers	25,048	0	25,048	0	25,048	50,096
Total Costs	\$1,528,376	\$0	\$1,528,376	\$0	\$1,528,376	\$3,056,752
Proprietary Funds	1,528,376	0	1,528,376	0	1,528,376	3,056,752
Total Funds	\$1,528,376	\$0	\$1,528,376	\$0	\$1,528,376	\$3,056,752

Proprietary Program Description - Fund 06040 - Subsequent Injury Trust Fund

Program Description

The Subsequent Injury Fund (SIF) was established in 1973 to assist disabled persons in becoming employed by offering a financial incentive to the employers who hire them. In the event a SIF certified individual is injured on the job, their employer's workers' compensation carrier is only liable for the first 104 weeks of benefits paid. Any benefits paid after that point are reimbursed by the fund, thus minimizing the workers' compensation expenses for the employer's insurer. Beginning July 1, 1999, the fund is maintained by an annual assessment of all Montana employers.

Revenues and Expenses

The expenses of the program consist of the administration costs and benefits for certified workers. The program is funded through an annual assessment on Plan 1 (Self-Insured) workers' compensation employers and a surcharge on premium paid for Plan 2 (Private sector) and Plan 3 (Montana 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 (39-71-915, MCA) and amounts actually paid out from SIF.

Rates and Rate Explanation

Department of Labor and Industry - 66020

Employment Relations Division - 04

The SIF rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding year. Because the rate is based upon the previous years' 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.

Projected Fund Balance, Including Cash Fluctuations

The SIF cash balance fluctuates throughout each fiscal year. The revenue to the fund comes during five time periods throughout the year. Expenses are paid out when reimbursement requests are submitted to the department, as long as there are sufficient monies in the fund to cover those expenses. There is no requirement for the fund to have a reserve fund balance. If the fund does not have enough monies to cover the submitted claims, those claims are placed on hold until the fund has a positive fund balance.

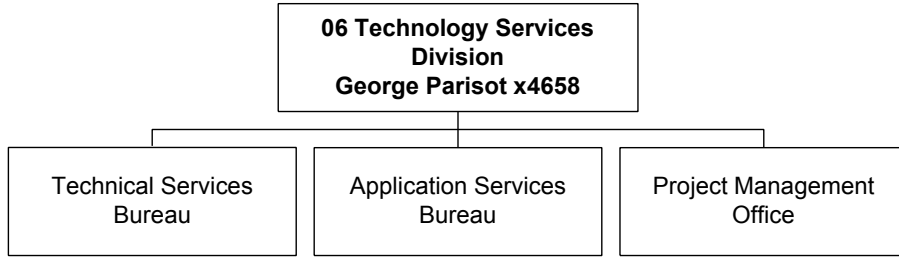
Department of Labor and Industry - 66020

Employment Relations Division - 04

2021 Biennium Report on Internal Service and Enterprise Funds							
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Employment Relations Division			
	Fund	Fund Name					
	06040	Subsequent Injury-Trust Fund					
		Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,127,751	1,706,353	1,368,334	1,400,000	1,400,000	1,400,000
Other Operating Revenue		1,530	2,846	10,276	3,000	3,000	3,000
Total Operating Revenues		1,129,281	1,709,199	1,378,610	1,403,000	1,403,000	1,403,000
Expenses:							
Other Operating Expenses		1,333,320	708,386	1,299,146	1,503,328	1,503,328	1,503,328
Total Operating Expenses		1,333,320	708,386	1,299,146	1,503,328	1,503,328	1,503,328
Operating Income (Loss)		(204,039)	1,000,813	79,464	(100,328)	(100,328)	(100,328)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(204,039)	1,000,813	79,464	(100,328)	(100,328)	(100,328)
Transfers Out		(39,120)	(43,383)	(53,444)	25,048	25,048	25,048
Change in Net Position		(243,159)	957,430	26,020	(75,280)	(75,280)	(75,280)
Beginning Net Position - July 1		(2,654,103)	(2,897,262)	(1,939,832)	(1,913,812)	(1,989,092)	(2,064,372)
Change in Net Position		(243,159)	957,430	26,020	(75,280)	(75,280)	(75,280)
Ending Net Position - June 30		(2,897,262)	(1,939,832)	(1,913,812)	(1,989,092)	(2,064,372)	(2,139,652)
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)		(2,897,262)	(1,938,984)	(1,912,963)	(1,988,243)	(2,063,523)	(2,138,803)

Department of Labor and Industry - 66020

Technology Services Division - 06



Program Proposed Budget	Starting Point Fiscal 2019	Budget Adjustments Fiscal 2020	Total Exec. Budget Fiscal 2020	Budget Adjustments Fiscal 2021	Total Exec. Budget Fiscal 2021	Executive Budget Request 2021 Biennium
FTE	54.00	0.00	54.00	0.00	54.00	
Personal Services	4,468,671	382,666	4,851,337	381,565	4,850,236	9,701,573
Operating Expenses	6,030,387	87,472	6,117,859	87,366	6,117,753	12,235,612
Debt Service	6,548	0	6,548	0	6,548	13,096
Total Costs	\$10,505,606	\$470,138	\$10,975,744	\$468,931	\$10,974,537	\$21,950,281
Proprietary Funds	10,505,606	470,138	10,975,744	468,931	10,974,537	21,950,281
Total Funds	\$10,505,606	\$470,138	\$10,975,744	\$468,931	\$10,974,537	\$21,950,281

Proprietary Program Description - 06568 – Technical and Application Services

Program Description

Supportive services provided by the Technology Services Division (TSD) are funded through indirect cost rates. In order to spread costs equitably, rates have been pooled by function. The rate for technical services is assessed based on division FTE. The rate for application services is assessed based on a direct hourly charge to the benefiting division.

Revenues and Expenses

The major expense for this fund consists of the personal services and operating costs for 54.00 FTE in TSD. Revenue for this fund is collected via two separate indirect cost rates. These two rates are collected from all other divisions in the department. The services provided in exchange for this fee include: technical services, network services, help desk, project management, and application services including computer programming and database management.

The Technical Services Rate is an indirect cost rate of \$266, assessed monthly per department FTE. It is calculated by dividing the total anticipated expenses of the program by the total FTE per month, resulting in a per FTE cost. When calculating the rate, the numerator (total anticipated expenses of the program) can be increased or decreased to account for over or under collections in previous years. Once a month, the rate is multiplied by FTE by bureau and the resulting fee is collected.

For the Application Services rate, a time distribution system was designed for application staff to directly charge regular hours to the benefiting subsystem or division. The Application Services Rate of \$84 per hour assessed monthly on direct regular hours charged by application services staff. It is calculated by dividing the total anticipated expenses of the program by the total anticipated annual hours resulting in a per hour cost.

The rates charged must be approved each fiscal year by the United States Department of Labor Federal Cost Negotiator. The actual rate charged can differ from the requested rate due to the fact that estimates can be more accurate as more recent data becomes available.

Rate(s) and Rate Explanation

Department of Labor and Industry - 66020

Technology Services Division - 06

The Technical Services Rate is an indirect cost rate of \$266, assessed monthly per department FTE. It is calculated by dividing the total anticipated expenses of the program by the total FTE per month, resulting in a per FTE cost. When calculating the rate, the numerator (total anticipated expenses of the program) can be increased or decreased to account for over or under collections in previous years. Once a month the rate is multiplied by FTE by bureau and the resulting fee is collected.

The Application Services Rate of \$84 per hour assessed monthly on direct regular hours charged by application services staff. It is calculated by dividing the total anticipated expenses of the program by the total anticipated annual hours resulting in a per hour cost.

Changes in Level of Fees and Charges

The department is not requesting any change in fees or charges.

Projected Fund Balance, Including Cash Fluctuations

The department does not have any obligations to reserve fund balance. Management's objective is to maintain the existing fund balance.

Working Capital and Fees Commensurate Analysis

The fund is allowed to maintain up to a 60 day working capital. The program strives to maintain a cash balance that is adequate to allow the fund to maintain a positive cash balance (to support expenses that are incurred before revenue collection occurs) as well as to maintain a reserve in case of unexpected or emergency expenses. The department is striving to keep rates consistent for divisions while maintaining a sufficient working capital.

06578 – Technical Services Direct

Program Description

This fund has two rates that are direct pass thru costs to the department divisions. The rate for enterprise services provided by State Information Technology Services Division (SITSD) is allocated on total cost by division FTE. The other direct rate is for actual cost of contracted and SITSD services that are directly attributable to a specific division.

Revenues and Expenses

The primary expense for this fund consists of pass thru costs. The Enterprise Services rate is all SITSD charges that directly benefit the department as a whole. Those total costs are distributed based on department FTE. The direct rate includes actual expenditures that can be identified as directly benefiting a specific program such as contracts and SITSD services.

Rate(s) and Rate Explanation

The Enterprise Services Rate is calculated on specific SITSD services that benefit the department as a whole. The total budgeted SITSD rate for a portion of Asset Broker, Enterprise Services, Equipment Hosting, Operational Support, Server, and Storage hosting services are allocated back to divisions based on FTE percentages.

The Direct Services Rate is calculated on all other SITSD services and department contracted services and allocated back to the benefiting division based on actual expenditures.

Changes in Level of Fees and Charges

The department is not requesting any increases for the direct pass thru rate of actuals plus 0%.

Projected Fund Balance, Including Cash Fluctuations

Department of Labor and Industry - 66020

Technology Services Division - 06

The department does not have any obligations to reserve fund balance.

Working Capital and Fees Commensurate Analysis

The fund is a direct pass thru and does not maintain a working capital.

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Technology Services Division		
	Fund	Fund Name				
	06568	Technical Services				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Other Operating Revenue	5,634,664	5,308,181	5,014,376	4,978,025	5,805,612	5,805,612
Total Operating Revenues	5,634,664	5,308,181	5,014,376	4,978,025	5,805,612	5,805,612
Expenses:						
Other Operating Expenses	4,889,461	5,206,640	4,820,118	5,340,605	5,897,861	5,898,202
Total Operating Expenses	4,889,461	5,206,640	4,820,118	5,340,605	5,897,861	5,898,202
Operating Income (Loss)	745,203	101,541	194,258	(362,580)	(92,249)	(92,590)
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	745,203	101,541	194,258	(362,580)	(92,249)	(92,590)
Transfers Out	(2,771)	-	-	-	-	-
Change in Net Position	742,432	101,541	194,258	(362,580)	(92,249)	(92,590)
Beginning Net Position - July 1	(34,887)	707,545	809,086	1,003,344	640,764	548,515
Change in Net Position	742,432	101,541	194,258	(362,580)	(92,249)	(92,590)
Ending Net Position - June 30	707,545	809,086	1,003,344	640,764	548,515	455,925
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	707,545	809,086	1,003,343	640,763	548,514	455,924

Department of Labor and Industry - 66020

Technology Services Division - 06

2021 Biennium Report on Internal Service and Enterprise Funds						
Agency # 66020	Agency Name: Department of Labor and Industry			Program Name: Technology Services Division		
	Fund	Fund Name				
	06578	Technical Services Direct				
	Actual FY16	Actual FY17	Actual FY18	Budgeted FY19	Budgeted FY20	Budgeted FY21
Operating Revenues:						
Fee and Charges						
Other Operating Revenue						
Total Operating Revenues	4,937,977	4,519,426	4,688,203	5,075,998	5,075,998	5,075,998
Expenses:						
Other Operating Expenses						
Total Operating Expenses	4,937,977	4,528,678	4,678,950	5,075,998	5,075,998	5,075,998
Operating Income (Loss)	-	(9,252)	9,253	-	-	-
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers	-	(9,252)	9,253	-	-	-
Change in Net Position	-	(9,252)	9,253	-	-	-
Beginning Net Position - July 1	-	-	(9,252)	1	1	1
Change in Net Position	-	(9,252)	9,253	-	-	-
Ending Net Position - June 30	-	(9,252)	1	1	1	1
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	-	(9,253)	-	-	-	-

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

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$382,666
FY 2021	\$0	\$381,565

SWPL - 1 - Personal Services -

The budget includes \$382,666 in FY 2020 and \$381,565 in FY 2021 to annualize various personal services costs including FY 2019 statewide pay plan, benefit rate adjustments, longevity adjustments related to incumbents in each position at the time of the snapshot, and vacancy savings.

Department of Labor and Industry - 66020

Technology Services Division - 06

	<u>General Fund Total</u>	<u>Total Funds</u>
FY 2020	\$0	\$87,472
FY 2021	\$0	\$87,366

SWPL - 2 - Fixed Costs -

The request includes \$87,472 in FY 2020 and \$87,366 in FY 2021 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.